



FINANCIAL REPORT

**For the half-year ended
30 June 2024**

**AUSTRALIAN OIL COMPANY LIMITED
(Formerly Sacgasco Limited)
ABN 83 114 061 433**

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DIRECTORS' REPORT

Your directors submit the Interim Report of the Group comprising Australian Oil Company Ltd, formerly Sacgasco Limited ("**the Company**", "**AOK**" or "**Australian Oil**") and its controlled entities ("**the Group**") for the half-year ended 30 June 2024. To comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

The names of the Directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

		Appointment / Period of Directorship
J.L. Kane Marshall	Managing Director	17 July 2023
William Ashby	Non-executive Director	6 April 2022
David McArthur	Non-executive Director	2 May 2024
Gary Jeffery	Managing Director / Technical Director	24 October 2013 to 3 April 2024
Andrew Childs	Non-executive Chairman	25 November 2008 to 30 April 2024

REVIEW OF OPERATIONS

This half-year, together with the subsequent events referred to in this report, focus on the resetting of the Company away from Canadian and Filipino jurisdictions whilst maintaining a meaningful presence in California.

The Group is working on projects predominantly focused on upstream gas opportunities both in California as well as domestically with a clearly defined commercial and technical strategy in jurisdictions which have low perceived sovereign risk.

HIGHLIGHTS

North America – Exploration and Producing and Development Properties

- Total gross production from Canadian assets (before royalty) of 122,348 BBL, with
- AOK share of oil production in Canada of 36,704 BBL equating to an average of 202 BOPD for the period
- AOK share of gas flows in California was 266 MCFPD, with premium gas prices during the June 2024 half-year and continuing
- Subsequent to the period, the Company reached settlement with Blue Sky Resources Limited ("**BSRL**") on outstanding monies owed to it from the Nido divestment transaction and for the sale of the Red Earth assets via the disposal of the Company's Canadian subsidiary, Sacgasco AB Ltd

Philippines - Exploration and Development

- In the prior period, Australian Oil signed an agreement to sell its Nido Petroleum and Yilgarn subsidiaries while retaining an Overriding Royalty Interest in future Nido production
- As part of the settlement with BSRL after the reporting period, the Company waived its rights to the royalties in relation to the above and accepted re-assignment of the shares in Yilgarn Petroleum Pty Ltd which has a 30.1% working interest ("WI") in SC 54

Corporate and New Ventures

- During the reporting period Mr Childs and Mr Jeffery resigned from the Company. Mr David McArthur was appointed to the Board to maintain the minimum requirements of Directors and assist with several corporate matters due to his association with the Company as Joint Company Secretary
- Mr Marshall has assumed all duties in relation to technical evaluation of both current and new opportunities
- During the reporting period, the Company changed its name to its founding name Australian Oil Company Limited to reflect the Company's corporate reset and a diversified strategic direction under the current Board

CANADA

Australian Oil Company's Canadian Producing Properties

Canada Oil Production (BOE)	Six months to 30 June 2024	Six months to 31 December 2023
AOK Net Production	36,704	42,967
AOK Net Production after Royalty	31,431	35,205

Current AOK net before royalty production rate was approximately 202 BOPD for the period.

AUSTRALIAN OIL COMPANY CANADA TENEMENT TABLE (30 June 2024)

PROJECT NAMES	LEASES; RELATED GAS FIELD (HBP LEASES); OR KEY WELL	PROJECT TYPE	WORKING INTEREST (WI) *
Red Earth Assets (Canada)	Oil Mineral Leases and wells and Associated Infrastructure	Production	30%

ONSHORE CALIFORNIA (Majority Operated)

The Company continued to maintain its leases in the Sacramento Basin during the period. Australian Oil Company has a working interest (WI) of between 10% and 100% in oil and gas leases which cover natural gas prospects ranging in size from 5-20 Bcf to Tcf recoverable prospective resources of Natural Gas.

California Gas Flows (mcf) ¹	Six months to 30 June 2024	Six months to 31 December 2023
Gross Gas Flows	86,597	85,341
AOK Gas Flows after Royalty	48,359	51,863

Note 1: mcf = Thousand Cubic feet gas

Gas flow optimisation and sales opportunities are continually being pursued.

AUSTRALIAN OIL COMPANY CALIFORNIA TENEMENT TABLE (30 June 2024)

PROJECT NAMES	LEASES; RELATED GAS FIELD (HBP LEASES); OR KEY WELL	PROJECT TYPE	WORKING INTEREST (WI) *
Dempsey Area Project	Rancho Capay, Rice Creek, East Gas Fields – HBP Leases. Oil and Gas Mineral Leases	Gas Flow, Exploration, Appraisal and Rework	40-60%
Borba Project	Oil and Gas Mineral Leases	Commercialisation of Gas Discovery	66.67%
Los Medanos Project	Los Medanos Gas Field HBP Leases	Gas Flow, and Rework	90%
Malton Project	Malton Gas Field HBP Leases and Oil and Gas Mineral Leases	Gas Flow, Exploration, Appraisal and Rework	45-70%
Dutch Slough Gas Project	Dutch Slough Gas Field HBP Leases	Exploration, Appraisal And Rework	70%
Rio Vista Gas Project	Rio Vista Field Wells	Gas Flow, Development And Rework	100%
Alvares Project ⁺	Alvares 1 well (P&A entry)	Exploration, Appraisal	N/A

* Approximate WI across the referenced Project

+ Alvares and the prospect is not leased by AOK, but the Alvares well is included in PEOCO's DoGGR bond and PEOCO has a 50% WI in the well only

Australian Oil Company is the Operator of all its WI wells and related tenements in California through its subsidiary PEOCO LLC.

LEASES

US and Canadian exploration are conducted on leases granted by Mineral Right owners, including the respective Governments and private individuals or groups. Leases can vary in size from very small parcels (part of an acre) to large landholdings (covering a few square miles). Leases generally are for 5 years, and rentals are paid annually. There are no firm work commitments associated with the leases. Some leases are 'Held By Production' (HBP) and royalties are paid to mineral right owners in lieu of rentals. AOK has not listed all its leases as it is impractical and not meaningful for potential project value assessment in a conventional natural gas play. A detailed listing of leases may also lead to a loss of competitive advantage and consequent reduced value to AOK shareholders.

COMPETENT PERSONS' STATEMENT

This document contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by many variables which could cause actual results or trends to differ materially. The technical information provided has been reviewed by Mr J.L. Kane Marshall. He is a qualified geologist and petroleum engineer with over 25 years' experience in commercial and management experience in exploration for, appraisal and development of oil and gas. He is a member of The American Association of Petroleum Geologists (AAPG), Society of Petrophysics and Well Log Analysis (SPWLA), Geophysical Society of Houston (GSH), Petroleum Exploration Society of Australia (PESA), Society of Petroleum Engineers (SPE), South East Asian Petroleum Exploration Society (SEAPEX) and Geoscience Energy Society of Great Britain (GESGB). Mr Marshall consents to the inclusion of the information in the form and context in which it appears.

The timing of future events is subject to the normal industry vagrancies of operational matters and equipment availability which are outside the control of Australian Oil Company and its suppliers. Facilities depicted in images on the Australian Oil Company website are not necessarily assets of Australian Oil Company. Some of the images used represent aspects of the oil and gas industry in which Australian Oil Company is involved or images of equipment owned by companies providing services to Australian Oil Company.

Before investing it is recommended that investors conduct their own due diligence and consult financial and technical advisors and form their own opinions on future events and implications.

CORPORATE

Australian Oil Company Limited is listed on the Australian Securities Exchange (**ASX: AOK**), classified as an international oil and gas explorer.

AUSTRALIAN OIL COMPANY CAPITAL STRUCTURE

At the date of this report, the capital structure of the Group is as follows:

ISSUED CAPITAL – 12 September 2024

Ordinary Shares (ASX: AOK)	944,640,140
Unlisted Options exercisable between 2.5 cents and 4.5 cents by 30 April 2029	112,476,533

Refer note 17 to the accounts for a breakdown of shares and options issued after the end of the reporting period

ANNUAL GENERAL MEETING

On 28 March 2024, the Company provided its 2023 Annual Report to Shareholders. The Annual General Meeting was held on the 29 May 2024 and all Resolutions presented were passed by a poll.

REVIEW OF RESULTS AND FINANCIAL POSITION

The net profit after income tax for the half-year was \$6,006,526 (30 June 2023: loss of \$1,770,928), which included a \$7,263,661 gain following the disposal of the Group's Filipino subsidiaries. On 30 August 2024, the Company announced it had reached an agreement with BSRL whereby AOK will receive \$3 million cash payment as full satisfaction of all amounts due to resolve the outstanding Nido divestment and for the sale of the Group's Red Earth assets via the divestment of the Company's Canadian subsidiary, Sacgasco AB Ltd. The results and financial position of these subsidiaries are disclosed as a discontinued operation in these financial statements and for the comparative period of the prior year.

At the end of the reporting period the Group had cash on hand of \$576,247 (31 December 2023: \$265,725).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as reported above in the Review of Operations, there were no significant changes in the state of affairs of the Group during the reporting period.

MATTERS SUBSEQUENT TO THE BALANCE DATE

Other than as disclosed in note 17 to the financial statements, there have been no other matters or circumstances that have arisen since the end of the financial period that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made in accordance with a resolution of the directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.



J.L. KANE MARSHALL
Managing Director

13 September 2024
Perth, WA

About Australian Oil Company Limited (ASX: AOK)

Australian Oil Company Limited (ASX: AOK) is an Australian-based energy company focused on under-explored, recently over-looked, world class oil and gas opportunities near under-supplied markets.

The Company is currently focused on conventional oil and gas exploration and production in the Sacramento Basin, onshore California USA, and Alberta Canada.

Australian Oil Company has an extensive portfolio of natural gas and oil producing wells and discoveries and prospects at various appraisal and exploration stages. The Company is targeting supply to the local Californian and Canadian oil and gas markets and burgeoning Australasian market.

Australian Oil Company is in the process of evaluation for acquisition of additional undervalued oil and gas producing and exploration assets.

www.sacqasco.com

(X): @AustralianOilCo

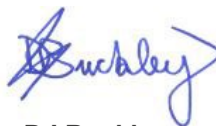
LinkedIn: Australian Oil Company Limited

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Australian Oil Company Limited for the half-year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
13 September 2024



D I Buckley
Partner

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GENERAL INFORMATION

The consolidated financial statements cover Australian Oil Company Ltd as a Group consisting of Australian Oil Company Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Australian Oil Company Ltd’s functional and presentation currency.

Australian Oil Company Ltd is a listed public company limited by shares, incorporated, and domiciled in Australia. Its registered office and principal place of business are:

Registered office and principal place of business
Level 1,
31 Cliff Street
Fremantle WA 6160

The principal activities of the Group were oil and gas exploration with associated natural gas flows as a by-product in California, and oil exploration, production, and development activities in Canada.

The financial statements were authorised for issued, in accordance with a resolution of directors, on 13 September 2024. The directors have the power to amend and reissue the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the half-year ended 30 June 2024

		30 June 2024	30 June 2023 Restated ⁽¹⁾
	Note	\$	\$
Production income	4	158,785	478,076
Other income	5	134,548	137,595
Finance income		4,684	163
Expenses			
Other operating expenses		(419,614)	(446,594)
Exploration expenditure		-	(157)
Personnel expenses		(338,018)	(169,414)
General and administrative expenses		(102,561)	(103,958)
Professional fees		(364,796)	(173,183)
Marketing and business development expense		(249)	(4,430)
Depreciation and amortisation – other assets		(473)	(2,439)
Finance expenses		(52,053)	(47,222)
Foreign exchange (losses) / gains		(30,744)	13,569
Impairment gain / (loss) on trade receivables		1,722	(2,331)
Loss before income tax		(1,008,769)	(320,325)
Income tax expense		(2,431)	(3,561)
Loss for the period from continuing operations		(1,011,200)	(323,886)
Gain on disposal of subsidiaries	2(a)	7,263,661	(1,319,824)
Loss for the year from discontinued operations	2(b)	(245,935)	(83,004)
Profit / (loss) from discontinued operations before tax		7,017,726	(1,402,828)
Income tax expense on discontinued operations	2(b)	-	(44,214)
Profit / (loss) from discontinued operations		7,017,726	(1,447,042)
Profit / (loss) for the period		6,006,526	(1,770,928)

⁽¹⁾ The prior year comparative figures have been restated to reflect the impact of discontinued operations detailed in note 2.

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the half-year ended 30 June 2024

	30 June 2024 \$	30 June 2023 Restated ⁽¹⁾ \$
Profit / (loss) for the period	6,006,526	(1,770,928)
Other comprehensive income		
Foreign currency translation difference of continuing foreign operations	1,056	(238,713)
Foreign currency translation difference of discontinued foreign operations	(103,597)	(296,239)
Derecognition of foreign currency translation reserve	1,155,857	-
Total comprehensive income / (loss) for the year	7,059,842	(2,305,880)
Profit / (loss) for the period is attributable to:		
Continuing operations	(1,011,200)	(323,886)
Discontinued operations	7,017,726	(1,447,042)
	6,006,526	(1,770,928)
Comprehensive income / (loss) for the period is attributable to:		
Continuing operations	(1,010,144)	(562,599)
Discontinued operations	8,069,986	(1,743,281)
	7,059,842	(2,305,880)
Earnings / (loss) per share (cents per share)		
Basic and diluted – continuing operations	(0.13)	(0.05)
Basic and diluted – discontinued operations	0.90	(0.24)
	0.77	(0.29)

⁽¹⁾ The prior year comparative figures have been restated to reflect the impact of discontinued operations detailed in note 2.

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 30 June 2024

	Note	30 June 2024 \$	31 December 2023 \$
Assets			
Cash and cash equivalents	12	576,247	265,725
Trade and other receivables	6	1,660,777	481,643
Inventory		-	97,495
Prepayments		43,816	30,095
Non-current assets held for sale	2	11,406,550	10,386,483
Total current assets		13,687,390	11,261,441
Oil and gas properties	7	-	11,822,726
Other financial assets		304,926	298,952
Property, plant, and equipment		599	1,021
Intangible assets		81	132
Total non-current assets		305,606	12,122,831
Total assets		13,992,996	23,384,272
Liabilities			
Trade and other payables	8	(787,975)	(633,332)
Borrowings	9	(1,191,636)	(1,119,783)
Employee entitlements		(198,190)	(97,506)
Site restoration provision	10	-	(614,406)
Liabilities associated with non-current assets held for sale	2	(11,711,195)	(16,789,548)
Current tax liabilities		-	(310,312)
Total current liabilities		(13,888,996)	(19,564,887)
Site restoration provision	10	(210,932)	(11,473,564)
Total non-current liabilities		(210,932)	(11,473,564)
Total liabilities		(14,099,928)	(31,038,451)
Net liabilities		(106,932)	(7,654,179)
Equity			
Issued capital	11	34,612,711	34,218,663
Reserves		478,276	(507,622)
Accumulated losses		(35,197,919)	(41,365,220)
Total deficit attributable to equity holders of the Company		(106,932)	(7,654,179)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 30 June 2024

	Issued capital	Translation reserve	Options reserve	Share-based payments reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$
Balance on 1 January 2023	33,058,906	(614,061)	160,775	49,973	(40,631,956)	(7,976,363)
Loss for the period	-	-	-	-	(1,770,928)	(1,770,928)
Foreign exchange translation difference on Continuing foreign operations	-	(238,713)	-	-	-	(238,713)
Foreign exchange translation difference on discontinued foreign operations	-	(296,239)	-	-	-	(296,239)
Total comprehensive loss for the period	-	(534,952)	-	-	(1,770,928)	(2,305,880)
<i>Transactions with owners in their capacity as owners</i>						
Contributions of equity, net of transaction costs	83,994	-	-	(49,973)	-	34,021
Share-based payments	-	-	-	21,295	-	21,295
Balance on 30 June 2023	33,142,900	(1,149,013)	160,775	21,295	(42,402,884)	(10,226,927)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the half-year ended 30 June 2024

	Issued capital	Translation reserve	Options reserve	Share-based payments reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$
Balance on 1 January 2024	34,218,663	(684,368)	160,775	15,971	(41,365,220)	(7,654,179)
Profit for the period	-	-	-	-	6,006,526	6,006,526
Foreign exchange translation difference on continuing foreign operations	-	1,056	-	-	-	1,056
Foreign exchange translation difference on discontinued foreign operations	-	(103,597)	-	-	-	(103,597)
Derecognition of foreign currency translation reserve	-	1,155,857	-	-	-	1,155,857
Total comprehensive income for the period	-	1,053,316	-	-	6,006,526	7,059,842
<i>Transactions with owners in their capacity as owners</i>						
Contributions of equity, net of transaction costs	394,048	-	-	(15,971)	-	378,077
Transfer to accumulated losses on expiry of options	-	-	(160,775)	-	160,775	-
Share-based payments	-	-	109,328	-	-	109,328
Balance on 30 June 2024	34,612,711	368,948	109,328	-	(35,197,919)	(106,932)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 30 June 2024

	Note	30 June 2024 \$	30 June 2023 \$
Cash flows from operating activities			
Receipts from customers		328,710	854,756
ATO Refund of Nido Petroleum overpaid PAYG		-	399,386
Cash paid to suppliers and employees		(947,479)	(1,128,142)
Payments for exploration and evaluation		-	(318,114)
Interest paid		(2,190)	(4,849)
Interest received		4,923	881
Income taxes paid		(2,431)	(3,561)
Net cash used in operating activities		(618,467)	(199,643)
Cash flows from investing activities			
Proceeds from disposal of Filipino subsidiaries		530,497	-
Payments for property, plant, and equipment		-	(893)
Net cash from / (used in) investing activities		530,497	(893)
Cash flows from financing activities			
Proceeds from issue of shares and options		409,335	511,899
Repayment of premium funding facility		(20,387)	(12,429)
Repayment of right-of-use lease liability		-	(46,678)
Proceeds from related party loans		-	100,000
Payment of capital raising costs		(315)	(2,531)
Net cash from financing activities		388,633	550,261
Net increase in cash and cash equivalents		300,663	349,725
Cash and cash equivalents on 1 January		265,725	435,870
Effect of exchange rate fluctuations on cash held		13,839	35,089
Cash and cash equivalents on 30 June	12	580,227	820,684

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

For the half-year ended 30 June 2024

1. MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

These general-purpose financial statements for the interim half-year reporting period ended 30 June 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *'Interim Financial Reporting'*.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

1.2 Accounting policies

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. No change to accounting policies was required.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the period ended 30 June 2024. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

1.3 Segment information

For management purposes, the Group is organised into two operating segments, being oil and natural gas exploration and appraisal, and oil production. All the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Maker) as two segments. Accordingly, all significant operating decisions are based upon analysis of the Group as two segments. The financial results from the segments are equivalent to the financial statements of the Group as a whole. The accounting policies used by the Group in reporting segments internally are the same as those contained in note 3 to the financial statements.

1.4 Foreign currency translation

The financial statements are translated into Australian dollars, which is Australian Oil Company Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

1.4 Foreign currency translation (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency translation reserve in equity.

The foreign currency translation reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

1.5 Going concern

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

For the period ended 30 June 2024, the Group recorded a profit of \$6,006,526 and had net cash inflows of \$300,663. As of 30 June 2024, the Group had net liabilities of \$106,932, a working capital deficit of \$201,606 and total cash on hand of \$576,247.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the Group to continue as a going concern is dependent on a combination of:

- Receipt of funds from the sale of its Red Earth and Philippines assets; and
- Secure additional funding through debt or equity issuances.

The Directors are confident that a combination of these strategies will sufficiently fund operations in the foreseeable future. Since period end, the Company announced it had raised \$325,000 through the issue of shares to sophisticated investors. On 30 August 2024, the Company announced it had reached an agreement with Blue Sky Resources Limited to resolve the outstanding Nido divestment transaction and divest Red Earth for \$3,000,000. A non-refundable deposit of \$750,000 was received on 30 August 2024 with the balance of \$2,250,000 receivable on or before 30 November 2024.

Whilst these factors give rise to a material uncertainty regarding the outcome of funding alternatives, and therefore may cast significant doubt as to whether or not the Group will be able to continue as a going concern and realise its assets at carrying values, given the Group's ability to raise cash when required, the directors are of the opinion the Group can carry on operations for the foreseeable future, and that it will be able to realise its debts and discharge its liabilities in the normal course of business. If necessary, the Group has the capacity to delay or cancel expenses that are discretionary in nature, including administrative costs and exploration expenditure that are not contractually binding.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets and liabilities that might be necessary if the Group does not continue as a going concern.

1.6 Production income

Revenue associated with the sale of natural gas, which the Group has rights to, is recognised when the Operator satisfies its contractual performance obligations by transferring title of specified goods based on contracts entered with customers. Revenue is based upon volumes sold to customers under these contracts.

1.7 Other income

Other income is recognised when the amount can be reliably measured and control of the right to receive the income be passed to the Group. Other income includes management charges levied on joint venture partners and the owner's share of lease operating expenses (COPAS) related to joint operations. Management charges cover administrative, management, and operational services provided by the Company, while COPAS represents the owner's allocated share of the costs incurred in operating the lease.

2 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations or is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately on the face of the consolidated statement of profit or loss and consolidated statement of other comprehensive income.

(a) Disposal of Filipino Subsidiaries

On 19 January 2024, shareholders approved the sale of its Filipino subsidiaries to Blue Sky Resources Limited, as announced to the market on 13 December 2023. The terms of the sale agreement are summarised below:

Sale Consideration

- US\$1,250,000 in cash with US\$350,000 payable upon receiving shareholder approval, and US\$900,000 on or before 30 April 2024. Two payments of US\$100,000 were received on 2 February 2024 and 29 February 2024. US\$150,000 was received on 14 March 2024.

Contingent Consideration

- Cash payment of US\$1,500,000 to be paid to Sacgasco within six months of production activities commencing at Cadlao, and
- A further cash payment of US\$1,000,000 after 12 months of oil production from the Cadlao Oilfield at a production rate of 3,000 BOPD or more.
- A sliding scale royalty on the Cadlao Field of:
 - Overriding royalty of 3% on production up to 3,000 BOPD net to Nido Participating Interest after PNOC EC Farmin,
 - Overriding royalty of 4% on production of 3,000 to 5,000 BOPD net to Nido Participating Interest after PNOC EC Farmin, and
 - Overriding royalty of 5% on production greater than 5,000 BOPD net to Nido Participating Interest after PNOC EC Farmin.
- A sliding scale royalty on all other Nido Service Contracts, except Cadlao as contemplated above, of:
 - Overriding royalty of 1.5% on production up to 3,000 BOPD net to Nido Participating Interest after PNOC EC Farmin,
 - Overriding royalty of 2% on production of 3,000 to 5,000 BOPD net to Nido Participating Interest after PNOC EC Farmin, and
 - Overriding royalty of 2.5% on production greater than 5,000 BOPD net to Nido Participating Interest after PNOC EC Farmin.

2 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

(a) Disposal of Filipino Subsidiaries (continued)

As a result of the sale and purchase agreement, the assets, and liabilities prior to the effective disposal date, being 1 December 2023, were classified as assets held for sale and liabilities associated with assets held for sale, and financial performance as a discontinued operation. The disposal was completed on 13 March 2024.

	Note	30 June 2024 \$	31 December 2023 \$
Non-current assets classified as held for sale			
Cash and cash equivalents	12	-	475,613
Trade and other receivables		-	9,125,908
Prepayments		-	70,833
Deposits and bonds		-	21,415
Property, plant, and equipment		-	633,406
Right-of-use assets		-	59,308
Total assets classified as held for sale		-	10,386,483
Trade and other payables		-	(4,520,085)
Borrowings		-	(685,200)
Employee benefits		-	(2,223)
Contract liabilities		-	(2,758,412)
Site restoration provision		-	(8,823,628)
Total liabilities associated with assets classified as held for sale		-	(16,789,548)
Net liabilities associated with assets classified as held for sale		-	(6,403,065)
Carrying amounts of assets and liabilities disposed			
Cash and cash equivalents	12	88,267	-
Trade and other receivables		9,807,709	-
Prepayments		72,869	-
Deposits and bonds		22,030	-
Property, plant, and equipment		651,605	-
Right-of-use assets		61,012	-
Trade and other payables		(4,588,153)	-
Borrowings		(704,888)	-
Employee benefits		(2,287)	-
Contract liabilities		(2,837,669)	-
Site restoration provision		(9,077,157)	-
Net liabilities disposed		(6,506,662)	-

2 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

(a) Disposal of Filipino Subsidiaries (continued)

	30 June 2024	30 June 2023 Restated
	\$	\$
Details of the disposal		
Total sale consideration ⁽¹⁾	1,912,856	-
Carrying amount of net liabilities disposed	6,506,662	-
Derecognition of foreign currency translation reserve through profit or loss	(1,155,857)	-
Gain on disposal after income tax	7,263,661	-
Cash flow information		
Net cash used in operating activities	-	(1,717,410)
Net cash from investing activities	-	1,434,187
Net cash from financing activities	-	558,951
Effects of foreign exchange	-	(29,313)
Net increase in cash and cash equivalents from discontinued operations	-	(246,415)
Financial performance information		
Exploration and evaluation expenditure	-	(514,745)
Administrative and personnel expenses	-	(367,681)
Professional fees	-	(224,971)
Net finance costs / (income)	-	(2,474)
Accretion expense	-	(138,632)
Depreciation	-	(3,338)
Amortisation	-	(44,956)
Foreign exchange losses	-	(23,027)
Loss before income tax expense	-	(1,319,824)
Income tax expense	-	-
Loss from discontinued operations after income tax expense	-	(1,319,824)

⁽¹⁾ US\$900,000 of the sale consideration has been contemplated in the omnibus settlement agreement post period end, which incorporates the disposal of the Red Earth assets, refer note 17.

2 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

(b) Red Earth Assets

On 30 August 2024, the Company signed an agreement with Blue Sky Resources Limited, concluding discussions which commenced prior to 30 June 2024, to sell its Red Earth assets and settle the outstanding Nido divestment transaction. The terms of the sale agreement are summarised in note 17.

As a result of the agreement, the assets and liabilities of the discontinued operations are classified as assets held for sale and liabilities associated with assets held for sale, and financial performance as a discontinued operation.

	30 June 2024	30 June 2023 Restated
	\$	\$
Financial performance information		
Production income	3,182,703	3,970,090
Other income	85,306	119,252
Net finance income	238	277
Cost of sales	(2,931,088)	(3,530,007)
Administrative and personnel expenses	(686)	(442)
Professional fees	(155,338)	(47,825)
Accretion expense	(185,203)	(185,067)
Depreciation	(67,477)	(92,575)
Amortisation	(174,390)	(316,707)
Loss before income tax expense	(245,935)	(83,004)
Income tax expense	-	(44,214)
Loss from discontinued operations after income tax expense	(245,935)	(127,218)
Cash flow information		
Net cash (used in) / from operating activities	(66,530)	341,405
Net cash from / (used in) investing activities	31,388	(332,492)
Effects of foreign exchange	248	544
Net (decrease) / increase in cash and cash equivalents from discontinued operations	(34,894)	9,457

2 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

(b) Red Earth Assets (continued)

	Note	30 June 2024 \$	31 December 2023 \$
Non-current assets classified as held for sale			
Cash and cash equivalents	12	3,980	-
Trade and other receivables		11,574	-
Producing oil and gas assets		11,293,065	-
Inventory		97,931	-
Total assets classified as held for sale		11,406,550	-
Non-current liabilities associated with assets held for sale			
Trade and other payables		77,514	-
Site restoration provision	10	11,327,026	-
Current tax liabilities		306,655	-
Total liabilities associated with assets classified as held for sale		11,711,195	-
Net liabilities associated with assets classified as held for sale		(304,645)	-

3 OPERATING SEGMENTS

The Group is organised into two operating segments based on the operations each performs, being:

- oil and gas exploration and appraisal
- oil production

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the CODM) in assessing performance and determining the allocation of resources. There is no aggregation of operation segments. Any amounts that fall outside of these segments are categorised as "Corporate".

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31 December 2023.

3 OPERATING SEGMENTS (continued)

Segment profit or loss

	Revenue		Segment profit / (loss)	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$	\$	\$	\$
Oil and gas exploration	158,785	478,076	(231,476)	90,053
	158,785	478,076	(231,476)	90,053
Eliminations	-	-	1,067	(1,347)
	158,785	478,076	(230,409)	88,706
Finance income			4,684	163
Finance costs			(52,053)	(47,221)
Central administrative expenses			(730,991)	(361,973)
Loss from continuing operations before income tax			(1,008,769)	(320,325)

Segment profit or loss represents the loss before tax earned by each segment without allocation of central administrative expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance. Discontinued operations have been excluded from the segment profit or loss.

Segment assets and liabilities

	Assets		Liabilities	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	\$	\$	\$	\$
Oil production	-	12,047,078	-	(12,250,239)
Oil and gas exploration	565,566	537,853	(483,294)	(392,571)
Total segment assets and liabilities	565,566	12,584,931	(483,294)	(12,642,810)
Corporate and other segment assets/liabilities	2,020,880	412,858	(1,905,439)	(1,606,093)
Assets held for sale	11,406,550	10,386,483	-	-
Liabilities associated with assets held for sale	-	-	(11,711,195)	(16,789,548)
Total	13,992,996	23,384,272	(14,099,928)	(31,038,451)

3 OPERATING SEGMENTS (continued)

For monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments, other than corporate office assets; and
- all liabilities are allocated to reportable segments, other than Group entity liabilities.

The CODM monitors cash, receivables, and payables position. This is the information that the CODM receives and reviews to make decisions.

Geographical information

The Group operates its business in Canada and the USA. During the period, the Group's production income was derived from the USA. The Group's production income and non-current assets by geographical location is as follows:

	Production income		Non-current assets	
	30 June 2024 \$	30 June 2023 \$	30 June 2024 \$	31 December 2023 \$
Australia	-	-	5,752	6,225
Canada and USA	158,785	478,076	299,854	12,116,606
Total	158,785	478,076	305,606	12,122,831

Non-current assets comprise oil and gas properties and bonds.

4 PRODUCTION INCOME

Revenue for the half-year ended 30 June 2024, relates to contracts executed for the sale of natural gas. All performance obligations have been met within the period. There is no variable consideration requiring estimation for the period ended 30 June 2024.

The Group did not have contracts that were executed in a prior period, whereby the performance obligations were partially met at the beginning of the period.

The Group's revenue from continuing operations is currently derived from its Californian operations and is disaggregated as such in the Group's segment note disclosure in note 3. The Group's revenue disaggregated by pattern of revenue recognition is as follows:

	30 June 2024 \$	30 June 2023 \$
Goods transferred at a point in time		
Natural gas	158,785	478,076

5 OTHER INCOME

		30 June 2024	30 June 2023
	Note	\$	\$
Other operating income – California	(i)	134,548	134,015
Other income		-	3,580
Total other income		134,548	137,595

(i) Each well owner is allocated a share of the lease operating expenses (COPAS) incurred in operating the leases.

6 TRADE AND OTHER RECEIVABLES

		30 June 2024	31 December 2023
	Note	\$	\$
Current			
Trade debtors		103,524	146,429
Less: Provision for expected credit losses		(23,958)	(25,147)
		79,566	121,282
Authorised government agencies		28,919	25,134
Other receivables – oil and gas assets		202,946	335,227
Nido divestment consideration receivable (US\$900,000)	2	1,349,346	-
		1,660,777	481,643
Movement in the allowance for expected credit losses			
Opening balance		25,147	25,690
Reversal of provisions recognised		(1,722)	(599)
Effects of foreign exchange		533	56
	(i)	23,958	25,147

(i) The Group has assessed the recoverability of the amounts due for well expenses on exploratory wells, accounting for factors such as oil and gas prices and historical recovery and determined that an ECL of \$23,958 for the period ended 30 June 2024 is appropriate. Should the exploratory wells for which costs are due move from exploration to production in the future, the Group intends to recover the amounts owing prior to releasing net revenues to the working interest parties. Other receivables are non-interest bearing.

7 OIL AND GAS PROPERTIES

	Subsurface assets \$	Surface assets \$	Total \$
Balance on 1 January 2023	16,524,472	6,359,833	22,884,305
Additions	-	151,540	151,540
Disposals	(9,550,567)	(3,807,614)	(13,358,181)
Change in site restoration liabilities	278,655	94,466	373,121
Depreciation write-back on disposals	1,594,364	508,373	2,102,737
Depreciation and depletion	(501,339)	(184,540)	(685,879)
Exchange differences	260,005	95,078	355,083
Balance on 31 December 2023	8,605,590	3,217,136	11,822,726
Additions	-	279,804	279,804
Change in site restoration liabilities	(317,458)	(110,032)	(427,490)
Classified as non-current assets held for sale	(8,354,518)	(3,411,903)	(11,766,421)
Exchange differences	66,386	24,995	91,381
Balance on 30 June 2024	-	-	-

8 TRADE AND OTHER PAYABLES

	30 June 2024 \$	31 December 2023 \$
Current		
Trade payables	631,339	429,759
Other payables – oil and gas exploration assets	121,558	-
Other payables – oil producing assets	-	147,917
Accrued expenses	35,078	55,656
	787,975	633,332

9 BORROWINGS

		30 June 2024 \$	31 December 2023 \$
Current			
Loans received from a related party		1,162,603	1,112,740
Premium funding facility		29,033	7,043
		1,191,636	1,119,783

	Other short- Term loans \$	Premium Funding \$	Loans from a related party \$	Total \$
Balance on 1 January 2023	-	-	917,041	917,041
Loans and borrowings received	451,515	-	300,000	751,515
Financing of premium funding facility	-	39,496	-	39,496
Interest charged	11,269	3,453	97,885	112,607
Interest paid ⁽¹⁾	-	(3,453)	-	(3,453)
Principal repaid	-	(32,453)	-	(32,453)
Effects of foreign exchange	(10,962)	-	(14,515)	(25,477)
Classified as liabilities associated with assets held for sale	(451,822)	-	(187,671)	(639,493)
Balance on 31 December 2023	-	7,043	1,112,740	1,119,783
Financing of premium funding facility	-	42,377	-	42,377
Interest charged	-	2,190	49,863	52,053
Interest paid ⁽¹⁾	-	(2,190)	-	(2,190)
Principal repaid	-	(20,387)	-	(20,387)
Balance on 30 June 2024	-	29,033	1,162,603	1,191,636

⁽¹⁾ amounts repaid include interest and loan establishment costs.

10 SITE RESTORATION PROVISION

Site restoration provisions have been disaggregated based upon geography due to differing jurisdictional requirements as per the table below:

California, USA (Sacramento Basin)

The Company continues to work within the regulations of the Californian authorities with regards to the planning and timing of the rehabilitation, such rehabilitation subject to the Company's share of the Department of Conservation and Division of Oil, Gas and Geothermal Resources (DoGGR) bond of US\$200,000 for up to fifty wells.

10 SITE RESTORATION PROVISION (continued)

	30 June 2024 \$	31 December 2023 \$
Current		
Canada	-	614,406
Non-current		
California	210,932	206,729
Canada	-	11,266,835
	210,932	11,473,564
Closing balance	210,932	12,087,970

Reconciliation of movements in site restoration provision:

	California \$	Canada \$	Philippines \$	Total \$
Balance on 1 January 2023	206,399	22,684,748	8,201,169	31,092,316
Amounts utilised or extinguished	-	(128,488)	-	(128,488)
Accretion expense	-	383,660	624,107	1,007,767
Change in site restoration estimates	-	373,121	-	373,121
Amounts extinguished on sale of assets	-	(11,768,779)	-	(11,768,779)
Effects of foreign exchange	330	336,979	(1,648)	335,661
Classified as liabilities associated with assets held for sale ⁽¹⁾	-	-	(8,823,628)	(8,823,628)
Balance on 31 December 2023	206,729	11,881,241	-	12,087,970
Rehabilitation works performed	-	(171,620)	-	(171,620)
Accretion expense	-	185,203	-	185,203
Change in site restoration estimates	-	(436,253)	-	(436,253)
Classified as liabilities associated with assets held for sale	-	(11,327,026)	-	(11,327,026)
Effects of foreign exchange	4,203	(131,545)	-	(127,342)
Balance on 30 June 2024	210,932	-	-	210,932

⁽¹⁾ refer to note 2 for amounts transferred to liabilities associated with non-current assets held for sale

11 CAPITAL AND RESERVES

Issued Capital

	Ordinary shares			
	Number of shares		Amount in \$	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Opening balance	777,055,322	611,180,909	34,218,663	33,058,906
Issue of shares for cash	116,953,061	153,599,800	409,335	1,075,199
Issue of shares in lieu of directors' fees	1,694,256	11,203,184	8,471	133,247
Issue of shares in satisfaction of consultancy fees	937,500	1,071,429	7,500	7,500
Capital raising costs	-	-	(31,258)	(56,189)
Closing balance	896,640,139	777,055,322	34,612,711	34,218,663

12 CASH AND CASH EQUIVALENTS

Reconciliation of cash recorded in Statement of Financial Position to Statement of Cash Flows

	Note	30 June 2024 \$	31 December 2023 \$
Cash and cash equivalents as per the statement of cashflows		576,247	265,725
Cash and cash equivalents – classified as held for sale	2	3,980	475,613
Balance as per statement of cash flows		580,227	741,338

13 SHARE-BASED PAYMENTS

The share-based payment expense included within the consolidated financial statements can be broken down as follows:

	30 June 2024 \$	30 June 2023 \$
Expensed in personnel expenses		
Shares issued to directors	-	49,973
Shares to be issued to directors	-	21,295
Options issued to directors	109,328	-

13 SHARE-BASED PAYMENTS (continued)

Shares issued in lieu of deferred director fees

At a general meeting on 31 May 2023, a share plan was approved by shareholders to satisfy 50% of all director fees through the issue of shares on a quarterly basis for the period 1 April 2023 to 31 March 2024. These shares were issued as follows:

Quarter ended	Director name	Contractual value of services rendered \$	Market value of shares on grant date \$	No. of Plan Shares issued	Date of issue	Share price on grant date cents
31-Dec-23 ⁽¹⁾	Gary Jeffery	-	-	562,500	19-Jan-24	0.50
31-Dec-23 ⁽¹⁾	Andrew Childs	-	-	625,000	19-Jan-24	0.50
31-Dec-23 ⁽¹⁾	William Ashby	-	-	506,756	19-Jan-24	0.50
		-	-	1,694,256		

⁽¹⁾ No value is recorded for contractual value of services and market value of shares in the current financial year as these expenses (\$13,554) were recorded in the share-based payments reserve as of 31 December 2023.

The share plan was cancelled with effect from 1 January 2024.

Share-based payment programme

The Company has adopted an Employee Share Option Scheme ("ESOS"). Under the ESOS, the Company may grant options and rights to Company eligible employees to acquire securities to a maximum of 10% of the Company's total issued ordinary shares at the date of the grant. The fair value of share options granted is measured using the Black Scholes option pricing model.

The options and rights vest on a time scale as specified in the ESOS and are granted for no consideration. Options and rights granted under the plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share. The maximum term of an option is five years from grant date and the exercise price is settled in cash.

Options will not be transferable and will not be listed on the ASX unless the offer provides otherwise or the Board in its absolute discretion approves.

Unissued ordinary shares of Australian Oil Company Ltd under option at the date of this report are as follows:

	Number of options	Exercise price (cents)	Grant date	Expiry date	Life of the options (years)	Volatility %	Risk free Rate %	Fair value at grant date (cents)	Share price at grant date (cents)
Tranche 1	10,000,000	2.5	29-May-24	30-Apr-29	4.92	100	4.02	0.40	0.70
Tranche 2	10,000,000	3.5	29-May-24	30-Apr-29	4.92	100	4.02	0.36	0.70
Tranche 3	10,000,000	4.5	29-May-24	30-Apr-29	4.92	100	4.02	0.33	0.70

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

14 FINANCIAL INSTRUMENTS

The carrying amounts of receivables, payables, and loans and borrowings are considered a reasonable approximation of their fair value.

15 RELATED PARTIES

(a) Key management personnel compensation

Key management personnel compensation comprises the following:

	30 June 2024 \$	30 June 2023 \$
Short-term employee benefits	206,045	92,850
Post-employment benefits	19,870	1,710
Share-based payments – shares issued	-	49,973
Share-based payments – shares to be issued	109,328	21,295
Share-based payments – options	-	-
	335,243	165,828

(b) Other key management personnel transactions

Andrew Childs

Resource Recruitment Pty Ltd, a company for which Mr Childs was a director until 30 April 2024, received \$7,800 in repayment for office rent. \$7,800 was outstanding on 30 June 2024.

(c) Loans from key management personnel

Gary Jeffery

Dungay Resources Pty Ltd, a company for which Mr Jeffery is a director and shareholder, provided cash loans on an arms-length basis to the Company in the prior year, accruing interest at 10% per annum, pro rata, repayable within six months if, and when, the company was in a financial position to do so. Interest expense to 30 June 2024 was \$49,863 and the balance outstanding was \$1,162,603.

On 1 May 2024, Dungay Resources agreed to combine five loans totalling \$1,000,000, maturing between 4 May 2024 and 6 June 2024, into one single loan and to extend the loan until 1 August 2024 under the same terms above.

On 1 August 2024, Dungay Resources agreed to extend the loan for a further six months, maturing on 1 February 2025, accruing interest at 10% per annum, pro rata.

16 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities, and results of the following wholly owned subsidiaries on 30 June 2024:

Name of subsidiary	Place of incorporation	Equity Interest	
		30 June 2024 %	30 June 2023 %
Sacgasco CA Inc	United States of America	100	100
PEOCO LLC	United States of America	100	100
Sacgasco AB Ltd	Canada	100	100
Nido Petroleum Pty Ltd	Australia	-	100
Nido Petroleum Philippines Pty Ltd	Australia	-	100
Yilgarn Petroleum Pty Ltd	Australia	-	100

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

17 MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 30 August 2024, the Company signed an agreement with Blue Sky Resources Limited to sell its Red Earth assets and settle the outstanding Nido divestment transaction. The terms of the sale agreement are summarised below:

Sale Consideration

Total consideration of \$3,000,000 cash to be paid as follows:

- \$750,000 was paid on execution of the agreement on 30 August 2024; and
- \$2,250,000 to be paid on or before 30 November 2024 ("second tranche payment").

Effective Date and Conditions Precedent / Subsequent

- The effective date of the disposal transaction is upon receipt of the second tranche payment, on or before 30 November 2024. Following receipt of this payment:
 - The outstanding Nido consideration of US\$900,000 is considered to be paid in full and the Nido transaction concluded;
 - Blue Sky shall be deemed to have reconveyed to Australian Oil 100% of the issued capital of Yilgarn Petroleum Philippines Pty Ltd, a company domiciled in Australia; and
 - Australian Oil will convey upon Blue Sky 100% of the issued capital of Sacgasco AB Ltd, a company domiciled in Canada.
- Australian Oil will ensure the matters pertaining to income tax obligations of Sacgasco AB Ltd are settled for the income tax year ending 31 December 2023; and
- Upon completion of the transaction, all further contingent payment and royalty obligations of Blue Sky previously considered in the Nido Divestment Transaction are forever waived and extinguished.

The divestment of Sacgasco AB is noted as not subject to shareholder or ASX approval.

17 MATTERS SUBSEQUENT TO THE END OF THE PERIOD (continued)

On 6 September 2024, the Company issued shares and options as approved by shareholders on 6 August 2024:

- \$125,000 was raised through the issue of 35,714,286 fully paid 0.35 cent ordinary shares to sophisticated investors. The Company is awaiting receipt of payment for 57,142,857 shares as approved by shareholders at the Company's General Meeting held 6 August 2024.
- 76,333,675 free-attaching options to sophisticated investors on a 2 for 1 basis for a total of 152,667,350 shares issued in August 2024 and September 2024. There are 28,571,429 free-attaching options yet to be allotted in relation to this share placement as per above.
- 5,714,286 fully paid ordinary shares to Kane Marshall to partially extinguish accrued salary, plus 2,857,143 unlisted options, exercisable at \$0.008 per share on or before 30 June 2026.
- 857,143 fully paid ordinary shares to Bill Ashby, a director of the Company to partially extinguish accrued director fees, plus 428,572 unlisted options, exercisable at \$0.008 per share on or before 30 June 2026.
- 5,714,286 fully paid ordinary shares to Broadway Management, a related party to David McArthur, a director of the Company to partially extinguish a debt, plus 2,857,143 unlisted options, exercisable at \$0.008 per share on or before 30 June 2026.

Other than as disclosed above, no matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION
For the half-year ended 30 June 2024

In accordance with a resolution of the Directors of Australian Oil Company Ltd, we state that:

In the directors' opinion:

1. The consolidated financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - a. Giving a true and fair view of the Group's financial position as of 30 June 2024 and of its performance for the six months ended on that date; and
 - b. Complying with Australian Accounting Standards, AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and mandatory professional reporting requirements; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the half-year ended 30 June 2024.

On behalf of the Board



J.L. KANE MARSHALL

Managing Director

13 September 2024
Perth, Western Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Australian Oil Company Limited

Report on the Condensed Half-Year Financial Report*Conclusion*

We have reviewed the half-year financial report of Australian Oil Company Limited (the "Company") (formerly Sargasco Limited) and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Australian Oil Company Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibility is further described in the *Auditor's Responsibility for the Review of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.5 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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


Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
13 September 2024



D I Buckley
Partner

CORPORATE DIRECTORY

Directors

Mr David McArthur
Mr J.L. Kane Marshall
Mr William Ashby

Secretaries

Mr David McArthur
Mr Jordan McArthur

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