



***Barnwell Industries, Inc.***

***2024 Annual Report***

## FINANCIAL AND OPERATING HIGHLIGHTS

	Year ended September 30,				
	2024	2023	2022	2021	2020
<b>FINANCIAL:</b>					
Revenues	<u>\$ 21,724,000</u>	<u>\$ 25,269,000</u>	<u>\$ 28,545,000</u>	<u>\$ 18,113,000</u>	<u>\$ 18,347,000</u>
Net earnings (loss)	<u>\$ (5,565,000)</u>	<u>\$ (961,000)</u>	<u>\$ 5,513,000</u>	<u>\$ 6,253,000</u>	<u>\$ (4,756,000)</u>
Net earnings (loss) per share – diluted	<u>\$ (0.56)</u>	<u>\$ (0.10)</u>	<u>\$ 0.57</u>	<u>\$ 0.73</u>	<u>\$ (0.57)</u>

### OPERATING:

Production -					
Oil and natural gas liquids – barrels	<u>267,000</u>	<u>256,000</u>	<u>230,000</u>	<u>171,000</u>	<u>174,000</u>
Natural gas – MCF**	<u>1,344,000</u>	<u>1,263,000</u>	<u>964,000</u>	<u>694,000</u>	<u>649,000</u>
Average price -					
Oil and natural gas liquids, per barrel	<u>\$ 57.59</u>	<u>\$ 62.15</u>	<u>\$ 78.66</u>	<u>\$ 48.96</u>	<u>\$ 31.84</u>
Natural gas, per MCF**	<u>\$ 1.41</u>	<u>\$ 2.64</u>	<u>\$ 4.63</u>	<u>\$ 2.62</u>	<u>\$ 1.64</u>

	At September 30,				
	2024	2023	2022	2021	2020
<b>FINANCIAL:</b>					
Total assets	<u>\$ 30,669,000</u>	<u>\$ 35,421,000</u>	<u>\$ 37,215,000</u>	<u>\$ 24,435,000</u>	<u>\$ 15,182,000</u>

### RESERVES\*:

Oil and liquids – barrels:					
Proved Developed Reserves	1,213,000	1,116,000	1,046,000	636,000	530,000
Proved Undeveloped Reserves	<u>132,000</u>	<u>110,000</u>	<u>34,000</u>	<u>4,000</u>	<u>5,000</u>
Total	<u>1,345,000</u>	<u>1,226,000</u>	<u>1,080,000</u>	<u>640,000</u>	<u>535,000</u>
Natural gas – MCF**:					
Proved Developed Reserves	5,815,000	6,093,000	4,857,000	2,913,000	2,310,000
Proved Undeveloped Reserves	<u>640,000</u>	<u>608,000</u>	<u>128,000</u>	<u>-</u>	<u>-</u>
Total	<u>6,455,000</u>	<u>6,701,000</u>	<u>4,985,000</u>	<u>2,913,000</u>	<u>2,310,000</u>
Total equivalent reserves – BOE***:					
Proved Developed Reserves	2,184,000	2,132,000	1,883,000	1,138,000	928,000
Proved Undeveloped Reserves	<u>239,000</u>	<u>211,000</u>	<u>56,000</u>	<u>4,000</u>	<u>5,000</u>
Total	<u>2,423,000</u>	<u>2,343,000</u>	<u>1,939,000</u>	<u>1,142,000</u>	<u>933,000</u>

\* Amounts prior to fiscal 2022 include reserves located only in Canada.

\*\* MCF means 1,000 cubic feet

\*\*\* BOE means barrel of oil equivalent at the rate of 6 MCF per Bbl of oil or NGL

Reserves are calculated by an independent engineering firm based on SEC constant pricing.



## BARNWELL INDUSTRIES, INC.

### TO OUR STOCKHOLDERS:

Fiscal 2024 marked a significant turning point for Barnwell. With the appointment of a new CEO, we embarked on a fresh, focused trajectory that involved exiting the contract drilling sector, which was accomplished by the middle of fiscal 2025, successfully concluding the sale of our last lots in Kaupulehu Increment I and expanding our oil and gas segment amidst fluctuating commodity prices.

Our oil and natural gas division emerged as the cornerstone of our operations, contributing over 80% of our total revenues of \$21.6 million. From 2022 to 2024, we achieved a 28% increase in annual production and a 25% rise in proved reserves - all internally funded. These accomplishments are a testament to our effective operational strategies, the talent of our team and the inherent quality of our assets. By the close of fiscal 2024, we successfully drilled our third operated well in the Twining field, which met our cost and production expectations. While our current drilling pace of one well per year has effectively offset declines, increasing our drilling rate with additional capital would substantially enhance our economic returns. We possess a robust inventory of identified development well locations, allowing us to significantly boost activity when capital is accessible. Given that most of our operational costs are fixed, increasing production through a higher drilling rate would significantly improve our overall net results, cash flow and profitability.

Barnwell is fortunate to possess low-decline assets at its Twining field in central Alberta that allow for easy production replacement. We have made substantial progress in optimizing our existing wells over the past few years. In periods of low commodity prices, we can shift focus to our numerous optimization projects, including well workovers and facility enhancements, which serve to elevate production and lower operational costs. At the non-operated North Twining Unit, we made minimal capital expenditures needed to sustain existing production, with no immediate plans for additional drilling by the operator.

Our assets in the Permian Basin and Oklahoma have consistently met expectations throughout 2024. However, natural gas prices at the Texas WAHA hub have been adversely affected by high production levels and limited egress capacity, which has negatively impacted cash flow from our Permian wells. Nonetheless, these U.S. assets provide stable production and act as a natural hedge against the evolving global tariff landscape.

In 2024, our contract drilling segment saw a 33% decrease in revenue compared to 2023, primarily due to the strategic decision to exit this business. Water Resources International, Inc. (WRI), our wholly-owned subsidiary in this sector, was successfully sold in the second quarter of fiscal 2025 after a prolonged sales process throughout fiscal 2024. The sale of WRI, combined with the



divestiture of a drilling rig will generate \$1.3 million in cash, allowing us to sharpen our focus on our core business and reduce overhead costs.

In February 2024, we completed the sale of the final lot from the 80-lot Increment I Project at Kaupulehu, North Kona, Hawaii, marking the conclusion of our developed lot inventory. We continue to hold undeveloped leasehold interests at Kaupulehu, North Kona, where we are currently assessing development potential and strategic alternatives.

We also achieved a 19.5% reduction in general and administrative expenses in 2024 compared to 2023. While this is a positive step, we continue to review additional cost reductions with the goal of enhancing our financial performance and sustaining our long-term viability, including the transition of the management of our remaining land investment as well as our corporate accounting to our Calgary office.

As we concluded 2024, it became apparent that Barnwell's diverse shareholder groups were once again at odds over corporate strategy. The costs arising from this discord threaten to deplete our working capital and significantly jeopardize our liquidity.

As of March 31, 2025, marking the end of our second quarter of fiscal 2025, the Company has no significant long-term debt, presenting us with the opportunity to leverage our position to expedite development when commodity prices improve.

On behalf of the Board of Directors and the management team at Barnwell Industries, Inc., we extend our gratitude to you, our stockholders, for your continued support.

For the Board of Directors,

Alexander C. Kinzler  
Executive Chairman of the  
Board

Kenneth S. Grossman  
Vice-Chairman of the  
Board

Craig D. Hopkins  
Chief Executive Officer  
and President

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-K**

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended September 30, 2024**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission File Number 1-5103**

**BARNWELL INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

**72-0496921**

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

**1100 Alakea Street, Suite 500, Honolulu, Hawaii**

**96813-2840**

(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code: **(808) 531-8400**

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.50 par value	BRN	NYSE American

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the voting common stock held by non-affiliates of the registrant, computed by reference to the closing price of a share of common stock on March 31, 2024 (the last business day of the registrant's most recently completed second fiscal quarter) was \$8,474,000.

As of December 13, 2024 there were 10,053,534 shares of common stock outstanding.

Documents Incorporated by Reference

1. Proxy statement, to be forwarded to stockholders on or about January 10, 2025, is incorporated by reference in Part III hereof.

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## GLOSSARY OF TERMS

Unless otherwise indicated, all references to “dollars” in this Form 10-K are to U.S. dollars.

Defined below are certain terms used in this Form 10-K:

Terms	Definitions
AER	- Alberta Energy Regulator
ARO	- Asset retirement obligation
ASC	- Accounting Standards Codification
ASU	- Accounting Standards Update
Barnwell of Canada	- Barnwell of Canada, Limited
Bbl(s)	- stock tank barrel(s) of oil equivalent to 42 U.S. gallons
Boe	- barrel of oil equivalent at the rate of 6 Mcf per Bbl of oil or NGL
Consolidated Balance Sheets	- The consolidated balance sheets of Barnwell Industries, Inc. and its subsidiaries.
FASB	- Financial Accounting Standards Board
GAAP	- U.S. generally accepted accounting principles
Gross	- Total number of acres or wells in which Barnwell owns an interest; includes interests owned of record by Barnwell and, in addition, the portion(s) owned by others; for example, a 50% interest in a 320 acre lease represents 320 gross acres and a 50% interest in a well represents 1 gross well. In the context of production volumes, gross represents amounts before deduction of the royalty share due others.
InSite	- InSite Petroleum Consultants Ltd.
KD I	- KD Acquisition, LLLP, formerly known as WB KD Acquisition, LLC
KD II	- KD Acquisition II, LP, formerly known as WB KD Acquisition, II, LLC
KD Development	KD Development, LLC
KD Kona	- KD Kona 2013 LLLP
KKM Makai	- KKM Makai, LLLP
Kukio Resort Land Development Partnerships	- The following partnerships in which Barnwell owns non-controlling interest: KD Kukio Resorts, LLLP (“KD Kukio Resorts”) KD Maniniowali, LLLP (“KD Maniniowali”) KD Kaupulehu, LLLP, which consists of KD I and KD II (“KDK”)
LCA	- Licensee Capability Assessment
LGX	- LGX Oil & Gas Ltd.
MBbls	- thousands of barrels of oil
Mcf	- one thousand cubic feet of natural gas at 14.65 pounds per square inch absolute and 60 degrees Fahrenheit
Mcf <sub>e</sub>	- Mcf equivalent at the rate of 1 Bbl = 6 Mcf
MMcf	- one million cubic feet of natural gas
Net	- Barnwell’s aggregate interest in the total acres or wells; for example, a 50% interest in a 320 acre lease represents 160 net acres and a 50% interest in a well represents 0.5 net well. In the context of production volumes, net represents amounts after deduction of the royalty share due others.
NGL(s)	- natural gas liquid(s)
Octavian Oil	- Octavian Oil, Ltd.
OWA	Orphan Well Association
Ryder Scott	- Ryder Scott Company, L.P.
SEC	- United States Securities and Exchange Commission
U.S.	- United States
VIE	- Variable interest entity
Water Resources	- Water Resources International, Inc.
WIP	Working Interest Partners

**CAUTIONARY STATEMENT RELEVANT TO FORWARD-LOOKING INFORMATION  
FOR THE PURPOSE OF “SAFE HARBOR” PROVISIONS OF THE  
PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

*This Form 10-K, and the documents incorporated herein by reference, contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (“PSLRA”). A forward-looking statement is one which is based on current expectations of future events or conditions and does not relate to historical or current facts. These statements include various estimates, forecasts, projections of Barnwell Industries, Inc.’s (referred to herein together with its majority-owned subsidiaries as “Barnwell,” “we,” “our,” “us” or the “Company”) future performance, statements of Barnwell’s plans and objectives and other similar statements. All such statements we make are forward-looking statements made under the safe harbor of the PSLRA, except to the extent such statements relate to the operations of a partnership or limited liability company. Forward-looking statements include phrases such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “predicts,” “estimates,” “assumes,” “projects,” “may,” “will,” “will be,” “should,” or similar expressions. Although Barnwell believes that its current expectations are based on reasonable assumptions, it cannot assure that the expectations contained in such forward-looking statements will be achieved. Forward-looking statements involve risks, uncertainties and assumptions which could cause actual results to differ materially from those contained in such statements. Investors should not place undue reliance on these forward-looking statements, as they speak only as of the date of filing of this Form 10-K, and Barnwell expressly disclaims any obligation or undertaking to publicly release any updates or revisions to any forward-looking statements contained herein.*

*Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are domestic and international general economic conditions, such as recessionary trends and inflation; domestic and international political, legislative, economic, regulatory and legal actions, including changes in the policies of the Organization of the Petroleum Exporting Countries or other developments involving or affecting oil and natural gas producing countries; military conflict, embargoes, internal instability or actions or reactions of the governments of the U.S. and/or Canada in anticipation of or in response to such developments; interest costs, restrictions on production, restrictions on imports and exports in both the U.S. and Canada, the maintenance of specified reserves, tax increases and retroactive tax claims, royalty increases, expropriation of property, cancellation of contract rights, environmental protection controls, environmental compliance requirements and laws pertaining to workers’ health and safety; the condition of Hawaii’s real estate market, including the level of real estate activity and prices, the demand for new housing and second homes on the island of Hawaii, the rate of increase in the cost of building materials and labor, the introduction of building code modifications, changes to zoning laws, the condition of Hawaii’s tourism industry and the level of confidence in Hawaii’s economy; levels of land development activity in Hawaii; levels of demand for water well drilling and pump installation in Hawaii; the potential liability resulting from pending or future litigation; the Company’s acquisition or disposition of assets; the effects of changed accounting rules under GAAP promulgated by rule-setting bodies; and the factors set forth under the heading “Risk Factors” in this Form 10-K, in other portions of this Form 10-K, in the Notes to Consolidated Financial Statements, and in other documents filed by Barnwell with the SEC. In addition, unpredictable or unknown factors not discussed in this report could also cause actual results to materially and adversely differ from those discussed in the forward-looking statements.*



## PART I

### ITEM 1. BUSINESS

#### Overview

Barnwell was incorporated in Delaware in 1956 and fiscal 2024 represented Barnwell's 68th year of operations. Barnwell operates in the following three principal business segments:

- *Oil and Natural Gas Segment* - Barnwell engages in oil and natural gas development, production, acquisitions and sales in Canada and in the U.S. states of Oklahoma and Texas.
- *Land Investment Segment* - Barnwell owns land interests in Hawaii.
- *Contract Drilling Segment* - Barnwell provides well drilling services and water pumping system installation and repairs in Hawaii.

#### Oil and Natural Gas Segment

##### Overview

Barnwell acquires and develops crude oil and natural gas assets in the province of Alberta, Canada via two corporate entities, Barnwell of Canada and Octavian Oil. Barnwell of Canada is a U.S. incorporated company that has been active in Canada for over 50 years, primarily as a non-operator participating in exploration projects operated by others. Octavian Oil is a Canadian company incorporated in 2016 to achieve growth through the acquisition and development of crude oil reserves. Additionally, through its wholly-owned subsidiaries BOK Drilling, LLC ("BOK"), established in February 2021, and Barnwell Texas, LLC ("Barnwell Texas"), established in November 2022, Barnwell is involved in oil and natural gas investments in Oklahoma and Texas, respectively.

##### Strategy

Twining represents 70% of Barnwell's fiscal 2024 production (Boe) and consists of assets in the Twining field, in Alberta, Canada. These assets were purchased in August 2018 and were augmented with subsequent smaller acquisitions of partners. These assets are partially operated by the Company and partially operated by Pine Cliff Energy Ltd. The oil wells operated by the Company largely have less than 15% per year decline rates, and due to these lower decline rates, require less capital investment to replace decline. This lower capital requirement along with the fact that the land is largely held indefinitely, enables development drilling to be done when commodity prices support it. Since Barnwell's entry into the Twining property, we have participated in drilling 12 gross horizontal development wells that were completed with multi-stage sand fracs, which have cumulatively been or are forecast to be profitable. Of these 12 wells, three are 100%-owned operated wells in locations selected by Barnwell and nine gross (2.6 net) are non-operated wells. Barnwell plans to continue to develop the pool with more horizontal wells if commodity prices continue to support their profitability.

Barnwell also has some minor legacy assets that represent 14% of Barnwell's fiscal 2024 production (Boe) and consist of the largely non-operated oil and natural gas assets located throughout Alberta, Canada, and produce shallow gas or conventional oil from a variety of pools. These assets have been accumulated over decades of Barnwell activity. Barnwell has divested many of these properties in

fiscal 2024 in order to reduce risk and increase focus in the Twining area. Barnwell will continue to opportunistically divest our remaining legacy Canadian assets and minimal capital is expected to be invested in these properties. Barnwell is continually reviewing the market and evaluating opportunities to add to our production and development portfolio.

The Company has non-operated working interests in seven wells varying from 1.2% to 4.2% and a minor overriding royalty interest, 0.07%, in one well in Oklahoma. Our interests in Oklahoma produced 7% of Barnwell's fiscal 2024 production (Boe).

The Company has a 15.4% non-operated working interest in two wells in the Permian Basin in Texas. Our interests in Texas produced 9% of Barnwell's fiscal 2024 production (Boe).

### *Operations*

Our oil and natural gas segment revenues, profitability, and future rate of growth are dependent upon oil and natural gas prices and the Company's ability to use its current cash, obtain external financing or generate sufficient cash flows to fund the development of our reserves. In the recent past, the industry experienced a period of low oil and natural gas prices that negatively impacted our past operating results, cash flows and liquidity. Credit and capital markets for oil and natural gas markets are volatile. We may seek to raise additional capital if such proceeds are considered attractive and would support potential growth.

Natural gas prices are typically higher in the winter than at other times due to increased heating demand. Oil prices also are subject to seasonal fluctuations, but to a lesser degree. Oil and natural gas unit sales are based on the quantity produced from the properties by the respective property operators. Oil prices received in Canada are impacted by differentials in price to West Texas Intermediate ("WTI"). In recent history this meant that Barnwell at times received prices at a significant discount to WTI. In 2024, additional oil export pipeline capacity was made available in Canada which greatly reduced this differential. Gas prices received in Canada are based on published AECO hub prices and are also impacted by local market conditions that result in a discount to U.S. Henry Hub pricing. Oil prices received from the Texas and Oklahoma properties are generally in line with WTI pricing. Realized gas prices from our Texas natural gas sold at the Waha Hub are at a significant discount to Henry Hub due to limited gas egress from the Permian Basin and excess supply in the area.

### *Preparation of Reserve Estimates*

Barnwell's reserves are estimated by our independent petroleum reserve engineers, InSite Petroleum Consultants Ltd. ("InSite") in Canada and Ryder Scott Company, L.P. ("Ryder Scott") in the U.S., in accordance with generally accepted petroleum engineering and evaluation principles and techniques and rules and regulations of the SEC. All information with respect to the Company's Canadian reserves in this Form 10-K is derived from the report of InSite, which is filed with this Form 10-K as Exhibit 99.1. All information with respect to the Company's U.S. reserves in this Form 10-K is derived from the report of Ryder Scott, which is filed with this Form 10-K as Exhibit 99.2.

The preparation of data used by the independent petroleum reserve engineers to compile our oil and natural gas reserve estimates was completed in accordance with various internal control procedures which include verification of data input into reserves evaluation software, reconciliations and reviews of data provided to the independent petroleum reserve engineers to ensure completeness, and management

review controls, including an independent internal review of the final reserve report for completeness and accuracy.

Barnwell has a Reserves Committee consisting of two independent directors and Barnwell's Corporate Secretary. The Reserves Committee was established to ensure the independence of the Company's petroleum reserve engineers. The Reserves Committee is responsible for reviewing the annual reserve evaluation reports prepared by the independent petroleum reserve engineering firms and ensuring that the reserves are reported fairly in a manner consistent with applicable standards. The Reserves Committee meets annually to discuss reserve issues and policies and to meet with Company personnel and the independent petroleum reserve engineers.

The President and Chief Operating Officer of Barnwell of Canada and Octavian Oil, who also serves as the President and Chief Executive Officer of Barnwell effective April 1, 2024, is a professional engineer with over 25 years of relevant experience in the oil and natural gas industry in Canada and is a member of the Association of Professional Engineers and Geoscientists of Alberta.

### *Reserves*

At September 30, 2024, Barnwell's reserves were approximately 52% operated and consisted of 41% conventional oil, 15% conventional natural gas liquids, and 44% natural gas. At September 30, 2023, Barnwell's reserves were approximately 43% operated and consisted of 38% conventional oil, 14% conventional natural gas liquids, and 48% natural gas.

The amounts set forth in the following table, based on our independent reserve engineers' evaluation of our reserves, summarize our estimated proved reserves of oil, natural gas liquids, and natural gas as of September 30, 2024 for all properties located in Canada and the U.S. in which Barnwell has an interest. All of our oil and natural gas reserves are based on constant dollar price and cost assumptions. The Company emphasizes that reserve estimates are inherently imprecise and that estimates of new discoveries and undeveloped locations are more imprecise than estimates of established proved producing oil and natural gas properties. Accordingly, these estimates are expected to change as future information becomes available. Proved oil and natural gas reserves are the estimated quantities of oil and natural gas that geological and engineering data demonstrate, with reasonable certainty, to be recoverable in future years from known reservoirs under economic and operating conditions (i.e., prices and costs) existing at the time the estimate is made. Proved developed oil and natural gas reserves are proved reserves that can be expected to be recovered through existing wells and equipment in place and under operating methods being utilized at the time the estimates were made. No estimates of total proved net oil or natural gas reserves have been filed with, or included in reports to, any federal authority or agency, other than the SEC, since October 1, 2023.

	As of September 30, 2024		
	Estimated Net Proved Developed Reserves	Estimated Net Proved Undeveloped Reserves	Estimated Net Proved Reserves
Oil (Bbls)	873,000	109,000	982,000
Natural gas liquids (Bbls)	340,000	23,000	363,000
Natural gas (Mcf)	5,815,000	640,000	6,455,000
Total (Boe)	2,184,000	239,000	2,423,000

During fiscal 2024, Barnwell's total net proved reserves of oil and natural gas liquids increased by 83,000 Bbls (9%) and 36,000 Bbls (11%), respectively, and total net proved reserves of natural gas decreased by 246,000 Mcf (4%), for a combined increase of 80,000 Boe (3%). The increase in proved reserves for oil and natural gas liquids were primarily the result of revisions due to the improved production performance of many wells in Twining as a result of focused attention and investment in optimization. The Company has identified a number of additional optimization projects for fiscal 2025 that should further improve well performance and reduce operating costs. Projects are generally workovers, field automation, and facility debottlenecking. Barnwell has an ownership in all processing facilities that handle our net production volumes.

The following tables set forth Barnwell's oil and natural gas net reserves at September 30, 2024, by location and property name, based on information prepared by our independent reserve engineers, as well as net production and net revenues by location and property name for the year ended September 30, 2024. The reserve data in these tables are based on constant dollars where reserve estimates are based on sales prices, costs and statutory tax rates using a historical average price of the first day pricing of the last 12-months ending with September 2024.

As of September 30, 2024						
Property Name	Net Proved Producing Reserves			Net Proved Reserves		
	Oil (MBbls)	NGL (MBbls)	Gas (MMcf)	Oil (MBbls)	NGL (MBbls)	Gas (MMcf)
Canada:						
Twining	710	126	3,637	867	156	4,549
Medicine River	23	43	366	23	43	366
Thornbury	—	—	2	—	—	26
Other properties	2	—	—	2	—	—
United States:						
Oklahoma	33	86	699	33	86	699
Texas	57	78	815	57	78	815
<b>Total</b>	<b>825</b>	<b>333</b>	<b>5,519</b>	<b>982</b>	<b>363</b>	<b>6,455</b>

For the year ended September 30, 2024						
Property Name	Net Production			Net Revenues		
	Oil (MBbls)	NGL (MBbls)	Gas (MMcf)	Oil	NGL	Gas
Canada:						
Twining	160	23	944	\$11,241,000	\$ 1,190,000	\$ 1,619,000
Medicine River	2	4	18	171,000	107,000	26,000
Thornbury	—	—	52	—	—	39,000
Other properties	22	9	71	633,000	9,000	58,000
United States:						
Oklahoma	5	12	99	406,000	252,000	190,000
Texas	14	16	160	1,058,000	322,000	75,000
<b>Total</b>	<b>203</b>	<b>64</b>	<b>1,344</b>	<b>\$13,509,000</b>	<b>\$ 1,880,000</b>	<b>\$ 2,007,000</b>

Net proved reserves that are attributable to existing producing wells are primarily determined using decline curve analysis. Net proved reserves attributable to producing wells with limited production history and for undeveloped locations are estimated using performance from analogous wells in the surrounding area and geologic data to assess the reservoir continuity.

#### *Standardized Measure of Discounted Future Net Cash Flows*

The following table sets forth Barnwell's "Estimated Future Net Revenues" from total proved oil, natural gas and natural gas liquids reserves located in Canada and the U.S. and the present value of Barnwell's "Estimated Future Net Revenues" (discounted at 10%) as of September 30, 2024. Estimated future net revenues for total proved reserves are net of estimated future expenditures of developing and producing the proved reserves, and assume the continuation of existing economic conditions. Net revenues have been calculated using the average first-day-of-the-month price during the 12-month period ending as of the balance sheet date and current costs, after deducting all royalties, operating costs, future estimated capital expenditures (including abandonment costs), and income taxes. The amounts below include future cash flows from reserves that are currently proved undeveloped reserves and do not deduct general and administrative or interest expenses.

Year ending September 30,	
2025	\$ 5,208,000
2026	4,802,000
2027	3,301,000
Thereafter	<u>2,646,000</u>
Undiscounted future net cash flows, after income taxes	<u>\$ 15,957,000</u>
Standardized measure of discounted future net cash flows	<u>\$ 15,850,000</u> *

\* This amount does not purport to represent, nor should it be interpreted as, the fair value of Barnwell's oil and natural gas reserves. An estimate of fair value would also consider, among other items, the recovery of reserves not presently classified as proved, anticipated future changes in oil and natural gas prices (these amounts were based on a natural gas price of \$1.16 per Mcf and an oil price of \$70.78 per Bbl) and costs, and a discount factor more representative of the time value of money and the risks inherent in reserve estimates.

Barnwell has included all abandonment, decommissioning and reclamation costs and inactive well costs into the Company's reserve reports in accordance with best practice recommendations.

#### *Oil and Natural Gas Production*

The following table summarizes (a) Barnwell's net production for the last three fiscal years, based on sales of natural gas, oil and natural gas liquids, from all wells in which Barnwell has or had an interest, and (b) the average sales prices and average production costs for such production during the same periods. Production amounts reported are net of royalties. All of Barnwell's net production in fiscal 2024 and 2023 was derived in Alberta, Canada and in the U.S. states of Oklahoma and Texas. Barnwell's net production in fiscal 2022 was derived in Alberta, Canada and in Oklahoma. For a discussion regarding our total annual production volumes, average sales prices, and related production costs, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Year ended September 30,		
	2024	2023	2022
Annual net production:			
Natural gas (Mcf)	1,344,000	1,263,000	964,000
Oil (Bbls)	203,000	204,000	182,000
Natural gas liquids (Bbls)	64,000	52,000	48,000
Total (Boe)	491,000	467,000	396,000
Total (Mcfe)	2,946,000	2,799,000	2,296,000
Annual average sales price per unit of production:			
Mcf of natural gas*	\$1.41	\$2.64	\$4.63
Bbl of oil**	\$66.49	\$69.77	\$86.73
Bbl of natural gas liquids**	\$29.38	\$32.24	\$48.06
Annual average production cost per Boe produced***	\$19.82	\$22.10	\$23.66
Annual average production cost per Mcfe produced***	\$3.30	\$3.68	\$4.08

\* Calculated on revenues net of pipeline charges before royalty expense divided by gross production.

\*\* Calculated on revenues before royalty expense divided by gross production.

\*\*\* Calculated on production costs, excluding natural gas pipeline charges, divided by the combined total production of natural gas liquids, oil and natural gas.

### *Capital Expenditures and Acquisitions*

Barnwell invested \$4,805,000 in oil and natural gas properties during fiscal 2024, including accrued capital expenditures and acquisitions of oil and natural gas properties and excluding additions and revisions to estimated asset retirement obligations. Barnwell's capital expenditures were primarily for the drilling of a new well and for equipment and upgrades to facilities, all of which were in the Twining area.

Barnwell invested \$10,729,000 in oil and natural gas properties during fiscal 2023, including accrued capital expenditures and acquisitions of oil and natural gas properties and excluding additions and revisions to estimated asset retirement obligations. Barnwell's capital expenditures were primarily for the drilling of new wells in Texas and the Twining area.

### *Well Drilling Activities*

During the year ended September 30, 2024, the Company drilled one gross (1.0 net) operated development oil well in the Twining area which started producing in mid-September 2024. The well has produced on average approximately 107 Boe per day in its first two months of production. Capital expenditures incurred by the Company for this well totaled approximately \$3,183,000. The Company did not drill or participate in the drilling of wells in Texas or in Oklahoma during the year ended September 30, 2024.

In fiscal 2023, the Company participated in the drilling of three gross (0.9 net) non-operated development wells in the Twining area of Alberta, Canada. Total capital expenditures for the year ended September 30, 2023 totaled approximately \$4,770,000 and included the drilling, completion and equipping of the three gross (0.9 net) wells along with various upgrades to the Twining facilities. Additionally, the Company participated in the drilling of two gross (0.3 net) non-operated development oil wells in Texas. Capital expenditures incurred for the drilling of these two wells totaled approximately

\$4,293,00 during the year ended September 30, 2023. The Company did not drill or participate in the drilling of wells in Oklahoma during the year ended September 30, 2023.

In fiscal 2022, the Company participated in the drilling of six gross (1.7 net) non-operated development wells in the Twining area. Capital expenditures incurred by the Company for these non-operated development wells totaled \$4,366,000 for the year ended September 30, 2022. Five gross (1.4 net) wells were producing at September 30, 2022 and the remaining one gross (0.3 net) well was awaiting tie-in and started producing in fiscal 2023. The Company drilled one gross (1.0 net) operated development well in the Twining area which was producing at September 30, 2022. Capital expenditures incurred by the Company for this operated well was \$2,852,000. The Company did not drill or participate in the drilling of wells in Oklahoma during the year ended September 30, 2022.

### *Producing Wells*

As of September 30, 2024, Barnwell has interests in 141 gross (69.3 net) producing wells in Alberta, Canada, of which 93 gross (63.3 net) were oil wells and 48 gross (6.0 net) were natural gas wells. Additionally, Barnwell has interests in seven gross (0.2 net) and two gross (0.3 net) producing oil wells in Oklahoma and Texas, respectively, as of September 30, 2024.

### *Developed Acreage and Undeveloped Acreage*

The following table sets forth the gross and net acres of both developed and undeveloped oil and natural gas leases in the province of Alberta, Canada which Barnwell held as of September 30, 2024. The acreage of developed and undeveloped oil and natural gas leases in the U.S. are not significant and are therefore not included in the table below.

Location	Developed Acreage*		Undeveloped Acreage*		Total	
	Gross	Net	Gross	Net	Gross	Net
Alberta, Canada	131,590	30,730	26,210	7,410	157,800	38,140

\* “Developed Acreage” includes the acres covered by leases upon which there are one or more producing wells. “Undeveloped Acreage” includes acres covered by leases upon which there are no producing wells and which are maintained by the payment of delay rentals or the commencement of drilling thereon.

Seventy-seven percent of Barnwell’s undeveloped acreage is not subject to expiration at September 30, 2024. Twenty-three percent of Barnwell’s leasehold interests in undeveloped acreage is subject to expiration and may expire over the next five fiscal years, if not developed, as follows: 4% expire during fiscal 2025; 9% expire during fiscal 2026; 6% expire during fiscal 2027; 4% expire during fiscal 2028; and no expirations during fiscal 2029. There can be no assurance that Barnwell will be successful in renewing its leasehold interests in the event of expiration.

Barnwell’s undeveloped acreage includes a significant concentration in the Twining area (2,810 net acres). The remaining undeveloped acreage is at non-operated properties over which we do not have control, and the value of such acreage is not estimated to be significant at current commodity prices.

### *Marketing of Oil and Natural Gas*

Barnwell sells its Canadian oil, natural gas, and natural gas liquids production under short-term contracts between itself and two main oil purchasers, one natural gas purchaser, and one natural gas

liquids purchaser. The prices received are freely negotiated between buyers and sellers and are determined from transparent posted prices adjusted for quality and transportation differentials.

In the quarter ended December 31, 2023, the Company amended certain of its Canadian purchase and sales contracts to change the sales price on 1,055 gross Mcf per day of the Canadian natural gas that it sells during the period from April 1, 2024 to October 31, 2024 to a fixed index price before differentials of \$2.55 Canadian dollars per Mcf, with remaining volumes continuing to be sold at spot prices. This per day volume of natural gas under fixed index price contract is equivalent to approximately 33% of Canadian natural gas gross production per day for the year ended September 30, 2024. In July 2024, the Company amended the sales price on 1,055 gross Mcf per day of the Canadian natural gas it will sell during the period from November 1, 2024 to March 31, 2025 to a fixed index price before differentials of \$2.64 Canadian dollars per Mcf, with remaining volumes continuing to be sold at spot prices. This per day volume of natural gas under this fixed index price contract is equivalent to approximately 33% of Canadian natural gas gross production per day for the year ended September 30, 2024. These natural gas contracts were eligible for and elected as normal purchase and normal sales exception contracts and were thus excluded from derivative accounting.

In the quarter ended December 31, 2023, the Company amended certain of its Canadian purchase and sales contracts to change the sales price on 225 gross barrels per day of the Canadian oil for sale for the period from January 1, 2024 to June 30, 2024 to a fixed index price before differentials of \$69.46 per net barrel, with remaining volumes continuing to be sold at spot prices. This per day volume of oil under this fixed index price contract was equivalent to approximately 35% of Canadian oil gross production per day for the year ended September 30, 2024. In July 2024, the Company amended the sales price on 100 gross barrels per day of the Canadian oil that it sells during the period from August 1, 2024 to December 31, 2024 to a fixed index price before differentials of \$79.00 per net barrel, with remaining volumes continuing to be sold at spot prices. This per day volume of oil under this fixed index price contract is equivalent to approximately 16% of Canadian oil gross production per day for the year ended September 30, 2024. These oil contracts were eligible for and elected as normal purchase and normal sales exception contracts and were thus excluded from derivative accounting.

In fiscal 2024 and 2023, Barnwell took most of its Canadian oil, natural gas liquids and natural gas “in kind” where Barnwell markets the products instead of having the operator of a producing property market the products on Barnwell’s behalf. We sell oil, natural gas and natural gas liquids to a variety of energy marketing companies. Because our products are commodities for which there are numerous marketers, we are not dependent upon one purchaser or a small group of purchasers. Accordingly, the loss of any single purchaser would not materially affect our revenues.

### *Governmental Regulation*

The jurisdictions in which the oil and natural gas properties of Barnwell are located have regulatory provisions relating to permits for the drilling of wells, the spacing of wells, the prevention of oil and natural gas waste, allowable rates of production, environmental protection, and other matters. The amount of oil and natural gas produced is subject to control by regulatory agencies in each province. The province of Alberta and the Government of Canada also monitor the volume of natural gas that may be removed from the province and the conditions of removal; currently all our Canadian natural gas is sold within Alberta.

All of Barnwell’s Canadian gross revenues were derived from properties located within Alberta, which charges oil and natural gas producers a royalty for production within the province. Provincial



royalties are calculated as a percentage of revenue and vary depending on production volumes, selling prices and the date of discovery. Barnwell also pays gross overriding royalties and leasehold royalties on a portion of its oil and natural gas sales to parties other than the province of Alberta.

Under the current royalty framework for newly drilled wells, the same royalty calculation applies to both oil and natural gas wells and royalties are determined on a revenue minus cost basis where producers pay a flat royalty rate of 5% of gross revenues until a well reaches payout after which an increased post-payout royalty applies. Post payout royalties vary with commodity prices and well production rates.

In fiscal 2024, 75% of Canadian royalties were related to Alberta government charges and 25% of royalties were related to freehold, overriding royalties and other charges.

In fiscal 2024, the weighted-average royalty rate paid on all of Barnwell's Canadian natural gas was 6%, and the weighted-average royalty rate paid on oil was 21%. In fiscal 2024, the weighted-average royalty rate paid on all of Oklahoma's and Texas's production was 23% and 26%, respectively.

Under Canadian oil and gas law and regulations, in order for the Company to retain the right to acquire, transfer, or drill well licenses, Barnwell must maintain a favorable Licensee Capability Assessment ("LCA") with the Alberta Energy Regulator's ("AER"). The LCA is intended to be a comprehensive assessment of corporate health and considers a wide variety of factors and establishes guidelines for the industry with regards to the management of liabilities throughout the entire lifecycle of oil and gas projects. Factors considered by the AER are combined into six groups, these being current financial distress, liability magnitude, resources lifespan, operations compliance, closure efficiency, and administrative compliance. These factors are compared to peer operators and ranked into three "Tiers." Barnwell's assessment under the LCA Program is currently favorable with Tier 1 or Tier 2 overall rankings in the six factor groups. Barnwell believes it can continue to manage its operations to maintain a favorable ranking.

A program has also been implemented by the AER which requires mandatory annual minimum expenditures towards outstanding decommissioning and reclamation obligations in accordance with AER targets which are adjusted by the AER on an annual basis. The target for calendar 2025 is 6.2% of an individual company's inactive liability. This amount for Barnwell is approximately \$244,000. Barnwell believes the targets assessed by the AER are within estimated forecasts for Barnwell's future ARO spending and therefore the Company expects to be in compliance with AER spending targets under their mandatory spend requirements.

In instances where Barnwell is a non-operating partner of a company which has become insolvent, Barnwell and any remaining partners are responsible for administering site closure. This is achieved in one of two ways. First, either Barnwell or the other partners proceed with closure, and then make a claim for the costs attributed to the insolvent entity from the Orphan Well Association ("OWA") after the abandonment work has been certified complete by the AER. Alternatively, Barnwell may pay a deposit to the OWA for its net share of the estimated closure costs, plus contingency as determined by the OWA. This allows the OWA to proceed with closure work on behalf of all partners. As of September 2024, Barnwell had provided \$923,000 in cash deposits to the OWA, and \$353,000 of the deposit has been spent on closure activities as at September 30, 2024. If the amount of deposit proves larger than that required by the OWA to complete the estimated work, Barnwell will receive a refund on the excess after sites are certified by the AER. These deposits do not earn interest. Asset retirement obligations of Barnwell's net

share of sites operated by all partners are included in “Asset retirement obligation”, current and long-term, in the Consolidated Balance Sheets.

Over the past eight years, the Company has worked to reduce its abandonment and reclamation obligations associated with its oil and natural gas segment, both by divesting low-productivity assets and actively closing wells and sites. Twenty-four Barnwell-operated sites have been certified as fully reclaimed or exempt since 2016.

### *Competition*

Barnwell competes in the sale of oil and natural gas on the basis of price and on the ability to deliver products. The oil and natural gas industry is intensely competitive in all phases, including the acquisition and development of new production and reserves and the acquisition of equipment and labor necessary to conduct drilling activities. The competition comes from numerous major oil companies as well as numerous other independent operators. There also is competition between the oil and natural gas industry and other industries in supplying the energy and fuel requirements of industrial, commercial and individual consumers. Barnwell is a minor participant in the industry and competes in its oil and natural gas activities with many other companies having far greater financial, technical and other resources.

## **Land Investment Segment**

### *Overview*

Barnwell owns a 77.6% interest in Kaupulehu Developments, a Hawaii general partnership (“Kaupulehu Developments”) that has the right to receive payments from KD I and KD II resulting from the sale of lots and/or residential units by KD I and KD II within the approximately 870 acres of the Kaupulehu Lot 4A area in two increments (“Increment I” and “Increment II”), located approximately six miles north of the Kona International Airport in the North Kona District of the island of Hawaii. Kaupulehu Developments also holds an interest in approximately 1,000 acres of vacant leasehold land zoned conservation located adjacent to Lot 4A under a lease that terminates in December 2025, which currently has no development potential without both a development agreement with the lessor and zoning reclassification.

Barnwell, through two limited liability limited partnerships, KD Kona and KKM Makai (“KKM”), holds a non-controlling ownership interest in the Kukio Resort Land Development Partnerships comprised of KD Kukio Resorts, KD Maniniowali, and KDK. The Kukio Resort Land Development Partnerships own certain real estate and development rights interests in the Kukio, Maniniowali and Kaupulehu portions of Kukio Resort, a private residential community on the Kona coast of the island of Hawaii, as well as Kukio Resort’s real estate sales office operations. KDK holds interests in KD I and KD II. KD I is the developer of Increment I, and KD II is the developer of Increment II. Barnwell's ownership interests in the Kukio Resort Land Development Partnerships are accounted for using the equity method of accounting.

### *Operations*

Increment I is an area of 80 single-family lots, all of which were sold from 2006 to 2024, and a beach club on the portion of the property bordering the Pacific Ocean. Increment II is the remaining portion of the approximately 870-acre property and is zoned for single-family and multi-family residential units and a golf course and clubhouse. Two residential lots of approximately two to three acres in size

fronting the ocean were developed within Increment II and sold by KD II, and the remaining acreage within Increment II is not yet under development. It is uncertain when or if KD II will develop the other areas of Increment II, and there is no assurance with regards to the amounts of future sales from Increment II. The remaining 420 developable acres at Increment II are entitled for up to 350 homesites. No definitive development plans have been made by KD II, the developer of Increment II, as of the date of this report.

Kaupulehu Developments was entitled to receive payments from KD I based on 10% of the gross receipts from KD I's sales of single-family residential lots in Increment I. In fiscal 2024, the last two remaining single-family lots of the 80 lots developed within Increment I were sold.

In March 2019, KD II admitted a new development partner, Replay Kaupulehu Development, LLC ("Replay"), a party unrelated to Barnwell, in an effort to move forward with development of the remainder of Increment II at Kaupulehu. KDK and Replay hold ownership interests of 55% and 45%, respectively, of KD II and Barnwell has a 10.8% indirect non-controlling ownership interest in KD II through KDK, which is accounted for using the equity method of accounting. Barnwell continues to have an indirect 19.6% non-controlling ownership interest in KD Kukio Resorts, KD Maniniowali, and KD I.

Under the terms of the Increment II agreement with KD II, Kaupulehu Developments is entitled to 15% of the distributions of KD II, the cost of which is to be solely borne by KDK out of its 55% ownership interest in KD II, plus a priority payout of 10% of KDK's cumulative net profits derived from Increment II sales subsequent to Phase 2A, up to a maximum of \$3,000,000 as to the priority payout. Such interests are limited to distributions or net profits interests and Barnwell does not have any partnership interests in KD II or KDK through its interest in Kaupulehu Developments. The arrangement also gives Barnwell rights to three single-family residential lots in Phase 2A of Increment II, and four single-family residential lots in phases subsequent to Phase 2A when such lots are developed by KD II, all at no cost to Barnwell. Barnwell is committed to commence construction of improvements within 90 days of the transfer of the four lots in the phases subsequent to Phase 2A as a condition of the transfer of such lots. Also, in addition to Barnwell's existing obligations to pay professional fees to certain parties based on percentages of its gross receipts, Kaupulehu Developments also is obligated to pay an amount equal to 0.72% and 0.2% of the cumulative net profits of KD II to KD Development and a pool of various individuals, respectively, all of whom are partners of KKM and are unrelated to Barnwell, in compensation for the agreement of these parties to admit the new development partner, Replay, for Increment II. Such compensation will be reflected as the obligation becomes probable and the amount of the obligation can be reasonably estimated. As stated above, Increment II is not yet under development and it is uncertain when or if KD II will develop the other areas of Increment II, and there is no assurance with regards to the amounts of future sales from Increment II.

In fiscal 2024, the Kukio Resort Land Development Partnerships sold the last two remaining lots in Increment I and as a result of the lot sales, made cash distributions to its partners of which Barnwell received \$1,071,000 resulting in a net amount of \$953,000, after distributing \$118,000 to non-controlling interests.

### *Competition*

Barnwell's land investment segment is subject to intense competition in all phases of its operations including the acquisition of new properties, the securing of approvals necessary for land rezoning, and the search for potential buyers of property interests presently owned. The competition comes from numerous independent land development companies and other industries involved in land investment activities. The principal factors affecting competition are the location of the project and pricing. Barnwell is a minor

participant in the land development industry and competes in its land investment activities with many other entities having far greater financial and other resources.

## **Contract Drilling Segment**

### *Overview*

Barnwell's wholly-owned subsidiary, Water Resources, drills water and water monitoring wells of varying depths in Hawaii, installs and repairs water pumping systems, and is the distributor for Trillium Flow Technologies, previously known as Floway, pumps and equipment in the state of Hawaii.

### *Operations*

Water Resources owns and operates three water well drilling rigs, two pump rigs and other ancillary drilling and pump equipment. Additionally, Water Resources leases short-term a storage facility in Waipahu, Hawaii, and a one-acre maintenance and storage facility with 2,800 square feet of interior space in Kawaihae, Hawaii. Water Resources also maintains an inventory of uninstalled materials for jobs in progress and an inventory of drilling materials and pump supplies.

Water Resources currently operates in Hawaii and is not subject to seasonal fluctuations. The demand for Water Resources' services is primarily dependent upon land development activities in Hawaii. Water Resources markets its services to land developers and government agencies, and identifies potential contracts through public notices, and referrals. Contracts are usually fixed price per lineal foot drilled and are negotiated with private entities or obtained through competitive bidding with private entities or local, state and federal agencies. Contract revenues are not dependent upon the discovery of water or other similar targets, and contracts are not subject to renegotiation of profits or termination at the election of the governmental entities involved. Contracts provide for arbitration in the event of disputes.

In fiscal 2023, Water Resources sold a drilling rig to an independent third party for proceeds of \$551,000, net of related costs, and recognized a \$551,000 gain on the sale of the drilling rig during the year ended September 30, 2023, as the rig was fully depreciated.

In fiscal 2024, Water Resources started three pump installation and repair contracts and completed two well drilling and five pump installation and repair contracts. The two completed well drilling contracts were both started in fiscal 2023. Of the five completed pump installation and repair contracts, two were started in fiscal 2017, one was started in fiscal 2019, and two were started in the current year. Fifty-four percent of well drilling and pump installation and repair jobs, representing 18% of total contract drilling revenues in fiscal 2024, have been pursuant to government contracts.

At September 30, 2024, there was a backlog of one well drilling and two pump installation and repair contracts and all of the contracts were in progress as of September 30, 2024.

The approximate dollar amount of Water Resources' backlog of firm well drilling and pump installation and repair contracts at December 1, 2024 and 2023 was as follows:

	December 1,	
	2024	2023
Well drilling	\$ 800,000	\$ 5,900,000
Pump installation and repair	300,000	900,000
	<u>\$ 1,100,000</u>	<u>\$ 6,800,000</u>

All of the contract drilling revenues in backlog at December 1, 2024 is expected to be recognized in fiscal 2025.

#### *Potential Sale or Wind Down of the Contract Drilling Segment*

On December 13, 2023, the Company entered into a stock purchase agreement with a construction company for the sale of Water Resources. On December 27, 2023, the stock purchase agreement was terminated by the buyer prior to closing. The Company continues to investigate strategies regarding Water Resources' future including, but not limited to, other potential opportunities for a sale of its stock or assets. If no sale of its stock or assets along with contract backlog can be secured, Water Resources will likely be wound down after all contracts in backlog are completed and any remaining drilling rigs and equipment will be liquidated.

#### *Competition*

Water Resources competes with other drilling contractors in Hawaii, some of which use drill rigs similar to Water Resources'. These competitors also are capable of installing and repairing vertical turbine and submersible water pumping systems in Hawaii. These contractors compete actively with Water Resources for government and private contracts. Pricing is Water Resources' major method of competition; reliability of service also is a significant factor.

### **Financial Information About Industry Segments and Geographic Areas**

Note 12 in the "Notes to Consolidated Financial Statements" in Item 8 contains information on our segments and geographic areas.

#### **Employees**

At December 1, 2024, Barnwell employed 28 individuals; 27 on a full time basis and 1 on a part-time basis.

#### **Environmental Costs**

Barnwell is subject to extensive environmental laws and regulations. U.S. Federal and state and Canadian Federal and provincial governmental agencies issue rules and regulations and enforce laws to protect the environment which are often difficult and costly to comply with and which carry substantial penalties for failure to comply, particularly in regard to the discharge of materials into the environment. These laws, which are constantly changing, regulate the discharge of materials into the environment and maintenance of surface conditions and may require Barnwell to remove or mitigate the environmental

effects of the disposal or release of petroleum or chemical substances at various sites where it has a working interest.

For further information on environmental remediation, see the Contingencies section included in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the notes to our consolidated financial statements included in Item 8, “Financial Statements and Supplementary Data.”

### **Available Information**

We maintain a website at [www.brninc.com](http://www.brninc.com). We make available on our website free of charge our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports as soon as practicable after we electronically file such reports with, or furnish them to, the SEC. The contents of our website are not part of this Annual Report on Form 10-K and are not incorporated by reference into this document. Our filings with the SEC are available to the public through the SEC’s website at [www.sec.gov](http://www.sec.gov). The Company’s references to URLs for these websites are intended to be textual references only.

## ITEM 1A. RISK FACTORS

The business of Barnwell and its subsidiaries face numerous risks, including those set forth below or those described elsewhere in this Form 10-K or in Barnwell's other filings with the SEC. The risks described below are not the only risks that Barnwell faces. If any of the following risk factors should occur, our profitability, financial condition or liquidity could be materially negatively impacted.

### *Entity-Wide Risks*

**Stockholders may be diluted significantly through our efforts to obtain financing, satisfy obligations through the issuance of securities or use our stock as consideration in certain transactions.**

Our Board of Directors has authority, without action or vote of the stockholders, subject to the requirements of the NYSE American and applicable law, to issue all shares of our common stock or warrants or other instruments to purchase such shares of our common stock. In addition, we may raise capital by selling shares of our common stock, possibly at a discount to market in the future. These actions would result in dilution of the ownership interests of existing stockholders and may further dilute common stock book value, and that dilution may be material. A related effect of such issuances may enhance existing large stockholders' influence on the Company, including that of Alexander Kinzler, our General Counsel and Secretary.

**A small number of stockholders, including our General Counsel and Secretary, own a significant amount of our common stock and may have influence over the Company.**

As of September 30, 2024, our General Counsel and Secretary, who is the Executive Chairman of the Board of Directors, and two other stockholders hold approximately 48% of our outstanding common stock. The interests of one or more of these stockholders may not always coincide with the interests of other stockholders. These stockholders have significant influence over all matters submitted to our stockholders, including the election of our directors, and could accelerate, delay, deter or prevent a change of control of the Company.

**Our operations are subject to currency rate fluctuations.**

Our operations are subject to fluctuations in foreign currency exchange rates between the U.S. dollar and the Canadian dollar. Our financial statements, presented in U.S. dollars, may be affected by foreign currency fluctuations through both translation risk and transaction risk. Volatility in exchange rates may adversely affect our results of operations, particularly through the weakening of the U.S. dollar relative to the Canadian dollar which may affect the relative prices at which we sell our oil and natural gas and may affect the cost of certain items required in our operations. To date, we have not entered into foreign currency hedging transactions to control or minimize these risks.

**Adverse changes in actuarial assumptions used to calculate retirement plan costs due to economic or other factors, or lower returns on plan assets could adversely affect Barnwell's results and financial condition.**

Retirement plan cash funding obligations and plan expenses and obligations are subject to a high degree of uncertainty and could increase in future years depending on numerous factors, including the performance of the financial markets, specifically the equity markets and levels of interest rates.

**Declines in the price of our common stock could adversely affect the value of an asset on our balance sheet and our stockholders' equity.**

Currently, Barnwell's pension plan is overfunded, meaning that the current fair value of the assets held by the pension plan exceeds the estimated current accumulated benefit obligation of the pension plan. The overfunded amount is included on our balance sheet as an asset titled "Asset for retirement benefits." As of September 30, 2024, the value of that asset was \$4,899,000, which represented 16% of the Company's total assets of \$30,669,000 and 38% of our stockholders' equity. A decline in the value of our pension plan's investments overall, or of any one investment, could reduce the value of "Asset for retirement benefits."

A portion of the pension plan's investments is in publicly traded stocks, one of which is Barnwell's common stock. As of September 30, 2024, the value of the Barnwell common stock held by the pension plan was \$934,000, representing approximately 7% of the fair market value of the pension plan's assets. A decline in the price of our common stock would also have the effect of reducing the value of our "Asset for retirement benefits," total assets and our stockholders' equity.

**The price of our common stock has been volatile and could continue to fluctuate substantially.**

The market price of our common stock has been volatile and could fluctuate based on a variety of factors, including:

- fluctuations in commodity prices;
- variations in results of operations;
- announcements by us and our competitors;
- legislative or regulatory changes;
- general trends in the industry;
- general market conditions;
- litigation; and
- other events applicable to our industries.

**Failure to retain key personnel could hurt our operations.**

We require highly skilled and experienced personnel to operate our business. In addition to competing in highly competitive industries, we compete in a highly competitive labor market. Our business could be adversely affected by an inability to retain personnel or upward pressure on wages as a result of the highly competitive labor market. Further, there are significant personal liability risks to Barnwell of Canada's individual officers and directors related to well clean-up costs that may affect our ability to attract or retain the necessary people.



**We are a smaller reporting company and benefit from certain reduced governance and disclosure requirements, including that our independent registered public accounting firm is not required to attest to the effectiveness of our internal control over financial reporting. We cannot be certain if the omission of reduced disclosure requirements applicable to smaller reporting companies will make our common stock less attractive to investors.**

Currently, we are a “smaller reporting company,” meaning that our outstanding common stock held by nonaffiliates had a value of less than \$250 million at the end of our most recently completed second fiscal quarter. As a smaller reporting company, we are not required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, meaning our auditors are not required to attest to the effectiveness of the Company’s internal control over financial reporting. As a result, investors and others may be less comfortable with the effectiveness of the Company’s internal controls and the risk that material weaknesses or other deficiencies in internal controls go undetected may increase. In addition, as a smaller reporting company, we take advantage of our ability to provide certain other less comprehensive disclosures in our SEC filings, including, among other things, providing only two years of audited financial statements in annual reports and simplified executive compensation disclosures. Consequently, it may be more challenging for investors to analyze our results of operations and financial prospects, as the information we provide to stockholders may be different from what one might receive from other public companies in which one hold shares. As a smaller reporting company, we are not required to provide this information.

#### *Risks Related to Oil and Natural Gas Segment*

**Acquisitions or discoveries of additional reserves are needed to increase our oil and natural gas segment operating results and cash flow.**

In August 2018, Barnwell made a significant reinvestment into its oil and natural gas segment with the acquisition of the Twining property in Alberta, Canada. The Company believes there are potential undeveloped reserves for which significant future capital expenditures will be needed to convert those potential undeveloped reserves into developed reserves. If future circumstances are such that we are not able to make the capital expenditures necessary to convert potential undeveloped reserves to developed reserves, we will not replace the amount of reserves produced and sold and our reserves and oil and natural gas segment operating results and cash flows will decline accordingly, and we may be forced to sell some of our oil and natural gas segment assets under untimely or unfavorable terms. Any such curtailment or sale could have a material adverse effect on our business, financial condition and results of operations.

Future oil and natural gas operating results and cash flow are highly dependent upon our level of success in acquiring or finding additional reserves on an economic basis. We cannot guarantee that we will be successful in developing or acquiring additional reserves and our current financial resources may be insufficient to make such investments. Furthermore, if oil or natural gas prices increase, our cost for additional reserves also could increase.

**We may not realize an adequate return on oil and natural gas investments.**

Drilling for oil and natural gas involves numerous risks, including the risk that we will not encounter commercially productive oil or natural gas reservoirs. The wells we drill or participate in may not be productive, and we may not recover all or any portion of our investment in those wells. If future oil

and natural gas segment acquisition and development activities are not successful it could have an adverse effect on our future results of operations and financial condition.

**Oil and natural gas prices are highly volatile and further declines, or extended low prices will significantly affect our financial condition and results of operations.**

Much of our revenues and cash flow are greatly dependent upon prevailing prices for oil and natural gas. Lower oil and natural gas prices not only decrease our revenues on a per unit basis, but also reduce the amount of oil and natural gas we can produce economically, if any. Prices that do not produce sufficient operating margins will have a material adverse effect on our operations, financial condition, operating cash flows, borrowing ability, reserves, and the amount of capital that we are able to allocate for the acquisition and development of oil and natural gas reserves.

Various factors beyond our control affect prices of oil and natural gas including, but not limited to, changes in supply and demand, market uncertainty, weather, worldwide political instability, foreign supply of oil and natural gas, the level of consumer product demand, government regulations and taxes, the price and availability of alternative fuels and the overall economic environment. Energy prices also are subject to other political and regulatory actions outside our control, which may include changes in the policies of the Organization of the Petroleum Exporting Countries or other developments involving or affecting oil-producing countries, or actions or reactions of the government of the U.S. in anticipation of or in response to such developments.

**The inability of one or more of our working interest partners to meet their obligations may adversely affect our financial results.**

For our operated properties, we pay expenses and bill our non-operating partners for their respective shares of costs. Some of our non-operating partners may experience liquidity problems and may not be able to meet their financial obligations. Nonperformance by a non-operating partner could result in significant financial losses.

Liquidity problems encountered by our working interest partners or the third party operators of our non-operated properties also may result in significant financial losses as the other working interest partners or third party operators may be unwilling or unable to pay their share of the costs of projects as they become due. In the event a third party operator of a non-operated property becomes insolvent, it may result in increased operating expenses and cash required for abandonment liabilities if the Company is required to take over operatorship.

**We may incur material costs to comply with or as a result of health, safety, and environmental laws and regulations.**

The oil and natural gas industry is subject to extensive environmental regulation pursuant to local, provincial and federal legislation. A violation of that legislation may result in the imposition of fines or the issuance of “clean up” orders. Legislation regulating the oil and natural gas industry may be changed to impose higher standards and potentially more costly obligations. Although we have recorded a provision in our financial statements relating to our estimated future environmental and reclamation obligations that we believe is reasonable, we cannot guarantee that we will be able to satisfy our actual future environmental and reclamation obligations.

Barnwell's oil and natural gas segment is subject to the provisions of the Alberta Energy Regulator's ("AER") Licensee Life-Cycle Management Program via a Licensee Capability Assessment ("LCA"). Under this program the AER assesses the corporate health of the Company and considers a wider variety of factors than those considered under the previous program. The LCA establishes clear expectations for industry with regards to the management of liabilities throughout the entire lifecycle of oil and gas projects. Factors considered are grouped into six factor groups, these being current financial distress, liability magnitude, resources lifespan, operations compliance, closure efficiency and administrative compliance. These factors are compared to peer operators and ranked into three "Tiers". Under the LCA Program, an inventory reduction program has also been implemented which requires mandatory annual minimum expenditures towards outstanding decommissioning and reclamation obligations in accordance with AER targets which are adjusted by the AER on an annual basis. The target for 2025 is 6.2% of an individual company's inactive liability. These targets became effective January 1, 2022.

The AER may require purchasers of AER licensed oil and natural gas assets to be within Tiers 1 or 2 overall rankings in the six factors group. This requirement for well transfers hinders our ability to generate capital by selling oil and natural gas assets as there are less qualified buyers.

The AER may require the Company to provide a security deposit if assessed at Tier 3. Diverting funds to the AER in the future would result in the diversion of cash on hand and operating cash flows that could otherwise be used to fund oil and natural gas reserve replacement efforts, which could in turn have a material adverse effect on our business, financial condition and results of operations. If Barnwell fails to comply with the requirements of the LCA program, Barnwell's oil and natural gas subsidiary would be subject to the AER's enforcement provisions which could include suspension of operations and non-compliance fees and could ultimately result in the AER serving the Company with a closure order to shut-in all operated wells. Additionally, if Barnwell is non-compliant, the Company would be prohibited from transferring well licenses which would prohibit us from selling any oil and natural gas assets until the required cash deposit is made with the AER.

We are not fully insured against certain environmental risks, either because such insurance is not available or because of high premium costs. In particular, insurance against risks from environmental pollution occurring over time, as opposed to sudden and catastrophic damages, is not available on economically reasonable terms. Accordingly, any site reclamation or abandonment costs actually incurred in the ordinary course of business in a specific period could negatively impact our cash flow. Should we be unable to fully fund the cost of remedying an environmental problem, we might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy.

**We may fail to fully identify potential problems related to acquired reserves or to properly estimate those reserves.**

We periodically evaluate acquisitions of reserves, properties, prospects and leaseholds and other strategic transactions that appear to fit within our overall business strategy. Our evaluation includes an assessment of reserves, future oil and natural gas prices, operating costs, potential for future drilling and production, validity of the seller's title to the properties and potential environmental issues, litigation and other liabilities.

In connection with these assessments, we perform a review of the subject properties that we believe to be generally consistent with industry practices. Our review will not reveal all existing or potential problems nor will it permit us to become sufficiently familiar with the properties to fully assess

their deficiencies and potential recoverable reserves. Inspections may not always be performed on every well, and environmental problems are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the seller of the properties may be unwilling or unable to provide effective contractual protection against all or part of the problems. We often are not entitled to contractual indemnification for environmental liabilities or title defects in excess of the amounts claimed by us before closing and acquire properties on an “as is” basis.

There are numerous uncertainties inherent in estimating quantities of proved oil and gas reserves and future production rates and costs with respect to acquired properties, and actual results may vary substantially from those assumed in the estimates.

**If oil and natural gas prices decline and remain low, we may be required to take write-downs of the carrying values of our oil and natural gas properties.**

Oil and natural gas prices affect the value of our oil and natural gas properties as determined in our full cost ceiling calculation. Any future ceiling test write-downs will result in reductions of the carrying value of our oil and natural gas properties and an equivalent charge to earnings.

**The oil and natural gas industry is highly competitive.**

We compete for capital, acquisitions of reserves, undeveloped lands, skilled personnel, access to drilling rigs, service rigs and other equipment, access to processing facilities, pipeline capacity and in many other respects with a substantial number of other organizations, most of which have greater technical and financial resources than we do. Some of these organizations explore for, develop and produce oil and natural gas, carry on refining operations and market oil and other products on a worldwide basis. As a result of these complementary activities, some of our competitors may have competitive resources that are greater and more diverse than ours. Furthermore, many of our competitors may have a competitive advantage when responding to factors that affect demand for oil and natural gas production, such as changing prices and production levels, the cost and availability of alternative fuels and the application of government regulations. If our competitors are able to capitalize on these competitive resources, it could adversely affect our revenues and profitability.

**An increase in operating costs greater than anticipated could have a material adverse effect on our results of operations and financial condition.**

Higher operating costs for our properties will directly decrease the amount of cash flow received by us. Electricity, supplies, and labor costs are a few of the operating costs that are susceptible to material fluctuation. The need for significant repairs and maintenance of infrastructure may increase as our properties age. A significant increase in operating costs could negatively impact operating results and cash flow.

**Our operating results are affected by our ability to market the oil and natural gas that we produce.**

Our business depends in part upon the availability, proximity and capacity of oil and natural gas gathering systems, pipelines and processing facilities. Canadian federal and provincial, as well as U.S. federal and state, regulation of oil and natural gas production, processing and transportation, tax and energy policies, general economic conditions, and changes in supply and demand could adversely affect our ability to produce and market oil and natural gas. If market factors change and inhibit the marketing of our production, overall production or realized prices may decline.

**We are not the operator and have limited influence over the operations of certain of our oil and natural gas properties.**

We hold minority interests in certain of our oil and natural gas properties. As a result, we cannot control the pace of exploration or development, major decisions affecting the drilling of wells, the plan for development and production at non-operated properties, or the timing and amount of costs related to abandonment and reclamation activities although contract provisions give Barnwell certain consent rights in some matters. The operator's influence over these matters can affect the pace at which we incur capital expenditures. Additionally, as certain underlying joint venture data is not accessible to us, we depend on the operators at non-operated properties to provide us with reliable accounting information. We also depend on operators and joint operators to maintain the financial resources to fund their share of all abandonment and reclamation costs.

**Actual reserves will vary from reserve estimates.**

Estimating reserves is inherently uncertain and the reserves estimation process involves significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data. The reserve data and standardized measures set forth herein are only estimates. Ultimately, actual reserves attributable to our properties will vary from estimates, and those variations may be material. The estimation of reserves involves a number of factors and assumptions, including, among others:

- oil and natural gas prices as prescribed by SEC regulations;
- historical production from our wells compared with production rates from similar producing wells in the area;
- future commodity prices, production and development costs, royalties and capital expenditures;
- initial production rates;
- production decline rates;
- ultimate recovery of reserves;
- success of future development activities;
- marketability of production;
- effects of government regulation; and
- other government levies that may be imposed over the producing life of reserves.

If these factors, assumptions and prices prove to be inaccurate, actual results may vary materially from reserve estimates.

**Part of our strategy involves using some of the latest available horizontal drilling and completion techniques. The results of our drilling are subject to drilling and completion technique risks, and results may not meet our expectations for reserves or production.**

Many of our operations involve, and are planned to utilize, the latest drilling and completion techniques as developed by our service providers in order to maximize production and ultimate recoveries and therefore generate the highest possible returns. Risks we face while completing our wells include, but are not limited to, the inability to fracture the planned number of stages, the inability to run tools and other equipment the entire length of the well bore during completion operations, the inability to recover such tools and other equipment, and the inability to successfully clean out the well bore after completion of the final fracture stimulation. Ultimately, the success of these drilling and completion techniques can only be

evaluated over time as more wells are drilled and production profiles are established over a sufficiently long time period. If our drilling results are less than anticipated or we are unable to execute our drilling program because of capital constraints, lease expirations, limited access to gathering systems and takeaway capacity, and/or prices for crude oil, natural gas, and natural gas liquids decline, then the return on our investment for a particular project may not be as attractive as we anticipated and we could incur material write-downs of oil and gas properties and the value of our undeveloped acreage could decline in the future.

Production and reserves, if any, attributable to the use of enhanced recovery methods are inherently difficult to predict. If our enhanced recovery methods do not allow for the extraction of crude oil, natural gas, and associated liquids in a manner or to the extent that we anticipate, we may not realize an acceptable return on our investments in such projects.

**Delays in business operations could adversely affect the amount and timing of our cash inflows.**

In addition to the usual delays in payment by purchasers of oil and natural gas to the operators of our properties, and the delays of those operators in remitting payment to us, payments between any of these parties may also be delayed by:

- restrictions imposed by lenders;
- accounting delays;
- delays in the sale or delivery of products;
- delays in the connection of wells to a gathering system;
- blowouts or other accidents;
- adjustments for prior periods;
- recovery by the operator of expenses incurred in the operation of the properties; and
- the establishment by the operator of reserves for these expenses.

Any of these delays could expose us to additional third party credit risks.

**The oil and natural gas market in which we operate exposes us to potential liabilities that may not be covered by insurance.**

Our operations are subject to all of the risks associated with the operation and development of oil and natural gas properties, including the drilling of oil and natural gas wells, and the production and transportation of oil and natural gas. These risks include encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, equipment failures and other accidents, cratering, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions, pollution, other environmental risks, fires and spills. A number of these risks could result in personal injury, loss of life, or environmental and other damage to our property or the property of others.

While we carry various levels of insurance, we could be affected by civil, criminal, regulatory or administrative actions, claims or proceedings. We cannot fully protect against all of the risks listed above, nor are all of these risks insurable. There is no assurance that any applicable insurance or indemnification agreements will adequately protect us against liability for the risks listed above. We could face substantial losses if an event occurs for which we are not fully insured or are not indemnified against or a customer or insurer fails to meet its indemnification or insurance obligations. In addition, there can be no assurance that insurance will continue to be available to cover any or all of these risks, or, even if available, that

insurance premiums or other costs will not rise significantly in the future, so as to make the cost of such insurance prohibitive.

Deficiencies in operating practices and record keeping, if any, may increase our risks and liabilities relating to incidents such as spills and releases and may increase the level of regulatory enforcement actions.

**Our operations are subject to domestic and foreign government regulation and other risks, particularly in Canada and the U.S.**

Barnwell's oil and natural gas operations are affected by political developments and laws and regulations, particularly in Canada and the U.S., such as restrictions on production, restrictions on imports and exports, the maintenance of specified reserves, tax increases and retroactive tax claims, expropriation of property, cancellation of contract rights, environmental protection controls, environmental compliance requirements and laws pertaining to workers' health and safety. Further, the right to explore for and develop oil and natural gas on lands in Alberta is controlled by the government of that province. Changes in royalties and other terms of provincial leases, permits and reservations may have a substantial effect on Barnwell's operations. We derive a significant portion of our revenues from our operations in Canada; 70% in fiscal 2024.

Additionally, our ability to compete in the Canadian oil and natural gas industry may be adversely affected by governmental regulations or other policies that favor the awarding of contracts to contractors in which Canadian nationals have substantial ownership interests. Furthermore, we may face governmentally imposed restrictions or fees from time to time on the transfer of funds to the U.S.

Government regulations control and often limit access to potential markets and impose extensive requirements concerning employee safety, environmental protection, pollution control and remediation of environmental contamination. Environmental regulations, in particular, prohibit access to some markets and make others less economical, increase equipment and personnel costs and often impose liability without regard to negligence or fault. In addition, governmental regulations may discourage our customers' activities, reducing demand for our products and services.

**Changes in U.S. trade policy, including the imposition of tariffs and the resulting consequences, could adversely affect our business, prospects, financial condition, and operating results.**

There is currently significant uncertainty about the future relationship between the United States and Canada, including potential changes with respect to trade policies, treaties, tariffs, taxes, and other limitations on cross-border operations. Because most of our oil and natural gas production is in Canada, changes in tariffs, trade barriers, and other regulatory requirements could have an adverse effect on our business, prospects, financial condition and operating results, the extent of which cannot be predicted with certainty at this time.

**Legislation, regulation, and other government actions and shifting customer preferences and other private efforts related to greenhouse gas ("GHG") emissions and climate change could increase our operational costs and reduce demand for our oil and natural gas, resulting in a material adverse effect on the Company's results of operations and financial condition.**

Barnwell may experience challenges from the impacts of international and domestic legislation, regulation, or other government actions relating to GHG emissions (e.g., carbon dioxide and methane) and

climate change. International agreements and national, regional, and state legislation and regulatory measures that aim to directly or indirectly limit or reduce GHG emissions are in various stages of implementation. Many of these actions, as well as customers' preferences and use of oil and natural gas or substitute products, are beyond the Company's control. Similar to any significant changes in the regulatory environment, GHG emissions and climate change-related legislation, regulation, or other government actions may curtail profitability in the oil and gas sector, or render the extraction of the Company's hydrocarbon resources economically infeasible. In particular, GHG emissions-related legislation, regulations, and other government actions and shifting consumer preferences and other private efforts aimed at reducing GHG emissions may result in increased and substantial capital, compliance, operating, and maintenance costs and could, among other things, reduce demand for the Company's oil and natural gas; adversely affect the economic feasibility of the Company's resources; impact or limit our business plans; and adversely affect the Company's sales volumes, revenues, margins and reputation.

The ultimate impact of GHG emissions and climate change-related agreements, legislation, regulation, and government actions on the Company's financial performance is highly uncertain because the Company is unable to predict with certainty, the outcome of political decision-making processes, including the actual laws and regulations enacted, the variables and tradeoffs that inevitably occur in connection with such processes, and market conditions.

**Compliance with foreign tax and other laws may adversely affect our operations.**

Tax and other laws and regulations are not always interpreted consistently among local, regional and national authorities. Income tax laws, other legislation or government incentive programs relating to the oil and natural gas industry may in the future be changed or interpreted in a manner that adversely affects us and our stockholders. It also is possible that in the future we will be subject to disputes concerning taxation and other matters in Canada, including the manner in which we calculate our income for tax purposes, and these disputes could have a material adverse effect on our financial performance.

**Unforeseen title defects may result in a loss of entitlement to production and reserves.**

Although we conduct title reviews in accordance with industry practice prior to any purchase of resource assets or property, such reviews do not guarantee that an unforeseen defect in the chain of title will not arise and defeat our title to the purchased assets. If such a defect were to occur, our entitlement to the production from such purchased assets could be jeopardized.

*Risks Related to Land Investment Segment*

**Receipt of future payments from KD II and cash distributions from the Kukio Resort Land Development Partnerships is dependent upon the developer's continued efforts and ability to develop the property.**

We are entitled to receive future payments based on a percentage of the sales prices of residential lots sold within the Kaupulehu area by KD II as well as a percentage of future distributions KD II makes to its members. However, in order to collect such payments we are reliant upon the developer, KD II, in which we own a non-controlling ownership interest, to proceed with the development or sale of the remaining portion of Increment II. Additionally, future cash distributions from the Kukio Resort Land Development Partnerships, which includes KD II, are also dependent on the development or sale of Increment II by KD II. It is uncertain when or if KD II will develop or sell the remaining portion of Increment II, and there is no assurance with regards to the amounts of future sales from Increment II. We



do not have a controlling interest in the partnerships, and therefore are dependent on the general partner for development decisions. The receipt of future payments and cash distributions could be jeopardized if the developer fails to proceed with development of the property.

**We hold investment interests in unconsolidated land development partnerships, which are accounted for using the equity method of accounting, in which we do not have a controlling interest. These investments involve risks and are highly illiquid.**

These investments involve risks which include:

- the lack of a controlling interest in these partnerships and, therefore, the inability to require that the entities sell assets, return invested capital or take any other action without obtaining the majority vote of partners;
- potential for future additional capital contributions to fund operations and development activities;
- the adverse impact on overall profitability if the entities do not achieve the financial results projected;
- the reallocation of amounts of capital from other operating initiatives and/or an increase in indebtedness to pay potential future additional capital contributions, which could in turn restrict our ability to access additional capital when needed or to pursue other important elements of our business strategy;
- undisclosed, contingent or other liabilities or problems, unanticipated costs, and an inability to recover or manage such liabilities and costs and which could delay or prevent development of the real estate held by the land development partnerships; and
- certain underlying partnership data is not accessible to us, therefore we depend on the general partner to provide us with reliable accounting information.

**Our land investment business is concentrated in the state of Hawaii. As a result, our financial results are dependent on the economic growth and health of Hawaii, particularly the island of Hawaii.**

Barnwell's land investment segment is impacted by the condition of Hawaii's real estate market, which is affected by Hawaii's economy and Hawaii's tourism industry, as well as the U.S. and world economies in general. Any future cash flows from Barnwell's land development activities are subject to, among other factors, the level of real estate activity and prices, the demand for new housing and second homes on the island of Hawaii, the rate of increase in the cost of building materials and labor, the introduction of building code modifications, changes to zoning laws, and the level of confidence in Hawaii's economy.

**The occurrence of natural disasters in Hawaii could adversely affect our business.**

The occurrence of a natural disaster in Hawaii such as, but not limited to, earthquakes, landslides, hurricanes, tornadoes, tsunamis, volcanic activity, droughts and floods, could have a material adverse effect on our land investments. The occurrence of a natural disaster could also cause property and flood insurance rates and deductibles to increase, which could reduce demand for real estate in Hawaii.

## *Risks Related to Contract Drilling Segment*

**Demand for water well drilling and/or pump installation is volatile. A decrease in demand for our services could adversely affect our revenues and results of operations.**

Demand for services is highly dependent upon land development activities in the state of Hawaii. The real estate development industry is cyclical in nature and is particularly vulnerable to shifts in local, regional, and national economic conditions outside of our control such as interest rates, housing demand, population growth, employment levels and job growth and property taxes. A decrease in water well drilling and/or pump installation contracts will result in decreased revenues and operating results.

**If we are unable to accurately estimate the overall risks, requirements or costs when bidding on or negotiating a contract that is ultimately awarded, we may achieve a lower than anticipated profit or incur a loss on the contract.**

Contracts are usually fixed price per lineal foot drilled and require the provision of line-item materials at a fixed unit price based on approved quantities irrespective of actual per unit costs. Under such contracts, prices are established in part on cost and scheduling estimates, which are based on a number of assumptions, many of which are beyond our control. Expected profits on contracts are realized only if costs are accurately estimated and successfully controlled. We may not be able to obtain compensation for additional work performed or expenses incurred as a result of changes or inaccuracies in these estimates and underlying assumptions, such as unanticipated sub-surface site conditions, unanticipated technical problems, equipment failures, inefficiencies, cost of raw materials, schedule delays due to constraints on drilling hours, weather delays, or accidents. If cost estimates for a contract are inaccurate, or if the contract is not performed within cost estimates, then cost overruns may result in losses or cause the contract not to be as profitable as expected.

**A significant portion of our contract drilling business is dependent on municipalities and a decline in municipal spending could adversely impact our business.**

A significant portion of our contract drilling division revenues is derived from water and infrastructure contracts with governmental entities or agencies; 18% in fiscal 2024. Reduced tax revenues and governmental budgets may limit spending by local governments which in turn will affect the demand for our services. Material reductions in spending by a significant number of local governmental agencies could have a material adverse effect on our business, results of operations, liquidity and financial position.

**Our contract drilling operations face significant competition.**

We face competition for our services from a variety of competitors. Many of our competitors utilize drilling rigs that drill as quickly as our equipment but require less labor. Our strategy is to compete based on pricing and to a lesser degree, quality of service. If we are unable to compete effectively with our competitors, our financial results could be adversely affected.

**Supply chain and manufacturing issues of well drilling and pump installation equipment could adversely affect our operating results.**

We are dependent on various well drilling and pump installation equipment to conduct our contract drilling segment operations. The shortage of and/or delay in delivery of such equipment, such as pumps,

interruptions in supply, and price increases of such equipment and materials due to supply chain issues and manufacturing disruptions could adversely impact our gross margin and results of operations.

**Awarding of contracts is dependent upon our ability to obtain contract bid and performance bonds from insurers.**

There can be no assurance that our ability to obtain such bonds will continue on the same basis as the past. Additionally, bonding insurance rates may increase and have an impact on our ability to win competitive bids, which could have a corresponding material impact on contract drilling operating results.

**The contracts in our backlog are subject to change orders and cancellation.**

Our backlog consists of the uncompleted portion of services to be performed under contracts that have been started and new contracts not yet started. Our contracts are subject to change orders and cancellations, and such changes could adversely affect our operations.

**The occurrence of natural disasters in Hawaii could adversely affect our business.**

The occurrence of a natural disaster in Hawaii such as, but not limited to, earthquakes, landslides, hurricanes, tornadoes, tsunamis, volcanic activity, droughts and floods, could have a material adverse effect on our ability to complete our contracts.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 1C. CYBERSECURITY**

We recognize the importance of assessing, identifying, and managing material risks from cybersecurity threats. Our policies, standards, and procedures for assessing, identifying, and managing material risks from cybersecurity threats are integrated into our overall risk management system. In this regard, we use various tools and processes to help prevent, identify, and resolve any identified vulnerabilities and security incidents in a timely manner. These include, but are not limited to, internal reporting, periodic employee awareness updates, engaging experts and third-party monitoring and detection tools.

We employ third-party information technology (“IT”) consultants to manage our information technology environment and help manage and assess cybersecurity risks.

Our IT Steering Committee, comprised of our Chief Executive Officer, our Chief Financial Officer, our General Counsel, and an IT consultant, oversees efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which includes oversight over our third-party IT consultants, monitoring systems and employee engagement. Our senior management team is responsible for reporting any identified cybersecurity risks to the Audit Committee of our Board of Directors.

The Audit Committee of our Board of Directors meets periodically with management to review the Company’s overall policies with respect to risk assessment and risk management, including a review the systems and processes implemented by management to identify, assess, manage, and mitigate

cybersecurity risks. Our senior management is responsible for the day-to-day supervision of the material risks we may face.

Our risks from cybersecurity threats have not affected or are reasonably not likely to materially affect our business strategy, results of operations, or financial condition.

## **ITEM 2. PROPERTIES**

### **Oil and Natural Gas and Land Investment Properties**

The location and character of Barnwell's oil and natural gas properties and its land investment properties, are described above under Item 1, "Business."

### **Corporate Offices**

Barnwell's corporate headquarters is located in Honolulu, Hawaii, in a commercial office building under a lease that expires in February 2026.

## **ITEM 3. LEGAL PROCEEDINGS**

Barnwell is routinely involved in disputes with third parties that occasionally require litigation. In addition, Barnwell is required to maintain compliance with all current governmental controls and regulations in the ordinary course of business. Barnwell's management is not aware of any claims or litigation involving Barnwell that are likely to have a material adverse effect on its results of operations, financial position or liquidity.

## **ITEM 4. MINE SAFETY DISCLOSURES**

Disclosure is not applicable to Barnwell.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Information

The principal market on which Barnwell's common stock is being traded is the NYSE American under the ticker symbol "BRN." The following tables present the quarterly high and low sales prices, on the NYSE American, for Barnwell's common stock during the periods indicated:

Quarter Ended	High	Low	Quarter Ended	High	Low
December 31, 2022	\$3.33	\$2.70	December 31, 2023	\$2.78	\$2.06
March 31, 2023	\$2.97	\$1.89	March 31, 2024	\$2.53	\$2.15
June 30, 2023	\$3.10	\$2.47	June 30, 2024	\$3.20	\$2.30
September 30, 2023	\$2.79	\$2.18	September 30, 2024	\$2.53	\$2.12

#### Holders

As of December 13, 2024, there were 10,053,534 shares of common stock, par value \$0.50, outstanding. As of December 13, 2024, there were approximately 80 shareholders of record and approximately 1,000 beneficial owners.

#### Dividends

No dividends were declared or paid during the year ended September 30, 2024. The following table sets forth the cash dividends paid per share of common stock during the year ended September 30, 2023.

Record Date	Date of Payment	Dividend Paid
August 24, 2023	September 11, 2023	\$0.015
May 25, 2023	June 12, 2023	\$0.015
February 23, 2023	March 13, 2023	\$0.015
December 27, 2022	January 11, 2023	\$0.015

The payment of future cash dividends will depend on, among other things, our financial condition, operating cash flows, and the level of our oil and natural gas capital expenditures and any other investments.

#### Securities Authorized for Issuance Under Equity Compensation Plans

See information included in Part III, Item 12, under the caption "Equity Compensation Plan Information."

#### Stock Performance Graph and Cumulative Total Return

Disclosure is not required as Barnwell qualifies as a smaller reporting company.

**ITEM 6. [RESERVED]**

## **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion is intended to assist in the understanding of the Consolidated Balance Sheets of Barnwell Industries, Inc. and subsidiaries (collectively referred to herein as "Barnwell," "we," "our," "us" or the "Company") as of September 30, 2024 and 2023, and the related Consolidated Statements of Operations, Comprehensive Loss, Equity, and Cash Flows for the years ended September 30, 2024 and 2023. This discussion should be read in conjunction with the consolidated financial statements and related Notes to Consolidated Financial Statements included in this report.

### **Critical Accounting Policies and Estimates**

The Company considers an accounting estimate to be critical if the accounting estimate requires the Company to make assumptions that are difficult or subjective about matters that were highly uncertain at the time that the accounting estimate was made, and changes in the estimate that are reasonably likely to occur in periods subsequent to the period in which the estimate was made, or use of different estimates that the Company could have used in the current period, would have a material impact on the Company's financial condition or results of operations. The most critical accounting policies inherent in the preparation of the Company's consolidated financial statements are described below. We continue to monitor our accounting policies to ensure proper application of current rules and regulations.

#### *Oil and Natural Gas Properties - full cost ceiling calculation and depletion*

##### Policy Description

We use the full cost method of accounting for our oil and natural gas properties under which we are required to conduct quarterly calculations of a "ceiling," or limitation, on the carrying value of oil and natural gas properties. The ceiling limitation is the sum of 1) the discounted present value (at 10%), using average first-day-of-the-month prices during the 12-month period ending as of the balance sheet date held constant over the life of the reserves (except where prices are defined by contractual arrangements), of Barnwell's estimated future net cash flows from estimated production of proved oil and natural gas reserves, less estimated future expenditures to be incurred in developing and producing the proved reserves but excluding future cash outflows associated with settling asset retirement obligations with the exception of those associated with proved undeveloped reserves from wells that are to be drilled in the future; plus 2) the cost of major development projects and unproven properties not subject to depletion, if any; plus 3) the lower of cost or estimated fair value of unproven properties included in costs subject to depletion; less 4) related income tax effects. If net capitalized costs exceed this limit, the excess is expensed.

All items classified as unevaluated and unproved properties are assessed on a quarterly basis for possible impairment or reduction in value. Properties are assessed on an individual basis or as a group if properties are individually insignificant. The assessment includes consideration of various factors, including, but not limited to, the following: intent to drill; remaining lease term; geological and geophysical evaluations; drilling results and activity; assignment of proved reserves; and economic viability of development if proved reserves are assigned. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and become subject to amortization.

## Judgments and Assumptions

The estimate of our oil and natural gas reserves is a major component of the ceiling calculation and represents the component that requires the most subjective judgments. Estimates of reserves are forecasts based on engineering data, historical data, projected future rates of production and the timing of future expenditures. The process of estimating oil and natural gas reserves requires substantial judgment, resulting in imprecise determinations, particularly for new discoveries. Our reserve estimates are prepared at least annually by independent petroleum reserve engineers. The passage of time provides more quantitative and qualitative information regarding estimates of reserves, and revisions are made to prior estimates to reflect updated information. A portion of the revisions are attributable to changes in the rolling 12-month average first-day-of-the-month prices, which impact the economics of producible reserves. In the last three fiscal years, annual revisions to our reserve volume estimates have averaged 18% of the previous year's estimate, due in large part to the impacts of volatile oil and natural gas prices which change the economic viability of producing such reserves and changes in estimated proved undeveloped reserves which can fluctuate from year to year depending upon the Company's plans and ability to fund the capital expenditures necessary to develop such reserves. There can be no assurance that more significant revisions will not be necessary in the future. If future significant revisions are necessary that reduce previously estimated reserve quantities, such revisions could result in a write-down of oil and natural gas properties.

If reported reserve volumes were revised downward by 5% at the end of fiscal 2024, the ceiling limitation for Canada would have decreased approximately \$906,000 which would not have resulted in a ceiling impairment before income taxes due to sufficient room between the ceiling and the carrying value of Canadian oil and natural gas properties at the end of fiscal 2024 of approximately \$4,658,000. However, an additional \$197,000 impairment would be recorded for U.S. oil and gas properties at the end of fiscal 2024 as there is no room between the ceiling and the carrying value of U.S. oil and natural gas properties at the end of fiscal 2024.

In addition to the impact of the estimates of proved reserves on the calculation of the ceiling, estimated proved reserves are also a significant component of the quarterly calculation of depletion expense. The lower the estimated reserves, the higher the depletion rate per unit of production. Conversely, the higher the estimated reserves, the lower the depletion rate per unit of production. If reported reserve volumes were revised downward by 5% as of the beginning of fiscal 2024, depletion for fiscal 2024 would have increased by approximately \$222,000.

While the quantities of proved reserves require substantial judgment, the associated prices of oil, natural gas and natural gas liquids reserves are the average first-day-of-the-month prices during the 12-month period ending in the reporting period on a constant basis as prescribed by SEC regulations. Additionally, the applicable discount rate that is used to calculate the discounted present value of the reserves is mandated at 10%. Costs included in future net revenues are determined in a similar manner. As such, the future net revenues associated with the estimated proved reserves are not based on an assessment of future prices or costs.

## *Contract Drilling Revenues and Operating Expenses*

### Policy Description

Through contracts which are normally less than twelve months in duration, Barnwell drills water and water monitoring wells and installs and repairs water pumping systems in Hawaii. Barnwell



recognizes revenue from well drilling or the installation of pumps over time based on total costs incurred on the projects relative to the total expected costs to satisfy the performance obligation as management believes this is an accurate representation of the percentage of completion as control is continuously transferred to the customer. Uninstalled materials, which typically consists of well casing or pumps, are excluded in the costs-to-costs calculation for the duration of the contract as including these costs would result in a distortion of progress towards satisfaction of the performance obligation due to the resulting cumulative catch-up in margin in a single period. An equal amount of cost and revenue is recorded when uninstalled materials are controlled by the customer, which is typically when Barnwell has the right to payment for the materials and when the materials are delivered to the customer's site or location and such materials have been accepted by the customer. Uninstalled materials are held in inventory and included in "Other current assets" on the Company's Consolidated Balance Sheets until control is transferred to the customer. When the estimate on a contract indicates a loss, Barnwell records the entire estimated loss in the period the loss becomes known.

Unexpected significant inefficiencies that were not considered a risk at the time of entering into the contract, such as design or construction execution errors that result in significant wasted resources, are excluded from the measure of progress toward completion and the costs are expensed as incurred.

To the extent a contract is deemed to have multiple performance obligations, the Company allocates the transaction price of the contract to each performance obligation using its best estimate of the standalone selling price of each distinct good or service in the contract. The contract price may include variable consideration, which includes such items as increases to the transaction price for unapproved change orders and claims for which price has not yet been agreed by the customer. The Company estimates variable consideration using either the most likely amount or expected value method, whichever is a more appropriate reflection of the amount to which it expects to be entitled based on the characteristics and circumstances of the contract. Variable consideration is included in the estimated transaction price to the extent it is probable that a significant reversal of cumulative recognized revenue will not occur.

Contracts are sometimes modified for a change in scope or other requirements. The Company considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of the Company's contract modifications are for goods and services that are not distinct from the existing performance obligations. The effect of a contract modification on the transaction price, and the measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase or decrease) on a cumulative catchup basis.

### Judgments and Assumptions

Management evaluates the performance of contracts on an individual basis. In the ordinary course of business, but at least quarterly, we prepare updated estimates that may impact the cost and profit or loss for each contract based on actual results to date plus management's best estimate of costs to be incurred to complete each performance obligation. Increases or decreases in the estimated costs to complete a performance obligation without a change to the contract price has the impact to decrease or increase, respectively, the contract completion percentage applied to the contract price to calculate the cumulative contract revenue to be recognized to date. Changes in the cost estimates can have a material impact on our contract revenue and are reflected in the results of operations when they become known. The nature of accounting for these contracts is such that refinements of the estimated costs to complete may occur and are characteristic of the estimation process due to changing conditions and new developments. Many factors and assumptions can and do change during a contract performance obligation period which can

result in a change to contract profitability including unforeseen underground geological conditions (to the extent that contract remedies are unavailable), the availability and costs of skilled contract labor, the performance of major material suppliers, the performance of major subcontractors, unusual weather conditions and unexpected changes in material costs, changes in the scope and nature of work to be performed, and unexpected construction execution errors, among others. Any revisions to estimated costs to complete the performance obligation from period to period as a result of changes in these factors can materially affect revenue and operating results in the period such revisions are necessary. In addition, many contracts give the customer a unilateral right to cancel for convenience or other than for cause. In accordance with FASB ASC 606-10-32-4, our estimates are based on the assumption that the existing contract will not be cancelled. Any unforeseen cancellation of a contract may result in a material revision to our estimates.

We have a long history of working with multiple types of projects and preparing cost estimates, and we rely on the expertise of key personnel to prepare what we believe are reasonable best estimates given available facts and circumstances. Due to the nature of the work involved, however, judgment is involved to estimate the costs to complete and the amounts estimated could have a material impact on the revenue we recognize in each accounting period. We can not estimate unforeseen events and circumstances which may result in actual results being materially different from previous estimates.

### *Income Taxes*

#### Policy Description

Income taxes are determined using the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax impacts of differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred income tax assets are routinely assessed for realizability. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Barnwell recognizes the financial statement effects of tax positions when it is more likely than not that the position will be sustained by a taxing authority.

#### Judgments and Assumptions

We make estimates and judgments in determining our income tax expense for each reporting period. Significant changes to these estimates could result in an increase or decrease in our tax provision in future periods. We are also required to make judgments about the recoverability of deferred tax assets and when it is more likely than not that all or a portion of deferred tax assets will not be realized, a valuation allowance is provided. We consider available positive and negative evidence and available tax planning strategies when assessing the realizability of deferred tax assets. Accordingly, changes in our business performance and unforeseen events could require a further increase in the valuation allowance or a reversal in the valuation allowance in future periods. This could result in a charge to, or an increase in, income in the period such determination is made, and the impact of these changes could be material.

In addition, Barnwell operates within the U.S. and Canada and is subject to audit by taxing authorities in these jurisdictions. Barnwell records accruals for the estimated outcomes of these audits, and the accruals may change in the future due to new developments in each matter. Tax benefits are recognized when we determine that it is more likely than not that such benefits will be realized. Management evaluates its potential exposures from tax positions taken that have or could be challenged by taxing authorities. These potential exposures result because taxing authorities may take positions that differ from those taken by management in the interpretation and application of statutes, regulations and rules. Management considers the possibility of alternative outcomes based upon past experience, previous actions by taxing authorities (e.g., actions taken in other jurisdictions) and advice from tax experts. Where uncertainty exists due to the complexity of income tax statutes and where the potential tax amounts are significant, we generally seek independent tax opinions to support our positions. If our evaluation of the likelihood of the realization of benefits is inaccurate, we could incur additional income tax and interest expense that would adversely impact earnings, or we could receive tax benefits greater than anticipated which would positively impact earnings, either of which could be material.

## **Overview**

Barnwell is engaged in the following lines of business: 1) acquiring, developing, producing and selling oil and natural gas in Canada and the U.S. (oil and natural gas segment), 2) leasehold land interests in Hawaii (land investment segment), and 3) drilling wells and installing and repairing water pumping systems in Hawaii (contract drilling segment).

### *Oil and Natural Gas Segment*

Barnwell is involved in the acquisition and development of oil and natural gas properties primarily in the Twining area of Alberta, Canada, where we initiate and participate in acquisition and developmental operations for oil and natural gas on properties in which we have an interest, and evaluate proposals by third parties with regard to participation in such exploratory and developmental operations elsewhere. Additionally, through its wholly-owned subsidiaries BOK and Barnwell Texas, Barnwell is involved in non-operated oil and natural gas investments in Oklahoma and Texas, respectively.

Barnwell sells all of its Canadian and U.S. oil and natural gas under short-term contracts with marketers based on prices indexed to market prices. The price of natural gas, oil and natural gas liquids is freely negotiated between the buyers and sellers. Oil and natural gas prices are determined by many factors that are outside of our control. Market prices for oil and natural gas products are dependent upon factors such as, but not limited to, changes in market supply and demand, which are impacted by overall economic activity, changes in weather, pipeline capacity constraints, inventory storage levels, and output. Oil and natural gas prices are very difficult to predict and fluctuate significantly. Natural gas prices tend to be higher in the winter than in the summer due to increased demand, although this trend has become less pronounced due to the increased use of natural gas to generate electricity for air conditioning in the summer and increased natural gas storage capacity in North America.

Oil and natural gas exploration, development and operating costs generally follow trends in product market prices, thus in times of higher product prices the cost of exploring, developing and operating the oil and natural gas properties will tend to escalate as well. Capital expenditures are required to fund the exploration, development, and production of oil and natural gas. Cash outlays for capital expenditures are largely discretionary, however, a minimum level of capital expenditures is required to replace depleting reserves. Due to the nature of oil and natural gas exploration and development, significant uncertainty exists as to the ultimate success of any drilling effort.

## *Land Investment Segment*

Through Barnwell's 77.6% interest in Kaupulehu Developments, 75% interest in KD Kona, and 34.45% non-controlling interest in KKM Makai, the Company's land investment interests include the following:

- The right to receive percentage of sales payments from KD I resulting from the sale of single-family residential lots by KD I, within Increment I of the Kaupulehu Lot 4A area located in the North Kona District of the island of Hawaii. However, in the quarter ended March 31, 2024, the last two remaining single-family lots in Increment I were sold and there are no more lots available for sale in Increment I. Kaupulehu Developments was entitled to receive payments from KD I based on 10% of the gross receipts from KD I's sales at Increment I. Increment I is an area zoned for approximately 80 single-family lots.
- The right to receive 15% of the distributions of KD II, the cost of which is to be solely borne by KDK out of its 55% ownership interest in KD II, plus a priority payout of 10% of KDK's cumulative net profits derived from Increment II sales subsequent to Phase 2A, up to a maximum of \$3,000,000. Such interests are limited to distributions or net profits interests and Barnwell does not have any partnership interest in KD II or KDK through its interest in Kaupulehu Developments. Barnwell also has rights to three single-family residential lots in Phase 2A of Increment II, and four single-family residential lots in phases subsequent to Phase 2A when such lots are developed by KD II, all at no cost to Barnwell. Barnwell is committed to commence construction of improvements within 90 days of the transfer of the four lots in the phases subsequent to Phase 2A as a condition of the transfer of such lots. Also, in addition to Barnwell's existing obligations to pay professional fees to certain parties based on percentages of its gross receipts, Kaupulehu Developments is also obligated to pay an amount equal to 0.72% and 0.20% of the cumulative net profits of KD II to KD Development, LLC and a pool of various individuals, respectively, all of whom are partners of KKM and are unrelated to Barnwell. The remaining acreage within Increment II is not yet under development, and there is no assurance that development of such acreage will in fact occur. No definitive development plans have been made by KD II, the developer of Increment II, as of the date of this report.
- An indirect 19.6% non-controlling ownership interest in KD Kukio Resorts, LLLP, KD Maniniowali, LLLP and KD I and an indirect 10.8% non-controlling ownership interest in KD II through KDK. These entities own certain real estate and development rights interests in the Kukio, Maniniowali and Kaupulehu portions of Kukio Resort, a private residential community on the Kona coast of the island of Hawaii, as well as Kukio Resort's real estate sales office operations. KDK was the developer of Kaupulehu Lot 4A Increments I and II. The partnerships derive income from the sale of residential parcels in Increment I, which is now completely sold, as well as from commissions on real estate resales by the real estate sales office and revenues resulting from the sale of private club memberships, a few of which remain available for sale.

The Kukio Resort Land Development Partnerships have remaining Increment I obligations to complete project amenities, infrastructure, beautification, and restoration of certain areas and therefore has yet to fully recognize its deferred profit on the Increment I project as a whole. The Increment I deferred profit at September 30, 2024 for the Kukio Resort Land

Development Partnerships as a whole was approximately \$4,500,000; the recognition of which is dependent upon the completion of the Increment I obligations. The Kukio Resort Land Development Partnerships have accrued estimated costs of these obligations of approximately \$3,000,000. The Kukio Resort Land Development Partnerships currently appears to have the ability to fund those obligations but there are no assurances that it can ultimately do so in the future if unforeseen events occur. The Kukio Resort Land Development Partnerships will recognize the Increment I deferred revenue and costs of sales on a percentage completion basis as the cash outlays to complete the remaining project obligations are made. The Kukio Resort Land Development Partnerships' deferred profit and accrued costs to complete are not reflected in Barnwell's Condensed Consolidated Balance Sheets as we account for our investment in the Kukio Resort Land Development Partnerships under the equity method of accounting. No percentage of sales payments will be earned by Barnwell on any future recognition of Increment I deferred profit as such payments were already fully earned and received based on cash received by the Kukio Resort Land Development Partnerships as the Increment I lots were sold.

- Approximately 1,000 acres of vacant leasehold land zoned conservation in the Kaupulehu Lot 4C area, which currently has no development potential without both a development agreement with the lessor and zoning reclassification. The lease terminates in December 2025.

### *Contract Drilling Segment*

Barnwell drills water and water monitoring wells and installs and repairs water pumping systems in Hawaii. Contract drilling results are highly dependent upon the quantity, dollar value and timing of contracts awarded by governmental and private entities and can fluctuate significantly.

### **Business Environment**

Our operations are located in Canada and in the states of Hawaii, Oklahoma, and Texas. Accordingly, our business performance is directly affected by macroeconomic conditions in those areas, as well as general economic conditions of the U.S. domestic and world economies.

### *Oil and Natural Gas Segment*

Barnwell realized an average price for oil of \$66.49 per barrel during the year ended September 30, 2024, a decrease of 5% from \$69.77 per barrel realized during the prior year and realized an average price for natural gas of \$1.41 per Mcf during the year ended September 30, 2024, a decrease of 47% from \$2.64 per Mcf realized during the prior year. Oil and natural gas prices continue to be volatile over time and thus, the Company is unable to reasonably predict future prices and the impacts future prices will have on the Company.

### *Land Investment Segment*

Future revenues from the sale of interest in leasehold land and any future cash distributions from our investment in the Kukio Resort Land Development Partnerships are dependent upon the potential future development or sale of the remaining portion of Increment II by KD II of Kaupulehu Lot 4A. The amount and timing of future land investment segment proceeds from percentage of sales payments and cash distributions from the Kukio Resort Land Development Partnerships are highly uncertain and out of

our control, and there is no assurance with regards to the amounts of future payments from Increment II to be received or that the remaining acreage within Increment II will be developed. No definitive development plans have been made by KD II, the developer of Increment II, as of the date of this report.

### *Contract Drilling Segment*

Demand for water well drilling and/or pump installation and repair services is volatile and dependent upon land development activities within the state of Hawaii.

## **Results of Operations**

### *Summary*

Net loss attributable to Barnwell for fiscal 2024 totaled \$5,565,000, a \$4,604,000 increase in net loss from a net loss of \$961,000 in fiscal 2023. The following factors affected the results of operations for the current fiscal year as compared to the prior fiscal year:

- A \$4,958,000 decrease in oil and natural gas segment operating results, before income taxes, primarily attributable to a \$2,885,000 non-cash ceiling test impairment in the current year and due to decreases in natural gas, oil, and natural gas prices in the current year period as compared to the same period in the prior year;
- A \$599,000 decrease in contract drilling segment operating results, before income taxes, primarily resulting from decreased activity and an increase in drilling difficulties and labor costs as compared to the same period in the prior year;
- A \$551,000 gain recognized in the prior year period from the sale of a contract drilling segment drilling rig, whereas there was no such gain in the current year period; and
- Results improved as general and administrative expenses decreased \$1,358,000 primarily due to decreases in stockholder costs and professional fees in the current year period as compared to the same period in the prior year.

### *General*

Barnwell conducts operations in the U.S. and Canada. Consequently, Barnwell is subject to foreign currency translation and transaction gains and losses due to fluctuations of the exchange rates between the Canadian dollar and the U.S. dollar. Barnwell cannot accurately predict future fluctuations of the exchange rates and the impact of such fluctuations may be material from period to period. To date, we have not entered into foreign currency hedging transactions. Foreign currency gains or losses on intercompany loans and advances that are not considered long-term investments in nature because management intends to settle these intercompany balances in the future are included in our statements of operations.

The average exchange rate of the Canadian dollar to the U.S. dollar decreased 1% in fiscal 2024, as compared to fiscal 2023 and the exchange rate of the Canadian dollar to the U.S. dollar remained unchanged at September 30, 2024, as compared to September 30, 2023. Accordingly, the assets, liabilities, stockholders' equity and revenues and expenses of Barnwell's subsidiaries operating in Canada have been

adjusted to reflect the change in the exchange rates. Other comprehensive income and losses are not included in net earnings and net loss.

Other comprehensive loss due to foreign currency translation adjustments, net of taxes, for fiscal 2024 was nil, a \$2,000 change from other comprehensive loss due to foreign currency translation adjustments, net of taxes, of \$2,000 in fiscal 2023. There were no taxes on other comprehensive loss due to foreign currency translation adjustments in fiscal 2024 and 2023 due to a full valuation allowance on the related deferred tax assets.

### *Oil and natural gas*

#### Selected Operating Statistics

The following tables set forth Barnwell's annual average prices per unit of production and annual net production volumes for fiscal 2024 as compared to fiscal 2023. Production amounts reported are net of royalties.

	Annual Average Price Per Unit			
			Increase (Decrease)	
	2024	2023	\$	%
Natural gas (Mcf)*	\$ 1.41	\$ 2.64	\$ (1.23)	(47)%
Oil (Bbls)	\$ 66.49	\$ 69.77	\$ (3.28)	(5)%
Natural gas liquids (Bbls)	\$ 29.38	\$ 32.24	\$ (2.86)	(9)%

	Annual Net Production			
			Increase (Decrease)	
	2024	2023	Units	%
Natural gas (Mcf)	1,344,000	1,263,000	81,000	6%
Oil (Bbls)	203,000	204,000	(1,000)	—%
Natural gas liquids (Bbls)	64,000	52,000	12,000	23%

\* Natural gas price per unit is net of pipeline charges.

The oil and natural gas segment generated a \$285,000 operating loss in fiscal 2024 before general and administrative expenses, a decrease in operating results of \$4,958,000 as compared to \$4,673,000 of operating profit in fiscal 2023.

The following table sets forth Barnwell's oil and natural gas segment operating (loss) profit before general and administrative expenses by geographic location:

	Year ended September 30,	
	2024	2023
Operating (loss) profit (before general and administrative expenses)		
Canada <sup>(1)</sup>	\$ (440,000)	\$ 3,171,000
United States <sup>(2)</sup>	155,000	1,502,000
Total operating (loss) profit	<u>\$ (285,000)</u>	<u>\$ 4,673,000</u>

(1) The operating loss for Canada for the year ended September 30, 2024 includes a non-cash ceiling test impairment of \$2,164,000.

(2) The operating profit for the United States for year ended September 30, 2024 includes a non-cash ceiling test impairment of \$721,000.

Oil and natural gas revenues decreased \$1,980,000 (10%) from \$19,376,000 in fiscal 2023 to \$17,396,000 in fiscal 2024, primarily due to significant decreases in natural gas, oil, and natural gas liquid prices, which decreased 47%, 5%, and 9%, respectively, as compared to the same period in the prior year. The decrease was partially offset by 6% and 23% increases in natural gas and natural gas liquid production, respectively, as compared to the same period in the prior year.

In the quarter ended December 31, 2023, the Company amended certain of its Canadian purchase and sales contracts to change the sales price on 1,055 gross Mcf per day of the Canadian natural gas that it sells during the period from April 1, 2024 to October 31, 2024 to a fixed index price before differentials of \$2.55 Canadian dollars per Mcf, with remaining volumes continuing to be sold at spot prices. This per day volume of natural gas under fixed index price contract is equivalent to approximately 33% of Canadian natural gas gross production per day for the year ended September 30, 2024. In July 2024, the Company amended the sales price on 1,055 gross Mcf per day of the Canadian natural gas it will sell during the period from November 1, 2024 to March 31, 2025 to a fixed index price before differentials of \$2.64 Canadian dollars per Mcf, with remaining volumes continuing to be sold at spot prices. This per day volume of natural gas under this fixed index price contract is equivalent to approximately 33% of Canadian natural gas gross production per day for the year ended September 30, 2024. These natural gas contracts were eligible for and elected as normal purchase and normal sales exception contracts and were thus excluded from derivative accounting.

In the quarter ended December 31, 2023, the Company amended certain of its Canadian purchase and sales contracts to change the sales price on 225 gross barrels per day of the Canadian oil for sale for the period from January 1, 2024 to June 30, 2024 to a fixed index price before differentials of \$69.46 per net barrel, with remaining volumes continuing to be sold at spot prices. This per day volume of oil under this fixed index price contract was equivalent to approximately 35% of Canadian oil gross production per day for the year ended September 30, 2024. In July 2024, the Company amended the sales price on 100 gross barrels per day of the Canadian oil that it sells during the period from August 1, 2024 to December 31, 2024 to a fixed index price before differentials of \$79.00 per net barrel, with remaining volumes continuing to be sold at spot prices. This per day volume of oil under this fixed index price contract is equivalent to approximately 16% of Canadian oil gross production per day for the year ended September 30, 2024. These oil contracts were eligible for and elected as normal purchase and normal sales exception contracts and were thus excluded from derivative accounting.

Oil and natural gas operating expenses decreased \$585,000 (6%) from \$10,434,000 in fiscal 2023 to \$9,849,000 in fiscal 2024, primarily due to decreases in repairs, electricity and chemical costs in the current year period as compared to the same period in the prior year and due to optimization as a result of



certain capital expenditures made earlier in the current year. The decrease in oil and natural gas operating expenses was partially offset by an increase in costs due to higher production and an increase in workovers and maintenance costs in the current year period as compared to the same period in the prior year.

Oil and natural gas segment depletion increased \$678,000 (16%) from \$4,269,000 in fiscal 2023 to \$4,947,000 in fiscal 2024, primarily due to an increase in the depletion rate for Canadian properties and also increased production from those properties, both of which were the result of the wells drilled in fiscal 2023 and late fiscal 2024, and facilities expansion and upgrade costs, all in the Twining area. The increase in oil and natural gas segment depletion was also due to increased depletion from production in Texas, whereas there was only a minor amount of such depletion in the prior year period.

#### *Sale of interest in leasehold land*

Kaupulehu Developments was entitled to receive a percentage of the gross receipts from the sales of lots and/or residential units in Increment I by KD I.

The following table summarizes the revenues received from KD I and the amount of fees directly related to such revenues:

	Year ended September 30,	
	2024	2023
Sale of interest in leasehold land:		
Revenues - sale of interest in leasehold land	\$ 500,000	\$ 265,000
Fees - included in general and administrative expenses	(61,000)	(32,000)
Sale of interest in leasehold land, net of fees paid	<u>\$ 439,000</u>	<u>\$ 233,000</u>

During the year ended September 30, 2024, Barnwell received \$500,000 in percentage of sales payments from KD I from the sale of the last two single-family lots within Increment I. During the year ended September 30, 2023, Barnwell received \$265,000 in percentage of sales payments from KD I from the sale of one single-family lot within Increment I.

There is an Increment II owned by KD II in which the Company has a 10.8% indirect non-controlling ownership interest. There is no assurance with regards to the amounts of future sales from Increment II or that the remaining acreage within Increment II will be developed. No definitive development plans have been made by KD II, the developer of Increment II, as of the date of this report.

#### *Contract drilling*

Contract drilling revenues and costs are associated with well drilling and water pump installation, replacement and repair in Hawaii. Contract drilling revenues decreased \$1,815,000 (33%) to \$3,612,000 in fiscal 2024, as compared to \$5,427,000 in fiscal 2023 and contract drilling costs decreased \$1,186,000 (21%) to \$4,483,000 in fiscal 2024, as compared to \$5,669,000 in fiscal 2023. The contract drilling segment generated a \$1,027,000 operating loss before general and administrative expenses during fiscal 2024, a decrease in operating results of \$599,000 as compared to an operating loss before general and administrative expenses of \$428,000 in fiscal 2023.

The decreases in contract drilling revenues and contract drilling costs for the current year period as compared to the same period in the prior year were primarily due to decreased activity and a decrease in

revenues and costs recognized from materials deliveries and installations as compared to the same period in the prior year. Also, during the current year period, unforeseen drilling difficulties were encountered on a job where costs were spent to retrieve a portion of the drill string that twisted off and slower drilling was required to ensure plumbness of the hole. In addition, the Company commenced compensation adjustments for contract drilling segment personnel to decrease potential attrition of workers and enable the Company to complete its drilling obligations. These factors resulted in contract drilling expenses decreasing less than the decrease in contract drilling revenues.

On December 13, 2023, the Company entered into a stock purchase agreement with a construction company for the sale of Water Resources. On December 27, 2023, the stock purchase agreement was terminated by the buyer prior to closing.

In January 2024, a significant well drilling contract, which previously had an estimated contract drilling revenue backlog of \$2,400,000 and which had not yet started, was cancelled by mutual agreement of Water Resources and the counterparty.

At September 30, 2024, there was a backlog of one well drilling and two pump installation and repair contracts and all of the contracts were in progress as of September 30, 2024. The backlog of contract drilling revenues as of December 1, 2024 was approximately \$1,100,000, all of which is expected to be realized in fiscal 2025. Based on these contracts in backlog, contract drilling segment operating results for fiscal 2025 is estimated to be significantly less than fiscal 2024.

The Company continues to investigate strategies regarding Water Resources' future including, but not limited to, other potential opportunities for a sale of its stock or assets. If no sale of its stock or assets along with contract backlog can be secured, Water Resources will likely be wound down after all contracts in backlog are completed and any remaining drilling rigs and equipment will be liquidated. Management estimates that its three remaining contracts in backlog at September 30, 2024 will be completed in March 2025 or soon thereafter, however it is uncertain as to when the contingent liability related to the required drilling of a monitoring well in satisfaction of a regulatory assessment will be settled (see Note 17 in the "Notes to Consolidated Financial Statements" in Item 8 of this report).

#### *General and administrative expenses*

General and administrative expenses decreased \$1,358,000 (20%) to \$5,598,000 in fiscal 2024, as compared to \$6,956,000 in fiscal 2023. The decrease was primarily due to decreases of \$962,000 in professional fees primarily related to legal and consulting services and \$533,000 in stockholders costs primarily attributed to the cooperation and support agreement and associated fees to certain directors in the prior year period as compared to the same period in the current year.

#### *Depletion, depreciation, and amortization*

Depletion, depreciation, and amortization increased \$649,000 (15%) from \$4,457,000 in fiscal 2023 to \$5,106,000 in fiscal 2024, primarily due to increases in the depletion rate for Canadian properties and also new production from those properties and due to depletion attributable to production in Texas as discussed in the "Oil and natural gas" section above.

### *Impairment of assets*

Under the full cost method of accounting, the Company performs quarterly oil and natural gas ceiling test calculations. Changes in the 12-month rolling average first-day-of-the-month prices for oil, natural gas and natural gas liquids prices (except where prices are defined by contractual arrangements), the value of reserve additions as compared to the amount of capital expenditures to obtain them, and changes in production rates and estimated levels of reserves, future development costs and the market value of unproved properties, impact the determination of the maximum carrying value of oil and natural gas properties.

During the year ended September 30, 2024, the Company incurred a non-cash ceiling test impairment of \$2,885,000, which included impairments for our U.S. and Canadian oil and natural gas properties of \$721,000 and \$2,164,000, respectively. The impairments to our U.S. and Canadian oil and natural gas properties were primarily due to a decline in the historical 12-month rolling average first-day-of-the-month prices. There was no ceiling test impairment during the year ended September 30, 2023.

As discussed above, the ceiling test uses a 12-month historical rolling average first-day-of-the-month prices. As such, declines in the 12-month historical rolling average first-day-of-the-month prices used in our ceiling test calculation in future periods could result in impairment write-downs in future periods in the absence of any offsetting factors that are not currently known or projected. Based on the oil and gas prices for October 1, November 1 and December 1 of 2024, the oil prices and natural gas prices used in the 12-month historical rolling first-day-of-the-month average oil price for the ceiling test at December 31, 2024 will be lower than at September 30, 2024. Whereas we believe our Canadian full cost pool is sufficiently below the ceiling limit, our U.S. full cost pool had no ceiling excess at September 30, 2024, and thus a further impairment charge is more likely than not for our U.S. full cost pool for the first quarter of fiscal 2025 ending December 31, 2024. The Company is currently unable to estimate a range of the amount of any potential future impairment write-downs as variables that impact the ceiling limitation are dependent upon actual results of activity through the end of December 2024.

### *Foreign currency gain*

Foreign currency gain was \$10,000 and \$76,000 during the years ended September 30, 2024 and 2023, respectively, due to the effects of foreign exchange rate changes on intercompany loans and advances as a result of changes in the U.S. dollar against the Canadian dollar. The foreign currency gains from intercompany balances are included in our consolidated statement of operations as the intercompany balances were not considered long-term in nature because management estimates that these intercompany balances will be settled in the future.

### *Gain on sale of assets*

In October 2022, the Company completed the sale of a contract drilling segment drilling rig to an independent third party for proceeds of \$551,000, net of related costs. The drilling rig was fully depreciated and had a net book value of zero and as a result of the sale, the Company recognized a \$551,000 gain during the year ended September 30, 2023.

### *Equity in income of affiliates*

Barnwell's investment in the Kukio Resort Land Development Partnerships is accounted for using the equity method of accounting. Barnwell recognized equity in income of affiliates of \$1,071,000 for the

year ended September 30, 2024, as compared to equity in income of affiliates of \$758,000 for the year ended September 30, 2023. The increase in partnership income is primarily due to the Kukio Resort Land Development Partnerships' sale of the last two lots in Increment I during the current year period, as compared to one lot sale in the prior year period.

During the year ended September 30, 2024, Barnwell received cash distributions of \$1,071,000 from the Kukio Resort Land Development Partnerships resulting in a net amount of \$953,000, after distributing \$118,000 to non-controlling interests. During the year ended September 30, 2023, Barnwell received cash distributions of \$758,000 from the Kukio Resort Land Development Partnerships resulting in a net amount of \$674,000, after distributing \$84,000 to non-controlling interests.

In the quarter ended June 30, 2021, the Company received cumulative distributions from the Kukio Resort Land Development Partnerships in excess of our investment balance and in accordance with applicable accounting guidance, the Company suspended its equity method earnings recognition and the Kukio Resort Land Development Partnerships' investment balance was reduced to zero with the distributions received in excess of our investment balance recorded as equity in income of affiliates because the distributions are not refundable by agreement or by law and the Company is not liable for the obligations of or otherwise committed to provide financial support to the Kukio Resort Land Development Partnerships. The Company will record future equity method earnings only after our share of the Kukio Resort Land Development Partnerships' cumulative earnings in excess of distributions during the suspended period exceeds our share of the Kukio Resort Land Development Partnerships' income recognized for the excess distributions, and during this suspended period any distributions received will be recorded as equity in income of affiliates. Accordingly, the amount of equity in income of affiliates recognized in the year ended September 30, 2024 was equivalent to the \$1,071,000 of distributions received in that period.

Cumulative distributions received from the Kukio Resort Land Development Partnerships in excess of our investment balance was \$373,000 at September 30, 2024 and \$708,000 at September 30, 2023.

### *Income taxes*

The components of loss before income taxes, after adjusting the loss for non-controlling interests, are as follows:

	Year ended September 30,	
	2024	2023
United States	\$ (2,820,000)	\$ (2,414,000)
Canada	(2,532,000)	1,400,000
	<u>\$ (5,352,000)</u>	<u>\$ (1,014,000)</u>

Barnwell's effective consolidated income tax rate for fiscal 2024, after adjusting loss before income taxes for non-controlling interests, was (4)%, as compared to an effective consolidated income tax benefit rate of 5% for fiscal 2023.

Consolidated taxes do not bear a customary relationship to pretax results due primarily to the fact that the Company is taxed separately in Canada based on Canadian source operations and in the U.S. based on consolidated operations, and essentially all deferred tax assets, net of relevant offsetting deferred tax liabilities, are not estimated to have a future benefit as tax credits or deductions. The Company

operates two subsidiaries in Canada, one of which is a U.S. corporation operating as a branch in Canada that is treated as a non-resident for Canadian tax purposes and thus has operating results that cannot be offset against or combined with the other Canadian subsidiary that files as a resident for Canadian tax purposes. Income from our non-controlling interest in the Kukio Resort Land Development Partnerships is treated as non-unitary for state of Hawaii unitary filing purposes, thus unitary Hawaii losses provide limited sheltering of such non-unitary income. Income from our investment in the Oklahoma oil venture is 100% allocable to Oklahoma. As such, Barnwell receives no benefit from consolidated or unitary losses and, therefore, is subject to Oklahoma state taxes. Consolidated taxes also include the impacts of favorable state jurisdiction provision to tax return true-ups. Our operations in Texas are subject to a franchise tax assessed by the state of Texas, however no significant amounts have been incurred to date.

#### *Net earnings attributable to non-controlling interests*

Earnings and losses attributable to non-controlling interests represent the non-controlling interests' share of revenues and expenses related to the various partnerships and joint ventures in which Barnwell has controlling interests and consolidates.

Net earnings attributable to non-controlling interests totaled \$234,000 in fiscal 2024, as compared to net earnings attributable to non-controlling interests of \$150,000 in fiscal 2023. The \$84,000 (56%) increase is primarily due to increases in the amount of equity in income of affiliates and percentage of sales revenue received in the current year period as compared to the same period in the prior year.

#### *Inflation*

The effect of inflation on Barnwell has generally been to increase its cost of operations, general and administrative costs and direct costs associated with oil and natural gas production and contract drilling operations. Oil and natural gas prices realized by Barnwell are essentially determined by world prices for oil and western Canadian/Midwestern U.S. prices for natural gas.

#### *Impact of Recently Issued Accounting Standards on Future Filings*

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07 "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures", which expands reportable segment disclosure requirements on an annual and interim basis, primarily through enhanced disclosures about significant segment expenses. This ASU is effective for annual reporting periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this standard on Barnwell's consolidated financial statements but does not expect that the adoption of this update will have a material impact on Barnwell's consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures", which requires disclosure of incremental income tax information within the tax rate reconciliation and expanded disclosures of income taxes paid both in the U.S. and foreign jurisdiction, among other disclosure requirements. This ASU is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this standard on Barnwell's consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-03 "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of

Income Statement Expenses”, which requires public companies to disclose specified information about certain costs and expenses in the notes to the financial statements at interim and annual reporting periods. This ASU is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of this standard on Barnwell’s consolidated financial statements.

## **Liquidity and Capital Resources**

At September 30, 2024, Barnwell had \$1,071,000 in working capital. Barnwell’s primary sources of liquidity are cash on hand and cash flow generated by our oil and natural gas operations, as cash flow from our land investment segment, if any, is expected to be minimal.

In recent years, the Company generated a significant amount of cash inflows from its land investment segment, however, the last lots at Increment I were sold in the quarter ended March 31, 2024 and there are no more lots available for sale in Increment I. In addition, no definitive development plans have been made by the developer of Increment II as of the date of this report and thus future cash inflows from the land investment segment are uncertain. Management estimates that cash flows from the sale of the contract drilling segment business or its operating assets may also provide some level of liquidity in the near-term. The Company will primarily be reliant upon sufficient operating cash inflows from its oil and natural gas segment, which in turn will be largely determined by prices and production levels. A certain level of oil and natural gas capital expenditures will be necessary to grow reserves and production or at a minimum replace declining production from aging wells. Such a level of oil and natural gas capital expenditures may require funding from external debt or equity sources that are not currently in place. Management estimates that, barring any significant unforeseen events, it is more likely than not that there is sufficient cash on hand, cash flows from contract drilling segment asset sales and cash flows from oil and natural gas segment operations to continue as a going concern for the twelve months from the filing of this report. However, the aforementioned factors will influence the Company’s liquidity beyond that twelve month period.

### *Cash Flows*

Cash flows provided by operating activities totaled \$4,710,000 for fiscal 2024, as compared to cash flows provided by operating activities of \$1,943,000 for fiscal 2023. This \$2,767,000 change in operating cash flows was due to fluctuations in working capital in the current year period as compared to the prior year period. The adjustment in operating cash flows due to the effect of changes in current assets and liabilities was an increase of \$2,780,000 in the current year period as compared to a decrease of \$393,000 in the prior year period. The change was also due to an increase in distributions of income from the Kukio Resort Land Development Partnerships and a decrease in general and administrative costs in the current year period as compared to the prior year period, partially offset by lower operating results for the oil and natural gas and contract drilling segments in the current year period as compared to the same period in the prior year.

Cash flows used in investing activities totaled \$2,832,000 for fiscal 2024, as compared to cash flows used in investing activities of \$11,180,000 for fiscal 2023. This \$8,348,000 change in investing cash flows was primarily due to a decrease of \$7,790,000 in cash paid for investments in oil and natural gas properties in the current year period as compared to the same period in the prior year and a \$441,000 increase in proceeds from the sale of oil and natural gas properties in the current year period as compared to the prior year period.

Cash flows used in financing activities totaled \$226,000 for fiscal 2024, as compared to cash flows used in financing activities of \$786,000 for fiscal 2023. The \$560,000 change in financing cash flows was due to a decrease of \$599,000 in payment of dividends, partially offset by an increase of \$69,000 in distributions to non-controlling interests in the current year period as compared to the same period in the prior year.

### *Cash Dividends*

No dividends were declared or paid during the year ended September 30, 2024. The following table sets forth the cash dividends paid per share of common stock during the year ended September 30, 2023.

Record Date	Date of Payment	Dividend Paid
August 24, 2023	September 11, 2023	\$0.015
May 25, 2023	June 12, 2023	\$0.015
February 23, 2023	March 13, 2023	\$0.015
December 27, 2022	January 11, 2023	\$0.015

### *Oil and Natural Gas Capital Expenditures*

Barnwell's oil and natural gas capital expenditures, including accrued capital expenditures and acquisitions of oil and natural gas properties and excluding additions and revisions to estimated asset retirement obligations, decreased \$5,924,000 from \$10,729,000 in fiscal 2023 to \$4,805,000 in fiscal 2024.

During the year ended September 30, 2024, the Company participated in the drilling of one gross (1.0 net) operated development oil well in the Twining area. Capital expenditures incurred for the drilling of this well during the year ended September 30, 2024 totaled approximately \$3,183,000.

In fiscal 2023, the Company participated in the drilling of three gross (0.9 net) non-operated wells in the Twining area of Alberta, Canada. Capital expenditures incurred for the drilling of these wells and Twining facilities during the year ended September 30, 2023 totaled approximately \$4,770,000. Additionally, the Company participated in the drilling of two gross (0.3 net) non-operated development oil wells in Texas. Capital expenditures incurred for the drilling of these two wells totaled approximately \$4,293,00 during the year ended September 30, 2023.

### *Oil and Natural Gas Property Dispositions*

In the quarter ended June 30, 2024, Barnwell entered into and completed a purchase and sale agreement with an independent third party and sold its interests in certain natural gas and oil properties located in the Kaybob area of Alberta, Canada. The sales price per the agreement was adjusted for customary purchase price adjustments to \$441,000 in order to, among other things, reflect an economic effective date of May 1, 2024. The final determination of the customary adjustments to the purchase price has not yet been made, however, it is not expected to result in a material adjustment.

In July 2024, Barnwell entered into and completed an agreement with an independent third party to convey interests in certain natural gas and oil properties located in the Bonanza and Balsam areas of Alberta, Canada. In consideration for the sale of the working interests in these properties, Barnwell retained a 4% overriding royalty on these properties and the buyer assumed the asset retirement

obligations associated with these properties. There were no cash proceeds from the sale and no gain or loss was recognized on this conveyance as this did not result in a significant alteration of the relationship between capitalized costs and proved reserves. With the disposition of the working interest, Barnwell reduced the full cost pool and abandonment liabilities associated with the working interests conveyed by approximately \$153,000.

In September 2024, Barnwell entered into and completed a purchase and sale agreement with an independent third party and sold its interests in certain natural gas and oil properties located in the Wood River area of Alberta, Canada. The sales price per the agreement was adjusted for customary purchase price adjustments to \$292,000 in order to, among other things, reflect an economic effective closing date of September 30, 2024. The final determination of the customary adjustments to the purchase price has not yet been made, however, it is not expected to result in a material adjustment. From the sales proceeds, \$38,000 was remitted directly to the Canada Revenue Agency by the buyers for potential amounts due for Barnwell's Canadian income taxes related to the sale. The proceeds from the sale was credited to our cash in October 2024 and will be reflected in the Statement of Cash Flows for the first quarter of fiscal 2025 ending December 31, 2024. No gain or loss was recognized on this disposition as the sale proceeds were credited to the full cost pool and did not result in a significant alteration of the relationship between capitalized costs and proved reserves.

#### *Asset Retirement Obligation*

In September 2019, the AER issued an abandonment/closure order for all wells and facilities in the Manyberries area which had been largely operated by LGX, an operating company that went into receivership in 2016. The estimated asset retirement obligation for the Company's interest in the wells and facilities in the Manyberries area is included in "Asset retirement obligation" in the Consolidated Balance Sheets.

After the abandonment/closure order was issued for Manyberries, the OWA created a WIP program for specific areas where there are a significant number of orphaned wells to abandon. The OWA has the ability and expertise to abandon wells using its internal resources and network of service providers resulting in efficiencies that companies such as Barnwell would not be able to obtain on its own. Under the WIP program, the Company would be required to provide payment for only Barnwell's working interest share, however, all WIP's would have to participate in the program for the OWA to begin its work. In March 2021, the Company was notified by the OWA that Barnwell's Manyberries wells were confirmed to be in the WIP program.

Under the agreement with the OWA, the Company is required to pay the abandonment and reclamation costs in advance through a cash deposit. The total cash deposit amount was calculated to be approximately \$1,525,000 and the Company paid \$888,000 of the total deposit in July and August 2021 and may need to pay the remaining balance of \$637,000 by August 2025. The Company revised its Manyberries ARO liability based on the OWA's revised abandonment and reclamation estimates. Based on a review of the details of the cash deposit calculation provided by the OWA, which includes amounts added for possible contingencies, the Company believes the required cash deposit amount by the OWA is higher than the actual costs of the asset retirement obligation for the Manyberries wells and that any excess of the deposit over actual asset retirement costs for the first phase of the work would be credited toward the second phase of the work. A remaining excess deposit, if any, would ultimately be refunded to the Company upon completion of all of the work. As of September 30, 2024, the Company recognized a cumulative reduction in the deposit balance of \$353,000 for work performed under this program.



### *Contractual Obligations*

Disclosure is not required as Barnwell qualifies as a smaller reporting company.

### **Contingencies**

For a detailed discussion of contingencies, see Note 17 in the “Notes to Consolidated Financial Statements” in Item 8 of this report.

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Disclosure is not required as Barnwell qualifies as a smaller reporting company.

## **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

### **Report of Independent Registered Public Accounting Firm**

To the Board of Stockholders and Board of Directors of  
Barnwell Industries, Inc.

#### ***Opinion on the Consolidated Financial Statements***

We have audited the accompanying consolidated balance sheets of Barnwell Industries, Inc. and subsidiaries (the Company) as of September 30, 2024 and 2023, and the related consolidated statements of operations, comprehensive loss, equity, and cash flows for each of the two years in the period ended September 30, 2024, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2024 and 2023, and the results of its operations and its cash flows for each of the two years in the period ended September 30, 2024, in conformity with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

These financial statements are the responsibility of the entity’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

#### ***Critical Audit Matters***

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters

does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

## **Estimation of proved reserves impacting the recognition and valuation of depletion expense and impairment of oil and gas properties**

### Critical Accounting Matter Description

As described in Note 1 to the financial statements, the Company accounts for its oil and gas properties using the full cost method of accounting which requires management to make estimates of proved reserve volumes and future revenues and expenses to calculate depletion expense and measure its oil and gas properties for potential impairment. To estimate the volume of proved reserves and future revenues, management makes significant estimates and assumptions, including forecasting the production decline rate of producing properties and forecasting the timing and volume of production associated with the Company's development plan for proved undeveloped properties. In addition, the estimation of proved reserves is also impacted by management's judgments and estimates regarding the financial performance of wells associated with proved reserves to determine if wells are expected, with reasonable certainty, to be economical under the appropriate pricing assumptions required in the estimation of depletion expense and potential impairment measurements. We identified the estimation of proved reserves of oil and gas properties, due to its impact on depletion expense and impairment evaluation, as a critical audit matter.

The principal consideration for our determination that the estimation of proved reserves is a critical audit matter is that changes in certain inputs and assumptions, which require a high degree of subjectivity necessary to estimate the volume and future revenues of the Company's proved reserves could have a significant impact on the measurement of depletion expense or the impairment assessment. In turn, auditing those inputs and assumptions required subjective and complex auditor judgement.

### How the Critical Audit Matter was Addressed in the Audit

We obtained an understanding of the design and implementation of management's controls and our audit procedures related to the estimation of proved reserves included the following, among others.

- We evaluated the level of knowledge, skill, and ability of the Company's reservoir engineering specialists and their relationship to the Company, made inquiries of those reservoir engineers regarding the process followed and judgments made to estimate the Company's proved reserve volumes, and read the reserve report prepared by the Company's specialists.
- To the extent key, sensitive inputs and assumptions used to determine proved reserve volumes and other cash flow inputs and assumptions are derived from Company's accounting records, such as commodity pricing, historical pricing differentials, operating costs, and working and net revenue interests, we tested management's process for determining the assumptions, including examining the underlying support, on a sample basis. Specifically, our audit procedures involved testing management's assumptions, to the extent key, as follows:
  - Compared the estimated pricing differentials used in the reserve report to realized prices related to revenue transactions recorded in the current year and examined contractual support for the pricing differentials;
  - Evaluated the forecasted operating costs at year-end compared to historical operating costs;
  - Evaluated the working and net revenue interests used in the reserve report by inspecting a sample of ownership interests;
  - Evaluated the Company's evidence supporting the amount of proved undeveloped properties reflected in the reserve report by examining support for the Company's or the operator's ability and intent to develop the proved undeveloped properties;

- Applied analytical procedures to the reserve report by comparing to historical actual results and to the prior year reserve report.

### **Revenue recognition based on the percentage of completion method**

#### Critical Accounting Matter Description

As described further in Note 1 to the financial statements, revenues derived from contract drilling contracts are recognized over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer, using the percentage-of-completion method of accounting, based primarily on contract cost incurred to date compared to total estimated contract cost. Revenue recognition under this method is judgmental, particularly on lump-sum contracts, as it requires the Company to prepare estimates of total contract revenue and total contract costs, including costs to complete in-process contracts.

Auditing the Company's estimates of total contract revenue and costs used to recognize revenue on contract drilling contracts involved significant auditor judgment, as it required the evaluation of subjective factors such as assumptions related to project schedule and completion, forecasted labor, and material and subcontract costs. These assumptions involved significant management judgment, which affects the measurement of revenue recognized by the Company.

#### How the Critical Audit Matter was Addressed in the Audit

We obtained an understanding of the design and implementation of management's controls and our audit procedures related to the estimation of proved reserves included the following, among others.

- We obtained an understanding of the Company's estimation process that affected revenue recognized on engineering and construction contracts. This included controls over management's monitoring and review of project costs, including the Company's procedures to validate the completeness and accuracy of data used to determine the estimates;
- We selected a sample of projects and, among other procedures, obtained and inspected the contract agreements, amendments and change orders to test the existence of customer arrangements and understand the scope of pricing of the related contracts;
- Evaluated the Company's estimated revenue and costs to complete by obtaining and analyzing supporting documentation of management's estimates of variable consideration and contract costs;
- Compared contract profitability estimates in the current year to historical estimates and actual performance.

/s/ WEAVER AND TIDWELL, L.L.P.

We have served as the Company's auditor since 2020.

Little Falls, New Jersey  
December 16, 2024

**BARNWELL INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	September 30,	
	2024	2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,505,000	\$ 2,830,000
Accounts and other receivables, net of allowance for credit losses of: \$375,000 at September 30, 2024; \$284,000 at September 30, 2023	2,770,000	3,246,000
Assets held for sale	69,000	—
Other current assets	1,539,000	3,009,000
Total current assets	8,883,000	9,085,000
Asset for retirement benefits	4,899,000	4,471,000
Operating lease right-of-use assets	39,000	54,000
Property and equipment:		
Proved oil and natural gas properties, net (full cost method)	16,554,000	21,302,000
Drilling rigs and other property and equipment, net	294,000	509,000
Total property and equipment, net	16,848,000	21,811,000
Total assets	<u>\$ 30,669,000</u>	<u>\$ 35,421,000</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,822,000	\$ 881,000
Accrued capital expenditures	2,407,000	1,099,000
Accrued compensation	650,000	726,000
Accrued operating and other expenses	1,834,000	1,747,000
Current portion of asset retirement obligation	798,000	1,536,000
Other current liabilities	301,000	609,000
Total current liabilities	7,812,000	6,598,000
Operating lease liabilities	7,000	47,000
Liability for retirement benefits	1,898,000	1,664,000
Asset retirement obligation	7,790,000	8,297,000
Deferred income tax liabilities	100,000	58,000
Total liabilities	17,607,000	16,664,000
Commitments and contingencies (Note 17)		
Equity:		
Common stock, par value \$0.50 per share; authorized, 40,000,000 shares:		
10,195,990 issued at September 30, 2024; 10,158,678 issued at September 30, 2023	5,098,000	5,079,000
Additional paid-in capital	7,690,000	7,687,000
Retained earnings	595,000	6,160,000
Accumulated other comprehensive income, net	1,943,000	2,104,000
Treasury stock, at cost:		
167,900 shares at September 30, 2024 and 2023	(2,286,000)	(2,286,000)
Total stockholders' equity	13,040,000	18,744,000
Non-controlling interests	22,000	13,000
Total equity	13,062,000	18,757,000
Total liabilities and equity	<u>\$ 30,669,000</u>	<u>\$ 35,421,000</u>

See Notes to Consolidated Financial Statements

BARNWELL INDUSTRIES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended September 30,	
	2024	2023
Revenues:		
Oil and natural gas	\$ 17,396,000	\$ 19,376,000
Contract drilling	3,612,000	5,427,000
Sale of interest in leasehold land	500,000	265,000
Gas processing and other	216,000	201,000
	<u>21,724,000</u>	<u>25,269,000</u>
Costs and expenses:		
Oil and natural gas operating	9,849,000	10,434,000
Contract drilling operating	4,483,000	5,669,000
General and administrative	5,598,000	6,956,000
Depletion, depreciation, and amortization	5,106,000	4,457,000
Impairment of assets	2,885,000	—
Foreign currency gain	(10,000)	(76,000)
Interest expense	2,000	2,000
Gain on sale of assets	—	(551,000)
	<u>27,913,000</u>	<u>26,891,000</u>
Loss before equity in income of affiliates and income taxes	(6,189,000)	(1,622,000)
Equity in income of affiliates	1,071,000	758,000
Loss before income taxes	(5,118,000)	(864,000)
Income tax provision (benefit)	213,000	(53,000)
Net loss	(5,331,000)	(811,000)
Less: Net earnings attributable to non-controlling interests	234,000	150,000
Net loss attributable to Barnwell Industries, Inc. stockholders	<u>\$ (5,565,000)</u>	<u>\$ (961,000)</u>
Basic net loss per common share		
attributable to Barnwell Industries, Inc. stockholders	<u>\$ (0.56)</u>	<u>\$ (0.10)</u>
Diluted net loss per common share		
attributable to Barnwell Industries, Inc. stockholders	<u>\$ (0.56)</u>	<u>\$ (0.10)</u>
Weighted-average number of common shares outstanding:		
Basic	<u>10,017,997</u>	<u>9,969,856</u>
Diluted	<u>10,017,997</u>	<u>9,969,856</u>

See Notes to Consolidated Financial Statements

BARNWELL INDUSTRIES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year ended September 30,	
	2024	2023
Net loss	<b>\$ (5,331,000)</b>	<b>\$ (811,000)</b>
Other comprehensive (loss) income:		
Foreign currency translation adjustments, net of taxes of \$0	—	(2,000)
Retirement plans:		
Amortization of accumulated other comprehensive gain into net periodic benefit cost, net of taxes of \$0	<b>(85,000)</b>	(79,000)
Net actuarial (loss) gain arising during the period, net of taxes of \$0	<b>(76,000)</b>	891,000
Total other comprehensive (loss) income	<b>(161,000)</b>	810,000
Total comprehensive loss	<b>(5,492,000)</b>	(1,000)
Less: Comprehensive income attributable to non-controlling interests	<b>(234,000)</b>	(150,000)
Comprehensive loss attributable to Barnwell Industries, Inc.	<b><u>\$ (5,726,000)</u></b>	<b><u>\$ (151,000)</u></b>

See Notes to Consolidated Financial Statements

BARNWELL INDUSTRIES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF EQUITY  
Years ended September 30, 2024 and 2023

	Shares Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Non- controlling Interests	Total Equity
<b>Balance at September 30, 2022</b>	9,956,687	\$ 5,062,000	\$ 7,351,000	\$ 7,720,000	\$ 1,294,000	\$ (2,286,000)	\$ 20,000	\$ 19,161,000
Net (loss) earnings	—	—	—	(961,000)	—	—	150,000	(811,000)
Foreign currency translation adjustments, net of taxes of \$0	—	—	—	—	(2,000)	—	—	(2,000)
Distributions to non-controlling interests	—	—	—	—	—	—	(157,000)	(157,000)
Share-based compensation	—	—	263,000	—	—	—	—	263,000
Issuance of common stock for services	34,091	17,000	73,000	—	—	—	—	90,000
Dividends declared, \$0.060 per share	—	—	—	(599,000)	—	—	—	(599,000)
Retirement plans:								
Amortization of accumulated other comprehensive gain into net periodic benefit cost, net of taxes of \$0	—	—	—	—	(79,000)	—	—	(79,000)
Net actuarial gain arising during the period, net of taxes of \$0	—	—	—	—	891,000	—	—	891,000
<b>Balance at September 30, 2023</b>	9,990,778	5,079,000	7,687,000	6,160,000	2,104,000	(2,286,000)	13,000	18,757,000
Net (loss) earnings	—	—	—	(5,565,000)	—	—	234,000	(5,331,000)
Distributions to non-controlling interests	—	—	—	—	—	—	(226,000)	(226,000)
Acquisition of non-controlling interest	—	—	(186,000)	—	—	—	1,000	(185,000)
Share-based compensation	—	—	208,000	—	—	—	—	208,000
Issuance of common stock for restricted stock units vested	37,312	19,000	(19,000)	—	—	—	—	—
Retirement plans:								
Amortization of accumulated other comprehensive gain into net periodic benefit cost, net of taxes of \$0	—	—	—	—	(85,000)	—	—	(85,000)
Net actuarial loss arising during the period, net of taxes of \$0	—	—	—	—	(76,000)	—	—	(76,000)
<b>Balance at September 30, 2024</b>	<b>10,028,090</b>	<b>\$ 5,098,000</b>	<b>\$ 7,690,000</b>	<b>\$ 595,000</b>	<b>\$ 1,943,000</b>	<b>\$ (2,286,000)</b>	<b>\$ 22,000</b>	<b>\$ 13,062,000</b>

See Notes to Consolidated Financial Statements



BARNWELL INDUSTRIES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	\$ (5,331,000)	\$ (811,000)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Equity in income of affiliates	(1,071,000)	(758,000)
Depletion, depreciation, and amortization	5,106,000	4,457,000
Impairment of assets	2,885,000	—
Gain on sale of assets	—	(551,000)
Sale of interest in leasehold land, net of fees paid	(439,000)	(233,000)
Distributions of income from equity investees	1,071,000	539,000
Retirement benefits income	(345,000)	(252,000)
Accretion of asset retirement obligation	900,000	808,000
Deferred income tax expense (benefit)	42,000	(130,000)
Asset retirement obligation payments	(1,139,000)	(1,005,000)
Share-based compensation expense	208,000	263,000
Common stock issued for services	—	90,000
Non-cash rent income	(28,000)	(25,000)
Retirement plan contributions and payments	(4,000)	(3,000)
Credit loss expense	85,000	38,000
Foreign currency gain	(10,000)	(76,000)
Gain on debt extinguishment	—	(15,000)
Increase (decrease) from changes in current assets and liabilities	2,780,000	(393,000)
Net cash provided by operating activities	4,710,000	1,943,000
Cash flows from investing activities:		
Acquisition of non-controlling interest	(185,000)	—
Distributions from equity investees in excess of earnings	—	219,000
Proceeds from sale of interest in leasehold land, net of fees paid	439,000	233,000
Proceeds from the sale of oil and natural gas assets	441,000	—
Capital expenditures - oil and natural gas	(3,514,000)	(11,304,000)
Capital expenditures - all other	(13,000)	(328,000)
Net cash used in investing activities	(2,832,000)	(11,180,000)
Cash flows from financing activities:		
Repayment of long-term debt	—	(30,000)
Distributions to non-controlling interests	(226,000)	(157,000)
Payment of dividends	—	(599,000)
Net cash used in financing activities	(226,000)	(786,000)
Effect of exchange rate changes on cash and cash equivalents	23,000	49,000
Net increase (decrease) in cash and cash equivalents	1,675,000	(9,974,000)
Cash and cash equivalents at beginning of year	2,830,000	12,804,000
Cash and cash equivalents at end of year	\$ 4,505,000	\$ 2,830,000

See Notes to Consolidated Financial Statements

**BARNWELL INDUSTRIES, INC.**  
**AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Description of Business*

Barnwell is engaged in the following lines of business: 1) acquiring, developing, producing and selling oil and natural gas in Canada and the U.S., 2) leasehold land interests in Hawaii, and 3) drilling wells and installing and repairing water pumping systems in Hawaii.

*Principles of Consolidation*

The consolidated financial statements include the accounts of Barnwell Industries, Inc. and all majority-owned subsidiaries (collectively referred to herein as “Barnwell,” “we,” “our,” “us,” or the “Company”), including a 77.6%-owned land investment general partnership (Kaupulehu Developments) and a 75%-owned land investment partnership (KD Kona). All significant intercompany accounts and transactions have been eliminated.

Undivided interests in oil and natural gas exploration and production joint ventures are consolidated on a proportionate basis. Barnwell’s investments in both unconsolidated entities in which a significant, but less than controlling, interest is held and in VIEs in which the Company is not deemed to be the primary beneficiary are accounted for by the equity method.

*Use of Estimates in the Preparation of Consolidated Financial Statements*

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management of Barnwell to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ significantly from those estimates. Significant assumptions are required in the valuation of deferred tax assets, asset retirement obligations, contract drilling estimated costs to complete, and proved oil and natural gas reserves, and such assumptions may impact the amount at which such items are recorded.

*Revenue Recognition*

Barnwell operates in and derives revenue from the following three principal business segments:

- *Oil and Natural Gas Segment* - Barnwell engages in oil and natural gas development, production, acquisitions and sales in Canada and the U.S.
- *Land Investment Segment* - Barnwell owns land interests in Hawaii.
- *Contract Drilling Segment* - Barnwell provides well drilling services and water pumping system installation and repairs in Hawaii.

*Oil and Natural Gas* - Barnwell's investments in oil and natural gas properties are located in Alberta, Canada, Oklahoma, and Texas. These property interests are principally held under governmental leases or licenses. Barnwell sells the large majority of its oil, natural gas and natural gas liquids production under short-term contracts between itself and marketers based on prices indexed to market prices and recognizes revenue at a point in time when the oil, natural gas and natural gas liquids are delivered, as this is where Barnwell's performance obligation is satisfied and title has passed to the customer.

*Land Investment* - Barnwell is entitled to receive contingent residual payments from the entities that previously purchased Barnwell's land investment interests under contracts entered into in prior years. The residual payments under those contracts become due when the entities sell lots and/or residential units in the areas that were previously sold under the aforementioned contracts or when a preferred payment threshold is achieved. The residual payments received by Barnwell are recognized as revenue when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

*Contract Drilling* - Through contracts which are normally less than twelve months in duration, Barnwell drills water and water monitoring wells and installs and repairs water pumping systems in Hawaii. Barnwell recognizes revenue from well drilling or the installation of pumps over time based on total costs incurred on the projects relative to the total expected costs to satisfy the performance obligation as management believes this is an accurate representation of the percentage of completion as control is continuously transferred to the customer. Uninstalled materials, which typically consists of well casing or pumps, are excluded in the costs-to-costs calculation for the duration of the contract as including these costs would result in a distortion of progress towards satisfaction of the performance obligation due to the resulting cumulative catch-up in margin in a single period. An equal amount of cost and revenue is recorded when uninstalled materials are controlled by the customer, which is typically when Barnwell has the right to payment for the materials and when the materials are delivered to the customer's site or location and such materials have been accepted by the customer. Uninstalled materials are held in inventory and included in "Other current assets" on the Company's Consolidated Balance Sheets until control is transferred to the customer. When the estimate on a contract indicates a loss, Barnwell records the entire estimated loss in the period the loss becomes known.

The contract price may include variable consideration, which includes such items as increases to the transaction price for unapproved change orders and claims for which price has not yet been agreed by the customer. The Company estimates variable consideration using either the most likely amount or expected value method, whichever is a more appropriate reflection of the amount to which it expects to be entitled based on the characteristics and circumstances of the contract. Variable consideration is included in the estimated transaction price to the extent it is probable that a significant reversal of cumulative recognized revenue will not occur.

Contract price and cost estimates are reviewed periodically as work progresses and adjustments proportionate to the costs incurred to date to total estimated costs at completion are reflected in contract revenues in the reporting period when such estimates are revised. The nature of accounting for these contracts is such that refinements of the estimated costs to complete may occur and are characteristic of the estimation process due to changing conditions and new developments. Many factors and assumptions can and do change during a contract performance obligation period which can result in a change to contract profitability including unforeseen underground geological conditions (to the extent that contract remedies are unavailable), the availability and costs of skilled contract labor, the performance of major material suppliers, the performance of major subcontractors, unusual weather conditions and unexpected changes in material costs, changes in the scope and nature of the work to be performed, and unexpected construction execution errors, among others. These factors may result in revisions to costs and income and

are recognized in the period in which the revisions become known. Revenue and profit in future periods of contract performance are recognized using the adjusted estimate.

Management evaluates the performance of contracts on an individual basis. In the ordinary course of business, but at least quarterly, we prepare updated estimates that may impact the cost and profit or loss for each contract based on actual results to date plus management's best estimate of costs to be incurred to complete each performance obligation. The cumulative effect of revisions in estimates of the total forecasted revenue and costs, including any unapproved change orders and claims, during the course of the contract is reflected in the accounting period in which the facts that caused the revision become known. Changes in the cost estimates can have a material impact on our consolidated financial statements and are reflected in the results of operations when they become known.

Unexpected significant inefficiencies that were not considered a risk at the time of entering into the contract, such as design or construction execution errors that result in significant wasted resources, are excluded from the measure of progress toward completion and the costs are expensed as incurred.

To the extent a contract is deemed to have multiple performance obligations, the Company allocates the transaction price of the contract to each performance obligation using its best estimate of the standalone selling price of each distinct good or service in the contract.

When the Company receives consideration, or such consideration is unconditionally due, from a customer prior to transferring goods or services to the customer under the terms of a sales contract, the Company records deferred revenue, which represents a contract liability. Such deferred revenue typically results from billings in excess of costs and estimated earnings on uncompleted contracts. Contract liabilities are included in "Other current liabilities" on the Company's Consolidated Balance Sheets. Costs and estimated earnings in excess of billings represent certain amounts under customer contracts that were earned and billable, but yet not invoiced, and are included in contract assets and reported in "Other current assets" on the Company's Consolidated Balance Sheets.

### *Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand and short-term investments with original maturities of three months or less.

### *Concentration of Credit Risk*

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. We maintain bank account balances with high quality financial institutions which often exceed insured limits. We have not experienced any losses with these accounts and believe that we are not exposed to any significant credit risk on cash.

### *Accounts and Other Receivables*

Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for credit losses is Barnwell's best estimate of the amount of current expected credit losses in Barnwell's existing accounts receivable and is based on the aging of the receivable balances, analysis of historical credit loss rates, and current and future economic conditions affecting collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Barnwell does not have any off-balance sheet credit exposure related to its customers.

## *Investments in Real Estate*

Barnwell accounts for sales of Increment I and Increment II leasehold land interests under the full accrual method. Gains from such sales were recognized when the buyer's investments were adequate to demonstrate a commitment to pay for the property, risks and rewards of ownership transferred to the buyer, and Barnwell did not have a substantial continuing involvement with the property sold. With regard to payments Kaupulehu Developments is entitled to receive from KD I and KD II, the percentage of sales payments from KD I and KD II and percentage of distributions from KD II are contingent future profits which will be recognized when they are realized. All costs of the sales of Increment I and Increment II leasehold land interests were recognized at the time of sale and were not deferred to future periods when any contingent profits will be recognized.

## *Variable Interest Entities*

The consolidation of VIEs is required when an enterprise has a controlling financial interest and is therefore the VIE's primary beneficiary. A controlling financial interest will have both of the following characteristics: (a) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The determination of whether an entity is a VIE and, if so, whether the Company is the primary beneficiary, may require significant judgment.

Barnwell analyzes its entities in which it has a variable interest to determine whether the entities are VIEs and, if so, whether the Company is the primary beneficiary. This analysis includes a qualitative review based on an evaluation of the design of the entity, its organizational structure, including decision making ability and financial agreements, as well as a quantitative review. Our unconsolidated affiliates that have been determined to be VIEs are accounted under the equity method because we do not have a controlling financial interest and are therefore not the VIE's primary beneficiary (see Note 4).

## *Equity Method Investments*

Affiliated companies, which are limited partnerships or similar entities, in which Barnwell holds more than a 3% to 5% ownership interest and does not control, are accounted for as equity method investments. Equity method investment adjustments include Barnwell's proportionate share of investee income or loss, adjustments to recognize certain differences between Barnwell's carrying value and Barnwell's equity in net assets of the investee at the date of investment, impairments and other adjustments required by the equity method. Gains or losses are realized when such investments are sold. Barnwell classifies distributions received from equity method investments using the cumulative earnings approach in the Consolidated Statements of Cash Flows. Under the cumulative earnings approach, distributions received up to the amount of cumulative equity in earnings recognized are treated as returns on investment and are classified within operating cash flows and those in excess of that amount are treated as returns of investment and are classified within investing cash flows.

Investments in equity method investees are evaluated for impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the carrying amounts of the assets exceed their respective fair values, additional impairment tests are performed to measure the amounts of the impairment losses, if any. When an impairment test demonstrates that the fair value of an investment is less than its carrying value, management will determine whether the impairment

is either temporary or other-than-temporary. Examples of factors which may be indicative of an other-than-temporary impairment include (a) the length of time and extent to which fair value has been less than carrying value, (b) the financial condition and near-term prospects of the investee, and (c) the intent and ability to retain the investment in the investee for a period of time sufficient to allow for any anticipated recovery in fair value. If the decline in fair value is determined by management to be other-than-temporary, the carrying value of the investment is written down to its estimated fair value as of the balance sheet date of the reporting period in which the assessment is made.

### *Oil and Natural Gas Properties*

Barnwell uses the full cost method of accounting under which all costs incurred in the acquisition, exploration and development of oil and natural gas reserves, including costs related to unsuccessful wells and estimated future site restoration and abandonment, are capitalized. We capitalize internal costs that can be directly identified with our acquisition, exploration and development activities and do not include any costs related to production, general corporate overhead or similar activities.

The capitalized costs of oil and gas properties, excluding unevaluated and unproved properties, are amortized as depreciation, depletion and amortization expense using the units-of-production method based on estimated proved recoverable oil and gas reserves.

Costs associated with unevaluated and unproved properties, initially excluded from the amortization base, relate to unproved leasehold acreage, wells and production facilities in progress and wells pending determination of the existence of proved reserves. Unproved leasehold costs are transferred to the amortization base with the costs of drilling the related well once a determination of the existence of proved reserves has been made or upon impairment of a lease. Costs associated with wells in progress and completed wells that have yet to be evaluated are transferred to the amortization base once a determination is made whether or not proved reserves can be assigned to the property. Costs of dry wells are transferred to the amortization base immediately upon determination that the well is unsuccessful.

All items classified as unevaluated and unproved properties are assessed on a quarterly basis for possible impairment or reduction in value. Properties are assessed on an individual basis or as a group if properties are individually insignificant. The assessment includes consideration of various factors, including, but not limited to, the following: intent to drill; remaining lease term; geological and geophysical evaluations; drilling results and activity; assignment of proved reserves; and economic viability of development if proved reserves are assigned. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and become subject to amortization.

Under the full cost method of accounting, we review the carrying value of our oil and natural gas properties, on a country-by-country basis, each quarter in what is commonly referred to as the ceiling test. Under the ceiling test, capitalized costs, net of accumulated depletion and oil and natural gas related deferred income taxes, may not exceed an amount equal to the sum of 1) the discounted present value (at 10%), using average first-day-of-the-month prices during the 12-month period ending as of the balance sheet date held constant over the life of the reserves (except where prices are defined by contractual arrangements), of Barnwell's estimated future net cash flows from estimated production of proved oil and natural gas reserves as determined by independent petroleum reserve engineers, less estimated future expenditures to be incurred in developing and producing the proved reserves but excluding future cash outflows associated with settling asset retirement obligations with the exception of those associated with proved undeveloped reserves from wells that are to be drilled in the future; plus 2) the cost of major

development projects and unproven properties not subject to depletion, if any; plus 3) the lower of cost or estimated fair value of unproven properties included in costs subject to depletion; less 4) related income tax effects. If net capitalized costs exceed this limit, the excess is expensed. Depletion is computed using the units-of-production method whereby capitalized costs, net of estimated salvage values, plus estimated future costs to develop proved reserves and satisfy asset retirement obligations, are amortized over the total estimated proved reserves on a country-by-country basis. Investments in major development projects are not depleted until either proved reserves are associated with the projects or impairment has been determined. Proceeds from the disposition of oil and natural gas properties are credited to the full cost pool, with no gain or loss recognized, unless such a sale would significantly alter the relationship between capitalized costs and the proved reserves in a particular country.

Given the volatility of oil and gas prices, it is reasonably possible that the estimate of discounted future net cash flows from proved oil and gas reserves could change in the near term. If oil and gas prices decline in the future, even if only for a short period of time, it is possible that impairments of oil and gas properties could occur. In addition, it is reasonably possible that impairments could occur if costs are incurred in excess of any increases in the present value of future net cash flows from proved oil and gas reserves, or if properties are sold for proceeds less than the discounted present value of the related proved oil and gas reserves.

Barnwell's sales reflect its working interest share after royalties. Barnwell's production is generally delivered and sold at the plant gate. Barnwell does not have transportation volume commitments with pipelines and does not have natural gas imbalances related to natural gas balancing arrangements with its partners.

### *Acquisitions*

In accordance with the guidance for business combinations, Barnwell determines whether an acquisition is a business combination, which requires that the assets acquired and liabilities assumed constitute a business. Each business combination is then accounted for by applying the acquisition method of accounting. If the assets acquired are not a business, the Company accounts for the transaction as an asset acquisition. Under both methods purchase prices are allocated to acquired assets and assumed liabilities based on their estimated fair value at the time of the acquisition. For transactions that are business combinations, the Company evaluates the existence of goodwill or a gain from a bargain purchase. The Company capitalizes acquisition-related costs and fees associated with asset acquisitions and immediately expenses acquisition-related costs and fees associated with business combinations.

### *Long-lived Assets*

Long-lived assets to be held and used, other than oil and natural gas properties, are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability is measured by comparing the carrying amount of the asset to the future net cash flows expected to result from use of the asset (undiscounted and without interest charges). If it is determined that the asset may not be recoverable, impairment loss is measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. Long-lived assets to be disposed of by sale are classified as held for sale and are reported at the lower of the asset carrying value or fair value, less cost to sell.

Water well drilling rigs, office and other property and equipment are depreciated using the straight-line method based on estimated useful lives.

### *Share-based Compensation*

Share-based compensation cost for Barnwell's equity-classified stock options, restricted stock units, and common stock issued for services is measured at fair value and is recognized as an expense over the requisite service period. For stock options, Barnwell utilizes a closed-form valuation model to determine the fair value of each option award. Expected volatilities are based on the historical volatility of Barnwell's stock over a period consistent with that of the expected terms of the options. The expected terms of the options represent expectations of future employee exercise and are estimated based on factors such as vesting periods, contractual expiration dates, historical trends in Barnwell's stock price, and historical exercise behavior. If the Company does not have sufficient historical data regarding employee exercise behavior, the "simplified method" as permitted by the SEC's Staff Accounting Bulletin No. 110, *Share-Based Payment* is utilized to estimate the expected terms of the options. The risk-free rates for periods within the contractual life of the options are based on the yields of U.S. Treasury instruments with terms comparable to the estimated option terms. Expected dividends are based on historical dividend payments. For restricted stock units, Barnwell utilizes the closing market price of the Company's common stock on the grant date reduced by the present value of the dividends expected to be paid on the underlying shares of common stock during the requisite service period (as these awards are not entitled to receive dividends until vested) to determine the fair value of each restricted stock unit award. For common stock issued for services, Barnwell utilizes the closing market price of the Company's common stock on the grant date to determine the fair value of the common stock issued for services. The Company's policy is to recognize forfeitures as they occur.

### *Retirement Plans*

Barnwell accounts for its defined benefit pension plan and Supplemental Executive Retirement Plan by recognizing the over-funded or under-funded status as an asset or liability in its Consolidated Balance Sheets and recognizes changes in that funded status in the year in which the changes occur through comprehensive income. See further discussion at Note 9.

The estimation of Barnwell's retirement plan obligations, costs and liabilities requires management to estimate the amount and timing of cash outflows for projected future payments and cash inflows for maturities and expected returns on plan assets. These assumptions may have an effect on the amount and timing of future contributions.

At the end of each year, Barnwell determines the discount rate to be used to calculate the present value of plan liabilities and the net periodic benefit cost. The discount rate is an estimate of the current interest rate at which the retirement plan liabilities could be effectively settled at the end of the year. In estimating this rate, Barnwell performs a cash-flow matching discount rate analysis developed using high-quality corporate bonds yield. The discount rate used to value the future benefit obligation as of each year-end is the rate used to determine the periodic benefit cost in the following year.

The expected long-term return on assets assumption for the pension plans represents the average rate of return to be earned on plan assets over the period the benefits included in the benefit obligation are to be paid. The actual fair value of plan assets and estimated rate of return is used to determine the expected investment return during the year. The estimated rate of return on plan assets is based on an estimate of future experience for plan asset returns, the mix of plan assets, current market conditions, and expectations for future market conditions. A decrease (increase) of 50 basis points in the expected return



on assets assumption would increase (decrease) pension expense by approximately \$64,000 based on the assets of the plan at September 30, 2024.

The effects of changing assumptions are included in unamortized net gains and losses, which directly affect accumulated other comprehensive income. These unamortized gains and losses in excess of certain thresholds are amortized and reclassified to (loss) income over the average remaining service life of active employees.

#### *Asset Retirement Obligation*

Barnwell accounts for asset retirement obligations by recognizing the fair value of a liability for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. Barnwell estimates the fair value of asset retirement obligations based on the projected discounted future cash outflows required to settle abandonment and restoration liabilities. Such an estimate requires assumptions and judgments regarding the existence of liabilities, the amount and timing of cash outflows required to settle the liability, what constitutes adequate restoration, inflation factors, credit adjusted discount rates, and consideration of changes in legal, regulatory, environmental and political environments. Abandonment and restoration cost estimates are determined in conjunction with Barnwell's reserve engineers based on historical information regarding costs incurred to abandon and restore similar well sites, information regarding current market conditions and costs, and knowledge of subject well sites and properties. These assumptions represent Level 3 inputs.

Barnwell's estimated site restoration and abandonment costs of its oil and natural gas properties are capitalized as part of the carrying amount of oil and natural gas properties and depleted over the life of the related reserves. When the assumptions used to estimate a recorded asset retirement obligation change, a revision is recorded to both the asset retirement obligation and the capitalized cost of asset retirements. The liability is accreted at the end of each period through charges to oil and natural gas operating expense.

#### *Income Taxes*

Income taxes are determined using the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax impacts of differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Management evaluates its potential exposures from tax positions taken that have been or could be challenged by taxing authorities. These potential exposures result because taxing authorities may take positions that differ from those taken by management in the interpretation and application of statutes, regulations and rules. Management considers the possibility of alternative outcomes based upon past experience, previous actions by taxing authorities (e.g., actions taken in other jurisdictions) and advice from tax experts. Recognized tax positions are initially and subsequently measured as the largest amount of tax benefit that is more likely than not of being realized upon ultimate settlement with a taxing authority on a jurisdiction-by-jurisdiction basis. Liabilities for unrecognized tax benefits related to such tax positions are included in long-term liabilities unless the tax position is expected to be settled within the upcoming year, in which case the liabilities are included in current liabilities. Interest and penalties related to uncertain tax positions are included in income tax expense.

Our operations in Texas are subject to a franchise tax assessed by the state of Texas which is presented as income tax expense.

### *Environmental*

Barnwell is subject to extensive environmental laws and regulations. These laws, which are constantly changing, regulate the discharge of materials into the environment and maintenance of surface conditions and may require Barnwell to remove or mitigate the environmental effects of the disposal or release of petroleum or chemical substances at various sites. Environmental expenditures are expensed or capitalized depending on their future economic benefit. Expenditures that relate to an existing condition caused by past operations and that have no future economic benefit are expensed. Liabilities for expenditures of a noncapital nature are recorded when environmental assessment and/or remediation is probable, and the costs can be reasonably estimated.

Barnwell recognizes an insurance receivable related to environmental expenditures when collection of the receivable is deemed probable. Any recognition of an insurance receivable is recorded by crediting and offsetting the original charge. Any differential arising between insurance recoveries and insurance receivables is expensed or capitalized, consistent with the original treatment.

### *Derivative Instruments*

Barnwell may utilize physical forward commodity contracts to mitigate market price risk on its oil and natural gas output when deemed appropriate. Purchase and sale contracts with a fixed price determined at inception are recorded on the Consolidated Balance Sheets as derivative financial instruments if such contracts are readily convertible to cash - unless the contracts are eligible for and elected as the normal purchases and normal sales exception ("NPNS"); in which case, the contracts are recorded on an accrual basis and the Company recognizes the amounts relating to such transactions during the period when the commodities are physically delivered. The Company generally applies the NPNS exception to eligible oil and natural gas contracts to purchase or sell quantities it expects to use or sell in the normal course of business. The Company has not traded in any derivative contracts other than where the NPNS exception is applied, and it does not apply hedge accounting.

### *Foreign Currency Translations and Transactions*

Assets and liabilities of foreign subsidiaries are translated at the year-end exchange rate. Operating results of foreign subsidiaries are translated at average exchange rates during the period. Translation adjustments have no effect on net income and are included in "Accumulated other comprehensive income, net" in the accompanying Consolidated Balance Sheets.

Foreign currency gains or losses on intercompany loans and advances that are not considered long-term investments in nature because management intends to settle these intercompany balances in the future are included in our statements of operations.

### *Fair Value Measurements*

Fair value is defined as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are classified and disclosed in one of the following categories:

- Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities in active markets and have the highest priority.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the financial asset or liability and have the lowest priority.

### *Recently Adopted Accounting Pronouncements*

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,” which replaces the incurred loss model with an expected loss model referred to as the current expected credit loss (“CECL”) model. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including but not limited to trade receivables. The FASB has subsequently issued other related ASUs which amend ASU 2016-13 to provide clarification and additional guidance. The Company adopted the provisions of this ASU effective October 1, 2023. The adoption of this update did not have an impact on Barnwell’s consolidated financial statements.

## **2. LOSS PER COMMON SHARE**

Basic loss per share is computed using the weighted-average number of common shares outstanding for the period. Diluted loss per share is calculated using the treasury stock method to reflect the assumed issuance of common shares for all potentially dilutive securities, which consist of outstanding stock options and nonvested restricted stock units. Potentially dilutive shares are excluded from the computation of diluted loss per share if their effect is anti-dilutive.

Options to purchase 465,000 shares of common stock and 98,795 restricted stock units were excluded from the computation of diluted shares for the year ended September 30, 2024, as their inclusion would have been anti-dilutive. Options to purchase 546,781 shares of common stock and 18,605 restricted stock units were excluded from the computation of diluted shares for the year ended September 30, 2023, as their inclusion would have been anti-dilutive.

Reconciliations between net loss attributable to Barnwell stockholders and common shares outstanding of the basic and diluted net loss per share computations are detailed in the following tables:

	Year ended September 30, 2024		
	Net Loss (Numerator)	Shares (Denominator)	Per-Share Amount
Basic	\$ (5,565,000)	10,017,997	\$ (0.56)
Effect of dilutive securities - common stock options and restricted stock units	—	—	
Diluted	\$ (5,565,000)	10,017,997	\$ (0.56)

  

	Year ended September 30, 2023		
	Net Loss (Numerator)	Shares (Denominator)	Per-Share Amount
Basic	\$ (961,000)	9,969,856	\$ (0.10)
Effect of dilutive securities - common stock options and restricted stock units	—	—	
Diluted	\$ (961,000)	9,969,856	\$ (0.10)

### 3. ALLOWANCE FOR CREDIT LOSSES

The following table summarizes the activity in the balance of allowance for credit losses related to accounts and other receivables:

	Year ended September 30,	
	2024	2023
Allowance for credit losses as of beginning of year	\$ 284,000	\$ 231,000
Provision for expected losses	85,000	38,000
Write-offs charged against the allowance	(10,000)	(20,000)
Recoveries of amounts previously written off	16,000	34,000
Foreign currency translation adjustment	—	1,000
Allowance for credit losses as of end of year	\$ 375,000	\$ 284,000

### 4. INVESTMENTS

#### *Investment in Kukio Resort Land Development Partnerships*

On November 27, 2013, Barnwell, through a wholly-owned subsidiary, entered into two limited liability limited partnerships, KD Kona and KKM, and indirectly acquired a 19.6% non-controlling ownership interest in each of KD Kukio Resorts, KD Maniniowali, and KDK for \$5,140,000. The Kukio Resort Land Development Partnerships own certain real estate and development rights interests in the Kukio, Maniniowali and Kaupulehu portions of Kukio Resort, a private residential community on the Kona coast of the island of Hawaii, as well as Kukio Resort's real estate sales office operations. KDK holds interests in KD I and KD II. KD I is the developer of Increment I and KD II is the developer of Increment II. Barnwell's ownership interests in the Kukio Resort Land Development Partnerships is accounted for using the equity method of accounting.

In March 2019, KD II admitted a new development partner, Replay, a party unrelated to Barnwell, in an effort to move forward with development of the remainder of Increment II at Kaupulehu. KDK and Replay hold ownership interests of 55% and 45%, respectively, of KD II and Barnwell has a 10.8% indirect non-controlling ownership interest in KD II through KDK, which is accounted for using the equity method of accounting. Barnwell continues to have an indirect 19.6% non-controlling ownership interest in KD Kukio Resorts, KD Maniniowali, and KD I.

The partnerships derive income from the sale of residential parcels in Increment I, which is now completely sold, as well as from commissions on real estate resales by the real estate sales office and revenues resulting from the sale of a few remaining private club memberships. In the quarter ended March 31, 2024, the last two remaining single-family lots of the 80 lots developed within Increment I were sold.

Increment II is not yet under development, and there is no assurance that development of such acreage will in fact occur. No definitive development plans have been made by KD II, the developer of Increment II, as of the date of this report.

Barnwell has the right to receive distributions from the Kukio Resort Land Development Partnerships via its non-controlling interests in KD Kona and KKM, based on its respective partnership sharing ratios of 75% and 34.45%, respectively. During the year ended September 30, 2024, Barnwell received cash distributions of \$1,071,000 (resulting in a net amount of \$953,000, after distributing \$118,000 to non-controlling interests) from the Kukio Resort Land Development Partnerships. During the year ended September 30, 2023, Barnwell received cash distributions of \$758,000 from the Kukio Resort Land Development Partnerships resulting in a net amount of \$674,000, after distributing \$84,000 to non-controlling interests.

Equity in income of affiliates was \$1,071,000 for the year ended September 30, 2024, as compared to equity in income of affiliates of \$758,000 for the year ended September 30, 2023.

Summarized financial information for the Kukio Resort Land Development Partnerships is as follows:

	Year ended September 30,	
	2024	2023
Revenue	\$ 13,555,000	\$ 13,055,000
Gross profit	\$ 8,651,000	\$ 7,733,000
Net earnings	\$ 6,437,000	\$ 4,436,000

In the quarter ended June 30, 2021, the Company received cumulative distributions from the Kukio Resort Land Development Partnerships in excess of our investment balance and in accordance with applicable accounting guidance, the Company suspended its equity method earnings recognition and the Kukio Resort Land Development Partnerships' investment balance was reduced to zero with the distributions received in excess of our investment balance recorded as equity in income of affiliates because the distributions are not refundable by agreement or by law and the Company is not liable for the obligations of or otherwise committed to provide financial support to the Kukio Resort Land Development Partnerships. The Company will record future equity method earnings only after our share of the Kukio Resort Land Development Partnerships' cumulative earnings in excess of distributions during the suspended period exceeds our share of the Kukio Resort Land Development Partnerships' income recognized for the excess distributions, and during this suspended period any distributions received will be recorded as equity in income of affiliates. Accordingly, the amount of equity in income of affiliates

recognized in the year ended September 30, 2024 was equivalent to the \$1,071,000 of distributions received in that period.

Cumulative distributions received from the Kukio Resort Land Development Partnerships in excess of our investment balance was \$373,000 at September 30, 2024 and \$708,000 at September 30, 2023.

#### *Sale of Interest in Leasehold Land*

Kaupulehu Developments holds rights to receive payments from KD I and KD II resulting from the sale of lots and/or residential units within Increment I, which is now fully sold, and within Increment II, which is not yet developed (see Note 19).

With respect to Increment I, Kaupulehu Developments was entitled to receive payments from KD I based on 10% of the gross receipts from KD I's sales of single-family residential lots in Increment I. In the quarter ended March 31, 2024, the last two single-family lots of the 80 lots developed within Increment I were sold.

Under the terms of the Increment II agreement with KD II, Kaupulehu Developments is entitled to 15% of the distributions of KD II, the cost of which is to be solely borne by KDK out of its 55% ownership interest in KD II, plus a priority payout of 10% of KDK's cumulative net profits derived from Increment II sales subsequent to Phase 2A, up to a maximum of \$3,000,000 as to the priority payout. Such interests are limited to distributions or net profits interests and Barnwell does not have any partnership interests in KD II or KDK through its interest in Kaupulehu Developments. The arrangement also gives Barnwell rights to three single-family residential lots in Phase 2A of Increment II, and four single-family residential lots in phases subsequent to Phase 2A when such lots are developed by KD II, all at no cost to Barnwell. Barnwell is committed to commence construction of improvements within 90 days of the transfer of the four lots in the phases subsequent to Phase 2A as a condition of the transfer of such lots. Also, in addition to Barnwell's existing obligations to pay professional fees to certain parties based on percentages of its gross receipts, Kaupulehu Developments is also obligated to pay an amount equal to 0.72% and 0.20% of the cumulative net profits of KD II to KD Development and a pool of various individuals, respectively, all of whom are partners of KKM and are unrelated to Barnwell, in compensation for the agreement of these parties to admit the new development partner for Increment II. Such compensation will be reflected as the obligation becomes probable and the amount of the obligation can be reasonably estimated.

The following table summarizes the Increment I revenues from KD I and the amount of fees directly related to such revenues (see Note 17 "Commitments and Contingencies - Other Matters"):

	Year ended September 30,	
	2024	2023
Sale of interest in leasehold land:		
Revenues - sale of interest in leasehold land	\$ 500,000	\$ 265,000
Fees - included in general and administrative expenses	(61,000)	(32,000)
Sale of interest in leasehold land, net of fees paid	<u>\$ 439,000</u>	<u>\$ 233,000</u>

There is no assurance with regards to the amounts of future payments from Increment II to be received or that the remaining acreage within Increment II will be developed. No definitive development plans have been made by KD II, the developer of Increment II, as of the date of this report.

#### *Investment in Leasehold Land Interest – Lot 4C*

Kaupulehu Developments holds an interest in an area of approximately 1,000 acres of vacant leasehold land zoned conservation located adjacent to Lot 4A, which currently has no development potential without both a development agreement with the lessor and zoning reclassification. The lease terminates in December 2025.

### **5. CONSOLIDATED VARIABLE INTEREST ENTITY**

In February 2021, Barnwell Industries, Inc. established a wholly-owned subsidiary named BOK Drilling, LLC (“BOK”) for the purpose of indirectly investing in oil and natural gas exploration and development in Oklahoma. BOK and Gros Ventre Partners, LLC (“Gros Ventre”) entered into the Limited Liability Agreement (the “Teton Operating Agreement”) of Teton Barnwell Fund I, LLC (“Teton Barnwell”), an entity formed for the purpose of directly entering into such oil and natural gas investments. Under the terms of the Teton Operating Agreement, the profits of Teton Barnwell were split between BOK and Gros Ventre at 98% and 2%, respectively, and as the manager of Teton Barnwell, Gros Ventre was paid an annual asset management fee equal to 1% of the cumulative capital contributions made to Teton Barnwell as compensation for its management services. BOK was responsible for 100% of the capital contributions made to Teton Barnwell. Teton Barnwell was a variable interest entity for which the Company was deemed the primary beneficiary and thus, was consolidated by the Company.

In the quarter ended June 30, 2024, BOK acquired Gros Ventre’s 2% non-controlling interest in Teton Barnwell for \$185,000 and following the acquisition, BOK now owns 100% interest in Teton Barnwell. As such, although Teton Barnwell is no longer a variable interest entity as of the acquisition date, it will continue to be consolidated by the Company. This transaction was accounted for as an equity transaction with no gain or loss recognized and the difference between the carrying amount of Gros Ventre’s non-controlling interest and the consideration given for the acquisition of the additional equity interest was recorded as a reduction in additional paid-in capital in the accompanying Consolidated Balance Sheets and Consolidated Statements of Equity.

### **6. ASSETS HELD FOR SALE**

#### *Contract Drilling Segment Property and Equipment*

In the quarter ended March 31, 2024, the Company commenced the marketing of a portion of the contract drilling segment's property and equipment, the majority of which was already fully depreciated. There was no impairment related to the classification change from held and used to held for sale as the fair value, less estimated selling costs, of the disposal group exceeded its carrying value. The property and equipment deemed necessary to complete the contract drilling segment's contracts in backlog continue to be classified as held and used as of September 30, 2024. At September 30, 2024, a sale of the remainder of the contract drilling segment's property and equipment or the contract drilling segment as a whole was not estimated to be probable due to the lack of any definitive sale opportunities at that date.

## **7. OIL AND NATURAL GAS PROPERTIES**

### *Oil and Natural Gas Property Dispositions*

In the quarter ended June 30, 2024, Barnwell entered into and completed a purchase and sale agreement with an independent third party and sold its interests in certain oil and natural gas properties located in the Kaybob area of Alberta, Canada. The sales price per the agreement was adjusted for customary purchase price adjustments to \$441,000 in order to, among other things, reflect an economic effective date of May 1, 2024. The final determination of the customary adjustments to the purchase price has not yet been made; however, it is not expected to result in a material adjustment. The proceeds were credited to the full cost pool, with no gain or loss recognized, as the sale did not result in a significant alteration of the relationship between capitalized costs and proved reserves.

In July 2024, Barnwell entered into and completed an agreement with an independent third party to convey interests in certain oil and natural gas properties located in the Bonanza and Balsam areas of Alberta, Canada. In consideration for the sale of the working interests in these properties, Barnwell retained a 4% overriding royalty on these properties and the buyer assumed the asset retirement obligations associated with these properties. There were no cash proceeds from the sale and no gain or loss was recognized on this conveyance as this did not result in a significant alteration of the relationship between capitalized costs and proved reserves. With the disposition of the working interest, Barnwell reduced the full cost pool and abandonment liabilities associated with the working interests conveyed by approximately \$153,000.

In September 2024, Barnwell entered into and completed a purchase and sale agreement with an independent third party and sold its interests in certain oil and natural gas properties located in the Wood River area of Alberta, Canada. The sales price per the agreement was adjusted for customary purchase price adjustments to \$292,000 in order to, among other things, reflect an economic effective closing date of September 30, 2024. The final determination of the customary adjustments to the purchase price has not yet been made, however, it is not expected to result in a material adjustment. From the sales proceeds, \$38,000 was remitted directly to the Canada Revenue Agency by the buyers for potential amounts due for Barnwell's Canadian income taxes related to the sale. The proceeds from the sale was credited to our cash in October 2024 and will be reflected in the Statement of Cash Flows for the first quarter of fiscal 2025 ending December 31, 2024. No gain or loss was recognized on this disposition as the sale proceeds were credited to the full cost pool and did not result in a significant alteration of the relationship between capitalized costs and proved reserves.

### *Investments and Acquisitions*

In December 2022, Barnwell Texas, LLC ("Barnwell Texas"), a wholly-owned subsidiary of the Company, entered into a purchase and sale agreement with an independent third party whereby Barnwell Texas acquired a 22.3% non-operated working interest in oil and natural gas leasehold acreage in the Permian Basin in Texas for cash consideration of \$806,000. Additionally, in connection with the purchase of such leasehold interests, Barnwell Texas acquired a 15.4% non-operated working interest in two oil wells in the Wolfcamp Formation in Loving and Ward Counties, Texas and paid \$4,293,000 for its share of the costs to drill, complete and equip the wells during the year ended September 30, 2023.



## *Impairment of Oil and Natural Gas Properties*

Under the full cost method of accounting, the Company performs quarterly oil and natural gas ceiling test calculations. Changes in the 12-month rolling average first-day-of-the-month prices for oil, natural gas and natural gas liquids prices (except where prices are defined by contractual arrangements), the value of reserve additions as compared to the amount of capital expenditures to obtain them, and changes in production rates and estimated levels of reserves, future development costs and the market value of unproved properties, impact the determination of the maximum carrying value of oil and natural gas properties.

During the year ended September 30, 2024, the Company incurred a non-cash ceiling test impairment of \$2,885,000, which included impairments for our U.S. and Canadian oil and natural gas properties of \$721,000 and \$2,164,000, respectively. The impairment to our U.S. and Canadian oil and natural gas properties were primarily due to a decline in the historical 12-month rolling average first-day-of-the-month prices. There was no ceiling test impairment during the year ended September 30, 2023.

As discussed above, the ceiling test uses a 12-month historical rolling average first-day-of-the-month prices. As such, declines in the 12-month historical rolling average first-day-of-the-month prices used in our ceiling test calculation in future periods could result in impairment write-downs in future periods in the absence of any offsetting factors that are not currently known or projected. Based on the oil and gas prices for October 1, November 1 and December 1 of 2024, the oil prices and natural gas prices used in the 12-month historical rolling first-day-of-the-month average oil price for the ceiling test at December 31, 2024 will be lower than at September 30, 2024. Whereas we believe our Canadian full cost pool is sufficiently below the ceiling limit, our U.S. full cost pool had no ceiling excess at September 30, 2024, and thus a further impairment charge is more likely than not for our U.S. full cost pool for the first quarter of fiscal 2025 ending December 31, 2024. The Company is currently unable to estimate a range of the amount of any potential future impairment write-downs as variables that impact the ceiling limitation are dependent upon actual results of activity through the end of December 2024.

## 8. PROPERTY AND EQUIPMENT AND ASSET RETIREMENT OBLIGATION

Barnwell's property and equipment is detailed as follows:

	Estimated Useful Lives	Gross Property and Equipment	Accumulated Depletion, Depreciation, Amortization, and Impairment	Net Property and Equipment
<u>At September 30, 2024:</u>				
Proved oil and natural gas properties (full cost method)		\$ 83,557,000	\$ (67,003,000)	\$ 16,554,000
Drilling rigs and equipment	3 – 10 years	3,103,000	(2,823,000)	280,000
Other property and equipment	3 – 10 years	576,000	(562,000)	14,000
Total		<u><u>\$ 87,236,000</u></u>	<u><u>\$ (70,388,000)</u></u>	<u><u>\$ 16,848,000</u></u>

	Estimated Useful Lives	Gross Property and Equipment	Accumulated Depletion, Depreciation, Amortization, and Impairment	Net Property and Equipment
<u>At September 30, 2023:</u>				
Proved oil and natural gas properties (full cost method)		\$ 80,851,000	\$ (59,549,000)	\$ 21,302,000
Drilling rigs and equipment	3 – 10 years	6,618,000	(6,127,000)	491,000
Other property and equipment	3 – 10 years	605,000	(587,000)	18,000
Total		<u><u>\$ 88,074,000</u></u>	<u><u>\$ (66,263,000)</u></u>	<u><u>\$ 21,811,000</u></u>

See Note 7 for discussion of acquisitions and divestitures of oil and natural gas properties in fiscal 2024 and 2023.

## Asset Retirement Obligation

Barnwell recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. The following is a reconciliation of the asset retirement obligation:

	Year ended September 30,	
	2024	2023
Asset retirement obligation as of beginning of year	\$ 9,833,000	\$ 8,456,000
Obligations incurred on new wells drilled or acquired	37,000	21,000
Liabilities associated with properties sold	(442,000)	—
Revision of estimated obligation	(614,000)	1,462,000
Accretion expense	900,000	808,000
Payments	(1,139,000)	(1,005,000)
Foreign currency translation adjustment	13,000	91,000
Asset retirement obligation as of end of year	8,588,000	9,833,000
Less current portion	(798,000)	(1,536,000)
Asset retirement obligation, long-term	<u>\$ 7,790,000</u>	<u>\$ 8,297,000</u>

Asset retirement obligations were reduced by \$442,000 and nil in fiscal 2024 and 2023, respectively, for those obligations that were assumed by purchasers of Barnwell's oil and natural gas properties (see Note 7 for additional details on dispositions). Asset retirement obligations were also reduced by \$614,000 in fiscal 2024 as compared to an increase of \$1,462,000 in fiscal 2023 primarily due to downward revisions related to deferrals in the estimated timing of future abandonments as a result of changes in the estimated economic lives of certain wells due to improved production performance of many wells in the Twining area as a result of focused attention and investment in optimization to improve well performance and reduce operating costs. Asset retirement obligations also increased by \$37,000 and \$21,000 in fiscal 2024 and 2023, respectively, due primarily to our wells drilled and acquisitions. The asset retirement obligation reflects the estimated present value of the amount of dismantlement, removal, site reclamation, and similar activities associated with Barnwell's oil and natural gas properties. Barnwell estimates the ultimate productive life of the properties, a credit-adjusted risk-free rate, and an inflation factor in order to determine the current present value of this obligation. The credit-adjusted risk-free rate for the entire asset retirement obligation is a blended rate which ranges from 6% to 13.5%.

In September 2019, the AER issued an abandonment/closure order for all wells and facilities in the Manyberries area which had been largely operated by LGX, an operating company that went into receivership in 2016. The estimated asset retirement obligation for the Company's interest in the wells and facilities in the Manyberries area is included in "Asset retirement obligation" in the Consolidated Balance Sheets.

After the abandonment/closure order was issued for Manyberries, the OWA created a WIP program for specific areas where there are a significant number of orphaned wells to abandon. The OWA has the ability and expertise to abandon wells using its internal resources and network of service providers resulting in efficiencies that companies such as Barnwell would not be able to obtain on its own. Under the WIP program, the Company would be required to provide payment for only Barnwell's working interest share, however, all WIP's would have to participate in the program for the OWA to begin its work. In March 2021, the Company was notified by the OWA that Barnwell's Manyberries wells were confirmed to be in the WIP program.

Under the agreement with the OWA, the Company is required to pay the abandonment and reclamation costs in advance through a cash deposit. The total cash deposit amount was calculated to be approximately \$1,525,000 and the Company paid \$888,000 of the total deposit in July and August 2021 and may need to pay the remaining balance of \$637,000 by August 2025. The Company revised its Manyberries ARO liability based on the OWA's revised abandonment and reclamation estimates. Based on a review of the details of the cash deposit calculation provided by the OWA, which includes amounts added for possible contingencies, the Company believes the required cash deposit amount by the OWA is higher than the actual costs of the asset retirement obligation for the Manyberries wells and that any excess of the deposit over actual asset retirement costs for the first phase of the work would be credited toward the second phase of the work. A remaining excess deposit, if any, would ultimately be refunded to the Company upon completion of all of the work. As of September 30, 2024, the Company recognized a cumulative reduction in the deposit balance of \$353,000 for work performed under this program.

## 9. RETIREMENT PLANS

Barnwell sponsors a noncontributory defined benefit pension plan ("Pension Plan") covering substantially all of its U.S. employees, with benefits based on years of service and the employee's highest consecutive 5 years average earnings. Barnwell's funding policy is intended to provide for both benefits attributed to service to date and for those expected to be earned in the future. In addition, Barnwell sponsors a Supplemental Executive Retirement Plan ("SERP"), a noncontributory supplemental retirement benefit plan which covers certain current and former employees of Barnwell for amounts exceeding the limits allowed under the Pension Plan. Effective December 31, 2019, the accrual of benefits for all participants in the Pension Plan and SERP was frozen and the plans were closed to new participants from that point forward.

The following tables detail the changes in benefit obligations, fair values of plan assets and reconciliations of the funded status of the retirement plans:

	Pension Plan		SERP	
	September 30,			
	2024	2023	2024	2023
<i>Change in Projected Benefit Obligation:</i>				
Benefit obligation at beginning of year	\$ 7,511,000	\$ 7,931,000	\$ 1,734,000	\$ 1,715,000
Interest cost	411,000	406,000	95,000	88,000
Actuarial loss (gain)	520,000	(394,000)	149,000	(66,000)
Benefits paid	(247,000)	(432,000)	(4,000)	(3,000)
Benefit obligation at end of year	8,195,000	7,511,000	1,974,000	1,734,000
<i>Change in Plan Assets:</i>				
Fair value of plan assets at beginning of year	11,982,000	11,316,000	—	—
Actual return on plan assets	1,359,000	1,098,000	—	—
Benefits paid	(247,000)	(432,000)	—	—
Fair value of plan assets at end of year	13,094,000	11,982,000	—	—
Funded status	\$ 4,899,000	\$ 4,471,000	\$ (1,974,000)	\$ (1,734,000)

	Pension Plan		SERP	
	September 30,			
	2024	2023	2024	2023
<i>Amounts recognized in the Consolidated Balance Sheets:</i>				
Noncurrent assets	\$ 4,899,000	\$ 4,471,000	\$ —	\$ —
Current liabilities	—	—	(76,000)	(70,000)
Noncurrent liabilities	—	—	(1,898,000)	(1,664,000)
Net amount	<u>\$ 4,899,000</u>	<u>\$ 4,471,000</u>	<u>\$ (1,974,000)</u>	<u>\$ (1,734,000)</u>
<i>Amounts recognized in accumulated other comprehensive income before income taxes:</i>				
Net actuarial gain	<u>\$ (1,251,000)</u>	<u>\$ (1,178,000)</u>	<u>\$ (96,000)</u>	<u>\$ (330,000)</u>
Accumulated other comprehensive income	<u>\$ (1,251,000)</u>	<u>\$ (1,178,000)</u>	<u>\$ (96,000)</u>	<u>\$ (330,000)</u>

The accumulated benefit obligation for the Pension Plan was \$8,195,000 and \$7,511,000 at September 30, 2024 and 2023, respectively. The accumulated benefit obligation for the SERP was \$1,974,000 and \$1,734,000 at September 30, 2024 and 2023, respectively. The accumulated benefit obligations are the same as the projected benefit obligations due to the Pension Plan and SERP being frozen as of December 31, 2019.

Currently, no contributions are planned to be made to the Pension Plan during fiscal 2025. The SERP plan is unfunded and Barnwell funds benefits when payments are made. Expected payments under the SERP for fiscal 2025 are expected to be \$76,000. Fluctuations in actual market returns as well as changes in general interest rates will result in changes in the market value of plan assets and may result in increased or decreased retirement benefits costs and contributions in future periods.

The Pension Plan actuarial losses in fiscal 2024 were primarily due to a decrease in the discount rate, partially offset by an actuarial gain resulting from actual investment returns that were greater than the assumed rate of return. The SERP actuarial losses in fiscal 2024 were primarily due to a decrease in the discount rate.

The Pension Plan actuarial gains in fiscal 2023 were primarily due to an increase in the discount rate and actual investment returns that were greater than the assumed rate of return. The SERP actuarial gains in fiscal 2023 were primarily due to an increase in the discount rate.

The following table presents the weighted-average assumptions used to determine benefit obligations and net benefit (income) costs:

	Pension Plan		SERP	
	Year ended September 30,			
	2024	2023	2024	2023
Assumptions used to determine fiscal year-end benefit obligations:				
Discount rate	4.88%	5.62%	4.88%	5.62%
Rate of compensation increase	N/A	N/A	N/A	N/A
Assumptions used to determine net benefit costs (years ended):				
Discount rate	5.62%	5.25%	5.62%	5.25%
Expected return on plan assets	6.50%	6.00%	N/A	N/A
Rate of compensation increase	N/A	N/A	N/A	N/A

We select a discount rate by reference to yields from the Willis Towers Watson RATE:Link 10-90 yield curve at our consolidated balance sheet date. The expected return on plan assets is based on an actuarial model which takes into consideration our investment mix and market conditions.

The components of net periodic benefit (income) cost are as follows:

	Pension Plan		SERP	
	Year ended September 30,			
	2024	2023	2024	2023
Net periodic benefit (income) cost for the year:				
Interest cost	\$ 411,000	\$ 406,000	\$ 95,000	\$ 88,000
Expected return on plan assets	(766,000)	(667,000)	—	—
Amortization of net actuarial gain	—	—	(85,000)	(79,000)
Net periodic benefit (income) cost	\$ (355,000)	\$ (261,000)	\$ 10,000	\$ 9,000

The benefits expected to be paid under the retirement plans as of September 30, 2024 are as follows:

	Pension Plan	SERP
<i>Expected Benefit Payments:</i>		
Fiscal year ending September 30, 2025	\$ 396,000	\$ 76,000
Fiscal year ending September 30, 2026	\$ 562,000	\$ 152,000
Fiscal year ending September 30, 2027	\$ 555,000	\$ 150,000
Fiscal year ending September 30, 2028	\$ 593,000	\$ 155,000
Fiscal year ending September 30, 2029	\$ 630,000	\$ 160,000
Fiscal years ending September 30, 2030 through 2034	\$ 3,075,000	\$ 764,000

#### *Plan Assets*

The trustees of the Pension Plan communicate periodically with the Pension Plan's professional investment advisors to establish investment policies, direct investments and select investment options. The overall investment objective of the Pension Plan is to attain a diversified combination of investments that provides long-term growth in the assets of the plan to fund future benefit obligations while managing risk

in order to meet current benefit obligations. Generally, interest and dividends received provide cash flows to fund current benefit obligations. Longer-term obligations are generally estimated to be provided for by growth in equity securities. The Pension Plan's investment policy permits investments in a diversified mix of U.S. and international equities, fixed income securities, other investments, and cash equivalents.

The Pension Plan's investments in fixed income securities include corporate bonds, U.S. treasury and government securities, preferred securities, and fixed income exchange-traded funds. The Pension Plan's investments in equity securities primarily include domestic companies and is comprised of companies with market capitalization categorized as follows: 47% micro-cap; 20% small-cap; 15% mid-cap; and 18% large-cap. The Pension Plan's other investment is a short-term note receivable from an unrelated private company.

The Company's year-end target allocation, by asset category, and the actual asset allocations were as follows:

Asset Category	Target	September 30,	
	Allocation	2024	2023
Cash and cash equivalents	0% - 25%	4%	2%
Fixed income securities	15% - 40%	19%	32%
Equity securities	45% - 75%	73%	66%
Other investment	0% - 10%	4%	—%

Actual investment allocations may vary from our target allocations from time to time due to prevailing market conditions. We periodically review our actual investment allocations and rebalance our investments to our target allocations as dictated by current and anticipated market conditions and required cash flows.

We categorize plan assets into three levels based upon the assumptions used to price the assets. Level 1 provides the most reliable measure of fair value, whereas Level 3 requires significant management judgment in determining the fair value. Equity securities and exchange-traded funds are valued by obtaining quoted prices on recognized and highly liquid exchanges. Fixed income securities are valued based upon the closing price reported in the active market in which the security is traded. All of our plan assets, except for the note receivable from a private company, are categorized as Level 1 assets, and as such, the actual market value is used to determine the fair value of assets. The fair value of the note receivable from an unrelated private company is valued based upon the terms of the note receivable's agreement and unobservable inputs such as management's consideration of the counterparty's credit risk and as such, is categorized as a Level 3 asset.

The following tables set forth by level, within the fair value hierarchy, pension plan assets at their fair value:

		Fair Value Measurements Using:		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>September 30, 2024</b>	Carrying Amount			
Financial Assets:				
Cash	\$ 531,000	\$ 531,000	\$ —	\$ —
U.S. treasury and government securities	516,000	516,000	—	—
Fixed income exchange-traded funds	1,872,000	1,872,000	—	—
Preferred securities	88,000	88,000	—	—
Equities	9,516,000	9,516,000	—	—
Note receivable from an unrelated private company	571,000	—	—	571,000
Total	<u>\$ 13,094,000</u>	<u>\$ 12,523,000</u>	<u>\$ —</u>	<u>\$ 571,000</u>

		Fair Value Measurements Using:		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>September 30, 2023</b>	Carrying Amount			
Financial Assets:				
Cash	\$ 263,000	\$ 263,000	\$ —	\$ —
U.S. treasury and government securities	709,000	709,000	—	—
Fixed income exchange-traded funds	3,102,000	3,102,000	—	—
Preferred securities	47,000	47,000	—	—
Equities	7,861,000	7,861,000	—	—
Total	<u>\$ 11,982,000</u>	<u>\$ 11,982,000</u>	<u>\$ —</u>	<u>\$ —</u>

The following sets forth a summary of changes in the fair value of the pension plan Level 3 asset:

	Year ended September 30,	
	2024	2023
Balance at beginning of year	\$ —	\$ —
Issuance of note receivable from an unrelated private company	571,000	—
Balance at end of year	<u>\$ 571,000</u>	<u>\$ —</u>



## 10. INCOME TAXES

The components of loss before income taxes, after adjusting the loss for non-controlling interests, are as follows:

	Year ended September 30,	
	2024	2023
United States	\$ (2,820,000)	\$ (2,414,000)
Canada	(2,532,000)	1,400,000
	<u>\$ (5,352,000)</u>	<u>\$ (1,014,000)</u>

The components of the income tax provision (benefit) related to the above losses are as follows:

	Year ended September 30,	
	2024	2023
Current provision:		
United States – State		
Before operating loss carryforwards	\$ 23,000	\$ 47,000
Benefit of operating loss carryforwards	—	—
After operating loss carryforwards	<u>23,000</u>	<u>47,000</u>
Canadian		
Before operating loss carryforwards	148,000	274,000
Benefit of operating loss carryforwards	—	(244,000)
After operating loss carryforwards	<u>148,000</u>	<u>30,000</u>
Total current	<u>171,000</u>	<u>77,000</u>
Deferred provision (benefit):		
United States – State	42,000	(130,000)
Total deferred	<u>42,000</u>	<u>(130,000)</u>
	<u>\$ 213,000</u>	<u>\$ (53,000)</u>

Consolidated taxes do not bear a customary relationship to pretax results due primarily to the fact that the Company is taxed separately in Canada based on Canadian source operations and in the U.S. based on consolidated operations, and essentially all deferred tax assets, net of relevant offsetting deferred tax liabilities, are not estimated to have a future benefit as tax credits or deductions. The Company operates two subsidiaries in Canada, one of which is a U.S. corporation operating as a branch in Canada that is treated as a non-resident for Canadian tax purposes and thus has operating results that cannot be offset against or combined with the other Canadian subsidiary that files as a resident for Canadian tax purposes. Income from our non-controlling interest in the Kukio Resort Land Development Partnerships is treated as non-unitary for state of Hawaii unitary filing purposes, thus unitary Hawaii losses provide limited sheltering of such non-unitary income. Income from our investment in the Oklahoma oil venture is 100% allocable to Oklahoma. As such, Barnwell receives no benefit from consolidated or unitary losses and, therefore, is subject to Oklahoma state taxes. Consolidated taxes also include the impacts of favorable state jurisdiction provision to tax return true-ups. Our operations in Texas are subject to a franchise tax assessed by the state of Texas, however no significant amounts have been incurred to date.

A reconciliation between the reported income tax expense (benefit) and the amount computed by multiplying the loss attributable to Barnwell before income taxes by the U.S. federal tax rate of 21% is as follows:

	Year ended September 30,	
	2024	2023
Tax benefit computed by applying statutory rate	\$ (1,124,000)	\$ (213,000)
Increase in the valuation allowance	1,383,000	182,000
Additional effect of the foreign tax provision on the total tax provision	(129,000)	(4,000)
U.S. state income tax provision (benefit), net of federal effect	70,000	(9,000)
U.S. state provision to tax return adjustments	(12,000)	(106,000)
Other	25,000	97,000
	<u>\$ 213,000</u>	<u>\$ (53,000)</u>

The change in the valuation allowance shown in the table above excludes the impact of changes in the valuation allowance of items that are incorporated within the respective reconciliation line items elsewhere in the table.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	September 30,	
	2024	2023
Deferred income tax assets:		
Foreign tax credit carryover under U.S. tax law	\$ 916,000	\$ 928,000
U.S. federal net operating loss carryover	10,382,000	9,406,000
U.S. state unitary net operating loss carryovers	1,334,000	1,177,000
Canadian net operating loss carryovers	1,331,000	1,025,000
Tax basis of investment in land in excess of book basis under U.S. tax law	11,000	25,000
Property and equipment accumulated book depreciation and depletion in excess of tax under U.S. tax law	548,000	275,000
Asset retirement obligation accrued for books but not for tax under U.S. tax law	907,000	1,084,000
Asset retirement obligation accrued for books but not for tax under Canadian tax law	2,141,000	2,461,000
Other liabilities accrued for books but not for tax under U.S. tax law	669,000	612,000
Foreign currency loss under U.S. tax law	68,000	68,000
Foreign currency loss under Canadian tax law	79,000	81,000
Other	168,000	116,000
Total gross deferred income tax assets	18,554,000	17,258,000
Less valuation allowance	(13,896,000)	(12,439,000)
Net deferred income tax assets	4,658,000	4,819,000
Deferred income tax liabilities:		
Property and equipment accumulated tax depreciation and depletion in excess of book under Canadian tax law	(117,000)	(926,000)
Book basis of investment in land development partnerships in excess of tax basis under U.S. tax law	(282,000)	(133,000)
Book basis of investment in land development partnerships in excess of tax basis under U.S. state non-unitary tax law	(86,000)	(40,000)
U.S. oil and gas property and equipment accumulated tax depreciation and depletion in excess of book under U.S. tax law	(698,000)	(906,000)
U.S. oil and gas property and equipment accumulated tax depreciation and depletion in excess of book under U.S. state tax law	(16,000)	(19,000)
U.S. tax law impact of foreign branch deferred tax asset under Canadian tax law	(2,215,000)	(1,655,000)
Asset for retirement benefits	(1,029,000)	(939,000)
Other	(315,000)	(259,000)
Total deferred income tax liabilities	(4,758,000)	(4,877,000)
Net deferred income tax liability	\$ (100,000)	\$ (58,000)
Reported as:		
Deferred income tax assets	\$ —	\$ —
Deferred income tax liabilities	(100,000)	(58,000)
Net deferred income tax liability	\$ (100,000)	\$ (58,000)

The total valuation allowance increased \$1,457,000 for the year ended September 30, 2024. The increase was due to current fiscal year operational activity that resulted in changes in deferred tax asset and liability balances, and there were no changes in judgment about the realizability of related deferred tax assets in future years. Of the total net increase in the valuation allowance for fiscal 2024, \$1,392,000 was recognized as an income tax expense and \$65,000 was charged to accumulated other comprehensive income.

Net deferred tax assets at September 30, 2024 of \$4,658,000 consists of the portion of deferred tax assets that are estimated to be partially realized through corresponding concurrent reversals of deferred tax liabilities related to the Kukio Resort Land Development Partnerships' excess of book income over taxable income, the book basis of property and equipment in excess of tax basis, foreign branch deferred taxes, asset for retirement benefits accrued for books but not for tax under U.S. tax law, and certain other minor deferred tax liabilities.

At September 30, 2024, Barnwell had U.S. federal foreign tax credit carryovers, U.S. federal net operating loss carryovers, U.S. state net operating loss carryovers and Canadian net operating loss carryovers totaling \$916,000, \$49,439,000, \$20,848,000 and \$4,958,000, respectively. The U.S. federal net operating loss carryovers generated through September 30, 2018 expire in fiscal years 2032-2038, the U.S. state unitary net operating loss carryovers generated through September 30, 2017 expire in fiscal years 2033-2037, the Canadian net operating loss carryovers expire in fiscal years 2039-2044, and the foreign tax credit carryover expires in fiscal year 2025. The U.S. federal net operating loss carryovers generated in fiscal years 2019-2024 and the U.S. state net operating loss carryovers generated in fiscal years 2018-2024 have no expiry, however utilization of the U.S. state and U.S. federal net operating loss carryovers generated in these and future years are limited to 80% of taxable income.

FASB ASC Topic 740, Income Taxes, prescribes a threshold for recognizing the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination by a taxing authority.

Barnwell files U.S. federal income tax returns, income tax returns in various U.S. states, and Canadian federal and provincial tax returns. A number of years may elapse before an uncertain tax position, for which we have unrecognized tax benefits, is audited and finally resolved. We believe that our unrecognized tax benefits are reflected on a more likely than not basis. We evaluate uncertain tax positions based on ongoing facts and circumstances. Any change in judgment related to the expected resolution of uncertain tax positions is recognized in earnings in the period in which such change occurs. Interest and penalties, if any, related to unrecognized tax benefits are recorded as a component of income tax expense. Settlement of any particular position could require the use of cash. Favorable or unfavorable resolution for an amount less than or greater than the amount estimated by Barnwell will result in a decrease or increase to income tax expense in the period of resolution.

There were no changes in unrecognized tax benefits during the years ended September 30, 2024 or 2023.

	Year ended September 30,	
	2024	2023
Balance at beginning of year	\$ 62,000	\$ 62,000
Effect of tax positions taken in prior years	—	—
Accrued interest related to tax positions taken	—	—
Balance at end of year	<u>\$ 62,000</u>	<u>\$ 62,000</u>

Uncertain tax positions at September 30, 2024 are related to the potential assessment of penalties and interest for the failure to file a certain foreign information form with each of our U.S. federal income tax returns for fiscal years 2019, 2020 and 2021. The Company filed amended U.S. federal income tax returns which included the missing form and statement of reasonable cause for these years in September and October 2023 and requested abatement of any potential penalties and interest which could subsequently be assessed. The Company is awaiting a response from the IRS and the probability of success of the abatement request remains uncertain.

Included below is a summary of the tax years, by jurisdiction, that remain subject to examination by taxing authorities at September 30, 2024:

Jurisdiction	Fiscal Years Open
U.S. federal	2019 – 2023
Various U.S. states	2021 – 2023
Canada federal	2017 – 2023
Various Canadian provinces	2017 – 2023

## 11. REVENUE FROM CONTRACTS WITH CUSTOMERS

### *Disaggregation of Revenue*

The following tables provide information about disaggregated revenue by revenue streams, reportable segments, geographical region, and timing of revenue recognition for the years ended September 30, 2024 and 2023.

Year ended September 30, 2024					
	Oil and natural gas	Contract drilling	Land investment	Other	Total
Revenue streams:					
Oil	\$ 13,509,000	\$ —	\$ —	\$ —	\$13,509,000
Natural gas	2,007,000	—	—	—	2,007,000
Natural gas liquids	1,880,000	—	—	—	1,880,000
Drilling and pump	—	3,612,000	—	—	3,612,000
Contingent residual payments	—	—	500,000	—	500,000
Other	—	—	—	128,000	128,000
Total revenues before interest income	<u>\$ 17,396,000</u>	<u>\$ 3,612,000</u>	<u>\$ 500,000</u>	<u>\$ 128,000</u>	<u>\$21,636,000</u>
Geographical regions:					
United States	\$ 2,303,000	\$ 3,612,000	\$ 500,000	\$ 37,000	\$ 6,452,000
Canada	15,093,000	—	—	91,000	15,184,000
Total revenues before interest income	<u>\$ 17,396,000</u>	<u>\$ 3,612,000</u>	<u>\$ 500,000</u>	<u>\$ 128,000</u>	<u>\$21,636,000</u>
Timing of revenue recognition:					
Goods transferred at a point in time	\$ 17,396,000	\$ —	\$ 500,000	\$ 128,000	\$18,024,000
Services transferred over time	—	3,612,000	—	—	3,612,000
Total revenues before interest income	<u>\$ 17,396,000</u>	<u>\$ 3,612,000</u>	<u>\$ 500,000</u>	<u>\$ 128,000</u>	<u>\$21,636,000</u>

Year ended September 30, 2023					
	Oil and natural gas	Contract drilling	Land investment	Other	Total
Revenue streams:					
Oil	\$ 14,259,000	\$ —	\$ —	\$ —	\$14,259,000
Natural gas	3,441,000	—	—	—	3,441,000
Natural gas liquids	1,676,000	—	—	—	1,676,000
Drilling and pump	—	5,427,000	—	—	5,427,000
Contingent residual payments	—	—	265,000	—	265,000
Other	—	—	—	114,000	114,000
Total revenues before interest income	<u>\$ 19,376,000</u>	<u>\$ 5,427,000</u>	<u>\$ 265,000</u>	<u>\$ 114,000</u>	<u>\$25,182,000</u>
Geographical regions:					
United States	\$ 2,746,000	\$ 5,427,000	\$ 265,000	\$ 10,000	\$ 8,448,000
Canada	16,630,000	—	—	104,000	16,734,000
Total revenues before interest income	<u>\$ 19,376,000</u>	<u>\$ 5,427,000</u>	<u>\$ 265,000</u>	<u>\$ 114,000</u>	<u>\$25,182,000</u>
Timing of revenue recognition:					
Goods transferred at a point in time	\$ 19,376,000	\$ —	\$ 265,000	\$ 114,000	\$19,755,000
Services transferred over time	—	5,427,000	—	—	5,427,000
Total revenues before interest income	<u>\$ 19,376,000</u>	<u>\$ 5,427,000</u>	<u>\$ 265,000</u>	<u>\$ 114,000</u>	<u>\$25,182,000</u>

## Contract Balances

The following table provides information about accounts receivables, contract assets and contract liabilities from contracts with customers:

	September 30,		
	2024	2023	2022
Accounts receivables from contracts with customers	\$ 2,031,000	\$ 2,931,000	\$ 4,038,000
Contract assets	267,000	958,000	580,000
Contract liabilities	—	377,000	1,087,000

Accounts receivables from contracts with customers are included in “Accounts and other receivables, net of allowance for credit losses,” in the accompanying Consolidated Balance Sheets and contract assets, which includes costs and estimated earnings in excess of billings and retainage, are included in “Other current assets” in the accompanying Consolidated Balance Sheets. Contract liabilities, which includes billings in excess of costs and estimated earnings are included in “Other current liabilities” in the accompanying Consolidated Balance Sheets.

Retainage, included in contract assets, represents amounts due from customers, but where payments are withheld contractually until certain construction milestones are met. Amounts retained typically range from 5% to 10% of the total invoice, up to contractually-specified maximums. The Company classifies as a current asset those retainages that are expected to be collected in the next twelve months.

Contract assets represent the Company’s rights to consideration in exchange for services transferred to a customer that have not been billed as of the reporting date. The Company’s rights are generally unconditional at the time its performance obligations are satisfied.

When the Company receives consideration, or such consideration is unconditionally due, from a customer prior to transferring goods or services to the customer under the terms of a sales contract, the Company records deferred revenue, which represents a contract liability. Such deferred revenue typically results from billings in excess of costs and estimated earnings on uncompleted contracts. As of September 30, 2024 and 2023, the Company had nil and \$377,000, respectively, included in “Other current liabilities” on the Consolidated Balance Sheets for those performance obligations expected to be completed in the next twelve months.

During the years ended September 30, 2024 and 2023, the amount of revenue recognized that was previously included in contract liabilities as of the beginning of the respective period was \$377,000 and \$1,015,000, respectively.

Contracts are sometimes modified for a change in scope or other requirements. The Company considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of the Company’s contract modifications are for goods and services that are not distinct from the existing performance obligations. The effect of a contract modification on the transaction price, and the measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase or decrease) on a cumulative catchup basis.

### *Performance Obligations*

The Company's remaining performance obligations for drilling and pump installation contracts (hereafter referred to as "backlog") represent the unrecognized revenue value of the Company's contract commitments. The Company's backlog may vary significantly each reporting period based on the timing of major new contract commitments. In addition, our customers have the right, under some infrequent circumstances, to terminate contracts or defer the timing of the Company's services and their payments to us. Nearly all of the Company's contract drilling segment contracts have original expected durations of one year or less. At September 30, 2024, the remaining performance obligation for contract drilling jobs with original expected durations greater than one year was not material.

### *Contract Fulfillment Costs*

Preconstruction costs, which include costs such as set-up and mobilization, are capitalized and allocated across all performance obligations and deferred and amortized over the contract term on a progress towards completion basis. As of September 30, 2024 and 2023, the Company had \$173,000 and \$504,000, respectively, in unamortized preconstruction costs related to contracts that were not completed. During the years ended September 30, 2024 and 2023, the amortization of preconstruction costs related to contracts was \$306,000 and \$326,000, respectively. These amounts have been included in "Contract drilling operating" costs and expenses in the accompanying Consolidated Statements of Operations. Additionally, no impairment charges in connection with the Company's preconstruction costs were recorded during the years ended September 30, 2024 and 2023.

### *Uninstalled Materials*

Uninstalled materials, which typically consists of well casing or pumps, are excluded in the costs-to-costs calculation for the duration of the contract as including these costs would result in a distortion of progress towards satisfaction of the performance obligation due to the resulting cumulative catch-up in margin in a single period. An equal amount of cost and revenue is recorded when uninstalled materials are controlled by the customer, which is typically when Barnwell has the right to payment for the materials and when the materials are delivered to the customer's site or location and such materials have been accepted by the customer. As of September 30, 2024 and 2023, uninstalled materials was \$65,000 and \$348,000, respectively. Uninstalled materials are held in inventory and included in "Other current assets" on the Company's Consolidated Balance Sheets.



## 12. SEGMENT AND GEOGRAPHIC INFORMATION

Barnwell operates the following segments: 1) acquiring, developing, producing and selling oil and natural gas in Canada and the U.S. (oil and natural gas); 2) leasehold land interests in Hawaii (land investment); and 3) drilling wells and installing and repairing water pumping systems in Hawaii (contract drilling).

The following table presents certain financial information related to Barnwell's reporting segments. All revenues reported are from external customers with no intersegment sales or transfers.

	Year ended September 30,	
	2024	2023
Revenues:		
Oil and natural gas	\$ 17,396,000	\$ 19,376,000
Contract drilling	3,612,000	5,427,000
Land investment	500,000	265,000
Other	128,000	114,000
Total before interest income	21,636,000	25,182,000
Interest income	88,000	87,000
Total revenues	\$ 21,724,000	\$ 25,269,000
Depletion, depreciation, and amortization:		
Oil and natural gas	\$ 4,947,000	\$ 4,269,000
Contract drilling	156,000	186,000
Other	3,000	2,000
Total depletion, depreciation, and amortization	\$ 5,106,000	\$ 4,457,000
Impairment:		
Oil and natural gas	\$ 2,885,000	\$ —
Total impairment	\$ 2,885,000	\$ —
Operating (loss) profit (before general and administrative expenses):		
Oil and natural gas	\$ (285,000)	\$ 4,673,000
Contract drilling	(1,027,000)	(428,000)
Land investment	500,000	265,000
Other	125,000	112,000
Gain on sale of assets	—	551,000
Total operating (loss) profit	(687,000)	5,173,000
Equity in income of affiliates:		
Land investment	1,071,000	758,000
General and administrative expenses	(5,598,000)	(6,956,000)
Foreign currency gain	10,000	76,000
Interest expense	(2,000)	(2,000)
Interest income	88,000	87,000
Loss before income taxes	\$ (5,118,000)	\$ (864,000)

*Capital Expenditures:*

	Year ended September 30,	
	2024	2023
Oil and natural gas	\$ 4,228,000	\$ 12,212,000
Contract drilling	12,000	314,000
Other	1,000	14,000
Total	<u>\$ 4,241,000</u>	<u>\$ 12,540,000</u>

*Oil and natural gas capital expenditures include acquisitions as well as changes to capitalized asset retirement obligations, including revisions of asset retirement obligations (see Note 8 for additional details).*

*Assets By Segment:*

	September 30,	
	2024	2023
Oil and natural gas:		
Canada	\$ 15,218,000	\$ 18,855,000
United States	4,190,000	5,917,000
Contract drilling <sup>(1)</sup>	1,597,000	3,100,000
Other:		
Cash and cash equivalents	4,505,000	2,830,000
Asset for retirement benefits	4,899,000	4,471,000
Corporate and other	260,000	248,000
Total	<u>\$ 30,669,000</u>	<u>\$ 35,421,000</u>

(1) Located in Hawaii.

*Long-Lived Assets By Geographic Area:*

	September 30,	
	2024	2023
United States	\$ 9,214,000	\$ 10,373,000
Canada	12,572,000	15,963,000
Total	<u>\$ 21,786,000</u>	<u>\$ 26,336,000</u>

*Revenue By Geographic Area:*

	Year ended September 30,	
	2024	2023
United States	\$ 6,452,000	\$ 8,448,000
Canada	15,184,000	16,734,000
Total (before interest income)	<u>\$ 21,636,000</u>	<u>\$ 25,182,000</u>

### 13. ACCUMULATED OTHER COMPREHENSIVE INCOME

Components of accumulated other comprehensive income, net of taxes, are as follows:

	Year ended September 30,	
	2024	2023
Foreign currency translation:		
Beginning accumulated foreign currency translation	\$ 220,000	\$ 222,000
Change in cumulative translation adjustment before reclassifications	—	(2,000)
Income taxes	—	—
Net current period other comprehensive loss	—	(2,000)
Ending accumulated foreign currency translation	220,000	220,000
Retirement plans:		
Beginning accumulated retirement plans benefit income	1,884,000	1,072,000
Amortization of net actuarial gain	(85,000)	(79,000)
Net actuarial (loss) gain arising during the period	(76,000)	891,000
Income taxes	—	—
Net current period other comprehensive (loss) income	(161,000)	812,000
Ending accumulated retirement plans benefit income	1,723,000	1,884,000
Accumulated other comprehensive income, net of taxes	\$ 1,943,000	\$ 2,104,000

The amortization of net actuarial gain for the retirement plans are included in the computation of net periodic benefit (income) cost which is a component of “General and administrative” expenses on the accompanying Consolidated Statements of Operations (see Note 9 for additional details).

### 14. FAIR VALUE MEASUREMENTS

#### *Fair Value of Financial Instruments*

The carrying values of cash and cash equivalents, accounts and other receivables, accounts payable and accrued current liabilities approximate their fair values due to the short-term nature of the instruments.

#### *Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis*

The estimated fair values of oil and natural gas properties and the asset retirement obligation incurred in the drilling of oil and natural gas wells or assumed in the acquisitions of additional oil and natural gas working interests are based on an estimated discounted cash flow model and market assumptions. The assumptions used in the calculation of estimated discounted cash flows were primarily Level 3 assumptions; assumptions included future commodity prices, projections of estimated quantities of oil and natural gas reserves, expectations for timing and amount of future development, operating and asset retirement costs, projections of future rates of production, expected recovery rates and risk adjusted discount rates. See Note 7 for additional information regarding oil and natural gas property acquisitions.

Barnwell estimates the fair value of asset retirement obligations based on the projected discounted future cash outflows required to settle abandonment and restoration liabilities. Such an estimate requires assumptions and judgments regarding the existence of liabilities, the amount and timing of cash outflows required to settle the liability, what constitutes adequate restoration, inflation factors, credit adjusted discount rates, and consideration of changes in legal, regulatory, environmental and political

environments. Abandonment and restoration cost estimates are determined in conjunction with Barnwell's reserve engineers based on historical information regarding costs incurred to abandon and restore similar well sites, information regarding current market conditions and costs, and knowledge of subject well sites and properties. Asset retirement obligation fair value measurements in the current period were Level 3 fair value measurements. As further described in Note 8, the Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. Asset retirement obligations are not measured at fair value subsequent to initial recognition.

## 15. LEASES

The Company's right-of-use ("ROU") assets and lease liabilities at September 30, 2024, primarily relate to non-cancelable operating leases for our Hawaii corporate and Canadian office spaces and our leasehold land interest for Lot 4C held by Kaupulehu Developments. Management determines if a contract is or contains a lease at inception of the contract or modification of the contract. A contract is or contains a lease if the contract conveys the right to control the use of the asset for a period in exchange for consideration.

Operating lease ROU assets and liabilities are recognized based on the present value of future minimum lease payments over the expected lease term at commencement date. The Company's leases do not provide a readily determinable implicit rate; therefore, management uses the Company's incremental borrowing rate to discount lease payments based on information available at lease commencement. Our lease terms may include options to extend or terminate the lease when it is reasonably certain we will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease terms. The Company has lease agreements with lease and non-lease components and the non-lease components are excluded in the calculation of the ROU asset and lease liability and expensed as incurred. None of the Company's lease agreements contain material residual value guarantees or material restrictions or covenants.

A ROU asset and corresponding lease liability is not recorded for leases with an initial term of 12 months or less (short-term leases) as the Company recognizes lease expense for these leases as incurred over the lease term.

Leases recorded on the balance sheet consist of the following:

	September 30,	
	2024	2023
Assets:		
Operating lease right-of-use assets	\$ 39,000	\$ 54,000
Total right-of-use assets	<u>\$ 39,000</u>	<u>\$ 54,000</u>
Liabilities:		
Current portion of operating lease liabilities (1)	\$ 68,000	\$ 71,000
Operating lease liabilities	7,000	47,000
Total lease liabilities	<u>\$ 75,000</u>	<u>\$ 118,000</u>

(1) Amount included in "Other Current Liabilities" in the Consolidated Balance Sheets.

The components of lease expense are as follows:

	Year ended September 30,	
	2024	2023
Operating lease cost	\$ 87,000	\$ 88,000
Short-term lease cost	358,000	347,000
Variable lease cost	142,000	136,000
Total lease cost	<u>\$ 587,000</u>	<u>\$ 571,000</u>

Supplemental information related to leases is as follows:

	September 30,	
	2024	2023
Cash paid related to operating lease liabilities	\$ 114,000	\$ 114,000
Operating leases:		
Weighted-average remaining lease term (in years)	0.9	1.7
Weighted-average discount rate	6.99%	5.53%

The remaining lease payments for our operating leases as of September 30, 2024, are as follows:

<u>Fiscal year ending:</u>	
2025	\$ 70,000
2026	7,000
2027	—
2028	—
2029	—
Thereafter	—
Total lease payments	<u>77,000</u>
Less: amounts representing interest	<u>(2,000)</u>
Present value of lease liabilities	<u>\$ 75,000</u>

The lease payments for the Lot 4C leasehold land zoned conservation were subject to renegotiation as of January 1, 2006. Per the lease agreement, the lease payments will remain unchanged pending an appraisal, whereupon the lease rent could be adjusted to fair market value. Barnwell does not know the amount of the new lease payments which could be effective upon performance of the appraisal; they may remain unchanged or increase, and Barnwell currently expects the adjustment, if any, to not be material. The future lease payment disclosures above assume the minimum lease payments for leasehold land in effect at December 31, 2005 remain unchanged through December 2025, the end of the lease term.

## 16. STOCKHOLDERS' EQUITY

### *Share-based Payment Arrangements*

#### *2018 Equity Incentive Plan*

The stockholder-approved 2018 Equity Incentive Plan is administered by the Compensation Committee of the Board of Directors and provides for the issuance of incentive stock options, nonstatutory stock options, stock options with stock appreciation rights, restricted stock, restricted stock units and performance units, qualified performance-based awards, and stock grants to employees, consultants and

non-employee members of the Board of Directors. 1,600,000 shares of Barnwell common stock have been reserved for issuance and as of September 30, 2024, a total of 925,188 share options remain available for grant.

Barnwell currently has a policy of issuing new shares to satisfy share option exercises when the optionee requests shares.

### *Stock Options*

In February 2021, the Board of Directors of the Company granted options to purchase 665,000 shares of common stock, 310,000 shares to independent directors and 355,000 shares to employees. 605,000 shares of the stock options granted have an exercise price equal to the closing market price of Barnwell's stock on the date of grant of \$3.33, vest annually over three years, and expire in ten years from the date of grant. 60,000 shares of the stock options granted have an exercise price of \$3.66 (110% of the closing market price on the date of grant for options granted to affiliates), vest annually over three years, and expire in five years from the date of grant. Of the 665,000 shares of common stock granted, 100,000 vested stock options expired and 100,000 shares were forfeited, both of which were as a result of director departures since the date of grant.

The following assumptions were used in estimating the fair value for equity-classified stock options granted in the year ended September 30, 2021:

	> 10% Owner-Employee	Others
Number of shares	60,000	605,000
Expected volatility	127.4%	105.8%
Expected dividends	None	None
Expected term (in years)	3.5	6.0
Risk-free interest rate	0.19%	0.82%
Expected forfeitures	None	None
Fair value per share	\$2.51	\$2.70

The application of alternative assumptions could produce significantly different estimates of the fair value of share-based compensation, and consequently, the related costs reported in the "General and administrative" expenses in the Consolidated Statements of Operations.

The following table summarizes Barnwell's equity-classified stock options activity from October 1, 2023 through September 30, 2024:

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at October 1, 2023	465,000	\$ 3.37		
Granted	—	—		
Exercised	—	—		
Expired/Forfeited	—	—		
Outstanding at September 30, 2024	465,000	\$ 3.37	5.7	\$ —
Exercisable at September 30, 2024	465,000	\$ 3.37	5.7	\$ —

Compensation cost for stock option awards is measured at the grant date based on the fair value of the award and is recognized as an expense over the requisite service period. During the years ended September 30, 2024 and 2023, the Company recognized share-based compensation expense related to stock options of \$50,000 and \$164,000, respectively. There was no impact on income taxes for the years ended September 30, 2024 and 2023 due to a full valuation allowance on the related deferred tax asset. There is no remaining unrecognized compensation cost related to stock options as of September 30, 2024.

#### *Restricted Stock Units*

On November 2, 2023, the Board of Directors of the Company granted a total of 76,336 restricted stock units to the independent directors of the Board as partial payment of director fees for their service as members of the Board. The restricted stock units vest ratably over a three-year period, subject to the director's continued service through the applicable vesting dates; provided that, any unvested restricted stock would vest upon a director's death, disability, a change in control of the Company resulting in the director not continuing as a director or the director not being renominated for election even though he was willing to stand for re-election.

On May 16, 2024, the Board of Directors of the Company granted 60,000 restricted stock units to the Company's President and Chief Executive Officer. The restricted stock units vest ratably over a three-year period, subject to the employee's continued service through the applicable vesting dates.

The following table summarizes Barnwell's restricted stock units activity from October 1, 2023 through September 30, 2024:

Restricted Stock Units	Shares	Weighted-Average Grant Date Fair Value
Nonvested at October 1, 2023	—	\$ —
Granted	136,336	2.62
Vested <sup>(1)</sup>	(25,444)	2.62
Forfeited	—	—
Nonvested at September 30, 2024	110,892	\$ 2.63

(1) The underlying common stock for these vested restricted stock units were not yet issued as of September 30, 2024; in October 2024, the Company issued 25,444 shares of common stock for these vested restricted stock units.

Compensation cost for restricted stock unit awards is measured at fair value and is recognized as an expense over the requisite service period. During the years ended September 30, 2024 and 2023, the Company recognized share-based compensation expense related to vested restricted stock units of \$158,000 and \$99,000, respectively. There was no impact on income taxes for the years ended September 30, 2024 and 2023 due to a net operating loss and net operating loss carryforwards with a full valuation allowance in the relevant taxing jurisdiction. As of September 30, 2024, the total remaining unrecognized compensation cost related to nonvested restricted stock units was \$200,000, which is expected to be recognized over the weighted-average remaining requisite service period of 1.7 years.

#### *Common Stock Issued for Services*

In May 2023, the Company issued a total of 34,091 shares of Barnwell common stock to certain independent directors for their services on behalf of the Company and the Board of Directors pertaining to the negotiations of the Cooperation Agreement and the settlement of the potential proxy contest (see Note 19 for additional details). The total value of the shares issued was \$90,000 which was valued using the closing price of Barnwell's common stock on May 11, 2023, the date of grant. There was no impact on income taxes for the year ended September 30, 2023 related to the common stock issued for services due to a net operating loss and net operating loss carryforwards with a full valuation allowance in the relevant taxing jurisdiction.

#### *Cash Dividends*

No dividends were declared or paid during the year ended September 30, 2024. The following table sets forth the cash dividends paid per share of common stock during the year ended September 30, 2023.

Record Date	Date of Payment	Dividend Paid
August 24, 2023	September 11, 2023	\$0.015
May 25, 2023	June 12, 2023	\$0.015
February 23, 2023	March 13, 2023	\$0.015
December 27, 2022	January 11, 2023	\$0.015



## 17. COMMITMENTS AND CONTINGENCIES

### *Incentive compensation plan*

Barnwell established incentive compensation plans to compensate the four oil and natural gas segment Canadian executive officers. The value of the plans are directly related to our oil and natural gas segment's free cash flows from Canadian properties and the divestiture of Canadian oil and natural gas assets. As of September 30, 2024, Barnwell has accrued approximately \$286,000 in bonus compensation under these plans and the amount is reported in "Accrued compensation" on the Consolidated Balance Sheet at September 30, 2024.

### *Environmental Matters*

Because of the inherent uncertainties associated with environmental assessment and remediation activities, future expenses to remediate sites identified in the future, if any, could be incurred. Barnwell's management is not currently aware of any significant environmental contingent liabilities requiring disclosure or accrual.

### *Legal and Regulatory Matters*

Barnwell is routinely involved in disputes with third parties that occasionally require litigation. In addition, Barnwell is required to maintain compliance with all current governmental controls and regulations in the ordinary course of business. Barnwell's management is not aware of any claims or litigation involving Barnwell that are likely to have a material adverse effect on its results of operations, financial position or liquidity.

In fiscal 2020, the Staff of the State of Hawaii's Commission on Water Resource Management ("Commission") circulated a draft of a proposed recommendation to the Commission under which the Company, the water utility, the water utility's independent hydrologist firm and the owner of the land on which two water wells were drilled would be assessed penalty fines because each of the wells were calculated to have been drilled beyond the depth permitted by the permit. The wells were drilled to a depth to penetrate certain layers of impermeable rock necessary to access the aquifer at the instructions and on the advice of the hydrologist hired by the owner of the well. Subsequently, the Staff of the Commission acknowledged that one well had not been drilled to a depth beyond its permitted depth and the fines on that well were eliminated. Additionally, the fines applicable to the depth of the second well were dropped in lieu of the parties entering into an agreement to perform a water quality study and repurpose a current well into a monitoring well. Accordingly, the Company recorded a liability of \$300,000 to accrue for the costs to drill the monitoring well in the year ended September 30, 2020. During the year ended September 30, 2024, the liability was reduced to \$200,000 due to a decrease in the estimated cost of the monitoring well due to reductions in the scope of work from what had been previously estimated.

### *Other Matters*

During the year ended September 30, 2024, one of our water well drilling jobs encountered numerous unforeseen difficulties causing an increase in costs which led to the water well drilling contract becoming a loss job for which the Company had a \$141,000 remaining loss accrual liability as of September 30, 2024.

Barnwell is obligated to pay Nearco Enterprises Ltd. 10.4%, net of non-controlling interests' share, of Kaupulehu Developments' gross receipts from real estate transactions. This fee represents compensation for promotion and marketing of Kaupulehu Developments' property and were determined based on the estimated fair value of such services. These fees are included in general and administrative expenses.

Barnwell is obligated to pay its external real estate legal counsel's estate 1.2%, net of non-controlling interests' share, of all Increment II payments received by Kaupulehu Developments for services provided by its external real estate legal counsel in the negotiation and closing of the Increment II transaction. These fees are included in general and administrative expenses.

Kaupulehu Developments is also obligated to pay an amount equal to 0.72% and 0.20% of the cumulative net profits of KD II to KD Development and a pool of various individuals, respectively, all of whom are partners of KKM and are unrelated to Barnwell, in compensation for the agreement of these parties to admit the new development partner for Increment II. Such compensation will be reflected as the obligation becomes probable and the amount of the obligation can be reasonably estimated.

## **18. INFORMATION RELATING TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS**

The following table details the effect of changes in current assets and liabilities on the Consolidated Statements of Cash Flows, and presents supplemental cash flow information:

	Year ended September 30,	
	2024	2023
<i>Increase (decrease) from changes in:</i>		
Receivables	\$ 650,000	\$ 1,103,000
Income tax receivable	(3,000)	(16,000)
Other current assets	1,475,000	(51,000)
Accounts payable	928,000	(595,000)
Accrued compensation	(79,000)	(278,000)
Other current liabilities	(191,000)	(556,000)
Increase (decrease) from changes in current assets and liabilities	<u>\$ 2,780,000</u>	<u>\$ (393,000)</u>
<i>Supplemental disclosure of cash flow information:</i>		
Cash paid during the year for:		
Income taxes paid	<u>\$ 71,000</u>	<u>\$ 100,000</u>

Capital expenditure accruals related to oil and natural gas acquisition and development increased \$1,291,000 during the year ended September 30, 2024 and decreased \$575,000 during the year ended September 30, 2023. Additionally, capital expenditure accruals related to oil and natural gas asset retirement obligations decreased \$577,000 during the year ended September 30, 2024 and increased \$1,483,000 during the year ended September 30, 2023.

## **19. RELATED PARTY TRANSACTIONS**

Kaupulehu Developments is entitled to receive payments from the sales of lots and/or residential units by KD I and KD II. KD I and KD II are part of the Kukio Resort Land Development Partnerships in which Barnwell holds indirect 19.6% and 10.8% non-controlling ownership interests, respectively, accounted for under the equity method of investment. The percentage of sales payments are part of transactions which took place in 2004 and 2006 where Kaupulehu Developments sold its leasehold interests in Increment I and Increment II to KD I's and KD II's predecessors in interest, respectively, which was prior to Barnwell's affiliation with KD I and KD II which commenced on November 27, 2013, the acquisition date of our ownership interest in the Kukio Resort Land Development Partnerships. Changes to the arrangement above, effective March 7, 2019, are discussed in Note 4.

During the year ended September 30, 2024, Barnwell received \$500,000 in percentage of sales payments from KD I from the sale of the last two single-family lots within Increment I. During the year ended September 30, 2023, Barnwell received \$265,000 in percentage of sales payments from KD I from the sale of one single-family lot within Increment I.

In May 2023, the Company's Board of Directors approved and ratified the payment of one-time special director fees to directors Kenneth Grossman and Doug Woodrum for their services on behalf of the Company and the Board of Directors pertaining to the negotiations of the cooperation and support agreement and the settlement of the potential proxy contest at the 2023 annual meeting of stockholders. Mr. Grossman received a one-time special director fee of \$100,000, which was paid in \$40,000 cash and a stock grant of 22,728 shares of Barnwell common stock (valued at \$60,000 using the closing price of Barnwell's common stock on May 11, 2023, the date of grant). Mr. Woodrum received a one-time special director fee of \$50,000, which was paid in \$20,000 cash and a stock grant of 11,363 shares of Barnwell common stock (valued at \$30,000 using the closing price of Barnwell's common stock on May 11, 2023, the date of grant).

## **20. SUBSEQUENT EVENTS**

### *Restricted Stock Units*

In October 2024, the Board of Directors of the Company granted a total of 105,820 restricted stock units to the independent directors of the Board as partial payment of director fees for their service as members of the Board. The restricted stock units vest ratably over a three-year period, subject to the director's continued service through the applicable vesting date.

### *Contract Drilling Segment Drilling Rig*

In December 2024, the Company entered into a purchase agreement with an independent third party for the sale of a contract drilling segment drilling rig and related ancillary equipment. The sale of these assets will close upon the buyer's acceptance of the drilling rig and transfer of the legal title at delivery which is expected to occur in our second quarter of fiscal 2025.

## **21. SUMMARY OF SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)**

Disclosure is not required as Barnwell qualifies as a smaller reporting company.

## 22. SUPPLEMENTARY OIL AND NATURAL GAS INFORMATION (UNAUDITED)

The following tables summarize information relative to Barnwell's oil and natural gas operations, which are conducted in Canada and in the U.S. states of Oklahoma and Texas. Proved reserves are the estimated quantities of oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved producing oil and natural gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. The estimated net interests in total proved and proved producing reserves are based upon subjective engineering judgments and may be affected by the limitations inherent in such estimations. The process of estimating reserves is subject to continual revision as additional information becomes available as a result of drilling, testing, reservoir studies and production history. There can be no assurance that such estimates will not be materially revised in subsequent periods.

### (A) *Oil and Natural Gas Reserves*

The following tables summarizes changes in the estimates of Barnwell's net interests in total proved reserves of oil and natural gas liquids and natural gas, which are located in Canada and the U.S. states of Oklahoma and Texas. All of the information regarding Canadian reserves in this Form 10-K is derived from the report of our independent petroleum reserve engineers, InSite, and is included as an Exhibit to this Form 10-K. All of the information regarding U.S. reserves in this Form 10-K is derived from the report of our independent petroleum reserve engineers, Ryder Scott, and is included as an Exhibit to this Form 10-K. The Company emphasizes that reserve estimates are inherently imprecise and that estimates of new discoveries and undeveloped locations are more imprecise than estimates of established proved producing oil and natural gas properties. Accordingly, these estimates are expected to change as future information becomes available.

Proved oil and natural gas reserves are the estimated quantities of oil and natural gas that geological and engineering data demonstrate, with reasonable certainty, to be recoverable in future years from known reservoirs under economic and operating conditions (i.e., prices and costs) existing at the time the estimate is made.

	Oil (Bbls)		
	Canada	United States	Total
Proved reserves:			
Balance at September 30, 2022	846,000	29,000	875,000
Revisions of previous estimates	(43,000)	19,000	(24,000)
Extensions, discoveries and other additions	167,000	85,000	252,000
Less production	(183,000)	(21,000)	(204,000)
Balance at September 30, 2023	787,000	112,000	899,000
Revisions of previous estimates	222,000	(3,000)	219,000
Extensions, discoveries and other additions	117,000	—	117,000
Acquisitions of reserves	4,000	—	4,000
Less sales of reserves	(54,000)	—	(54,000)
Less production	(184,000)	(19,000)	(203,000)
<b>Proved Reserves, September 30, 2024</b>	<b>892,000</b>	<b>90,000</b>	<b>982,000</b>

	NGL (Bbls)		
	Canada	United States	Total
Proved reserves:			
Balance at September 30, 2022	144,000	61,000	205,000
Revisions of previous estimates	1,000	29,000	30,000
Extensions, discoveries and other additions	32,000	112,000	144,000
Less production	(27,000)	(25,000)	(52,000)
Balance at September 30, 2023	150,000	177,000	327,000
Revisions of previous estimates	70,000	15,000	85,000
Extensions, discoveries and other additions	15,000	—	15,000
Acquisitions of reserves	2,000	—	2,000
Less sales of reserves	(2,000)	—	(2,000)
Less production	(36,000)	(28,000)	(64,000)
<b>Proved Reserves, September 30, 2024</b>	<b>199,000</b>	<b>164,000</b>	<b>363,000</b>

	Natural Gas (Mcf)		
	Canada	United States	Total
Proved reserves:			
Balance at September 30, 2022	4,519,000	466,000	4,985,000
Revisions of previous estimates	435,000	387,000	822,000
Extensions, discoveries and other additions	1,079,000	1,078,000	2,157,000
Less production	(1,023,000)	(240,000)	(1,263,000)
Balance at September 30, 2023	5,010,000	1,691,000	6,701,000
Revisions of previous estimates	826,000	82,000	908,000
Extensions, discoveries and other additions	313,000	—	313,000
Acquisitions of reserves	16,000	—	16,000
Less sales of reserves	(139,000)	—	(139,000)
Less production	(1,085,000)	(259,000)	(1,344,000)
<b>Proved Reserves, September 30, 2024</b>	<b>4,941,000</b>	<b>1,514,000</b>	<b>6,455,000</b>

	Total Equivalent Reserves (Boe)		
	Canada	United States	Total
Proved reserves:			
Balance at September 30, 2022	1,769,000	170,000	1,939,000
Revisions of previous estimates	5,000	110,000	115,000
Extensions, discoveries and other additions	379,000	377,000	756,000
Less production	(381,000)	(86,000)	(467,000)
Balance at September 30, 2023	1,772,000	571,000	2,343,000
Revisions of previous estimates	430,000	27,000	457,000
Extensions, discoveries and other additions	184,000	—	184,000
Acquisitions of reserves	9,000	—	9,000
Less sales of reserves	(79,000)	—	(79,000)
Less production	(401,000)	(90,000)	(491,000)
<b>Proved Reserves, September 30, 2024</b>	<b>1,915,000</b>	<b>508,000</b>	<b>2,423,000</b>

The following tables summarize changes in the estimates of Barnwell's net interests in total proved undeveloped reserves and presents the balances of total proved developed reserves of oil and natural gas liquids and natural gas, which are located in Canada and the U.S. states of Oklahoma and Texas. Proved developed oil and natural gas reserves are proved reserves that can be expected to be recovered through existing wells and equipment in place and under operating methods being utilized at the time the estimates were made.

	Oil (Bbls)		
	Canada	United States	Total
Proved undeveloped reserves:			
Balance at September 30, 2023	92,000	—	92,000
Conversion to proved developed reserves	(98,000)	—	(98,000)
Revisions of previous estimates	6,000	—	6,000
Additions due to a new well	109,000	—	109,000
<b>Proved Undeveloped Reserves, September 30, 2024</b>	<b>109,000</b>	<b>—</b>	<b>109,000</b>
Proved Developed Reserves, September 30, 2023	695,000	112,000	807,000
<b>Proved Developed Reserves, September 30, 2024</b>	<b>783,000</b>	<b>90,000</b>	<b>873,000</b>

	NGL (Bbls)		
	Canada	United States	Total
Proved undeveloped reserves:			
Balance at September 30, 2023	18,000	—	18,000
Conversion to proved developed reserves	(10,000)	—	(10,000)
Revisions of previous estimates	(8,000)	—	(8,000)
Additions due to a new well	23,000	—	23,000
<b>Proved Undeveloped Reserves, September 30, 2024</b>	<b>23,000</b>	<b>—</b>	<b>23,000</b>
Proved Developed Reserves, September 30, 2023	132,000	177,000	309,000
<b>Proved Developed Reserves, September 30, 2024</b>	<b>176,000</b>	<b>164,000</b>	<b>340,000</b>

	Natural Gas (Mcf)		
	Canada	United States	Total
Proved undeveloped reserves:			
Balance at September 30, 2023	608,000	—	608,000
Conversion to proved developed reserves	(279,000)	—	(279,000)
Revisions of previous estimates	(330,000)	—	(330,000)
Additions due to a new well	641,000	—	641,000
<b>Proved Undeveloped Reserves, September 30, 2024</b>	<b>640,000</b>	<b>—</b>	<b>640,000</b>
Proved Developed Reserves, September 30, 2023	4,402,000	1,691,000	6,093,000
<b>Proved Developed Reserves, September 30, 2024</b>	<b>4,301,000</b>	<b>1,514,000</b>	<b>5,815,000</b>

	Total Equivalent Reserves (Boe)		
	Canada	United States	Total
Proved undeveloped reserves:			
Balance at September 30, 2023	211,000	—	211,000
Conversion to proved developed reserves	(155,000)	—	(155,000)
Revisions of previous estimates	(56,000)	—	(56,000)
Additions due to a new well	239,000	—	239,000
<b>Proved Undeveloped Reserves, September 30, 2024</b>	<b>239,000</b>	<b>—</b>	<b>239,000</b>
Proved Developed Reserves, September 30, 2023	1,561,000	571,000	2,132,000
<b>Proved Developed Reserves, September 30, 2024</b>	<b>1,676,000</b>	<b>508,000</b>	<b>2,184,000</b>

(B) *Capitalized Costs Relating to Oil and Natural Gas Producing Activities*

All capitalized costs relating to oil and natural gas producing activities in Canada and the U.S. are summarized as follows:

September 30, 2024			
	Canada	United States	Total
Proved properties	\$ 76,963,000	\$ 6,594,000	\$ 83,557,000
Unproved properties	—	—	—
Total capitalized costs	76,963,000	6,594,000	83,557,000
Accumulated depletion, depreciation, and impairment	64,402,000	2,601,000	67,003,000
Net capitalized costs	<u>\$ 12,561,000</u>	<u>\$ 3,993,000</u>	<u>\$ 16,554,000</u>

September 30, 2023			
	Canada	United States	Total
Proved properties	\$ 74,440,000	\$ 6,411,000	\$ 80,851,000
Unproved properties	—	—	—
Total capitalized costs	74,440,000	6,411,000	80,851,000
Accumulated depletion, depreciation, and impairment	58,477,000	1,072,000	59,549,000
Net capitalized costs	<u>\$ 15,963,000</u>	<u>\$ 5,339,000</u>	<u>\$ 21,302,000</u>

(C) *Costs Incurred in Oil and Natural Gas Property Acquisition, Exploration and Development*

Year ended September 30, 2024			
	Canada	United States	Total
Acquisition of properties:			
Proved	\$ 146,000	\$ —	\$ 146,000
Unproved	—	—	—
Exploration costs	34,000	—	34,000
Development costs	3,865,000	183,000	4,048,000
Total	<u>\$ 4,045,000</u>	<u>\$ 183,000</u>	<u>\$ 4,228,000</u>

Year ended September 30, 2023			
	Canada	United States	Total
Acquisition of properties:			
Proved	\$ 66,000	\$ —	\$ 66,000
Unproved	—	—	—
Exploration costs	461,000	255,000	716,000
Development costs	6,331,000	5,099,000	11,430,000
Total	<u>\$ 6,858,000</u>	<u>\$ 5,354,000</u>	<u>\$ 12,212,000</u>



(D) *Results of Operations for Oil and Natural Gas Producing Activities*

	Year ended September 30, 2024		
	Canada	United States	Total
Net revenues	\$ 15,093,000	\$ 2,303,000	\$ 17,396,000
Production costs	(9,230,000)	(619,000)	(9,849,000)
Depletion	(4,139,000)	(808,000)	(4,947,000)
Impairment of assets	(2,164,000)	(721,000)	(2,885,000)
Pre-tax results of operations (1)	(440,000)	155,000	(285,000)
Estimated income tax expense (2)	320,000	20,000	340,000
Results of operations (1)	<u>\$ (760,000)</u>	<u>\$ 135,000</u>	<u>\$ (625,000)</u>

	Year ended September 30, 2023		
	Canada	United States	Total
Net revenues	\$ 16,630,000	\$ 2,746,000	\$ 19,376,000
Production costs	(9,859,000)	(575,000)	(10,434,000)
Depletion	(3,600,000)	(669,000)	(4,269,000)
Pre-tax results of operations (1)	3,171,000	1,502,000	4,673,000
Estimated income tax expense (2)	107,000	44,000	151,000
Results of operations (1)	<u>\$ 3,064,000</u>	<u>\$ 1,458,000</u>	<u>\$ 4,522,000</u>

(1) Before general and administrative expenses, interest expense, and foreign exchange gains and losses.

(2) Estimated income tax expense includes changes to the deferred income tax valuation allowance necessary for the portion of Canadian and U.S. federal tax law deferred tax assets that may not be realizable.

(E) *Standardized Measure, Including Year-to-Year Changes Therein, of Estimated Discounted Future Net Cash Flows*

The following tables utilize reserve and production data estimated by independent petroleum reserve engineers. The information may be useful for certain comparison purposes but should not be solely relied upon in evaluating Barnwell or its performance. Moreover, the projections should not be construed as realistic estimates of future cash flows, nor should the standardized measure be viewed as representing current value.

The estimated future cash flows at September 30, 2024 and 2023 were based on average sales prices in effect on the first day of the month for the preceding twelve month period in accordance with SEC Release No. 33-8995. The future production and development costs represent the estimated future expenditures that we will incur to develop and produce the proved reserves, assuming continuation of existing economic conditions. The future income tax expenses were computed by applying statutory income tax rates in existence at September 30, 2024 and 2023 to the future pre-tax net cash flows relating to proved reserves, net of the tax basis of the properties involved.

Material revisions to reserve estimates may occur in the future, development and production of the oil and natural gas reserves may not occur in the periods assumed and actual prices realized and actual costs incurred are expected to vary significantly from those used. Management does not rely upon this information in making investment and operating decisions; rather, those decisions are based upon a wide range of factors, including estimates of probable reserves as well as proved reserves and price and cost assumptions different than those reflected herein.

Barnwell has included all abandonment, decommissioning and reclamation costs and inactive well costs in accordance with best practice recommendations into the Company's reserve reports.

Standardized Measure of Discounted Future Net Cash Flows

	Year ended September 30, 2024		
	Canada	United States	Total
Future cash inflows	\$ 75,293,000	\$ 12,043,000	\$ 87,336,000
Future production costs	(42,601,000)	(5,080,000)	(47,681,000)
Future development costs	(2,795,000)	—	(2,795,000)
Future income tax expenses	(2,666,000)	(161,000)	(2,827,000)
Future net cash flows excluding abandonment, decommissioning and reclamation	27,231,000	6,802,000	34,033,000
Future abandonment, decommissioning and reclamation	(18,026,000)	(50,000)	(18,076,000)
Future net cash flows	9,205,000	6,752,000	15,957,000
10% annual discount for timing of cash flows	2,697,000	(2,804,000)	(107,000)
Standardized measure of discounted future net cash flows	<u>\$ 11,902,000</u>	<u>\$ 3,948,000</u>	<u>\$ 15,850,000</u>

	Year ended September 30, 2023		
	Canada	United States	Total
Future cash inflows	\$ 73,429,000	\$ 15,995,000	\$ 89,424,000
Future production costs	(41,935,000)	(4,168,000)	(46,103,000)
Future development costs	(2,958,000)	—	(2,958,000)
Future income tax expenses	(1,512,000)	(264,000)	(1,776,000)
Future net cash flows excluding abandonment, decommissioning and reclamation	27,024,000	11,563,000	38,587,000
Future abandonment, decommissioning and reclamation	(18,585,000)	(42,000)	(18,627,000)
Future net cash flows	8,439,000	11,521,000	19,960,000
10% annual discount for timing of cash flows	4,790,000	(4,837,000)	(47,000)
Standardized measure of discounted future net cash flows	<u>\$ 13,229,000</u>	<u>\$ 6,684,000</u>	<u>\$ 19,913,000</u>

# Changes in the Standardized Measure of Discounted Future Net Cash Flows

	Year ended September 30,	
	2024	2023
Beginning of year	<b>\$ 19,913,000</b>	<b>\$ 27,878,000</b>
Sales of oil and natural gas produced, net of production costs	<b>(7,547,000)</b>	<b>(8,942,000)</b>
Net changes in prices and production costs, net of royalties and wellhead taxes	<b>(12,201,000)</b>	<b>(11,913,000)</b>
Extensions and discoveries	<b>1,725,000</b>	<b>10,767,000</b>
Net change due to purchases and sales of minerals in place	<b>(895,000)</b>	<b>—</b>
Changes in future development costs	<b>170,000</b>	<b>(2,959,000)</b>
Revisions of previous quantity estimates	<b>9,478,000</b>	<b>2,227,000</b>
Net change in income taxes	<b>1,786,000</b>	<b>2,868,000</b>
Accretion of discount	<b>3,359,000</b>	<b>905,000</b>
Other - changes in the timing of future production and other	<b>76,000</b>	<b>(1,202,000)</b>
Other - net change in Canadian dollar translation rate	<b>(14,000)</b>	<b>284,000</b>
Net change	<b>(4,063,000)</b>	<b>(7,965,000)</b>
End of year	<b>\$ 15,850,000</b>	<b>\$ 19,913,000</b>

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

## **ITEM 9A. CONTROLS AND PROCEDURES**

### **Disclosure Controls and Procedures**

We have established disclosure controls and procedures to ensure that material information relating to Barnwell, including its consolidated subsidiaries, is made known to the officers who certify Barnwell's financial reports and to other members of executive management and the Board of Directors.

As of September 30, 2024, an evaluation was carried out by Barnwell's Chief Executive Officer and Chief Financial Officer of the effectiveness of Barnwell's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that Barnwell's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) were effective as of September 30, 2024 to ensure that information required to be disclosed by Barnwell in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Exchange Act and the rules thereunder.

### **Management's Annual Report on Internal Control Over Financial Reporting**

Barnwell's management is responsible for establishing and maintaining adequate internal control over financial reporting for Barnwell, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of Barnwell's management, including our Chief Executive Officer and Chief Financial Officer, Barnwell conducted an evaluation of the effectiveness of its internal control over financial reporting using criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the report entitled *Internal Control — Integrated Framework (2013)* (the "COSO Framework"). Based on this evaluation under the COSO Framework, management concluded that its internal control over financial reporting was effective as of September 30, 2024.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Pursuant to Item 308(b) of Regulation S-K, management's report is not subject to attestation by our independent registered public accounting firm because the Company is neither an "accelerated filer" nor a "large accelerated filer" as those terms are defined by the SEC.

### **Changes in Internal Control Over Financial Reporting**

There was no change in Barnwell's internal control over financial reporting during the quarter ended September 30, 2024 that materially affected, or is reasonably likely to materially affect, Barnwell's internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

During the three months ended September 30, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

**ITEM 9C. DISCLOSURES REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required is omitted pursuant to General Instruction G(3) of Form 10-K, since the Registrant will file its definitive proxy statement for the Annual Meeting of Stockholders no later than 120 days after the close of its fiscal year ended September 30, 2024, which proxy statement is incorporated herein by reference.

Barnwell adopted a Code of Ethics that applies to its Chief Executive Officer and the Chief Financial Officer. This Code of Ethics has been posted on Barnwell's website at [www.brninc.com](http://www.brninc.com).

### ITEM 11. EXECUTIVE COMPENSATION

The information required is omitted pursuant to General Instruction G(3) of Form 10-K, since the Registrant will file its definitive proxy statement for the Annual Meeting of Stockholders no later than 120 days after the close of its fiscal year ended September 30, 2024, which proxy statement is incorporated herein by reference.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required is omitted pursuant to General Instruction G(3) of Form 10-K, since the Registrant will file its definitive proxy statement for the Annual Meeting of Stockholders no later than 120 days after the close of its fiscal year ended September 30, 2024, which proxy statement is incorporated herein by reference.

#### *Equity Compensation Plan Information*

The following table provides information about Barnwell's common stock that may be issued upon exercise of options and rights under Barnwell's existing equity compensation plan as of September 30, 2024:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup>	(b) Weighted-average price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	575,892	\$3.37	925,188
Equity compensation plans not approved by security holders	—	—	—
Total	575,892	\$3.37	925,188

<sup>(1)</sup> In addition to shares issuable upon exercise of stock options, includes 110,892 restricted stock units, issuable under the 2018 Equity Incentive Plan at a rate of one share for each restricted stock unit. The restricted stock units do not have an exercise price. Therefore, these awards are not included in the calculation of weighted average exercise price in column (b).

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND  
DIRECTOR INDEPENDENCE**

The information required is omitted pursuant to General Instruction G(3) of Form 10-K, since the Registrant will file its definitive proxy statement for the Annual Meeting of Stockholders no later than 120 days after the close of its fiscal year ended September 30, 2024, which proxy statement is incorporated herein by reference.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required is omitted pursuant to General Instruction G(3) of Form 10-K, since the Registrant will file its definitive proxy statement for the Annual Meeting of Stockholders no later than 120 days after the close of its fiscal year ended September 30, 2024, which proxy statement is incorporated herein by reference.

## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

#### (a) Financial Statements

The following consolidated financial statements of Barnwell Industries, Inc. and its subsidiaries are included in Part II, Item 8:

Report of Independent Registered Public Accounting Firm - WEAVER AND TIDWELL, L.L.P. (PCAOB ID: 410)

Consolidated Balance Sheets – September 30, 2024 and 2023

Consolidated Statements of Operations – for the years ended September 30, 2024 and 2023

Consolidated Statements of Comprehensive Loss – for the years ended September 30, 2024 and 2023

Consolidated Statements of Equity – for the years ended September 30, 2024 and 2023

Consolidated Statements of Cash Flows – for the years ended September 30, 2024 and 2023

Notes to Consolidated Financial Statements

Schedules have been omitted because they were not applicable, not required, or the information is included in the consolidated financial statements or notes thereto.

#### (b) Exhibits

Exhibit Number	Description
3.1	Certificate of Incorporation, as amended <sup>(1)</sup>
3.2	Amended and Restated By-Laws <sup>(2)</sup>
4.1	Form of the Registrant's certificate of common stock, par value \$.50 per share <sup>(3)</sup>
4.2	Description of Securities Registered Pursuant to Section 12 of The Securities Exchange Act of 1934 <sup>(20)</sup>
10.1	The Barnwell Industries, Inc. Employees' Pension Plan (restated as of October 1, 1989) <sup>(4)</sup>
10.2	Form of Purchase and Sale Agreement dated February 13, 2004 by and between Kaupulehu Developments and WB KD Acquisition, LLC <sup>(5)</sup>
10.3	Agreement dated May 27, 2009 which became effective June 23, 2009 by and between Kaupulehu Developments and WB KD Acquisition, LLC and WB KD Acquisition II, LLC <sup>(6)</sup>
10.4	Limited Liability Limited Partnership Agreement of KD Kona 2013 LLLP dated November 27, 2013 <sup>(7)</sup>
10.5	Limited Liability Limited Partnership Agreement of KKM Makai, LLLP dated November 27, 2013 <sup>(8)</sup>
10.6	Agreement with KD Kaupulehu, LLLP to Release Retained Rights, dated as of March 7, 2019, between Kaupulehu Developments and KD Kaupulehu, LLLP <sup>(9)</sup>



10.7	Agreement with Respect to Retained Rights, dated as of March 7, 2019 between Kaupulehu Developments and KD Acquisition II, LP <sup>(10)</sup>
10.8 <sup>#</sup>	Form of Option Agreement under Barnwell Industries, Inc. 2018 Equity Incentive Plan, as amended <sup>(11)</sup>
10.9	Asset Purchase and Sale Agreement, dated July 8, 2021, between Barnwell of Canada, Limited and Tourmaline Oil Corp. <sup>(12)</sup>
10.10	Cooperation and Support Agreement, dated January 27, 2021 <sup>(14)</sup>
10.11 <sup>#</sup>	Amended and Restated 2018 Equity Incentive Plan <sup>(15)</sup>
10.12	Sales Agent Agreement, dated March 16, 2021 <sup>(16)</sup>
10.13	Purchase and Sale Agreement, dated as of December 12, 2022, between Barnwell Texas, LLC and Alchemist Energy LeaseCo, LP <sup>(17)</sup>
10.14 <sup>#</sup>	Form of Stock Grant Award Agreement under Barnwell Industries, Inc. 2018 Equity Incentive Plan, as amended <sup>(18)</sup>
10.15 <sup>#</sup>	Form of Director Restricted Stock Unit Award under Barnwell Industries, Inc. 2018 Equity Incentive Plan, as amended <sup>(19)</sup>
10.16 <sup>#</sup>	Form of Employee Restricted Stock Unit Award under Barnwell Industries, Inc. 2018 Equity Incentive Plan, as amended <sup>(13)</sup>
19.1 <sup>*</sup>	Statement of Company Policy on Insider Trading
21 <sup>*</sup>	List of Subsidiaries
23.1 <sup>*</sup>	Consent of InSite Petroleum Consultants Ltd.
23.2 <sup>*</sup>	Consent of Ryder Scott Company, L.P.
23.3 <sup>*</sup>	Consent of Weaver and Tidwell, L.L.P.
24.1 <sup>*</sup>	Power of Attorney (included on signature page of this Annual Report on Form 10-K)
31.1 <sup>*</sup>	Certification of Chief Executive Officer Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002
31.2 <sup>*</sup>	Certification of Chief Financial Officer Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002
32 <sup>**</sup>	Certification Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002
97	Barnwell Industries, Inc. Clawback Policy <sup>(21)</sup>
99.1 <sup>*</sup>	Reserve Report Summary prepared by InSite Petroleum Consultants Ltd.
99.2 <sup>*</sup>	Reserve Report Summary prepared by Ryder Scott Company, L.P.
101.INS <sup>*</sup>	XBRL Instance Document
101.SCH <sup>*</sup>	XBRL Taxonomy Extension Schema Document
101.CAL <sup>*</sup>	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF <sup>*</sup>	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB <sup>*</sup>	XBRL Taxonomy Extension Label Linkbase Document
101.PRE <sup>*</sup>	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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\* Filed herewith.

\*\* Furnished herewith.

- # Management contract or compensatory plan or arrangement.
- (1) Incorporated by reference to Exhibit 3.1 to Registrant's Form 10-Q for the quarterly period ended June 30, 2022.
  - (2) Incorporated by reference to Exhibit 3.2 to Registrant's Form 8-K filed on February 23, 2024.
  - (3) Incorporated by reference to the registration statement on Form S-1 originally filed by the Registrant January 29, 1957 and as amended February 15, 1957 and February 19, 1957.
  - (4) Incorporated by reference to Registrant's Form 10-K for the year ended September 30, 1989.
  - (5) Incorporated by reference to Exhibit 2.1 to Registrant's Form 8-K filed on February 13, 2004.
  - (6) Incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q for the quarterly period ended June 30, 2009.
  - (7) Incorporated by reference to Exhibit 10.7 to Registrant's Form 10-Q for the quarterly period ended December 31, 2013.
  - (8) Incorporated by reference to Exhibit 10.8 to Registrant's Form 10-Q for the quarterly period ended December 31, 2013.
  - (9) Incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q for the quarterly period ended March 31, 2019.
  - (10) Incorporated by reference to Exhibit 10.2 to Registrant's Form 10-Q for the quarterly period ended March 31, 2019. Certain confidential information has been omitted from a portion of this exhibit.
  - (11) Incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q for the quarterly period ended March 31, 2021.
  - (12) Incorporated by reference to Exhibit 10.9 to Registrant's Form 10-K for the year ended September 30, 2021.
  - (13) Incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on May 22, 2024.
  - (14) Incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on February 1, 2021.
  - (15) Incorporated by reference from Definitive Proxy 2022 Appendix A filed by the Registrant on March 24, 2022.
  - (16) Incorporated by reference to Exhibit 1.1 to Registrant's Form 8-K filed on March 16, 2021.
  - (17) Incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed on February 13, 2023.
  - (18) Incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed on May 15, 2023.
  - (19) Incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on June 15, 2023.
  - (20) Incorporated by reference to Exhibit 4.3 to Registrant's Form 10-K for the year ended September 30, 2023.
  - (21) Incorporated by reference to Exhibit 97 to Registrant's Form 10-K for the year ended September 30, 2023.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BARNWELL INDUSTRIES, INC.  
(Registrant)

	<u>/s/ Russell M. Gifford</u>
By:	Russell M. Gifford Executive Vice President, Chief Financial Officer, and Treasurer
Date:	December 16, 2024

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Russell M. Gifford and Alexander C. Kinzler, jointly and severally, his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Craig D. Hopkins

Craig D. Hopkins  
President and Chief Executive Officer  
Date: December 16, 2024

/s/ Russell M. Gifford

Russell M. Gifford  
Executive Vice President, Chief Financial  
Officer and Treasurer  
Date: December 16, 2024

/s/ Alexander C. Kinzler

Alexander C. Kinzler, General Counsel,  
Secretary and Executive Chairman of the Board  
Date: December 16, 2024

/s/ Kenneth S. Grossman

Kenneth S. Grossman, Vice-Chairman of the  
Board  
Date: December 16, 2024

/s/ Joshua S. Horowitz

Joshua S. Horowitz, Director  
Date: December 16, 2024

/s/ Laurance E. Narbut

Laurance E. Narbut, Director  
Date: December 16, 2024

/s/ Douglas N. Woodrum

Douglas N. Woodrum, Director  
Date: December 16, 2024

## INDEX TO EXHIBITS

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23.2 <sup>*</sup>	<a href="#"><u>Consent of Ryder Scott Company, L.P.</u></a>
23.3 <sup>*</sup>	<a href="#"><u>Consent of Weaver and Tidwell, L.L.P.</u></a>

24.1*	<a href="#">Power of Attorney (included on signature page of this Annual Report on Form 10-K)</a>
31.1*	<a href="#">Certification of Chief Executive Officer Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2*	<a href="#">Certification of Chief Financial Officer Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002</a>
32**	<a href="#">Certification Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002</a>
97	<a href="#">Barnwell Industries, Inc. Clawback Policy</a> (21)
99.1*	<a href="#">Reserve Report Summary prepared by InSite Petroleum Consultants Ltd.</a>
99.2*	<a href="#">Reserve Report Summary prepared by Ryder Scott Company, L.P.</a>
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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\* Filed herewith.

\*\* Furnished herewith.

# Management contract or compensatory plan or arrangement.

(1) Incorporated by reference to Exhibit 3.1 to Registrant's Form 10-Q for quarterly period ended June 30, 2022.

(2) Incorporated by reference to Exhibit 3.2 to Registrant's Form 8-K filed on February 23, 2024.

(3) Incorporated by reference to the registration statement on Form S-1 originally filed by the Registrant January 29, 1957 and as amended February 15, 1957 and February 19, 1957.

(4) Incorporated by reference to Registrant's Form 10-K for the year ended September 30, 1989.

(5) Incorporated by reference to Exhibit 2.1 to Registrant's Form 8-K filed on February 13, 2004.

(6) Incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q for the quarterly period ended June 30, 2009.

(7) Incorporated by reference to Exhibit 10.7 to Registrant's Form 10-Q for the quarterly period ended December 31, 2013.

(8) Incorporated by reference to Exhibit 10.8 to Registrant's Form 10-Q for the quarterly period ended December 31, 2013.

(9) Incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q for the quarterly period ended March 31, 2019.

(10) Incorporated by reference to Exhibit 10.2 to Registrant's Form 10-Q for the quarterly period ended March 31, 2019. Certain confidential information has been omitted from a portion of this exhibit.

(11) Incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q for the quarterly period ended March 31, 2021.

(12) Incorporated by reference to Exhibit 10.9 to Registrant's Form 10-K for the year ended September 30, 2021.

(13) Incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on May 22, 2024.

(14) Incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on February 1, 2021.

(15) Incorporated by reference from Definitive Proxy 2022 Appendix A filed by the Registrant on March 24, 2022.

(16) Incorporated by reference to Exhibit 1.1 to Registrant's Form 8-K filed on March 16, 2021.

(17) Incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed on February 13, 2023.

(18) Incorporated by reference to Exhibit 10.1 to Registrant's Form 10-Q filed on May 15, 2023.

(19) Incorporated by reference to Exhibit 10.1 to Registrant's Form 8-K filed on June 15, 2023.

(20) Incorporated by reference to Exhibit 4.3 to Registrant's Form 10-K for the year ended September 30, 2023.

(21) Incorporated by reference to Exhibit 97 to Registrant's Form 10-K for the year ended September 30, 2023.

BARNWELL INDUSTRIES, INC.  
STATEMENT OF COMPANY POLICY  
ON INSIDER TRADING

The Need for a Policy Statement

The purchase or sale of securities of Barnwell Industries, Inc. while possessing material nonpublic (“insider”) information relating to Barnwell or any of its subsidiaries (together, the “Company”) or the selective disclosure of such information to others who may trade in the securities of the Company is prohibited by federal and state securities laws. As part of your employment, many of you have access to material nonpublic information about the Company or about the Company’s business (including information about other companies with which the Company does or may do business).

Barnwell has adopted this Policy Statement to avoid even the appearance of improper conduct on the part of the Company employee (not just so-called insiders). Since its beginning Barnwell has worked hard to establish a reputation for integrity, ethical conduct and good corporate citizenship. Barnwell expects all Company employees to adhere to this Policy Statement and thereby help us preserve and further this reputation.

Policy

No Company director, officer or employee who has material nonpublic information relating to the Company may directly or indirectly buy or sell securities of Barnwell or engage in any other action to take personal advantage of such information, or pass it on to others. The insider trading policy also applies to your family members who reside with you, anyone else who lives in your household, and any family members who do not live in your household but whose transactions in Company securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in Company securities). You are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in the Company’s securities. This policy also applies to information relating to any other company, including customers or suppliers of the Company, obtained in the course of employment. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception. Even the appearance of an improper transaction must be avoided.

Liability of Supervisory Persons

Barnwell, as well as any Company director, officer or employee, may be subject to liability under applicable securities laws if Barnwell or such person knew or recklessly

disregarded the fact that a person directly or indirectly under Barnwell's or such person's control was likely to engage in insider trading and failed to take appropriate steps to prevent such an act before it occurred. The penalties for such inaction can be significant.

If material nonpublic information is inadvertently disclosed, no matter what the circumstances, by any Company director, officer or employee, the person making or discovering such disclosure should immediately report it to Barnwell's general counsel.

#### Definition of Material Nonpublic Information

"Material" information is any information that a reasonable investor would likely consider important in a decision to buy, hold or sell securities – in short, any information which could reasonably affect the price of the securities of Barnwell, whether positive or negative.

"Nonpublic" information is any information which has not been disclosed generally to the marketplace. Information about the Company that has not yet been contained in a filing made by Barnwell with the Securities and Exchange Commission or otherwise been made generally available through press release or other general form of public disclosure by Barnwell should be considered nonpublic. All information that you learn about the Company or its business plans in connection with your employment is potentially "insider" information until publicly disclosed or made available by Barnwell. You should treat all such information as confidential and proprietary to Barnwell. Similarly, information received about another company in circumstances indicating that it is not yet in general circulation should be considered nonpublic. Nonpublic information may not be disclosed to others, including family members, relatives, friends and social acquaintances or business associates, who do not need to know it for legitimate business reasons. If nonpublic information is also "material" you are required by law and this Policy Statement to refrain from trading in the securities of Barnwell and from passing the information on to others who may trade in the securities of Barnwell.

Common examples of information that will frequently be regarded as material, assuming it has not been publicly disclosed by Barnwell, are financial results, including earnings or losses; projections of future earnings or losses; major marketing changes; news of a pending or proposed joint venture, merger, acquisition, tender offer or securities offering; news of a significant sale of assets or the disposition of a subsidiary; changes in dividend policies or the declaration of a stock split or the offering of additional securities; changes in management; major personnel changes; significant litigation or government investigations; or the gain or loss of a substantial customer or supplier.

Remember, if your securities transactions become the subject of scrutiny, they will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any securities transaction you should carefully consider how regulators and others might view such transaction in the future.



### Tipping Information to Others

Whether the information is proprietary information about the Company or information that could have an impact on the price of Barnwell's securities, you must not pass the information on to others, including family members, relatives and others living in your home, friends and social acquaintances or business associates. Employees are expected to be responsible for the compliance with this Policy Statement by their family members and others living in their home. The above restrictions and penalties apply whether or not you derive any benefit from another's actions.

### Timing

It would be improper for a Company employee to trade securities of Barnwell immediately after Barnwell has made a public announcement of material information, including releases of financial results. Because Barnwell's shareholders and the investing public should be afforded the time to receive the information and act upon it, as a general rule you should not engage in any transactions until at least three full business days after material information has been released publicly, if such release has been made in a national medium, or five full business days after material information has been released publicly, where the release is not so widespread.

### Blackout Periods and Trading During Window Periods

Investment by Company employees in Barnwell securities is encouraged. The most appropriate periods to buy or sell securities of Barnwell are the period beginning on the third business day and ending on the fifteenth business day following the release of quarterly or annual financial results (so-called "window periods"). If you participate in the preparation of the Company's financial statements or otherwise learn of the Company's financial performance by virtue of nonpublic information, you should refrain from trading in securities of Barnwell for the one-month "blackout" period immediately preceding the preliminary announcement of Barnwell's quarterly or annual financial results. If you are ever uncertain when the blackout periods occur, please ask for clarification from Barnwell's general counsel.

From time to time, an event may occur, or be about to occur, that is material to the Company and is known by only a few directors or executive officers. Upon the occurrence, or pending occurrence, of such an event, the general counsel may notify the directors and such other executive officers or other persons as he or she may designate that an event-specific blackout period is in effect. For so long as the event remains material and nonpublic, the persons who are aware of the event, as well as other persons covered by the quarterly earnings blackout procedures, may not trade in the Company's securities. The existence of an event-specific blackout will not be announced, other than to those who are aware of the event giving rise to the blackout. If, however, a person whose trades are subject to pre-clearance requests permission to trade in the Company's securities during an event-specific blackout, the general counsel will inform the requesting person of the existence of a blackout period, without disclosing the reason for the blackout. Any person

made aware of the existence of an event-specific blackout should not disclose the existence of the blackout to any other person. The failure of any person to be designated as being subject to an event-specific blackout will not relieve that person of the obligation not to trade while aware of material nonpublic information.

It is permissible to trade at other times, provided that prior to trading you contact Barnwell's general counsel if required below. This pre-clearance procedure will help in monitoring compliance with this Policy Statement and securities laws that may be applicable to your proposed transaction. Remember, however, you may not buy or sell Barnwell securities even during window periods if you are in possession of material nonpublic information. These rules apply to gifts, pledges of stock and hedges.

### Company Assistance

Any person who has a question about a specific transaction may obtain additional guidance from Barnwell's general counsel. Remember, however, the ultimate responsibility for adhering to this Policy Statement and avoiding improper transactions rests with you. It is imperative that you use your best judgment.

### Pre-Clearance of Trades by Directors, Officers and Certain Other Personnel

To provide assistance in preventing inadvertent violations and avoiding even the appearance of an improper transaction (which could result, for example, where an officer or other managerial employee of the Company trades in securities of Barnwell while unaware of a pending major development), the procedure set forth below must be followed by the directors, officers and other managerial personnel of the Company, all individuals reporting directly to such persons and by other Company employees who are likely to have access to material nonpublic information. If you are uncertain whether you fall into the category of people to whom the pre-clearance requirement applies, please ask Barnwell's general counsel. Any request for pre-clearance must be received by the general counsel at least two business days in advance of the proposed transaction.

All transactions in securities of Barnwell (acquisitions, dispositions, transfers, puts, calls, options, etc.) by any person in one of the above-mentioned categories must be pre-cleared by Barnwell's general counsel. If you are a member of one of these designated groups and are contemplating a transaction, you should contact Barnwell's general counsel in advance. This requirement does not apply to stock option exercises or purchases under Barnwell's stock purchase plan, but would cover market sales of Barnwell securities obtained pursuant to stock option plans.

### Public Disclosure of Insider Information

If you believe you may be in possession of material nonpublic information, do not disclose that information to anyone outside the Company or to anyone within the Company who does not have a need to know such information without first discussing it with Barnwell's general counsel.

### Additional Prohibited Transactions

**The Company considers it improper and inappropriate for any director, officer or other employee of the Company to engage in short-term or speculative transactions in the Company's securities. It therefore is the Company's policy that directors, officers and other employees may not engage in any of the following transactions:**

Short Sales. Short sales of the Company's securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance. For these reasons, short sales of the Company's securities are prohibited by this Policy Statement. In addition, Section 16(c) of the Securities Exchange Act of 1934 prohibits officers and directors from engaging in short sales.

Publicly Traded Options. A transaction in options is, in effect, a bet on the short-term movement of the Company's stock and therefore creates the appearance that the director or employee is trading based on inside information. Transactions in options also may focus the director's or employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in puts, calls or other derivative securities, on an exchange or in any other organized market, are prohibited by this Policy Statement. (Option positions arising from certain types of hedging transactions are governed by the section below captioned "Hedging Transactions.")

Hedging Transactions. Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an employee to lock in much of the value of his stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the director or employee to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the director or employee may no longer have the same objectives as the Company's other shareholders. Therefore, directors and employees are prohibited from engaging in any such transactions.

### Exception for Approved 10b5-1 Plans

Trades by covered persons in the Company's securities that are executed pursuant to an approved 10b5-1 plan are not subject to the prohibition on trading on the basis of material nonpublic information contained in this Policy Statement or to the restrictions set forth above relating to pre-clearance procedures and blackout periods.

Rule 10b5-1 provides an affirmative defense from insider trading liability under the federal securities laws for trading plans that meet certain requirements. In general, a 10b5-1 plan must be entered into before you are aware of material nonpublic information. Once the plan is adopted, you must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The

plan must either specify (including by formula) the amount, pricing and timing of transactions in advance or delegate discretion on those matters to an independent third party.

The Company requires that all 10b5-1 plans be approved in writing in advance by the general counsel. 10b5-1 plans generally may not be adopted during a blackout period and may only be adopted before the person adopting the plan is aware of material nonpublic information.

#### Post-Termination Transactions

The Policy Statement continues to apply to your transactions in Company securities even after your employment or other service relationship terminates. If you are aware of material nonpublic information when your employment or other service relationship terminates, you may not trade in Company securities until that information has become public or is no longer material.

## List of Subsidiaries

The subsidiaries of Barnwell Industries, Inc., at September 30, 2024 were:

<u>Name of Subsidiary</u>	<u>Jurisdiction of Incorporation or Organization</u>
Barnwell of Canada, Limited	Delaware
Water Resources International, Inc.	Delaware
Barnwell Hawaiian Properties, Inc.	Delaware
Barnwell Investments LLC	Delaware
Barnwell Texas, LLC	Delaware
Barnwell Kona Corporation	Hawaii
Kaupulehu Developments	Hawaii
KD Kona 2013 LLLP	Hawaii
BOK Drilling, LLC	Hawaii
Octavian Oil, Ltd.	Alberta, Canada

**Consent of InSite Petroleum Consultants Ltd.**

We hereby consent to the use of our name in the Annual Report on Form 10-K of Barnwell Industries, Inc. and to all references to us, our report concerning reserves and the data in that report appearing in the 10-K.

Date: December 16, 2024

InSite Petroleum Consultants Ltd.

By: /s/ Peter Hadala  
Peter Hadala, P. Eng.  
President and Managing Director



**RYDER SCOTT COMPANY**  
**PETROLEUM CONSULTANTS**

TBPELS REGISTERED ENGINEERING FIRM F-1580  
633 17TH STREET SUITE 1700

DENVER, COLORADO 80202

TELEPHONE (303) 339-8110

Exhibit No. 23.2

**Consent of Ryder Scott Company, L.P.**

We hereby consent to the use of our name in the Annual Report on Form 10-K of Barnwell Industries, Inc. and to all references to us, our report concerning reserves, and the data in that report appearing in the 10-K.

/s/ Ryder Scott Company, L.P.

RYDER SCOTT COMPANY, L.P.

TBPELS Firm Registration No. F-1580

Denver, CO  
December 16, 2024

**Consent of Independent Registered Public Accounting Firm**

To The Board of Directors  
Barnwell Industries, Inc.

We hereby consent to the incorporation by reference in the following Registration Statements and prospectus:

1. Form S-8 No. 333-251471 pertaining to the 2018 Equity Incentive Plan, as amended and restated, of Barnwell Industries, Inc.
2. Form S-8 No. 333-269704 pertaining to the 2018 Equity Incentive Plan, as amended and restated, of Barnwell Industries, Inc.

our report dated December 16, 2024, with respect to the consolidated balance sheets as of September 30, 2024 and 2023 of Barnwell Industries, Inc. and subsidiaries and related consolidated statements of operations, comprehensive loss, equity, and cash flows for each of the two years in the period ended September 30, 2024, and related notes, which report appears in the September 30, 2024 Annual Report on Form 10-K of Barnwell Industries, Inc.

/s/ WEAVER AND TIDWELL, L.L.P.

Little Falls, New Jersey  
December 16, 2024



## Certifications

I, Craig D. Hopkins, certify that:

1. I have reviewed this annual report on Form 10-K of Barnwell Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 16, 2024

/s/ Craig D. Hopkins

Craig D. Hopkins

President and Chief Executive Officer

## Certifications

I, Russell M. Gifford, certify that:

1. I have reviewed this annual report on Form 10-K of Barnwell Industries, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 16, 2024

/s/ Russell M. Gifford

Russell M. Gifford

Executive Vice President, Chief Financial Officer  
and Treasure

**Barnwell Industries, Inc.**

**Certification Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) each of the undersigned officers of Barnwell Industries, Inc. (the “Company”), does hereby certify, to such officer’s knowledge that:

The Annual Report on Form 10-K for the year ended September 30, 2024 of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-K fairly presents, in all material respects, the consolidated financial condition as of September 30, 2024 and consolidated results of operations for the year ended September 30, 2024 of the Company and its subsidiaries.

Dated: December 16, 2024

/s/ Craig D. Hopkins

Name: Craig D. Hopkins

Title: President and Chief Executive Officer

Dated: December 16, 2024

/s/ Russell M. Gifford

Name: Russell M. Gifford

Title: Executive Vice President, Chief Financial  
Officer and Treasurer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.

A signed original of the written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

December 3, 2024

**Barnwell of Canada, Limited**  
Suite 2410, 500 – 4th Avenue SW  
Calgary, Alberta  
T2P 2V6

**Re: Evaluation of the Oil and Gas Properties of  
Barnwell of Canada, Limited and Octavian Oil Ltd.**

Dear Sirs:

As requested, an evaluation has been made of all of the crude oil and natural gas assets of Barnwell of Canada, Limited and Octavian Oil Ltd., hereinafter referred to as the "Company." The properties evaluated are located in the Canadian provinces of Alberta and British Columbia. The effective date of the reserve estimates presented in this report is September 30, 2024. The purpose of this evaluation and report is to fulfill Securities and Exchange Commission (SEC) reporting requirements.

All Company assets were evaluated in full detail. Individual property evaluations were prepared in the context of belonging to a larger portfolio of properties. Due to the principal of aggregation of reserves, the total portfolio reserves estimate carries a higher degree of confidence than the estimates for the individual properties.

This evaluation is based in part on prices, currency exchange rates and estimates which, in future, may differ materially from the forecasts utilized herein. In addition, changes in government policy and regulation may result in higher (or lower) royalties and taxes and the change may be material; therefore, the present values of revenues documented in this report do not necessarily represent the fair market value of the reserves evaluated. The reserve estimates presented in this report are considered reasonable as of the effective date of the report given the quality and quantity of data available; however, they should be accepted with the understanding that reservoir performance subsequent to the date of these estimates may necessitate revision, which may be material.

**Barnwell of Canada, Limited plus Octavian Oil Ltd.**  
**Summary of Net Reserves – Constant Prices and Costs**

Net Remaining Reserves

	Crude Oil (Stb)	NGL + Cond. (Stb)	Market Gas (Mcf)
Proved Producing	735,600	168,900	4,005,700
Proved Non-Producing	47,300	7,400	295,200
Proved Undeveloped	109,500	22,500	640,500
Total Proved	892,400	198,800	4,941,400

Constant prices were prepared based on posted prices of crude oil and natural gas, and natural gas liquids using a 12 month unweighted arithmetic average closing price of each commodity on the 1<sup>st</sup> day of each month from October 1, 2023 through September 1, 2024 during the fiscal year. This report has been prepared using constant prices and costs and conforms to our understanding of the SEC's guidelines and applicable financial accounting rules.

All prices used in the evaluation have been adjusted from posted prices for applicable quality, heating value and transportation considerations. The weighted average prices, after applicable adjustments, over the life of the properties used in the evaluation were US\$ 70.15 barrel of oil, US\$ 1.19 per Mcf of gas, US\$ 34.90 per barrel of condensate and natural gas liquids.

During the course of the evaluation, the Company provided InSite Petroleum Consultants Ltd. ("InSite") personnel with basic information including land data, well information, geological information, reservoir studies, estimates of on-stream dates, contract details, operating cost data, capital budget forecasts, operating statements and other financial data and future operating plans. Additional engineering, geological or economic data used in the preparation of this report were obtained from public records, other operators and from InSite non-confidential files. InSite encountered no indications that the data was incomplete or inaccurate. Should evidence become available in the future suggesting that the data was incomplete or inaccurate, InSite reserves the right to revise the estimates based on new data. Similarly, the performance of the producing entities subsequent to the effective date of this report may necessitate upward or downward revisions to the reserve and production estimates.

In conducting our reserve analysis, proved reserve volumes were determined by volumetric, material balance, and production decline curve methods. The volumetric reserves were determined by reviewing all well logs, core, and geological data. Recovery factors were assigned after analyzing the performance of similar wells in the area. Historical well production was reviewed to determine reserves calculated by production decline curve analysis where sufficient historical data was available. The order of preference in choosing the methodology to be used was firstly production decline curve analysis or material balance where sufficient data was available for such analysis with volumetric calculations used where there was a lack of historical data.

The production and revenue forecasts for each property and the corporate cash flow summaries have not been adjusted for risk. Well abandonment, decommissioning and site reclamation costs (ADR) were included in the economic runs for all wells with reserves assigned, as wells as the ADR costs for producing wells with no reserves assigned, suspended wells and existing facilities. The ADR costs and timing were adopted from the Company's internal Asset Retirement Obligation (ARO) estimates.

The oil and gas reserves calculations and income projections upon which this report is based, were determined in accordance with generally accepted evaluation practices. InSite used all assumptions, data, methods and procedures it considered appropriate, under the circumstances, to prepare this report.

The extent and character of ownership and all factual data supplied by the Company were accepted as presented. A field inspection was not considered necessary by InSite.

In this report, gross (or Company share) reserves are defined as the total remaining recoverable reserves owned by the Company before deduction of any royalties. Net reserves are defined as those accruing to the Company after all interests owned by others including Crown and Freehold royalties have been deducted. The reserve category definitions utilized in this report are in accordance with SEC standards and Regulation S-X.

Yours very truly,

**InSite Petroleum Consultants Ltd.**

Original signed by Peter Hadala, P. Eng.  
(2024-12-03)

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Peter Hadala, P. Eng.  
President and Managing Director

Original signed by Radu Afilipoaei, P. Eng.  
(2024-12-03)

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Radu Afilipoaei, P. Eng.  
Managing Director

Original signed by J. Ed Hasiuk, P. Geol.  
(2024-12-03)

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J. Ed Hasiuk, P. Geol.  
Senior Geologist

**BARNWELL INDUSTRIES, INC.**

**Estimated**  
**Future Reserves and Income**  
**Attributable to Certain**  
**Leasehold and Royalty Interests**

**SEC Parameters**

**As of**  
**September 30, 2024**

/s/ Stephen E. Gardner  
Stephen E. Gardner, P.E.  
Colorado License No. 44720  
Managing Senior Vice President

[SEAL]

**RYDER SCOTT COMPANY, L.P.**  
TBPELS Firm Registration No. F-1580



TBPCLS REGISTERED ENGINEERING FIRM F-1580  
633 17TH STREET SUITE 1700

DENVER, COLORADO 80202

TELEPHONE (303) 339-8110

October 14, 2024

Barnwell Industries, Inc.  
1100 Alakea Street, Suite 500  
Honolulu, HI 96813

Ladies and Gentlemen:

At your request, Ryder Scott Company, L.P. (Ryder Scott) has prepared an estimate of the proved reserves, future production, and income attributable to certain leasehold and royalty interests of Barnwell Industries, Inc. (Barnwell) as of September 30, 2024. The subject properties are located in the states of Oklahoma and Texas. The reserves and income data were estimated based on the definitions and disclosure guidelines of the United States Securities and Exchange Commission (SEC) contained in Title 17, Code of Federal Regulations, Modernization of Oil and Gas Reporting, Final Rule released January 14, 2009 in the Federal Register (SEC regulations). Our third-party study, completed on October 14, 2024 and presented herein, was prepared for public disclosure by Barnwell in filings made with the SEC in accordance with the disclosure requirements set forth in the SEC regulations.

The properties evaluated by Ryder Scott account for a portion of Barnwell's total net proved liquid hydrocarbon and gas reserves as of September 30, 2024. Based on information provided by Barnwell, the third-party estimate conducted by Ryder Scott addresses approximately 21 percent of the total proved net reserves of Barnwell on a barrel of oil equivalent, BOE, basis as of September 30, 2024. Natural gas is converted to oil equivalent using a factor of 6,000 cubic feet of natural gas per one barrel of oil equivalent.

The estimated reserves and future net income amounts presented in this report, as of September 30, 2024 are related to hydrocarbon prices. The hydrocarbon prices used in the preparation of this report are based on the average prices during the 12-month period prior to the "as of date" of this report, determined as the unweighted arithmetic averages of the prices in effect on the first-day-of-the-month for each month within such period, as required by the SEC regulations. Actual future prices may vary considerably from the prices that were used in this report. The reserves volumes and the income attributable thereto have a direct relationship to the hydrocarbon prices actually received; therefore, volumes of reserves actually recovered and the amounts of income actually received may differ significantly from the estimated quantities presented in this report. The results of this study are summarized as follows.



**SEC PARAMETERS**  
Estimated Net Reserves and Income Data  
Certain Leasehold and Royalty Interests of  
**Barnwell Industries, Inc.**  
As of September 30, 2024

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	Total Proved Developed Producing
<b><u>Net Reserves</u></b>	
Oil/Condensate – Mbbl	89
Plant Products – Mbbl	166
Gas – MMcf	1514
<b><u>Income Data (\$M)</u></b>	
Future Gross Revenue	\$11,367
Deductions	<u>4,456</u>
Future Net Income (FNI)	\$ 6,911
Discounted FNI @ 10%	\$ 4,038

Liquid hydrocarbons are expressed in standard 42 U.S. gallon barrels and shown herein as thousands of barrels (Mbbl). All gas volumes are reported on an “as sold basis” expressed in millions of cubic feet (MMcf) at the official temperature and pressure bases of the area in which the gas reserves are located. In this report, the revenues, deductions, and income data are expressed as thousands of U.S. dollars (\$M).

The estimates of the reserves, future production, and income attributable to properties in this report were prepared using the economic software package ARIES<sup>TM</sup> Petroleum Economics and Reserves Software, a copyrighted program of Halliburton. The program was used at the request of Barnwell. Ryder Scott has found this program to be generally acceptable, but notes that certain summaries and calculations may vary due to rounding and may not exactly match the sum of the properties being summarized. Furthermore, one-line economic summaries may vary slightly from the more detailed cash flow projections of the same properties, also due to rounding. The rounding differences are not material.

The future gross revenue is after the deduction of production taxes. The deductions incorporate the normal direct costs of operating the wells, ad valorem taxes and certain abandonment costs. The future net income is before the deduction of state and federal income taxes and general administrative overhead, and has not been adjusted for outstanding loans that may exist nor does it include any adjustment for cash on hand or undistributed income.

Liquid hydrocarbon reserves account for approximately 87 percent and gas reserves account for the remaining 13 percent of total future gross revenue from proved reserves.

The discounted future net income shown above was calculated using a discount rate of 10 percent per annum compounded monthly. Future net income was discounted at four other discount rates which were also compounded monthly. These results are shown in summary form as follows.

Discount Rate Percent	Discounted Future Net Income (\$M) As of September 30, 2024
	Total Proved
5	\$5,044
8	\$4,378
12	\$3,756
15	\$3,413

The results shown above are presented for your information and should not be construed as our estimate of fair market value.

### ***Reserves Included in This Report***

The proved reserves included herein conform to the definition as set forth in the Securities and Exchange Commission’s Regulations Part 210.4-10(a). An abridged version of the SEC reserves definitions from 210.4-10(a) entitled “PETROLEUM RESERVES DEFINITIONS” is included as an attachment to this report.

The various reserves status categories are defined in the attachment entitled “PETROLEUM RESERVES STATUS DEFINITIONS AND GUIDELINES” in this report.

No attempt was made to quantify or otherwise account for any accumulated gas production imbalances that may exist. The proved gas volumes presented herein do not include volumes of gas consumed in operations as reserves.

Reserves are “estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations.” All reserves estimates involve an assessment of the uncertainty relating the likelihood that the actual remaining quantities recovered will be greater or less than the estimated quantities determined as of the date the estimate is made. The uncertainty depends primarily on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal categories, either proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be further sub-categorized as probable and possible reserves to denote progressively increasing uncertainty in their recoverability. At Barnwell’s request, this report addresses only the proved reserves attributable to the properties evaluated herein.

Proved oil and gas reserves are “those quantities of oil and gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward.” The proved reserves included herein were estimated using deterministic methods. The SEC has defined reasonable certainty for proved reserves, when based on deterministic methods, as a “high degree of confidence that the quantities will be recovered.”

Proved reserves estimates will generally be revised only as additional geologic or engineering data become available or as economic conditions change. For proved reserves, the SEC states that “as changes due to increased availability of geoscience (geological, geophysical, and geochemical), engineering, and economic data are made to the estimated ultimate recovery (EUR) with time, reasonably certain EUR is much more likely to increase or remain constant than to decrease.” Moreover, estimates of proved reserves may be revised as a result of future operations, effects of regulation by governmental agencies or geopolitical or economic risks. Therefore, the proved reserves included in this report are estimates only and should not be construed as being exact quantities, and if recovered, the revenues therefrom, and the actual costs related thereto, could be more or less than the estimated amounts.

Barnwell’s operations may be subject to various levels of governmental controls and regulations. These controls and regulations may include, but may not be limited to, matters relating to land tenure and leasing, the legal rights to produce hydrocarbons, drilling and production practices, environmental protection, marketing and pricing policies, royalties, various taxes and levies including income tax and are subject to change from time to time. Such changes in governmental regulations and policies may cause volumes of proved reserves actually recovered and amounts of proved income actually received to differ significantly from the estimated quantities.

The estimates of proved reserves presented herein were based upon a detailed study of the properties in which Barnwell owns an interest; however, we have not made any field examination of the properties. No consideration was given in this report to potential environmental liabilities that may exist nor were any costs included for potential liabilities to restore and clean up damages, if any, caused by past operating practices.

### ***Estimates of Reserves***

The estimation of reserves involves two distinct determinations. The first determination results in the estimation of the quantities of recoverable oil and gas and the second determination results in the estimation of the uncertainty associated with those estimated quantities in accordance with the definitions set forth by the Securities and Exchange Commission’s Regulations Part 210.4-10(a). The process of estimating the quantities of recoverable oil and gas reserves relies on the use of certain generally accepted analytical procedures. These analytical procedures fall into three broad categories or methods: (1) performance-based methods, (2) volumetric-based methods and (3) analogy. These methods may be used individually or in combination by the reserves evaluator in the process of estimating the quantities of reserves. Reserves evaluators must select the method or combination of methods which in their professional judgment is most appropriate given the nature and amount of reliable geoscience and engineering data available at the time of the estimate, the established or anticipated performance characteristics of the reservoir being evaluated, and the stage of development or producing maturity of the property.

In many cases, the analysis of the available geoscience and engineering data and the subsequent interpretation of this data may indicate a range of possible outcomes in an estimate, irrespective of the method selected by the evaluator. When a range in the quantity of reserves is identified, the evaluator must determine the uncertainty associated with the incremental quantities of the reserves. If the reserves quantities are estimated using the deterministic incremental approach, the uncertainty for each discrete incremental quantity of the reserves is addressed by the reserves category assigned by the evaluator. Therefore, it is the categorization of reserves quantities as proved, probable

and/or possible that addresses the inherent uncertainty in the estimated quantities reported. For proved reserves, uncertainty is defined by the SEC as reasonable certainty wherein the “quantities actually recovered are much more likely to be achieved than not.” The SEC states that “probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.” The SEC states that “possible reserves are those additional reserves that are less certain to be recovered than probable reserves and the total quantities ultimately recovered from a project have a low probability of exceeding proved plus probable plus possible reserves.” All quantities of reserves within the same reserves category must meet the SEC definitions as noted above.

Estimates of reserves quantities and their associated reserves categories may be revised in the future as additional geoscience or engineering data become available. Furthermore, estimates of reserves quantities and their associated reserves categories may also be revised due to other factors such as changes in economic conditions, results of future operations, effects of regulation by governmental agencies or geopolitical or economic risks as previously noted herein.

The reserves for the properties included herein were estimated by decline curve analysis, a performance method, which utilized extrapolations of historical production and pressure data ending between August and September 2024, depending on the availability of data for a given case. The data utilized in this analysis were furnished to Ryder Scott by Barnwell or obtained from public data sources and were considered sufficient for the purpose thereof.

To estimate economically producible proved oil and gas reserves and related future net cash flows, we consider many factors and assumptions including, but not limited to, the use of reservoir parameters derived from geological, geophysical and engineering data which cannot be measured directly, economic criteria based on current costs and SEC pricing requirements, and forecasts of future production rates. Under the SEC regulations 210.4-10(a)(22)(v) and (26), proved reserves must be anticipated to be economically producible from a given date forward based on existing economic conditions including the prices and costs at which economic producibility from a reservoir is to be determined. While it may reasonably be anticipated that the future prices received for the sale of production and the operating costs and other costs relating to such production may increase or decrease from those under existing economic conditions, such changes were, in accordance with rules adopted by the SEC, omitted from consideration in making this evaluation.

Barnwell has informed us that they have furnished us all of the material accounts, records, geological and engineering data, and reports and other data required for this investigation. In preparing our forecast of future proved production and income, we have relied upon data furnished by Barnwell with respect to property interests owned, production and well tests from examined wells, normal direct costs of operating the wells or leases, other costs such as transportation and/or processing fees, ad valorem and production taxes and adjustments or differentials to product prices. Ryder Scott reviewed such factual data for its reasonableness; however, we have not conducted an independent verification of the data furnished by Barnwell. We consider the factual data used in this report appropriate and sufficient for the purpose of preparing the estimates of reserves and future net revenues herein.

In summary, we consider the assumptions, data, methods and analytical procedures used in this report appropriate for the purpose hereof, and we have used all such methods and procedures that we consider necessary and appropriate to prepare the estimates of reserves herein. The proved reserves included herein were determined in conformance with the United States Securities and Exchange Commission (SEC) Modernization of Oil and Gas Reporting; Final Rule, including all references to

Regulation S-X and Regulation S-K, referred to herein collectively as the “SEC Regulations.” In our opinion, the proved reserves presented in this report comply with the definitions, guidelines and disclosure requirements as required by the SEC regulations.

### ***Future Production Rates***

Our forecasts of future production rates are based on the individual historical production data and the performance trend of each well. These future production rates may be more or less than estimated because of changes including, but not limited to, reservoir performance, operating conditions related to surface facilities, compression and artificial lift, pipeline capacity and/or operating conditions, and producing market demand.

### ***Hydrocarbon Prices***

The hydrocarbon prices used herein are based on SEC price parameters using the average prices during the 12-month period prior to the “as of date” of this report, determined as the unweighted arithmetic averages of the prices in effect on the first-day-of-the-month for each month within such period.

We provided Barnwell with the above-mentioned average benchmark prices in effect on September 30, 2024. These initial SEC hydrocarbon prices were determined using the 12-month average first-day-of-the-month benchmark prices appropriate to the geographic area where the hydrocarbons are sold. These benchmark prices are prior to the adjustments for differentials as described herein. The table below summarizes the “benchmark prices” and “price reference” used for the geographic area included in the report.

The product prices that were actually used to determine the future gross revenue for each property reflect adjustments to the benchmark prices for gravity, quality, local conditions, certain oil transportation fees and/or distance from market, referred to herein as “differentials.” The differentials used in the preparation of this report were estimated by us based on information furnished by Barnwell.

In addition, the table below summarizes the net volume weighted benchmark prices adjusted for differentials and referred to herein as the “average realized prices.” The average realized prices shown in the table below were determined from the total future gross revenue before production taxes and the total net reserves for the geographic area and presented in accordance with SEC disclosure requirements for the geographic area included in the report.

Geographic Area	Product	Price Reference	Average Benchmark Prices	Average Realized Prices
North America				
United States	Oil/Condensate	WTI Cushing	\$78.64/Bbl	\$78.04/Bbl
	NGLs	WTI Cushing	\$78.64/Bbl	\$20.93/Bbl
	Gas	Henry Hub	\$2.206/MMBTU	\$1.07/Mcf

*\*NGLs were estimated to be approximately 27% of WTI.*

The effects of derivative instruments designated as price hedges of oil and gas quantities are not reflected in our individual property evaluations.

## **Costs**

Operating cost data for the leases and wells in this report were furnished by Barnwell, are based on their operating expense reports and include only those costs directly applicable to the leases or wells. The operating costs include a portion of general and administrative costs allocated directly to the leases and wells. In addition, certain gas gathering and processing fees were included as operating costs. The operating costs used in the preparation of this report were estimated by us based on information furnished by Barnwell. No deduction was made for loan repayments, interest expenses, or exploration and development prepayments that were not charged directly to the leases or wells.

An estimated cost of abandonment was included for each well at Barnwell's request. We have made no field inspections to determine if any additional abandonment, decommissioning, and/or restoration costs may be necessary in addition to the well-level costs included herein.

Current costs used in this evaluation were held constant throughout the life of the properties.

## ***Standards of Independence and Professional Qualification***

Ryder Scott is an independent petroleum engineering consulting firm that has been providing petroleum consulting services throughout the world since 1937. Ryder Scott is employee-owned and maintains offices in Houston, Texas; Denver, Colorado; and Calgary, Alberta, Canada. We have approximately eighty engineers and geoscientists on our permanent staff. By virtue of the size of our firm and the large number of clients for which we provide services, no single client or job represents a material portion of our annual revenue. We do not serve as officers or directors of any privately-owned or publicly-traded oil and gas company and are separate and independent from the operating and investment decision-making process of our clients. This allows us to bring the highest level of independence and objectivity to each engagement for our services.

Ryder Scott actively participates in industry-related professional societies and organizes an annual public forum focused on the subject of reserves evaluations and SEC regulations. Many of our staff have authored or co-authored technical papers on the subject of reserves related topics. We encourage our staff to maintain and enhance their professional skills by actively participating in ongoing continuing education.

Prior to becoming an officer of the Company, Ryder Scott requires that staff engineers and geoscientists receive professional accreditation in the form of a registered or certified professional engineer's license or a registered or certified professional geoscientist's license, or the equivalent thereof, from an appropriate governmental authority or a recognized self-regulating professional organization. Regulating agencies require that, in order to maintain active status, a certain amount of continuing education hours be completed annually, including an hour of ethics training. Ryder Scott fully supports this technical and ethics training with our internal requirement mentioned above.

We are independent petroleum engineers with respect to Barnwell Industries, Inc. Neither we nor any of our employees have any financial interest in the subject properties and neither the employment to do this work nor the compensation is contingent on our estimates of reserves for the properties which were reviewed.

The results of this study, presented herein, are based on technical analyses conducted by teams of geoscientists and engineers from Ryder Scott. The professional qualifications of the undersigned, the technical person primarily responsible for overseeing the evaluation of the reserves information discussed in this report, are included as an attachment to this letter.

### ***Terms of Usage***

The results of our third party study, presented in report form herein, were prepared in accordance with the disclosure requirements set forth in the SEC regulations and intended for public disclosure as an exhibit in filings made with the SEC by Barnwell.

Barnwell makes periodic filings on Form 10-K with the SEC under the 1934 Exchange Act. Furthermore, Barnwell has certain registration statements filed with the SEC under the 1933 Securities Act into which any subsequently filed Form 10-K is incorporated by reference. We have consented to the incorporation by reference in the registration statements on Form S-3 and Form S-8 of Barnwell, of the references to our name, as well as to the references to our third party report for Barnwell, which appears in the September 30, 2024 annual report on Form 10-K of Barnwell. Our written consent for such use is included as a separate exhibit to the filings made with the SEC by Barnwell.

We have provided Barnwell with a digital version of the original signed copy retained in our files. In the event there are any differences between the digital version included in filings made by Barnwell and the original signed copy in our files, the original signed file copy shall control and supersede.

The data and work papers used in the preparation of this report are available for examination by authorized parties in our offices. Please contact us if we can be of further service.

Very truly yours,

**RYDER SCOTT COMPANY, L.P.**

TBPELS Firm Registration No. F-1580

/s/ Stephen E. Gardner  
Stephen E. Gardner, P.E.  
Colorado License No. 44720  
Managing Senior Vice President

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### **Professional Qualifications of Primary Technical Person**

The conclusions presented in this report are the result of technical analysis conducted by teams of geoscientists and engineers from Ryder Scott Company, L.P. Mr. Stephen E. Gardner is the primary technical person responsible for the estimate of the reserves, future production and income.

Mr. Gardner, an employee of Ryder Scott Company, L.P. (Ryder Scott) since 2006, is a Managing Senior Vice President responsible for ongoing reservoir evaluation studies worldwide, as well as for coordinating and supervising the evaluations of staff and consulting engineers of the company. Mr. Gardner is also a member of Ryder Scott's Board of Directors. Before joining Ryder Scott, Mr. Gardner served in a number of engineering positions with Exxon Mobil Corporation. For more information regarding Mr. Gardner's geographic and job specific experience, please refer to the Ryder Scott Company website at <https://ryderscott.com/employees/denver-employees>.

Mr. Gardner earned a Bachelor of Science degree in Mechanical Engineering from Brigham Young University in 2001 (summa cum laude). He is a licensed Professional Engineer in the States of Colorado and Texas. Mr. Gardner is a member of the Society of Petroleum Engineers (SPE) and a former director of the Society of Petroleum Evaluation Engineers (SPEE). He currently serves as an officer for SPEE at the international level.

In addition to gaining experience and competency through prior work experience, the Texas Board of Professional Engineers requires a minimum of 15 hours of continuing education annually, including at least one hour in the area of professional ethics, which Mr. Gardner fulfills. As part of his 2023 continuing education hours, Mr. Gardner attended multiple technical conferences, which covered a variety of reserves topics including analysis techniques for unconventional reservoirs, ESG issues, reserves definitions and guidelines, SEC comment letter trends, and others. Mr. Gardner was a featured speaker for geothermal resource evaluation and classification at an SPE technical workshop in August 2023. In addition, Mr. Gardner participated in various local technical seminars and other internal company training courses throughout the year covering topics such as reserves evaluation methods and evaluation software, ethics, M&A trends, regulatory issues, geothermal energy, SRMS, and more.

Based on his educational background, professional training and more than 18 years of practical experience in the estimation and evaluation of petroleum reserves, Mr. Gardner has attained the professional qualifications as a Reserves Estimator set forth in Article III of the "Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information" promulgated by the Society of Petroleum Engineers as of June 2019.



## **PETROLEUM RESERVES DEFINITIONS**

**As Adapted From:  
RULE 4-10(a) of REGULATION S-X PART 210  
UNITED STATES SECURITIES AND EXCHANGE COMMISSION (SEC)**

### **PREAMBLE**

On January 14, 2009, the United States Securities and Exchange Commission (SEC) published the “Modernization of Oil and Gas Reporting; Final Rule” in the Federal Register of National Archives and Records Administration (NARA). The “Modernization of Oil and Gas Reporting; Final Rule” includes revisions and additions to the definition section in Rule 4-10 of Regulation S-X, revisions and additions to the oil and gas reporting requirements in Regulation S-K, and amends and codifies Industry Guide 2 in Regulation S-K. The “Modernization of Oil and Gas Reporting; Final Rule”, including all references to Regulation S-X and Regulation S-K, shall be referred to herein collectively as the “SEC regulations”. The SEC regulations take effect for all filings made with the United States Securities and Exchange Commission as of December 31, 2009, or after January 1, 2010. Reference should be made to the full text under Title 17, Code of Federal Regulations, Regulation S-X Part 210, Rule 4-10(a) for the complete definitions (direct passages excerpted in part or wholly from the aforementioned SEC document are denoted in italics herein).

*Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations.* All reserve estimates involve an assessment of the uncertainty relating the likelihood that the actual remaining quantities recovered will be greater or less than the estimated quantities determined as of the date the estimate is made. The uncertainty depends chiefly on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal classifications, either proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be further sub-classified as probable and possible reserves to denote progressively increasing uncertainty in their recoverability. Under the SEC regulations as of December 31, 2009, or after January 1, 2010, a company may optionally disclose estimated quantities of probable or possible oil and gas reserves in documents publicly filed with the SEC. The SEC regulations continue to prohibit disclosure of estimates of oil and gas resources other than reserves and any estimated values of such resources in any document publicly filed with the SEC unless such information is required to be disclosed in the document by foreign or state law as noted in §229.1202 Instruction to Item 1202.

Reserves estimates will generally be revised only as additional geologic or engineering data become available or as economic conditions change.

Reserves may be attributed to either natural energy or improved recovery methods. Improved recovery methods include all methods for supplementing natural energy or altering natural forces in the reservoir to increase ultimate recovery. Examples of such methods are pressure maintenance, natural gas cycling, waterflooding, thermal methods, chemical flooding, and the use of miscible and immiscible

displacement fluids. Other improved recovery methods may be developed in the future as petroleum technology continues to evolve.

Reserves may be attributed to either conventional or unconventional petroleum accumulations. Petroleum accumulations are considered as either conventional or unconventional based on the nature of their in-place characteristics, extraction method applied, or degree of processing prior to sale. Examples of unconventional petroleum accumulations include coalbed or coalseam methane (CBM/CSM), basin-centered gas, shale gas, gas hydrates, natural bitumen and oil shale deposits. These unconventional accumulations may require specialized extraction technology and/or significant processing prior to sale.

Reserves do not include quantities of petroleum being held in inventory.

Because of the differences in uncertainty, caution should be exercised when aggregating quantities of petroleum from different reserves categories.

### **RESERVES (SEC DEFINITIONS)**

Securities and Exchange Commission Regulation S-X §210.4-10(a)(26) defines reserves as follows:

**Reserves.** *Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project.*

Note to paragraph (a)(26): *Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations).*

### **PROVED RESERVES (SEC DEFINITIONS)**

Securities and Exchange Commission Regulation S-X §210.4-10(a)(22) defines proved oil and gas reserves as follows:

**Proved oil and gas reserves.** *Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.*

*(i) The area of the reservoir considered as proved includes:*

*(A) The area identified by drilling and limited by fluid contacts, if any, and*

*(B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.*

**PROVED RESERVES (SEC DEFINITIONS) CONTINUED**

*(ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.*

*(iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.*

*(iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:*

*(A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and*

*(B) The project has been approved for development by all necessary parties and entities, including governmental entities.*

*(v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.*

## **PETROLEUM RESERVES STATUS DEFINITIONS AND GUIDELINES**

**As Adapted From:  
RULE 4-10(a) of REGULATION S-X PART 210  
UNITED STATES SECURITIES AND EXCHANGE COMMISSION (SEC)**

**and**

### **2018 PETROLEUM RESOURCES MANAGEMENT SYSTEM (SPE-PRMS)**

**Sponsored and Approved by:  
SOCIETY OF PETROLEUM ENGINEERS (SPE)  
WORLD PETROLEUM COUNCIL (WPC)  
AMERICAN ASSOCIATION OF PETROLEUM GEOLOGISTS (AAPG)  
SOCIETY OF PETROLEUM EVALUATION ENGINEERS (SPEE)  
SOCIETY OF EXPLORATION GEOPHYSICISTS (SEG)  
SOCIETY OF PETROPHYSICISTS AND WELL LOG ANALYSTS (SPWLA)  
EUROPEAN ASSOCIATION OF GEOSCIENTISTS & ENGINEERS (EAGE)**

Reserves status categories define the development and producing status of wells and reservoirs. Reference should be made to Title 17, Code of Federal Regulations, Regulation S-X Part 210, Rule 4-10(a) and the SPE-PRMS as the following reserves status definitions are based on excerpts from the original documents (direct passages excerpted from the aforementioned SEC and SPE-PRMS documents are denoted in italics herein).

### **DEVELOPED RESERVES (SEC DEFINITIONS)**

Securities and Exchange Commission Regulation S-X §210.4-10(a)(6) defines developed oil and gas reserves as follows:

*Developed oil and gas reserves are reserves of any category that can be expected to be recovered:*

*(i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and*

*(ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.*

### **Developed Producing (SPE-PRMS Definitions)**

While not a requirement for disclosure under the SEC regulations, developed oil and gas reserves may be further sub-classified according to the guidance contained in the SPE-PRMS as Producing or Non-Producing.

**Developed Producing Reserves**

*Developed Producing Reserves are expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate.*

*Improved recovery reserves are considered producing only after the improved recovery project is in operation.*

**Developed Non-Producing**

*Developed Non-Producing Reserves include shut-in and behind-pipe Reserves.*

**Shut-In**

*Shut-in Reserves are expected to be recovered from:*

- (1) completion intervals that are open at the time of the estimate but which have not yet started producing;*
- (2) wells which were shut-in for market conditions or pipeline connections; or*
- (3) wells not capable of production for mechanical reasons.*

**Behind-Pipe**

*Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves.*

*In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.*

**UNDEVELOPED RESERVES (SEC DEFINITIONS)**

Securities and Exchange Commission Regulation S-X §210.4-10(a)(31) defines undeveloped oil and gas reserves as follows:

*Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.*

*(i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.*

*(ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances, justify a longer time.*

*(iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in paragraph (a)(2) of this section, or by other evidence using reliable technology establishing reasonable certainty.*

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K / A  
(Amendment No. 1)

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the fiscal year ended September 30, 2024

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

Commission File Number 1-5103

**BARNWELL INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**72-0496921**

(I.R.S. Employer Identification No.)

**1100 Alakea Street, Suite 500, Honolulu, Hawaii**

(Address of principal executive offices)

**96813**

(Zip code)

Registrant's telephone number, including area code: **(808) 531-8400**

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of each class</u>	<u>Trading Symbols(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.50 par value	BRN	NYSE American

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Non-accelerated filer ☒

Accelerated filer ☐

Smaller reporting company ☒

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the voting common stock held by non-affiliates of the registrant, computed by reference to the closing price of a share of common stock on March 31, 2024 (the last business day of the registrant's most recently completed second fiscal quarter) was \$8,474,000.

As of December 31, 2024 there were 10,053,534 shares of common stock outstanding.

Documents Incorporated by Reference

None.

## EXPLANATORY NOTE

Barnwell Industries, Inc. (the “Company”, “our” or “Barnwell”) is filing this Amendment No. 1 on Form 10-K/A (this “Amendment”) to its Annual Report on Form 10-K for the fiscal year ended September 30, 2024, which was originally filed on December 17, 2024 (the “Original Filing”), solely to include the information required by Part III of Form 10-K of the Original Filing and not included in the Original Filing. This information was previously omitted from the Original Filing in reliance on General Instruction G(3) to Form 10-K, which permits the information in the above referenced items to be incorporated in the Form 10-K by reference from the Company’s definitive proxy statement if such statement is filed no later than 120 days after the Company’s fiscal year end. This Amendment amends and restates in their entirety Items 10, 11, 12, 13 and 14 of Part III of the Original Filing. In addition, the reference on the cover of the Original Filing to the incorporation by reference of our definitive proxy statement into Part III of the Original Filing is hereby deleted. Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), this Form 10-K/A also contains certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, which are attached hereto. Because no financial statements have been included in this Form 10-K/A and this Form 10-K/A does not contain or amend any disclosure with respect to Items 307 and 308 of Regulation S-K, paragraphs 3, 4, and 5 of the certifications have been omitted.

Except as described above, this Amendment does not modify or update the disclosure in, or exhibits to, the Original Filing in any way, and the parts or exhibits of the Original Filing which have not been modified or updated are not included in this Amendment. Furthermore, this Form 10-K/A does not change any previously reported financial results, nor does it reflect events occurring after the filing date of the Original Filing. Information not affected by this Form 10-K/A remains unchanged and reflects the disclosures made at the time the Original Filing was filed. This Amendment continues to speak as of the date of the Original Filing, and except as expressly set forth in this Amendment, does not reflect events occurring after December 17, 2024, the filing date of the Original Filing, or modify or update those disclosures that may have been affected by subsequent events. Accordingly, this Amendment should be read in conjunction with the Original Filing and the Company’s other filings made with the Securities and Exchange Commission since the filing of the Original Filing, including amendments to those filings, if any.



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## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The table below identifies our current officers and directors.

Name	Position Held with the Company	Age
Kenneth S. Grossman <sup>1, 3A, 4</sup>	Vice Chairman of the Board of Directors, Director	68
Joshua S. Horowitz <sup>1, 3, 4A</sup>	Director	47
Alexander C. Kinzler <sup>2A</sup>	Executive Chairman of the Board of Directors, Director	66
	Secretary, General Counsel	
Laurance E. Narbut <sup>2</sup>	Director	53
Douglas N. Woodrum <sup>1A, 2, 3, 4</sup>	Director	67

<sup>1A</sup> Chair of the Audit Committee

<sup>1</sup> Member of the Audit Committee

<sup>2A</sup> Chair of the Reserves Committee

<sup>2</sup> Member of the Reserves Committee

<sup>3A</sup> Chair of the Compensation Committee

<sup>3</sup> Member of the Compensation Committee

<sup>4A</sup> Chair of the Nominating Committee

<sup>4</sup> Member of the Nominating Committee

#### Business Experience

**Kenneth S. Grossman**<sup>1</sup> – Director since 2020. Vice Chairman of the Board of the Company since April 1, 2024 and from May 11, 2021 to June 30, 2022. Chairman of the Board of the Company from January 21, 2023 to March 31, 2024 and from April 15, 2020 to May 10, 2021. Investor and attorney specializing in companies undergoing and/or emerging from restructuring or reorganization; Senior Managing Director of Steppingstone Group, LLC. Mr. Grossman has been engaged as a professional investor and the management of capital as a buy-side principal since 1990. Mr. Grossman has served as an independent director of both private and public companies, and as a member of creditor, bank group and shareholder committees for other businesses and has extensive experience in advising investors as well as leading investors and partners with respect to distressed and other capital-challenged “special situation” companies. Mr. Grossman’s experience includes a strong network of relationships and management roles involving large portfolios in this investment sector maintained by multi-strategy and arbitrage firms. Admitted to the New York Bar in 1982, Mr. Grossman practiced law with Shea & Gould until 1989, where he specialized in bankruptcy, creditor’s rights and commercial litigation. More recently, Mr. Grossman utilized that experience in leadership roles and as a Director of Lehman Brothers Special Finance, Inc. and Signature Group Holdings, Inc. (formerly Fremont General Corporation), as they emerged from Chapter 11 bankruptcy. Mr. Grossman is currently a board member and/or special advisor for Concise Capital Management and a director of Performance Sports Group, Inc., Buffalo Armory, LLC and Nebraska Book Co, Inc.

**Joshua S. Horowitz**<sup>1</sup> – Portfolio Manager at Palm Management (US) LLC. Mr. Horowitz has held senior positions at Inverloch Capital, an asset management firm, and Berggruen Holdings, the family office of Nicolas Berggruen. He began his career at Crossway Partners, a value strategy investment partnership. Mr. Horowitz holds a BS in Management, magna cum laude, from Binghamton University and also studied at the Bath School of Management in the United Kingdom. Mr. Horowitz also earned a NACD CERT Certificate in Cyber-Risk Oversight, issued by Carnegie Mellon University. Mr. Horowitz previously served as a Director of The Lincoln General Insurance Company (private), as well as 1347 Capital Corp (Nasdaq: TFSC), and is currently Chairman of the Board of Limbach Holdings (Nasdaq: LMB), a leading mechanical engineering concern. Since December 2023, he has served as Chairman of the Board of BK Technologies Corporation (NYSE: BKT), a wireless communications company focused on the public safety market. He has also served on the Board of NeuroMetrix (Nasdaq: NURO), a non-invasive medical device concern since April 2024. Mr. Horowitz formerly served on the Board of 1347 Property Insurance Holdings, Inc. (Nasdaq: PIH) and Minim, Inc. (Nasdaq: MINM), and was Interim Chairman of the Board of Birner Dental Management Services, Inc. (OTC: BDMS), where he led the Company’s sale to Mid Atlantic Dental Partners. Mr. Horowitz also was a Board Observer at Biomerica, Inc. (Nasdaq: BMRA). Mr. Horowitz’s background in management and the investment community gives him significant insight into corporate operations, investment opportunities, commodities and business issues facing the Company and his experience on numerous boards bring significant strategic, consensus-building and management skills to the Company.

**Alexander C. Kinzler** – Director since 1999. Executive Chairman of the Board since April 1, 2024. Chief Executive Officer of the Company from December 2016 to March 31, 2024. President and Chief Operating Officer of the Company from December 2002 to March 31, 2024, Secretary from April 1, 2024 and General Counsel of the Company since December 2001. Mr. Kinzler, an attorney, has been employed by the Company since 1984 in various capacities, including Vice President, Executive Vice President, and currently Secretary and General Counsel, and brings to the Board deep insight into the operations, challenges and complex issues facing the Company. He has served on the boards of directors of business groups including the Hawaii Leeward Planning

<sup>1</sup> This director is independent as defined in Section 803(A) of the NYSE American listing standards.

Conference, and also brings to the Board significant operational, strategic, consensus-building and management skills from his years with the Company and legal background.

**Laurance E. Narbut**<sup>2</sup> – Director since 2023. Mr. Narbut is the founder and Managing Partner of Acceleration Resources LLC, a private equity firm focusing on lower/middle market upstream energy sector since 2013. Mr. Narbut has held senior positions at Passport Capital, Richmond Financial, SUN Capital Partners, Credit Suisse First Boston, and the Parthenon Group. At Passport Capital, Mr. Narbut was a portfolio manager for the energy strategy, investing across multiple funds and focused on upstream oil & gas and energy service investments. Mr. Narbut attended Harvard Business School and the University of Pennsylvania. Mr. Narbut’s strong background in business, finance, energy strategy and energy investing brings to the Board deep insight into the Company’s primary upstream oil and gas business as well as the evaluation and financing of a variety of businesses business opportunities.

**Douglas N. Woodrum**<sup>2</sup> – Director since 2020. Director of Liberated Syndication, Inc., a podcast hosting and targeted advertising company from 2021 to present. Director of MarkerScout, a private insurance distribution and underwriting company from 2002 to June 2023. Chief Financial Officer and Director of ChinaCast Education Corporation, a post- secondary and e-learning service provider in China from 2012-2016. Mr. Woodrum was appointed Director of ChinaCast Education Corporation, a China-based post-secondary education enterprise in January 2012 and was appointed CFO in March 2012. Shortly after being appointed CFO, Mr. Woodrum discovered fraud. From 2012-2016 Mr. Woodrum assisted in the recovery of several million dollars for its creditors. In late 2016 the shareholders and creditors requested and approved a Chapter 11 bankruptcy filing. From 2016-2018, during the bankruptcy period, Mr. Woodrum led the recovery of several additional millions of dollars for ChinaCast’s creditors. In late 2018, ChinaCast received court approval to close the bankruptcy proceedings. Portfolio analyst of Jayhawk Capital Management, a private equity firm focused on small and medium-sized businesses operating in China from 2006 - 2009. Chief Financial Officer of CNET Networks, Inc., a publicly traded on-line media company from 1997 - 2005. Chief Financial Officer of Heritage Media Corporation, a publicly traded diversified media company from 1993 - 1996. Mr. Woodrum received his B.B.A. in finance and accounting from the University of Iowa in 1979.

### Named Executive Officers of the Company

The Company currently has two executive officers (the “Named Executive Officers”)<sup>3</sup>. The following table sets forth the names and ages of all Named Executive Officers of the Company during fiscal 2024, their positions and offices with the Company and the period during which each has served.

Name	Age	Position with the Company
Craig D. Hopkins	51	Chief Executive Officer and President since April 1, 2024. President of Octavian Oil, Ltd. since March 1, 2017, President and Chief Operating Officer of Barnwell of Canada, Limited since July 1, 2020. Octavian Oil, Ltd. and Barnwell of Canada, Limited are wholly-owned subsidiaries of Barnwell Industries, Inc.
Russell M. Gifford	70	Executive Vice President since December 1997, Treasurer since November 1986 and Chief Financial Officer since August 1985. Secretary from December 2002 to March 31, 2024. President of Water Resources International, Inc., a wholly-owned subsidiary of the Company, since December 1999.
Alexander C. Kinzler	66	Secretary and Executive Chairman of the Board of Directors since April 1, 2024. General Counsel since December 2001. Chief Executive Officer from December 2016 until March 31, 2024. President and Chief Operating Officer from December 2002 until March 31, 2024.

<sup>2</sup> This director is independent as defined in Section 803(A) of the NYSE American listing standards.

<sup>3</sup> Mr. Kinzler was Chief Executive Officer and President until March 31, 2024 and is no longer an Executive Officer.

## **Board Meetings**

The Board of Directors held five meetings during the fiscal year ended September 30, 2024, all directors attended at least 75% of the meetings of the Board of Directors and of the committees of the Board of Directors on which each director served. The independent directors met on two occasions out of the presence of management during the fiscal year ended September 30, 2024.

## ***Audit Committee***

The members of the Audit Committee are Mr. Woodrum, Chairman, and Messrs. Grossman and Horowitz. All of the members of the Audit Committee are independent (as independence is defined in Section 803(A) of the NYSE American listing standards). The Board of Directors has determined that the Audit Committee has an audit committee financial expert, Mr. Woodrum, who fulfilled the CPA exam requirements in 1981, but is not a qualified or practicing CPA, is a financial expert based on his degree in finance and experience as Chief Financial Officer of a public company. Mr. Woodrum, while not a CPA, has in-depth financial and accounting expertise and has been determined by the Board of Directors to qualify as an Audit Committee financial expert. The Board of Directors has adopted a written charter for the Audit Committee, a copy of which is available on our website. The Audit Committee reviews the services of the independent accountants employed by the Company to audit the consolidated financial statements of the Company. The Audit Committee periodically reviews major issues regarding accounting and auditing principles and practices, the adequacy of internal controls that could affect the consolidated financial statements as well as all related party transactions and potential conflicts of interest. During the fiscal year ended September 30, 2024, the Audit Committee held four meetings.

## ***Nominating Committee***

The members of the Nominating Committee are Mr. Horowitz, Chairman, and Messrs. Grossman and Woodrum. During the fiscal year ended September 30, 2024, the Nominating Committee held one meeting. The purpose of the Nominating Committee is to identify and select or recommend qualified nominees to be elected to the Board of Directors at the annual meeting of stockholders (consistent with criteria approved by the Board of Directors), identify, select or recommend qualified nominees to fill any vacancies on the Board of Directors or a committee thereof (consistent with criteria approved by the Board of Directors) and undertake such other duties and responsibilities as may from time to time be delegated by the Board of Directors to the Nominating Committee.

## ***Reserves Committee***

The members of the Reserves Committee are Mr. Kinzler, Chairman, and Messrs. Narbut and Woodrum. During the fiscal year ended September 30, 2024, the Reserves Committee held one meeting.

## ***Compensation Committee***

The members of the Compensation Committee are Mr. Grossman, Chairman, and Messrs. Horowitz and Woodrum. The Compensation Committee (i) determines the annual compensation of the Company's Executive Officers; (ii) recommends, if appropriate, new employee benefit plans to the Board of Directors; (iii) administers all employee benefit plans; and (iv) makes such other determinations regarding compensation or benefits as may be necessary or advisable. The Compensation Committee held two meetings during the fiscal year ended September 30, 2024. The Board of Directors has adopted a written charter for the Compensation Committee, a copy of which is available on our website.

## **Code of Ethics**

The Company has adopted a code of ethics that applies to all of our executive and non-executive employees. The code of ethics contains certain additional terms applicable to our Chief Executive Officer and Chief Financial Officer. The Company's code of ethics may be found on the Company's website at: [www.brninc.com/ethics0304.pdf](http://www.brninc.com/ethics0304.pdf).

## **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires the Company's officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file certain reports of beneficial ownership with the SEC. Based solely on the Company's review of the copies of such forms it has received and written representations from certain reporting persons, the Company believes that all of its officers, directors and greater than 10% beneficial owners, complied with all Section 16(a) filing requirements applicable to them during the Company's most recently completed fiscal year.

## ITEM 11. EXECUTIVE COMPENSATION

### Summary Compensation Table

The Summary Compensation Table below sets forth certain information regarding compensation paid during the fiscal years ended September 30, 2024 and September 30, 2023 to (1) Craig D. Hopkins, our Chief Executive Officer and President as of April 1, 2024 (2) Russell M. Gifford, our Executive Vice President, Chief Financial Officer and Treasurer, and who was our Secretary until March 31, 2024 and (3) Alexander C. Kinzler, our Secretary and General Counsel and who was our Chief Executive Officer, President and Chief Operating Officer until March 31, 2024.

No Named Executive Officer was granted an option award or non-equity incentive plan compensation in fiscal year 2024 or 2023 or received above-market or preferential earnings on compensation that was deferred on a basis that was not tax-qualified. As a result, such columns have been omitted.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	All Other Compensation (\$) <sup>4</sup>	Total (\$)
Craig D. Hopkins <sup>5</sup> Chief Executive Officer and President	2024	180,075	35,270	157,800 <sup>6</sup>	-	373,145
	2023	140,923	57,853	-	-	198,776
Russell M. Gifford Executive Vice President, Chief Financial Officer and Treasurer	2024	280,000	22,500	-	-	302,500
	2023	280,000	33,750	-	-	313,750
Alexander C. Kinzler <sup>7</sup> Chief Executive Officer, President, Chief Operating Officer, Secretary and General Counsel	2024	175,000	22,500	-	11,361	208,861
	2023	253,750	37,500	-	37,059	328,309

### Grants of Plan-Based Awards

Name	Grant Date	Number of Units (#)
Craig D. Hopkins	May 16, 2024	60,000

<sup>4</sup> This amount represents directors' fees and perquisites received with respect to medical insurance.

<sup>5</sup> All (\$) amounts with respect to Mr. Hopkins are the U.S. Dollar equivalent of compensation paid in Canadian Dollars. Mr. Hopkins became a Named Executive Officer as of April 1, 2024 when he was appointed as the Company's Chief Executive Officer and President. Mr. Hopkins's salary as Chief Executive Officer of the Company, effective April 1, 2024, is \$196,600 which is the U.S. Dollar equivalent of C\$265,000. His 2024 bonus will be paid in restricted stock units.

<sup>6</sup> Mr. Hopkins received a grant of 60,000 restricted stock units on May 16, 2024.

<sup>7</sup> Mr. Kinzler was Chief Executive Officer and President until March 31, 2024.

### Outstanding Equity Awards At Fiscal Year-End 2024

The following Outstanding Equity Awards At Fiscal Year-End 2024 table sets forth grants of stock options and grants of unvested stock awards outstanding on the last day of the fiscal year ended September 30, 2024 to each Named Executive Officer.

Option Awards				Stock Awards		
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)
Craig D. Hopkins	60,000 shares of Common Stock	-	3.33	02/2031	60,000 <sup>8</sup>	135,600
Russell M. Gifford	60,000 shares of Common Stock	-	3.33	02/2031	-	-
Alexander C. Kinzler	60,000 shares of Common Stock	-	3.66	02/2026	-	-

The Company maintains a defined benefit pension plan (“Pension Plan”) for its eligible U.S.-based employees to provide annual benefits payable on retirement. Eligibility is based upon attainment of age 21 and completion of one year of service. Benefits are calculated under a formula based upon years of service and the participant’s highest average annual compensation over 60 consecutive months of service. Since December 31, 2019, future benefit accruals for all participants under the Pension Plan have been frozen. Consequently, current participants in the Pension Plan no longer accrue new benefits under the Pension Plan and new employees of the Company are no longer eligible to enter the Pension Plan as participants. Mr. Kinzler and Mr. Gifford are participants in the Pension Plan.

The Company also has a Supplemental Executive Retirement Plan (“SERP”) in order to provide an additional incentive to the Company’s U.S.-based executive officers to remain with the Company. Since December 31, 2019, future benefit accruals for all participants under the SERP have been frozen. Consequently, current participants in the SERP no longer accrue new benefits under the SERP and new employees of the Company are no longer eligible to enter the SERP as participants. Mr. Kinzler and Mr. Gifford are participants in the SERP.

### **Director Compensation**

The Company’s program of director compensation is intended to fairly pay directors for work required for a company of our size and scope. Directors who are not officers of the Company currently receive an annual fee of \$100,000, half of which is paid by cash and half of the value of which is paid by grant of Restricted Stock Units (“RSU”), and are reimbursed for expenses incurred in connection with meeting attendance.

### Director Compensation

The following Director Compensation table sets forth information with regard to the Board of Directors (other than Mr. Kinzler, an officer of the Company) as listed under Item 10, above, with regard to compensation paid to them during the fiscal year ended September 30, 2024.

No non-employee members of the Board of Directors earned any non-equity incentive plan compensation or nonqualified deferred compensation earnings in fiscal year 2024. As a result, the relevant columns have been omitted.

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<sup>8</sup> Mr. Hopkins received a grant of 60,000 restricted stock units on May 16, 2024. Such restricted stock units vest as follows: 20,000 on May 16, 2025; 20,000 on May 16, 2026; and 20,000 on May 16, 2027.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	All Other Compensation (\$)	Total (\$)
Kenneth S. Grossman	50,000	50,000 <sup>9</sup>	-	100,000
Joshua S. Horowitz	50,000	50,000 <sup>9</sup>	-	100,000
Laurance E. Narbut	50,000	50,000 <sup>9</sup>	-	100,000
Douglas N. Woodrum	50,000	50,000 <sup>9</sup>	-	100,000

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth information as of January 8, 2025, with respect to the beneficial ownership of the Common Stock, the sole voting security of the Company, by (i) each person known to the Company who beneficially owns more than 5% of the Common Stock, (ii) each director and nominee of the Company, (iii) the Named Executive Officers, and (iv) all directors and executive officers of the Company as a group.

Name and Address of Beneficial Owner		Amount and Nature of Beneficial Ownership <sup>10</sup>	Percent Of Class
Joseph E. Magaro	401 Riversville Road Greenwich, Connecticut	867,544	8.6%
Ned L. Sherwood	4731 North Highway A1A, Suite 213 Vero Beach, Florida	3,006,033 <sup>11</sup>	29.9%
Alexander C. Kinzler	1100 Alakea Street, Suite 500 Honolulu, Hawaii	999,500 <sup>12</sup>	9.7%
Joshua S. Horowitz	1100 Alakea Street, Suite 500 Honolulu, Hawaii	339,143 <sup>13</sup>	3.3%
Douglas N. Woodrum	1100 Alakea Street, Suite 500 Honolulu, Hawaii	216,230 <sup>12</sup>	2.1%

<sup>9</sup> Represents a grant by the Board of Directors on November 2, 2023 of 19,084 restricted stock units valued at \$50,000 to the independent directors of the Board as partial payment of fiscal 2024 director fees for their service as members of the Board of Directors from the period of October 1, 2023 to September 30, 2024.

<sup>10</sup> A person is deemed to be the beneficial owner of securities that such person can acquire as of and within the 60 days following the date of this table upon the exercise of options. Each beneficial owner's percentage of ownership is determined by assuming that options or conversion rights that are held by such person (but not those held by any other person) and which are exercisable as of and within 60 days following the date of this table have been exercised. For purposes of the footnotes that follow, "currently exercisable" means options that are exercisable as of and within 60 days following the date of this table. Except as indicated in the footnotes that follow, shares listed in the table are held with sole voting and investment power.

<sup>11</sup> Represents shares held as of May 31, 2024 as reported on Form 4 filed by Ned L. Sherwood. According to such filing, Mr. Sherwood may be deemed to beneficially own 3,006,033 shares of Common Stock of the Company, which includes (i) 2,767,995 shares of Common Stock of the Company held by MRMP Managers LLC, of which Mr. Sherwood is the chief investment officer, and (ii) 238,038 shares of Common Stock of the Company held by Ned L. Sherwood Revocable Trust, of which Mr. Sherwood is the beneficiary and trustee.

<sup>12</sup> Includes shares underlying options that are exercisable: 60,000, for Mr. Kinzler; 60,000, for Mr. Gifford; 60,000, for Mr. Grossman and 50,000, for Mr. Woodrum; and 60,000 for Mr. Hopkins. For Mr. Hopkins, includes 60,000 Restricted Stock Units. For Messrs. Grossman, Narbut and Woodrum includes 45,539 Restricted Stock Units of which 6,361 are vested.

<sup>13</sup> Includes 270,276 shares held by Palm Global Small Cap Master Fund LP ("Palm Global") and 68,867 shares held directly by Mr. Horowitz including 45,539 Restricted Stock Units of which 6,361 are vested. Palm Management (US) LLC, as the investment manager of Palm Global may be deemed to be a beneficial owner of the shares of Common Stock disclosed as directly owned by Palm Global. Due to his position with Palm Global and Palm Management (US) LLC, Mr. Horowitz may be deemed to be a beneficial owner of the shares of Common Stock disclosed as directly owned by Palm Global. Mr. Horowitz expressly disclaims such beneficial ownership except to the extent of his pecuniary interest therein.

Name and Address of Beneficial Owner		Amount and Nature of Beneficial Ownership <sup>10</sup>	Percent Of Class
Russell M. Gifford	1100 Alakea Street, Suite 500 Honolulu, Hawaii	160,000 <sup>12</sup>	1.5%
Kenneth S. Grossman	1100 Alakea Street, Suite 500 Honolulu, Hawaii	162,595 <sup>12</sup>	1.6%
Laurance E. Narbut	1100 Alakea Street, Suite 500 Honolulu, Hawaii	54,867	*
Craig D. Hopkins	1100 Alakea Street, Suite 500 Honolulu, Hawaii	135,000 <sup>12</sup>	1.3%
All directors and executive officers as a group (6 persons)		2,067,335 <sup>12</sup>	20.0%

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

There were no transactions that occurred during fiscal years 2023 and 2024 in which, to our knowledge, the Company was or is a party, in which the amount involved exceeded the disclosure thresholds set forth in the applicable SEC rules and regulations, and in which any director, director nominee, executive officer, person known by us to be a holder of more than 5% of our Common Stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest.

### ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

#### Report of the Audit Committee

The Audit Committee has reviewed and discussed the audited consolidated financial statements with management, and the Audit Committee has discussed with Weaver and Tidwell, L.L.P., the independent registered public accounting firm, the matters required to be discussed by PCAOB Auditing Standard No. 16, “Communications with Audit Committee; Related Amendments to PCAOB Standards; and Transitional Amendments to PCAOB AU Section 380.”, as such may be modified or supplemented. Weaver and Tidwell, L.L.P. has provided to the Company the written disclosures and the letter required by applicable PCAOB requirements regarding their communications with the Audit Committee concerning independence, and the Audit Committee has discussed with Weaver and Tidwell, L.L.P. its independence. The committee also concluded that Weaver and Tidwell, L.L.P.’s performance of tax services to us and our affiliates, as pre-approved by the committee and described in the next section, does not impair Weaver and Tidwell, L.L.P.’s independence. Based upon its discussions with management and with Weaver and Tidwell, L.L.P., the Audit Committee has recommended to the Board of Directors that the audited consolidated financial statements be included in the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2024.

#### Audit Fees

The aggregate fees billed to the Company by Weaver and Tidwell, L.L.P., the Company’s independent registered public accounting firm for professional services rendered in connection with the audit of the annual financial statements included in the Company’s Annual Report on Form 10-K, review of financial statements included in the Company’s Quarterly Reports on Form 10-Q and services to the Company in connection with statutory or regulatory filings or engagements for the fiscal year ended September 30, 2024 totaled \$367,264. For the comparable services provided for the fiscal year ended September 30, 2023, the aggregate fees billed to the Company totaled \$387,338.

#### Audit-Related Fees

For the fiscal years ended September 30, 2024 and September 30, 2023 the Company did not incur and Weaver and Tidwell, L.L.P., the Company’s independent registered public accounting firm, did not bill the Company for assurance and related services that are

<sup>12</sup> Includes shares underlying options that are exercisable: 60,000, for Mr. Kinzler; 60,000, for Mr. Gifford; 60,000, for Mr. Grossman and 50,000, for Mr. Woodrum; and 60,000 for Mr. Hopkins. For Mr. Hopkins, includes 60,000 Restricted Stock Units. For Messrs. Grossman, Narbut and Woodrum includes 45,539 Restricted Stock Units of which 6,361 are vested.

\* Represents less than 1% of the outstanding shares of Common Stock of the Company.



not reasonably related to the performance of the audit or review of the Company's financial statements and classified above with audit fees.

### ***Tax Fees***

The aggregate fees billed to the Company by Weaver and Tidwell, L.L.P., the Company's independent registered public accounting firm for professional services rendered in connection with tax compliance, tax advice and tax planning for the fiscal year ended September 30, 2024 totaled \$0. For the comparable services provided for the fiscal year ended September 30, 2023, the aggregate fees billed to the Company totaled \$3,505.

### ***All Other Fees***

For the fiscal years ended September 30, 2024 and September 30, 2023 the Company did not incur and Weaver and Tidwell, L.L.P., the Company's independent registered public accounting firm, did not bill the Company for fees other than Audit Fees and Tax fees

### ***Pre-approval Policies and Procedures***

The Audit Committee pre-approves all services provided to the Company by the independent registered public accounting firm through the following policies and procedures: (1) the Audit Committee reviews with the Company's independent registered public accounting firm its audit plan and report thereon, including estimated Audit Fees, Audit-Related Fees, Tax Fees and Other Fees; (2) upon review of such audit plan and estimated fees, the Audit Committee may pre-approve the provision of such products and services and the payment therefor; and (3) at subsequent meetings of the Audit Committee, the Audit Committee reviews the status of the provision of all products and services from the Company's independent registered public accounting firm to the Company and payment therefor, and may pre-approve the provision of additional products and services as necessary.

## **PART IV**

### **ITEM 1. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

- (a) The following documents are filed as part of this report:
  - (1) Exhibits. The exhibits listed in the Index to Exhibits of the Original Filing, which was filed with the SEC on December 17, 2024, and the exhibits listed in the Index to Exhibits of this Amendment are filed with, or incorporated by reference in this report.

## **SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

### **BARNWELL INDUSTRIES, INC.**

Dated: January 24, 2025

By: /s/ Russell M. Gifford  
Russell M. Gifford  
Executive Vice President,  
Chief Financial Officer

## **INDEX TO EXHIBITS**

The following documents are filed as part of this Amendment and they supplement the exhibits filed and furnished with the Original Filing.

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

## CERTIFICATIONS

I, Craig D. Hopkins, certify that:

1. I have reviewed this annual report on Form 10-K/A (Amendment No. 1) of Barnwell Industries, Inc.; and
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: January 24, 2025

/s/ Craig D. Hopkins

Craig D. Hopkins

President, Chief Executive Officer

### **CERTIFICATIONS**

I, Russell M. Gifford, certify that:

1. I have reviewed this annual report on Form 10-K/A (Amendment No. 1) of Barnwell Industries, Inc.; and
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

Date: January 24, 2025

/s/ Russell M. Gifford

Russell M. Gifford  
Executive Vice President,  
Chief Financial Officer

## **BOARD OF DIRECTORS**

**Kenneth S. Grossman**<sup>1, 3A, 4</sup> – Vice-Chairman of the Board

**Joshua S. Horowitz**<sup>1, 3, 4A</sup>

**Alexander C. Kinzler**<sup>2A</sup> – Executive Chairman of the Board

**Douglas N. Woodrum**<sup>1A, 2, 3, 4</sup>

<sup>1A</sup> Chair of the Audit Committee

<sup>2A</sup> Chair of the Reserves Committee

<sup>3A</sup> Chair of the Compensation Committee

<sup>4A</sup> Chair of the Nominating Committee

<sup>1</sup> Member of the Audit Committee

<sup>2</sup> Member of the Reserves Committee

<sup>3</sup> Member of the Compensation Committee

<sup>4</sup> Member of the Nominating Committee

## **OFFICERS**

**Craig D. Hopkins**

Chief Executive Officer, President

**Russell M. Gifford**

Executive Vice President, Chief Financial Officer, Treasurer

**Alexander C. Kinzler**

Secretary, General Counsel

**Joy Matsukawa**

Assistant Vice President, Assistant Controller

**Sheryl A. L. Villanueva**

Assistant Vice President, Assistant Controller

**Heidi M. Uratsuka**

Assistant Vice President

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## Corporate Information

### Corporate Headquarters

Barnwell Industries, Inc.  
1100 Alakea Street, Suite 500  
Honolulu, Hawaii 96813  
Phone (808) 531-8400  
Fax (808) 531-7181

### Canadian Office

Barnwell of Canada, Limited  
Suite 1615, 500 4th Avenue S.W.  
Calgary, Alberta, Canada T2P 2V6  
Phone (403) 531-1560  
Fax (403) 266-4124

### Transfer Agent

Broadridge Corporate Issuer Solutions, Inc.  
51 Mercedes Way  
Edgewood, NY 11717  
Phone 1(877) 830-4936  
Website [www.shareholder.broadridge.com](http://www.shareholder.broadridge.com)

**Ticker Symbol:**

**BRN**

**Website:**

**[www.brninc.com](http://www.brninc.com)**

**Stock Exchange Listing**

NYSE American

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## Annual Meeting

Barnwell's Annual Meeting of Stockholders will be held on May 29, 2025 at 9:00 a.m., Hawaii Standard Time, in Honolulu, Hawaii.

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## Market Prices of Common Stock

The following tables reflect the quarterly high and low sales prices, on the NYSE American, for the Company's common stock during the periods indicated:

Quarter ended	High	Low
December 31, 2022	\$3.33	\$2.70
March 31, 2023	\$2.97	\$1.89
June 30, 2023	\$3.10	\$2.47
September 30, 2023	\$2.79	\$2.18
December 31, 2023	\$2.78	\$2.06
March 31, 2024	\$2.53	\$2.15
June 30, 2024	\$3.20	\$2.30
September 30, 2024	\$2.53	\$2.12

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## Form 10-K

Stockholders may obtain a copy of the Company's Form 10-K, without charge, by writing to Barnwell Industries, Inc., 1100 Alakea Street, Suite 500, Honolulu, HI 96813 or by sending an email to [barnwellinfo@brninc.com](mailto:barnwellinfo@brninc.com) or by clicking on the "Investors" link and selecting a download option under "Annual Reports" on the Company's website ([www.brninc.com](http://www.brninc.com)).



***Barnwell Industries, Inc., 1100 Alakea Street, Suite 500, Honolulu, HI 96813***