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Lakes Blue Energy NL

ABN 62 004 247 214

Half Year Report
For the 6 Months Ended 31 December 2023

LAKES BLUE ENERGY NL
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FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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LAKES BLUE ENERGY NL
CORPORATE DIRECTORY
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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

CHIEF EXECUTIVE OFFICER
Roland Sleeman

COMPANY SECRETARY
Elissa Hansen

REGISTERED OFFICE
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STOCK EXCHANGE LISTING
Australian Securities Exchange
(Home Exchange: Melbourne, VIC)
ASX Code: LKO

BANK
Westpac Banking Corporation
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Victorian Exploration

Lakes Blue Energy is working to secure approvals for drilling of the Enterprise North-1 conventional well in the Otway Basin and the Wombat-5 conventional well in Gippsland.

Enterprise North

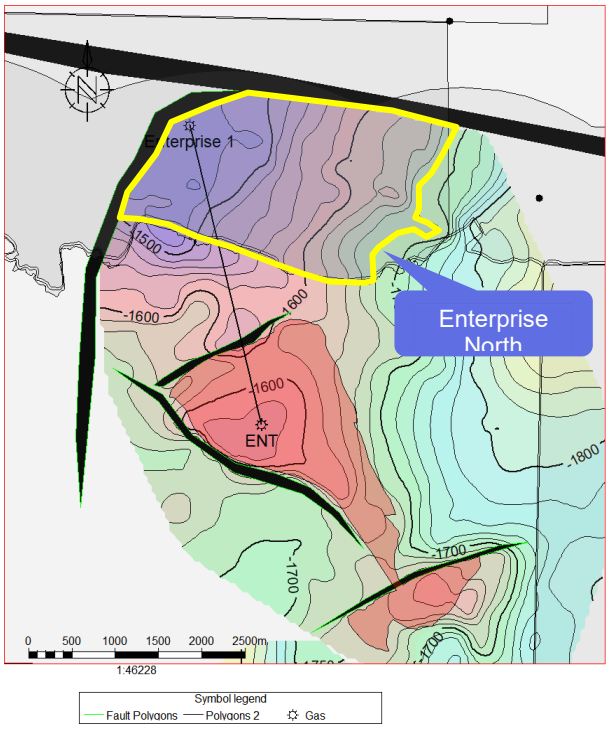
The Enterprise North-1 well will target the Enterprise North Prospect, which is located within Petroleum Exploration Permit 169 (49% owned, and operated, by LKO).

Petroleum Exploration Permit 169 was historically operated by LKO under delegation from Armour Energy Limited, which owned 51% of the permit. Following the appointment of Administrators to Armour, Lakes, though its wholly owned subsidiary Mirboo Ridge Pty Ltd, became Operator in its own right.

The Enterprise North Prospect has potential to be the biggest ever gas discovery onshore in Victoria. The Prospect is prognosed to:

- cover 1,170 acres;
- have 115 metres thickness of Waarre Sandstone reservoir formation 'filled to spill'; and
- contain up to 419 Bcf of gas (209 Bcf net to LKO), of which up to 194 Bcf should be recoverable.

Figure 1: Enterprise North Prospect



Prerequisites for securing approval to drill the Enterprise North-1 well are being progressed, with the objective of securing drilling approval at the earliest possible opportunity.

The Company was in discussion with Cooper Energy Limited (Cooper Energy) regarding a proposed farmin by Cooper Energy to PEP 169. Following receipt by the Company of two unsolicited proposals in respect of PEP 169, both of which were superior to the proposed Cooper Energy arrangement, discussions with Cooper have been discontinued. The Company is now assessing the two new proposals.

Wombat

The Wombat-5 well is a conventional, lateral well that will target the upper, permeable section of the Strzelecki Formation. The well, which will cost around $5m, has an independently estimated gas production potential of around 10 TJ/d. The well was first proposed in 2013, at which time all regulatory and access requirements were fully satisfied (as advised in writing by the Victorian Department of Economic Development, Jobs, Transport and Resources).

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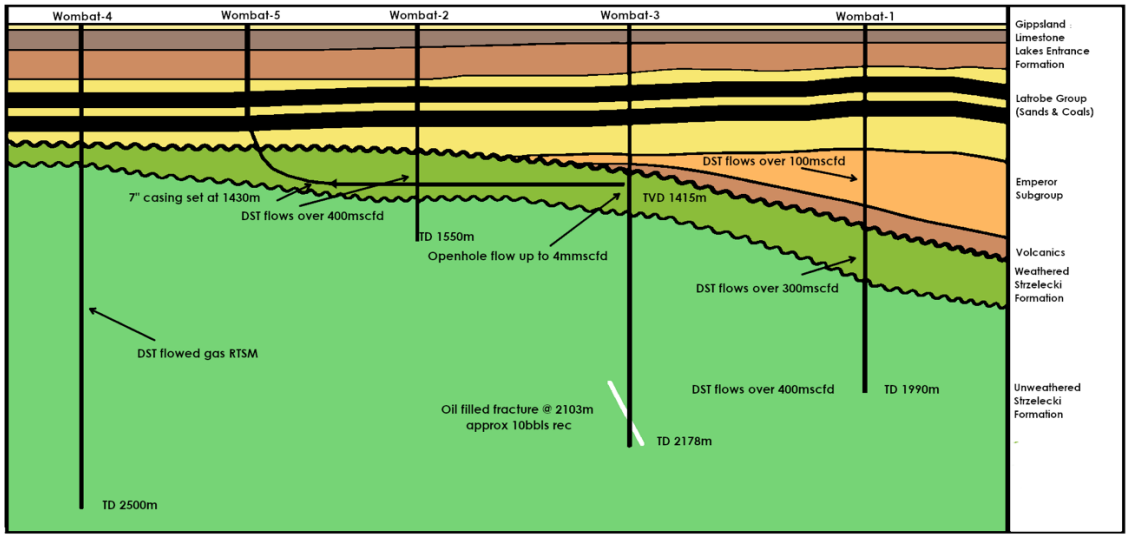
Figure 2: Cross-section of Wombat-5 Gas Well



The independently estimated contingent recoverable gas resources of the Wombat and adjoining Trifon-Gangell gas fields are 329 PJ and 390 PJ, respectively, at the 50% probability level. *(Source of estimate: Gafney, Cline and 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. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons).*

The Company envisages an integrated approach to development of the Wombat and Trifon-Gangell gas fields. Sales gas production would initially be from the Wombat gas field with the Trifon-Gangell gas field developed to support steady gas sales over a 20-year period. On this basis, the estimated conventional sales gas potential of the fields is at least 20 PJ/a.

Development of either the Enterprise North or Wombat gas fields for production of gas will be straightforward, given the Prospects' onshore locations, close to existing infrastructure. Introduction of Enterprise North or Wombat gas to the Victorian market place will significantly ease present gas supply shortfalls and, in doing so, help to reduce the cost of gas to industry and households alike.

Papua New Guinea

The Company has control of a portfolio of highly prospective exploration acreage in Papua New Guinea. One key tenement is Petroleum Prospecting Licence (PPL) 560, which contains the multi-trillion cubic feet Buna prospect.

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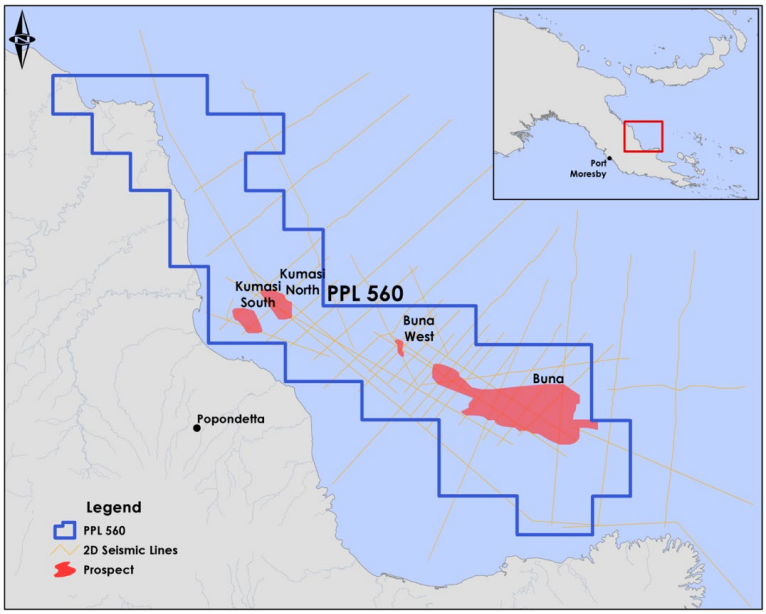
Figure 2: PPL 560, PNG



Studies undertaken by TotalEnergies EP PNG Limited **(TotalEnergies)** in 2022 confirmed the prospective size of the Buna Prospect, but considered it likely to be oil rather than gas prone.

LKO is presently investigating options for farmdown or sale of its PNG interests.

Nangwarry Carbon Dioxide Project

The Company is continuing to pursue opportunities for sale of carbon dioxide from the Nangwarry gas field (LKO: 50%; VEN: 50%). The Nangwarry gas field contains a best case saleable carbon dioxide resource of 25.9 billion standard cubic feet (12.9 Bcf net to LKO). During flow testing, the Nangwarry-1 well achieved raw gas flow rates up to 18.6 million cubic feet per day, which will comfortably meet the requirements of a food-grade carbon dioxide purification plant.

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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 period ended 31 December 2023.

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

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

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

Financial Results
The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $558,986 (31 December 2022: $1,596,960).

Total income during the period amounted to $290,349 (2022: $8,009).

Operating expenses for the period were $849,335 (2022: $1,563,989). Administration expenses amounted to $379,368 (2022: $312,982) resulting from continuing operations. Employee benefit expenses amounted to $164,072 (2022: $212,710). Finance costs amounted to $12,528 (2022: $808,086), a large decrease represented by the settlement and conversion of Convertible Notes that were on hand in the corresponding period.

Financial Position
The net assets of the consolidated entity decreased by $182,564 to $13,539,181 as at 31 December 2023 (30 June 2023: $13,721,745). The consolidated entity's working capital deficit, being current assets less current liabilities was $472,771 at 31 December 2023 (30 June 2023: $136,159). During the period the consolidated entity had a negative cash flow from operating activities of $312,136 (2022: $1,070,740).

Significant Changes in the State of Affairs

There were no significant changes to the state of affairs of the consolidated entity during the financial half-year.

Matters Subsequent to Period End

- On 29 January 2024, the company announced that is had agreed with Acuity Capital to extend to expiry date of its At-the-Market Subscription Agreement (ATM) to 31 January 2027. The Company has to date not raised any capital through its ATM.
- On 17 April 2024, the Company announced that it had discontinued work towards finalising the proposed farmout to Cooper Energy Limited (as announced 23 October 2023) of an interest in Petroleum Exploration Permit 169 (PEP 169). The Company has received two separate, unsolicited proposals in relation to PEP 169 well, which were both materially superior to the arrangement that was previously proposed.
- On 7 May 2024, the Company announced that it has agreed terms to acquire full ownership of the Trifon/Gangell Gas Fields within Petroleum Retention Lease 2, in Gippsland Victoria.
- On 14 May 2024, the Company announced that arrangements for farmin of Gehyra Energy Pty Ltd to Lakes' South Australian Arrowie Basin Petrolem Exploration Licence Application have been varied. Gehyra will assume ownership of the tenements, with Lakes to receive cash consideration plus ongoing royalties on production hydrogen, helium or petroleum.
- On 27 June 2024, the Company announced that terms had been agreed with ADZ Energy Pty Ltd (ADZ) for sale to ADZ of Lakes' 49% interest in Victorian Petroleum Exploration permit 169 (PEP 169). Consideration for the sale comprises:
    - $6.5m cash, of which $3m was received upon signing of transaction documentation and approval received for a one-year extension of the term of PEP 169, and the balance of $3.5m to be received following registration of the transfer to ANZ of ownership of PEP 169.

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  - A royalty on net (wellhead) revenue from any future sales of petroleum from ADZ's share, which will be assigned to ADZ.
- On 3 September 2024, an Asset Sale and Purchase Agreement (ASPA), the overriding document to implement the sale of Lakes' 49% interest in Victorian Petroleum Exploration Permit 169 (PEP 169), as announced on 27 June 2024, was executed.
- On 21 October 2024, the Company announced that preconditions for completion of the sale of Lakes' 49% interest in PEP 169 were fulfilled by 4 October 2024, and the sales transaction was completed on 9 October with the first $3m of funds received.
- On 14 October 2024, Mr Roland Sleeman has advised it is his intention to retire as Chief Executive Officer with effect at the Company's 2024 Annual General Meeting.
- On 23 October 2024, the Company announced that Mr Boyd White had been appointed as a Non-Executive of the Company, with immediate effect.
- On 30 October the Company announced it had completed and submitted to the Victorian Regulator and Operation Plan seeking approval to drill the Wombat-5 conventional lateral well in Gippsland, Victoria.

No other significant subsequent event has arisen that significantly affects the operations of the Group.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Richard Ash
Non-Executive Chairman
1 November 2024

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WilliamBuck
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 review of Lakes Blue Energy NL for the half-year ended 31 December 2023, 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

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

William Buck

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

A. A. Finnis
Director
Melbourne, 1 November 2024

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LAKES BLUE ENERGY NL
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	31 December 2023	31 December 2022
		$	$
Interest income		8,160	8,009
Other income	4	282,189	-
Total revenue and other income		**290,349**	**8,009**
Employee benefits expense		(164,072)	(212,710)
Depreciation expense		(1,239)	(1,575)
Impairment expense on exploration and evaluation assets		-	(40,980)
Accounting and audit expense		(105,550)	(92,350)
Exploration expense		(10,708)	(930)
Administrative expense		(362,148)	(312,982)
Consulting expense		(136,820)	(120,195)
Finance costs		(12,528)	(808,086)
Rent and occupancy expense		(39,050)	(15,161)
(Loss) before income tax expense		**(541,766)**	**(1,596,960)**
Income tax expense		**-**	**-**
(Loss) after income tax expense for the period		**(541,766)**	**(1,596,960)**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**(17,220)**	**-**
Total comprehensive (loss) for the period		**(558,986)**	**(1,596,960)**
Loss for the year is attributable to:			
Non-controlling interest		(323)	984
Owners of Lakes Blue Energy NL		(541,443)	(1,597,944)
		(541,766)	**(1,596,960)**
Total comprehensive loss for the year is attributable to:		(323)	984
Non-controlling interest		(558,663)	(1,597,944)
Owners of Lakes Blue Energy NL		**(558,986)**	**(1,596,960)**
		Cents	**Cents**
Basic and diluted loss per share (cents)[1]	9	**(0.93)**	**(3.44)**

The accompanying notes form part of these financial statements.

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

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LAKES BLUE ENERGY NL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	31 December 2023	30 June 2023
		$	$
Assets			
Current Assets			
Cash and cash equivalents		465,493	759,889
Other receivables		105,169	191,443
Other financial assets		417,707	424,196
Prepayments		35,245	59,960
Total Current Assets		**1,023,614**	**1,435,488**
Non-Current Assets			
Other receivables		12,000	12,000
Property plant and equipment		679,819	681,288
Exploration and evaluation	4	13,870,133	13,714,616
Total Non-Current Assets		**14,561,952**	**14,407,904**
Total Assets		**15,585,566**	**15,843,392**
Liabilities			
Current Liabilities			
Trade and other payables		1,279,718	1,381,796
Provisions		203,237	189,851
Other current liabilities		13,430	-
Total Current Liabilities		**1,496,385**	**1,571,647**
Non-Current Liabilities			
Provisions		550,000	550,000
Total Non-Current Liabilities		**550,000**	**550,000**
Total Liabilities		**2,046,385**	**2,121,647**
Net Assets		**13,539,181**	**13,721,745**
Equity			
Share capital	5	153,207,334	152,830,912
Reserves		(17,220)	-
Accumulated losses		(139,731,294)	(139,189,851)
Equity attributable to the owners of Lakes Blue Energy NL		**13,458,820**	**13,641,061**
Non-controlling interest		80,361	80,684
Total Equity		**13,539,181**	**13,721,745**

The accompanying notes form part of these financial statements.

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LAKES BLUE ENERGY NL
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Contributed equity	Reserves	Accumulated losses	Non-controlling interest	Total equity
	$	$	$	$	$
Balance at 1 July 2022	**141,761,435**	**804,409**	**(136,185,792)**	**81,570**	**6,461,622**
Loss after income tax expense for the period	-	-	(1,597,944)	984	(1,596,960)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income/(loss) for the half year	-	-	(1,597,944)	984	(1,596,960)
Transactions with equity holders in their capacity as owners					
Capital placement (note 5)	1,000,000	-	-	-	1,000,000
Capital raising costs	(68,196)	-	-	-	(68,196)
Shares issued in lieu of payments to Directors	100,000	-	-	-	100,000
Shares issued on conversion of convertible notes	8,229	(526)	-	-	7,703
Recognition of equity component of convertible notes	-	31,095	-	-	31,095
Balance at 31 December 2022	**142,801,468**	**834,978**	**(137,783,736)**	**82,554**	**5,935,264**
Balance at 1 July 2023	**152,830,912**	**-**	**(139,189,851)**	**80,684**	**13,721,745**
Loss after income tax expense for the period	-	-	(541,443)	(323)	(541,766)
Other comprehensive income for the period, net of tax	-	(17,220)	-	-	(17,220)
Total comprehensive income/(loss) for the half year	-	(17,220)	(541,443)	(323)	(558,986)
Transactions with equity holders in their capacity as owners					
Shares issued on completion of rights issue (note 5)	363,480	-	-	-	363,480
Capital raising costs	(110,876)	-	-	-	(110,876)
Shares issued in lieu of payments to Directors	123,818	-	-	-	123,818
Balance at 31 December 2023	**153,207,334**	**(17,220)**	**(139,731,294)**	**80,361**	**13,539,181**

The accompanying notes form part of these financial statements.

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LAKES BLUE ENERGY NL
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	31 December 2023	31 December 2022
		$	$
Cash flows from operating activities			
Cash receipts from other income		**317,016**	**-**
Payments for suppliers and employees		**(640,396)**	**(1,078,772)**
Interest received		**11,244**	**8,032**
Net cash used in operating activities		**(312,136)**	**(1,070,740)**
Cash flows from investing activities			
Payments for exploration and evaluation assets		**(314,938)**	**(459,218)**
Refunds of deposits		**-**	**146,500**
Net cash (used in)/from investing activities		**(314,938)**	**(312,718)**
Cash flows from financing activities			
Proceeds from issue of shares	5	**363,480**	**1,000,000**
Proceeds from share applications		**13,430**	**-**
Capital raising costs in relation to issue of shares	5	**(44,232)**	**(68,196)**
Net cash from financing activities		**332,678**	**931,804**
Net increase/(decrease) in cash held		**(294,396)**	**(451,654)**
Cash and cash equivalents at beginning of financial period		**759,889**	**2,308,111**
Cash and cash equivalents at end of financial period		**465,493**	**1,856,457**

The accompanying notes form part of these financial statements.

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NOTE 1. GENERAL INFORMATION

The consolidated 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 half-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:

24-26 Kent Street
Millers Point NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 1 November 2024.

NOTE 2. MATERIAL ACCOUNTING POLICY INFORMATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Rounding of amounts to the nearest dollar
The amounts in the directors' report and in the consolidated financial report have been rounded to the nearest dollar.

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, and there is no impact on the half year results. Any new or amended Accounting Standard or Interpretations that are not yet mandatory have not been early adopted.

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

As disclosed in the half-year financial report, the Group incurred a loss $541,776 (31 December 2022: $1,596,960) and at reporting date has net assets of $13,539,181 (30 June 2023: $13,721,745), including $13,870,133 (30 June 2023: $13,714,616) of capitalised exploration, evaluation and development costs. At reporting date, the Company's current liabilities exceeded current assets by $472,771 (30 June 2023: $136,159).

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

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

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

NOTE 2: MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

commitments, the interest in some or all of the consolidated entity's tenements may be affected. No adjustments have been made relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern, particularly the write-down of capitalised exploration expenditure should the exploration permits be ultimately surrendered or cancelled.

Having carefully assessed the potential uncertainties relating to the consolidated entity's ability to effectively fund exploration activities and operating expenditures, the Directors believe that the consolidated entity will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

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

This financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. In the event these steps do not provide sufficient funds to meet the consolidated entity's exploration and operating commitments, the interest in some or all of the consolidated entity's tenements may be affected. No adjustments have been made relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern, particularly the write-down of capitalised exploration expenditure should the exploration permits be ultimately surrendered or cancelled.

Having carefully assessed the potential uncertainties relating to the consolidated entity's ability to effectively fund exploration activities and operating expenditures, the Directors believe that the consolidated entity will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

NOTE 3. OPERATING SEGMENTS

Identification of reportable operating segments
During the period the consolidated entity operated in one segment being an explorer of oil and gas.

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. During the period the board reviews the consolidated entity as one operating segment being oil and gas exploration.

NOTE 4. OTHER INCOME

	Consolidated	
	31 December 2023	**31 December 2022**
		$
Remission of ATO interest	**242,418**	**-**
Rent agistment income	**17,500**	**-**
Gain on sale of equipment	**22,271**	**-**
	282,189	**-**

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NOTE 5. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION

	Consolidated	
	31 December 2023	**30 June 2023**
		$
Exploration and evaluation	**78,829,461**	**78,673,944**
Less: Provision for impairment	**(64,959,328)**	**(64,959,328)**
	13,870,133	**13,714,616**

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

Consolidated	Exploration and evaluation $
Balance at 1 July 2023	**13,714,616**
Additions	155,517
Balance at 31 December 2023	**13,870,133**

Exploration expenditure during the period include geochemical surveys, drill planning and other qualifying expenses incurred in relation to the following tenements:

- PPL 560 (Lakes Oil: Operator, 100% interest)
- PRL 2 – Gippsland Basin, Vic. (Lakes Blue Energy: Operator, 100% interest)
- PEP 166 – Gippsland Basin, VIC (Lakes Blue Energy: Operator, 75% interest)
- PEP 169 – Otway Basin, VIC (Lakes Blue Energy: Operator, 49% 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 6. EQUITY – SHARE CAPITAL - ORDINARY SHARES

	Consolidated			
	31 December 2023	**30 June 2023**	**31 December 2023**	**30 June 2023**
	Shares	**Shares**	**$**	**$**
Ordinary shares - fully paid (net of costs)	**58,637,575**	57,825,090,027	**153,207,334**	152,830,912
	58,637,575	57,825,090,027	**153,207,334**	152,830,912

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NOTE 6. EQUITY – SHARE CAPITAL - ORDINARY SHARES (CONTINUED)

Movements in ordinary share capital

Details	Date	Shares	Issue Price	$
Balance at 1 July 2022		45,296,039,002		141,761,435
Shares issued on conversion of convertible notes	8 July 2022	8,560,506	$0.0009	7,704
Capital placement	15 July 2022	550,000,000	$0.0008	440,000
Capital placement	26 July 2022	700,000,000	$0.0008	560,000
Shares issued to Directors in lieu of fees	14 December 2022	99,999,000	$0.001	100,000
Shares issued on conversion of convertible notes	14 April 2023	11,170,491,519	$0.0009	10,053,967
Capital raising costs		-	-	(92,194)
Balance at 30 June 2023		57,825,090,027		152,830,912
Shares issued on completion of rights issue	13 October 2023	363,479,680	$0.001	363,480
Shares issued on completion of rights issue – bonus shares	13 October 2023	242,320,018	-	-
Shares issued in lieu of payments to Directors	5 December 2023	123,817,810	$0.001	123,818
Shares issued in lieu of payments to Directors – bonus shares	5 December 2023	82,545,206	-	-
Share consolidation[1]	7 December 2023	(58,578,615,166)	-	-
Capital raising costs		-	-	(110,876)
Balance at 31 December 2023		**58,637,575**		**153,207,334**

[1]On 7 December 2023, there was a share consolidation of the issued capital of the Company on the basis of one (1) security for every thousand (1000) securities held. Where the consolidation resulted in a fraction of a Share, Performance Right or Option being held, the Company rounded that fraction up to the next whole number. The prior year number of shares has been adjusted for the share consolidation to ensure the numbers are comparable.

NOTE 7. EQUITY – DIVIDENDS

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

NOTE 8. CONTINGENT LIABILITIES

The consolidated entity did not have any contingent liabilities as at 31 December 2023 (30 June 2023: NIL).

NOTE 9. EVENTS AFTER THE REPORTING PERIOD

- On 29 January 2024, the company announced that is had agreed with Acuity Capital to extend to expiry date of its At-the-Market Subscription Agreement (ATM) to 31 January 2027. The Company has to date not raised any capital through its ATM.
- On 17 April 2024, the Company announced that it had discontinued work towards finalising the proposed farmout to Cooper Energy Limited (as announced 23 October 2023) of an interest in Petroleum Exploration Permit 169 (PEP 169). The Company has received two separate, unsolicited proposals in relation to PEP 169 well, which were both materially superior to the arrangement that was previously proposed.
- On 7 May 2024, the Company announced that it has agreed terms to acquire full ownership of the Trifon/Gangell Gas Fields within Petroleum Retention Lease 2, in Gippsland Victoria.

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NOTE 9. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

- On 14 May 2024, the Company announced that arrangements for farmin of Gehyra Energy Pty Ltd to Lakes' South Australian Arrowie Basin Petrolem Exploration Licence Application have been varied. Gehyra will assume ownership of the tenements, with Lakes to receive cash consideration plus ongoing royalties on production hydrogen, helium or petroleum.
- On 27 June 2024, the Company announced that terms had been agreed with ADZ Energy Pty Ltd (ADZ) for sale to ADZ of Lakes' 49% interest in Victorian Petroleum Exploration permit 169 (PEP 169). Consideration for the sale comprises:
    - $6.5m cash, of which $3m was received upon signing of transaction documentation and approval received for a one-year extension of the term of PEP 169, and the balance of $3.5m to be received following registration of the transfer to ANZ of ownership of PEP 169.
    - A royalty on net (wellhead) revenue from any future sales of petroleum from ADZ's share, which will be assigned to ADZ.
- On 3 September 2024, an Asset Sale and Purchase Agreement (ASPA), the overriding document to implement the sale of Lakes' 49% interest in Victorian Petroleum Exploration Permit 169 (PEP 169), as announced on 27 June 2024, was executed.
- On 21 October 2024, the Company announced that preconditions for completion of the sale of Lakes' 49% interest in PEP 169 were fulfilled by 4 October 2024, and the sales transaction was completed on 9 October with the first $3m of funds received.
- On 14 October 2024, Mr Roland Sleeman has advised it is his intention to retire as Chief Executive Officer with effect at the Company's 2024 Annual General Meeting.
- On 23 October 2024, the Company announced that Mr Boyd White had been appointed as a Non-Executive of the Company, with immediate effect.
- On 30 October the Company announced it had completed and submitted to the Victorian Regulator and Operation Plan seeking approval to drill the Wombat-5 conventional lateral well in Gippsland, Victoria.

No other significant subsequent event has arisen that significantly affects the operations of the Group.

NOTE 10. EARNINGS / (LOSS) PER SHARE

	Consolidated	
	31 December 2023	**31 December 202**
		$
Loss for the year attributable to:		
Owners of Lakes Blue Energy NL	**(541,443)**	**(1,597,944)**
Non-controlling interest	**(323)**	**984**
Basic loss per share (cents per share) attributed to owners of Lakes Blue Energy NL	**(0.93)**	**(3.44)**
Diluted loss per share (cents per share) attributed to owners of Lakes Blue Energy NL	**(0.93)**	**(3.44)**
Weighted average number of shares used for the purposes of calculating basic and diluted earnings per share[1]:		
- Basic earnings per share	**58,114,349**	**46,419,716**
- Diluted earnings per share	**58,114,349**	**46,419,716**

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

LAKES BLUE ENERGY NL
DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

The Directors of the Company declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
(b) in the directors' opinion, the attached financial statements and notes as set out on pages 9 to 17 comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
(c) the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date.

Signed in accordance with a resolution of the directors made pursuant to s303 (5) (a) of the Corporations Act 2001.

On behalf of the Directors:

Richard Ash
Non-Executive Chairman
1 November 2024

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WilliamBuck
ACCOUNTANTS & ADVISORS

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

Report on the half-year financial report

Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Lakes Blue Energy NL (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2023,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including a summary of material accounting policy information, and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review 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 and 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

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

A. A. Finnis
Director
Melbourne, 1 November 2024

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