



INTERIM FINANCIAL REPORT

**For the half-year ended
30 June 2025**

**AUSTRALIAN OIL COMPANY LIMITED
ACN 114 061 433**

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DIRECTORS' REPORT

Your directors submit the Interim Report of the Group comprising Australian Oil Company Ltd, formerly Sacgasco Limited ("**the Company**", "**AOK**" or "**Australian Oil**") and its controlled entities ("**the Group**") for the half-year ended 30 June 2025. To comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

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

| | | Appointment |
|--------------------|------------------------|-----------------|
| J.L. Kane Marshall | Managing Director | 17 July 2023 |
| William Ashby | Non-executive Director | 6 April 2022 |
| Chris Hodge | Non-executive Chair | 22 October 2024 |

REVIEW OF OPERATIONS

This half-year, together with the subsequent events referred to in this report, focus on the resetting of the Company away from other low value assets internationally to California and new venture opportunities.

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

Highlights of Reporting Period

- Production uplift following connection of acquired pipeline from PG&E at the Rio Vista Gas Field with wells now flowing into a CRC gathering system;
- Rec Board-7 and Rec Board-8 recommenced production, achieving maximum flow rates of 275 mscf/d and sustained unassisted rates of ~200 mscf/d;
- Gas flows increased to 32,830 mcf gross in the June quarter, up from 22,799 mcf gross in the March quarter.
- Strategic review completed which confirmed that Borba leases were confirmed to be expired;
- Dempsey well was shut in during the reporting period and considered to have immaterial commercial value;
- Californian focus shifted to Rec Board, VBC, Stoney Creek and new lease acquisitions;
- Balance sheet strengthened: Settlement Agreement with former Director delivered forgiveness of \$1m in loans and \$185k in accrued interest, in exchange for \$28k cash and 36m shares;
- Corporate clean-up completed: Omnibus Settlement with Blue Sky Resources concluded, finalising divestment of Canadian and Filipino operations;
- Financial position recapitalised, with \$903k in cash at 30 June 2025; and
- Ongoing review of domestic gas opportunities in Australia focused on favourable regulatory jurisdictions and proximity to east coast markets as well as larger conventional opportunities in Africa.

Corporate and New Ventures Matters

- Blue Sky Resources Settlement (Omnibus Agreement): Completion delivered A\$1.2m cash, Xstate Resources shares, and finalisation of divestment of Canadian and Filipino operations;
- Settlement with Former Director (June quarter): \$28,000 cash and 36,000,000 shares issued in return for forgiveness of \$1,000,000 loan principal and \$184,603 accrued interest, materially reducing liabilities;
- Re-assessment of abandonment and restoration provision based on technical review of Californian operations;
- Subsequent to the end of the reporting period Mr Neil Taylor was appointed East Africa Business Development Manager as the Company evaluates several exciting opportunities in these jurisdictions; and
- Annual General Meeting: Held 15 May 2025, with all resolutions passed.

Onshore California Review (Majority Operated)

The Company continued to maintain its leases in the Sacramento Basin (Figure 1) during the period. Australian Oil Company has a working interest (WI) of between 35% and 100% in oil and gas leases which cover natural gas prospects ranging in size from 5-20 Bcf prospective resources of Natural Gas.

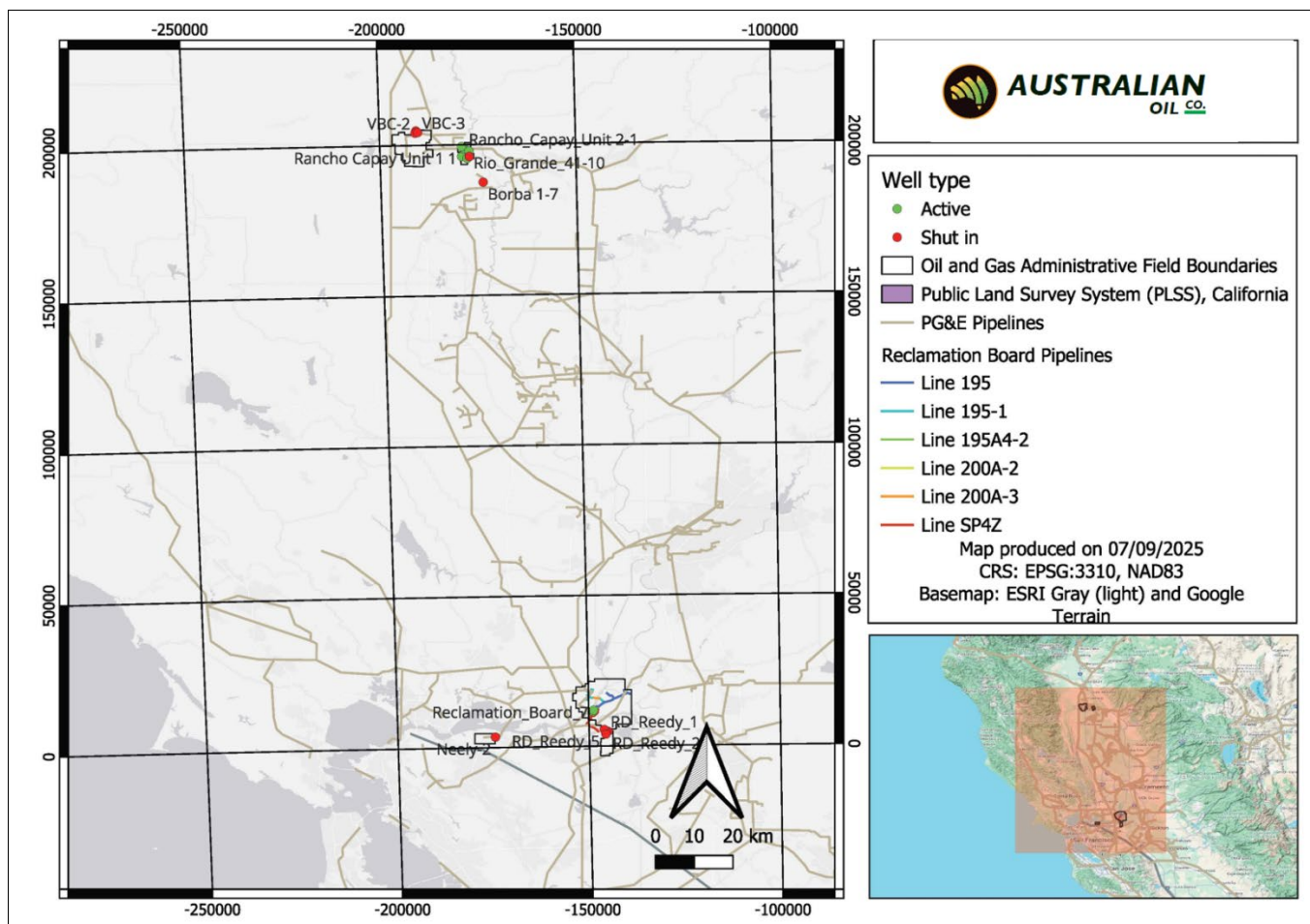


Figure 1 Overview of Sacramento Basin Operated Wells

For the reporting period, the following were the key activities:

- **Rio Vista (Rec Board Wells):** The acquisition and connection of additional pipeline infrastructure allowed increased throughput into lower back-pressure systems. Rec Board-7 and Rec Board-8 (Figure 2) returned to production with peak flows of 275 mscf/d. Sustained free flow production of ~200 mscf/d was recorded. Smaller compressors are under assessment to further enhance output;
- **VBC (Malton) Wells:** Shut in due to abandonment of third-party infrastructure. AOK is working to reconnect these wells via alternate operator systems to restore production at lower cost;
- **Borba Project:** The Borba-1 exploration well was confirmed uneconomic due to reservoir and pipeline constraints. The Borba leases expired in 2021 and the area is considered immaterial to future exploration;
- **Dempsey Project:** Dempsey-1 has been intermittently producing but remains shut in due to well integrity and completion issues. Lease remains held by production but is under review; and
- **Stoney Creek and Near-field Prospects:** Opportunities under review include step-out potential at Rec Board, deeper targets at VBC and Stoney Creek, and additional lease acquisitions.

| California Gas Flows (mcf) ¹ | Six months to 30 June 2025 | Six months to 31 December 2024 |
|---|-------------------------------|-----------------------------------|
| Gross Gas Flows | 55,629 | 69,037 |
| AOK Gas Flows after Royalty | 37,233 | 38,219 |

Note 1: mcf = Thousand Cubic feet gas

Gas flow optimisation and sales opportunities are continually being pursued.

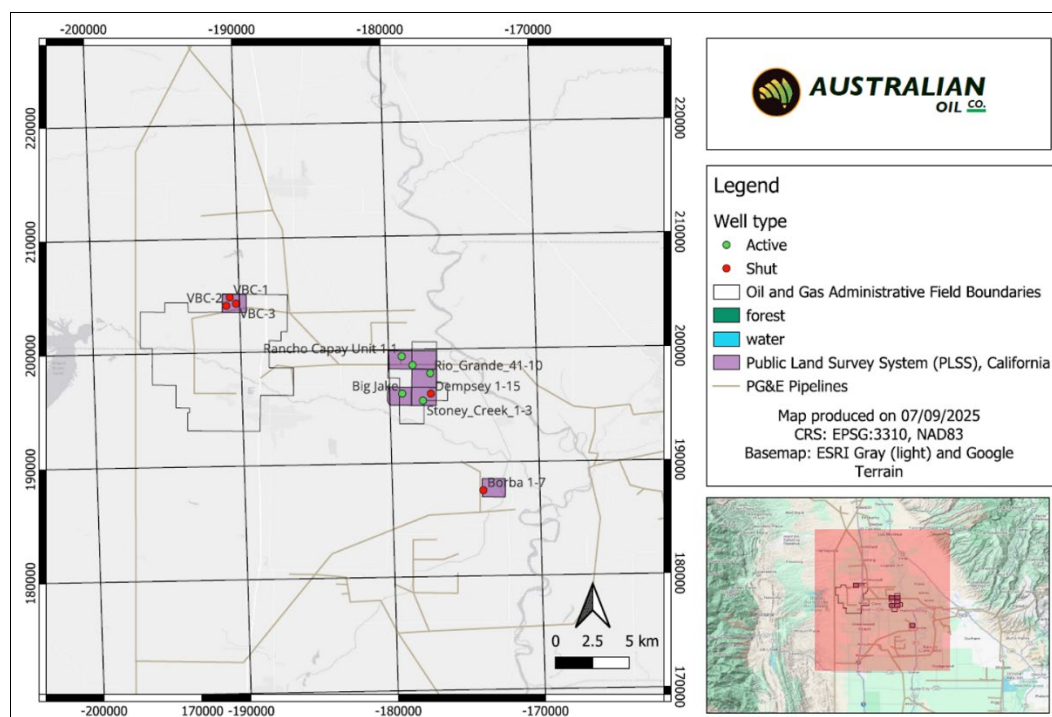


Figure 2 North Sacramento Basin Operated Wells

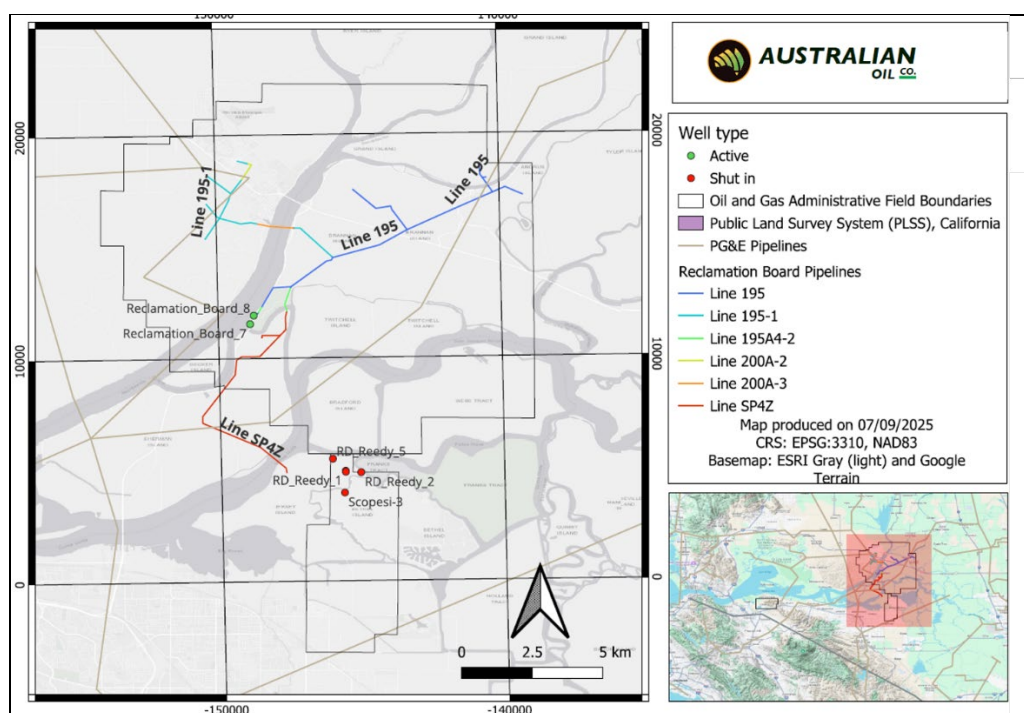


Figure 3 South Sacramento Basin Operated Wells

AUSTRALIAN OIL COMPANY CALIFORNIA TENEMENT TABLE (30 June 2025)

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

| Project Names | Leases; Related Gas Field (HBP leases); or Key Well | Lease status | Working Interest (WI)* |
|---------------------------------|---|---|------------------------|
| <i>Dempsey Area Project</i> | 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 ("Dempsey"); | HBP* leases. Dempsey 1-15 is not flowing with plans to try and bring it back on to flow shortly. A reconciliation of royalty payments versus revenues and costs are being assessed to determine if the Dempsey specific lease will be held or relinquished. | 40-60% |
| <i>Borba Project</i> | Borba 1-7 exploration well | Not a commercial discovery and leases have expired. | 66.67% |
| <i>Los Medanos Project</i> | Los Medanos Gas Field. The main wells are the Neely wells were shut in royalties are being paid. | Shut-in royalties are being paid to hold the leases until gas flows can be reinstated requiring commerciality assessments. | 90% |
| <i>Malton Project</i> | Malton Gas Field HBP Leases are associated with the VBC producing wells. | Shut-in royalties being paid while Company assesses the potential to tie in VBC wells to another Operator's meter. Company is also looking at opportunities that can be accessed by deepening VBC wells | 45-70% |
| <i>Dutch Slough Gas Project</i> | Dutch Slough Gas Field. Scopes and Reedy wells are shut in with associated royalties being paid. | Shut-in royalties being paid due to lack of market and infrastructure. | 70% |
| <i>Rio Vista Gas Project</i> | Rio Vista Field Wells Rec Board 7 and 8 are producing wells associated with HBP Leases. | Leases are HBP*. | 100% |

*HBP – Held by Production.

LEASES

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

COMPETENT PERSONS' STATEMENT

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

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

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

CORPORATE

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

AUSTRALIAN OIL COMPANY CAPITAL STRUCTURE

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

ISSUED CAPITAL – 12 September 2025

| | |
|---|---------------|
| Ordinary Shares (ASX: AOK) | 1,061,282,997 |
| Unlisted Options exercisable between 2.5 cents and 4.5 cents by 30 April 2029 | 30,000,000 |
| Unlisted Options exercisable at 0.8 cents by 30 June 2026 | 125,937,937 |

Refer note 10 to the accounts for a breakdown of shares and options issued after the end of the reporting period

ANNUAL GENERAL MEETING

On 31 March 2025, the Company provided its 2024 Annual Report to Shareholders. The Annual General Meeting was held on the 15 May 2025 and all Resolutions presented were passed by a poll.

REVIEW OF RESULTS AND FINANCIAL POSITION

The net loss after income tax from continuing operations for the half-year was \$1,235,457 (30 June 2024: \$1,011,200).

At the end of the reporting period the Group had cash on hand of \$902,763 (31 December 2024: \$895,895).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE BALANCE DATE

Other than as disclosed in note 10 to the financial statements, there have been no other matters or circumstances that have arisen since the end of the financial period that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 8.

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



J.L. KANE MARSHALL
Managing Director

12 September 2025
Perth, WA

About Australian Oil Company Limited (ASX: AOK)

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

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

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

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

www.australianoilco.com.au

(X): @AustralianOilCo

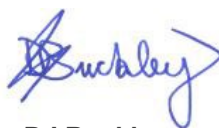
LinkedIn: Australian Oil Company Limited

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Australian Oil Company Limited for the half-year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
12 September 2025



D I Buckley
Partner

hlb.com.au

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A Western Australian Partnership

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd is a member of HLB International, the global advisory and accounting network.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the half-year ended 30 June 2025

| | | 30 June 2025 | 30 June 2024 |
|---|------|--------------------|--------------------|
| | Note | \$ | \$ |
| Production income | 3 | 108,660 | 158,785 |
| Other income | 4 | 1,308,999 | 134,548 |
| Finance income | | 9,055 | 4,684 |
| Expenses | | | |
| Other operating expenses | 5 | (1,949,895) | (419,614) |
| Exploration expenditure | | (24,225) | - |
| Personnel expenses | | (240,092) | (338,018) |
| General and administrative expenses | | (86,660) | (102,810) |
| Professional fees | | (243,238) | (364,796) |
| Depreciation and amortisation – other assets | | - | (473) |
| Other expenses | | (20,809) | |
| Finance expenses | | (51,141) | (52,053) |
| Foreign exchange (losses) / gains | | 6,995 | (30,744) |
| Impairment gain / (loss) on trade receivables | | (53,106) | 1,722 |
| Loss before income tax | | (1,235,457) | (1,008,769) |
| Income tax expense | | - | (2,431) |
| Loss for the period from continuing operations | | (1,235,457) | (1,011,200) |
| Gain on disposal of subsidiaries | | - | 7,263,661 |
| Loss for the year from discontinued operations | | (62,886) | (245,935) |
| (Loss) / profit from discontinued operations before tax | | (62,886) | 7,017,726 |
| Income tax expense on discontinued operations | | 457 | - |
| (Loss) / profit from discontinued operations | | (62,429) | 7,017,726 |
| (Loss) / profit for the period | | (1,297,886) | 6,006,526 |

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

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the half-year ended 30 June 2025

| | 30 June 2025 | 30 June 2024 |
|--|--------------------|------------------|
| | \$ | \$ |
| (Loss) / profit for the period | (1,297,886) | 6,006,526 |
| Other comprehensive income | | |
| Foreign currency translation difference of continuing foreign operations | 48,570 | 1,056 |
| Foreign currency translation difference of discontinued foreign operations | (8,869) | (103,597) |
| Derecognition of foreign currency translation reserve | - | 1,155,857 |
| Total comprehensive (loss) / income for the period | (1,258,185) | 7,059,842 |
| Profit / (loss) for the period is attributable to: | | |
| Continuing operations | (1,235,457) | (1,011,200) |
| Discontinued operations | (62,429) | 7,017,726 |
| | (1,297,886) | 6,006,526 |
| Comprehensive income / (loss) for the period is attributable to: | | |
| Continuing operations | (1,186,887) | (1,010,144) |
| Discontinued operations | (71,298) | 8,069,986 |
| | (1,258,185) | 7,059,842 |
| Earnings / (loss) per share (cents per share) | | |
| Basic and diluted – continuing operations | (0.12) | (0.13) |
| Basic and diluted – discontinued operations | (0.01) | 0.90 |
| | (0.13) | 0.77 |

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 30 June 2025

| | | 30 June 2025 | 31 December 2024 |
|---|------|--------------------|---------------------|
| | Note | \$ | \$ |
| Assets | | | |
| Cash and cash equivalents | | 902,763 | 895,895 |
| Trade and other receivables | 6 | 128,937 | 1,348,985 |
| Prepayments | | 73,006 | 35,108 |
| Current tax asset | | 9,423 | 8,994 |
| Other current assets | | 43,362 | 6,699 |
| Total current assets | | 1,157,491 | 2,295,681 |
| Trade and other receivables | | 5,572 | - |
| Other financial assets | | 305,316 | 327,462 |
| Total non-current assets | | 310,888 | 327,462 |
| Total assets | | 1,468,379 | 2,623,143 |
| Liabilities | | | |
| Trade and other payables | 7 | (494,053) | (607,181) |
| Borrowings | 8 | (55,889) | (1,220,566) |
| Employee entitlements | | (22,450) | (137,407) |
| Site restoration provision | 9 | (8,732) | - |
| Total current liabilities | | (581,124) | (1,965,154) |
| Site restoration provision | 9 | (1,714,236) | (226,785) |
| Total non-current liabilities | | (1,714,236) | (226,785) |
| Total liabilities | | (2,295,360) | (2,191,939) |
| Net (liabilities) / assets | | (826,981) | 431,204 |
| Equity | | | |
| Issued capital | 10 | 34,942,074 | 34,942,074 |
| Reserves | | 550,972 | 511,271 |
| Accumulated losses | | (36,320,027) | (35,022,141) |
| Total equity attributable to equity holders of the Company | | (826,981) | 431,204 |

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 30 June 2025

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

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the half-year ended 30 June 2025

| | Issued capital | Translation reserve | Options reserve | Share-based payments reserve | Accumulated losses | Total equity |
|--|-------------------|------------------------|--------------------|------------------------------------|-----------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance on 1 January 2025 | 34,942,074 | 380,316 | 130,955 | - | (35,022,141) | 431,204 |
| Loss for the period | - | - | - | - | (1,297,886) | (1,297,886) |
| Foreign exchange translation difference on continuing foreign operations | - | 48,570 | - | - | - | 48,570 |
| Foreign exchange translation difference on discontinued foreign operations | - | (8,869) | - | - | - | (8,869) |
| Total comprehensive income / (loss) for the period | - | 39,701 | - | - | (1,297,886) | (1,258,185) |
| <i>Transactions with owners in their capacity as owners</i> | | | | | | |
| Contributions of equity, net of transaction costs | - | - | - | - | - | - |
| Transfer to accumulated losses on expiry of options | - | - | - | - | - | - |
| Share-based payments | - | - | - | - | - | - |
| Balance on 30 June 2025 | 34,942,074 | 420,017 | 130,955 | - | (36,320,027) | (826,981) |

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 30 June 2025

| | 30 June 2025 \$ | 30 June 2024 \$ |
|---|-----------------------|-----------------------|
| Note | | |
| Cash flows from operating activities | | |
| Receipts from customers | 278,876 | 328,710 |
| Cash paid to suppliers and employees | (1,403,990) | (947,479) |
| Payments for exploration and evaluation | (26,225) | - |
| Interest paid | (51,141) | (2,190) |
| Interest received | 27,224 | 4,923 |
| Income taxes paid | - | (2,431) |
| Net cash used in operating activities | (1,175,256) | (618,467) |
| Cash flows from investing activities | | |
| Proceeds from disposal of Filipino subsidiaries | - | 530,497 |
| Proceeds from disposal of Oil and Gas interest | 1,211,092 | - |
| Net cash generated from investing activities | 1,211,092 | 530,497 |
| Cash flows from financing activities | | |
| Proceeds from issue of shares and options | - | 409,335 |
| Repayment of borrowings | (25,319) | - |
| Repayment of premium funding facility | - | (20,387) |
| Payment of capital raising costs | - | (315) |
| Net cash (used in) / from financing activities | (25,319) | 388,633 |
| Net increase in cash and cash equivalents | 10,517 | 300,663 |
| Cash and cash equivalents on 1 January | 895,895 | 265,725 |
| Effect of exchange rate fluctuations on cash held | (3,649) | 13,839 |
| Cash and cash equivalents on 30 June | 902,763 | 580,227 |

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

For the half-year ended 30 June 2025

The consolidated financial statements cover Australian Oil Company Ltd as a Group consisting of Australian Oil Company Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Australian Oil Company 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 office and principal place of business are:

Registered office and principal place of business

Level 1,
31 Cliff Street
Fremantle WA 6160

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

The financial statements were authorised for issued, in accordance with a resolution of directors, on 12 September 2025. The directors have the power to amend and reissue the financial statements.

1. MATERIAL ACCOUNTING POLICIES

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

1.1 Basis of preparation

These general-purpose financial statements for the interim half-year reporting period ended 30 June 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 *'Interim Financial Reporting'* and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *'Interim Financial Reporting'*.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2024 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

1.2 Accounting policies

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the period ended 30 June 2025. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

1.3 Segment information

For management purposes, the Group is organised into two operating segments, being Californian focused oil and natural gas exploration and appraisal, and corporate activities. All the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Maker) as two segments. Accordingly, all significant operating decisions are based upon analysis of the Group as two segments. The financial results from the segments are equivalent to the financial statements of the Group as a whole. The accounting policies used by the Group in reporting segments internally are the same as those contained in note 2 to the financial statements.

1.4 Foreign currency translation

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

Foreign currency transactions

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

Foreign operations

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

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

1.5 Going concern

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

For the period ended 30 June 2025, the Group recorded a loss of \$1,235,457 and had net cash inflows of \$10,517. As of 30 June 2025, the Group had net liabilities of \$826,981, a working capital surplus of \$576,367 and total cash on hand of \$902,763.

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 sell 4,309,087 fully paid ordinary shares in Xstate Resources Limited;
- Via a successful sale or farmout of rights to exploration assets held by the Group.

1.5 Going concern (*continued*)

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

1.6 Production income

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

1.7 Other income

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

2 OPERATING SEGMENTS

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

- oil and gas exploration within USA
- corporate

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

There has been a changes to the basis of segmentation since 31 December 2024, being to segregate operations by location and type. Currently the company only has exploration within the USA and Corporate costs as continuing operations. Discontinued operations have not been presented here.

2 OPERATING SEGMENTS (continued)

| | Exploration USA | Corporate | Total |
|--|--------------------|-----------|-------|
|--|--------------------|-----------|-------|

30 June 2025

Key P&L Information

| | | | |
|----------------------------|-------------|-----------|-------------|
| Revenue | 108,660 | - | 108,660 |
| Other income | 124,396 | 1,184,603 | 1,308,999 |
| Profit / (loss) before tax | (1,891,865) | 656,406 | (1,235,457) |
| Exploration expenditure | (24,225) | - | (24,225) |
| Other operating expenses | (1,949,895) | - | (1,949,895) |
| Professional fees | (78,805) | (164,433) | (243,238) |

Segment balance sheet information

| | | | |
|--------------------------|--------------------|------------------|--------------------|
| Current assets | 152,093 | 1,005,398 | 1,157,491 |
| Non-current assets | 305,316 | 5,572 | 310,888 |
| Total assets | 457,409 | 1,010,970 | 1,468,379 |
| Current liabilities | (304,884) | (276,240) | (581,124) |
| Non-current liabilities | (1,714,237) | - | (1,714,236) |
| Total liabilities | (2,019,121) | (276,240) | (2,295,360) |

| | Exploration USA | Corporate | Total |
|--|--------------------|-----------|-------|
|--|--------------------|-----------|-------|

30 June 2024

Key P&L Information

| | | | |
|----------------------------|-----------|-----------|-------------|
| Revenue | 158,785 | - | 158,785 |
| Other income | 122,078 | 12,470 | 134,548 |
| Profit / (loss) before tax | (100,219) | (908,550) | (1,008,769) |
| Professional fees | 94,878 | 269,918 | 364,796 |

31 December 2024

Segment balance sheet information

| | | | |
|--------------------------|------------------|--------------------|--------------------|
| Current assets | 19,585 | 548,262 | 567,847 |
| Non-current assets | 322,390 | 5,072 | 327,462 |
| Total assets | 341,976 | 553,334 | 895,310 |
| Current liabilities | (128,723) | (1,833,032) | (1,961,755) |
| Non-current liabilities | (226,785) | - | (226,785) |
| Total liabilities | (355,508) | (1,833,032) | (2,188,540) |

3 PRODUCTION INCOME

Revenue for the half-year ended 30 June 2025, relates to contracts executed for the sale of natural gas. All performance obligations have been met within the period. There is no variable consideration requiring estimation for the period ended 30 June 2025.

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

The Group's revenue from continuing operations is currently derived from its Californian operations and is disaggregated as such in the Group's segment note disclosure in note 2. The Group's revenue disaggregated by pattern of revenue recognition is as follows:

| | 30 June 2025 \$ | 30 June 2024 \$ |
|---|-----------------------|-----------------------|
| Goods transferred at a point in time | | |
| Natural gas | 108,660 | 158,785 |

4 OTHER INCOME

| | 30 June 2025 \$ | 30 June 2024 \$ |
|--|-----------------------|-----------------------|
| Other operating income – California ¹ | 124,397 | 134,548 |
| Other income – debt forgiveness ² | 1,184,602 | - |
| Other income | - | - |
| Total other income | 1,308,999 | 134,548 |

¹ Each well owner is allocated a share of the lease operating expenses (COPAS) incurred in operating the leases.

² As announced to the market on 3 July 2025, this is the loan and accrued interest forgiven by the former director and his associated company (Dungay Resources Pty Ltd). The deed of settlement was entered into on 30 June 2025.

5 OTHER OPERATING EXPENSES

| | 30 June 2025 | 30 June 2024 |
|-----------------------------------|------------------|-----------------|
| | \$ | \$ |
| Californian gas operational costs | 390,949 | 419,614 |
| Rehabilitation expense | 1,558,946 | - |
| Total finance costs | 1,949,895 | 419,614 |

6 TRADE AND OTHER RECEIVABLES

| | 30 June 2025 | 31 December 2024 |
|--|-----------------|---------------------|
| | \$ | \$ |
| Current | | |
| Trade debtors | 246,547 | 169,473 |
| Less: Provision for expected credit losses ¹ | (202,900) | (159,860) |
| | 43,647 | 9,613 |
| Authorised government agencies | 10,463 | - |
| Omnibus Settlement Agreement receivable balance ² | 74,827 | 1,334,663 |
| Interest receivable – Omnibus Settlement | - | 4,709 |
| | 128,937 | 1,348,985 |
| Movement in the allowance for expected credit losses | | |
| Opening balance | 159,860 | 25,147 |
| Additional provisions recognised | 44,513 | 126,195 |
| Effects of foreign exchange | (1,473) | 8,518 |
| | 202,900 | 159,860 |

¹ The Group has assessed the recoverability of the amounts due for well expenses on exploratory wells, accounting for factors such as oil and gas prices and historical recovery and determined that an ECL of \$44,513 for the period ended 30 June 2025 is appropriate. Should the exploratory wells for which costs are due move from exploration to production in the future, the Group intends to recover the amounts owing prior to releasing net revenues to the working interest parties. Other receivables are non-interest bearing.

² As at 30 June 2025, the Company carried a receivable balance for the funds to be received by way of disposal of Blue Sky Resources' shareholding in Australian Oil. The shares are currently held by the nominated broker as advised in the Company's ASX release on 15 November 2024 and an orderly sale procedure is intended to be undertaken during the remainder of 2025 financial year.

7 TRADE AND OTHER PAYABLES

| | 30 June 2025 \$ | 31 December 2024 \$ |
|---|-----------------------|---------------------------|
| Current | | |
| Trade payables | 298,826 | 386,408 |
| Other payables – oil and gas exploration assets | 160,227 | 142,692 |
| Accrued expenses | 35,000 | 60,178 |
| Authorised government agencies | - | 17,903 |
| | 494,053 | 607,181 |

8 BORROWINGS

| | 30 June 2025 \$ | 31 December 2024 \$ |
|----------------------------|-----------------------|---------------------------|
| Current | | |
| Loans from former Director | 28,000 | 1,213,013 |
| Premium funding facility | 27,889 | 7,553 |
| | 55,889 | 1,220,566 |

| | Premium Funding \$ | Loans from related party ¹ \$ | Total \$ |
|---------------------------------------|--------------------------|--|------------------|
| Balance on 1 January 2024 | 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 |
| Financing of premium funding facility | 45,655 | - | 45,655 |
| Interest charged | 1,552 | 49,589 | 51,141 |
| Interest paid | (1,552) | (50,000) | (51,552) |
| Principal repaid | (25,319) | - | (25,319) |
| Debt forgiveness ² | - | (1,184,602) | (1,184,602) |
| Balance on 30 June 2025 | 27,889 | 28,000 | 55,889 |

¹ Loan from related party is funds received from Dungay Resources Pty Ltd, an entity related to former Managing Director, Gary Jeffery. It is noted at inception of the loan, Mr Jeffery was considered a related party. As of the date of this report, Mr Jeffery is not considered a related party.

² On 3 July 2025, the Company announced it had entered into a settlement agreement with Mr Jeffery whereby the total outstanding principal and \$184,602 in accrued interest on the loan from Dungay Resources Pty Ltd was forgiven.

9 SITE RESTORATION PROVISION

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

California, USA (Sacramento Basin)

During the period, the Company performed a technical review of its Californian operations following the divestment of the Company's Filipino and Canadian focused assets during 2024. As a component of the review of operations, the Company has created and implemented an idle well management plan with California Geologic Energy Management Division (CalGEM).

Accordingly, the Company has revised estimates of rehabilitation obligations for flowing gas wells and surface infrastructure associated with Californian operations. The Company continues to hold a bond with the Department of Conservation and Division of Oil, Gas and Geothermal Resources (DoGGR) of US\$200,000 for up to fifty wells.

| | 30 June 2025 \$ | 31 December 2024 \$ |
|--------------------|-----------------------|---------------------------|
| Current | | |
| California | 8,732 | - |
| Non-current | | |
| California | 1,714,236 | 226,785 |
| Canada | - | - |
| | 1,722,968 | 226,785 |

Reconciliation of movements in site restoration provision:

| | California \$ | Canada \$ | Total \$ |
|--|------------------|-------------------|-------------------|
| Balance on 1 January 2024 | 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 |
| Re-estimation of Californian restoration estimates | 1,558,945 | - | 1,558,945 |
| Effects of foreign exchange | (62,762) | - | (62,762) |
| Balance on 30 June 2025 | 1,722,968 | - | 1,722,968 |

10 CAPITAL AND RESERVES

Issued Capital

| | Ordinary shares | | | |
|---|----------------------|----------------------|-------------------|---------------------|
| | Number of shares | | Amount in \$ | |
| | 30 June 2025 | 31 December 2024 | 30 June 2025 | 31 December 2024 |
| Opening balance | 1,001,782,997 | 777,055,322 | 34,942,074 | 34,218,663 |
| Issue of shares for cash | - | 209,810,204 | - | 734,336 |
| Issue of shares in lieu of directors' fees | - | 1,694,256 | - | 8,471 |
| Issue of shares on conversion of Director debt | - | 6,571,429 | - | 23,000 |
| Issue of shares in satisfaction of consultancy fees | - | 6,651,786 | - | 27,500 |
| Capital raising costs | - | - | - | (69,896) |
| Closing balance | 1,001,782,997 | 1,001,782,997 | 34,942,074 | 34,942,074 |

11 MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

As announced to the market on 3 July 2025, the Company entered into a settlement agreement with former Director, Gary Jeffery, and his associated company, Dungay Resources Pty Ltd (Dungay). The key terms of the agreement are as follows;

- the Company has agreed to pay Dungay the sum of \$28,000 in partial payment of accrued interest on the Dungay loans and to issue Dungay (or its nominee) 36,000,000 fully paid ordinary shares in the Company in satisfaction of outstanding creditor balances in respect of historical Directors' fees;
- Dungay has agreed to forgive the principal amount of the loans (\$1,000,000) and the balance of interest accrued as at the date of the deed, after deducting the payment of \$28,000 identified above. The interest forgiveness totals \$184,602; and
- the Company has agreed to release Mr Jeffery and Dungay from any and all claims arising out of the Review.

On 17 July 2025, the Company issued 36,000,000 fully paid ordinary shares in satisfaction of outstanding creditor balances in respect of historical Directors' fees of former Director, Gary Jeffery, and his associated company, Dungay Resources Pty Ltd.

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

DIRECTORS' DECLARATION
For the half-year ended 30 June 2025

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

In the directors' opinion:

1. The consolidated financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - a. Giving a true and fair view of the Group's financial position as of 30 June 2025 and of its performance for the six months ended on that date; and
 - b. Complying with Australian Accounting Standards, AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and mandatory professional reporting requirements; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

On behalf of the Board



J.L. KANE MARSHALL

Managing Director

12 September 2025
Perth, Western Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Australian Oil Company Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the interim financial report of Australian Oil Company Limited (the "Company") and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2025, the condensed consolidated statement of profit or loss, the condensed consolidated statement of other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

Material Uncertainty Related to Going Concern

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

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Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

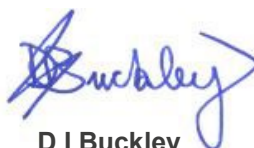
Independence

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



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
12 September 2025



D I Buckley
Partner

CORPORATE DIRECTORY

Directors

Mr Chris Hodge
Mr J.L. Kane Marshall
Mr William Ashby

Secretaries

Mr David McArthur
Mr Jordan McArthur

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