# Key Activities & Highlights

**Australis Oil & Gas Limited**
ABN: 34 609 262 937

ASX: ATS

Australis is an upstream oil and gas company seeking to provide shareholders value and growth through the strategic development of its quality onshore oil and gas assets in the United States of America and Portugal.

The Company's acreage within the core of the oil producing TMS provides significant upside potential for ATS with independently assessed 50 million bbls of 2P reserves including 4 million bbls producing reserves providing free cash flow as well as 108 million bbls of 2C contingent resource.

The Company was formed by the founders and key executives of Aurora Oil & Gas Limited, a team with a demonstrated track record of creating and realising shareholder value.

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## *TMS field productivity confirmed by initial well results – 3 wells outperforming the TMS Type Curve*

- Stewart 30H-1 continues, after 3 months of flowback, to produce materially above TMS Type Curve
- Taylor 27H-1 is producing at an average of 1,105 bbl/d over the initial 19 days following clean up, with a state reportable IP24 of 1,282 bbl/d. This well is producing above the TMS Type Curve
- Williams 26H-2 is producing at an average of 386 bbl/d over the initial 20 days following clean up with a state reportable IP24 of 507 bbl/d. On a normalised basis this well is producing above TMS Type Curve.

## *Significant increase in production, reserves and long-duration leases*

- WI Oil production 206,000 bbls (2,300 bbl/d), +58% from previous quarter
- TMS Net reserves and 2C resources 206 million bbls, +30% from YE17
- Increase lease position by 5% to 115,000 net acres of which 79% is either HBP or has expiry after January 2021 providing development flexibility.

## *Improvement in operating performance & strong financial position*

- 46% increase in Sales Revenue from previous quarter to US$12.4 million
- 87% increase in Field Netback from previous quarter to US$7.1 million
- Initial Drilling Program capital expenditure within budget, US$27 million incurred for the quarter
- Cash position of US$37 million as at 31 March 2019
- US$10 million drawn from Macquarie Credit Facility out of US$75 million maximum available

## *Austin Chalk activities by COP and EOG moving closer to Australis*

Jon Stewart, Australis Chairman, commented - "*The current phase of corporate strategy sees us undertaking a program to demonstrate performance and economics of the TMS by applying contemporary industry equipment, drilling and completion techniques. Our thesis remains that this Initial Drilling Program will generate a material re-rating of the value of our assets. We have benefited from an extended period of detailed planning and have managed to secure an experienced team who have now worked through their own learning curve with some great well results which are detailed in this quarterly. Industry experience in shale plays is overwhelmingly that repetition drives drilling and completion efficiencies; what cannot be refined is oil productivity from the reservoir. We remain enthusiastic and confident in delivering more high productivity wells as our funded program continues which will be the driver for value we seek*."

## KEY FINANCIAL METRICS

The following table summarises key financial metrics for Q1 2019

| Key Metrics | Unit | Q1 2019 | Q4 2018 | Qtr on Qtr Change | FY 2018 |
|---|---|---|---|---|---|
| Land Position (Net) | acres | 115,000 | 110,000 | 5% | 110,000 |
| Net Oil (3P + 2C)[1,2] | MMbbls | 206 | 197 | 5% | 197 |
| Sales Volumes (WI) | bbls | 206,000 | 130,000 | 58% | 506,000 |
| Realised Price | US$/bbl | $60.4 | $65.8 | (8%) | $68.7 |
| Sales Revenue (WI) | US$MM | $12.4 | $8.5 | 46% | $34.7 |
| Sales Revenue (Net) | US$MM | $10.2 | $6.9 | 48% | $28.1 |
| Field Netback | US$MM | $7.1 | $3.8 | 87% | $15.3 |
| Field Netback | US$/bbl | $34 | $30 | 13% | $30 |
| EBITDAX | US$MM | $3.3 | ($1.0) | 430% | $1.9 |
| Cash Balance | US$MM | $37.1 | $37.9 | (2%) | $37.9 |

## TMS INITIAL DRILLING PROGRAM

Australis commenced TMS drilling operations in late September with the Nabors B-14 drilling rig initially contracted to drill six wells.

The stated objectives of the program were to:

a) repeat the productivity results and drilling times achieved by Encana in 2014 for the wells within the TMS Core but at the current cost base;
b) demonstrate the well economics of the TMS Core acreage over a set of new wells and lift the overall value of the substantial position Australis holds within the TMS Core;
c) convert further acreage to HBP status; and
d) significantly increase field cashflow.

**Early results from the Stewart 30H-1, Taylor 27H-1 and Williams 26H-2 are all outperforming the TMS Type Curve and contributing to all four objectives.**

Due to the strong productivity results from these wells and the favourable current market conditions, Australis has commenced preparations for drilling wells seven to ten in the program.

## Program Status Summary

| | |
|---|---|
| Stewart 30H-1 | Lateral length of 6,900 ft, completed 20 stages. After 91 days of production to 31 March 2019, the well produced 86,503 bbls - 35% above the TMS Type Curve. |
| Bergold 29H-2 | Lateral length drilled of 2,000 ft, completed 5 stages, continues to produce oil at modest rates through the production casing. Due to localised structural anomaly, this well is not considered representative of the TMS play. |
| Taylor 27H-1 | Lateral length drilled of 6,798 ft, completed 20 stages, commenced flowback in early April and after 19 days has produced at an average rate of 1,105 bbl/d since clean up and a reported IP24 of 1,282 bbl/d. |
| Williams 26H-2 | Lateral length of 2,878 ft, completed 9 stages, commenced flowback in early April and after 20 days has produced at an average rate of 386 bbl/d since clean up and a reported IP24 of 507 bbl/d. On a normalised basis, the IP24 rate equates to 1,423 bbl/d |
| Saxby 03-10 2H | Vertical surface hole drilled to 3,210 ft awaiting rig release from Quin well |
| Quin 41-30 3H | Drilling lateral section |

All drilling and completion operations in the quarter were completed without any material or reportable safety or environmental incidents. An update on the first six wells is set out below:

*Stewart 30H-1 (99.49% WI - BPO)*

Lateral length drilled of 6,900 ft, completed 20 fracture stimulation stages, IP30 of 1,177 bbl/day which was significantly above the TMS Type Curve.

Figure 1 below shows the comparison of Stewart 30H-1 to the TMS Type Curve up to 25 April 2019

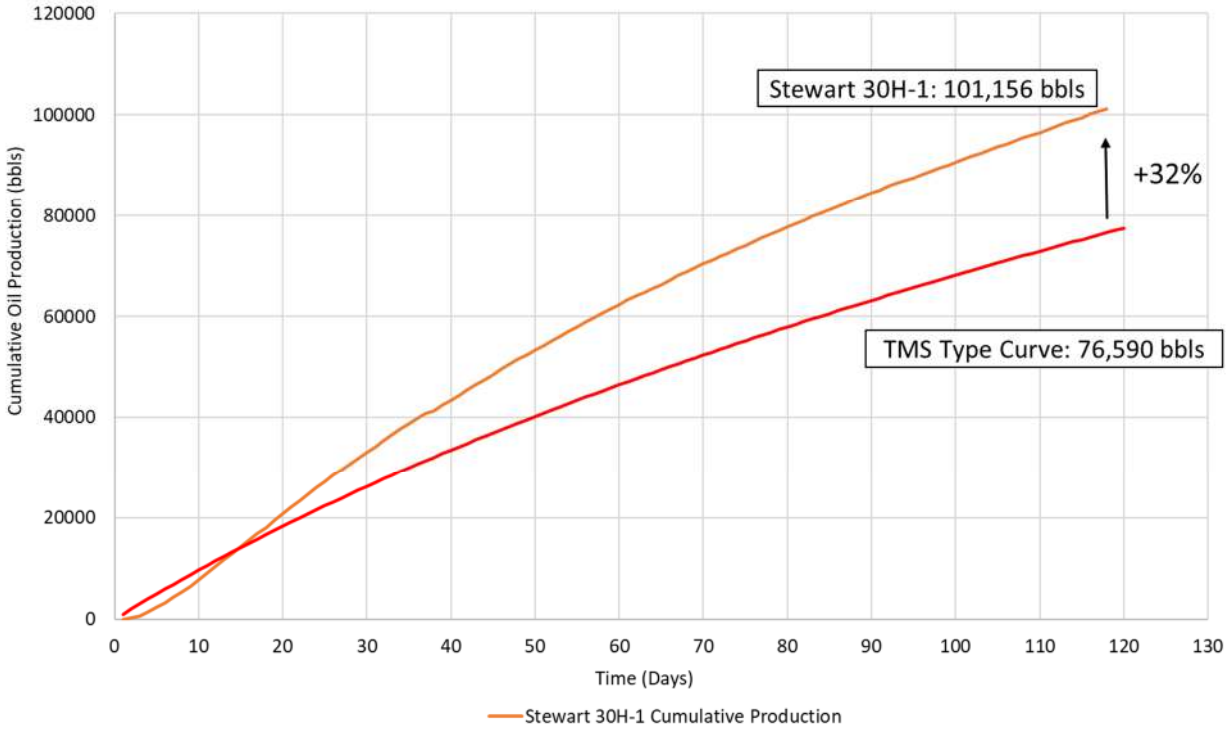



*Figure 1: Comparison of Stewart cumulative production with TMS Type Curve as at 25 April 2019*

*Bergold 29H-2 (98.96% WI - BPO)*

The well was completed with five effective fracture stimulation stages and continues to produce oil at modest rates through the production casing. Initial attempts to install tubing and artificial lift were suspended due to rapid pressure recharge. A further attempt is planned in the 2nd quarter 2019 and this is expected to increase oil flow rates. As previously disclosed, Australis does not believe that the productivity of this well is representative of the TMS play due to the localised structural characteristics.

**The Taylor East Pad**

The Taylor 27H-1 and Williams 26H-2 wells both commenced flowback on 1 April 2019 and oil production commenced on 3 April 2019. The oil production for both wells are shown in Figure 2 and compared to the Stewart 30H-1 and the theoretical TMS Type Curve over a similar period, it is shown on a log scale.

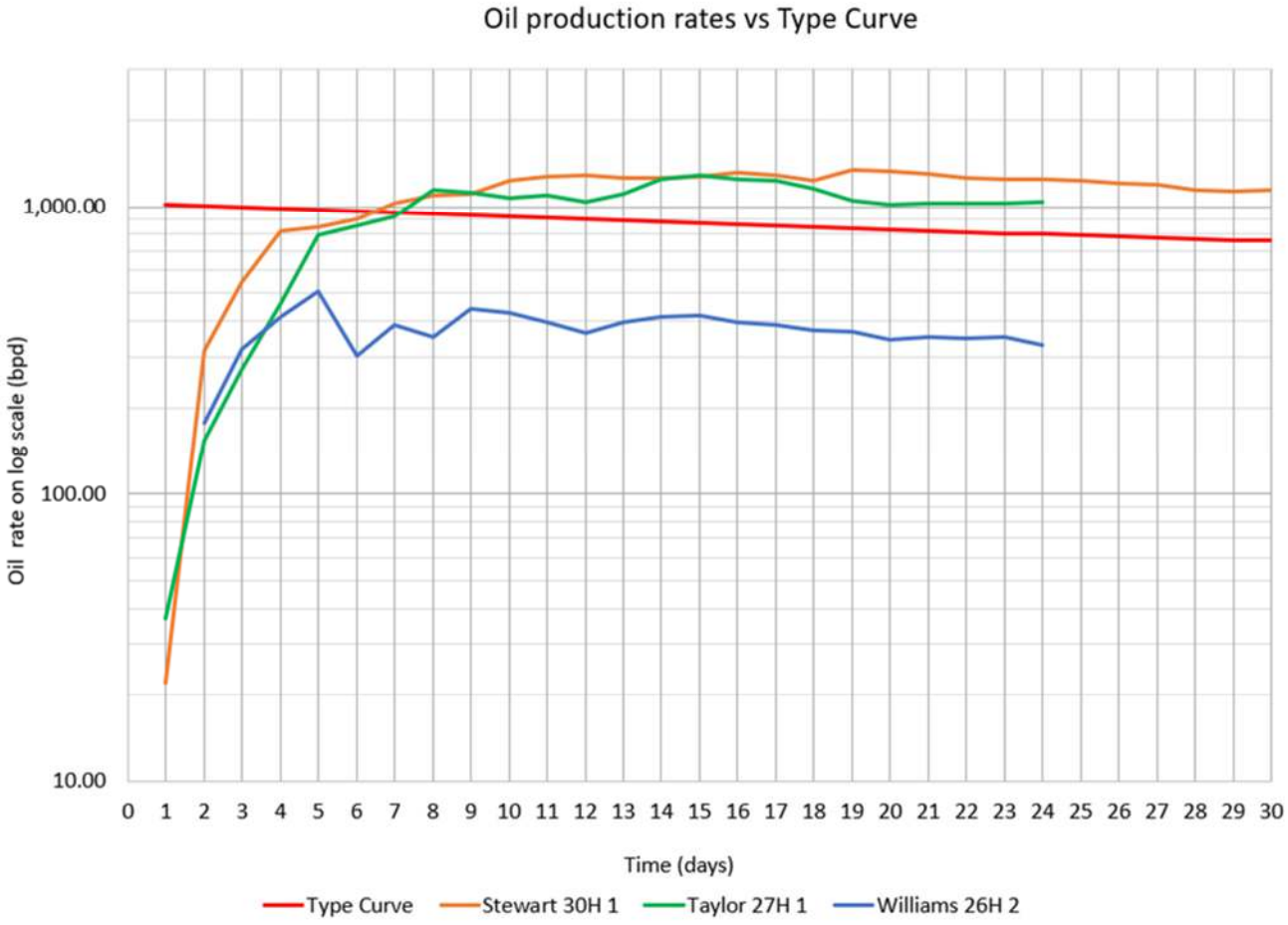



*Figure 2: Stewart, Williams and Taylor daily oil production vs TMS Type Curve*

As can be seen both the Stewart 30H-1 and the Taylor 27H-1 are exceeding the TMS Type Curve production profile, these two wells have each been fracture stimulated with 20 stages along 6,845 ft and 6,555 ft respectively compared to the 7,200 ft that the TMS Type Curve is based on. The Williams 26H-2 well is producing at rates below the TMS Type Curve but this well was only completed with 9 stages along a length of 2,566 ft. To provide a comparison recognising the different lengths of wells the production was normalised in a linear fashion by scaling the production rates up to an effective 7,200 ft lateral. Figure 3 below shows the impact of this adjustment. Following a normalisation to 7,200 ft, the daily rates of all three wells are increased, most notably the Williams 26H-2 and now comfortably outperform the TMS Type Curve, indicating a consistent reservoir deliverability. This illustrates that the rock productivity is strong when allowing for the lateral length drilled.

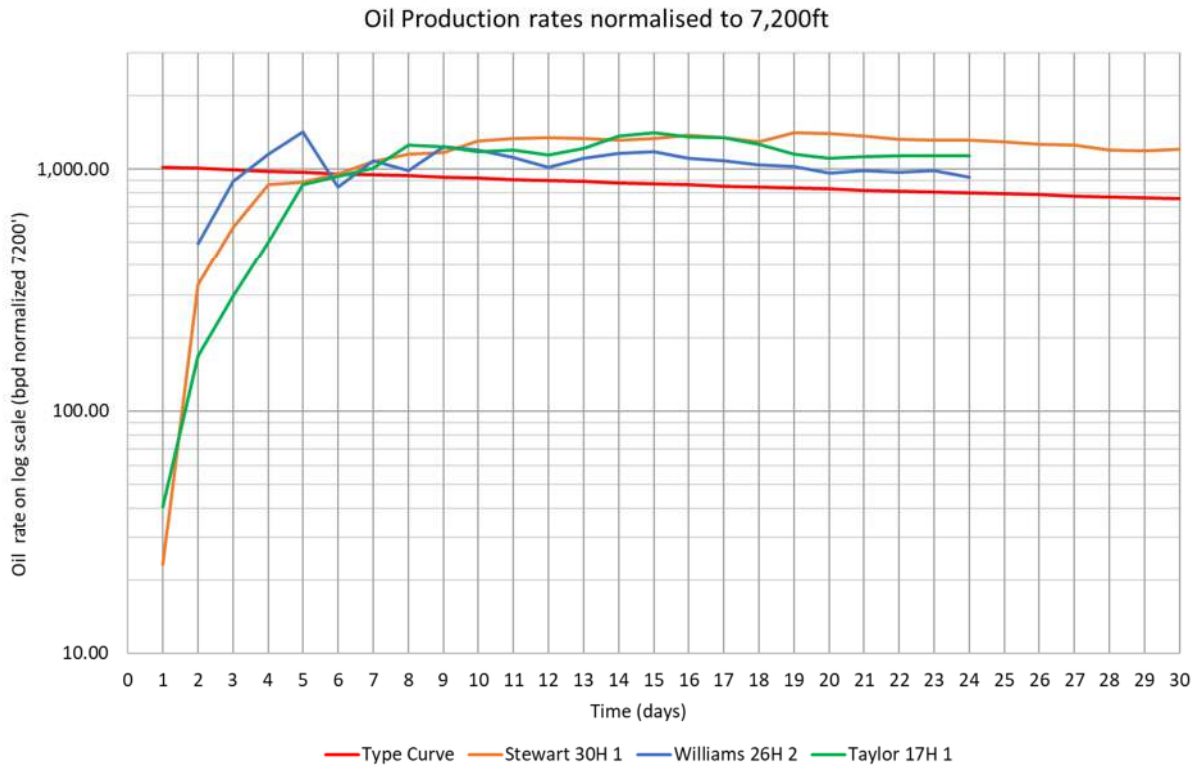



*Figure 3: Stewart, Williams and Taylor daily oil production vs TMS Type Curve (Normalised to 7,200 ft)*

The chart in Figure 4 shows the cumulative production of all three wells, on a normalised basis, compared with the TMS Type Curve.

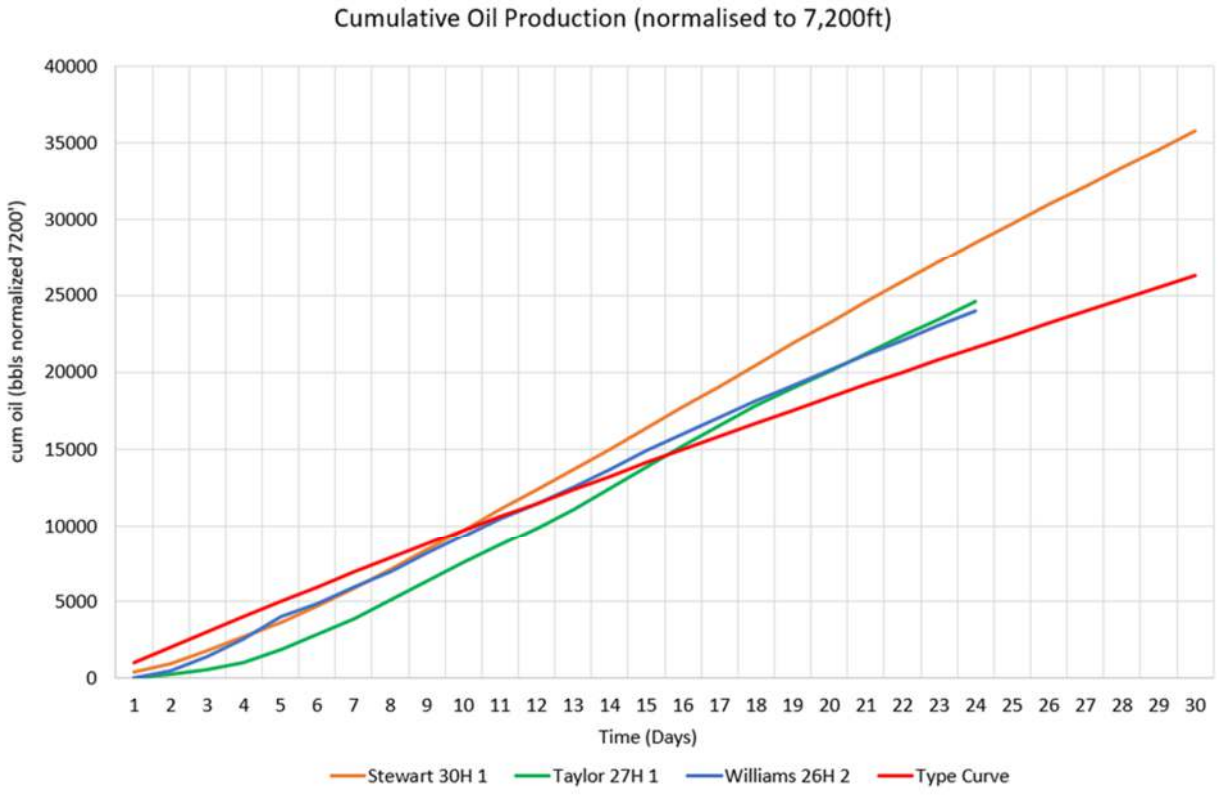



*Figure 4: Cumulative oil production, normalised for horizontal length vs Type Curve*

*Taylor 27H-1 (99.95% WI - BPO)*

The well was drilled with a lateral length of 6,800 ft and completed over 6,555 ft with twenty fracture stimulation stages. As can be seen in Figure 2, the well took 3 days to clean up but from day 7 has been exceeding the TMS Type Curve. Australis is required to report a 24-hour production test rate (IP24) to the Mississippi authorities which was recorded during the month of April. The reported IP24 rate was 1,282 bbl/day oil (1,386 boe/day) on a 19/64 choke. The current production rate is 1,034 bbl/day (1,120 boe/day) on a 22/64 choke, which is 19 days after the well cleaned up.

The average composition of hydrocarbons produced during the production to date has been 92.6% oil and 7.4% gas. Average water cut following clean up has been 38%.

*Williams 26H-2 (99.14% WI - BPO)*

Drilled and cased to a depth of 15,628 ft and the lateral length of 2,566 ft was completed with the revised plan of nine fracture stimulation stages. The lateral section was significantly shorter than planned due to wellbore stability issues encountered whilst pulling out of hole. Despite this, when normalised to a 7,200 ft lateral length, it has outperformed the TMS Type Curve from day 3 onwards The reported IP24 rate was 507 bbl/day oil (527 boe/day) on a 13/64 choke. The current production rate is 330 bbl/day (347 boe/day) on a 17/64 choke.

The average composition of hydrocarbons produced during the production to date been 94.9% oil and 5.1% gas. Average water cut following clean up has been 43%.

**The Saxby / Quin Pad**

*Saxby 03-10 2H (100% WI - BPO)*

The top-hole section for this well was drilled by a smaller spudder rig and 13 3/8" casing was run and set at a depth of 3,220 ft. The well awaits the completion of operations on the Quin 41-30 3H, which is presently being drilled by the Nabors B14 on the same surface pad.

*Quin 41-30 3H (99.86% WI – BPO)*

The well is currently being drilled in the horizontal section. The new water based mud system is performing well with no indications of any time-based wellbore stability issues and to date the horizontal wellbore has been drilled entirely within the target horizon.

As a result of minor operational delays on Quin the overall drilling program is approximately 2 weeks behind the original schedule.

## TMS PRODUCTION AND OPERATING PERFORMANCE

Oil sales volumes for the quarter were 206,000 barrels compared with 130,000 barrels in the previous quarter, a 58% increase due to production from the Stewart 30H-1 and Bergold 29H-2 wells as well as ongoing improvements in production of legacy wells due to adjustments made in operating practices increasing uptime during the quarter to 93.7%.

Whilst Australis received a realised oil price that was US$5.40/bbl lower than the previous quarter, Sales Revenue (WI) increased by 46% in the current quarter to US$12.4 million resulting in an 87% increase in Field Netback to US$7.1 million. The higher Field Netback of US$34/bbl in the current quarter compared to US$30/bbl in the 4th Quarter 2018 and for the 2018 annual results was attributable to high initial rates from the Stewart well free flowing at minimal incremental production cost and a reduction in overall downtime as the operations team continues to optimise completion designs on the legacy wells.

Australis continues to benefit from the high quality of crude produced in the TMS and the geographical proximity to the Gulf Coast. This allows sales of oil based on the LLS benchmark, which averaged over a US$6/bbl premium to WTI for the quarter.

The following table summarises the oil sales and Field Netback for Q1, Q4 2018 and Year-End 2018.

| | 1st Quarter 2019 | | | 4TH Quarter 2018 | | | 2018 | | |
|---|---|---|---|---|---|---|---|---|---|
| | bbls | US$MM | US$/bbl | bbls | US$MM | US$/bbl | bbls | US$MM | US$/bbl |
| **Sales (WI)** | 206,000 | $12.4 | $60 | 130,000 | $8.5 | $66 | 506,000 | $34.7 | $69 |
| **Net Sales (NRI)** | 170,000 | $10.2 | $60 | 105,000 | $6.9 | $66 | 409,000 | $28.1 | $69 |
| **Field Netback** | | $7.1 | $34 | | $3.8 | $30 | | $15.3 | $30 |

## TMS LEASE POSITION

During the quarter, Australis increased its TMS Core land position by a further 5,000 net acres to 115,000 net acres. Acreage acquisitions continue to be achieved at very attractive leasehold costs per acre which equates to acquiring oil in the ground at less than US$0.20 per bbl using the year end 2018 Ryder Scott reserve and resources report estimates methodology.

A total of 79% of the Australis TMS Core acreage is either HBP or has an expiry later than January 2021, allowing for timing flexibility and efficient development activities.

Up to the date of this report, Australis has increased its HBP position from 29,800 acres to 34,800 acres following the commencement of production of Taylor 27H-1, Williams 26H-2 and Bergold 29H-2. Australis' HBP position will continue to grow as wells drilled in new units commence production.

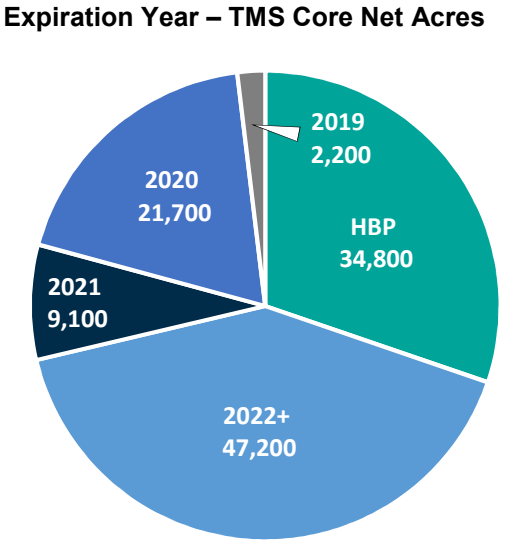



*Figure 5: Expiration Year: Undeveloped Net Acres*

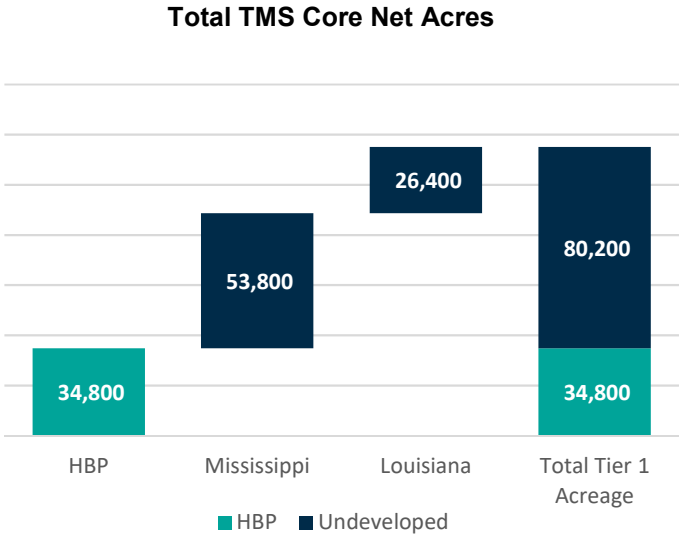



*Figure 6: Australis TMS Core Net Acreage Position*

The additional acreage leased in the quarter adds another 20 net well locations and allowing for existing wells this corresponds to a future drilling inventory of 425 net locations.

Australis continues to permit additional wells in both existing and newly formed drilling units to provide flexibility and contingency for its planned drilling activities.

## TMS RESERVES AND RESOURCES

In January 2019, Australis released its year-end reserve and resource estimates which were prepared by independent engineers at Ryder Scott Company LP.

The total acreage position was only partially assessed due to an assumed modest drilling program over the next 5 years which conforms to the maximum timeframe prescribed by the SPE Petroleum Management System for reserves classification. The 5 year development plan assumes a single rig operating initially, 2 rigs from October 2019, 3 rigs in July 2020 and then running 4 rigs from July 2021, drilling a total of 184 gross well locations. The development plan assumed 8 wells per standard development unit and approximately 250 acre spacing.

This limited 5 year drilling program only covers approximately 38% of the TMS core net acreage held by Australis. The balance of the acreage, which was assessed as contingent resources, is considered contingent only on a development plan within a 5 year period to be classified as Reserves. Australis believes that these remaining contingent resources will transfer to reserves when assessed for development, subject to prevailing oil price. With additional development drilling, the Company would also expect to see the conversion of the majority of the Possible reserves to Proved and Probable reserves over time as well density increases.

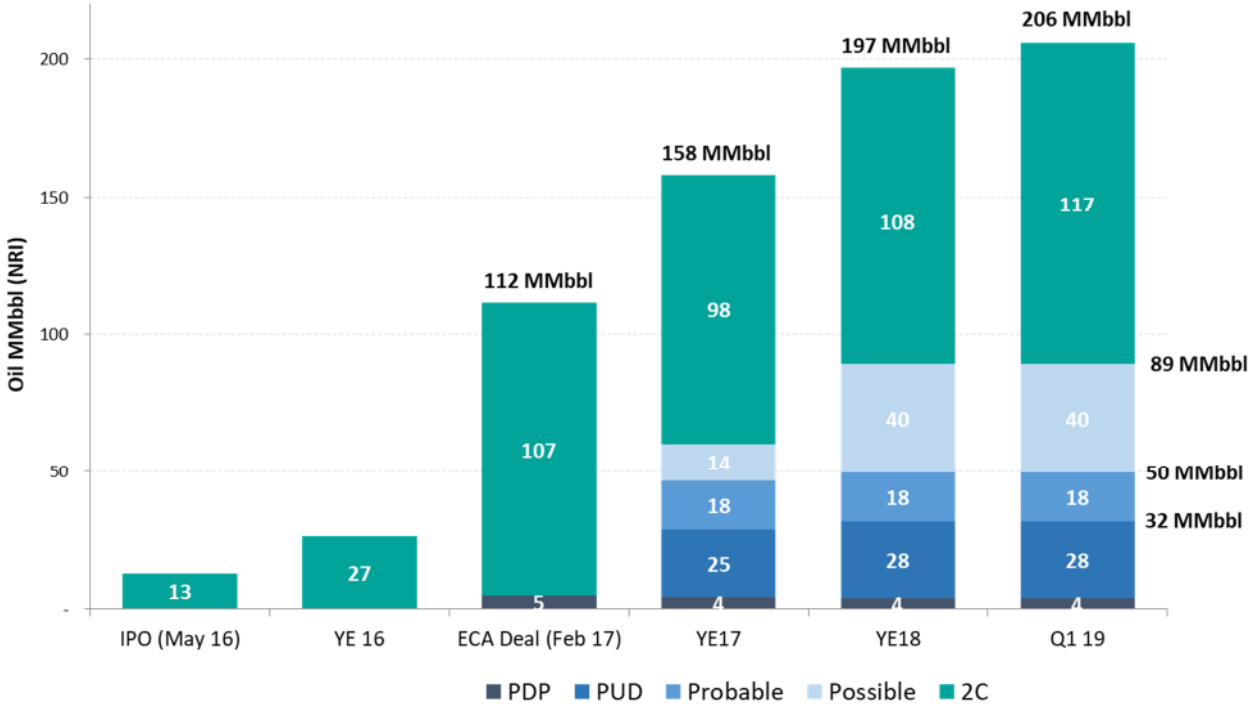
| Net Reserves as at 31 December 2018[1] | MMbbl |
|---|---|
| **Proved Reserves (1P)** | **31.9** |
| Probable Reserves | 17.8 |
| **Proved + Probable Reserves (2P)** | **49.7** |
| Possible Reserves | 39.5 |
| **Proved + Probable + Possible Reserves (3P)** | **89.2** |
| **Net Resources as at 31 December 2018[1]** | **MMbbl** |
| 1C Resources | 6.9 |
| **2C Resources** | **107.8** |
| 3C Resources | 195.4 |

The 1P reserve estimate includes PDP reserves from existing producing wells as at 31 December 2018 excluding the Bergold well, of 3.93 MMbbls, with a combined NPV(10) of US$82.8 million[1].

During the reporting period Australis added an additional 5,000 net acres within the core of the TMS. Using consistent methodology to that applied by Ryder Scott for the YE 2018 reserves and resource estimates, the additional leasehold acres equates to a 2C contingent resource of 9 million bbls oil, after royalties, assuming a 20% royalty rate (the average royalty rate across the 115,000 acres is less than 20%)[2]. This has increased the existing independent proved, probable and possible reserves plus 2C resource of 197 million bbls to a new total of 206 million bbls.

The graph in Figure 7 shows the evolution of Australis' reserve and resource position over time.

*Figure 7 – Evolution of the Australis TMS Resources and Reserves*[1]




Please note that due to rounding errors the figures in the above chart may not exactly tally

## AUSTIN CHALK POTENTIAL

In September 2017, EOG announced that it had drilled and completed an Austin Chalk well approximately 40 miles to the south west from Australis' TMS Core position. The results of this well have led to an active leasing program by many US independent oil and gas companies including EOG Resources, ConocoPhillips and Marathon Oil, Devon Energy and Equinor (Statoil). This leasing activity has now moved into the Australis TMS Core and ConocoPhillips has permitted 23 units in the East and West Feliciana Parishes, over the Louisiana border immediately to the south of the Australis position and announced a multi-well program. The first ConocoPhillips well (Mckowen #1) was spudded in East Feliciana in Q4, 2018 and has commenced flowback. The second well (Hebert #1) has been drilled and cased and is now awaiting completion operations. The third well (Erwin #1) has now commenced drilling, this well is in the closest proximity to the Australis core TMS area. EOG have very recently permitted their first well in proximity to the Australis acreage, the Ironwood LLS 37H-1 in East Feliciana Parish. Figure 8 below shows the permitting and drilling activity near to Australis' TMS position.

Australis owns Austin Chalk rights on the vast majority of its leases and it continues to lease at all depths. Australis TMS wells drill through the Austin Chalk prior to landing horizontally in the TMS section. All four recently drilled wells have seen oil and gas shows within the Austin Chalk. Each well drilled typically holds all horizons above the TMS so the Company continues to add to the Austin Chalk HBP inventory with its Initial Drilling Program.

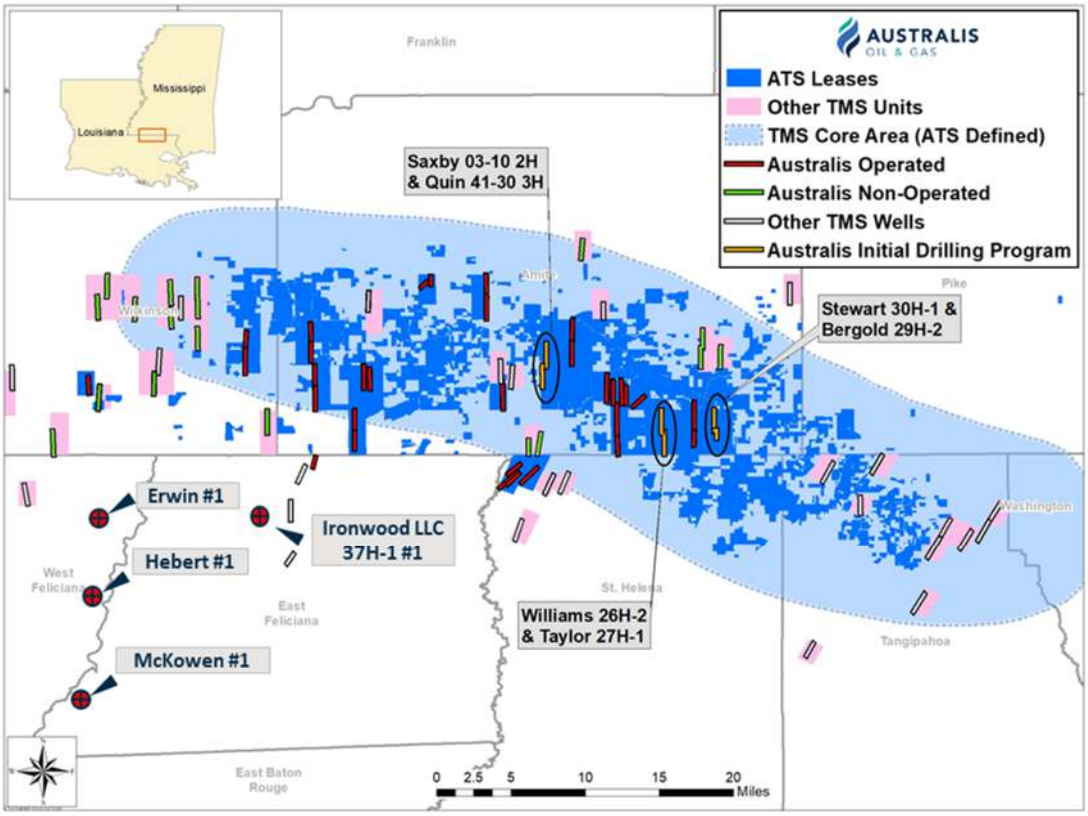



*Figure 8: Austin Chalk Activity adjacent to Australis position*

## FINANCE AND CORPORATE

### *Cash and Capital*

At 31 March 2019, cash on hand totalled US$37 million.

During the quarter the Company issued 83.9 million shares at A$0.35 each raising A$29.4 million (US$20.9 million) before costs of the issue. In addition, a further A$1.1 million (US$0.8 million) will be raised through the issue of 3.1 million shares to Directors, subject to receiving shareholder approval at the upcoming AGM.

This equity capital combined with existing cash reserves, free cash flow from producing wells and the US$65 million undrawn balance of the US$75 million Macquarie Bank facility is being applied to fund the Australis land acquisition and Initial Drilling Program.

Capital expenditure incurred during the quarter was US$27 million, comprising expenditure applied to the Initial Drilling Program and the land renewal and acquisition program.

The Initial Drilling Program remains within budget following the drilling and completion of the initial 4 wells, the current drilling operations at the Saxby / Quin pad (wells five and six) and the pad construction and road access activity on the drilling pads for wells seven and onwards.

The drilling, completion and facilities costs for the initial four wells in the initial drilling program totals US$42.8 million.

In addition, approximately US$6.0 million has been expended on units, pads, facilities and infrastructure for future drilling locations and to prepare the necessary legal title verification for the initial and proposed wells.

### *Hedging*

Consistent with the focus on balance sheet stability, the Company continues to hedge a modest portion of future production to protect against lower oil prices, whilst retaining partial exposure to higher oil prices through a costless collar instrument. The following hedges were in place as at the date of this report:

| Australis Hedge Position - WTI Collars | | | |
|---|---|---|---|
| **Hedge Period** | **Volumes** | **WTI Put** | **WTI Call** |
| | **bbls** | **US$/bbl** | **US$/bbl** |
| H1 2019 (Apr – Jun) | 66,000 | 55 | 69 |
| H2 2019 | 132,000 | 55 | 85 |
| H1 2020 | 85,000 | 55 | 79 |
| H2 2020 | 30,000 | 55 | 77 |
| H1 2021 | 7,000 | 55 | 73 |

## LUSITANIAN BASIN – PORTUGAL

Australis has agreed the scope of the Environmental Impact Assessment "EIA" for each concession area and in parallel has commenced the initial baseline EIA analysis at each surface location. Australis continues to actively engage with all relevant stakeholders in the local and federal governments as well as the community within which it anticipates operating. The Company is working closely with specialist consultants to progress all elements of the EIA process.

**Ends**

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## ABOUT AUSTRALIS

Australis (ASX: ATS) is an ASX listed oil and gas company seeking to provide shareholders value and growth through the strategic development of its quality onshore oil and gas assets in the United States of America and Portugal.

Australis' 115,000 net acres within the production delineated core of the oil producing TMS provides significant upside potential with a Company estimated 425 net future drilling locations, and an independently assessed 50 MMbbl of 2P oil reserves. This includes 4 MMbbl producing reserves providing net free cash flow, as well as 108 MMbbl of 2C contingent oil resource[1] (based on net acreage at the effective date of the report of 110,000 acres) and a further 9 MMbbl of 2C contingent oil resource[2] attributable to the 5,000 net acres added since that report.

Australis was formed by the founder and key executives of Aurora Oil & Gas Limited, a team with a demonstrated track record of creating and realising shareholder value.

### TMS Assets & Background

Australis holds 115,000 net acres within the production delineated core of the oil producing Tuscaloosa Marine Shale. The map below is a representation of the acreage position that Australis holds within the TMS Core. The black outlined areas delineate the drilling units in which the initial six wells are located (see Figure 9 below).

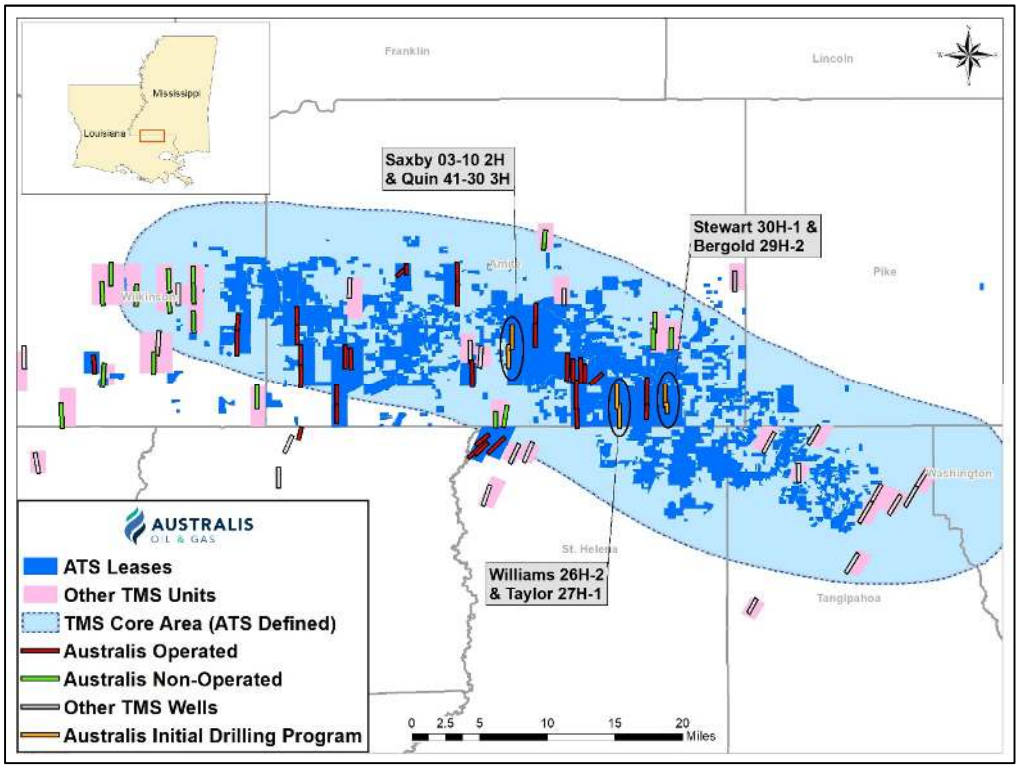


*Figure 9: Overview of the TMS Core and Australis approximate lease hold position*

The Tuscaloosa Marine Shale is a Cretaceous shallow marine unconventional shale that is present across central Louisiana and southwest Mississippi. The play is the same geological age as the Eagle Ford Shale in South Texas and the Woodbine Shale in East Texas.

The play is deep, high pressured and oil weighted. As experienced in most unconventional plays, early results demonstrated variable production performance and relatively high well costs, driven by

operational difficulties encountered whilst drilling and completing the wells. The activity that did take place however, delineated a relatively small core area of the play where production results were consistent and comparable to other, far more developed, unconventional plays such as the Eagle Ford and the Permian. This area is shown in the blue oblong in Figure 9 above and represents Australis' interpretation of the TMS Core.

These circumstances and the 2014 fall in commodity price generated the opportunity for the two low cost acquisitions by Australis in the play and for an ongoing cost-effective leasing program where longer lease life is targeted together with improved commercial terms. Australis has remained very disciplined and focused only within the production delineated TMS Core.

The appraisal activity by Encana and other participants in the TMS during 2013/2014 also addressed many of the operational challenges that were initially experienced. Costs and performance repeatability were improving, and activity levels were increasing during 2014 until evolution in the play was interrupted by the oil price drop in late 2014. As a direct result, Australis' current operations are the first drilling activity that has occurred since the beginning of 2015. Consequently, none of the numerous industry improvements that have continued to drive forward the economics of other unconventional plays during this extended period of lower oil price have yet been applied to the TMS.

**Portugal Assets**

In September 2015 Australis was awarded two onshore exploration concessions in the Lusitanian Basin (known as the Batalha and Pombal Concessions). The concessions cover a total area of 620,000 acres, are in the exploration phase and are at the beginning of the fourth year of an eight-year valid term. They have a modest minimal commitment work program in the first three years. The Concessions are located to the north of Lisbon.

Australis has purchased from the Portuguese Government, at nominal cost, aeromagnetic data interpretation study, exploration well logs and 2D seismic lines across both concessions as well as a 3D survey that covers part of the Batalha concession. Australis activity during the first year of the concessions broadly consisted of data review and analysis of the 2D and 3D seismic[5] and other existing information relating to prior wells.

This has allowed us to define a large gas discovery in the Jurassic formations and to identify likely production mechanisms that contributed to the observed 2-3 MMscf/d from the discovery wells. Furthermore, Australis now has a preferred well design to achieve commercial flow which would allow the net 2C contingent resource of 459 Bcf[3] be reassessed as a reserve.

## GLOSSARY

| Unit | Measure | Unit | Measure |
|---|---|---|---|
| **B** | Prefix – Billions | **bbl** | Barrel of oil |
| **MM** | Prefix – Millions | **boe** | Barrel of Oil equivalent (1bbl = 6 mscf) |
| **M** | Prefix – Thousands | **scf** | Standard cubic foot of gas |
| **/d** | Suffix – per day | **Bcf** | Billion cubic feet of gas |

| Term | Definition |
|---|---|
| **TMS Core** | The Australis designated productive core area of the TMS delineated by production history |
| **WI** | Company beneficial interest before royalties |
| **Royalty** | Interest in a leasehold area providing the holder with the right to receive a share of production associated with the leasehold area |
| **Net or NRI** | Company beneficial interest after royalties or burdens |
| **C** | Contingent Resources (1C/2C/3C equivalent to low/most likely/high) |
| **NPV(10)** | Net Present Value (@ discount rate) |
| **EUR** | Estimated Ultimate Recovery of a well |
| **WTI** | West Texas Intermediate oil benchmark price |
| **LLS** | Louisiana Light Sweet oil benchmark price |
| **D, C&T** | Drill, Complete and Tie - in |
| **2D/3D** | 2 and 3 dimensional seismic surveys |
| **Opex** | Operating Expenditure |
| **HBP** | Held by production – within a formed unit a producing well meets all lease obligations within that unit. Primary term remains valid whilst well is on production. |
| **PRB** | Probable Reserve or 2P Reserves |
| **PDP** | Proved Developed Producing Reserves |
| **PDNP** | Proved Developed Not Producing Reserves |
| **PUD** | Proved Undeveloped Reserves |
| **Net Acres** | Working Interest before deduction of royalties or burdens |
| **Field Netback** | Oil and gas sales net of royalties, production and state taxes, inventory movements, hedging gains or losses, field based production expenses but excludes depletion and depreciation |
| **EBITDAX** | Earning before interest, tax, depreciation, depletion, amortisation and exploration expenses |
| **IP30** | The average oil production rate over 30 days of production following clean up |
| **IP24** | The peak oil production rate over 24 hours of production |
| **BPO** | Before Pay Out |
| **TMS Type Curve** | Refer to the Appendix of the Australis Corporate Presentation |

**Notes**

1. The TMS estimates have been taken from the independent Ryder Scott report, effective 31 December 2018 and announced on 6 February 2019 titled 'Reserve and Resource Update – Year end 2018'. The report was prepared in accordance with the definitions and disclosure guidelines contained in the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG), and Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management (SPE-PRMS) as revised in June 2018. Ryder Scott generated their independent reserve and contingent resource estimates using a deterministic method. The Company is not aware of any new information or data that materially affects the information included in the referenced market announcement and that all material assumptions and technical parameters underpinning the estimates in the referenced market announcement continue to apply and have not materially changed.

2. The 2C Resource estimate has been generated by Australis effective 4 April 2019 in accordance the definitions and disclosure guidelines contained in the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG), and Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management (SPE-PRMS) as revised in June 2018. The analysis was based on methodology applied within the report prepared by Ryder Scott as at 31 December 2018 (See ASX announcement released on 6 February 2019 titled "Reserves and Resources Update Year End 2018"). Ryder Scott presumed a 9% recovery factor from the mid case oil in place estimates when assessing the 2C Resources attributable to a land holding of 110,000 net acres. Maintaining the same average recovery factor, the additional 5,000 net acres is attributed a 2C Resource of 9 million barrels (Australis estimate). This contingent resource estimate is based on, and fairly represents, information and supporting documentation, prepared by, or under the supervision of, Michael Verm, P.E., who is an employee (Chief Operating Officer) of Australis. Mr Verm is a member of the Society of Petroleum Engineers and a Professional Engineer in the State of Texas. The reserve and resource information pertaining to the Tuscaloosa Marine Shale in this announcement has been issued with the prior written consent of Mr Verm in the form and context in which it appears.

3. The Portugal Concession estimates have been taken from the independent Netherland, Sewell & Associates report, effective 31 December 2016 and announced on 25 January 2017 titled '2016 Year End Resource Update'. The report was prepared in accordance with the definitions and disclosure guidelines contained in the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG), and Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management (SPE-PRMS). The Company is not aware of any new information or data that materially affects the information included in the referenced market announcement and that all material assumptions and technical parameters underpinning the estimates in the referenced market announcement continue to apply and have not materially changed.

4. The deterministic method is based on qualitative assessment of relative uncertainty using consistent interpretation guidelines. The independent engineers using a deterministic incremental (risk-based) approach estimates the quantities at each level of uncertainty discretely and separately.

5. Aljubarrota 3D Seismic Survey – 160 km2 acquired December 2010 to March 2011 under permit issued by the Portuguese Divisao para a Pesquisa e Exploracao do Petroleo ("DPEP").

**Non-IFRS Financial Measures**

References are made within this report to certain financial measures that do not have a standardised meaning prescribed by International Financial Reporting Standards (IFRS). Such measures are neither required by, nor calculated in accordance with IFRS, and therefore are considered Non–IFRS financial measures. Field Netback, as defined within the Glossary, is a Non-IFRS financial measure commonly used in the oil and gas industry. Non-IFRS financial measures used by the Company, including Field Netback, may not be comparable with the calculation of similar measures by other companies.

**Forward Looking Statements**

This document may include forward looking statements. Forward looking statements include, but are not necessarily limited to, statements concerning Australis' planned operation program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although Australis believes its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.