

AJ LUCAS GROUP LIMITED

ABN: 12 060 309 104

INTERIM REPORT

&

APPENDIX 4D

HALF YEAR ENDED 31 DECEMBER 2025

**(Previous Corresponding Reporting Period:
half year ended 31 December 2024)**

Appendix 4D

for the half year ended 31 December 2025

Name of entity: AJ LUCAS GROUP LIMITED

ACN: 060 309 104

	Change		Dec-25 \$A'000	Dec-24 \$A'000
Revenue				
Revenues from continuing operations	Decrease of 11.8%	to	66,917	75,879
Reported EBITDA ⁽¹⁾	Improvement of 335.8%	to	38,497	8,834
Profit before interest and tax	Improvement of 655.5%	to	35,325	4,676
Profit/(loss) for the period	Improvement of 439.5%	to	38,881	(11,452)
Profit/(loss) for the period attributable to members	Improvement of 437.5%	to	38,612	(11,440)
NTA Backing			Dec-25	Jun-25
Net tangible asset backing per ordinary security (cents per share)			(3.1)	(6.3)
Dividends			Amount per security	Franked amount per security
Total dividend - current year			0.0¢	N/A
- previous year			0.0¢	N/A

⁽¹⁾ Reported EBITDA refers to earnings before net financing costs, depreciation and amortisation, impairments and tax expense.

An interim financial report for the half year ended 31 December 2025 is provided with the Appendix 4D information.

1. The interim report has been prepared in accordance with AASB 134 Interim Financial Reporting.
2. The Appendix 4D information is based on the interim financial report, which has been subject to a review.
3. The Auditor's unqualified review report is attached as part of the interim financial report.
4. The non-IFRS financial information presented in this document has not been audited or reviewed in accordance with Australian Auditing Standards.

Commentary on the Results

for the half year ended 31 December 2025

AJ Lucas Group Limited ("the Company") and its controlled entities (together referred to as "Lucas", the "Group" or "Lucas Group") presents its results for the period 31 December 2025.

	Dec 2025 \$'000	Dec 2024 \$'000	Change %
Total revenue from continuing operations	66,917	75,879	(11.8%)
Reported EBITDA - Australian operations	14,115	10,247	37.7%
Reported EBITDA - UK operations	24,382	(1,413)	1825.5%
Total Reported EBITDA⁽¹⁾	38,497	8,834	335.8%
Depreciation and amortisation	(3,172)	(4,158)	23.7%
EBIT	35,325	4,676	655.4%
Net finance income/(costs)	3,556	(16,128)	122.0%
Net profit/(loss) for the period	38,881	(11,452)	439.5%

⁽¹⁾ Reported EBITDA from continuing operations refers to earnings before net financing costs, depreciation and amortisation, impairments and tax expense.

The Group reported EBITDA for the six months to 31 December 2025 of \$38.5 million, compared to \$8.8 million for the six months to 31 December 2024. These figures primarily reflect the UK settlement of \$25.9 million along with the improved performance of the Australian operations which recorded an EBITDA of \$14.1 million (Dec 24: \$10.2 million).

During the period, the Group's UK operations received a cash payment of £12.5 million (\$25.9 million) as part of a settlement in a dispute regarding a carry agreement associated with certain UK shale gas exploration licences. In addition, UK operations incurred administration and other expenses of \$1.5 million (Dec 2024: \$1.4 million). These costs were incurred to support maintenance of the Group's licences and revaluation of the Group's decommissioning liabilities.

The Australian operations continue to be impacted by two suspended mining operations at two client sites, combined with a subdued metallurgical coal market. Lucas Group remains committed to prioritising safety as it seeks to expand its portfolio of contracted projects and remains confident in the positive longer-term outlook for the metallurgical coal sector.

Taking into account depreciation and amortisation of \$3.2 million (Dec 2024: \$4.2 million) and net finance income of \$3.6 million predominantly resulting from the interest concessions on the related party loans (Dec 2024: \$16.1 million net costs), the Group delivered a net profit after tax of \$38.9 million (Dec 2024: \$11.5 million loss).

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

Commentary on the Results

for the half year ended 31 December 2025

Australian Operations

	Dec 2025 \$'000	Dec 2024 \$'000	Change %
Revenue	66,874	75,851	-11.8%
Reported EBITDA - Australian Operations	14,115	10,247	37.7%
EBITDA margin	21.1%	13.5%	

Revenue for the six months to 31 December 2025 was \$66.9 million, an 11.8% decrease compared to \$75.9 million for the six months to 31 December 2024. The lower revenue was primarily due to subdued conditions in the metallurgical coal market, while mining operations remained suspended at two major client sites.

Despite lower revenues, the Australian operations delivered EBITDA of \$14.1 million representing a 37.7% increase on the \$10.2 million reported for the six months to December 2024. The uplift was driven by improved operational efficiency and reduced overhead, fewer maintenance events and reduced wet weather impacts. These factors contributed to a stronger EBITDA margin of 21.1%, up from 13.5% in the prior period.

UK Oil & Gas

In the six-month period to end December 2025 there has been no substantive changes with respect to the moratorium on hydraulic fracturing, which was re-imposed by the UK government in October 2022, following a short period when the moratorium had been lifted. We continue to engage on this issue with the Regulator and other onshore oil and gas operators but see limited prospect of a change in the short term.

In the reporting period we completed the plug and abandonment of the two Preston New Road (PNR) shale gas exploration wells. This followed notification by the oil and gas regulator requiring us to complete site restoration. The well suspension and subsequent plug and abandonment of the site does not impact the underlying shale exploration licence which comprises approximately 1000km², contains large volumes of shale gas, and which we continue to operate in partnership with Spirit Energy.

Gas production from the Elswick conventional gas well continued in the reporting period. The gas is used to generate electricity on-site which is on-sold into the local distribution network.

On the combined PL081 and PEDL347 Licences in Yorkshire, operated by Egdon Resources and in which Cuadrilla has a 25% non-operated interest, the Operator continues to progress plans to secure approval for, and drill, an appraisal well on an existing discovered gas resource which spans both Licences. Egdon is funding the planning, permitting, drilling, and testing of this appraisal well.

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

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

Commentary on the Results

for the half year ended 31 December 2025

Balance Sheet

The Group has a Senior syndicated finance facility provided by Balmain (maturing in May 2027) with \$11.5 million (June 25: \$32.1 million) outstanding at balance date. Furthermore, the Group has related party loans of \$72.2 million (June 25: \$89.6 million) which are subordinated to Balmain and mature in July 2027.

Interest bearing debt, net of cash, cash equivalents and cash in trust, decreased by \$40.3 million to \$79.6 million (June 2025: \$119.9 million) driven by lower utilisation of the Senior Syndicated facility and a reduction in the related party loan of \$22.3m.

The Group made a cash payment of \$12.0 million to reduce the related party loan from Kerogen in December 2025 following receipt of the settlement referenced above in August 2025 and consent to make the payment from the senior lender. Under the terms of the related party loan agreement, contractual loan interest concessions of \$12.3 million were received in consideration for the cash payment; and \$8.5 million was recognised as a reassessment gain in accordance with accounting standards as is disclosed further in Notes 4 and 9.

Cash flows

Total cash equivalents and cash in trust increased by \$1.8 million during the period (Dec 24: \$6.7 million decrease). This improvement in cash equivalents was driven by a net cash from operating activities of \$26.4 million (Dec 24: \$9.9 million net cash used in operating activities) due to the receipt of the UK settlement funds of \$25.9 million. Cash used in investing activities was \$1.6 million net of purchases and disposals of plant and equipment (Dec 24: \$3.7 million). Cash used for financing activities was \$22.9 million allocated to the repayment of interest-bearing debt and lease obligations (Dec 24: \$12.9 million).

Outlook

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

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



AJ LUCAS GROUP LIMITED

INTERIM FINANCIAL REPORT FOR HALF YEAR ENDED 31 DECEMBER 2025

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, it is recommended that this report is read in conjunction with the annual report as at 30 June 2025 together with any public announcements made by the Lucas Group during the half year ended 31 December 2025 in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.

AJ LUCAS GROUP LIMITED AND ITS CONTROLLED ENTITIES

Contents	Page
Directors' report	8
Lead auditor's independence declaration	9
Financial report	
– Consolidated statement of comprehensive income	10
– Consolidated statement of financial position	11
– Consolidated statement of changes in equity	12
– Consolidated statement of cash flows	13
– Notes to the consolidated interim financial statements	14
Directors' declaration	24
Independent auditor's review report	25

Directors' Report

for the half year ended 31 December 2025

The directors of AJ Lucas Group Limited (the "Lucas Group") present their report together with the consolidated financial report for the half year ended 31 December 2025 and the auditor's review report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Non-executive

Andrew Purcell (Chairman)

Julian Ball

Austen Perrin

Robert Bailey (Appointed effective 10 October 2025)

Executive

Francis Egan

Gregory Runge

All directors held their position throughout the six months and up to the date of this report unless otherwise stated.

REVIEW OF OPERATIONS

A review of the Group's operations and the results of those operations are presented on pages 3 to 5 and form part of this report.

INTERIM DIVIDEND

The directors have resolved not to pay an interim dividend.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9 and forms part of this report for the half year ended 31 December 2025.

ROUNDING OF AMOUNTS

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

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Signed in accordance with a resolution of the directors.



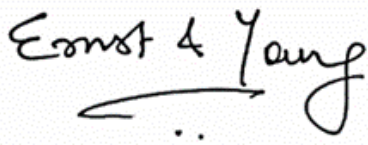
Andrew Purcell
Chairman
27 February 2026

Auditor's independence declaration to the directors of AJ Lucas Group Limited

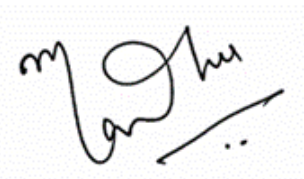
As lead auditor for the review of the half-year financial report of AJ Lucas Group Limited for the half-year ended 31 December 2025, I declare to the best of my knowledge and belief, there have been:

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

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



Ernst & Young



Madhu Nair
Partner
27 February 2026

Consolidated Statement of Comprehensive Income

for the half year ended 31 December 2025

	Note	Dec 2025 \$'000	Dec 2024 \$'000
Revenue from contracts with customers	2	66,917	75,879
Total revenue		66,917	75,879
Other income	3	25,897	5
Operating costs of Australian operations		(52,556)	(65,129)
Depreciation and amortisation	5	(3,172)	(4,158)
Other expenses	5	(1,761)	(1,921)
Results from operations		35,325	4,676
Net finance income/(costs)	4	3,556	(16,128)
Profit/(loss) before income tax		38,881	(11,452)
Income tax benefit		—	—
Net profit/(loss) for the period		38,881	(11,452)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Exchange differences on translation of foreign operations		325	(495)
Total items that may be reclassified subsequently to profit and loss		325	(495)
Other comprehensive income / (loss) for the period		325	(495)
Total comprehensive income / (loss) for the period		39,206	(11,947)
Net profit / (loss) for the period attributable to:			
Shareholders of AJL		38,612	(11,440)
Non-controlling interest		269	(12)
		38,881	(11,452)
Total comprehensive income / (loss) attributable to:			
Shareholders of AJL		38,938	(11,935)
Non-controlling interest		268	(12)
		39,206	(11,947)
Earnings per share:			
Basic and diluted (loss)/earnings per share (cents)	11	2.8	(0.8)

The accompanying notes are an integral part of these consolidated interim financial statements.

Consolidated Statement of Financial Position

as at 31 December 2025

	Note	Dec 2025 \$'000	Jun 2025 \$'000
Current assets			
Cash and cash equivalents		5,353	3,542
Cash in trust		314	324
Trade and other receivables		7,736	8,973
Contract assets		6,928	11,334
Inventories		6,540	5,699
Other assets		790	934
Total current assets		27,661	30,806
Non-current assets			
Plant and equipment	6	44,709	45,609
Right-of-use assets	7	1,217	1,705
Deferred tax asset		10,954	10,954
Exploration assets	8	–	–
Total non-current assets		56,880	58,268
Total assets		84,541	89,074
Current liabilities			
Trade and other payables		16,603	22,810
Contract liabilities		1,106	–
Interest-bearing loans and borrowings	9	12,722	33,590
Decommissioning provision	10	4,933	5,088
Employee benefits		7,069	7,023
Total current liabilities		42,433	68,511
Non-current liabilities			
Interest-bearing loans and borrowings	9	72,539	90,221
Decommissioning provision	10	3,203	3,286
Employee benefits		793	689
Total non-current liabilities		76,535	94,196
Total liabilities		118,968	162,707
Net assets / (liabilities)		(34,427)	(73,633)
Equity			
Share capital	11	514,590	514,590
Reserves		366	40
Accumulated losses		(549,568)	(588,180)
Total equity attributable to equity holders of the Company		(34,612)	(73,550)
Non-controlling interest		185	(83)
Total equity / (deficiency)		(34,427)	(73,633)

The accompanying notes are an integral part of these consolidated interim financial statements.

Consolidated Statement of Changes in Equity

for the half year ended 31 December 2025

	Share capital \$'000	Translation reserve \$'000	Option reserve \$'000	Employee equity benefits reserve \$'000	Non-controlling interest \$'000	Accumulated losses \$'000	Total deficiency \$'000
Balance 1 July 2025	514,590	(4,630)	637	4,033	(83)	(588,180)	(73,633)
Total comprehensive income							
Profit for the period	–	–	–	–	269	38,612	38,881
Other comprehensive income							
Foreign currency translation differences	–	326	–	–	(1)	–	325
Total comprehensive income	–	326	–	–	268	38,612	39,206
Balance 31 December 2025	514,590	(4,304)	637	4,033	185	(549,568)	(34,427)
Balance 1 July 2024	514,590	(3,883)	637	4,033	(44)	(573,170)	(57,837)
Total comprehensive income							
Loss for the period	–	–	–	–	(12)	(11,440)	(11,452)
Other comprehensive income							
Foreign currency translation differences	–	(495)	–	–	–	–	(495)
Total comprehensive income/(loss)	–	(495)	–	–	(12)	(11,440)	(11,947)
Balance 31 December 2024	514,590	(4,378)	637	4,033	(56)	(584,610)	(69,784)

The accompanying notes are an integral part of these consolidated interim financial statements.

Consolidated Statement of Cash Flows

for the half year ended 31 December 2025

	Note	Dec 2025 \$'000	Dec 2024 \$'000
Cash flows from operating activities			
Cash receipts from customers		80,235	87,830
Other operating cash receipt	3	25,892	–
Cash paid to suppliers and employees		(64,788)	(74,636)
Cash from operations		41,339	13,194
Interest income		128	197
Interest and other costs of finance paid		(15,096)	(3,519)
Net cash from / (used in) operating activities		26,371	9,872
Cash flows from investing activities			
Acquisition of plant and equipment		(2,227)	(3,730)
Proceeds from sale of plant and equipment		663	8
Net cash used in investing activities		(1,564)	(3,722)
Cash flows from financing activities			
Proceeds from borrowings		68,120	79,506
Repayment of borrowings		(89,235)	(90,173)
Transaction costs on borrowings		(937)	–
Repayment of leases		(870)	(2,265)
Net cash used in financing activities		(22,922)	(12,932)
Net increase / (decrease) in cash, cash equivalents and cash in trust		1,885	(6,782)
Net foreign exchange difference		(84)	48
Cash and cash equivalents at beginning of the period		3,866	16,849
Cash and cash equivalents and cash in trust at end of the period		5,667	10,115

The accompanying notes are an integral part of these consolidated interim financial statements.

1. Basis of preparation

AJ Lucas Group Limited (“Company”) is a company domiciled in Australia. The consolidated interim financial statements (“interim financial statements”) as at and for the half year ended 31 December 2025 comprises the Company and its subsidiaries (together referred to as “Lucas Group”) and the Company’s interest in associates and joint arrangements.

The Company is a provider of drilling services primarily to the coal industry in Australia, and an owner operator of oil and gas prospects in the United Kingdom.

i) Statement of compliance

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and with AASB 134 *Interim Financial Reporting*. They do not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 30 June 2025. These are available upon request from the Company’s registered office at Level 22, 167 Eagle Street, Brisbane, QLD, 4000 or at www.lucas.com.au. These interim financial statements were approved by the Board of Directors on 27 February 2025.

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

ii) Going concern

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

- The Group is in a net liability position at balance sheet date of \$34.4 million (June 2025: \$73.6 million), and a net current liability position of \$14.8 million (June 2025: \$37.7 million). At December 2025 the \$11.5 million balance of Senior syndicated loan facility is classified as current liabilities.
- The Group generated a profit before tax for the half year ended 31 December 2025 of \$38.9 million (December 2024 : loss \$11.5 million).

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

- The financial performance of the Drilling Division remained strong and delivered \$66.9 million in revenue and \$14.1 million in earnings before interest, tax, depreciation and amortisation (“EBITDA”) from Australian operations. Despite revenue being 11.8% lower than December 2024, effective cost management ensured a 37.7% increase to reported EBITDA.

Going concern (CONT)

- The past ability of the Group to raise additional debt or equity should it be required.
- The Group has \$5.7 million in cash on hand at 31 December 2025 and has effective budget and cash management process in place to track a balance between operating and capital spending and monitor compliance with future covenants.

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

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

iii) **New standards, interpretations and amendments adopted by the Group**

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Where necessary, comparatives have been reclassified and repositioned for consistency with current half year disclosures.

Several other amendments and interpretations apply for the first time in the current period but do not have an impact on the interim financial statements of the Group.

iv) **Estimates**

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

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial report as at and for the year ended 30 June 2025.

Given the nature of the contracts that the Group undertakes, there is exposure to claims and variations for which the Group has made judgements in respect of final outcomes.

v) **New accounting standards and interpretations not yet adopted**

There are amendments and revisions to accounting standards that have not been early adopted, however these changes are not expected to result in any material changes to the Group's financial performance or financial position. However, management continues to formalise its full assessment of the impact of new standards.

2. Segment reporting

The Group comprises the following main business segments:

Drilling	This business segment encompasses the Australian Drilling business and the Group's head office and corporate costs. The Australian Drilling business provides integrated professional drilling services, predominantly for exploration and degasification of coal mines but may also include the recovery and commercialisation of coal seam gas, and associated services.
UK Oil and Gas Investments	Exploration for and commercialisation of unconventional and conventional hydrocarbons in the United Kingdom.

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

The Drilling reportable segment had three customers (Dec 2024: four customers) that each contribute over 10% of the Groups revenue, and in total contributed 77% (Dec 2024: 86%) of the Groups revenue.

	Drilling \$'000	UK Oil & Gas Investments \$'000	Reportable Segments \$'000	Unallocated \$'000	Total \$'000
December 2025					
Reportable segment revenue					
Services rendered	66,874	43	66,917	–	66,917
Total consolidated revenue	66,874	43	66,917	–	66,917
EBITDA	14,115	24,382	38,497	–	38,497
Depreciation and amortisation	(3,156)	(16)	(3,172)	–	(3,172)
Net finance cost	(2,405)	(76)	(2,481)	6,037	3,556
Reportable segment profit / (loss)	8,554	24,290	32,844	6,037	38,881

	Drilling \$'000	UK Oil & Gas Investments \$'000	Reportable Segments \$'000	Unallocated \$'000	Total \$'000
December 2024					
Reportable segment revenue					
Services rendered	75,851	28	75,879	–	75,879
Total consolidated revenue	75,851	28	75,879	–	75,879
EBITDA	10,247	(1,413)	8,834	–	8,834
Depreciation and amortisation	(4,145)	(13)	(4,158)	–	(4,158)
Net finance cost	(3,868)	(22)	(3,890)	(12,238)	(16,128)
Reportable segment profit / (loss)	2,234	(1,448)	786	(12,238)	(11,452)

3. Other Income

	Dec 2025 \$'000	Dec 2024 \$'000
Settlement proceeds received ⁽¹⁾	25,892	–
Proceeds from scrap metal	5	5
Total other income	25,897	5

(1) The Group's UK operations received a cash payment of £12.5 million (\$25.9 million) as part of a settlement in a dispute regarding a carry agreement associated with certain UK shale gas exploration licences.

4. Net finance income and costs

	Dec 2025 \$'000	Dec 2024 \$'000
Interest income	(128)	(197)
Interest expense	5,518	9,366
Reassessment gain on related party loan	(8,519)	–
Finance costs charged on lease liability	83	228
Amortisation of prepaid fees on debt facilities	1,026	1,311
Decommission provision discount unwind	76	22
Net foreign exchange (gain) / loss	(1,612)	5,398
Net finance (income) / costs recognised in profit and loss	(3,556)	16,128

Reassessment of borrowings

During the period, the Group made a \$12.0 million cash payment in respect of the related party loan which entitled it to contractual interest concessions of \$12.3 million, reducing the total contractual cash payments otherwise payable under the facility.

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

As a result of this reassessment, the Group recognised a reassessment gain of \$8.5 million, which has been presented within net finance income. This gain reflects the present value impact of the revised cash flows and therefore differs from the nominal value of the contractual interest concession of \$12.3 million.

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

5. Other expenses

	Dec 2025 \$'000	Dec 2024 \$'000
Depreciation of plant and equipment	2,440	2,251
Amortisation of right-of-use asset	732	1,907
Total depreciation and amortisation	3,172	4,158
UK overhead costs	1,553	1,455
Other	208	466
Total other expenses	1,761	1,921

6. Plant and equipment

	Plant & equipment \$'000	Enterprise development \$'000	Total \$'000
31 December 2025			
At cost	137,542	1,263	138,805
Accumulated depreciation/impairment	(92,833)	(1,263)	(94,096)
Carrying amount at 31 December 2025	44,709	–	44,709
30 June 2025			
At cost	135,953	12,578	148,531
Accumulated depreciation/impairment	(90,344)	(12,578)	(102,922)
Carrying amount at 30 June 2025	45,609	–	45,609

Reconciliations of the carrying amounts for each class of plant and equipment are set out below.

	Plant & equipment \$'000	Enterprise development \$'000	Total \$'000
Carrying amount at 1 July 2025	45,609	–	45,609
Additions	2,227	–	2,227
Disposals	(638)	–	(638)
Depreciation and amortisation	(2,440)	–	(2,440)
FX revaluation	(49)	–	(49)
Carrying amount at 31 December 2025	44,709	–	44,709

7. Right-of-use assets

	Plant & equipment \$'000	Property \$'000	Total \$'000
31 December 2025			
At cost	3,086	3,188	6,274
Accumulated depreciation/amortisation/impairment	(2,553)	(2,504)	(5,057)
Carrying amount at 31 December 2025	533	684	1,217
30 June 2025			
At cost	2,552	3,188	5,740
Accumulated depreciation/amortisation/impairment	(1,789)	(2,246)	(4,035)
Carrying amount at 30 June 2025	763	942	1,705

7. Right-of-use assets cont.

Reconciliations of the carrying amounts for each class of right-of-use asset is set out below.

	Plant & equipment \$'000	Property \$'000	Total \$'000
Carrying amount at 1 July 2025	763	942	1,705
Additions	534	–	534
Disposals	(290)	–	(290)
Amortisation	(474)	(258)	(732)
Carrying amount at 31 December 2025	533	684	1,217

8. Exploration assets

	Dec 2025 \$'000	Jun 2025 \$'000
Opening carrying amount	–	–
Closing value	–	–

The exploration assets are comprised of various UK onshore exploration licenses. A moratorium on hydraulic fracturing in the UK, that had been in place since November 2019, was briefly lifted in September 2022 before being reinstated again a few weeks later.

The Group continues to evaluate a range of options available to protect the substantial investment that we have made in these exploration licences and extract any potential value that exists, whether through eventual development as and when this is allowed, or by other means. However, as result of the adverse political circumstances in the UK, the ongoing moratorium and the lack of discernible political will within the governing party to progress onshore shale gas exploration, the Group is no longer planning or budgeting substantive expenditure on further exploration and evaluation in its specific shale exploration licences areas. In accordance with accounting standards, it recorded a non-cash impairment loss of \$157.3 million in December 2022.

Licence requirements

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

9. Interest-bearing loans and borrowings

	Dec 2025 \$'000	Jun 2025 \$'000
Current		
Senior syndicated facility	11,534	32,120
Lease liabilities	1,179	1,449
Other	9	21
	12,722	33,590
Non-current		
Lease liabilities	339	612
Loans from related party	72,200	89,609
	72,539	90,221
Total Current and Non-Current finance facilities	85,261	123,811

Borrowings are measured at amortised cost using the effective interest method in accordance with AASB 9.

Senior syndicated facility-Balmain

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

The facility originally commenced in October 2019 and has been extended out to May 2027. The Senior syndicated facility can be drawn at any time up to an upper limit of \$50 million (previously \$35 million) subject to certain prescribed levels of Security Assets.

During the period, the Group repaid the temporary increase in lending advance rates on specific asset classes ahead of the nine month 'stretch' period, utilising a portion of the proceeds from the UK settlement. The temporary increase was originally due to expire in February 2026, month 'stretch' period, utilising a portion of the proceeds from the UK settlement. The temporary increase was originally due to expire in February 2026

Interest is calculated on the daily balance outstanding at the bank bill swap rate plus a margin and is payable monthly in arrears. Due to fluctuating BBSY, the facility's interest rate was 11.22% in December 2025, down from 12.01% in June 2025.

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

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

Lease liabilities

Lucas Group has lease contracts for various items of plant, machinery, vehicles and office space used in its operations. Leases of plant and machinery generally have lease terms between 1 and 3 years, motor vehicles have lease terms between 1 and 5 years and office space have a lease term up to 10 years. Lease liability represents the present value of minimum lease.

9. Interest-bearing loans and borrowings cont.

Loans from related party-Kerogen

The loan from Kerogen, a related party holding 56.67% of the Company's shares as at 31 December 2025 (June 2025: 56.67%), is denominated in US dollars.

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

Interest accrued on the facility prior to 9 May 2025 was charged at 18% per annum. The current interest rate on Tranche 1 is 16% per annum and on Tranche 2 is 17% per annum. However, if interest is paid in cash prior to 31 January 2027, the applicable rates will be reduced to between 9% and 10% per annum as detailed below:

Tranche	Principal	Accrued Interest	Total at 9 December 2025	Interest Rate (p.a.)	Cash Paid Interest (p.a)
1	US\$25.0 million	US\$0.0 million	US\$25.0 million	16%	9%
2	US\$17.3 million	US\$3.7 million	US\$21.0 million	18%-17%	9% – 10%
Total	US\$42.3 million	US\$3.7 million	US\$46.0 million		

At 31 December 2025, the contractual loan outstanding amount of the loan of \$69.3 million differs from the carrying amount at amortised cost of \$72.2 million.

This difference reflects the application of the effective interest method, under which the loan is measured based on the present value of expected future contractual cash flows, including the impact of contractual interest concessions obtained during the period.

The Group made a cash payment to the related party loan in December 2025 of \$12.0 million. Under the terms of the related party loan agreement, contractual loan interest concessions of \$12.3 million were received in consideration for the cash payment, of which \$8.5 million has been recognised as a reassessment gain in accordance with accounting standards.

Following the \$12 million cash payment, the loan was reassessed using the original effective interest rate, with the difference between the contractual loan amount outstanding and the carrying amount to be recognised over the remaining life of the loan through interest expense.

At 31 December 2025, the contractual loan amount outstanding was \$69.3 million (June 2025: \$89.6 million) comprised of principal of \$63.1 million and interest of \$6.2 million.

10. Decommissioning provision

Set out below is the carrying amounts of decommissioning provision as at 31 December 2025.

	Dec 2025 \$'000	Jun 2025 \$'000
Current	4,933	5,088
Non-current	3,203	3,286
Closing value	8,136	8,374

Reconciliations of the movement in carrying amount for decommissioning provision is set out below.

	Dec 2025 \$'000	Jun 2025 \$'000
Carrying amount at 1 July	8,374	9,508
Decommissioning provision utilised	(8)	(3,027)
Net remeasurement of decommissioning asset	217	311
Unwinding of discount	76	153
Foreign Exchange movement	(523)	1,429
Closing value	8,136	8,374

The current portion of the decommissioning provision relates to estimated costs for licences in which the Group is required under its licence to plug and abandon in the coming twelve-month period.

11. Share Capital

	Issue Price Per Share (Cents)	No. of Shares	\$000
2025			
On issue at 1 July 2025		1,375,729,630	514,590
On issue at 31 December 2025		1,375,729,630	514,590

Earnings per share

The calculation of basic profit per share at 31 December 2025 was based on the profit after tax attributable to ordinary shareholders of \$38,612,000 (Dec 2024 loss: \$11,440,000) divided by a weighted average number of ordinary shares outstanding for the period being 1,375,729,630 (Dec 2024: 1,375,729,630). There were no dilutive potential ordinary shares outstanding at 31 December 2025 or 31 December 2024, therefore no adjustments have been made to basic earnings per share to arrive at diluted earnings per share.

12. Financial instruments fair value disclosure

Set out below is a comparison of the carrying amounts and fair values of financial assets and financial liabilities as at 31 December 2025.

Dec 2025	Carrying Amount \$'000	Fair value \$'000
Bank balances	5,667	5,667
Trade and other receivables	7,736	7,736
Trade and other payables	(16,603)	(16,603)
Senior syndicated facility	(11,534)	(12,922)
Loans from related party	(72,200)	(69,327)
Other	(9)	(9)
	(86,943)	(85,458)

13. Reconciliation of liabilities arising from financing activities

	As at 1 July 2025	Cash Flow (1)	Non-Cash		As at 31 December 2025
			Net finance (income)/ costs (2)	Other (3)	
	\$'000	\$'000	\$'000	\$'000	\$'000
Interest bearing liabilities	123,811	(38,018)	(3,556)	3,024	85,261

(1) Comprises proceeds from borrowings of \$68.1 million less repayments of borrowings of \$89.2 million, repayment of leases of \$0.9 million, and interest and other costs of finance paid of \$16.0 million.

(2) Comprises interest costs disclosed in Note 4.

(3) Comprises predominantly of net withholding tax movement of \$0.7m, payment of withholding tax \$1.2m, payment of lender fees \$0.8m, lease additions of \$0.3 million.

	As at 1 July 2024	Cash Flow (4)	Non-Cash		As at 31 December 2024
			Net finance (income)/costs (5)	Other(6)	
	\$'000	\$'000	\$'000	\$'000	\$'000
Interest bearing liabilities	126,380	(16,449)	16,128	1,180	127,239

(4) Comprises proceeds from borrowings of \$79.5 million less repayments of borrowings of \$90.2 million, repayment of leases of \$2.3 million, and interest and other costs of finance paid of \$3.5 million.

(5) Comprises interest costs disclosed in Note 4.

(6) Comprises predominantly of lease additions of \$2.0 million offset by withholding tax \$0.5 million and annual related party loan fee of \$0.3 million

14. Subsequent events

There has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

AJ LUCAS GROUP LIMITED

DIRECTORS' DECLARATION

In the opinion of the directors of AJ Lucas Group Limited:

1. the consolidated financial statements and notes set out on pages 10 to 23 are in accordance with the Corporations Act 2001, including:
 - a. giving a true and fair view of the Group's financial position of the Group as at 31 December 2025 and of its performance for the six-month period ended on that date; and
 - b. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'A Purcell', with a stylized flourish at the end.

Andrew Purcell
Chairman
27 February 2026

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

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of AJ Lucas Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, explanatory notes, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

Material uncertainty related to going concern

We draw attention to Note 1 (ii) in the financial report, which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. These events or conditions along with other matters set forth in Note 1 (ii), indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' responsibilities for the half-year financial report

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



**Shape the future
with confidence**

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A handwritten signature in black ink that reads 'Ernst & Young'. The signature is stylized, with a long horizontal line under the 'Y' and a small 'EY' logo at the end.

Ernst & Young

A handwritten signature in black ink that reads 'Madhu Nair'. The signature is stylized, with a large 'M' and 'N' and a small 'EY' logo at the end.

Madhu Nair
Partner
Brisbane
27 February 2026