

Lakes Advances Wombat-5 Testing as Pressure Build-Up Phase x

Key Highlights:

- Production testing progressing, with pressure build-up data supporting the presence of a gas-charged reservoir.
- Three gas-bearing zones confirmed across ~1,500 metre horizontal section, with strong gas shows observed throughout.
- Minimum of 237 metres of high-quality gas-bearing sands identified behind casing.
- Pressure build-up continues to 1,800 PSI, with data providing further insight into reservoir behaviour.
- Clear forward program defined, including propellant enhanced perforating over the highest quality gas bearing sands of the 237 metres identified in the reservoir, with the aim of enhancing well productivity and achieving commercial gas flowrates.
- Targeting commencement of next phase of operations in late August 2026, subject to regulatory approvals for the amended plan.
- Wombat 3D seismic reprocessing underway with Geomage Ltd to further improve the geophysical understanding of the Wombat gas field with preliminary results indicating a significant uplift in the detail of imaging of the Strzelecki Formation.

Lakes Blue Energy NL (ASX: LKO) (**Lakes** or the **Company**) is pleased to provide an update on current production testing operations at the Wombat-5 gas well and planning activities currently underway to perforate and stimulate the well to overcome formation damage effects from the well drilling activities and achieve commercial flow.

As previously reported, drilling at Wombat 5 encountered three strong gas zones within a 1,500 metre horizontal section across a broad package of gas saturated sands (see Figure 1). Gas shows ranging from C1 (methane) through to C5 (pentane) were observed throughout these intervals, confirming the presence of a gas-charged system. Production testing continues to progress, with the well currently in the pressure build-up phase following earlier clean-up and initial flowback operations.

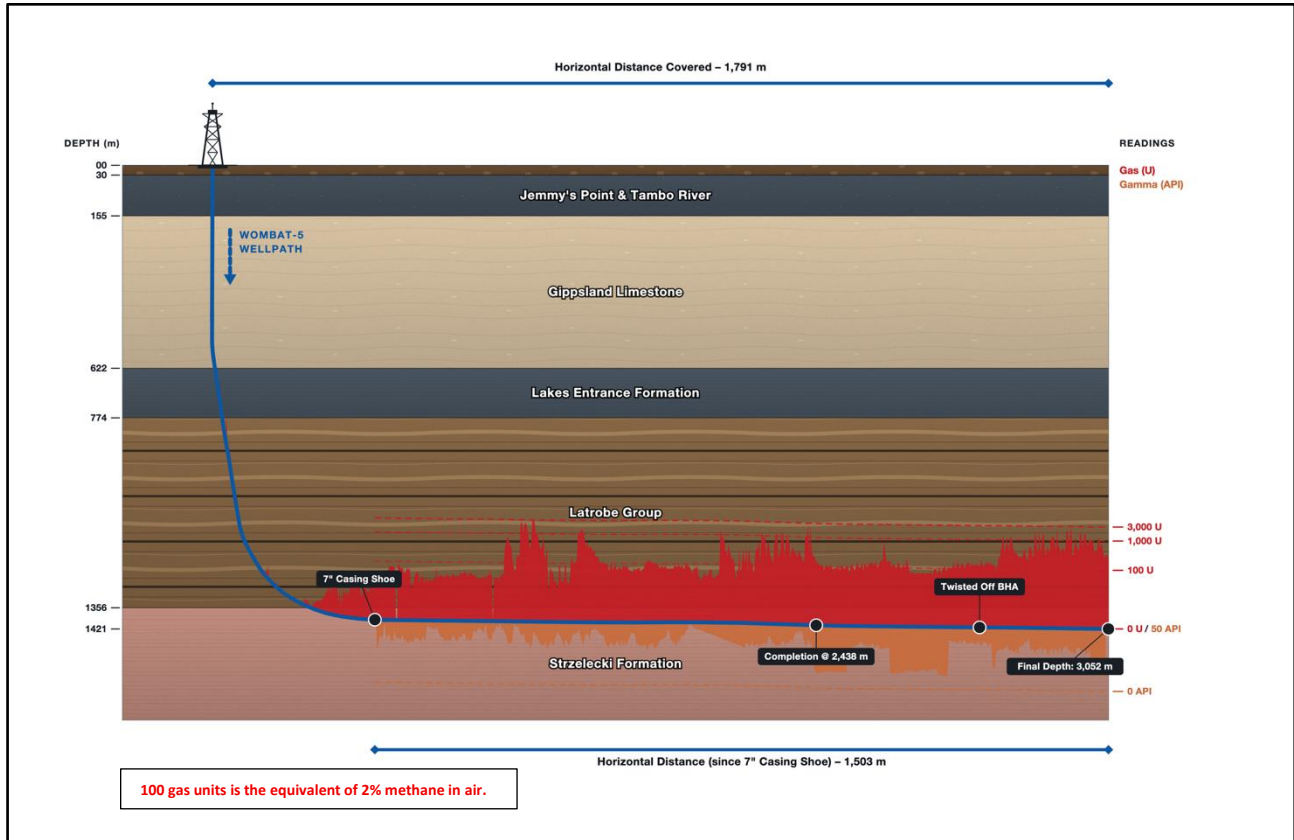


Figure 1: Wombat-5 Wellpath

Since the Company's previous announcement on 19 March 2026, the pressure build-up phase has continued. As of 26 May the well pressure had increased to 1,764 psi (12.2 MPa). Lake's technical team is encouraged by this outcome, with pressure analysis indicating both pressure contribution from the open hole section beyond the end of the cased hole section and a high formation skin from the drilling activities. The formation skin can be attributed to drilling mud invasion and clay swelling and is restricting the gas flow.

The Company has now identified a minimum of 237 metres of gas-bearing sands, with inferred porosity and high gas shows from C1 (methane) through to C5 (pentane), located behind casing. These results further support the presence of a gas-charged system, with the upcoming perforation and testing program designed to improve connectivity to these intervals.

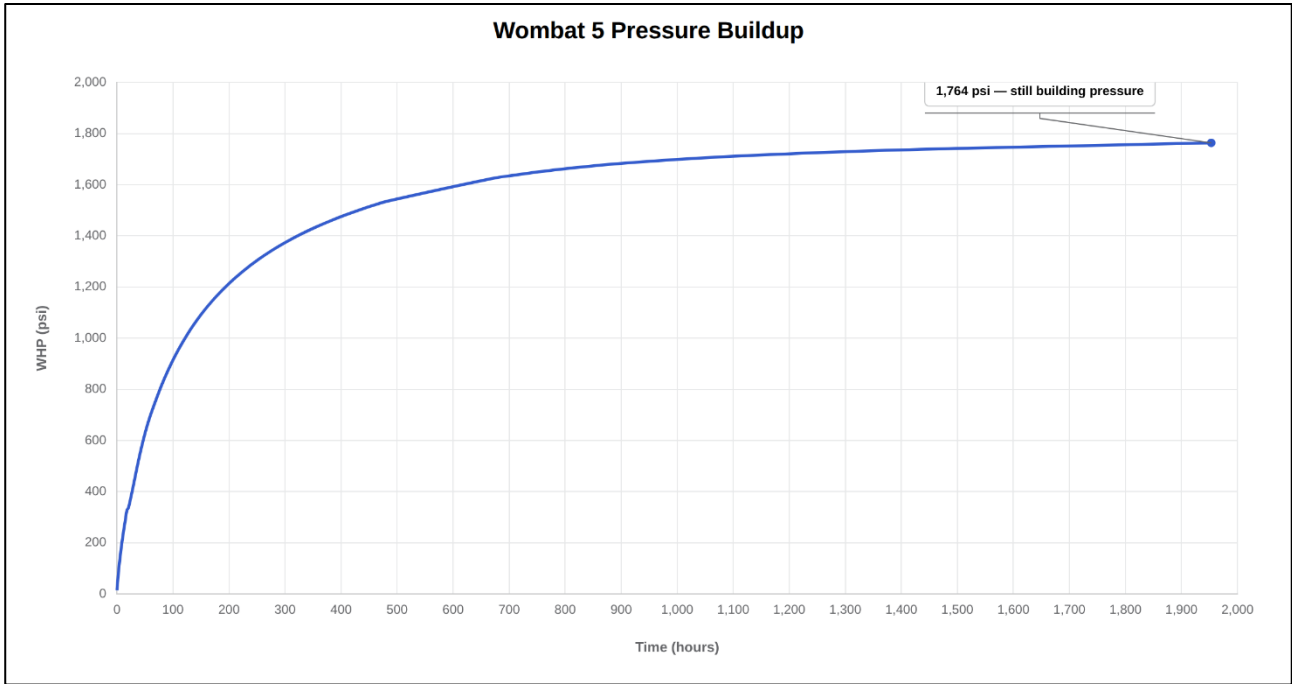


Figure 2: Wombat-5 Pressure Build-Up

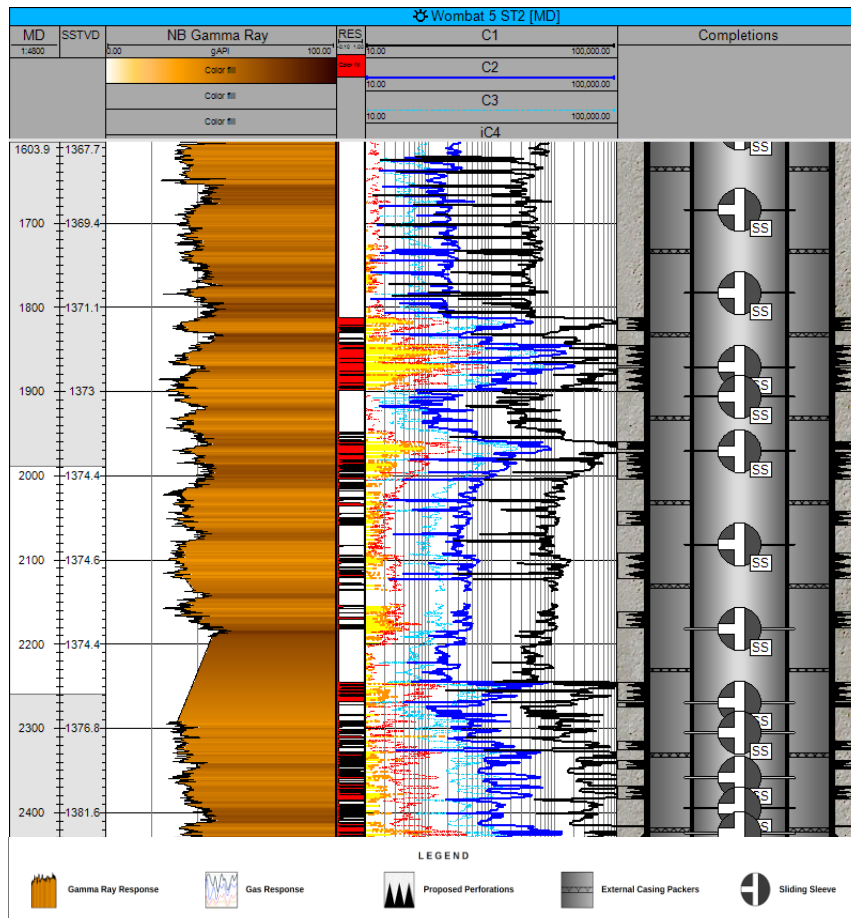


Figure 3: Wombat-5 Well Logs, Gas Response, Wellbore Completion and Future Perforated Zones

Next Steps

The Company has prepared a draft Variation to the Wombat 5 Operating Plan and is currently working closely with the regulator to finalise the amended plan.

Subject to regulatory approval, the Company intends to undertake the following activities as part of the next phase of testing:

1. **Reservoir Compatible Completion Fluid Placement:** Placement of a specially formulated inhibited completion brine over the reservoir zone to ensure that, when perforating exposes new gas bearing sands, that the sands are not susceptible to porosity and permeability damage from completion fluid contact. The Company is currently working with specialist service providers to undertake fluid compatibility testing using core samples taken from the Wombat-2 well. The completion fluid will be selected based on the results of these tests.
2. **Propellant Enhanced Perforation (PEP) Program:** Perforation of a minimum of 156 metres of the highest quality gas bearing sands behind casing. The propellant enhanced perforating guns under consideration enhance the amount of energy being applied at the reservoir and maximise the extent of gas bearing formation accessed. The guns under consideration have 13 penetrations per metre and a penetration capability of approximately 60 inches (152.4 cm). Based on the volume of fluid lost to the reservoir during drilling and the average porosity of the reservoir, the fluid invasion depth is estimated to be in the range of 7–12 inches (18-30 cm). Lakes is confident that it will be able to perforate well beyond the damaged zone and access clean gas bearing sands which have not suffered porosity and permeability damage.
3. **Flow testing:** Following the above, flow testing of the well to establish a base line flow rate from the perforated intervals. This will involve flowing the well at a series of controlled flowrates for defined periods, followed by periods when the well will be shut-in and the pressure build-up monitored.
4. **Potential stimulation:** The Company is also evaluating the potential of using standalone propellant stimulation guns, which provide a much larger gaseous energy release to further enhance the effectiveness of the perforations. Any decision to apply this technology would be taken following review of the well flow testing results. The use of propellant stimulation guns would be a subsequent follow-up work program.

At this stage, Lakes is targeting commencement of these activities in late August 2026, which will represent the next key phase of testing and is expected to provide further clarity on flow performance. This timing remains subject to regulatory approvals, completion of fluid testing work and the availability of equipment and services. Notwithstanding the current international supply chain challenges caused by the Iran conflict, the Company is aiming to commence operations during August.

The Company will continue to provide updates as operations progress through the next stages of testing.

Wombat 3D Seismic Reprocessing

The reprocessing of the 2008 Wombat 3D Seismic dataset is being undertaken by Geomage Ltd, industry leaders in onshore seismic reprocessing of image challenged, legacy seismic shot by TerreX in 2008.

The Geomage reprocessing is focused on enhancing the seismic response within the Strzelecki formation. By leveraging advanced processing algorithms with Geomage's proprietary MultiFocusing™ technology, it is intended that the reprocessing will provide a significant uplift in the subsurface imaging.

The reprocessing will dramatically increase the signal-to-noise ratio, extracting high-resolution subsurface images from within the 2008 legacy data.

Preliminary Post-Stack Time Migration (PoSTM) results (Figure 4 below) already demonstrate a dramatic improvement over the legacy 3D seismic data with a clear structural uplift and improved vertical and lateral resolution within the Strzelecki formation.

The Company will evaluate the final reprocessed dataset for inversion study opportunities. Inversion is the process of converting seismic reflectivity into quantitative rock properties from the well logs and core to better differentiate between lithology and fluid variations across the field. This work is expected to support improved identification of high deliverability, stacked reservoir zones within the Wombat structure that the legacy data simply could not resolve.

A key objective of the high-fidelity reprocessing exercise is to reveal potential amplitude anomalies or Amplitude Versus Offset (AVO) signatures that may have been masked by conventional processing artifacts. Such anomalies are useful in defining the full infrastructure including gas, oil and water.

The insights gained from this reprocessing will be instrumental in defining the design parameters of a planned Wombat 3D seismic acquisition program across the Wombat and Trifon fields and will assist in the design of the Full Field Development Plan.

The reprocessing program is advancing on schedule, with the delivery of the final time and depth datasets expected in mid-August 2026.

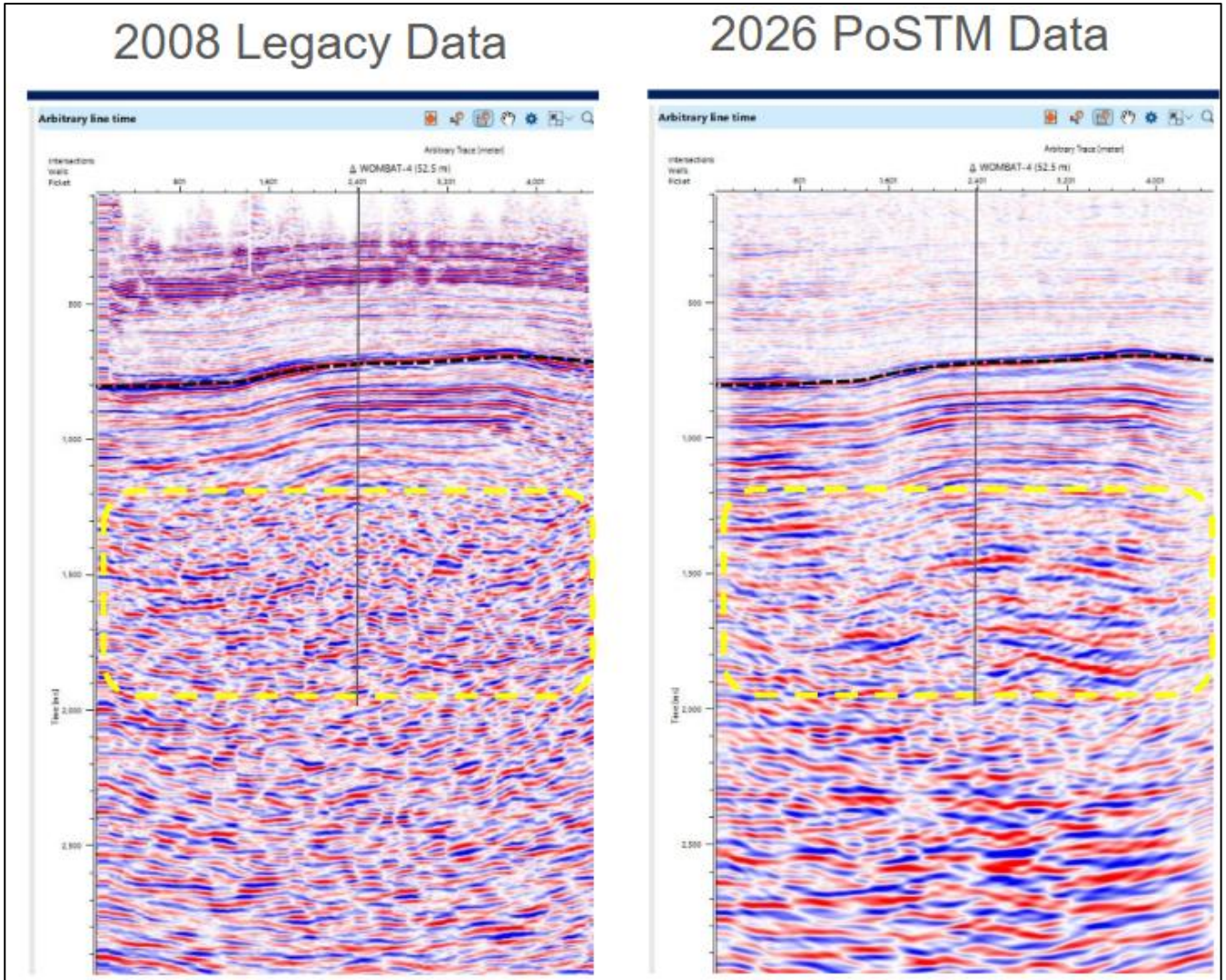


Figure 4 Preliminary PoSTM line through Wombat 4 compared with the original legacy line, indicating a more coherent imaging of the Strzelecki formation.

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

For enquiries regarding this release please contact:

Roland Sleeman

Chairperson

Tel: +61 3 9629 1566