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ANNUAL
REPORT 2025

**AJ Lucas is a leading provider
of Drilling Services**

We are a specialist service provider to the energy, mining and infrastructure sectors. In each market, our multi-disciplined teams have earned a reputation for innovative solutions and reliable project delivery.

ABN 12 060 309 104



About AJ Lucas

Australian Operations

Drilling Services (LDS)

Major drilling services provider to the east coast Australian coal sector for mine degassing and exploration

Delivering intelligent and practical solutions to support Australian mining sector

UK Operations

Oil & Gas

Appraisal and commercialisation of unconventional hydrocarbons in the UK

One of the largest shale gas acreage positions in the UK

Contents

- 1 About AJ Lucas
- 2 Chairman's Letter
- 4 Commitment to Sustainability
- 6 Group CEO letter
- 8 Cuadrilla CEO's Letter
- 10 Financial Reports
- 80 Corporate Directory



Chairman's Letter

The 2025 financial year was one of resilience, recalibration, and renewed focus.

Dear Shareholders,

While the momentum we carried into the year from FY2024 was strong, unforeseen operational disruptions across several client sites tested our agility and resolve.

In contrast to the record-setting performance of FY2024, this year presented a more complex operating environment. A series of underground incidents and weather-related delays impacted our Australian drilling operations, leading to a necessary resizing of our workforce and a decline in revenue and earnings. These were difficult decisions, but they were made with a clear-eyed view of preserving long-term capability and ensuring we remain well-positioned for any recovery in FY2026.

“Despite these challenges, we continued to invest in the future.”

Our successful execution of a technically demanding open-cut degasification project marked a significant milestone, demonstrating our ability to adapt our directional drilling expertise to emerging market needs. This innovation, coupled with our ongoing investment in modern rigs and real-time geophysical data capabilities, reinforces our commitment to delivering smarter, safer, and more efficient solutions for our clients.

In the UK, while the political environment remains uncertain, we took decisive steps to protect and extract value from our shale gas portfolio.

“The resolution of a long-standing commercial dispute delivered a substantial cash injection post year-end, strengthening our balance sheet and validating our strategic patience.”

We continue to maintain our licences at minimal cost, preserving optionality in a market that may yet shift in our favour.

Our commitment to sustainability and governance remains unwavering. We have made further progress in aligning our operations with ESG best practices, and we are preparing for the introduction of mandatory climate-related financial disclosures. These efforts are not just regulatory obligations—they are integral to our identity as a responsible and forward-looking enterprise.

only

“Looking ahead, we are cautiously optimistic.”

The fundamentals of the metallurgical coal market remain robust, and our clients—many of whom are among the lowest-cost producers globally—are well-placed to lead the sector’s recovery. We will continue to seek to diversify our client base, expand into adjacent markets, and invest in the capabilities that will define the next chapter of our growth.

I would like to thank our Board, our executive team, and most importantly, our people—whose professionalism and perseverance have once again proven to be our greatest asset. To our shareholders, thank you for your continued support and belief in our long-term vision.

Yours sincerely,



Andrew Purcell
Chairman



Committment to Sustainability

“ At Lucas, we have a responsibility to positively impact the environment, the communities where we operate, and all our stakeholders. We know that having focused initiatives addressing these issues leads to a better and more resilient company as well as delivering a better world. As such, we are committed to being a sustainable and responsible corporate entity, updating all our stakeholders on our Environment, Social and Governance (ESG) initiatives.

Ultimately, we aim to use the natural and human resources available to us in an effective, conservative and a responsible manner while playing an appropriate role in local and global issues that impact future generations.

AJ Lucas is committed to creating an inclusive business that encourages and supports sustainability and social responsibility while delivering superior returns to our shareholders. The approach has three key focus areas:

At Lucas, our company values are at the heart of all that we do: ”

We Care

- We do whatever it takes to keep people safe
- We look after our work environment
- We take pride in our work

We Act With Integrity

- We do what we say we will do
- We are open and honest
- We hold each other to high principles and standards

We Are Efficient

- We plan
- We look for better ways to do things
- We share our knowledge and resources

We Work as a Team

- We encourage and support each other
- We communicate openly and honestly
- We listen and give everyone a fair go

We Show Respect

- We value individual strengths
- We comply with rules and regulations
- We go out of our way to help

Workplace Health & Safety

We invest heavily in our people and their safety and well-being, promoting our “Lucas Safety Zone – Injury Free Every Day” philosophy across all workspaces. We understand the impact that poor safety and culture can have on not only our own business goals but those of our clients and stakeholders. This is achieved through:

- Setting high standards in all areas – equipment, processes and systems, and highly trained & engaged workforce:
- Investing heavily in people, resulting in a more engaged workforce with greater ownership of their roles, through;
 - Provision of professional development opportunities and sharing in the benefits of the organisation’s success;
 - Concern for mental health through the provision of Employee Assistance Programs extended to staff and their families.
- Policy development, adoption and improvement;
 - Ensuring policies are up to date, accepted and adhered to;
 - Equipping the organisation and staff with the knowledge to deal with things such as;
 - Anti Bribery and Corruption;
 - Modern Slavery;
 - Codes of Conduct; and
 - Continuous Disclosure, Safety and Diversity.
- Expecting all our suppliers to adhere to our Supplier Code of Conduct.

Reducing Environmental Impact

Lucas recognises and understands the environment impact associated with our various activities and are therefore committed to act in a manner that protects the environment, driving continual improvements to minimise any impacts. Working closely with our clients, we strive to achieve the best possible environmental performance and outcomes, through:

- Adoption of a Responsible Environmental policy.
- Detailed planning on all projects to minimise environmental impacts.
- Investing in modern technologies and innovation and ensuring certifications and respected management systems are used.
- Customer collaboration on land and resources impact.
- Continuous monitoring and management of the impact Lucas has on the environment.
- Waste management through effective recycling practices and safe disposal methods.
- Carbon emissions tracking for Scope 1 and Scope 2 emissions in a manner consistent with the principles outlined in the NGER framework, with the aim of supporting ongoing alignment with regulatory expectations.

Building Strong Communities

Lucas understands the importance of building strong relationships both inside and outside the company. We value the communities that we operate within and look for opportunities to support these communities to grow and prosper in the long term.

During 2025 financial year Lucas proudly donated; sponsored and/or participated in the following community/charity events:

- Bundaberg’s Magpies Rugby Leage Football Club;
- Movember Fundraiser;
- St John’s Moonlight Fair Roma.



Group CEO Letter

The 2025 financial year was one of resilience and adaptability, as we navigated significant industry disruptions while continuing to invest in our people, technology, and future growth.

I am pleased to provide my second report as the Chief Executive Officer of AJ Lucas. While the year presented some challenges, it also highlighted the strengths that will support a near-term recovery and long-term success. I am proud of the way our team responded to the challenges and their tireless work to limit the impacts and ensure the business remains on a sound footing.

People, Safety & Environment

Safety remains the highest priority at Lucas. I am proud to report that we recorded zero environmental incidents during the year and maintained a Total Recordable Injury Frequency Rate (TRIFR) of 5.56, well below our peers. This achievement reflects the discipline and commitment of our workforce, particularly in a year marked by operational challenges. Retention continues to improve year on year, with voluntary separations down to 14%, a remarkable result for a predominantly fly-in fly-out workforce.

Operational Report

The year under review was significantly impacted by underground incidents across several client sites, including fires and disruptions at Anglo's Grosvenor and Moranbah North mines, ignition events at Kestrel Coal's Kestrel mine, and geotechnical issues at Fitzroy's Carborough Mine.

These incidents forced the team to undertake a less favourable mix of work (fewer production wells and more lower-yielding exploratory and emergency works) with total contracted shifts approximately 10% lower than budget. This loss was further compounded by a 14% increase in wet-weather shifts than planned.

In response to the lower demand, we took the difficult decision to reduce the size of our workforce. The restructuring was a difficult, but necessary, process to ensure our workforce reflected

the work in hand. Our investment in cross-skilling and training over recent years enabled us to maintain operational momentum while adapting to changing market conditions. Despite the need to undertake the restructuring, we have preserved the capability to scale up as demand returns, as we expect in 2026.

“This year also saw us successfully execute our first project aimed at the degasification and depressurisation of an open-cut mine.”

It was a technically challenging project, where we utilised managed-pressure drilling to drill under and through the open cut to degas the next mining horizon. With the changes to the Safeguard Mechanism, the open cut market segment has the potential to grow significantly, and the project demonstrated Lucas's ability to utilise our competitive strength to engineer and execute directional drilling techniques to degas the open cut from outside the pit operational area.

We remain focused on building a portfolio of value-adding technology, including the provision of geophysical data during drilling operations. This not only improves drilling efficiency but also offers our clients more profound insights into their resources and helps reduce geotechnical and outburst risk to underground operations.

In line with our long-term strategy, we also continued the process of rejuvenating and modernising our fleet. We will be holding an Open Day for clients and industry in October to demonstrate our new state-of-the-art WEI D100S multipurpose rig, which is designed to service the coal seam gas, large diameter, and surface-to-inseam markets.



5.56
TRIFR per million
hours worked



Financial Report

The impact from the operational challenges we experienced was somewhat mitigated by our swift response to resize the workforce while diversifying our customer base to redeploy drilling assets to more stable operations.

Our revenue for the year was \$145.6 million, down 8.5% from \$159.1 million in FY24, and Group EBITDA was \$14.48 million, a 50.3% decrease from \$29.16 million in FY24. EBITDA from our core Australian operations fell 39% to \$19.1 million, from \$31.2 million in FY24. Our UK operations reported an EBITDA loss of \$2.1 million in FY24 compared to \$4.6 million in FY25, driven by a \$1.1 million carrying out the Oil and Gas regulator requirement to plug and abandon the two exploration wells at our Preston New Road, Lancashire and \$3.2 million incurred for administration and other holding expenses that included legal fees incurred for a dispute in a carry agreement.

While these results reflect the severity of the disruptions on our Australian drilling business performance, they are also a testament to our ability to adapt quickly, limit the impact and maintain operational continuity in a challenging environment.

“Our UK subsidiary, Cuadrilla, continues to operate as a low-cost presence, with the goal of becoming increasingly self-funded while retaining an option on a significant discovered shale gas accumulation.”

Post year end it settled a dispute concerning a carry agreement relating to certain UK shale gas exploration licences resulting in a cash settlement (payment to Cuadrilla) of £12,500,000, or approximately \$26,000,000.

Outlook

While the demand for our services remains strong, the ongoing recovery of disrupted mines will result in a slower ramp-up in the first half of FY26. Nevertheless, we are confident in the fundamentals of our business and the robustness of the high-grade metallurgical coal market, particularly given our clients' position in the lower quartile of the global production cost curve.

We will continue to pursue client diversification and explore emerging opportunities, particularly in open-cut degasification and data-driven drilling services. Our operational platform, strengthened by our investments in technology and workforce capability, positions us well to deliver consistent performance in the year ahead.

I would like to thank our team for their resilience and dedication during a challenging year. Their commitment to safety, innovation, and excellence continues to drive AJ Lucas forward.

Greg Runge
Chief Executive Officer of
Group Operations

Cuadrilla CEO's Letter

During the 2025 financial year Cuadrilla continued to maintain its prime UK shale gas exploration licences at minimum cost to the Group.

It also brought the Elswick gas field back online, generating electricity at the site for export and sale into the regional network. On our non-operated Licences in Yorkshire, in which Cuadrilla holds a 25% non-paying interest, the Operator (Egdon Resources) made good progress in preparing applications for the planning and environmental approvals required to drill an appraisal well on the existing conventional gas discovery.

In the UK general election, held on July 4th, 2024, the Labour Party was returned to power with a majority of 174 seats. Since then, the focus of UK energy policy has been almost exclusively on reaching the legislative target of "Net Zero" CO2 emissions by 2050, together with the Labour Party's own much more ambitious target of Net Zero electricity generation by 2030. This has contributed to UK electricity prices being amongst the most expensive in the developed world, UK gas production declining to levels not seen since the early 1970s and an ever-increasing reliance on expensive, higher CO2 emitting gas imports, including large volumes of shale gas imported from the US.

“The next UK general election is not scheduled until August 2029.”

Nonetheless, at this early-stage Reform UK looks like posing a significant electoral challenge to the established Labour and Conservative parties. In local elections held in England in May 2025 Reform won 41% of the seats up for election and took control of 10 Councils, including Lancashire County Council which controls

planning decisions on Cuadrilla's Lancashire shale gas exploration area. Reform's energy policy includes support for shale gas exploration and an end to the current moratorium on fracking.

At our Preston New Road, Lancashire shale gas exploration site, the Oil and Gas regulator required us to plug and abandon the two exploration wells. This requirement was satisfied in FY25 with cement plugs installed in both wells and the wellheads and upper casing removed from each.

“Whilst we are unlikely therefore to be able to re-use the wells, the underlying shale gas resource that they have helped to reveal, remains intact, waiting to be appraised and developed as and when the political will to do so emerges.”

In the financial year we also actively progressed a commercial dispute relating to certain UK shale gas exploration Licences.



\$145.6m
Total revenue



On the Balcombe Licence in Southern England, all three judges in the Court of Appeal dismissed the case brought by a local protest group challenging the grant of planning permission to evaluate the commercial viability of the existing appraisal well. The Licence Operator Angus Energy (Lucas holds a 75%, non-operated, carried interest) may now move forward with planning and executing a well test.

“In summary we continue to maintain a low-cost presence in the UK, with the objective of increasingly “self-funding” that position whilst continuing to hold an option on a significant discovered shale gas accumulation.”

Francis Egan
Chief Executive Officer
of Oil and Gas Investment

Financial Report

Contents

- 11** Directors' Report
- 21** Corporate Governance Report
- 28** Auditor's Independence Declaration
- 29** Consolidated Statement of Comprehensive Income
- 30** Consolidated Statement of Financial Position
- 31** Consolidated Statement of Changes in Equity
- 32** Consolidated Statement of Cash Flows
- 33** Notes to the Consolidated Financial Statements
- 71** Directors' Declaration
- 72** Independent Auditor's Report
- 77** Consolidated Entity Disclosure Statement
- 78** Australian Securities Exchange Additional Information
- 80** Corporate Directory



Directors' Report

for the year ended 30 June 2025

Directors

The Directors of AJ Lucas Group Limited (the "Company", the "Group" or "AJL") at any time during the financial year and up to the date of this report and their terms of office are as follows.

Current Directors

Name	Appointments
Andrew Purcell	Independent Non-Executive Chairman since 31 August 2020 Independent Non-Executive Director since 3 June 2014 to 31 August 2020
Julian Ball	Independent Non-Executive Director since 29 August 2024 Non-Executive Director since 2 August 2013 to 29 August 2024
Francis Egan	Executive Director since 13 May 2020
Austen Perrin	Non-Executive Director since 31 August 2020 Executive Director since 1 January 2020 to 31 August 2021
Greg Runge	Executive Director since 4 October 2024

Details of the current members of the Board, including their experience, qualifications, special responsibilities and directorships of other listed companies held in the past 3 years are set out below.



ANDREW PURCELL B Eng; MBA

Mr Purcell is an engineer by background and has had a distinguished career in investment banking working with Macquarie Bank and Credit Suisse, the latter both in Australia and Hong Kong. In 2005 he founded Teknix Capital in Hong Kong, a company specialising in the development and management of projects in emerging markets across the heavy engineering, petrochemical, resources and infrastructure sectors. Mr Purcell also has considerable experience as a public company director, both in Australia and in a number of other countries in the region, currently being the Chairman of Melbana Energy Limited (ASX: MAY).

On 31 August 2020 Mr Purcell was appointed Chairman of the Board and became a member of both the Audit and Risk and the Human Resources and Nominations Committees. Prior to this he served as Chairman of the Human Resources and Nominations Committee from 1 January 2020 to 31 August 2020 and was a member of the Audit and Risk Committee up to 1 January 2020.



JULIAN BALL BA; FCA

Mr Ball is based in Hong Kong, and has more than 30 years of experience in investment banking and private equity. Mr Ball trained as a chartered accountant at Ernst & Young in London before relocating to Hong Kong. He worked for many years as an investment banker at JP Morgan primarily covering the energy and natural resources sectors prior to working in private equity. Mr Ball was previously a consultant representing Kerogen Capital ("Kerogen") a substantial shareholder.

Mr Ball is a member of the Audit and Risk Committee and was appointed the Chairman of the Human Resources and Nominations Committee on 31 August 2020, having been a member of that committee since January 2014.

Directors' Report

for the year ended 30 June 2025



FRANCIS EGAN M ENG. MBA

Mr Egan has over 40 years of diverse international experience in the upstream oil and gas industry, working in engineering and senior management roles. Prior to joining Cuadrilla as CEO in July 2012, Mr Egan worked in Houston, Texas as President of Production for BHP Billiton Petroleum. He also held senior management roles at BHP in Algeria, Pakistan, UK and Australia over the course of a 20-year career. Before joining BHP Billiton, Mr Egan spent eight years with Marathon Oil in various engineering and commercial roles. He was educated in Ireland, obtaining a BE Civil Degree with First Class Honours and a Master of Engineering Science Degree. He was a PhD student and research assistant at the California Institute of Technology (Caltech) in Los Angeles and holds an MBA from the University of Warwick.



AUSTEN PERRIN B ECON. CA, GAICD

Mr Perrin was the Group Chief Financial Officer from December 2014 to 31 August 2020 when he retired from that position, but he continues to serve as a Director. He has also served as a Non-executive Director of Andromeda Metals Ltd (ASX: AND) until 31 January 2025. Prior to joining AJL, he was the Chief Financial Officer for Whitehaven Coal Limited for nearly 6 years. He also previously held the group CFO roles with Asciano Limited and Pacific National Limited and was an executive director and divisional CFO of the listed Toll NZ Limited as well as holding various senior finance roles within the Toll Holdings group and TNT. Mr Perrin has considerable knowledge of transport, infrastructure, coal mining and oil and gas industries and has in depth experience across commercial, accounting and the finance spectrums. Prior to that he started his career with KPMG.

Mr Perrin was appointed as a member of the Audit and Risk Committee on 31 August 2020 and was appointed the Chairman of that Committee on 15 November 2020.



GREG RUNGE BE (PET ENG), MBA, MCOM, GAICD

Greg Runge was appointed the CEO of Australian Drilling operations on 1 January 2024 and on the 4th October 2024 was appointed as Managing Director and Group CEO. Prior to that Greg has held various operational management positions with the Group, including head of Technical and Engineering Services and most recently heading the Groups Directional Drilling operations. He originally commenced employment with the Group in 2003, before pursuing various operational and consulting roles outside of the Group within the Oil and Gas industry, and later returning to Lucas in 2012.

Greg holds a Bachelor of Petroleum Engineering from the University of NSW, a Master of Commerce and an MBA from the University of Queensland.

Company Secretary

Mr Swierkowski B Com, CA, MBA (Exec) joined the company in June 2013, and was appointed to the position of Company Secretary on 23 June 2015 and is currently the Chief Commercial Officer. He served as the interim Group CEO between 1 September 2023 and 31 December 2023. Prior to this he has held both senior finance and company secretarial positions in listed companies across mining, investments and facilities management.

Directors' Meetings

The number of Directors' meetings (including meetings of committees of directors) held during the financial year, during the period of each director's tenure, and number of such meetings attended by each director are:

	Board of Directors		Audit and Risk Committee		Human Resources and Nominations Committee	
	Held	Attended	Held	Attended	Held	Attended
Andrew Purcell	10	9	7	6	2	2
Julian Ball	10	10	7	7	2	2
Austen Perrin	10	10	7	7	2	2
Greg Runge	8	8	-	-	-	-
Francis Egan	10	10	-	-	-	-

Principal Activities

The Group is a leading provider of drilling services primarily to the Australian coal industry, and an operator, through its subsidiary Cuadrilla Resources Holdings Limited, of exploration and appraisal of conventional and unconventional oil and gas prospects in the United Kingdom ("UK").

The Group is structured with two principal operating segments:

Drilling: A leading provider of drilling services to the energy and resources sectors, but primarily focused on delivering a suite of degasification and exploration drilling and related services to Australian metallurgical coal mines. The division has superior capabilities in the provision of specialised Directional and Large Diameter drilling for degasification of coal mines.

Oil & Gas Operations: Exploration of unconventional and conventional hydrocarbons in the UK.

Operating & Financial Review

Group Performance

	2025 \$'000	2024 \$'000	Change %
Total revenue from continuing operations	145,611	159,105	(8.5%)
Reported EBITDA - Australian operations	19,051	31,217	(39.0%)
Reported EBITDA - UK investments operations	(4,568)	(2,054)	(122.4%)
Total Reported EBITDA*	14,483	29,163	(50.3%)
Depreciation and amortisation	(7,841)	(7,470)	(5.0%)
EBIT	6,642	21,693	(69.4%)
Net finance costs	(21,686)	(22,407)	3.2%
Net profit / (loss) for the period	(15,044)	(714)	2007.0%

* The non-IFRS financial information (EBITDA) presented in this document has not been audited or reviewed in accordance with Australian Auditing Standards. Reported EBITDA refers to earnings before net financing costs, depreciation and amortisation, impairments and tax expense.

Overview of the Group

The Group reported EBITDA of \$14.5 million (2024: \$29.2 million) and revenue of \$145.6 million (2024: \$159.1 million). These figures primarily reflect the performance of the Australian operations, which recorded EBITDA of \$19.1 million (FY 24: \$31.2 million). The Australian operations were affected by the ongoing suspension of mining at the Grosvenor mine since June 2024, following an explosion, as well as the suspension of mining at the Moranbah North mine. Additionally, several client delays occurred due to increased corporate activity within the sector and certain geological challenges.

Lucas Group remains committed to prioritising safety as it expands its portfolio of contracted projects. The company is confident in the positive outlook for the metallurgical coal sector, which continues to benefit from substantial investment in both new and existing operations.

The Group's UK operations reported an EBITDA loss of \$4.6 million. This figure includes an expense of \$1.1 million, incurred to fulfil the Oil and Gas regulator's requirement to plug and abandon two exploration wells at the Preston New Road shale gas site in Lancashire. Additionally, it encompasses \$0.3 million attributed to the revaluation of remaining future decommissioning obligations and licence costs related to extending licences. A further \$3.2 million was incurred for administration and other holding expenses.

Taking account of depreciation and amortisation of \$7.8 million (2024: \$7.5 million) as well as net finance costs of \$21.7 million (2024: \$22.4 million) the Group delivered a net loss after tax of \$15.0 million (2024: \$0.7 million).

The Group's reviewed its deferred tax asset, initially recognised in the 2023 financial year, and concluded there was sufficient evidence to support the continued recognition of a deferred tax asset of \$11.0 million, supported by a probable level of future Australian taxable profits against which carried forward income tax losses may be utilised. This represents a portion of the Group total income tax losses that are available to be carried forward subject to continued compliance with certain tests, and which are disclosed in the financial statements.

Directors' Report

for the year ended 30 June 2025

Australian Operations

	2025 Year \$'000	2025 2nd Half \$'000	2025 1st Half \$'000	2024 Year \$'000	Change %
Revenue	145,611	69,732	75,879	159,105	(8.5%)
Reported EBITDA – Australian Operations	19,051	8,804	10,247	31,217	(39.0%)
EBITDA margin	13.1%	12.6%	13.5%	19.6%	

The Group's primary operating business delivers a range of drilling solutions to its Australian-based clients. During the reporting period, the Australian operations reported divisional EBITDA of \$19.1 million (2024: \$31.2 million), reflecting a 39.0% decrease compared to the previous year. This decline was primarily attributable to the suspension of mining activities at two key client mine sites, as well as additional client delays. Although it is anticipated that most of these interruptions are temporary and that the postponed drilling work will be required in due course, the precise timing remains uncertain and is subject to factors beyond the control of both the Group and its clients. Consequently, a comprehensive review of current operations was conducted, resulting in the difficult but necessary decision to adjust workforce levels to align more closely with prevailing market conditions.

Despite the reduction in overall drilling demand, the Australian Operations continue to focus on improving drilling times leading to faster delivery of wells for our clients, something that will continue to be a focus for management into the 2026 financial year whilst focus will remain on controlling costs and improving efficiencies.

The Australian operations ability to deliver bespoke drilling solutions, backed by internal engineering capabilities and back office technical support is unmatched in the industry. We continue to explore opportunities in new and adjacent markets where we could utilise our capability to generate appropriate returns. An example of this during the period was our first unique gas depressurisation well drilling program for an open cut mine.

This is further supported by the strategic focus on delivering operational excellence, risk management and capital discipline.

Oil and Gas

During the 2025 financial year Cuadrilla continued to maintain its prime UK shale gas exploration licences at minimum cost to the Group. It also brought the Elswick gas field back online, generating electricity at the site for export and sale into the regional network. On our non-operated Licences in Yorkshire, in which Cuadrilla holds a 25% non-paying interest, the Operator (Egdon Resources) made good progress in preparing applications for the planning and environmental approvals required to drill an appraisal well on the existing conventional gas discovery.

At our Preston New Road, Lancashire shale gas exploration site, the Oil and Gas regulator required us to plug and abandon the two exploration wells. This requirement was satisfied in FY25 with cement plugs installed in both wells and the wellheads and upper casing removed from each. Whilst we are unlikely therefore to be able to re-use the wells, the underlying shale gas resource that they have helped to

reveal, remains intact, waiting to be appraised and developed as and when the political will to do so emerges.

In the financial year we also actively progressed a commercial dispute relating to certain UK shale gas exploration Licences. The dispute was successfully resolved on the 12th August 2025 with a cash payment of £12.5 million (approximately A\$26.0 million) received.

On the Balcombe Licence in Southern England, all three judges in the Court of Appeal dismissed the case brought by a local protest group challenging the grant of planning permission to evaluate the commercial viability of the existing appraisal well. The Licence Operator Angus Energy (Lucas holds a 75%, non-operated, carried interest) may now move forward with planning and executing a well test.

In summary we continue to maintain a low-cost presence in the UK, with the objective of increasingly "self-funding" that position whilst continuing to hold an option on a significant discovered shale gas accumulation.

Review of Financial Condition

In May 2025, the Group successfully secured a two-year extension of its revolving Senior Syndicated Finance Facility with Balmain, extending the maturity to May 2027. The amended facility includes an increased overall limit of \$50.0 million, up from \$35.0 million, and incorporates a temporary rise in loan funds. This increase facilitated the repayment of the Junior loan via an Asset Back Loan stretch advance and provided an additional \$5 million cash flow loan, both structured over a nine-month period. These initiatives enabled the Group to fully settle the Junior facility and reduce the overall cost of debt.

The Group negotiated an agreement with its largest shareholder and debt provider, Kerogen Capital, to amend and extend the loan facility, subordinated to the Senior lender, to July 2027. The amended terms allow for a material reduction in the cost of debt if cash interest payments are made through 31 January 2027, subject to meeting the conditions of the Senior Syndicated Finance Facility.

Operating activities generated cashflow of \$13.1 million (FY24: \$32.0 million), corresponding to a decrease in operational EBITDA due to two incidents that resulted in temporary production shutdowns at two mines, which restricted utilisation levels and earning capacity during the period. Cash outflows for investing activities decreased by \$4.5 million as the Group adjusted capital allocation to debt repayments.

The Group currently reports a net liability position of \$73.6 million (2024: \$57.8 million). In accordance with Accounting Standards and the historic cost convention, this book value does not reflect the

worth of internally generated intangible assets, such as customer and industry relationships or internal processes and procedures, which contribute to future financial performance by enhancing safety and operational efficiency.

Outlook & Likely Developments

Australia's metallurgical coal sector continues to present strong opportunities for degasification and exploration drilling services for our clients and the industry. Major projects like Peabody Energy's Centurion Mine in Queensland's Bowen Basin are leading the charge, with longwall production set to begin in 2026 and a projected mine life exceeding 25 years.

These developments demand extensive pre-mining gas drainage and exploration drilling to ensure safety, efficiency, and compliance, creating a robust pipeline of work for service providers which the Group will continue to pursue in order to expand and/or diversify its services, where it makes sense to do so. As Australia maintains its position as a global leader in premium hard coking coal exports, the demand for high-quality drilling and gas management solutions is expected to remain strong.

In the UK, the Group will continue to pursue strategies to encourage the removal of the moratorium on shale gas exploration and thus allow us the opportunity to develop our shale licences. We remain resolute in our view that shale gas has an important role to play as a potential transition fuel as the United Kingdom moves towards its Net Zero target by 2050. The UK business will maintain a cost-effective operation to comply with licence conditions and evaluate and implement options including the development of conventional gas discoveries on our licences to deliver shareholder value.

Impact of Legislation and other External Requirements

There were no changes in environmental or other legislative requirements during the year that significantly impacted the results or operations of the Group.

Dividends

No dividends have been declared by the Company since the end of the previous year (2024: Nil).

Environmental Regulations & Native Title

AJL is committed to meeting stringent environmental and land use regulations. The Group is committed to identifying environmental risks and engineering solutions to avoid, minimise or mitigate such risks. The Group works closely with its clients predominantly, as well as a government, landholders, and other bodies when appropriate to ensure its activities have minimal or no effect on land use and areas of environmental and cultural importance. Group policy requires all operations to be conducted in a manner that will preserve and protect the environment.

The directors are not aware of any significant environmental incidents, or breaches of environmental regulations during or since the end of the financial year.

Significant Changes in the State of Affairs

The significant changes in the state of affairs of the Group both during the financial year and subsequent to the balance sheet date are as described in this report and the financial statements and notes thereto.

Events Subsequent to Reporting Date

On 12 August 2025, the Group's UK subsidiary, Cuadrilla Resources Limited, along with other entities within the Group (collectively referred to as "Cuadrilla"), resolved a dispute regarding a carry agreement associated with certain UK shale gas exploration licences. As part of the settlement, the Group received a cash payment of £12,500,000. This amount has not been recognised in the financial statements as at 30 June 2025 and will be reflected as income in the financial year 2026. It was agreed in the settlement that the carry agreement has been terminated.

Following the successful resolution of the dispute regarding UK shale gas exploration licences, the Group received a notice from Kerogen, requiring prepayment under the terms of the loan facility agreement. The agreement mandates that upon settlement of any dispute or disposal relating to the UK Asset, 75% of the net proceeds must be applied to prepay the outstanding loan balance.

The Senior syndicated facility agreement has restrictions on payments to Kerogen, contingent upon meeting designated conditions, unless Senior consent is obtained. Should the Group fail to satisfy the Kerogen repayment obligations, an additional penalty interest of 5% per annum will be imposed on the above unpaid amount.

Directors' Shareholdings and Other Interests

The relevant interest of each person who held the position of director during the year, and their director-related entities, in the shares and options over shares issued by the Company, as notified by the directors to the Australian Securities Exchange in accordance with Section 205G (1) of the Corporations Act 2001, at the date of this report are:

	Ordinary shares	Options
Andrew Purcell	527,105	-
Austen Perrin	300,062	-

Indemnification and Insurance of Officers and Auditors

Indemnification

The Company has agreed to indemnify all directors and officers of the Company against all liabilities including expenses to another person or entity (other than the Company or a related body corporate) that may arise from their position as directors or officers of the Company, except where the liability arises out of conduct involving a lack of good faith.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst and Young Australia, as part of the terms of its audit

Directors' Report

for the year ended 30 June 2025

engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify EY during or since the financial year end.

Insurance premiums

Since the end of the financial year, the Company has paid premiums in respect of directors' and officers' liability and legal expenses insurance contracts for the year ending 31 May 2026.

Non-Audit Services

During the year, EY, the Company's auditor, has performed certain other services in addition to the audit and review of the financial statements.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with advice of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants', as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Payments due to the auditor of the Company and its related practices for non-audit services provided during the year, as set out in Note 9 of the financial statements, amounted to \$4,500 (2024: \$125,364).

Lead Auditor's Independence Declaration

The Lead auditor's independence declaration is set out on page 28 and forms part of the Directors' Report for the financial year ended 30 June 2025.

Rounding Off

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 (Rounding in Financial/Directors' Reports) issued by the Australian Securities and Investments Commission. Unless otherwise expressly stated, amounts in the financial report and the directors' report have been rounded off to the nearest thousand dollars in accordance with that Corporate Instrument.

Remuneration Report – Audited

The Directors present the Remuneration Report ("the Report") for the Company and its controlled entities for the year ended 30 June 2025. The Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001. The Report outlines the remuneration policy for key management personnel ("KMP") comprising

1. The non-executive directors (NEDs)
2. Senior executives (the Executives)

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group.

Non-Executive Directors' Remuneration

The Board's policy for setting fees for non-executive directors is to position them at or near the 50th percentile of market practice for comparable non-executive director roles in companies listed on the Australian Securities Exchange ("ASX"). Non-executive directors do not receive performance related remuneration and are not provided with retirement benefits apart from statutory superannuation. Options and other forms of equity are not provided to non-executive directors.

Total remuneration for all non-executive directors, last voted upon at the 2018 Annual General Meeting, is not to exceed \$900,000 per annum. The remuneration for each non-executive director during the year was \$100,000 per annum, with an additional \$10,000 per annum for each director serving as chairman of a committee of the Board. The Chairman of the Board, who is also a member of each Board Committee, receives \$225,000 per annum. The current arrangements have been unchanged since the 2020 financial year.

The Group may, from time to time, in the ordinary course of business receive or provide services to entities that are related parties of the Directors on normal commercial terms. Such amounts are not included in the table of remuneration following but are disclosed in Note 31 of the Financial Statements.

The following table presents details of the remuneration of each non-executive director.

Non-executive director	Year	Board fees including superannuation \$	Committee fees including superannuation \$	Total \$
Andrew Purcell	2025	225,000	-	225,000
Andrew Purcell	2024	225,000	-	225,000
Julian Ball	2025	100,000	10,000	110,000
Julian Ball	2024	100,000	10,000	110,000
Austen Perrin	2025	100,000	10,000	110,000
Austen Perrin	2024	100,000	10,000	110,000

Executive Remuneration

Policy

The key principle of the Group's remuneration policy for key management personnel ("KMP") is to set remuneration at a level that will attract and retain appropriately skilled and motivated executives, including executive directors, and motivate and reward them to achieve strategic objectives and improve business results. The Human Resource and Nominations Committee may obtain independent advice from time to time on the appropriateness of remuneration packages given trends in comparative companies and the objectives of the Group's remuneration strategy.

The overriding philosophy of the remuneration structure is to reward employees for increasing shareholder value. This is achieved by providing a fixed remuneration component, together with performance-based incentives.

AJL aims to set fixed annual remuneration at market median levels for jobs of comparable size and responsibility using established job evaluation methods and to provide incentives to top performers, subject always to the performance of the Group. The aim of the incentive plans is to drive performance to successfully implement annual business plans and increase shareholder value.

Fixed remuneration

Fixed remuneration consists of base remuneration which is calculated on a total cost basis and includes any allowances and fringe benefit tax charges related to employee benefits including motor vehicles as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually through a process that considers individual and performance of the Group. This process includes either or both a consultation with external consultants and review of external databases to benchmark remuneration levels with comparable companies.

Variable compensation

Variable compensation includes performance linked remuneration in the form of short-term incentives that are designed to reward key management personnel for meeting or exceeding their financial and personal objectives.

The short-term incentive ("STI") is an 'at risk' bonus, generally, provided in the form of cash. During the period the STI program was reviewed and amended. Subject to achievement of certain criteria, Management have the potential to earn between 3% and 6% of their fixed annual remuneration, depending on their positions, for every \$1.0 million EBITDA exceeds the targeted EBITDA, up to a pre-determined hold point where EBITDA target is exceeded by \$4.0 million. For every \$1.0 million in excess of the hold point, up to a maximum of \$4.0 million in excess of hold point, management can earn between 4.5% and 9.0% of their fixed annual remuneration. Any portion of an STI over the hold point will be held over and paid in 12 months provided the employee continues to be employed by the Group.

The criteria for earning an STI includes a mix of:

1. Corporate performance targets, measured in reference to Drilling Divisions underlying EBITDA performance weighted commensurate with the employee's role;
2. Corporate sustainability and safety performance; and
3. Individual key performance indicators agreed annually between the Company and the individual.

The CEO of Cuadrilla is entitled to a modified STI tailored to the Group's UK activities. It originally comprised a retention payment of GBP 250,000 payable after two year period ending 30 June 2025, and 1.75% of certain proceeds received in relation to the Groups UK licences. During the period It was agreed to defer the retention payment by 12 months which will now become payable after June 2026. In return Mr Egan's entitlement of 1.75% of certain proceeds received in relation to Groups UK licences was increased to 2%. Any STI payment is subject to review by the Board, and it may on a case by case basis decide to award additional discretionary incentives to reward exceptional performance, or to adjust outcomes for significant factors that are considered outside the control of management that contribute positively or negatively to results.

Following the resignation of the former Group Chief Executive Officer and Director, Brett Tredinnick, on the 9 May 2023 the Board decided to award certain employees, including KMP, one-off retention benefits payable after 30 June 2025 subject to the employee not resigning from their position with the Group. This was determined in the Group's best interest given the difficulties in attracting labour in the current market

Directors' Report

for the year ended 30 June 2025

and the need for stability during this time of transition. In exchange the select employees had agreed to extend their existing notice period to 6 months.

In respect of the Chief Financial Officer, the retention bonus is \$150,000, with an additional \$50,000 at the discretion of the Chairman. This was paid in July 2025.

In respect of the UK Chief Executive Officer retention benefit is GBP250,000 and payable following 30 June 2026.

In respect of the Chief Executive Officer of Australian Operations and the Interim Chief Executive Officer the retention bonus was \$100,000, which was paid in July 2025.

Retention bonuses are accrued over the service period from the date of award to 30 June 2025 and have been included in the executive directors and officers remuneration table in accordance with the period of time each person was a KPM on a proportionate basis.

Relationship of remuneration to Company performance

In considering the Group's performance and benefits for shareholder value, the Human Resources and Nominations Committee has had regard to the following indices in respect of the current financial year and the previous four financial years.

Year ended 30 June	2025	2024	2023	2022	2021
Total revenue (\$'000)	145,611	159,105	157,610	123,231	111,086
Reported EBITDA Australian operations	19,051	31,217	26,046	19,064	21,913
Net profit / (loss) after tax attributable to members (\$'000)	(15,010)	(702)	(152,059)	(11,321)	3,339
Loss per share (cents)	(1.1)	(0.1)	(11.8)	(0.9)	0.3
Dividend per share (cents)	-	-	-	-	-
Share price at balance date	\$0.005	\$0.010	\$0.013	\$0.054	\$0.026
Share price appreciation/(depreciation)	(50%)	(23%)	(76%)	108%	(26%)
STI to KMP in relation to the year's performance (\$'000)	-	175	374	-	-
Retention benefit to KMP (\$'000)	478	440	-	-	-
Discretionary bonus approved for KMP	40	-	-	138	-

The Group did not exceed its targets for 2025, therefore no short-term incentive bonus was incurred. The EBITDA was impacted by a combination of factors including significant unplanned client project delays and a suspension of mining at two major clients due to coal mine ignition events.

During the period, retention bonuses of \$478,005 (2024: \$440,173) was accrued for KMP's. The 2024 retention was paid on 30 June 2025. Group Chief Executive Officer was awarded a one off \$40,000 ex gratia payment during the period.

The Group's 2025 underlying EBITDA did not achieve the current year KPI target. As a result, no short term incentive was accrued or paid.

The Group's 2024 underlying EBITDA significantly exceeded the target. In addition, KMP achieved certain individual Key Performance Indicators and accordingly bonuses totaling \$174,930 for KMP were accrued in respect of the period KPM was performing the role of KMP during the year ended 30 June 2024. Of this, \$119,550 was paid following the release of these 30 June 2024 audited annual financial statements in August 2024. The remaining \$55,380 was paid on 30 June 2025 in accordance with the STI plan terms.

Executive director's and officers' remuneration

Details of the nature and amount of each element of remuneration of each executive director of the Company and other key management personnel ("KMP") of the Group are:

	Short-Term			Post Employment			Other Long Term		Proportion of remuneration performance related %
	Salary/fees ⁽¹⁾	Incentives paid	Incentives accrued	Total	Super-annuation benefit	Termination benefit	Long term benefits (long service leave)	Total	
		\$	\$		\$	\$			
Executive officers: 2025									
Gregory Runge ⁽²⁾ Group CEO and Managing Director	435,540	68,007	50,000	553,547	29,932	-	6,836	590,315	19.99%
Francis Egan CEO of Cuadrilla and Executive Director	563,058	-	303,005	866,063	-	-	-	866,063	34.99%
David Ekster Group CFO	425,520	51,129	125,000	601,649	29,932	-	(6,288)	625,293	28.17%
Total: 2025	1,424,118	119,136	478,005	2,021,259	59,864	-	548	2,081,671	
Executive officers: 2024									
Brett Tredinnick ⁽²⁾ Group CEO and Executive Director	110,342	-	-	110,342	13,699	-	(10,478)	113,563	0.00%
Marcin Swierkowski ⁽²⁾ Interim CEO	121,577	-	89,732	211,309	6,850	-	2,097	220,256	40.74%
Gregory Runge ⁽²⁾ CEO of Australian Operations	232,203	-	59,435	291,638	12,501	-	16,874	321,013	18.51%
Francis Egan CEO of Cuadrilla and Executive Director	551,803	-	273,506	825,309	-	-	-	825,309	33.14%
David Ekster Group CFO	426,607	-	193,059	619,666	27,398	-	(17,018)	630,046	30.64%
Total: 2024	1,442,532	-	615,732	2,058,264	60,448	-	(8,525)	2,110,187	

(1) Salary and wages earned including any allowances and accrued annual leave where the annual leave is cumulative and payable on termination by either party and the cash out of any annual leave in excess of 6 weeks requested by individual.

(2) Brett Tredinnick resigned 9 May 2023 effective from 31 August 2023 with Marcin Swierkowski appointed interim CEO from 31 August 2023 to 31 December 2023. Gregory Runge was appointed CEO effective 1 January 2024. Figures in the above table represent the portion of the costs for the individual during their time in service as KMP.

Directors' Report

for the year ended 30 June 2025

Service agreements

All key management personnel are employed under contract which outlines components of remuneration but does not prescribe how remunerations levels are modified year to year. The Board can provide discretionary benefits which may fall outside existing incentive programs under the terms of these contracts, for example, in relation to major projects. Remuneration levels are reviewed every year to take into account cost of living changes, any change in the scope of the role performed, any changes required to meet the principles of the remuneration policy and the Group's performance.

The service contracts are unlimited in term. All contracts with executive officers can be terminated with up to 6 months' notice by the employee of the Company.

The Company can choose to forfeit the notice period with an equivalent amount of compensation payable to the employee.

External remuneration consultant advice

The Group's KMP remuneration is reviewed annually by the Human Resources and Nominations Committee. During the year, the Group engaged Korn Ferry, a global organisational consulting firm, to evaluate all roles within the Group. Based on industry market data and the evaluation outcomes, the fixed remuneration for the Group CEO was increased by 28% and Group CFO by 15% respectively to align with market benchmarks and reflect the scope and responsibilities of their roles.

Options over equity instruments granted as compensation

No options over ordinary shares in the Company were granted as compensation to key management personnel during the reporting period. There were no outstanding options at the beginning of the financial year.

Analysis of movements in shares

The movement during the reporting period in the number of ordinary shares of the Company held directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

	Held at 30 June 2024	Net changes	Held at 30 June 2025
Director			
Andrew Purcell	527,105	-	527,105
Austen Perrin	300,062	-	300,062

Kerogen Investment No 1 (HK) Limited ("Kerogen") holds 779,888,166 ordinary shares in the Company (equivalent to 56.67% of issued shares).

Signed in accordance with a resolution of the directors pursuant to s.298 (2) of the Corporations Act 2001.



Andrew Purcell
Chairman

Dated 29 day of August 2025

Corporate Governance Report

for the year ended 30 June 2025

The Board of directors (“The Board”) is responsible for the corporate governance of the Group. The Board considers strong Corporate Governance to be core to ensuring the creation, the enhancement and protection of shareholder value. Accordingly, the Group has adopted the 4th Edition of the ASX Corporate Governance Principles and Recommendations from 1 July 2020.

The Board believes that a company’s corporate governance policies should be tailored to account for the size, complexity and structure of the company and the risks associated with the company’s operations. The ASX Corporate Governance Council allows companies to explain deviations from the Council’s recommendations. Areas where the Group has deviated from the Council’s recommendations at any time during the financial year are discussed below, however the Board believes the areas of non-conformance do not impact on the Group’s ability to operate with the highest standards of Corporate Governance.

This statement outlines the main corporate governance practices of the Group. Unless otherwise stated, these practices were in place for the entire year.

Foundations for Management and Oversight

Roles and responsibilities

The directors of the Company are accountable to shareholders for the proper management of the business and affairs of the Company. The key responsibilities of the Board include the following:

- contributing to and approving the corporate strategy for the Group;
- monitoring the organisation’s performance and achievement of its corporate strategy;
- approving and monitoring the progress of significant corporate projects, including acquisitions or divestments;
- reviewing and approving the annual business plan and financial budget;
- monitoring financial performance, including preparation of financial reports and liaison with the auditors;
- appointment and performance assessment of the executive directors;
- ensuring that significant risks have been identified and appropriate controls put in place;
- overseeing legal compliance and reporting requirements of the law; and
- monitoring capital requirements and initiating capital raisings.

The Board’s responsibilities are documented in a written Board Charter which is available in the shareholder information section of the Company’s website. The Board Charter details the functions reserved to the Board, the roles and responsibilities of the Chairman and the responsibilities delegated to management. Generally, the day-to-day management of the Company’s affairs and implementation of its strategy and policy initiatives are delegated to the Group Chief Executive Officer and Senior executives, and in respects of UK investment activities the CEO of Cuadrilla Resources Holdings Limited, all of whom operate in accordance with Board approved policies, values and delegated limits of authority. The Board Charter also gives

the Directors the right to seek independent professional advice, at the Group’s expense, on matters relevant to carrying out their duties.

The Company Secretary is appointed by the Board and is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. Each Director can communicate directly with the Company Secretary and vice versa.

All Senior executives are employed under employment service agreement, while non-executive Directors are appointed under a letter of appointment, which details their role and key terms of their engagement.

Appointment and Re-Election of Executives and Directors

Through periodic reviews of the Board composition and succession planning, the Board seeks to ensure that the skills, knowledge, experience, independence and diversity of the Board are appropriate for the present and future requirements of the Group. The Human Resources and Nominations Committee seeks to identify, and recommends to the Board for appointment, directors whose skills and attributes complement and enhance the effective operation of the Board.

Background checks are conducted prior to appointing any new Executive and / or Director, with each non-Executive Director being required to specifically acknowledge that they have and will continue to have the time to discharge their responsibilities to the Company. The existing CEO was appointed to the Board as Managing Director effective from 4 October 2024. Mr Egan continues to be CEO of Cuadrilla, and attends Board meetings as an executive Director.

The constitution requires one third of all directors, to retire from office at each Annual General Meeting (“AGM”) and can present themselves for re-election at which time the Board will provide direction to shareholders of support or otherwise. No Director can hold office for more than 3 years without presenting for re-election, except the role of Managing Director who can hold office for a period greater than 3 years without re-election. Any Director appointed by the Directors during the year to fill a casual vacancy is required to also present for election at the first AGM following their initial appointment. All information relevant to a decision on whether or not to elect or re-elect a Director is included in the Notice of General Meeting.

Review of Performance

The Board continually assesses its performance, the performance of its committees and individual Directors through a structured annual review process. The last review took place during the year and a summary of results was presented to the Directors, who considered and discussed them and determined actions for improvement as considered appropriate. The evaluation encompasses a review of the structure and operation of the Board and its Committees, the skills and characteristics required by the Board to maximise its effectiveness, the performance of its Committees and Directors, and the appropriateness of the Board’s practices.

The performance of the CEO is reviewed annually by the Chairman of the Board, and in turn the CEO reviews annually the performance of all

Corporate Governance Report

for the year ended 30 June 2025

senior executives. These reviews happen in consultation with the Human Resources and Nominations Committee, with the last such review having taken place in August and September 2024.

Diversity

AJL is committed to a diverse and inclusive workplace which supports business objectives, delivers competitive advantages and benefits shareholders and customers. The Group is committed to ensuring all employees are treated fairly, equally and with respect no matter what their race, ethnicity, gender, sexual orientation, socio-economic status, culture, age, physical ability, education, skill levels, family status, religious, political and other beliefs and work styles. A copy of the Group's Diversity Policy is available in the shareholder information section of the Company's website.

While the Board is committed to achieving gender diversity it is of the view that imposed targets would not be of benefit and could result in hiring decisions that are contrary to the ultimate goal of "best fit" for purpose. As such, the Group's Diversity Policy does not at this time require the Company to set measurable objectives for achieving gender diversity.

The number of men and women on the Board, in senior management and other positions as reported in the Group's Gender Equality Reports is shown below:

Level	2025			2024		
	Male	Female	Total	Male	Female	Total
Non-executive Directors	3	-	3	3	-	3
Executive leadership personnel#	3	-	3	3	-	3
Other employees	258	17	275	306	22	328
TOTAL	264	17	281	312	22	334

In 2024 the newly appointed CEO included in the executive leadership personnel, the interim CEO who filled the role for only four months of the year is included in other employees.

The Company has a parental leave scheme where a permanent employee who has been with the company for over 24 months can access paid parental leave following the birth or adoption of a child. Unpaid leave of up to 12 months is also available to certain employees. The Group has in place various other programs to foster career development including training sessions for line managers, sponsoring attendance at executive management training courses, implementation of flexible workplace practices, and development and implementation of HR policies and practices to drive workforce participation rates of key diversity segments.

Structuring the Board to add Value

Composition of the Board

The constitution of the Company requires between three and ten directors, ideally comprising majority independent directors. The Board considers and assess the independence of each Director regularly, and at least annually. Any changes in a Director's interest, positions or relationships needs to be reported by the Director. In August 2024 it was determined that the significant passage of time from the time Mr Ball's employment had ended with Kerogen Capital, a significant shareholder of the Company, was sufficient to consider him independent from August 2024. As such the Board comprises three independent Directors and two executive directors.

The table below sets out the independence status of each director as at the date of this annual report.

Director	Status
Andrew Purcell	Chairman and Independent Non-Executive Director
Greg Runge	Executive Director (Director since 4 October 2024)
Francis Egan	Executive Director
Julian Ball	Independent Non-Executive Director
Austen Perrin	Independent Non-Executive Director

The directors' skills and experience, and the period of their appointments with the Company is set out in the Directors' Report.

Skills Matrix

The Board seeks to ensure that its membership includes an appropriate mix of skills and experience. A summary of the directors' skills and experience relevant to the Group as at the end of the Reporting Period is set out below:

	Andrew Purcell	Julian Ball	Francis Egan	Austen Perrin	Greg Runge
Executive leadership	✓	✓	✓	✓	✓
Strategy and risk management	✓	✓	✓	✓	✓
Financial acumen	✓	✓	✓	✓	✓
Health and safety	-	-	✓	-	✓
Current or former CEO	✓	-	✓	-	✓
Mining services	✓	✓	✓	✓	✓
Oil and gas	✓	✓	✓	-	✓

Induction Program

The Company has induction procedures to allow new Directors to participate fully and actively in Board decision making at the earliest opportunity which may involve briefings by the Chairman, the Group CEO, and Senior Executives as appropriate regarding the Group's strategy, culture and key areas of risk. Where possible new Directors are given the opportunity to attend Board meeting before becoming a Director. Where the Director is not an existing executive a checklist of information is prepared for the incoming Directors, while Board members are also provided comprehensive information on a regular basis by Senior Executives so that they can discharge their director responsibilities effectively. The Company Secretary coordinates the timely completion and dispatch of such material to the Board.

Directors are encouraged, and are given the opportunity, to broaden their knowledge of the Group's business by visiting offices in different locations and engaging with management. They are encouraged to remain abreast of developments impacting their duties and maybe offered external training opportunities on an as required basis.

Culture of Ethical and Responsible Decision Making

The Company's values are disclosed on the Group's website and are the guiding principles that define the standards and behaviors expected of directors, executives and employees. The Company has a code of conduct to guide the Directors and key executives. It includes disclosure of conflicts of interest and use of information not otherwise publicly known or available. Any director with an interest in matters being considered by the Board must take no part in decisions relating to those matters.

The Directors' Code of Conduct is available in the shareholder information section of the Company's website as is the employee Code of Conduct. These codes address the practices necessary to maintain confidence in the Company's integrity, to take account of legal obligations and expectations of stakeholders and the responsibility and accountability for reporting and investigating unethical practices. Any material breaches of the employee Code of Conduct must be reported to the Board, while concerns and / or breaches of the Directors Code of Conduct should be reported to the Chairman who, after investigating

the concern or breach will report it to the Board. No such Breaches have taken place during the reporting period.

The Group does not tolerate unlawful behavior. This includes a zero-tolerance approach to all forms of Modern slavery, bribery and corruption, whether direct or indirect. As such the Group has policies covering Anti-Bribery and Corruption, and Whistleblowing, and reports in an Annual Modern Slavery statement its approach, all of which are also available in the shareholder information section of the Company's website. The Anti-Bribery and Corruption policy prevents:

- making or acceptance of facilitation payments or kickbacks of any kind;
- payments to trade unions or their officials;
- any donations to political parties or charitable donations, for the purpose of gaining commercial advantage; and
- the giving or receipt of any gifts or hospitality if it could in anyway be intended, or reasonably interpreted, as a reward or encouragement for a favour or preferential treatment.

Any concerns that cannot be raised with the immediate manager can be raised to the Board Chairman or the Audit and Risk Committee Chairman, who will ensure whistleblowers do not suffer detrimental treatment as a result of raising a genuine concern.

The Group also has a Supplier Code of Conduct detailing conduct that the Group does not tolerate within its supply chain. All new suppliers are required to agree to abide by the Supplier Code of Conduct.

Any material breaches of the Anti-Bribery and Corruption policy, and any concerns raised under the whistleblower policy are reported to the Audit and Risk Committee.

Integrity in Financial Reporting

The Board has established an Audit and Risk Committee which provides assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control systems, risk management systems, regulatory compliance and external audit. The Audit and Risk Committee is governed by the Audit and Risk Committee Charter which is available in the shareholder information section of the Company's website.

Corporate Governance Report

for the year ended 30 June 2025

The Committee must have at least three members, all of whom are independent directors. The Committee must be chaired by an independent director, who is not chair of the board. At least one member must have financial expertise and some members shall have an understanding of the industry in which the Company operates.

Members of the Audit and Risk Committee as at the date of this report are set out in the following table. Their qualifications and experience are set out in the Directors' Report.

Committee Member	Status at date of report
Austen Perrin	Committee Chairman and Independent Director
Andrew Purcell	Independent Director
Julian Ball	Independent Director

The Committee Chairman and the Committee members are all independent. In August 2024 Mr Ball's independence status was re-evaluated, and prior to this he was considered a non-executive, non-independent Director. The Board is of the opinion that, given the extensive finance experience of its member and their knowledge of the Company and industry that it operates in, the current composition of the committee is the most qualified and appropriate during this time.

The principal roles of the Committee are to:

- assess whether the accounting methods and statutory reporting applied by management are consistent and comply with accounting standards and applicable laws and regulations;
- make recommendations on the appointment of the external auditors, assess their performance and independence and ensure that management responds to audit findings and recommendations;
- discuss the adequacy and effectiveness of the Company's internal control systems and policies to assess and manage business risks, its legal and regulatory compliance programmes; and
- ensure effective monitoring of the Company's compliance with its codes of conduct and Board policy statements.

The Audit and Risk Committee meets with the external auditors at least twice a year. The Committee is authorised to seek information from any employee or external party and obtain legal or other professional advice.

The Committee co-operates with its external auditors in the selection, appointment and 5 yearly rotation of external audit engagement partners.

The Company discloses in the shareholder information section of the Company's website the process it uses to verify any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

Timely and Balanced Disclosure

The Company has established policies and procedures designed to ensure compliance with ASX listing rules, continuous disclosure requirements and accountability for compliance at a senior level so that investors have equal and timely access to material information that in the opinion of the Board is likely to have an impact on an investment decision in the Company or impact on the Company's share price.

The Company has a Continuous Disclosure and Communications Policy, a copy of which is in the shareholder information section of its website.

All material market announcements are provided to all Directors by the Company Secretary, who reviews all announcements. Where a new and substantive investor or analyst presentation is given, such a presentation is first released to the ASX.

Communication with Security Holders

The Board keeps shareholders informed of all material information relating to the Company by communicating to shareholders through:

- continuous disclosure reporting to the ASX;
- its annual reports;
- media releases and other investor relations publications on the Group's website; and
- general information about the Group, its corporate governance practices and its Directors and Executives.

All company announcements lodged with the ASX are available in the shareholder information section of the Company's website. Shareholders have the option to receive communications from, and send communications to, the Company's Share Registry electronically, including the annual report and the notice of the annual general meeting. Additionally, shareholders and potential investors are able to post questions to the company through the Company's website or by telephone. The Board and senior management endeavor to respond to queries from shareholders and analysts for information in relation to the Group provided the information requested is not price sensitive or is already publicly available.

The Company has a website which provides useful and easy to find information about the Company, its directors and management, its operations and investments.

The Company provides the Notice of AGM to all shareholders and makes it available on the Company's website. The AGM is the key forum for two-way communication between the Company and its shareholders. At the meeting, the Chairman encourages questions and comments from shareholders and seeks to ensure that shareholders are given ample opportunity to participate. Further, the Company's external auditor attends the annual general meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. The Company held a virtual AGM in 2024. All substantive resolutions at meetings of shareholders are decided by poll.

Risk Identification and Management

AJ Lucas recognises that the management of risk is a critical component in achieving its purpose of delivering growth in shareholder value. The Company has a framework to identify, understand, manage and report risks. As specified in its Board Charter, the Board has responsibility for overseeing AJ Lucas’ risk management framework and monitoring its material business risks. The Board continues to be committed to embedding risk management practices to support the achievement of business objectives. As such the Board has established the Audit and Risk Committee which is responsible for reviewing and overseeing the risk management strategy of the Group and for ensuring it has an appropriate corporate governance structure. The Audit and Risk Committee discusses with management and the external auditors, at least bi-annually:

- Internal controls systems;
- Policies and procedures to assess, monitor, and manage business, economic, environmental and social sustainability risks;
- Insurance program having regard to the insurable risks and the cost of this cover; and
- Legal and regulatory compliance programs.

As part of the AJ Lucas risk management structure, risk registers are maintained and reported to the Audit and Risk Committee periodically and at least annually, detailing likelihood and severity of risks occurring, with this year’s review taking place in August 2024 and again in August 2025. Management undertakes a review of its insurable risks each year in order to fully consider potential impacts and how they are financed in terms of limits and scope under the Group’s insurance program.

Further details of the structure, membership and responsibilities of the Audit and Risk Committee are provided under the “Integrity in Financial Reporting” heading in this Corporate Governance Statement.

The Group’s material exposures to risk, and how the Group responds and manages these risks is detailed below.

Within this framework, management has designed and implemented a risk management and internal control system to manage material business risks. Both the Chief Executive Officer and Chief Financial Officer provide a representation to the Audit and Risk Committee and the Board that the risk management system is operating effectively in all material respects in relation to financial reporting risks.

The Company has, in accordance with the Australian Standard on risk management AS/NZS ISO 31000:2009, developed a risk statement and underlying procedures for the key risk areas of People, Environment, Business and Reputation. The Company has in the past undertaken external audits or reviews engagements of particular types of risk as deemed appropriate. A copy of the risk statement and the risk management policy are available in the shareholder information section of the Company’s website.

The Group does not currently have an independent internal audit function, the Board being of the view that the size and complexity of the Company does not warrant such a function. The Group’s operations and facilities are however, subjected to regular audits, performed by a mix of internal safety and auditing experts, and external consultants, under an annual program of Health, Safety, Environment and Quality audits. In addition, the Audit and Risk Committee engages external consultants to review areas of the business as it sees fit, with a number of these performed during the year.

Given the nature of AJ Lucas’ operations, there are many factors that could impact the Group’s operations and results. The material business risks that could have an adverse impact on AJ Lucas’ financial prospects or performance include economic risks, health, safety and environmental risks, community and social licence risks and legal risks. These may be further categorised as external risks, operational risks, UK business and licencing risks, sustainability risks and financial risks. A description of the nature of the risk and how such risks are managed is set out below. This list is neither exhaustive nor in order of importance.

Material Risks	Risk Management Approach
External Risks	
Risks may arise from the flow through of commodity demand or pricing from major markets into our customer base as well as foreign exchange, regulatory, safety and political events that may impact the long-term sustainability of our customers’ business model.	Client focused organisational design, with a focus on regular communication with key clients addressing various matters including safety, contract performance and clients future work programs. Continual repositioning of the business, and a focus on efficiency and cost reduction to meet current client expectations on existing work programs, whilst anticipating upcoming changes in customer demand. We have a strategy of focusing our business development efforts on new and growing existing customers. We have reduced reliance on our largest customer from 52% in financial year 2023 to 25% in the 2025 financial year. Where appropriate the broadening of our portfolio of service offerings, commodity and geographical exposure is considered to reduce the effect of volatility introduced by these external risks where it makes sense to do so.

Corporate Governance Report

for the year ended 30 June 2025

Material Risks

Risk Management Approach

Financial Risks

Volatility in commodity markets may adversely impact future cash flows and, as such, our credit rating and ability to source capital from financial markets. In addition, our commercial counterparties may as a result of adverse market conditions fail to meet their commercial obligations.

The Company monitors financial and commodity markets in order to anticipate future impacts on client demand and the Groups access to capital in financial markets.

The Group reacts to actual and anticipated changes in demand from customers by taking measures to bring forward future work scopes, adjusting its fixed costs and if required restructuring its internal focus. Ultimately, we seek to continuously improve our credit rating and key financial ratio analysis to monitor potential volatility in this area. Similarly, all customers and key suppliers credit limits are reviewed before services are established.

The Group's key finance facilities were refinanced in May 2025 and currently mature between May 2027 and July 2027. The Company has engaged advisors to assist it to determine the best options available and extend or refinance its financial liabilities at that stage. The company has also raised additional capital from equity markets in September 2022 and will consider raising further equity if the Board forms a view this is in the best interest of the Company.

Operational Risks

Cost pressures and reduced productivity could negatively impact both operating margins and our market competitiveness. Similarly, a significant adverse and unexpected natural or operational event could impact operations in a materially negative manner, as could a breach in IT and other security processes.

We seek to maintain adequate operating margins across our business by monitoring in absolute and relative terms the performance of all assets against both internal and external commercial benchmarks. Our concentrated effort to reduce costs and hence maintain competitiveness and margin has yielded tangible results in reducing our controllable costs. This includes initiatives to standardise processes and control systems across the Group.

The Lucas Management System ("LMS") is an integrated process by which we manage this standardised approach.

Through the regular application of our risk management procedures, we identify the potential for significant and or unexpected risks and implement the controls appropriate to remove or mitigate them.

Business continuity plans are developed for all our IT systems such that the integrity of our systems allows us to recover from a "disaster event" with little impact on the daily operations.

Sustainability Risks

Injuring employees, damaging the environment or having material regulatory or governance failures may put at risk our social licence to operate or significantly impact our reputation such that customers and / or capital markets may shun us.

The LMS puts in place a significant set of requirements to ensure a safe work environment of our employees, and the operation of our assets and equipment while striving for sustainability and minimising damage to the environment. Inclusive in this are the control and governance requirements required of good finance and accounting procedures. A broad range of policies and procedures outline both expected and required actions and behaviours of management and staff to achieve these objectives.

Maintenance of a safe working environment is a principal accountability of all levels of management.

The Board holds itself to account against the standards outlined in the ASX Corporate Governance Principles and Recommendations 4th edition as an example of good governance and reporting procedures and requirements.

Cyber Risk

A cyber event may lead to adverse disruption to the Group's critical business processes, potential breaches of privacy and theft of commercially sensitive information impacting the Group's profitability and reputation.

The integrity, availability and confidentiality of data within the Group's information and operational technology systems may be subject to intentional or unintentional disruption (for example, from a cyber security attack). As such, cyber security risk management is incorporated into the Group's risk management and assurance processes and practices across the Company's business and operational information management systems. The Group has and continues to invest in robust processes and technology, supported by specialist cyber security skills to prevent, detect, respond and recover from such attacks should one occur. In addition, the Company continues to expand validation of existing controls through periodic penetration testing, phishing simulations and cyber exercises.

Material Risks

Risk Management Approach

Climate Change

AJ Lucas is likely to be subject to increasing regulations and costs associated with climate change and management of carbon emissions.

Strategic, regulatory and operational risks and opportunities associated with climate change are incorporated into the Company's policy, strategy and risk management processes and practices. The Company actively monitors current and potential areas of climate change risk and will consider actions to prevent and/or mitigate any impacts on its objectives and activities where it considers appropriate. The Group does not currently have targets to reduce carbon emissions. Reduction of waste and emissions is an integral part of delivery of cost efficiencies and forms part of the Company's operations.

AJ Lucas is aware of the mandatory climate-related financial reporting requirements that are now law in Australia after the Treasury Law Amendment (Financial Market Infrastructure and Other Measures) Bill 2024 passed Parliament and received Royal Assent in September 2024. The amendments set out new climate-related financial reporting requirements for entities that are required to lodge financial reports under Chapter 2M of the Corporations Act 2001. Mandatory climate disclosure will begin for financial year on or after 1 January 2025. The Group will be required to prepare its first sustainability report in Financial Year 2028, being a Group 3 reporter.

The Group must prepare a sustainability report that contains disclosures that are prepared in accordance with Australian Sustainability Reporting AASB 52 Climate - related disclosures. The firm that is the financial statement auditors must provide assurance over the entity's sustainability report (noting that assurance will be progressively phased in).

AJ Lucas will continue to monitor developments in laws, regulations and standards, as well as general business practice, to ensure it complies with or exceeds any future requirements imposed.

Remuneration

The Human Resources and Nominations Committee reviews the remuneration of the non-executive directors, and key executives. The Human Resources and Nominations Committee's responsibilities are documented in the Human Resources and Nominations Committee Charter which is available in the shareholder information section on the Company's website. The number of meetings and who attended those meeting throughout the year is disclosed in the Directors' report.

The Human Resources and Nominations Committee currently consists of following membership:

Committee Member	Status at date of report
Julian Ball	Committee Chairman and Independent Director
Andrew Purcell	Independent Non-Executive Director
Austen Perrin	Independent Non-Executive Director

Following the Board's release of Julian Ball as Independent in August 2024, the Committee Chairman and the Committee members are all independent. Prior to August 2024 the Committee's Chairman was non executive and the Committee members were independent. The Board is of the opinion that, given the experience and skills of each member, the composition of the committee is the most qualified and appropriate during that time.

The remuneration of non-executive directors is based on a benchmark of a selection of comparable peer companies as well as the average and medium remuneration paid by the top 300 ASX listed companies.

The level of non-executive director remuneration was altered with effect from 1 July 2018 to be in line with the average level of ASX 300 companies. Remuneration of Directors is disclosed in the Remuneration Report.

The Company's non-executive directors receive fees for acting as a Director of the Company. Additional fees are payable to a chairman of a Board committee in recognition of additional time and effort required. Additional fees may in certain circumstances be payable for representing the Group in specific matters from time to time.

Senior executives are remunerated based on a fixed wage plus incentive payments. The policies and practices for remuneration of Key Management Personnel is disclosed in the Remuneration Report. There is currently no minimum shareholding requirement to be a Director, and there are no equity-based incentive schemes in place.

Trading in Company securities

The Company has in place a Securities Trading Policy which restricts the times and circumstances in which directors, senior executives and certain employees may buy or sell shares in the Company. These persons are required to seek approval from the Company Secretary prior to trading.

Directors must also advise the Company, which advises the ASX on their behalf, of any transactions conducted by them in the Company's securities within five business days after the transaction occurs. The Securities Trading Policy is available in the shareholder information section of the Company's website.

Auditor's Independence Declaration

for the year ended 30 June 2025



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Auditor's Independence Declaration to the Directors of AJ Lucas Group Limited

As lead auditor for the audit of the financial report of AJ Lucas Group Limited for the financial year ended 30 June 2025, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of AJ Lucas Group Limited and the entities it controlled during the financial year.

A handwritten signature in black ink that reads 'Ernst & Young' with a stylized flourish underneath.

Ernst & Young

A handwritten signature in black ink that appears to read 'Madhu Nair' with a stylized flourish underneath.

Madhu Nair
Partner
29 August 2025

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Continuing operations			
Revenue from contracts with customers	6	145,611	159,105
Total revenue		145,611	159,105
Other income		-	49
Operating costs of Australian operations	8	(124,352)	(127,674)
Depreciation and amortisation	8	(7,841)	(7,470)
Other expenses	8	(6,776)	(2,317)
Results from operations		6,642	21,693
Finance income	7	308	508
Finance costs	7	(21,994)	(22,915)
Net Finance costs		(21,686)	(22,407)
Loss before income tax		(15,044)	(714)
Income tax benefit	10	-	-
Net loss for the period		(15,044)	(714)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		(752)	(64)
Total items that may be reclassified subsequently to profit and loss		(752)	(64)
Other comprehensive income / (loss) for the period		(752)	(64)
Total comprehensive income / (loss) for the period		(15,796)	(778)
Net profit / (loss) for the period attributable to:			
Shareholders of AJL		(15,010)	(702)
Non-controlling interest		(34)	(12)
		(15,044)	(714)
Total comprehensive income / (loss) attributable to:			
Shareholders of AJL		(15,757)	(764)
Non-controlling interest		(39)	(14)
		(15,796)	(778)
Earnings per share:			
Basic and diluted (loss) per share (cents)	11	(1.1)	(0.1)

The accompanying notes are an integral part of these consolidated financial statements and should be read in conjunction with the Consolidated Statement of Comprehensive Income.

Consolidated Statement of Financial Position

as at 30 June 2025

	Note	2025 \$'000	2024 \$'000
Current assets			
Cash and cash equivalents	12	3,542	15,305
Cash in trust	12	324	1,544
Trade and other receivables	13	8,973	18,721
Contract assets	15	11,334	9,366
Inventories	14	5,699	5,612
Other assets	13	934	2,245
Total current assets		30,806	52,793
Non-current assets			
Plant and equipment	16	45,609	41,228
Right-of-use assets	17	1,705	3,343
Deferred tax asset	19	10,954	10,954
Exploration assets	18	-	-
Total non-current assets		58,268	55,525
Total assets		89,074	108,318
Current liabilities			
Trade and other payables	20	22,810	22,534
Contract liabilities	15	-	248
Interest-bearing loans and borrowings	21	33,590	48,321
Decommissioning provision	23	5,088	6,634
Employee benefits	24	7,023	6,944
Total current liabilities		68,511	84,681
Non-current liabilities			
Interest-bearing loans and borrowings	21	90,221	78,059
Decommissioning provision	23	3,286	2,874
Employee benefits	24	689	541
Total non-current liabilities		94,196	81,474
Total liabilities		162,707	166,155
Net assets / (liabilities)		(73,633)	(57,837)
Equity			
Share capital	25	514,590	514,590
Reserves		40	787
Accumulated losses		(588,180)	(573,170)
Total equity attributable to equity holders of the Company		(73,550)	(57,793)
Non-controlling interest	25	(83)	(44)
Total equity		(73,633)	(57,837)

The accompanying notes are an integral part of these consolidated financial statements and should be read in conjunction with the Consolidated Statement of Financial Position.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2025

	Share capital \$'000	Translation reserve \$'000	Option reserve \$'000	Employee equity benefits reserve \$'000	Non- controlling interest \$'000	Accumulated losses \$'000	Total equity \$'000
	25	25	25	25	25	25	
Balance 1 July 2024	514,590	(3,883)	637	4,033	(44)	(573,170)	(57,837)
Total comprehensive income							
Loss for the period	-	-	-	-	(34)	(15,010)	(15,044)
Other comprehensive income							
Foreign currency translation differences	-	(747)	-	-	(5)	-	(752)
Total comprehensive income	-	(747)	-	-	(39)	(15,010)	(15,796)
Balance 30 June 2025	514,590	(4,630)	637	4,033	(83)	(588,180)	(73,633)
Balance 1 July 2023	514,590	(3,821)	637	4,033	(30)	(572,468)	(57,059)
Total comprehensive income							
Loss for the period	-	-	-	-	(12)	(702)	(714)
Other comprehensive income							
Foreign currency translation differences	-	(62)	-	-	(2)	-	(64)
Total comprehensive income	-	(62)	-	-	(14)	(702)	(778)
Balance 30 June 2024	514,590	(3,883)	637	4,033	(44)	(573,170)	(57,837)

The accompanying notes are an integral part of these consolidated financial statements and should be read in conjunction with the Consolidated Statement of Changes in Equity.

Consolidated Statement of Cash Flows

for the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Cash receipts from customers		168,763	183,098
Cash paid to suppliers and employees		(149,419)	(143,347)
Cash from operations		19,344	39,751
Interest income	7	308	508
Interest and other costs of finance paid		(6,582)	(8,231)
Net cash from operating activities	30	13,070	32,028
Cash flows from investing activities			
Acquisition of plant and equipment	16	(10,135)	(14,251)
Proceeds from sale of plant and equipment		879	502
Net cash used in investing activities		(9,256)	(13,749)
Cash flows from financing activities			
Proceeds from borrowings		176,482	175,577
Repayment of borrowings		(188,564)	(186,844)
Transaction costs on borrowings		(1,321)	(133)
Repayment of leases		(3,537)	(4,060)
Net cash used in financing activities		(16,940)	(15,460)
Net increase / (decrease) in cash, cash equivalents and cash in trust		(13,126)	2,819
Net foreign exchange difference		143	(15)
Cash, cash equivalents and cash in trust at beginning of the period		16,849	14,045
Cash, cash equivalents and cash in trust at end of the period	30	3,866	16,849

The accompanying notes are an integral part of these consolidated financial statements and should be read in conjunction with the Consolidated Statement of Cash Flows.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

1. Reporting Entity

AJ Lucas Group Limited ("AJL" or "the Company") is a company domiciled in Australia. The address of the Company's registered office is Level 22, 167 Eagle Street Brisbane, QLD 4000. The consolidated financial statements of the Company as at and for the financial year ended 30 June 2025 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as 'Group entities').

AJL is a for-profit leading drilling services provider, primarily to the Australian coal industry. The Company is limited by shares, publicly listed on the Australian Securities Exchange. It is also involved in the exploration and appraisal of conventional and unconventional oil and gas prospects in the UK.

2. Basis of Preparation

(A) Statement of Compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance and complies with Australian Accounting Standards ("AASBs") including Australian interpretations adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB"). The consolidated financial statements were authorised for issue by the Board of Directors on 29 August 2025.

(B) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis.

(C) Going Concern

The consolidated financial statements have been prepared on the going concern basis, which assumes that the Group will be able to continue trading, realise its assets and discharge its liabilities in the ordinary course of business, for a period of at least 12 months from the date that these financial statements are approved.

The Group is in a net liability position at balance sheet date of \$73.6 million (June 2024: \$57.8 million), and a net current liability position of \$37.7 million (2024: \$31.9 million). At June 2025 the \$32.1 million balance of Senior syndicated loan facility is classified as current liabilities.

The Group generated a loss before tax for the year ended 30 June 2025 of \$15.0 million (2024: \$0.7 million).

The Directors, in their consideration of the appropriateness of using the going concern basis for the preparation of the financial statements, have reviewed a cash flow forecast prepared by management, covering a period through to at least 12 months following the signing of these financial statements, which had regard to the following matters and thus have sufficient cash to continue as a going concern:

- In May 2025 the Group successfully extended its existing loan arrangements with Balmain and Kerogen Capital for an additional period of 2 years to May 2027 and July 2027 respectively, with certain amendments as disclosed in Note 21 and settled the Junior Loan notes with HSBC.

- The financial performance of the Drilling Division remained strong and delivered \$145.6 million in revenue and \$19.1 million in earnings before interest, tax, depreciation and amortisation ("EBITDA") from Australian operations, despite being impacted by a number of events leading to temporary client delays and impacting the current year earnings. While the financial performance is subject to a degree of uncertainty as with all businesses, and dependent on continued extension or renewal of existing customer contracts, the longer-term outlook for metallurgical coal, which is used for steel making and which the Company's customers are high quality and low-cost producers of, remains robust.
- The past ability of the Group to raise additional debt or equity should it be required.
- On 12 August 2025, the Group's UK subsidiary, Cuadrilla Resources Limited, together with other Group entities (collectively, "Cuadrilla"), entered into a settlement agreement resolving a dispute concerning the carrying agreement related to certain UK shale gas exploration licences. Under the terms of the settlement, Cuadrilla received a lump sum cash payment of £12.5 million (approximately A\$26.0 million).
- The Group has \$3.9 million in cash on hand at 30 June 2025 and has effective budget and cash management process in place to track a balance between operating and capital spending and monitor compliance with future covenants.

In considering the above and the factors available to the Directors to manage those risks, the Directors are confident it remains appropriate to prepare the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Should the Group be unsuccessful in achieving the above matters, a material uncertainty would exist that may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and to the amount and classification of liabilities that might be necessary should the Group not continue as a going concern.

(D) Functional and Presentation Currency

The consolidated financial statements are presented in Australian dollars which is the Company's functional currency. The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 (Rounding in Financial/Directors' Reports) issued by the Australian Securities and Investments Commission. Unless otherwise expressly stated, amounts in these financial statements have been rounded off to the nearest thousand dollars in accordance with that Corporations Instrument.

(E) Use of Estimates and Judgments

The preparation of the consolidated financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

2. Basis of Preparation (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in the following notes:

- Note 3 (e) - Decommissioning provision;
- Note 18 - Carrying value of exploration assets;
- Note 19 - Recognition of deferred tax asset;

(F) Changes in Accounting Policies

All accounting policies set out in Note 3 have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by all Group entities. There have not been any amendments and interpretations that apply for the first time during the financial year that have a material impact on the consolidated financial statements.

3. Material Accounting Policies

Comparative information has been reclassified where relevant for consistency with current period presentation.

(A) Basis of Consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. The excess of consideration transferred over the fair value of net assets acquired is recognised as goodwill and is tested annually for impairment. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Power is determined in relation to rights that give the Group the current ability to direct the activities that significantly affect returns from the Group's investment. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in equity accounted investees

The Group's interest in equity accounted investees comprised interests in joint ventures and an associate. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Jointly ventures are those entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. A partial redemption of equity interests is accounted for as a reduction in the investment value equal to the cash redemption.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Joint operations

A joint operation is an arrangement whereby the parties that jointly control the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated financial statements include the Group's share of assets and liabilities held jointly and the Group's share of expenses incurred, and income earned jointly.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(B) Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group's entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are not retranslated. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of financial instruments held at fair value through comprehensive income or qualifying cash flow hedges, which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented in the translation reserve in equity.

(C) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends are recognised as a liability in the period in which they are declared.

(D) Leases

At inception of an arrangement, the Group determined whether the arrangement is or contains a lease. Under the Group's accounting policy, a right-of-use asset and a corresponding lease liability is recognized for all leases with a term of more than 12 months, unless the underlying asset is of low value. The right-of-use assets are recognised based on the amount equal to the lease liabilities, adjusted for previously recognised prepaid and accrued lease payments. Lease liabilities are recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term, calculated using the Group's incremental borrowing rate at the commencement of the lease if the interest rate implicit in the lease is not readily determinable. The lease payments include fixed payments less any lease incentives receivables. The lease payments would also include the exercise price of any purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term would reflect the Group exercising the option to terminate. Variable lease payments that do not depend on an index or rate, where present, would be recognised as an expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii) Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases of plant and machinery to terminate the lease providing 30 days' notice for no penalty. Where there will be significant negative effect on operations if a replacement is not readily available the Group applies judgement in evaluating the likely lease term (between 1 and three years). That is, it considers all relevant factors that create an economic incentive for it to continue the lease. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) any option to terminate or renew (e.g., a change in business strategy).

(E) Decommissioning Provision

Where a material liability for the future removal of facilities and site restoration at the end of operations exists, a provision for decommissioning is recognised. The amount recognised is the

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

3. Material Accounting Policies (continued)

estimated future expenditure, determined in accordance with local conditions and requirements. Discounting is used to the extent it is material. An asset, of an amount equivalent to the provision is also added to the applicable exploration asset. Changes in estimates are recognised prospectively, with corresponding adjustments to the provision and associated asset. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate future liability. The estimates are regularly reviewed to take account of any material changes in assumptions. Actual decommissioning costs will ultimately depend upon future costs for decommissioning which will reflect market conditions and regulations at that time.

(F) Revenue from Contracts with Customers

Sales revenue related to the transfer of promised goods or services is recognised when control of the goods or services is transferred to the customer. The amount of revenue recognised reflects the consideration to which the Group is or expects to be entitled in exchange for those goods or services.

Sales revenue for services is recognised on individual sales when control transfers to the customer. In most instances the title, risks and rewards transfer to the customer when the service is provided to the customer, as evidenced by a survey of work performed.

The Group provides the majority of its services and associated consumables and materials on an as required basis, where the Group provides drilling services based on a total hourly rate as defined for each project, or on a metre drilled basis, as defined for each drill hole (dependant on the contract terms). Under these methods, services rendered are consistent with performance of those services and confirmed by a survey of work performed and agreed with its customer. Under these terms, revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group as the Group performs.

The Group's services are sold to customers under contracts which vary in tenure and pricing mechanisms, primarily being hourly or meter rates specific to each contract.

Contract balances are explained below.

Contract assets

A contract asset is initially recognised for revenue earned from the provision of drilling services in accordance with contractual arrangements and represents all revenue recognised that remain unbilled at balance date. Such revenue is normally invoiced to the customer and reclassified into Trade Receivables in the month following completion of performance obligations.

Contract liabilities

A contract liability is recognised if a payment is received, or a payment is due (whichever is earlier) from a customer for which the relevant performance obligation has not been fulfilled. Contract liabilities are recognised as revenue when the Group performs or otherwise extinguishes the relevant performance obligation.

(G) Finance Income and Finance Costs

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method (EIR method).

Finance costs comprise interest expense on borrowings including leases, unwinding of the discount on provisions, amortisation of pre-paid fees, foreign currency losses and losses on financial instruments. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(H) Income Tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity, or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax unpaid at the end of the year is recognised as an income tax liability. Also included in income tax liability is outstanding current tax liabilities in relation to prior periods where contractually agreed payment plans have been put in place.

Deferred tax

Deferred tax is recognised in respect of deductible temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, except for transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences such as recognition of an ROU Asset and a lease liability or restoration obligation;
- relating to investments in subsidiaries and associates and joint arrangements to the extent that it is probable that they will not reverse in the foreseeable future; and
- arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation – wholly owned Australian entities

The Company and its wholly owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is AJ Lucas Group Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the group allocation approach.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Nature of tax funding arrangements and tax sharing arrangements – wholly owned Australian entities

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

(I) Earnings Per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares where applicable. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(J) Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segment operating results are regularly reviewed by the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Board is the primary decision-making body responsible for the day to day management of the business.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly certain corporate borrowings and income tax assets and liabilities.

(K) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(L) Financial Instruments

Financial assets

At initial recognition, financial assets are measured at fair value. Subsequent to initial recognition, financial assets are classified into one of two categories consistent the business model for managing the financial assets and the contractual terms of the related cash flows. The two categories comprise those subsequently measured at fair value (either through OCI, or profit or loss) and those to be held at amortised cost.

Financial assets are derecognised when the contractual rights to the cash flows from the asset either expire or are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest created or retained by the Group in such a transfer, is recognised as a separate asset or liability.

For contract assets and trade and other receivables, the Group has applied the standard's simplified approach and has calculated Expected Credit Losses ("ECLs") based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

3. Material Accounting Policies (continued)

historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

The Group's financial liabilities currently include trade and other payables and interest-bearing loans and borrowings. At initial recognition, financial liabilities are measured at fair value and classified as financial liabilities at fair value through profit or loss or financial liabilities at amortised costs (loans and borrowings). Financial liabilities at fair value through profit and loss include are remeasured at each reporting date, with gains or losses recognised in the statement of profit and loss. Interest bearing loans and liabilities are measured at amortised cost using the EIR method. Gains and losses are recognised in profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

The Group derecognises its financial liabilities when its contractual obligations are discharged, cancelled or expire.

(M) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition are included in the cost of inventory. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense to the profit and loss in the period the write-down or loss occurs.

(N) Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes cost of materials and direct labour, the costs of dismantling and removing the items and restoring the site on which they are located and any other costs attributable to bringing the assets to a working condition for their intended use. Cost may also include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. In respect of borrowing costs relating to qualifying assets, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Sale of non-current assets

The net gain or loss on disposal is included in profit or loss at the date control of the asset passes to the buyer, usually when an unconditional contract for sale is signed. The gain or loss on disposal is calculated as

the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is capitalised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation and amortisation

Depreciation and amortisation are calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, using the straight-line method over the estimated useful life from the time the asset is first available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Depreciation and amortisation are recognised in the profit and loss.

Estimated useful lives are as follows:

	Years
Buildings	10-40
Plant and equipment	3-25
Enterprise development	6
Right of use of plant and equipment	1-5
Right of use of office space	1-10

The residual value, useful life and depreciation and amortisation method applied to an asset are adjusted if appropriate at least annually.

(O) Intangible Assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(P) Exploration and Evaluation Assets

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or

- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

In applying the exploration and evaluation asset recognition policy, and in determining recoverable amount management are required to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available.

Where the Group is party to a farm-in arrangement any proceeds or non-cancellable expenditure funded by the purchaser is recognised as disposal proceeds. The non-cancellable expenditure to be funded by the purchaser is recognised as a receivable carry asset within exploration assets in accordance with the Group's interest percentage.

The assets disposed per the terms of the farm-in arrangement are treated as costs of disposal, alongside any other costs incurred, with the net profit or loss recognised in the income statement as incurred.

The cancellable portion of deferred consideration, and consideration contingent on a future event is disclosed as a contingent asset and is not recognised by the Group until it has actually been incurred or becomes non-cancellable, at which point, additional profit will be recognised in the profit and loss for these amounts.

(Q) Impairment

Non-financial assets

The carrying amounts of the Group's non-financial assets (other than inventories, construction work in progress and deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment or impairment reversal. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash generating unit" or "CGU"). The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in the profit and loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(R) Employee Benefits

Superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. The Group does not participate in any defined benefit funds.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods and related on costs. Benefits are discounted to determine their present value, using the yield at the reporting date on corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in the income statement in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

3. Material Accounting Policies (continued)

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards.

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

(S) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

4. New Standards and Interpretations not yet Adopted

There have been a number of amendments and revisions to accounting standards that have recently been issued or amended but are not yet effective and have not been early adopted by the Group for the period ended 30 June 2025. The following amendments and revisions have been identified that may have an impact on the Group's financial performance or financial position.

AASB 18: Presentation and Disclosure in Financial Statements

AASB 18 Presentation and Disclosure in Financial Statements was issued to improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of Profit or Loss. The key presentation and disclosure requirements established by AASB 18 are:

- The presentation of newly defined subtotals in the statement of profit or loss. AASB 18 introduces three new categories for classification of all income and expenses in the statement of profit or loss: operating, investing and financing, and the entities will be required to present subtotals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'.
- The disclosure of management-defined performance measures (MPM), i.e. how the measure is calculated how it provides useful information and a reconciliation to the most comparable subtotal specified above; and
- Enhanced requirements for grouping information (i.e. aggregation and disaggregation)

AASB 18 has also introduced changes to other Australian Accounting Standards, including AASB 107 Statement of Cash Flows, AASB 133 Earnings per Share and AASB 134 Interim Financial Reporting, and will replace the existing guidance in ASB 101 Presentation of Financial Statements.

AASB 18 applies to annual reporting periods beginning on or after 1 January 2027, although earlier adoption is permitted, the Group has elected not to early adopt this standard.

5. Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes as described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, Plant and Equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Current replacement cost estimates reflect adjustment for physical deterioration as well as functional and economic obsolescence.

Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Trade and other Receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-Derivative Financial Liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

6. Operating Segments

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Board reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Australian Operations: This business segment encompasses the Australian Drilling business and the Group's head office and corporate costs. The Australian Drilling business provides integrated professional drilling services, predominantly for exploration and degasification of coal mines but may also include the recovery and commercialisation of coal seam gas, and associated services.

UK Oil & Gas: Exploration and development of unconventional and conventional hydrocarbons in the United Kingdom.

Costs associated with related party loans, including foreign exchange gain or losses recognised on translating US dollar balances outstanding to Australian Dollars are not recognised within reportable segments and are disclosed as unallocated.

The Australian Operations have four Customers that each contributed over 10% of the Group's revenue and in total contributed 80% (2024: 86%) of the Group's total revenue.

Information regarding the results of each reportable segment is included below. Performance is assessed based on segment earnings before interest, income tax, depreciation, amortisation and impairment ("EBITDA") and segment profit before interest and income tax and segment net profit or loss.

	Australian Operations \$'000	UK Oil & Gas \$'000	Reportable Segments \$'000	Unallocated* \$'000	Total \$'000
2025					
Reportable segment revenue					
Services rendered	145,512	99	145,611	-	145,611
Total consolidated revenue	145,512	99	145,611	-	145,611
EBITDA continuing operations	19,051	(4,568)	14,483	-	14,483
Depreciation and amortisation	(7,806)	(35)	(7,841)	-	(7,841)
Net finance cost	(6,798)	(153)	(6,951)	(14,735)	(21,686)
Reportable segment profit / (loss)	4,447	(4,756)	(309)	(14,735)	(15,044)

	Australian Operations \$'000	UK Oil & Gas \$'000	Reportable Segments \$'000	Unallocated* \$'000	Total \$'000
2024					
Reportable segment revenue					
Services rendered	159,105	-	159,105	-	159,105
Total consolidated revenue	159,105	-	159,105	-	159,105
EBITDA continuing operations	31,217	(2,054)	29,163	-	29,163
Depreciation and amortisation	(7,470)	-	(7,470)	-	(7,470)
Net finance cost	(8,734)	(140)	(8,874)	(13,533)	(22,407)
Reportable segment profit / (loss)	15,013	(2,194)	12,819	(13,533)	(714)

* Costs associated with related party loans, including foreign exchange gain or losses recognised on translating US dollar balances outstanding to Australian Dollars are not recognised within reportable segments and are disclosed as unallocated.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

6. Operating Segments (continued)

	Lucas Drilling \$'000	UK Oil & Gas \$'000	Reportable Segments \$'000	Unallocated# \$'000	Total \$'000
2025					
Segment assets	73,607	4,488	78,095	10,979	89,074
Segment liabilities	(61,934)	(11,164)	(73,098)	(89,609)	(162,707)
Capital expenditure	10,384	338	10,722	-	10,722
2024					
Segment assets	87,978	3,881	91,859	16,459	108,318
Segment liabilities	(78,592)	(10,667)	(89,259)	(76,896)	(166,155)
Capital expenditure	13,855	396	14,251	-	14,251

Cash held in AJ Lucas Group, deferred tax assets and related party loans are not recognised within reportable segments and are disclosed as unallocated.

Geographical Information

	Revenues		Non-current assets	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Australia	145,512	159,105	56,186	53,728
United Kingdom	99	-	2,082	1,797
	145,611	159,105	58,268	55,525

7. Finance Income and Finance Costs

	2025 \$'000	2024 \$'000
Interest income	(308)	(508)
Finance income recognised in profit and loss	(308)	(508)
Interest expense	5,234	7,132
Interest expense - related parties	12,785	12,631
Finance costs charged on lease liability	402	688
Amortisation of prepaid fees on debt facilities	1,470	1,422
Amortisation of prepaid fees on related parties debt facilities	1,230	940
Decommission provision discount unwind	153	139
Net foreign exchange loss / (gain)	720	(37)
Finance costs recognised in profit and loss	21,994	22,915

8. Operating and Other Expenses

	Note	2025 \$'000	2024 \$'000
Labour costs		56,567	57,050
Subcontractors and consultants		3,251	3,560
Tooling and material costs		42,180	43,071
Short term leases	22	6,923	8,841
Other expenses		15,431	15,152
Total operating expenses		124,352	127,674
Depreciation of plant and equipment		4,676	3,863
Amortisation of right-of-use asset		3,165	3,607
Total depreciation and amortisation		7,841	7,470
UK overhead costs		3,255	1,942
Revaluation of decommissioning liability		311	186
Utilisation of decommissioning liability		(3,027)	-
Costs incurred in decommissioning liability		4,128	-
Net (profit) / loss on recovery of assets		(733)	(2)
Net restructuring and redundancy costs		1,206	228
Provision for idle assets not in use		1,588	-
Other		48	(37)
Total other expenses		6,776	2,317

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

9. Auditor's Remuneration

The auditor of AJ Lucas Group Limited and its controlled entities is Ernst and Young (Australia). Amounts received or due are set out below:

	2025 \$	2024 \$
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities	293,800	282,000
Fees for other services		
- Cybersecurity audit	-	40,500
- Tax compliance	4,500	84,864
Total fees to Ernst & Young (Australia) (A)	298,300	407,364
Fees to other overseas member firms of Ernst & Young (Australia)		
Fees for auditing the financial report of any controlled entities	73,907	-
Total fees to overseas member firms of Ernst & Young (Australia) (B)	-	-
Total auditor's remuneration (A)+(B)	372,207	407,364

10. Income Tax

	2025 \$'000	2024 \$'000
Recognised in profit or loss		
Current tax expense/ (benefit)		
Current year	-	-
Prior year tax losses utilised	(1,322)	(4,581)
Prior year adjustments	-	83
Prior year tax losses not recognised	-	(83)
	(1,322)	(4,581)
Deferred tax expense recognised in profit or loss		
Origination and reversal of temporary differences	1,322	4,581
Recognition of previously unrecognised carry forward tax losses	-	-
Total income tax expense / (benefit) in profit or loss	-	-
Current tax benefit recognised in the statement of changes in equity		
Current year	-	-
Prior year adjustments	-	-
Total income tax benefit in equity	-	-
Numerical reconciliation between tax benefit and pre-tax net profit/(loss)		
Accounting profit/ (loss) before income tax	(15,044)	(714)
Prima facie income tax benefit calculated at 30%	(4,513)	(214)
Adjustment for:		
Non-deductible other expenses	51	424
Effect of tax rate in foreign jurisdictions	(400)	(278)
Non-deductible finance cost	5,459	5,274
Current year tax losses not recognised	-	-
Prior year tax losses recognised in the current period	-	-
Prior year tax losses utilised	(1,322)	(4,581)
Current year temporary differences not recognised	725	(625)
Income tax expense / (benefit) attributable to operating loss	-	-

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

11. Earnings Per Share

Basic earnings per share

The calculation of basic loss per share at 30 June 2025 was based on the loss after tax attributable to ordinary shareholders of \$15,044,000 (2024: loss after tax attributable to ordinary holders \$714,000) divided by a weighted average number of ordinary shares outstanding, calculated as follows:

	2025 Number	2024 Number
Weighted average number of ordinary shares (basic)		
Issued ordinary shares at 1 July	1,375,729,630	1,375,729,630
Weighted average number of ordinary shares (basic) at 30 June	1,375,729,630	1,375,729,630

Diluted earnings per share

There were no dilutive potential ordinary shares outstanding at 30 June 2025 or 30 June 2024, therefore no adjustments have been made to basic earnings per share to arrive at diluted earnings per share.

12. Cash, Cash Equivalents and Cash in Trust

	2025 \$'000	2024 \$'000
Bank balances	3,542	15,305
Total cash and cash equivalents	3,542	15,305
Cash in trust	324	1,544
Total cash in trust	324	1,544

Cash in trust

At 30 June 2025, restricted cash of \$324,000 represents escrowed funds with the UK Oil and Gas, which serve as collateral for the plug and abandonment of an exploration well at the end of its useful life. The escrow deposits are subject to restrictions and are therefore not available for general use of the Group.

At 30 June 2024, restricted cash of \$1,544,000 represented security under the Junior loan notes as disclosed in Note 21 of \$1,254,000, in addition to escrowed funds of \$290,000 which serve as collateral for the plug and abandonment of an exploration well at the end of its useful life.

In May 2025 as part of the debt refinancing, the security on the Junior loan notes was released to the Group.

13. Trade and Other Receivables and Other Assets

	2025 \$'000	2024 \$'000
Current trade and other receivables		
Trade receivables (not subject to provisional pricing)	8,710	18,407
Deposits supporting bank guarantees	263	314
Total trade and other receivables	8,973	18,721
Other current assets		
Prepayments	934	2,245
Total other assets	934	2,245

Trade receivables are non-interest bearing and generally on terms of 30 to 90 days. Estimated credit losses have been assessed as being immaterial (<0.5%) in 2025 and 2024. No credit losses related to trade receivables have been or are expected to be recognised at balance date. Further information on credit risk shown in Note 26.

14. Inventories

	2025 \$'000	2024 \$'000
Materials and consumables	5,699	5,612
Total inventories	5,699	5,612

15. Contract Balances

	2025 \$'000	2024 \$'000
Contract assets	11,334	9,366
Contract liabilities	-	248

Contract assets represent revenue recognised as earned, but which remains unbilled at balance date. Such revenue is normally invoiced to the customer and reclassified into Trade Receivables in the month following completion of performance obligations. No expected credit losses related to contract assets have been recognised at balance date as it is considered immaterial (<0.5%). Further information on credit risk shown in Note 26.

Contract liabilities represent amounts invoiced to customers for which the relevant performance obligation has not been fulfilled. The full amount of the Contract liability balance in 2024 was recognised as revenue in 2025 financial year.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

16. Property, Plant and Equipment

	Plant & equipment \$'000	Enterprise development \$'000	Total \$'000
30 June 2025			
At cost	135,953	12,578	148,531
Accumulated depreciation/amortisation/impairment	(90,344)	(12,578)	(102,922)
Carrying amount at 30 June 2025	45,609	-	45,609
30 June 2024			
At cost	130,211	12,578	142,789
Accumulated depreciation/amortisation/impairment	(88,983)	(12,578)	(101,561)
Carrying amount at 30 June 2024	41,228	-	41,228

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Plant & equipment \$'000	Enterprise development \$'000	Total \$'000
Carrying amount at 1 July 2024	41,228	-	41,228
Additions	10,722	-	10,722
Provision for idle assets not in use	(1,588)	-	(1,588)
Disposals	(77)	-	(77)
Depreciation and amortisation	(4,676)	-	(4,676)
Carrying amount at 30 June 2025	45,609	-	45,609

During the year, Additions included a non-cash component of \$0.587m representing the recognition of a Right of Use Asset within Plant & Equipment.

	Plant & equipment \$'000	Enterprise development \$'000	Total \$'000
Carrying amount at 1 July 2023	31,262	78	31,340
Additions	14,251	-	14,251
Disposals	(500)	-	(500)
Depreciation and amortisation	(3,785)	(78)	(3,863)
Carrying amount at 30 June 2024	41,228	-	41,228

An independent expert was engaged to perform an independent valuation of the Group's plant and equipment as at 30 June 2024. No impairment charge was recognised as a result of this process.

17. Right-of-use Assets

	Plant & equipment \$'000	Property \$'000	Total \$'000
30 June 2025			
At cost	2,552	3,188	5,740
Accumulated depreciation/amortisation/impairment	(1,789)	(2,246)	(4,035)
Carrying amount at 30 June 2025	763	942	1,705
30 June 2024			
At cost	5,577	3,110	8,687
Accumulated depreciation/amortisation/impairment	(3,602)	(1,742)	(5,344)
Carrying amount at 30 June 2024	1,975	1,368	3,343

A reconciliation of the carrying amount of each class of right-of-use assets is set out below.

	Plant & equipment \$'000	Property \$'000	Total \$'000
Carrying amount at 1 July 2024	1,975	1,368	3,343
Additions	2,045	78	2,123
Disposals	(596)	-	(596)
Amortisation	(2,661)	(504)	(3,165)
Carrying amount at 30 June 2025	763	942	1,705
	Plant & equipment \$'000	Property \$'000	Total \$'000
Carrying amount at 1 July 2023	3,820	1,792	5,612
Additions	1,234	104	1,338
Amortisation	(3,079)	(528)	(3,607)
Carrying amount at 30 June 2024	1,975	1,368	3,343

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

18. Exploration Assets

	2025 \$'000	2024 \$'000
Opening carrying amount	-	-
Foreign Exchange movement	-	-
Impairment of exploration assets	-	-
Closing value	-	-

The exploration assets represent exploration expenditure incurred in relation to the Group's equity interest in UK exploration licences as follows:

Description	Licence	Partners	Interest 2025	Interest 2024
Bowland	PEDL165	Spirit Energy 25%	75.00%	75.00%
Elswick	EXL269	N/A	100.00%	100.00%
Balcombe (Bolney)	PEDL244	Angus Energy 25%	75.00%	75.00%
Weald	EXL189	Altwood Petroleum 4%	96.00%	96.00%
Weaverthorpe	PEDL347	Egdon 75%	25.00%	25.00%
Weaverthorpe	PL081	Egdon 75%	25.00%	25.00%
14th round - Gainsborough*	PEDL276	N/A	0.00%	100.00%
14th round - Yorkshire*	PEDL288	INEOS 30%	0.00%	70.00%
14th round - Yorkshire*	PEDL346	INEOS 30%	0.00%	70.00%
14th round - Yorkshire*	PEDL333	N/A	0.00%	100.00%

* The Group relinquished four licenses in July 2024

The Group continues to evaluate a range of options available to protect the substantial investment that we have made in these exploration licences and extract any potential value that exists, whether through eventual development as and when this is allowed, or by other means. However, as result of the adverse political circumstances in the UK, the Group is no longer planning or budgeting substantive expenditure on further exploration and evaluation in its specific shale exploration licences areas. In accordance with accounting standards, it recorded a non-cash impairment loss of \$157.3 million, in the 2023 financial year.

During the year, the North Sea Transition Authority ("NSTA") declined our extension application on certain licences that reached the end of the initial exploration term in July 2024. As such these licences were terminated.

Licence requirements

Exploration licences contain conditions relating to achieving certain milestones on agreed deadlines. Where milestones are not achieved within agreed deadlines, the terms of the licence may require partial relinquishment of the licence area or be withdrawn. Applications can be made to alter or extend exploration licence conditions. The Group's licences remain current at balance date.

19. Deferred Tax Assets and Liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Tax Assets		Tax Liabilities		Net	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Consolidated						
Property, plant and equipment	7,117	6,655	-	-	7,117	6,655
Prepayment	(1)	-	-	-	(1)	-
Provisions for employee benefits	2,485	2,438	-	-	2,485	2,438
AASB16 Leases	107	29	-	-	107	29
Share raising costs	381	368	-	-	381	368
Blackhole expenditure	96	158	-	-	96	158
Borrowing costs	91	23	-	-	91	23
Other creditors and accruals	867	1,147	-	-	867	1,147
Unrealised foreign exchange differences	2,010	1,794	-	-	2,010	1,794
Decommissioning provision	3,351	3,805	-	-	3,351	3,805
Carry forward tax losses recognised	10,954	10,954	-	-	10,954	10,954
Deferred tax asset write down	(16,504)	(16,417)	-	-	(16,504)	(16,417)
Tax assets/(liabilities)	10,954	10,954	-	-	10,954	10,954
Set off of tax	-	-	-	-	-	-
Net assets/(liabilities)	10,954	10,954	-	-	10,954	10,954

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

19. Deferred Tax Assets and Liabilities (continued)

Movement in temporary differences during the year:

	Balance 01 Jul 24 \$'000	Recognised directly in equity \$'000	Recognised in profit and loss \$'000	Balance 30 Jun 2025 \$'000
2025				
Property, plant and equipment	6,655	-	462	7,117
Prepayment	-	-	(1)	(1)
Provisions for employee benefits	2,438	-	47	2,485
AASB16 Leases	29	-	78	107
Share raising costs	368	-	13	381
Blackhole expenditure	158	-	(62)	96
Borrowing costs	23	-	68	91
Other creditors and accruals	1,147	-	(280)	867
Unrealised foreign exchange differences	1,794	-	216	2,010
Decommissioning provision	3,805	-	(454)	3,351
Carry forward tax losses recognised	10,954	-	-	10,954
Deferred tax asset write down	(16,417)	-	(87)	(16,504)
	10,954	-	-	10,954
	Balance 01 Jul 23 \$'000	Recognised directly in equity \$'000	Recognised in profit and loss \$'000	Balance 30 Jun 2024 \$'000
2024				
Property, plant and equipment	7,180	-	(525)	6,655
Exploration asset	-	-	-	-
Provisions for employee benefits	2,302	-	136	2,438
AASB16 Leases	165	-	(136)	29
Share raising costs	219	-	149	368
Blackhole expenditure	222	-	(64)	158
Borrowing costs	53	-	(30)	23
Other creditors and accruals	988	-	159	1,147
Unrealised foreign exchange differences	1,884	-	(90)	1,794
Decommissioning provision	3,682	-	123	3,805
Carry forward tax losses recognised	10,954	-	-	10,954
Deferred tax asset write down	(16,694)	-	277	(16,417)
	10,954	-	-	10,954

Unrecognised deferred tax assets

Following a detailed review of management's forecasts and other relevant factors the Board concluded that there was sufficient evidence to estimate a probable level of future taxable profits. A deferred tax asset of \$11.0 million (2024: \$11.0 million), being the tax expense expected to be incurred on this level of probable future taxable profits, was initially recognised for the first time in 2023.

The Group has further accumulated income tax losses for which a deferred tax assets has not been recognised of \$29.3 million (2024: \$30.6 million) in Australia and \$22.5 million (2024: \$18.0 million) in the UK. Additionally, pre trading expenditure incurred in certain UK subsidiaries is able to be offset against future taxable profits for a period of 7 years from the year in which the expenditure is incurred, contingent on the respective entities commencing trading. At balance date \$8.2 million (2024: \$10.1 million) of accumulated pre trading expenditure has not been recognised and will be incrementally forfeited over the period of 7 years from balance date.

20. Trade and Other Payables

	2025 \$'000	2024 \$'000
Current		
Trade payables	6,827	9,481
Other payables and accruals	15,983	13,053
	22,810	22,534

Trade payables are non-interest bearing and are generally settled on 30-60 days terms. Other payables and accruals represent costs incurred but not yet invoiced from suppliers, accrued payroll and taxation expenses.

21. Interest-Bearing Loans and Borrowings

	2025 \$'000	2024 \$'000
Current		
Senior syndicated facility	32,120	25,796
Junior loan notes	-	20,211
Lease liabilities	1,449	2,294
Other	21	20
	33,590	48,321
Non-current		
Lease liabilities	612	1,145
Loans from related party	89,609	76,896
Other	-	18
	90,221	78,059
Total Current and Non Current finance facilities	123,811	126,380

On 9 May 2025 the Group announced that, following a comprehensive refinance process with an external consultant, it agreed to extend its existing loan arrangements with the Senior syndicated facility and with its related party with certain amendments which enabled settlement of the Junior loan notes facility. Details of the facilities and the key amendments agreed are provided below:

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

21. Interest-Bearing Loans and Borrowings (continued)

(a) Loans and borrowing terms and maturities

Senior syndicated facility

The Senior syndicated finance facility provided by Balmain, with amendments included an increase in the facility limit to \$50 million (2024: \$35 million). The facility is revolving asset-based loan which is secured by a first ranking charge over the Group's assets including the Drilling Division's plant and equipment, billed receivables, and unbilled receivables represented by contract assets in the Statement of Financial Position (together the "Security Assets").

The facility originally commenced in October 2019 and has been extended out to May 2027. The Senior syndicated facility can be drawn at any time up to an upper limit of \$50 million (previously \$35 million) subject to certain prescribed levels of Security Assets. In addition to the increased upper limit the Senior Lender has agreed to increase the lending advance rates for nine months ("stretch" period) applied to certain classes of assets. These additional funds have assisted the Group to fully repay the Junior facility and reduced interest at least 4.75% p.a lower than the Junior loan notes, thereby lowering the Group's cost of debt.

Interest is calculated on the daily balance outstanding at the bank bill swap rate plus a margin and is payable monthly in arrears. In line with increases in BBSY the applicable interest rate on the facility has increased to 12.005% at June 2025 (2024: 10.90%).

The balances outstanding under the Senior Syndicated facility are classified as current liabilities and falls due in May 2027. Each repayment and subsequent draw down are separately disclosed in the Consolidated Statement of Cash Flow as Repayment of Borrowings and Proceeds from Borrowings, respectively.

The facility is subject to financial covenants which, may be amended from time to time by mutual agreement, and have been complied with during the period.

Junior Loan notes-HSBC

The Junior loan notes were settled in full on 9 May 2025 following the completion of the Groups debt refinancing. Prior to the settlement,

the Junior loan notes were secured by a second ranking charge over the Security Assets and a first ranking charge over the Group's remaining assets.

Since original inception of the original \$50 million Junior loan notes facility in October 2019, the Group had repaid \$37.2 million (net of capitalised interest). The final \$12.9 million (inclusive of interest) was settled by the increased Senior Syndicated facility.

Interest was charged at the bank bill swap rate plus a margin and were payable quarterly in arrears. The final interest rate prior to settlement was approximately 17.56% (2024: 17.92%).

The facility was subject to financial covenants which had been complied with.

Lease liability

Further information regarding lease liability is available in Note 22.

Loans from related party-Kerogen

The loan from Kerogen, a related party holding 56.67% of the Company's shares as at 30 June 2025 (June 2024: 56.67%), is denominated in US dollars.

On 9 May 2025, the facility was amended and extended to July 2027. As part of this amendment, the facility became subordinated to the Senior Syndicated Facility and was restructured into two tranches.

The amended terms provide the Group with an opportunity to materially reduce the cost of debt, particularly through lower interest rates when interest is paid in cash. The interest structure distinguishes between the pre amendment period (prior to 9 May 2025) and the post amendment period (from 9 May 2025 onwards).

Interest from 9 May 2025 to 31 January 2027 will be paid at the Post Amendment Cash Paid Interest rate if settled in cash, which would reduce interest costs by approximately 43% for Tranche 1 and 41% for Tranche 2.

Tranche	Principal	Accrued Interest Pre Amendment	Pre-Amendment Period Interest Rate (p.a)	Pre-Amendment Period Cash Paid Interest Rate (p.a)	Post- Amendment Period Interest Rate (p.a)	Post- Amendment Period Cash Paid Interest Rate (p.a)
1	US\$25.0 million	US\$9.1million	18%	8%	16%	9%
2	US\$17.3 million	US\$6.3 million	18%	9%	17%	10%
Total	US\$42.3 million	US\$15.4 million				

Quarterly interest payments for Tranches 1 and 2 (subject to Available Funds) are scheduled to commence on 31 October 2025, with subsequent payments falling due on 31 January, 30 April, 31 July, and 31 October of each year. The Group will repay the outstanding principal of Tranche 1 in increments of US\$1 million, beginning on 30 April 2027 and continuing on each successive quarterly interest payment date.

If Available Funds are not sufficient at the time a payment is due, the interest shall be deferred and become due and payable on 31 January 2027. Interest that accrues after 31 January 2027 is payable on each quarterly interest payment date.

Available funds refer to the sum of cash that is immediately accessible and transferable by the Group on each quarterly interest payment due date. This amount may be paid to Kerogen, subject to the terms outlined in the Subordination Deed with the Senior lender, after deducting any other current or anticipated costs, taxes, liabilities, and financial obligations of the Group.

The loan must be prepaid if certain events occur, such as equity raises, asset sales, or receipt of settlement proceeds from Australian and UK assets, provided the senior lender's conditions are satisfied. Additionally, if the Group's cash exceeds a designated minimum and all senior lender conditions are met, any surplus is required to be used for loan repayment.

A 5% annual penalty applies to any overdue Tranche 1 interest or to any shortfall on the unpaid mandatory prepayment. From 31 January 2027, any unpaid penalty interest will be compounded with the overdue amount at the end of each interest period. Currently, the subordination deed between the Group, the Senior Lender, and Kerogen limits payments to Kerogen under certain conditions until April 2027, unless the Senior Lender provides consent.

22. Leases

Group as lessee

The Group has lease contracts for various items of plant, machinery, vehicles and office space used in its operations. Leases of plant and machinery generally have lease terms between 1 and 3 years, while motor vehicles have lease terms between 1 and 5 years. The Group's obligations under lease terms on office space are up to 10 years in respect of the Brisbane head office.

The carrying amounts and the movements during the period of right of use assets is set out in Note 17. The maturity analysis of lease liabilities is disclosed in Note 26. Expenses relating to short term leases of \$6.9 million (2024: \$8.8 million) have been included in operating costs of Australian operations. These relate predominantly to short term hire of plant and equipment.

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	2025 \$'000	2024 \$'000
Opening balance 1 July	3,439	6,161
Additions during the year	2,159	1,338
Accretion of interest	402	688
Payments	(3,939)	(4,748)
As at 30 June	2,061	3,439
Current	1,449	2,294
Non-Current	612	1,145

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

23. Decommissioning Provision

	2025 \$'000	2024 \$'000
Current	5,088	6,634
Non-current	3,286	2,874
Closing value	8,374	9,508

Current decommissioning provision relates to rehabilitation of wells whereby the Company does not have an unconditional right to defer costs outside the 12 months period post period end. A remeasurement of the present value of forecast decommissioning costs was undertaken during the period and resulted in an increase of \$0.4 million being recognised as an expense in other expenses during the period.

A reconciliation of the carrying amount of decommissioning liability is set out below.

	2025 \$'000	2024 \$'000
Carrying amount at 1 July	9,508	9,198
Decommissioning provision utilised	(3,027)	-
Net remeasurement of decommissioning asset	311	186
Unwind of Discount	153	139
Foreign Exchange movement	1,429	(15)
Closing value	8,374	9,508

24. Employee Benefits

	2025 \$'000	2024 \$'000
Provision for employee benefits, including on-costs:		
Current	7,023	6,944
Non-current	689	541
	7,712	7,485

Superannuation Plans

Benefits provided under the superannuation funds to which the Group contributes are based on accumulated contributions and earnings for each employee in accordance with the Superannuation Guarantee Charge legislation. The amount recognised as an expense for the financial year was \$5,135,000 (2024: \$5,010,000).

25. Capital and Reserves

Reconciliation of movement in capital and reserves attributable to equity holders of the parent is detailed below.

Share Capital – Ordinary Shares

Details of the share placements, entitlements, exercise of options and associated costs recognised directly in equity are as follows:

	Issue Price Per Share (cents)	No. of Shares	\$'000
2025			
On issue at 1 July 2024		1,375,729,630	514,590
On issue at 30 June 2025	1,375,729,630	514,590	
	Issue Price Per Share (cents)	No. of Shares	\$'000
2024			
On issue at 1 July 2023		1,375,729,630	514,590
On issue at 30 June 2024	1,375,729,630	514,590	

Holders of ordinary shares are entitled to receive dividends and, in the event of a winding up of the Company, to any proceeds of liquidation after all creditors and other stockholders have been paid in full.

On a show of hands, every holder of ordinary shares present at a shareholder meeting in person or by proxy is entitled to one vote and upon a poll, each share is entitled to one vote.

Nature and Purpose of Reserves

Non-Controlling interest

	2025 \$'000	2024 \$'000
Carrying amount at 1 July	(83)	(44)

In February 2020 the Company's subsidiary Lucas Cuadrilla Pty Ltd acquired Riverstone's interest in Cuadrilla Resources Holdings Limited, increasing its voting interest from approximately 48% to 96% and thereby gaining control. The remaining 4% is owned by a number of private individuals.

Employee equity benefits reserve

The employee equity benefits reserve represents the expense associated with equity-settled compensation under historic employee management rights incentive plans. There are no equity-settled compensation plans currently in operation, and no rights outstanding under previous plans.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations into Australian dollars.

Options

There are no options over ordinary shares outstanding at the balance sheet date.

Dividends

No dividends in respect of the 2025 or 2024 financial years have been declared or paid.

Dividend Franking Account

The balance of franking credits available to shareholders of the Company as at 30 June 2025 is \$60,852,374 (2024: \$60,852,374).

26. Financial Instruments

Overview

The Group's activities expose it to the following risks from their use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk (including currency and interest rate risks); and
- Operational risk.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit and Risk Committee, which is responsible for

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

26. Financial Instruments (continued)

developing and monitoring risk management policies. The Committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or the counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and contract assets as well as cash at bank.

Trade and other receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group's customer base consists of principally major blue-chip corporations. The demographics

of the Group's customer base, including the default risk of the industry and location in which the customers operate, has less of an influence on credit risk.

New customers are analysed individually for creditworthiness, taking into account credit ratings where available, financial position, past experience and other factors. This includes all major contracts and tenders approved by the Audit and Risk Committee. The Group has assessed historical loss experience and adjusts it for forward looking factors specific to each debtor and the economic environment in accordance with IFRS9. An allowance for expected credit losses is re-evaluated at each reporting period.

In monitoring customer credit risk, customers are grouped by their receivable ageing profile. Ongoing monitoring of receivable balances minimises exposure to bad debts.

Cash at bank

Credit risk from balances with financial institutions is managed by holding deposits with top tier financial institutions. Investment of surplus funds are made only with counterparties which are considered as reputable institutions with the markets the Group operates. The consideration of centration of risk is performed to mitigate financial loss through a counterparty's potential failure to make payments or funds available to the Group.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2025 \$'000	2024 \$'000
Trade and other receivables	8,973	18,721
Contract assets	11,334	9,366
Bank balances	3,866	16,849
	24,173	44,936

Impairment

Maximum exposure to credit risk for trade and other receivables at the reporting date by business segment was:

	2025 \$'000	2024 \$'000
Drilling	7,696	17,706
Oil and gas	1,277	1,015
	8,973	18,721

The ageing of the Group's trade and other receivables at the reporting date was:

	Gross 2025 \$'000	Impairment 2025 \$'000	Gross 2024 \$'000	Impairment 2024 \$'000
Not past due	7,323	-	15,996	-
Past due up to 30 days	1,650	-	2,725	-
Past due 31 to 120 days	-	-	-	-
Past due 121 days to one year	-	-	-	-
Past due more than one year	-	-	-	-
	8,973	-	18,721	-

An assessment for expected credit losses ("ECL") is undertaken with consideration of historical experience and forward-looking factors relevant to each counterparty and the broader economic environment. While ECL is evaluated annually, the Group's strong track record with customers indicates that no allowance is required for the current financial year. Debts past due from customers with a consistent history of good credit and no anticipated future losses are excluded from the allowance. Amounts deemed unrecoverable are written off directly against the financial asset when recovery is no longer considered possible.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity is managed to ensure that sufficient funds are available to meet liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount \$'000	Total \$'000	6 months or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
2025							
Non-derivative financial liabilities							
Trade and other payables	22,810	(22,810)	(22,810)	-	-	-	-
Senior syndicated facility	32,120	(41,916)	(5,556)	(3,696)	(32,664)	-	-
Lease liabilities	2,061	(2,190)	(1,182)	(358)	(519)	(131)	-
Loans from related party	89,609	(102,272)	(1,530)	(3,020)	(7,740)	(89,982)	-
Other loans	21	(20)	(11)	(9)	-	-	-
	146,621	(169,208)	(31,089)	(7,083)	(40,923)	(90,113)	-

Loans from related parties comprise scheduled interest payments for both Tranche 1 and Tranche 2. These payments utilise the Post Amendment Period Cash Paid Interest Rate until 31 January 2027, after which the Post Amendment Interest Rate applies, in conjunction with the amortisation and loan maturity as outlined in Note 21.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

26. Financial Instruments (continued)

	Carrying amount \$'000	Total \$'000	6 months or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
2024							
Non-derivative financial liabilities							
Trade and other payables	22,534	(22,534)	(22,519)	-	(15)	-	-
Senior syndicated facility	25,796	(28,811)	(28,811)	-	-	-	-
Junior loan notes	20,211	(22,992)	(5,705)	(17,287)	-	-	-
Loans from related party	76,896	(93,459)	-	-	(93,459)	-	-
Lease liabilities	3,439	(3,656)	(1,767)	(668)	(672)	(549)	-
Other loans	38	(42)	(10)	(10)	(22)	-	-
	148,914	(171,494)	(58,812)	(17,965)	(94,168)	(549)	-

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Group operates internationally and is exposed to currency risk on receivables, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily with respect to the US dollar ("USD"), and the Great British Pound ("GBP").

The Group's financial instruments exposed to movements in foreign currency primarily relates to borrowings. Exchange gains or losses on borrowings are accounted for through the profit and loss account.

The Group's exposure to foreign currency risk at the balance sheet date was as follows, based on notional amounts in Australian dollars (in thousands):

	2025 Exposure to GBP \$'000	2024 Exposure to GBP \$'000	2025 Exposure to USD \$'000	2024 Exposure to USD \$'000
Cash balances	1,042	936	-	-
Trade and other receivables	1,277	1,015	-	-
Trade payables	(2,770)	(1,121)	-	-
Interest-bearing liabilities	(20)	(38)	(89,609)	(76,896)
Net Financial Instrument exposure	(471)	792	(89,609)	(76,896)
Value of Exploration assets	-	-	-	-
Decommissioning liability	(8,374)	(9,508)	-	-
Net balance sheet exposure	(8,845)	(8,716)	(89,609)	(76,896)

The table above includes items that are not Financial Instruments but have been included due to their material nature to provide a more complete analysis of the Group's exposure to foreign exchange movements.

At 30 June, had the Australian dollar weakened/strengthened by 10% against the respective foreign currencies with all other variables held constant, the impact on Group's post-tax loss and equity would have been:

	10% strengthened		10% weakened	
	2025	2024	2025	2024
AUD/USD	0.7205	0.7286	0.5895	0.5962
AUD/GBP	0.5248	0.5768	0.4294	0.4720
Post-tax loss (higher) / lower	8,189	6,919	(10,009)	(8,456)
Net equity higher / (lower)	8,950	7,783	(10,939)	(9,512)

The following significant exchange rates applied during the year:

	Average Rate		Reporting date spot rate	
	2025	2024	2025	2024
USD	0.6477	0.6550	0.6550	0.6624
GBP	0.5007	0.5201	0.4771	0.5244

Interest Rate Risk

The Group's main interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group currently has a mix of borrowings at variable and fixed rates. The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss for the Group.

Interest rate exposure is detailed as follows:

At reporting date, the Group was predominantly exposed to variable interest rate borrowings.

	2025 \$'000	2024 \$'000
Fixed rate instruments		
Financial assets	264	314
Financial liabilities	(91,670)	(80,353)
	(91,406)	(80,039)
Variable rate instruments		
Financial assets	3,542	15,305
Financial liabilities	(32,120)	(46,007)
	(28,578)	(30,702)

During the year, had the variable interest rate weakened/strengthened by 100 basis points with all other variables held constant, the impact on Group's post-tax loss would have been:

	Strengthened 100 basis points		Weakened 100 basis points	
	2025	2024	2025	2024
Financial liabilities	(341)	(373)	341	373

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

26. Financial Instruments (continued)

Fair Values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	Carrying Amount \$'000	Fair value \$'000
Jun-25		
Bank balances	3,866	3,866
Trade and other receivables	8,973	8,973
Trade and other payables	(22,810)	(22,810)
Senior syndicated facility	(32,120)	(34,077)
Junior loan notes	-	-
Loans from related party	(89,609)	(89,609)
Other	(21)	(21)
	(131,721)	(133,678)
Jun-24		
Bank balances	16,849	16,849
Trade and other receivables	18,721	18,721
Trade and other payables	(22,534)	(22,534)
Senior syndicated facility	(25,796)	(26,169)
Junior loan notes	(20,211)	(20,622)
Loans from related party	(76,896)	(77,266)
Other	(38)	(38)
	(109,905)	(111,059)

Management have assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these assets and liabilities. The fair value of the financial assets and liabilities is included at the amount which could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of assets and liabilities are derived with reference to Note 5.

Fair value hierarchy

Management have analysed the financial instruments carried at fair value, by valuation method (as discussed in Note 5). The different levels have been defined as follows:

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

The following methods and assumptions were used in estimating the fair values of financial instruments:

- Loans and borrowings - Level 2 - present value of future principal and interest cash flow, discounted at the market rate of interest at the reporting date; and
- Trade and other receivables and payables - carrying amount approximates fair value.

Capital management

The Board policy is to maintain a capital base so as to provide sufficient financial strength and flexibility to conduct its business and maintain its investments in UK shale gas whilst maximising shareholder returns. The Board therefore seeks to have a level of indebtedness to leverage return on capital having regard to the Company's cash flow and the ability to service these borrowings.

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

	2025 \$'000	2024 \$'000
Total liabilities	162,707	166,155
Less: cash and cash equivalents	(3,542)	(15,305)
Less: cash in trust	(324)	(1,544)
Net debt	158,841	149,306
Total equity	(73,633)	(57,837)
Net debt to equity ratio at 30 June	(2.16)	(2.58)

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

27. Consolidated Entities

The financial statements at 30 June 2025 include the following controlled entities. The financial years of all the controlled entities are the same as that of the parent entity.

	Country of incorporation	Ownership interest	
		2025 %	2024 %
Parent entity – AJ Lucas Group Limited			
Controlled entities			
AJ Lucas Operations Pty Limited	Australia	100	100
Lucas Shared Services Pty Limited	Australia	100	100
Lucas Engineering and Construction Pty Limited	Australia	100	100
AJ Lucas (Hong Kong) Limited*	Hong Kong	100	100
Lucas Drilling Pty Limited	Australia	100	100
Mitchell Drilling Corporation Pty Limited	Australia	100	100
Lucas Contract Drilling Pty Limited	Australia	100	100
McDermott Drilling Pty Limited	Australia	100	100
Jaceco Drilling Pty Limited	Australia	100	100
Geosearch Drilling Service Pty Limited	Australia	100	100
Lucas Cuadrilla Pty Limited	Australia	100	100
Lucas Holdings (Bowland) Limited	England	100	100
Lucas Bowland (UK) Limited	England	100	100
Lucas Bowland (No. 2) Limited	England	100	100
Elswick Power Limited	England	100	100
Lucas Holdings (Bolney) Limited	England	100	100
Lucas Bolney Limited	England	100	100
Cuadrilla Resources Holdings Limited	England	96	96
Cuadrilla Resources Limited	England	96	96
Cuadrilla Bowland Limited	England	96	96
Cuadrilla Elswick Limited	England	96	96
Cuadrilla Balcombe Limited	England	96	96
Cuadrilla Weald Limited	England	96	96
Cuadrilla Well Services Limited	England	96	96
Cuadrilla Elswick (No 2) Limited	England	96	96
Cuadrilla South Cleveland Limited	England	96	96
Cuadrilla North Cleveland Limited	England	96	96
Cuadrilla Gainsborough Limited	England	96	96

* In the case of AJ Lucas (Hong Kong) Limited the deregistration process has commenced and is expected to be completed in FY26.

28. Contingencies and Commitments

Contingencies

The directors are of the opinion that provisions are not required in respect of the following matters, as it is not probable that a future sacrifice of economic benefits will be required, or the amount is not capable of reliable measurement.

- (i) Under the terms of the Class Order described in Note 32, the Company has entered into approved deeds of indemnity for the cross-guarantee of liabilities with participating Australian subsidiary companies.

Commitments

	Carrying amount \$'000	Total \$'000	6 months or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
2025							
Trade and Other Payable		589	-	417	172	-	-
Capital Expenditure		1,957	1,957	-	-	-	-
		2,546	1,957	417	172	-	-

These commitments are disclosed to provide transparency over future resource allocations and are not recognised as liabilities until the associated goods or services are received.

Trade and other payables commitments are for a critical spares arrangement where the Group has committed to purchase of spare parts required for the newly acquired WEI rig.

Capital expenditure relates to milestone payments still to be settled for the development and build of two new rigs with expected delivery dates in October 2025.

29. Parent Entity Disclosures

As at 30 June 2025 and 2024, and throughout the financial years then ended, the parent entity of the Group was AJ Lucas Group Limited.

	2025 \$'000	2024 \$'000
Results of the parent entity		
Loss for the year	(20,162)	(16,106)
Total loss for the year	(20,162)	(16,106)
Financial position of the parent entity at year end		
Current assets	24	6,250
Total assets	10,978	17,204
Current liabilities	55,939	54,485
Total liabilities	145,548	131,381
Total equity of the parent entity comprises:		
Share capital	514,590	514,783
Reserves	4,579	4,644
Accumulated losses	(653,739)	(633,604)
Total equity	(134,570)	(114,177)

Parent entity commitments and contingencies

The parent entity has guaranteed, to various unrelated parties, the performance of various subsidiaries in relation to various contracts. In the event of default, the parent entity undertakes to meet the contractual obligations of the relevant subsidiary.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

29. Parent Entity Disclosures (continued)

Parent Entity Guarantees in Respect of Debts of its Subsidiaries

The Company has entered into a Deed of Cross Guarantee, as disclosed in Note 32, with the effect that the Company guarantees debts in respect of its subsidiaries, and the subsidiaries may provide financial assistance to the Company.

30. Reconciliation of Cash Flows from Operating Activities

	2025 \$'000	2024 \$'000
(a) Reconciliation of cash		
For the purposes of the consolidated statement of cash flows, cash includes cash at bank, cash on hand and bank overdrafts.		
Cash and cash equivalents	3,542	15,305
Cash in trust	324	1,544
Total cash	3,866	16,849
(b) Reconciliation of cash flows from operating activities		
Profit / (Loss) for the year	(15,044)	(714)
Adjustments for:		
Provision for idle assets not in use	1,588	-
Amortisation of borrowing costs	2,346	2,362
Payment of borrowing costs in interest bearing liabilities	(323)	(204)
Increase / (decrease) in accrued and capitalised interest	12,066	11,284
(Profit) / loss on sale of non-current assets	(733)	(2)
(Gain) / loss on foreign currency loans	720	(37)
Remeasurement of decommissioning liability in P&L	311	186
Decommission provision discount unwind	153	139
Exchange rate changes on the balance of cash held in foreign currencies	-	(15)
Depreciation and amortisation	7,841	7,470
Operating profit before changes in working capital and provisions	8,925	20,469
Change in receivables	9,748	4,335
Change in other current assets	477	(443)
Change in inventories	(87)	(384)
Change in contract assets and liabilities	(2,216)	3,074
Change in deferred tax asset	-	-
Change in payables related to operating activities	(4,004)	4,615
Change in provisions for employee benefits	227	362
Net cash and cash in trust generated from operating activities	13,070	32,028

(c) Non-cash financing and investment activities

There are no non-cash financing and investing activities other than those disclosed in Notes 21.

(d) Financing arrangements

Refer to Note 21.

(e) Reconciliation of liabilities arising from financing activities

	As at 1 July 2024 \$'000	Cash Flow ⁽¹⁾ \$'000	Non-Cash Finance costs ⁽²⁾ \$'000	Other ⁽³⁾ \$'000	As at 30 June 2025 \$'000
Interest bearing liabilities	126,380	(23,522)	21,686	(733)	123,811

(1) Comprises proceeds from borrowings of \$176.5 million less repayments of borrowings of \$188.6 million, \$1.3 million of transaction costs on borrowings, \$3.5 million repayment of leases and \$6.6 million in interest and other costs of finance paid.

(2) Comprise net finance costs disclosed in Note 7.

(3) Comprises predominately of lease additions of \$2.1 million which resulted in a corresponding increase in right of use assets offset by prepaid transaction costs on borrowings \$2.9 million.

	As at 1 July 2023 \$'000	Cash Flow ⁽¹⁾ \$'000	Non-Cash Finance costs ⁽²⁾ \$'000	Other ⁽³⁾ \$'000	As at 30 June 2024 \$'000
Interest bearing liabilities	126,910	(23,691)	22,407	754	126,380

(1) Comprises proceeds from borrowings of \$175.6 million less repayments of borrowings of \$186.8 million, \$0.1 million of transaction costs on borrowings, \$3.1 million repayment of leases and \$8.2 million in interest and other costs of finance paid.

(2) Comprise net finance costs disclosed in Note 7.

(3) Comprises lease additions of \$1.6 million which resulted in a corresponding increase in right of use assets.

31. Related Parties

Entity with Control

Kerogen has provided financing facilities throughout the year as described in Note 21. Interest and borrowing costs incurred and recognised as an expense during the period totaled \$14,735,162 (2024: \$13,617,982), with balances outstanding at the balance sheet date disclosed in Note 21.

Key Management Personnel Compensation

The key management personnel compensation comprised:

	2025 \$	2024 \$
Short-term employee benefits	2,466,259	2,503,264
Other long-term benefits	548	(8,525)
Post-employment benefits	59,864	60,448
Termination benefits	-	-
	2,526,671	2,555,187

Information regarding individual director and executives' compensation disclosures, as required by the Corporations Act chapter 2M, is provided in the Remuneration Report section of the Director's Report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Key Management Personnel Transactions with the Company or its Controlled Entities

A number of key management persons, or their related parties, hold or held positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis. The amount payable for these services is included in the amounts disclosed in the Remuneration Report.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

31. Related Parties (continued)

The aggregate amounts recognised during the year relating to key management personnel and their related parties, were as follows:

Key management person	Contracting entity	Transaction	2025 \$	2024 \$
Julian Ball	HR Services Limited	Non-Executive director services	110,000	110,000
Andrew Purcell	Lawndale Group Pty Ltd	Non-Executive director services	225,000	225,000

Francis Egan, is a Director of AJ Lucas Group Limited, and a CEO of Cuadrilla Resources Holdings Limited. Francis retains an interest in Cuadrilla Resourcing Holdings Limited, which was obtained prior to becoming a Key management personnel of the Group, owning 173,354 Class A Ordinary shares (representing 0.22% of that Class) and 163,257 Class A Preference Shares (representing 0.25% of that Class) at 30 June 2025.

Other Related Parties

The Group has a related party relationship with its subsidiaries (see Note 27). These entities trade with each other from time to time on normal commercial terms. No interest is payable on inter-company balances.

32. Deed of Cross Guarantee

On 16 June 2008, several of the entities in the Group entered into a Deed of Cross Guarantee. In May 2020 these Group entities entered a deed which released certain dormant Group entities from the obligations under the Deed of Cross Guarantee allowing those entities to be subsequently closed down and undergo a voluntary. Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the Group's wholly owned subsidiaries entering into the Deed are relieved from the Corporations Act 2001 requirements to prepare, have audited and lodge financial reports, and directors' reports.

The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed at 30 June 2025 are:

Name of entity	
AJ Lucas Group Limited	McDermott Drilling Pty Limited
Lucas Drilling Pty Limited	Lucas Contract Drilling Pty Limited
Jaceco Drilling Pty Limited	Lucas Shared Services Pty Limited
Geosearch Drilling Service Pty Limited	AJ Lucas Operations Pty Limited
Mitchell Drilling Corporation Pty Limited	Lucas Engineering & Construction Pty Limited

A consolidated summarised statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2025 are set out below:

Summarised Statement of Comprehensive Income

	2025 \$'000	2024 \$'000
Loss before income tax	(16,005)	(1,417)
Income tax expense	-	-
Loss after tax	(16,005)	(1,417)
Accumulated losses at the beginning of the year	(571,456)	(570,039)
Accumulated losses at the end of the year	(587,461)	(571,456)

Summarised Statement of Financial Position

	2025 \$'000	2024 \$'000
CURRENT ASSETS		
Cash and cash equivalents	2,824	14,658
Cash in trust	-	1,255
Trade and other receivables	7,696	17,706
Contract asset	11,334	9,366
Inventories	5,699	5,612
Other Assets	847	2,112
Total Current Assets	28,400	50,709
NON-CURRENT ASSETS		
Trade and Other Receivables	-	-
Property, plant and equipment	44,405	40,309
Right-of-use assets	1,705	3,343
Deferred tax asset	10,954	10,954
Total Non-Current Assets	57,064	54,606
Total Assets	85,464	105,315
CURRENT LIABILITIES		
Trade and other payables	22,153	23,427
Contract liability	-	248
Interest bearing loans and borrowings	33,570	48,301
Employee benefits	7,023	6,944
Total Current Liabilities	62,746	78,920
NON-CURRENT LIABILITIES		
Interest bearing loans and borrowings	90,221	78,041
Employee benefits	689	541
Total Non-Current Liabilities	90,910	78,582
Total Liabilities	153,656	157,502
Net Assets	(68,192)	(52,187)
EQUITY		
Share capital	514,590	514,590
Reserves	4,679	4,679
Retained earnings	(587,461)	(571,456)
Total Equity	(68,192)	(52,187)

Notes to the Consolidated Financial Statements

for the year ended 30 June 2025

33. Events Subsequent to the Balance Sheet Date

On 12 August 2025, the Group's UK subsidiary, Cuadrilla Resources Limited, along with other entities within the Group (collectively referred to as "Cuadrilla"), resolved a dispute regarding a carry agreement associated with certain UK shale gas exploration licences. As part of the settlement, the Group received a cash payment of £12,500,000. This amount has not been recognised in the financial statements as at 30 June 2025 and will be reflected as income in the financial year 2026. It was agreed in the settlement that the carry agreement has been terminated.

Following the successful resolution of the dispute regarding UK shale gas exploration licences, the Group received a notice from Kerogen, requiring repayment under the terms of the loan facility agreement. The agreement mandates that upon settlement of any dispute or disposal relating to the UK Asset, 75% of the net proceeds must be applied to prepay the outstanding loan balance.

The Senior syndicated facility agreement has restrictions on payments to Kerogen, contingent upon meeting designated conditions, unless Senior consent is obtained. Should the Group fail to satisfy the Kerogen repayment obligations, an additional penalty interest of 5% per annum will be imposed on the above unpaid amount.

Directors' Declaration

for the year ended 30 June 2025

- 1 In the opinion of the directors of AJ Lucas Group Limited (the Company):
 - (a) the consolidated financial statements and notes, that are contained in pages 29 to 70 and the Remuneration Report included in the Directors' Report, set out on pages 11 to 20, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - (b) subject to the matters disclosed in Note 2C, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - (c) the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct.
- 2 There are reasonable grounds to believe that the Company and the group entities identified in Note 27 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
- 3 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer, for the financial year ended 30 June 2025.
- 4 The directors draw attention to note 2(A) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



Andrew Purcell
Chairman

29 August 2025

Independent Auditor's Report

for the year ended 30 June 2025



**Shape the future
with confidence**

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Independent auditor's report to the members of AJ Lucas Group Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of AJ Lucas Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2025 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2c in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These conditions along with other matters set forth in Note 2c, indicate that material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



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We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Measurement and recognition of revenue and contract assets

Why significant	How our audit addressed the key audit matter
For the year ended 30 June 2025 the Group recognised revenue of \$145.5 million and the contract asset totalled \$11.3 million at 30 June 2025 as disclosed in Note 3, 6 and 15 respectively. The Group applies AASB 15 <i>Revenue from Contracts with Customers</i> to account for services rendered to customers. Revenue recognition occurs over time as the customer simultaneously receives and consumes the benefits provided by the Group. The contract asset is recorded to recognise revenue for services performed within the period but prior to the unconditional payment right. This amount is based on a survey of work performed at the year-end calculated by the agreed contract rates. The measurement and recognition of revenue associated with the contract asset is considered to be a key audit matter due to the significance of revenue to the financial statements and it being an estimate at period end.	Our audit procedures included the following: ▶ Attended the year end monthly cost meeting held by management whereby un-invoiced amounts with customers were assessed; ▶ Assessed the customers recorded within the contract asset as having an executed contract in place prior to revenue being recorded; ▶ Tested on a sample basis, contract asset balances at year end, agreeing the amounts recorded to subsequent progress claim approvals by the customer and invoices, where appropriate; and ▶ Assessed the adequacy of the disclosures included in the Notes to the financial statements.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2025 annual report but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

for the year ended 30 June 2025



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Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- ▶ The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- ▶ The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

- ▶ The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ▶ The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



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Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion

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

Independent Auditor's Report

for the year ended 30 June 2025



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

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

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 20 of the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of AJ Lucas Group Limited for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that appears to read 'Madhu Nair'.

Madhu Nair
Partner
Brisbane
29 August 2025

Consolidated Entity Disclosure Statement

for the year ended 30 June 2025 and 30 June 2024

Name of entity	Type of entity	% of share capital held	Country of incorporation	Australian resident of foreign resident (for tax purposes)	Foreign tax jurisdiction(s) of foreign residents
AJ Lucas Group Limited	Body Corporate	n/a	Australia	Australia	n/a
AJ Lucas Operations Pty Limited	Body Corporate	100	Australia	Australia	n/a
Lucas Shared Services Pty Limited	Body Corporate	100	Australia	Australia	n/a
Lucas Engineering and Construction Pty Limited	Body Corporate	100	Australia	Australia	n/a
AJ Lucas (Hong Kong) Limited	Body Corporate	100	Hong Kong	Foreign	Hong Kong
Lucas Drilling Pty Limited	Body Corporate	100	Australia	Australia	n/a
Mitchell Drilling Corporation Pty Limited	Body Corporate	100	Australia	Australia	n/a
Lucas Contract Drilling Pty Limited	Body Corporate	100	Australia	Australia	n/a
McDermott Drilling Pty Limited	Body Corporate	100	Australia	Australia	n/a
Jaceco Drilling Pty Limited	Body Corporate	100	Australia	Australia	n/a
Geosearch Drilling Service Pty Limited	Body Corporate	100	Australia	Australia	n/a
Lucas Cuadrilla Pty Limited	Body Corporate	100	Australia	Australia	n/a
Lucas Holdings (Bowland) Limited	Body Corporate	100	England	Foreign	UK
Lucas Bowland (UK) Limited	Body Corporate	100	England	Foreign	UK
Lucas Bowland (No. 2) Limited	Body Corporate	100	England	Foreign	UK
Elswick Power Limited	Body Corporate	100	England	Foreign	UK
Lucas Holdings (Bolney) Limited	Body Corporate	100	England	Foreign	UK
Lucas Bolney Limited	Body Corporate	100	England	Foreign	UK
Cuadrilla Resources Holdings Limited	Body Corporate	96	England	Foreign	UK
Cuadrilla Resources Limited	Body Corporate	96	England	Foreign	UK
Cuadrilla Bowland Limited	Body Corporate	96	England	Foreign	UK
Cuadrilla Elswick Limited	Body Corporate	96	England	Foreign	UK
Cuadrilla Balcombe Limited	Body Corporate	96	England	Foreign	UK
Cuadrilla Weald Limited	Body Corporate	96	England	Foreign	UK
Cuadrilla Well Services Limited	Body Corporate	96	England	Foreign	UK
Cuadrilla Elswick (No 2) Limited	Body Corporate	96	England	Foreign	UK
Cuadrilla South Cleveland Limited	Body Corporate	96	England	Foreign	UK
Cuadrilla North Cleveland Limited	Body Corporate	96	England	Foreign	UK
Cuadrilla Gainsborough Limited	Body Corporate	96	England	Foreign	UK

Australian Securities Information Additional Information

for the year ended 30 June 2025

Distribution of Ordinary Shareholders (as at 31 July 2025)

Securities held	Number of shareholders	Number of shares
1 - 1,000	490	229,184
1,001 - 5,000	547	1,492,603
5,001 - 10,000	223	1,765,879
10,001 - 100,000	632	24,876,751
100,001 and over	358	1,347,365,213
Total	2,250	1,375,729,630

1,825 shareholders held less than a marketable parcel of 83,334 shares at 31 July 2025.

Top 20 Shareholders (as at 31 July 2025)

Name	Number of ordinary shares held	% of issued shares
KEROGEN INVESTMENTS NO 1 (HK) LIMITED	779,888,166	56.67
CITICORP NOMINEES PTY LIMITED	81,310,927	5.91
MR PAUL FUDGE	59,101,431	4.30
MRS LENORE ANN HANKS + MR MICHEAL DAVID HANKS <BROADWILL FAMILY A/C>	43,293,952	3.15
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	24,596,502	1.79
MR PAUL SZE YUEN CHEUNG + MRS PAULINE KWOK SIM CHEUNG	22,741,049	1.65
INKESE PTY LTD	20,000,000	1.45
BNP PARIBAS NOMS PTY LTD	18,173,467	1.32
ROSSBOW PTY LTD <ANDREW MACPHERSON TDT A/C>	15,250,000	1.11
ALL-STATES FINANCE PTY LIMITED	15,000,000	1.09
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,687,345	0.99
MR ROBERT ALEXANDER HOAD + MS JACQUELYN MARIA HOAD <SUNSHINE INVESTMENTS A/C>	10,043,357	0.73
MR JAY HUGHES + MRS LINDA HUGHES <INKESE SUPER A/C>	10,000,000	0.73
ON ON FOR DON PTY LTD <MAC FAMILY A/C>	8,070,000	0.59
MR PAUL GEOFFREY FUDGE	6,520,000	0.47
MR RAYMOND FRANCIS FREW + MRS GILLIAN MARGARET FREW	5,000,000	0.36
MR PAUL GEOFFREY FUDGE	5,000,000	0.36
MRS RAE ELAINE MACPHERSON	4,800,000	0.35
SAUNDO INVESTMENTS PTY LTD <SAUNDERS SUPER FUND A/C>	4,500,000	0.33
MR ROGER SCOTT ALTER	4,394,637	0.32
	1,151,370,833	83.67

Substantial Shareholders

Name	Number of ordinary shares held	% of issued shares
Kerogen Investments No. 1(HK) Limited	779,888,166	56.67

Voting Rights

Ordinary shares - Refer to note 25 of the financial statements.

Options - There are no options outstanding.

Corporate Directory

for the year ended 30 June 2025

Company Secretary

Marcin Swierkowski - BA Com, CA, MBA (exec)

Registered office

Level 22, 167 Eagle Street
BRISBANE QLD 4000
Tel +61 2 3363 7333

Share Registry

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
ADELAIDE SA 5000
GPO Box 1903
ADELAIDE SA 5001

Enquiries within Australia: 1300 556 161
Enquiries outside Australia: +61 3 9415 4000
Email: web.queries@computershare.com.au
Website: www.computershare.com

Stock Exchange

The Company is listed on the Australian Securities Exchange with the code 'AJL'. The Home Exchange is Sydney.

Auditors

Ernst & Young
111 Eagle Street
BRISBANE QLD 4000

Quality Certifiers (AS/NZS ISO 9001:2015)

Compass Assurance Services

Australian Business Number

12 060 309 104

Other Information

AJ Lucas Group Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

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