



Lakes Blue Energy NL

ABN 62 004 247 214

Annual Report - 30 June 2024

Lakes Blue Energy NL
Corporate directory
30 June 2024

Directors

Richard Ash (Non-Executive Chairman)
Roland Sleeman (Executive Director and Chief Executive Officer)
Nicholas Mather (Non-Executive Director)
Boyd White (Independent Non-Executive Director)

Company secretary

Elissa Hansen

Registered office

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Share register

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T: 1300 737 660 (in Australia), +61 2 9290 9600 (International)

Auditor

William Buck
Level 20
181 William Street
Melbourne VIC 3000

Stock exchange listing

Australian Securities Exchange
(Home Exchange: Melbourne, VIC)
ASX Code: LKO

Lakes Blue Energy NL

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1. Overview

After a succession of challenging years, the catalyst for which was the Victorian Government's extended onshore petroleum exploration ban, Lakes Blue Energy NL (**Lakes** or the **Company**) is now positioned to realise the potential of the Wombat and Trifon-Gangell gas fields and deliver value for Shareholders. As we head into 2024/25:

- conventional exploration is again allowed in Victoria;
- southeastern Australia is enduring gas supply shortages and consequent high prices;
- Lakes will imminently lodge an Operation Plan seeking approval for drilling of the conventional Wombat-5 well; and
- Lakes has funds in place to progress the proposed Wombat-5 approvals process and to contribute to meeting the costs of drilling the well.

Further details of the Wombat opportunity are set out below, together with information regarding the Company's other involvements.

Table 1: Project Portfolio and Prospectivity

Project	Location	Resource / Target / Royalty (Net to Company)
Projects 100% Company Owned		
Wombat Gas Field	PRL 2, Gippsland, Vic	329 Bcf Contingent Resource ¹
Trifon-Gangell Gas Field		390 Bcf Contingent Resource ¹
Baragwanath Gas Field		966 Bcf Prospective Resource ¹
Portland Energy Project	PEP 175, Otway Basin, Vic	Permit Area: 286 Tcf gas initially in place ² Focus Area: 11.5 Tcf prospective resource ²
	PEP 167, Otway Basin, Vic	Permit Area: 116 Tcf gas initially in place ²
Roma Shelf Project	ATP 1183, Surat Basin, Qld	Target discovery and recovery ³ 30 - 40 Bcf gas; 3 MMBbl oil
Buna	PPL 560, PNG	3.1 Tcf prospective resource

Project 50% Company Owned		
Nangwarry Carbon Dioxide	PRL 249, Otway Basin, SA	12.9 Bcf sales gas ⁴

Projects in which Company has Royalty Interest		
Enterprise North	PRL 169, Otway Basin, Vic	Lakes will earn ~4.0% of wellhead value of any petroleum produced
Otway-1 and other Prospects		
Arrowie Basin	South Australian PELAs	2.5% of value hydrogen or helium production; 3.5% of value of petroleum production

Notes to Table:

1. Gaffney, Cline & Associates, as reproduced on pages 24-25 of "Independent Specialist Report on the petroleum assets of Navgas Pty Ltd and Lakes Oil NL", SRK Consulting (Australasia) Pty Ltd, made public in December 2016. Of the certified quantities, Lakes estimates 250 PJ and 200 PJ will be recoverable by conventional methods from Wombat and Trifon-Gangell, respectively.
2. "Estimated Unconventional Gas Potential for a Defined Prospect Area in PEP 175, Otway Basin, Victoria", May 2015, SRK Consulting (Australasia) Pty Ltd, in accordance with SPE-PRMS guidelines. Lakes estimates that around 3 Tcf of the prospective resource of the Focus Area will be recoverable by conventional methods.
3. Best estimates prepared on a deterministic basis by Mr Peter Bubendorfer, Geotechnical Assessor, Armour Energy Limited.
4. "Undiscovered Hydrocarbon Resources, Petroleum Prospecting Licence (PPL) Blocks 257 and 258, Papua New Guinea", 31 August 2010, Fekete Associates Inc.
5. ERC Equipose Pte Ltd, using probabilistic methodology consistent with that prescribed by the SPE-PRMS.

The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons).

2. Exploration

Lakes holds relevant interests in petroleum and mineral exploration rights in Victoria, Queensland, South Australia, Papua New Guinea and the United States of America, details of which are outlined below.

i) Victoria

Lakes has tenure over what the Company considers to be the most prospective areas of onshore Victoria (Figure 2). Following expiry of a Victorian Government onshore exploration ban, which prevented onshore exploration from 2012 until 2021, and promulgation of a new regulatory regime in November 2021, the Company has been working toward securing approval to recommence exploration drilling activity.

Petroleum Retention Lease 2 (PRL 2):

In the course of 2023/24, Lakes reacquired from Jarden Corporation Australia Pty Ltd a 42.5% interest that was held by Jarden over part of the area (the Trifon-Gangell Blocks) within PRL 2. Consideration for the acquisition was waiving of an approximate \$170,000 debt that Jarden had to Lakes, plus a 2.5% royalty payable to Jarden on the wellhead value of petroleum produced from Jarden's historic 42.5% interest. The royalty is capped at \$10m.

Lakes now holds 100% ownership of PRL 2, where the presence of gas within the Wombat and Trifon-Gangell gas fields has been demonstrated beyond doubt by the Company's historic drilling activity. These fields contain

independently certified Contingent Resources of gas, as set out in Table 1, with existing gas wells already capable of gas production. Based upon the Certified Resources, Lakes estimates that using conventional methods 250 PJ will be recoverable from the Wombat gas field and 200 PJ from the Trifon-Gangell gas field.

Figure 1: PRL 2 Outline Location



Figure 2: Flaring of Gas at Wombat-1 Gas Well



The Company is preparing to drill the Wombat-5 well, a conventional directionally-drilled well targeting the upper, more permeable section of the massive, gas saturated Strzelecki Formation. An Operation Plan has been submitted to the Victorian Regulator to seek approval for drilling of the well. The Operation Plan describes how the well will be drilled and includes detailed environmental, operational and rehabilitation plans, and addresses all regulatory, cultural heritage, community consultation, monitoring and reporting requirements.

The Company's objective is to drill the Wombat-5 well around mid-2025.

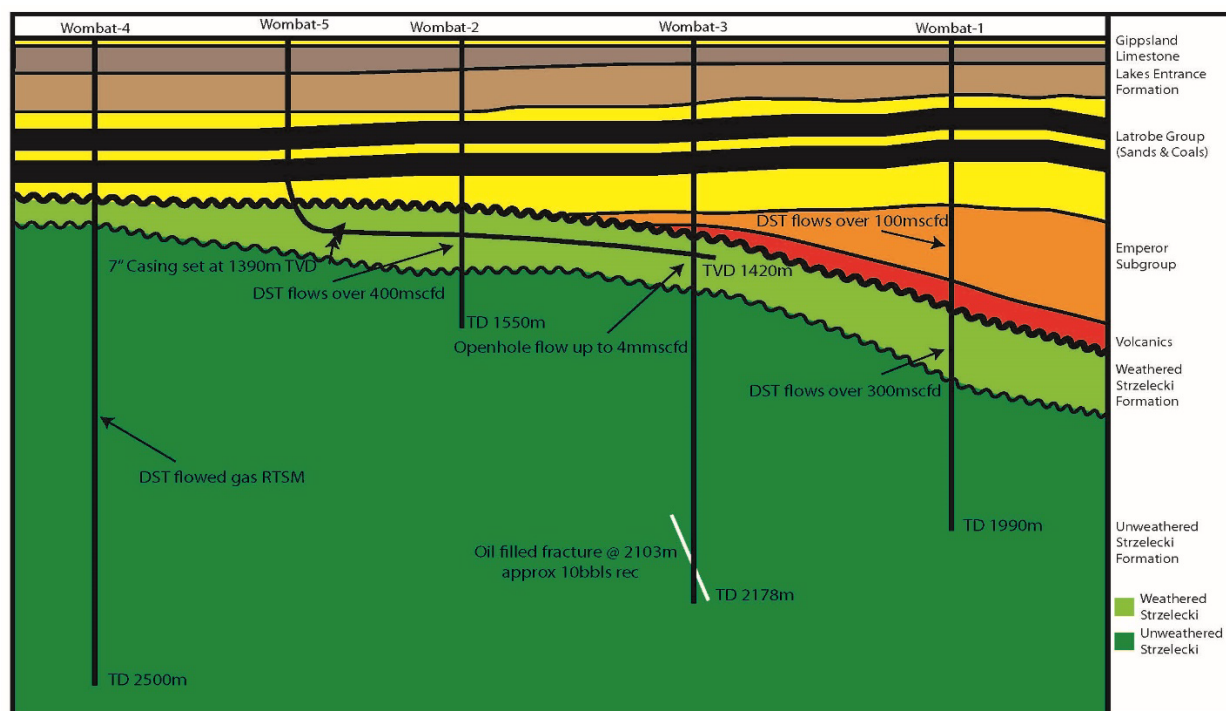
Based upon independent modelling Lakes is optimistic that the Wombat-5 well will flow gas at an initial rate of around 10 TJ/d, rendering both the well and the Wombat Gas Field commercial.

Note: Independent modelling of gas production potential is set out in: "Production Forecast for the Proposed Lakes Oil Wombat-5", September 2013, Stimulation Petrophysics Consulting LLC.

The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the

estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons).

Figure 3: Cross-section, Wombat-5 Well



Given the onshore location of the Wombat Gas Field (close to existing gas pipeline infrastructure) and the knowledge (from testing of historic gas production) that gas from the field is high-quality, it is expected that the field could be brought on line relatively quickly and at low cost. Subject to drilling success at Wombat-5, the Company's target gas production from the Wombat and Trifon-Gangell fields is around 20 PJ/a.

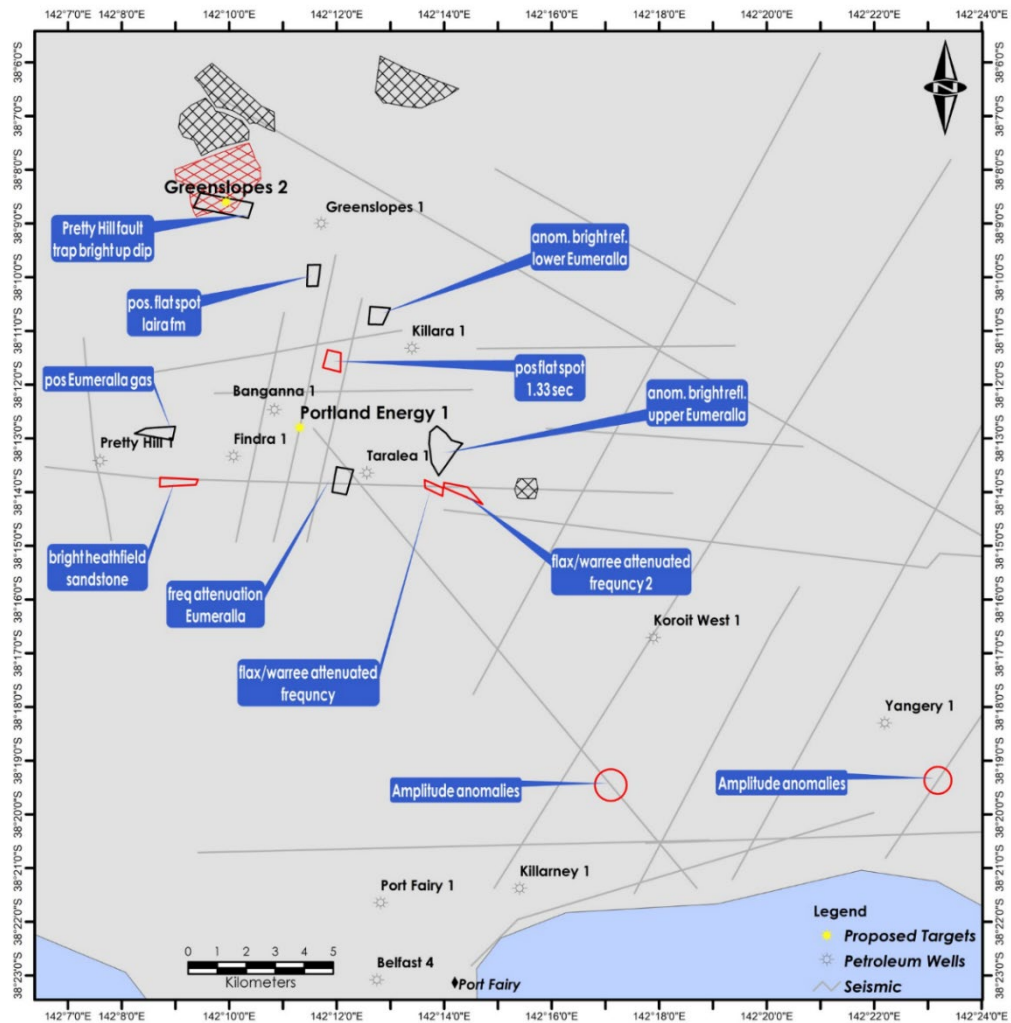
The Trifon-Gangell field would be brought online as production from the Wombat field begins to decline.

Lakes will pay to Geothermal Energy Victoria Pty Ltd a royalty of 12% of the wellhead value of petroleum produced from the Wombat gas field or from the Company's historic 57.5% interest in the Trifon-Gangell Blocks. 2% of this royalty stream flows to Lakes with the 10% balance paid to other parties.

Portland Energy Project - Petroleum Exploration Permits 167 and 175 (PEPs 167 & 175):

Lakes has 100% ownership of PEPs 167 & 175, which were acquired in September 2014 and form the basis of the Company's 'Portland Energy Project'. The Portland Energy Project is based upon a Focus Area in the southwestern corner of PEP175, to the north of Port Fairy, selected for investigation on the basis of historic seismic and drilling data, and in recognition of the potential for production of gas by conventional means. As is evident in Figure 4, there has been considerable historic drilling activity in and around the Focus Area, all of which has confirmed beyond doubt the presence of natural gas within the thick Eumeralla Formation. While gas was historically demonstrated to exist, the potential for its production was not tested at the time since the search, then, was for oil, there was no market available for gas and no gas pipeline infrastructure was present. These circumstances have of course now all changed. Pipeline infrastructure is available and the southeastern Australian gas market needs new supplies of gas to be brought on line to curtail prohibitive gas price increases.

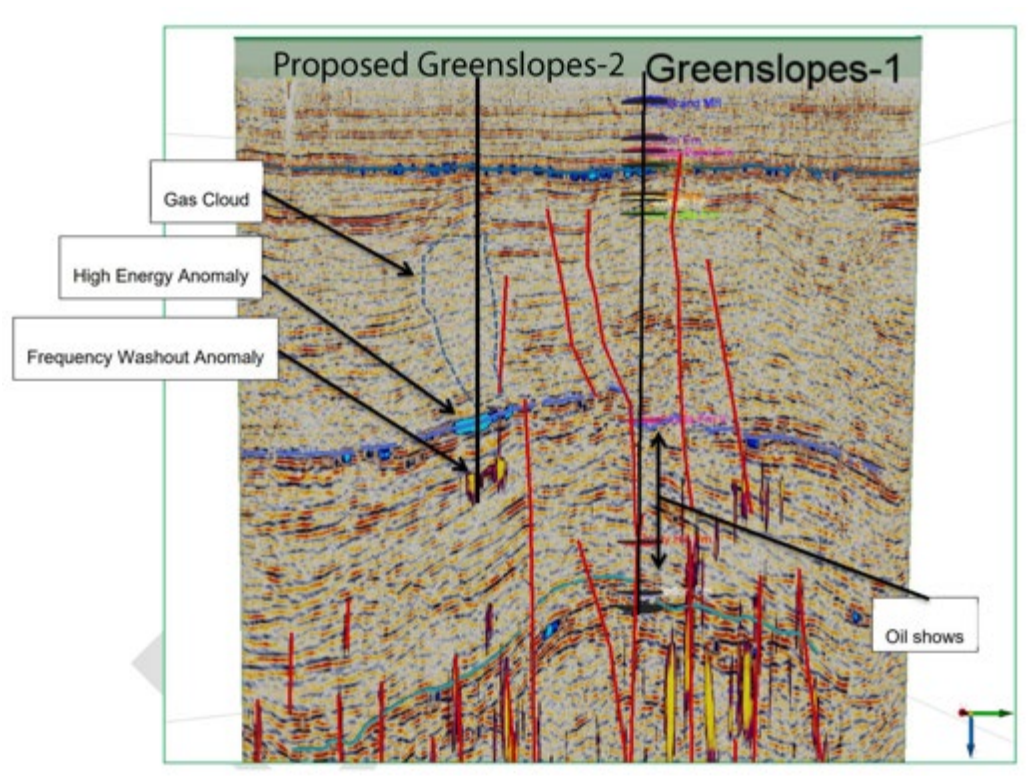
Figure 4: Portland Energy Project - Focus Area



The gas-in-place potential of the Eumeralla Formation within the Focus Area is independently estimated, as set out in Table 1, to be 11.5 trillion cubic feet (at 50% probability), of which the Company considers around 3 trillion cubic feet should be recoverable by conventional means.

The Company has, with independent expert assistance, identified preferred locations for drilling of two proof-of-concept wells, Greenslopes-2 and Portland Energy-1. Both wells are to be conventional wells, drilled to a depth of around 1,500 metres with the specific purpose of demonstrating that gas can be produced by conventional means from the Eumeralla Formation.

Figure 5: Cross-section through proposed Greenslopes-2 Well (showing seismic attributes)



The Company's objective is to drill the proof-of-concept wells subsequent to exploration and development success at the Wombat gas field.

Lakes will pay to Geothermal Energy Victoria Pty Ltd a royalty of 12% of the wellhead value of petroleum produced from PEPs 167 or 175. 2% of this royalty stream flows to Lakes with the 10% balance paid to other parties.

Petroleum Exploration Permit 169 (PEP 169):

During 2023/24, Lakes executed an agreement to sell its 49% interest in PEP 169 to Armour Energy (Victoria) Pty Ltd (AEV), a wholly owned subsidiary of ADZ Energy Pty Ltd (ADZ). The sale was partially completed in October 2024, consideration for the sales was:

- an upfront payment of \$3.0m, which was received by Lakes on 9 October 2024;
- a further payment of \$3.5m, receivable when the Victorian Regulator completes the transfer of the PEL 169 title to AEV; and
- an ongoing royalty on the wellhead value of petroleum produced from AEV's 51% ownership interest in EPE 169.

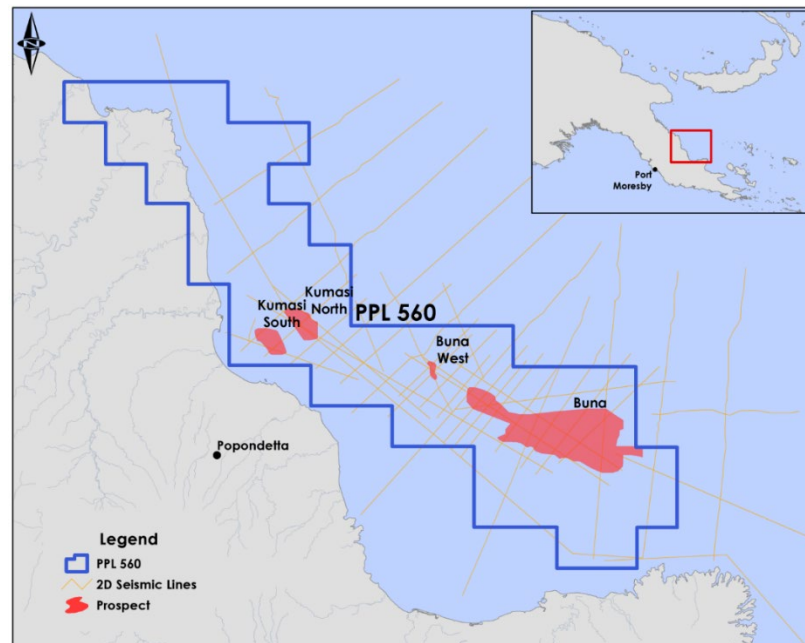
As part of the sale transaction, the pre-existing royalty arrangement over Lakes 49% ownership of PEP 169 (pursuant to which a royalty of 12% of the wellhead value of petroleum produced is payable to Geothermal Energy Victoria Pty Ltd) was assigned from Lakes' subsidiary (Mirboo Ridge Pty Ltd) to AEV, as the new owner of the 49% interest. 2% of this royalty stream flows to Lakes with the 10% balance paid to other parties.

It is understood AEV has identified a number of exploration prospects within PEP 169, including the Enterprise North and Otway-1 prospects previously the focus of Lakes' attention. Lakes anticipates the Enterprise North prospect will be drilled by AEV during 2025. Overall, Lakes will receive an approximate 4.0% royalty on the wellhead value of any petroleum produced from within PEP 169.

ii) Papua New Guinea

The Company has 100% ownership of three exploration tenements in Papua New Guinea, with Petroleum Prospecting Licence 560 (PPL 560) being of key interest. PPL 560 contains the multi-trillion cubic feet Buna prospect.

Figure 6: PPL 560, Showing Buna Prospect



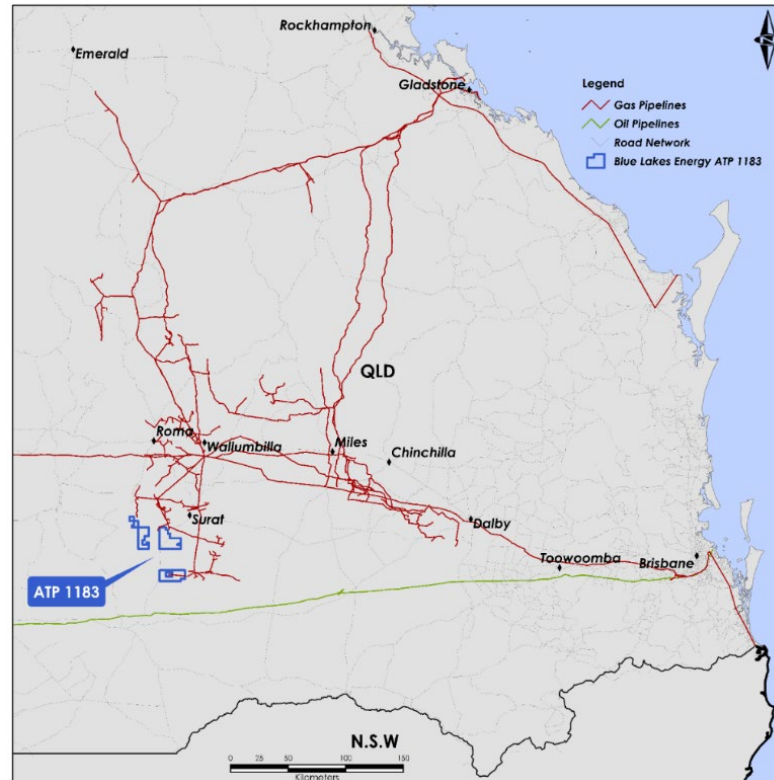
Work carried out by TotalEnergies EP PNG Limited (Total) during 2023/24, pursuant to a Technical Cooperation Agreement (TCA) between Lakes and Total, confirmed the prognosed size of the Buna prospect but concluded the prospect may be oil, rather than gas, prone.

Lakes' investigation of options for progressing exploration activity at Buna is ongoing.

iii) Queensland: Authority to Prospect 1183 (ATP 1183) - Roma Shelf Oil and Gas Project

The Company holds 100% ownership of ATP 1183, which is located in close proximity to established production facilities and infrastructure, as shown in Figure 7. There are existing gas processing facilities at Silver Springs (AGL) and Kincora (ADZ Energy).

Figure 7: ATP 1183 Location



ATP 1183 contains multiple exploration targets, as illustrated in Figure 8 and summarised in Table 2.

Figure 8: Exploration Prospects Within ATP 1183

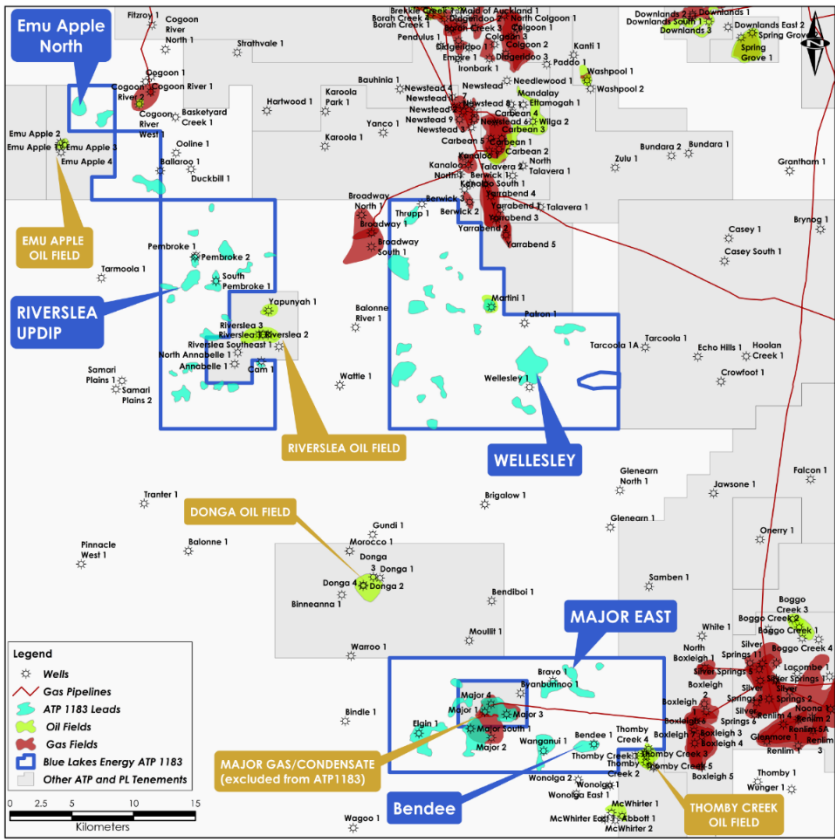


Table 2: ATP 1183 Resource Potential

Prospect	Potential (Economic Ultimately Recoverable)
Emu Apple	1.3 MMBbl oil
Riverslea Updip	7.5 MMBbl oil across 17 targets
Major	8.5 Bcf gas across 5 targets
Bende	0.2 MMBbl oil
Wellesley	85 - 112 Bcf gas across 18 targets

The estimates set out in Table 2 are best estimates prepared on a deterministic basis by Mr Peter Bubendorfer, Geotechnical Assessor, Armour Energy Limited. Mr Bubendorfer holds a BSc in Geology, is a member of AAPG, and has over 22 years of relevant experience in hydrocarbon exploration and production. He has consented to the use of the estimate in the form and context in which it appears in this report. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons).

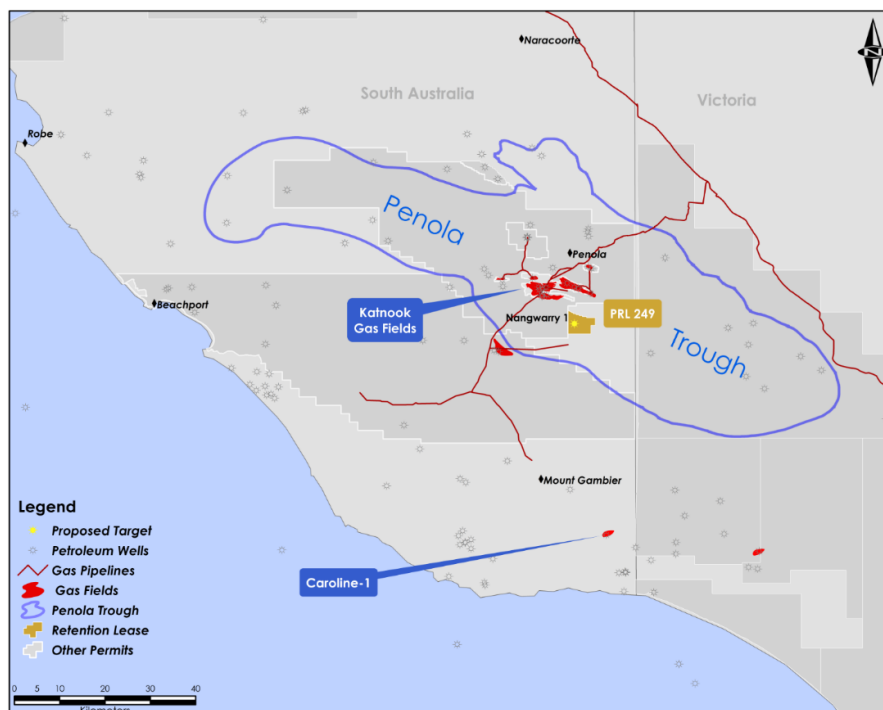
After completion of the near-term Victorian exploration program, the Company will resume exploration activity in Queensland.

iv) South Australia

Petroleum Retention Licence 249 (PRL 249)

Through its subsidiary, Otway Energy Pty Ltd, Lakes holds 50% of, and operates, PRL 249. The Company's net interest in the Licence is 46.76%, after allowing for minor third-party interests in Otway Energy Pty Ltd.

Figure 9: Nangwarry Project Location



PRL 249 contains the Nangwarry Carbon Dioxide Project. Discovered in 2020, the Project has a very high (90% or greater) content of pure carbon dioxide, making it attractive for development to produce carbon dioxide for industrial, medical and food uses.

Extended flow testing of the Nangwarry well, carried out in March 2021, showed that the well was capable of producing raw gas at rates up to 18.6 MMscfd, and provided a basis for the following independent certification of the recoverable sales gas volume of carbon dioxide (CO₂) contained within the Nangwarry reservoir.

Table 3: Independently Certified CO₂ Sales Gas Volume

Gross CO ₂ Sales Gas (Bscf) For PEL 155		
Low	Best	High
9.0	25.9	64.4

Net CO ₂ Sales Gas (Bscf) 50% LKO		
Low	Best	High
4.5	12.9	32.2

Notes to Table:

- Gross volumes represent a 100% total of estimated recoverable volumes within PEL 155.
- Working interest volumes for Otway Energy Ltd's and Vintage Energy Ltd's share of the Gross recoverable volumes can be calculated by applying their working interest in PEL 155, which is 50% each.
- Sales gas stream for Nangwarry is CO₂ gas.

The independent estimate was prepared by ERC Equipoise Pte Ltd (ERCE) using a probabilistic methodology. Under the June 2018 Society of Engineers Petroleum Resources Management System, (PRMS), volumes of non-hydrocarbon by-products cannot be included in any Reserves or Resources classification. However, the method used by ERCE is consistent with that prescribed by the PRMS.

ERCE is an independent consultancy specialising in geoscience evaluation, engineering and economic assessment. ERCE has the relevant and appropriate qualifications, experience and technical knowledge to appraise professionally and independently the assets.

ERCE's work was supervised by Mr Adam Becis, Principal Reservoir Engineer at ERCE, who has over 14 years of experience in the oil and gas industry. He is a member of the Society of Petroleum Engineers and also a member of the Society of Petroleum Evaluation Engineers. Mr Becis has consented to the form and context in which the estimate of carbon dioxide sales gas is presented.

The Company, with joint venture partner Vintage Energy Pty Ltd, is investigating options for production of food-grade carbon dioxide from the Nangwarry resource. Conceptually, gas production could commence at around 1.5 MMcf/d (to produce 75 T/d of CO₂) and grow to 3.0 MMcf/d (150 T/d of CO₂).

Arrowie Basin (Petroleum Exploration Licence Applications)

During 2024, the Company agreed to transfer ownership of its six South Australian Petroleum Exploration Licence Applications (PELAs), previously referred to as the Pirie Torrens Oil and Gas Project, to Gehyra Exploration Pty Ltd, a wholly owned subsidiary of Gehyra Flux Pty Ltd (Gehyra). Gehyra's focus is upon exploration for natural hydrogen and helium.

Consideration for the ownership transfer comprises:

- an immediate payment to Lakes of \$150,000;
- a further payment of \$350,000 on the earlier of 13 November 2025 or 20 days after Gehyra obtains official quotation on the ASX;
- payment of \$1.0m on announcement of first continuous production of helium or petroleum from any of the six permits; and
- payment to Lakes of a 2.5% royalty on any helium or hydrogen production and a 3.5% royalty on any petroleum production.

Gehyra is, at its cost, carrying out work that is a necessary prerequisite for the PELAs to be granted as Petroleum Exploration Licences (PELs). This includes negotiation of native title matters and agreements, the cost of which is significant.

Lakes Blue Energy NL
Directors' report
30 June 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Lakes Blue Energy NL (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were directors of Lakes Blue Energy NL during the whole of the financial year and up to the date of this report, unless otherwise stated:

Richard Ash (Non-Executive Chairman)
Roland Sleeman (Executive Director)
Nicholas Mather (Non-Executive Director)
Boyd White (Non-Executive Director) appointed 23 October 2024

Principal activities

During the period the principal continuing activities of the consolidated entity consisted of exploration for oil and gas within Australia and Papua New Guinea.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$413,851 (30 June 2023: \$3,027,407).

Please refer to the CEO's letter for a detailed update on the Group's operations.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 3 September 2024, an Asset Sale and Purchase Agreement (ASPA), the overriding document to implement the sale of Lakes' 49% interest in Victorian Petroleum Exploration Permit 169 (PEP 169), as announced on 27 June 2024, was executed.

On 14 October 2024, Mr Roland Sleeman has advised it is his intention to retire as Chief Executive Officer with effect at the Company's 2024 Annual General Meeting.

On 21 October 2024, the Company announced that preconditions for completion of the sale of Lakes' 49% interest in PEP 169 were fulfilled by 4 October 2024, and the sales transaction was completed on 9 October with the first \$3m of funds received.

On 23 October 2024, the Company announced that Mr Boyd White had been appointed as a Non-Executive of the Company, with immediate effect.

On 30 October the Company announced it had completed and submitted to the Victorian Regulator and Operation Plan seeking approval to drill the Wombat-5 conventional lateral well in Gippsland, Victoria.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Risk Management

The material risks for the Group are identified below. This list of risk factors should not be taken as exhaustive. These factors and others not specifically referred to may materially affect the performance of the Company.

Contractual Dispute Risk

Contractual disputes with joint venture partners, operators and contractors can arise from time to time. Some of the Company's projects are conducted as joint ventures. Where a venture partner does not satisfy its financial or other commitments or act in

the best commercial interest of the project, it could have a material adverse effect on the interests of the Company. The Company is unable to predict the risk of financial failure, non-compliance with obligations or default by a participant in any venture to which it is, or may become, a party, or insolvency or managerial failure by any of contractors used by the Company in its exploration activities. Given that the Company has entered into joint venture and farmout agreements, the inability of those joint venturers or farminees to meet contracted obligations could adversely affect the Company's capacity to carry out its own activities.

Lakes has sought to minimise such risks at first instance by partnering only with reliable and trustworthy operators with proven track records and industry knowledge.

Climate Change Risk

The Company recognises that climate change is a shared global challenge and that global and local policies in response to climate change may affect the Company. The Company identifies climate change and climate change regulation as strategic risks that ultimately may affect the Company's future operating and financial performance. These risks include, but are not limited to, unpredictable weather conditions which may have direct or indirect adverse impacts on the Company's operations or customer markets, including capital markets.

Most of Lakes' exploration assets are situated in Australia, where climate change risk managed is managed holistically by state and federal governments, as well as by operators themselves. This vertically integrated approach provides greater resilience to climate risk through improved modelling, assessment and targeted mitigation strategies.

Exploration Company Risk

As the Company is an exploration company, the market's perception of the value of its shares can alter significantly from time to time, causing fluctuations in the Company's share price. Fluctuations may also occur as a result of factors influencing the price of shares in exploration companies or share prices generally, as well as drilling activities by other parties in the same general region. The price of shares rises and falls and many factors affect the price of shares including local and international stock markets, movements in interest rates, economic and political conditions and investor and consumer sentiment.

The stockmarkets generally remain volatile and the Navgas South Australian interests are held in the form of licence applications which need to convert into exploration licences and then in due course production licences before petroleum can be produced, which carries with it various regulatory and process risks. These risks are largely outside of Lakes direct control.

Industry Nature Risk

Oil and gas exploration activity, especially drilling, by its nature is risky. Where exploration is successful, drilling operations can be affected by breakdowns, adverse weather conditions, site and geographical conditions, operational risks, shortage or delays in the delivery of rigs and/or other equipment, industrial disputes, government regulations, environmental issues and unanticipated costs. Hazards incident to the exploration and development of oil and gas properties such as unusual or unexpected formations, pressures or other factors are inherent in drilling and operating wells and may be encountered by the Company. Exploration may be unsuccessful. Exploration may prove to be more costly than expected or the proposed timing of exploration may not be achieved, thus potentially putting strains on the Company's financial position.

Lakes is not currently exposed to these risks as it does not currently own any producing assets.

Commercial Discovery Risk

Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited. While drilling may yield some hydrocarbons there can be no guarantee that any discovery will be sufficiently productive to justify commercial development or cover operating costs. There can be no assurance that the Company will achieve production as this will depend on a wide range of factors, including development decisions, capital costs and operating costs and the ability of the Company to fund these costs.

Lakes has sought to reduce such risks by undertaking detailed geological and pre-feasibility analysis of its projects prior to commencement of any development.

Reserve and Resource Estimates Risk

Hydrocarbon reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. In addition, such estimates are necessarily imprecise and depend to a significant extent on interpretations, which

may prove inaccurate. The calculation of any possible volume of hydrocarbons in a prospect may be proved incorrect by future exploration/production, mapping and/or drilling.

Management closely follows operator updates and monitors broader sources of information on field production and reserves to model expected future performance of its assets.

Regulatory and Market Pricing Risk

It may not always be possible for the Company to participate in the exploitation of successful discoveries made in any areas in which the Company has an interest. Such exploitation will involve the need to obtain the necessary permits, licences or clearances from the relevant authorities including local governments, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as the Company. Such further work may require the Company to meet or commit to financing obligations for which it may not have planned.

Potential investors should consider the impacts of supply and demand for commodities (especially oil and gas), fluctuations in the prices of those commodities, exchange rates, Australia's inflation rates, taxation laws and interest rates. All of these factors have a bearing on operating costs, potential revenue and share prices. In particular, the price of oil is volatile and cannot be controlled. Oil and gas prices have fluctuated widely in recent years, and if the price of hydrocarbons falls significantly and remains depressed, this could affect the financial viability of any reserves discovered. There is no assurance that, even if significant quantities of hydrocarbon products are discovered, a profitable market may exist for their sale. The marketability of hydrocarbons is also affected by numerous other factors beyond the control of the Company, including government regulations relating to royalties, allowable production and importing and exporting of oil and gas and petroleum products, the effect of which cannot be accurately predicted.

As mentioned above, Lakes exploration assets are largely situated in Australia, where hydrocarbons are seen as transitional resources where demand and government support is expected to continue, at least in the medium term.

Environmental Risk

In relation to the exploration permits held by the Company, issues can arise from time to time with respect to abandonment costs, consequential clean up costs and environmental concerns. The Company could become subject to liability if, for example, there is environmental pollution and consequential clean up costs at a later point in time. It is not possible to quantify any such contingent liability. Whilst no guarantee can be given, the Company is not aware of any advices which would suggest that there is any particular exposure in relation to any of its present interests.

Rehabilitation Risk

Lakes has 10 wells/sites for which it may be liable for rehabilitation costs. Whilst an estimate for these costs has been provided for in the financial statements, these rehabilitation costs can be difficult to estimate and there may be a risk that the realised costs are higher than provided, which would result in an adverse effect on Lakes Blue's profitability. The Eagle Prospect (California), in which the Company holds a 17.97% interest, has liability for rehabilitation of one well. The operator of that project has estimated the cost of rehabilitation at US\$450,000, the Company's share of which is US\$80,000.

Native Title Risk

Native title rights may adversely impact on the Company's operations. In particular, the Company's ability to explore within the area of its South Australian petroleum exploration licence applications is subject to negotiation of native title land access arrangements. While the Company has entered into arrangements with Gehyra Flu Pty Ltd whereby Gehyra Flux is at its cost dealing with native title issues in order to convert the licence applications into exploration licences, there is no guarantee that the requisite arrangements will be finalised. Upon finalisation of the native title arrangements Gehyra Flux will have rights in relation to hydrogen within the licence areas while the Company will retain rights to petroleum. Cryptid will pay the Company a 2% royalty on any hydrogen produced and the Company will pay Cryptid a 2% royalty on any petroleum produced.

Environmental regulation

Lakes Blue Energy and its subsidiaries holds interest in petroleum exploration permits and mineral licences in Australia (Victoria, South Australia and Queensland), Papua New Guinea and the United States of America. All of these permits and licences impose regulations regarding environmental issues. There have been no known breaches of the environmental regulations during the financial year.

Lakes Blue Energy NL
Directors' report
30 June 2024

Information on directors

Name: Richard Ash
 Title: Non-Executive Chairman
 Qualifications: BEc, CA
 Experience and expertise: Mr Ash is a Chartered Accountant and has a Bachelor of Economics degree with more than 30 years of experience in funds management and finance in Australia and Asia. Prior to forming AAP Capital, Mr Ash was a Managing Director, Head of Asset Finance for Developed Asia and a member of the Australian executive team for Nomura Australia. He has also worked at Westpac, Macquarie Bank and KPMG.
 Other current directorships: R3D Resources (ASX:R3D)
 Former directorships (last 3 years): Nil
 Special responsibilities: Nil
 Interests in shares: 503,670 fully paid ordinary shares

Name: Roland Sleeman
 Title: Executive Director and Chief Executive Office
 Qualifications: B.Eng (Mech)
 Experience and expertise: Mr Sleeman has 34 years experience in oil and gas as well as utilities and infrastructure. Mr Sleeman has served in senior management roles, including with Eastern Star Gas Limited as Chief Commercial Officer and AGL as General Manager of the Goldfields Gas Pipeline.
 Other current directorships: Nil
 Former directorships (last 3 years): Nil
 Special responsibilities: Nil
 Interests in shares: 1,614,627 fully paid ordinary shares

Name: Nicholas Mather
 Title: Non-Executive Director
 Qualifications: BSc (Hons. Geology) MAusIIM
 Experience and expertise: Mr. Mather has served on the Board since February 2012 and in addition is currently Managing Director and founder of DGR Global Limited, Executive Chairman and founder of Armour Energy Ltd and Director (and co-founder) of SolGold Plc (LSE AIM). Mr. Mather has been involved in the junior resource sector at all levels for more than 30 years and was co-founder and a Non-Executive Director of Bow Energy Ltd until it was acquired by Arrow Energy NL for \$530 million in December 2011. Mr. Mather was also co-founder and served as an Executive Director of Arrow Energy NL until 2004. Arrow Energy NL was acquired by Royal Dutch Shell Plc and the PetroChina Group, for a value of approximately \$3.5 billion in 2010. Mr. Mather is Executive Chairman of Armour Energy Ltd and was also Chairman of Waratah Coal Inc. before its \$130 million takeover by Clive Palmer's Mineralogy Ltd in 2009.
 Other current directorships: DGR Global Limited (ASX: DGR), SolGold Plc (LSE: SOLG), Amour Energy Ltd (ASX: AJQ), AusTim Mining Ltd (ASX: ANW), Iron Ridge Resources Limited (LSE: IRR) and NewPeak Metals Limited (ASX: NPM) (Formerly Dark Horse Resources (ASX: DHR))
 Former directorships (last 3 years): Nil
 Special responsibilities: Nil
 Interests in shares: 1,090,651 fully paid ordinary shares

Lakes Blue Energy NL
Directors' report
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Name:	Boyd White
Title:	Non-Executive Director
Qualifications:	B. Bus MBA
Experience and expertise:	Mr. White has over 30 years of experience in the energy, infrastructure, and mining sectors, and has expertise in areas including strategic planning, commercial operations, mergers and acquisitions, and financing. Mr. White has held executive roles with Halliburton Company and KBR Inc. and, until recently, was Chief Executive Officer of Newpeak Metals Ltd (ASX:NPM). He is currently Executive Chairman of ReNu Energy Limited (ASX:RNE).
Other current directorships:	ReNu Energy Limited (ASX:RNE)
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	Nil

Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Elissa Hansen

Ms Hansen is a Chartered Secretary with over 20 years' experience as a company secretary and corporate governance professional. She has worked with boards and management on a range of ASX listed companies including assisting a number of organisations through the IPO process. Elissa is a fellow of the Governance Institute Australia and Graduate Member of the Australian Institute of Company Directors. She holds a Bachelor of Commerce and a Graduate Diploma in Applied Corporate Governance.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board Attended	Held
Richard Ash	6	6
Roland Sleeman	6	6
Nicholas Mather	4	6

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

Recognising the size and nature of the Company the Board does not presently have a separately established Nomination and Remuneration Committees. These responsibilities are fulfilled by the Board.

The Board assesses the appropriateness of the nature and amount of emoluments for non-executive directors with reference to performance, relevant comparative remuneration and independent expert advice with the objective of retaining a high-quality board to ensure maximum stakeholder benefit. The non-executive directors receive fees in arrears and do not receive bonus payments.

ASX Listing rules require that the aggregate non-executive directors' remuneration shall be determined periodically by a general meeting. The most recent such determination was at the Annual General Meeting held on 16 January 2017, where the shareholders approved a maximum aggregate remuneration of \$300,000. No amendments have been made to the available Non-Executive director remuneration pool since that date.

The Board also assesses the appropriateness of the nature and amount of emoluments for the Executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality executive.

The Board has responsibility to review the appropriateness of the nature and amount of emoluments for Senior Executives as recommended by the Chief Executive Officer (CEO). These recommendations are made by the CEO on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality team.

For directors and staff, the consolidated entity provides a remuneration package that consists of cash and equity-based remuneration. The contracts for services between the consolidated entity and specified directors are on a continuing basis and the terms of which are not expected to change. A contract for services between the consolidated entity and the Chief Operating Officer (COO) was put in place following the end of the year.

The consolidated entity uses various forms of employment agreement, all of which can be terminated with notice by either party. These agreements, which do not specify fixed periods of employment (excluding the COO agreement which specifies a fixed term), can unless otherwise specified be terminated by either party with a notice period of four weeks. Termination payments comprise the base salary payment for the duration of the applicable notice period, plus any statutory entitlements owing, such as outstanding annual and long service leave entitlements and superannuation contributions.

Lakes Blue Energy NL determines the maximum amount for remuneration, including thresholds for share-based remuneration, and bonus payments, if any, by directors' resolution.

There were no at-risk compensation components forgone during the year.

Executive remuneration

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

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Directors' report
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Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2024.

Voting and comments made at the company's 2023 Annual General Meeting ('AGM')

At the 2023 AGM, 93.63% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the directors of Lakes Blue Energy NL and the following person:

- Tim O'Brien – Chief Operating Officer (COO)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Leave entitlement	Non-monetary	Super-annuation	Long service leave	Equity-settled*	Total
30 June 2024	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Richard Ash	25,000	-	-	-	-	50,000	75,000
Nicholas Mather	20,000	-	-	-	-	40,000	60,000
<i>Executive Directors:</i>							
Roland Sleeman**	188,770	-	-	-	-	40,000	228,770
<i>Other Key Management Personnel:</i>							
Tim O'Brien - COO	272,601	23,077	-	27,399	5,617	120,000	448,694
	506,371	23,077	-	27,399	5,617	250,000	812,464

Lakes Blue Energy NL
Directors' report
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	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Leave entitlement	Non-monetary	Super-annuation	Long service leave	Equity-settled*	Total
	\$	\$	\$	\$	\$	\$	\$
30 June 2023							
<i>Non-Executive Directors:</i>							
Richard Ash	30,787	-	-	-	-	61,574	92,361
Nicholas Mather	23,704	-	-	-	-	47,407	71,111
<i>Executive Directors:</i>							
Roland Sleeman**	167,382	-	-	-	-	33,889	201,271
<i>Other Key Management Personnel:</i>							
Tim O'Brien - COO	343,875	1,992	-	25,292	26,283	-	397,442
	565,748	1,992	-	25,292	26,283	142,870	762,185

* Includes remuneration settled in shares during the year, as well as amounts yet to be settled that are included in the trade and other payables balance.

** From November 2021 Mr Sleeman has billed at a rate of \$320 per hour with no monthly minimum. Mr Sleeman is also entitled to a Director fee of \$60,000 per annum. The balance of unpaid Directors fees for the year is expected to be settled in equity instruments.

*** Annual Directors fees were increased to \$75,000 per annum for Mr. Richard Ash and \$60,000 per annum for Mr. Nicholas Mather and Mr. Roland Sleeman, effective 1 February 2022.

During the year, Mr. Nicholas Mather received 43,333,590 shares in lieu of Directors fees, for the period February to December 2023, to the quantum of \$43,334. Of this amount, \$20,000 relates to Directors fees incurred in FY2024, with the balance relating to prior period Directors fees. The amount disclosed in equity settled payments reflects the amount already settled for Directors fees in FY2024 plus the amount expected to be settled for Directors fees for the period January to June 2024, being 2/3 of Directors fees for that period.

During the year, Mr. Richard Ash received 45,486,650 shares in lieu of Directors fees, for the period February to December 2023, to the quantum of \$45,487. Of this amount, \$25,000 relates to Directors fees incurred in FY2024, with the balance relating to prior period Directors fees. The amount disclosed in equity settled payments reflects the amount already settled for Directors fees in FY2024 plus the amount expected to be settled for Directors fees for the period January to June 2024, being 2/3 of Directors fees for that period.

During the year, Mr. Roland Sleeman received 34,997,570 shares in lieu of Directors fees and consulting fees, for the period February to December 2023, to the quantum of \$34,998. Of this amount, \$20,000 relates to Directors fees incurred in FY2024, with the balance relating to prior period Directors fees and consulting fees. The amount disclosed in equity settled payments reflects the amount already settled for Directors fees in FY2024 plus the amount expected to be settled for Directors fees for the period January to June 2024, being 2/3 of Directors fees for that period.

Amounts shown in cash salary and fees includes amounts yet to be paid in cash and are currently in trade and other payables.

Lakes Blue Energy NL
Directors' report
30 June 2024

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - LTI	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Non-Executive Directors:				
Richard Ash	100%	100%	-	-
Nicholas Mather	100%	100%	-	-
Executive Directors:				
Roland Sleeman	100%	100%	-	-
Other Key Management Personnel:				
Tim O'Brien	73%	90%	27%	10%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Richard Ash
Title: Non-Executive Chairman
Agreement commenced: 4 December 2019
Term of agreement: Commencing 4 December 2019 and subject to re-election as required by the Company's constitution.
Details: Ceases the third anniversary of the date of election and the end of the third annual general meeting of the Company after election, unless re-elected as a Director by Shareholders or appointment terminated earlier in accordance with the constitution or *the Corporations Act 2001* (Cth).

Annual fees: \$75,000 p.a. in Directors fees inclusive of superannuation with no termination benefits.

Name: Roland Sleeman
Title: Executive Director and Chief Executive Officer
Agreement commenced: 21 November 2019
Term of agreement: Commencing 21 November 2019 and subject to re-election as required by the Company's constitution;
Details: Ceases the third anniversary of the date of election and the end of the third annual general meeting of the Company after election, unless re-elected as a Director by Shareholders or appointment terminated earlier in accordance with the constitution or *the Corporations Act 2001* (Cth).

Annual fees: \$60,000 p.a. in Directors fees inclusive of superannuation with no termination benefits; \$78,000 p.a. in CEO fees, inclusive of superannuation with no termination benefits. Ad-hoc additional hours charged at \$320 per hour where applicable.

Name: Nicholas Mather
Title: Non-Executive Director
Agreement commenced: 7 February 2012
Term of agreement: Commencing 7 February 2012 and subject to re-election as required by the Company's constitution.
Details: Ceases the third anniversary of the date of election and the end of the third annual general meeting of the Company after election, unless re-elected as a Director by Shareholders or appointment terminated earlier in accordance with the constitution or *the Corporations Act 2001* (Cth).

Annual fees: \$60,000 p.a. in Directors fees inclusive of superannuation with no termination benefits.

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Name: Tim O'Brien - COO
Title: Chief Operating Officer
Agreement commenced: 1 January 2022
Term of agreement: Commencing 1 January 2022 for a term of 3 years.
Details: Remuneration of \$300,000 p.a. inclusive of superannuation.

An annual 'at risk' bonus of \$40,000 per annum is available under a short-term incentive plan.

120,000 fully paid ordinary shares, vesting annually in four equal tranches (30,000 per tranche) on the 1st of July of each year, beginning with 1 July 2022.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024 are set out below:

Name	Date	Shares	Issue price	\$
Nicholas Mather*	5 December 2023	43,333,590	\$0.0010	43,334
Richard Ash*	5 December 2023	45,486,650	\$0.0010	45,487
Roland Sleeman*	5 December 2023	34,997,570	\$0.0010	34,998
Tim O'Brien**	19 March 2024	120,000	\$1.0000	120,000

* Listed number of shares issued to Directors Nicholas Mather, Richard Ash and Roland Sleeman are pre-consolidated totals (equivalent to 43,334, 45,487 and 34,998 respectively, on post-consolidated basis).

** Shares issued to the Chief Operating Officer as a long-term incentive in accordance with his terms of employment. The shares are held in escrow and freely tradable in four equal tranches (30,000 shares per tranche) on the 1st of July of each year commencing 1 July 2022. At 30 June 2024, 60,000 shares are freely tradable.

During the year, a total of 123,817,810 fully paid ordinary shares (123,819 post-consolidation) were issued to directors in lieu of directors and consulting fees for the period February 2023 to 31 December 2023, as approved at the Company's Annual General Meetings held on 30 November 2023.

In addition, 82,545,206 bonus shares (82,545 post-consolidation) were issued on a ratio of two bonus shares for every three shares issued, being the same bonus ration that was offered to Shareholder under the Entitlement Offer, which closed on 12 October 2023.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2024.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2024 are summarised below:

	2024	2023	2022	2021	2020
	\$	\$	\$	\$	\$
Sales revenue	450,340	44,464	36,713	189,776	1,741,053
Loss before tax	(1,213,972)	(3,028,293)	(14,244,904)	(4,205,480)	(624,653)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Reduction from share consolidation	Balance at the end of the year
Ordinary shares					
Richard Ash	408,761,876	45,486,650	49,421,533	(503,166,389)	503,670
Roland Sleeman	1,519,765,672	34,997,570	59,863,497	(1,613,012,112)	1,614,627
Nicholas Mather	1,010,857,899	43,333,590	28,896,630	(1,081,997,468)	1,090,651
Tim O'Brien	1,099,872,961	120,000	-	(1,098,773,088)	1,219,873
	<u>4,039,258,408</u>	<u>123,937,810</u>	<u>138,181,660</u>	<u>(4,296,949,057)</u>	<u>4,428,821</u>

* On 7 December 2023, there was a share consolidation of the issued capital of the Company on the basis of one (1) security for every ten (1000) securities held. Where the consolidation resulted in a fraction of a Share, Performance Right or Option being held, the Company rounded that fraction up to the nearest whole number.

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of Lakes Blue Energy NL under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Lakes Blue Energy NL issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of William Buck Audit (Vic) Pty Ltd

There are no officers of the company who are former partners of William Buck Audit (Vic) Pty Ltd.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

William Buck Audit (Vic) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Lakes Blue Energy NL
Directors' report
30 June 2024

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Richard Ash
Non-Executive Chairman

1 November 2024

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Lakes Blue Energy NL

As lead auditor for the audit of Lakes Blue Energy NL for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Lakes Blue Energy NL and the entities it controlled during the year.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis

A. A. Finnis
Director
Melbourne, 1 November 2024

Lakes Blue Energy NL
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

		Consolidated	
	Note	30 June 2024	30 June 2023
		\$	\$
Revenue			
Reversal of tenement impairment	5	823,679	-
Interest income		13,151	15,266
Other income	6	437,189	29,198
Expenses			
Expenses	7	(28,616)	(5,614)
Employee benefits expense		(448,694)	(397,442)
Depreciation and amortisation expense		(2,465)	(3,125)
Impairment expense on exploration and evaluation assets		-	(41,718)
Accounting and audit expense		(196,004)	(228,850)
Administrative expense		(663,432)	(643,788)
Consulting expense		(269,856)	(253,165)
Finance costs		(26,208)	(1,468,490)
Rent and occupancy expense		(54,850)	(30,565)
Loss before income tax expense		(416,106)	(3,028,293)
Income tax expense	8	-	-
Loss after income tax expense for the year		(416,106)	(3,028,293)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(94,187)	-
Other comprehensive loss for the year, net of tax		(94,187)	-
Total comprehensive loss for the year		(510,293)	(3,028,293)
Loss for the year is attributable to:			
Non-controlling interest		(2,255)	(886)
Owners of Lakes Blue Energy NL		(413,851)	(3,027,407)
		(416,106)	(3,028,293)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		-	-
Owners of Lakes Blue Energy NL		(510,293)	(3,028,293)
		(510,293)	(3,028,293)
		Cents	Cents*
Basic earnings per share	26	(0.71)	(6.19)
Diluted earnings per share	26	(0.71)	(6.19)

*Restated share consolidation of the issued capital of the Company on the basis of one (1) security for every ten (1000) securities held.

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Lakes Blue Energy NL
Statement of financial position
As at 30 June 2024

Assets

Current assets

Cash and cash equivalents		202,383	759,889
Trade and other receivables		82,342	191,443
Other financial assets	9	416,591	424,196
Prepayments		39,060	59,960
		<u>740,376</u>	<u>1,435,488</u>
Non-current assets classified as held for sale	10	1,121,940	-
Total current assets		<u>1,862,316</u>	<u>1,435,488</u>

Non-current assets

Trade and other receivables		12,000	12,000
Property, plant and equipment	11	678,521	681,288
Exploration and evaluation	12	13,537,728	13,714,616
Total non-current assets		<u>14,228,249</u>	<u>14,407,904</u>

Total assets

16,090,565 15,843,392

Liabilities

Current liabilities

Trade and other payables	13	1,618,450	1,381,796
Provisions	14	218,545	189,851
Total current liabilities		<u>1,836,995</u>	<u>1,571,647</u>

Non-current liabilities

Provisions	14	550,000	550,000
Total non-current liabilities		<u>550,000</u>	<u>550,000</u>

Total liabilities

2,386,995 2,121,647

Net assets

13,703,570 13,721,745

Equity

Issued capital	15	153,323,030	152,830,912
Reserves		(94,187)	-
Accumulated losses		(139,603,702)	(139,189,851)
Equity attributable to the owners of Lakes Blue Energy NL		<u>13,625,141</u>	<u>13,641,061</u>
Non-controlling interest		<u>78,429</u>	<u>80,684</u>

Total equity

13,703,570 13,721,745

The above statement of financial position should be read in conjunction with the accompanying notes

Lakes Blue Energy NL
Statement of changes in equity
For the year ended 30 June 2024

Consolidated	Contributed equity \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2022	141,761,435	804,409	(136,185,792)	81,570	6,461,622
Loss after income tax expense for the year	-	-	(3,027,407)	(886)	(3,028,293)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	(3,027,407)	(886)	(3,028,293)
<i>Transactions with owners in their capacity as owners:</i>					
Capital placement	1,000,000	-	-	-	1,000,000
Capital raising costs	(92,194)	-	-	-	(92,194)
Shares issued in lieu of payments to Directors	100,000	-	-	-	100,000
Shares issued on conversion of convertible notes	10,061,671	(838,650)	-	-	9,223,021
Recognition of equity component of convertible notes	-	57,589	-	-	57,589
Repayment of convertible notes	-	(23,348)	23,348	-	-
Balance at 30 June 2023	<u>152,830,912</u>	<u>-</u>	<u>(139,189,851)</u>	<u>80,684</u>	<u>13,721,745</u>
Consolidated	Contributed equity \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2023	152,830,912	-	(139,189,851)	80,684	13,721,745
Loss after income tax expense for the year	-	-	(413,851)	(2,255)	(416,106)
Other comprehensive loss for the year, net of tax	-	(94,187)	-	-	(94,187)
Total comprehensive loss for the year	-	(94,187)	(413,851)	(2,255)	(510,293)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	120,000	-	-	-	120,000
Shares issued in lieu of payments to Directors	123,819	-	-	-	123,819
Capital placement	363,478	-	-	-	363,478
Capital raising costs	(115,179)	-	-	-	(115,179)
Balance at 30 June 2024	<u>153,323,030</u>	<u>(94,187)</u>	<u>(139,603,702)</u>	<u>78,429</u>	<u>13,703,570</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Lakes Blue Energy NL
Statement of cash flows
For the year ended 30 June 2024

		Consolidated	
	Note	30 June 2024	30 June 2023
		\$	\$
Cash flows from operating activities			
Receipts from reimbursement of capitalised exploration		390,194	108,726
Payments to suppliers and employees (inclusive of GST)		(996,639)	(1,728,952)
		(606,445)	(1,620,226)
Interest received		16,859	17,988
Net cash used in operating activities	25	(589,586)	(1,602,238)
Cash flows from investing activities			
Payments for exploration and evaluation	12	(450,598)	(698,761)
Proceeds from disposal of tenements		150,000	-
Refund of deposits		-	146,500
Net cash used in investing activities		(300,598)	(552,261)
Cash flows from financing activities			
Proceeds from issue of shares	15	363,480	1,000,000
Proceeds from share applications		13,430	-
Share issue transaction costs		(44,232)	(92,194)
Repayment of convertible notes		-	(301,529)
Net cash from financing activities		332,678	606,277
Net decrease in cash and cash equivalents		(557,506)	(1,548,222)
Cash and cash equivalents at the beginning of the financial year		759,889	2,308,111
Cash and cash equivalents at the end of the financial year		<u>202,383</u>	<u>759,889</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Lakes Blue Energy NL as a consolidated entity consisting of Lakes Blue Energy NL and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Lakes Blue Energy NL's functional and presentation currency.

Lakes Blue Energy NL is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office and principal place of business

24-26 Kent Street
Millers Point NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 1 November 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The Directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity incurred an operating loss after income tax expense for the year ended 30 June 2024 of \$416,106 (2023: \$3,028,293) and at reporting date has net assets of \$13,703,570 (2023: \$13,721,745) including \$13,537,728 (2023: \$13,714,616) of capitalised exploration, evaluation and development costs. At reporting date the Company's current liabilities exceeded current assets by \$25,321 (2023: \$136,159).

Post year-end, the Group executed a sale agreement to divest its 49% interest PEP 169. Consideration for the sale comprises:

- A\$3.0 million cash, which was received early October 2024;
- A further A\$3.5m, to be received following registration of the transfer to ADZ Energy Pty Ltd of ownership of PEP 169; and
- A future royalty on net (wellhead) revenue from any sales of petroleum from ADZ's existing 51% share of PEP 169.

The Directors have concluded that the going concern basis is appropriate, based on analysis of the consolidated entity's existing cash reserves and internal cash flow forecasts which include their current estimate of future financial commitments and other cash flows over the next 12 months.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Note 2. Material accounting policy information (continued)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 22.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Lakes Blue Energy NL ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Lakes Blue Energy NL and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Lakes Blue Energy NL's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 2. Material accounting policy information (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The consolidated entity recognises revenue as follows:

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Note 2. Material accounting policy information (continued)

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Motor vehicles	5 years
Technical equipment	3-10 years
Computer equipment	3 years
Plant and equipment	7 years
Office Equipment	8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 2. Material accounting policy information (continued)

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Lakes Blue Energy NL, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Provision for restoration costs

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The consolidated entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The consolidated entity recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Exploration costs

Exploration costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 4. Operating segments

Identification of reportable operating segments

The Consolidated Entity operates in one industry being exploration for oil and gas reserves, principally in Australian on-shore (Victoria, South Australia and Queensland) and Papua New Guinea (PNG). Currently the consolidated entity does not generate any revenues from contracts with customers and only incurred expenses on operations and exploration activities. Therefore, the Consolidated Entity does not prepare operating segment reports, rather operational results are reviewed collectively for the group.

Note 5. Reversal of tenement impairment

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Reversal of accumulated impairment for PEP 169	823,679	-

Accumulated impairment of \$823,679 was recognised in prior financial years for PEP 169, which has been reversed in the current financial year as the consideration receivable for the divestment is expected to exceed the historical cost of the asset.

Note 6. Other income

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Reimbursements received	22,500	29,198
Remission of ATO interest	22,271	-
Gain on sale of equipment	242,418	-
Gain on disposal of tenements	150,000	-
	<u>437,189</u>	<u>29,198</u>

Note 7. Expenses

Loss before income tax includes the following specific expenses:

	Consolidated	Consolidated
	30 June 2024	30 June 2023
	\$	\$
Exploration expense	28,616	5,614
	<u>28,616</u>	<u>5,614</u>
	Consolidated	Consolidated
	30 June 2024	30 June 2023
	\$	\$
<i>Administrative expenses</i>		
Travel and accommodation	12,978	24,985
Share registry costs and listing fees	190,041	148,806
Legal fees	99,083	139,553
Directors fees	195,000	231,806
Insurance premiums	115,760	70,154
Office and other administrative expenses	66,748	40,591
Copier, postage and courier costs	95	482
Consultancy, accountancy and secretarial fees	51,807	61,525
Less portion attributed to exploration permits capitalised	(68,080)	(74,114)
	<u>663,432</u>	<u>643,788</u>

Note 8. Income tax expense

	Consolidated	Consolidated
	30 June 2024	30 June 2023
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(416,106)	(3,028,293)
Tax at the statutory tax rate of 25%	(104,027)	(757,073)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-allowable items	30,616	11,211
Reversal of impairment	(205,919)	-
	(279,330)	(745,862)
Current year tax losses not recognised	152,891	697,968
Current year temporary differences not recognised	126,439	47,894
Income tax expense	<u>-</u>	<u>-</u>

The Group has not recognised carried forward tax losses from prior years in the statement of financial position. Tax losses carried forward from prior years can only be utilised in the future if the continuity of ownership test is passed or, failing that, the same business test is passed.

The taxation benefits of tax losses and temporary differences will only be recognised if:

- (i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law; and
- (iii) no change in tax legislation adversely affects the consolidated entity in realising the benefits from deducting the losses.

Note 9. Other financial assets

	Consolidated 30 June 2024	30 June 2023
	\$	\$

Current assets

Short term deposits

416,591	424,196
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Short term deposits are investments in bank term deposits with an initial maturity of more than three months but not more than twelve months. Interest on term deposits are accrued using the effective interest method. The funds are restricted for use as bank guarantees over Rawson tenements.

Note 10. Non-current assets classified as held for sale

	Consolidated 30 June 2024	30 June 2023
	\$	\$

Current assets

Exploration and evaluation assets at cost - PEP 169

1,121,940	-
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Post year-end, the Group executed a sale agreement to divest its 49% interest PEP 169. Consideration for the sale comprises:

- A\$3.0 million cash, which was received early October 2024;
- A further A\$3.5m, to be received following registration of the transfer to ADZ Energy Pty Ltd of ownership of PEP 169; and
- A future royalty on net (wellhead) revenue from any sales of petroleum from ADZ's existing 51% share of PEP 169.

Accumulated impairment of \$823,679 was recognised in prior financial years for PEP 169, which has been reversed in the current financial year as the consideration receivable for the divestment is expected to exceed the historical cost of the asset.

Note 11. Property, plant and equipment

	Consolidated 30 June 2024	30 June 2023
	\$	\$

Non-current assets

Land and buildings - at cost

1,177,877	1,177,877
-----------	-----------

Less: Impairment

(512,130)	(512,130)
-----------	-----------

665,747	665,747
---------	---------

Plant and equipment - at cost

456,583	457,012
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Less: Accumulated depreciation

(443,809)	(441,471)
-----------	-----------

12,774	15,541
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678,521	681,288
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Note 11. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land \$	Plant and equipment \$	Total \$
Balance at 1 July 2022	665,747	18,528	684,275
Additions	-	138	138
Depreciation expense	-	(3,125)	(3,125)
Balance at 30 June 2023	665,747	15,541	681,288
Disposals	-	(302)	(302)
Depreciation expense	-	(2,465)	(2,465)
Balance at 30 June 2024	<u>665,747</u>	<u>12,774</u>	<u>678,521</u>

Note 12. Exploration and evaluation

Consolidated
30 June 2024 30 June 2023
\$ \$

Non-current assets

Exploration and evaluation assets - at cost	78,302,481	78,673,944
Less: Accumulated amortisation and impairment	(64,764,753)	(64,959,328)
	<u>13,537,728</u>	<u>13,714,616</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	\$
Balance at 1 July 2022	13,235,080
Expenditure during the year	521,254
Impairment of assets	(41,718)
Balance at 30 June 2023	13,714,616
Expenditure during the year	121,373
Classified as held for sale (note 10)	(1,121,940)
Reversal of impairment	823,679
Balance at 30 June 2024	<u>13,537,728</u>

Lakes Blue Energy NL
Notes to the financial statements
30 June 2024

Note 13. Trade and other payables

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	1,590,278	1,367,157
Other payables	28,172	14,639
	<u>1,618,450</u>	<u>1,381,796</u>

Refer to note 17 for further information on financial instruments.

Note 14. Provisions

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
<i>Current liabilities</i>		
Annual leave	101,038	77,961
Long service leave	117,507	111,890
	<u>218,545</u>	<u>189,851</u>
<i>Non-current liabilities</i>		
Restoration costs	300,000	300,000
Provision for royalties	250,000	250,000
	<u>550,000</u>	<u>550,000</u>
	<u>768,545</u>	<u>739,851</u>

Note 15. Issued capital

	Consolidated			
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>58,757,575</u>	<u>57,825,090,027</u>	<u>153,323,030</u>	<u>152,830,912</u>

Note 15. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	45,296,039,002		141,761,435
Shares issued on conversion of convertible notes	8 July 2022	8,560,506	\$0.0009	7,704
Capital placement	15 July 2022	550,000,000	\$0.0008	440,000
Capital placement	26 July 2022	700,000,000	\$0.0008	560,000
Shares issued to Directors in lieu of fees	14 December 2022	99,999,000	\$0.0010	100,000
Shares issued on conversion of convertible notes	14 April 2023	11,170,491,519	\$0.0009	10,053,967
Capital raising costs		-	\$0.0000	(92,194)
Balance	30 June 2023	57,825,090,027		152,830,912
Shares issued on completion of rights issue	13 October 2023	363,479,680	\$0.0010	363,478
Shares issued on completion of rights issue – bonus shares	13 October 2023	242,320,018	\$0.0000	-
Shares issued in lieu of payments to Directors	5 December 2023	123,817,810	\$0.0010	123,819
Shares issued in lieu of payments to Directors – bonus shares	5 December 2023	82,545,206	\$0.0000	-
Share consolidation	7 December 2023	(58,578,615,166)	\$0.0000	-
Long term incentive shares issued to COO	19 March 2024	120,000	\$1.0000	120,000
Capital raising costs		-	\$0.0000	(115,179)
Balance	30 June 2024	<u>58,757,575</u>		<u>153,323,030</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share consolidation

On 7 December 2023, there was a share consolidation of the issued capital of the Company on the basis of one (1) security for every ten (1000) securities held. Where the consolidation resulted in a fraction of a Share, Performance Right or Option being held, the Company rounded that fraction up to the nearest whole number. The prior year weighted average number of ordinary shares has been adjusted accordingly so that the basic and diluted loss per share are comparable.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 15. Issued capital (continued)

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Note 16. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 17. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated entity is exposed to currency risk on its PNG projects but this risk is considered to be material.

Market or Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

Cash deposits attract interest at the prevailing floating interest rate. The interest rate risk on cash and cash equivalents does not have a material effect on the consolidated entity.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity does not have any material credit risk exposure to cash on hand or any single receivable or group of receivables under financial instruments entered into by the consolidated entity. This risk is managed by ensuring the consolidated entity only trades with parties that are able to trade on the consolidated entity's credit terms. Additionally cash at bank is held with a major Australian bank.

Note 17. Financial instruments (continued)

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. The consolidated entity continues monitor its cash reserves in relation to its contractual liabilities to determine that they have sufficient working capital to continue as a going concern. Refer to Note 1 for going concern plans and uncertainties.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 30 June 2024						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	1,605,020	-	-	-	1,605,020
Total non-derivatives		1,605,020	-	-	-	1,605,020
	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 30 June 2023						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	1,381,796	-	-	-	1,381,796
Total non-derivatives		1,381,796	-	-	-	1,381,796

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by , the auditor of the company:

	Consolidated 30 June 2024 \$	30 June 2023 \$
<i>Audit services -</i>		
Audit or review of the financial statements	70,500	65,500

Note 19. Contingent liabilities

The consolidated entity did not have any contingent liabilities as at 30 June 2024 (2023: nil)

Note 20. Commitments

	Consolidated
	30 June 2024 30 June 2023
	\$ \$

Bank guarantees in relation to rental premises and exploration permits

Maximum amount bank may call

494,696	494,696
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Exploration commitments

The consolidated entity retains interests in exploration tenements via direct ownership and participation in joint operations. To continue these interests a work program is maintained in each tenement for various periods up to six years. Each work program has minimum expenditure and exploration activity requirements which must be satisfied to retain the permit.

The current financial commitment as at 30 June 2024 on the work programs across all tenements for the next 24 months is \$245,000 (2023: \$245,000).

\$245,000 of the current financial commitment relates to the annual fees in relation to the entity's Victorian, Queensland, South Australian and Papua New Guinea tenements. The moratorium on exploration in Victoria was lifted on 30th June 2021 and Lakes is currently awaiting clearance in relation to the submitted applications to recommence work across its Victorian acreage.

The final cost to the consolidated entity is uncertain as it will be dependent on the extent of the works actually undertaken, the negotiated costs and whether or not the consolidated entity is able to secure contributions from other parties such as a farminee (A farminee is a joint operation partner who earns an interest in a tenement by funding the costs of appraisal, development or exploration).

Note 21. Related party transactions

Parent entity

Lakes Blue Energy NL is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 23.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 22. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent
	30 June 2024 30 June 2023
	\$ \$

Loss after income tax

(1,169,569)	(2,947,675)
-------------	-------------

Total comprehensive loss

(1,169,569)	(2,947,675)
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Note 22. Parent entity information (continued)

Statement of financial position

	Parent	
	30 June 2024	30 June 2023
	\$	\$
Total current assets	3,652,970	4,212,361
Total assets	10,642,740	11,161,451
Total current liabilities	1,805,149	1,526,410
Total liabilities	1,805,149	1,526,410
Equity		
Issued capital	152,923,223	152,551,105
Accumulated losses	(144,085,632)	(142,916,064)
Total equity	8,837,591	9,635,041

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2024.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2024.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2024.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 23. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2024 %	30 June 2023 %
Commonwealth Mining Pty Ltd	Australia	100.00%	100.00%
EOIL Pty Ltd	Australia	100.00%	100.00%
Gippsland Petroleum Pty Ltd	Australia	100.00%	100.00%
Mirboo Ridge Pty Ltd	Australia	100.00%	100.00%
Otway Resources Pty Ltd	Australia	100.00%	100.00%
Owens Lane Pty Ltd	Australia	100.00%	100.00%
Petro Tech Pty Ltd	Australia	100.00%	100.00%
Geothermal Energy Victoria Pty Ltd	Australia	100.00%	100.00%
Portland Energy Project Pty Ltd	Australia	100.00%	100.00%
The Gippsland Gas Corporation Pty Ltd	Australia	100.00%	100.00%
Three Corners Oil & Gas Pty Ltd	Australia	100.00%	100.00%
Lakes Oil Inc.	USA	100.00%	100.00%
NavGas Pty Ltd	Australia	100.00%	100.00%
Mingoola Gold Pty Ltd	Australia	100.00%	100.00%
Rawson Oil and Gas Limited	Australia	93.51%	93.51%
Dondonald Limited (through its interest in Rawson Oil and Gas Limited)	Papua New Guinea	93.51%	93.51%
Rawson Uranium Pty Ltd	Australia	93.51%	93.51%
Rawson Taranaki Limited	New Zealand	93.51%	93.51%
Otway Energy Limited	Australia	93.51%	93.51%
LKO Royalty Trust	Australia	100.00%	100.00%

Note 24. Events after the reporting period

On 3 September 2024, an Asset Sale and Purchase Agreement (ASPA), the overriding document to implement the sale of Lakes' 49% interest in Victorian Petroleum Exploration Permit 169 (PEP 169), as announced on 27 June 2024, was executed.

On 21 October 2024, the Company announced that preconditions for completion of the sale of Lakes' 49% interest in PEP 169 were fulfilled by 4 October 2024, and the sales transaction was completed on 9 October with the first \$3m of funds received.

On 14 October 2024, Mr Roland Sleeman has advised it is his intention to retire as Chief Executive Officer with effect at the Company's 2024 Annual General Meeting.

On 23 October 2024, the Company announced that Mr Boyd White had been appointed as a Non-Executive of the Company, with immediate effect.

On 30 October the Company announced it had completed and submitted to the Victorian Regulator and Operation Plan seeking approval to drill the Wombat-5 conventional lateral well in Gippsland, Victoria.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 25. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Loss after income tax expense for the year	(416,106)	(3,028,293)
Adjustments for:		
Depreciation and amortisation	2,465	3,125
Impairment of non-current assets	-	41,718
Reversal of impairment on non-current assets	(823,679)	-
Share-based payments	120,000	100,000
Exploration expenditure recognised in investing cash flows	450,598	-
Gain on disposal of tenements	(150,000)	-
Non-cash financing expenditure	-	1,403,751
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	109,098	(68,073)
Decrease/(increase) in prepayments	20,900	(43,404)
Increase/(decrease) in trade and other payables	68,444	(39,337)
Increase in employee benefits	28,694	28,275
Net cash used in operating activities	<u>(589,586)</u>	<u>(1,602,238)</u>

Note 26. Earnings per share

	Consolidated	
	30 June 2024	30 June 2023
	\$	\$
Loss after income tax	(416,106)	(3,028,293)
Non-controlling interest	2,255	886
Loss after income tax attributable to the owners of Lakes Blue Energy NL	<u>(413,851)</u>	<u>(3,027,407)</u>
	Number	Number*
Weighted average number of ordinary shares used in calculating basic earnings per share	58,534,302	48,892,707
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>58,534,302</u>	<u>48,892,707</u>
	Cents	Cents
Basic earnings per share	(0.71)	(6.19)
Diluted earnings per share	(0.71)	(6.19)

*On 7 December 2023, there was a share consolidation of the issued capital of the Company on the basis of one (1) security for every ten (1000) securities held. Where the consolidation resulted in a fraction of a Share, Performance Right or Option being held, the Company rounded that fraction up to the nearest whole number. The prior year weighted average number of ordinary shares has been adjusted accordingly so that the basic and diluted loss per share are comparable.

Lakes Blue Energy NL
Consolidated entity disclosure statement
As at 30 June 2024

Entity name	Entity type	Trustee in a Trust, Partner in a Partnership or a participant in a Joint Venture	Place formed / Country of incorporation	Ownership interest %	Tax residency
Lakes Blue Energy NL	Body Corporate	N/A	Australia		Australia
Commonwealth Mining Pty Ltd	Body corporate	N/A	Australia	100.00%	Australia
EOIL Pty Ltd	Body corporate	N/A	Australia	100.00%	Australia
Gippsland Petroleum Pty Ltd	Body corporate	N/A	Australia	100.00%	Australia
Mirboo Ridge Pty Ltd	Body corporate	N/A	Australia	100.00%	Australia
Otway Resources Pty Ltd	Body corporate	N/A	Australia	100.00%	Australia
Owens Lane Pty Ltd	Body corporate	N/A	Australia	100.00%	Australia
Petro Tech Pty Ltd	Body corporate	N/A	Australia	100.00%	Australia
Geothermal Energy Victoria Pty Ltd	Body corporate	N/A	Australia	100.00%	Australia
Portland Energy Project Pty Ltd	Body corporate	N/A	Australia	100.00%	Australia
The Gippsland Gas Corporation Pty Ltd	Body corporate	N/A	Australia	100.00%	Australia
Three Corners Oil & Gas Pty Ltd	Body corporate	N/A	Australia	100.00%	Australia
Lakes Oil Inc.	Body corporate	N/A	USA	100.00%	USA
NavGas Pty Ltd	Body corporate	N/A	Australia	100.00%	Australia
Mingoola Gold Pty Ltd	Body corporate	N/A	Australia	100.00%	Australia
Rawson Oil and Gas Pty Limited	Body corporate	N/A	Australia	93.51%	Australia
Dondonald Limited (through its interest in Rawson Oil and Gas Limited)	Body corporate	N/A	Papua New Guinea		Papua New Guinea
Rawson Uranium Pty Ltd	Body corporate	N/A	Australia	93.51%	Australia
Rawson Taranaki Limited	Body corporate	N/A	New Zealand	93.51%	New Zealand
Otway Energy Pty Limited	Body corporate	N/A	Australia	93.51%	Australia
LKO Royalty Trust	Trust	N/A	Australia	100.00%	Australia

Basis of preparation

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax

Lakes Blue Energy NL
Consolidated entity disclosure statement
As at 30 June 2024

Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the Corporations Act 2001).

Partnerships and Trusts

None of the entities noted above were trustees of trusts within the consolidated entity, partners in a partnership within the consolidated entity or participants in a joint venture within the consolidated entity.

For personal use

Lakes Blue Energy NL
Directors' declaration
30 June 2024


In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Richard Ash
Non-Executive Chairman

1 November 2024

Independent auditor's report to the members of Lakes Blue Energy NL

Report on the audit of the financial report

Our opinion on the financial report

In our opinion, the accompanying financial report of Lakes Blue Energy NL (the Company) and its subsidiaries (the Group) is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What was audited?

We have audited the financial report of the Group, which comprises:

- the consolidated statement of financial position as at 30 June 2024,
- the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended,
- notes to the financial statements, including material accounting policy information,
- the consolidated entity disclosure statement, and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Capitalisation of exploration and evaluation assets	Area of focus (refer also to notes 2, 10 & 12)	How our audit addressed the key audit matter
	<p>The Group has incurred exploration costs for its oil and gas projects in Australia, over several years. There is a risk that the accounting criteria associated with the capitalisation of exploration and evaluation expenditure may no longer be appropriate.</p> <p>An impairment review is only required if an impairment trigger is identified. Due to the nature of the oil and gas industry, indicators of impairment could include:</p> <ul style="list-style-type: none"> — Changes to exploration plans; — Loss of rights to tenements; — Changes to reserve estimates; — Costs of extraction and production; or — Exchange rate factors. <p>Prior to 30 June 2024 the Group announced the sale of one of its tenements. As the sale was deemed highly probable at 30 June 2024 it was classified as held for sale under AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i></p> <p>The accounting for this matter is complex and as such we have determined it a Key Audit Matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — A review of the directors' assessment of the criteria for the capitalisation of exploration expenditure during the year; — Understanding and vouching the underlying contractual entitlement to explore and evaluate each area of interest, including an evaluation of the requirement to renew that tenement at its expiry and assessment of areas of interest, which were impaired during the year; — Examining project spend per each area of interest and comparing this spend to the minimum expenditure requirements set out in the underlying tenement expenditure plan; — Examining project spend to each area of interest to ensure that it is directly attributable to that area of interest; and — For the tenement classified as held for sale confirming that the requirements for being classified as held for sale under AASB 5 have been met including the reversal of impairment losses recognised in prior periods. <p>We also assessed the adequacy of the Group's disclosures in respect of exploration costs in the financial report.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report



Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of Lakes Blue Energy NL, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

What was audited?

We have audited the Remuneration Report included in of the directors' report for the year ended 30 June 2024.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

Alan Finnis

A. A. Finnis
Director
Melbourne, 1 November 2024

SHAREHOLDER INFORMATION

Lakes Blue Energy NL has the following securities on issue as at 30 October 2024:

Type	Security	Number of securities	Number of security holders
ASX Listed	Fully paid ordinary shares (Shares)	58,757,575	13,136

120,000 Shares are subject to voluntary escrow until 19 March 2025.

Voting Rights

Each Share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. There are no other classes of equity securities with voting rights.

Distribution of Shareholders

Fully Paid Ordinary Shares

Holdings Ranges

	Number		
	Holders	Units	%
1-1,000	9,500	2,616,007	4.450
1,001-5,000	2,661	6,244,141	10.630
5,001-10,000	471	3,427,793	5.830
10,001-100,000	459	11,671,662	19.860
100,001-9,999,999,999	45	34,797,972	59.220
Totals	13,136	58,757,575	100.000

Marketable Parcel

As at 30 October 2024, there are 7,162 shareholders holding less than a marketable parcel (equivalent to \$500) of Lakes Shares based on a share price of \$1.00 per share being the last trade price Lakes shares of \$0.001 on 29 October 2023 multiplied by 1,000 to account for the consolidation of securities on a 1,000 to 1 basis as approved by Shareholders at the 2023 Annual General Meeting completed on 7 December 2023.

On-Market Buy-back

Lakes Blue Energy NL is not undertaking an on-market buy-back.

Substantial Holders

The following shareholders are substantial shareholders:

Holder Name	Number of Shares	% Voting Power
Dark Horse Resources Limited	9,584,616	16.312%
Tenstar Trading Limited	5,233,109	8.906%
DGR Global Limited	3,767,701	6.412%

Lakes Blue Energy NL
Additional information for listed public companies
30 June 2024

20 Largest Shareholders

No.	Name	Number of Ordinary Shares Held	% of Issued Capital
1	Dark Horse Resources Limited	9,584,616	16.312%
2	Tenstar Trading Limited	5,233,109	8.906%
3	DGR Global Limited	3,767,701	6.412%
4	Timeview Enterprises Pty Ltd	2,720,821	4.631%
5	Acuity Capital Investment Management Pty Ltd <Acuity Capital Holdings A/C>	1,730,000	2.944%
6	Mrs Caroline Patricia Sleeman & Mr Roland Kingsbury Sleeman <Sleeman Family Super A/C>	1,461,547	2.487%
7	Samuel Capital Pty Ltd	1,086,024	1.848%
8	Gashunter Pty Ltd	782,384	1.332%
9	Mr Duncan John Hardie	589,295	1.003%
10	Mr Duncan John Hardie	524,117	0.892%
11	Sari Holdings Pty Ltd	476,850	0.812%
12	Dymax Consultants Pty Ltd <Dymax Directors S/Fund A/C>	445,788	0.759%
13	BAM Opportunities Fund Pty Ltd	407,845	0.694%
14	HSBC Custody Nominees (Australia) Limited	368,820	0.628%
15	Mr William Richard Treuren	359,290	0.611%
16	Citicorp Nominees Pty Limited	325,880	0.555%
17	Mr Craig Jackson & Mrs Illiana Rina Jackson <The Kitty Super Fund A/C>	325,000	0.553%
18	Mr Allister Richardson	269,198	0.458%
19	Pacific Atlantic Commerce Pty Ltd <Corcillum Super Fund A/C>	254,625	0.433%
20	Prof Paul Edmond O'Brien	231,294	0.394%
	TOTALS	30,944,204	52.664%

Lakes Blue Energy NL
Additional information for listed public companies
30 June 2024

Tenements

Location (basin name)	Joint operation or permit name	Interest owned %
PEP 167	Otway	100.00
PEP 169***	Otway	49.00
PEP 175	Otway	100.00
PRL 2 - Overall Permit	Gippsland	100.00
PRL 2- Trifon Field	Gippsland	100.00
PRL 3	Gippsland	100.00
PEP 166	Gippsland	75.00
VIC/P43(V)*****	Gippsland	-
VIC/P44(V)*****	Gippsland	-
ATP 1183	Surat/Bowen	100.00
Eagle Prospect	California USA	17.97
PELA 577****	Pirie Torrens, SA	-
PELA 578****	Pirie Torrens, SA	-
PELA 579****	Pirie Torrens, SA	-
PELA 601****	Pirie Torrens, SA	-
PELA 602****	Pirie Torrens, SA	-
PELA 631****	Pirie Torrens, SA	-
PRL 249**	Otway	50.00
PPL 549	PNG	100.00
PPL 560	PNG	100.00
APPL 550*	PNG	100.00
APPL 594*	PNG	100.00
APPL 633*	PNG	100.00

* Tenements in application phase only, remain subject to government approvals.

** Renamed PRL 249 (formerly PEL 155) following a successful conversion of the permit to a retention license.

*** Sale of tenement completed on 9 October 2024.

**** Tenements in application phase only. Transferred to Gehyra Pty Ltd during the reporting period for cash payments and overriding royalty payments.

***** Tenements relinquished during the reporting period