

Lakes Confirms Legal Settlement Reached on Favourable Commercial Terms

Key Highlights:

- **As a result of the drilling delays and incidents at Wombat-5 Lakes is involved in two legal disputes with unrelated parties.**
- **Lakes has reached a settlement with one of those parties on very favourable commercial terms.**
- **Mediation with the party on the second claim failed and the matter is proceeding to litigation.**

Lakes Blue Energy NL (ASX: LKO) (**Lakes** or the **Company**) is pleased to provide an update on a current legal proceeding underway as a result of the drilling of Wombat 5. Lakes had previously advised in its September 2025 quarterly report that:

As a result of the delays and drilling incidents during the programme, notified to the market via the daily drilling updates, Lakes is now in formal legal dispute processes with two of the major suppliers to the drilling programme, the suppliers are unrelated to each other. Both of these disputes relate to the recovery of costs incurred due to the loss of equipment down hole and or payments for services provided during the drilling programme. The estimated total quantum in dispute with the two unrelated parties is less than \$3.5 million

Lakes has reached a settlement with one of these suppliers for a cash settlement payable over the next 28 days. The amount claimed under the party's pleading was approximately \$1.3 million but the cash settlement is less than a third than the claim. Lakes is prevented from advising the amount of the settlement under the terms of the agreement.

In the second matter, Lakes entered into mediation, however the parties were unable to come to an agreement and given Lake's high levels of confidence in its legal position, it is proceeding to litigation.

This announcement was authorised by the Board of Lakes Blue Energy.

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