LUCAS

ANNUAL REPORT 2026

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.

Contents

ABN 12 060 309 104

Who we are

A Legacy of Drilling Excellence.

Engineered for the Future.

Founded in Sydney in the 1950s, Lucas has evolved from a foundational mining and infrastructure service provider into a modern, engineering-led drilling partner.

As an ASX-listed entity since 1999, we combine long-term corporate stability with highly sophisticated back-office governance and compliance frameworks that Tier 1 operators trust.

Today, our focus is firmly on the future. We back our field operations with our in-house engineering team and advanced well-modelling software, ensuring every project is systematically de-risked and optimised for predictable, high-performing asset outcomes.

What we do

Lucas Drilling provides a comprehensive suite of drilling services which includes exploration, production and directional drilling.

Lucas also provides a range of engineering services including design of wells, drilling optimisation, professional steering services, specialised equipment and geosteering for directional drilling programmes.

Chairman's Letter

Dear Shareholders,

The 2026 financial year represents an important turning point for AJ Lucas.

Twelve months ago, I wrote that FY2025 had been a year of resilience, recalibration and renewed focus. At that time, our Australian drilling business was managing the effects of significant operational disruptions across several client sites, while the Group was carrying a substantial debt burden and reporting a net loss. Despite those challenges, we remained confident that the underlying quality of our business, our customer relationships and our technical capabilities would provide a foundation for future recovery.

During FY2026, that confidence was rewarded.

> The Group recorded a net profit after tax of approximately $28.5 million compared with a loss of $15.0 million in FY2025, while debt net of cash was reduced by approximately $35.8 million.

The Group's net liability position also improved substantially during the year.

Importantly, however, shareholders should recognise that this improvement was not driven by a cyclical recovery in trading conditions. Activity levels across our Australian drilling operations remained below those experienced in previous years and revenue declined compared with FY2025. The reported profit was instead principally driven by the successful resolution of a long-running commercial dispute associated with the Group's United Kingdom interests together with disciplined management of capital and debt.

From a Board perspective, the most significant achievement of the year was the strengthening of the Company's financial position. Over the past several years, a considerable amount of management and Board attention has been devoted to preserving liquidity, extending facilities, managing debt maturities and maintaining strategic flexibility in an environment characterised by higher financing costs and volatile operating conditions. The progress achieved during FY2026 materially improves the Group's capacity to pursue opportunities from a position of greater strength and reduces financial risk for shareholders.

The Board also remains encouraged by the resilience demonstrated throughout the broader organisation. During two consecutive years of challenging market conditions, management has continued to adapt the business while maintaining customer relationships, preserving key capabilities and investing selectively in initiatives intended to improve long-term competitiveness. While the immediate financial outcome is important, the discipline displayed through this period may ultimately prove to be of even greater value.

Looking ahead, we remain realistic about the environment in which we operate. Market conditions remain influenced by customer investment timing, commodity markets and broader economic factors. Nevertheless, the underlying fundamentals supporting our core markets remain sound. The Board believes the Group is better positioned today than it was twelve months ago, with a stronger balance sheet, lower debt levels and increased strategic flexibility.

The Board's priorities remain consistent.

> "We will continue to focus on prudent capital allocation, further balance sheet improvement, strong governance and disciplined execution of our strategy."

We remain committed to creating sustainable long-term value for shareholders while maintaining the financial discipline that has been central to the Group's progress over the past year.

On behalf of the Board, I would like to thank our shareholders for their continuing support and patience. I also thank my fellow directors, management and all employees across the Group for their dedication and professionalism throughout the year. The improvement achieved in FY2026 reflects the collective efforts of many people and provides a stronger platform from which to pursue future growth.

Yours sincerely,

Andrew Purcell
Chairman

Commitment to Sustainability

"At Lucas, we have a responsibility to create positive outcomes for our people, the environment, the communities in which we operate and our broader stakeholders. We recognise that long-term business success depends on operating safely, managing our environmental impacts responsibly and maintaining strong relationships with the people and communities who support our business.

Through responsible business practices and a commitment to continuous improvement, we seek to create lasting value for shareholders while supporting the wellbeing of our workforce, protecting the environment and contributing positively to the communities in which we operate.

We aim to use our natural, financial and human resources efficiently and responsibly, balancing operational performance with our responsibilities to employees, clients, shareholders, communities and the environment.

Our sustainability approach focuses on three key areas:

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

Workplace Health & Safety

The health, safety and wellbeing of our people remains a core priority at Lucas. The Lucas Safety Zone – Injury Free Every Day framework underpins our approach to health and safety, encouraging employees to Think before every task, Talk about the risks, and Act to make it safe. By reinforcing these principles across our operations, we promote a culture where safety is integrated into everyday decision-making and personal responsibility.

This commitment is supported by high standards across our equipment, systems, processes and work practices, together with ongoing investment in workforce training, competency development and professional growth. We recognise the importance of both physical and psychological wellbeing and provide support services, including Employee Assistance Programs for employees and their families. Lucas also maintains a strong focus on the continuous improvement of management systems, policies and procedures and works closely with suppliers and contractors to promote safe and responsible work practices.

Reducing Environmental Impact

Lucas recognises the environmental impacts associated with our activities and is committed to conducting operations in a manner that protects the environment and promotes continual improvement in environmental performance. Working closely with our clients, employees and stakeholders, we seek to minimise impacts through responsible planning, effective environmental management and the adoption of sustainable work practices.

This commitment is supported through:

- Detailed project planning to identify and minimise environmental impacts.
- Maintaining environmental management systems and practices that support compliance, risk management and continual improvement.
- Applying technology, innovation and improved work practices to enhance operational efficiency and minimise environmental impacts.
- Working collaboratively with clients and stakeholders to minimise impacts on land, water and other environmental resources.
- Monitoring environmental performance and implementing controls to prevent pollution and reduce impacts associated with our operations.
- Tracking Scope 1 and Scope 2 greenhouse gas emissions in alignment with NGER requirements.

Building Strong Communities

Lucas understands the importance of building strong relationships with the communities in which we operate. We value these communities and seek opportunities to support their growth and prosperity over the long term through sponsorships, charitable contributions, community engagement and participation in local initiatives.

By supporting the communities in which we live and work, we aim to contribute positively to regional development and foster strong, lasting relationships with our stakeholders.

We Care

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

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

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

Group CEO Letter

The 2026 financial year materially strengthened the Group's financial position, with the UK settlement supporting substantial debt reduction despite subdued conditions in the Australian drilling market.

Dear Shareholders,

I am pleased to present my third report as Chief Executive Officer of AJ Lucas.

The Group recorded a net profit after tax of $28.5 million for the year, compared with a net loss of $15.0 million in the prior year, and reduced net debt of cash by $35.8 million. This turnaround was principally driven by the settlement of a dispute associated with our United Kingdom operations and has left the Group in a materially stronger financial position than the one with which we commenced the year.

Conditions in our Australian drilling business were more demanding. Revenue and earnings were below the prior year as activity remained subdued and mining at two client operations remained suspended for part of the year. Against that backdrop, our people maintained their focus on safety, delivery and cost discipline while commissioning the most advanced and capable rig we have ever operated. I am proud of the professionalism and resilience demonstrated across the business during a year that required us to adapt to changing conditions while continuing to invest in the future.

People, Safety and Environment

Safety remains the highest priority at Lucas and the measure against which we judge ourselves first.

During the year we recorded a Total Recordable Injury Frequency Rate of 3.52 and zero reportable environmental incidents. Across our operating sites, our crews continued to reinforce a culture of hazard identification, risk management and personal accountability. One of our teams achieved more than 1,000 days injury free, a result that reflects the high standards expected by our supervisors and crews and their commitment to looking after one another.

Retention across our predominantly fly-in fly-out workforce continues to reflect the investment we make in training, leadership development, cross-skilling and the wellbeing of our people and their families.

> "The capability, experience and commitment of our workforce remains one of our most important competitive strengths."

Operational Report

Activity levels during the year were constrained by softer conditions in the metallurgical coal market and by the extended suspension of mining at two client operations, together with delays to programs at a number of other sites. This resulted in lower contracted activity levels and a less favourable mix of work than anticipated at the beginning of the year.

Our response was to tightly manage costs and overheads, redeploy assets into the most stable programs available and continue improving drilling efficiency. Delivering wells faster, more consistently and safely remains one of the clearest levers available to us, and the gains achieved during the year were made without compromising safety or quality.

One of the clear operational highlights of the year was the commissioning of the WEI D100S multipurpose rig. We welcomed clients and industry representatives to an Open Day prior to its deployment, and the response reinforced our view that the rig represents a meaningful advancement in capability for the Australian coal drilling sector. Following commissioning, the rig successfully completed its first goaf hole and subsequently progressed through gas riser, steered service hole, and surface-to-inseam programs.

The D100S is the most capable rig in our fleet and represents an important milestone in the fleet rejuvenation program we have pursued over several

years. Beyond productivity benefits, the rig incorporates improved automation and engineered controls that further reduce personnel exposure to operational hazards while enhancing reliability and consistency of delivery. I would like to acknowledge the engineering, plant and field teams whose work took the project from concept through to full production.

Alongside our drilling services, we continued to develop and deploy technologies that enhance the value we provide to customers. Our growing capability in geophysical data acquisition during drilling operations supports increasingly data-driven mining decisions and improves understanding of resource, geotechnical and gas-related conditions.

> "We believe the combination of operational execution, engineering capability and technical support differentiates Lucas in the markets we serve and creates opportunities to expand our service offering over time."

Financial Report

The Group recorded a net profit after tax of $28.5 million for the year, compared with a net loss after tax of $15.0 million in the prior year. Group EBITDA was $40.7 million compared with $14.5 million in the prior year, reflecting the receipt of settlement proceeds associated with our UK operations. EBITDA is a non-IFRS measure and is discussed further within the Operating and Financial Review.

The principal contributor to the improvement in earnings was our United Kingdom business, which reported EBITDA of $23.7 million following settlement of a dispute concerning a carry agreement associated with certain shale gas exploration licences. Under that settlement, the Group received a cash payment of £12.5 million, or approximately $25.9 million.

Group revenue for the year was $119.6 million, a decrease of 17.9% from the prior year, reflecting the reduced activity levels experienced by the Australian drilling business. EBITDA from Australian operations was $17.0 million, down 10.7% on the prior year. Importantly, the reduction in earnings was materially smaller than the reduction in revenue, with EBITDA margin improving to 14.2% from 13.1%, reflecting disciplined cost management and operational efficiency initiatives undertaken throughout the year.

The proceeds from the UK settlement were used to materially strengthen the balance sheet. Net cash generated from operating activities was $26.0 million and debt net of cash reduced by $35.8 million to $84.1 million. During the year we reduced related-party debt by $14.0 million and secured interest concessions worth approximately $13.7 million. The Group's net liability position improved substantially from $73.6 million to $44.6 million.

Our UK subsidiary continues to maintain its licence position at low cost while retaining exposure to a significant discovered shale gas accumulation. The approach remains consistent: preserve option value while focusing capital and management attention on opportunities that deliver shareholder returns.

Outlook

While activity levels remain subject to the timing of client programs and broader market conditions, the underlying fundamentals of our core metallurgical coal markets remain attractive. Our customers continue to operate high-quality, globally competitive assets, and we believe demand for safe, efficient and technically capable drilling services will remain critical to their success.

Our priorities for FY2027 are clear: disciplined operational execution, continued fleet modernisation, further diversification of our customer base, expansion of technology-enabled service offerings and ongoing balance sheet improvement.

We enter the year with a stronger financial position, a more capable fleet, expanding technical capability and a proven ability to adapt to changing market conditions. These foundations position us well to capitalise on opportunities as activity levels recover.

Group CEO Letter (continued)

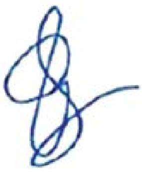
Closing

The improvement in the Group result principally reflects the UK settlement rather than stronger trading conditions, and our Australian result was below what we set out to deliver. It is important that we present that plainly.

What I would ask shareholders to consider alongside this outcome is what has been built during the same twelve months. We carry into the new year a modernised and more capable fleet, demonstrated success in opening adjacent market segments, a materially lower debt burden and a workforce that has maintained its safety and delivery standards through a difficult operating environment.

Those are the foundations upon which this business has historically grown, and they provide a strong platform for the future.

My thanks go to our clients for their continued confidence in us, to the Board for its support and counsel, and most importantly to our people. Their commitment to safety, innovation and operational excellence continues to define AJ Lucas and remains our greatest competitive advantage.



Greg Runge
Group Chief Executive Officer
and Managing Director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Cuadrilla CEO’s Letter

During the 2026 financial year Cuadrilla continued to maintain its core UK oil and gas interests at minimum cost to the Group whilst pursuing opportunities to monetise value from the Company’s UK asset portfolio.

A significant milestone during the year was the successful resolution of a long-running commercial dispute relating to certain UK shale gas exploration licences. Following settlement, the Group received proceeds of £12.5 million (approx. A$25.9 million), substantially strengthening the Group balance sheet and validating the value inherent within the UK licence position despite the continuing moratorium on hydraulic fracturing.

The political backdrop in the United Kingdom remains challenging. The Labour Government continues to focus on achieving its Net Zero targets and there remains no indication that the moratorium on shale gas exploration will be lifted in the near term.

> “Nevertheless, natural gas remains critical to the UK economy, indigenous production continues to decline at an accelerating rate, and dependence on imported gas continues to increase.”

Against that backdrop we maintain our view that the Bowland shale resource represents a strategically important domestic energy resource, capable of being developed and utilised for domestic supply of natural gas as and when political and regulatory conditions permit.

At our Preston New Road shale gas exploration site in Lancashire, the wells were successfully plugged and abandoned during the previous financial year. During FY2026 our focus shifted to site restoration and aftercare. Lancashire County Council declined an application to extend the restoration deadline for the site. While this introduces additional planning and regulatory processes, it does not affect either the underlying petroleum licence interests or the extensive shale gas resource identified through the exploration programme.

At our Elswick conventional gas field in Lancashire, electricity generation continued following the successful recommissioning of the field and associated power generation facilities completed during the previous year. Elswick remains an important source of self-generated cash flow and demonstrates our ability to derive value from conventional gas opportunities whilst maintaining a disciplined cost base. We also continued discussions with the North Sea Transition Authority regarding extension of the production licence.

On our non-operated interests in Yorkshire, operated by Egdon Resources, we continued to hold a 25% carried interest in licences containing a significant discovered conventional gas accumulation.

> “Progress was made in preserving these licence interests and extending the retention period available for further technical evaluation and appraisal planning.”

On the Balcombe licence in southern England, operated by Angus Energy and in which Lucas holds a 75% carried interest, planning permission remains in place to undertake a flow test of the existing well. We continue to monitor developments and assess opportunities to unlock value from this conventional gas discovery.

Looking ahead, our strategy remains focused on maintaining a low-cost but value-preserving presence in the UK. We continue to evaluate strategic investment, farm-down and restructuring opportunities capable of further monetising our UK position whilst retaining exposure to future upside from both conventional and unconventional gas resources.

Francis Egan
Chief Executive Officer
of Oil and Gas Investment

Financial Report

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Directors' Report

for the year ended 30 June 2026

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "Group") consisting of AJ Lucas Group Limited (referred to hereafter as the "the Company" or "parent entity" or "AJL") and the entities it controlled at the end of, or during, the year ended 30 June 2026.

Directors

The Directors of the Company at any time during the financial year and up to the date of this report and their terms of office are as follows.

Non-Executive

Andrew Purcell (Chairman)
Julian Ball
Austen Perrin
Robert Bailey (Appointed effective 10 October 2025)

Executive

Francis Egan
Greg Runge

Details of the current members of the Board, including their experience, qualifications, special responsibilities and directorships of other listed companies held in the past three 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.

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.

ROBERT BAILEY BE (CHEM), LLB, GDipAppFin&Inv, CFA, GAICD

Mr Bailey has over 25 years' experience in investment banking and corporate advisory, focusing predominantly on the mining, metals and oil and gas sectors. He has held senior positions with Macquarie, Royal Bank of Canada and Nomura, where he most recently served as Managing Director and Head of Natural Resources for the Australasian region from 2016 to 2021.

From 2021 until 2025, Mr Bailey acted as a Senior Advisor to EMR Capital, a specialist natural resources-focused private equity manager, and served as a Director of Peak Minerals Inc., a US-based portfolio company of EMR. Mr Bailey currently serves as Managing Director and Head of Metals & Mining for Amicaa Advisors, a corporate advisory firm based in Sydney.

Mr Bailey holds Bachelor degrees in Chemical Engineering and Law from the University of Adelaide and a Graduate Diploma in Applied Finance and Investments from FINSIA. He is a Chartered Financial Analyst and a graduate of the Australian Institute of Company Directors.

Mr Bailey joined the Board in October 2025 as a nominee of Kerogen Investments No. 1 (HK) Limited ("Kerogen"), the Company's largest shareholder and a financier of the Company.

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.

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.

Directors' Report (continued)

for the year ended 30 June 2026

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 year of each director's tenure, and number of such meetings attended by each director are:

	Board of Directors		Audit and Risk Committee		Human Resources Nominations Committee	
	Held	Attended	Held	Attended	Held	Attended
Andrew Purcell	8	8	5	5	3	3
Julian Ball	8	8	5	5	3	3
Austen Perrin	8	8	5	5	3	3
Robert Bailey*	6	6	-	-	-	-
Francis Egan	8	8	-	-	-	-
Greg Runge	8	8	-	-	-	-

* Appointed effective 10 October 2025

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 and financial review

(i) Group performance

	2026 $'000	2025 $'000	Change $'000	Change %
Total revenue from continuing operations	**119,567**	145,611	(26,044)	(17.9%)
Reported EBITDA – Australian operations	**17,006**	19,051	(2,045)	(10.7%)
Reported EBITDA – UK investments operations	**23,712**	(4,568)	28,280	619.1%
Total reported EBITDA*	**40,718**	14,483	26,235	181.1%
Depreciation and amortisation	**(6,729)**	(7,841)	1,112	14.2%
Earnings before interest and tax ("EBIT")	**33,989**	6,642	27,347	411.7%
Net finance costs	**(261)**	(21,686)	21,425	98.8%
Income tax	**(5,225)**	-	(5,225)	-
Profit after income tax for the year	**28,503**	(15,044)	43,547	289.5%

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

(ii) Overview of the Group

The Group reported positive EBITDA of $40.7 million (2025: EBITDA of $14.5 million) and revenue of $119.6 million (2025: $145.6 million). The Group result was aided by the settlement of a dispute for $25.9 million, regarding a carry agreement associated with certain UK shale gas exploration licences.

The Australian operations, recorded positive EBITDA of $17.0 million (2025: $19.1 million) during the year. The business continued to be impacted by suspended mining operations at two key client sites, other customer work programs were also impacted during the year from operational issues, ownership changes and resulting changes in personnel and mine program development, particularly in Queensland. During the fourth quarter of the financial year, drilling activity was further impacted as a result of geotechnical issues at another key customer's underground longwall mining operation.

The UK operations reported a positive EBITDA of $23.7 million (2025: negative EBITDA of $4.6 million). During the year, the Group's UK operations received a cash payment of £12.5 million ($25.9 million) as part of a settlement in a dispute regarding a carry agreement associated with certain UK shale gas exploration licences. In addition, UK operations incurred administration and other expenses of $2.3 million (2025: $4.7 million). These costs were incurred to support maintenance of the UK licences and revaluation of the UK's decommissioning liabilities.

Further details on the results of the Australian operations and the UK operations are provided below.

After taking account of depreciation and amortisation of $6.7 million (2025: $7.8 million) together with net finance costs of $0.3 million (2025: $21.7 million), the Group delivered a net profit after tax of $28.5 million (2025: net loss after tax of $15.0 million).

The Group 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 $5.7 million (30 June 2025: $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 total income tax losses that are available to be carried forward subject to continued compliance with certain tests, and which are disclosed in the consolidated financial statements.

(iii) Australian operations

	2026 Year $'000	2026 2nd Half $'000	2026 1st Half $'000	2025 Year $'000	Change %
Revenue	**119,444**	52,570	66,874	145,512	(17.9%)
Reported EBITDA – Australian operations	**17,006**	2,891	14,115	19,051	(10.7%)
EBITDA margin	**14.2%**	5.5%	21.1%	13.1%	1.1%

The Group's primary operating business delivers a range of drilling solutions to its Australian based clients. Revenue for the year was $119.4 million (2025: $145.5 million), reflecting a 17.9% decrease compared to the previous year. The lower revenue was primarily due to subdued conditions in the metallurgical coal market, while mining operations remained suspended at two major client sites as well as additional client delays.

Despite lower revenues, the Australian operations reported a positive reported EBITDA of $17.0 million for the year (2025: $19.1 million), reflecting a 10.7% decrease compared to the previous year.

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. It is expected this will continue to be a focus for management into the 2027 financial year as well as a continued emphasis on controlling costs and improving efficiencies.

We believe 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.

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

(iv) UK Oil and Gas

During the year, there have been no substantive changes with respect to the moratorium on hydraulic fracturing, which, following a short period when the moratorium had been lifted, was re-imposed by the UK government in October 2022. We continue to engage on this issue with the regulator and other onshore oil and gas operators but see limited prospect of a change in the short term.

We completed the plug and abandonment of the two Preston New Road (PNR) shale gas exploration wells last year. This followed notification by the oil and gas regulator requiring us to complete site restoration. The well suspension and subsequent plug and abandonment of the site do not impact the underlying shale exploration licence which comprises approximately 1,000km^2, contains large volumes of shale gas, and which we continue to operate in partnership with Spirit Energy.

Gas production from the Elswick conventional gas well continued in the current year. The gas is used to generate electricity on-site which is on-sold into the local distribution network. On the combined PL081 and PEDL347 Licences in Yorkshire, operated by Egdon Resources and in which Cuadrilla has a 25% non-operated interest, the Operator continues to progress plans to secure approval for, and drill, an appraisal well on an existing discovered gas resource which spans both Licences. Egdon is funding the planning, permitting, drilling, and testing of this appraisal well.

On the Balcombe licence in southern England, operated by Angus Energy (Operator) and in which AJL holds a 75% interest, the Court of Appeal rejected a claim to overturn the planning consent which approved testing of the discovered gas accumulation. The Operator can therefore now progress.

During the year, the Group also settled a dispute concerning a carry agreement related to certain UK shale gas exploration licences. Under the settlement, the Group subsidiaries involved received a cash payment of £12.5 million ($25.9 million).

(v) Review of financial condition

The Group has a Senior syndicated finance facility provided by Balmain (maturing on the 9th May 2027) with $18.9 million (2025: $32.1 million) outstanding at balance date. Furthermore, the Group has related party loans of $71.3 million (2025: $89.6 million) which are subordinated to Balmain and at the date of this report mature on 30 September 2027 (previously 31 July 2027).

Interest bearing debt, net of cash and cash equivalents and cash in trust, decreased by $35.8 million to $84.1 million (2025: $119.9 million) driven by lower utilisation of the Senior Syndicated facility and a reduction in the related party loans of $18.3 million.

During the year, the Group made cash payments of $14.0 million to reduce the related party loan from Kerogen, following receipt of the UK carry agreement settlement in August 2025. Under the terms of the related party loan agreement, contractual loan interest concessions of $13.7 million were received in consideration for the cash payment; and $9.4 million was recognised as a reassessment gain in accordance with the Accounting Standards and is disclosed further in note 8 and note 22.

The Group currently reports a net liability position of $44.6 million (2025: $73.6 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.

(vi) Review of cash flows

Total cash equivalents and cash in trust increased by $4.6 million during the year (2025: decreased by $13.1 million). This improvement in cash equivalents was driven by a net cash from operating activities of $26.0 million (2025: $13.1 million) due to the receipt of the UK settlement funds of $25.9 million. Cash used in investing activities was $4.5 million net of purchases and disposals of plant and equipment (2025: $9.3 million). Cash used for financing activities was $17.0 million allocated to the repayment of interest-bearing debt and lease obligations (2025: $16.9 million).

Outlook and likely developments

The Group expects a few of its key clients with current operational and structural challenges to successfully solve their issues and move towards better mine operational performance during 2026-2027. The impact on our customers' work programs for the next 12 months remain conditional on the timing and resolution of key customer challenges.

In Australia, management will continue to focus on servicing our customers whilst exploring further business opportunities in the drilling market where we can utilise our specialist skills and equipment in order to expand and / or diversify our services, where it makes sense to do so.

In the UK, we 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. The Group remain resolute in our view that 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 (2025: nil).

Environmental regulations and 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 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 reporting date are as described in this report and the consolidated financial statements and notes thereto.

Events subsequent to reporting date

No matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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	–
Julian Ball	3,981,380	–

Directors' Report (continued)

for the year ended 30 June 2026

Indemnification and Insurance of officers and auditors

(i) 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 ("EY") Australia, as part of the terms of its audit 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.

(ii) 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 2027.

Non-audit services

During the year, Ernst and Young, the Company's auditor, has not performed certain other services in addition to the audit and review of the consolidated financial statements.

The Board has considered the independence of the external auditor and, in accordance with the advice of the Audit and Risk Committee, is satisfied that the auditor's independence was maintained throughout the financial year. While no non-audit services were provided by the external auditor during the year, the Company has established governance procedures to ensure that any non-audit services, should they be engaged in the future, are assessed and approved in a manner that safeguards auditors independence. These procedures are designed to ensure that:

- any non-audit services are 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
- any 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 10 of the consolidated financial statements, amounted to $nil (2025: $4,500).

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 23 and forms part of the Directors' Report for the financial year ended 30 June 2026.

Rounding off

The Company is of a kind referred to in Corporations Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Remuneration Report – Audited

The Directors present the Remuneration Report ("the Report") for the Company and its controlled entities for the year ended 30 June 2026. 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.

(1) 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. An additional $10,000 per annum is payable for each director serving as chairman of a permanent 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. Where directors or director related entities provide consulting services to the Group outside of their director duties, additional fees may be paid based on commercial terms. During the year ended 30 June 2026, Mr Bailey was paid additional $5,000 for such consulting services provided to the Group. Such amounts are not included in the following table of remuneration but where they relate to director related entities they are disclosed in note 32.

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	2026	225,000	-	225,000
Andrew Purcell	2025	225,000	-	225,000
Julian Ball	2026	100,000	10,000	110,000
Julian Ball	2025	100,000	10,000	110,000
Austen Perrin	2026	100,000	10,000	110,000
Austen Perrin	2025	100,000	10,000	110,000
Robert Bailey	2026	75,000	-	75,000
Robert Bailey *	2025	-	-	-

* Appointed effective 10 October 2025

(2) 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 year, the STI program was reviewed and amended. Under a Financial Performance STI Australian based management had the potential to earn between 3.5% and 5% ("earn rate") of their fixed annual remuneration, depending on their positions. For every $1.0 million EBITDA exceeds the targeted EBITDA. KMP earn rate was 5%.

In addition, certain key Australian based management were entitled to a Debt Repayment STI. Under the Debt Repayment STI, the entitled management could earn an additional percentage of fixed annual remuneration linked to the amount of related party loans repaid by the Group during the year. The earn rate started at 10% once repayments of related party loans exceeded $9.0 million, and increased by 3% increments, but only up to a maximum of 50%, for every $1.0 million of repayments in excess of $9.0 million.

For key Australian based management that were eligible for the Debt Repayment STI, 50% of the combined STI earned was payable in August 2026, with the remaining 50% retained until 30 June 2027 and payable subject to the employee not resigning from the position earlier.

In the prior year, the earn rate for the Financial Performance STI started at between 3% and 6%, depending on the employees position, for every $1.0m actual EBITDA exceeded target EBIDTA up to $4.0 million ("hold point EBITDA"). For every $1.0m EBITDA exceeded hold point EBITDA, the earn rate increased by 150% to between 4.5% and 9% depending on the employees position. There was no Debt Repayment STI in the prior year.

The CEO of Cuadrilla is entitled to a modified STI tailored to the Group's UK activities. He was entitled to 2% of the UK settlement proceeds received in relation to settling the dispute concerning a carry agreement related to certain UK shale gas exploration licences of £250,000 which was paid during the year.

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.

During the year, KMP were paid retention bonuses that were accrued and earned in prior years. The Group Chief Executive Officer was paid $100,000, the Chief Financial Officer was paid $200,000 and the CEO of Cuadrilla was paid £287,500. No new retention arrangements have currently been agreed.

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	2026	2025	2024	2023	2022
Total revenue ($'000)	**119,567**	145,611	159,105	157,610	123,231
Reported EBITDA Australian operations	**17,006**	19,051	31,217	26,046	19,064
Net profit/(loss) after tax attributable to members ($'000)	**28,492**	(15,010)	(702)	(152,059)	(11,321)
Earnings / (loss) per share (cents)	**2.1**	(1.1)	(0.1)	(11.8)	(0.9)
Dividend per share (cents)	**-**	-	-	-	-
Share price at balance date	**$0.008**	$0.005	$0.010	$0.013	$0.054
Share price appreciation/(depreciation)	**60%**	(50%)	(23%)	(76%)	108%
STI to KMP in relation to the year's performance ($'000)	**137**	-	175	374	-
Retention benefit to KMP ($'000)	**-**	478	440	-	-
Discretionary bonus approved for KMP	**-**	40		-	138

The Group did not exceed its EBITDA targets for the financial year ended 30 June 2026 and therefore no Financial Performance STI 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 year, retention bonuses of $nil (2025: $478,005) were accrued for KMP's. The prior year retentions accrued for the Group CEO and Managing Director, and the Group CFO was paid in July 2025. The prior year retention accrued for the CEO of Cuadrilla was paid in July 2026.

Debt Repayment STI of $137,482 was accrued at 30 June 2026 in respect of the portion earned during the year by KMP. Of this amount, 50% was paid in August 2026 following the finalisation of the FY2026 STI outcomes. The remaining 50% will be retained and is scheduled to be paid on 30 June 2027, subject to the continued employment conditions of the Debt Repayment STI.

Executive director's and officers' remuneration

		Short-term			Post Employment			
	Salary/fees[1] $	Incentives paid $	Incentives accrued[2] $	Total $	Superannuation benefit $	Other long term benefits (long service leave) $	Total $	Proportion of remuneration performance related %
Executive officers: 2026								
Gregory Runge Group CEO and Managing Director	541,541	-	73,768	615,309	30,000	32,897	678,206	22.33%
Francis Egan CEO of Cuadrilla and Executive Director	385,722	511,790	-	897,512	-	-	897,512	57.02%
David Ekster Group CFO	464,248	-	63,714	527,962	30,000	(4,629)	553,333	35.01%
Total: 2026	**1,391,511**	**511,790**	**137,482**	**2,040,783**	**60,000**	**28,268**	**2,129,051**	
Executive officers: 2025								
Gregory Runge 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**	**-**

(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) This amount for the current year represents 50% of the Debt Repayment STI accrued at 30 June 2026 and paid in August 2026. The remaining 50% is scheduled to be paid on 30 June 2027, subject to the continued employment conditions of the Debt Repayment STI.

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.

Directors' Report (continued)

for the year ended 30 June 2026

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 year. There were no outstanding options at the beginning of the financial year.

Analysis of movements in shares

The movement during the year 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:

Director	Held at 30 June 2025	Net changes	Held at 30 June 2026
Andrew Purcell	527,105	-	527,105
Austen Perrin	300,062	-	300,062
Julian Ball	-	3,981,380	3,981,380

Kerogen Investment No 1 (HK) Limited ("Kerogen") holds 779,888,166 ordinary shares in the Company (equivalent to 56.69% 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

31 August 2026

Corporate Governance Report

for the year ended 30 June 2026

Introduction

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 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 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 is required to also present for re-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.

During the year, on 10 October 2025 the Board appointed Robert Bailey as an additional non-executive Director and nominee of Kerogen Investments No. 1 (HK) Limited ("Kerogen"), the Company's largest shareholder and financier. Mr Bailey was re-elected by shareholder vote at the 6 November 2025 Annual General Meeting.

Corporate Governance Report (continued)

for the year ended 30 June 2026

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 senior executives. These reviews happen in consultation with the Human Resources and Nominations Committee, with the last such review having taken place in May 2026.

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:

	2026			2025		
Level	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Non-executive Directors	4	–	4	3	–	3
Executive leadership personnel	3	–	3	3	–	3
Other employees	252	16	268	258	17	275
Total	**259**	**16**	**275**	**264**	**17**	**281**

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 assesses 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. Robert Bailey was appointed as an additional director during the financial year, being a nominee of Kerogen. Mr Ball has been considered independent since August 2024 due to significant passage of time since Mr Ball's employment with Kerogen ended. As such the Board comprises four non-executive directors, three of whom are independent, and two executive directors. The Board Charter addresses how any conflicts of interest and independence is managed when making decisions.

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
Francis Egan	Executive Director
Robert Bailey	Non-Executive Director (effective 10 October 2025)
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 year is set out below:

	Andrew Purcell	Greg Runge	Francis Egan	Robert Bailey	Julian Ball	Austen Perrin
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 involves 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 may be 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 behaviours 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 takes 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 behaviour. This includes a zero tolerance approach to all forms of Modern slavery, bribery and corruption, whether direct or indirect. The Group has policies covering Anti-Bribery and Corruption, and Whistleblowing, and prepares an annual Modern Slavery Statement for its Australian Operations, which are all 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 any way 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 suppliers are required to agree to abide by the Supplier Code of Conduct as part of the onboarding process.

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.

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. 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 endeavour 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 2025. 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 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 2025 and again August 2026. 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.

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.

Corporate Governance Report (continued)

for the year ended 30 June 2026

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.

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

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 an intentional strategy of focusing our business development efforts on growing existing customers and identifying and targeting new customers in existing or adjacent industries. The Group is currently progressing a number of opportunities with new customers in no- coal mining industries. We have reduced reliance on our largest customer from 52.7% in financial year 2023 to 38.6% in financial year 2026. 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.
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 April 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 2023 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.

Material Risks	Risk Management Approach
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 the safe work environment of our employees, and the operation of our assets and equipment. 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.
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 takes actions to prevent and/or mitigate any impacts on its objectives and activities and as such the Group is considering setting 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. Treasury Laws Amendment (Financial Market Infrastructure and Other) Bills 2024 introducing a new mandatory climate related financial disclosure regime in Australia. The new regime will be phased in and apply to entities in a phased timeline in line with the entities meeting certain minimum threshold criteria. The Group is currently expected to be subject to this new mandatory regime from 1 July 2027. The Group will be required to prepare a sustainability report that contains disclosures that are prepared in accordance with Australian Sustainability reporting AASB S2 Climate related disclosures. The auditor of the financial statements will be required to provide assurance over the entities sustainability report (noting that assurance will be progressively phased in). The new regime mandates reporting entities to prepare an annual climate statement. That climate statement is to be prepared in accordance with a new proposed accounting standard expected to be issued by the Australian Accounting Standards Board, and expected to closely align with the requirements of IFRS2. 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.

Corporate Governance Report (continued)

for the year ended 30 June 2026

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

The Committee Chairman and the Committee members are all 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 undertaken in 2018, 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 2026

Ernst & Young
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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 2026, 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.

Ernst & Young

Madhu Nair
Partner
31 August 2026

Financial Statements

Contents

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Continuing operations			
Revenue from contract with customers	6	**119,567**	145,611
Total Revenue		**119,567**	145,611
Other income	7	**25,892**	-
Operating costs of Australian operations	9	**(102,351)**	(124,352)
Depreciation and amortisation	9	**(6,729)**	(7,841)
Other expenses	9	**(2,390)**	(6,776)
Results from operations		**33,989**	6,642
Finance income		**12,932**	308
Finance costs	8	**(13,193)**	(21,994)
Net finance costs	8	**(261)**	(21,686)
Profit/(loss) before income tax		**33,728**	(15,044)
Income tax	11	**(5,225)**	-
Profit/(loss) after income tax for the year		**28,503**	(15,044)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**545**	(752)
Other comprehensive income/(loss) for the year, net of tax		**545**	(752)
Total comprehensive income/(loss) for the year		**29,048**	(15,796)
Profit/(loss) for the year is attributable to:			
Equity Holders of AJ Lucas Group Limited		**28,492**	(15,010)
Non-controlling interest		**11**	(34)
		28,503	(15,044)
Total comprehensive income/(loss) for the year is attributable to:			
Non-controlling interest		**13**	(39)
Equity Holders of AJ Lucas Group Limited		**29,035**	(15,757)
		29,048	(15,796)

		30 June 2026 Cents	30 June 2025 Cents
Earnings per share:			
	12	**2.1**	(1.1)

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

Consolidated Statement of Financial Position

as at 30 June 2026

	Note	2026 $'000	2025 $'000
Current assets			
Cash and cash equivalents	13	**7,990**	3,542
Cash in trust	13	**303**	324
Trade and other receivables	14	**7,667**	8,973
Contract assets	16	**6,826**	11,334
Inventories	15	**6,576**	5,699
Other assets	14	**1,382**	934
Total current assets		**30,744**	30,806
Non-current assets			
Property, plant and equipment	17	**44,963**	45,609
Right-of-use assets	18	**1,954**	1,705
Exploration assets	19	**–**	–
Deferred tax assets	20	**5,729**	10,954
Total non-current assets		**52,646**	58,268
Total assets		**83,390**	89,074
Current liabilities			
Trade and other payables	21	**19,434**	22,810
Interest-bearing loans and borrowings	22	**22,421**	33,590
Decommissioning provision	24	**4,824**	5,088
Employee benefits	25	**7,444**	7,023
Total current liabilities		**54,123**	68,511
Non-current liabilities			
Interest-bearing loans and borrowings	22	**70,003**	90,221
Decommissioning provisions	24	**3,145**	3,286
Employee benefits	25	**704**	689
Total non-current liabilities		**73,852**	94,196
Total liabilities		**127,975**	162,707
Net liabilities		**(44,585)**	(73,633)
Equity			
Share capital	26	**514,590**	514,590
Reserves		**583**	40
Accumulated losses		**(559,688)**	(588,180)
Total equity attributable to equity holders of the Company		**(44,515)**	(73,550)
Non-controlling interest		**(70)**	(83)
Total equity		**(44,585)**	(73,633)

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2026

	Share capital $'000	Translation reserve $'000	Option reserve $'000	Employee equity benefits reserve $'000	Non-controlling interest $'000	Accumulated losses $'000	Total equity $'000
Balance 1 July 2025	514,590	(4,630)	637	4,033	(83)	(588,180)	(73,633)
Profit after income tax for the year	-	-	-	-	11	28,492	28,503
Other comprehensive income for the year:							
Foreign currency translation differences	-	543	-	-	2	-	545
Total comprehensive income for the year	-	543	-	-	13	28,492	29,048
Balance at 30 June 2026	**514,590**	**(4,087)**	**637**	**4,033**	**(70)**	**(559,688)**	**(44,585)**

	Share capital $'000	Translation reserve $'000	Option reserve $'000	Employee equity benefits reserve $'000	Non-controlling interest $'000	Accumulated losses $'000	Total equity $'000
Balance 1 July 2024	514,590	(3,883)	637	4,033	(44)	(573,170)	(57,837)
Loss after income tax for the year	-	-	-	-	(34)	(15,010)	(15,044)
Other comprehensive loss for the year:							
Foreign currency translation differences	-	(747)	-	-	(5)	-	(752)
Total comprehensive loss for the year	-	(747)	-	-	(39)	(15,010)	(15,796)
Balance at 30 June 2025	**514,590**	**(4,630)**	**637**	**4,033**	**(83)**	**(588,180)**	**(73,633)**

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Cash flows from operating activities			
Cash receipts from customers		**137,081**	168,763
Other operating cash receipt	7	**25,892**	-
Cash paid to suppliers and employees		**(118,311)**	(149,419)
Cash from operations		**44,662**	19,344
Interest received	8	**236**	308
Interest and other finance costs paid		**(18,860)**	(6,582)
Net cash from operating activities	31	**26,038**	13,070
Cash flows from investing activities			
Payments for plant and equipment	17	**(5,822)**	(10,135)
Proceeds from sale of plant and equipment		**1,333**	879
Net cash used in investing activities	31	**(4,489)**	(9,256)
Cash flows from financing activities			
Proceeds from borrowings		**132,437**	176,482
Repayment of borrowings		**(146,747)**	(188,564)
Transaction costs on borrowings		**(939)**	(1,321)
Repayment of lease liability		**(1,713)**	(3,537)
Net cash used in financing activities		**(16,962)**	(16,940)
Net increase/(decrease) in cash and cash equivalents		**4,587**	(13,126)
Cash and cash equivalents at the beginning of the financial year		**3,866**	16,849
Net foreign exchange difference		**(160)**	143
Cash and cash equivalents at the end of the financial year	13	**8,293**	3,866

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2026

1. Reporting entity

AJ Lucas Group Limited ("the Company" or "parent entity" or "AJL") 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 2026 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 31 August 2026.

(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 consolidated financial statements are approved.

The Group is in a net liability position at balance sheet date of $44.6 million (2025: $73.6 million) and has a net current liability position of $23.4 million (2025: $37.7 million). At 30 June 2026, the $18.9 million balance of Senior syndicated loan facility is classified as current liabilities (2025: $32.1 million). As at the date of this report, the senior syndicated facility is due for refinancing by May 2027, while the related party loan is due for refinancing by 30 September 2027 having being extended from 31 July 2027. The Group has commenced the refinancing process at the date of the report, supported by a specialist debt advisory firm, and has not identified any matters that indicate the facilities will not be renewed or refinanced on or before the due dates.

The Group generated a profit after tax for the year ended 30 June 2026 of $28.5 million (2025: loss of $15.0 million).

The directors, in their consideration of the appropriateness of using the going concern basis for the preparation of the consolidated 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 consolidated financial statements, which had regard to the following matters:

- The financial performance of the Drilling Division remained strong and delivered $119.4 million in revenue and $17.0 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 Group's financial performance remains subject to a degree of uncertainty, as is the case for all business, and is dependent on the continued extension or renewal of existing customer contracts, the longer term outlook for metallurgical coal remains robust.
- The Group has previously demonstrated its ability to raise additional debt or equity funding, should it be required.
- At 30 June 2026, the Group had cash on hand of $8.0 million and maintained effective budgeting and cash management processes to monitor and manage operating and capital expenditures.
- At 30 June 2026, the Group complied with all financial covenants attached to its Senior syndicated facility. In assessing the appropriateness of the going concern basis of preparation, management identified that certain covenants are not likely to be satisfied through to maturity under the facility's original terms. Subsequent to year end, the Group proactively secured an amendment agreement providing covenant relief from the senior lender, alongside securing a two month extension to the maturity of the related party loan. The directors have considered these arrangements in assessing the Group's ability to continue as a going concern and expect the Group to continue to meet its modified covenant obligations for the foreseeable future.

The directors recognise that the Group's future viability is dependent upon managing existing cash balances, achieving increased cash inflows from cash receipts from customers, maintaining compliance with modified senior facility covenants, and successfully refinancing the facilities on or before maturity or securing other funding arrangements.

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 consolidated 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 consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and to

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2026

2. Basis of preparation (continued)

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 Corporations Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(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.

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) and note 24 – Decommissioning provision; and
- Note 20 – Recognition of tax losses as deferred tax assets

(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.

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

(i) 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.

(ii) 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

The Group recognises a provision for decommissioning and site-restoration obligations associated with wells drilled and

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2026

3. Material accounting policies (continued)

related infrastructure. These obligations arise from legal and regulatory requirements to plug and abandon wells, remove facilities and restore sites to their original condition.

The provision represents the present value of the estimated future expenditure required to settle the obligation, determined using assumptions about the expected timing of rehabilitation activities, forecast cost escalation, discount rates and future regulatory requirements. The estimated costs are reviewed at each reporting date and adjusted for changes in assumptions. Remeasurements arising from changes in the estimated timing or amount of future cash flows are recognised as an expense or credit in profit or loss.

The unwinding of the discount is recognised as a finance cost.

Where the Group does not have an unconditional right to defer settlement beyond 12 months after the reporting date, the provision is classified as current.

(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.

(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.

(i) 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.

(ii) 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 profit nor taxable profit gives rise to equal taxable and deductible temporary differences, such as the recognition of a right-of-use asset and a lease liability or a restoration obligation;
- relating to investments in subsidiaries and associates and joint arrangements (a) the parent, investor, joint venturer or joint operator is able to control the timing of the reversal of the temporary difference and (b) it is probable that the temporary difference 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.

(iii) 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.

(iv) 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

n operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including transactions with other segments of the Group. The operating results of each segment are regularly reviewed by the Board, as the Chief Operating Decision Maker, to allocate resources and assess performance, and discrete financial information is available for each segment.

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

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, trust 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

(i) 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

3. Material accounting policies (continued)

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

(ii) 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

(i) 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.

(ii) 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).

(iii) 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.

(iv) 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 of 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

(i) 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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2026

3. Material accounting policies (continued)

(ii) 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.

(iii) 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 year, then they are discounted to their present value.

(iv) 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.

(s) Provisions and onerous contracts

(i) 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.

(ii) 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 year ended 30 June 2026.

The Accounting Standards and Interpretations issued that are not yet mandatory but may be relevant to the Group are summarised below:

Standard/Amendment	Nature of Change	Effective Date	Effective Date to the Group
AASB 2024-2	Amendments to AASB 7 & AASB 9 Classification & Measurement of Financial Instruments	01/01/2026	01/07/2026
AASB 2024-3	Annual Improvements Vol II	01/01/2026	01/07/2026
AASB 18	AASB 18 Presentation and Disclosure in Financial Statements replaces AASB 101 Presentation of Financial Statements	01/01/2027	01/07/2027
AASB 2014-10	Amendments to AASB 10 & AASB 128 Sale or contribution of assets between an Investor and its associate or joint venture	01/01/2028	01/07/2028

AASB 18 replaces AASB 101 Presentation of Financial Statements and becomes effective for the Group for the financial year ending 30 June 2028. The standard introduces new requirements for the presentation of the statement of profit or loss, including defined subtotals for operating profit and profit before financing and income taxes, enhanced requirements relating to the aggregation and disaggregation of information, and new disclosures relating to management-defined performance measures.

The Group is currently assessing the impact of AASB 18. Based on the assessment performed to date, the Group expects the principal impact to be changes in presentation and disclosure within the consolidated financial statements. The Group does not currently expect the adoption of AASB 18 to have a material impact on the recognition or measurement of its assets, liabilities, income or expenses.

The Group continues to assess the impact of amendments effective subsequent to 30 June 2026 on the Group's financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the Group's financial statements when these new standards and amendments are adopted.

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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2026

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 monthly. 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 three (2025: four) Customers that each contributed over 10% of the Group's revenue and in total contributed 82% (2025: 80%) 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
2026					
Revenue					
Services rendered	119,444	123	119,567	-	119,567
Total revenue from continuing operations	**119,444**	**123**	**119,567**	**-**	**119,567**
Reported EBITDA^	**17,006**	**23,712**	**40,718**	**-**	**40,718**
Depreciation and amortisation	(6,557)	(172)	(6,729)	-	(6,729)
Net finance costs	4,514	(197)	4,317	(4,578)	(261)
Profit/(loss) before income tax	**14,963**	**23,343**	**38,306**	**(4,578)**	**33,728**
Income tax					(5,225)
Profit after income tax					**28,503**

	Australian operations $'000	UK Oil & Gas $'000	Reportable segments $'000	Unallocated* $'000	Total $'000
2025					
Revenue					
Services rendered	145,512	99	145,611	-	145,611
Total revenue from continuing operations	**145,512**	**99**	**145,611**	**-**	**145,611**
Reported EBITDA^	**19,051**	**(4,568)**	**14,483**	**-**	**14,483**
Depreciation and amortisation	(7,806)	(35)	(7,841)	-	(7,841)
Net finance costs	(6,798)	(153)	(6,951)	(14,735)	(21,686)
Profit/(loss) before income tax	**4,447**	**(4,756)**	**(309)**	**(14,735)**	**(15,044)**

^ UK Oil & Gas reported EBITDA includes $25.9 million (30 June 2025: $nil) other income (refer to note 7).

* 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.

	Australian operations $'000	UK Oil & Gas $'000	Reportable segments $'000	Unallocated^ $'000	Total $'000
2026					
Segment assets	75,094	2,549	77,643	5,747	83,390
Segment liabilities	(47,724)	(8,927)	(56,651)	(71,324)	(127,975)
Capital expenditure	5,824	(103)	5,721	-	5,721
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

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

Geographical information

	Revenue		Non-current assets	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Australia	**119,444**	145,512	**50,822**	56,186
United Kingdom	**123**	99	**1,824**	2,082
	119,567	145,611	**52,646**	58,268

7. Other income

	2026 $'000	2025 $'000
Settlement proceeds received	**25,892**	-

The Group's UK operations received a cash payment of £12.5 million ($25.9 million) as part of a settlement in a dispute regarding a carry agreement associated with certain UK shale gas exploration licences. AJ Lucas accepts that the carry agreement has been terminated and is of no further effect. The entire amount received has been accounted as a profit in the current financial year.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2026

8. Finance income and finance costs

	2026 $'000	2025 $'000
Reassessment gain on related party loan*	**(9,419)**	-
Interest income	**(236)**	(308)
Net foreign exchange gain	**(3,277)**	-
Total finance income	**(12,932)**	(308)
Interest expense	**2,635**	5,234
Interest expense – related parties	**8,102**	12,785
Finance costs charged on lease liability	**333**	402
Amortisation of prepaid fees on debt facilities	**128**	1,470
Amortisation of prepaid fees on related parties debt facilities	**1,798**	1,230
Decommission provision discount unwind	**197**	153
Net foreign exchange loss	**–**	720
Total finance costs	**13,193**	21,994

* The Group made a $14.0 million cash payment in respect of the related party loan which entitled it to contractual interest concessions of $13.7 million, reducing the total contractual cash payments otherwise payable under the facility.

Under AASB 9, this payment and the associated interest concessions resulted in a revision to the Group's expected future cash flows for a financial liability measured at amortised cost. Accordingly, the carrying amount of the loan was remeasured by discounting the revised expected cash flows using the original effective interest rate, with the resulting adjustment recognised in profit or loss.

As a result of this reassessment, the Group recognised a reassessment gain of $9.4 million, which has been presented within net finance income. This gain reflects the present value impact of the revised cash flows and therefore differs from the nominal value of the contractual interest concession of $13.7 million.

The full contractual discount is not recognised upfront but is instead unwound to maturity through interest expense using the original effective interest rate.

9. Operating and other expenses

	2026 $'000	2025 $'000
Labour costs	**49,796**	56,567
Tooling and material costs	**31,195**	42,180
Short term leases	**4,293**	6,923
Subcontractors and consultants	**3,313**	3,251
Other expenses	**13,754**	15,431
Total operating costs of Australian operations	**102,351**	124,352
Depreciation of plant and equipment	**5,135**	4,676
Amortisation of right-of-use asset	**1,594**	3,165
Total depreciation and amortisation	**6,729**	7,841
UK overhead costs	**2,067**	3,255
Revaluation of decommissioning liability	**132**	311
Utilisation of decommissioning liability	**(154)**	(3,027)
Net restructuring and redundancy costs	**39**	1,206
Net profit on recovery of non-current assets	**(113)**	(733)
Costs incurred in decommissioning liability	**404**	4,128
Provision for idle assets not in use (note 17)	**–**	1,588
Other	**15**	48
Total other expenses	**2,390**	6,776

10. Remuneration of auditors

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

	2026 $	2025 $
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	**241,800**	293,800
Fees for other services		
– Tax compliance	**–**	4,500
Total fees to Ernst & Young (Australia) (A)	**241,800**	298,300
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)	**–**	73,907
Total auditor's remuneration (A)+(B)	**241,800**	372,207

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2026

11. Income tax

	2026 $'000	2025 $'000
Current tax expense / (benefit)		
Current tax	**2,102**	(1,322)
Deferred tax expense recognised in profit or loss		
Deferred tax – origination and reversal of temporary differences	**(2,102)**	1,322
Derecognition of previously recognised carry forward tax losses	**5,225**	-
Income tax expense recognised in profit or loss	**5,225**	-
Numerical reconciliation between tax expense and profit/(loss) before income tax		
Profit/(loss) before income tax	**33,728**	(15,044)
Tax at the statutory tax rate of 30%	**10,118**	(4,513)
Adjustment for:		
Non-deductible other expenses	**46**	51
Non-deductible finance cost	**2,503**	5,459
Non assessable gain on debt forgiveness	**(2,826)**	-
Effect of tax rate in foreign jurisdictions	**2,575**	(400)
Derecognition of previously recognised temporary differences	**5,225**	-
Prior year tax losses utilised	**(2,102)**	(1,322)
Current year temporary differences not recognised	**(10,314)**	725
Income tax expense recognised in profit or loss	**5,225**	-

12. Earnings per share

Basic earnings per share

The calculation of basic profit per share at 30 June 2026 was based on the profit after tax attributable to ordinary shareholders of $28,492,000 (2025: loss after tax attributable to ordinary holders $15,010,000) divided by a weighted average number of ordinary shares outstanding, calculated as follows:

	2026 Number	2025 Number
Weighted average number of ordinary shares (basic)		
Issued ordinary shares	**1,375,729,630**	1,375,729,630
Weighted average number of ordinary shares (basic)	**1,375,729,630**	1,375,729,630

Diluted earnings per share

There were no dilutive potential ordinary shares outstanding at 30 June 2026 or 30 June 2025, therefore no adjustments have been made to basic earnings per share to arrive at diluted earnings per share.

13. Cash, cash equivalents and cash in trust

	2026 $'000	2025 $'000
Bank balances	**7,990**	3,542
Total cash and cash equivalents	**7,990**	3,542
Cash in trust*	**303**	324
Total cash in trust	**303**	324
Total cash and cash equivalents included in the consolidated statement of cash flows	**8,293**	3,866

* At 30 June 2026, restricted cash of $303,000 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 (2025: $324,000).

14. Trade and other receivables

	2026 $'000	2025 $'000
Current trade and other receivables		
Trade receivables (not subject to provisional pricing)	**7,403**	8,710
Deposits supporting bank guarantees	**264**	263
Total trade and other receivables	**7,667**	8,973
Other current assets		
Prepayments	**1,382**	934
Total other assets	**1,382**	934

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 2026 and 2025 financial years. 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 27.

15. Inventories

	2026 $'000	2025 $'000
Materials and consumables	**6,576**	5,699
Total inventories	**6,576**	5,699

16. Contract assets

	2026 $'000	2025 $'000
Accrued revenue	**6,826**	11,334
Total contract assets	**6,826**	11,334

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 27.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2026

17. Property, plant and equipment

	Plant and equipment $'000	Enterprise development $'000	Total $'000
30 June 2026			
At cost	141,207	1,555	142,762
Accumulated depreciation/amortisation/impairment	(96,244)	(1,555)	(97,799)
Carrying amount at 30 June 2026	**44,963**	**-**	**44,963**
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**

Reconciliations

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

	Plant and equipment $'000	Enterprise development $'000	Total $'000
Carrying amount at 1 July 2025	45,609	-	45,609
Additions	5,822	-	5,822
Disposals	(1,333)	-	(1,333)
Depreciation and amortisation	(5,135)	-	(5,135)
Exchange differences	-	-	-
Carrying amount at 30 June 2026	**44,963**	**-**	**44,963**

During the year, additions included a non-cash component of $nil million (2025: $0.5 million) representing the recognition of a right-of-use asset within plant and equipment.

	Plant and 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**

18. Right-of-use assets

	Plant and equipment $'000	Enterprise development $'000	Total $'000
30 June 2026			
At cost	4,771	3,188	7,959
Accumulated depreciation/amortisation/impairment	(3,249)	(2,756)	(6,005)
Carrying amount at 30 June 2026	**1,522**	**432**	**1,954**
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**

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

	Plant and equipment $'000	Enterprise development $'000	Total $'000
Carrying amount at 1 July 2025	763	942	1,705
Additions	2,219	-	2,219
Amortisation	(1,460)	(510)	(1,970)
Carrying amount at 30 June 2026	**1,522**	**432**	**1,954**
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**

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2026

19. Exploration and evaluation assets

	2026 $'000	2025 $'000
Opening carrying amount	–	–
Additions	–	–
Foreign Exchange movements	–	–
Closing value	**–**	–

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

			Interest	
Description	**Licence**	**Partners**	**2026**	**2025**
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%

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.

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.

20. Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Tax Assets		Tax Liabilities		Net	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Property, plant and equipment	**-**	7,117	**(477)**	-	**(477)**	7,117
Prepayment	**-**	(1)	**(85)**	-	**(85)**	(1)
Provisions for employee benefits	**2,506**	2,485	**-**	-	**2,506**	2,485
AASB16 Leases	**78**	107	**-**	-	**78**	107
Share raising costs	**270**	381	**-**	-	**270**	381
Blackhole expenditure	**45**	96	**-**	-	**45**	96
Borrowing costs	**8**	91	**-**	-	**8**	91
Other creditors and accruals	**1,291**	867	**-**	-	**1,291**	867
Unrealised foreign exchange differences	**1,041**	2,010	**-**	-	**1,041**	2,010
Decommissioning provision	**2,702**	3,351	**-**	-	**2,702**	3,351
Thin capitalisation disallowed amount	**2,703**	-	**-**	-	**2,703**	-
Carry forward tax losses recognised	**5,728**	10,954	**-**	-	**5,728**	10,954
Deferred tax (asset) / liability unrecognised	**(10,643)**	(16,504)	**562**		**(10,081)**	(16,504)
Tax assets	**5,729**	10,954	**-**	-	**5,729**	10,954
Set off of tax	**-**	-	**-**	-	**-**	-
Net assets	**5,729**	10,954	**-**	-	**5,729**	10,954

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2026

20. Deferred tax (continued)

Movement in temporary differences during the year:

	Balance 1 July 2025 $'000	Recognised in equity $'000	Recognised in profit or loss $'000	Balance 30 June 2026 $'000
2026				
Property, plant and equipment	7,117	-	(7,594)	**(477)**
Prepayment	(1)	-	(84)	**(85)**
Provisions for employee benefits	2,485	-	21	**2,506**
AASB16 Leases	107	-	(29)	**78**
Share raising costs	381	-	(111)	**270**
Blackhole expenditure	96	-	(51)	**45**
Borrowing costs	91	-	(83)	**8**
Other creditors and accruals	867	-	424	**1,291**
Unrealised foreign exchange differences	2,010	-	(969)	**1,041**
Decommissioning provision	3,351	-	(649)	**2,702**
Thin capitalisation disallowed amount	-	-	2,703	**2,703**
Carry forward tax losses recognised	10,954	-	(5,226)	**5,728**
Deferred tax asset unrecognised	(16,504)	-	6,423	**(10,081)**
	10,954	-	(5,225)	**5,729**

	Balance 1 July 2024 $'000	Recognised in equity $'000	Recognised in profit or loss $'000	Balance 30 June 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**

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 $5.7 million (2025: $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 $31.9 million (2025: $29.3 million) in Australia and $22.1 million (2025: $22.5 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 $4.1 million (2025: $8.2 million) of accumulated pre-trading expenditure has not been recognised and will be incrementally forfeited over the period of 7 years from balance date.

21. Trade and other payables

	2026 $'000	2025 $'000
Trade payables	**8,401**	6,827
Other payables and accruals	**11,033**	15,983
Total trade and other payables	**19,434**	22,810

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.

22. Interest-bearing loans and borrowings

	2026 $'000	2025 $'000
Current		
Senior syndicated facility (a)	**18,874**	32,120
Lease liability (b)	**2,091**	1,449
Loans from a related party (c)	**1,456**	-
Other	**-**	21
	22,421	33,590
Non-current		
Lease liability (b)	**124**	612
Loans from a related party (c)	**69,879**	89,609
	70,003	90,221
Total current and non-current finance facilities	**92,424**	123,811

Details of the facilities are provided below:

(a) Senior syndicated facility

The Senior syndicated facility, originally established in October 2019, was extended to May 2027 pursuant to amendments executed on 9 May 2025. Under the amended terms, the facility limit increased to $50.0 million from $35.0 million and remains available for drawdown, subject to prescribed borrowing base requirements linked to eligible Security Assets.

In addition to the increased facility limit, the senior lender approved a temporary uplift in advance rates applicable to certain classes of Security Assets for a nine month period ending in February 2026 (the '*Stretch Period*').

On 12 August 2025, the Group's UK subsidiary, Cuadrilla Resources Limited, together with other entities within the Cuadrilla group (collectively, *Cuadrilla*), reached a settlement of a dispute relating to a carry agreement associated with certain UK shale gas exploration licences. Under the settlement, the Group received cash proceeds of £12.5 million (A$25.9 million). In August 2025, a portion of these proceeds were applied to reduce borrowings under the facility, including borrowings associated with the temporary uplift in advance rates provided during the Stretch Period.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2026

22. Interest-bearing loans and borrowings (continued)

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 12.01% at June 2026 (2025: 12.00%).

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 year. Subsequent to year end, the Group proactively secured an amendment agreement providing temporary covenant relief from the senior lender.

(b) Lease liability

Further information regarding lease liability is available in note 23.

(c) Loans from a related party-Kerogen

The loan from Kerogen, a related party holding 56.69% of the Company’s shares as at 30 June 2026 (June 2025: 56.69%), 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 accrued on the facility prior to 9 May 2025 was charged at 18% per annum. The current interest rate on Tranche 1 is 16% per annum and on Tranche 2 is 17% per annum. However, if interest is paid in cash prior to 31 January 2027, the applicable rates will be between 9% and 10% per annum as detailed below:

Tranche	Principal	Accrued Interest	Total at 30 June 2026	Period Interest Rate	Cash paid Interest Rate (p.a.)
1	US$25.0 million	US$0.0 million	US$25.0 million	16%	9%
2	US$17.3 million	US$5.3 million	US$22.6 million	17%	10%
	US$42.3 million	**US$5.3 million**	**US$47.6 million**		

At 30 June 2026, the contractual loan amount outstanding was $69.3 million (2025: $89.6 million) comprised of principal of $61.6 million and accrued interest of $7.7 million.

The loan is measured based on the present value of expected future contractual cash flows, including the impact of contractual interest concessions obtained during the year.

The Group made cash payments to the related party loan during the year of $14.0 million. Under the terms of the related party loan agreement, contractual loan interest concessions of $13.7 million were received in consideration for the cash payments, of which $9.4 million has been recognised as a reassessment gain in accordance with accounting standards (refer to note 8).

Following the $14.0 million cash payments during the year, the loan was reassessed using the original effective interest rate, with the difference between the contractual loan amount outstanding and the carrying amount to be recognised over the remaining life of the loan through interest expense.

Subsequent to year end, the maturity date of the related party loan facility was extended by a further two months, from 31 July 2027 to 30 September 2027.

23. 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 year of right of use assets is set out in note 18. The maturity analysis of lease liabilities is disclosed in note 27. Expenses relating to short term leases of $4.3 million (2025: $6.9 million) have been included in operating costs of Australian operations (refer to note 9). 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 year:

	2026 $'000	2025 $'000
Opening balance 1 July	**2,061**	3,439
Additions during the year	**2,195**	2,159
Accretion of interest	**333**	402
Payments	**(2,374)**	(3,939)
As at 30 June	**2,215**	2,061
Classified as:		
Current	**2,091**	1,449
Non-Current	**124**	612

24. Decommissioning provision

	2026 $'000	2025 $'000
Current	**4,824**	5,088
Non-current	**3,145**	3,286
Closed carrying value	**7,969**	8,374

A provision has been recognised for decommissioning and rehabilitation obligations associated with wells drilled by the Group. These obligations arise under legal, environmental and land use regulations and require the Group to plug and abandon wells, remove associated infrastructure and restore sites.

Based on current drilling plans and field-life assessments, rehabilitation activities are expected to occur progressively over the next 1-5 years, although timing may change depending on well performance, regulatory developments or operational decisions.

The measurement of the decommissioning provision reflects the key assumptions set out in the Group's accounting policy (refer to note 3 (e)), including estimates of discount rates, cost-escalation, expected timing of rehabilitation activities, future regulatory requirements and other factors that may influence the amount and timing of the obligation.

There is significant uncertainty regarding both the amount and timing of future decommissioning costs. The Group's assumptions reflect current regulatory frameworks and industry practice but may change as environmental expectations evolve.

Climate-related policy developments and environmental regulation in the jurisdictions in which the Group operates may increase the likelihood of earlier settlement of decommissioning obligations. These factors could materially influence the timing and magnitude of future outflows, even where the present value impact on the carrying amount is currently modest.

Current portion of decommissioning provision relates to rehabilitation of wells whereby the Group does not have an unconditional right to defer costs outside the 12 months period post year end.

A remeasurement of the present value of forecast decommissioning costs was undertaken during the year and resulted in an increase of $0.1 million (2025: $0.4 million) being recognised as an expense in other expenses during the year (refer to note 9).

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2026

24. Decommissioning provision (continued)

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

	2026 $'000	2025 $'000
Opening carrying value	**8,374**	9,508
Decommissioning provision utilised	**(154)**	(3,027)
Net remeasurement of decommissioning liability	**132**	311
Unwind of discount	**197**	153
Foreign exchange movement	**(580)**	1,429
Closed carrying value	**7,969**	8,374

25. Employee benefits

	2026 $'000	2025 $'000
Current	**7,444**	7,023
Non-current	**704**	689
Closed carrying value	**8,148**	7,712

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 $4,656,000 (2025: $5,135,000).

26. Capital and reserves

(a) Share capital – ordinary shares

Reconciliation of movement in share capital is detailed below.

	Number of shares	$'000
2026		
On issue at 1 July 2025	1,375,729,630	514,590
On issue at 30 June 2026	1,375,729,630	514,590

	Number of shares	$'000
2025		
On issue at 1 July 2025	1,375,729,630	514,590
On issue at 30 June 2026	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.

(b) Non-controlling interest

	2026 $'000	2025 $'000
Carrying amount	**(70)**	(83)

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.

(c) Nature and purpose of reserves

(i) 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.

(ii) Translation reserve

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

(iii) Options

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

(d) Dividends and franking credits

No dividends in respect of the 2026 or 2025 financial years have been declared or paid.

The balance of franking credits available to shareholders of the Company as at 30 June 2026 is $68.9 million (2025: $60.9 million).

27. Financial instruments

Overview

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

a) Credit risk;

b) Liquidity risk; and

c) Market risk (including foreign currency and interest rate risks).

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 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.

a) 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.

(i) 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 the applicable Accounting Standards. An allowance for expected credit losses is re-evaluated at each reporting year.

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

(ii) 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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2026

27. Financial instruments (continued)

(iii) 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:

	2026 $'000	2025 $'000
Trade and other receivables	**7,667**	8,973
Contract assets	**6,826**	11,334
Bank balances	**8,293**	3,866
	22,786	24,173

Maximum exposure to credit risk for financial assets (other than bank balances) at the reporting date by business segment was:

	2026 $'000	2025 $'000
Australian operations	**13,993**	16,669
UK Oil and Gas	**500**	1,277
	14,493	17,946

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

	Gross 2026 $'000	Impairment 2026 $'000	Gross 2025 $'000	Impairment 2025 $'000
Not past due	**7,505**	**–**	7,323	–
Past due up to 30 days	**155**	**–**	1,650	–
Past due 31 to 120 days	**7**	**–**	–	–
Past due 121 days to one year	**–**	**–**	–	–
Past due more than one year	**–**	**–**	–	–
	7,667	**–**	8,973	–

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.

b) 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 undis-continued cashflow $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
2026							
Non-derivative financial liabilities							
Trade and other payables	19,434	19,434	19,434	-	-	-	-
Senior syndicated facility	18,874	22,275	1,877	20,398	-	-	-
Lease liabilities	2,215	2,382	1,314	937	119	12	-
Loans from a related party	71,335	78,354	2,378	5,377	70,599	-	-
	111,858	**122,445**	**25,003**	**26,712**	**70,718**	**12**	**-**

Loans from a related party comprise scheduled interest payments for both Tranche 1 and Tranche 2. Refer to note 22 for more information about loans from a related party.

	Carrying amount $'000	Total undis-continued cashflow $'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 a 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**	**-**

c) 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.

(i) 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):

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2026

27. Financial instruments (continued)

	2026 Exposure to GBP $'000	2025 Exposure to GBP $'000	2026 Exposure to USD $'000	2025 Exposure to USD $'000
Cash balances	**961**	1,042	**-**	-
Trade and other receivables	**642**	1,277	**-**	-
Trade and other payables	**(958)**	(2,770)	**-**	-
Interest-bearing liabilities	**-**	(20)	**(71,335)**	(89,609)
Net financial instrument exposure	**645**	(471)	**(71,335)**	(89,609)
Value of exploration assets	**-**	-	**-**	-
Decommissioning liability	**(7,969)**	(8,374)	**-**	-
Net balance sheet exposure	**(7,324)**	(8,845)	**(71,335)**	(89,609)

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 dollars weakened/strengthened by 10% against the respective foreign currencies with all other variables held constant, the impact on Group's post-tax profit and equity would have been:

	10% Strengthened		10% Weakened	
	2026	2025	2026	2025
AUD/USD	**0.7556**	0.7205	**0.6182**	0.5895
AUD/GBP	**0.5712**	0.5248	**0.4674**	0.4294
Post-tax loss (higher) / lower ($'000)	**6,426**	8,189	**(7,854)**	(10,009)
Net equity higher / (lower) ($'000)	**7,151**	8,950	**(8,740)**	(10,939)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2026	2025	2026	2025
USD	**0.6789**	0.6477	**0.6869**	0.6550
GBP	**0.5059**	0.5007	**0.5193**	0.4771

(ii) 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.

	2026 $'000	2025 $'000
Fixed rate instruments:		
Financial assets	**263**	264
Financial liabilities	**(73,550)**	(91,670)
	(73,287)	(91,406)
Variable rate instruments:		
Financial assets	**7,990**	3,542
Financial liabilities	**(18,874)**	(32,120)
	(10,884)	(28,578)

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	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Financial liabilities	**(188)**	(341)	**188**	341

Fair values

a) 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
2026		
Bank balances	8,293	8,293
Trade and other receivables	7,667	7,667
Trade and other payables	(19,434)	(19,434)
Senior syndicated facility	(18,874)	(18,012)
Loans from a related party	(71,335)	(69,282)
	(93,683)	**(90,768)**

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2026

27. Financial instruments (continued)

	Carrying amount $'000	Fair value $'000
2025		
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)
Loans from a related party	(89,609)	(89,609)
Other loans	(21)	(21)
	(131,721)	**(133,678)**

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.

b) 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:

i) Level 1: quotes prices (unadjusted) in active markets for identical assets or liabilities

ii) 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

iii) 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:

i) 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

ii) 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 year was as follows:

	2026 $'000	2025 $'000
Total liabilities	**127,975**	162,707
Less: cash and cash equivalents	**(7,990)**	(3,542)
Less: cash in trust	**(303)**	(324)
Net debt	**119,682**	158,841
Total equity	**(44,584)**	(73,633)
Net debt to equity ratio	**(2.68)**	(2.16)

28. Consolidated entities

The consolidated financial statements at 30 June 2026 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 2026 %	2025 %
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
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
Cuadrilla North Cleveland Limited	England	**96**	96
Cuadrilla Gainsborough Limited^	England	**–**	96
AJ Lucas (Hong Kong) Limited*	Hong Kong	**100**	100

^ Deregistered on 23 June 2026

* Deregistered on 10 July 2026

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2026

29. Contingencies and commitments

a) Contingencies

The directors are of the opinion that no material contingent liabilities exist at the Group that requires a provision or disclosure as at 30 June 2026 and 30 June 2025.

Under the terms of the Class Order described in note 33, the Company has entered into approved deeds of indemnity for the cross-guarantee of liabilities with participating Australian subsidiary companies.

b) Commitments

	Total $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
2026						
Trade and other payables	430	297	133	–	–	–
Capital expenditure	3,649	3,052	597	–	–	–
	4,079	**3,349**	**730**	**–**	**–**	**–**

	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 relate to critical spare parts for various plant and equipment, as well as the purchase of new drilling rigs and associated ancillary equipment.

30. Parent entity disclosures

As at 30 June 2026 and 2025, and throughout the financial years then ended, the parent entity of the Group was AJ Lucas Group Limited.

	2026 $'000	2025 $'000
Results of the parent entity		
Profit/(loss) for the year	**6,825**	(20,162)
Total profit/(loss) for the year	**6,825**	(20,162)
Financial position of the parent entity at year end		
Current assets	**8**	24
Total assets	**5,737**	10,978
Current liabilities	**(61,622)**	(55,939)
Total liabilities	**(131,501)**	(145,548)
Net liabilities	**(125,764)**	(134,570)
Total equity of the parent entity comprises:		
Share capital	**514,590**	514,590
Reserves	**6,560**	4,579
Accumulated losses	**(646,914)**	(653,739)
Total equity	**(125,764)**	(134,570)

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.

Parent entity guarantees in respect of debts of its subsidiaries

The Company has entered into a Deed of Cross Guarantee, as disclosed in note 33, with the effect that the Company guarantees debts in respect of its subsidiaries, and the subsidiaries may provide financial assistance to the Company.

Notes to the Consolidated Financial Statements (continued)

for the year ended 30 June 2026

31. Reconciliation of cash flows from operating activities

	2026 $'000	2025 $'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	**7,990**	3,542
Cash in trust	**303**	324
Total cash	**8,293**	3,866
(b) Reconciliation of cash flows from operating activities		
Profit after income tax for the year	**28,503**	(15,044)
Adjustments for:	**–**	-
Provision for idle assets not in use	**–**	1,588
Amortisation of borrowing costs	**1,927**	2,346
Payment of borrowing costs in interest bearing liabilities	**–**	(323)
(Decrease)/increase in accrued and capitalised interest	**(5,595)**	12,066
Profit on sale of non-current assets	**(113)**	(733)
(Gain)/loss on foreign currency loans	**(3,277)**	720
Remeasurement of decommissioning liability in profit or loss	**132**	311
Decommission provision discount unwind	**197**	153
Reassessment gain on related party loans	**(9,419)**	-
Depreciation and amortisation	**6,729**	7,841
Operating profit before changes in working capital and provisions	**19,084**	8,925
Change in receivables	**1,305**	9,748
Change in other current assets	**(449)**	477
Change in inventories	**(877)**	(87)
Change in contract assets	**4,508**	(2,216)
Change in deferred tax assets	**5,225**	-
Change in payables related to operating activities	**(3,194)**	(4,004)
Change in provisions for employee benefits	**436**	227
Net cash and cash in trust generated from operating activities	**26,038**	13,070

(c) Non-cash transactions

Refer to note 17 for non-cash transactions relating to investment activities and refer (e) below for non-cash transactions relating to financing activities.

(d) Financing arrangements

Refer to note 22.

(e) Reconciliation of liabilities arising from financing activities

	As at 1 July 2025 $'000	Cash flow(1) $'000	Non-finance costs(2) $'000	Other(3) $'000	As at 30 June 2026 $'000
Interest bearing liabilities	123,811	(35,822)	496	3,939	**92,424**

(1) Comprises proceeds from borrowings of $132.4 million less repayments of borrowings of $146.7 million, $0.9 million of transaction costs on borrowings, $1.7 million repayment of leases and $18.9 million in interest and other costs of finance paid.

(2) Comprise total finance costs disclosed in note 8 of $13.2 million less gain on foreign exchange of $3.3 million and reassessment gain on loan of $9.4 million.

(3) Comprises predominately of lease additions of $2.2 million which resulted in a corresponding increase in right of use assets and amortisation of prepaid transaction costs on borrowings of $1.7 million (refer to note 8).

	As at 1 July 2024 $'000	Cash flow(1) $'000	Non-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 8.

(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.

32. Related parties

Entity with control

Kerogen has provided financing facilities throughout the year as described in note 22. Interest and borrowing costs (net of exchange differences arising on related party loans) incurred and recognised as an expense during the year totalled $7,240,823 (2025: $14,735,162) and gain on reassessment of loan of $9,419,707 (2025: $nil), with balances outstanding at the balance sheet date disclosed in note 22.

Key management personnel compensation

The key management personnel compensation comprised:

	2026 $	2025 $
Short-term employee benefits	**2,560,782**	2,466,259
Other long-term benefits	**28,269**	548
Post-employment benefits	**60,000**	59,864
Termination benefits	**–**	–
	2,649,051	2,526,671

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 current and previous years. 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 (continued)

for the year ended 30 June 2026

32. 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	2026 $	2025 $
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 2026.

Investment in subsidiaries

The Group's subsidiaries are disclosed in note 28.

33. 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 2026 are:

a) 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 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 2026 are set out below:

b) Summarised statement of comprehensive income

	2026 $'000	2025 $'000
Profit/(loss) before income tax	**17,914**	(16,005)
Income tax expense	**(5,225)**	-
Profit/(loss) after tax	**12,689**	(16,005)
Accumulated losses at the beginning of the year	**(587,461)**	(571,456)
Accumulated losses at the end of the year	**(574,772)**	(587,461)

c) Summarised statement of financial position

	2026 $'000	2025 $'000
Current assets		
Cash and cash equivalents	**7,332**	2,824
Trade and other receivables	**7,168**	7,696
Contract asset	**6,826**	11,334
Inventories	**6,576**	5,699
Other Assets	**1,241**	847
	29,143	28,400
Non-current assets		
Property, plant and equipment	**44,017**	44,405
Right-of-use assets	**1,954**	1,705
Deferred tax asset	**5,729**	10,954
	51,700	57,064
Total assets	**80,843**	85,464
Current liabilities		
Trade and other payables	**20,609**	22,153
Contract liability	**-**	-
Interest bearing loans and borrowings	**35,585**	33,570
Employee benefits	**7,444**	7,023
	63,638	62,746
Non-current liabilities		
Interest bearing loans and borrowings	**71,459**	90,221
Employee benefits	**704**	689
	72,163	90,910
Total liabilities	**135,801**	153,656
Net liabilities	**(54,958)**	(68,192)
Equity		
Share capital	**514,590**	514,590
Reserves	**5,224**	4,679
Retained earnings	**(574,772)**	(587,461)
Total equity	**(54,958)**	(68,192)

34. Events subsequent to the reporting date

No matter or circumstance other than disclosed in the consolidated financial statements, has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

for the year ended 30 June 2026

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 33-73 and the Remuneration Report included in the Directors' Report, set out on pages 12-22, 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 2026 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 28 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 2026.

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

31 August 2026

Independent Auditor's Report

for the year ended 30 June 2026

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

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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 2026, 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 2026 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 audits of the financial report of public interest entities 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.

Shape the future
with confidence

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

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 2026 the Group recognised revenue of $119.6 million and the contract asset totalled $6.8 million at that date, as disclosed in Note 6 and 16 respectively. The Group applies the requirements of AASB 15 *Revenue from Contracts with Customers* 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. A contract asset is recognised for revenue from services performed during the period for which the Group does not yet have an unconditional right to payment. This amount is based on a report of work performed at the year end calculated by the agreed contract rates. The measurement and recognition of revenue and the associated contract asset were considered to be a key audit matter due to the significance of revenue to the financial statements and the estimation involved at period end.	Our audit procedures included the following: ▶ Attended the year end monthly cost meeting held by management whereby amounts not yet invoiced to customers were assessed; ▶ Assessed whether customers included in the contract asset balance had executed contracts in place before revenue was appropriately recognised in accordance with the requirements of AASB 15. ▶ Assessed the ageing of contract asset balances at year end and evaluated the recoverability of any significantly aged amounts; ▶ 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 and appropriateness 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 2026 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.

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.

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.

Shape the future with confidence

- 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.

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 18 to 22 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of AJ Lucas Group Limited for the year ended 30 June 2026, 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.

Ernst & Young

Madhu Nair
Partner
Brisbane
31 August 2026

Consolidated Entity Disclosure Statement

for the year ended 30 June 2026

Name of entity	Type of entity	% of share capital held	Country of incorporation	Australian resident of foreign resident (for tax purposes)	Foreign 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 North Cleveland Limited	Body Corporate	96	England	Foreign	UK

Australian Securities Information Additional Information

for the year ended 30 June 2026

Distribution of Ordinary Shareholders (as at 31 July 2026)

Securities held	Number of shareholders	Number of shares
1 – 1,000	483	224,622
1,001 – 5,000	528	1,432,992
5,001 – 10,000	204	1,616,332
10,001 – 100,000	584	23,667,454
100,001 and over	345	1,348,788,230
Total	**2,144**	**1,375,729,630**

1686 shareholders held less than a marketable parcel of 62,500 shares at 31 July 2026.

Top 20 Shareholders (as at 31 July 2026)

Name	Number of ordinary shares held	% of issued shares
KEROGEN INVESTMENTS NO 1 (HK) LIMITED	779,888,166	56.69
CITICORP NOMINEES PTY LIMITED	66,877,999	4.86
MR PAUL FUDGE	45,643,457	3.32
MRS LENORE ANN HANKS + MR MICHEAL DAVID HANKS <BROADWILL FAMILY A/C>	45,250,000	3.29
INKESE PTY LTD	30,600,000	2.22
SAUNDO INVESTMENTS PTY LTD <SAUNDERS SUPER FUND A/C>	25,000,000	1.82
SUNDERLAND TECHNOLOGY PTY LTD	24,500,000	1.78
MR PAUL SZE YUEN CHEUNG + MRS PAULINE KWOK SIM CHEUNG	20,384,695	1.48
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	19,492,967	1.42
BNP PARIBAS NOMS PTY LTD	17,485,947	1.27
ALL-STATES FINANCE PTY LIMITED	15,000,000	1.09
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,102,010	0.81
MR ROBERT ALEXANDER HOAD + MS JACQUELYN MARIA HOAD <SUNSHINE INVESTMENTS A/C>	10,043,357	0.73
MR PAUL GEOFFREY FUDGE	7,499,217	0.55
MR RAYMOND FRANCIS FREW + MRS GILLIAN MARGARET FREW	6,713,029	0.49
YANNI INVESTMENTS PTY LTD <YANNI SUPER SCHEME A/C>	5,653,200	0.41
MR PATRICK CHARLES LARKIN + MS SHERIDAN LOUISA HAMILTON <LARKIN HAMILTON FAMILY A/C>	5,506,801	0.40
MR ANDREW SUNDERLAND	5,500,000	0.40
MR PAUL GEOFFREY FUDGE	5,323,757	0.39
MRS RAE ELAINE MACPHERSON	5,000,000	0.36
	1,152,464,602	**83.78**

Australian Securities Information Additional Information (continued)

for the year ended 30 June 2026

Substantial Shareholders

Name	Number of ordinary shares held	% of issued shares
Kerogen Investments No. 1(HK) Limited	779,888,166	56.69

Voting Rights

Ordinary shares – Refer to note 26 of the financial statements.

Options – There are no options outstanding.

Corporate Directory

for the year ended 30 June 2026

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

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.

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


LUCAS