ANNUAL FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED
31 December 2024

AUSTRALIAN OIL COMPANY LIMITED

(formerly Sacgasco Limited)

ABN 83 114 061 433

CONTENTS

CHAIRMAN’S REPORT

Dear Shareholder,

2024 has been a year of intense consolidation.

Underperforming assets both in Canada and the Philippines have been divested and the Company is now 100% focused on rebuilding its Californian operations.

Our hope and intention is to transform our Californian operations into being cash flow positive and to deliver on the considerable exploration potential that has long been promised.

I wish to add a note of caution however, the process of consolidation has not been and will not be without its challenges, which have been considerable. Our Managing Director and refreshed Board have worked tirelessly to understand and simplify our asset base in order to provide a solid platform for growth.

In addition to focusing our efforts on turning California around, we remain open to acquiring new assets - preferably in Australia or in the region. The key criterion for the Board’s assessment of any assets is such that they create value to our existing shareholders.

I respectfully ask that shareholders continue to be patient and to be assured that we have their best interests in mind as we progress through 2025.

Yours faithfully,

Chris Hodge
Chairman

REVIEW OF OPERATIONS

OVERVIEW

The 2024 year, together with the subsequent events referred to in this report, focused on the resetting of the Company away from Canadian and Filipino jurisdictions whilst implementing a strategy to transform Californian operations into a cash flow positive business whilst maintaining material exploration upside and assessing various new venture opportunities.

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, Producing and Development Properties

- Total net production from Canadian assets (before royalty) of 122,348 BBL
- AOK share of oil production in Canada was 36,704 BBL equating to an average of 202 BOPD for the period up to sale of the Red Earth assets
- AOK share of gas flows in California was 266 MCFPD, with premium gas prices during the 2024 financial year continuing; and
- Subsequent to year-end, the Company completed the Omnibus Settlement Agreement (**Settlement Agreement**) with Blue Sky Resources Ltd. to divest out of all Canadian and Filipino operations, facilitating a new growth phase for the Company.

Philippines – Exploration and Development

- Signing of the Settlement Agreement to finalise the outstanding payments in respect of the December 2023 divestment of Australian Oil's Filipino subsidiaries; and
- As part of the completion of the Settlement Agreement with BSRL after the reporting period, the Company waived its rights to the royalties in relation to the original Filipino interests.

Corporate and New Ventures

- During the six months ended 31 December 2024, Mr David McArthur resigned from the Board and experienced oil and gas executive Chris Hodge was appointed to the Board as Non-Executive Chairman; and
- As the Company reached, and now completed the Settlement Agreement, in parallel with implementing strategies to grow the Californian business it assessed several new venture opportunities both in onshore Europe and in Australia.

Canada Oil and Gas Production

Canada Oil and Gas Production	Year ending 31 December 2024 (BBL)[1]	Year ending 31 December 2023 (BBL)
AOK Production	36,704	86,743
AOK Production after Royalty	31,431	71,143
[1] Production interests divested with effective date 30 June 2024		

ONSHORE CALIFORNIA

The Company continued to maintain leases in the Sacramento Basin during 2024. 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 with up to a Tcf recoverable prospective resources of Natural Gas. A thorough review of the Sacramento Basin leases was conducted subsequent to the reporting period both to better understand opportunities to increase production, reduce costs, grow its inventory of prospects and leads and understand any potential issues with lease tenure. That review is being undertaken in conjunction with a review of corporate governance and managerial decisions on all asset matters.

Gas Flows in Sacramento Basin

California Gas Flows (mcf)[1]	2024	2023
Gross Production	154,634	161,834
AOK Production after Mineral Royalty	86,578	95,548
Note 1: mcf = Thousand Cubic feet gas		

AUSTRALIAN OIL COMPANY CALIFORNIA TENEMENT TABLE (as at 31 December 2024)+

Project Names	Leases; Related Gas Field (HBP leases); or Key Well	Project Type	Working Interest (WI)*
Dempsey Area Project	**Rancho Capay Unit, Big Jake, Rio Grande and Stoney Creek wells are associated with HBP Leases as well as intermittent production from Dempsey 1-15;**	**Exploration, Appraisal and Rework**	**40-60%**
Borba Project	**Borba 1-7 exploration well is associated with the Oil and Gas Mineral Leases**	**Exploration**	**66.67%**
Los Medanos Project	**Los Medanos Gas Field. The main wells are the Neely wells where shut in royalties are being paid.**	**Appraisal and Rework**	**90%**
Malton Project	**Malton Gas Field HBP Leases are associated with the VBC producing wells.**	**Exploration, Appraisal and Rework**	**45-70%**
Dutch Slough Gas Project	**Dutch Slough Gas Field. Scopes and Reedy wells are shut in with associated royalties being paid.**	**Exploration, Appraisal and Rework**	**70%**
Rio Vista Gas Project	**Rio Vista Field Wells Rec Board 7 and 8 are producing wells associated with HBP Leases.**	**Gas flow, development, and Rework**	**100%**
+Alvares Project	**Alvares 1 well (P&A)**	**All leases have expired and there has been found to be no working interest in any Alvares well.**	**0%**

* Approximate WI across the referenced Project
+ This is based off the latest in country review and lease tenure matters are still being investigated

Australian Oil Company is the Operator of all but one of its WI wells and related tenements in California, located in the Sacramento Basin, onshore northern California. A review of leases and its operating subsidiairy blanket bond has confirmed there are no leases and no well interests in Alvares and accordingly it has been removed as an interest in the tenement table.

Leases

USA exploration is conducted on leases granted by Mineral Right owners, in Australian Oil's case primarily governments, 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).

Exploration leases are generally are for a period of 5 years', with associated rentals paid annually. There are no firm work commitments associated with the leases. Some leases are 'Held by Production' and royalties are paid to mineral right owners in lieu of rentals. Australian Oil has not listed all it leases as it is still undertaking a thorough investigation into lease tenure and once it has completed this investigation and any necessary disclosure on leases will be done in accordance with continuous disclosure obligations.

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 Asia 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

The Financial Year

Shares and Options

At the Company's AGM held 29 May 2024, shareholders approved the issue of options to Managing Director, Kane Marshall. Three tranches of options were approved for issue, being 10,000,000 options per tranche. Each of the tranches expires 30 April 2029, with exercise prices of $0.025, $0.035 and $0.045 for each tranche respectively.

On 20 June 2024, the Company announced it had raised $409,336 (before costs) through the placement of 116,953,061 fully paid ordinary shares at $0.0035 each to sophisticated investors. A further 92,857,143 shares were approved for issue at a general meeting of shareholders on 6 August 2024, raising a further $325,000 (before costs).

Each tranche applied for by shareholders received one option for every two shares applied for, resulting in the issuance of 111,047,962 options. These options are exercisable at $0.008 per share, on or before 30 June 2026.

At the August shareholder meeting, approval was granted for Directors to convert a portion of outstanding fees into ordinary shares and options, on comparable terms to the June share placement. As a result, the Directors received 12,285,715 shares and 6,142,858 options as partial extinguishment of outstanding liabilities.

On 23 October 2024, the Company issued 14,889,975 options to Sanlam Private Wealth as a component of their fee for acting as lead manager to the placement. These options are exercisable at $0.008 on or before 30 June 2026.

Board and Management Changes

On 3 April 2024, the Company announced that Gary Jeffery had resigned from his role as Non-executive Director.

On 30 April 2024, Non-executive Chair Andrew Childs resigned. On 2 May 2024 it was announced David McArthur had been appointed in an interim capacity whilst the Company sought appointment of a Non-executive Chair.

On 23 October 2024, it was announced that Chris Hodge had been appointed Non-executive Chair. Mr Hodge is identified as a highly experienced and successful manager of oil and gas exploration and production companies. Having trained as a geologist and geophysicist, Mr Hodge has acted in both a Non-executive and Executive capacity on boards of listed companies, most notable as Managing Director of Horizon Oil Limited until 30 June 2022. As a result, Mr David McArthur resigned from his role as Non-executive Director, effective 22 October 2024.

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the **Group**) consisting of Australian Oil Company Limited (referred to hereafter as the **Company**) and the entities it controlled at the end of, or during, the year ended 31 December 2024.

DIRECTORS

The names of the directors who held office during the whole of the financial year and up to the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

J.L. Kane Marshall	Managing Director	Appointed 17 July 2023
Chris Hodge	Non-executive Chairman	Appointed 22 October 2024
William Ashby	Non-executive Director	Appointed 6 April 2022
Gary Jeffery	Non-executive Technical Director Managing Director	Appointed 17 July 2023 24 October 2013 to 17 July 2023 Resigned 3 April 2024
Andrew Childs	Non-executive Chairman	Appointed 25 November 2008 Resigned 29 April 2024
David McArthur	Non-executive Director	Appointed 1 May 2024 Resigned 22 October 2024

Information on Directors	Experience, qualifications, and other directorships
Name: Title: Qualifications:	J.L. Kane Marshall Managing Director MSc. Petroleum Engineering
Experience and expertise:	Kane has over 20 years' experience in various roles as a director, geologist, engineer, and company builder. He currently advises several resource companies on new venture transactions and funding. His diverse experience base includes technical and managerial roles with private equity, junior and major oil companies. Mr Marshall holds academic qualifications which include a Master of Petroleum Engineering from Curtin University, Bachelor of Science (Petroleum Geology) from the University of Western Australia and a Bachelor of Commerce (Investment Finance and Corporate Finance) from the University of Western Australia.
Other current directorships:	Non-Executive Chairman of Consolidated Africa Limited since 26 October 2022 Non-Executive Chairman of IPB Petroleum Limited since 9 February 2024
Former directorships (past 3 years):	Non-Executive Director of Hawkley Oil and Gas from 30 January 2020 to 20 July 2021
Special responsibilities:	None
Interests in shares: Interests in options:	11,170,000 32,857,143

DIRECTORS (continued)

Information on Directors	Experience, qualifications, and other directorships
Name: Title: Qualifications:	Chris Hodge Non-Executive Chair (appointed 22 October 2024) B.Sc. (Hons) Geology M.Sc. Structural Geology
Experience and expertise:	Chris is a highly experienced and successful manager of oil and gas exploration and production companies. A geologist by training, he has acted as both a Non-executive and Executive director for ASX listed companies. Most recently Chris served as a Director at Adelphi Energy Ltd, ROC Oil Company Ltd and Horizon Oil Ltd. He has also acted as a trusted advisor to both Mitsui & Co Ltd. and Mitsubishi Corporation. At Adelphi, Chris as MD guided the company to being a first mover in the Eagleford shale in Texas; at ROC he was a NED of the company which was taken over by Fosun; and at Horizon, Chris oversaw the transition from a troubled exploration and production company with a PNG focus, to a debt-free, dividend paying entity with strong oil production and a bright future. Chris has worked extensively overseas (Argentina, USA, Thailand, Indonesia, China and NZ), however he retains a deep working knowledge of the Australian oil and gas producing basins – especially in WA and Queensland.
Other current directorships:	Nil
Former directorships (past 3 years):	Managing Director of Horizon Oil and Gas Limited until 30 June 2022
Special responsibilities:	Chair of the Audit and Risk Management Committee Member of the Remuneration and Nomination Committee
Interests in shares: Interests in options:	Nil Nil
Name: Title: Qualifications:	William Ashby Non-Executive Director BAS Geophysics GradDipAS (Honours) – Petroleum Geophysics
Experience and expertise:	Bill has over 40 years of experience in upstream oil and gas covering the disciplines of geoscience, subsurface engineering, drilling, development, and production. Over that time, he has spent 16 years within SE Asia, including five years working within the Philippines. He has a track record of finding and developing significant discoveries, most recently in PNG, Caldita/Barossa in Australia, Gulf Coast USA (Eagleford Shale) and Madura Strait Indonesia. Bill is focussed on business outcomes that lead to upstream development and production of resources. He has small to mid-cap Australian listed company experience, complemented by major company experience (ConocoPhillips and Mobil) internationally.
Other current directorships:	None
Former directorships (past 3 years):	None
Special responsibilities:	Chair of the Remuneration and Nomination Committee Member of the Audit and Risk Management Committee
Interests in shares: Interests in options:	3,387,368 428,572

DIRECTORS (continued)

Name	Experience, qualifications, and other directorships
Name: Title:	Gary Jeffery Non-executive Technical Director (resigned 3 April 2024)
Qualifications:	B.Sc.
Experience and expertise:	Gary has nearly 50 years of project development, operations and exploration experience in the oil, gas and mining and energy utilities industries, having worked for both large and small organisations in over thirty countries worldwide. He is an experience director of public companies in Australia, Uganda, and Canada, and has broad international experience in resources, and provides consulting services on energy and resource related matters. Gary graduated with a BSc in Geology and Geophysics from the University of New England. He is a WA Energy Research Alliance (WAERA) Industry Advisory Group participant.
Other current directorships:	None
Former directorships (past 3 years):	None
Special responsibilities:	None
Interests in shares: Interests in options:	34,725,358 on resignation Nil on resignation
Name: Title: Qualifications:	Andrew Childs Non-Executive Chairman (resigned 29 April 2024) BSc.
Experience and expertise:	Andrew graduated from the University of Otago, New Zealand in 1980 with a Bachelor of Science in Geology and Zoology. Having started his professional career as an Exploration Geologist in the Eastern Goldfields of Western Australia, Mr Childs moved to petroleum geology and geophysics with Perth-based Range Oil Australia (later named Petroz NL). He gained technical experience with Petroz as a Geoscientist and later commercial experience as the Commercial Assistant to the Managing Director. Mr Childs is also Principal of Resource Recruitment.
Other current directorships:	Executive Chairman of Xstate Resources Limited
Former directorships (past 3 years):	Non-executive Director of ADX Energy Limited until 5 March 2024
Special responsibilities:	Chair of the Audit and Risk Management Committee Member of the Remuneration and Nomination Committee
Interests in shares: Interests in options:	13,670,459 on resignation Nil on resignation

DIRECTORS (continued)

Name	Experience, qualifications, and other directorships
Name: Title:	David McArthur Non-executive Director (appointed 2 May 2024, resigned 22 October 2024)
Qualifications:	B.Com. Chartered Accountant
Experience and expertise:	David has a Bachelor of Commerce Degree from the University of Western Australia and is a qualified Chartered Accountant. Mr McArthur has over 30 years' experience in the accounting profession and has been actively involved in the financial and corporate management of numerous public listed companies in this time. Mr McArthur has substantial experience in capital raisings, company re-organisations and restructuring, mergers and takeovers, and asset acquisitions.
Other current directorships:	Non-executive Director of Delorean Corporation Limited Non-executive Director of Lodestar Minerals Limited
Former directorships (past 3 years):	None
Special responsibilities:	Chair of the Audit and Risk Management Committee Member of the Remuneration and Nomination Committee
Interests in shares: Interests in options:	14,723,215 on resignation 2,857,142 on resignation

'Other current directorships' stated above are current directorships for listed entities only and exclude directorships of all other types of entities.

'Former directorships' stated above are directorships held in the last three years for listed entities only and exclude directorships of all other types of entities.

COMPANY SECRETARIES

David McArthur is a Chartered Accountant and was appointed to the position of Company Secretary on 24 October 2013. Mr McArthur has over 30 years' experience in the corporate management of publicly listed companies.

Jordan McArthur is a Chartered Accountant and was appointed to the position of Joint Company Secretary on 28 February 2022. Mr McArthur has over fourteen years' corporate and financial experience in Australia and the United Kingdom.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ("the Board") and of each Board committee held during the year ended 31 December 2024, and the number of meetings attended by each director was:

	Full board		Audit and risk management committee	
	Attended	Held	Attended	Held
Kane Marshall	7	7	2	2
Chris Hodge	2	2	Nil	Nil
William Ashby	7	7	2	2
Gary Jeffery	2	2	1	1
Andrew Childs	3	3	1	1
David McArthur	2	2	1	1

The small size of the Board means that members of the Board meet informally on a regular basis to discuss company operations, risks, and strategies, and as required formalise key actions through circular resolutions.

The audit and risk management, finance and environmental functions are handled by the full board of the Company.

In addition to the meetings held above, several decisions of the Board were undertaken via sixteen circular resolutions.

PRINCIPAL ACTIVITIES

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

The Company continues to assess potential exploration project acquisitions globally.

OPERATING RESULTS

The loss from continuing operations for the financial year ended 31 December 2024 attributable to members of Australian Oil Company Limited after income tax was $2,480,492 (2023: $1,090,699 reclassified loss). The profit after tax on discontinued operations for the financial year ended 31 December 2024 amounted to $8,662,796 (2023: $357,435).

The Group has working capital of $434,699 (2023: $8,303,446 deficit) and had net cash inflows of $612,254 (2023: $314,114).

DIVIDENDS

The Directors recommend that no dividend be provided for the year ended 31 December 2024 (2023: Nil).

MATERIAL BUSINESS RISKS

The key risk factors affecting the Company are set out below.

Crude oil and gas price
Crude oil and gas prices are volatile and affected by numerous factors beyond Australian Oil Company's control, including consumer demand, industry supply trends, international financial market conditions, uncertainty in commodity markets, OPEC actions, global economic conditions, government pricing regulations, and competing fuel sources. Australian Oil's financial performance is influenced by gas prices, and lower gas prices can negatively impact revenues, available liquidity, or access to capital markets, resulting in funding shortfall and/or inability to service debt. This may in turn lead to revisions in medium and longer-term price assumptions for oil and gas from future production, which, in turn, may lead to a revision of the value of the Company's assets. Australian Oil is additional exposed to risk in crude oil prices as fluctuations impact the commercial viability of exploration projects.

Operational interruptions
Gas production and recovery volumes may differ from Australian Oil's assumptions and forecasts. This can be due to, but not limited to, unplanned interruptions to production arising from various factors. These events may have a material effect on Australian Oil's financial performance. The occurrence of any event associated with these risks could result in production interruptions and/or substantial loss to Australian Oil.

Farm-out and Joint Venture Partners
Australian Oil may enter farm-out or joint venture agreements in relation to assets. Farm-out or joint venture partners may be unable to pay for their share of applicable costs.

Counterparty risks
A dispute or a breakdown between Australian Oil Company and its Joint Venture Partners, suppliers or customers, or a failure to reach a suitable agreement with Joint Venture Partners, suppliers or customers could have an adverse effect on the reputation and/or financial performance of the Company.

Laws, regulations, and government policies
Australian Oil's business is subject to extensive laws, regulations, and government policies in the jurisdictions where Australian Oil operates its assets and carries out its business. Failure to comply, including passing regular inspection and certification obligations may result in reputational harm, operations being suspended or delayed, permits, license and concessions being cancelled, and fines and penalties being imposed. Changes to laws, regulations and government policies including tax legislation imposed on Australian Oil could result in immediate impacts on the Company's forecast revenues and financial position.

Climate policies
Polices related to climate and energy transition may adversely affect oil and gas demand, oil and gas prices, and oil and gas industry investment and funding behaviour.

Regulatory approvals
Regulatory approvals or required licences, including the Company's social licence to operate may not be forthcoming or may be delayed.

Weather conditions
Weather events (including those related to climate change) may result in physical damage to assets or interruptions to operations.

Abandonment and Restoration Obligations
Australian Oil may not have accurately anticipated required decommissioning costs and obligations, which may vary due to higher standards potentially being imposed in the future. Higher decommissioning obligations may negatively impact the Company's financial position.

Environment
Oil and gas exploration, development and production activities may damage the environment. If Australian Oil is responsible, it will be required to remediate such damage which may involve substantial expenditure and adversely affect the Company's reputation.

Key Personnel
The ability of Australian Oil Company to achieve its objections depends on the engagement of key employees, Directors and contractors with appropriate experience and expertise. If Australian Oil cannot attract, motivate, and retain required personnel there is risk of additional costs and delays which may adversely affect the Company's financial performance.

Availability of parts, labour, and logistics
Supply or availability of required infrastructure (including drill rigs when required), equipment, goods or services could be subject to interruptions, delays or increases in cost, which may impact production, the cost of running Australian Oil Company's operations and the economics of future development projects.

Cashflow
Insufficient cashflow could result in an inability to meet contingent payment obligations, debt obligations and/or day to day operational commitments.

Insurance coverage
Insurance coverage may be insufficient to cover all risks associated with oil and gas production, development, exploration, and evaluation.

Currency risk
Changes in foreign exchange rates and interest rates may negatively impact the Company's liquidity.

Litigation risk
There is a risk that Australian Oil Company may have claims made against it and be the subject of litigation or be required to commence litigations, including with respect to its other contracting parties. The impact of such actions may have a material adverse impact on Australian Oil Company.

Access to capital
Australian Oil Company's activities may require the Company to obtain additional funding from equity and debt capital providers. Any material restriction on the ability of Australian Oil Company to source capital may restrict its operations preventing Australian Oil Company from acquiring new assets and taking advantage of new development opportunities or delaying the commencement or completion of projects in which Australian Oil Company is involved.

Taxation risk
Changes to the rate of taxes imposed on Australian Oil Company or changes in tax legislation or changing interpretations enforced by taxation authorities, whether in Australia or such other foreign jurisdictions in which Australian Oil Company may operate, may lead to an increase in Australian Oil Company's taxation obligations and a reduction in potential shareholder returns.

Unforeseen risk
There may be other unforeseeable circumstances beyond the control of the Company which may impact Australian Oil Company, its operations and/or the valuation and performance of its shares. The above list of key risks ought not to be taken as exhaustive of the risks faced by Australian Oil Company or by investors in Australian Oil Company. The above risks and others not specifically referred to above may in the future materially affect Australian Oil Company, its financial performance or the value of its shares.

Each of the key risks if they were to materialise, could have a material and adverse impact on (among other things) Australian Oil Company's business, reputation, growth, financial position and/or financial performance. Australian Oil Company has an established risk management framework in place to identify, assess and mitigate risks in accordance with the materiality and risk tolerance parameters set by the Board of Directors.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no matters that significantly affected the affairs of the Group during the financial year, other than those matters referred to in the Review of Operations above.

LIKELY DEVELOPMENTS

The Group is focussed on oil and gas production and exploration within its current portfolio as disclosed in the Review of Operations and will also continue to assess other oil and gas related opportunities which may offer value enhancing opportunities for shareholders.

ENVIRONMENTAL REGULATIONS

The Group is subject to significant environmental regulation in relation to its activities in the various regions in which it is involved. It aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation.

The Group is not aware of any significant breaches of these laws and regulations during the period covered by this report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than as disclosed in note 27 of the notes to the consolidated financial statements, there have been no matters or circumstances that 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.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has agreed to indemnify all Directors and Company Secretaries against any liability arising from a claim brought by a third party against the Company. The Company has paid premiums to insure each Director and Company Secretary against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of Director or Company Secretary of the Company, other than conduct involving wilful breach of duty in relation to the Company. The current premium is $38,875 (2023: $40,359) to insure the Directors and Company Secretaries of the Company.

INDEMNITY AND INSURANCE OF AUDITOR

The Group 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 Group has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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 Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

SHARES UNDER OPTION

As at the date of this report, the following options were in issue:

- 10,000,000 unlisted options exercisable at $0.025 on or before 30 April 2029
- 10,000,000 unlisted options exercisable at $0.035 on or before 30 April 2029
- 10,000,000 unlisted options exercisable at $0.045 on or before 30 April 2029
- 125,937,937 unlisted options exercisable at $0.008 on or before 30 June 2026

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of Australian Oil Company Limited were issued during the year ended 31 December 2024, and up to the date of this report, on the exercise of options granted.

AUDIT AND NON-AUDIT SERVICES

No non-audit services were provided during the year from the auditor of the Company, HLB Mann Judd.

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 23.

AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the *Corporations Act 2001*.

AUDITED REMUNERATION REPORT

This report, which forms part of the Directors’ Report, outlines the remuneration arrangements in place for the Directors of Australian Oil Company Limited for the year ended 31 December 2024. There were no other key management personnel during the year. The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001* and its Regulations.

The Remuneration Report details the remuneration arrangements for the Directors who are defined as those persons having authority and responsibility for planning, directing, and controlling the major activities of the Group, directly or indirectly, whether executive or otherwise.

Remuneration philosophy

The objective of the Group’s executive reward framework is to ensure reward for performance is competitive and appropriate for the results achieved. 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

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors. The performance of the Group depends on the quality of its key management personnel. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders’ interest. The Board has considered that it should seek to enhance shareholders’ interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate and distinct.

<u>Non-Executive Directors’ Remuneration</u>
Fees and payments to Non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors’ fees and payments are reviewed periodically by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure Non-executive Directors’ fees and payments are appropriate and in line with the market. The Chairman’s fees are determined independently to the fees of other Non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

Remuneration structure (continued)

ASX Listing Rules require the aggregate Non-executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held in 2008, where the shareholders approved a maximum annual aggregate remuneration of $250,000.

Each Non-Executive Director receives a fee for being a Director of the Company which is inclusive of sub-committee memberships:

- Non-Executive Directors $60,000 p.a. inclusive of statutory superannuation
- Chairman $75,000 p.a. inclusive of statutory superannuation

In addition to their base fees, Non-executive Directors may also receive payment for consultancy services at the lesser of $200 per hour or $1,500 per day plus any reimbursable expenses.

Executive Directors' Remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

There are three components to the executive remuneration and reward framework:

- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long-service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration
Fixed remuneration, consisting of base salary, superannuation, and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Nomination and Remuneration Committee has access to external, independent advice where necessary.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Group and provides additional value to the executive.

Short-term incentive scheme
The short-term incentives (**STIs**) program is designed to align the targets of the business units with the performance hurdles of key management. STI payments are granted to executives based on specific annual targets and key performance indicators (**KPIs**) being achieved. At this stage, the Group does not award any STIs.

Long-term incentive scheme
The long-term incentives (**LTIs**) include long-service leave and share-based payments. Share options are awarded to executives based on long-term incentive measures. These include increase in shareholder's value relative to the entire market and the increase compared to similar companies.

The Company has adopted an Employee Incentive Option Plan (**Plan**). Under the Plan, the Company may grant options to Company eligible employees and consultants to attract, motivate and retain key employees over a period of three years up to a maximum of 5% of the Company's total issued ordinary shares at the date of the Plan. Director options are granted at the discretion of the Board and approved by shareholders. There are currently no performance hurdles attached to vesting periods, however the Board determines appropriate vesting periods to provide rewards over time.

Remuneration structure (continued)

Group performance and link to remuneration

The remuneration of the Group's key management personnel, including any component of remuneration that consists of securities in the Company, is not formally linked to the prior performance of the Group. The rationale for this approach is that the Group is in the exploration phase, and it is currently not appropriate to link remuneration to factors such as profitability or share price.

	2024	2023 Reclassified	2022	2021	2020
Production income ($)	275,620	796,274	17,849,415	7,888,355	-
Other income ($)	252,657	281,591	609,394	1,017,912	465,538
Loss before income tax from continuing operations ($)	(2,480,492)	(1,087,096)	(647,589)	(10,316,883)	(1,730,534)
Net profit / (loss) attributable to equity holders ($)	6,182,304	(733,264)	(1,375,499)	(10,681,643)	(1,734,221)
Share price at year end (cents)	0.03	1.10	1.20	2.60	6.30
Number of listed ordinary shares	1,001,782,997	777,055,322	611,180,909	481,198,714	341,258,491
Weighted average number of shares	866,224,666	692,119,307	567,437,263	464,646,028	277,329,705
Basic loss per share (cents) from continuing operations	(0.29)	(0.16)	(0.17)	(2.30)	(0.63)
Listed options	-	-	-	-	133,429,938
Unlisted options	155,937,937	27,250,000	27,250,000	18,000,000	19,000,000
Market capitalisation ($)	3,005,349	8,547,609	7,334,171	12,511,167	21,499,285
Net tangible assets / (liabilities) (NTA) ($)	405,333	(7,654,311)	(7,976,998)	(9,229,622)	844,695
NTA Backing (cents)	0.05	(0.99)	(1.31)	(1.92)	0.25

During the financial years noted above, there were no dividends paid or other returns of capital made by the Company to shareholders.

Use of remuneration consultants

No remuneration consultants provided services during the year.

Remuneration structure (continued)

Voting and comments made at the Company's 2024 Annual General Meeting

The Company received 99.89% of "for" votes on its remuneration report for the 31 December 2023 financial year. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

Employment contracts

Remuneration and other terms of employment of the Managing Director is formalised in an employment contract. The major provisions of the agreement related to remuneration are set out below.

Name	Terms of agreement	Employee notice period	Employer notice period	Base salary	Termination Benefit[2]
Kane Marshall	Ongoing from 17 July 2023	Three months	Three months	$300,000[1]	N/A

1 Base salary is exclusive of the superannuation guarantee charge rate applicable at the time, currently 11.5%.
In view of the need to preserve cash and in light of the current financial climate and market conditions, Mr Marshall has received 50% of his salary paid in cash with the balance accrued.

2 Termination benefits are payable upon early termination by the Company, other than for gross misconduct. They are equal to base salary for the notice period.

Details of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits		Post employment benefits	Share-based payments		Total
2024	**Cash salary and fees $**	**Other benefits (A) $**	**Super-annuation $**	**Shares $**	**Equity-settled options $**	**$**
Non-executive Directors						
William Ashby	44,924	-	5,719	-	-	**50,643**
Chris Hodge	13,019	-	1,497	-	-	**14,516**
David McArthur *(resigned 22-Oct-24)*	23,843	-	2,740	-	-	**26,583**
Gary Jeffery (*resigned 3-Apr-24)*	9,409	-	-	-	-	**9,409**
Andrew Childs *(resigned 30-Apr-24)*	13,333	-	-	-	-	**13,333**
Executive Directors						
Kane Marshall	308,077	-	34,250	-	109,328	**451,655**
	412,605	**-**	**44,206**	**-**	**109,328**	**566,139**

Details of remuneration (continued)

	Short-term benefits		Post employment benefits	Share-based payments		Total
2023	**Cash salary and fees $**	**Other benefits (A) $**	**Super-annuation $**	**Shares $**	**Equity-settled options $**	**$**
Non-executive Directors						
Andrew Childs	20,000	-	-	17,155	-	**37,155**
Gary Jeffery (from 17 July 2023)	8,286	-	-	4,383	-	**12,669**
William Ashby	16,253	3,008	3,494	13,947	-	**36,702**
Executive Directors						
Kane Marshall	129,763	-	13,412	-	-	**143,175**
Gary Jeffery (to 17 July 2023)	53,968	-	-	56,260	-	**110,228**
	228,270	**3,008**	**16,906**	**91,745**	**-**	**339,929**

(A) Other benefits include Philippines' accommodation

The proportion of equity remuneration and the fixed proportion are as follows:

	Fixed Remuneration		At risk - LTI	
Name	**2024 %**	**2023 %**	**2024 %**	**2023 %**
Non-executive Directors				
William Ashby	100	54	-	46
Chris Hodge	100	N/A	-	N/A
David McArthur	100	N/A	-	N/A
Gary Jeffery	100	65	-	35
Andrew Childs	100	62	-	38
Executive Directors				
Kane Marshall	76	100	24	-
Gary Jeffery	N/A	49	N/A	51

No cash bonuses were granted during the year (2023: Nil).

Share-based compensation

Options granted as compensation

During the reporting period, 30,000,000 options were issued to Managing Director, Kane Marshall (2023: nil). No other Directors were issued with options as compensation. Details of this option issuance are disclosed in note 20 to the financial statements. The options have been issued in three tranches of 10,000,000 options each. These tranches have exercise prices of $0.025, $0.035 and $0.045 respectively. All tranches have an expiry date of 30 April 2029.

No options granted as compensation in the current or prior years were exercised (2023: nil options).

During the reporting period, 20,000,000 options granted as compensation in prior years expired (2023: nil options expired). No options have expired subsequent to the reporting date.

Share-based compensation (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 ($8,471) were recorded in the share-based payments reserve as of 31 December 2023.

Additional disclosures relating to key management personnel

Shareholdings

The number of shares in the company held during the financial year by each director, including their personally related parties, is set out below:

	Held at 31 December 2023	Held on appointment	Purchases / Issuance	Held on resignation	Held at 31 December 2024
Kane Marshall	5,455,714	-	5,714,286	N/A	11,170,000
Chris Hodge	-	-	-	N/A	-
William Ashby	2,023,469	-	1,363,899	N/A	3,387,368
Gary Jeffery	34,162,858	-	562,500	(34,725,358)	-
Andrew Childs	13,045,459	-	625,000	(13,670,459)	-
David McArthur	-	9,008,929	5,714,286	(14,723,215)	-
	54,687,500	**9,008,929**	**13,979,971**	**(63,119,032)**	**14,557,368**

Additional disclosures relating to key management personnel (continued)

Option holdings

The number of options over ordinary shares in the company held during the financial year by each director, including their personally related parties, is set out below:

	Held at 31 December 2023 Number	Granted as compensation Number	Debt settlement[1] Number	Expired Number	Held on appointment / (resignation) Number	Held at 31 December 2024[2] Number
Kane Marshall	-	30,000,000	2,857,143	-	-	32,857,143
Chris Hodge	-	-	-	-	-	-
William Ashby	4,000,000	-	428,572	(4,000,000)	-	428,572
Gary Jeffery	10,000,000	-	-	(10,000,000)	-	-
Andrew Childs	6,000,000	-	-	(6,000,000)	-	-
David McArthur	-	-	2,857,143	-	(2,857,143)	-
	20,000,000	**30,000,000**	**6,142,858**	**(20,000,000)**	**(2,857,143)**	**33,285,715**

1 Options issued to Directors to settle debts owed, following shareholder approval at a general meeting of shareholders held 6 August 2024.

2 All options on issue at 31 December 2024 were vested and exercisable.

20,000,000 options issued to directors as part of compensation in prior years expired during the year ended 31 December 2024 (2023: nil).

30,000,000 options were granted as compensation during the year. No options granted as compensation in the current or prior years were exercised.

6,142,858 options were issued to Directors following shareholder approval for the issuance of Shares and Options and in lieu of cash payments for outstanding liabilities at the Company's 6 August 2024 shareholder meeting.

Share-based remuneration granted as compensation

Refer to note 20 for the terms and conditions of each grant of options over ordinary shares affecting remuneration of directors in this financial year or future reporting years.

Other transactions with key management personnel

Details of other transactions with key management personnel not involving direct remuneration are disclosed in note 22. During the period, 12,285,716 Shares and 6,142,858 options were issued to Directors to settle $43,000 of debt. The shares and options were valued at the time of issue. The options had an immaterial value.

END OF AUDITED REMUNERATION REPORT

Directors Report Declaration

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

This Directors' Report is made in accordance with a resolution of the Directors.

J.L. Kane Marshall
Managing Director

31 March 2025
Perth, WA

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Australian Oil Company Limited for the year ended 31 December 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 audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
31 March 2025

D I Buckley
Partner

hlb.com.au

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2024

	Note	2024 $	2023 Reclassified $
Production income	6	275,620	796,274
Other income	7	252,657	281,591
Finance income	8	11,853	163
Expenses			
Other operating expenses		(1,007,651)	(1,037,072)
Marketing and business development costs		(40,122)	(7,263)
Personnel expenses	9	(569,043)	(348,627)
General and administration costs		(189,094)	(215,784)
Professional fees		(933,647)	(471,091)
Depreciation and amortisation – other assets		(1,153)	(2,718)
Finance expenses	8	(104,075)	(99,151)
Foreign exchange gains / (losses)		(49,642)	15,983
Other gains / (losses)		-	599
Other expenses		(126,195)	-
Profit / (loss) before income tax		(2,480,492)	(1,087,096)
Income tax expense	11	-	(3,603)
Profit / (loss) for the year from continuing operations		**(2,480,492)**	**(1,090,699)**
Profit / (loss) for the year from discontinued operations Philippines	4(a)(ii)	7,263,661	(1,361,220)
Profit for the year from discontinued operations Canada	4(b)(i)	1,399,135	1,718,655
Profit from discontinued operations		**8,662,796**	**357,435**
Profit / (Loss) for the year		**6,182,304**	**(733,264)**

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 year ended 31 December 2024

	Note	2024 $	2023 Reclassified $
Profit / (Loss) for the year		6,182,304	(733,264)
Other comprehensive income			
Foreign currency translation difference of continuing foreign operations		207,910	(87,582)
Foreign currency translation difference of discontinued foreign operations		(299,083)	17,275
Derecognition of foreign currency translation reserve		1,155,857	-
Total comprehensive income / (loss) for the year		**7,246,988**	**(803,571)**
Profit / (loss) for the year is attributable to:			
Continuing operations		(2,480,492)	(1,090,699)
Discontinued operations		8,662,796	357,435
		6,182,304	**(733,264)**
Comprehensive income / (loss) for the year is attributable to:			
Continuing operations		(2,272,582)	(1,178,281)
Discontinued operations		9,519,570	374,710
		7,246,988	**(803,571)**
Earnings / (loss) per share (cents per share)			
Basic and diluted – continuing operations	10	(0.29)	(0.16)
Basic – discontinued operations	10	1.00	0.05
Diluted – discontinued operations	10	0.79	0.05

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 31 December 2024

	Note	2024 $	2023 $
Assets			
Cash and cash equivalents	12	895,895	265,725
Trade and other receivables	13	1,348,985	481,643
Inventory		-	97,495
Prepayments		35,108	30,095
Non-current assets held for sale	4	-	10,386,483
Current tax asset		8,994	-
Other financial assets		6,699	-
Total current assets		**2,295,681**	**11,261,441**
Oil and gas properties	15	-	11,822,726
Property, plant, and equipment		-	1,021
Intangible assets		-	132
Other financial assets	14	327,462	298,952
Total non-current assets		**327,462**	**12,122,831**
Total assets		**2,623,143**	**23,384,272**
Liabilities			
Trade and other payables	16	(607,181)	(632,676)
Borrowings	17	(1,220,566)	(1,119,783)
Employee benefits	9	(137,407)	(97,506)
Site restoration provision	18	-	(614,406)
Contract liabilities		-	(656)
Liabilities associated with non-current assets held for sale	4	-	(16,789,548)
Current tax liabilities	11	-	(310,312)
Total current liabilities		**(1,965,154)**	**(19,564,887)**
Site restoration provision	18	(226,785)	(11,473,564)
Total non-current liabilities		**(226,785)**	**(11,473,564)**
Total liabilities		**(2,191,939)**	**(31,038,451)**
Net asset / (liabilities)		**431,204**	**(7,654,179)**
Equity			
Share capital	19	34,942,074	34,218,663
Reserves		511,271	(507,622)
Accumulated losses		(35,022,141)	(41,365,220)
Total equity attributable to equity holders of the Company		**431,204**	**(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 year ended 31 December 2024

	Share 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 year	-	-	-	-	(733,264)	(733,264)
Foreign exchange translation difference on continuing foreign operations		(87,582)	-	-	-	(87,582)
Foreign exchange translation difference on discontinued foreign operations	-	17,275	-	-	-	17,275
Total comprehensive loss for the period	**-**	**(70,307)**	**-**	**-**	**(733,264)**	**(803,571)**
Transactions with owners in their capacity as owners						
Contributions of equity, net of transaction costs	1,159,757	-	-	(49,973)	-	1,109,784
Share-based payments	-	-	-	15,971	-	15,971
Balance on 31 December 2023	**34,218,663**	**(684,368)**	**160,775**	**15,971**	**(41,365,220)**	**(7,654,179)**

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 year ended 31 December 2024

	Share 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 / (loss) for the year	-	-	-	-	6,182,304	6,182,304
Foreign exchange translation difference on continuing foreign operations	-	207,910	-	-	-	207,910
Foreign exchange translation difference on discontinued foreign operations	-	(299,083)	-	-	-	(299,083)
Derecognition of foreign currency translation reserve	-	1,155,857	-	-	-	1,155,857
Total comprehensive profit for the period	**-**	**1,064,684**	**-**	**-**	**6,182,304**	**7,246,988**
Transactions with owners in their capacity as owners						
Contributions of equity, net of transaction costs	723,411	-	-	(15,971)	-	707,440
Transfer of expired options to accumulated losses	-	-	(160,775)	-	160,775	-
Share-based payments	-	-	130,955	-	-	130,955
Balance on 31 December 2024	**34,942,074**	**380,316**	**130,955**	**-**	**(35,022,141)**	**431,204**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers		551,088	1,747,856
ATO Refund of Nido Petroleum overpaid PAYG		-	399,386
Cash paid to suppliers and employers		(2,630,842)	(2,518,096)
Payments for exploration and evaluation		-	(1,335,578)
Interest paid		(3,801)	(8,175)
Interest received		12,246	310
Income taxes (paid) / refunded		(339,579)	103,781
Net cash used in operating activities	12(b)	**(2,410,888)**	**(1,610,516)**
Cash flows from investing activities			
Proceeds from sale of producing assets		520,325	454,112
Proceeds from farm in		-	5,022,960
Funds utilised during continuing Filipino operations post effective sale date		(402,561)	-
Cash held in subsidiaries at disposal		(88,267)	-
Proceeds from sale of subsidiaries		1,858,619	-
Payments for exploration and evaluation		-	(4,552,289)
Payments for property, plant, and equipment		-	(645,661)
Net cash from investing activities		**1,888,116**	**279,122**
Cash flows from financing activities			
Proceeds from issue of shares and options		734,334	1,075,199
Repayment of premium funding facility	12(c)	(41,868)	(32,453)
Proceeds from other short-term loans		-	451,515
Proceeds from related party loans		-	300,000
Repayment of right of use lease liability		-	(92,564)
Payment of capital raising costs		(48,269)	(56,189)
Net cash from financing activities		**644,197**	**1,645,508**
Net increase in cash and cash equivalents		121,425	314,114
Cash and cash equivalents on 1 January		741,338	435,870
Effect of exchange rate fluctuations on cash held		33,132	(8,646)
Cash and cash equivalents on 31 December	12(a)	**895,895**	**741,338**

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

The Company notes that the cash flows from operating activities and closing cash on hand differ from the Company's most recent Appendix 5B, lodged 31 January 2025, as a result of an administrative error. The opening position will be corrected in the forthcoming Appendix 5B for the March 2025 quarter.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT
For the year ended 31 December 2024

1 GENERAL INFORMATION

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

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

Registered & principal place of business
Level 1
31 Cliff Street
Fremantle WA 6160

A description of the nature of the Group'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 issued, in accordance with a resolution of directors, on 31 March 2025. The directors have the power to amend and reissue the financial statements.

2 MATERIAL ACCOUNTING POLICIES

The material 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.

2.1 NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

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 year. 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 annual reporting period ended 31 December 2024. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

2.2 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 International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, certain classes of property, plant, and equipment and derivative financial instruments, as disclosed in the notes to the consolidated financial report.

2.2 BASIS OF PREPARATION (continued)

Critical accounting estimates

The preparation of the financial statements requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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.

2.3 PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 26.

2.4 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Australian Oil Company Limited (**Company** or **Parent Entity**) as of 31 December 2024 and the results of all subsidiaries for the year then ended. Australian Oil Company Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can 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 Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances, and unrealised gains on transactions between entities in the Group 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 Group.

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 statement of other comprehensive income, statement of financial position, and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

When the Group 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 Group 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.

2.5 FOREIGN CURRENCY TRANSLATION

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

2.5 FOREIGN CURRENCY TRANSLATION (continued)

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.

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.

2.6 CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting date, or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date. All other assets are classified as non-current.

A liability is classified as current when it is either expected to be settled in the Group's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settle within 12 months after the reporting date, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

2.7 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 year ended 31 December 2024, the Group recorded a profit of $6,182,304 and had net cash inflows amounting to $121,425. As of 31 December 2024, the Group had net assets of $431,204, working capital of $330,527 and total cash on hand of $895,895. Post year-end, cash has been received in respect of the Omnibus Settlement Agreement (**Omnibus**) funds disclosed in Note 13, disclosed at $1,334,663 as at 31 December 2024. As at the date of this report, receivable amounts in respect to the disposal of AOK shares that was incorporated into the Omnibus are to be received in the short-term.

2.7 GOING CONCERN (continued)

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:

- The ability to raise capital from existing shareholders or a placement to sophisticated investors;
- The ability to negotiate deferred settlement of outstanding loans; and/or
- Via a successful sale of rights to exploration assets held by the Group.

The Directors are confident that a combination of these strategies will sufficiently fund operations in the foreseeable future.

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 timing of raising additional capital will depend on the investment markets and current and future planned exploration activities.

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.

2.8 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 statement of other comprehensive income.

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, 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. 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.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in note 20.

3 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, and forward-looking information that is available. The allowance for expected credit loss, as disclosed in note 13, is calculated based on the information available at the time of preparation. The actual credit loss in future years may be higher or lower.

Restoration obligations

Where restoration obligations exist, the Group estimates the future removal costs of oil and gas platforms, production facilities, wells, and pipelines at the time of installation of the assets. In most instances, removal of assets occurs many years into the future. This requires judgmental assumptions regarding, but not limited to removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, and future removal technologies in determining the removal cost and liability, and specific discount rates that should be used to determine the present value of estimated cash flows. Refer to note 18.

4 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 Australian Oil's Filipino subsidiaries, Nido Petroleum Pty Ltd, Nido Petroleum Philippines Pty Ltd and Yilgarn Petroleum Philippines Pty Ltd, to Blue Sky Resources Ltd. (**Blue Sky**), 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.
    - The residual US$900,000 was received over two tranche payments as a component of the Omnibus Settlement Agreement (**Omnibus**). As the terms of the Omnibus were agreed in Australian dollars, the residual balance of US$900,000 was converted to Australian dollars at the date of the agreement, resulting in a receivable balance of A$1,328,100.
        - This balance was received over two tranches, with A$750,000 received on 26 August 2024 on signing of the Omnibus; and
        - The residual A$578,100 was received as a component of the second tranche payment of A$750,000 received on 25 November 2024.

4 DISCONTINUED OPERATIONS (continued)

(a) Disposal of Filipino Subsidiaries (continued)

Contingent Consideration

As a result of the Omnibus, all contingent consideration that was contemplated in the original Nido Divestment agreement as announced to the market on 13 December 2023 was removed and cancelled upon agreement between the parties.

(a)(i) Profit and loss from Filipino discontinued operations

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

	2024 $	2023 $
Exploration and evaluation expenditure	-	(158,554)
Marketing and business development costs	-	(5,273)
General and administrative costs	-	(82,914)
Professional fees	-	(304,054)
Finance expenses	-	(18,312)
Accretion expense	-	(624,107)
Depreciation and amortisation	-	(90,118)
Foreign exchange gains / (losses)	-	(77,886)
Profit / (loss) before income tax	**-**	**(1,361,218)**
Income tax expense	**-**	**-**
Profit / (loss) for the year from discontinued operation	**-**	**(1,361,218)**
Cash flow information		
Net cash used in operating activities	-	(1,717,410)
Net cash from investing activities	(387,346)	1,434,187
Net cash from / (used in) financing activities	-	558,951
Effects of foreign exchange	-	(29,313)
Net decrease in cash and cash equivalents from discontinued operations	(387,346)	**246,415**

(a)(ii) Gain on sale from disposal of Filipino Subsidiaries

	Note	2024 $
Total sale consideration		1,912,856
Carrying amount of net liabilities disposed	4(a)(iii)	6,506,662
De-recognition of foreign currency translation reserve through P&L		(1,155,857)
Gain on disposal after income tax		**7,263,661**

4 DISCONTINUED OPERATIONS (continued)

(a)(iii) Assets and Liabilities on Disposal of Filipino Subsidiaries

As identified in section 4(a), the effective date of the divestment transaction was 1 December 2023, however conditions precedent to the sale were satisfied on 13 March 2024. The assets and liabilities of the entities disposed of were as follows at disposal date:

	Note	$
Cash and cash equivalents		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	**4(a)(ii)**	**(6,506,662)**

(b) Divestment of Red Earth Assets (Canada)

As identified in section 4(a) above, on 26 August 2024, Australian Oil entered into the Omnibus with Blue Sky. The initial Omnibus was agreed between the parties with a view to divesting Australian Oil's Canadian subsidiary, Sacgasco AB Ltd. (**SAB**), as a component of the overall agreement to provide A$3 million consideration to Australian Oil.

The sale consideration related to the Red Earth divestment was identified at the time of agreement as being A$1,671,900. The total $3,000,000 contemplated in the Omnibus was scheduled for payment as follows:

- A$750,000 upfront consideration on signing of the Omnibus (**Tranche 1**); and
- Residual funds of A$2,250,000 due on or before 30 November 2024 (**Tranche 2**).

On 7 October 2024, the parties agreed to revise the Omnibus (**First Revision**) whereby Australian Oil would retain the shareholding in SAB but the 30% working interest held by SAB in the Red Earth assets would be sold to Blue Sky, with no alteration to the consideration agreed upon on 26 August 2024. The timing for consideration was altered by this agreement, splitting the Tranche 2 payment into Tranches 2 and 3 per the below revision:

- A$750,000 due on or before 31 October 2024 (**Revised Tranche 2**); and
- A$1,500,000 due on or before 30 December 2024 (**Tranche 3**).

On 1 November 2024, the Company announced it had agreed to a two-week deferral on the Revised Tranche 2 payment.

4 DISCONTINUED OPERATIONS (continued)

(b) Divestment of Red Earth Assets (Canada) (continued)

On 15 November 2024, the parties agreed to further revise the Omnibus (**Second Revision**) whereby Australian Oil agreed to a deferral of the timing of Revised Tranche 2 and 3 consideration payments for interest receivable on deferred payments and additional consideration. The interest receivable was charged at 9% on the deferred A$750,000 payment for the period of deferral, being 31 October 2024 until 25 November for Revised Tranche 2, and 27 December 2024 until 27 January 2025 for the deferral of A$750,000 in Tranche 3. The interest for these deferrals is calculated as A$4,623 and A$8,285 respectively. These amounts were agreed to be paid with Tranche 4.

The additional consideration recognised on the transaction amounted to A$134,593. This additional consideration was effected via an agreement for funds to be paid to Australian Oil via disposal of Blue Sky's shareholding in Australian Oil, which was 38,455,000 fully paid ordinary shares. At a deemed disposal value of $0.0035, this amounted to additional consideration recognised of A$134,593. Sanlam Private Wealth (**Sanlam**) was appointed as the nominated broker to undertake the orderly sale of those shares. As at the date of this report, all shares are still held by Sanlam for an orderly sale process. No sale process has begun as a result of delays encountered in transfer of the securities. The timetable was revised for Tranche 2 and 3 consideration payments as follows:

- A$750,000 receivable on 15 November deferred to 25 November 2024 (**Second Revised Tranche 2**);
- A$750,000 receivable on or before 27 December 2024 (**Revised Tranche 3**); and
- A$750,000 receivable on or before 27 January 2025 (**Tranche 4**); and
- A$12,908 of interest payments for payment deferrals with Tranche 4 (**Interest Receivable**).

On 26 November 2024, following receipt of the Second Revised Tranche 2 payment of A$750,000, the parties agreed to a deferral of the timing for Revised Tranche 3 payment under the Omnibus, whereby A$300,000 would be received on or before 27 December 2024, and the residual A$450,000 would be deferred until 27 January 2024. In exchange for the deferrals requested, the parties agreed to an interest payment equal to 9% on the amounts deferred from the Revised Tranche 3 payment. The timetable was revised as follows:

- A$300,000 receivable on or before 27 December 2024 (**Second Revised Tranche 3**); and
- A$1,200,000 receivable on or before 27 January 2025 (**Revised Tranche 4**).

On 28 January 2025, following the receipt of the Second Revised Tranche 3 payment of A$300,000 on 27 December 2024, the Company announced a further revision to the Omnibus (**Third Revision**). The Revised Tranche 4 payment was split into A$660,000 (which was received on 28 January 2025), and a residual Final Tranche payment of A$540,000 which was receipted on 27 March 2025. The parties agreed to additional consideration amounting to A$38,782 to be recognised on the transaction for agreement of the deferral. This consideration was effected via an agreement for Blue Sky to assign 4,309,087 fully paid ordinary shares in Xstate Resources Limited at a deemed disposal value of A$0.009. The shares have been transferred since the agreement was reached.

Based on the above information, transaction consideration recognised to 31 December 2024 for the disposal of the Red Earth assets amounts to A$1,806,493 This is comprised of:

- A$1,671,900 consideration contemplated from the original Omnibus, dated 26 August 2024; and
- A$134,593 consideration included on Second Revision to the Omnibus, dated 15 November 2024.

The additional consideration of A$38,782 has not been recognised in the 2024 financial year, as it is considered a non-adjusting subsequent event.

4 DISCONTINUED OPERATIONS (continued)

(b)(i) Profit and Loss from Canadian discontinued operation

	Note	2024 $	2023 $
Production income		3,149,134	8,066,840
Other income		88,872	254,862
Interest income		5,040	282
Cost of sales		(3,511,373)	(6,681,962)
Administrative expenses		(36,498)	(1,141)
Professional fees		(205,856)	(100,626)
Depreciation and amortisation		(239,317)	(685,879)
Finance expenses		(183,249)	(383,660)
Foreign exchange gain / (loss)		(39,761)	-
Gain on disposal of asset	4(b)(ii)	2,357,886	1,529,260
Profit / (loss) before income tax		**1,384,878**	**1,997,976**
Income tax (benefit) / expense	11	14,257	(279,321)
Profit after income tax		**1,399,135**	**1,718,655**
Cash flow information			
Net cash (used in) / generated from operating activities		(569,273)	384,627
Net cash from investing activities		520,325	454,112
Net cash from financing activities		-	-
Effects of foreign exchange		4,922	(88)
Net increase / (decrease) in cash and cash equivalents from discontinued operations		(44,026)	838,651

(b)(ii) Gain on Disposal of Red Earth assets / Alberta Plains Assets

	Note	Red Earth Assets 2024 AUD	Alberta Plains Assets 2023 AUD
Total Sale Consideration		1,806,471	1,004,093
Amounts payable to Blue Sky deducted from proceeds		-	(549,981)
Net proceeds received		1,806,471	454,112
Carrying amount of net liabilities disposed		551,415	1,075,148
Gain on disposal recognised	4(b)(i)	**2,357,886**	**1,529,260**

5 OPERATING SEGMENTS

Accounting Policy

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, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Australian Oil Company Limited.

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

- oil and gas exploration and appraisal

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 operating segments. Any amounts that fall outside of these segments are categorised as "Corporate".

Segment profit or loss

	Revenue		Segment profit / (loss)	
	2024	2023 Reclassified[1]	2024	2023 Reclassified
	$	$		$
Oil and gas exploration	275,620	796,274	(764,891)	(146,548)
	275,620	796,274	(764,891)	(146,548)
Eliminations	-	-	895	1,531
	275,620	796,274	(763,996)	(145,017)
Finance income			11,853	163
Finance costs			(104,075)	(99,152)
Central administrative expenses			(1,624,275)	(843,090)
Profit / (loss) from continuing operations before tax			**(2,480,493)**	**(1,087,096)**

[1] Prior year figures have been reclassified to take effect of the discontinued operations following the disposal of the Oil Production activities in Canada.

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.

5 OPERATING SEGMENTS (continued)

Segment assets and liabilities

	Assets		Liabilities	
	2024	2023	2024	2023
	$	$	$	$
Oil production	-	12,047,078	-	(12,250,239)
Oil and gas exploration	458,058	537,853	(459,680)	(392,571)
Total segment assets and liabilities	**458,058**	**12,584,931**	**(459,680)**	**(12,642,810)**
Corporate and other segment assets/liabilities[3]	2,165,085	412,858	(1,732,259)	(1,606,093)
Assets held for sale[2]	-	10,386,483	-	-
Liabilities associated with assets held for sale	-	-	-	(16,789,548)
Total	**2,623,143**	**23,384,272**	**(2,191,939)**	**(31,038,451)**

[1] Prior year figures have been reclassified to take effect of the discontinued operations following the disposal of the Oil Production activities in Canada.

[2] Information on assets held for sale and associated liabilities is contained within the 2023 Annual Report.

[3] 2024 corporate and other segment assets contains $1,334,663 in respect of Omnibus Settlement Agreement.

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, the USA and until 1 December 2023, the Philippines. During the period, the Group's production income was derived from Canada and California. The Group's production income and non-current assets by geographical location is as follows:

	Production income		Non-current assets[2]	
	2024	2023 Reclassified[1]	2024	2023
	$	$	$	$
Australia	-	-	5,072	6,225
Canada and USA	275,620	796,274	322,390	12,116,606
Philippines	-	-	-	-
Total	**275,620**	**796,274**	**327,462**	**12,122,831**

[1] Prior year figures have been reclassified to take effect of the discontinued operations following the disposal of the Oil Production activities in Canada.

[2] Non-current assets comprise oil and gas properties and bonds.

6 PRODUCTION INCOME

Accounting Policy

Revenue recognition
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.

The transfer of control ordinarily occurs when the product is physically transferred at the delivery point agreed in the contract and legal title to the product passes to the customer (often via connected pipelines).

Revenue is measure at the fair value of the consideration received or receivable. Revenue from the sale of natural gas is recognised when all the following conditions have been satisfied:

- The Operator has transferred control of the goods to the buyer and the revenue is recognised at that time,
- The Operator retains no continuing managerial involvement to the degree usually associated with ownership or effective control over the goods sold,
- The amount of revenue can be reliably measured,
- It is probable that the economic benefits associated with the transaction will flow to the Operator, and thereby a proportional interest to the Group, and
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.

Revenue for the year ended 31 December 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 year ended 31 December 2024.

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

The Group’s revenue disaggregated by pattern of revenue recognition is as follows:

	2024 $	2023 Reclassified $
Goods transferred at a point in time		
Natural gas	275,620	796,274
	275,620	**796,274**

7 OTHER INCOME

Accounting Policy

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.

	Note	2024 $	2023 Reclassified $
Other operating income – California	(i)	252,657	278,011
Other income		-	3,580
Total other income		**252,657**	**281,591**

(i) The Group charges an overhead charge to the JOA partners for the ongoing management of the exploration assets which have gas production as a by-product which is sold as production income.

8 FINANCE INCOME AND COSTS

Accounting Policy

Interest income
Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

	Note	2024 $	2023 Reclassified $
Interest income on deposits		11,853	163
Interest expense on financial liabilities measured at amortised cost			
Interest expense on loans	22	100,273	95,698
Interest expense on premium funding facilities		3,802	3,453
Total finance costs		**104,075**	**99,151**

9 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

Accounting Policy

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual long service 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.

Other long-term employee benefits

The liability for annual and long service leave, not expected to settle within 12 months of the reporting date, are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

The table below sets out personnel costs expensed during the year.

	Note	2024 $	2023 $
Directors' remuneration	22	566,139	339,929
Other wages, salaries and contract labour		600	8,891
Contributions to defined contribution plans		66	618
Other associated personnel expenses		2,238	2,197
Directors' remuneration associated with assets held for sale		-	(3,008)
Total Personnel Expenses		569,043	348,627

The table below sets out employee benefits at the reporting date.

	2024 $	2023 $
Current		
Salary accrual (1)	40,161	79,423
Statutory superannuation contributions	81,329	10,242
Annual leave provision	15,917	7,841
	137,407	**97,506**

(1) In view of the need to preserve cash and considering the current financial climate and market conditions, the Directors elected to defer a component of their salaries during Q4 of 2024.

10 EARNINGS PER SHARE

Accounting Policy

Basic earnings per share
Basic earnings per share is calculated by dividing the profit / (loss) attributable to the owners of Australian Oil Company Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to accounts for the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Basic and diluted loss per share from continuing operations

	2024 $	2023 Reclassified $
Loss after income tax attributable to owners of Australian Oil Company Limited	(2,480,492)	(1,090,699)
	Cents	**Cents**
Basic and diluted loss per share	0.29	0.16

Basic and diluted earnings per share from discontinued operations

	2024 $	2023 Reclassified $
Profit after income tax attributable to owners of Australian Oil Company Limited	8,662,796	357,435
	Cents	**Cents**
Basic earnings per share	1.00	0.05
Diluted earnings per share	0.79	0.05

Basic and diluted loss per share from continuing and discontinued operations

	2024 $	2023 $
Profit / (loss) after income tax attributable to owners of AOK	6,182,304	(733,264)
	Cents	**Cents**
Basic profit / (loss) per share	0.71	(0.11)
Diluted profit / (loss) per share	0.67	(0.11)

10 EARNINGS PER SHARE (continued)

	Number 2024	Number 2023
Weighted average number of ordinary shares		
Issued ordinary shares on 1 January	777,055,322	611,180,909
Effect of shares issued	89,169,344	80,938,398
Weighted average number of ordinary shares on issue at 31 December	**866,224,666**	**692,119,307**
Weighted average number of options		
Issued options on 1 January	27,250,000	27,250,000
Effect of options issued	27,448,231	-
Weighted average number of options on issue at 31 December	**54,698,231**	**27,250,000**
Weighted average number of securities on issue at 31 December	**920,922,897**	**719,369,307**

11 INCOME TAX EXPENSE

Accounting Policy

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in as transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits, or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probably that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities, and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

11 INCOME TAX EXPENSE (continued)

Accounting Policy (continued)

Australian Oil Company Limited ("the head entity") and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

(a) Tax Expense Breakdown

		Continuing Operations		Discontinued operations		Totals	
		2024	2023	2024	2023	2024	2023
	Notes	$	$	$	$	$	$
Current tax (benefit) / expense	4(b)(i)	-	-	(14,257)	279,321	(14,257)	279,321
Other taxes paid		-	3,603	-	-	-	3,603
Deferred tax expense		-	-	-	-	-	-
Income tax expense		**-**	**3,603**	**(14,257)**	**279,321**	**(14,257)**	**282,924**

11 INCOME TAX EXPENSE (continued)

(b) Reconciliation of Effective Tax Rate

	Continuing Operations		Discontinued operations Philippines		Discontinued Operations Canada		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	$	$	$	$	$	$	$	$
Profit / (loss) for the period	(2,480,493)	(1,087,096)	7,263,661	(1,361,218)	1,384,878	1,997,976	6,168,046	(450,338)
Tax at the Australian tax rate of 30% (2023: 30%)	(744,148)	(326,129)	2,179,098	(408,365)	415,464	599,393	1,850,414	(135,101)
Non-deductible expenses	48,617	70,771	346,757	269,762	43,932	2,045	439,306	342,578
Non-assessable income	(27,428)	(73,534)	(1,951,999)	-	-	(3,626)	(1,979,427)	(77,160)
Tax rate differential on non-Australian income	-	-	-	-	(96,942)	(138,755)	(96,942)	(138,755)
Non-assessable non-exempt Australian expenses	100,287	-	-	-	-	-	100,287	-
Non-assessable non-exempt overseas subsidiaries expenses	(57,113)	503,948	-	-	-	48,471	(57,113)	552,419
Penalties and other taxes	-	3,603	-	-	8,441	-	8,441	3,603
Adjustment for prior periods	615,282	(2,201)	-	-	(31,855)	-	583,427	(2,201)
Timing differences	13,003	(19,507)	-	-	(353,297)	(228,207)	(340,294)	(247,714)
Tax losses utilised	-	(153,348)	(573,856)	-	-	-	(573,856)	(153,348)
Tax losses not brought to account	51,500	-	-	138,603	-	-	51,500	138,603
Income tax expense / (benefit)	**-**	**3,603**	**-**	**-**	**(14,257)**	**279,321**	**(14,257)**	**282,924**

11 INCOME TAX EXPENSE (continued)

(b) Reconciliation of Effective Tax Rate (continued)

	2024 $	2023 $
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	4,077,630	5,818,820
Potential tax benefit at 30% (2023: 30%)	**1,223,289**	**1,745,646**

Potential future income tax benefits of up to $1,223,289 (2023: $1,745,646) attributed to carry forward tax losses have not been brought to account because the Directors do not believe it is appropriate to regard realisation of future income tax benefits as probable. The benefit of these tax losses will only be obtained if:

(i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(ii) the conditions for deductibility imposed by tax legislation continue to be complied with;
(iii) no changes in tax legislation adversely affect the Group in realising the benefit; and
(iv) the Group can satisfy either the continuity of ownership or same business tests required to utilise the carry forward losses against any income derived.

Until the Company is in a position of profitable operations, it is not considered a prudent use of resources to make a formal assessment of the ability to satisfy the continuity of ownership or same business tests that would be required to utilise the losses disclosed above. On an annual basis, the Company has tax returns prepared and lodged in accordance with relevant governmental authority requirements for the jurisdictions in which it operates, at which time the losses not brought to account are verified by the Group's advisers.

(c) Unrecognised deferred tax assets and liabilities

Deferred tax liabilities have not been recognised in respect of the following items:

	2024 $	2023 $
Deferred tax liabilities		
Prepayments	(6,247)	(7,743)
Oil and gas properties	-	(3,546,818)
	(6,247)	(3,554,561)
Deferred tax assets		
Capital raising costs – s40-880	348	1,107
Property, plant, and equipment	-	44
Trade and other payables	18,008	16,500
Employee benefits	41,222	5,425
Provisions	-	3,564,372
Carry forward tax losses	1,223,289	1,745,646
	1,282,867	5,333,094
Net unrecognised deferred tax assets	**1,276,620**	**1,778,533**

12 CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalent also includes, bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(a) Reconciliation of cash recorded in Statement of Financial Position to Statement of Cash Flows

	2024 $	2023 $
Cash on hand	895,895	265,725
Cash and cash equivalents – classified as held for sale[1]	-	475,613
Balance as per statement of cash flows	**895,895**	**741,338**

[1] Refer to 2023 Annual Report for information on cash and cash equivalents treated as held for sale assets

(b) Reconciliation of cash flows from operating activities

		2024 $	2023 Reclassified $
Cash flows from operating activities			
Profit / (Loss) for the year		6,182,304	(733,264)
Adjustments for:			
Equity-settled share-based payment transactions	20	152,328	106,745
Depreciation and amortisation		240,469	778,714
Gain on sale of asset		(2,357,886)	(1,529,260)
Gain on disposal of subsidiary		(7,263,661)	-
Debt forgiveness		30,263	-
Other income		(10,046)	(95,389)
Net (gain) / loss on foreign exchange translations		31,776	85,445
Unwind of discount on provisions		183,249	1,007,767
Changes in operating assets and liabilities			
Change in trade and other receivables		430,200	(971,544)
Change in inventory		-	30,436
Change in prepayments and deposits		(4,024)	755,620
Change in other operating assets		(295,489)	(151,540)
Change in other financial assets		(6,699)	3,919
Change in trade and other payables		(30,908)	810,507
Change in interest bearing liabilities		142,652	148,650
Change in contract liabilities		(677)	(2,198,395)
Change in current tax liabilities		(318,515)	386,704
Change in employee benefits provision		39,902	82,857
Change in site restoration provision		443,874	(128,488)
Net cash used in operating activities		**(2,410,888)**	**(1,610,516)**

12 CASH AND CASH EQUIVALENTS (continued)

(c) Changes in liabilities arising from financing activities

	Current Borrowings $	Right-of-use assets $	Other short-term loans $	Premium funding	Total $
Balance on 1 January 2023	917,041	134,266	-	-	1,051,307
Net cash from / (used in) financing activities	300,000	(92,564)	451,515	(32,453)	626,498
Interest on long term borrowings - expensed	97,885	-	-	-	97,885
Interest on other short-term loans – expensed	-	-	11,269	-	11,269
Premium funding facility	-	-	-	39,496	39,496
Effects of foreign exchange	(14,515)	4,005	(10,962)	-	(21,472)
Borrowings associated with assets held for sale	(187,671)	(45,707)	(451,822)	-	(685,200)
Balance on 31 December 2023	**1,112,740**	**-**	**-**	**7,043**	**1,119,783**
Net cash used in financing activities	-	-	-	(41,869)	(41,869)
Interest on current borrowings - expensed	100,273	-	-	-	100,273
Premium funding facility	-	-	-	42,379	42,379
Balance on 31 December 2024	**1,213,013**	**-**	**-**	**7,553**	**1,220,566**

13 TRADE AND OTHER RECEIVABLES

Accounting Policy

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

13 TRADE AND OTHER RECEIVABLES (continued)

		2024 $	2023 $
Current			
Trade debtors		169,473	146,429
Less: provision for expected credit losses	(i)	(159,860)	(25,147)
		9,613	**121,282**
Omnibus Settlement Agreement funds receivable	(ii)	1,334,663	-
Interest receivable – Omnibus Settlement Agreement		4,709	-
Authorised government agencies		-	25,134
Other receivables – oil and gas assets		-	335,131
Other		-	96
		1,348,985	**481,643**

Movement in the allowance for expected credit losses			
Opening balance		25,147	25,690
Additional provisions recognised		126,195	-
Reversal of provisions recognised		-	(599)
Effects of foreign exchange		8,518	56
	(i)	159,860	25,147

(i) The Group has assessed the recoverability of the amounts due for the California well expenses on exploratory wells, accounting for factors such as gas prices and historical recovery and determined that an ECL of $159,860 for the year ended 31 December 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.

(ii) Further details are disclosed in Note 4.

Other receivables are non-interest bearing. Note 21 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

14 OTHER FINANCIAL ASSETS

Accounting Policy

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part, or all, of a financial asset, the carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increase significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, as 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired, or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measure on the probably weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

14 OTHER FINANCIAL ASSETS (continued)

	2024 $	2023 $
Deposits and bonds	327,462	298,952

Reconciliation

Reconciliation of the carrying amount at the beginning and end of the current and previous financial year are set out below:

	DoGGR Bond (1) $	ANZ Term Deposit $	Security Deposit $	Director Retainer $	Total $
Balance on 1 January 2023	293,410	5,072	19,883	5,435	323,800
Additions	-	-	1,534	-	1,534
Director retainer repaid	-	-	-	(5,345)	(5,345)
Effects of foreign exchange	470	-	(2)	(90)	378
Transfer to non-current assets held for sale	-	-	(21,415)	-	(21,415)
Balance on 31 December 2023	293,880	5,072	-	-	298,952
Effects of foreign exchange	28,510	-	-	-	28,510
Balance on 31 December 2024	**322,390**	**5,072**	**-**	**-**	**327,462**

1. US$200,000 DoGGR bond required to work within the regulations of the Californian authorities with regards to the planning and timing of site rehabilitation.

Refer to note 21 for further information on fair value measurement.

15 OIL AND GAS PROPERTIES

Accounting Policy

Producing Assets
All costs directly associated with the development and production of oil and natural gas interests are capitalised on an area-by-area basis as oil and natural gas interests if they extend or enhance the recoverable reserves of the underlying assets. Items of property, plant, and equipment, which include oil and natural gas production assets, are measured at cost less accumulated depreciation / amortisation and any accumulated impairment losses. Development costs include expenditure for areas where technical feasibility and commercial viability has been determined. The capitalised value of producing assets includes acquisition costs, reactivation and development costs and initial estimates of decommissioning liabilities associated with their operation.

Depreciation and Amortisation
Depletion charges are calculated to amortise the capitalised value of carried forward production assets over the life of the estimated Proved plus Probable ("2P") reserves for a hydrocarbon reserve, together with future costs necessary to develop the respective hydrocarbon reserve. The value of oil and natural gas interests is depleted using the units of production method by reference to the ratio of production in the period to the related proved and probable reserves, considering estimated future development costs necessary to bring those reserves into production.

Proven and probable reserves are estimated using independent reserve engineer reports and represent the estimated quantities of crude oil and natural gas with geological, geophysical, and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially viable. There should be a 50 percent statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proved and probable and a 50 percent statistical probability that it will be less. The equivalent statistical probabilities for the proved component of proved and probable reserves are 90 percent and 10 percent, respectively.

Reserve estimates
Estimation of reported recoverable quantities of 2P reserves include judgemental assumptions regarding commodity prices, exchange rates, discount rates and production and transportation costs for future cash flows. It also requires interpretation of complex geological and geophysical models in order to assess the size, shape, depth, and quality of reservoirs and t heir anticipated recoveries. These factors used to estimate the reserves may change from period to period.

Reserve estimates are used to calculate amortisation of producing assets.

Impairment
The Group has reviewed its oil and gas properties for indicators of impairment in accordance with AASB 136 and concluded that impairment indicators existed at year end. An assessment over the oil and gas properties has been undertaken under the requirements of AASB 136. No impairment was recognised as a result of this assessment.

15 OIL AND GAS PROPERTIES (continued)

	Subsurface assets $	Surface assets $	Total $
Balance on 1 January 2022	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	-	295,555	295,555
Change in site restoration liabilities	(320,620)	(111,128)	(431,748)
Depreciation and depletion	(172,589)	(66,780)	(239,369)
Disposals	(8,015,817)	(3,295,705)	(11,311,522)
Exchange differences	(96,564)	(39,078)	(135,642)
Balance on 31 December 2024	**-**	**-**	**-**

16 TRADE AND OTHER PAYABLES

Accounting Policy

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

	2024 $	2023 $
Current		
Trade payables	386,408	429,759
Accrued expenses	60,178	55,000
Other payables – oil and gas producing assets	-	147,917
Other payables – oil and gas exploration assets	142,692	-
Authorised government agencies	17,903	-
	607,181	**632,676**

Refer to note 21 for further information on financial instruments.

17 BORROWINGS

Accounting Policy

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

	Book value 2024 $	Fair value 2024 $	Book value 2023 $	Fair value 2023 $
Current				
Loans outstanding from former Director[1]	1,213,014	1,213,014	1,112,740	1,112,740
Premium Funding	7,551	7,551	7,043	7,043
	1,220,565	**1,220,565**	**1,119,783**	**1,119,783**

[1] Loan funds received from Dungay Resources Pty Ltd, an entity associated with former Director, Gary Jeffery.

	Other short-term loans (3) $	Premium Funding $	Loans from director (1) $	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	-	(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 (2)	(451,822)	-	(187,671)	(639,493)
Balance on 31 December 2023	**-**	**7,043**	**1,112,740**	**1,119,783**
Financing of premium funding facility	-	42,379	-	42,379
Interest charged	-	3,802	100,273	104,075
Interest paid	-	(3,802)	-	(3,802)
Principal repaid	-	(41,869)	-	(41,869)
Balance on 31 December 2024	**-**	**7,553**	**1,213,013**	**1,220,566**

Note to the table above

(1) refer to note 22 for further details

(2) refer to 2023 Annual Report for amounts transferred to liabilities associated with non-current assets held for sale

(3) refer to 2023 Annual Report for amounts in relation to other short-term loans

Refer to note 21 for further information on financial instruments.

18 SITE RESTORATION PROVISION

Accounting Policy

Provisions for the costs of rehabilitation, decommissioning and restoration of the area disturbed during oil and gas exploration and development activities depends on the legal requirements at the date of decommissioning, the costs and timing of work and the discount rate applied.

At each reporting date, the site restoration provision is reassessed and adjusted to reflect the changes in discount rates and timing or amounts of the costs to be incurred. Such changes in the estimated liability are accounted for prospectively from the date of the change and either added to, or deducted from, the related asset where it is possible that future economic benefits will flow to the entity.

The timing of rehabilitation expenditure is dependent on the life of the gas field which may vary in the future. The nature of restoration activities includes plugging gas wells, restoration, reclamation, and revegetation of affected areas.

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 DoGGR bond of US$200,000 for up to fifty wells.

	2024 $	2023 $
Current		
Canada	-	614,406
Non-current		
California	226,785	206,729
Canada	-	11,266,835
Philippines	-	-
	226,785	**11,473,564**
Total Site Restoration Provision	**226,785**	**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	-	-	(8,823,628)	(8,823,628)
Balance on 31 December 2023	**206,729**	**11,881,241**	**-**	**12,087,970**

18 SITE RESTORATION PROVISION (continued)

Reconciliation of movements in site restoration provision (continued)

	California $	Canada $	Philippines $	Total $
Balance on 31 December 2023	**206,729**	**11,881,241**	**-**	**12,087,970**
Amounts utilised or extinguished	-	(253,132)	-	(253,132)
Accretion expense	-	183,290	-	183,290
Change in site restoration estimates	-	(431,747)	-	(431,747)
Amounts extinguished on sale of assets	-	(11,244,563)	-	(11,244,563)
Effects of foreign exchange	20,056	(135,089)	-	(115,033)
Balance on 31 December 2024	**226,785**	**-**	**-**	**226,785**

19 CAPITAL AND RESERVES

Accounting Policy

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Issued capital

	Ordinary shares			
	Number of shares		Amount in $	
	2024	2023	2024	2023
Balance on 1 January	777,055,322	611,180,909	34,218,663	33,058,906
Issue of fully paid shares for cash	209,810,204	153,599,800	734,336	1,075,199
Issue of shares in lieu of Directors fees	1,694,256	11,203,184	8,471	133,247
Issue of shares on conversion of Director debt	6,571,429	-	23,000	-
Issue of shares in satisfaction of service provider fees	6,651,786	1,071,429	27,500	7,500
Capital raising costs	-	-	(69,896)	(56,189)
Balance on 31 December	**1,001,782,997**	**777,055,322**	**34,942,074**	**34,218,663**

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.

There is no current on-market share buy-back.

19 CAPITAL AND RESERVES (continued)

Options

		Options on Issue			
		Number of options		Amount in $	
		2024	2023	2024	2023
Balance on 1 January		27,250,000	27,250,000	160,775	160,775
Issue of Options to Directors		30,000,000	-	109,330	-
Issue of Options to Consultants		14,889,975	-	21,625	-
Issue of Free-Attaching Options on Capital Raise	(i)	111,047,962	-	-	-
Expiry of Unlisted Options		(27,250,000)	-	(160,775)	
Balance on 31 December		**155,937,937**	**27,250,000**	**130,955**	**160,775**

(i) Included within this amount were 6,142,858 options issued to Directors to settle outstanding fees. The options had an immaterial value

During the reporting period, no shares were issued as a result of the exercise of options (2023: nil).

Since the end of the reporting period, no shares have been issued as a result of the exercise of options.

During the reporting period, 27,250,000 options expired (2023: nil). Since the end of the reporting period, no options have expired.

Share-based payments reserve

The share-based payments reserve represents the fair value of shares to be issued to directors, consultants, and employees. This reserve was transferred to issued capital once the shares were issued.

Options reserve

The options reserve represents the fair value of shares to be issued to directors, consultants, and employees. This reserve will be transferred to issued capital once the shares are issued or reversed through retained earnings if the options expire or are cancelled. Refer to note 20.

Translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e., Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are classified to profit or loss on the disposal of the foreign operations.

20 SHARE-BASED PAYMENTS

Accounting Policy

The Company has an active incentive share and option plan for employees and contractors to the Group, implemented following shareholder approval at the Company's 2023 AGM, whereby employees and contractors may receive rights to acquire shares of the Company as remuneration or incentivisation. The grant date fair value of share-based payment awards granted to employees and contractors is recognised as a personnel expense, with a corresponding increase in equity, over the period that the employees and contractors become unconditionally entitled to the awards. The Group entered into such share-based payment transactions during the current financial year via options issued to Directors as approved by Shareholders at the 2024 AGM.

The Group additionally has the capacity to issue equity securities to suppliers under the ASX Listing Rules as an alternate method of payment for goods or services provided. The grant date fair value of share-based payments awards granted to suppliers is recognised as a separate expense, *share-based payments expense*, with a corresponding increase in equity over the period that the supplier provides the service or becomes unconditionally entitled to the award. The Group entered into such share-based payment transactions during the current financial year via the issuance of options to Consultants, as approved by Shareholders at the General Meeting held 6 August 2024.

The amounts recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-market vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for difference between expected and actual outcomes.

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

	2024 $	2023 $
Expensed in personnel expenses		
Shares issued to directors (1)	-	83,274
Shares to be issued to directors (2)	-	8,471
Options issued to directors	109,330	-
Expensed in professional fees		
Shares issued to consultants	-	7,500
Shares to be issued to consultants	-	7,500
Recognised as a reduction in issued capital		
Options issued to consultants of the Company	21,625	-

20 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 ($8,471) were recorded in the share-based payments reserve as of 31 December 2023.

Refer to Note 19 for details of shares issue to settle Directors and service provider fees. The shares were measured at the date of issue to settle the existing liabilities and were not issued under the arrangement noted above. In addition, the 6,142,858 options were issued attaching to the shares. The options had an immaterial value and have not been recognised.

20 SHARE-BASED PAYMENTS (continued)

Options

As at 31 December 2024, a summary of the Group options issued and not exercised under the share-based payment program are as follows. Options are settled by the physical delivery of shares:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at the start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
31-May-22	31-May-22	31-Jan-24	4.5	27,250,000	-	-	(27,250,000)	-	-
29-May-24	29-May-24	30-Apr-29	2.5	-	10,000,000	-	-	10,000,000	10,000,000
29-May-24	29-May-24	30-Apr-29	3.5	-	10,000,000	-	-	10,000,000	10,000,000
29-May-24	29-May-24	30-Apr-29	4.5	-	10,000,000	-	-	10,000,000	10,000,000
6-Aug-24	23-Oct-24	30-Jun-26	0.8	-	10,000,000	-	-	10,000,000	10,000,000
23-Oct-24	23-Oct-24	30-Jun-26	0.8	-	4,889,975	-	-	4,889,975	4,889,975
Total				**27,250,000**	**44,889,975**	**-**	**(27,250,000)**	**44,889,975**	**44,889,975**
Weighted average exercise price (cents)				4.5	2.6	-	4.5	2.6	2.6

At the reporting date, the weighted average remaining contractual life of options outstanding at year end was 3.39 years.

Key valuation assumptions made at valuation date under the Black & Scholes option pricing model are summarised below:

	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	100.00	4.02%	0.400	0.007
Tranche 2	10,000,000	3.5	29-May-24	30-Apr-29	4.92	100.00	4.02%	0.360	0.007
Tranche 3	10,000,000	4.5	29-May-24	30-Apr-29	4.92	100.00	4.02%	0.330	0.007
Tranche 4	10,000,000	0.8	6-Aug-24	30-Jun-26	1.90	112.50	3.65%	0.169	0.004
Tranche 5	4,889,975	0.8	23-Oct-24	30-Jun-26	1.68	112.50	3.65%	0.097	0.004

21 FINANCIAL INSTRUMENTS

Accounting Policy

Recognition and derecognition

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent remeasurement of financial assets

<u>Financial assets at amortised cost</u>

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised costs using the effective interest method.

21 FINANCIAL INSTRUMENTS (continued)

Accounting Policy (continued)

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under AASB 139.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category whilst 'lifetime expected credit losses' are recognised for the second category. The Group does not have any material expected credit losses.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix.

21 FINANCIAL INSTRUMENTS (continued)

Accounting Policy (continued)

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are initially measured at amortised cost using the effective interest method except for derivatives and financial liabilities designation at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments

Derivative financial instruments are accounted for at fair value through profit or loss (FVTPL).

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2023.

The capital structure of the Group consists of cash and cash equivalents, borrowings, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

Financial risk management objectives

The Group is exposed to market risk (including foreign currency exchange rate risk and interest rate risk), credit risk and liquidity risk.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed on a continuous basis to reflect changes in market conditions and the Group's activities. The Group does not trade financial instruments, including derivative financial instruments, for speculative purposes.

21 FINANCIAL INSTRUMENTS (continued)

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner it manages and measures the risk from the previous period.

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance date.

The Group's sensitivity to interest rates is immaterial.

Foreign currency exchange rate risk management

Foreign exchange risk arises when individual Group entities enter transactions denominated in a currency other than their functional currency. The Group's policy is to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency, cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The Group is predominantly exposed to US dollars (USD) and Canadian dollars (CAD).

As of 31 December 2024, the Group's net exposure to foreign exchange risk was as follows:

	Assets		Liabilities	
	2024	2023	2024	2023
	$	$	$	$
Canadian Dollar	1,718,838	165,731	(15,308)	(58,686)
US Dollar	601,190	584,695	(367,733)	(232,960)

21 FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Foreign currency exchange rate risk management (continued)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 2% (2023: 2%) increase and decrease in the Australian dollar against the relevant foreign currencies and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 2% (2023: 2%) change in foreign currency rates. A positive number indicates an increase in profit or loss where the Australian dollar strengthens against the respective currency.

	Impact on profit or loss	
	2024	2023
	$	$
If AUD strengthens by 2% (2023: 2%)		
CAD	(30,376)	(1,931)
USD	(2,896)	(4,788)
If AUD weakens by 2% (2023: 2%)		
CAD	30,376	1,931
USD	2,896	4,788

Fluctuations in foreign currencies during the current financial year compared with the prior year are as follows:

	2024	2023
	%	%
CAD	(1.10)	(2.33)
USD	(8.84)	(0.16)

Credit risk management

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

The Group has adopted a policy of only dealing with creditworthy counterparties.
The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its customers.

21 FINANCIAL INSTRUMENTS (continued)

Credit risk management (continued)

The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks or government agencies with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, represents the Group's maximum exposure to credit risk. Credit risk is not considered material at balance date.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate banking and borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities, excluding liabilities associated with discontinued operations.

Non-derivative financial liabilities

The following table details the Group's expected contractual maturities for its non-derivative financial liabilities.

These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay.

The table includes both interest and principal cash flows.

	Weighted average interest rate %	Less than 6 months $	6 months to 1 year $	1 – 5 years $
31 December 2024				
Trade and other payables	n/a	607,181	-	-
Borrowings	10.00	57,522	1,163,014	-
		664,703	**1,163,014**	**-**
31 December 2023				
Trade and other payables	n/a	632,676	-	-
Contract liabilities	n/a	656	-	-
Borrowings (including right of use lease liabilities)	9.94	119,783	1,050,000	-
		753,115	**1,050,000**	**-**

21 FINANCIAL INSTRUMENTS (continued)

Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers

There have been no transfers between the levels of the fair value hierarchy during the year ended 31 December 2024.

Not measured at fair value

The Group has various financial instruments which are not measured at fair value on a recurring basis in the statement of financial position.

The Directors consider that the carrying amounts of current receivables, current payables and current borrowings are a reasonable approximation to their fair values.

The methods and valuation techniques used for the purposes of measuring fair values are unchanged compared to the previous reporting period.

22 RELATED PARTIES

Accounting Policy

Key management personnel compensation

Directors' remuneration is expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

22 RELATED PARTIES (continued)

(a) Key management personnel compensation

Key management personnel compensation comprises the following:

	2024 $	2023 $
Short-term employee benefits	412,605	231,278
Post-employment benefits	44,206	16,906
Share-based payments – shares issued	-	83,274
Share-based payments – shares to be issued	-	8,471
Share-based payments – options	109,328	-
	566,139	**339,929**

(b) Other key management personnel transactions

Several key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions to non-key management personnel related companies on an arm's length basis.

Andrew Childs

Resource Recruitment Pty Ltd, a company for which Mr Childs is a director, received $10,400 (2023: $31,200) in repayment for office rent and outgoings during the period whilst Mr Childs was a Director of the Company. The balance outstanding on 31 December 2024 was nil (2023: nil).

David McArthur

Broadway Management (WA) Pty Ltd, a company for which Mr McArthur is a director, received $72,000 in payment for accounting and management services for the period whilst Mr McArthur was a Director of the Company. Broadway additionally received $3,220 in office rent and outgoings for the period whilst Mr McArthur was a Director. As at 31 December 2024, no amounts owing to Broadway from the period whilst Mr McArthur was a Director were outstanding as at 31 December 2024.

DAS (Australia) Pty Ltd, a company for which Mr McArthur is a director, received $24,000 in payment for Company Secretarial services for the period whilst Mr McArthur was a Director of the Company. No amounts owing to DAS from the period whilst Mr McArthur was a Director were outstanding as at 31 December 2024.

22 RELATED PARTIES (continued)

(c) Loans from key management personnel

Gary Jeffery

Dungay Resources Pty Ltd (**Dungay**), a company for which Mr Jeffery is a director and shareholder, provided cash loans to the Company, accruing interest at 10% per annum, pro rata, repayable within six months if, and when, Australian Oil was in a financial position to do so. Interest expense to 31 December 2024 was $100,273 (2023: $95,699) and the balance outstanding was $1,213,013 (2023: $1,112,740).

23 CONTINGENT LIABILITIES

Dempsey 1-15

Pursuant to the acquisition of Peregrine Limited, a cash bonus totalling in aggregate $3,000,000 may be payable out of the net proceeds of sales of gas (after deducting operating costs) from any reservoir below the Forbes Zone and attributable to a 17.5% working interest in the Dempsey 1-15 well.

There is no completion in the Below Forbes Zone; in fact, there is a plug in the well above that zone; and hence there is no expectation of this liability being realised.

24 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities, and results of the following wholly owned subsidiary in accordance with the accounting policy described in note 1.4:

Name of subsidiary	Place of incorporation	Equity Interests 2024 %	2023 %
Sacgasco CA Inc.	United States of America	100	100
PEOCO LLC	United States of America	100	100
Sacgasco AB Ltd	Canada	100	100
Canning Australia Pty Ltd[1]	Australia	100	-
Nido Petroleum Pty Ltd [2]	Australia	-	100
Nido Petroleum Philippines Pty Ltd[2]	Australia	-	100
Yilgarn Petroleum Pty Ltd[2]	Australia	-	100

1 Canning Australia Pty Ltd was incorporated on 25 October 2024 and was dormant during the year.

2 On 19 January 2024, shareholders approved the sale of the Group's Philippines subsidiaries as announced to the market on 13 December 2023. The effective date of the sale was 1 December 2023.

25 AUDITOR'S REMUNERATION

	2024 $	2023 $
HLB Mann Judd		
Audit and other assurance services		
Audit and review of financial reports	92,558	106,801
Total Auditor's Remuneration	**92,558**	**106,801**

26 PARENT COMPANY DISCLOSURES

Accounting Policy

The accounting policies of the parent entity, which has been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

As at, and throughout the financial year ended 31 December 2024, the parent entity of the Group was Australian Oil Company Limited.

	2024 $	2023 $
Result of the parent entity		
Profit / (loss) for the year	**(461,407)**	**(2,381,610)**
Financial position of parent entity at year end		
Current assets	548,262	386,133
Total assets	**553,334**	**392,262**
Current liabilities	(3,044,157)	(3,260,071)
Total liabilities	**(3,044,157)**	**(3,260,071)**
Total equity of the parent entity comprising of:		
Share capital	34,942,074	34,218,663
Share-based payments reserve	-	15,971
Options reserve	130,954	160,775
Accumulated losses	(37,563,851)	(37,263,218)
Total (deficiency) / equity	**(2,490,823)**	**(2,867,809)**

27 MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 28 January 2025, the Company advised that it had agreed to a deferral in timing of the final tranche of consideration payable under the Omnibus Settlement Agreement with Blue Sky Resources Ltd. (**Blue Sky**). Under the terms of the revision, Australian Oil agreed to a deferral of the final payment of A$540,000 until 27 March 2025 in exchange for additional transaction consideration amounting to A$38,782. This additional consideration was effectuated via the transfer of a total shareholding of 4,309,087 in Xstate Resources Limited (ASX:XST).

On 27 March 2025, the Company advised that it had received final payment of $552,908, being the final tranche payment of consideration for the Omnibus of A$540,000, in additional to interest payments for timing deferrals agreed to over the course of the Omnibus, amounting to A$12,908.

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

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Basis of preparation

This consolidated entity disclosure statement has been prepared in accordance with s295(3A)(a) of the *Corporations Act 2001* (**Act**) and includes the required information for Australian Oil Company Limited and the entities it controls in accordance with AASB 10 *Consolidated Financial Statements*.

Tax Residency

S295(3A)(vi) of the Act defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency may involve judgement as there are different interpretations that could be adopted and which could give rise to different conclusions regarding residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency
Current legislation and judicial precedent has been applied, including having regard to the Tax Commissioner's public guidance.

Foreign tax residency
Where appropriate, independent tax advisers have been engaged to assist in the determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Name of subsidiary	Entity type	Country of Incorporation	% of Share Capital	Australian or foreign tax resident	Foreign jurisdiction of foreign resident
Sacgasco CA, Inc.	Body Corporate	USA	100	Foreign[1]	USA
PEOCO, LLC	Body Corporate	USA	100	Foreign[1]	USA
Canning Australia Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Sacgasco AB Ltd	Body Corporate	Canada	100	Foreign[1]	Canada

[1] Australian Oil's USA and Canadian based subsidiaries are considered to also be Australian Tax Resident on the basis that central management and control of the entities reside in Australia. Under Australian financial reporting standards, an entity cannot be classified as dual resident until year ends commencing after 1 July 2024.

DIRECTORS’ DECLARATION

1. In the opinion of the Directors of Australian Oil Company Limited (**the Company**):

   (a) the accompanying financial statements and notes are in accordance with the *Corporations Act 2001* including:

      (i) giving a true and fair view of the Group’s financial position as at 31 December 2024 and of its performance for the year then ended; and

      (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. 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 financial year ended 31 December 2024.

3. The Consolidated Entity Disclosure Statement is true and correct.

This declaration is signed in accordance with a resolution of the Board of Directors.

J.L. Kane Marshall
Managing Director

31 March 2025
Perth

INDEPENDENT AUDITOR'S REPORT
To the Members of Australian Oil Company Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Oil Company Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, consolidated statement of other comprehensive income, the consolidated statement of changes in equity and 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.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 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 financial report 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.7 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 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.

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In addition to the matter described in the *Material Uncertainty Related to Going* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Discontinued operations Refer to Note 4	
As at 31 December 2024, there are discontinued operations disclosed in the Statement of profit or loss of an amount of profit, $8,662,796. During the year, the Group completed the sale of their Filipino operations (sale of entities), resulting in a profit of $7,263,661 included within discontinued operations. In addition, the Group completed the sale of their remaining Canadian operations (sale of assets), resulting in a profit of $1,399,135 included within discontinued operations. The recognition and disclosure of these transactions in the financial report is complex and required significant audit attention, as the Group needed to separate its assets, liabilities and operations into continuing and discontinued business operations which has a significant and pervasive impact on the financial results and report of the Group. We focussed on this matter because of the importance to readers of the financial report of the allocation of the gain from continuing to discontinued operations.	Our audit procedures included but were not limited to the following: – We obtained an understanding of the key processes associated with management's accounting for the sale transactions; – We substantiated sale proceeds and the remaining receivable amount to supporting documentation under the Omnibus agreement and subsequent revisions; – We recalculated the carrying value of the assets and liabilities disposed of to test that these were accurately separated from the continuing business; – We substantively tested revenue, income and expenditure relating to discontinued operations to ensure it was in relation to the operations assets and liabilities sold; – We considered the requirements of AASB 121 the effects of Changes in Foreign Exchange Rates in relation to Disposal of a Foreign Operations; – We have considered the tax implications of the sale: and – We ensured compliance and checked disclosures were in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations.

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 31 December 2024 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:

(a) 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

(b) 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:

(a) 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

(b) the consolidated entity disclosure statement that is true and correct and is free from material 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.

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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the Directors' Report for the year ended 31 December 2024.

In our opinion, the Remuneration Report of Australian Oil Company Limited for the year ended 31 December 2024 complies with Section 300A of the *Corporations Act 2001*.

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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
31 March 2025

DBuckley

D I Buckley
Partner

SECURITIES EXCHANGE INFORMATION

The shareholder information set out below was applicable on 15 March 2025:

1. Distribution of ordinary shares

Range	Total holders	Ordinary shares	% of issued capital
1 – 1,000	101	10,955	-
1,001 – 5,000	67	283,254	0.03
5,001 – 10,000	201	1,611,133	0.16
10,001 – 100,000	716	30,311,756	3.03
100,001 and over	545	969,565,899	96.78
Total	**1,630**	**1,001,782,997**	**100.00**

There were 1,277 holders of less than a marketable parcel of ordinary shares.

2. Substantial shareholders

The substantial shareholders are set out below:

	Number of shares	Percentage held
MR LEO THOMAS LOVE & MRS TERRI MAREE LOVE <LOVE SUPER FUND A/C>	83,463,506	8.33%
MS CHUNYAN NIU	72,700,874	7.26%

3. Voting rights

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll, every member present or by proxy shall have one vote for every share held.

Options and rights

No voting rights.

4. Unlisted options

Grant Date	Number	Number of holders	Expiry date	Exercise price (cents)
6-Aug-24	10,000,000	1	30-Apr-29	2.5
6-Aug-24	10,000,000	1	30-Apr-29	3.5
6-Aug-24	10,000,000	1	30-Apr-29	4.5
6-Aug-24	125,937,937	26	30-Jun-26	0.8

4. Twenty largest shareholders on 15 March 2025

Shareholders	Ordinary shares Number held	Ordinary shares % of issued shares
MR LEO THOMAS LOVE & MRS TERRI MAREE LOVE <LOVE SUPER FUND A/C>	83,463,506	8.33
MS CHUNYAN NIU	72,700,874	7.26
BLUE SKY RESOURCES LTD <AOK SHARE SL A/C>	38,455,000	3.84
MR STEVEN DAVID DAHL & MRS LOUISA YVETTE DAHL <S & L DAHL FAMILY A/C>	32,148,338	3.21
BOND STREET CUSTODIANS LIMITED <PACORK – D00089 A/C>	30,725,358	3.07
TALEX INVESTMENTS PTY LTD	29,100,000	2.90
A R HOOD SUPER PTY LTD <HOOD SUPER A/C>	24,600,000	2.46
HOWELL & CO ENERGY ADVISORS PTY LTD	14,644,127	1.46
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS ERTAILCLIENT>	13,693,545	1.37
MR ALEXANDER HOOD	13,500,000	1.35
MR ALAN GEORGE BROOKS & MRS PHILIPPA CLAIRE BROOKS <A G & P C BROOKS S/FUND A/C>	13,246,760	1.32
DEMASIADO PTY LTD <DEMASIADO FAMILY A/C>	12,425,508	1.24
MANDALARI PTY LTD <APAFI SF A/C>	12,298,896	1.23
CITICORP NOMINEES PTY LIMITED	11,306,738	1.13
MS JUSTINE DAVINA MICHEL <LAMBRECHT INVESTMENT A/C>	10,369,198	1.04
MR DAVID WATERSTON & MS NATALIE ANA KOVACEV <WATERSTON & KOVACEV S/F A/C>	10,000,000	1.00
MATILDA WEST PTY LTD <TEAM B A/C>	9,000,000	0.90
ENDLESS SUMMER (WA) PTY LTD <PETER NELSON SUPER FUND A/C>	8,892,800	0.89
MRS LILIA SANTOS <SANTOS FAMILY A/C>	8,654,869	0.86
MRS SUSAN JANE McARTHUR	8,157,143	0.81

5. Tenement Table as at 15 March 2025

Project Names	Leases; Related Gas Field (HBP leases); or Key Well	Project Type	Working Interest (WI)*
Dempsey Area Project	**Rancho Capay Unit, Big Jake, Rio Grande and Stoney Creek wells are associated with HBP Leases as well as intermittent production from Dempsey 1-15;**	**Exploration, Appraisal and Rework**	**40-60%**
Borba Project	**Borba 1-7 exploration well is associated with the Oil and Gas Mineral Leases**	**Exploration**	**66.67%**
Los Medanos Project	**Los Medanos Gas Field. The main wells are the Neely wells where shut in royalties are being paid.**	**Appraisal and Rework**	**90%**
Malton Project	**Malton Gas Field HBP Leases are associated with the VBC producing wells.**	**Exploration, Appraisal and Rework**	**45-70%**
Dutch Slough Gas Project	**Dutch Slough Gas Field. Scopes and Reedy wells are shut in with associated royalties being paid.**	**Exploration, Appraisal and Rework**	**70%**
Rio Vista Gas Project	**Rio Vista Field Wells Rec Board 7 and 8 are producing wells associated with HBP Leases.**	**Gas flow, development, and Rework**	**100%**
+Alvares Project	**Alvares 1 well (P&A)**	**All leases have expired and there has been found to be no working interest in any Alvares well.**	**0%**

* Approximate WI across the referenced Project
+ This is based off the latest in country review and lease tenure matters are still being investigated

CORPORATE DIRECTORY

Directors

Mr Chris Hodge *(appointed 22 October 2024)*
Mr J.L. Kane Marshall
Mr William Ashby

Mr Gary Jeffery *(resigned 3 April 2024)*
Mr Andrew Childs *(resigned 29 April 2024)*
Mr David McArthur *(appointed 2 May 2024, resigned 22 October 2024)*

Joint Secretaries

Mr David McArthur
Mr Jordan McArthur

Registered and Principal Office

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Fremantle WA 6160

Telephone: +61 8 9435 3200

Postal Address

PO Box 584
Fremantle WA 6959

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Bankers

ANZ Banking Group Limited
Level 6, 77 St Georges Terrace
Perth WA 6000

Share Registry

Automic Group
Level 5, 191 St Georges Terrace
Perth WA 6000

Telephone: +61 1300 288 664

ASX Code

Shares: AOK

Website and Email

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