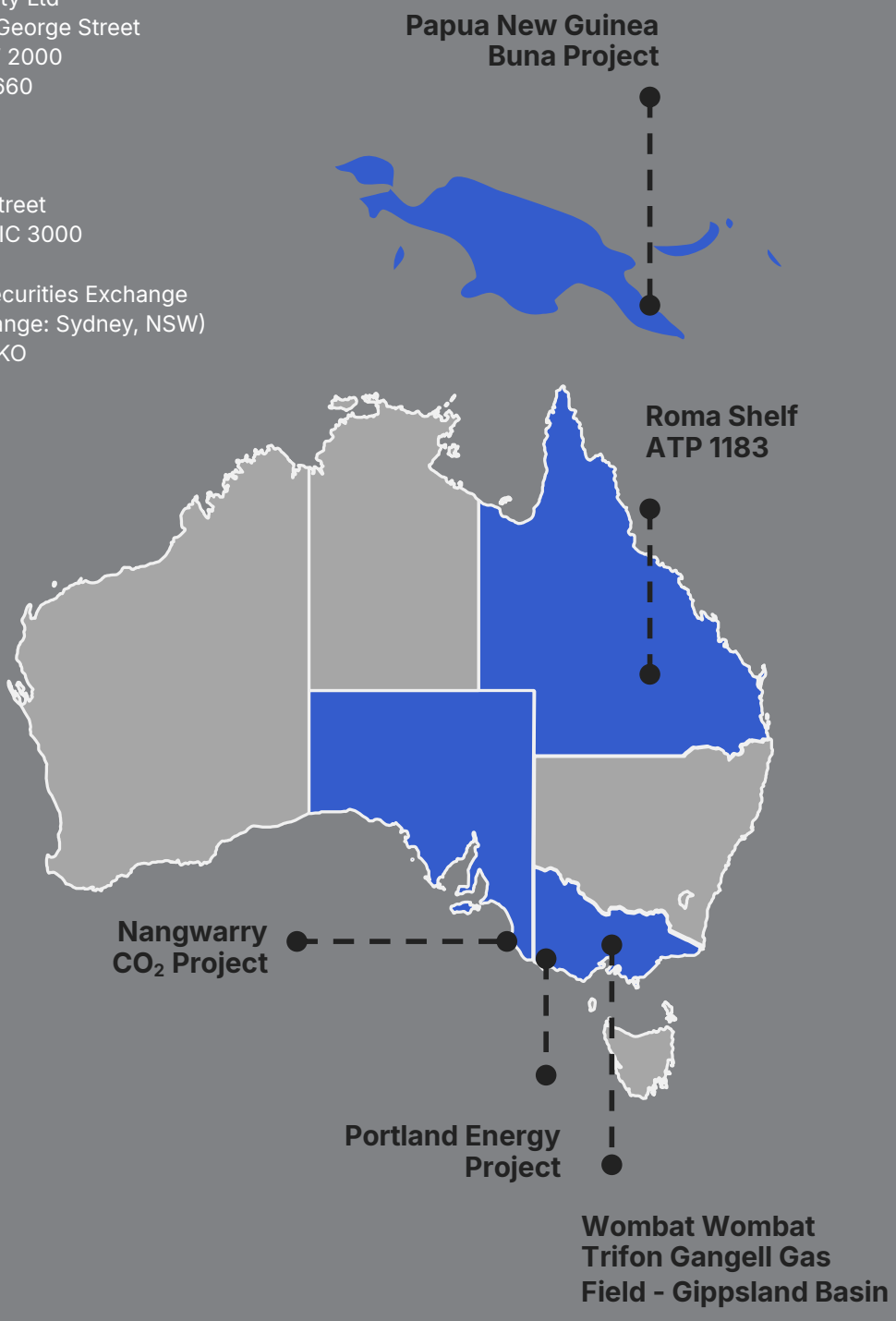


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Directors	Roland Sleeman (Non-Executive Chairman) Richard Ash (Executive Director and Chief Executive Officer) Nicholas Mather (Non-Executive Director) Boyd White (Non-Executive Director)
Company secretary	Elissa Hansen
Registered office	24-26 Kent Street Millers Point NSW 2000 T: (03) 9629 1566 W: www.lakesblueenergy.com.au
Share register	Boardroom Pty Ltd Level 8, 210 George Street Sydney NSW 2000 T: 1300 737 660
Auditor	William Buck Level 20 181 William Street Melbourne VIC 3000
Stock exchange listing	Australian Securities Exchange (Home Exchange: Sydney, NSW) ASX Code: LKO

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2025

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LKO's Wombat Gas Field is located onshore, close to existing gas pipeline infrastructure.



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Overview

Lakes Blue Energy NL delivered a year of significant operational progress during FY25, with efforts centred on advancing the Wombat Gas Field toward drilling and near-term production. In parallel, the Company progressed planning for the Portland Energy Project, advanced the commercialisation pathway for the Nangwarry Carbon Dioxide Project and continued to progress its exploration portfolio in Queensland and Papua New Guinea, whilst maintaining its focus on securing new Victorian Domestic gas supply and creating long-term shareholder value.

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, 8]
Trifon-Gangell Gas Field		390 Bcf Contingent Resource[1, 8]
Baragwanath Gas Field		966 Bcf Prospective Resource[1, 8]
Portland Energy Project	PEP 175, Otway Basin, Vic	Permit Area: 286 Tcf gas initially in place[2, 8] Focus Area: 11.5 Tcf prospective resource[2, 8]
	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	590 BOE Prospective Resource
Projects 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 Otway-1 and other Prospects	PRL 169, Otway Basin, Vic	Lakes will earn ~4.0% of wellhead value of any petroleum produced
Arrowie Basin	South Australian PELAs	2.5% of value hydrogen or helium production; 3.5% of value of petroleum production interest
Lakes Royalty Trust	17% interest in the Trust	The Trust has 12% Royalty interest in Lakes Victorian assets

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 See pages 4 and 5 of LKO Quarterly Activities Report, 31 March 2025, for sources of estimates. The Company confirms that all the material assumptions and technical parameters underpinning these estimates continue to apply and have not materially changed.

6 1 TJ per day is a Terajoule or 1000 GJ (giga joules) per day. A giga joule is the basis for quoted gas prices which typically range from $12/ GJ (contract) to $20/GJ on the recent spot market in Victoria. 1 million cubic feet Is equal to 1GJ.

7 SPC Consulting (Denver, USA), "Production Forecast for Wombat-5," prepared for Lakes Blue Energy, September 2013. Central case 10 MMscfd, high case 15 MMscfd.

8 All Victorian Interest are subject to The Lakes Royalty Trust where by the Trust is entitled to a 12% Royalty from Victorian production.

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Wombat Trifon Gangell Gas Field - Gippsland, Victoria

Lakes' flagship asset is the 100%-owned Wombat Trifon Gangell Gas Field (subject to the Lakes Royalty Trust[8]), located on predominantly freehold land in the onshore Gippsland Basin, Victoria. Together with the adjacent Trifon-Gangell accumulation, Wombat hosts an independently certified 2C recoverable resource of 719[5] Bcf of recoverable gas (329 Bcf at Wombat and 390 Bcf at Trifon-Gangell). These fields are located on predominantly freehold land in the onshore Gippsland Basin, close to existing transmission pipelines and processing infrastructure, offering a cost-effective pathway to market and the potential to deliver up to 20 PJ per year of gas[6].

During FY25, the Company's efforts were directed toward securing ministerial consent and final regulatory approvals to enable drilling of the Wombat-5 well. The well has been designed as a horizontal, directionally drilled well targeting the upper, more permeable section of the Strzelecki Formation, with engineering refinements informed by data from four earlier wells drilled prior to the Victorian onshore drilling moratorium. These refinements are expected to deliver materially higher flow rates than were historically achieved, with independent modelling suggesting a mid case of 10 MMscfd and a high case of 15 MMscfd[7].

Over the course of the year, Lakes submitted detailed operational and environmental documentation addressing regulatory, cultural heritage, community consultation, and rehabilitation requirements. Multiple rounds of regulator feedback were responded to promptly and, in July 2025, the Company received Ministerial Consent to drill the Wombat-5 well. In parallel, Lakes secured the services of Condor Energy Services Rig #1, executing a drilling contract and paying the deposit and mobilisation fee to guarantee a July 2025 drilling slot.

Post year-end, site preparation was completed, with construction of the well cellar, lined mud sump, laydown area, and all-weather access road delivered safely and on schedule by local Gippsland contractors. Rig mobilisation commenced on 20 July 2025, keeping the program on track for a late-July spud.

Drilling of Wombat-5 officially commenced at 6am on 1 August 2025, shortly after year-end. The spud represents a major milestone for Lakes and for the Victorian gas sector, being the first onshore conventional well drilled in the Gippsland Basin since the lifting of the moratorium. Drilling is nearing completion with rig demobilisation commencing on 30 September 2025. The well has been to a total depth of 3,050 meters and has been completed with swellable packers to approximately 2,438 meters, the balance left as a barefoot finish. Significant gas shows were discovered during the drilling which will be tested in November 2025. The results of this testing will inform the field development plan and support Lakes' strategy to rapidly bring new domestic gas supply to market.

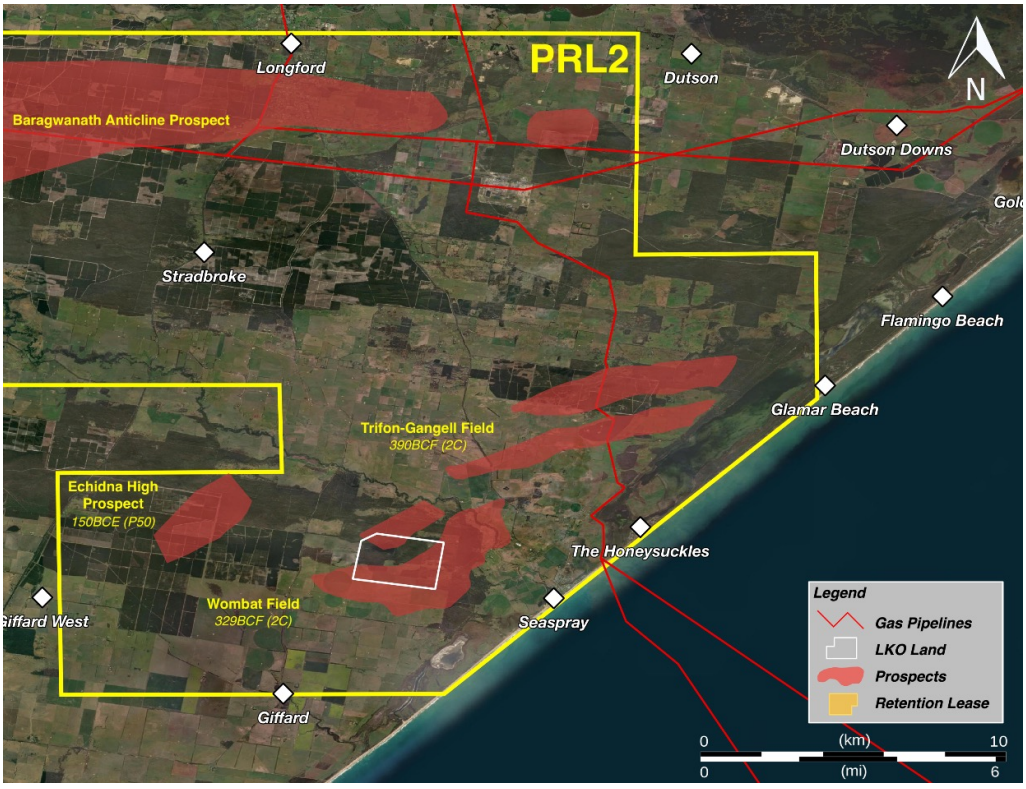


Figure 1: Wombat and Trifon-Gangell Locations

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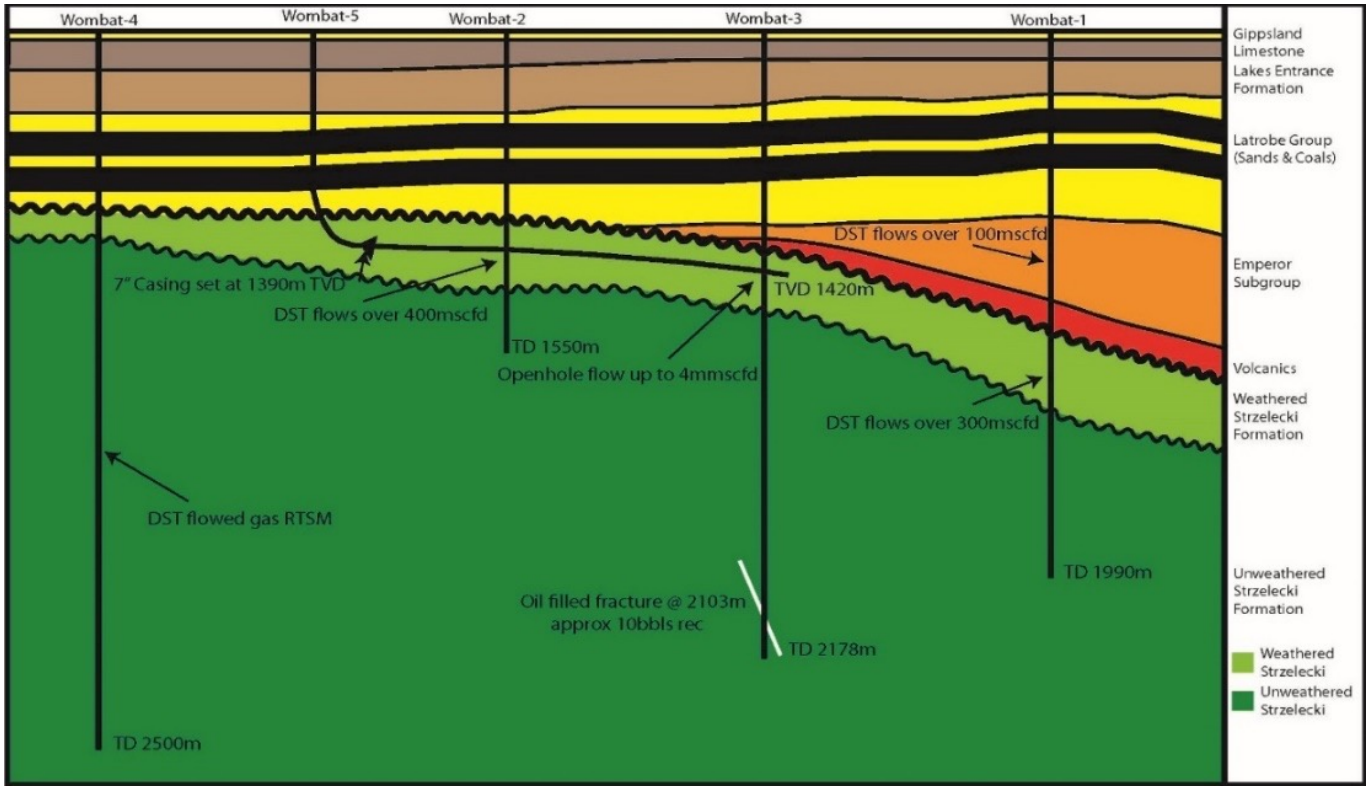


Figure 2: Cross section of the proposed path of the Wombat-5 well, including previous wells drilled prior to 2013

Nangwarry Carbon Dioxide Project – South Australia

Through its wholly owned subsidiary, Otway Energy Pty Ltd, Lakes holds a 50% interest in, and operates, PRL 249, which hosts the Nangwarry Carbon Dioxide Project. After allowing for minor third-party interests in Otway Energy Pty Ltd, Lakes' net interest in the licence is 46.76%.

Discovered in 2020, the Nangwarry-1 well intersected a very high concentration (90%+) of naturally occurring carbon dioxide, making the project ideally suited for the production of food and beverage grade, medical, and industrial CO_2. Extended flow testing conducted in March 2021 confirmed the well's capacity to produce raw gas at rates of up to 18.6 MMscfd and provided the basis for independent certification of recoverable volumes. The discovery has been independently certified at 26 Bcf of high-purity CO_2, sufficient to support production of up to 150-200 tonnes per day for an anticipated plant life of approximately 20 years .

Post year-end (July 2025), Lakes executed a binding Heads of Agreement with Beijing Maison Group to advance the commercialisation of the project. Under the agreement, Maison will fully fund and lead a bankable feasibility study to evaluate the development of a 150–200 tonne per day purification and liquefaction plant. The study will cover plant design, capital and operating costs, regulatory approvals, commercial terms, and market potential, and will present a proposal to design, construct, and finance the plant. Subject to favourable results, a plant could be operational in the first half of 2027.

To support the feasibility process and assess potential revenue streams, Lakes launched an Expression of Interest campaign in Q3 CY25 to engage prospective offtake partners. Demand for domestic food- and beverage-grade CO_2 remains robust, with recent supply shortages and logistics challenges leading to higher costs for end users. The agreement with Maison provides a fully funded, low-risk pathway to unlock value from Nangwarry while allowing Lakes to maintain its primary focus on delivering near-term gas production from Wombat. Current market pricing varies and is substantially dependent on quantity and quality of CO2 required and can vary from $200 / tonne to $2,000 / tonne.

9 Refer to Vintage Energy (ASX: VEN) ASX announcement "Nangwarry Field Update", dated 12 July 2021, and Vintage Energy investor presentation dated 26 May 2025, for further detail on the certified resource and potential production rates. Lakes is not aware of any new information or data that materially affects the estimate and confirms that the material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed.



Highly concentrated, naturally occurring carbon dioxide – ideal for food and beverage production, medical applications and industrial use.

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Table 2: Independently Certified CO_2 Sales Gas Volume[10]

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		
Low	Best	High
4.5	12.9	32.2

Note: 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 CO_2 gas.

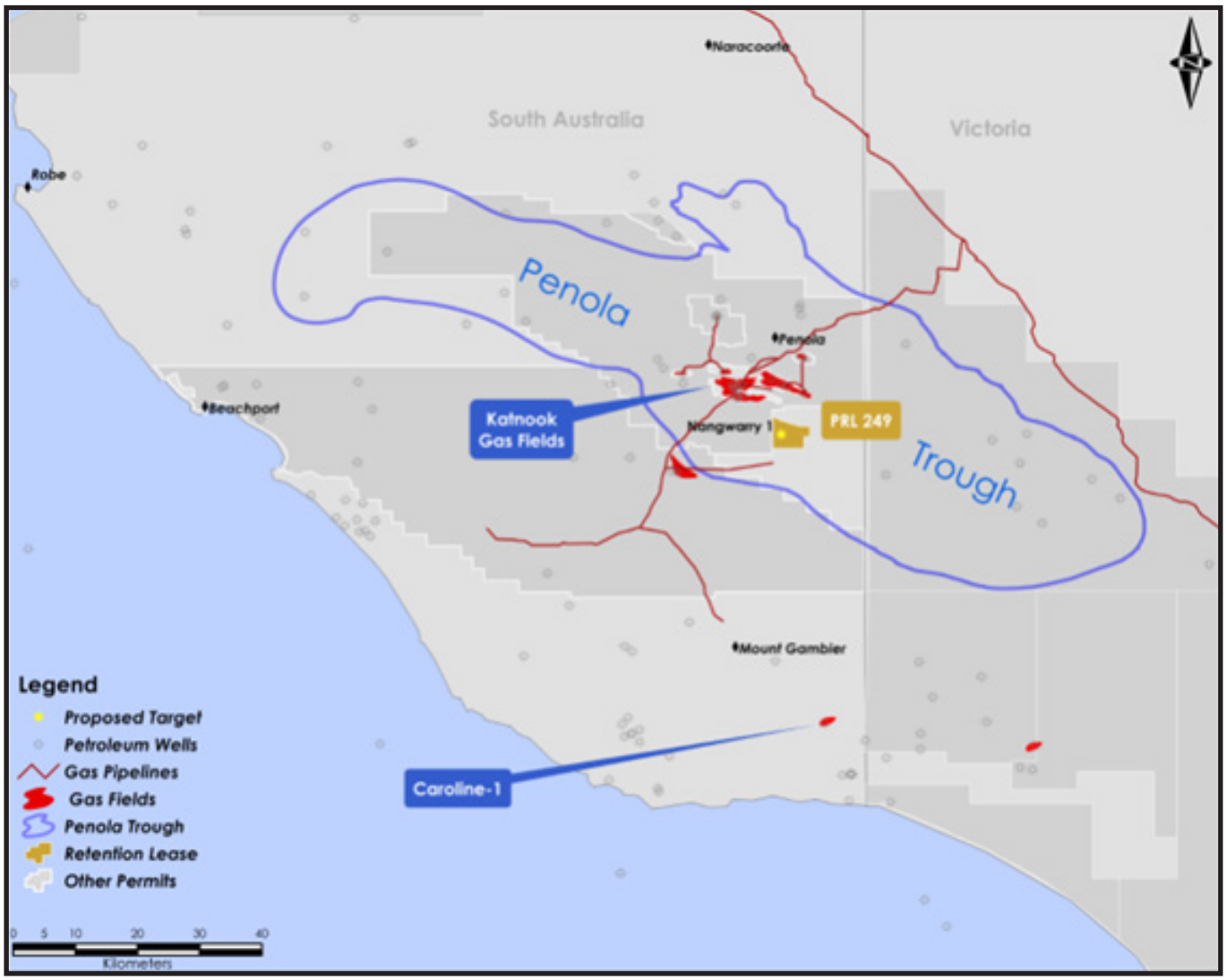


Figure 3: Nangwarry Project Location

10 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 nonhydrocarbon 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.

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Portland Gas Energy Project – Otway Basin, Victoria

Lakes continued to progress its 100%-owned Portland Energy Project during the year, which targets a large, conventional gas resource with in excess of 1 TCF of gas within the Eumeralla Formation in the onshore Otway Basin. Historical drilling across the region consistently confirmed the presence of gas in the Eumeralla Formation sands, though gas testing was not performed at the time as exploration efforts by third parties were directed toward oil and pipeline infrastructure was not then available.

During FY25, the Company advanced preparatory work required for regulatory approval to drill two proof-of-concept wells, Portland Energy-1 and Greenslopes-2. These wells are designed to intersect approximately 1,000 metres of the Eumeralla Formation and will be drilled underbalanced using air to maximise the opportunity to observe natural gas flow during drilling - the critical step required to demonstrate the producibility of the reservoir at commercial rates.

Consultants were appointed during the year to prepare environmental management plans, stakeholder engagement strategies, and well design documentation, with the regulatory submission targeted for late CY2025. Subject to approval, drilling is expected to commence in Q2 2026. The project's location near existing pipeline infrastructure and major industrial users positions it to bring any proven gas resource to market quickly, supporting energy security in south-east Australia.

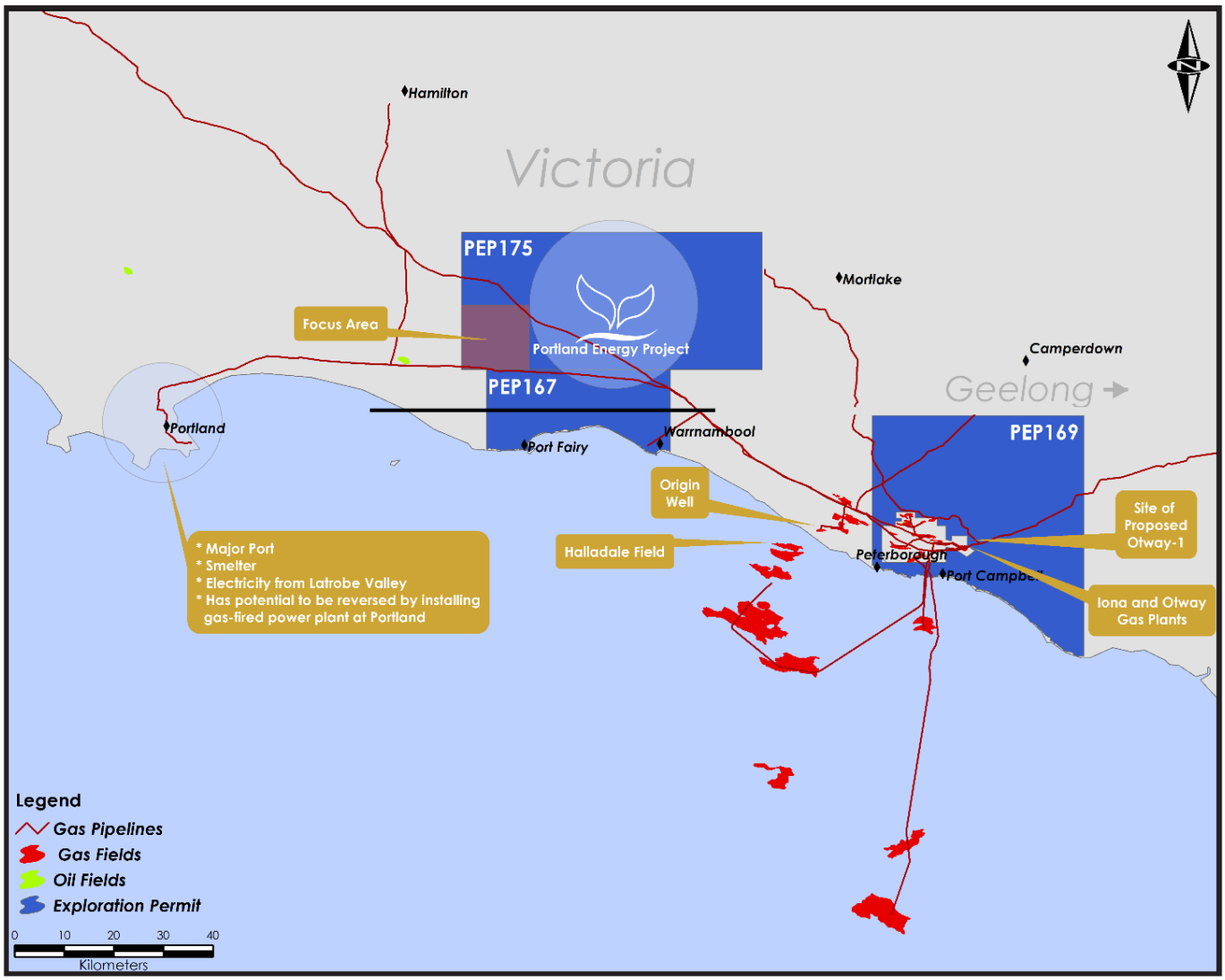


Figure 4: Map of the focus area within PEP 175, showing proposed proof-of-concept wells sites

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Roma Shelf Oil and Gas Project – Queensland

ATP 1183 is a 100%-owned exploration permit covering a highly prospective area of the Roma Shelf in Queensland's Surat Basin. The permit contains multiple oil and gas exploration targets, including Wellesley, Riverslea Updip, Major, Emu Apple, and Bendee, with significant conventional prospective resource potential.

While the Company's focus during FY25 remained on delivering the Victorian drilling program, planning continued for future exploration in Queensland. Lakes is evaluating the use of iodine soil gas surveys and a targeted 3D seismic program to refine the structural definition of the Wellesley Dome and guide optimal well placement. Exploration drilling is expected to recommence following completion of the Wombat program.

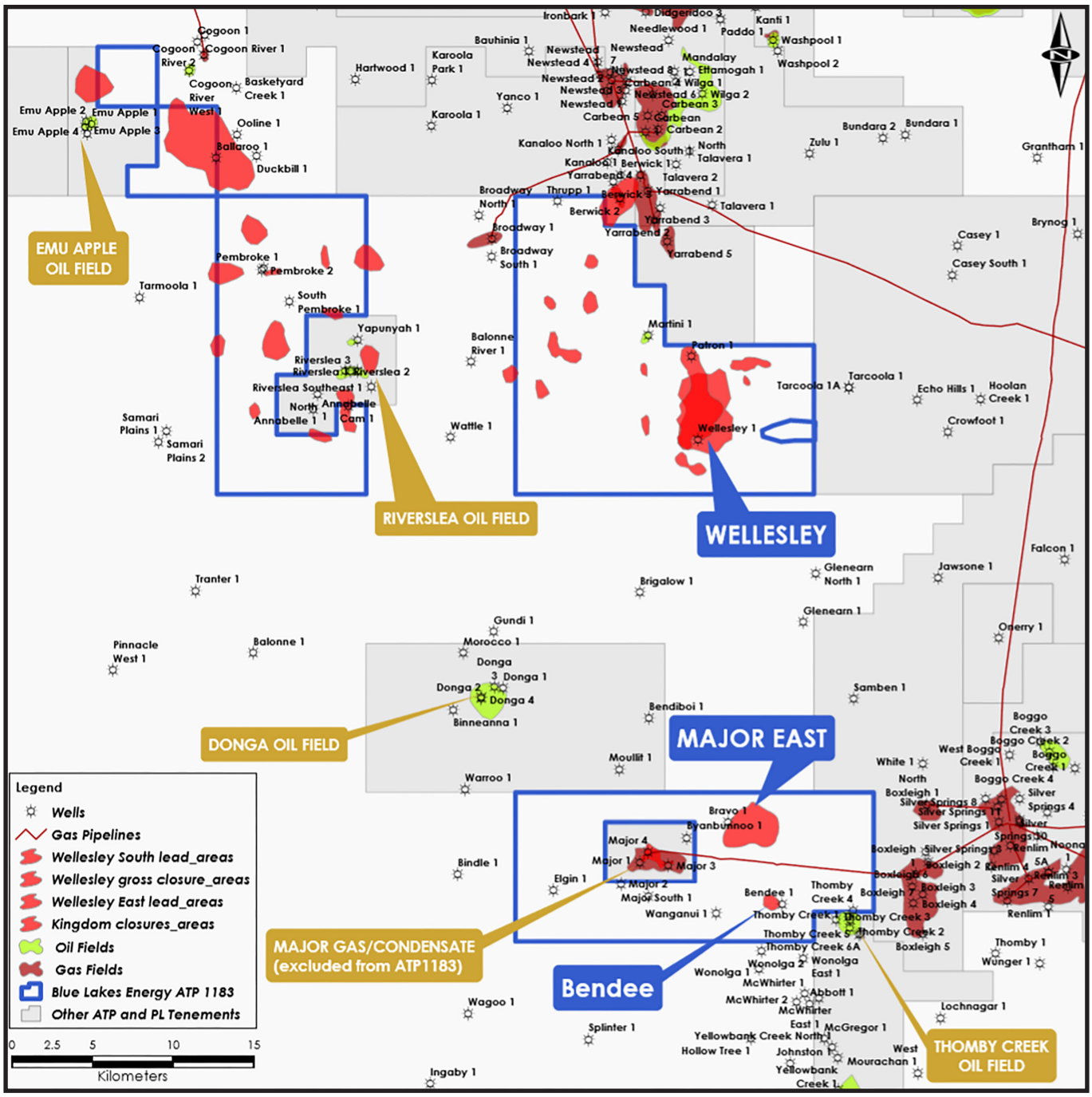


Figure 5: ATP 1183 Location Map

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Papua New Guinea

Lakes retains 100% of Petroleum Prospecting Licence (PPL) 560 in Papua New Guinea, which hosts the 590 MMBOE Buna prospect. A comprehensive technical cooperation program funded by TotalEnergies confirmed the scale of the prospect, suggesting the structure may be oil-prone rather than gas-prone. During FY25, Lakes continued to seek a suitable farm-in partner to progress drilling and is evaluating options to advance the prospect, which represents a significant longer-term growth opportunity for the Company.

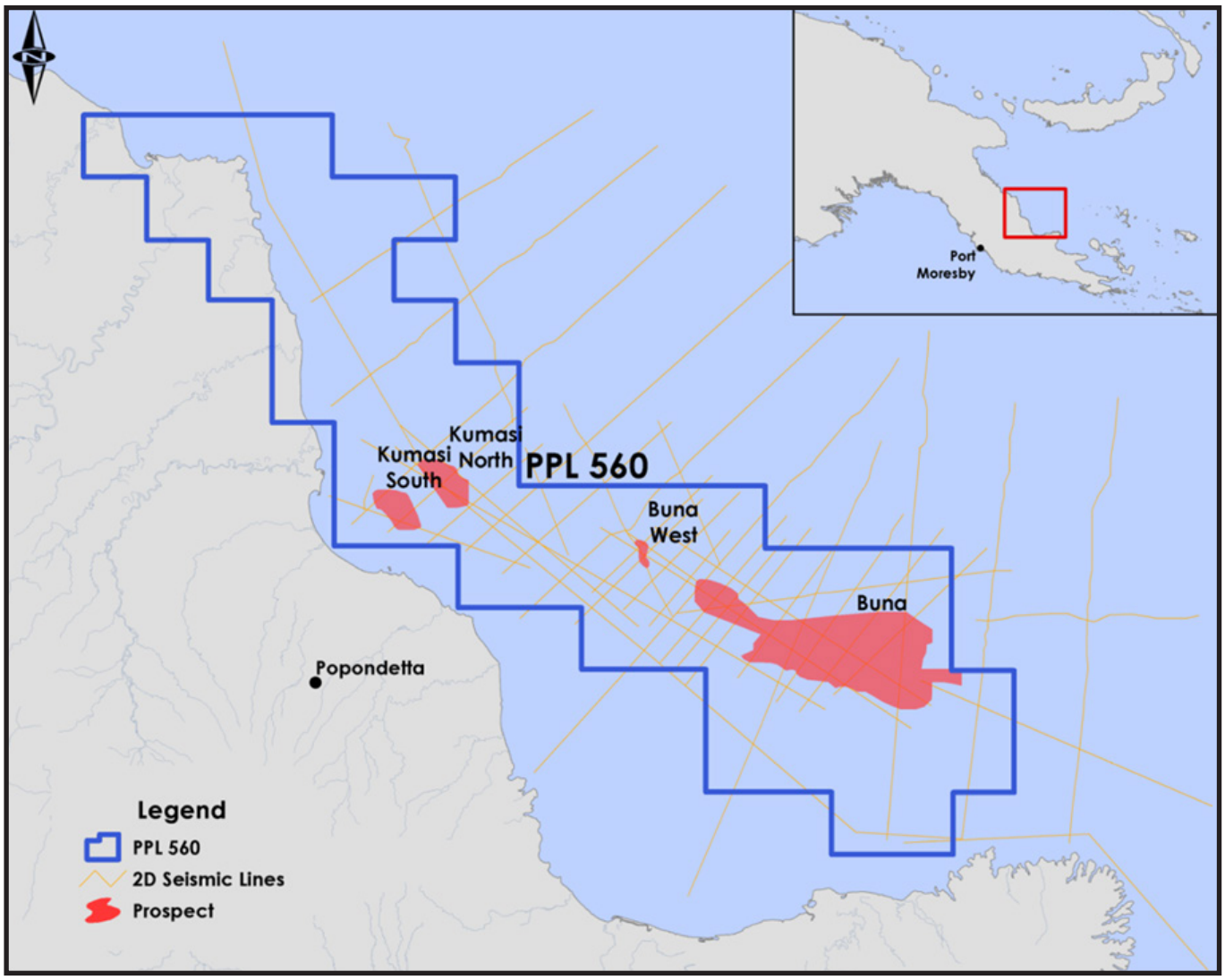
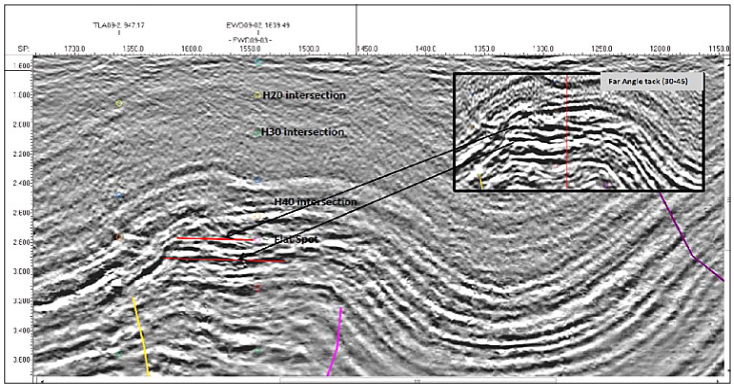


Figure 6: PPL 560: Buna Prospect



The Buna prospect is a large (342km^2), untested, WNW-ESE trending, faulted, four-way dip structure with multiple flat spots evident on seismic lines across the western end of structure in the Woruka Unit. This has been confirmed by AVO (Amplitude Variation with Offset) analysis and surface oil and gas seep studies indicate that a working hydrocarbon system is present in the area. Recent studies conducted by TotalEnergies Ltd, as part of their technical collaboration agreement with Lakes, indicate that the prospect is likely to be oil prone and that a recoverable resource of 590MBOE could be present.

CORPORATE

Capital Raisings

In June 2025, the Company completed a $6.5 million placement, issuing 8,666,667 new shares at $0.75 per share. Proceeds are being applied primarily to the drilling of the Wombat-5 well and associated working capital requirements.

Post year-end, in September 2025 the Company raised a further $5.8 million through the issue of 5,043,478 new shares at $1.15 per share. The placement received strong support from both new and existing investors and included participation by Non-Executive Director Nicholas Mather, who subscribed for $500,000 worth of shares. Proceeds are being directed to advancing the Wombat Project and to general corporate purposes.

Reinstatement to Trading

Post year-end, trading in Lakes' securities on the Australian Securities Exchange was reinstated on 11 July 2025, following receipt of ministerial consent to drill the Wombat-5 well and completion of the June placement.

Asset Sale

The Company completed the sale of its 49% interest in Petroleum Exploration Permit 169 (Otway Basin, Victoria) to ADZ Energy Pty Ltd in October 2024. Lakes received an initial $3.0 million payment on 10 October 2024 and a final $3.5 million payment on 10 January 2025, bringing total proceeds to $6.5 million. Under the terms of the agreement, LKO already had 2% over 49%. LKO secured a 6% royalty over the 49% interest that was sold. In addition ADZ assumed the Lakes Royalty Trust obligations.

Strategically located

LKO holds significant resource and exploration assets in key basins, including the Gippsland and Cooper Basins, positioned to supply much needed domestic gas without incurring significant pipeline costs for delivery to market

Opportunity to fast-track development

With existing infrastructure in proximity to its assets, LKO has potential for faster project execution compared to other greenfield developments.

Substantial supply available

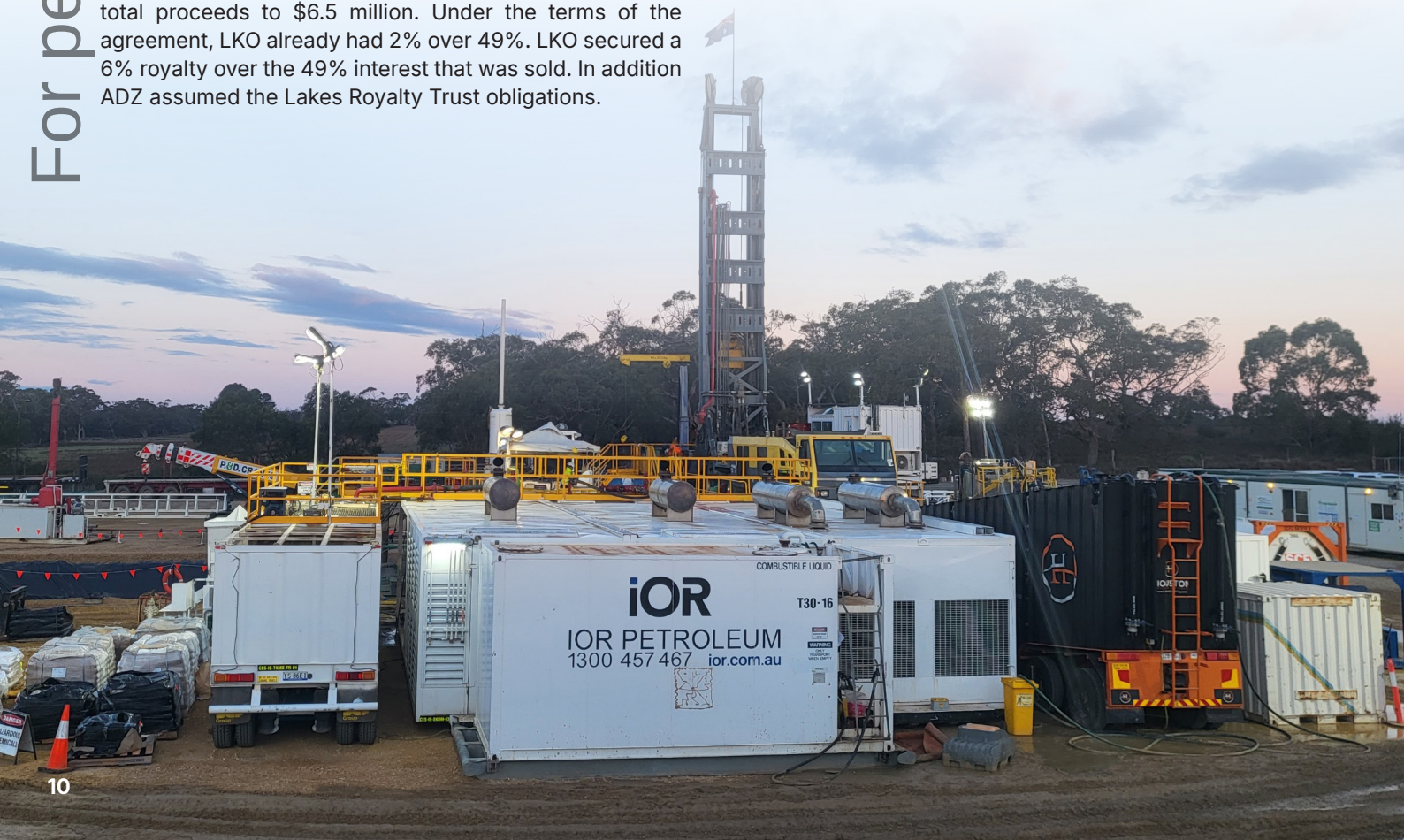
LKO estimates it can deliver 10% of Victoria's CAG supply for the foreseeable future.

Domestic focus

LKO has committed to delivering all of the gas from PRL 2 to the domestic market.

Lowest emissions gas

Wombat gas is high-quality, impurity free (minimal CO_2 or Mercury), reducing need for processing and greatly reducing production emissions. LKO's Australian prospects is materially lower cost to develop and produce than offshore or unconventional gas



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"Lakes' Wombat Gas Field, being onshore, close to pipeline infrastructure and containing high-quality gas, offers a timely and cost-effective solution to Victoria's worsening gas supply shortfall."



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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 2025.

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:

Roland Sleeman	(Non-Executive Chairman)
Richard Ash	(Executive Director and Chief Executive Officer)
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 profit for the consolidated entity after providing for income tax and non-controlling interest amounted to $3,748,543 (30 June 2024: loss of $413,851).

Please refer to the review of operations on page 2 for a detailed update on the Group's operations.

Significant changes in the state of affairs

Completion of the sale to Armour Energy (Victoria) Pty Ltd (AEV) of the Company's 49% interest in Petroleum Exploration Permit 169 (PEP 169), occurred on 14 January 2025. The sale transaction was partially completed on 9 October 2024, after satisfaction of all preconditions for the sale, and the first $3.0m of proceeds were received. A further $3.5m was received in line with the contract of sale on 10 January 2025 and title was transferred on 14 January 2025. The Company will also receive a royalty over future sales of petroleum produced from PEP 169. Details of the transaction documentation were announced on 3 September 2024. In addition, AEV assumed the obligations under the Lakes Royalty Trust arrangements.

During the year, in preparation of the drilling program at the Wombat-5 Well, the Company entered into a number of prepayment arrangements with suppliers in order to secure a rig and critical drilling equipment.

Matters subsequent to the end of the financial year

On 4 July 2025, the Company announced that the suspension of trading in the securities of Lakes Blue Energy NL was lifted from the commencement of trading on that day. In connection with the resumption of trading, the Company conducted a placement of 8,663,667 fully paid ordinary shares to institutional investors, at an issue price of $0.75 per share, to raise $6.5m (before costs). 7,993,667 shares were issued on 7 July 2025, with the remaining 670,000 shares were issued on 5 August 2025, subsequent to approval received at an Extraordinary General Meeting (EGM) held on 30 July 2025. A further 848,032 shares were issued to Directors on 5 August 2025 in lieu of cash payment of fees, that were also approved at the EGM.

On 9 July 2025, the Company announced that it had secured final regulatory approvals to commence drilling at Wombat-5 Well in Gippsland, Victoria. Drilling subsequently commenced on 1 August 2025, with regular updates provided by the Company. Refer to ASX announcements and the operations update for further information on the progress of the drilling operations. During the drilling of the well, significant delays were incurred and this may result in a legal dispute with the drilling contractor.

On 17 July 2025, the Company announced that it had signed a binding Heads of Agreement with Beijing Maison Group to advance a CO_2 opportunity in South Australia. As a result, Maison will undertake and fully-fund a bankable feasibility study evaluating development of a 150-200 T/day food and beverage-grade CO_2 plant.

On 5 August 2025, the company issued 3,950,000 options to Directors following shareholder approval at an Extraordinary General Meeting held on 30 July 2025.

On 12 September 2025, the Company announced that it had completed a capital raising of $5.8m (before costs), by way of a two-tranche placement, via the issue of a total of 5,043,479 shares at a price of $1.15 per share. The Company subsequently issued 4,608,696 shares on 22 September 2025, with a further 434,783 shares to be issued to Mr. Nicholas Mather for his participation in the placement, subject to shareholder approval at the next General Meeting.

No other matter or circumstance has arisen since 30 June 2025 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.

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Likely developments and expected results of operations
During the year, a plug and abandonment program has been submitted for the Loy Yang-2 well, which is expected to be fulfilled in FY2026.

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 contractor arrangements, joint venture and farmout agreements, the inability of those contractors, joint venturers or farminees to meet contracted obligations could adversely affect the Company's capacity to carry out its own activities.

Climate Change Risk
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. The Company remains alert to scenarios around global megatrends impacted by climate change, such as globalisation, digitalisation and automation, and how these will impact the Company's future activities.

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 stock markets generally remain volatile. More generally, 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.

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, contractor failures, 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. At all times Lakes seeks to reserve it's rights.

Operating Risk
Industry operating risks include the risk of fire, explosions, blow-outs, pipe failure, failure of contractor equipment, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures or discharges of toxic gasses, the occurrence of any of which could result in substantial losses to the Company due to injury or loss of life, severe damage to, or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations, the occurrence of any of which could result in substantial losses to the Company. Damages occurring as a result of such risks may give rise to claims against the Company. The occurrence of an event that is not covered, or fully covered, by insurance could have a material adverse effect on the business, financial condition and results of operations of the Company.

Commercial Discovery Risk
Even if an apparently viable petroleum resourece 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.

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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.

Regulatory 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 licences or clearances from the relevant authorities, 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.

Market Pricing Risk
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.

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.

Governmental Risk
The impact of actions by governments may affect the Company's operations including matters such as necessary approvals, land access, sovereign risk, additional or increased taxation and royalties which are payable on the proceeds of the sale of any successful exploration. Further, the approval of contractual arrangements in relation to exploration permits as well as the renewal of exploration permits is each a matter of governmental discretion, and no guarantee can be given in this regard. A failure to obtain any approval would mean that the ability of the Company to participate in or develop any project may be limited or restricted either in part or absolutely. Industry profitability can be affected by changes in tax policies and the interpretation and application thereof.

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. The rehabilitation works will not be undertaken in the near term, and the proceeds of the Offer will not be applied toward meeting the cost of these works.

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 Flux 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.

Epidemic or other Global Risks
The Company's operations are dependent upon the availability of suitable qualified and experienced personnel and equipment, such as drilling rigs. Local or widespread epidemics (pandemics) or conflict can adversely impact the availability of, or ability to mobilise, personnel and equipment. For example, testing of the Nangwarry-1 gas well in South Australia was delayed owing to impacts of the Covid-19 virus.

Bush Fires
The Company's operations may be carried out in bush fire prone areas. This can require special measures to be taken when performing, or impact the timing of, the Company's field activities. Alternatively, the outbreak of bush fire may mean activities have to be suspended and additional costs (such as stand-by or replacement costs) incurred.

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.

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Information on Directors

Name:	**Roland Sleeman**
Title:	Non-Executive Chairman
Qualifications:	B.Eng (Mech), MBA
Experience and expertise:	Mr Sleeman has over 40 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:	Director of Cause2Cure, a recently established charity with a specific focus on funding research to find a cure for Motor Neurone Disease
Interests in shares:	2,256,924 fully paid ordinary shares
Interests in options:	950,000 options exercisable at $1.50 and expiring 5 August 2028

Name:	**Richard Ash**
Title:	Executive Director and Chief Executive Officer
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:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	597,003 fully paid ordinary shares
Interests in options:	1,500,000 options exercisable at $1.50 and expiring 5 August 2028

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 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 was previously 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) and SolGold Plc (LSE: SOLG)
Former directorships (last 3 years):	Amour Energy Ltd (ASX: AJQ), NewPeak Metals Limited (ASX: NPM), and Clara Resources Limited (ASX: C7A)
Special responsibilities:	Nil
Interests in shares:	2,166,385 fully paid ordinary shares
Interests in options:	750,000 options exercisable at $1.50 and expiring 5 August 2028

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 was formerly Chief Executive Officer of Newpeak Metals Ltd (ASX: NPM) and Executive Chairman of ReNu Energy Limited (ASX: RNE).
Other current directorships:	Nil
Former directorships (last 3 years):	ReNu Energy Limited (ASX:RNE)
Special responsibilities:	Nil
Interests in shares:	36,846 fully paid ordinary shares
Interests in options:	750,000 options exercisable at $1.50 and expiring 5 August 2028

'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.

Elissa Hansen
Company Secretary

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 Diplomain 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 2025, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Roland Sleeman	8	8
Richard Ash	8	8
Nicholas Mather	6	8
Boyd White	5	5

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

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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.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board 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 Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2025.

Use of remuneration consultants
During the financial year ended 30 June 2025, the consolidated entity engaged Glencairn Search and Leadership Advisory, remuneration consultants, to review its existing remuneration policies and provide recommendations on how to improve both the STI and LTI programs. This has resulted in share-based payments remuneration in the form of options (LTI) being implemented, with Director options being issued post year-end. Glencairn Search and Leadership Advisory was paid $10,000 for these services.

Voting and comments made at the company's 2023 Annual General Meeting ('AGM')
At the 2024 AGM, 96.90% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2024. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

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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

	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 2025							
Non-Executive Directors:							
Roland Sleeman**	94,872	-	-	-	-	308,359	403,231
Nicholas Mather	20,000	-	-	-	-	40,000	60,000
Boyd White	13,817	-	-	-	-	27,634	41,451
Executive Directors:							
Richard Ash***	258,875	-	-	-	-	44,583	303,458
Other Key Management Personnel:							
Tim O'Brien	380,068	8,034	-	29,932	30,243	-	448,277
	767,632	8,034	-	29,932	30,243	420,576	1,256,417

* Includes amounts yet to be settled that are included in the trade and other payables balance. Post year-end, shareholders approved the issue of shares to Directors in lieu of cash payments, relating to outstanding Directors' and consulting fees from FY2024 and FY2025, and shares were subsequently issued on 5 August 2025. These amounts reflect the balances in trade and other payables relating to FY2025 remuneration.

** From November 2021 until 9 December 2024, Mr Sleeman has billed at a rate of $320 per hour with no monthly minimum. Mr Sleeman was also entitled to Directors' fees of $60,000 per annum, up until 9 December 2024 where he assumed the position of Non-Executive Chairman with annual fees subsequently increased to $75,000.

*** From 9 December 2024, Mr Ash has billed at a rate of $400,000 per annum for services performed as Chief Executive Officer. Mr Ash was also entitled to Non-Executive Chairman's fees $75,000 per annum, up until 9 December 2024 where he assumed the position of Executive Director with annual fees subsequently decreased to $60,000.

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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 2024							
Non-Executive Directors:							
Richard Ash***	25,000	-	-	-	-	50,000	75,000
Nicholas Mather	20,000	-	-	-	-	40,000	60,000
Executive Directors:							
Roland Sleeman**	188,770	-	-	-	-	40,000	228,770
Other Key Management Personnel:							
Tim O'Brien	272,601	23,077	-	27,399	5,617	120,000	448,694
	506,371	23,077	-	27,399	5,617	250,000	812,464

* 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. Post year-end, shareholders approved the issue of shares to Directors in lieu of cash payments, relating to outstanding Directors' and consulting fees from FY2024 and FY2025, and shares were subsequently issued on 5 August 2025. These amounts reflect the balances in trade and other payables relating to FY2024 remuneration, as well as remuneration settled in shares during the year.

** From November 2021 Mr Sleeman has billed at a rate of $320 per hour with no monthly minimum. Mr Sleeman is also entitled to Directors' fees 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.

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

	Fixed remuneration		At risk - LTI	
Name	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Non-Executive Directors:				
Roland Sleeman	100%	100%	-	-
Nicholas Mather	100%	100%	-	-
Boyd White	100%	-	-	-
Executive Directors:				
Richard Ash	100%	100%	-	-
Other Key Management Personnel:				
Tim O'Brien	82%	85%	18%	15%

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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:	**Roland Sleeman**
Title:	Non-Executive Chairman
Agreement commenced:	21 November 2019
Term of agreement:	Commencing 21 November 2019 and subject to re-election as required by the Company's constitution. Mr Sleeman ceased at Chief Executive Officer on 9 December 2024 and has since been Non-Executive Chairman of the consolidated entity.
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 up until 9 December 2024, and subsequently $75,000 p.a. in Chairman's fees inclusive of superannuation with no termination benefits.
Name:	**Richard Ash**
Title:	Executive Director and Chief Executive Officer
Agreement commenced:	4 December 2019
Term of agreement:	Commencing 4 December 2019 and subject to re-election as required by the Company's constitution. Mr Ash was appointed as Executive Director and Chief Executive Officer on 9 December 2024.
Details:	Annual fees: $60,000 p.a. in Directors' fees inclusive of superannuation with no termination benefits up until 9 December 2024, and subsequently $75,000 p.a. in Chairman's fees inclusive of superannuation with no termination benefits. Annual fees: $400,000 p.a. in remuneration as Chief Executive Officer effective 9 December 2024. $75,000 p.a. in Chairman's fees inclusive of superannuation with no termination benefits up until 9 December 2024, and subsequently $60,000 p.a. in Directors' fees inclusive of superannuation with no termination benefits.
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.
Name:	**Boyd White**
Title:	Non-Executive Director
Agreement commenced:	23 October 2024
Term of agreement:	Commencing 23 October 2024 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.

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

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Share-based compensation

Issue of shares
There were no ordinary shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2025.

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 2025.

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 2025.

Additional information
The earnings of the consolidated entity for the five years to 30 June 2025 are summarised below:

	2025 $	2024 $	2023 $	2022 $	2021 $
Sales revenue	5,590,738	450,340	44,464	36,713	189,776
Profit/(loss) before tax	3,746,248	(416,106)	(3,028,293)	(14,244,904)	(4,205,480)

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					
Roland Sleeman	1,614,627	-	-	-	1,614,627
Richard Ash	503,670	-	-	-	503,670
Nicholas Mather	1,090,829	-	-	-	1,090,829
Boyd White	-	-	-	-	-
Tim O'Brien	1,219,873	-	-	-	1,219,873
	4,428,999	-	-	-	4,428,999

Amounts owing to related parties

At 30 June 2025, there were outstanding fees owing to Directors of $771,467 recognised in trade and other payables (Note 14). On 5 August 2025, 848,032 shares were issued to Directors in lieu of cash payment of these outstanding fees, following shareholder approval at an Extraordinary General Meeting, with:

- 642,297 shares issued to Mr Roland Sleeman, at a price of $0.75
- 93,333 shares issued to Mr Richard Ash, at a price of $0.75
- 75,556 shares issued to Mr Nicholas Mather, at a price of $0.75
- 36,846 shares issued to Mr Boyd White, at a price of $0.75

The above equates to $636,024 of the trade and other payables balance at year-end, and the remaining amounts are to be settled in cash.

This concludes the remuneration report, which has been audited.

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Shares under option
Unissued ordinary shares of Lakes Blue Energy NL under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
05/08/2025	05/08/2028	$1.5000	3,950,000

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 2025 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
There are no officers of the company who are former partners of William Buck.

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 continues in office in accordance with section 327 of the Corporations Act 2001.

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



Roland Sleeman
Non-Executive Chairman

30 September 2025

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William Buck
ACCOUNTANTS & ADVISORS

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 2025, 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

N. S. Benbow
Director
Melbourne, 30 September 2025

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	Note	Consolidated 30 June 2025 $	Consolidated 30 June 2024 $
Revenue			
Reversal of provision for royalties payable	5	250,000	-
Reversal of tenement impairment	6	-	823,679
Interest income		11,806	13,151
Other income	7	5,578,932	437,189
Expenses			
Employee benefits expense		(448,278)	(448,694)
Bad debts expense		(42,778)	-
Exploration expenditure		(15,510)	(28,616)
Depreciation and amortisation expense		(1,957)	(2,465)
Accounting and audit expense		(241,098)	(196,004)
Administrative expense	8	(625,639)	(663,432)
Consulting expense		(648,424)	(269,856)
Finance costs		(23,091)	(26,208)
Rent and occupancy expense		(47,717)	(54,850)
Profit/(loss) before income tax expense		3,746,246	(416,106)
Income tax expense	9	-	-
Profit/(loss) after income tax expense for the year		3,746,246	(416,106)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(27,118)	(94,187)
Other comprehensive loss for the year, net of tax		(27,118)	(94,187)
Total comprehensive income/loss for the year		3,719,128	(510,293)
Profit/(loss) for the year is attributable to:			
Non-controlling interest		(2,297)	(2,255)
Owners of Lakes Blue Energy NL		3,748,543	(413,851)
		3,746,246	(416,106)
Total comprehensive income/loss for the year is attributable to:			
Non-controlling interest		-	-
Owners of Lakes Blue Energy NL		3,719,128	(510,293)
		3,719,128	(510,293)
		Cents	**Cents**
Basic earnings per share	27	6.38	(0.71)
Diluted earnings per share	27	6.38	(0.71)

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	Note	Consolidated 30 June 2025 $	Consolidated 30 June 2024 $
Assets			
Current assets			
Cash and cash equivalents		2,628,783	202,383
Trade and other receivables		232,019	82,342
Prepayments	10	49,074	39,060
		2,909,876	323,785
Non-current assets classified as held for sale	11	-	925,968
Total current assets		2,909,876	1,249,753
Non-current assets			
Property, plant and equipment	12	676,445	678,521
Exploration and evaluation	13	14,081,194	13,537,728
Security Deposits		450,416	428,591
Prepayments	10	1,721,999	-
Total non-current assets		16,930,054	14,644,840
Total assets		19,839,930	15,894,593
Liabilities			
Current liabilities			
Trade and other payables	14	1,847,488	1,422,478
Provisions	15	556,822	218,545
Total current liabilities		2,404,310	1,641,023
Non-current liabilities			
Provisions	15	-	550,000
Total non-current liabilities		-	550,000
Total liabilities		2,404,310	2,191,023
Net assets		17,435,620	13,703,570
Equity			
Issued capital	16	153,335,952	153,323,030
Reserves		(121,305)	(94,187)
Accumulated losses		(135,855,159)	(139,603,702)
Equity attributable to the owners of Lakes Blue Energy NL		17,359,488	13,625,141
Non-controlling interest		76,132	78,429
Total equity		17,435,620	13,703,570

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)
Transactions with owners in their capacity as owners:					
Share-based payments	120,000	-	-	-	120,000
Capital placement	487,297	-	-	-	487,297
Capital raising costs	(115,179)	-	-	-	(115,179)
Balance at 30 June 2024	153,323,030	(94,187)	(139,603,702)	78,429	13,703,570
Balance at 1 July 2024	153,323,030	(94,187)	(139,603,702)	78,429	13,703,570
Profit/(loss) after income tax expense for the year	-	-	3,748,543	(2,297)	3,746,246
Other comprehensive loss for the year, net of tax	-	(27,118)	-	-	(27,118)
Total comprehensive loss/income for the year	-	(27,118)	3,748,543	(2,297)	3,719,128
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 16)	12,922	-	-	-	12,922
Balance at 30 June 2025	153,335,952	(121,305)	(135,855,159)	76,132	17,435,620

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	Note	Consolidated 30 June 2025 $	Consolidated 30 June 2024 $
Cash flows from operating activities			
Receipts from reimbursement of capitalised exploration		-	390,194
Payments to suppliers and employees (inclusive of GST)		(2,012,987)	(996,639)
		(2,012,987)	(606,445)
Interest received		8,687	16,859
Other revenue		24,000	-
Net cash used in operating activities	26	(1,980,300)	(589,586)
Cash flows from investing activities			
Payments for exploration and evaluation	13	(2,093,300)	(450,598)
Proceeds from disposal of tenements		6,500,000	150,000
Net cash from/(used in) investing activities		4,406,700	(300,598)
Cash flows from financing activities			
Proceeds from issue of shares	16	-	363,480
Proceeds from share applications		-	13,430
Share issue transaction costs		-	(44,232)
Net cash from financing activities		-	332,678
Net increase/(decrease) in cash and cash equivalents		2,426,400	(557,506)
Cash and cash equivalents at the beginning of the financial year		202,383	759,889
Cash and cash equivalents at the end of the financial year		2,628,783	202,383

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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 30 September 2025. 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.

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.

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 23.

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 2025 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.

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Note 2. Material accounting policy information (continued)

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.

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.

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.

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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.

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Note 2. Material accounting policy information (continued)

Mining assets

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

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.

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.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

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Note 2. Material accounting policy information (continued)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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 2025. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The consolidated entity will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

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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.

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.

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.

Income tax
During the current financial year, the Group disposed of exploration asset PEP 169, resulting in a capital gain of $5,574,032. The Group has assessed that the carried forward tax losses are available to offset this gain, based on a detailed review of ownership changes over the relevant period. It was determined that the Continuity of Ownership Test has been satisfied, and accordingly, no portion of the gain is expected to be taxable to the extent of available tax losses.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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. Disclosures on the provision for restoration and rehabilitation are detailed in Note 15.

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.

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Note 5. Reversal of provision for royalties payable

	Consolidated	
	30 June 2025	30 June 2024
	$	$
Reversal of provision for royalties payable	250,000	-

The consolidated entity has previously recognised a provision foy royalties, which represented the fair value of a royalty payable that was determined when Rawson Oil and Gas Limited acquired its interest in Otway Energy Limited.

During the year the directors examined the royalty agreement and determined that, based upon their latest expectations for achieving for commercial production in those areas of interest, whilst possible, did not meet the probability criteria for recognising a provision under Australian Accounting Standards. Therefore the provision, worth $250,000 was derecognised from the statement of financial position.

Note 6. Reversal of tenement impairment

	Consolidated	
	30 June 2025	30 June 2024
	$	$
Reversal of accumulated amortisation for PEP 169	-	823,679

Accumulated amortisation of $823,679 was recognised in prior financial years for PEP 169, which has been reversed in the FY2024 financial year as the consideration receivable for the divestment is expected to exceed the historical cost of the asset. Refer Note 11 for details on the sale of the asset.

Note 7. Other income

	Consolidated	
	30 June 2025	30 June 2024
	$	$
Gain on disposal of tenements	5,574,032	150,000
Reimbursements received	-	22,500
Remission of ATO interest	-	22,271
Gain on sale of equipment	-	242,418
Other income	4,900	-
	5,578,932	437,189

Gain on disposal of tenements
Completion of the sale to Armour Energy (Victoria) Pty Ltd (AEV) of the Company's 49% interest in Petroleum Exploration Permit 169 (PEP 169), occurred on 14 January 2025. The sale transaction was partially completed on 9 October 2024, after satisfaction of all preconditions for the sale, and the first $3.0m of proceeds were received. A further $3.5m was received in line with the contract of sale on 10 January 2025 and title was transferred on 14 January 2025. The Company will also receive a royalty over future sales of petroleum produced from PEP 169. Details of the transaction documentation were announced on 3 September 2024.

The gain reflects the $6,500,000 sale price, less the carrying value of Non-current assets classified as held for sale balance of $925,968.

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Note 8. Other expenses

Loss before income tax includes the following specific expenses:

	Consolidated	
	30 June 2025	30 June 2024
	$	$
Administrative expenses		
Travel and accommodation	20,178	12,978
Share registry costs and listing fees	161,691	190,041
Legal fees	99,616	99,083
Directors' fees	236,702	195,000
Insurance premiums	95,297	115,760
Office and other administrative expenses	66,889	66,748
Copier, postage and courier costs	934	95
Consultancy, accountancy and secretarial fees	21,084	51,807
Less portion attributed to exploration permits capitalised	(76,752)	(68,080)
	625,639	663,432

Note 9. Income tax expense

	Consolidated	
	30 June 2025	30 June 2024
	$	$
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	3,746,246	(416,106)
Tax at the statutory tax rate of 25%	936,562	(104,027)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-allowable items	489	30,616
Gain on revaluation	-	(205,919)
	937,051	(279,330)
Current year tax losses not recognised	-	152,891
Prior year tax losses not recognised now recouped	(427,493)	-
Current year temporary differences not recognised	(509,558)	126,439
Income tax expense	-	-

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.

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Note 10. Prepayments

	Consolidated	
	30 June 2025	30 June 2024
	$	$
Current assets		
Other prepayments	49,074	39,060
Non-current assets		
Prepayments	1,721,999	-
	1,771,073	39,060

Prepayments for exploration and evaluation

During the year, in preparation of the drilling program at the Wombat-5 Well, the Company entered into a number of prepayment arrangements with suppliers in order to secure a rig and critical drilling equipment. These prepayments are deemed non-current as they relate to exploration and evaluation expenditure.

Note 11. Non-current assets classified as held for sale

	Consolidated	
	30 June 2025	30 June 2024
	$	$
Current assets		
Exploration and evaluation assets at cost - PEP 169	-	925,968

During the FY2025 financial year, the Group executed a sale agreement to divest its 49% interest PEP 169. Consideration for the sale comprised:

- A$3.0 million cash, which was received early October 2024;
- A further A$3.5m, which was received in January 2025 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 amortisation of $823,679 was recognised in prior financial years for PEP 169, which was reversed in the FY2024 financial year as the consideration receivable for the divestment is exceeded the historical cost of the asset.

No royalty asset has been recognised for future sales of petroleum on PEP 169, as the quantum of future royalty payments is uncertain at this time.

Note 12. Property, plant and equipment

	Consolidated	
	30 June 2025	30 June 2024
	$	$
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	456,557	456,583
Less: Accumulated depreciation	(445,859)	(443,809)
	10,698	12,774
	676,445	678,521

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 2023	665,747	15,541	681,288
Disposals	-	(302)	(302)
Depreciation expense	-	(2,465)	(2,465)
Balance at 30 June 2024	665,747	12,774	678,521
Disposals	-	(119)	(119)
Depreciation expense	-	(1,957)	(1,957)
Balance at 30 June 2025	665,747	10,698	676,445

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Note 13. Exploration and evaluation

	Consolidated	
	30 June 2025	30 June 2024
	$	$
Non-current assets		
Exploration and evaluation assets - at cost	78,845,947	78,302,481
Less: Accumulated amortisation and impairment	(64,764,753)	(64,764,753)
	14,081,194	13,537,728

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 2023	13,714,616
Expenditure during the year	121,373
Classified as held for sale (note 11)	(925,968)
Revaluation increments	823,679
Revaluation decrements	(195,972)
Balance at 30 June 2024	13,537,728
Expenditure during the year	543,466
Balance at 30 June 2025	14,081,194

During the period a total of $543,466 was incurred in expenditure capitalised to exploration and evaluation tenements.

Exploration expenditure during the period include geochemical surveys, drill planning and other qualifying expenses incurred in relation to the following tenements:
- PPL 560 (Lakes Blue Energy: Operator, 100% interest)
- PRL 2 – Gippsland Basin, Vic. (Lakes Blue Energy: Operator, 100% interest)
- PEP 166 – Gippsland Basin, VIC (Lakes Blue Energy: Operator, 100% interest)

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective permit areas.

Note 14. Trade and other payables

	Consolidated	
	30 June 2025	30 June 2024
	$	$
Current liabilities		
Trade payables	1,046,379	983,126
Amounts due to related parties	771,467	397,750
Other payables	29,642	41,602
	1,847,488	1,422,478

Refer to note 18 for further information on financial instruments.

Note 15. Provisions

	Consolidated	
	30 June 2025	30 June 2024
	$	$
Current liabilities		
Annual leave	109,072	101,038
Long service leave	147,750	117,507
Restoration costs	300,000	-
	556,822	218,545
Non-current liabilities		
Restoration costs	-	300,000
Provision for royalties	-	250,000
	-	550,000
	556,822	768,545

Provision for restoration and rehabilitation
The consolidated entity will have an obligation to restore a number of wells in permits PEP 166 and PRL 2. The directors estimate that the probable cash outflows representing this obligation will occur in the 2026 financial year, and this estimate represents the directors' estimate of the present value of the provision.

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Note 16. Issued capital

	Consolidated			
	30 June 2025 Shares	30 June 2024 Shares	30 June 2025 $	30 June 2024 $
Ordinary shares - fully paid	58,770,705	58,757,575	153,335,952	153,323,030

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2023	57,825,090,027		152,830,912
Shares issued on completion of rights issue	13 October 2023	363,479,680	$0.0010	363,480
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	123,818
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	(115,180)
Balance	30 June 2024	58,757,575		153,323,030
Shares issued	23 January 2025	13,130	$1.0000	13,130
Capital raising costs		-	$0.0000	(208)
Balance	30 June 2025	58,770,705		153,335,952

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.

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.

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Note 17. Dividends

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

Note 18. Financial instruments

Financial risk management objectives
The consolidated entity's material financial instruments include cash and trade payables. The Directors consider that the consolidated entity has one material financial risk exposure - liquidity risk. This risk is managed at Board level through periodic reporting of cashflow forecasts and an assessment of the consolidated entity's solvency profile.

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 2025						
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	1,847,188	-	-	-	1,847,188
Total non-derivatives		1,847,188	-	-	-	1,847,188
Consolidated - 30 June 2024						
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	1,409,048	-	-	-	1,409,048
Total non-derivatives		1,409,048	-	-	-	1,409,048

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 19. Remuneration of auditors

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

	Consolidated	
	30 June 2025	30 June 2024
	$	$
Audit services - William Buck		
Audit or review of the financial statements	76,700	70,500

Note 20. Contingent assets and liabilities

The consolidated entity holds $450,416 in cash on deposit in-respect of its tenement interests, which are held as guarantee in-respect of any future possible restoration or rehabilitation costs.

The consolidated entity is entitled to a royalty on net (wellhead) revenue from any sales of petroleum from ADZ's existing 51% share of PEP 169.

No royalty asset has been recognised for future sales of petroleum on PEP 169, as the quantum of future royalty payments is uncertain at this time.

Note 21. Planned exploration expenditure

	Consolidated	
	30 June 2025	30 June 2024
	$	$
Committed at the reporting date but not recognised as liabilities, payable:		
Exploration and evaluation	4,245,000	245,000

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 2025 on the work programs across all tenements for the next 24 months is $4,245,000 (2024: $245,000).

$4,000,000 of the current financial commitment relates to drilling costs for the Wombat-5 well, and reflects the budgeted costs of the well, less cost incurred up until 30 June 2025.

$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 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).

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Note 22. Related party transactions

Parent entity
Lakes Blue Energy NL is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 24.

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
Refer Note 14 for details on trade and other payables to related parties.

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

Note 23. 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 2025	30 June 2024
	$	$
Loss after income tax	(2,015,893)	(1,169,569)
Total comprehensive loss	(2,015,893)	(1,169,569)
Statement of financial position		
Total current assets	6,219,351	3,652,970
Total assets	8,902,052	10,642,740
Total current liabilities	2,067,432	1,805,149
Total liabilities	2,067,432	1,805,149
Equity		
Issued capital	152,936,145	152,923,223
Accumulated losses	(146,101,525)	(144,085,632)
Total equity	6,834,620	8,837,591

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Note 23. Parent entity information (continued)

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 2024 and 30 June 2025.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2025.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2025.

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 24. 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:

		Ownership interest	
Name	Principal place of business / Country of incorporation	30 June 2025 %	30 June 2024 %
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%

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Note 25. Events after the reporting period

On 4 July 2025, the Company announced that the suspension of trading in the securities of Lakes Blue Energy NL was lifted from the commencement of trading on that day. In connection with the resumption of trading, the Company conducted a placement of 8,663,667 fully paid ordinary shares to institutional investors, at an issue price of $0.75 per share, to raise $6.5m (before costs). 7,993,667 shares were issued on 7 July 2025, with the remaining 670,000 shares were issued on 5 August 2025, subsequent to approval received at an Extraordinary General Meeting (EGM) held on 30 July 2025. A further 848,032 shares were issued to Directors on 5 August 2025 in lieu of cash payment of fees, that were also approved at the EGM.

On 9 July 2025, the Company announced that it had secured final regulatory approvals to commence drilling at Wombat-5 Well in Gippsland, Victoria. Drilling subsequently commenced on 1 August 2025, with regular updates provided by the Company. Refer to ASX announcements and the operations update for further information on the progress of the drilling operations.

On 17 July 2025, the Company announced that it had signed a binding Heads of Agreement with Beijing Maison Group to advance a CO_2 opportunity in South Australia. As a result, Maison will undertake and fully-fund a bankable feasibility study evaluating development of a 150-200 T/day food and beverage-grade CO_2 plant.

On 5 August 2025, the company issued 3,950,000 options to Directors following shareholder approval at an Extraordinary General Meeting held on 30 July 2025.

On 12 September 2025, the Company announced that it had completed a capital raising of $5.8m (before costs), by way of a two-tranche placement, via the issue of a total of 5,043,479 shares at a price of $1.15 per share. The Company subsequently issued 4,608,696 shares on 22 September 2025, with a further 434,783 shares to be issued to Mr. Nicholas Mather for his participation in the placement, subject to shareholder approval at the next General Meeting.

No other matter or circumstance has arisen since 30 June 2025 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 26. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

	Consolidated	
	30 June 2025	30 June 2024
	$	$
Profit/(loss) after income tax expense for the year	3,746,246	(416,106)
Adjustments for:		
Depreciation and amortisation	1,957	2,465
Net fair value gain on non-current assets	-	(823,679)
Share-based payments	-	120,000
Exploration expenditure recognised in investing cash flows	-	450,598
Gain on disposal of tenements	(5,574,032)	(150,000)
Reversal of provision for royalties	250,000	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(149,677)	109,098
Decrease/(increase) in prepayments	(731,211)	20,900
Increase in trade and other payables	438,140	68,444
Increase in employee benefits	38,277	28,694
Net cash used in operating activities	(1,980,300)	(589,586)

Note 27. Earnings per share

	Consolidated	
	30 June 2025	30 June 2024
	$	$
Profit/(loss) after income tax	3,746,246	(416,106)
Non-controlling interest	2,297	2,255
Profit/(loss) after income tax attributable to the owners of Lakes Blue Energy NL	3,748,543	(413,851)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	58,763,259	58,534,302
Weighted average number of ordinary shares used in calculating diluted earnings per share	58,763,259	58,534,302
	Cents	Cents
Basic earnings per share	6.38	(0.71)
Diluted earnings per share	6.38	(0.71)

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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	Interest in JV	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	Interest in JV	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 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	93.51%	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 Limited	Body corporate	Interest in JV	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 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.

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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 2025 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



Roland Sleeman
Non-Executive Chairman

30 September 2025

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WilliamBuck
ACCOUNTANTS & ADVISORS

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 controlled entities (together, 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 2025 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 2025,
- 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.

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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, 3, 11 & 13)** The Group has incurred exploration costs for its oil and gas projects in Australia and Papua New Guinea, over many years. There is a risk that the accounting criteria associated with the capitalisation of exploration and evaluation expenditure may no longer be appropriate. 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: — Changes to exploration plans; — Loss of rights to tenements; — Changes to reserve estimates; — Costs of extraction and production; or — Exchange rate factors. The accounting for this matter is complex and as such we have determined it a Key Audit Matter.	**How our audit addressed the key audit matter** Our audit procedures included: — 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; — 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; and — Examining project spend to each area of interest to ensure that it is directly attributable to that area of interest. We also assessed the adequacy of the Group's disclosures in respect of exploration costs in the financial report.
Utilisation of carry forward tax losses	**Area of focus (refer also to notes 3, 7 & 9)** During the year, the Group disposed of one of its exploration tenements, which resulted in the recognition of a profit for the period. The profit triggered the utilisation of the Group's carry forward tax losses to set off against the tax gain arising from the transaction. Under Australian income tax legislation, the ability of the Group to utilise these losses was achieved by satisfying the Continuity of Ownership Test ("COT").	**How our audit addressed the key audit matter** Our audit procedures included: — Obtaining management's assessment of the Group's ability to satisfy the COT, including detailed schedules of shareholder movements during the relevant periods; — Engaging our tax specialists to assess the appropriateness of management's interpretation of tax legislation relevant to the COT; and

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ACCOUNTANTS & ADVISORS

Given the significance of the tax losses to the Group's financial position, the complexity of the COT assessment, and the judgement required in evaluating shareholding movements, we considered this to be a key audit matter.

— Testing the accuracy of management's shareholder analysis by comparing it to independent share registry reports and ASX announcements.

We also assessed the adequacy of the Group's disclosures regarding the utilisation of tax losses and the associated judgements.

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 2025, 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.

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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/media/bwvjcgre/ar1_2024.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 2025, 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 2025.

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

N. S. Benbow
Director
Melbourne, 30 September 2025

Lakes Blue Energy NL has the following securities on issue as at 25 September 2025:

Type	Security	Number of securities	Number of security holders
ASX Listed	Fully paid ordinary shares (**Shares**)	72,891,100	12,685
Unlisted	Options exercisable at $1.50 and expiring 5 August 2028	3,950,000	4

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	Number		
Holdings Ranges	**Holders**	**Units**	**%**
1-1,000	9,125	2,399,847	3.290
1,001-5,000	2,439	5,729,311	7.860
5,001-10,000	503	3,713,879	5.100
10,001-100,000	546	15,162,240	20.800
100,001-9,999,999,999	71	45,885,823	62.950
Totals	**12,684**	**72,891,100**	**100.000**

Marketable Parcel

As at 25 September 2025, there are 6,893 shareholders holding less than a marketable parcel (equivalent to $500) of Lakes Blue Energy Shares, based on the closing price of $1.15 on 24 September 2025, representing a total of 72,891,100 shares.

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	% Voting Power
Tenstar Trading Limited	7.18%
Newpeak Metals Limited	6.07%
DGR Global Limited	5.17%

Restricted securities

Lakes Blue Energy does not have any restricted securities on issue.

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20 Largest Shareholders

No.	Name	Number of Ordinary Shares Held	% of Issued Capital
1	Tenstar Trading Limited	5,233,109	7.179%
2	Newpeak Metals Limited	4,424,329	6.070%
3	DGR Global Limited	3,767,701	5.169%
4	HSBC Custody Nominees (Australia) Limited	3,516,318	4.824%
5	Timeview Enterprises Pty Ltd	2,720,821	3.733%
6	Mrs Caroline Patricia Sleeman & Mr Roland Kingsbury Sleeman <Sleeman Family Super A/C>	1,905,428	2.614%
7	Rubino Group Pty Ltd <Rubino Group A/C>	1,803,177	2.474%
8	Acuity Capital Investment Management Pty Ltd <Acuity Capital Holdings A/C>	1,700,000	2.332%
9	Glendale Dwyer Pty Ltd <Dwyer Family A/C>	1,400,000	1.921%
10	UBS Nominees Pty Ltd	1,164,290	1.597%
11	Samuel Capital Pty Ltd	1,086,024	1.490%
12	Samuel Holdings Pty Ltd <Samuel Discretionary A/C>	1,000,000	1.372%
13	Gashunter Pty Ltd	877,384	1.204%
14	Majella Investments Pty Ltd <Majella Property A/C>	642,652	0.882%
15	J P Morgan Nominees Australia Pty Limited	630,436	0.865%
16	Mr Duncan John Hardie	589,295	0.808%
17	Rocsange Pty Ltd <S Super Fund A/C>	563,652	0.773%
18	Fordholm Consultants Pty Ltd <Diana Boehme Super Fund A/C>	524,599	0.720%
19	Mr Duncan John Hardie	524,117	0.719%
20	Lion Nominees Pty Ltd <JB Parncutt Family S/F A/C>	483,599	0.663%
	TOTALS	**34,556,931**	**47.409%**

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