

Wombat-5 Well, Gippsland Basin, Victoria Drilling Update

The Board of Lakes Blue Energy is pleased to be able to provide the following update on drilling operations at Wombat-5, side-track-2 (ST-2). As at 9.30 am AEST today, the status of the well is as set out below:

Days from spud	40
Current depth	1,612 mRT ¹ MD ² ; 1,393 mRT TVD ³
Horizontal length	60m
24hr Progress	60m
Hole size	6-1/8"
Last casing point	7" set at 1549.1 mRT MD; 1,392 mRT TVD
Current formation	Strzelecki Formation
Target formation	Strzelecki Formation
Target formation depth	1,410 mRT MD; 1,356 mRT TVD
HS&E LTIs	0

The contractor commenced drilling the 6-1/8" horizontal, production hole section at 6:15am this morning after drilling out the 7" casing shoe. By 9:30 am a total of 60 metres had been drilled at approximately 20 metres per hour, with further increases in natural gas readings recorded as the new cuttings came to surface. Readings up to 81 units, or 16,200 ppm, comprising methane, ethane, propane, butane and pentane (also known as C1 to C5⁴ gas shows) were recorded.

Lakes anticipates further increases in the intensity of natural gas shows as the proposed 1,500 metre horizontal well continues to drill towards the target overall drilling depth of 3,050 mRT MD.

Chairman Roland Sleeman commented,

"The gas shows in the Strzelecki are highly encouraging and we look forward to completion of the 1,500 m lateral well over the next 1,440 metres to access the 250 BCF⁵ of gas at Wombat and target commercial production."

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

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1. mRT means metres below the rotary table, effectively metres below the drilling rig floor.
2. MD means measured depth
3. TVD means true vertical depth
4. C1 to C5 gas shows refers to methane, ethane, propane, butane and pentane gases evident in the drilling muds returned to the surface.
5. 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.

Cautionary Statement

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.