Hartshead Resources NL

ACN 150 624 169

Interim Report

for the half-year ended
31 December 2024

DIRECTORS
Bevan Tarratt, *Executive Chairman*
Christopher Lewis, *Chief Executive Officer*
Nathan Lude, *Executive Director*

COMPANY SECRETARY
Matthew Foy

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Directors' Report

The Directors of Hartshead Resources NL (**Company**, **HHR** or **Hartshead**) and the entities it controls (**Consolidated Entity** or **Group**) present their report for the half-year ended 31 December 2024.

DIRECTORS

The names of the Directors in office during the financial period or since the end of the financial period are:

- Mr Bevan Tarratt, Executive Chairman
- Mr Christopher Lewis, Chief Executive Officer
- Mr Nathan Lude, Executive Director

COMPANY SECRETARY

- Mr Matthew Foy, Company Secretary

PRINCIPAL ACTIVITIES

Hartshead Resources is an Australian-listed oil and gas exploration and development company. The Company's principal interest is in Seaward Production License P2607, located in the southern gas basin, offshore United Kingdom. The Company's strategy is to extract value from the Company's assets and to build a European-focussed gas development company over time.

DIVIDENDS

No dividends have been declared, provided for, or paid in respect of the half-year (31 December 2023: Nil).

FINANCIAL SUMMARY

The Group made a net loss after tax of $1,122,878 for the financial half-year ended 31 December 2024 (31 December 2023: loss $1,610,941).

At 31 December 2024, the Group had net assets of $34,031,556 (30 June 2024: $33,375,834) and cash assets of $17,875,668 (30 June 2024: $23,955,209).

REVIEW OF OPERATIONS

SEAWARD PRODUCTION LICENSE P2607, OFFSHORE UNITED KINGDOM
(ROCKROSE ENERGY 60%, HARTSHEAD RESOURCES 40% AND CURRENT OPERATOR)

During the Calendar Year ending 31 December 2024, the Company continued to progress all three phases of its multi-phased development of the Seaward Production License P2607, offshore United Kingdom.

The Company's portfolio of assets and opportunities ranges from developable reserves (Phase I - Somerville Gas Field, Anning Gas Field) through discovered contingent resources (Phase II - Lovelace Gas Field, Hodgkin Gas Field) to prospective resources (Phase III).

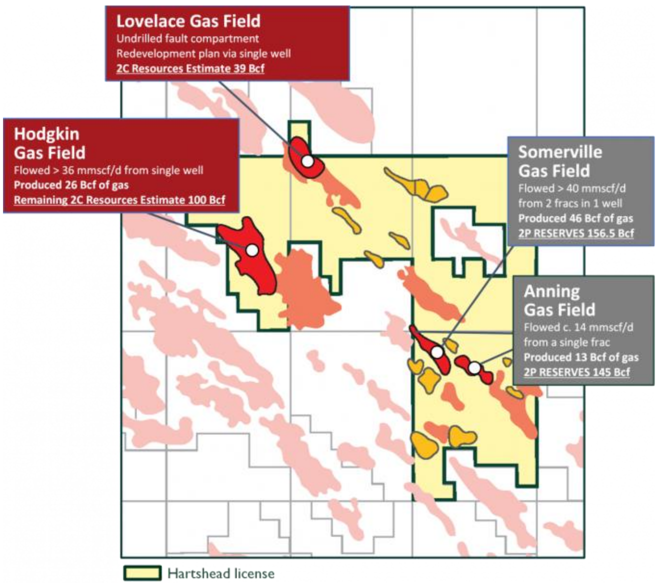


Figure 1. Location of Seaward License P2607 in the Southern Gas Basin, United Kingdom

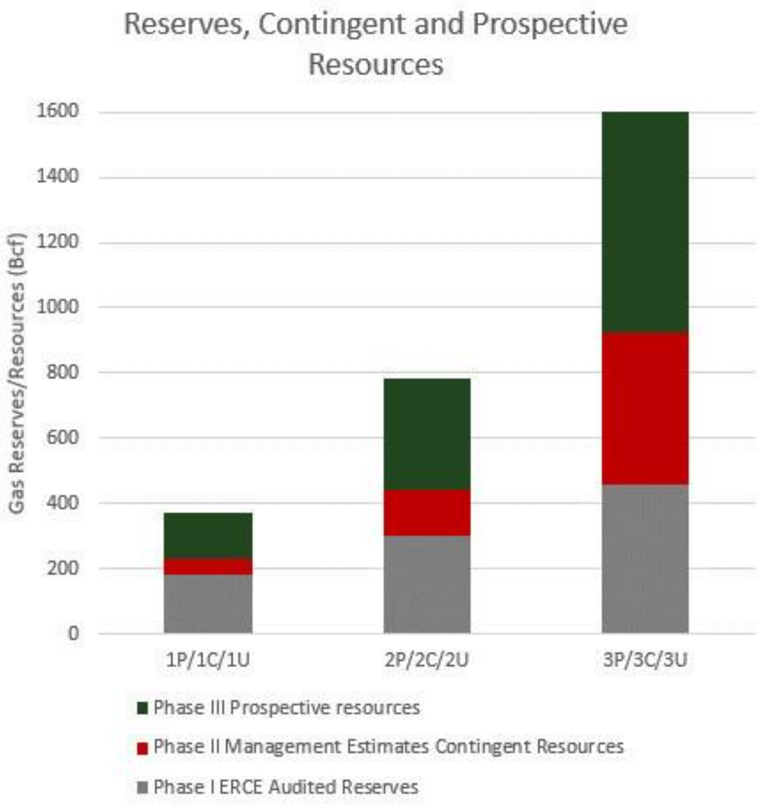


Figure 2. P2607 Reserves and Resources

<u>Operational update on UK Southern Gas Basin – Phase 1:</u>

During the 2024 calendar year, the primary focus for the Company was advancement towards the Phase 1 development of Seaward Production License P2607.

As operator under the P2607 Joint Venture (JV), Hartshead has been progressing towards taking Final Investment Decision (**FID**) on the project. The plan includes the establishment of six production wells, with operations expected to commence during 2025. These wells are projected to achieve peak production rates of 140 mmcfd, with Hartshead's net share being up to 56 mmcfd, equivalent to over 9,000 boepd, (ASX announcement dated 23 June 2022).

In February 2024, the UK Labour Party outlined proposed taxation policy changes, that would see an increase in taxation and reduction of tax relief for UK gas developments if they were elected in the 2024 UK election. Labour was elected and the UK Government confirmed changes to the Energy Profits Levy as part of its Autumn Budget on 30th October 2024. The revised oil and gas fiscal regime outlined in the UK Government budget, provided the necessary information for the economic evaluation of the Anning and Somerville gas fields development project under these new terms.

During the 2024 period Hartshead continued to review multiple development options for the Anning and Somerville fields, with a view to providing an optimised, economically robust development, both in terms of value for the stakeholders and application of the Central Obligations for the North Sea Transition Authority (NSTA). Part of the work undertaken involved a reassessment of the gas export route. This work included a revised evaluation of an option that had previously been considered unavailable due to the circumstances at the time. Recent changes in asset ownership and operatorship have seen this route become promising as an alternate route to transport the Anning and Somerville gas to market, with the added potential of infrastructure funding to be provided in part as an innovative funding option.

Hartshead updated the NSTA on the status of the Anning and Somerville development project in early December 2024 as a precursor to submitting the necessary documentation, including a revised Field Development Plan to allow the project to progress to the execution phase with the new gas transport route. The Company continues to work on an updated schedule to optimise project timelines and enable the resumption of key development activities, ensuring the project aligns with current market opportunities and delivers maximum value for all stakeholders.

Technical work continued on the subsurface model with the interpretation of the re-processed seismic, not limited to Anning and Somerville, but including the exploration opportunities located within licence P2607, covered by the re-processed seismic volume. Such opportunities, if successfully appraised and developed would provide significant secondary economic value to the Anning and Somerville development.

Operational update on UK Southern Gas Basin – Phase 2:

The Company has advanced the multi-phased strategy on Seaward Product License P2607. Subsurface work on Phase II has continued on the Hodgkin and Lovelace fields and been conducted in conjunction with work on Phase III opportunities, to high grade prospects and advance towards more detailed planning, thereby ensuring that Hartshead continues to push ahead with a balanced portfolio of risk and reward in License P2607.

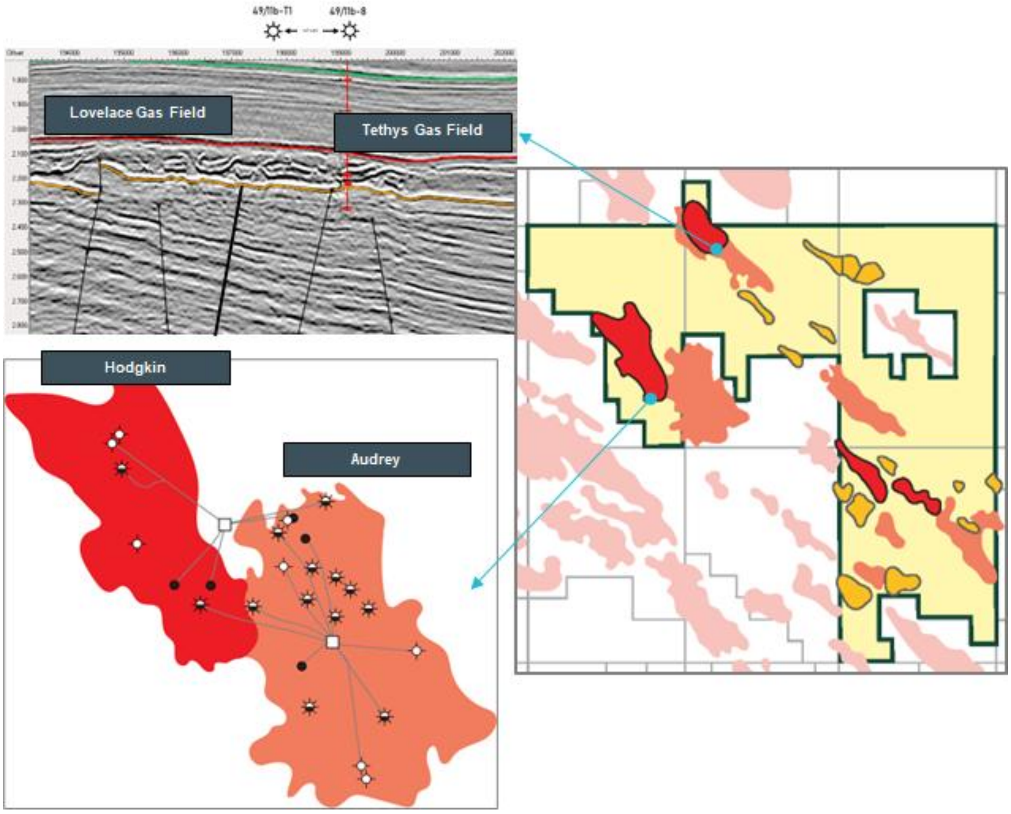


Figure 3. Location of the Phase II development Hodgkin and Lovelace fields within the License P2607 area.

The Phase II subsurface work programme covering the Hodgkin and Lovelace field developments continued during the financial period with work currently ongoing to refine the seismic interpretation and develop new models of both fields.

The Phase II workstreams have encompassed an updated geological and geophysical database, detailed interpretation of the new 3D seismic data, petrophysical analysis and reservoir engineering to deliver revised in place gas volumes, recoverable 2C contingent resources and production profiles for both the Hodgkin and Lovelace gas fields.

The Hodgkin and Lovelace fields are located in the north-west part of License P2607 and are currently estimated to contain a combined 139Bcf of 2C Contingent Resources as detailed below (Table 1).

CONTINGENT RESOURCES (BCF) [1]			1C	2C	3C	GCoS
PHASE II	49/6c, 49/11c	**Lovelace**	14	**39**	70	100%
	48/15c	**Hodgkin**	35	**100**	387	100%

Table 1. Phase II Contingent Resources across the Hodgkin and Lovelace fields.

Hodgkin and Lovelace present the opportunity to utilise the Phase I infrastructure to monetise the Phase II gas production and a Field Development Plan will be assessed in the coming year. Transmission of the Phase II gas flow stream through the Phase I pipeline may lead to a potentially enhanced economic performance of the Hodgkin and Lovelace fields given the upfront investment in Phase I infrastructure.

[1] Hartshead management estimates.

Operational update on UK Southern Gas Basin – Phase III:

Phase III is a low-risk infrastructure-led portfolio of exploration opportunities which will utilise the infrastructure assembled in Phase I and Phase II as an "enabler" to accelerate the development scenario.

An exploration study across License P2607 was conducted during the FY 2022 reporting period by Xodus generating a new prospect inventory totalling 14 prospects and leads with un-risked 2U Prospective Resources of 344 Bcf (Figure 10). Twelve new prospects, in addition to the existing Garrod and Ayrton prospects, were identified on the license area. All the new prospects are undrilled structural traps within the Rotliegendes reservoir as summarised below along with their respective geological chance of success (GCoS) which ranges from 32% to 54% with an arithmetic average of 43%.

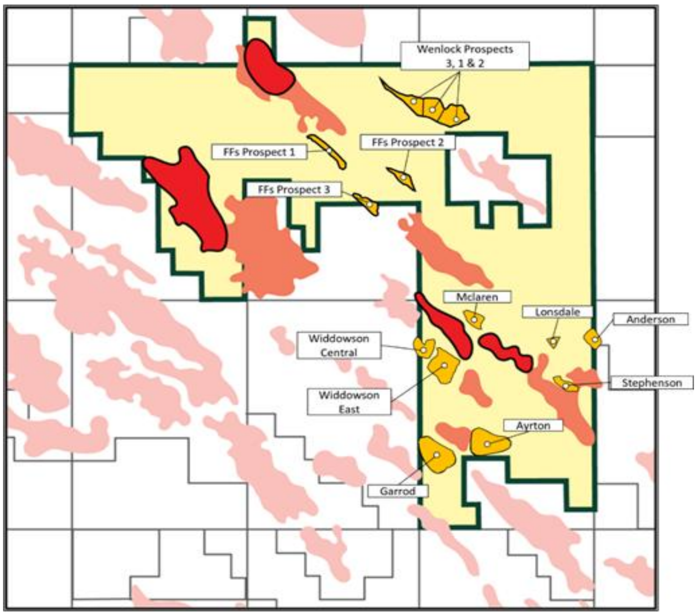


Figure 5. Phase III exploration portfolio prospects and leads map.

With the availability of the reprocessed seismic, subsurface work to high grade the prospects started during the period. The prospects listed below (Table 2) will be economically evaluated and ranked prior to being short listed for further work, which will involve initial well planning for the drilling of exploration wells in the final selected prospect or prospects. Any prospects selected to be drilled would likely be drilled sometime following Phase I first gas which is scheduled for 2027.

Prospect	**Recoverable Volume**1F1F[2] **(Bcf)**			**GCoS**
	1U	**2U**	**3U**	**P50**
McLaren	18	**27**	39	0.54
Stephenson	36	**47**	60	0.43
Widdowson East	6	**29**	79	0.32
Widdowson Central	11	**21**	40	0.50
Lonsdale	5	**16**	31	0.50
Anderson	5	**12**	29	0.45
Garrod	16	**52**	125	0.50
Ayrton	25	**74**	146	0.41
Wenlock Prospect 1	4	**19**	55	0.36
Wenlock Prospect 2	1	**5**	19	0.36

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

Wenlock Prospect 3	1	**5**	17	0.36
FFs Prospect 1	3	**11**	26	0.41
FFs Prospect 2	8	**19**	37	0.35
FFs Prospect 3	4	**9**	17	0.34
Arithmetic Total	**143**	**344**	**719**	

Table 2. Phase III exploration portfolio resource table highlighting 2U Prospective Resources.

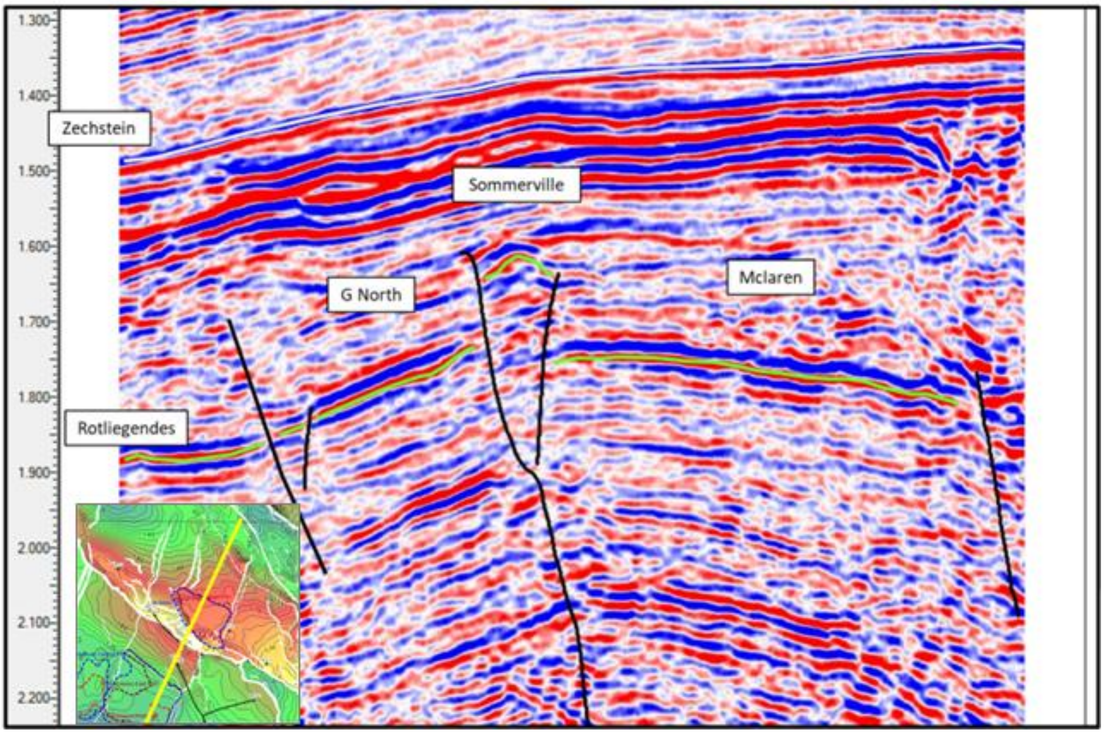


Figure 6. McLaren prospect seismic line showing its location adjacent to the Somerville field.

UK 33rd Offshore Licensing Round:

In May 2024, the Company announced it had been notified by the North Sea Transition Authority (NSTA), as the regulatory body for oil and gas exploration in the UK, that it had been successful in winning ten (10) blocks in the recent UK 33rd Offshore Licensing Round.

These blocks all contain discovered hydrocarbons and present a range of re-development, development and appraisal opportunities (Table 3). In addition, there are multiple near field exploration opportunities in the blocks. These additional licenses are strategically important for Hartshead as it transitions the Company from a single License company to having multiple Licenses and projects within the UK.

Block	Primary Opportunity Type	Hartshead Equity	Partner
44/19b	Field Redevelopment	50%	Meridian Resources
44/21d	Field Redevelopment	50%	Meridian Resources
44/22			
44/23b	Field Development	50%	Meridian Resources
44/27	Field Development	50%	Meridian Resources
48/10	Field Appraisal	100%	
48/14d	Field Redevelopment	100%	
48/15b			
48/18c	Field Appraisal	80%	Comtrack (UK) Ltd
113/27c	Field Appraisal	50%	Comtrack (UK) Ltd

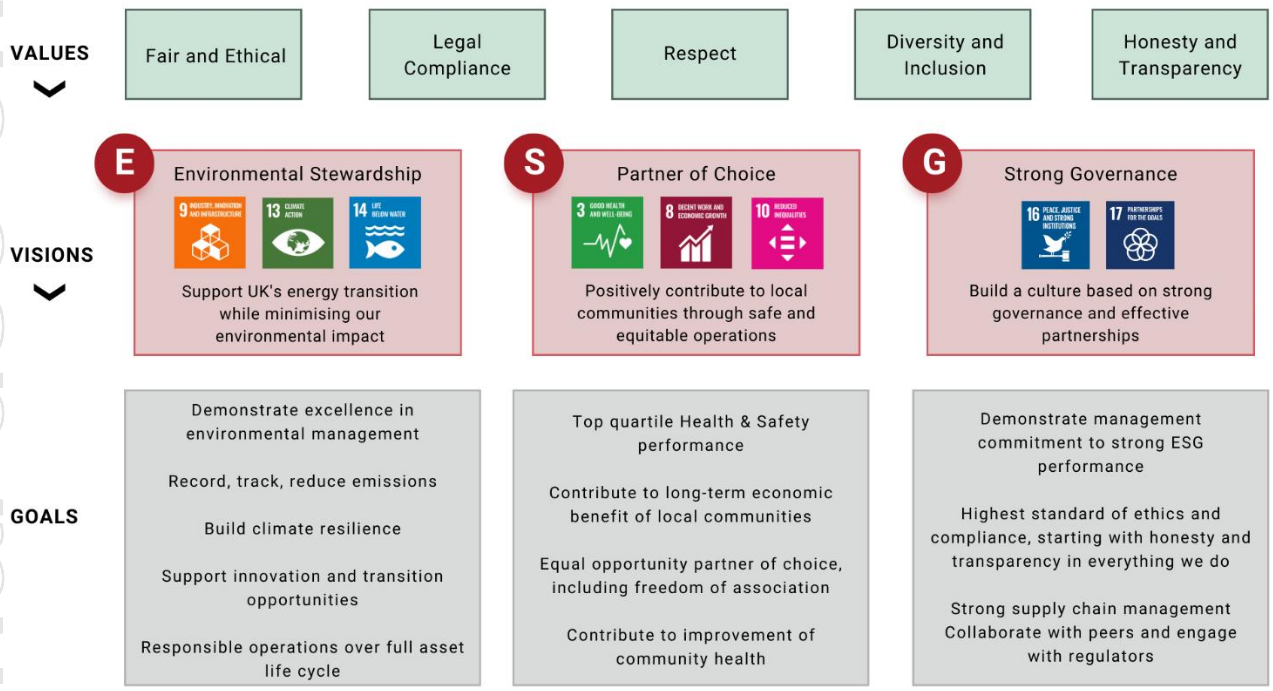
Table 3: Ten block licenses won at NSTA 33rd Offshore Licensing Round

Cost Reduction Initiatives:

During 2024, Hartshead focussed on maintaining its strong cash position through this period of delay and fiscal uncertainty. The Company undertook a cost reduction initiative in respect of the areas of the project team that were recruited to deliver the current and next phase of the development project and related contract awards. This led to a material cut in head count and a reduction of the monthly costs of the JV and to Hartshead directly. The Company recognised the importance of preserving its cash position until there was clarity on oil and gas industry policy to enable the project to move forward.

ESG REPORT

An ESG Strategy that is Aligned with Our Core Values:



As part of our ongoing commitment to an awareness of our impacts, we have reviewed the Materiality Assessment undertaken last year and determined that no changes were required as the company activities have not significantly changed.

We will continue to review this on an annual basis as our business and operations evolve to ensure relevant Material Topics are identified and the associated risks and opportunities are integrated into our decision-making processes. Each of our Material Topics are discussed in more detail in the table below. We have also revisited those topics that were previously deemed non-material; the description of why we have selected these to be non-material are included below.

In order to demonstrate alignment with and performance against our Material Topics, we are working to define a set of metrics that we will report once our development activities commence with fabrication and installation of our facilities. These metrics will include key topics including GHG emissions Scopes 1 and 2, health and safety statistics, environmental metrics including waste management, and governance oversight such as anti-bribery and anti-corruption training. As we do not currently have any active operations, all activities are office-based during the planning phase of the development and the operational metrics are not yet relevant to report until after FID and the development activities get underway.

Material Topic	UN SDGs	Impact on Stakeholders	Impact on Hartshead	Materiality
Climate change, transition and GHG emissions	13 CLIMATE ACTION; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**High**	**High**	As a responsible operator, Hartshead acknowledge the threat of climate change and the challenge of delivering secure, low cost energy to drive the energy transition towards a net zero future. Our development planning is focussed on reducing GHG emissions to be among the lowest of facilities in the North Sea once operations commence. We are planning to implement renewable energy and biodiesel options to power our facilities and optimise logistics in order to minimise emissions and align with the NSTA Stewardship Expectations and North Sea Transition Deal for decarbonisation of the North Sea Basin.
Occupational health and safety	3 GOOD HEALTH AND WELL-BEING	**High**	**High**	One of our top priorities is that everyone who works for us goes home safely to their loved ones at the end of every day. We view health and safety in a holistic manner that addresses both physical and mental wellness.
Waste & emissions	13 CLIMATE ACTION	**Medium**	**High**	A focus on minimising waste and emissions in the planning phase of our development means we can ensure we reduce the impacts of our operations from day 1. Power options, fuel type and produced water treatment are all high-priority topics throughout the design phase of the development to minimise discharge of pollutants to the environment. Management and disposal of waste during our operations will be carried out in accordance with all relevant laws and regulations.
Full lifecycle asset management	13 CLIMATE ACTION; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Medium**	**High**	We believe full lifecycle asset management is heavily influenced during the design phase. Planning to ensure safe operations during the planning phase is a high priority, as is consideration of decommissioning impacts at the end of the field's life.

Material Topic	UN SDGs	Impact on Stakeholders	Impact on Hartshead	Materiality
Strong governance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS	**Medium**	**High**	Hartshead are listed on the Australian Stock Exchange and operate solely within the UK and are therefore bound by UK legislation in our business conduct and operational activities in the North Sea. Both jurisdictions are highly regulated, providing a strong governance framework that we take very seriously.
Economic impacts	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**High**	**Medium**	Our mission is to build a responsible and safe European energy business to support the UK's energy security and energy transition. We are actively engaging in a number of Special Interest Groups as part of the Bacton Energy Hub, which is a key part of the UK Government's Net Zero plan and will provide the local communities with job opportunities supporting the local economy.
Employment practices and freedom of association	17 PARTNERSHIPS FOR THE GOALS	**High**	**Medium**	Fair employment practices, including the right to freedom of association, reflects our core values of respect, fairness, and ethical treatment of everyone we do business with. Hartshead is a non-unionised workforce, however this does not preclude employees from becoming union members or engaging in collective bargaining where appropriate.
Equality	10 REDUCED INEQUALITIES	**High**	**Medium**	As we build our company, equality in all its forms is important to develop a strong culture and diverse, effective team.
Biodiversity	14 LIFE BELOW WATER	**Medium**	**Medium**	Hartshead's assets are located in the offshore UK sector of the Southern North Sea. All of the development planning approvals and offshore operations are regulated by UK Environmental legislation. We are making significant efforts to plan our development to have lowest possible impact on the marine environment in which we operate.

Non-Material Topics

Local communities, land, and resource rights: Hartshead operate in the offshore UK Southern North Sea, which is a highly regulated environment. No local communities are directly impacted by our offshore operations, and we comply with all necessary legislation and regulations in respect to obtaining land and resource rights, therefore this topic is not material to us.

Anti-competitive behaviour, government lobbying: Anti-competitive behaviour goes against our core values of fair and ethical behaviour. Our strong governance ensures transparent and compliant conduct in all aspects of our business. Additionally, as a small operator, Hartshead has limited influence on anti-competitive behaviour or government lobbying, therefore this topic is not materially relevant.

Forced labour and modern slavery: While Hartshead is vehemently against any form of slavery or forced labour, our operations in the UK and procurement predominantly from the UK and EU under strict employment and human rights laws, makes this topic a low risk for our business. We have procurement processes in place to ensure our suppliers are not engaging in, or supporting, slavery of any type.

Conflict and security: The offshore North Sea is a safe operating environment, and no private security forces are required for our projects. Therefore, this topic is not materially relevant to us.

Rights of indigenous peoples: The UK regions where Hartshead operate are not home to any communities or peoples who would be classified as indigenous and therefore this topic is not materially relevant to us.

A wider ESG approach

We are committed to ensuring our ESG strategy is considered in all areas in which we work and right across all of our projects.

Emissions Reduction Plan

During this development planning phase, Hartshead are working towards alignment with the NSTA's Stewardship Expectations (SE) 11 on Net Zero. We are in the process of reviewing and updating our Emissions Reduction Plan, with a Gap Analysis completed against SE 11, and an action plan defined to assure alignment with the expectations.

Our Anning and Somerville development is currently modelled to have very low operating emissions owing to a number of initiatives already incorporated into the Development Plan, including using Normally Unmanned Installations (NUI), no routine flaring, implementing renewable energy to power offshore facilities, utilising gas from produced water to avoid venting, minimising flaring during well clean-up, and planning for biofuel-capable generators to support additional power requirements.

Environmental Statement

The Environmental Statement, which is required for approval of the FDP for the Anning and Somerville development, will be prepared during 2025 and will assess all aspects of environmental impact of the development activities, engage with relevant stakeholders, and enable Hartshead to identify and mitigate any additional impacts as far as possible.

Progress towards TCFD reporting

Hartshead have chosen to begin to align with the Taskforce for Climate-related Financial Disclosures (TCFD). Whilst this is not compulsory for Hartshead at this time, the company see this as excellent guidance for how they consider and address climate-related risks, opportunities and their impact on the company's assets and business resilience as the business grows.

What is TCFD?

TCFD was created by the Financial Stability Board (FSB) which released climate-related financial disclosure recommendations in 2017. These disclosures were designed to help companies provide decision-useful, climate-related information to support informed capital allocation.

The disclosure recommendations are structured around four thematic areas: governance, strategy, risk management, and metrics and targets. Topics in each of the four areas are interrelated and supported by 11 recommended disclosures that build out the framework with information that should help investors and others understand how reporting organizations think about and assess climate-related risks and opportunities. More information on TCFD can be found on their website: https://www.fsb-tcfd.org/.

A phased approach towards alignment with TCFD

Hartshead are following a phased approach to build towards full alignment with the TCFD recommendations. It is anticipated that Hartshead will provide an update regarding TCFD implementation in 2025, with a goal to report fully to TCFD during the 2026-27 financial year.

Hartshead are currently monitoring the latest advice with regards to the recent International Sustainability Standards Board (ISSB) launch of the sustainability-related reporting standards: the General Requirements for Disclosure of Sustainability-related financial information (IFRS S1), and the requirements for Climate-related Disclosures (IFRS S2). Hartshead do not currently plan to start reporting against ISSB, however through their plan to implement TCFD, they will be working towards this should it become mandatory for them in the future.

MATERIAL BUSINESS RISK

The Group makes every effort to identify materials risks and to manage these effectively. This section does not attempt to provide an exhaustive list of risks faced by the Group or by investors in the Group, nor are they in order of significance. Actual events may be different to those described.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.

Oil & Gas Pricing Risk

It is impossible to accurately predict future oil and gas price movements. Sustained lower oil and gas prices or price declines may lead to a material decrease in the Company's future production revenues. The Company may from time to time enter into agreements to receive fixed prices on future oil and gas production to offset the risk of revenue losses if commodity prices decline. However, if commodity prices increase beyond the levels set out in such agreements, the Company will not benefit from such increases and may nevertheless be obligated to pay suppliers and others in the market based on such higher prices. Furthermore, there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms, and in addition, hedging itself carries certain risks, including expenses associated with terminating any hedging agreements. Further, sustained lower oil and gas prices may also cause the Company to make substantial downward adjustments to its oil and gas reserves. If this occurs, or the Company's estimates of production or economic factors change, the Company may be required to write-down the carrying value of its proved oil and gas properties to reflect these impairments. Furthermore, certain development projects could become unprofitable as a result of a decline in oil and gas prices and could result in the Company having to postpone or cancel a planned project, or if it is not possible to cancel the project, carry out the project with negative economic impact. Additionally, if oil and gas prices remain depressed, it could reduce the Company's ability to refinance any outstanding loans at maturity.

Tax Regulation

Future political and fiscal conditions in the countries in which the Company operates its business (in particular, the UK) may result in governments adopting materially different taxation policies which could affect the petroleum industry. Furthermore, the level of taxes the Company must pay could change significantly as a result of new interpretations of tax laws and regulations or changes to such laws and regulations. In the event there are any such changes, it could lead to new investments being less attractive, prevent the Company from achieving further growth, or adversely affect the Company's current and future tax position, net income after tax and financial condition. In addition, tax authorities could challenge the Company's filed tax returns leading to additional taxes and tax penalties. In the UK tax authorities may under certain conditions change a taxpayer's tax assessment up to twenty years after the tax year.

Climate Change Risk

Climate change continues to attract considerable public, governmental and scientific attention. As a result, various proposals have been made and could continue to be made at the international, national, and regional levels of government to monitor and limit emissions of CO2 and progress towards net zero carbon emission economies. Consequently, legislation and regulatory programs to reduce emissions of CO2, introduce carbon capture and storage projects and move to net zero carbon could have an adverse effect on the oil and gas industry generally and adversely affect the Company's business, financial condition, and results of operations.

The North Sea Transition Authority (NSTA) views oil & gas as an important component of the UK's energy mix going forward but is also fully committed to the UK Government's commitment to reach net zero emissions by 2050 and therefore has put net zero considerations at the heart of its oil & gas strategy.

The growth of alternative energy supply options, such as renewables and nuclear, could also present a change to the energy mix that may reduce the value of oil and gas assets.

In addition, climate change activists could bring legal challenges to the Company's activity to develop its gas assets resulting in operational delays and legal costs to deal with such litigation.

Exploration Risk

Oil & gas exploration is a speculative endeavour, and the nature of the business carries a degree of risk associated with the discovery of hydrocarbons in commercial quantities. Exploration risk may be adversely influenced by a number of different factors including, amongst other things, new subsurface geological and geophysical data (e.g. seismic data), drilling results from either wells drilled by the Company or other industry players, where the well drilled has direct relevance to the plays and prospects being pursued in its licence permits. This information impacts knowledge of the fundamental geological factors that are required to be present in order to have a hydrocarbon accumulation. These fundamental elements require there to be an effective; trap, reservoir, seal, source rock presence, maturity of source rock for hydrocarbon generation and migration of hydrocarbon charge from the source rocks into a trap. Each of these elements are required and their presence needs to be effective in order to have a hydrocarbon discovery that may or may not be able to be commercialised.

The business of oil & gas exploration involves risks and hazards. For example, in an exploration context, no assurance can be given that hydrocarbons will be detected and if they are, whether they are in quantities likely to be commercialised under conventional conditions within the term of the licence permit. High risk and substantial expense can be incurred without the requisite or expected degree of reward. Even if commercial quantities of oil & gas are discovered unforeseen risks can arise in the development and production phases.

Development Risk

Development projects require complex engineering, procurement, construction, and drilling work, as well as government permits and approval. Development of oil and gas assets are risky activities, requiring high levels of capital expenditure without a commensurate degree of certainty of a return on that investment. The complexity of offshore development projects also makes them very sensitive to delays or costs increases. Projected target dates for production may be delayed and significant cost overruns may occur. Estimated exploration, development and production costs are subject to a number of assumptions that may not materialize. Such factors may affect the extent to which oil and gas fields remain commercially viable, and consequently could result in breach by the Company of its obligations and/or require the Company to raise additional debt and/or equity. Any delays, cost increases or other negative impact relating to development projects of the Company, may have a material adverse effect on its business, results of operations, cash flow, financial condition, and prospects.

Operational Risk

The business of oil & gas exploration, development, and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on, amongst other things:

(i) the discovery and/or acquisition of economically recoverable reserves;

(ii) access to adequate capital for project development;

(iii) securing and maintaining licence permits;

(iv) obtaining consents and approvals necessary for the conduct of oil & gas exploration;

(v) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors, and consultants; and

(vi) availability of equipment, such as seismic vessels or drilling rigs, within the necessary time frame.

Whether or not income will result from licence permits depends on successful exploration, appraisal, and establishment of production facilities.

There is no assurance that any exploration on current or future licence permits will result in the discovery of economic reserves. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

Other Operational Risks

In addition to the risks listed above, industry operating risks include fire, explosions, blow outs, pipe failures, abnormally pressured formations, and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. The occurrence of any of these risks could result in substantial losses to the Company due to injury or loss of life; damage to or destruction of property, natural resources, or equipment; pollution or other environmental damage; clean-up responsibilities; regulatory investigation and penalties or suspension of operations. Damages occurring to third parties as a result of such risks may also give rise to claims against the Company.

Uncertainty of Exploration and Development Programs

Among the many uncertainties inherent in any exploration and development program is the location of oil & gas, the development of appropriate processes, the receipt of necessary governmental permits, access to permits and the construction of processing facilities. Assuming the discovery of oil & gas, several years may lapse from the initial phases of drilling until commercial operations commence and, during such time, the economic feasibility of production may change.

PETROLEUM TENEMENTS HELD AS AT 31 DECEMBER 2023

LICENSE	HARTSHEAD EQUITY	LOCATION
P2607	40%	Offshore United Kingdom
P2669	50%	Offshore United Kingdom
P2670	50%	Offshore United Kingdom
P2676	100%	Offshore United Kingdom
P2678	100%	Offshore United Kingdom
P2679	80%	Offshore United Kingdom
P2682	50%	Offshore United Kingdom

PETROLEUM REPORTING STATEMENTS

UK SOUTHERN NORTH SEA SEAWARD PRODUCTION LICENSE P2607 – RESERVES, CONTINGENT AND PROSPECTIVE RESOURCES

Please refer to the qualified person's statement relating to the reporting of reserves on Hartshead Resources Southern North Sea License P2607 in Hartshead's ASX announcements dated 23 June 2022. The volumetric estimates used to derive the estimates below have been made by combining probabilistically derived estimates of initial in place gas volumes with assumptions regarding the gas recovery factors from analogous fields, such as the Clipper South and Babbage gas fields located in the UK Southern Gas Basin.

Please refer to the qualified person's statement relating to the reporting of contingent and prospective resources on Hartshead Resources Southern North Sea License P2607 in Hartshead's ASX announcements dated 6 April 2022 and 8 March 2022.

Please refer to the qualified person's statement relating to the reporting of contingent and prospective resources on Hartshead Resources Southern North Sea Licenses P2669, P2670, P2676, P2678, P2679 and P2682, in Hartshead's ASX announcements dated 9 September 2024.

The Company is not aware of any new information or data that materially affects the information about the contingent resource or prospective resource estimates included in this report and all the material assumptions and technical parameters underpinning those estimates in this announcement continue to apply and have not materially changed.

Contingent resources reported herein have been estimated and prepared using the probabilistic method.

PETROLEUM REPORTING STATEMENTS

UK SOUTHERN NORTH SEA SEAWARD PRODUCTION LICENSE P2607 – RESERVES, CONTINGENT AND PROSPECTIVE RESOURCES

GROSS RESERVES[3]				1P	2P	3P
P2607	49/17b	**Anning**	Sales Gas (Bcf)	73	**145.0**	245
			Condensate (MMbbl)	0.081	**0.192**	0.375
	49/17b	**Somerville**	Sales Gas (Bcf)	107.0	**156.5**	213
			Condensate (MMbbl)	0.119	**0.208**	0.325
			Total (MMboe)	31.2	**52.4**	79.7

GROSS CONTINGENT RESOURCES[4] (BCF)			1C	2C	3C	GCOS
P2607	49/6c, 49/11c	**Lovelace**	14	**39**	70	100%
	48/15c	**Hodgkin**	35	**100**	387	100%
P2669	44/19b	**Katy Field**	28	67	120	100%
		Cameron	8	19	43	100%
		44/19-3	9	40	75	100%
P2670	44/22	**Boulton-H Field**	15	41	76	100%
	44/23b	**Winchelsea North Field**	17	60	129	100%
	44/27	**Garnet Field**	7	20	56	100%
P2676	48/10	**Annabel East Field**	32	91	204	100%
P2678	48/14d 48/15b	**Ensign Field**	68	124	205	100%
P2679	48/18c	**Bedevere North Field**	68	96	130	100%
		Bedevere Central Field	47	68	94	100%
		Bedevere South Field	39	56	78	100%
		Anglia Paris	12	24	43	100%
		Anglia North	10	19	33	100%
P2682	113/27c	**Castletown Field**	72	156	330	100%

[3] Reserves estimates are from ERC Equipoise Limited, Independent Competent Persons Report (CPR) entitled "Hartshead Resources NL Somerville and Anning Competent Persons Report" dated June 2022. See Qualified Persons Statement for reserves reporting notes.
[4] Hartshead and Partners management estimates

PETROLEUM REPORTING STATEMENTS

UK SOUTHERN NORTH SEA SEAWARD PRODUCTION LICENSE P2607 – RESERVES, CONTINGENT AND PROSPECTIVE RESOURCES

GROSS PROSPECTIVE RESOURCES (BCF)[5]			1U	2U	3U	GCOS
P2607	49/17b	**Garrod**	16	**52**	125	50%
	49/17b	**Ayrton**	25	**74**	146	41%
	49/17b	**McLaren**	18	**27**	39	54%
	49/17b	**Stephenson**	36	**47**	60	43%
	49/17b	**Widdowson East**	6	**29**	79	32%
	49/17b	**Widdowson Central**	11	**21**	40	50%
	49/17b	**Lonsdale**	5	**16**	31	50%
	49/17b	**Anderson**	5	**12**	29	45%
	49/12d	**Wenlock Prospect 1**	4	**19**	55	36%
	49/12d	**Wenlock Prospect 2**	1	**5**	19	36%
	49/11c	**Wenlock Prospect 3**	1	**5**	17	36%
	49/11c	**FFs Prospect 1**	3	**11**	26	41%
	49/11c	**FFs Prospect 2**	8	**19**	37	35%
	49/11c	**FFs Prospect 3**	4	**9**	17	34%
P2669	44/19b	Emerald	17.4	23.2	34.8	0.32
		Silmanite West	6.96	11.6	23.2	0.56
P2670	44/23b	Winchelsea West	23.2	81.2	191.4	0.24
	44/27	Schooner C	69.6	92.8	104.4	0.50
		Wheatsheaf	174	220.4	272.6	0.10
P2676	48/10	Ulnaby	53	89	149	0.35
		Ulnaby South	17	33	63	0.35
P2679	48/18c	Anglia Far North	11	28.5	68.1	0.40
P2682	113/27c	Doyle	62	171	354	0.45
		Peel	68	230	440	0.36

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

COMPETENT PERSONS STATEMENT

The Reserves estimated in this report have been made by Dr Adam Law, Director, ERC Equipoise (ERCE), a post-graduate in Geology, a Fellow of the Geological Society, and a member of the Society of Petroleum Evaluation Engineers. Dr Adam Law is qualified in accordance with ASX listing rule 5.41 and has consented to the use of Reserves estimates, and to the form and context in which these statements appear.

ERCE Ltd. (ERCE) is a leading, employee owned, global energy consultancy headquartered in London with offices in Singapore, Kuala Lumpur, and Perth. It's fully integrated team of Geoscientists, Engineers and Economists are specialists in Competent Persons reporting, reserves and resources auditing, technical services, commercial analysis, and Expert advisory services. ERCE supports companies in traditional energy sectors as well as providing energy transition and sustainability services.

The Reserves estimates presented in this report were originally disclosed to the market in announcement released on 23 June 2022.

The information in this report that relates to Reserves estimates is based on information compiled or reviewed by Mr Christopher Lewis. Mr Lewis has consented to the form and context in which the estimated Reserves and the supporting material are presented.

Hartshead has prepared the Contingent Resource and Prospective Resource information in this announcement in accordance with the ASX Listing Rules and the 2007 Petroleum Resources Management System published by the Society of Petroleum Engineers (SPE-PRMS). The Contingent Resource estimates and Prospective Resource estimates presented in this report were originally disclosed to the market in announcement released on 14 December 2020 and updated 8 March 2022 and 6 April 2022. Hartshead confirms that it is not aware of any new information or data that materially affects the information included in the aforesaid market announcements and that all the material assumptions and technical parameters underpinning the estimates in the aforesaid market announcement continue to apply and have not materially changed. The information in this report that relates to Contingent Resource information in relation to the Phase II Hodgkin and Lovelace fields and the Prospective Resource information in relation to the Phase III exploration portfolio is based on information compiled by Mr Christopher Lewis and information complied by technical consultants contracted to Hartshead which has been subsequently reviewed by Mr Christopher Lewis. Mr Lewis has consented to the inclusion of such information in this report in the form and context in which it appears and the resources information in this report is based on, and fairly represents, information and supporting documentation reviewed by, or prepared under the supervision of, Mr Christopher Lewis.

Mr Lewis is a Director of Hartshead and holds a BSc from the Imperial College, University of London and is a member of The American Association of Petroleum Geologists (AAPG) and the European Association of Geoscientists and Engineers (EAGE). Mr Lewis is qualified in accordance with the requirements in ASX Listing Rule 5.41.

RISK MANAGEMENT AND CORPORATE GOVERNANCE

The Board of Hartshead are committed to conducting its business in accordance with a high standard of corporate governance commensurate with its size, operations, and the industry within which it participates. The Directors of Hartshead are responsible for corporate governance of the Company and support the principles of the ASX Corporate Governance Council's Principles and Recommendations (4th edition – February 2019) published by the ASX Corporate Governance Council.

The Company's Corporate Governance Statement as at 31 December 2024 was approved by the Board on the date of this report. The Company's Corporate Governance Statement can be viewed www.hartshead-resources.com.au under the Corporate menu tab.

Following completion of the HRL transaction, the Company undertook a review of all of its Corporate Governance policies, including Anti-Bribery & Corruption, Statement of Values, and the Whistleblower Policy, to ensure that they remained current and compliant.

EVENTS AFTER THE REPORTING PERIOD

On 5th of February 2025, Hartshead announced that it has submitted a revised Concept Select Report Addendum to the NSTA for a new gas offtake route. On 7th February a new development programme and budget was submitted to the P2607 joint venture.

In the opinion of the Directors, no other event of a material nature or transaction, has arisen since year end and the date of this report that has significantly affected, or may significantly affect, the Company's operations, the results of those operations, or its state of affairs.

CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year not otherwise disclosed in this report or the financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Bevan Tarratt
Executive Chairman

Perth, Western Australia
14 March 2025

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Australia

DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF HARTSHEAD RESOURCES NL

As lead auditor for the review of Hartshead Resources NL for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Hartshead Resources NL and the entities it controlled during the period.

Ashleigh Woodley

Director

BDO Audit Pty Ltd

Perth

14 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Half-Year Ended 31 December 2024

	Note	31 December 2024 $	31 December 2023 $
Other income from continuing operations			
Other income	2	896,121	2,247,121
Interest income		311,200	364,783
Total other income		1,207,321	2,611,904
Expenses			
Administrative expenses	3	(2,186,389)	(3,662,189)
Capital loss on sale of investments		(4,552)	-
Depreciation expenses		(111,555)	(22)
Finance costs		(2,616)	(6,216)
Project costs	3	(99,898)	(203,926)
Share-based payments (expense)/reversal	3	61,515	(345,173)
Realised/Unrealised foreign exchange gain/(loss)	3	13,296	(5,319)
Profit/(Loss) before income tax		(1,122,878)	(1,610,941)
Income tax expense		-	-
Loss after income tax attributable to the owners of the Company		(1,122,878)	(1,610,941)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		2,011,048	(711,952)
Items that will not be reclassified to profit or loss			
Changes in the fair value of financial assets at fair value through other comprehensive income (FVOCI)		(170,933)	2,048
Other comprehensive income for the half-year, net of tax		1,840,115	(709,904)
Total comprehensive income/(loss) for the half-year attributable to the owners of the Company		717,237	(2,320,845)
		Cents	**Cents**
Earnings per share for the half-year attributable the owners of the Company			
Basic and Diluted loss per share		(0.04)	(0.06)

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

	Note	31 December 2024 $	30 June 2024 $
Current assets			
Cash and cash equivalents	4	17,835,668	23,955,209
Other receivables		489,261	504,882
Total current assets		18,324,929	24,460,091
Non-current assets			
Other financial assets		40,000	-
Plant and equipment		83,380	70,862
Equity-accounted investment	5	311,200	-
Financial assets at FVOCI	6	3,615,805	7,065
Intangible assets		344,999	413,174
Exploration assets	7	13,240,538	11,437,098
Total non-current assets		17,635,922	11,928,199
Total assets		**35,960,851**	**36,388,290**
Current liabilities			
Trade and other payables	8	1,569,647	2,658,434
Income tax payable		54,411	51,147
Provision for employee leave		305,237	302,875
Total current liabilities		1,929,295	3,012,456
Total liabilities		**1,929,295**	**3,012,456**
Net assets		**34,031,556**	**33,375,834**
Equity			
Issued capital		42,295,809	42,295,809
Share-based payment reserve		2,189,352	2,250,867
Financial assets at FVOCI		(361,329)	(190,396)
Foreign exchange reserve		2,363,488	352,440
Accumulated losses		(12,455,764)	(11,332,886)
Total equity		**34,031,556**	**33,375,834**

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

	Issued capital $	Reserves $	Accumulated gain/(loss) $	Total equity $
Balance at 1 July 2023	42,295,809	1,859,835	(8,635,209)	35,520,435
Loss for the half-year	-	-	(1,610,941)	(1,610,941)
Other comprehensive income/(loss) for the half-year	-	(709,904)	-	(709,904)
Total comprehensive income/(loss) for the half-year	-	(709,904)	(1,610,941)	(2,320,845)
Transactions with owners in their capacity as owners				
Retention and performance rights expense recognised during the half-year	-	345,173	-	345,173
Balance at 31 December 2023	42,295,809	1,495,104	(10,246,150)	33,544,763
Balance at 1 July 2024	42,295,809	2,412,911	(11,332,886)	33,375,834
Loss for the half-year	-	-	(1,122,878)	(1,122,878)
Other comprehensive income/(loss) for the half-year	-	1,840,115	-	1,840,115
Total comprehensive income/(loss) for the half-year	-	1,840,115	(1,122,878)	717,237
Transactions with owners in their capacity as owners				
Retention and performance rights expense recognised during the half-year	-	(61,515)	-	(61,515)
Balance at 31 December 2024	42,295,809	4,191,511	(12,455,764)	34,031,556

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

	Note	31 December 2024 $	31 December 2023 $
Cash flows from operating activities			
Payments to suppliers, consultants, and employees		(2,673,591)	(3,961,250)
Operator fees		663,560	2,247,121
Interest received		334,686	380,123
Net cash outflow from operating activities		(1,675,345)	(1,334,006)
Cash flows from investing activities			
Receipts from financial investments		52,170	-
Receipts from sale of financial investments		431,443	-
Payments for plant and equipment		(4,897)	(2,302)
Payments for exploration and evaluation expenditure		(2,311,868)	(13,454,436)
Payments for financial investments		(4,675,854)	-
Exploration costs recouped under joint arrangement		1,370,877	11,663,017
Net cash outflow from investing activities		(5,138,129)	(1,793,721)
Net increase/(decrease) in cash and cash equivalents		(6,813,474)	(3,127,727)
Cash and cash equivalents at the beginning of the half-year		23,955,298	32,879,390
Effects of exchange rate changes on cash and cash equivalents		733,844	(408,818)
Cash and cash equivalents at the end of the half-year		17,875,668	29,342,845

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

1. SEGMENT INFORMATION

Management has determined that the Group has one reportable segment. The single reportable segment being an interest to develop and explore for gas fields in the UK North Sea in Seaward Production License P2607. Hartshead's Seaward Production License P2607 was formally awarded in January 2021, with an effective date of 1st December 2020.

This determination is based on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and determining the allocation of resources. As the Group is focused on oil and gas development and exploration, the Board monitors the Group based on actual versus budgeted development and exploration expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing development and exploration activities, while also taking into consideration the results of development and exploration work that has been performed to date.

2. OTHER INCOME

	31 December 2024 $	31 December 2023 $
Operator fees	803,922	2,247,121
Distributions from financial investments	92,199	-
	896,121	2,247,121

As operator, the Company earns fees pertaining to its Joint Operating Agreement which reflects the contribution by the farminee for their share of costs incurred by the Company. The operator fee income is recognised as costs are incurred on the exploration activities.

In April 2023, Hartshead announced the completion of the Farm-Out Agreement with established IJK North Sea independent RockRose Energy for a divestment of a 60% equity interest in its UK Southern Gas Basin License P2607.

3. EXPENSES

	31 December 2024 $	31 December 2023 $
Profit/(Loss) before income tax includes the following specific items:		
Project costs		
Southern North Sea costs [(1)]	99,898	203,926
Total project costs	99,898	203,926
Share-based payments expense/(reversal)		
Performance rights expense -issued to Directors and employees	(6,342)	248,282
Performance rights expense -issued to Advisors	(34,879)	-
Option expense - issued to Directors and employees	(20,294)	96,891
Total share-based payments expense/(reversal)	(61,515)	345,173
Administrative expense includes		
Employee benefits expense	1,275,786	984,820
Advisory and audit fees	10,477	400,270
Other expenses	900,126	2,277,099
Total administrative expense	2,186,389	3,662,189
Unrealised foreign exchange loss/(gain) [(2)]	(49,069)	5,319

1 *Group has capitalised exploration and evaluation expenditure for the UK project on the basis that this is expected to be recouped through future successful development (or alternatively sale). Corporate overhead costs allocated to exploration activities are ineligible to be capitalised per AASB 6.*

2 *Foreign exchange gain was recognised in relation to the retranslation of British Pound, United States and Euro dollar denominated balances.*

4. CASH AND CASH EQUIVALENTS

	31 December 2024 $	30 June 2024 $
Cash at bank	9,908,351	7,158,079
Deposits at call	6,545,314	16,797,130
Restricted joint venture funds [(1)]	1,482,003	-
	17,875,668	23,955,209

1 *Cash and cash equivalents is held as restricted cash being monies received in advance from Joint Venture party.*

5. EQUITY-ACCOUNTED INVESTMENT

	31 December 2024 $	30 June 2024 $
Interest in associates	311,200	-
	311,200	-

As part of its strategy to maximise shareholder return Hartshead Resources has made an investment in Prominence Energy Ltd. Hartshead is presented with a large number of oil and gas sector projects that are outside of the company's South North Sea region of focus. The investment provides Hartshead with the opportunity to present these opportunities to Prominence Energy and potentially benefit from its investment in the asset. In addition to the presentation of assets, Hartshead will also provide technical staffing resources on a contract basis, this enables the minimisation of Hartsheads labour costs.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 13.

6. FINANCIAL ASSETS AT FVOCI

	31 December 2024 $	30 June 2024 $
Investment in Australian Government Bonds	2,970,300	-
Investment in Australian Bank Convertible Notes	636,905	-
Investment in ASX listed exploration companies	8,600	7,065
	3,615,805	7,065

To maximise yield on idle cash reserves, Hartshead Resources has made investments in interest bearing Australian government treasury bonds and listed bank convertible notes.

7. EXPLORATION AND EVALUATION ASSETS

	31 December 2024 $	30 June 2024 $
UK North Sea		
Opening balance	11,437,098	3,402,012
Exploration expenditure incurred	1,906,206	20,206,687
JV cost contribution	(1,143,724)	(12,126,062)
Foreign exchange movements	1,040,958	110,812
Closing balance	13,240,538	11,437,098

Significant accounting estimates and assumptions

Impairment of capitalised exploration and evaluation expenditure
The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

7. EXPLORATION AND EVALUATION ASSETS (contd)

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

The carrying values of items of exploration and evaluation expenditure are reviewed for impairment indicators at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. There were no impairment indicators or impairment for the period ended 31 December 2024.

Significant accounting judgement

Capitalisation of exploration and evaluation expenditure

The Group has capitalised significant exploration and evaluation expenditure pertaining to its UK North Sea area of interest on the basis that this is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

8. TRADE AND OTHER PAYABLES

	31 December 2024 $	30 June 2024 $
Trade payables	371,409	1,020,706
Other payables	326,031	953,741
JV Payable	872,207	683,987
	1,569,647	2,658,434

Trade and other payables are normally settled within 30 days from receipt of invoice. All amounts recognised as trade and other payables, but not yet invoiced, are expected to settle within 12 months.

The carrying value of trade and other payables are assumed to be the same as their fair value, due to their short-term nature.

9. SHARE-BASED PAYMENTS

Share-based payment transactions are recognised at fair value in accordance with AASB 2. The total movement arising from share-based payment transactions recognised during the half-year were as follows:

	Note	31 December 2024 $	31 December 2023 $
As part of share-based payment expense/(reversal):			
Performance rights issued	9(a)	(20,293)	248,282
Options issued	9(b)	(41,222)	96,891
		(61,515)	345,173

During the half-year period, due to political and economic factors, the expected vesting date of the abovementioned share based payments was deferred from 31 December 2024 to 31 December 2025. The 12-month deferral of the vesting date required the amortisation of the share based payments expense to be spread over 2 additional 6 month reporting periods, reducing each periods amortisation and resulting in a reversal adjustment for the current period.

9. SHARE-BASED PAYMENTS (contd)

During the half-year the Group had the following share-based payments:

(a) Performance rights

Performance Rights Plan

Performance rights are issued under the long-term incentive plan and will vest as an entitlement to one fully paid ordinary share provided that certain performance milestones are met. If the performance milestones are not met, the performance rights will lapse, and the eligible participant will have no entitlement to any shares.

Performance rights are not listed and carry no dividend or voting rights. Upon exercise each right is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares. Movement in the performance rights for the current period is shown below:

Grant date	Expiry date	Exercise price	Opening balance	Granted during the period	Converted during the period	Balance at end of period	Vested at end of period
21-Sep-23	13-Oct-26	-	32,500,000	-	-	32,500,000	-
Total			32,500,000	-	-	32,500,000	-

(b) Share option

Share options are used to reward Executive Directors, Employees, Consultants and Vendors for their performance and to align their remuneration with the creation of shareholder wealth through the performance requirements attached to the options. Options are granted at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The options are not listed and carry no dividend or voting right. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares. No options were issued during the period ended 31 December 2024.

10. RELATED PARTY TRANSACTIONS

Board update

There were no changes to the remuneration of company directors during the period.

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. There have been no changes other than those noted above to related party transactions since the last annual reporting date, 30 June 2024.

11. COMMITMENTS

There have been no changes to commitments since the last annual reporting date, 30 June 2024.

(a) Capital commitments

UK North Sea, Seaward Production License P2607

The Group has certain obligations to perform minimum work on tenements held. These obligations may vary over time, depending on the Group's work programmes and priorities. As at reporting date, there are no minimum financial commitments.

12. CONTINGENCIES

There have been no material changes to the contingencies disclosed at 30 June 2024, there are no other contingent assets or liabilities as at 31 December 2024.

13. MATERIAL ACCOUNTING POLICY INFORMATION

Hartshead Resources NL (**Company** or Hartshead) is a company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange Hartshead is the ultimate parent entity of the Group.

The consolidated financial statements of Hartshead Resources NL for the half year ended 31 December 2024 comprise the Company and its controlled subsidiaries (together referred to as the **Group** and individually as **Group entities**).

Statement of compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 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 accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated below.

New and amended standards adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current half year reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior years.

Accounting policies

In order to assist in the understanding of the accounts, the following summary explains the principle accounting policies that have been adopted in the preparation of the financial report. These policies have been applied consistently to all of the periods presented, unless otherwise stated.

(a) Interest in associates

Recognition & measurement

Equity method

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Groups share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

13. MATERIAL ACCOUNTING POLICY INFORMATION (contd)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investments have been changed where necessary to ensure consistency with the policies adopted by the Group.

Key estimates and judgements

Estimates and judgements are required by the Group to consider the existence of control, joint control or significant influence over an investee. In determining the existence of significant influence over Prominence Energy Ltd (a 19.9% equity stake) during the half-year period, Hartshead Resources, in accordance with AASB 128, considered the voting power attached to its equity stake and its representation on the board of Prominence Energy Ltd. The Board reports the existence of significant influence but not control or joint control and as such will account for this investment on an Equity Accounted basis.

(b) Joint arrangements

Under AASB 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group only has joint operations.

14. EVENTS OCCURRING AFTER REPORTING DATE

On 5th of February 2025, Hartshead announced that it has submitted a revised Concept Select Report Addendum to the NSTA for a new gas offtake route. On 7th February a new development programme and budget was submitted to the P2607 joint venture.

In the opinion of the Directors, no other event of a material nature or transaction, has arisen since year end and the date of this report that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs.

In the directors' opinion:

1 the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

2 the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and

3 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 directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Bevan Tarratt
Executive Chairman

Perth, Western Australia
14 March 2025

BDO

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hartshead Resources NL

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Hartshead Resources NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

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 the Group does not comply 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 financial performance for the half-year ended on that date; and

ii. 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 responsibilities are further described in the *Auditor's Responsibilities 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

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 31 December 2024 and its financial 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.

BDO Audit Pty Ltd

BDO

Ashleigh Woodley

Director

Perth, 14 March 2025