



ASX Announcement

STRATEGIC AND OPERATIONAL UPDATE

Highlights

- Reclamation Board-7 and -8 gas wells flowing between 130-235 mscf/d – flows enhanced by on-site compression
- Dempsey 1-15 returned to flowing gas, initially reaching 300 mscf/d and stabilising above 100 mcf/d
- Dempsey East step-out prospect identified as a potential sidetrack opportunity
- Malton VBC wells targeted for restart via California Resources' pipeline and compression network
- California Resources' merger with Berry Corp valued at \$717 million, signalling consolidation of Calif. operators
- Neil Taylor appointed New Business Manager East Africa, bringing Shell and Woodside experience

Australian Oil Company Limited (ASX: AOK) (Australian Oil or the Company) provides an update on its current operations and strategic initiatives. The Company has achieved encouraging production results from its Sacramento Basin wells, identified new near-term growth opportunities, and advanced its evaluation of international ventures. These developments coincide with industry consolidation in California, following California Resources' proposed merger with Berry Corporation.

Californian Overview

California Resources (CRC) has stated in the media on the 15th September 2025 that it would acquire rival Berry Corporation "hoping to create a bigger, more cost-efficient oil and gas producer" in California as the state eases its stringent environmental regulations.

The all-stock deal values Berry at \$717 million (including debt) and comes shortly after lawmakers in California passed a bill aimed at boosting oil drilling in Kern County. The passing of the bill targets making oil supply more affordable for the state's refineries and keeping prices in check.

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AUSTRALIAN OIL CO.

It marks a major turning point for energy companies like AOK that have faced challenges in permitting of new drilling for oil and gas and possibly trigger a consolidation of Californian Operators and an increase in deal flow and exploration.

Reclamation Board Area

The Company's Reclamation Board (**Rec Board**) 7 and 8 wells have been flowing gas at a rate of between 130 – 235 mscf/d as a result of pipeline constraints in recent weeks. This has principally arisen from pipeline work downstream of the CRC gathering system the wells flow into creating higher delivery pressures for gas to flow into. As a result, the Company has trialed utilisation of the existing large compression at site on lower revolutions which has significantly increased flows when there were higher delivery pressures.

In light of regulatory reform and the Berry takeover, the Company has identified drilling opportunities in the vicinity of Rec Board-5 and Rec Board-6 as a potential pathway to increase production from the Rio Vista Field. The Company is also currently assessing the commerciality of its leases in the Los Medanos and Dutch Slough Gas Field areas through its Reedy and Scopesi well interests (**Figure 1**) including alternative tie in points to other pipelines in this area since PG&E removed the meter.

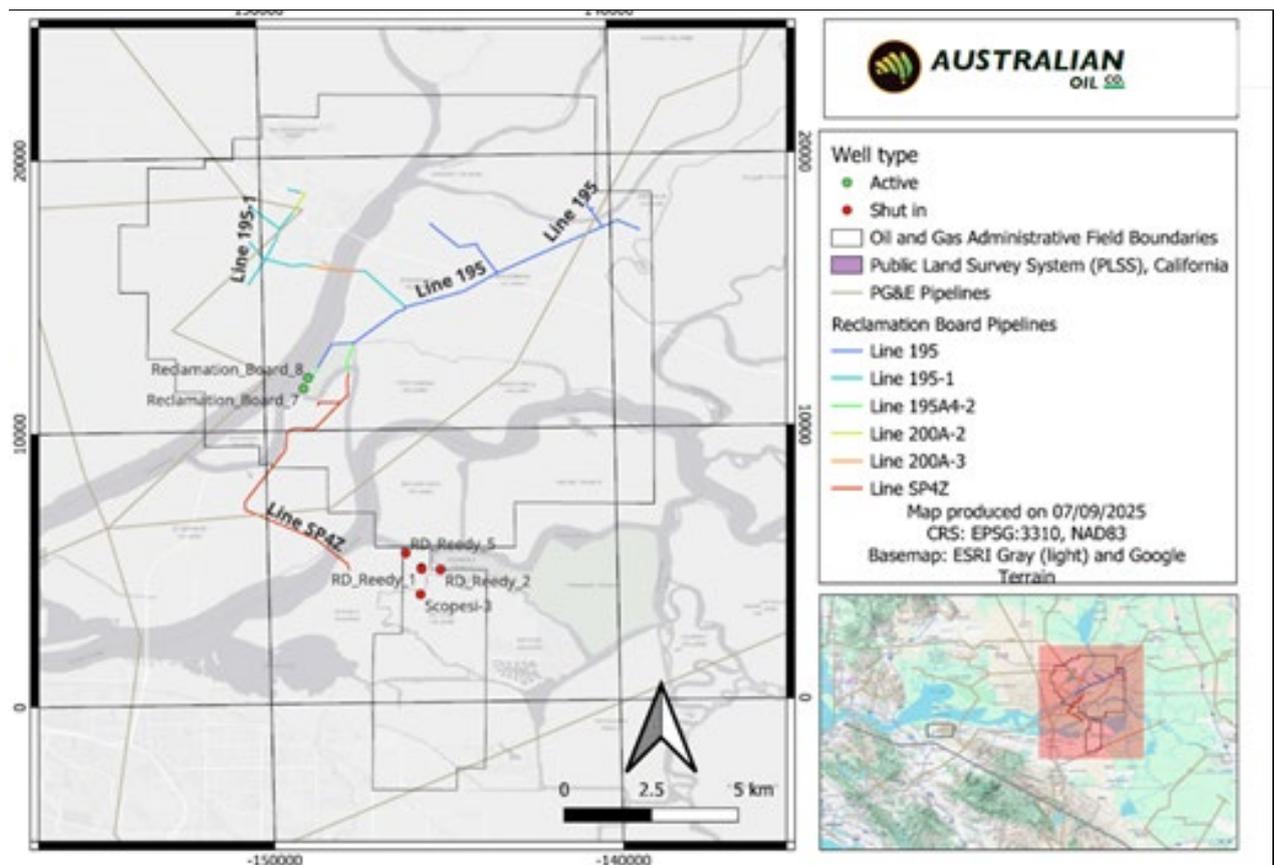


Figure 1 South Sacramento Basin Interests including the active and shut-in wells in the Rio Vista, Los Medanos and Dutch Slough Gas Fields



Dempsey and Malton Areas

In recent weeks, the Company has restored Dempsey 1-15 (**Dempsey**) to flowing gas as a trial using the lowest possible compression to contend with any produced water. The well commenced flowing at 117 mscf/d and flowed at or around 100 mscf/d for six (6) days before declining. The well is still flowing gas through the Stoney Creek Master Meter (“Master Meter”) and the current strategy will be to cycle the well on fortnightly basis of producing and shutting in to take advantage of additional gas flows for operational cash impact. During shut-in the Company is assessing the possibility of bringing on Stoney Creek 1-12 while Dempsey is shut-in to increase total gas flows through the Master Meter

In addition to trialing cycling gas flows from Dempsey, and as part of a wider technical review, a step-out prospect has been identified at the Kione Formation level that could potentially be accessed as a part of a sidetrack from Dempsey subject to further evaluation of the well integrity challenges encountered. The geological feature was penetrated by Weldgen Eddins 1-14 and was deemed uneconomic, however, the well location may not have been a geologically optimized location. Further work is being done in this area in light of the return to production of Dempsey.

In the Northern Sacramento Basin (**Figure 2**) Malton Area where the Company’s VBC-1, VBC-2 and VBC-3 wells have been flowing gas until recently, the Company is in talks with CRC to potentially tie their Malton wells into PEOCO’s pipeline and then utilize CRC compression to bring wells back online. Not only could this result in higher flows at a time when less Canadian gas is coming into California, but facilitates further investigation of future drilling opportunities in the Malton area – particularly prospects have been that have been identified in the vicinity of these wells.

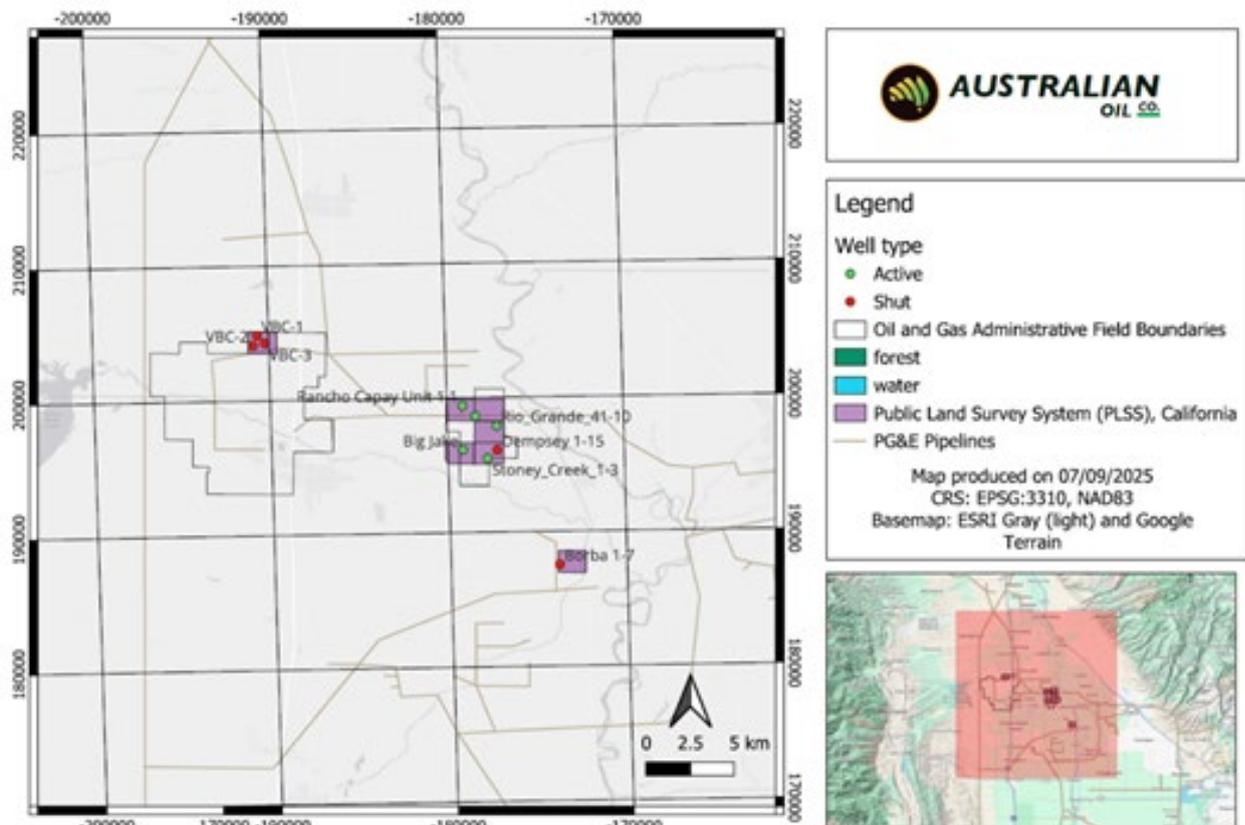


Figure 2 Northern Sacramento Basin Operations



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New Ventures

The Company has continued to assess new venture opportunities, specifically in Australia and in East Africa, with a view to expanding and diversifying the Company's exploration portfolio. The Company has observed an increasing number of licensing rounds in overseas jurisdictions which received significant interest by major operating oil companies (Egypt and Libya) as well as investment from emerging economy funds, middle east high net worth individuals and institutions.

As part of this process Mr Neil Taylor has been appointed New Business Manager East Africa. Mr Taylor is based on the ground in close proximity to several areas of interest that have been high graded by the Company for further evaluation. Mr Taylor has previously worked as a geologist for Shell, Woodside and other junior oil exploration companies including Swala Energy where he was instrumental in developing the entire portfolio for the Company prior to IPO on the ASX.

Kane Marshall, Managing Director of Australian Oil Co said:



Our recent operational results, including the return to flowing gas at Dempsey and ongoing flows from the Reclamation Board wells, provide us with a strong platform to pursue both near-term production growth and importantly diversify into longer-term high impact exploration opportunities. The recent CRC – Berry merger highlights a shifting operating environment in California that we believe could create further opportunities for Australian Oil Co.



– ENDS –

This announcement has been authorised by the Board of Directors of the Company.



AUSTRALIAN OIL CO.

About Australian Oil Co

Australian Oil is an Australian-based energy company focused on under-explored, recently overlooked, world class oil and gas opportunities near under-supplied markets.

The Company is currently focused on conventional oil and gas exploration and production in the Sacramento Basin in California. Australian Oil has a portfolio of natural gas and oil producing wells, in addition to prospects and discoveries at various exploration and appraisal stages.

AOK is in process of evaluating the acquisition of oil and gas producing and exploration assets to enhance the Company's strategic needs and delivering shareholder value.

Australian Oil Company Limited

ACN: 114 061 433

ASX Code: AOK

Shares on Issue

1,061,282,997

Unlisted Options

10,000,000 ex \$0.025 on or before 30-Apr-2029

10,000,000 ex \$0.035 on or before 30-Apr-2029

10,000,000 ex \$0.045 on or before 30-Apr-2029

125,937,937 ex \$0.008 on or before 30-Jun-2026