

ANNUAL REPORT

30 JUNE 2026

DIRECTORS

Richard Ash
(Executive Director
and Chief Executive Officer)

Nicholas Mather
(Non-Executive Director)

Hugh Robertson
(Non-Executive Director)
(appointed 29 July 2026)

COMPANY SECRETARY

Elissa Hansen

REGISTERED OFFICE

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AUDITOR

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STOCK EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Sydney, NSW)

ASX Code: LKO

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REVIEW OF OPERATIONS



Overview

Lakes Blue Energy's FY26 primarily focused on the appraisal and testing of the Wombat-5 Gas Field in Victoria's onshore Gippsland Basin, alongside advancing the Company's broader Victorian gas portfolio.

The Company drilled, completed and tested the Wombat-5 appraisal well, which reached 3,052 metres measured depth, including about 1,500 metres of horizontal hole through the Strzelecki Formation. Production testing commenced in January 2026 and confirmed gas contribution from all three principal sand packages. While the initial testing program did

not establish commercial deliverability, results provided additional reservoir and pressure data and identified further work required to improve connectivity between the reservoir and wellbore.

The Company also progressed planning for proof-of-concept drilling at the Portland Energy Project and continued technical and commercial evaluation of the Nangwarry carbon dioxide project.

Activity at the Roma Shelf remained limited while capital and technical resources were directed to the Victorian portfolio.

Table 1 Project portfolio at 30 June 2026

Project	Location and Interest	Resource or Exposure
Wombat Gas Field	PRL 2 Gippsland Basin Victoria 100%	329 Bcf 2C contingent resource
Trifon Gas Field	PRL 2 Gippsland Basin Victoria 100%	390 Bcf 2C contingent resource
Baragwanath Prospect	PRL 2 Gippsland Basin Victoria 100%	701 Bcf prospective resource
Portland Energy Project	PEP 167 and PEP 175 Otway Basin Victoria 100%	11,469 Bcf prospective resource
Nangwarry Carbon Dioxide	PRL 249 Otway Basin South Australia 50%	12.9 Bcf net best estimate sales gas
PEP 169 royalty	Otway Basin Victoria	Approximately 4% royalty exposure
Pirie Torrens royalty	South Australian licence applications	2.5% hydrogen or helium and 3.5% petroleum royalty exposure

Notes:

Wombat, Trifon-Gangell and Baragwanath Gas Fields

Source of Contingent Resources estimate: "Technical GIIP and EUR Estimate Update Post Wombat #4: Wombat Field", June 2010, Gaffney, Cline and Associates.

Source of Wombat-5 gas production potential: "Production Forecast for the Proposed Lakes Oil Wombat 5", September 2013, Stimulation Petrophysics Consulting LLC. Subject to a 12% royalty.

Portland Energy Project

From "Estimated Unconventional Gas Potential for a Defined Prospect Area in PEP 175, Otway Basin, Victoria", May 2015, SRK Consulting (Australasia) Pty Ltd. Subject to a 12% royalty.

Nangwarry CO₂ Project

Contingent Resource Estimation, ERCE Equipoise Pte. Ltd 2021 – ASX Announcement 12 July 2021.



Wombat Gas Field Gippsland Victoria

Wombat and the adjacent Trifon field contain independently certified 2C contingent resources of 329 Bcf and 390 Bcf respectively, representing a combined 719 Bcf of 2C contingent gas resources. The fields lie on freehold land near existing transmission and processing infrastructure.

Wombat-5 was drilled during the first quarter of FY26 to test whether the Strzelecki Formation could deliver gas at rates that support a commercial development.

Drilling commenced on 1 August 2025. After operational difficulties required a second sidetrack, Wombat-5 reached a measured depth of 3,052 metres by late September, including about 1,500 metres of horizontal production hole. The horizontal section intersected three significant sandstone intervals with good porosity and high gas content. Peak gas readings during drilling were approximately 67 per cent near the best-developed sand packages.

A 4½-inch swellable-packer completion with sliding sleeves was installed and the production wellhead was fitted and pressure-tested before the rig was released on 30 September 2025.

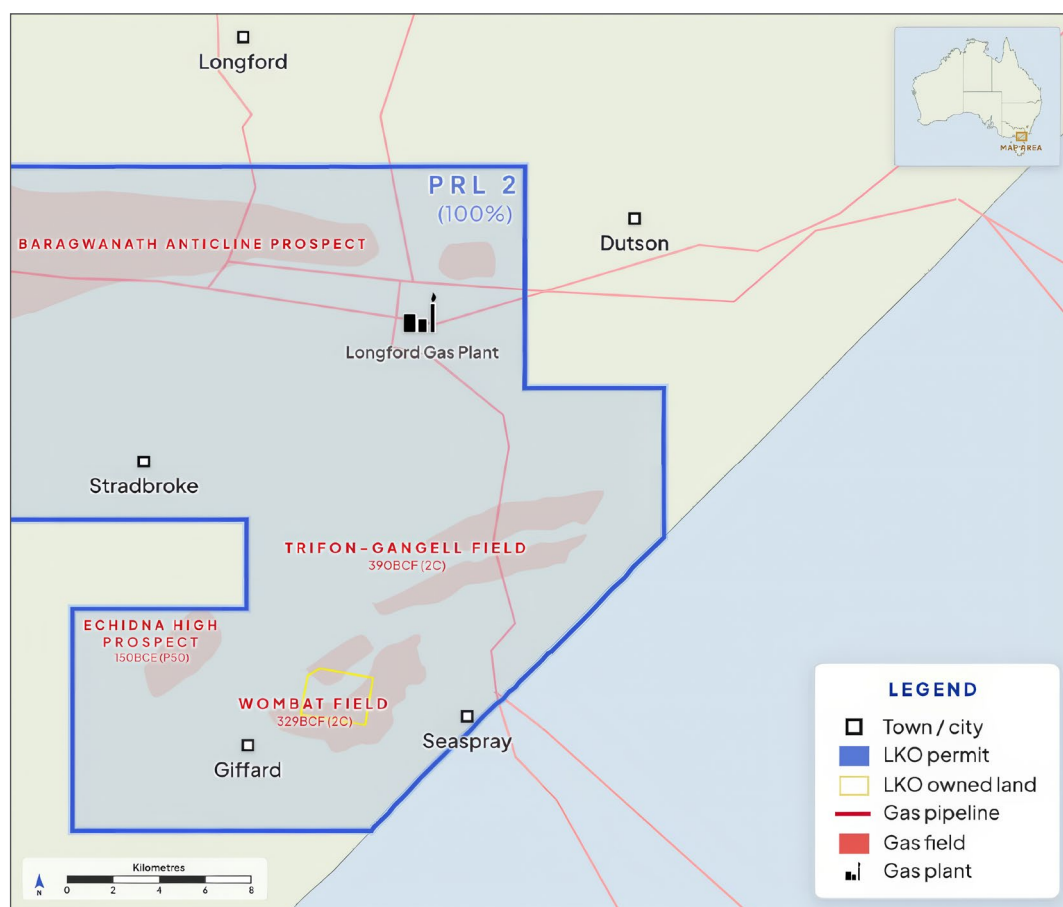


Figure 1 Wombat and Trifon Gangell field locations

Site remediation and test preparation continued through the December quarter. Production testing began in January 2026 and progressed through nitrogen-assisted clean-up, fluid recovery, initial flow and pressure build-up analysis.

Testing confirmed gas contribution from each of the three principal sand packages, including the lowermost interval, and provided additional pressure and fluid-recovery data that improved the Company's understanding of reservoir behaviour. However, the initial program did not establish commercial deliverability, with results indicating that further work is required to improve connectivity between the reservoir and wellbore.

By the end of FY26 the initial testing program had concluded and the well had been suspended with a wireline bridge plug at 1,100 metres and inhibited brine above the plug. The results identified a pathway for further optimisation.

Subject to regulatory approval, the next phase of work is planned to include a workover and propellant-enhanced perforation program aimed at improving reservoir-to-wellbore connectivity, followed by stimulation and further flow testing. At the date of the June quarterly report, that work was scheduled to commence in Q4 2026.

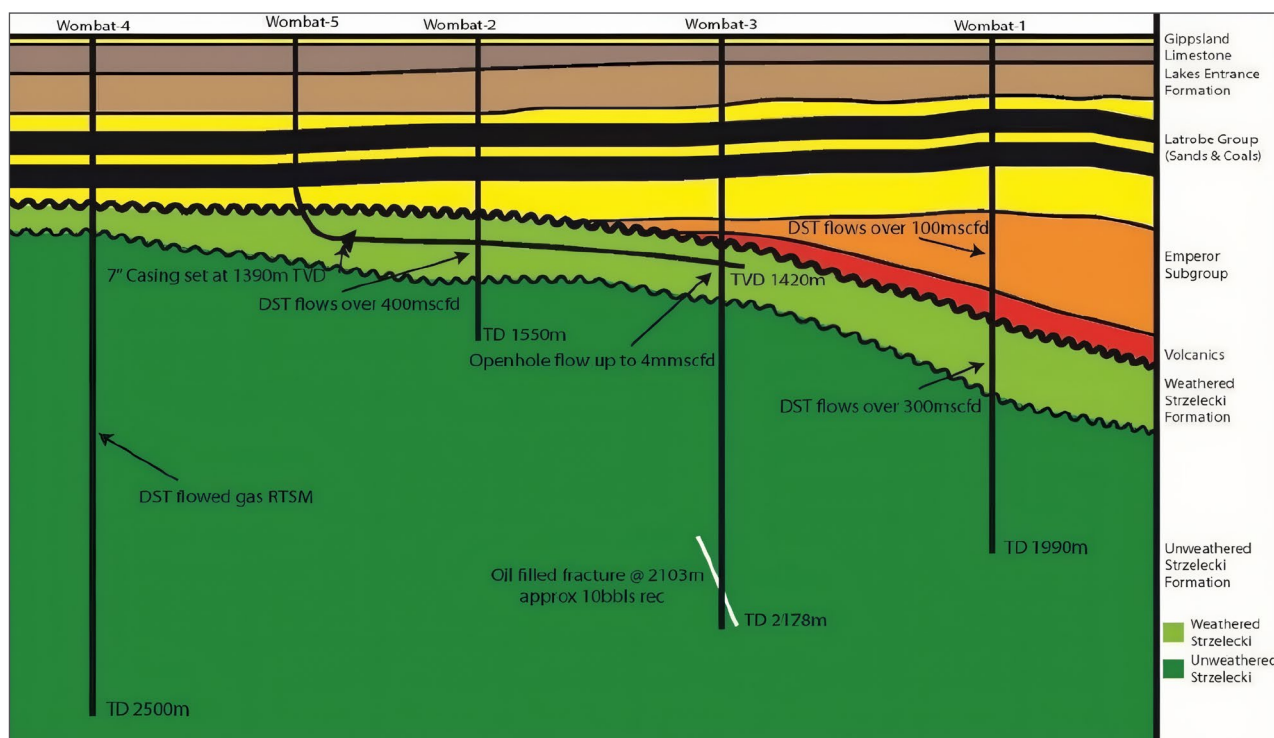


Figure 2 Wombat field schematic and historical wells

Nangwarry Carbon Dioxide Project South Australia

Lakes holds a 50 per cent operating interest in PRL 249 through Otway Energy Pty Ltd. The Nangwarry-1 discovery contains naturally occurring high-purity carbon dioxide and has a net best-estimate sales-gas volume of 12.9 Bcf attributable to Lakes. Previous extended flow testing demonstrated raw-gas flow of up to 18.6 MMscfd.

In July 2025 Lakes entered into binding heads of agreement with Beijing Maison Group under which Maison agreed to fund and lead feasibility work for a food and beverage-grade carbon dioxide project. The work initially considered a plant producing 100 to 200 tonnes per day and included plant design, capital and operating costs, approvals, commercial arrangements and market demand. An expression-of-interest process was also undertaken with potential offtakers.

During the second half of the year Lakes continued with technical and market work and assessed a smaller 100-tonne-per-day development case intended to reduce capital and operating costs. Initial results and discussions with the South Australian Government supported continued evaluation.

Evaluation of the development concept remained ongoing at year end, with further progress to be informed by study outcomes and the Company's broader portfolio priorities.

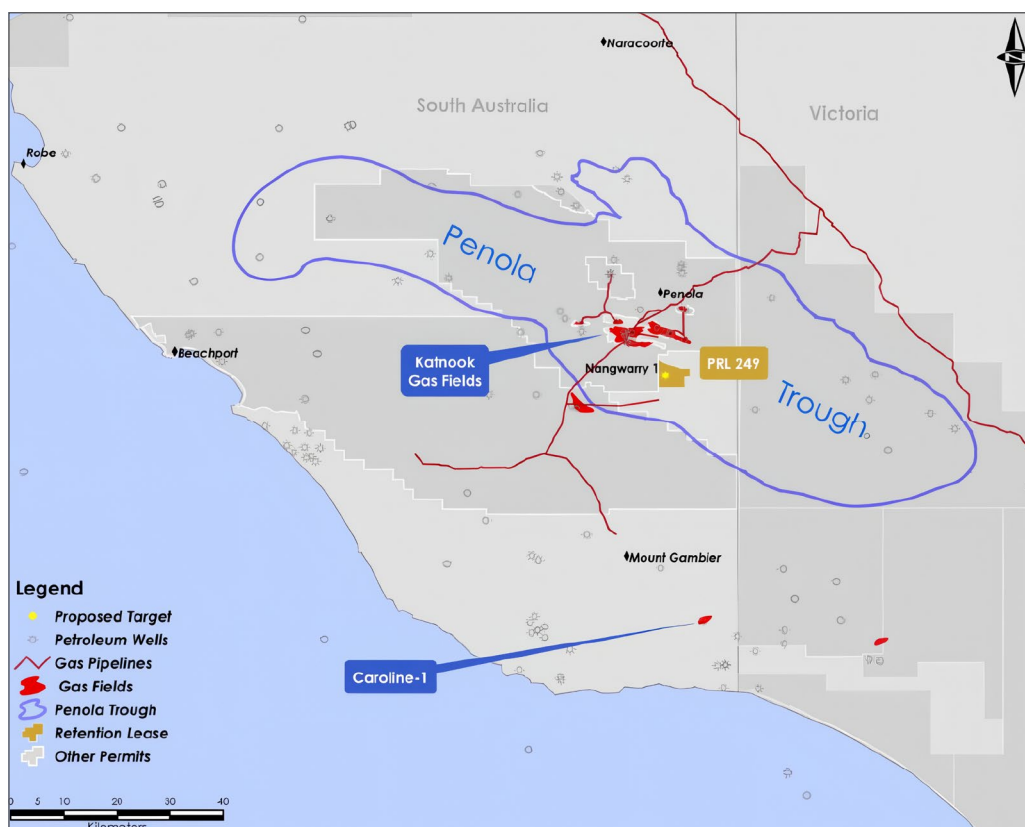


Figure 3 Nangwarry project location

Portland Energy Project Otway Basin Victoria

The 100 per cent-owned Portland Energy Project covers PEP 167 and PEP 175 in the onshore Otway Basin. The principal target is the Eumeralla Formation, with additional conventional opportunities in the Pretty Hill and Sawpit formations. Independent work reported by the Company gives a best estimate of 11,469 Bcf of prospective recoverable gas across the project.

During FY26 Lakes advanced environmental, cultural heritage, ecological, regulatory and well-design work for a proof-of-concept program. The Company also began reprocessing selected two-dimensional seismic lines to refine potential well locations.

Planning for the drilling program continued to advance during the year. Earlier planning contemplated drilling during the second half of 2026; by the June quarterly report the program had been revised to up to two wells in the first half of 2027, subject to regulatory approvals, technical outcomes, portfolio priorities and rig availability.

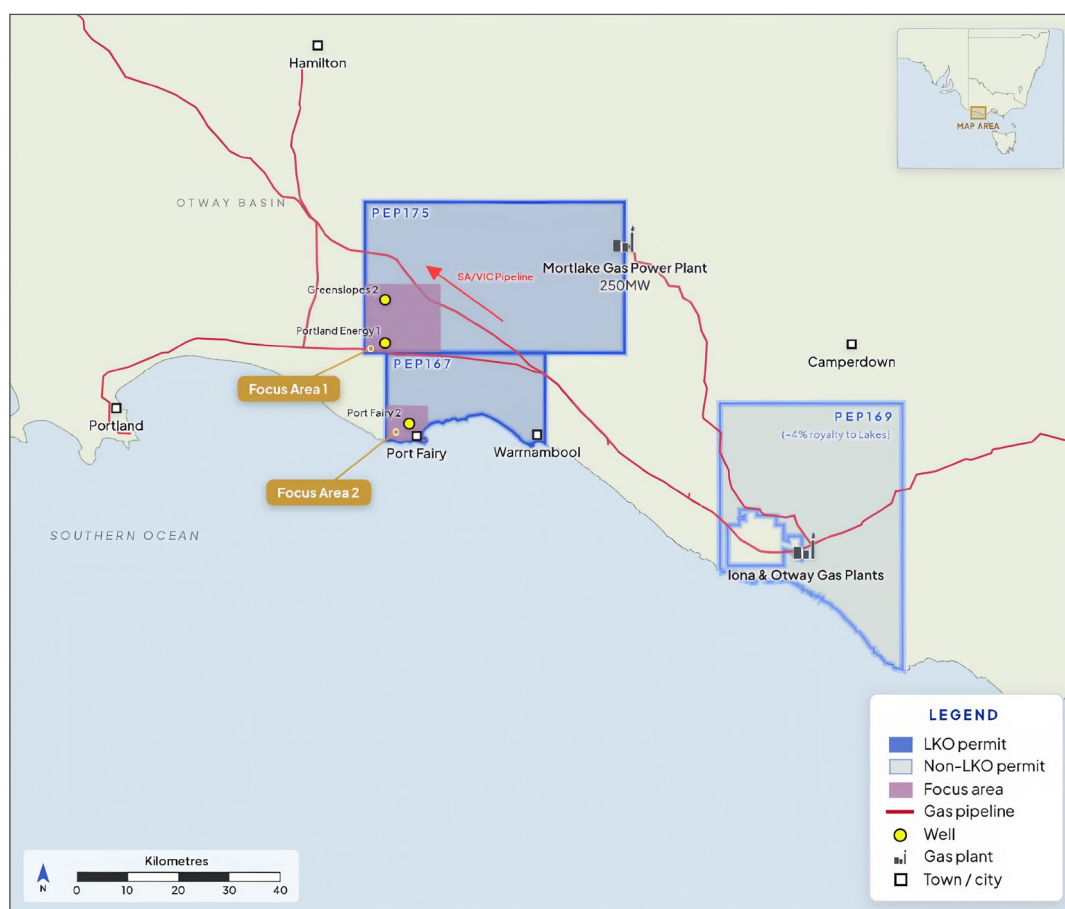


Figure 4 Portland Energy Project location and infrastructure

Corporate

Capital raisings

Between September and December 2025, the Company completed a \$5.8 million placement at \$1.15 per share, issuing 5,043,479 shares across two tranches. Together with the \$6.5 million placement completed immediately before FY2026, the funds supported Wombat-5 drilling, testing and working capital.

Operations team

Michael McGowan commenced as Executive General Manager of Operations & Technical in January 2026. During the March quarter the technical team expanded to four personnel across reservoir engineering, well engineering and geophysics to support Wombat testing, Portland planning and portfolio evaluation.

Liquidity and post-year-end funding

Cash declined from \$2.63 million at the start of the financial year to \$0.43 million at 30 June 2026, as \$10.46 million was invested in exploration and evaluation activities at Wombat-5, partly offset by \$11.49 million in net proceeds from share issues during the year. After year end, on 29 July 2026, the Company announced a \$4.0 million placement and a partially underwritten \$4.7 million entitlement offer (of which approximately \$2.7 million was raised, leaving a shortfall of approximately \$2.0 million) to fund the ongoing workover program and working capital requirements.

Board changes

Roland Sleeman retired from the Board at the end of the June quarter. Subsequent to year end, Hugh Robertson was appointed as a non-executive director and Boyd White resigned from the Board.

DIRECTORS' REPORT

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 2026.

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 (Executive Director and Chief Executive Officer)
- Nicholas Mather (Non-Executive Director)
- Hugh Robertson (Non-Executive Director) (appointed 29 July 2026)
- Roland Sleeman (Non-Executive Chairman) (retired 30 June 2026)
- Boyd White (Non-Executive Director) (resigned 29 July 2026)

Principal activities

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

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$19,667,319 (30 June 2025: profit of \$3,746,246), which included non-cash items of \$13,396,984 impairment expense*, and \$2,989,347 in share-based payment expense.

* Following the annual review of exploration and evaluation assets, the Group recognised an impairment expense in respect of exploration permits where the carrying value was no longer considered recoverable, primarily relating to PRL 249 in the Otway Basin, S.A. For the permits where carrying value has been retained, none of the impairment indicators set out in AASB 6 paragraph 20 were present at balance date. Exploration rights remain current and are not expected to lapse unrenewed, substantive expenditure continues to be budgeted and incurred, including \$11,831,069 capitalised on the Wombat-5 development well and testing program (PRL 2), and the Directors have not resolved to discontinue activities in any of these areas of interest. Accordingly, no impairment testing under AASB 136 was required for these permits, and the Directors remain satisfied that the carrying value of \$12,547,134 in exploration and evaluation expenditure at 30 June 2026 is recoverable.

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

Subsequent to 30 June 2026, the Company undertook a series of capital raising initiatives to fund exploration and development activities, working capital requirements and costs associated with the raisings.

Since 30 June 2026, the Company has raised approximately \$6.7 million before costs through a combination of a placement and entitlement offer. The placement resulted in the issue of 13,316,724 ordinary shares at \$0.30 per share, raising approximately \$4.0 million before costs, whilst the entitlement offer resulted in the issue of 9,023,483 ordinary shares at \$0.30 per share, raising approximately \$2.7 million before costs. The entitlement offer closed on 18 August 2026, and a shortfall of approximately \$2.0 million remained available for future placement at that date.

Participants in the placement and entitlement offer received one free attaching option for every share subscribed for, resulting in the issue of 22,340,207 unlisted options (13,316,724 under the placement and 9,023,483 under the entitlement offer), each exercisable at \$0.36 and expiring on 21 August 2031.

- Mr Richard Ash subscribed for 100,000 shares and received 100,000 attaching options
- Mr Nicholas Mather subscribed for 333,333 shares and received 333,333 attaching options

Director participation in the placement was subject to, and approved by, shareholders at a general meeting held on 23 September 2026.

Post year end, the Company progressed remediation work at Wombat-5 following production testing that confirmed gas-charged, gas-bearing zones across the Strzelecki Formation but identified formation damage limiting commercial flow rates. The remediation program

comprises propellant-enhanced perforating and fluid compatibility testing, targeting the reservoir intervals beyond the damaged zone, followed by further flow testing to establish a baseline production rate. Based on drilling and testing outcomes to date, the Company considers Wombat-5 a significant step toward commercial evaluation of the Wombat Gas Field, subject to the successful completion of the remediation program.

On 29 July 2026, Mr Hugh Robertson was appointed as a Non-Executive Director and Mr Boyd White resigned as a Non-Executive Director of the Company.

Other than the matters disclosed above, the Directors are not aware of any matter or circumstance arising since 30 June 2026 that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

Likely developments and expected results of operations

The Company's near-term focus remains PRL 2 (Gippsland Basin, Victoria), where it holds 100% interests in the Wombat and Trifon/Gangell gas fields. Following completion of production testing at Wombat-5, which identified gas-bearing zones but formation damage preventing commercial flow rates, the Company plans a workover involving propellant-enhanced perforating and completion fluid compatibility testing, followed by further flow testing. Wombat 3D seismic reprocessing is also underway to support resource re-evaluation and field development planning.

Further information on likely developments and expected results has not been included, as the Directors believe this could give rise to unreasonable prejudice to the Company (s299(3), Corporations Act 2001).

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

The Company recognises that climate change is a shared global challenge and that global and local policies in response to climate change may affect the Company. The Company identifies climate change and climate change regulation as strategic

risks that ultimately may affect the Company's future operating and financial performance. These risks include, but are not limited to, unpredictable weather conditions which may have direct or indirect adverse impacts on the Company's operations or customer markets, including capital markets. 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.

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 resource 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.

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 advice 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.

Native Title Risk

Native title rights may adversely impact the Company's operations and the value of its royalty interests. In particular, the South Australian Petroleum Exploration Licence Applications (PELAs) transferred to Gehyra Exploration Pty Ltd, a wholly owned subsidiary of Gehyra Flux Pty Ltd, remain subject to the negotiation of native title land access arrangements before they can be converted into exploration licences. There is no guarantee that these arrangements will be finalised or as to their timing. Any delay or failure in finalising them may defer or prevent production from the licence areas, and therefore the receipt of the \$1 million milestone payment and the royalties of 2.5% on helium or hydrogen and 3.5% on petroleum payable to the Company under the sale agreement.

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.

Conflict may also have indirect effects on the Company. The ongoing conflict in the Middle East has disrupted global shipping and energy markets, contributing to higher fuel and freight costs and increased inflation. This may increase the cost of, and lead times for, the Company's planned activities, and may adversely affect interest rates and conditions in equity markets, including the Company's ability to raise capital.

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.

Information on Directors

Executive Director and Chief Executive Officer

Richard Ash *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: 697,003 fully paid ordinary shares
- Interests in options: 1,500,000 options exercisable at \$1.50 and expiring 5 August 2028 and 100,000 options exercisable at \$0.36 and expiring 21 August 2031

Non-Executive Director

Nicholas Mather *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): Armour Energy Ltd (ASX: AJQ), NewPeak Metals Limited (ASX: NPM), and Clara Resources Limited (ASX: C7A)
- Special responsibilities: Nil
- Interests in shares: 2,934,501 fully paid ordinary shares
- Interests in options: 750,000 options exercisable at \$1.50 and expiring 5 August 2028 and 333,333 options exercisable at \$0.36 and expiring 21 August 2031

Non-Executive Director

Hugh Robertson (*appointed 29 July 2026*)

Experience and expertise:

Hugh Robertson is a seasoned finance and governance expert with over 40 years of experience in the stockbroking industry. He is a senior investment adviser at Morgans Financial and has held roles at Bell Potter, Falkiners, Investor First, and Wilson HTM – developing particular expertise in small-cap industrial stocks. Outside the company, he holds multiple board and chair positions across listed and private organisations. Hugh brings deep capital markets insight and governance acumen to LKO, supporting its oversight and strategic growth.

- Other current directorships: Credit Clear Limited (ASX:CCR)
- Former directorships (last 3 years): Maggie Beer Holdings Limited (MBH)
- Special responsibilities: Nil
- Interests in shares: 800,631 fully paid ordinary shares
- Interests in options: 414,014 options exercisable at \$0.36 and expiring 21 August 2031

Company secretary

Elissa Hansen

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

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2026, and the number of meetings attended by each director were:

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

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

Remuneration Report (audited)

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

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

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

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

Principles used to determine the nature and amount of remuneration

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

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

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

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

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

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

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

For directors and staff, the consolidated entity provides a remuneration package that consists of cash and equity-based remuneration. The contracts for services between the consolidated entity and specified directors are on a continuing basis and the terms of which are not expected to change.

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, 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.

No remuneration consultants were used during the year ended 30 June 2026.

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.

	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 2026	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:							
Nicholas Mather***	60,000	-	-	-	-	468,312	528,312
Roland Sleeman***	75,000	-	-	-	-	593,195	668,195
Boyd White***	60,000	-	-	-	-	468,312	528,312
Executive Directors:							
Richard Ash**	460,000	-	-	-	-	936,624	1,396,624
	655,000	-	-	-	-	2,466,443	3,121,443

* Reflects vesting expenses on options.

** During the year, 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 Directors' fees of \$60,000 for the year, which remain unpaid and are reflected in trade and other payables at year end.

*** Mr Sleeman was entitled to Non-Executive Chairman's fees of \$75,000 for the year, and Mr Mather and Mr White were entitled to Directors' fees of \$60,000 for the year, all of which remain unpaid and are reflected in trade and other payables at year end.

**** Mr O'Brien was not considered key management personnel for the year ended 30 June 2026.

	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:							
Nicholas Mather	20,000	-	-	-	-	40,000	60,000
Roland Sleeman**	94,872	-	-	-	-	308,359	403,231
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 of \$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.

**** Mr O'Brien was not considered key management personnel for the year ended 30 June 2026.

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

Name	Fixed remuneration		At risk - LTI	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
Non-Executive Directors:				
Nicholas Mather	11%	100%	89%	-
Roland Sleeman	11%	100%	89%	-
Boyd White	11%	100%	89%	-
Executive Directors:				
Richard Ash	33%	100%	67%	-

Service agreements

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

Richard Ash

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

Nicholas Mather

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.

Roland Sleeman

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 as Chief Executive Officer on 9 December 2024 and has since been Non-Executive Chairman of the consolidated entity up until his retirement on 30 June 2026.
- **Details:** Ceases the third anniversary of the date of election and the end of the third annual general meeting of the Company after election, unless re-elected as a Director by Shareholders or appointment terminated earlier in accordance with the constitution or the Corporations Act 2001 (Cth).
- **Annual fees:** \$75,000 p.a. in Chairman's fees inclusive of superannuation with no termination benefits.

Boyd White

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. Mr White resigned on 29 July 2026.
- **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.

Share-based compensation

Issue of shares

Details of shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2026 are set out below.

Name	Date	Shares*	Issue price	\$
Mr Richard Ash	05 August 2025	93,333	\$0.7500	70,000
Mr Nicholas Mather	05 August 2025	75,556	\$0.7500	56,667
Mr Roland Sleeman	05 August 2025	642,297	\$0.7500	481,723
Mr Boyd White	05 August 2025	36,846	\$0.7500	27,635

* On 5 August 2025, 848,032 shares were issued to Directors in lieu of cash payment of outstanding fees incurred through 30 June 2025, following shareholder approval at an Extraordinary General Meeting.

Options

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2026 are set out below:

Name	Balance at the start of the year	Received as part of remuneration	Balance at the end of the year
Mr Richard Ash*	–	1,500,000	1,500,000
Mr Nicholas Mather*	–	750,000	750,000
Mr Roland Sleeman*	–	950,000	950,000
Mr Boyd White*	–	750,000	750,000
Total	–	3,950,000	3,950,000

* In July 2025, the Company granted 3,950,000 options to Directors. Each option entitles the holder to subscribe for one ordinary share upon exercise and, once vested, is exercisable at any time up to its expiry date.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2026 are summarised below:

	2026 (\$)	2025 (\$)	2024 (\$)	2023 (\$)	2022 (\$)
Interest and other income	394,238	5,590,738	450,340	44,464	36,713
Profit/(loss) before tax	(19,667,319)	3,746,246	(416,106)	(3,028,293)	(14,244,904)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2026 (\$)	2025 (\$)	2024 (\$)	2023 (\$)	2022 (\$)
Share price at financial year end (\$)	0.45	1.00	1.00	1.00	1.00

Movement in options during the year ended 30 June 2026

	Opening balance	Options issued	Options disposed	Closing balance
Options issued	–	7,950,000	–	7,950,000

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:

Name	Balance at the start of the year	Received as part of remuneration	Additions	Balance at the end of the year
Richard Ash*	503,670	93,333	–	597,003
Nicholas Mather*	1,090,829	75,556	1,434,783	2,601,168
Roland Sleeman*	1,614,627	642,297	–	2,256,924
Boyd White*	–	36,846	–	36,846
Total	3,209,126	848,032	1,434,783	5,491,941

* Shares were issued subsequent to shareholder approval at an Extraordinary General Meeting held on 30 July 2025. All shares were issued in lieu of payment of director and consulting fees incurred in prior years, all of which were accrued at 30 June 2025.

This concludes the remuneration report, which has been audited.

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
30/07/2025	05/08/2028	\$1.50	3,950,000
13/03/2026	05/08/2028	\$1.50	4,000,000
21/08/2026	21/08/2031	\$0.36	6,303,851
27/08/2026	21/08/2031	\$0.36	2,218,102
28/08/2026	21/08/2031	\$0.36	501,530
29/09/2026	21/08/2031	\$0.36	13,316,724
			30,290,207

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 2026 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.

Legal proceedings

Lakes Blue Energy is in formal legal dispute processes with a major supplier relating to the Wombat 5 well, which was completed in September 2025. The dispute relates to the recovery of costs incurred due to the loss of equipment and or payments for services provided during the drilling programme. The estimated total quantum in dispute is approximately \$2.4m. Refer to Note 17 for further details.

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



Richard Ash
CEO & Executive Director

30 September 2026

Auditor's Independence Declaration

to the members of Lakes Blue Energy NL

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 audit of the financial report of Lakes Blue Energy NL for the year ended 30 June 2026, 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

N. S. Benbow

Director

Melbourne, 30 September 2026

Level 20, 181 William Street, Melbourne VIC 3000

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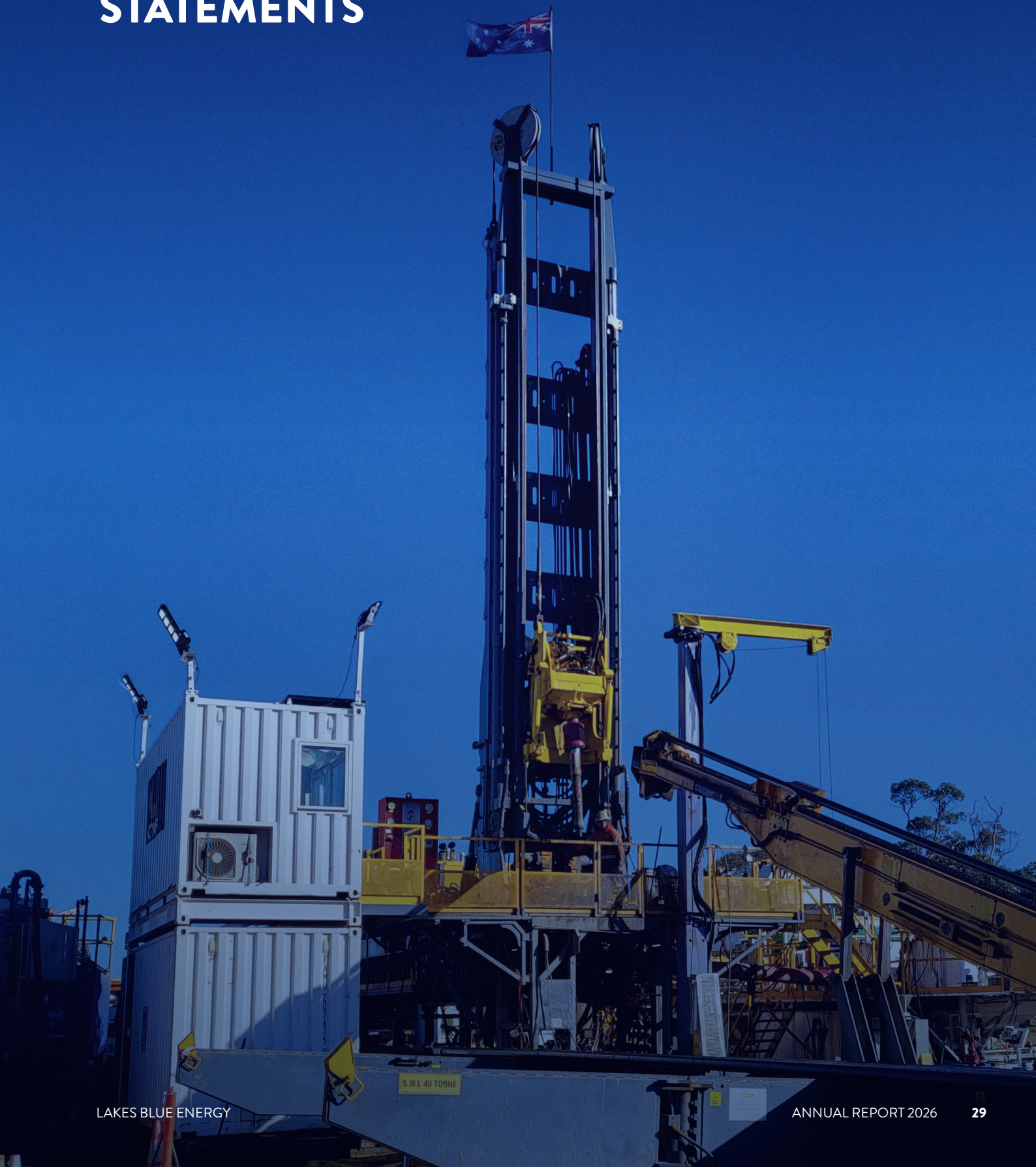
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FINANCIAL STATEMENTS



Statement of profit or loss and other comprehensive income

For the year ended 30 June 2026

		Consolidated	
	Note	30 June 2026 (\$)	30 June 2025 (\$)
Income			
Reversal of provision for royalties payable		-	250,000
Interest income		44,238	11,806
Other income	5	350,000	5,578,932
Expenses			
Employee benefits expense		(588,073)	(448,278)
Bad debts expense		-	(42,778)
Exploration expenditure		(161,577)	(15,510)
Depreciation and amortisation expense		(1,561)	(1,957)
Impairment expense on exploration and evaluation assets		(13,396,984)	-
Accounting and audit expense		(264,311)	(241,098)
Administrative expense	6	(1,650,362)	(625,639)
Consulting expense		(913,888)	(648,424)
Share-based payment expense		(2,989,347)	-
Finance costs		(43,625)	(23,091)
Marketing		(15,106)	-
Rent and occupancy expense		(36,723)	(47,717)
Profit/(loss) before income tax expense		(19,667,319)	3,746,246
Income tax expense		-	-
Profit/(loss) after income tax expense for the year		(19,667,319)	3,746,246
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		1,172	(27,118)
Other comprehensive income/(loss) for the year		1,172	(27,118)
Total comprehensive (loss)/income for the year, net of tax		(19,666,147)	3,719,128
<i>Profit/(loss) for the year is attributable to:</i>			
Non-controlling interest		(869,659)	(2,297)
Owners of Lakes Blue Energy NL		(18,797,660)	3,748,543
		(19,667,319)	3,746,246
<i>Total comprehensive (loss)/income for the year is attributable to:</i>			
Non-controlling interest		(869,659)	(2,297)
Owners of Lakes Blue Energy NL		(18,796,488)	3,721,425
		(19,666,147)	3,719,128
		(Cents)	(Cents)
Basic earnings per share	24	(26.19)	6.38
Diluted earnings per share	24	(26.19)	6.38

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

Statement of financial position

As at 30 June 2026

		Consolidated	
	Note	30 June 2026 (\$)	30 June 2025 (\$)
Assets			
Current assets			
Cash and cash equivalents		433,804	2,628,783
Trade and other receivables		63,309	232,019
Prepayments		53,750	49,074
Total current assets		550,863	2,909,876
Non-current assets			
Property, plant and equipment	7	674,598	676,445
Exploration and evaluation	8	12,547,134	14,081,194
Security Deposits	9	1,410,174	450,416
Prepayments		-	1,721,999
Total non-current assets		14,631,906	16,930,054
Total assets		15,182,769	19,839,930
Liabilities			
Current liabilities			
Trade and other payables	10	1,676,007	1,847,488
Provisions	11	563,549	556,822
Total current liabilities		2,239,556	2,404,310
Total liabilities		2,239,556	2,404,310
Net assets		12,943,213	17,435,620
Equity			
Issued capital	12	165,520,345	153,335,952
Reserves	13	2,869,214	(121,305)
Accumulated losses		(154,652,819)	(135,855,159)
Equity attributable to the owners of Lakes Blue Energy NL		13,736,740	17,359,488
Non-controlling interest		(793,527)	76,132
Total equity		12,943,213	17,435,620

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

Statement of Changes in Equity

For the year ended 30 June 2026

Consolidated	Contributed equity (\$)	Reserves (\$)	Accumulated losses (\$)	Non-controlling interest (\$)	Total equity (\$)
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 income/(loss) for the year	-	(27,118)	3,748,543	(2,297)	3,719,128
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 12)	12,922	-	-	-	12,922
Balance at 30 June 2025	153,335,952	(121,305)	(135,855,159)	76,132	17,435,620

Consolidated	Contributed equity (\$)	Reserves (\$)	Accumulated losses (\$)	Non-controlling interest (\$)	Total equity (\$)
Balance at 1 July 2025	153,335,952	(121,305)	(135,855,159)	76,132	17,435,620
Loss after income tax expense for the year	-	-	(18,797,660)	(869,659)	(19,667,319)
Other comprehensive income for the year, net of tax	-	1,172	-	-	1,172
Total comprehensive income/(loss) for the year	-	1,172	(18,797,660)	(869,659)	(19,666,147)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 12)	12,184,393	-	-	-	12,184,393
Share-based payments (note 25)	-	2,989,347	-	-	2,989,347
Balance at 30 June 2026	165,520,345	2,869,214	(154,652,819)	(793,527)	12,943,213

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

Statement of Cash Flows

For the year ended 30 June 2026

		Consolidated	
	Note	30 June 2026 (\$)	30 June 2025 (\$)
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(2,562,498)	(1,997,477)
Payments for exploration and evaluation costs not capitalised		(161,577)	(15,510)
		(2,724,075)	(2,012,987)
Interest received		43,917	8,687
Other revenue		5,390	24,000
Net cash used in operating activities	23	(2,674,768)	(1,980,300)
Cash flows from investing activities			
Payments for exploration and evaluation	8	(10,458,354)	(2,093,300)
Payments for tenement bonds		(898,500)	-
Proceeds from disposal of tenements		350,000	6,500,000
Net cash from/(used in) investing activities		(11,006,854)	4,406,700
Cash flows from financing activities			
Proceeds from issue of shares	12	12,297,751	-
Share issue transaction costs		(811,108)	-
Net cash from financing activities		11,486,643	-
Net increase/(decrease) in cash and cash equivalents		(2,194,979)	2,426,400
Cash and cash equivalents at the beginning of the financial year		2,628,783	202,383
Cash and cash equivalents at the end of the financial year		433,804	2,628,783

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

Notes to the Financial Statements

30 June 2026

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 2026. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

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

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern

The 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.

During the year ended 30 June 2026, the Group incurred an operating loss after income tax of \$19,667,319, had cash outflows from operating activities of \$2,674,768, and cash outflows from investing activities of \$11,006,854. At 30 June 2026, the Group had a net working capital deficiency of (\$1,688,693).

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Subsequent events: Since 30 June 2026, the Company has raised approximately \$6.7 million before costs through a combination of a placement and entitlement offer. The placement resulted in the issue of 13,316,724 ordinary shares at \$0.30 per share, raising approximately \$4.0 million before costs, whilst the entitlement offer resulted in the issue of 9,023,483 ordinary shares at \$0.30 per share, raising approximately \$2.7 million before costs. The entitlement offer closed on 18 August 2026, and a shortfall of approximately \$2.0 million remained available for future placement at that date.

Trade payables in dispute and contingent liabilities: Lakes Blue Energy is currently in formal legal dispute processes with a major supplier relating to the Wombat 5 well. The estimated total quantum in dispute is \$2.4m. The directors, acting in consultation with their legal counsel, consider that there are defences to these claims, plus set offs and counter claims available, such that the total of the claims made are not accrued for in these financial statements as they are not considered probable. For further commentary, refer to Note 17, Contingent assets and liabilities.

Flexing of operational and exploration

activities: For the year ended 30 June 2026, the Group incurred \$11,862,924 in exploration and evaluation expenditure. The Group undertakes exploration and evaluation activities only when it has sufficient working capital. The capital raised subsequent to year end is sufficient to fund the remaining production testing program at Wombat-5. Any further exploration and evaluation expenditure is discretionary. Deferring it would put an area of interest at risk only if the minimum expenditure commitments under the relevant tenements were not met. Based on previous experience, the directors consider this risk to be low.

Should further capital not be raised as anticipated, the directors have identified operational costs that could be curtailed. They have also indicated their willingness to increase the equity-based component of their remuneration in lieu of cash payments to help preserve the Group's cash resources. These arrangements have been taken into account in the directors' assessment of the Group's ability to continue as a going concern.

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with IFRS Accounting 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 20.

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 2026 and the results of all subsidiaries for the year then ended. Lakes Blue Energy NL and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

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

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

Operating segments

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

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.

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.

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.

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 2026. 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.

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.

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.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and carry-forward tax losses only.

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 11.

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.

Non-recognition of milestones receivable (including royalty) from sale of PELAs

The consolidated entity holds royalty interests over certain petroleum assets. Significant judgment is required in assessing whether a royalty receivable should be recognised. No royalty asset has been recognised at 30 June 2026, as the timing and quantum of any future royalty receipts remain uncertain and cannot be measured reliably.

Note 4. Operating segments

Identification of reportable operating segments

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

Note 5. Other income

	Consolidated	
	30 June 2026	30 June 2025
	(\$)	(\$)
Gain on disposal of tenements*	350,000	5,574,032
Other income	-	4,900
	350,000	5,578,932

* In May 2024, the Group entered into an agreement with Gehyra Exploration Pty Ltd, a wholly owned subsidiary of Gehyra Flux Pty Ltd, to transfer full ownership of Lakes' South Australian Petroleum Exploration Licence Applications (PELAs), located in the South Australian Arrowie Basin. Under the agreement, the following payments were made:

- \$150,000 in May 2024
- \$350,000 in November 2025

A further \$1 million will be payable on announcement of the first continuous commercial production of helium or petroleum from any of the PELs.

Gehyra will pay to Lakes royalties of 2.5% on any production of either helium or hydrogen and a royalty of 3.5% on any production of petroleum from the PELs.

The final \$1 million payment and royalties have not been recognised at period end given they are contingent on uncertain future outcomes, and as such cannot yet be reasonably expected to be received. Therefore, Lakes will recognise the amounts once the outcomes are known and confirmed, or upon receipt.

Note 6. Other expenses

Loss before income tax includes the following specific expenses:

	Consolidated	
	30 June 2026	30 June 2025
	(\$)	(\$)
Administrative expenses		
Travel and accommodation	69,445	20,178
Share registry costs and listing fees	202,913	161,691
Legal fees	835,287	99,616
Directors' fees	255,000	236,702
Insurance premiums	182,249	95,297
Office and other administrative expenses	69,274	66,889
Copier, postage and courier costs	11,623	934
Consultancy, accountancy and secretarial fees	24,571	21,084
Less portion attributed to exploration permits capitalised	-	(76,752)
	1,650,362	625,639

Note 7. Property, plant and equipment

	Consolidated	
	30 June 2026	30 June 2025
	(\$)	(\$)
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	455,536	456,557
Less: Accumulated depreciation	(446,685)	(445,859)
	8,851	10,698
	674,598	676,445

Reconciliations

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

	Land	Plant and	Total
	(\$)	equipment	(\$)
	(\$)	(\$)	(\$)
Consolidated			
Balance at 1 July 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
Disposals	-	(286)	(286)
Depreciation expense	-	(1,561)	(1,561)
Balance at 30 June 2026	665,747	8,851	674,598

Note 8. Exploration and evaluation

	Consolidated	
	30 June 2026	30 June 2025
	(\$)	(\$)
Non-current assets		
Exploration and evaluation assets - at cost	90,716,515	78,845,947
Less: Accumulated amortisation and impairment	(78,169,381)	(64,764,753)
	12,547,134	14,081,194

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 2024	13,537,728
Expenditure during the year	543,466
Balance at 30 June 2025	14,081,194
Expenditure during the year	11,862,924
Impairment of assets	(13,396,984)
Balance at 30 June 2026	12,547,134

Note 8. Exploration and evaluation (continued)

During the period a total of \$11,862,924 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:

- PRL 2 – Gippsland Basin, Vic. (Lakes Blue Energy: Operator, 100% interest)
- PRL 249 – Otway Basin, SA. (Lakes Blue Energy: Operator, 50% 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.

During the period, the Group recognised impairment losses totalling \$13,396,984 in respect of the following exploration and evaluation assets, following an assessment of the impairment indicators set out in AASB 6:

- **PRL 249 (Otway Basin, S.A.) – \$13,230,630.** Notwithstanding the feasibility work undertaken during the year and discussions with prospective offtake parties, no final investment decision or binding commercialisation pathway had been reached at balance date. Accordingly, the Directors considered that, under AASB 6 paragraph 20(d), the carrying amount may not be recovered in full from successful development or by sale. The area of interest was tested for impairment under AASB 136 and its carrying amount written down to its recoverable amount of nil (refer below). The Group continues to pursue commercialisation of PRL 249.
- **PPL 560 (Papua New Guinea) – \$109,973.** Expectations of further development and expenditure in respect of the permit are limited.
- **Other Victorian permits discontinued or relinquished (PEP 166, PEP 163, VIC/P43(V) and VIC/P44(V)) – \$56,381.** No further exploration expenditure is budgeted for these areas of interest and the Group has discontinued activities and relinquished, or resolved to relinquish, the permits.

PRL 249 was fully impaired (\$13,230,630), as its recoverable amount at 30 June 2026 was assessed as nil. Recoverable amount was determined on a fair value less costs of disposal basis (Level 3), as no binding farm-out, sale or comparable market transaction exists for the Group's interest. PPL 560 and the relinquished Victorian permits were also written down to nil.

Note 9. Security Deposits

	Consolidated	
	30 June 2026	30 June 2025
	(\$)	(\$)
Non-current assets		
Security Deposits	1,410,174	450,416

During the period, a bank guarantee was obtained in the amount of \$898,500 for rehabilitation bonds for retention lease PRL2.

Other movements in security deposits reflect a reclassification of \$70,500 from current to non-current assets, and foreign exchange adjustments on deposits held in Papua New Guinea.

Security deposits comprise cash held on deposit in respect of the consolidated entity's tenement interests, including bank guarantees supporting rehabilitation bonds, as security for any future restoration or rehabilitation costs. These funds are restricted and are not available to the consolidated entity for general working capital purposes.

Note 10. Trade and other payables

	Consolidated	
	30 June 2026	30 June 2025
	(\$)	(\$)
Current liabilities		
Trade payables	1,259,203	1,046,379
Amounts due to related parties	373,037	771,467
Other payables	43,767	29,642
	1,676,007	1,847,488

Refer to note 15 for further information on financial instruments.

Note 11. Provisions

	Consolidated	
	30 June 2026	30 June 2025
	(\$)	(\$)
Current liabilities		
Annual leave	109,057	109,072
Long service leave	154,492	147,750
Restoration costs	300,000	300,000
	563,549	556,822

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 2027 financial year, and this estimate represents the directors' estimate of the present value of the provision.

Note 12. Issued capital

	Consolidated			
	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	(Shares)	(Shares)	(\$)	(\$)
Ordinary shares - fully paid	73,425,883	58,770,705	165,520,345	153,335,952

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 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 - Placement	07 July 2025	7,993,667	\$0.7500	5,995,250
Ordinary Shares - Placement	05 August 2025	670,000	\$0.7500	502,500
Ordinary Shares - Directors	05 August 2025	848,032	\$0.7500	636,024
Ordinary Shares	22 September 2025	4,608,696	\$1.1500	5,300,000
Ordinary Shares	22 December 2025	434,783	\$1.1500	500,000
Placement in lieu of suppliers	30 March 2026	100,000	\$0.7100	71,000
Capital raising costs		-	\$0.0000	(820,381)
Balance	30 June 2026	73,425,883		165,520,345

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.

Note 12. Issued capital (continued)***Capital risk management***

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

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

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

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

Note 13. Reserves

	Consolidated	
	30 June 2026	30 June 2025
	(\$)	(\$)
Foreign currency reserve	(120,133)	(121,305)
Options reserve	2,989,347	-
	2,869,214	(121,305)

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Note 14. Dividends

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

Note 15. 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 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 2 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.

Consolidated 30 June 2026	Weighted average interest rate (%)	1 year or less (\$)	Between 1 and 2 years (\$)	Between 2 and 5 years \$)	Over 5 years (\$)	Remaining contractual maturities (\$)
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	1,676,007	-	-	-	1,676,007
Total non-derivatives	-	1,676,007	-	-	-	1,676,007
Consolidated 30 June 2025						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	1,847,488	-	-	-	1,847,488
Total non-derivatives	-	1,847,488	-	-	-	1,847,488

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 16. 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 2026	30 June 2025
	(\$)	(\$)
Audit services - William Buck		
Audit or review of the financial statements	81,200	76,700

Note 17. Contingent assets and liabilities

The consolidated entity has provided security deposits of \$1,410,174 (refer to Note 9) in respect of its obligations to restore and rehabilitate its tenement areas. A provision of \$300,000 has been recognised for restoration obligations existing at 30 June 2026 (refer to Note 11). Any further rehabilitation obligations will depend on future exploration and development activities and are not considered probable at the reporting date; accordingly, no additional liability has been recognised.

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.

Lakes Blue Energy is in formal legal dispute processes with a major supplier relating to the Wombat 5 well, which was completed in September 2025. The dispute relates to the recovery of costs incurred due to the loss of equipment and or payments for services provided during the drilling programme. The estimated total quantum in dispute is approximately \$2.4m. The directors, acting in consultation with their legal counsel, consider that there are defences to these claims, plus set offs and counter claims available, such that the total of the claims made are not accrued for in these financial statements as they are not considered probable.

Accordingly, the claims are disclosed as a contingent liability. The amount and timing of any settlement remain uncertain and will depend on the outcome of the formal dispute process, including the extent to which the consolidated entity's defences, set-offs and counterclaims are successful, and the timing of any hearings. The potential outflow ranges from nil to approximately \$2.4m plus costs.

Note 18. Planned exploration expenditure

	Consolidated	
	30 June 2026	30 June 2025
	(\$)	(\$)
Committed at the reporting date but not recognised as liabilities, payable:		
Exploration and evaluation	4,045,000	4,245,000

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 2026 on the work programs across all tenements for the next 24 months is \$4,045,000 (2025: \$4,245,000).

\$3,800,000 of the current financial commitment relates to the remaining Wombat-5 remediation and production testing program (the Wombat-5 well having been drilled and completed in September 2025), and reflects contracted costs not yet incurred at 30 June 2026.

\$245,000 of the current financial commitment relates to the annual fees in relation to the entity's Victorian and South Australian 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).

Note 19. Related party transactions

Parent entity

Lakes Blue Energy NL is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 21.

Transactions with related parties

Key management personnel compensation totalled \$3,121,443 (2025: \$1,256,417), comprising short-term employee benefits of \$655,000 (2025: \$775,666), post-employment benefits of \$nil (2025: \$29,932), other long-term benefits of \$nil (2025: \$30,243) and share-based payments of \$2,466,443 (2025: \$420,576). Detailed remuneration disclosures are included in the remuneration report in the Directors' report.

On 5 August 2025, following shareholder approval, 848,032 fully paid ordinary shares were issued to Directors at \$0.75 per share in settlement of outstanding Directors' and consulting fees of \$636,024 incurred to 30 June 2025.

In July 2025, 3,950,000 options were granted to Directors (refer to Note 25).

At 30 June 2026, Directors' and consulting fees of \$373,037 remained unpaid and are included in trade and other payables (refer to Note 10).

Receivable from and payable to related parties

Refer Note 10 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 20. 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 2026	30 June 2025
	(\$)	(\$)
Loss after income tax	(9,065,147)	(2,015,893)
Total comprehensive loss	(9,065,147)	(2,015,893)

Statement of financial position

Total current assets	3,957,239	6,219,351
Total assets	14,854,833	8,902,052
Total current liabilities	1,911,620	2,067,432
Total liabilities	1,911,620	2,067,432
Equity		
Issued capital	165,520,345	153,335,952
Options reserve	2,989,347	-
Accumulated losses	(155,566,479)	(146,501,332)
Total equity	12,943,213	6,834,620

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 2025 and 30 June 2026.

Contingent liabilities

At 30 June 2026, the parent entity had a contingent liability in respect of the supplier dispute disclosed in Note 17. The parent entity had no other contingent liabilities as at 30 June 2025 and 30 June 2026.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2026.

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 21. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 30 June 2026 (%)	Ownership interest 30 June 2025 (%)
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 Pty Ltd	Australia	93.51%	93.51%
LKO Royalty Trust	Australia	100.00%	100.00%

Note 22. Events after the reporting period

Subsequent to 30 June 2026, the Company undertook a series of capital raising initiatives to fund exploration and development activities, working capital requirements and costs associated with the raisings.

Since 30 June 2026, the Company has raised approximately \$6.7 million before costs through a combination of a placement and entitlement offer. The placement resulted in the issue of 13,316,724 ordinary shares at \$0.30 per share, raising approximately \$4.0 million before costs, whilst the entitlement offer resulted in the issue of 9,023,483 ordinary shares at \$0.30 per share, raising approximately \$2.7 million before costs. The entitlement offer closed on 18 August 2026, and a shortfall of approximately \$2.0 million remained available for future placement at that date.

Participants in the placement and entitlement offer received one free attaching option for every share subscribed for, resulting in the issue of 22,340,207 unlisted options (13,316,724 under the placement and 9,023,483 under the entitlement offer), each exercisable at \$0.36 and expiring on 21 August 2031.

- Mr Richard Ash subscribed for 100,000 shares and received 100,000 attaching options
- Mr Nicholas Mather subscribed for 333,333 shares and received 333,333 attaching options

Director participation in the placement was subject to, and approved by, shareholders at a general meeting held on 23 September 2026.

Post year end, the Company progressed remediation work at Wombat-5 following production testing that confirmed gas-charged, gas-bearing zones across the Strzelecki Formation but identified formation damage limiting commercial flow rates. The remediation program comprises propellant-enhanced perforating and fluid compatibility testing, targeting the reservoir intervals beyond the damaged zone, followed by further flow testing to establish a baseline production rate. Based on drilling and testing outcomes to date, the Company considers Wombat-5 a significant step toward commercial evaluation of the Wombat Gas Field, subject to the successful completion of the remediation program.

On 29 July 2026, Mr Hugh Robertson was appointed as a Non-Executive Director and Mr Boyd White resigned as a Non-Executive Director of the Company.

Other than the matters disclosed above, the Directors are not aware of any matter or circumstance arising since 30 June 2026 that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

Note 23. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

	Consolidated	
	30 June 2026	30 June 2025
	(\$)	(\$)
Profit/(loss) after income tax expense for the year	(19,667,319)	3,746,246
Adjustments for:		
Depreciation and amortisation	1,561	1,957
Impairment of non-current assets	13,396,984	-
Share-based payments	2,989,347	-
Gain on disposal of tenements	(350,000)	(5,574,032)
Reversal of provision for royalties	-	250,000
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	168,710	(149,677)
Increase in prepayments	(4,676)	(731,211)
Increase in trade and other payables*	783,898	438,140
Increase in employee benefits	6,727	38,277
Net cash used in operating activities	(2,674,768)	(1,980,300)

* The movement in trade and other payables excludes non-cash settlements of \$707,024, comprising \$636,024 of Directors' fees and \$71,000 of supplier invoices settled through the issue of shares, together with the movement in payables relating to exploration and evaluation expenditure, which is included in investing activities.

Note 24. Earnings per share

	Consolidated	
	30 June 2026	30 June 2025
	(\$)	(\$)
Profit/(loss) after income tax	(19,667,319)	3,746,246
Non-controlling interest	869,659	2,297
Profit/(loss) after income tax attributable to the owners of Lakes Blue Energy NL	(18,797,660)	3,748,543
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	71,771,527	58,763,259
Weighted average number of ordinary shares used in calculating diluted earnings per share	71,771,527	58,763,259
	Cents	Cents
Basic earnings per share	(26.19)	6.38
Diluted earnings per share	(26.19)	6.38

As the consolidated entity incurred a loss for the year ended 30 June 2026, these potential ordinary shares are not considered in the calculation of diluted earnings per share as their inclusion would be anti-dilutive. Accordingly, diluted earnings per share is the same as basic earnings per share for the year

Note 25. Share-based payments

Set out below are summaries of options granted under the plan:

	Number of options 30 June 2026	Weighted average exercise price 30 June 2026	Number of options 30 June 2025	Weighted average exercise price 30 June 2025
Outstanding at the beginning of the financial year	-	\$0.0000	-	\$0.0000
Granted	7,950,000	\$1.5000	-	\$0.0000
Outstanding at the end of the financial year	7,950,000	\$1.5000	-	\$0.0000
Exercisable at the end of the financial year	4,950,000	\$1.5000	-	\$0.0000

30 June 2026

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	forfeited/ Expired/ other	Balance at the end of the year
30/07/2025	05/08/2028	\$1.5000	-	3,950,000	-	-	3,950,000
13/03/2026	05/08/2028	\$1.5000	-	4,000,000	-	-	4,000,000
			-	7,950,000	-	-	7,950,000
Weighted average exercise price			\$0.0000	\$1.5000	\$0.0000	\$0.0000	\$1.5000

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	30 June 2026 Number	30 June 2025 Number
30/07/2025	05/08/2028	3,950,000	-
13/03/2026	05/08/2028	1,000,000	-
		4,950,000	-

Note 25. Share-based payments (continued)

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2 years (2025: NIL).

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. The options are exercisable at \$1.50 each and expires 3 years from date of issue. The fair value at grant date was \$0.624.

On 13 March 2026, the Board approved 4,000,000 options to be issued to employees under the Company's Employee Incentive Plan following shareholder approval at an Extraordinary General Meeting held on 30 July 2025.

1,000,000 options vested immediately, and are exercisable at \$1.50 each and expire on 5 August 2028. The fair value at grant date was \$0.496.

The remaining 3,000,000 options are subject to a 30-day VWAP of \$2.50 being achieved, as well as various operation milestones being achieved during the options period, which management has estimated is likely to occur between December 2026 and December 2027. These options are exercisable at \$1.50 each and expire on 5 August 2028. The fair value at grant date was \$0.476.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
30/07/2025*	05/08/2028	\$1.1600	\$1.5000	92.00%	–	3.39%	\$0.624
13/03/2026**	05/08/2028	\$1.0300	\$1.5000	97.00%	–	4.56%	\$0.476
13/03/2026*	05/08/2028	\$1.0300	\$1.5000	97.00%	–	4.56%	\$0.496

* Fair value determined using the Hoadley Options1 valuation model.

** Fair value determined using the Hoadley Barrier1 valuation model, a trinomial lattice model that incorporates the share price hurdle attached to these options, with a hurdle adjustment made using a Parisian barrier model. The adjustment reflects the requirement for the Company's share price to remain at or above \$2.50, on a volume-weighted average basis, for 30 consecutive trading days before 5 August 2028, rather than reaching that price at a single point in time.

Consolidated Entity Disclosure Statement

as at 30 June 2026

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 Pty Ltd	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:** Mirboo Ridge Pty Ltd, Petro Tech Pty Ltd and Otway Energy Pty Ltd are participants in joint ventures, as disclosed in the table above. None of the entities noted above were trustees of trusts within the consolidated entity or partners in a partnership within the consolidated entity.

Directors' Declaration

30 June 2026

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 IFRS Accounting 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 2026 and of its performance for the financial year ended on that date;
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- The information disclosed in the attached consolidated entity disclosure statement is true and correct.

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

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

On behalf of the directors



Richard Ash
CEO & Executive Director

30 September 2026

WilliamBuck

ACCOUNTANTS & ADVISORS

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

Report on the audit of the financial report



Opinion

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 2026 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 2026,
- 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 APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of the financial report of public interest entities 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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Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that, for the year ended 30 June 2026, the Group incurred a net loss of \$19,666,319 had net cash outflows from operating activities of \$2,674,768 and investing activities of \$11,006,854 and, as at that date, the Group's current liabilities exceeded its current assets by \$1,688,693. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Capitalisation of exploration and evaluation assets	Area of focus (refer also to notes 2, 3 & 8)	How our audit addressed the key audit matter
	The Group has capitalised significant exploration and evaluation expenditure relating to its oil and gas projects in Australia and Papua New Guinea. The assessment of whether exploration and evaluation expenditure continues to meet the criteria for capitalisation under AASB 6 Exploration for and Evaluation of Mineral Resources requires judgement, particularly in determining whether the Group has sufficient rights to explore and evaluate the relevant areas of interest and whether exploration activities remain active and planned. In addition, exploration and evaluation assets are assessed for impairment when facts and circumstances indicate that their carrying amount may exceed their recoverable amount. Given the nature and stage of the Group's exploration activities, this assessment involves consideration of a number of factors, including changes to exploration plans, the Group's rights to explore the relevant areas of interest, the results of exploration activities and changes in the Group's assessment of the prospects of recovering the carrying amount of the assets.	Our audit procedures included: — assessing the Group's accounting policies and evaluating the directors' assessment of whether the criteria for continued capitalisation of exploration and evaluation expenditure under AASB 6 remained satisfied; — obtaining an understanding of the Group's exploration activities and plans and evaluating whether exploration and evaluation activities remained active and planned for each significant area of interest; — inspecting relevant exploration licences, permits and other supporting documentation to assess the Group's rights to explore and evaluate each area of interest; — assessing management's identification of impairment indicators and evaluating whether there were any facts or circumstances indicating that the carrying amounts of exploration and evaluation assets may not be recoverable;

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We considered this to be a key audit matter because of the significant carrying value of the Group's exploration and evaluation assets and the judgement involved in assessing whether the criteria for continued capitalisation remained satisfied and whether any impairment indicators existed at the reporting date.

- assessing exploration expenditure incurred during the year by area of interest and testing selected expenditure to supporting documentation to assess whether it was directly attributable to exploration and evaluation activities for the relevant area of interest and capitalised in accordance with the Group's accounting policy; and
- assessing the adequacy of the Group's disclosures relating to exploration and evaluation expenditure and the associated accounting judgements.

Disposal of exploration tenements and recognition of consideration

Area of focus (refer also to note 2, 3 & 5)

In May 2024, the Group entered into an agreement with Gehyra Exploration Pty Ltd for the disposal of its South Australian Petroleum Exploration Licence Applications (PELAs) located in the Arrowie Basin.

The consideration under the agreement comprises upfront payments, a further \$1 million payment contingent on the announcement of the first continuous commercial production of helium or petroleum from any of the PELAs, and future royalties based on production from the PELAs.

The accounting for the disposal involved judgement in determining the timing and amount of consideration to be recognised. In particular, the assessment of contingent consideration arising from the disposal under *AASB 138 Intangible Assets* required management to evaluate the uncertainty associated with the future commercial production outcomes and whether the relevant recognition criteria had been satisfied.

How our audit addressed the key audit matter

Our audit procedures included:

- obtaining and inspecting the agreement with Gehyra Exploration Pty Ltd and assessing the key terms and conditions of the disposal, including the consideration payable, contingent consideration and future royalty arrangements;
- assessing the Group's accounting treatment for the disposal against the requirements of AASB 15, including the timing of recognition of the consideration;
- assessing the recognition of the \$350,000 tranche of consideration during the year, including the circumstances giving rise to its recognition and whether, at that time, it was highly probable that a significant reversal in the amount of cumulative revenue recognised would not occur;
- evaluating management's assessment of the conditions attached to the further \$1 million contingent consideration and assessing whether the uncertainty associated with the future commercial production outcome meant that recognition of the consideration at 30 June 2026 was appropriate;

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During the year, the Group recognised a further \$350,000 of consideration associated with the disposal following management's assessment that the relevant contractual milestones had been achieved and that sufficient evidence existed to support recognition of the consideration.

The further \$1 million contingent consideration and future production royalties were not recognised at 30 June 2026 as the relevant future events remained uncertain and the recognition criteria had not been satisfied.

We considered this to be a key audit matter because of the significance of the transaction to the Group and the judgement involved in determining the amount and timing of recognition of consideration, particularly in assessing the uncertainty associated with the contingent consideration and the application of the variable consideration constraint in AASB 15.

- assessing the Group's assessment of the future royalty arrangements and whether any amounts were required to be recognised at 30 June 2026; and

We also assessed the adequacy of the related disclosures in the financial report, including the nature of the consideration arrangements and the significant judgements applied in determining the timing and amount of consideration recognised.

Share based payments

Area of focus (refer also to note 2 & 25)

The Group currently has options issued to key management personnel and other contracting parties through share-based payment arrangements in accordance with *AASB 2 Share-based Payment*.

These options include both market and non-market vesting criteria, including:

- Service (employment) conditions;
- Market-based performance conditions; and
- Other non-market performance conditions.

The accounting for these options involves significant judgement and expertise, particularly in determining the appropriate valuation methodology and the likelihood of achieving the market-based conditions and satisfying all non-market conditions.

How our audit addressed the key audit matter

Our audit procedures included:

- Agreeing the material terms and conditions of any new share-based payment arrangement to plan documentation;
- Examining the share-based payment arrangements to determine the appropriateness of identifying each share-based payment arrangement, including assessment of the grant date;
- Assessing the appropriateness of the recognition of the share-based payment expense to the profit or loss over the relevant vesting periods;

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The Group engages independent specialists to assist in determining the fair value of its share-based payment arrangements subject to market-based conditions while management assesses the likelihood of satisfying the non-market vesting conditions.

This matter was considered a Key Audit Matter due to the complexity of arrangements and judgement applied in valuing the share-based payments.

- Assessing support for likely outcome of vesting conditions used to value share-based payments;
- Assessing support for satisfaction of achieving vesting conditions which are not market conditions; and
- Assessed the competence, qualification and objectivity of management's valuation specialist.

We also assessed the adequacy of disclosures in relation to the share options in the Remuneration Report and notes to the financial report.

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 2026 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 2026, 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 2026.

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 2026

Shareholder information

Lakes Blue Energy NL has the following securities on issue as at 23 September 2026:

Type	Security	Number of securities	Number of security holders
ASX Listed	Fully paid ordinary shares (Shares)	93,341,083	12,094
Unlisted	Options exercisable at \$0.36 and expiring 21 August 2031	9,023,483	641
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 Holdings Ranges	Holders	Number Units	%
1 – 1,000	8,641	2,204,694	2.360
1,001 – 5,000	2,218	5,250,128	5.620
5,001 – 10,000	468	3,445,228	3.690
10,001 – 100,000	652	19,987,901	21.410
100,001 – 9,999,999,999	115	62,453,132	66.910
Totals	12,094	93,341,083	100.000

Marketable Parcel

There are 9,577 shareholders holding less than a marketable parcel (equivalent to \$500) of Lakes Blue Energy Shares, based on the closing price of \$0.265 on 23 September 2026, representing a total of 3,488,048 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	5.61%

Restricted securities

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

20 Largest Shareholders

No.	Name	Number of Ordinary Shares Held	% of Issued Capital
1	Tenstar Trading Limited	5,233,109	5.61%
2	DGR Global Limited	3,767,701	4.04%
3	Newpeak Metals Limited	3,541,302	3.79%
4	Mr Geoffrey Chilton Thompson	3,396,430	3.64%
5	HSBC Custody Nominees (Australia) Limited	3,101,925	3.32%
6	Timeview Enterprises Pty Ltd	2,720,821	2.91%
7	Rubino Group Pty Ltd <Rubino Group A/C>	2,304,707	2.47%
8	Mrs Caroline Patricia Sleeman & Mr Roland Kingsbury Sleeman <Sleeman Family Super A/C>	1,905,428	2.04%
9	Acuity Capital Investment Management Pty Ltd <Acuity Capital Holdings A/C>	1,700,000	1.82%
10	Glendale Dwyer Pty Ltd <Dwyer Family A/C>	1,400,000	1.50%
11	Citicorp Nominees Pty Limited	1,270,729	1.36%
12	Mr Duncan John Hardie	1,108,412	1.19%
13	Samuel Capital Pty Ltd	1,086,024	1.16%
14	Gashunter Pty Ltd	1,036,717	1.11%
15	Samuel Holdings Pty Ltd <Samuel Discretionary A/C>	1,000,000	1.07%
16	Sutton Nominees Pty Ltd <W M Gatacre Family Fund A/C>	962,783	1.03%
17	Majella Investments Pty Ltd <Majella Property A/C>	947,355	1.01%
18	Mr Craig Jackson & Mrs Illiana Rina Jackson <The Kitty Super Fund A/C>	833,833	0.89%
19	Black Cat Holdings Pty Ltd	698,230	0.75%
20	Riverfort Global Opportunities PCC Ltd	666,667	0.71%
TOTALS		38,682,173	41.44%





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