

For Immediate Release

ASX Announcement

22 August 2022

## First Half 2022 Financial Report

Australis Oil & Gas Ltd (“Australis” or “Company”) is pleased to provide its consolidated financial results for the half year ended 30 June 2022.

The solid financial performance in the first half of 2022 was largely driven by the rising oil price with our achieved sales price, before the effect of hedging, averaging US\$103/bbl. The impact of our Credit Facility required hedges reduced this achieved averaged price to US\$82/bbl for the period. Inflationary pressures on costs have been experienced in 2022 leading to a rise in most expenses including our operating costs.

Despite the hedge losses and increase in costs, the Company continued its positive cashflow record with EBITDA of US\$3.2 million (1H/2021: US\$1.1 million) and the reduction in net debt to US\$5.3 million.

Activity in the TMS continued to increase with two wells fraced in the 1H 2022. The Reece 11H No.1 well located in the SW of Amite County Mississippi and the Painter 5H No.1 well located on the border of Washington and Tangipahoa parishes, Louisiana.

The Reece 11H was successfully drilled and completed by State Line Exploration, the operating company of Juniper Capital Advisors and produced an IP24 rate of 1800 bopd and, several months post completion, was flowing at approximately 500 bopd without any form of artificial lift. Whilst Australis has no interest in this well, it is located in the TMS Core and Australis owns and operates several nearby wells.

The Painter 5H was successfully fraced by Paloma Resources, backed by Encap Energy Capital, and whilst adopting a conservative approach to the flowback, this well achieved an IP30 of 640 bopd and continues to produce at similar levels with a constrained reservoir management approach. Australis, in the 1H 2022, acquired a 10% WI in this well and the unit leases. The well was drilled in 2014, by a previous operator, with a relatively short lateral length of 5,000ft and small 5” OD and remained a ‘Drilled but Uncompleted well’ (DUC) until Q2 2022.

Australis continued the previously adopted and achieved strategy of safeguarding its ownership of the large undeveloped reserves and resources in the core area of the TMS whilst seeking to introduce an appropriate partner to recommence activity in the TMS and progress the value creation strategy.

The 18 month extension to the Company’s credit facility maturity date complements the strategy for the TMS by providing greater flexibility for our cash resources and cashflow. Whilst maintaining capital discipline the extension allows funding for the strategic land renewal and control program and participation in the second DUC well with Paloma in 2H 2022. The current facility balance of US\$14 million, which reduces by a minimum of US\$1 million each quarter, is now repayable without penalty on or before May 2025.

The recent entry and success of the two well funded private equity backed operators (State Line and Paloma) into the TMS has assisted our engagement with potential partners. Australis has and continues to discuss the framework for partnering with several interested parties.

Australis remains very confident the underlying oil and gas market conditions will ultimately force potential partners to consider emerging plays for future Tier 1 well inventory and the fundamental asset quality will ensure the TMS, being one of the last undeveloped quality oil plays, is considered. As such Australis will continue to be measured in the approach to partnering discussions to ensure that any such engagement is on the right terms for the Company in the context of its overall strategy and is with the right partner(s).

### AUSTRALIS OIL & GAS LIMITED

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**Financial and Operating Summary for 1H 2022**

Key Metrics	Unit	1H 2022	1H 2021	Change
Core Land Position (Net)	acres	83,500	103,000	(19)%
Core HBP land (Net)	acres	38,300	38,100	1%
Net Oil resource (2P + 2C) <sup>1</sup>	MMbbls	153,000	170,000	(10)%
Sales Volumes (WI)	bbls	174,500	209,000	(17)%
Average Realised Price <sup>A</sup>	US\$/bbl	\$103	\$63	63%
Average Achieved Price <sup>B</sup>	US\$/bbl	\$82	\$52	58%
Sales Revenue (WI) <sup>A</sup>	US\$MM	\$18.0	\$13.2	36%
Sales Revenue (WI) <sup>B</sup>	US\$MM	\$14.4	\$10.9	32%
Field Netback	US\$MM	\$5.9	\$4.0	48%
Field Netback / bbl (WI) <sup>B</sup>	US\$/bbl	\$34	\$19	79%
Field Netback / bbl (Net) <sup>B</sup>	US\$/bbl	\$42	\$24	75%
EBITDA	US\$MM	\$3.2	\$1.1	191%
Interest expense	US\$MM	\$0.5	\$0.6	(17)%
Net profit (loss) after tax	US\$MM	\$1.1	(\$1.7)	165%
Capital Expenditure <sup>D</sup>	US\$MM	\$1.2	\$1.6	(25)%
Cash Balance (Qtr end)	US\$MM	\$8.7	\$10.2	(15)%
Total Debt (Qtr end) <sup>C</sup>	US\$MM	\$14.0	\$18.0	(22)%

<sup>A</sup> excludes effect of hedge contracts settled

<sup>B</sup> includes the loss from the settlement of hedge contracts of US\$3.6 million (1H 2021: loss of US\$2.3 million)

<sup>C</sup> Macquarie Facility debt

<sup>D</sup> For 1H 2022 total includes the acquisition and frac costs for the Australis 10% WI in the non-operated Painter 5H well and unit of US\$0.85 million

The Financial Statements and Appendix 4D for the six-month period ended 30 June 2022 are attached.

**END**

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

For further information, please contact:

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 Managing Director  
 Australis Oil & Gas  
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 Finance Director  
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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 83,500 net acres within the production delineated core of the proven oil producing TMS, Australis retains significant upside potential with approximately 360 net future drilling locations, and an independently assessed 153 MMbbls of 2P + 2C recoverable volume including 3.0 MMbbl producing reserves providing net field cash flow<sup>1</sup>. The contingent oil resource is only contingent on a qualifying development program.

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.

## Footnotes

1. All estimates and risk factors taken from Ryder Scott, report prepared as at 31 December 2021 and generated for the Australis concessions to SPE standards. See ASX announcement released on 7 February 2022 titled "Reserves and Resources Update Year End 2021". 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. Ryder Scott generated their independent reserve and contingent resource estimates using a deterministic method which is based on a qualitative assessment of relative uncertainty using consistent interpretation guidelines. The independent engineers using a deterministic incremental (risk based) approach estimate the quantities at each level of uncertainty discretely and separately.

Australis continues to take a conservative approach to estimating its oil and gas reserves and resources. Future production from existing wells has been assessed in the YE2021 report in a manner consistent with previous years. However, given the current Company strategy to introduce a partner for the purposes of advancing the development of its TMS asset, the Board has determined that it would not be appropriate to propose a development plan as part of the YE2021 reserves evaluation.

Therefore, the YE2021 reserve and resource estimate consists of a proved, probable and possible developed reserve estimate only and no reserve estimates have been generated for undeveloped acreage. A contingent resource estimate is provided and, as in previous years, the mid case 2C contingent resource is subject to a qualifying development plan to transition volumes to an appropriate reserve category of proved, probable and possible.

**GLOSSARY**

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

Term	Definition
<b>TMS Core</b>	The Australis designated productive core area of the TMS delineated by production history
<b>WI</b>	Company beneficial interest before royalties or burdens
<b>Royalty</b>	Interest in a leasehold area providing the holder with the right to receive a share of production associated with the leasehold area
<b>Net or NRI</b>	Company beneficial interest after royalties or burdens
<b>C</b>	Contingent Resources (1C/2C/3C equivalent to low/most likely/high)
<b>NPV(10)</b>	Net Present Value (@ discount rate)
<b>EUR</b>	Estimated Ultimate Recovery of a well
<b>WTI</b>	West Texas Intermediate oil benchmark price
<b>LLS</b>	Louisiana Light Sweet oil benchmark price
<b>D, C&amp;T</b>	Drill, Complete and Tie - in
<b>2D/3D</b>	2 and 3 dimensional seismic surveys
<b>Opex</b>	Operating Expenditure
<b>G&amp;A</b>	General & Administrative Expenditure
<b>HBP</b>	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.
<b>PRB</b>	Probable Reserves
<b>PDP</b>	Proved Developed Producing Reserves
<b>PDNP</b>	Proved Developed Not Producing Reserves
<b>PUD</b>	Proved Undeveloped Reserves
<b>Net Acres</b>	Working Interest before deduction of royalties or burdens
<b>Field Netback</b>	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
<b>EBITDA</b>	Earnings before interest, tax, depreciation, depletion, and amortisation expenses
<b>IP24</b>	The average oil production rate over 24 hours of production following clean up
<b>IP30</b>	The average oil production rate over 30 days of production following clean up
<b>YOY</b>	Year on year
<b>TMS Type Curve</b>	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
<b>IDP</b>	Initial drilling program of 6 wells in the TMS by Australis commencing late 2018
<b>DUC</b>	Drilled uncompleted well
<b>OD</b>	Outer Diameter of a tubular

### 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 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.

**EBITDA** represents net income /(loss) for the period before income tax expense or benefit, finance costs, depletion, depreciation and amortisation charges and impairment provision.

The following table reconciles net loss after tax to EBITDA for the 6 months ended 30 June 2022:

	<b>1H 2022</b>	1H 2021
	<b>US\$'000</b>	US\$'000
Net profit / (loss) after tax	<b>1,121</b>	(1,652)
Adjustments:		
Depletion	<b>791</b>	842
Depreciation	<b>728</b>	853
Net finance expenses	<b>514</b>	1039
<b>EBITDA</b>	<b>3,154</b>	1,082

### FIELD NETBACK

Field Netback represents 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.

### 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.

22 August 2022

**APPENDIX 4D**  
**HALF YEAR REPORT FOR THE PERIOD ENDED 30 JUNE 2022**

Name of Entity:

**AUSTRALIS OIL & GAS LIMITED**  
**(ASX: ATS)**

ABN or equivalent company reference

34 609 262 937

This information and the Australis Oil & Gas Limited Interim Financial Report for the Half Year Ended 30 June 2022 should be read in conjunction with the Australis Oil & Gas Limited 2021 Annual Report (which contains the 2021 audited Financial Report).

**Results for Announcement to the Market**

Revenue from ordinary activities	Increased by 32% <sup>(1)</sup> from US\$10.90 million for the half year ended 30 June 2021 to US\$14.36 million for the half year ended 30 June 2022	
Profit from ordinary activities after tax attributable to members	Increased by 168% <sup>(1)</sup> from a loss of US\$1.65 million for the half year ended 30 June 2021 to a profit of US\$1.12 million for the half year ended 30 June 2022	
Profit for the period attributable to members	Increased by 168% <sup>(1)</sup> from a loss of US\$1.65 million for the half year ended 30 June 2021 to a profit of US\$1.12 million for the half year ended 30 June 2022	
An explanation of the results is included in the Interim Financial Report ended 30 June 2022 which can be found on the ASX website or the Australis website at <a href="http://www.australisoil.com">www.australisoil.com</a>		
<sup>(1)</sup> Comparisons are made to the financial results for the half year ended 30 June 2021.		
<b>Dividends</b>		
No dividends are proposed (2021:nil).		
<b>Net Tangible Asset per Security</b>	<b>30 June 2022</b>	<b>30 June 2021</b>
	US\$0.05	US\$0.05
<b>Changes in controlled entities</b>		
There have been no changes in controlled entities during the half year ended 30 June 2022.		
This report is based on the consolidated half year financial statements for the half year ended 30 June 2022 which have been reviewed by BDO Audit (WA) Pty Ltd.		

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## **AUSTRALIS OIL & GAS LIMITED**

ABN 34 609 262 937

### **CONSOLIDATED INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED 30 JUNE 2022**

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## Corporate directory

### Directors

Mr Jonathan Stewart - Chairman  
Mr Ian Lusted – Chief Executive Officer  
Mr Graham Dowland – Chief Financial Officer  
Mr Stephen Scudamore – Non-Executive Director  
Mr Alan Watson – Non-Executive Director

### Company Secretary

Ms Julie Foster

### Registered and Principal Office

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### Office in North America

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### Share Registry

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Level 11, 172 St Georges Terrace  
Perth, Western Australia 6000  
Telephone: +61 8 9323 2000  
Facsimile: +61 8 9323 2033

### Solicitor

Gilbert & Tobin  
Level 16, Brookfield Place Tower 2  
123 St Georges Terrace  
Perth, Western Australia 6000

### Stock Exchange Listing

The ordinary shares of Australis Oil & Gas Limited are listed on the Australian Securities Exchange (Ticker code: ATS)

### Auditor

BDO Audit (WA) Pty Ltd  
Level 9, Mia Yellagonga Tower 2,  
5 Spring Street  
Perth, Western Australia 6000

### Website and Email

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## Directors' report

The Directors of Australis Oil & Gas Limited present their report on the consolidated entity consisting of Australis Oil & Gas Limited ("Company" or "Australis") and the entities it controlled ("Consolidated Entity" or "Group") for the half-year ended 30 June 2022.

### Directors

The names of directors of the Company in office at any time during or since the end of the financial half-year ended 30 June 2022 are:

Mr Jonathan Stewart	Chairman
Mr Ian Lusted	Managing Director and Chief Executive Officer
Mr Graham Dowland	Finance Director and Chief Financial Officer
Mr Stephen Scudamore	Independent Non-Executive Director
Mr Alan Watson	Independent Non-Executive Director

Each director held their office from 1 January 2022 until the date of this report.

### Results and review of operations

The principal activity of the Group is oil and gas exploration, development and production. The Company operates one area of interest onshore being leases, wells and facilities in the Tuscaloosa Marine Shale (TMS) in the states of Louisiana and Mississippi in the USA. A summary of the activity of the project during the period is set out in the Operating Review below.

All references to dollars in this report will be US\$ unless stated otherwise.

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## Directors' report

### OPERATING REVIEW

During the reporting period Australis produced from 31 operated wells (30 June 2021: 36) and a further 18 non-operated wells all within the Tuscaloosa Marine Shale ("TMS").

A summary of the results and activities for the six months to 30 June 2022 are as follows:

- Total sales volumes (WI) during the period were 174,000 bbls.
- Production from the wells was in line with expectation for production decline and weather-related events other than for the voluntary precautionary shut in of wells surrounding the completion operations of the State Line operated Reese 11H No. 1 well. The shut ins lasted several days deferring approximately 2,000 bbl of production.
- The Company received revenue of US\$18 million offset by oil price hedge contract settlement losses of US\$3.6 million. The contracts were executed in prior periods of low future oil prices in accordance with the Macquarie Facility mandated covenant requirements.
- Achieved oil sales pricing averaged US\$103/bbl (not including realised hedge losses) and ranged between \$83/bbl at the commencement of 2022 and by June had increased to US\$114/bbl.
- During the 6 month reporting period Australis achieved:
  - Field Netback of US\$5.9 million (48% increase from 1H 2021)
  - EBITDA of US\$3.2 million (191% increase from 1H 2021)
  - Cashflow from operations of US\$2.7 million (79% increase from 1H 2021)
- Total capital expenditure of US\$1.2 million (2021: US\$1.6 million) primarily related to the acquisition of a 10% WI in the Paloma Resources operated Painter 5H well and associated leaseholds within the unit together with the costs of completing this well, and the permitting and strategic land leasing maintenance program as part of the managing and safeguarding the TMS asset.
- Profit after tax of US\$1.1 million (1H 2021: loss (\$1.7) million), including non-cash charges of US\$2.1 million.
- The Macquarie Credit Facility debt was reduced during the reporting period by US\$2 million to US\$14 million at 30 June 2022.
- In February 2022, Australis released its independently assessed net reserves and resources estimates<sup>1</sup> for the TMS as at 31 December 2021 and adopted a conservative approach to estimating its oil and gas reserves and resources. Future production from existing wells was assessed in a manner consistent with previous years. However, given the current Company strategy to introduce a partner for the purposes of advancing the development of its TMS asset, the Board determined it would not be appropriate to propose a development plan as part of the YE2021 reserves evaluation. Therefore, the YE2021 reserve and resource estimate consisted of a proved, probable and possible developed reserve estimate only (i.e. for the existing wells only) and no reserve estimates have been generated for undeveloped acreage. A contingent resource estimate is provided and, as in previous years, the mid case 2C contingent resource is subject to a qualifying development plan to transition volumes to an appropriate reserve category of proved, probable and possible. The Proved Developed Producing reserves net (after royalties) to Australis totaled 3.0 million barrels and the 2C Contingent Resource (mid case) totaled 149 million barrels.
- Third party activity in the TMS field increased during the first half of 2022 with the completion of the Reese 11H No. 1 and the Painter 5H No.1 wells. Both wells were successfully fraced and placed on production. Australis has a 10% non operated WI in the Painter well.
- With the relinquishment of the Portugal oil and gas concessions in 2021, the remaining fixed assets, being freehold land in Portugal was sold during the period and subsequent to 30 June 2022, the Portuguese and associated UK subsidiaries will be dissolved.

## Directors' report

### FUTURE DEVELOPMENTS

With the existing cash balance and projected revenue stream including the WTI oil price hedge contracts, Australis is able to service its debt obligations for the next 12 months. Australis believes that market conditions are improving and with the decreasing availability of high quality future well inventory as the existing plays mature or are largely controlled by only a few operators, attention has and will increase into areas that are de-risked, can demonstrate high production rates, provide control over development and offer appropriate entry costs. The TMS Core area asset owned by Australis meets all of these requirements. The Company continues to be patient as it engages with potential partners to assist with the TMS value creation and monetisation of this asset.

### FINANCIAL AND CAPITAL MANAGEMENT

During the period, the Consolidated Entity made a net profit after tax of US\$1.1 million (30 June 2021: Loss US\$1.7 million).

As at 30 June 2022, Australis has cash and cash equivalents of US\$8.7 million (31 December 2021: US\$9.3 million).

During the period ended 30 June 2022, Australis TMS Inc, a wholly owned subsidiary, repaid US\$2 million under the Macquarie credit facility, bringing the total amount outstanding at the balance date to US\$14 million (31 December 2021: US\$16 million).

Subsequent to 30 June 2022, the Maturity Date for the Macquarie credit facility was extended by 18 months to 31 May 2025.

The operating results for Australis for the period ending 30 June 2022 is as follows:

#### Summary Financial Results

	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>US\$ millions</b>	<b>US\$ millions</b>
Revenue (including hedging gain/(loss))	\$14.36	\$10.90
Royalties	(\$3.45)	(\$2.48)
Direct operating costs & taxes	(\$5.04)	(\$4.45)
<b>Field Netback</b>	<b>\$5.87</b>	<b>\$3.97</b>
Other income	\$0.76	\$0.04
(Loss) / Gain on sale of asset	(\$0.06)	\$0.03
Corporate costs	(\$2.86)	(\$2.36)
Exploration costs expensed	(\$0.08)	-
Unrealised foreign exchange loss	(\$0.16)	(\$0.16)
Share based payments	(\$0.32)	(\$0.44)
<b>EBITDA</b>	<b>\$3.15</b>	<b>\$1.08</b>
Net interest expense	(\$0.51)	(\$0.60)
Depreciation and depletion	(\$1.52)	(\$1.70)
Amortised borrowing costs	-	(\$0.43)
<b>Profit / (loss) before taxation</b>	<b>\$1.12</b>	<b>(\$1.65)</b>

#### Significant changes in the state of affairs

The significant changes in the state of affairs of the Consolidated Entity during the financial period and to the date of this report are set out in the review of operations above and the events after the reporting date below.

#### Dividends

In respect of the period ended 30 June 2022, no dividends have been paid or declared and the Directors do not recommend the payment of a dividend in respect of the financial period.

#### Events after the reporting date

No events have occurred since 30 June 2022 that would materially affect the operations of the Group, the results of the Group or the state of affairs of the Group not otherwise disclosed in the Group's Financial Statements. other than the Maturity Date for the Macquarie credit facility was extended by 18 months to 31 May 2025.

#### Rounding off of amounts

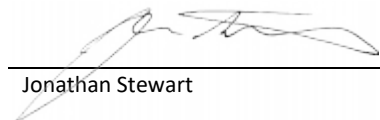
The Directors' Report and Financial Statements are rounded off to the nearest thousand dollars as permitted under Corporations Instrument 2016/191, unless otherwise indicated.

## Directors' report

### Auditor's independence declaration

The auditor's independence declaration is included on page 8 of the half-year report.

The Director's Report is signed in accordance with a resolution of Directors made pursuant to section 306(3) of the Corporations Act.




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 Jonathan Stewart

22 August 2022

### FOOTNOTES

<sup>1</sup>All estimates and risk factors taken from Ryder Scott, report prepared as at 31 December 2021 and generated for the Australis concessions to SPE standards. See ASX announcement released on 7 February 2022 titled "Reserves and Resources Update Year End 2021". 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. Ryder Scott generated their independent reserve and contingent resource estimates using a deterministic method which is based on a qualitative assessment of relative uncertainty using consistent interpretation guidelines. The independent engineers using a deterministic incremental (risk based) approach estimate the quantities at each level of uncertainty discretely and separately.

### GLOSSARY

Term	Definition
<b>bbl(s)</b>	Barrel(s) of oil
<b>Bopd</b>	Barrel of oil per day
<b>EBITDA</b>	Earnings before interest, tax, depreciation, depletion, amortisation expenses and impairment.
<b>Field Netback</b>	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
<b>LLS</b>	Louisiana Light Sweet Oil Benchmark Price
<b>WTI</b>	West Texas Intermediate Oil Benchmark Price
<b>HBP</b>	Held by production – within a formed unit a producing well meets all lease obligations within that unit. Primary term remains valid whilst is on production

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## Auditors' independence declaration



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Australia

### **DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF AUSTRALIS OIL & GAS LIMITED**

As lead auditor for the review of Australis Oil & Gas Limited for the half-year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australis Oil & Gas Limited and the entities it controlled during the period.



**Phillip Murdoch**  
**Director**

**BDO Audit (WA) Pty Ltd**  
Perth, 22 August 2022

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## Independent review report



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Australia

### INDEPENDENT AUDITOR'S REVIEW REPORT

To the Directors of Australis Oil & Gas Limited

#### Report on the Half-Year Financial Report

##### Conclusion

We have reviewed the half-year financial report of Australis Oil & Gas Limited and its subsidiaries, which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

##### Basis for conclusion

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

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

##### Responsibility of the directors for the financial report

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

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## Independent review report



### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

**BDO Audit (WA) Pty Ltd**



**Phillip Murdoch**  
**Director**

Perth, 22 August 2022

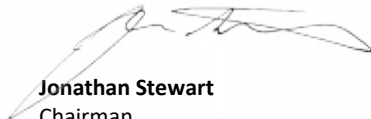


## Directors' declaration

In the Directors' opinion:

- (a) the financial statements and accompanying notes set out on pages 12 to 31, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance for the half-year ended on that date.
  
- (b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations from the Chief Executive Officer and the Chief Financial Officer that are consistent with the requirements of section 295A of the *Corporations Act 2001* for the period ended 30 June 2022



**Jonathan Stewart**  
Chairman  
Perth, Western Australia

22 August 2022

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

### For the half-year ended 30 June 2022

	Notes	Half-year ended 30 June 2022 US\$'000	Half-year ended 30 June 2021 US\$'000
Revenue	2.2	14,361	10,898
Cost of sales	2.3	<u>(9,930)</u>	<u>(8,409)</u>
<b>Gross profit</b>		<u>4,431</u>	<u>2,489</u>
Other income	2.4	762	43
Other expenses	2.5	<u>(3,558)</u>	<u>(3,145)</u>
<b>Profit / (Loss) from operating activities</b>		<u>1,635</u>	<u>(613)</u>
Net finance (expense)	2.6	<u>(514)</u>	<u>(1,039)</u>
<b>Profit / (Loss) before income tax</b>		<u>1,121</u>	<u>(1,652)</u>
Income tax expense		<u>-</u>	<u>-</u>
<b>Profit / (Loss) after income tax</b>		<u>1,121</u>	<u>(1,652)</u>
<b>Other comprehensive (loss)</b>			
Items that may be reclassified to profit or loss:			
Change in fair value of cash flow hedges		<u>(2,118)</u>	<u>(3,764)</u>
Other comprehensive (loss) for the period net of tax		<u>(2,118)</u>	<u>(3,764)</u>
<b>Total comprehensive (loss) for the period attributable to owners of the Company</b>		<u>(997)</u>	<u>(5,416)</u>
<b>Profit / (Loss) per share attributable to owners of the Company</b>			
Basic profit / (loss) per share (cents per share)	2.7	<b>0.09</b>	(0.15)
Diluted profit / (loss) per share (cents per share)	2.7	<b>0.08</b>	(0.15)

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position

### As at 30 June 2022

	Notes	30 June 2022 US\$'000	31 December 2021 US\$'000
<b>Current assets</b>			
Cash and cash equivalents		8,725	9,253
Trade and other receivables	3.4	4,203	3,009
Inventories		680	812
<b>Total current assets</b>		<b>13,608</b>	<b>13,074</b>
<b>Non-current assets</b>			
Oil and gas properties	3.2	55,710	55,522
Exploration and evaluation	3.1	13,238	13,379
Property, plant and equipment	3.3	8,102	8,479
Other receivables	3.4	373	374
<b>Total non-current assets</b>		<b>77,423</b>	<b>77,754</b>
<b>Total assets</b>		<b>91,031</b>	<b>90,828</b>
<b>Current liabilities</b>			
Trade and other payables	5.4	(7,380)	(6,094)
Provisions		(460)	(474)
Derivative financial instruments hedge	5.3	(3,882)	(2,032)
Borrowings	4.3	(4,000)	(4,000)
Lease liability		(175)	(168)
<b>Total current liabilities</b>		<b>(15,897)</b>	<b>(12,768)</b>
<b>Non-current liabilities</b>			
Provisions	5.1	(2,432)	(2,403)
Borrowings	4.3	(10,000)	(12,697)
Derivative financial instruments	5.3	(1,022)	(754)
Lease liability		(279)	(369)
<b>Total non-current liabilities</b>		<b>(13,733)</b>	<b>(16,223)</b>
<b>Total liabilities</b>		<b>(29,630)</b>	<b>(28,991)</b>
<b>Net assets</b>		<b>61,401</b>	<b>61,837</b>
<b>Equity</b>			
Contributed equity	4.1	184,463	184,672
Treasury shares	4.1	(1,006)	(1,215)
Share based payment reserve	4.2	12,534	11,973
Foreign exchange reserve		(467)	(467)
Cash flow hedge reserve		(4,904)	(2,786)
Accumulated losses		(129,219)	(130,340)
<b>Total equity</b>		<b>61,401</b>	<b>61,837</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity

### For the half-year ended 30 June 2022

	Contributed Equity	Treasury Shares	Other Reserve	Accumulated (Losses)	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 January 2021</b>	176,109	(137)	10,656	(127,932)	58,696
Loss for the period	-	-	-	(1,652)	(1,652)
<b>Other comprehensive income</b>					
Change in fair value of cash flow hedges	-	-	(3,764)	-	(3,764)
<b>Total comprehensive income for the period</b>	-	-	(3,764)	(1,652)	(5,416)
<b>Transactions with owners, in their capacity as owners</b>					
Contributed equity net of transaction costs	7,485	-	-	-	7,485
Purchase of treasury shares	978	(978)	-	-	-
Transfer of treasury shares on rights exercise	(847)	847	-	-	-
Share based payments	-	-	98	-	98
<b>Balance as at 30 June 2021</b>	<b>183,725</b>	<b>(268)</b>	<b>6,990</b>	<b>(129,584)</b>	<b>60,863</b>
<b>Balance at 1 January 2022</b>	<b>184,672</b>	<b>(1,215)</b>	<b>8,720</b>	<b>(130,340)</b>	<b>61,837</b>
Profit for the period	-	-	-	1,121	1,121
<b>Other comprehensive income</b>					
Change in fair value of cash flow hedges	-	-	(2,118)	-	(2,118)
<b>Total comprehensive income for the period</b>	-	-	(2,118)	1,121	(997)
<b>Transactions with owners, in their capacity as owners</b>					
Purchase of treasury shares	202	(202)	-	-	-
Transfer of treasury shares on rights exercise	(411)	411	-	-	-
Share based payments	-	-	561	-	561
<b>Balance as at 30 June 2022</b>	<b>184,463</b>	<b>(1,006)</b>	<b>7,163</b>	<b>(129,219)</b>	<b>61,401</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated Statement of Cash Flows

### For the half-year ended 30 June 2022

	Notes	Half-year ended 30 June 2022 US\$'000	Half-year ended 30 June 2021 US\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		13,659	10,461
Payments to suppliers and employees		(11,060)	(9,014)
Other revenue		66	43
<b>Net cash inflow from operating activities</b>		<b>2,665</b>	<b>1,490</b>
<b>Cash flows from investing activities</b>			
Payment for exploration and evaluation activities		-	(557)
Payment for capitalised oil and gas assets		(427)	(886)
Payment for property, plant and equipment		(102)	(125)
Receipt of security deposits and bonds		-	170
Interest received		1	-
<b>Net cash (outflow) from investing activities</b>		<b>(528)</b>	<b>(1,398)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share issue		-	7,898
Share issue costs		-	(413)
Proceeds from borrowings		-	696
Repayment of borrowings		(2,000)	(2,000)
Debt facility costs		(509)	(636)
<b>Net cash (outflow) / inflow from financing activities</b>		<b>(2,509)</b>	<b>5,545</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(372)</b>	<b>5,637</b>
Cash and cash equivalents at the beginning of the financial period		9,253	4,687
Effect of exchange rates on cash holdings in foreign currencies		(156)	(148)
<b>Cash and cash equivalents at the end of the financial period</b>		<b>8,725</b>	<b>10,176</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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## Section 1: Basis of Reporting

### For the half-year ended 30 June 2022

#### 1.1 Basis of preparation and compliance statement

The consolidated interim financial report for the half-year reporting period ended 30 June 2022 has been prepared in accordance with the Corporations Act 2001 and AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with the International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

This consolidated interim financial report has been prepared under the historical cost convention. The consolidated interim financial statements are presented in US dollars and are rounded to the nearest thousand dollars (US\$'000) as permitted under Corporations Instrument 2016/191, unless otherwise stated.

The accounting policies adopted are consistent with those adopted and disclosed in the Company's Annual Report for the year ended 31 December 2021 unless otherwise stated.

#### Going Concern

The consolidated interim financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. For the period ended 30 June 2022 the consolidated entity recorded a profit of \$1.1 million and as at 30 June 2022 had net current liabilities of \$1.7 million after recognition of \$3.9 million derivative liability valued as at balance date and \$4million of amortisation payments due in the next twelve months.

The financial statements have been prepared on the basis that the Group is a going concern for the following reasons:

- Cash inflows from operating activities of \$2.7 million for the period.
- Cash balance of \$8.7 million at the reporting date.
- Cash forecast for the period to 31 August 2023 using an average WTI oil price assumption of US\$80 / bbl provides surplus cash including the amortisation payments of US\$4 million due in the next twelve months.
- Subsequent to 30 June 2022, Macquarie Bank agreed to extend the maturity date for the Australis credit facility by 18 months to 31 May 2025.

## Section 2: Results For The Period For the half-year ended 30 June 2022

### 2.1 Segment Reporting

#### Recognition and measurement

Management has determined, based on the reports reviewed by the executive management group (the chief operating decision makers) and used to make strategic decisions, that the Group has the following reportable segments:

#### *Oil & Gas Production*

Development and production from oil & gas assets in the United States.

#### *Exploration*

Oil and gas exploration and evaluation in the United States.

#### *Other*

Corporate overhead in relation to the Group's management and administration office located in Perth, Australia and the operating office is located in Houston, Texas.

There has been no other impact on the measurement of the company's assets and liabilities.

US\$000	Oil & Gas Production		Exploration		Other		Total	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
<b>External revenues</b>	<b>14,361</b>	10,898	-	-	-	-	<b>14,361</b>	10,898
Direct operating costs	<b>(8,550)</b>	(6,898)	-	-	-	-	<b>(8,550)</b>	(6,898)
Corporate	-	-	-	-	<b>(2,863)</b>	(2,357)	<b>(2,863)</b>	(2,357)
Unrealised foreign currency gains / (losses)	-	-	-	-	<b>(160)</b>	(163)	<b>(160)</b>	(163)
Other income	-	-	-	-	<b>762</b>	43	<b>762</b>	43
Share based payments	-	-	-	-	<b>(319)</b>	(438)	<b>(319)</b>	(438)
Exploration costs expensed	<b>(14)</b>	-	<b>(63)</b>	(2)	-	-	<b>(77)</b>	(2)
<b>EBITDA<sup>(1)</sup></b>	<b>5,797</b>	4,000	<b>(63)</b>	(2)	<b>(2,580)</b>	(2,915)	<b>3,154</b>	1,083
Depletion	<b>(791)</b>	(842)	-	-	-	-	<b>(791)</b>	(842)
Depreciation	<b>(589)</b>	(669)	-	-	<b>(139)</b>	(185)	<b>(728)</b>	(854)
<b>EBIT<sup>(2)</sup></b>	<b>4,417</b>	2,489	<b>(63)</b>	(2)	<b>(2,719)</b>	(3,100)	<b>1,635</b>	(613)
Net finance (costs)	<b>(514)</b>	(1,039)	-	-	-	-	<b>(514)</b>	(1,039)
<b>Segment profit / (loss)</b>	<b>3,903</b>	1,450	<b>(63)</b>	(2)	<b>(2,719)</b>	(3,100)	<b>1,121</b>	(1,652)

<sup>(1)</sup>EBITDA represents net profit / (loss) for the period including net realised hedging loss of \$3,612,000 (2021: \$2,298,000 loss) before income tax expense or benefit, finance costs, depletion and depreciation and impairment.

<sup>(2)</sup>EBIT represents net profit / (loss) for the period before income tax expenses or benefit and finance costs.

## Section 2: Results For The Period

### For the half-year ended 30 June 2022

#### 2.1 Segment Reporting (continued)

US\$'000	Oil & Gas Production		Exploration		Other		Total	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
<b>Capital expenditure</b>								
Exploration and evaluation assets	-	-	-	557	-	-	-	557
Oil and gas assets	956	886	-	-	-	-	956	886
Other plant and equipment	362	112	-	-	2	-	364	112
	<b>1,318</b>	998	-	557	<b>2</b>	-	<b>1,320</b>	1,555

US\$000	Oil & Gas Production		Exploration		Other		Total	
	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021
<b>Segment assets</b>	<b>67,381</b>	66,695	<b>13,238</b>	13,379	<b>10,412</b>	10,754	<b>91,031</b>	90,828
<b>Segment liabilities</b>	<b>(27,759)</b>	(26,838)	-	-	<b>(1,872)</b>	(2,153)	<b>(29,630)</b>	(28,991)

#### Geographical segments

The Group operates in the United States of America and has a head office in Australia. In presenting information on the basis of geographical segments, segment revenue and segment assets are grouped based on the location of operating activities.

Production from the designated segments is sold on oil commodity markets.

US\$'000	Revenue		Non-current assets	
	Half-year ended 30 June 2022	Half-year ended 30 June 2021	30 June 2022	31 December 2021
United States of America	14,361	10,898	76,859	77,165
Australia	-	-	564	471
Portugal	-	-	-	118
	<b>14,361</b>	10,898	<b>77,423</b>	77,754



## Section 2: Results For The Period

### For the half-year ended 30 June 2022

	<b>30 June 2022 US\$'000</b>	30 June 2021 US\$'000
<b>2.2 Revenue</b>		
Revenue:		
Oil sales	17,967	13,191
Marketing fee	6	5
Hedge gain / (loss)	<b>(3,612)</b>	<b>(2,298)</b>
<b>Total Revenue</b>	<b>14,361</b>	<b>10,898</b>

#### Recognition and measurement

Revenue is largely generated from oil sales. Revenue from the sale of produced hydrocarbons is recognised when or as the Group transfer control of goods or services to a customer at the amount to which the Group expects to be entitled. Australis enters into contracts with oil marketing groups for the sale of oil produced from its operated properties including the sale of production for and on behalf of the joint property partners. A sale is recognised upon transfer of the product to the purchaser's transportation mode, currently via truck, at the Company operated oil production facilities which is the point that title passes.

Revenue is recognised on the basis of the Groups working interest in a producing field (the entitlement method).

	<b>30 June 2022 US\$'000</b>	30 June 2021 US\$'000
<b>2.3 Cost of sales</b>		
<i>Cost of production:</i>		
Production costs	<b>(4,310)</b>	(3,976)
Royalties	<b>(3,451)</b>	(2,479)
Production taxes	<b>(859)</b>	(531)
Loss / gain on sale of asset	31	26
Inventory movements	<b>39</b>	62
	<b>(8,550)</b>	(6,898)
<i>Depreciation, depletion and amortisation expense:</i>		
Oil & gas assets	<b>(1,380)</b>	(1,511)
<b>Total cost of sales</b>	<b>(9,930)</b>	<b>(8,409)</b>

#### 2.4 Other income

	<b>30 June 2022 US\$'000</b>	30 June 2021 US\$'000
US Government Paycheck Protection Program - Loan Forgiveness	696	-
Australian Government subsidies	-	43
Other income	66	-
	<b>762</b>	<b>43</b>

## Section 2: Results For The Period For the half-year ended 30 June 2022

### 2.5 Other expenses

	30 June 2022 US\$'000	30 June 2021 US\$'000
Administrative expenses	(2,863)	(2,357)
Exploration costs expensed	(77)	(2)
Depreciation	(139)	(185)
Share based payments	(319)	(438)
Unrealised foreign exchange loss	(160)	(163)
	<b>(3,558)</b>	<b>(3,145)</b>

### 2.6 Net finance costs

	30 June 2022 US\$'000	30 June 2021 US\$'000
Interest income	-	-
Amortised debt finance transaction costs	-	(433)
Debt finance interest costs	(514)	(606)
	<b>(514)</b>	<b>(1,039)</b>

### 2.7 Earnings per share

	30 June 2022 US Cents	30 June 2021 US Cents
<b>Profit / (loss) per share attributable to members of the Company:</b>		
Basic profit / (loss) per share	0.09	(0.15)
Diluted profit / (loss) per share	0.08	(0.15)
<b>Profit / (loss) used in the calculation of basic / diluted profit / (loss) per share</b>	<b>US\$'000</b>	<b>US\$'000</b>
Net profit / (loss) after tax	1,121	(1,652)
	<b>Shares</b>	<b>Shares</b>
Weighted average number of ordinary shares used as the denominator in calculating basic profit / (loss) per share	1,239,458,124	1,120,803,442
Weighted average number of ordinary shares used as the denominator in calculating diluted profit / (loss) per share	1,363,738,967	1,120,803,442

### 2.8 Dividends

No dividend has been paid or is proposed in respect of the six month period to 30 June 2022 (six months to 30 June 2021: Nil).

## Section 3: Invested Capital

### For the half-year ended 30 June 2022

#### 3.1 Exploration and evaluation

	30 June 2022 US\$'000	31 December 2021 US\$'000
At cost	<b>13,238</b>	13,379
Opening balance	<b>13,379</b>	12,690
Capitalised expenditure <sup>(1)</sup>	-	571
Transferred to oil & gas properties	<b>(23)</b>	-
Disposal (Portugal land) <sup>(2)</sup>	<b>(118)</b>	118
Closing balance	<b>13,238</b>	13,379

<sup>(1)</sup> Capitalised expenditure represents the costs associated with the acquisition of new leases and the renewal or extension of existing leases and permitting costs in the TMS during the period and the annual surface lease rentals for the Portuguese concessions.

<sup>(2)</sup> During the year to 31 December 2021 there was a value adjustment of \$118k to reflect the fair value of the land held in Portugal which had previously been written off. The fair value represents the anticipated value expected to be received on the sale of the land which was currently being marketed in Portugal. During the first half of 2022 the land in Portugal was sold.

#### 3.2 Oil and Gas Properties

	Producing Projects US\$'000	Development Projects US\$'000	Total US\$'000
<b>2022</b>			
Balance at 1 January 2022	<b>40,379</b>	<b>15,143</b>	<b>55,522</b>
Additions	<b>778</b>	<b>201</b>	<b>979</b>
Disposals	-	-	-
Depletion / Depreciation	<b>(791)</b>	-	<b>(791)</b>
<b>Balance at 30 June 2022</b>	<b>40,366</b>	<b>15,344</b>	<b>55,710</b>
<b>2021</b>			
Balance at 1 January 2021	41,305	15,166	56,471
Additions	1,047	20	1,067
Disposals	(332)	(43)	(375)
Depletion / Depreciation	(1,641)	-	(1,641)
<b>Balance at 31 December 2021</b>	<b>40,379</b>	<b>15,143</b>	<b>55,522</b>

## Section 3: Invested Capital

### For the half-year ended 30 June 2022

#### 3.3 Property, plant and equipment (other than oil and gas properties)

	Office equipment US\$'000	Production Equipment US\$'000	Motor Vehicles US\$'000	Right of Use Asset US\$'000	Total US\$'000
<b>2022</b>					
Opening net book amount	168	7,586	217	508	8,479
Additions	2	278	84	-	364
Disposals	-	-	(14)	-	(14)
Depreciation charge	(29)	(589)	(28)	(82)	(728)
<b>Balance at 30 June 2022</b>	<b>141</b>	<b>7,275</b>	<b>260</b>	<b>426</b>	<b>8,102</b>

<b>2021</b>					
Opening net book amount	210	8,706	100	778	9,794
Additions	-	180	197	98	475
Disposals	-	-	(51)	(143)	(194)
Depreciation charge	(42)	(1,300)	(29)	(225)	(1,596)
<b>Balance at 31 December 2021</b>	<b>168</b>	<b>7,586</b>	<b>217</b>	<b>508</b>	<b>8,479</b>

#### 3.4 Trade and Other Receivables

	30 June 2022 US\$'000	31 December 2021 US\$'000
<b>Current assets</b>		
Trade receivables	3,549	2,506
Other receivables	654	503
	<b>4,203</b>	<b>3,009</b>
<b>Non-current assets</b>		
Other receivables	373	374
	<b>373</b>	<b>374</b>

## Section 4: Capital and Debt Structure

### For the half-year ended 30 June 2022

#### 4.1 Contributed equity

	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Share capital	Securities	Securities	US\$'000	US\$'000
Ordinary shares	1,243,463,649	1,238,463,649	184,463	184,672
Treasury shares	(26,303,982)	(29,891,288)	(1,006)	(1,215)
<b>Total contributed equity</b>	<b>1,217,159,667</b>	<b>1,208,572,361</b>	<b>183,457</b>	<b>183,457</b>

#### Movements in contributed equity:

	Date	Number of Securities	Issue Price A\$	US\$'000
<b>Balance at 1 January 2021</b>		985,963,678		176,109
Issue to Employee Share Trust	17 Feb 21	22,000,000	0.057	978
Placement Tranche 1	8 Mar 21	150,000,000	0.05	5,845
Placement Tranche 2	21 Mar 21	13,500,000	0.05	523
Share Purchase Plan	26 Mar 21	39,999,971	0.05	1,530
Issue to Employee Share Trust	3 Dec 21	27,000,000	0.05	958
Share issue costs		-		(413)
Treasury share release <sup>(1)</sup>		-	Various	(858)
<b>Balance at 31 December 2021</b>		<b>1,238,463,649</b>		<b>184,672</b>
Issue to Employee Share Trust	25 May 22	5,000,000	0.057	202
Treasury Share Release <sup>(1)</sup>		-		(411)
Share issue costs		-		-
<b>Balance at 30 June 2022</b>		<b>1,243,463,649</b>		<b>184,463</b>

- During the reporting periods, employees of the Company exercised their vested performance rights resulting in the release of the treasury shares to the employees.

#### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting or by proxy, is entitled to one vote. Upon poll every holder is entitled to one vote per share held.

## Section 4: Capital and Debt Structure

### For the half-year ended 30 June 2022

#### 4.1 Contributed equity (continued)

##### Treasury shares

Treasury shares are shares in Australis Oil & Gas Limited that are held by the Australis Oil & Gas Limited Employee Share Trust for the purpose of issuing shares under the Australis Oil & Gas Limited Employee Executive Incentive Plan.

	Date	Number of Treasury Shares	Purchase Price A\$	Cost US\$'000
<b>Balance at 1 January 2021</b>		1,001,932		137
Australis Oil & Gas Employee Share Trust acquisition	17 Feb 21	22,000,000	0.057	978
Settlement of 2020 Short term incentive (in lieu of cash) <sup>(1)</sup>	15 Mar 21	(4,218,068)	0.0495	(163)
Performance rights exercised	Various	(15,892,576)	Various	(695)
Australis Oil & Gas Employee Share Trust subscription	3 Dec 21	27,000,000	0.05	958
<b>Balance at 31 December 2021</b>		<b>29,891,288</b>		<b>1,215</b>
Australis Oil & Gas Employee Share Trust subscription	25 May 22	5,000,000	0.057	202
Settlement of 2021 Short term incentive (in lieu of cash) <sup>(1)</sup>	14 Mar 22	(5,221,540)	0.074	(294)
Performance rights exercised	Various	(3,365,766)		(117)
<b>Balance at 30 June 2022</b>		<b>26,303,982</b>		<b>1,006</b>

(1) During the period to 30 June 2022 and 31 December 2021 in order to conserve cash, payment of the achieved 2021 and 2020 STI for all employees was either fully or part settled in ordinary shares in lieu of cash. For the period to 30 June 2022 5,221,540 ordinary shares (2021: 4,218,068 ordinary shares) were issued based on the Company's volume weighted average share price for the five trading days prior to settlement being A\$0.0774 per share (2021: A\$0.0495 per share).

#### 4.2 Share-based payment reserve

	30 June 2022 US\$'000	31 December 2021 US\$'000
Balance at beginning of period	11,973	11,426
Share based payment expense arising during the period	561	547
<b>Balance at end of period</b>	<b>12,534</b>	<b>11,973</b>

#### Performance & Fee Rights

#### Number of Securities

<b>Balance at 1 January 2021</b>	89,341,447
Granted	27,951,813
Exercised	(23,889,917)
Forfeited	(2,724,629)
Lapsed	(82,669)
<b>Balance at 31 December 2021</b>	<b>90,596,045</b>
Granted <sup>(1)</sup>	42,647,711
Forfeited <sup>(2,3)</sup>	(4,930,056)
Exercised <sup>(3)</sup>	(3,365,766)
Lapsed <sup>(2)</sup>	(516,828)
<b>Balance at 30 June 2022</b>	<b>124,431,106</b>

## Section 4: Capital and Debt Structure

### For the half-year ended 30 June 2022

#### 4.2 Share-based payment reserve (continued)

<sup>(1)</sup> During the half year ended 30 June 2022 Australis issued 39,608,082 performance rights (2021: 24,282,547) to certain employees and executive directors of the Company under the Australis Oil & Gas Limited Employee Equity Incentive Plan. In addition, 3,039,629 fee rights (2021: 3,669,266) were issued to non-executive directors in lieu of forgoing cash fees. The grant of performance and fee rights to directors were approved by Shareholders in general meeting on 25 May 2022.

<sup>(2)</sup> During the half year ended 30 June 2022 3,264,101 unvested performance rights were forfeited and 516,828 unvested performance rights lapsed due non-achievement of vesting conditions.

<sup>(3)</sup> During the half year ended 30 June 2022 3,365,766 vested performance rights were exercised by employees and 1,665,955 vested performance rights were forfeited by North American based employees to satisfy their personal tax liabilities arising on vesting of performance rights.

The performance and fee rights granted during the half year ended 30 June 2022 have the following terms and conditions:

Type of grant	Grant date	Tranche	Number	Vesting date	Expiry date	Exercise Price	Value per right at grant date	Vesting condition
Performance Rights 2022 LTI Plan Award	26 May 2022	1	5,658,297	31-Jan 23	31-Jan-25	Nil	A\$0.058	Service
							A\$0.0464	Absolute TSR*
							A\$0.0453	Relative TSR*
		2	11,316,593	31-Jan 24	31-Jan-26	Nil	A\$0.058	Service
							A\$0.0439	Absolute TSR*
							A\$0.0436	Relative TSR*
		3	22,633,192	31-Jan 25	31-Jan-27	Nil	A\$0.058	Service
							A\$0.0328	Absolute TSR*
							A\$0.0399	Relative TSR*
2022 Fee Rights – A	26 May 2022	1	3,039,629	31-Jan 22	31-Jan-24	Nil	A\$0.058	Service

\*A continued service condition also applies in addition to the applicable TSR vesting condition.

#### Options

	Number of Securities
Balance at 1 January 2021	63,540,000
Expired <sup>(1)</sup>	(30,840,000)
Balance at 31 December 2021	<b>32,700,000</b>
Balance at 30 June 2022	<b>32,700,000</b>

<sup>(1)</sup> 20,000,000 unlisted A\$0.49 facility options and 10,000,000 unlisted A\$0.51 facility options expired unexercised on 4 June 2021. These options were granted to Macquarie Bank Limited as part of the original terms for the debt facility entered into on 4 June 2018. 420,000 unlisted non-executive director options exercisable at A\$0.275 expired unexercised.

## Section 4: Capital and Debt Structure

### For the half-year ended 30 June 2022

#### 4.3 Borrowings

##### Recognition and measurement

The Group recognises financial liabilities on the trade date, which is the date that the Group becomes party to the contractual provisions of the instrument. Financial liabilities are derecognised when the Group's contractual obligations are discharged, cancelled or expire.

Financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised and amortised over the life of the loan through the profit and loss. Borrowing costs that are not directly attributable are recognised in the profit or loss.

	30 June 2022 US\$'000	31 December 2021 US\$'000
<b>Interest bearing loans and borrowings</b>		
Borrowings <sup>(1)</sup> Current	4,000	4,000
Borrowings <sup>(2)</sup> Non Current	10,000	12,697
<b>Balance at 30 June 2022</b>	<b>14,000</b>	<b>16,697</b>

- (1) Current borrowings are made up of \$4 million in relation to the Macquarie Facility. Under the Macquarie Facility Agreement, Australis is required to make repayments of a minimum of US\$1 million each quarter for the period of the loan.
- (2) Non current borrowings consist of \$10 million relating to the Macquarie Facility. The Macquarie non current borrowings are net of capitalised transaction costs. At 31 December 2021 \$12 million related to the Macquarie Facility and \$0.696 million related to loans received from the US Federal Governments Covid-19 economic stimulus initiative, the Paycheck Protection Program (PPP). The PPP loan was forgiven during the first half of 2022.



## Section 4: Capital and Debt Structure

For the half-year ended 30 June 2022

### 4.3 Borrowings (continued)

Australis TMS Inc obligations under the Facility are guaranteed by pledged security from the parent entity, Australis and Australis USA 1 Pty Limited a wholly owned subsidiary of Australis (Obligors). At 30 June 2022 the following remained pledged as security:

Grantor	Issuer	Percentage owned	Percentage pledged	Class of stock
Australis Oil & Gas Ltd	Australis USA 1 Pty Ltd	100%	100%	Ordinary shares
Australis USA 1 Pty Ltd	Australis TMS Inc	100%	100%	Common Stock

The security package includes mortgages on leases held by Australis TMS Inc. within existing PDP units and leases within units of the Initial Drilling Plan locations.

Under the Facility there are industry standard financial covenants which include minimum liquidity, current asset and liability ratio and PDP reserves ratio.

Australis is in compliance with all required covenants.

#### Paycheck Protection Program Loan

Australis TMS Inc, a wholly owned subsidiary, was successful in applying for and receiving during the half year to 30 June 2021 an additional loan from the Paycheck Protection Program (PPP) established by the US Federal government as part of their COVID-19 initiatives in the amount of US\$0.696 million (Tranche 2). This is in addition to Tranche 1 in the amount of US\$0.696 million that was received in 2020.

Successful applications for the forgiveness of the PPP Loans by the US Government were achieved with Tranche 1 being forgiven in the second half of 2021 and Tranche 2 was forgiven during the first half of 2022.

## Section 5: Other Assets and Liabilities

### For the half-year ended 30 June 2022

#### 5.1 Provisions – Non-Current

##### Recognition and measurement

Provision for future removal and restoration costs are recognised where there is a present obligation as a result of oil and gas exploration, development, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligation include the costs of removing facilities, abandoning wells and restoring the affected areas.

Provision is made for long service leave estimated to be payable to employees on the basis of statutory and contractual requirements. The liability for long service leave which is not expected to be settled within twelve months after the end of the year in which the employees render the related service is recognised in the provision for employee entitlements and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting year. Expected future payments are discounted using market yields at the end of the reporting year on government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

	<b>30 June 2022 US\$'000</b>	31 December 2021 US\$'000
Long Service Leave	122	93
Restoration Provision	<b>2,310</b>	2,310
	<b>2,432</b>	2,403
<b>Reconciliation of movement in provision</b>		
Balance at the beginning of the financial period	2,403	2,660
Divestiture of producing wells	-	(350)
Arising during the year – Long Service Leave	29	93
<b>Balance at 30 June 2022</b>	<b>2,432</b>	2,403

#### 5.2 Fair Value of Financial Instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated interim financial statements approximate their fair values.

#### 5.3 Derivative Financial Instruments

	<b>30 June 2022 US\$'000</b>	31 December 2021 US\$'000
Opening balance	(2,786)	(303)
Matured in period	3,612	5,364
Mark to market increase (decrease) in value	(5,730)	(7,847)
<b>Balance at 30 June 2022</b>	<b>(4,904)</b>	(2,786)
Current	(3,882)	(2,032)
Non-current	(1,022)	(754)

The derivative financial instruments represent oil price (WTI) hedge contracts, comprising collars and swaps, held by the Group at 30 June 2022.

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**Section 5: Other Assets and Liabilities**  
For the half-year ended 30 June 2022**5.4 Trade and other payables**

	<u>30 June 2022 US\$'000</u>	<u>31 December 2021 US\$'000</u>
Trade payables	6,982	5,425
Other payables	398	669
	<u>7,380</u>	<u>6,094</u>

## Section 6: Other Notes

### For the half-year ended 30 June 2022

#### 6.1 Related party disclosures

##### Transactions with key management personnel

The following performance rights (Rights) have been issued to key management personnel during the half year ended 30 June 2022. The Rights were issued under the Company's employee equity incentive plan. The Rights granted to executive directors were approved by Shareholders at the Annual General Meeting of the Company held on 25 May 2022. The terms and conditions associated with the plan are detailed in the AGM Notice.

	Grant date	Vesting period	Number	Exercise price	Total fair value A\$ <sup>(1)</sup>	Expiry	Vesting condition	Expense recognised at 30 June 2022 US\$
Ian Lusted – Executive Director	26 May 2022	31-Jan 23	876,289	Nil	43,020	31-Jan-25	Service Absolute TSR Relative TSR	6,731
	26 May 2022	31-Jan 24	1,752,577	Nil	83,017	31-Jan-26	Service Absolute TSR Relative TSR	5,567
	26 May 2022	31-Jan 25	3,505,155	Nil	141,718	31-Jan-27	Service Absolute TSR Relative TSR	6,047
Graham Dowland – Executive Director	26 May 2022	31-Jan 23	721,649	Nil	35,428	31-Jan-25	Service Absolute TSR Relative TSR	5,543
	26 May 2022	31-Jan 24	1,443,299	Nil	68,367	31-Jan-26	Service Absolute TSR Relative TSR	4,586
	26 May 2022	31-Jan 25	2,886,598	Nil	116,709	31-Jan-27	Service Absolute TSR Relative TSR	4,980
Darren Wasylucha – Chief Corporate Officer	26 May 2022	31-Jan 23	393,667	Nil	25,759	31-Jan-25	Service Absolute TSR Relative TSR	4,030
	26 May 2022	31-Jan 24	787,334	Nil	50,121	31-Jan-26	Service Absolute TSR Relative TSR	3,361
	26 May 2022	31-Jan 25	1,574,669	Nil	89,001	31-Jan-27	Service Absolute TSR Relative TSR	3,798
David Greene – Vice President Operations	26 May 2022	31-Jan 23	486,996	Nil	25,354	31-Jan-25	Service Absolute TSR Relative TSR	3,967
	26 May 2022	31-Jan 24	973,991	Nil	49,588	31-Jan-26	Service Absolute TSR Relative TSR	3,325
	26 May 2022	31-Jan 25	1,947,982	Nil	90,167	31-Jan-27	Service Absolute TSR Relative TSR	3,848

## Section 6: Other Notes

### For the half-year ended 30 June 2022

#### 6.1 Related party disclosures (continued)

##### Transactions with key management personnel (continued)

The following Fee Rights granted to non-executive directors were not issued under the Company's incentive plan. The Rights were approved by Shareholders at the Annual General Meeting of the Company held on 25 May 2022. The terms and conditions associated with the issue of the Rights are detailed in the AGM Notice.

	Grant date	Vesting period	Number	Exercise price	Total fair value A\$ <sup>(1)</sup>	Expiry	Vesting condition	Expense recognised at 30 June 2022 US\$
Jonathon Stewart – Non-executive Chairman	26 May 2022	31-Jan 23	1,688,683	Nil	97,944	31-Jan-25	Service	17,241
Alan Watson – Non-executive Director	26 May 2022	31-Jan 23	675,473	Nil	39,177	31-Jan-25	Service	6,896
Steve Scudamore – Non-executive Director	26 May 2022	31-Jan 23	675,431	Nil	39,177	31-Jan-25	Service	6,896

(1) Fair value of the performance rights is in Australian Dollars.

#### 6.2 Commitments

There have been no material changes to the commitments reported at 31 December 2021.

#### 6.3 Contingencies

As at 30 June 2022 the Group had no contingent liabilities (31 December 2021: nil).

#### 6.4 Events after the reporting date

Since 30 June 2022 there has been no event that would materially affect the operations of the Group, the results of the Group or the state of affairs of the Group not otherwise disclosed in the Group's financial statements other than the Maturity Date for the Macquarie credit facility was extended by 18 months to 31 May 2025.

#### 6.5 Rounding of amounts

The Company satisfies the requirements of Corporations Instrument 2016/191 issued by the Australian Investments and Securities Commission relating to "rounding off" of amounts in the directors' report and the financial report to the nearest thousand dollars. Amounts have been rounded off in the directors' report and financial report in accordance with that Class Order.