

## QUARTERLY ACTIVITIES REPORT 4<sup>th</sup> Quarter 2017

**Australis Oil & Gas**  
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 over 47 million bbls of 2P reserves including 4 million bbls producing reserves providing free cash flow as well as 98 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.

**Address**  
Level 29, Allendale Square  
77 St. Georges Tce  
Perth WA 6000 Australia

Suite 3680  
3 Allen Center  
333 Clay Street  
Houston, Texas U.S.A 77002

**Contact**  
Telephone:  
+61 8 9220 8700

Facsimile:  
+61 8 9220 8799

Email:  
contact@australisoil.com

Web:  
[www.australisoil.com](http://www.australisoil.com)

### Proven reserves and large undeveloped resources provides the platform for significant value creation for shareholders

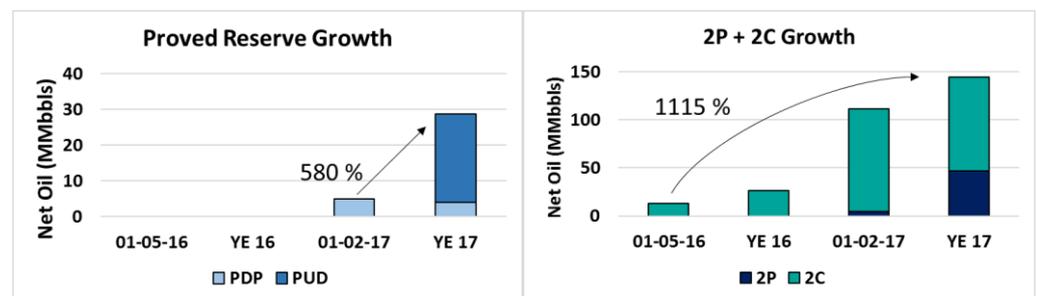
Australis Oil and Gas Limited ("Australis" and "Company") is pleased to provide its quarterly activities report for the quarter ended 31 December 2017.

### KEY ACTIVITIES AND HIGHLIGHTS

Next phase of the Company's corporate strategy successfully implemented with the initial transition of our resource base to reserves.

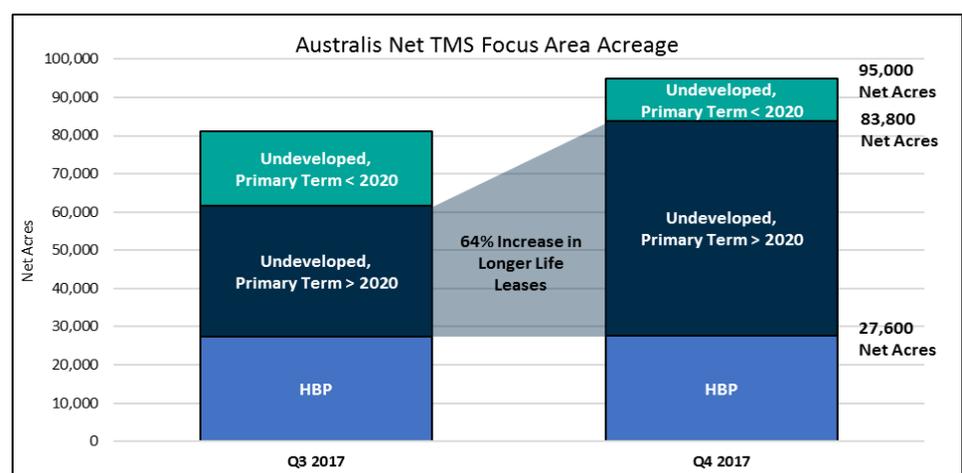
#### Significant increase in proved and probable reserves

Ryder Scott assessed the Company's initial modest 5 year development program encompassing ~ 35% of our acreage position and estimated a significant transition of resource to net oil reserves



Across our 95,000 net acres, Australis estimates a total of 350 net well locations, based on 250 acre spacing, each with an estimated NPV(10) of US\$6.5 million at a US\$65/bbl WTI oil price and based on a conservative well cost and historic well production performance.<sup>7</sup>

#### Continuing to expand our core TMS acreage position on an attractive economic basis



## 4th Quarter 2017

## Activities Report

**KEY ACTIVITIES AND HIGHLIGHTS – cont'd**
***Existing production continues to generate strong free cash flow***

4th Quarter Sales & Field Netbacks	Quarter (Oct – Dec)		2017 (Apr – Dec)	
	bbls	US\$ millions	bbls	US\$ millions
<b>Gross Sales (WI)</b>	153,000	\$8.2	469,000	\$23.3
<b>Net Sales (NRI)</b>	126,000	\$6.5	374,000	\$18.7
<b>Field Netback</b>	-	\$3.8		\$11.2

***Continuing to prepare for commencement of development***

- Preparatory work well advanced for commencement of drilling in the TMS during 2018.
- A number of potential financing alternatives being investigated.

## TUSCALOOSA MARINE SHALE

### A Large Strategic Core TMS Acreage Position

Australis continued increasing its contiguous land position within the TMS Core successfully achieving the following objectives:

1. Extending the primary term of lapsed leases on more favourable commercial terms:
  - Over 83% of Australis' net acreage position is now either held by production or has an expiry later than January 2020
2. Securing additional acreage to further consolidate within the TMS Core:
  - Opportunistically acquired in excess of 15,000 net contiguous acres within the TMS Core in Louisiana with an average primary term of approximately 4 years
3. Strategically targeting the focus area to increase working interest and control future operations:
  - Australis has assumed operatorship of the entire acreage position in Mississippi and Louisiana
  - Australis has commenced the unit permitting process in Mississippi in preparation for drilling operations.

The map below shows the acreage position that Australis holds within the TMS Core. The Company does not attribute value to the acreage outside the TMS Core area and has not focused on its retention.

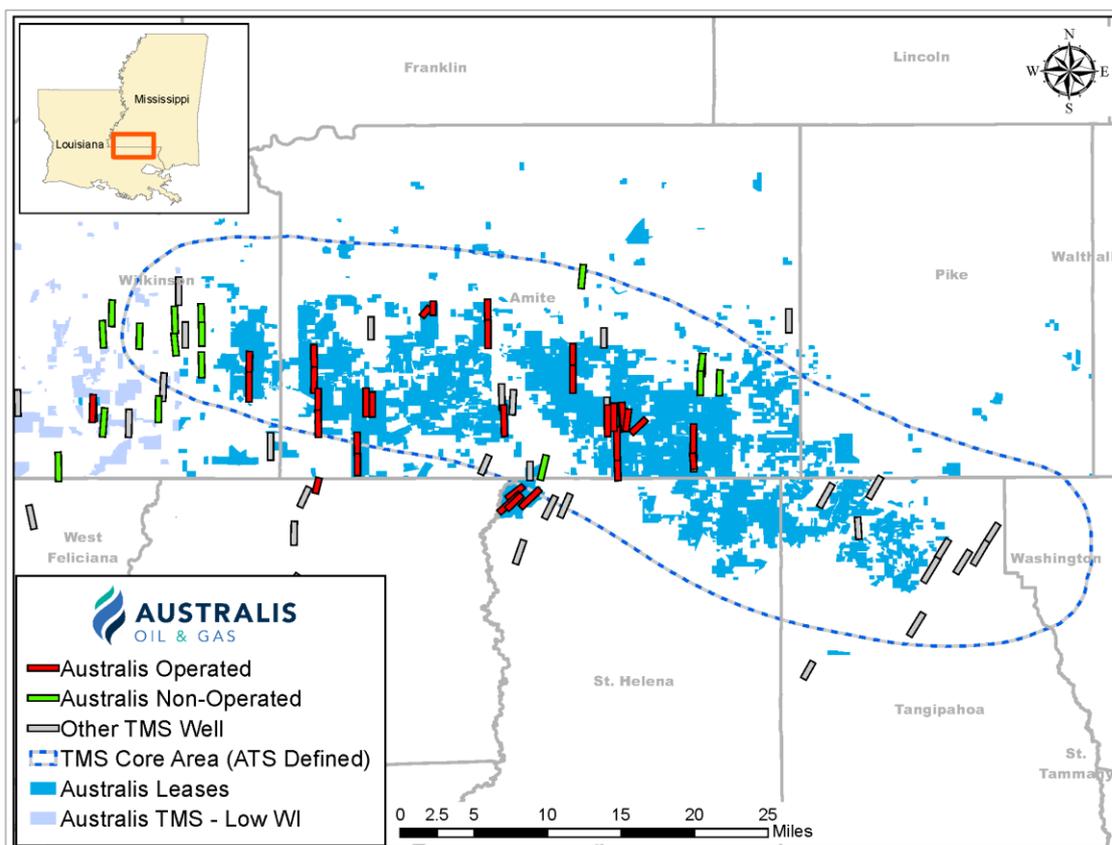


Figure 1: Overview of the TMS core area and Australis approximate lease hold position

The focus area is a total of 95,000 net acres, including 27,600 net acres associated with the existing producing wells, deemed held by production and with lease obligations met. The balance of 67,400 net acres within the TMS Core, is largely contiguous and 83% has a primary term beyond 1 January 2020. This position is summarised in Table 1 below.

Australis Net TMS Focus Acreage as at 31 December 2017	Net Acres
HBP core acres	27,600
Undeveloped core acreage – primary term > 2020	56,200
Undeveloped core acreage – primary term < 2020	11,200
<b>Total Focus Net Acres within the TMS Core</b>	<b>95,000</b>

### TMS Reserves and Resources

The Company recently released its year-end reserve and resource estimates which have been prepared by independent engineers at Ryder Scott Company LP.

This update reflected the initial transfer between contingent resource and reserves on the total acreage which was only partially assessed for reserves due to an assumed modest drilling program over the next 5 years, which considers 126 total wells being drilled on 250 acre spacing. This limited drilling program only covers approximately 35% of the TMS core net acreage held by Australis. The balance of the acreage, assessed as Contingent Resources, is considered contingent only on a development plan. Australis believes that these remaining contingent resources will transfer to reserves when assessed for development, subject to prevailing oil price.

Net Reserves as at 31 December 2017	MMbbl
Proved Developed Producing (PDP)	3.9
Proved Developed Not Producing (PDNP)	0.2
Proved Undeveloped (PUD)	<u>24.8</u>
1P Reserves	28.9
2P Reserves	46.6
3P Reserves	60.2
Net Resources as at 31 December 2017	MMbbl
1C Resources	8.9
2C Resources	98.0
3C Resources	177.8

*Table 1: Australis Net Reserves and Resources. All reserves and resources figures are after deduction of Royalty Interests.*

### Existing Production

The existing PDP and PDNP estimates were based on 32 operated and 16 non-operated wells (25.4 net wells). They had a combined NPV(10) of US\$79.5 million based on a flat realised oil price of US\$62.07/bbl, which is based on the Australis realised sales price in December 2017.

### Reserve Analysis

The Ryder Scott reserve estimation<sup>4</sup> was based on a modest development program, starting with 1 rig in mid-2018 and moving to 3 rigs in 2019 and then running 4 rigs between 2020 and 2022, which conforms to the 5-year evaluation timeframe prescribed by the SPE Petroleum Reporting Management System. Using conservative assumptions on drill times this corresponded to the drilling and completion of 126 gross well locations within the TMS. Economic analysis by Ryder Scott deemed all well locations commercial.

Key assumptions used in the evaluation:

- Operating costs were based on 2017 actuals, with a recognition of efficiencies that are expected with increased scale of activities.
- The oil price used for all reserve analysis was a flat realised price of US\$62.07/bbl.
- Anticipated well costs ranged from US\$9.7 to US\$12.7 million, depending on well length and whether a well was the first or a subsequent well on a given pad or unit.
- Type curves were based on historical production data, with no assumed improvements attributable to technological improvements.
- Well horizontal length ranged from 6,900ft to 10,100ft horizontally, depending on unit size. Type curves were normalised to horizontal length

The successful implementation of the Australis corporate strategy manifests itself in the evolution of the Australis resource and reserve base, which is shown in Figure 2 below and depicts the cumulative total of the mid case reserves (2P) and contingent resource (2C) attributable to the Company by independent experts at various times. The business strategy was to accumulate oil in the ground during the period of lower oil prices, which has been accomplished through targeted acquisitions and an active leasing program. Between mid 2016 at the time of the IPO and year end 2017 the 2P + 2C estimate has grown by over 1,000% and the average cost for this mid case estimate is less than US\$0.60/bbl. The acquisition of Encana's interests in April 2017 added existing production with associated PDP, but the decision at the time not to evaluate the acreage for development due to the prevailing oil price left the remaining resource in the contingent category. In December 2017 Australis realised an effective oil price of US\$62.07/bbl, which generates highly economic returns for future drilling. Therefore, Australis requested Ryder Scott to evaluate a modest drilling program on approximately 35% of the acreage. This converted part of the assigned contingent resource to a reserve as shown in Table 1.

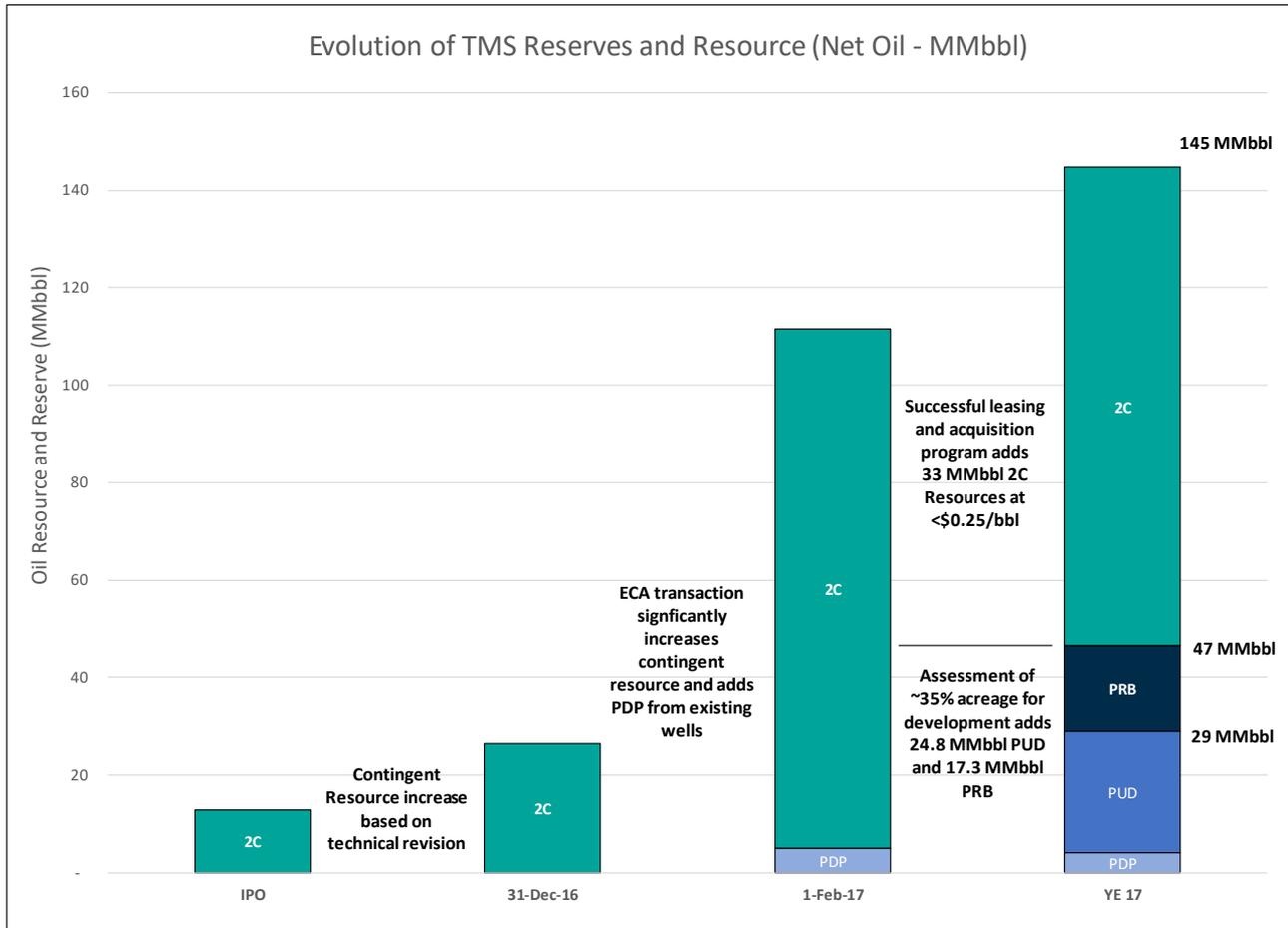


Figure 2 – Evolution of the Australis TMS Resources and Reserves (Refer footnote 1)

### Q4 2017 Sales, Revenue and Field Netback

The following table summarises the production, sales and costs associated with Q4 production in the TMS.

4th Quarter Sales & Field Netbacks	Quarter (Oct – Dec)		2017 (Apr – Dec)	
	bbls	US\$ millions	bbls	US\$ millions
Gross Sales (WI)	153,000	\$8.2	469,000	\$23.3
Net Sales (NRI)	126,000	\$6.5	374,000	\$18.7
Field Netback	-	\$3.8	-	\$11.2

Gross Sales of oil is after deduction for transport costs, marketing expenses and hedging losses. Nets Sales is after deduction of royalties.

Field netback for the 4<sup>th</sup> quarter 2017 was US\$24.90/bbl (Apr – Dec 2017: US\$24.00/bbl).

## Subsurface Work and Well Planning

Activities in preparation for a drilling program in 2018 accelerated in the 4<sup>th</sup> quarter, included the following:

- Continued integration of the data received from Encana in the acquisition.
- Peer group sessions with operating teams from Encana and extensive interaction with the service companies active in the play during 2014.
- Geo-mechanical study commissioned to further analysis wellbore stability, felt to be a key driver in operational difficulties encountered in the past.
- A number of geological studies and analysis to better understand rock and physical parameters such as natural fracture distributions across the core area.
- Basis of Design completed for the generic well program which captures experience and knowledge gained from drilling during the period 2013 and 2014.

## LUSITANIAN BASIN – CONVENTIONAL GAS & OIL ACREAGE ONSHORE PORTUGAL

Continued with refraction static reprocessing on a number of 2D lines across the Pombal and Batalha concessions in an effort to reduce the effect of surface carbonates that influences in some areas. The work was successful and additional work will be carried out in 2018 to help define exploration targets. The potential impact on the Batalha 3D survey is being reviewed.

Engagement was made, including kick off meetings, with the regulatory environmental authorities in Portugal, to define the scope and steps required to complete an Environmental Impact Assessment (“EIA”) in preparation for drilling. Australis anticipates being in a position to start this work during Q1 2018. Australis submitted a work program and budget for the 2018 calendar year to the Portuguese authorities and if successful with its EIA process will then commence preparation for operations.

## FINANCE AND CORPORATE

At 31 December 2017 Australis cash totalled US\$17 million with no debt. In line with our strategy to build our core lease position, Australis made a number of opportunistic land acquisitions within the TMS Core with an overall land investment of US\$6 million for the quarter.

Following completion of the acquisition of the TMS producing wells in the 2<sup>nd</sup> quarter of 2017, Australis utilised positive field cashflow to fund overhead and the capital investment in land leasing and acquisition activities.

Australis continues to explore financing alternatives to fund the commencement of drilling planned for the second half of 2018. Operatorship and size of the Company’s position provides flexibility over funding options and capital deployment.

Consistent with our focus on ensuring balance sheet stability, the Company continues to hedge in the short term to protect against downside oil price scenarios. The hedges are swaps securing a fixed future price for Louisiana Light Sweet (LLS) crude. The following hedges were in place as at 31 December 2017:

Hedged Period	Swap Volumes Hedged (bbls)	Average Hedged LLS Price (US\$/bbl)
January 2018	27,000	\$53.92
February 2018	26,000	\$57.15
March 2018	18,000	\$55.56
April 2018	18,000	\$60.73
May 2018	18,000	\$60.73

**QUARTERLY CASH FLOW REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017**

The Appendix 5B for the period ended 31 December 2017 is attached.

The Appendix 5B has been presented in US dollars in line with the Company’s adoption on 1 January 2017 of the US dollar as its presentational currency.

As the majority of the Group’s income and expenditure is also denominated in US dollars, Australis has also adopted US dollars as its functional currency from 1 January 2017.

-ends-

**Further Information:**

Ian Lusted  
 Managing Director  
 Australis Oil & Gas  
 +61 8 9220 8700

Graham Dowland  
 Finance Director  
 Australis Oil & Gas  
 +61 8 9220 8700

Shaun Duffy  
 FTI Consulting  
 +61 8 9485 8888

## ADDITIONAL INFORMATION

### TMS Background – Unconventional Oil Acreage Onshore USA

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. It was well known through the 1980s as associated conventional sand horizons were developed through the area with vertical wells. With the advent of unconventional development activity, the TMS was explored from 2010 with localised success.

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. These challenges led to a modest appraisal activity level, with competing plays in the USA such as the Eagle Ford and Bakken offering lower risk development opportunities given their more advanced development. 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. This area is shown in the blue oblong in Figure 1 and represents Australis' interpretation of the core of the TMS. Furthermore, there is a step change in well performance outside the core area which creates a relatively binary outcome. Whilst all other unconventional plays demonstrate a range of well performance, it is typically a graduated change and the step change observed in well results within the TMS is unusual. This delineated core area only consists of approximately 450,000 acres or less than 5% of the known TMS geological setting. This relatively small area of high well performance and the step change observed throughout the rest of the play explains how the TMS developed a mixed reputation.

These circumstances and the 2014 fall in commodity price generated the opportunity for the two low cost acquisitions by Australis in the play and remain the basis 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 core of the play.

The appraisal activity by Encana and other participants in the TMS during 2013/2014 also addressed many of the operational challenges were initially experienced. Costs and performance repeatability were improving and activity levels were increasing during 2014 until this evolution in the play was interrupted by the oil price drop in late 2014. As a direct result, no drilling activity 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 been applied to the TMS.

### Portugal background

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 presently in the 3rd of an 8 year valid term. They have a modest minimal commitment work program in the first 3 years. The Concessions are shown in Figure 3 below and are located to the north of Lisbon.

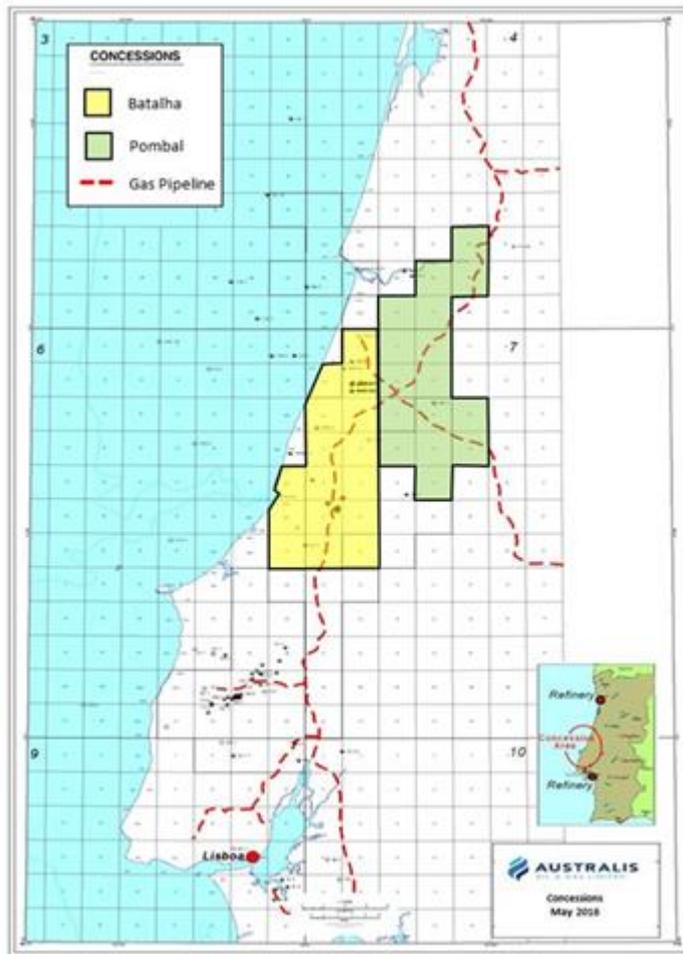


Figure 3: Overview of the Batalha and Pombal Concessions in the Lusitanian Basin

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<sup>5</sup> 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 3 MMscf/d from the discovery well. Furthermore, Australis now has a preferred well design to achieve commercial flow which would allow the net 2C contingent resource of 459 Bcf<sup>2</sup> be reassessed as a reserve.

Based upon work carried out by Australis an update to the contingent resource associated with the two horizons was carried out at YE 2016 and this has led to a 96% increase in the estimated recoverable resource to a 2C figure of 458.5 Bcf. The full results of the contingent resource estimates from Netherland, Sewell & Associates, Inc (“NSAI”)<sup>2</sup> are summarised in Table 2 below:

<b>Net<sup>6</sup> Contingent Resource – Gas (97% WI &amp; Post Royalties)</b>			
	Low Estimate 1C (BCF)	Best Estimate 2C (BCF)	High Estimate 3C (BCF)
NSAI Resource Est – 31 Dec 2016 <sup>2</sup>	217.4	458.5	817.7
NSAI Resource Est – 1 May 2016 <sup>3</sup>	83.6	234.1	409.6

*Table 2: Portugal Resource estimates*

NSAI generated their independent contingent resource estimates using a combination of deterministic and probabilistic methods. The material assumptions and technical parameters underpinning the contingent resource estimate were set out in the announcement made to the market on 25 January 2017<sup>2</sup>.

## 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

Unit	Measure
Gross or WI	Company beneficial interest before royalties or burdens
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

**Notes**

1. The most recent TMS estimates have been taken from the independent Ryder Scott report, effective 31 December 2017 and announced on 30 January 2018 titled 'Reserve and Resource Update – Year end 2017'. 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). Ryder Scott generated their independent reserve and contingent resource estimates using a deterministic method.
  - a. TMS Contingent Resources estimated with an effective date 1 May 2016 are taken from Section 8 (Technical Experts Reports) of the Company's prospectus dated 29 June 2016 and is available on the Company website.
  - b. TMS Contingent Resources estimated with an effective date 31 December 2016 are taken from the independent Ryder Scott report dated 23 January 2017 and announced on 25 January 2017 and titled '2016 Year End Resource Update'.
  - c. TMS Contingent Resources and Reserves estimated with an effective date 1 February 2017 are taken from the independent Ryder Scott report dated 7 February 2017 and announced on 28 February 2017 and titled 'US Shale Acquisition and A\$100 Million Placement'.
2. 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).
3. Previous report contained in Section 8 (Technical Expert Reports) of the Company's prospectus dated 29 June 2016
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 km<sup>2</sup> acquired December 2010 to March 2011 under permit issued by the Portuguese Divisao para a Pesquisa e Exploracao do Petroleo ("DPEP").
6. Australis holds a 100% working interest in the Batalha and Pombal Concessions, however this interest is subject to a 3% working interest option granted to a contractor and the Net estimates provided by NSAI are prepared with the assumption that this option has been exercised. The Net estimates provided by NSAI also make an allowance for royalties payable to the Portuguese government. The actual royalties payable by Australis are detailed in Article 51 of Decree Law nr 109/94 of the 26<sup>th</sup> April, 1994 and Article 19.2 of each concession contract. For oil there is a staged royalty of between 0 and 9% based on produced volumes and for gas there is a similar staged royalty of between 3 and 8% again based on produced volumes. As there is not a development plan and an associated production profile for either the contingent or prospective resource estimates, the royalty rate has been assumed to be 8 and 9% respectively.
7. Single well economic assumptions as detailed in Australis Oil & Gas Limited Investor Presentation released on the ASX on 30 January 2018 (see appendix for detailed assumptions) is based on a well cost estimate of US\$11 million supported by cost estimates received as at December 2016 and September 2017 from service providers for the drilling and completion of a 7,500ft horizontal well. The NPV(10) analysis is calculated pre corporate tax.

**Resource Estimates**

The resource estimates for the TMS assets contained in this quarterly report are taken from the ATS reserves announcement dated 30 January 2018 referred to in footnote 1 above. 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. The resource estimates for Portugal assets contained in this quarterly report are taken from the ATS announcement dated 25/1/17 and titled “2016 Year End Resource Update” and referred to in footnote 2 above. 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.

### **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.

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96. Origin Appendix 8. Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

AUSTRALIS OIL AND GAS LIMITED

**ABN**

34 609 262 937

**Quarter ended ("current quarter")**

31 December 2017

**Consolidated statement of cash flows**

**Current quarter**

**Year to date  
(12 months)  
\$USD'000**

**\$USD'000**

<b>1. Cash flows from operating activities</b>	<b>Current quarter</b>	<b>Year to date (12 months) \$USD'000</b>
	<b>\$USD'000</b>	<b>\$USD'000</b>
1.1 Receipts from customers	8,486	20,648
1.2 Payments for		
(a) exploration & evaluation	(25)	(565)
(b) development	-	-
(c) production	(5,060)	(10,345)
(d) staff costs		
- corporate costs	(721)	(2,732)
- operational	(196)	(618)
(e) administration and corporate costs		
- corporate costs	(613)	(2,563)
- operational	(85)	(1,136)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
Financial Advisor Fees	(24)	(119)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,762</b>	<b>2,570</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter</b>	<b>Year to date (12 months)</b>
	<b>\$USD'000</b>	<b>\$USD'000</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(183)	(635)
(b) land leases (see item 10)	(5,750)	(8,448)
(c) investments	17	(69,610)
(d) (lodgement) / redemption of security deposits	(25)	(431)
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	19	95
<b>2.6 Net cash (used in) / from investing activities</b>	<b>(5,922)</b>	<b>(79,029)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	74,995
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(2,961)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 (Lodgement) / redemption of hedge deposits	-	(1,000)
<b>3.10 Net cash (used in) / from financing activities</b>	<b>-</b>	<b>71,034</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	20,787	21,559
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,762	2,570
4.3	Net (used in) / from investing activities (item 2.6 above)	(5,922)	(79,029)
4.4	Net cash (used in) / from financing activities (item 3.10 above)	-	71,034
4.5	Effect of movement in exchange rates on cash held	(25)	468
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>16,602</b>	<b>16,602</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$USD'000</b>	<b>Previous quarter \$USD'000</b>
5.1	Bank balances	16,602	20,787
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Work Program Guarantee)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>16,602</b>	<b>20,787</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$USD'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	241
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Non-Executive and Executive Director salaries and fees.		

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$USD'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
N/A	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$USD'000	Amount drawn at quarter end \$USD'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

9. <b>Estimated cash outflows for next quarter</b>	\$USD'000
9.1 Exploration and evaluation	
- operations	(411)
9.2 Capital expenditure	(2,405)
9.3 Production (sales less direct field expenses & taxes)	4,095
9.4 Staff costs	
- corporate costs	(1,115)
- operational	(377)
9.5 Administration & Corporate – head office based	
- corporate costs	(410)
- operational	(71)
9.6 Other - IT and transitional arrangements	(25)
<b>9.7 Total estimated net cash outflows</b>	<b>(719)</b>

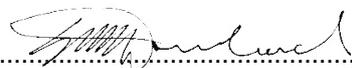
## Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Tuscaloosa Marine Shale USA	Working Interest holder	81,000 net acres	95,000 net acres
		Batalha–Onshore Portugal	100% working interest holder in concession	307,480 acres	307,480 acres
		Pombal–Onshore Portugal	100% working interest holder in concession	312,866 acres	312,866 acres

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


  
 .....  
 (Director/Company secretary)

Date: 30 January 2018

Print name: Graham Dowland

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.