



H3 ENERGY LIMITED (ASX: H3E)

Annual Report

30 June 2026

ABN 68 079 432 796

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Corporate Directory

The Directors present their report together with the consolidated financial report for the financial year ended 30 June 2026 and the review report thereon.

Directors

The Directors of H3 Energy Limited at any time during or since the end of the financial year to the date of this report are:

Mark Lindh	Chairman
Giustino Guglielmo	Non-Executive Director
Rosalind Archer	Non-Executive Director
Richard King	Non-Executive Director (resigned on 4 September 2026)

Company Secretary

Kaitlin Smith

Principal registered office in Australia

Level 12, 50 Pirie Street
Adelaide SA 5000

Principle place of business in Australia

Level 12, 50 Pirie Street
Adelaide SA 5000

Tel: +61 8 8232 8800

Auditors

SW Audit
Level 18, 197 St Georges Terrace
Perth WA 6000

Solicitors to the Company

Johnson Winter Slattery
Level 9, 211 Victoria Square
Adelaide SA 5000

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000

Tel: +61 3 9415 5000

Bank

ANZ Bank Ltd

Stock exchange

H3 Energy Limited shares and options are listed on the Australian Securities Exchange (ASX: H3E)

Company website

www.H3energy.com.au

Chairman's Message

Dear Fellow Shareholders,

The 2026 financial year was an important period of transformation and progress for H3 Energy.

During the year, we continued the repositioning of the Company around a focused portfolio of large-scale Australian energy assets and, importantly, made significant progress in establishing a clearer pathway towards their potential commercialisation.

Our strategy today is centred principally on two projects: the Alinya Project in South Australia's Officer Basin and the Warro Gas Field in Western Australia. While very different in their geological characteristics and stage of maturity, both have the potential to be significant energy projects and, we believe, provide H3 Energy with an unusually large opportunity set relative to the size of the Company.

The change of the Company's name from Whitebark Energy Limited to H3 Energy Limited during the year reflected this evolution. It was more than a change of name. It represented the emergence of a business increasingly focused on hydrocarbons, hydrogen and helium, and on developing Australian energy resources capable of contributing to the country's future energy requirements.

Alinya Project

During FY26, we materially strengthened our position in the Alinya Project.

Following independent technical assessments of its hydrocarbon, natural hydrogen and helium potential, the Company exercised its option to acquire the remaining interest in the project, increasing its ownership of PEL 81 and PEL 253 to 100%.

This was an important strategic decision. Full ownership provides H3 Energy with greater control over the timing and direction of exploration activities and considerably greater flexibility when structuring potential farm-in or strategic partnering arrangements.

Independent work completed during the year further demonstrated the scale of the opportunity.

At Rickerscote, Sproule ERCE independently assessed 3U Prospective Resources of approximately 1.27 billion kilograms of natural hydrogen and 209 Bcf of helium.

Separate hydrocarbon assessment work has also demonstrated the significant conventional oil and gas potential of Rickerscote and the broader Alinya acreage.

Importantly, Rickerscote represents only one structure within H3 Energy's extensive Officer Basin position.

The Company also progressed the technical evaluation of the Milford and Milford East structures during the year, including work to assess their potential for helium and other high-value gas components. This broader work reinforces our view that Alinya should be considered not simply as a single exploration prospect, but as a potentially significant multi-commodity exploration position.

Our field activities also advanced during FY26. A soil gas survey was completed across Rickerscote and other areas of PEL 81 and PEL 253, following deployment of specialist sensors and completion of the required cultural heritage work. The program provided additional information to assist with our understanding of the petroleum system and the selection and evaluation of future drilling locations.

With the technical work progressively de-risking the opportunity, the Company appointed LAB Energy Advisors during the year to manage a formal farm-in process for Alinya. LAB brings significant international experience in upstream energy transactions and is assisting H3 Energy in engaging potential industry partners capable of participating in the next stage of the project.

Our objective remains to introduce an appropriate partner on terms which recognise the scale of the opportunity while limiting the capital H3 Energy is required to contribute to drilling.

Warro Gas Field

Perhaps the most significant development during FY26 was the substantial change in our understanding of the Warro Gas Field.

Warro is not a new discovery. Four wells have previously been drilled into the field and substantial volumes of gas have flowed to surface. Historically, however, commercial development was constrained by excessive water production.

Rather than accepting the historical interpretation of the field, during FY26 H3 Energy undertook a detailed re-examination of the extensive legacy technical dataset using contemporary petrophysical, image-log, reservoir engineering and geological analysis.

That work has produced encouraging results.

New interpretation challenged the previous view that pervasive natural fracturing was responsible for water production and instead indicated that high water inflows may be associated with identifiable discrete fault zones. Subsequent image-log analysis of Warro 3 identified eleven dry gas-bearing intervals as potential re-testing targets.

Further independent reservoir engineering work examining Warro 3 and Warro 6 identified intervals which had previously produced gas without associated water and concluded that improved gas flow rates may potentially be achievable through selective reservoir targeting and the application of modern horizontal drilling, completion and stimulation techniques.

These findings do not remove the technical risks associated with Warro, and further appraisal will be required before commerciality can be demonstrated. They do, however, provide a materially different technical framework through which the field can now be assessed.

This is particularly relevant given Warro's scale. The field has an independently assessed mid-case gas-in-place estimate of approximately 3.2 Tcf and is strategically located in the Perth Basin, close to existing infrastructure and the Western Australian domestic gas market.

The timing is also increasingly important. During the year, AEMO forecast the emergence of material gas supply shortages in Western Australia from 2028, with those shortages expected to increase into the following decade.

Against that backdrop, the potential to establish a commercial development pathway for an existing, large-scale discovered gas resource assumes considerably greater strategic importance.

The Western Australian Government also awarded H3 Energy an Exploration Incentive Scheme grant to assist with the reprocessing of the Warro 3D seismic dataset. This work forms part of the next stage of our technical evaluation and is designed to improve subsurface imaging and assist in identifying the most prospective areas for future appraisal.

Corporate Development and Funding

FY26 also saw important progress at the corporate level.

In December 2025, Nik Sykiotis was appointed Chief Executive Officer after initially joining the Company as Chief Operating Officer. Nik brings extensive upstream oil and gas experience and has been instrumental in driving the technical review of Warro and progressing the Company's broader commercialisation strategy.

The Company also completed its exit from Canada through the sale of its remaining interest in the Wizard Lake assets. This simplified the portfolio and allowed management and capital to be directed towards our Australian projects.

In April 2026, H3 Energy received firm commitments for a \$3.5 million placement from institutional and sophisticated investors. The strong support for the raising provided important validation of the strategy being pursued by the Company and strengthened our capacity to advance both Warro and Alinya.

The Board remains conscious that disciplined capital management is particularly important for a company of H3 Energy’s size. Our approach is therefore to deploy shareholder capital where we believe it can have the greatest impact while actively pursuing farm-in, joint venture and other strategic funding structures for the larger capital requirements associated with drilling and development.

Looking Ahead

H3 Energy enters FY27 in a substantially stronger strategic position than it entered FY26.

We now control 100% of two potentially significant Australian energy projects. At Alinya, our focus is on advancing the farm-in process and progressing Rickerscote towards drilling while continuing to assess the broader hydrocarbon, hydrogen and helium potential of our Officer Basin acreage. At Warro, our immediate objective is to complete the current technical work and translate the considerable body of historical and newly interpreted data into a practical appraisal and commercialisation strategy. Neither project is without technical, funding or execution risk. However, the scale of the potential opportunity in each case is significant.

Importantly, H3 Energy is also operating against an energy market backdrop that has changed considerably. Energy security and the availability of reliable domestic gas supply have returned to the forefront of Australian energy policy and industrial planning. In this environment, large-scale, strategically located domestic energy resources have the potential to become increasingly valuable.

Our task is to demonstrate that value through disciplined technical work, appropriate partnerships and, ultimately, successful appraisal.

I would like to thank Nik and the H3 Energy team for their considerable efforts during what has been an active year. I also acknowledge my fellow Directors for their contribution and commitment to the Company.

Finally, I would like to thank our shareholders for their continued support.

We recognise that the true measure of the progress made during FY26 will be our ability to convert that work into tangible outcomes. That will remain the Board and management team’s focus during the year ahead.

Yours sincerely,

Mark Lindh
Chairman

1. Review of Operations

2025-2026 Officer Basin and 3H Focus

Overview

H3 Energy delivered significant operational and technical progress during the year across both its Alinya Project in the Officer Basin, South Australia, and its Warro Gas Field in the Perth Basin, Western Australia.

At Alinya, the Company's key field activity was the completion of a soil gas sampling survey across the Rickerscote Prospect between 23 September and 26 October 2025. The survey was completed safely and on schedule, with results interpreted by natural hydrogen specialists Cryptid Energy Consultants. The survey identified hydrogen and helium anomalies and provided further evidence supporting the presence of an active subsurface gas system, while also confirming the integrity of the principal sealing fault.

At Warro, the Company completed an extensive technical re-evaluation program incorporating petrophysical, geological and reservoir engineering studies. These studies identified multiple prospective dry gas intervals, improved understanding of the causes of historical water production and confirmed a clear pathway toward achieving enhanced gas flow rates. The combined technical work substantially improved confidence in the commercial potential of the field and indicated a high likelihood of recovering dry gas where future well completions are accurately targeted within the reservoir.

The Company is now focused on securing strategic farm-in partners to advance both projects through the next phase of appraisal and exploration activities, with the objective of commencing on-ground operations and drilling programs.

Officer Basin – Alinya project

The Alinya Project, comprising PEL 81 and PEL 253 in the Officer Basin of South Australia, remains the Company's flagship frontier exploration asset targeting hydrocarbons, natural hydrogen and helium. During the reporting period, the Company advanced both technical and commercial initiatives aimed at maturing the project towards future drilling and securing strategic partners to participate in the next phase of exploration.

A significant milestone was achieved through the completion of an independent hydrogen and helium assessment by Sproule ERCE. The review confirmed that the basin contains all critical geological elements required for the generation, migration, trapping and preservation of naturally occurring hydrogen and helium accumulations. For the Company's flagship Rickerscote Prospect, Sproule ERCE estimated gross 3U prospective resources of approximately 1.27 billion kilograms of hydrogen and 209 Bcf of helium, with geological chances of success ranging from 7% to 17% depending on the target reservoir.

The assessment highlighted the presence of favourable radiogenic granitic source rocks, high-quality reservoir intervals, thick regional evaporite and salt seals, and more than 700 million years of geological generation time. Together, these characteristics support the Company's view that the Officer Basin may host a globally significant natural hydrogen and helium system.

Field-based exploration activities were also completed during the year. In September 2025 the Company deployed ten hydrogen sensors across the Rickerscote structure to assess near-surface gas signatures and assist with future well location selection. The survey formed part of a broader exploration and farm-out strategy and represented one of the first dedicated hydrogen soil-gas programs undertaken across the project area.

Interpretation of the completed survey identified elevated hydrogen concentrations of up to 25-30 ppm, together with helium concentrations of up to 11 ppm in sampled groundwater bores. A transient methane anomaly was also recorded. Importantly, no hydrogen or methane leakage was observed along the principal southern bounding fault of the structure, supporting the interpretation that the fault is acting as an effective seal capable of retaining subsurface gas accumulations. The Company believes these results provide further evidence of an active petroleum, hydrogen and helium system operating within the project area.

During 2026, the Company expanded its technical evaluation beyond Rickerscote and commenced assessment of the helium and hydrogen potential of the Milford and Milford East structures. Work focused on determining whether the

prospective Alinya Formation seal and Pindyin Sandstone reservoir extend into these structures, with the objective of establishing a broader portfolio of drillable hydrogen, helium and hydrocarbon opportunities across the Alinya acreage position.

To support commercialisation and funding activities, the Company appointed LAB Energy Advisors Ltd to assist in attracting strategic farm-in partners for the project. The engagement is intended to leverage global industry networks and advance discussions with companies capable of contributing technical expertise and capital for future drilling activities.

The Company believes the Alinya Project represents one of the largest undrilled onshore exploration opportunities in Australia. In addition to its hydrogen and helium potential, independent assessments have identified substantial conventional hydrocarbon upside, including prospective gas and liquids resources associated with Rickerscote and numerous additional prospects across the broader acreage position. More than twenty prospects and leads have been identified, highlighting the basin-scale exploration potential of the project.

Overall, the technical and commercial activities completed during the reporting period materially advanced the Company's understanding of the Officer Basin, strengthened confidence in the prospectivity of the Alinya Project and positioned the asset for future farm-out and drilling activities.

Western Australian Operations – Warro Gas Project (H3E 100%)

During the period, the Company completed a comprehensive technical re-evaluation of the Warro Gas Field aimed at identifying a pathway to commercial gas production. The reassessment was designed to utilise modern geological, petrophysical, reservoir engineering and seismic interpretation techniques to better understand historical well performance and determine why previous appraisal programs produced significant volumes of water alongside gas. The Company also commenced investigations into the deeper stratigraphic potential of the Permit and was awarded an EIS grant by the DMPE to reprocess the existing 3D seismic survey. The reprocessing has the potential to unlock additional opportunities within the field.

The first phase of technical evaluation was completed by independent petrophysicist Steve Adams, who reinterpreted data from all Warro wells and identified previously unrecognised gas-bearing intervals with limited mobile water. The study concluded that historical stimulation and completion programs had targeted intervals that incorporated both gas and water-bearing zones, which likely suppressed gas flow performance. The work identified multiple thick gas-saturated zones, particularly within the Yarragadee Formation, and materially improved the Company's assessment of the field's commercial potential.

Subsequent image log and stratigraphic studies undertaken by Dr Andrew Wilson of ImageStrat Pty Ltd identified eleven prospective gas-bearing intervals ranging from approximately 9 metres to 25 metres thickness. These studies demonstrated that many reservoir sands are likely to be laterally extensive. The study also indicated that water production is likely associated with a limited number of fault-controlled pathways rather than reservoir-wide natural fracturing, supporting the potential for targeted isolation of water-bearing intervals and selective development of dry gas zones.

Independent reservoir engineering studies completed by Molyneux Advisors Pty Ltd confirmed that several reservoir intervals historically flowed gas without associated water production and concluded that there is no fundamental technical reason preventing materially higher gas flow rates being achieved through modern drilling, completion and stimulation technologies. The work supported the Company's view that commercial gas production may be achievable through selective targeting of the most prospective reservoir intervals by employing proven horizontal drilling technology and modern reservoir stimulation techniques.

To further support appraisal planning, the Company commenced reprocessing of the Warro 3D seismic dataset. The enhanced seismic data is expected to improve reservoir characterisation, support sweet-spot identification and assist with future horizontal well placement, while also improving evaluation of deeper exploration targets.

Collectively, the studies materially improved confidence in the commercial potential of Warro and established a technical foundation for future re-entry, appraisal and development activities. Warro is located approximately 30 km

from the Dampier-to-Bunbury Natural Gas Pipeline and benefits from more than A\$100 million of historical investment in drilling and seismic acquisition.

Queensland Geothermal

H3 Energy has withdrawn from all of its four geothermal Exploration Permit (EPG) applications in Queensland: EPG 2037, EPG 2049, and EPG 2050, EPG 2054. The permits were surrendered to allow H3 Energy to focus on its core assets in Western Australia and South Australia.

Climate Change

The Company recognises climate-related risks and the need for these to be managed effectively particularly across the energy industry.

Key climate-related risks and opportunities relevant to the Company's operations include:

- The transition to a low carbon economy through technological improvements and innovations that support a lower carbon energy efficient system with decreased demand and changing community sentiment for fossil fuels. In addition, there is increased time and cost associated with regulatory bodies granting approvals or licences on fossil fuel intensive projects. Transition to a lower carbon economy also gives rise to opportunity for the Company's gas assets. Natural gas and potentially natural hydrogen are viewed as a key element to supporting a sustainable energy transition.
- Physical changes caused by climate change include increased severe weather events and chronic changes to weather patterns which may impact demand for energy and the Company's production assets and production capability. These events could have a financial impact on the Company through increased operating costs, maintenance costs, revenue generation and sustainability of its production assets.
- Policy changes by governments which may result in increasing regulation and costs which could have a material impact on the Company's operations.

The Company is committed to continually improve climate change related disclosures as processes and understanding of climate change related matters improve alongside the Company's activities and operations.

Corporate

Capital Raising

On 29 October 2025, the Company announced it received binding commitments for A\$750,000 via an institutional placement of 150,000,000 new fully paid ordinary shares together with 1 free attaching option (exercisable at A\$0.015/option, expiry date 15 May 2027) for every 2 shares subscribed. On 6 November 2025, the Company raised A\$750,000 (before cost) at an issue price of \$0.005 per share and issued 150,000,000 new fully paid ordinary shares to placement participants. A Cleansing and Options Prospectus was lodged on 6 February 2026. The Company offered 1,000 shares at an issue price of \$0.005 per share and up to 75,000,000 Placement options with an exercise price of \$0.015 to the placement participants. On 14 April 2026, the Company issued 75,000,000 free attaching options to placement participants and 37,500,000 options (exercisable at A\$0.015/option, expiry date 15 May 2027) to advisors as part consideration for Lead Manager and Corporate Advisory Services provided as approved by shareholders' approval at EGM on 9 April 2026.

On 30 April 2026, the Company announced it had secured firm commitments to raise approximately \$3.5 million (before costs) via a two-tranche institutional and sophisticated investor placement, at an issue price of \$0.0075 per share. On 6 May 2026, the Company issued 213,333,334 shares and raised \$1,600,000 (before cost) at an issue price of \$0.0075 per share via placement tranche 1. Tranche 2 of the placement, comprising 253,333,333 shares to raise approximately \$1,900,000 (before costs) at A\$0.0075 per share, was subject to shareholder approval at year end and was completed after year end, following shareholder approval obtained at the general meeting held on 10 July 2026.

Alinya Project

On 25 August 2025, H3 Energy announced it exercised the option to acquire the remaining 30% shares in Officer Energy Pty Ltd which indirectly holds Permits PEL81 and PEL253 in the Officer Basin, South Australia. On 26 August 2025, H3 Energy issued 2,955,000 fully paid ordinary shares and 2,955,000 options (exercise price A\$0.05, expiring 31 March 2030) to unrelated parties. These securities were issued in consideration for acquiring the remaining 30% interest in the Alinya Project, consistent with a prior announcement from 20 December 2024. The Group hold 100% of the Alinya Project afterward.

Wizard Lake

On 15 September 2025, the Group announced that it had entered into a Sale and Purchase Agreement pursuant to which Conflux Energy Corp acquired 100% of Rex Energy Ltd and the remaining 10% Working Interest.

2. Reserves and Resources Statement

The sale of the Wizard Lake Asset in September 2025 resulted in the cessation of H3 Energy's economic interest in this project as at that date. H3 Energy did not have any reserves associated with any of its assets after this date.

1 Directors' Report

1.1 Directors' Meetings

Board meetings held during the year and the number of meetings attended by each Director was as follows:

Board of Directors		
Director	Present	Eligible to attend
Mark Lindh	8	8
Giustino Guglielmo	8	8
Rosalind Archer	8	8
Richard King	7	8

Board and Management Committees

In view of the current composition of the Board (which comprises a non-executive chairman and three non-executive directors) and the nature and scale of the Company's activities, the Board has considered that establishing formally constituted committees for audit, board nominations, remuneration and general management functions would contribute little to its effective management.

1.2 Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of H3 Energy Limited support the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council and considers that the Company is in compliance with those guidelines which are of importance to the commercial operation of a junior listed resource Company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company.

1.3 Directors and Executives' Information

Mark Lindh | Non-executive Chairman

Appointed 12 January 2024

Experience and expertise:

Mark is a founder and principal of AE Advisors, an investment house established in 2006. Mark is a corporate advisor with significant experience in advising predominantly listed companies encompassing a range of industries including technology, energy, resources, infrastructure and utilities. He has acted as the principal corporate and financial advisor to a number of Australian corporate success stories and has extensive experience in Australian equity and debt markets and advising clients on capital raisings, mergers and acquisitions and investor relations.

Other ASX Directorships in the last 3 years:

Aerometrex Ltd appointed May 2019 (current)
 Maggie Beer Holdings Limited appointed January 2025 (current)
 Retail Food Group Limited appointed January 2026 (current)
 SRJ Technologies Group Plc appointed August 2026 (current)
 Bass Oil Ltd resigned in March 2026

Giustino (Tino) Guglielmo B. Eng | Non-executive Director

Appointed 8 July 2021

Experience and expertise:

Mr Guglielmo is a Petroleum Engineer with over 40 years of technical, managerial and senior executive experience in Australia and internationally. Mr Guglielmo was the CEO and Managing Director of two ASX listed companies; Stuart Petroleum Limited for seven years and Ambassador Oil & Gas Limited for three years. Mr Guglielmo has also worked at Santos Limited, Delhi Petroleum Limited, and internationally with NYSE listed Schlumberger Corp. His experience spans the Cooper basin, Timor Sea, Gippsland basin, and exposure to US land and other international basins. Mr Guglielmo was a member of the Resources and Infrastructure Task Force and the Minerals and Energy Advisory Council, both South Australian Government advisory bodies. He is a Fellow of the Institution of Engineers, Australia, a member of the Society of Petroleum Engineers and Australian Institute of Company Directors.

Other ASX Directorships in the last 3 years:

Appointed Managing Director of Bass Oil Limited 1 February 2017 (current) previously Executive Director (Appointed 16 December 2014)

Prof. Rosalind Archer | Non-executive Director

Appointed 17 June 2024

Experience and expertise:

Professor Archer has over 25+ years of executive and academic experience across renewable energy and oil and gas and is currently the Dean (Academic) - Sciences of Griffith University and a Non-Executive Director at Echelon Resources Ltd. Rosalind brings a wealth of knowledge and experience in geothermal energy and renewable technologies. Rosalind holds a PhD in Petroleum Engineering from Stanford University (with a minor in Geological and Environmental Sciences) which enables her to offer insight across H3 Energy's portfolio.

Other ASX Directorships in the last 3 years:

Echelon Resources Limited (ASX: ECH) appointed in November 2014 (current)

Richard King | Non-executive Director

Appointed 6 May 2025, resigned 4 September 2026

Experience and expertise:

Richard has 30 years experience as a proven executive in E&P and the wider energy industry. An experienced business leader within Australia and internationally having held multiple advisory and leadership positions including with Duke Energy, Woodside, Chevron, KUFPEC and Otto Energy. He has been accountable for leading commercial and strategy teams in M&A, new ventures, product marketing, and in the commercialisation of LNG / Domestic Gas / Oil Projects /gas pipelines / and power generation. Richard is a founder of King Energy Ltd.

Other ASX Directorships in the last 3 years:

Nil

Nikolaos Sykiotis | Chief Executive Officer

Appointed Chief Operating Officer on 26 May 2025

Appointed Chief Executive Officer on 8 December 2025

Experience and expertise:

Nik brings over 15 years experience in upstream oil and gas to H3 Energy. Mr. Sykiotis worked for a variety of different operators before H3E, including Chevron, Beach Energy and Warrego Energy. He has extensive experience in both exploration and development projects and has worked in many onshore and offshore basins both in Australia and overseas. He holds a Bachelor of Commerce (Hons)/Science, a Bachelor of Science (Hons) and Master of Business Administration (UWA).

Kaitlin Smith CA, FGIA, B. Com (Acc) | Company Secretary

Appointed 11 June 2021

Experience and expertise:

Ms Kaitlin Smith was appointed to the position of Company Secretary on 11 June 2021. Ms Smith provides company secretarial and accounting services to various public and proprietary companies. She is a Chartered Accountant, a fellow member of the Governance Institute of Australia and holds a Bachelor of Commerce (Accounting).

2 Remuneration Report (Audited)

This Remuneration Report outlines the remuneration arrangements which were in place during the period and remain in place as at the date of this report, for the key management personnel of H3 Energy Limited. For the purposes of this report, "key management personnel" is defined as persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

2.1 Remuneration Policy

Key management personnel remuneration is based on commercial rates and the existing level of activities in the Group at this point of time. Should the extent of those activities change, the remuneration of key management personnel would be amended to reflect that change.

2.2 Principles of Compensation

Remuneration is referred to as compensation throughout this report.

Under overall authority of the Board, key management personnel and other executives have authority and responsibility for planning, directing and controlling the activities of the Company and the consolidated entity. Key management personnel include the most highly remunerated executives for the Company and the consolidated entity.

Compensation levels for key management personnel of the Company and relevant key management personnel of the consolidated entity are competitively set to attract and retain appropriately qualified and experienced key management personnel. The Company from time to time obtains independent advice on the appropriateness of compensation packages of both the Company and consolidated entity given trends in comparative companies both locally and internationally and the objectives of the Company's compensation strategy. For the year ended 30 June 2026 no independent advice has been obtained in relation to compensation packages.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

The capability and experience of the key management personnel;

The key management personnel's ability to control the relevant assets' performance;

The amount of incentives within each key management person's compensation.

Compensation packages may include a mix of fixed and variable compensation and short and long-term performance-based incentives.

In addition to their salaries, the consolidated entity may also provide non-cash benefits to its key management personnel in the form of share-based payments.

2.2.1.1 Fixed Compensation

Fixed compensation consists of base compensation, which is calculated on a total cost basis and includes any Fringe Benefit Tax charges related to employee benefits.

2.2.1.2 Performance-linked Compensation

The Company currently has no performance-based remuneration built into key management personnel remuneration packages.

2.2.1.3 Long-term Incentive

The Company currently has long-term incentives built into key management personnel remuneration packages, specifically unlisted options in H3 Energy Limited.

2.2.1.4 Service Contracts

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the terms, including compensation, relevant to the office of the director.

Remuneration and other terms of employment for the executive directors and other non-director key management personnel are also formalised in service agreements. Each of these agreements provide for the provision of bonuses, other benefits including health and superannuation, and participation in the issuance of options. Other major provisions of the agreement relating to remuneration are set out below.

Directors and key personnel	Term of agreement	Base fee or salary package (Superannuation inclusive)	Termination benefit
Directors			
Mark Lindh Non-Executive Chairman	On-going commencing 12 January 2024	\$65,000 pa	Nil
Giustino Guglielmo Non-Executive Director	On-going commencing 8 July 2021	\$50,000 pa	Nil
Rosalind Archer Non-Executive Director	On-going commencing 17 June 2024	\$50,000 pa	Nil
Richard King Non-Executive Director	On-going commencing 6 May 2025	\$50,000 pa	Nil
Executives			
Nikolaos Sykiotis Chief Operating Officer (appointed 26 May 2025)	From 26 May 2025 to 7 December 2025	\$224,000 pa	Nil
Chief Executive Officer (appointed 8 December 2025)	On-going commencing from 8 December 2025	\$250,000 pa	Nil

Non-Executive Directors

Total compensation for all non-executive Directors is to be approved by the Company in general meeting as detailed in the Company's Constitution.

3 Directors and Executive Officers' Remuneration (Consolidated Entity)

The following table sets out remuneration accrued (paid and unpaid) to Directors and key executive personnel of the Company and the consolidated entity during the reporting period:

30 June 2026	Salary and Fees AUD	Cash Bonus	Termination payment	Non-cash Bonus	Superannuation	Share based payments	Total	Value of share-based payments as a proportion of remuneration	Performance related payments as a proportion of remuneration
Non-Executive directors									
Mark Lindh	65,000	-	-	-	-	-	65,000	-	-
Giustino Guglielmo	50,000	-	-	-	-	-	50,000	-	-
Rosalind Archer	50,000	-	-	-	-	-	50,000	-	-
Richard King	50,000	-	-	-	-	106,181	156,181	67.99%	-
								-	-
Executive									
Nikolaos Sykiotis	213,121	-	-	-	25,575	106,181	344,877	30.79%	-
Total	428,121	-	-	-	25,575	212,362	666,058	31.88%	-

30 June 2025	Salary and Fees AUD	Cash Bonus	Termination payment	Non-cash Bonus	Superannuation	Share based payments	Total	Value of share-based payments as a proportion of remuneration	Performance related payments as a proportion of remuneration
Non-Executive directors									
Mark Lindh	65,000	-	-	-	-	-	65,000	-	-
Giustino Guglielmo	50,000	-	-	-	-	-	50,000	-	-
Rosalind Archer	50,000	-	-	-	-	-	50,000	-	-
Richard King ¹	7,661	-	-	-	-	-	7,661	-	-
Matthew White ²	8,333	-	-	-	-	-	8,333	-	-
Executive									
Nikolaos Sykiotis ³	20,513	-	-	-	2,359	-	22,872	-	-
Total	201,507	-	-	-	2,359	-	203,866		

1: appointed 6 May 2025

2: resigned 22 August 2024

3: appointed 26 May 2025

4 Equity Instruments

4.1 Options Granted as Compensation

17,513,942 unlisted options were granted to Mr Richard King and 17,513,942 unlisted options were granted to Mr Nikolaos Sykiotis during the year ended 30 June 2026 (30 June 2025: Nil)

4.2 Option Holdings of Key Management Personnel (Consolidated Entity)

Details of options and rights held directly, indirectly, or beneficially by key management personnel and their related parties are as follows:

<i>Unlisted Options</i>	Balance at 01-Jul-25	Acquired during financial year	Granted as Remuneration	Net other changes	Balance at 30-Jun-26	Not Exercisable
Non-Executive directors						
Mark Lindh	5,419,263	12,000,000	-	(5,000,000)	12,419,263	-
Giustino Guglielmo	10,000,000	-	-	-	10,000,000	-
Rosalind Archer	-	-	-	-	-	-
Richard King	5,833,334	-	17,513,942	-	23,347,276	-
Executive						
Nikolaos Sykiotis	-	-	17,513,942	-	17,513,942	-
Total	21,252,597	12,000,000	35,027,884	(5,000,000)	63,280,481	-

<i>Listed Options</i>	Balance at 01-Jul-25	Acquired during financial year	Granted as Remuneration	Net other changes	Balance at 30-Jun-26	Not Exercisable
Non-Executive directors						
Mark Lindh	-	8,846,154	-	-	8,846,154	-
Giustino Guglielmo	-	-	-	-	-	-
Rosalind Archer	-	-	-	-	-	-
Richard King	-	-	-	-	-	-
Executive						
Nikolaos Sykiotis	-	-	-	-	-	-
Total	-	8,846,154	-	-	8,846,154	-

8,846,154 listed options were held by Key management personnel and their related parties during the year ended 30 June 2026.

4.3 Other Transactions of Key Management Personnel

Details of equity instruments (other than options and rights) held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

Shares held in H3 Energy Ltd:

	Balance at 01-Jul-25	Acquired during the financial year	Granted as Remuneration	Net other changes	Balance at 30-Jun-26
Ordinary Shares					
Non-Executive directors					
Mark Lindh	17,302,051	15,333,975	-	-	32,636,026
Giustino Guglielmo	7,799,986	-	-	7,500,000	15,299,986
Rosalind Archer	-	-	-	833,400	833,400
Richard King	5,571,817	-	-	-	5,571,817
Executive					
Nikolaos Sykiotis	-	1,071,428	-	-	1,071,428
Total	30,673,854	16,405,403	-	8,333,400	55,412,657

The aggregate amounts recognised during the year relating to directors' related parties (included in table below) were as follows:

	Transactions during the year		Balance outstanding as at:	
	30-Jun-26	30-Jun-25	30-Jun-26	30-Jun-25
Adelaide Equity Partners Ltd ⁽ⁱ⁾	92,205	116,595	-	5,500
AE Administrative Services Pty Ltd ⁽ⁱⁱ⁾	93,103	120,018	-	11,000
AE Advisors Group Pty Ltd ⁽ⁱⁱⁱ⁾	73,829	-	34,345	-
Marbel Capital Pty Ltd ^(iv)	65,000	65,000	-	-
Business Initiatives Pty Ltd ^(v)	-	32,291	-	163,029
	324,137	333,904	34,345	179,529

- (i) Adelaide Equity Partners Ltd is a company controlled by a close family member of Mr Mark Lindh. Mr Lindh is a director of Adelaide Equity Partners Ltd. The charges were in respect of investor relations services, capital raise services provided and expenses disbursement.
- (ii) AE Administrative Services Pty Ltd is a company controlled by a close family member of Mr Mark Lindh. Mr Lindh is not involved in the day to day management of AE Administrative Services Pty Ltd. The charges were in respect of company secretarial services, accounting and bookkeeping services.
- (iii) AE Advisors Group Pty Ltd is a company of which Mr Mark Lindh is a director. The charges were in respect of investor relations services, capital raise services, accounting, bookkeeping and expenses disbursement.
- (iv) Marbel Capital Pty Ltd was a company controlled by a close family member of Mr Mark Lindh. The charges were in respect of director fees.
- (v) Business Initiatives Pty Ltd is a company controlled by Mr Matthew White. The charges were in respect of accounting, bookkeeping, financial control and director fees undertaken for the group. Mr White resigned on 22 August 2024.

5 Company Performance, Shareholder Wealth and Director and Executive Remuneration

The remuneration policy has been tailored to increase goal congruence between the shareholders, key management personnel, and other employees. However, the Company continues to investigate alternative means for achieving this goal to the benefit of all stakeholders. There is no direct relationship between the remuneration policy and Company performance. During the financial year, the Company's share price traded between a low of \$0.003 and a high of \$0.012.

	2022 \$	2023 \$	2024 \$	2025 \$	2026 \$
Closing Share Price 30 June	0.10	0.05	0.01	0.003	0.0075
Dividends Paid	-	-	-	-	-
Capital Returns	-	-	-	-	-

6 Voting and Comments Made at the Company's 2025 Annual General Meeting

The Company's 2025 Annual General Meeting saw strong shareholder support for the adoption of the Remuneration Report for the financial year ended 30 June 2025, with 93.8% of votes cast in favour of the resolution.

7 Use of Remuneration Consultants

During the financial year ended 30 June 2026, the Company did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the short-term incentives ('STI') program and long-term incentives ('LTI') program.

End of Audited Remuneration Report

8 Principal Activities

The principal activity of the consolidated entity during the course of the financial period was exploration and evaluation of oil and gas exploration projects in Western Australia, Hydrogen & Helium exploration in South Australia and development of hydrogen hub in Queensland.

9 Results and Dividends

The consolidated entity's loss after tax attributable to members of the Company for the financial year ending 30 June 2026 was \$1,342,359 (30 June 2025 loss: \$3,179,982). No dividends have been paid or declared by the Company during the period ended 30 June 2026.

10 Financial Position

The net liabilities of the consolidated entity at 30 June 2026 were \$551,671 (net liabilities as of 30 June 2025: (\$2,325,129) of which \$900,434 (30 June 2025: \$908,409) represents cash and cash equivalents.

During the financial year the company raised an amount of \$2,048,050 (after costs) (2025: \$1,678,622) from the issue of 363,333,334 ordinary fully paid shares (2025: 291,810,581).

11 Earnings / (Loss) Per Share

The basic earnings/(loss) per share for continuing operations of the consolidated entity for the financial year ending 30 June 2026 was (0.0927) cents loss per share (30 June 2025: 0.8966 cents loss per share).

12 Events Subsequent to Reporting Date

Subsequent to year end, shareholders approved all resolutions put to the 2026 Extraordinary General Meeting in July.

On 8 July 2026, the Company announced SW Audit have been appointed as Company's external auditor.

On 20 July 2026, the Company completed capital raising of \$1,900,000 (before cost) at an issue price of \$0.0075 per share via placement tranche 2.

On 6 August 2026, the Company issued 80,000,000 unlisted options to the Joint Lead Manager as part consideration for capital raising services.

On 7 August 2026, the Company announced 6,250,000 fully paid ordinary shares were issued at an issue price of \$0.01 per share on conversion of 62,500 convertible notes held by a Sophisticated and Professional investor as approved by shareholders at an EGM in July 2026.

In August 2026, the Group obtained a Directors' and Officers' Liability insurance policy. A premium of \$18,686.58 was paid to insure the Directors and Officers of the Group and its controlled entities.

On 4 September 2026, Mr Richard King resigned as a Non-Executive Director of the Company.

The Company has withdrawn its geothermal Exploration Permit (EPG) application EPG2050 in September 2026.

Other than the above, no material matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results or state of affairs of the consolidated entity.

13 Likely Developments and Expected Results

There are no likely developments of which the directors are aware which could be expected to significantly affect the results of the Group's operations in subsequent financial year not otherwise disclosed in the Principal Activities and Operating and Financial Review or the Significant Events after the Balance Date sections of the Directors' Report.

The Company continues to look for acquisition opportunities as they arise.

14 Environmental Regulations

The operations of the Group are subject to environmental regulation from four government bodies.

The Australian assets are monitored under the laws of the State of Western Australia, State of South Australia and State of Queensland. The Group holds various environmental licenses and application issued under these laws, to regulate its exploration activities in Australia. These licenses include conditions and regulations in relation to specifying limits on discharges into the air, surface water and groundwater, rehabilitation of areas disturbed during the course of exploration activities and the storage of hazardous substances. All environmental performance obligations are monitored by the board of directors and subjected from time to time to Government agency audits and site inspections. There have been no material breaches of the Group's licenses and all mining and exploration activities have been undertaken in compliance with the relevant environmental regulations.

15 Directors and Executives Interests

The interests of the Directors and Executives in the shares and options of the Company, as notified by the Directors to the ASX in accordance with S205G (1) of the *Corporations Act 2001*, at the date of this report and including transactions since 30 June 2026 are as follows:

	Ordinary Shares	Options
Non-Executive directors		
Mark Lindh*	32,636,026	21,265,417
Giustino Guglielmo**	15,299,986	10,000,000
Rosalind Archer	833,400	-
Richard King***	5,571,817	23,347,276
Executive		
Nikolaos Sykiotis	1,071,428	17,513,942

* Shares and options held in the name of Chesser Nominees Pty Ltd of which Mr Lindh is a Director.

**Shares and options held in the name of Miller Anderson Pty Ltd ATF Longhorn Ridge Superannuation account. Mr Guglielmo is Director of Miller Anderson Pty Ltd and sole beneficiary of Longhorn Ridge Superannuation account.

*** Shares and options held in the name of Dubwell Pty Ltd ATF Wexford Trust. Mr King is Director of Dubwell Pty and a beneficiary of Wexford Trust.

16 Share Options

16.1 Options Granted to Officers of the Company

35,027,884 unlisted options were granted to key management personnel of the company during the 2026 financial year (2025: Nil). No options have been granted to officers of the Company since the end of the financial year to the date of this Directors' report.

16.2 Unissued shares under options

As at the date of the report, there were 361,614,681 unlisted option on issue detailed as follows:

Grant Date	Exercisable	Expiry Date	Exercise price	Number of options granted
21-Mar-24	21-Mar-24 to 01-Jan-27	01-Jan-27	\$0.03	25,849,950
08-Mar-24	08-Mar-24 to 01-Jan-27	01-Jan-27	\$0.03	12,500,000
08-Mar-24	08-Mar-24 to 28-Mar-27	28-Mar-27	\$0.03	45,000,000
20-Aug-24	20-Aug-24 to 1-Jan-27	1-Jan-27	\$0.03	4,739,817
30-Jan-25	30-Jan-25 to 1-Jan-27	1-Jan-27	\$0.03	41,530,833
11-Apr-25	11-Apr-25 to 31-Mar-30	31-Mar-30	\$0.05	94,941,036
9-May-25	9-May-25 to 31-May-30	31-Mar-30	\$0.05	5,059,007
26-Aug-25	26-Aug-25 to 31-Mar-30	31-Mar-30	\$0.05	2,955,000
3-Dec-25	3-Dec-25 to 31-Dec-28	31-Dec-28	\$0.01	49,039,038
6-Aug-26	6-Aug-26 to 30-Jun-29	30-Jun-29	\$0.015	80,000,000

As at the date of the report, there were 275,500,017 listed option on issue detailed as follows:

Grant Date	Exercisable	Expiry Date	Exercise price	Number of options granted
16-May-25	16-May-25 to 15-May-27	15-May-27	\$0.015	150,000,017
16-May-25	16-May-25 to 15-May-27	15-May-27	\$0.015	10,000,000
9-Apr-26	9-Apr-26 to 15-May-27	15-May-27	\$0.015	3,000,000
9-Apr-26	9-Apr-26 to 15-May-27	15-May-27	\$0.015	75,000,000
9-Apr-26	9-Apr-26 to 15-May-27	15-May-27	\$0.015	37,500,000

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company.

16.3 Shares Issued on Exercise of Options

No shares were issued on the exercise of unlisted options during the financial year. 600,000 unlisted options were expired without exercise during the year.

17 Indemnification and Insurance of Officers and Auditors

17.1 Indemnification

An indemnity agreement has been entered into with each of the Directors and Company Secretary of the Company named earlier in this report. Under the agreement, the Company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities to the extent permitted by law. There is no monetary limit to the extent of this indemnity.

17.2 Insurance Premiums

The Group did not maintain a Directors' and Officers' Liability insurance policy during the financial year. Subsequently, the Group paid a premium of \$18,686.58 in August 2026 to insure the Directors and Officers of the Group and its controlled entities.

There were no legal proceedings entered into on behalf of the Company or the consolidated entity by any of the Directors or Executive Officers of the Company.

The Group has not indemnified, or agreed to indemnify, any current or former officer or auditor against a liability arising from their role, except to the extent the law permits such indemnities.

18 Corporate Structure

H3 Energy Limited is a Company limited by shares that is incorporated and domiciled in Australia. The Company is listed on the Australian Securities Exchange under ticker code H3E.

19 Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 22 and forms part of the Directors' report for the financial year ended 30 June 2026.

Signed in accordance with a resolution of the Directors.

Adelaide, 30 September 2026



Mark Lindh

Chairman

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF H3 ENERGY LIMITED
(FORMERLY WHITEBARK ENERGY LIMITED)**

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2026 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



SW Audit

Chartered Accountants



Matthew Hingeley
Partner

Perth, 30 September 2026

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF H3 ENERGY LIMITED (FORMERLY WHITEBARK ENERGY LIMITED)

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of H3 Energy Limited (the Company) and its subsidiaries (the Group) which comprises the Consolidated Statement of Financial Position as at 30 June 2026, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and 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 H3 Energy Limited is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year then ended, and
- 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 APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (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 2(b) in the financial report. As stated in Note 2(b), the events or conditions disclosed indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Decommissioning liabilities

Key audit matter

At 30 June 2026, the Group recognised a decommissioning provision of \$3,047,000 relating to the plugging, abandonment and rehabilitation of the Warro Gas Project.

Decommissioning liabilities are a key audit matter due to the:

- significance of the provision to the Group's financial position;
- judgement exercised by the Group in its estimation of the timing and cost of rehabilitation activities and the scope and method to meet legal and regulatory requirements. This increased our audit effort to assess the Groups provision particularly given the Group's change in basis during the year. The Group engaged an external expert to assist with this assessment.
- effort involved in assessing the Group's classification of the provision as current against accounting standard requirements and underlying evidence of the Group's right to defer settlement given the status of its current permit for the Warro project.

The Group's accounting policies and disclosures relating to this matter are included in Notes 2(f), 3(d) and 19 to the financial statements.

How our audit addressed the key audit matter

Our procedures included:

- Assessing the basis for the change in the Group's rehabilitation provision, against legal and regulatory requirements and the criteria in the accounting standards;
- Reading underlying documentation such as the relevant retention lease, Ministerial Directive and regulatory correspondence to understand the Group's rehabilitation obligations and timing, and to inform our further procedures;
- Comparing the Group's rehabilitation provision to the external expert report. We assessed the competence, capability and objectivity of the Group's external expert;
- Evaluating the scope of the external expert's work and the method, key data and assumptions used in their work. We met with the external expert to further understand the method, scope, timing and estimated rehabilitation costs incorporated in the estimate;
- Assessing the Group's classification of the provision as current, against the requirements of the accounting standards and underlying evidence of the Group's right to defer settlement, including status of the permit and regulatory correspondence;
- Assessing the adequacy of the related financial statement disclosures, based on the results of our work and in accordance with accounting standard requirements.

Exploration and evaluation assets

Key audit matter

At 30 June 2026, the Group recorded exploration and evaluation assets of \$2,357,355, relating to the Alinya and Warro projects. As described in Note 16, the Group concluded that no impairment indicators exist at the reporting date.

Exploration and evaluation (E&E) assets are a key audit matter due to the:

- significance of the balance to the Group's financial position;

How our audit addressed the key audit matter

Our procedures included:

- Evaluating the Group's assessment of impairment indicators against the requirements of AASB 6;
- Testing a sample of exploration and evaluation expenditure capitalised during the year to underlying documentation and against the conditions for capitalisation in the accounting standards;
- Assessing the Group's rights to tenure including against relevant government registers and correspondence with government agencies. We

- audit effort required for us to evaluate the Group's identification of impairment indicators in accordance with *AASB 6 Exploration for and Evaluation of Mineral Resources*. We focussed on the key facts and circumstances impacting the Group's assessment of impairment indicators including the Group's rights to tenure, minimum expenditure commitments, intention to continue exploration and evaluation activities and the Group's ability to obtain sufficient funding to continue exploration activities.

The Group's accounting policies and disclosures relating to this matter are included in Notes 3(c) and 16 to the financial statements.

- considered the status of applications nearing expiry such as for the Warro project and considered the implications for tenure;
- Checking compliance with minimum expenditure commitments on the Group's licences;
- Evaluating the Group's intention and ability to undertake further exploration activities to underlying evidence such as approved work programmes, budgets and cash-flow forecasts and our understanding of the Group's plans and operations;
- Assessing the Group's planned cash flows and ability to raise and secure capital to fund continued exploration activities, including the expected impact and timing of decommissioning liabilities described in the key audit matter above;
- Assessing the adequacy of the related financial statement disclosures, based on the results of our work and in accordance with accounting standard requirements.

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 Group's annual report for the year ended 30 June 2026, 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 an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance conclusion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

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

- i. 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
- ii. 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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- 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 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 with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in

extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 21 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of H3 Energy 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.



SW Audit

Chartered Accountants



Matthew Hingeley
Partner

Perth, 30 September 2026

	Note	30 June 2026 \$	30 June 2025 \$
Other Income – R&D Tax incentive		52,378	-
Finance income	6	13,845	78,297
Expenses			
Administrative expenses	7	(390,943)	(361,654)
Finance costs	8	(76,677)	(173,519)
Share based payments expense	24	(311,515)	-
Depletion, depreciation and amortisation		(1,157)	-
Remeasurement of decommissioning provision, gain/(loss)	19	678,757	(1,696,518)
Other operating expenses	9	(739,440)	(810,555)
Loss before income tax expense from continuing operations		(774,752)	(2,963,949)
Income tax benefit	10	-	-
Loss after income tax expense from continuing operations		(774,752)	(2,963,949)
Loss from discontinued operation, net of tax	5	(567,607)	(216,033)
Loss after income tax expense for the period		(1,342,359)	(3,179,982)
Other comprehensive loss, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Movement of foreign currency translation in change in equity		986	84,716
Reclassification of foreign currency translation reserve on loss of control of a subsidiary	14	515,254	-
Total comprehensive loss for the period		(826,119)	(3,095,266)
Total comprehensive loss attributable to shareholder of H3 Energy		(826,119)	(3,094,281)
Total comprehensive loss attributable to non-controlling interest		-	(985)
Total comprehensive loss for the period		(826,119)	(3,095,266)

	Cents	Cents
Loss per share from discontinued operations (Basic)	(0.0679)	(0.0654)
Loss per share from discontinued operations (Diluted)	(0.0679)	(0.0654)
Loss per share from continuing operations (Basic)	(0.0927)	(0.8966)
Loss per share from continuing operations (Diluted)	(0.0927)	(0.8966)
Loss per share from continuing and discontinued operations (Basic)	(0.1607)	(0.9620)
Loss per share from continuing and discontinued operations (Diluted) 11	(0.1607)	(0.9620)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the consolidated financial report.

H3 ENERGY LIMITED – Consolidated Statement of Financial Position

For the year ended 30 June 2026

	Note	30 June 2026	30 June 2025
		\$	\$
Current assets			
Cash and cash equivalents	12	900,434	908,409
Other current assets	13	90,455	16,722
Total current assets		990,889	925,131
Non-current assets			
Property, plant and equipment	15	5,185	-
Exploration and evaluation	16	2,357,355	1,805,162
Total non-current assets		2,362,540	1,805,162
Total assets		3,353,429	2,730,293
Current liabilities			
Trade and other payables	17	759,046	877,118
Borrowings	18	-	140,945
Convertible Notes	25	99,054	91,128
Liabilities directly associated with assets held for sale		-	841
Decommissioning liabilities	19	3,047,000	-
Total current liabilities		3,905,100	1,110,032
Non-current liabilities			
Decommissioning liabilities	19	-	3,945,390
Total non-current liabilities		-	3,945,390
Total liabilities		3,905,100	5,055,422
Net (Liabilities)/Assets		(551,671)	(2,325,129)
Equity			
Issued capital	20	80,416,522	78,301,982
Reserves	21	2,571,788	1,524,082
Convertible Notes	25	4,706	4,706
Non-Controlling Interest	28	-	373,432
Accumulated losses		(83,544,687)	(82,529,331)
Total (Deficit)/equity		(551,671)	(2,325,129)

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial report.

	Share Capital	Convertible Notes	Other Reserve	Foreign Currency Translation Reserve	Share Based Payment Reserve	Non-Controlling Interest	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2025	78,301,982	4,706	1,101,085	(516,240)	939,237	373,432	(82,529,331)	(2,325,129)
Loss for the period							(1,342,359)	(1,342,359)
Other comprehensive loss for the period net of income tax								
Foreign currency translation	-	-	-	986	-	-	-	986
Reclassify Foreign Currency Translation Reserve as the result of loss control of a subsidiary	-	-	-	515,254	-	-	-	515,254
Total comprehensive loss for the period	-	-	-	516,240	-	-	(1,342,359)	(826,119)
Transactions with owners in their capacity as owners:								
Purchase of shares from Non-controlling interest in relation to the acquisition of remaining 30% interest in Alinya Project	11,820	-	9,598	-	-	(373,432)	352,014	-
Net proceeds from share issue, net of cost	2,048,049	-	107,400	-	-	-	-	2,155,449
Attaching option relates to capital raise	(102,953)	-	102,953	-	-	-	-	-

H3 ENERGY LIMITED – Consolidated Statement of Changes in Equity

For the year ended 30 June 2026

	Share Capital	Convertible Notes	Other Reserve	Foreign Currency Translation Reserve	Share Based Payment Reserve	Non-Controlling Interest	Accumulated Losses	Total
Share issued to offset with account payable	157,624	-	-	-	-	-	-	157,624
Options issued to director, officer and supplier	-	-	-	-	311,515	-	-	311,515
Other adjustment	-	-	-	-	-	-	(25,011)	(25,011)
Balance at 30 June 2026	80,416,522	4,706	1,321,036	-	1,250,752	-	(83,544,687)	(551,671)
Balance at 1 July 2024	76,016,289	4,706	216,181	(600,956)	911,383	-	(79,349,350)	(2,801,746)
Loss for the period - King Energy (post-acquisition)							(3,284)	(3,284)
Loss for the period – H3							(3,176,697)	(3,176,697)
Other comprehensive loss for the period net of income tax								
Foreign currency translation				84,716				84,716
Equity classified as held for sale			(8,663)					(8,663)
Total comprehensive loss for the period			(8,663)	84,716			(3,179,982)	(3,103,929)
Net proceeds from share issue, net of cost	1,678,623							1,678,622
Convertible Notes	422,958							422,958
King Energy Takeover	500,000		373,639			374,432		1,248,056
Attaching option relates to capital raise	(519,928)		519,928					-

H3 ENERGY LIMITED – Consolidated Statement of Changes in Equity

For the year ended 30 June 2026

	Share Capital	Convertible Notes	Other Reserve	Foreign Currency Translation Reserve	Share Based Payment Reserve	Non-Controlling Interest	Accumulated Losses	Total
Share issued to offset with account payable	154,040							154,040
Options issued to director and Lead manager	50,000				27,854			77,854
Balance at 30 June 2025	78,301,982	4,706	1,101,085	(516,240)	939,237	373,432	(82,529,331)	(2,325,129)

*The consolidated statement of changes in equity is to be read in conjunction with the
notes to the consolidated financial report.*

	Note	30 June 2026 \$	30 June 2025 \$
Cash flows from operating activities			
Receipts from customers		-	134,517
Payment for royalties on production revenue		-	(11,037)
Interest received		13,845	8,868
Interest paid		-	(141)
Cash received from R&D tax Incentive		52,378	
Payment for production, suppliers and employees		(1,359,448)	(1,157,562)
Net cash flows used in operating activities	22	(1,293,225)	(1,025,355)
Cash flows from investing activities			
Payment for plant and equipment		(6,976)	-
King Energy Takeover		-	6,406
Payments for exploration and evaluation expenditure		(722,129)	(68,947)
Net cash flows used in investing activities		(729,105)	(62,541)
Cash flows from financing activities			
Proceeds from share issue		2,350,000	1,852,838
Cost of Capital		(188,242)	(166,512)
Repayment of borrowings		(140,945)	-
Convertible Note Redemption		-	(25,000)
Net cash flows from financing activities		2,020,813	1,661,326
Net increase in cash and cash equivalents		(1,517)	573,430
Cash at the beginning of the financial period		908,409	335,701
Effect of movement in exchange rates on cash held		(6,458)	(722)
Cash and cash equivalents at year end	12	900,434	908,409

The consolidated statement of cashflows is to be read in conjunction with the notes to the consolidated financial report.

1 Reporting entity

H3 Energy Limited (the 'Company') is domiciled and incorporated in Australia. The address of the Company's registered office is Level 12, 50 Pirie, Adelaide SA 5000.

The consolidated financial report of the consolidated entity for the period ended 30 June 2026 comprises the Company and its subsidiaries (the "consolidated entity" or "group").

The consolidated entity is involved oil and gas exploration in Western Australia, development of hydrogen hub in Queensland and hydrocarbon, Hydrogen & Helium exploration in South Australia.

The financial report was authorised for issue by the directors on 30 September 2026.

2 Basis of preparation

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with the International Financial Reporting Standards (IFRS).

H3 Energy Limited is a for-profit entity for the purpose of preparing the financial statements.

(b) Going concern

The Group incurred an operating loss after tax of \$1,342,359 for the financial year ended 30 June 2026 (2025: \$3,179,982), reflecting its continued appraisal-stage activities in respect of the Warro assets in Western Australia and the exploration-stage Alinya assets in South Australia. The operating cash outflow for the financial year ended 30 June 2026 was \$1,293,225 (2025: \$1,025,354). As at 30 June 2026, the Group held cash and cash equivalents of \$900,434 (2025: \$908,409). The net liabilities of the consolidated entity at 30 June 2026 were \$551,671 (net liabilities as of 30 June 2025: \$2,325,129)

Decommissioning liabilities were written down in the period by \$961,773 due to a reassessment of the scope of the P&A works. The re-classification of the Decommissioning liabilities from Non-current liabilities (2025: \$3,945,390) to Current liabilities (2026: \$3,047,000) under the plugged and abandoned (P&A) remediation directive is relevant to the going concern assessment, given its current/non-current re-classification directly affects the net current asset/liability position and near-term cash outflow requirements as presented.

Deferral of decommissioning expenditure

Directors do not consider it practically possible for the relevant wells to be P&A in the next 12 months, for the following reasons:

- (a) The updated Care and Maintenance EP remains under review with the WA Department of Mines, Petroleum and Exploration (DMPE).
- (b) The Company and the landowner are currently negotiating land access.
- (c) No detailed engineering work, or procurement activities for rigs and allied services can commence until items a) and b) above have concluded.
- (d) The Department is aware of the above constraints and has been supportive of the Company's application to vary its commitments, and to subsequently suspend and extend the permit. This approval process is currently underway.

Having regard to (a) to (d) above, Directors remains comfortable with its going concern assessment that the most likely timing for the P&A expenditure associated with these wells is 2028 or later. The cash flow forecast does not

include the cost of the Warro P&A works, as the Directors do not expect these to be incurred within the forecast period. If the works are required within the forecast period, the Group will need to secure additional funding through one or more of the sources below.

Overall Assessment

The conditions above indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As a result of the material uncertainty, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding this, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis, having regard to the following matters.

Cash flow forecast

The Directors have prepared a cash flow forecast covering the period from July 2026 to November 2027. The forecast indicates the Group will require no additional funding over this period to meet its committed and planned expenditure including; exploration and evaluation activity, corporate overheads and existing liabilities as they fall due, due its recent capital raising activities.

Funding sources

The Group's ability to continue as a going concern is dependent on securing additional funding through one or a combination of the following:

- Capital raisings — The Group has a demonstrated history of raising capital to fund its operations, including \$1.6 million raised via placement in April 2026 and \$1.9 million raised in July 2026.
- Farm-in / commercialisation of Alinya assets — The Group has engaged LAB Energy Advisors to identify and secure a strategic farm-in partner for the Alinya assets. Should a farm-in arrangement be secured, the Group's future funding obligations in respect of Alinya would be materially reduced.
- Farm-in / commercialisation of Warro assets — The Group is actively engaging with the market to identify and secure a strategic farm-in partner for the Warro assets. Should a farm-in arrangement be secured, the Group's future funding obligations in respect of Warro would be materially reduced.

Cost management

Should the Group be unable meet its cash flow forecast, the Directors will reduce expenditure, including exploration and evaluation spend that is deferrable, to a level that enables the Group to pay its debts as and when they fall due.

The Directors believe there are reasonable grounds to conclude that the Group will be able to continue as a going concern and, accordingly, that it is appropriate to prepare the financial statements on a going concern basis. This basis assumes that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business.

(c) Basis of measurement

The financial report is prepared on the historical costs basis except for the following assets and liabilities that are stated at their fair value: financial instruments classified at fair value through profit and loss (FVTPL).

(d) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the functional currency of the Group. The functional currency of the Company's Canadian subsidiary was CAD.

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates.

(e) Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated group.

(f) Decommissioning Liabilities

The Company's accounting policy for the recognition of rehabilitation provisions requires significant estimates including the magnitude of possible works for removal or treatment of waste materials and the extent of work required and the associated costs of rehabilitation work. These uncertainties may result in future actual expenditure, different from the amounts currently provided.

The provision recognised for each production well is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the balance sheet by adjusting the rehabilitation asset and provision. Refer Note 19 for further information

(g) Going Concern - there are significant assumptions included determining whether the Group is a going concern

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Refer to note 2b.

3 Summary of material accounting policies

(a) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2026.

The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income in the foreign currency translation reserve of equity.

(c) Exploration and evaluation expenditure

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration and evaluation activities are ongoing and have not yet progressed to a stage that permits a reasonable assessment of the technical feasibility and commercial viability of extracting petroleum, gas, geothermal, hydrocarbons, hydrogen and helium resources. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Exploration and evaluation costs have also been capitalised where they are the result of an acquisition from a third party. The opportunity to capitalise internal costs may arise when internal resources can be directly attributable to developing the exploration and evaluation assets. When a decision to proceed to development is made, the exploration and evaluation costs capitalised to that area are transferred to well site properties in development. No depreciation or amortisation is expensed during the exploration and evaluation phase. All costs subsequently incurred to develop a well site prior to the start of operations within the area of interest are capitalised. These costs include expenditure to develop new segments within the area of interest, to define further prospective assets in existing areas of interest, to expand the capacity of a well site and to maintain production.

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

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

(d) Restoration, rehabilitation and environmental costs and decommissioning obligations

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are accrued at the time of those activities and treated as exploration and evaluation expenditure.

Restoration, rehabilitation and environmental obligations recognised include the costs of reclamation and subsequent monitoring of the environment.

Costs are estimated on the basis of future assessed costs, current legal requirements and current technology, which are discounted to their present value, where the effect of the time value of money is material. The present value of the costs is included as part of the cost of the exploration and evaluation asset or the property plant and equipment asset. Estimates are reassessed at least annually. Changes in estimates are dealt with prospectively, with any amounts that would have been written off or provided against under accounting policy for exploration and evaluation immediately written off.

Amounts recorded for decommissioning obligations and the related accretion expense requires the use of estimates with respect to the amount and timing of decommissioning expenditures. Actual costs and cash outflows can differ from estimates because of changes in laws and regulations, public expectations, market conditions, discovery and analysis of site conditions and changes in technology. Other provisions are recognised in the period when it becomes probable that there will be future cash outflow.

(e) Investments in subsidiaries, joint ventures and associated companies

Investments in subsidiaries, joint ventures and associated companies are stated at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, joint ventures and associated companies, the difference between net disposal proceeds and the carrying amount of the investment is taken to the income statement

(f) Impairment of non-financial assets

The carrying amounts of the consolidated entity's non-financial assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognised in the profit and loss.

Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

Reversals of impairment

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate 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.

(g) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the

weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(h) Property, plant and equipment

Buildings, IT equipment and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Buildings, IT equipment and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Developed and producing assets are measured at cost less accumulated depreciation and accumulated impairment losses. Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognised as oil and natural gas interests when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other costs are recognised in expenses as incurred. Such capitalised oil and gas interests generally represent costs incurred in developing proven and/or probable reserves and bringing on or enhancing production from such reserves. The carrying amount of any replaced or sold component is derecognised. The costs of periodic servicing of property plant and equipment is recognised as an expense.

(i) Provisions

A provision is recognised in the statement of financial position when the consolidated entity has a present, legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, 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, when appropriate, the risks specific to the liability.

(j) Income tax

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 H3 Energy Ltd.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Included in the income tax benefit are research and development grants provided during the year.

Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Amounts receivable from the Australian Tax Office in respect of research and development tax concession claims are recognised in the income statement at the time the claim is lodged and received with the Australian Tax Office.

(k) Segment reporting

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entity's other components. Based on the information used for internal reporting purposes by the chief operating decision maker, being the executive management that makes strategic decisions. During the reporting period, the group's assets were reported across two geographical segments, Australia and Canada, until the disposal of Rex Energy on 15 September 2025, following which the group's assets were reported solely within Australia.

(l) Financial instruments

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(m) Interest in other entities

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. A joint operation is a joint arrangement in which the parties with joint control have rights to the assets and obligations for the liabilities relating to that arrangement.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

(n) Share-based payment

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(o) Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

(p) New and revised standards that are effective for these financial statements

The Group has consistently applied the accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 July 2025 but determined that their application to the financial statements is either not relevant or not material.

(q) New standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2026. The consolidated entity has assessed the impact of these new or amended Accounting Standards and Interpretations and noted there is no impact to the Group financial statements.

4 Segment reporting

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

During the period the group operated in two business segments (two geographical areas) – exploration, development and production of oil and gas – Australia and Canada. On 15 September 2025, the Company entered into a Sale and Purchase Agreement pursuant to which Conflux Energy Corp acquired 100% Rex Energy Ltd and the remaining 10% Working Interest. The transaction was completed at the same date, resulting in the cessation of the Group's Canadian operations effective 15 September 2025.

The group has identified its operating segment based on the internal report that is reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

30 June 2026	Australia AUD	Canada AUD	Total Segment AUD	Unallocated AUD	Consolidated AUD
Total sales revenue	-	-	-	-	-
Royalties	-	57	57	-	57
Financial income	13,845	-	13,845	-	13,845
Other income	52,378	-	52,378	-	52,378
Total revenue and other income	66,223	57	66,280	-	66,280
Operating expenses	(839,818)	(52,410)	(892,228)	-	(892,228)
Segment result	(773,595)	(52,353)	(825,948)	-	(825,948)
Depletion, depreciation & amortisation	(1,157)	-	(1,157)	-	(1,157)
Loss before income tax expense	(774,752)	(52,353)	(827,105)	-	(827,105)
Loss associated with Loss control of a subsidiary	-	(515,254)	(515,254)	-	(515,254)
	(774,752)	(567,607)	(1,342,359)	-	(1,342,359)
Assets					
Total current assets	990,889	-	990,889	-	990,889
Total non-current assets	2,362,540	-	2,362,540	-	2,362,540
Total assets	3,353,429	-	3,353,429	-	3,353,429
Liabilities					
Total current liabilities	3,905,100	-	3,905,100	-	3,905,100
Total non-current liabilities	-	-	-	-	-
Total liabilities	3,905,100	-	3,905,100	-	3,905,100

5 Discontinued operation

In November 2023, the Company announced it had entered into a formal process to explore the monetisation of all or part of the wholly owned Wizard Lake assets held by its wholly owned Canadian subsidiary company, Rex Energy Ltd. On 14 June 2024, the Company announced it has executed a Purchase and Sale Agreement which will allow Conflux Energy Corp. to purchase a 90% interest in the Wizard Lake assets. The transaction was approved by shareholders at the 2024 Annual General Meeting. The subsidiary was reported in the financial statements for the year ended 30 June 2025 as a discontinued operation. On 15 September 2025, the Company entered into a Sale and Purchase Agreement pursuant to which Conflux Energy Corp acquired 100% Rex Energy Ltd and the remaining 10% Working Interest. The transaction was completed at the same date.

Financial information relating to the discontinued operation for the period to the date of disposal and for subsequent adjustments to contingent consideration is set out below.

	30-Jun-26 AUD	30-Jun-25 AUD
Revenue	-	1,677,762
Royalties	57	(393,878)
Cost of goods sold	-	(1,305,485)
Gross (Loss)/Profit	57	(21,601)
Expenses		
Administrative expenses	(30,068)	(58,074)
Finance costs	(7,689)	-
Other operating expenses	(14,653)	-
Loss of the settlement	-	(136,358)
Loss before income tax expense from discontinuing operations	(52,353)	(216,033)
Income tax benefit	-	-
Loss after income tax expense from discontinuing operations	(52,353)	(216,033)
Loss on loss of control of Rex Energy Ltd		
Reclassification of foreign currency translation reserve on loss of control of a subsidiary	(515,254)	-
Income tax	-	-
Loss on loss of control, net of tax	(515,254)	-
Loss from discontinued operation, net of tax	(567,607)	(216,033)
Other comprehensive income attributable to the discontinued operation	515,254	-
Total comprehensive loss for the period	(52,353)	(216,033)
	Cents	Cents
Basic earnings per share from discontinued operations	(0.0679)	(0.0654)
Diluted earnings per share from discontinued operations	(0.0679)	(0.0654)
Net cash outflow from ordinary activities	(65,562)	(126,433)
Net cash outflow from investing activities	-	-
Net cash outflow from financing activities	-	-

6 Finance income

	30-Jun-26 AUD	30-Jun-25 AUD
Impact of the convertible note modification	-	78,297
Interest income	13,845	-
	<u>13,845</u>	<u>78,297</u>

7 Administration expenses

	30-Jun-26 AUD	30-Jun-25 AUD
Director's costs	(215,000)	(180,995)
Administration and finance support	(175,516)	(180,659)
General and administration	(427)	-
	<u>(390,943)</u>	<u>(361,654)</u>

8 Finance costs

	30-Jun-26 AUD	30-Jun-25 AUD
Interest expense	(72,829)	(171,915)
Foreign currency loss	(3,848)	(1,604)
	<u>(76,677)</u>	<u>(173,519)</u>

9 Other operating expenses

	30-Jun-26 AUD	30-Jun-25 AUD
Project costs	(167,285)	(1,320)
Legal fees	(106,061)	(168,515)
Consultancy fees	(258,914)	(280,883)
Employment Cost	(67,404)	(75,860)
Superannuation	(7,841)	(8,522)
Auditor remuneration	(69,637)	(107,298)
Share registry	(42,639)	(106,682)
Travel Expenses	(7,649)	(11,475)
Acquisition cost	-	(50,000)
Other expenses	(12,010)	-
	<u>(739,440)</u>	<u>(810,555)</u>

10 Income tax benefit

	30-Jun-26 AUD	30-Jun-25 AUD
Current income tax expense / (benefit)	-	-
Aggregate income tax expense / (benefit)	-	-
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss from continuing operation	(774,752)	(2,963,949)
Loss from discontinued operation	(567,607)	(216,033)
Loss before income tax	(1,342,359)	(3,179,982)
Tax at statutory rate of 25% (2025: 25%)*	(335,590)	(794,996)
Adjustment for tax rate difference (Canada 23%, discontinued operation)	1,047	-
	(334,543)	(794,996)
Tax effect amounts which are not deductible / (taxable) in calculating taxable income:		
Share-based payments	77,879	-
Foreign currency translation reserve on loss of control of a subsidiary	128,814	-
	(127,850)	(794,996)
Deferred tax asset on losses not recognised	418,085	421,865
Deferred tax asset on temporary differences not recognised	(290,235)	373,131
Income tax benefit	-	-

* The tax rate is selected based on parent company's tax rate.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. It is in the opinion of management of the Company that there will be no taxable profits generated in the near future and the deferred tax asset is not to be recognised.

Tax losses

	30-Jun-26 AUD	30-Jun-25 AUD
Unused Australian tax losses for which no deferred tax asset has been recognised	34,069,434	32,553,366
Potential tax benefit @ 25.0%	8,517,359	8,138,342
Unused Canadian tax losses for which no deferred tax asset has been recognised	-	17,934,213
Potential tax benefit @ 23.0%	-	4,124,869
Total tax effected	8,517,359	12,263,211

11 Loss per share

The calculation of basic loss per share at 30 June 2026 of 0.1607 cents per share (30 June 2025 basic loss: 0.9620 cents per share) was based on the loss attributable to the ordinary shareholders of \$1,342,359 (30 June 2025 loss: \$3,179,982) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2026 of 835,503,720 (30 June 2025: 330,560,206 shares) being calculated as follows:

	30-Jun-26 AUD	30-Jun-25 AUD
Loss per share		
Loss attributable to ordinary shareholders		
Loss for the period	(1,342,359)	(3,179,982)
Attributed to:		
Members of the parent entity	(1,342,359)	(3,179,982)
Weighted average number of ordinary shares		
Issued Ordinary Shares at 1 July	687,333,523	233,531,155
Effect of shares issued	393,845,888	453,802,368
Weighted average number of ordinary shares for the year	835,503,720	330,560,206
Loss – cents per share	(0.1607)	(0.9620)
Continuing operations (Basic and Diluted loss per share)	(0.0927)	(0.8966)

The potentially diluted loss per share in the future may be affected by the convertible notes. Refer to note 25.

12 Cash and cash equivalents

	30-Jun-26 AUD	30-Jun-25 AUD
Cash at bank	900,434	908,409
	900,434	908,409

13 Other current assets

	30-Jun-26 AUD	30-Jun-25 AUD
Prepayments	42,238	-
Other receivable	48,217	16,722
	90,455	16,722

14 Loss Associated with the loss of control of subsidiary

On 15 September 2025, the Company executed a Share Purchase Agreement (“SPA”) pursuant to which Conflux Energy Corp. (“Conflux”) acquired the Company’s 100% interest in its wholly owned subsidiary, Rex Energy Ltd (“Rex”). The SPA resulted in the Company losing control over its previously controlled subsidiaries, Rex Energy Ltd. The transaction was completed at the same date.

The key terms of the SPA are as follows:

- The Company to receive CAD\$141,486 subject to any adjustments under the Joint Operating Agreement.
- Rex is indebted to Conflux for the aggregate amount of CAD\$173,530 (“Total Debt”). As the Total Debt exceeds the Equity Value of Rex Energy, as consideration for the Acquisition, Conflux has agreed to waive the CAD\$32,043.98 excess debt (“Excess Debt”).
- Under the SPA, Conflux agreed to settle the Excess Debt on behalf of Rex Energy at completion, with the settlement of this debt constituting the full consideration for the acquisition.
- Effective date 15 September 2025.

Accordingly, the Group has:

- Derecognised the assets and liabilities of its former controlled subsidiary from the consolidated statement of financial position. The assets and liabilities of the disposal group held for sale at 30 June 2025 were settled in cash during the period with no gain or loss recognised;
- Recognised a loss in the consolidated statement of profit / (loss) and other comprehensive income associated with the loss of control attributable to its former controlling interest.

The financial impact on the Company’s consolidated financial statements is outlined below:

	30 June 2026 AUD
Reclassify Foreign Currency Translation Reserve as the result of loss control of a subsidiary	(515,254)
Loss associated with loss of control of subsidiaries	(515,254)

15 Property, plant and equipment

	30-Jun-26 AUD	30-Jun-25 AUD
Plant and equipment at cost	6,342	89,886
Accumulated depletion, depreciation and amortisation	(1,157)	(89,886)
	5,185	-
Reconciliation of carrying amounts		
<i>Developing and producing assets</i>		
Opening balance	-	-
Additions	6,342	-
Depreciation	(1,157)	-
	5,185	-

16 Exploration and evaluation expenditure

	30-Jun-26 AUD	30-Jun-25 AUD
Exploration and evaluation assets - Accumulated cost	8,717,769	8,165,576
Exploration and evaluation assets - Accumulated impairment	(6,360,414)	(6,360,414)
Exploration and evaluation assets - Net	2,357,355	1,805,162
Movement in exploration and evaluation assets		
Opening balance	1,805,162	-
E&E assets capitalised from King Energy acquisition	-	1,723,409
Capitalised decommissioning cost	-	1,696,518
Impairment of capitalised decommissioning cost	-	(1,696,518)
Additions	835,209	60,025
Decommissioning liability reassessment	(283,016)	-
Capitalised employee cost after the acquisition	-	21,728
	2,357,355	1,805,162

The carrying amounts of the Group's exploration and valuation assets are reviewed at each reporting date, management has assessed the impairment indicators specified in AASB 6 and concluded that no impairment indicators exist at the reporting date. Following review, no impairment was booked to exploration and evaluation assets for the 12 months ended 30 June 2026 (30 June 2025: Nil).

17 Trade and other payables

	30-Jun-26 AUD	30-Jun-25 AUD
Current:		
Trade creditors	389,908	596,850
Other payables	369,138	280,268
	759,046	877,118

All amounts are short-term. The carrying value of trade payables and other payables are considered to be a reasonable approximation of fair value.

18 Borrowings

	30-Jun-26 AUD	30-Jun-25 AUD
Opening balance	140,945	-
King Energy Short Term Loan – Current	-	140,945
Repayments	(140,945)	-
	-	140,945

19 Decommissioning liabilities

	30-Jun-26 AUD	30-Jun-25 AUD
Balance at the beginning of the period	3,945,390	2,142,586
Additional provision at Warro Gas Field	-	1,696,518
Unwinding of interest expenses	63,383	106,286
Adjustment to rehabilitation/restoration asset	(283,016)	-
Remeasurement of rehabilitation/restoration provision	(678,757)	-
Balance at the end of the period*	3,047,000	3,945,390

* The opening balance was measured on a discounted basis, while the closing balance has not been discounted, reflecting a change in the basis of measurement during the period.

Decommissioning costs will be incurred by the Company at the end of the operating life of some of the Company's facilities and properties. The Company assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expense can also change. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

The Company's decommissioning obligation result from its ownership interest in oil and natural gas well sites and facilities. Total decommissioning obligation is estimated based on estimated costs to reclaim and abandon these wells and facilities and the estimated timing of costs to be incurred in future years.

The provision has been determined using a cost estimate with a range of minus 20 per cent to plus 40 per cent, reflecting the uncertainty in estimating future decommissioning costs. This differs from the basis used to determine the opening balance, following receipt of an updated cost estimate from an external expert which management has engaged with during the period. Actual costs may differ from this estimate as further information becomes available.

The Company has an obligation to commence plug, abandonment and remediation work for the Warro gas field including Warro wells 3, 4, 5 and 6 (the Work). This Work is linked to the current retention lease period which expires in December 2026. Undertaking the Work will require an aligned activity plan with the relevant Western Australian government departments responsible for petroleum permits, environmental approvals and safety approvals, the commencement and completion of environmental plan approvals, safety plans, and rig and equipment contracting. Additionally, access to land as per the obligations set out in Section 20 of the *Petroleum and Geothermal Energy Resources Act 1967* (WA) (PGER) states that it is a precondition to the commencement of any operations on private land for the title holder to enter into a compensation agreement with the private land owner before any work commences. The above is required to be completed prior to commencement of any field Work activities. Based on past industry and Company experience these activities have a long lead time and land access compensation activities may take 2-3 years. The Company has engaged external resources for the planning activities during 2026 and 2027, including identification of all regulatory approval requirements, market evaluations for availability of rigs and equipment, site planning, and land access discussions.

Subject to the Company being in good standing by the end of the current retention lease period there is the opportunity to apply for a renewal of retention lease for further 5 year period. It is the view of the Company that any plug, abandonment and remediation work could be carried over into any subsequent retention lease periods thereby extending the period required to complete the Work. Any future field evaluation will require re-entering exploration wells for the purpose of obtaining new data and the Work would therefore need deferral to allow for these technical and commercial studies. The Group has applied for a retention lease renewal during the year and the application remains pending.

The provision represents management's best estimate of the costs of the remediation work that will be required to comply with environmental and legal obligations. Estimates are based on current cost assumptions, inflation, and expected timing of rehabilitation. The Company has reviewed and updated its estimate of future decommissioning costs based on the latest available information. As a result of this review, the provision has been adjusted by \$961,773 during the year.

20 Issued capital

	30-Jun-26 AUD	30-Jun-25 AUD
Ordinary Shares	80,416,522	78,301,982

The Company does not have authorised capital or par value in respect of its issued shares. The holders of ordinary shares are entitled to one vote per share at meetings of the Company.

Reconciliation of movement in issued capital

Issued capital – Shares	30 June 2026 Number	30 June 2025 Number	30 June 2026 AUD	30 June 2025 AUD
<i>Share capital</i>				
Issued ordinary shares	1,081,179,411	687,333,523	80,416,522	78,301,982
<i>Movements in issued capital</i>				
Issued capital				
Opening balance	687,333,523	233,531,155	81,766,158	79,306,250
Conversion of Convertible Notes	-	39,062,498	-	422,958
Issue of shares for cash	363,333,334	291,810,581	2,350,000	1,852,838
Share issued to offset with account payable	27,557,554	12,929,234	157,624	154,040
King Energy Takeover	-	100,000,055	-	500,000
Shares issued to acquire NCI in the Alinya project	2,955,000	-	11,820	-
Allocation between shares issued and attaching option	-	-	(102,953)	(519,928)
Shares issued to advisor for service	-	10,000,000	-	50,000
Closing balance issued capital			84,182,649	81,766,158
Less share issue costs				
Opening balance			(3,464,177)	(3,289,961)
Current period costs			(301,950)	(174,216)
Closing balance share issue costs			(3,766,127)	(3,464,177)
	1,081,179,411	687,333,523	80,416,522	78,301,982

21 Reserves

	30-Jun-26 AUD	30-Jun-25 AUD
Share based payment reserve	1,250,752	939,237
Other reserve	1,321,036	1,101,085
Foreign currency translation reserve	-	(516,240)
	<u>2,571,788</u>	<u>1,524,082</u>
Movement in reserves		
<i>Share based payment reserve</i>		
Opening balance 1 July	939,237	911,383
Options issued during the period	311,515	27,854
Options (lapsed) during the period	-	-
Closing balance 30 June	<u>1,250,752</u>	<u>939,237</u>
<i>Foreign currency translation reserve</i>		
Opening balance 1 July	(516,240)	(600,956)
Exchange gains/(losses) for the period	986	(1,657)
Others	-	86,373
Reclassify Foreign Currency Translation Reserve as the result of loss		
Control of a subsidiary	<u>515,254</u>	-
Closing balance 30 June	<u>-</u>	<u>(516,240)</u>
<i>Other reserve</i>		
Opening balance 1 July	1,101,085	207,518
Allocation between shares issued and attaching option	102,953	519,928
Options issued – Lead manager services	107,400	-
Options issued - King acquisition	-	373,639
Options issued to acquire the NCI in the Alinya project	<u>9,598</u>	-
Closing balance 30 June	<u>1,321,036</u>	<u>1,101,085</u>

Share based payments reserve

The reserve represents the value of options issued under the compensation arrangement that the consolidated entity is required to include in the consolidated financial statements.

This reserve will be reversed against share capital when the underlying options are exercised by the employee or consultant or expire. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the consolidated entity's own equity instruments.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

22 Reconciliation of cash flow from operating activities

	30-Jun-26 AUD	30-Jun-25 AUD
Cash flows used in operating activities		
Loss for the period	(1,342,359)	(3,179,982)
Adjustments for:		
Depreciation, depletion and amortisation expense	1,157	-
Impairment expenses	-	136,358
Movement of provision for rehabilitation and abandonment	(678,757)	1,802,804
Share-based payment expenses	311,515	27,854
Reclassify Foreign Currency Translation Reserve as the result of loss control of a subsidiary	515,254	-
Impact of modification convertible note	-	(69,429)
Interest expenses	72,829	60,999
Other expenses	18,941	-
Operating loss before changes in working capital and provisions	(1,101,420)	(1,221,396)
(Increase)/Decrease in other receivables and prepayments	(73,733)	(14,321)
Increase/(Decrease) in trade and other payables	(118,072)	210,363
Net cash flows used in operating activities	(1,293,225)	(1,025,354)

23 Related Party Transactions

Detailed disclosures relating to Directors and Key Management Personnel are set out in the Directors' Report under the section entitled Remuneration Report.

Key management personnel (KMP) of the Company are the members of H3 Energy's Board of Directors and members of the executive team. The totals of remunerations paid to Key Management Personnel of the Company and the consolidated entity during the year are as follows:

	30-Jun-26 AUD	30-Jun-25 AUD
Short-term KMP benefits	(428,121)	(201,507)
Post employment benefits	(25,575)	(2,359)
Share based payments	(212,362)	-
	(666,058)	(203,866)

The aggregate amounts (excluded director fee) recognised during the year relating to directors' related parties and other related parties were as follows

	Transactions value year end		Balance outstanding at	
	30-Jun-26	30-Jun-25	30-Jun-26	30-Jun-25
Adelaide Equity Partners Ltd ⁽ⁱ⁾	92,205	116,595	-	5,500
AE Administrative Services Pty Ltd ⁽ⁱⁱⁱ⁾	93,103	120,018	-	11,000
AE Advisors Group Pty Ltd ⁽ⁱⁱⁱ⁾	73,829	-	34,345	-
Marbel Capital Pty Ltd ^(iv)	65,000	65,000	-	-
Business Initiatives Pty Ltd ^(v)	-	32,291	-	163,029
	324,137	333,904	34,345	179,529

(i) Adelaide Equity Partners Ltd is a company controlled by a close family member of Mr Mark Lindh. Mr Lindh is a director of Adelaide Equity Partners Ltd. The charges were in respect of investor relations services, capital raise services provided and expenses disbursement.

- (ii) AE Administrative Services Pty Ltd is a company controlled by a close family member of Mr Mark Lindh. Mr Lindh is not involved in the day to day management of AE Administrative Services Pty Ltd. The charges were in respect of company secretarial services, accounting and bookkeeping services.
- (iii) AE Advisors Group Pty Ltd is a company of which Mr Mark Lindh is a director. The charges were in respect of investor relations services, capital raise services, accounting, bookkeeping and expenses disbursement.
- (iv) Marbel Capital Pty Ltd was a company controlled by a close family member of Mr Mark Lindh. The charges were in respect of director fees.
- (v) Business Initiatives Pty Ltd is a company controlled by Mr Matthew White. The charges were in respect of accounting, bookkeeping, financial control and director fees undertaken for the group. Mr White resigned on 22 August 2024

24 Share-based payments and options issued

Options are granted to directors, employees, consultants and others. Entitlements to the options are exercisable as soon as they have vested and performance conditions have been met. There are no cash settlement alternatives. Options granted carry no dividend or voting rights.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of any movements in share options relates to Share based payment issued during the year:

	No. 2026	WAEP 2026	No. 2025	WAEP 2025
Outstanding at the beginning of the year	390,220,660	0.03	96,948,139	0.0033
Granted during the year	167,494,038	0.014	306,270,710	0.03
Conversion of unlisted options to listed options	(275,500,017)	0.015	-	-
Conversion of unlisted options to listed options	275,500,017	0.015	-	-
Lapsed/expired during the year	(600,000)	0.15	(12,998,189)	0.20
	557,114,698	0.025	390,220,660	0.03

No options exercised as at 30 June 2026 (2025: Nil).

During the year ended 30 June 2026, the Company granted 167,494,038 unlisted options, of which 115,500,000 were converted to listed options on 11 June 2026. In addition, 160,000,017 unlisted options issued during the year ended 2025 were converted to listed options.

The outstanding balance of unlisted options over ordinary shares as at 30 June 2026 represented by:

Unlisted Options

Grant Date	Vesting Date	Expiry Date	Exercise price	Number of options granted	Value of Share Based Payments AUD
21-Mar-24	21-Mar-24	01-Jan-27	\$0.03	25,849,950	207,518
08-Mar-24	08-Mar-24	01-Jan-27	\$0.03	12,500,000	179,155
08-Mar-24	08-Mar-24	28-Mar-27	\$0.03	45,000,000	663,919
20-Aug-24	20-Aug-24	1-Jan-27	\$0.03	4,739,817	14,088
30-Jan-25	30-Jan-25	1-Jan-27	\$0.03	41,530,833	128,138
11-Apr-25	11-Apr-25	31-Mar-30	\$0.05	94,941,036	354,737
9-May-25	9-May-25	31-Mar-30	\$0.05	5,059,007	18,902
26-Aug-25 ¹	26-Aug-25	31-Mar-30	\$0.05	2,955,000	7,684
3-Dec-25 ²	3-Dec-25	31-Dec-28	\$0.01	49,039,038	297,306

1. Options issued for 30% interest in Alinya project

2. Options granted to Director, Chief Operating Officer and Consultants after receiving shareholder approval at the 2025 AGM

The outstanding balance of unlisted options over ordinary shares as at 30 June 2025 represented by:

Grant Date	Vesting Date	Expiry Date	Exercise price	Number of options granted	Value of Share Based Payments AUD
30-Nov-22 ¹	06-Dec-22	30-Nov-25	\$0.15	600,000	59,993
21-Mar-24 ²	21-Mar-24	01-Jan-27	\$0.03	25,849,950	207,518
08-Mar-24 ³	08-Mar-24	01-Jan-27	\$0.03	12,500,000	179,155
08-Mar-24 ⁴	08-Mar-24	28-Mar-27	\$0.03	45,000,000	663,919
20-Aug-24 ⁵	20-Aug-24	1-Jan-27	\$0.03	4,739,817	14,088
30-Jan-25	30-Jan-25	1-Jan-27	\$0.03	41,530,833	128,138
11-Apr-25	11-Apr-25	31-Mar-30	\$0.05	94,941,036	354,737
9-May-25	9-May-25	31-Mar-30	\$0.05	5,059,007	18,902
16-May-25	16-May-25	15-May-27	\$0.015	150,000,017	407,858
16-May-25	16-May-25	15-May-27	\$0.015	10,000,000	27,191

1. Options granted to a lead manager during the year as part of service fees

2. Options granted during the year as part of placement 1 offer

3. Options granted during the year to Joint Lead Manger as part of service fees

4. Options granted and approved by shareholders as incentive component to directors and supplier in FY24

The weighted average remaining contractual life for the unlisted share options outstanding as at 30 June 2026 is 3.08 years. The exercise price for options outstanding at the end of the year is 129,620,600 at A\$0.03 and 102,955,043 at A\$0.05 and 49,039,038 at A\$0.01 (2025: 600,000 at A\$0.15, 129,620,600 at A\$0.03, 100,000,043 at A\$0.05, 160,000,017 at A\$0.02).

During the reporting period, no unlisted options were exercised. 600,000 unlisted options lapsed without exercise. 275,500,017 unlisted options were converted to listed options.

\$311,515 expense has been recognised in the consolidated statement of profit or loss and other comprehensive income in respect of options vested during the year (2025: nil).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Number of options	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
26/08/25	31/03/30	2,955,000	\$0.004	\$0.0500	141%	-	3.61%	\$0.003
3/12/25	31/12/28	49,039,038	\$0.008	\$0.0100	137%	-	3.98%	\$0.006
9/04/26	15/05/27	3,000,000	\$0.009	\$0.0150	167%	-	4.63%	\$0.005
9/04/26	15/05/27	75,000,000	\$0.009	\$0.0150	112%	-	4.63%	\$0.003
9/04/26	15/05/27	37,500,000	\$0.009	\$0.0150	112%	-	4.63%	\$0.003

Listed Options

No listed options were granted, exercised or cancelled during the period. 275,500,017 unlisted options were converted to listed options.

The outstanding balance of listed options over ordinary shares as at 30 June 2026 represented by:

Listed Options

Grant Date	Vesting Date	Expiry Date	Exercise price	Number of options granted	Value of Share Based Payments AUD
16-May-25	16-May-25	15-May-27	\$0.015	150,000,017	407,858
16-May-25	16-May-25	15-May-27	\$0.015	10,000,000	27,191
9-Apr-26 ¹	9-Apr-26	15-May-27	\$0.015	3,000,000	14,209
9-Apr-26 ²	9-Apr-26	15-May-27	\$0.015	75,000,000	102,953
9-Apr-26 ³	9-Apr-26	15-May-27	\$0.015	37,500,000	107,400
1. Options issued to services provider in lieu of payment as approved by Shareholders at the EGM on 9 April 2026					
2. Options issued to placement participants as approved by shareholder at the EGM on 9 April 2026					
3. Options issued to advisors as part for Lead Manager and Corporate Advisory Services as approved by shareholders at the EGM on 9 April 2026					

25 Convertible Note

	30-Jun-26 \$	30-Jun-25 \$
Opening Balance 1 July	91,128	547,517
Interest Expense	7,926	60,999
Conversion	-	(422,958)
Impact of the modification	-	(69,429)
Redemption	-	(25,000)
Balance 30 June	99,054	91,128

	30-Jun-26 \$	30-Jun-25 \$
Opening Balance 1 July	4,706	4,706
Balance 30 June	4,706	4,706

The Company has issued to the face value of \$331,250 Convertible Notes to professional and sophisticated investors, raising \$265,000 (Capital Raising) in October 2023. The issue of Convertible Notes was approved by shareholders at the Annual General Meeting held on 29 November 2023. Each of the Convertible Notes carries a face value of \$1.00. An interest rate equal to 20% per annum. The Noteholder may elect to convert the Convertible Notes into shares at the deemed conversion price of \$0.025 per Convertible Note (conversion price was \$0.0005 per Convertible Note prior to 50:1 consolidation) at any time prior to 30 September 2025. On 22 March 2024, the Company also issued Convertible Notes to the face value of \$75,000 to Directors, raising \$60,000. The issue of Convertible Notes was approved by shareholders at the General Meeting held on 8 March 2024. On 2 October 2024, all Convertible Note holders agreed to extend the repayment date after 15 October 2025. As at 30 June 2026, the Noteholders may elect to convert the Convertible Notes into shares at a deemed conversion price of \$0.025 per share. On 10 June 2026, the Company issued a Notice of Meeting seeking shareholder approval to amend the terms of the Convertible Notes, reducing the conversion price to \$0.01 per share and extending the maturity date to 31 July 2026. Upon the occurrence of default, the Noteholder

may require immediate redemption of all outstanding Convertible Notes and other outstanding moneys to be immediately due and payable to the Noteholder. The Convertible Notes were determined to be a compound financial instrument, resulting in a split between liability and equity components. The fair value of the liability component is determined based on the contractual future cash flows which is discounted at the rate of interest (21.76%) that would apply to an identical financial instrument without the conversion option.

On 23 October 2023, the Company also issued Convertible Notes to the face value of \$187,500 to AE Advisors in lieu of advisory fees owing to AE Advisors for the period from January 2021 to September 2023 (AE Con Notes). The issue of Convertible Notes was approved by shareholders at the Annual General Meeting held on 29 November 2023. The terms and conditions of AE Con Notes are the same with above-mentioned convertible notes.

On 5 July 2024, 168,750 Convertible Notes were converted to 14,062,499 Fully Ordinary shares and 300,000 Convertible Notes were converted to 24,999,999 Fully Ordinary shares on 12 May 2025.

The Company has recognised interest expense of \$7,926 in the consolidated statement of profit or loss and other comprehensive income during the period.

Convertible Notes

Issue Date	23/10/2023	22/3/2024
Face Value	\$518,750	\$75,000
Maturity Date	12 months	12 months
Conversion Price	\$0.025	\$0.025

26 Parent Company disclosures

	30-Jun-26	30-Jun-25
Current Assets	903,316	896,811
Non-Current Assets	2,781,763	6,899,062
Total Assets	3,685,079	7,795,873
Current Liabilities	517,271	618,430
Non-Current Liabilities	-	-
Total Liabilities	517,271	618,430
Net Assets	3,167,808	7,177,443
Contributed Equity	80,416,522	78,301,982
Share based payments reserve	1,250,752	939,237
Other reserve	1,321,036	1,101,085
Accumulated losses	(79,820,502)	(73,164,861)
Total Equity	3,167,808	7,177,443
Results of Parent Entity for the year		
Loss for the year	(6,655,641)	(1,138,416)
Other Comprehensive income	-	-
Total Comprehensive income	(6,655,641)	(1,138,416)

The Company has no contingent liabilities or commitments and no guarantees due to subsidiaries at 30 June 2026. As at 30 June 2026, the parent entity has no contingent liabilities and no contractual commitments for the acquisition of property, plant or equipment (2025: nil).

27 Financial risk management and financial instruments

Overview

The consolidated entity has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk; and
- climate change risk.

The consolidated entity's management of financial risk is aimed at ensuring net cash flows are sufficient to:

Meet all its financial commitments; and

Maintain the capacity to fund the consolidated entity's operating activities.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the consolidated entity through regular reviews of the risks.

Market, liquidity and credit risk (including foreign exchange, commodity price and interest rate risk) arise in the normal course of business. These risks are managed under Board approved directives which underpin treasury practices and processes.

This note presents information about the Company's and consolidated entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

Credit risk

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the consolidated entity's receivables from customers and deposits with banks.

Trade and other receivables

As at 30 June 2026 there were no significant concentrations of credit risk on the statement of financial position. Current trade receivables is nil at 30 June 2026. The consolidated entity monitors receivable balances on an ongoing basis and as a result believes its exposure to bad debts is insignificant.

Impairment losses

None of the Company's receivables are past due (2025: nil). As at 30 June 2026 there is no allowance for impairment in respect to other receivables for the consolidated entity (2025: nil).

Exposure to credit risk

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

Financial Instruments

	30-Jun-26	30-Jun-25
Cash and cash equivalents	900,434	908,409
	<u>900,434</u>	<u>908,409</u>

The consolidated entity limits credit risk on its cash deposits by only transacting with high credit-rated financial institutions.

	Trade and other receivables	Current assets Other investments (including derivatives)	Cash and cash equivalents	Total
30 June 2026				
Financial assets measured at fair value				
Listed equity investments	-	-	-	-
Financial assets not measured at fair value				
Cash and cash equivalents	-	-	900,434	900,434
	-	-	900,434	900,434
30 June 2025				
Financial assets measured at fair value				
Listed equity investments	-	-	-	-
Financial assets not measured at fair value				
Cash and cash equivalents	-	-	908,409	908,409
	-	-	908,409	908,409

Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

The consolidated entity manages liquidity risks by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

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

30- Jun-2026	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1-2 years	2-5 years
Financial liabilities measured at fair value	-	-	-	-	-	-
Financial liabilities not measured at fair value	-	-	-	-	-	-
Trade and other payables	759,046	759,046	759,046	-	-	-
Convertible Note	99,054	99,054	99,054	-	-	-
Total	858,100	858,100	858,100	-	-	-
30- Jun-2025	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1-2 years	2-5 years
Financial liabilities measured at fair value	-	-	-	-	-	-
Financial liabilities not measured at fair value	-	-	-	-	-	-
Trade and other payables	877,118	877,118	877,118	-	-	-
Convertible Note	91,128	91,128	91,128	-	-	-
Borrowings	140,945	140,945	140,945	-	-	-
Total	1,109,191	1,109,191	1,109,191	-	-	-

The decommissioning provision for the Plug and Abandonment of Warro wells is classified as current (Note 19) because the obligation is linked to the retention lease renewal. However, as explained in the going concern note (Note 2b), the Directors expect the cash outflows to occur in 2028 or later. Timing and amount therefore remain uncertain.

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 consolidated entity'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.

Interest rate risk

At the reporting date the interest rate profile of the Company's and the consolidated entity's interest-bearing financial instruments was:

	30-Jun-26	30-Jun-25
Variable rate Instruments		
Financial assets	900,434	908,409

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2025.

	Profit or loss		Equity	
	100bp increase AUD	100bp decrease AUD	100bp increase AUD	100bp decrease AUD
30-Jun-2026				
Variable rate instruments	9,004	(9,004)	9,004	(9,004)
Cash flow sensitivity	9,004	(9,004)	9,004	(9,004)
30-Jun-2025				
Variable rate instruments	9,084	(9,084)	9,084	(9,084)
Cash flow sensitivity	9,084	(9,084)	9,084	(9,084)

Climate change risk

Key climate-related risks and opportunities relevant to the Company's operations include:

The transition to a low carbon economy through technological improvements and innovations that support a lower carbon energy efficient system with decreased demand and changing community sentiment for fossil fuels, increased uncertainty time and cost associated with regulatory bodies granting approvals or licences on fossil fuel intensive projects. Transition to lower carbon economy also gives rise to opportunity for the Company's gas production assets. Natural gas is viewed as a key element to supporting a sustainable energy transition.

Physical changes caused by climate change include increased severe weather events and chronic changes to weather patterns which may impact demand for energy and the Company's production assets and production capability. These events could have a financial impact on the Company through increased operating costs, maintenance costs, revenue generation and sustainability of its production assets.

Policy changes by governments which may result in increasing regulation and costs which could have a material impact on the Company's operations.

Due to the nature of the uncertainties relating to the above risks, the financial impact has not been quantified for the financial year.

The Company is committed to continually improve climate change related disclosures as processes and understanding of climate change related matters improve alongside the Company's activities and operations.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital, which the consolidated entity defines as net operating income divided by total shareholders' equity.

	30-Jun-26	30-Jun-25
Equity attributable to shareholders of the Group	80,416,522	78,301,982
Equity	80,416,522	78,301,982
Total Assets	3,353,429	2,730,293
Equity ratio	4.2%	3.5%

There were no changes in the consolidated entity's approach to capital management during the year. As at 30 June 2026, neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

28 Acquisition of non-controlling interest

The Group completed the acquisition of the remaining 30% interest in Alinya Project on 25 August 2025, increasing its ownership from 70% to 100%. The acquisition resulted in a difference recognised in retained earnings which is set out in the table below.

	30 June 2026	30 June 2025
	AUD	AUD
Shares and Options issued for the non-controlling interest	21,418	-
Carrying value of the non-controlling interests at the acquisition date	(373,432)	-
Difference recognised in retained earnings	(352,014)	-

Significant Accounting Policies

Non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. The decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Alinya Project the Group elected to recognise the non-controlling interest as its proportionate share of the acquired net identifiable assets. Where the non-controlling interests are acquired or sold without loss of control, any excess or deficit of consideration paid over the carrying amount is recognised in equity transactions. The Group has elected to recognise this effect in retained earnings. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

29 Auditors Remuneration

Fees for audit and review of the financial statements

30-Jun-26 AUD	30-Jun-25 AUD
69,637	107,298
69,637	107,298

On 8 July 2026, the Company announced SW Audit have been appointed as Company's external auditor. SW Audit will perform the audit and sign off on the Company's FY2026 Annual Report. Total fees of \$69,637 were paid or payable to the previous auditor UHY Haines Norton and SW Audit for audit and review services, with no fees paid for non-audit services during the financial year.

30 Commitments

The Group has \$225,456 commitments as at 30 June 2026 (FY2025: \$164,150).

	Minimum Commitments			Total
	Within 1 year	1 to 5 years	After 5 years	
30-Jun-26	225,456	-	-	225,456
30-Jun-25	164,150	-	-	164,150

The Group is required to satisfy certain exploration work commitments under its exploration licences and retention lease for the Alinya and Warro Projects. The expenditure required to satisfy these obligations have not been quantified other than minimal annual license fees, land access fees and council rates.

31 Contingent Liabilities

The Group is in negotiation with a landowner in relation to land access. As at the reporting date, the matter remains unresolved, with discussions between the parties ongoing. A provision of \$50,000 was recognised as management's best estimate of the probable liability, based on information available at the reporting date. However, the ultimate amount payable may differ materially from this estimate.

32 Subsequent Events

Subsequent to year end, shareholders approved all resolutions put to the 2026 Extraordinary General Meeting in July.

On 8 July 2026, the Company announced SW Audit have been appointed as Company's external auditor.

On 20 July 2026, the Company completed capital raising of \$1,900,000 (before cost) at an issue price of \$0.0075 per share via placement tranche 2.

On 7 August 2026, the Company announced 6,250,000 fully paid ordinary shares were issued at an issue price of \$0.01 per share on conversion of 62,500 convertible notes held by a Sophisticated and Professional investor as approved by shareholders at an EGM in July 2026.

On 6 August 2026, the Company issued 80,000,000 unlisted options to the Joint Lead Manager as part consideration for capital raising services.

In August 2026, the Group obtained a Directors' and Officers' Liability insurance policy. A premium of \$18,686.58 was paid to insure the Directors and Officers of the Group and its controlled entities.

On 4 September 2026, Mr Richard King resigned as a Non-Executive Director of the Company.

The Company has withdrawn its geothermal Exploration Permit (EPG) application EPG2050 in September 2026.

Other than the above, no material matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results or state of affairs of the consolidated entity.

Consolidated Entity Disclosure Statement

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes required information for each entity that was part of the consolidated entity as at the end of the financial year.

Consolidated entity

This CEDS includes only those entities consolidated as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements (AASB 10).

Determination of Tax Residency

Section 295 (3A) of the *Corporations Act 2001* defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

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

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance.

Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Name of Entity	Country of incorporation	Australian tax resident or foreign tax resident	30-Jun-26 Equity Holding %	Foreign jurisdiction of foreign residents
Subsidiaries of H3 Energy Ltd				
Tejon Energy Pty Ltd	Australia	Australian	100	-
Latent Petroleum Pty Ltd	Australia	Australian	100	-
Kubla Oil Pty Ltd	Australia	Australian	100	-
King Energy Ltd	Australia	Australian	100	-
Officer Energy Pty Ltd	Australia	Australian	100	-
Elpis Resources Pty Ltd	Australia	Australian	100	-
Elpis Resources (SA) Pty Ltd	Australia	Australian	100	-

Director's Declaration

In accordance with a resolution of the Directors of H3 Energy Limited (Company), the Directors of the Company declare that:

1. In the opinion of the Directors, the financial statements and notes for the year ended 30 June 2026 are in accordance with the *Corporations Act 2001* and:

- a. Comply with Accounting Standards, which, as stated in basis of preparation Note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
- b. Give a true and fair view of the consolidated entity's financial position as at 30 June 2026 and its performance for the year ended on that date;

2. In the opinion of the Directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

3. In the opinion of the Directors, the Consolidated Entity Disclosure Statement required by subsection (3A) is true and correct; and

4. 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. Dated at Adelaide, 30 September 2026.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



Mark Lindh
Chairman

Shareholder Information

H3 Energy Ltd shares are listed on the Australian Securities Exchange. The Company's ASX code is H3E.

SUBSTANTIAL SHAREHOLDERS (HOLDING NOT LESS THAN 5%)

As at 21 August 2026:

Rank	Name	Units	% of Units
1.	10 BOLIVIANOS PTY LTD	71,286,993	5.32
2.	JCR INVESTMENTS CO P/L <ADRIAN VENUTI FAMILY 3 A/C>	71,205,675	5.31

Class of Shares and Voting Rights

At 21 August 2026 there were 2,679 holders of 1,340,762,689 ordinary fully paid shares of the Company. The voting rights attaching to the ordinary shares are in accordance with the Company's Constitution being that:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a shareholder has one vote; and
- on a poll, every person present who is a shareholder or a proxy, attorney or Representative of a shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall, have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

Distribution of Shareholders as at 21 August 2026

Spread of Holdings	Number of Holders	Ordinary Shares
1 - 1,000	758	315,519
1,001 - 5,000	655	1,724,904
5,001 - 10,000	217	1,732,635
10,001 - 100,000	512	21,556,465
100,001 Over	537	1,315,433,166
Total	2,679	1,340,762,689

The number of shareholders holding less than a marketable parcel is 2,074.

Unlisted Options

Securities	Number of Securities on issue	Number of Holders
Unlisted Options exercise price of \$0.03 expiring 28/03/2027	45,000,000	8
Unlisted Options exercise price of \$0.03 expiring 01/01/2027	38,349,950	20
Unlisted options exercisable at \$0.03 expiring 01/01/2027	4,739,817	82
Unlisted options exercisable at \$0.03 expiring 01/01/2027	41,530,833	27
Unlisted options exercisable at \$0.05 expiring 31/03/2030	100,000,043	108
Unlisted options exercisable at \$0.05 expiring 31/03/2030	2,955,000	3
Unlisted options exercisable at \$0.01 expiring 31/12/2028	49,039,038	4
Unlisted options exercisable at \$0.015 expiring 30/06/2029	80,000,000	7

Listed Options

Securities	Number of Securities on issue	Number of Holders
Listed options exercisable at \$0.015 expiring 15/05/2027	275,500,017	136

Escrowed Securities

The Company does not have any securities on issue that are subject to escrow restrictions.

Listing of 20 Largest Shareholders as at 21 August 2026

Rank	Name	Units	% Units
1	10 BOLIVIANOS PTY LTD	71,286,993	5.32
2	JCR INVESTMENTS CO P/L <ADRIAN VENUTI FAMILY 3 A/C>	71,205,675	5.31
3	JAF CAPITAL PTY LTD	65,000,000	4.85
4	PETER ANDREW PROKSA	48,358,975	3.61
5	MS CHUNYAN NIU	35,305,420	2.63
6	BERNE NO 132 NOMINEES PTY LTD <791994 A/C>	31,579,697	2.36
7	MR MICHAEL ZOLLO	25,999,998	1.94
8	POINTCIANA PTY LTD <IVANHOE INVESTMENTS A/C>	22,979,552	1.71
9	SCINTILLA STRATEGIC INVESTMENTS LIMITED	21,666,670	1.62
10	LOKTOR HOLDINGS PTY LTD <TAYBIRD A/C>	20,475,333	1.53
11	PEARSE STREET PTY LTD	20,000,000	1.49
12	WILLYAMA ASSET MANAGEMENT PTY LTD <SD INVESTMENT A/C>	16,010,260	1.19
13	ARMS CAPITAL PTY LTD	15,000,000	1.12
13	DISTINCTIVE TASTES (TAS) PTY LTD	15,000,000	1.12

For the year ended 30 June 2026

13	MUSSETT PTY LTD	15,000,000	1.12
16	AE ADMINISTRATIVE SERVICES PTY LTD	14,929,234	1.11
17	AE CORPORATE SERVICES PTY LTD	14,927,778	1.11
18	GIOJAZ MANAGEMENT PTY LTD <GIOJAZ SUPER FUND NO 1 A/C>	14,271,357	1.06
19	MR MARK LINDH + MRS BELINDA LINDH <BELMAR SUPER FUND A/C>	13,983,975	1.04
20	BOSSWHAT PTY LTD	13,333,333	0.99
TOTAL		566,314,250	42.24

Permits

AUSTRALIAN LAND INTERESTS			
Project	Area	WI	Location
Alinya Project (PEL 253)	4,097sqkm	100%	South Australia
Alinya Project (PEL 81)	15,336sqkm	100%	South Australia
Warro JV – RL7	222sqkm	100%	Western Australia