Key Activities & Highlights

23 April 2025

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.

The Company's acreage within the core of the oil producing TMS provides significant upside potential for ATS with 65 million bbls of 2P+2C net reserves and resources including 1.62 million bbls producing reserves[1] providing free cash flow.

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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The Tuscaloosa Marine Shale (TMS) is an undeveloped unconventional oil play in Mississippi and Louisiana on the US gulf coast and Australis holds a material operated position within its delineated core.

Australis is seeking a partner to fund initial development activity in the TMS in a maturing industry environment where quality future inventory is increasingly scarce and therefore valuable. Whilst the industry remains focused on the established areas, there is increasing evidence of exploration and appraisal activity taking place in new areas. We remain confident of the technical merits of the TMS play and our position within it.

Overview

- Australis holds approximately 47,500 net acres and ~160 net Tier 1 future drilling locations (65 million net bbls 2P & 2C) within the production delineated core of the TMS.
- During the quarter Australis received a number of new inbound enquires for partnering with the Company in the TMS and continued to work with parties who are nearing the end of their assessment and evaluation process.

Operations and Financial Summary – 1st quarter 2025

- Sales volume of 56,700 barrels (WI) (-8% vs Q4 2024).
- Realised oil price achieved a premium of $3.28/bbl above WTI.
- Lower sales volumes coupled with achieved oil pricing similar to Q4 2024 led to lower sales revenue of $4.1 million (-8% vs Q4 2024).
- Lower operating costs helped offset the lower sales revenue which resulted in a smaller decrease in Field Netback to US$1.7 million (-7% vs Q4 2024) and EBITDA relatively unchanged from last quarter.
- Credit Facility principal debt decreased by US$1.4 million, to US$7.0 million (-17% vs Q4 2024).
- Cash balance at quarter end of US$5.6 million (-10% vs Q4 2024) and net debt position reduced to US$1.4 million (-35% vs Q4 2024).

KEY FINANCIAL INFORMATION

The following table summarises key financial metrics for Q1 2025 and provides a comparison to Q4 2024.

Key Metrics	Unit	Q1 2025	Q4 2024
TMS Core Land (Net)	acres	47,500	48,000
Net Oil resource (2P + 2C)[1,2]	MMbbls	65	65
Sales Volumes (WI)	bbls	56,700	62,000
Average Realised Price[A]	US$/bbl	$73.57	$71.96
Average Achieved Price[B]	US$/bbl	$72.65	$72.40
Sales Revenue (WI)[B]	US$MM	$4.1	$4.5
Sales Revenue (Net)[B]	US$MM	$3.3	$3.6
Field Netback	US$MM	$1.7	$1.8
Field Netback / bbl (WI)[B]	US$/bbl	$29.31	$28.80
Field Netback / bbl (Net)[B]	US$/bbl	$36.36	$35.71
Adjusted EBITDA	US$MM	$0.7	$0.8
Cash Balance (Qtr end)	US$MM	$5.6	$6.2
Total Debt (Qtr end)	US$MM	$7.0	$8.4

[A] excludes effect of hedge contracts settled

[B] includes the loss from the settlement of hedge contracts of US$0.05 million (Q4 2024: gain of US$0.03 million)

Table 1: Q1 2025 Key Metrics

TMS PRODUCTION AND OPERATING PERFORMANCE

Sales volumes were lower in this quarter, primarily due to weather-related downtime. The field experienced freezing temperatures in January, requiring operations to be suspended for two days, numerous storms during the quarter which included two well electrical systems being damaged due to lightning strikes and numerous power outages leading to wells being shut in. None of these events individually led to a material loss of production, but cumulatively they did affect volumes during the quarter.

Well production operations were carried out without any safety incidents and there were no workovers carried out during the quarter, which led to significant cost savings vs budget. There were two non-reportable minor spills, but each was quickly contained and cleaned up.

FINANCE AND CORPORATE

Cash and Capital

Results for the quarter include:

- Sales Revenue (after hedges) of US$4.1 million, 8% lower than the previous period primarily due to lower sales volumes.
- Adjusted EBITDA of US$0.7 million for the quarter was similar to Q4 2024 (US$0.8 million).
- Total debt under our Macquarie Credit Facility decreased by US$1.4 million to US$7.0 million as Facility C loan repayments were made from hedged production during the quarter and a Facility A repayment was made at the end of the quarter.
- The net debt position continues to decrease and at the end of Q1 2025 was US$1.4 million (Q4 2024: US$2.2 million).

Credit Facility

Operational cash flow continued to service all interest costs and was supplemented by existing cash reserves to meet Facility A and C amortisation repayments in the quarter such that net debt reduced by $0.8 million.

The Facility A loan now stands at US$4.5 million and Facility C at US$2.5 million.

Full repayment of the Facility C loan is scheduled to occur over the next 12 months with monthly payments of principal and interest equal to the monthly oil price hedge settlement to occur as a result of the remaining 40,000 bbls WTI Swap hedge contracts entered into at the time of drawing the Facility C loan in March 2024.

Oil Price Hedging

During the reporting quarter Australis realised a modest hedge loss of US$0.05 million compared to a gain of US$0.03 million in the previous quarter primarily due to the settlement of the few remaining hedges secured in 2021 during the low oil price environment as required under the Macquarie Bank Credit Facility.

WTI-denominated hedge contracts representing a total volume of 28,800 bbls were settled during Q1 2025 as follows:

- Zero Cost Collars: 7,800 bbls, protecting an average downside price of US$48/bbl and maintaining the upside in oil price up to an average of US$83/bbl, and
- Swaps: 21,000 bbls, protecting an average downside price of US$69/bbl.

The hedges settled for Q1 2025 represented 63% of the Net Sales for the quarter (i.e. sales after royalty interests).

The table below summarises the protected WTI floor prices and the ceiling prices for all hedged volumes on future production at the end of the reporting quarter.

Australis' current WTI oil price hedge position as at 1-Apr-25					
	WTI Swaps		WTI Collars		
Qtr/Year	Volume 000bbls	Protected Price US$/bbl	Volume 000bbls	Protected Price (A) US$/bbl	Ceiling Price (A) US$/bbl
Q2/2025	16	$67	8	$48	$82
Q3/2025	16	$66	6	$53	$77
Q4/2025	16	$64	7	$54	$76
Q1/2026	12	$62	3	$60	$68
Q2/2026	2	$61	1	$60	$67
Q3/2026	2	$61			
Q4/2026	2	$61			
	67		25		

(A) Based on weighted monthly average prices
Table 2 : ATS hedge position as at 1 April 2025

TMS Lease Position

Australis has continued to manage its lease position, whilst being cognisant of cash reserves and working capital obligations. During this reporting quarter only 385 acres of term lease expired and no new leases were taken.

As at 31 March 2025 Australis holds ~47,500 net acres in the TMS Core, of which ~39,900 net acres (84%) are HBP.

The Company continues to be confident in our ability to quickly renew targeted expired acreage when a funding partner is secured.

Figure 1 below provides more detail on the expiry profile of the TMS Core acreage position as at 31 March 2025. Figure 2 (see "About Australis" section below) provides a map of the Australis acreage position.

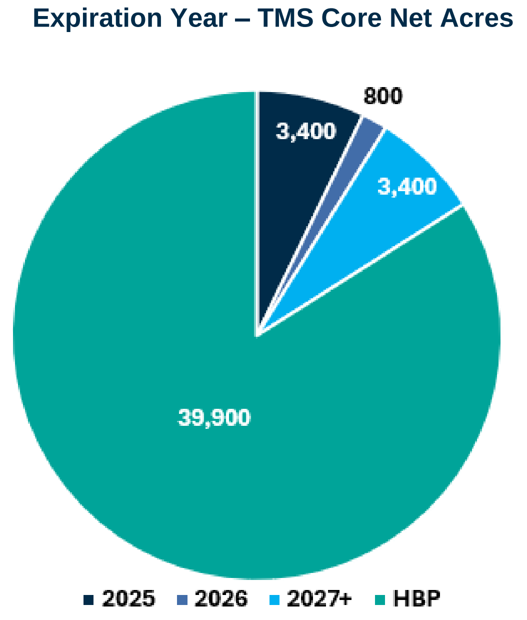

Figure 1 : Expiry profile of ATS TMS acreage

Business Development and Corporate Strategy

Australis has worked with multiple counter parties during the quarter. Several live engagements are continuing diligence and evaluation from previous quarters and others are new discussions resulting from introductions or inbound enquiries.

Industry transactions announced recently have shown increased focus on undeveloped drilling inventory, with greater value being ascribed to future locations within the established plays. This shift in emphasis from 'production based' transactions where associated acreage was allocated very little value, to the additional development acreage being a key component for the acquirer, who is willing to pay ever increasing prices for it, is a clear indication that scarcity of quality drilling inventory has become an important driver for the industry.

Companies are also considering earlier stage opportunities or revisiting previously evaluated areas for this inventory where basins such as the Utica, Unita, Pearsall and Cherokee have been recently attracting attention. In a similar fashion companies are having to explore the fringes and alternative horizons within the established areas, with material exploration risk to secure new development acreage. During diligence Australis is clearly able to show potential partners the comparative quality and performance of the TMS to these alternatives.

Although there can be no guarantee that Australis will be able to ultimately complete a partnering transaction on satisfactory terms (or at all), we remain optimistic to do so in due course, and we are working hard but remaining patient in our approach and expectations.

This ASX announcement was authorised for release by the Australis Disclosure Committee.

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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.

With approximately 47,500 net acres (84% HBP) within the production delineated core of the proven oil producing TMS, Australis retains significant upside potential with approximately 160 net future drilling locations.

At year end 2024 Ryder Scott independently assessed the Australis acreage held at that time with 65 MMbbls of 2P + 2C recoverable volume including 1.6 MMbbls producing reserves providing net field cash flow[1]. The contingent oil resource is only contingent on a qualifying development program and Australis will carry out a reassessment of its undeveloped reserve position when a partner and funding is secured.

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

The map shown in Figure 2 is a representation of the acreage position that Australis holds within the TMS Core.

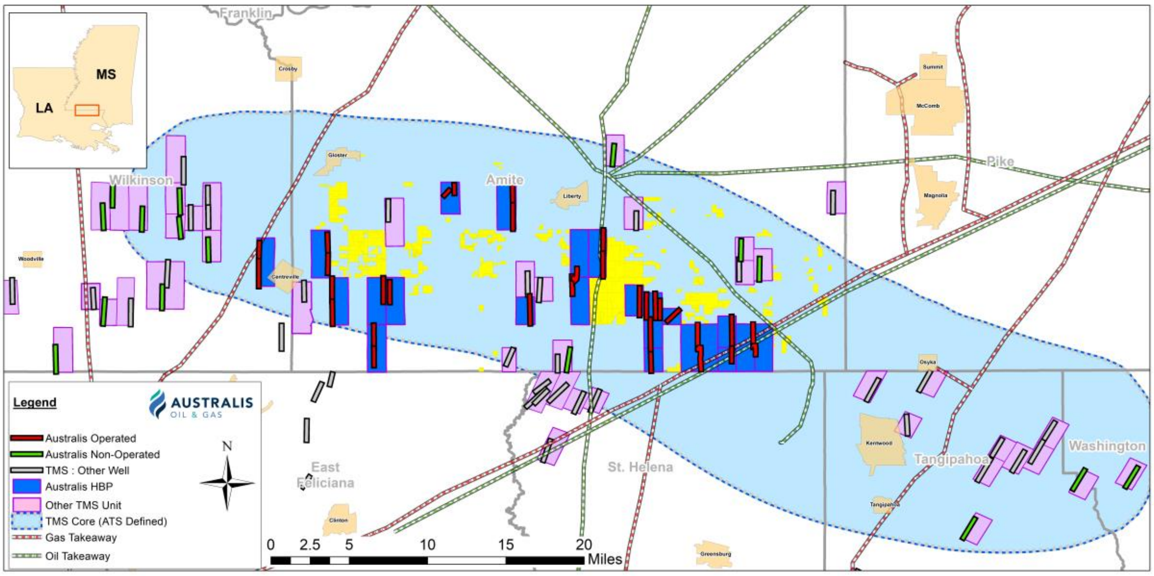

Figure 2 : Location of Australis acreage and TMS wells

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 relatively deep, high pressured and oil weighted. As experienced in most unconventional plays, early results (2010 – 2014) demonstrated variable production performance and relatively high well costs, driven by initial operational difficulties encountered whilst drilling and completing the wells. The activity that did take place delineated a 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 2 and represents Australis' interpretation of the TMS Core.

The comparison of the 2014 production results from the core of the TMS (the 15 wells drilled in the Australis TMS core leasehold area in 2014 and which comprise the TMS Type Curve) with the three type curves generated by Ryder Scott for the YE 2020 reserve report is shown in Figure 3 below.

To qualify as a reserve Ryder Scott must assess a future location as economic and the YE 2020 reserve report was evaluated assuming a flat oil price of US$47.02/bbl[3]. Note the YE 2024 Reserve Report[1] did not assess undeveloped reserves as any assessment is dependent on a drilling plan for the next 5 years. Australis made the decision to defer the assessment until a partner is introduced and a development plan is determined.

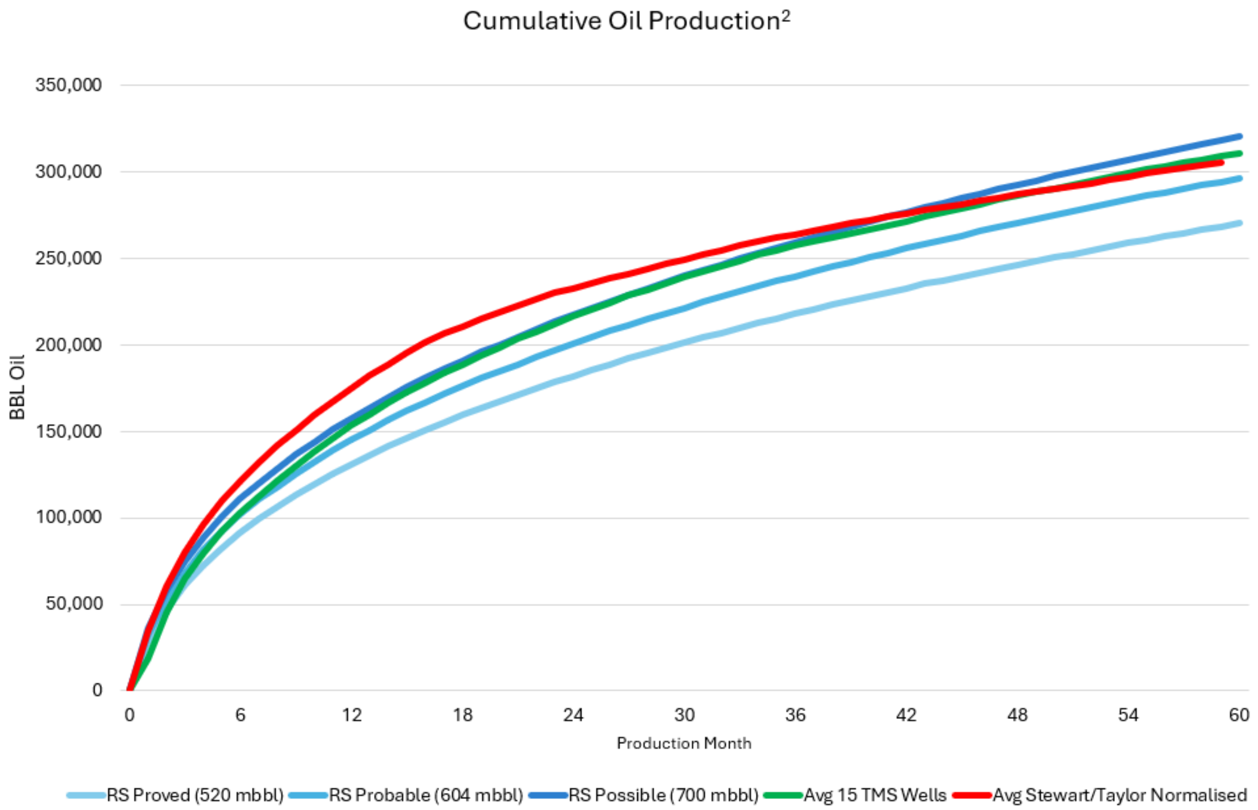

Figure 3 : Average oil production of ATS 2014 TMS wells vs Ryder Scott Proved, Probably and Possible Type Curves and performance of the full length laterals drilled by Australis in 2018

The 2014 fall in commodity price generated the opportunity for the two low cost acquisitions by Australis in the TMS and for an ongoing cost-effective and strategic 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 is the only company to have drilled new wells in the play since the beginning of 2015 other than in the last quarter of 2021, when State Line Exploration successfully drilled and cased their first well in the play. Consequently, none of the numerous industry improvements that have continued to drive forward the economics of other unconventional plays have yet been applied to the TMS. The production results of the full length laterals drilled by Australis in 2018[2] are also shown above on Figure 3.

GLOSSARY

Unit	Measure	Unit	Measure
B	Prefix – Billions	**bbl**	Barrel of oil
MM	Prefix – Millions	**boe**	Barrel of Oil equivalent (1bbl = 6 mscf)
M or k	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
SOFR	Secured Overnight Financing Rate
Opex	Operating Expenditure
G&A	General & Administrative 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 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 and field-based production expenses but excludes depletion and depreciation
Adjusted EBITDA	Earnings before interest, tax, depreciation, depletion, amortisation expenses and the write off of previously capitalised expired exploration leases
IP30	The average oil production rate over 30 days of production following clean up
YOY	Year on year
YE	Year end
TMS Type Curve	The history matched production performance of 15 wells drilled in the TMS by Encana in 2014. Corresponds to an average treated horizontal length of 7,200ft. Refer to the Appendix of the Australis Corporate Presentation
IDP	Initial drilling program of 6 wells in the TMS by Australis commencing late 2018
DUC	Drilled uncompleted well
OD	Outer Diameter of a tubular

Notes

1. Estimates from the independent Ryder Scott report, effective 31 December 2024 and dated 29 January 2025. 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 deterministic methods. The achieved price and NPV(10) values quoted are for the project only, they do not include any impact from the existing oil price hedges that Australis has entered into.
2. Average production from Stewart 30H-1 and Taylor 27H-1 wells normalized to 7,200 ft completed horizontal length and adjusted for production curtailments during COVID low oil prices Q2 2020.
3. All estimates and risk factors taken from Ryder Scott, report prepared as at 31 December 2020 and generated for the Australis concessions to SPE standards. See ASX announcement released on 5 February 2021 titled “Reserves and Resources Update Year End 2020”. Australis is not aware of any new information or data that materially affects the information included in the referenced announcement and all the material assumptions and technical parameters underpinning the estimates in the original announcement continue to apply and have not materially changed.

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, Adjusted EBITDA and EBITDA, as defined within the Glossary, are Non-IFRS financial measures commonly used in the oil and gas industry or financial measures that are relevant to Australis. Non-IFRS financial measures used by the Company 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.