



**For Immediate Release
ASX Announcement**

9 April 2021

NOTICE OF ANNUAL GENERAL MEETING

Please find attached the following announcements relating to the Annual General Meeting:

- Letter to Shareholders
- Notice of Annual General Meeting
- Proxy Form

Ends

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

For further information, please contact:

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AUSTRALIS OIL & GAS LIMITED

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www.australisoil.com

9 April 2021

Dear Shareholder

Australis Oil and Gas Limited's 2021 Annual General Meeting will be held on Tuesday, 11 May 2021 at 11:00am (AWST) (**AGM**). A copy of the Notice of Meeting is available at www.australisoil.com (**Notice**).

Whilst the Company will return to a physical meeting format we will be observing social distancing and any other government requirements that apply based on the COVID-19 situation prevailing at that time. Attendees will be required to register their contact details via the SafeWA app or on a paper-based register. We ask that you do not attend the AGM if you feel unwell or have been in contact with someone who may have been affected by COVID-19.

Australis will stream the Meeting via a webcast allowing Shareholders to observe the proceedings of the meeting. A recording of the webcast will be available on the Company's website at www.australisoil.com after the AGM. Shareholders are encouraged to submit questions for the Company or the auditor ahead of the AGM to contact@australisoil.com. Written questions must be received no later than 11.00am (AWST) on 9 May 2021.

All AGM resolutions will be voted upon by Poll. Voting will be conducted by poll using either:

- the proxy instructions received from Shareholders in advance of the Meeting; or
- the personalised poll form issued to Shareholders in attendance immediately prior to the Meeting (**Poll Form**).

Shareholders should note that the webcast will not provide for a voting mechanism during the Meeting.

Shareholders unable to attend the meeting are encouraged to appoint the Chair as proxy ahead of the AGM. Shareholders can complete the proxy form attached to the Notice to provide specific instructions on how their vote is to be exercised on each item of business and the Chair must follow your instructions. Instructions on how to complete the proxy form are set out in the Notice.

How Shareholders can observe the live webcast

Shareholders who wish to observe the Meeting online may do so by registering no later than 48 hours in advance of the meeting at: <https://attendee.gotowebinar.com/register/5661534219501502733>. You will then be emailed further details on how to observe the webcast following registration.

Additionally, circumstances relating to COVID-19 can change rapidly. The Company will update Shareholders if changing circumstances will impact planning for the Meeting as soon as practicable. If this occurs, we will notify any changes by way of announcement on the ASX and details will also be made available on our website at www.australisoil.com. The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser.

Yours sincerely
Australis Oil & Gas Limited
Graham Dowland – Finance Director

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Australis Oil & Gas Limited

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NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

11 May 2021

Time of Meeting

11:00 AM (AWST)

Place of Meeting

BDO Building, Ground Floor, 38 Station Street, Subiaco, Western Australia

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully and complete and return the enclosed Proxy Form in accordance with the specified directions.

2021 ANNUAL GENERAL MEETING

The 2021 Annual General Meeting of Australis Oil & Gas Limited is scheduled to be held on Tuesday, 11 May 2021 at 11.00am (AWST) at BDO Building, Ground Floor, 35 Railway Road, Subiaco WA 6008.

Whilst the Company will return to a physical meeting format we will be observing social distancing and any other government requirements that apply based on the COVID-19 situation prevailing at that time. Attendees will be required to register their contact details via the SafeWA app or on a paper-based register. We ask that you do not attend the AGM if you feel unwell or have been in contact with someone who may have been affected by COVID-19.

Australis will stream the Meeting via a webcast allowing Shareholders to observe the proceedings of the meeting. A recording of the webcast will be available on the Company's website at www.australisoil.com after the AGM. Shareholders are encouraged to submit questions for the Company or the auditor ahead of the AGM to contact@australisoil.com. Written questions must be received no later than 11.00am (AWST) on 9 May 2021.

All AGM resolutions will be voted upon by Poll and conducted using either:

- the proxy instructions received from Shareholders in advance of the Meeting; or
- the personalised poll form issued to Shareholders in attendance immediately prior to the Meeting (**Poll Form**).

Shareholders should note that the webcast will not provide for a voting mechanism during the Meeting.

The Company strongly encourages all Shareholders to participate in the Meeting by:

- a) reading the Notice carefully;
- b) voting by proxy following the instructions set out in this Notice and return it to the Company no later than 11.00am AWST on 9 May 2021; or
- c) attending the Meeting in person to participate and vote. The personalised Poll Form must be completed and returned to the Company during the Meeting after the poll has been called and prior to the close of polling. During the Meeting the Chair will notify you when and how you are to complete the personalised Poll Form.

Directors who are unable to attend the physical meeting in the current circumstances, will be participating at the Meeting via webcast.

Additionally, circumstances relating to COVID-19 can change rapidly. The Company will update Shareholders if changing circumstances will impact planning for the Meeting as soon as practicable. If this occurs, we will notify any changes by way of announcement on the ASX and details will also be made available on our website at www.australisoil.com.

AUSTRALIS OIL & GAS LIMITED

ABN 34 609 262 937

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of the Company.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

FINANCIAL REPORTS

The first item of the Notice deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 31 December 2020, together with the Directors' declaration and report in relation to that financial year and the Auditor's Report on the financial report. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the management of the Company.

The Chair will also give Shareholders a reasonable opportunity to ask the Auditor or the Auditor's representative questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the independent audit report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

The Chair will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

RESOLUTION 1 – NON-BINDING RESOLUTION TO ADOPT REMUNERATION REPORT

Section 250R(2) of the Corporations Act requires the Company to put to its Shareholders a resolution that the Remuneration Report as disclosed in the Company's Annual Report for the year ending 31 December 2020 be adopted. The Remuneration Report is set out in the Company's Annual Report for the year ending 31 December 2020 and is also available on the Company's website (www.australisoil.com.au).

The vote on this Resolution is advisory only and does not bind the Directors or the Company.

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put a resolution to the second Annual General Meeting (**Spill Resolution**), to approve calling a general meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must then convene a Spill Meeting within 90 days of the second Annual General Meeting. All Directors who

were in office when the applicable Remuneration Report was approved, other than the Managing Director, will need to stand for re-election at the Spill Meeting if they wish to continue as Directors.

The remuneration report for the financial year ended 31 December 2019 received a vote of less than 25% against its adoption at the Company's last general meeting held on 11 June 2020. Accordingly, if at least 25% of the votes cast on this Resolution are against adoption of the Remuneration Report it will not result in the Company putting a Spill Resolution to Shareholders.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any equity based compensation.

The Chair will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

Voting

Note that a voting exclusion applies to this Resolution in the terms set out in the Notice.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

RESOLUTION 2 – RE-ELECTION OF MR JONATHAN STEWART AS A DIRECTOR

Pursuant to Clause 6.1(f) of the Company's Constitution, Mr Stewart, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Stewart was appointed to the Board on 12 November 2015 and is the Non-Executive Chair of Australis.

Previously, Mr Stewart was a founding director of Aurora and held the position of Chair of Aurora from November 2010 until the acquisition of Aurora by Baytex Energy Australia Pty Ltd in June 2014. Mr Stewart also held the position of CEO of Aurora. He has over 30 years corporate finance and management experience in the oil and gas industry having previously held director, senior management or advisory positions in Australian, Canadian and UK-listed companies with operations in various jurisdictions worldwide.

Mr Stewart is a member of the Australis Audit and Risk Management Committee and member of the Remuneration and Nomination Committee.

Based on Mr Stewart's relevant experience and qualifications, the members of the Board (in the absence of Mr Stewart) support the re-election of Mr Stewart as a Director of the Company.

RESOLUTION 3 – RE-ELECTION OF MR STEVE SCUDAMORE AS A DIRECTOR

Pursuant to Clause 6.1(f) of the Company's Constitution, Mr Scudamore, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Scudamore is an experienced Australian company director. His career includes more than three decades with KPMG, including senior roles in Australia, London and PNG including Chairman of Partners WA, Head of Corporate Finance in WA and National Head of Valuations, KPMG Australia.

Since 2012, Mr Scudamore has been a non-executive Director and Chairman of MDA National Insurance Pty Ltd, the insurance arm of a mutual medical defence organisation and is currently a non-executive Director of Pilbara Minerals Limited and Regis Resources Limited.

Mr Scudamore is Vice Chair of the Trustees at the Western Australian Museum.

Mr Scudamore is a Chartered Accountant with a Master of Arts from Oxford University, a Fellow of the Institute of Chartered Accountants, England, Wales and Australia (FCA), a Fellow of the Institute of Company Directors (FAICD) and a Senior Fellow of the Financial Services Institute of Australia (SF Fin).

Mr Scudamore was appointed to the Board on 30 November 2016 and is an independent non-executive director of Australis, Chair of the Audit and Risk Management Committee and member of the Remuneration and Nomination Committee.

Based on Mr Scudamore's relevant experience and qualifications, the members of the Board (in the absence of Mr Scudamore) support the re-election of Mr Scudamore as a Director of the Company.

RESOLUTION 4 – RATIFICATION OF ISSUE OF SHARES

On 1 March 2021, the Company announced that it had received commitments to raise up to approximately A\$8.175 million before the costs of issue pursuant to a two tranche placement (**Placement**). Simultaneously the Company announced a share purchase plan to raise up to an additional A\$2 million from existing shareholders at the Placement offer price (**SPP**). Accordingly, the Placement and SPP seeks to raise up to A\$10.175 million (Capital Raising).

The Placement comprised:

- Tranche 1 - the issue of 150 million new fully paid ordinary shares in Australis at an issue price of A\$0.05 per Share to institutional and sophisticated investors without Shareholder approval under the Company's placement capacity under Listing Rule 7.1 (**Tranche 1**), which completed on 8 March 2021.
- Tranche 2 – the subject of Resolutions 5,6,7,8 and 9 is the issue of up to 13.5 million new fully paid ordinary shares to Directors of Australis at an issue price of A\$0.05 per Share, with settlement expected to occur on or around 13 May 2021, subject to Shareholder approval at this Meeting (**Tranche 2**).

The SPP was offered to existing and qualifying shareholders for up to A\$30,000 per holder at A\$0.05 per Share to raise up to a maximum of A\$2 million. The SPP was oversubscribed by approximately 36%. 39,999,971 ordinary fully paid shares were issued on 31 March 2021.

The Placement and SPP offer price of \$0.05 per share represents a 12.3% discount to the closing Australis trading price on Wednesday 24 February 2021 (the day prior to trading in Australis shares being halted to undertake Tranche 1) and a 13.5% discount to the 5 day volume weighted average share price (VWAP) to the same date.

The Capital Raising was strongly supported by both new and existing shareholders and was not underwritten. The Directors all committed to participate in Tranche 2 prior to seeking commitments from institutional and sophisticated investors pursuant to Tranche 1.

The net proceeds from the Capital Raising have, and will be used to:

- a) Recommence leasing of TMS Core Area mineral rights; and
- b) General working capital purposes, including but not limited to, balance sheet support to:
 - aid any negotiations with potential partners;
 - provide additional capacity to accelerate existing debt repayments, if desirable to do so at the relevant time; and
 - pay the costs of the offer.

The Board notes that there is no obligation for the Company to accelerate its existing debt repayments and they currently have no intention to do so.

Euroz Hartleys Securities Limited acted as sole manager and bookrunner to the Placement.

ASX Listing Rules Chapter 7

Listing Rule 7.1 broadly provides, subject to certain exceptions, that a company may issue securities up to 15% of its issued capital in a 12 month period without shareholder approval. Shareholder approval is required if the issue of securities would cause the company to breach the 15% limit.

Listing Rule 7.4 permits the ratification of previous issues of equity securities made without prior shareholder approval, provided the issue did not breach the 15% threshold rule pursuant to Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring shareholder approval.

150,000,000 Shares were issued without Shareholder approval under the Company's existing 15% capacity under Listing Rule 7.1 on 8 March 2021 to institutional and sophisticated investors in Tranche 1. The issue does not fit within any exceptions and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date the Company agreed to issue Tranche 1.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1 and therefore Resolution 4 seeks ratification under Listing Rule 7.4 of the issue of 150,000,000 Shares under Tranche 1. If this Resolution is passed, the Shares pursuant to Tranche 1 will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date the Company agreed to issue Tranche 1.

If this Resolution is not passed, the Shares pursuant to Tranche 1 will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date the Company agreed to issue Tranche 1.

Listing Rule 7.5 requires the following information to be provided to Shareholders:

- 150,000,000 Shares were allotted and issued on 8 March 2021 pursuant to Tranche 1 at an issue price of A\$0.05 per Share to sophisticated and institutional investor clients of Euroz Hartleys Securities Limited none of whom are related parties of the Company.
- Shares issued pursuant to Tranche 1 are fully paid ordinary shares in the capital of the Company and were issued on the same terms and conditions as, and ranking equally with, the Company's existing Shares.
- Funds raised under Tranche 1 will be used to:
 - a) Recommence leasing of TMS Core Area mineral rights; and
 - b) General working capital purposes, including but not limited to, balance sheet support to:
 - aid any negotiations with potential partners;
 - provide additional capacity to accelerate existing debt repayments, if desirable to do so at the relevant time; and
 - pay the costs of the offer.

The Board notes that there is no obligation for the Company to accelerate its existing debt repayments and they currently have no intention to do so.

- A voting exclusion statement is set out at the end of Resolution 4 in the Notice.

The Directors recommend that Shareholders of the Company vote in favour of Resolution 4.

RESOLUTIONS 5,6,7,8 and 9 – ISSUE OF SHARES TO MESSRS JONATHAN STEWART, IAN LUSTED, GRAHAM DOWLAND, STEVE SCUDAMORE AND ALAN WATSON (DIRECTORS)

As noted above, the Company announced on 1 March 2021 that it was undertaking the Capital Raising. Tranche 2 of the Placement is the proposed issue of Shares to Australis Directors, Messrs Jonathan Stewart, Ian Lusted, Graham Dowland, Steve Scudamore and Alan Watson (**Participating Directors**).

The following table shows, subject to Shareholder approval, the number of shares the Participating Directors (or their nominee(s)) have committed to subscribe for and the impact of passing these Resolutions on their voting power, assuming they are issued an aggregate of up to 13,500,000 Shares:

| Director | Number of Tranche 2 Shares | Total number of Shares including Tranche 2 Shares | Percentage voting power in the Company on an undiluted basis (Total issued share capital of the Company is 1,171,463,678⁽¹⁾) |
|------------------|-----------------------------------|--|--|
| Jonathan Stewart | 8,000,000 | 76,335,002 | 6.52% |
| Ian Lusted | 2,400,000 | 18,303,161 | 1.56% |
| Graham Dowland | 2,300,000 | 17,778,612 | 1.52% |
| Steve Scudamore | 200,000 | 496,002 | 0.04% |
| Alan Watson | 600,000 | 4,795,715 | 0.41% |

⁽¹⁾ Represents current issued share capital if the 13,500,000 shares the subject of this resolution are approved.

⁽²⁾ The Company currently has 127,078,044 options, performance rights and fee rights on issue. No adjustment has been made for the grant of performance rights and fee rights the subject of Resolutions 10, 11, 12, 13 and 14 in this Notice.

⁽³⁾ The current option, performance rights and fees rights held by each Director is set out below. No adjustment has been made for the proposed grant of performance rights and fee rights the subject of resolutions 10, 11, 12, 13 and 14 in this Notice.

| Director | Options | Fee Rights | Performance Rights |
|------------------|----------------|-------------------|---------------------------|
| Jonathan Stewart | 15,000,000 | 7,927,458 | - |
| Ian Lusted | 6,000,000 | 9,861,125 | 5,104,720 |
| Graham Dowland | 5,000,000 | 7,019,458 | 3,336,125 |
| Steve Scudamore | 420,000 | 1,902,583 | - |
| Alan Watson | 420,000 | 1,902,583 | - |

The Participating Directors will participate in Tranche 2 on exactly the same terms as investors participated in Tranche 1 referred to above. The Participating Directors did not participate in Tranche 1 as the issue of Shares to directors requires Shareholder approval under Listing Rule 10.11.

Listing Rule 10.11 provides that a company must not issue securities to a related party without shareholder approval. A director of a company is a related party of the company. Accordingly, Resolutions 5,6,7,8 and 9 seek Shareholder approval for the issue of Shares to the Participating Directors (or their nominee(s)) as set out above. If approval is given for the issue of the Shares under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Funds raised from Tranche 2 will be applied to the same purposes as funds raised under Tranche 1.

If any or all of these Resolutions are not passed, the Company will not be able to proceed with the issue of Tranche 2 Shares to the relevant Participating Director and as a result it will reduce its capacity to defend and maintain its position in the TMS Core Area.

Resolution 5

Resolution 5 seeks Shareholder approval for Mr Jonathan Stewart (or his nominee(s)) to subscribe for 8,000,000 Shares under Tranche 2. The following information is provided for the purposes of Listing Rule 10.13:

- the Shares will be issued to Mr Jonathan Stewart (or his nominee(s));
- up to 8,000,000 Shares will be issued under Resolution 5;
- the Company will issue the Shares on or around 13 May 2021, on a date which will be no later than 1 month after the date of this Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- the Shares will be issued at an issue price of A\$0.05 per Share;
- the Shares to be issued will be fully paid ordinary shares in the capital of the Company and will rank pari passu with existing Shares; and
- funds raised from the issue (up to A\$400,000) will be applied to the purposes set out above.

Resolution 6

Resolution 6 seeks Shareholder approval for Mr Ian Lusted (or his nominee(s)) to subscribe for 2,400,000 Shares under Tranche 2. The following information is provided for the purposes of Listing Rule 10.13:

- the Shares will be issued to Mr Ian Lusted (or his nominee(s));
- up to 2,400,000 Shares will be issued under Resolution 6;
- the Company will issue the Shares on or around 13 May 2021, on a date which will be no later than 1 month after the date of this Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- the Shares will be issued at an issue price of A\$0.05 per Share;
- the Shares to be issued will be fully paid ordinary shares in the capital of the Company and will rank pari passu with existing Shares; and
- funds raised from the issue (A\$120,000) will be applied to the purposes set out above.

Resolution 7

Resolution 7 seeks Shareholder approval for Mr Graham Dowland (or his nominee(s)) to subscribe for 2,300,000 Shares under Tranche 2. The following information is provided for the purposes of Listing Rule 10.13:

- the Shares will be issued to Mr Graham Dowland (or his nominee(s));
- up to 2,300,000 Shares will be issued under Resolution 7;
- the Company will issue the Shares on or around 13 May 2021, on a date which will be no later than 1 month after the date of this Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- the Shares will be issued at an issue price of A\$0.05 per Share;
- the Shares to be issued will be fully paid ordinary shares in the capital of the Company and will rank pari passu with existing Shares; and
- funds raised from the issue (A\$115,000) will be applied to the purposes set out above.

Resolution 8

Resolution 8 seeks Shareholder approval for Mr Steve Scudamore (or his nominee(s)) to subscribe for 200,000 Shares under Tranche 2. The following information is provided for the purposes of Listing Rule 10.13:

- the Shares will be issued to Mr Steve Scudamore (or his nominee(s));
- up to 200,000 Shares will be issued under Resolution 8;
- the Company will issue the Shares on or around 13 May 2021, on a date which will be no later than 1 month after the date of this Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- the Shares will be issued at an issue price of A\$0.05 per Share;
- the Shares to be issued will be fully paid ordinary shares in the capital of the Company and will rank pari passu with existing Shares; and
- funds raised from the issue (A\$10,000) will be applied to the purposes set out above.

Resolution 9

Resolution 9 seeks Shareholder approval for Mr Alan Watson (or his nominee(s)) to subscribe for 600,000 Shares under Tranche 2. The following information is provided for the purposes of Listing Rule 10.13:

- the Shares will be issued to Mr Alan Watson (or his nominee(s));
- up to 600,000 Shares will be issued under Resolution 9;
- the Company will issue the Shares on or around 13 May 2021, on a date which will be no later than 1 month after the date of this Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- the Shares will be issued at an issue price of A\$0.05 per Share;
- the Shares to be issued will be fully paid ordinary shares in the capital of the Company and will rank pari passu with existing Shares; and
- funds raised from the issue (A\$30,000) will be applied to the purposes set out above.

Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
- shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, the Participating Directors are considered to be related parties of the Company because they are Directors.

An exception to the requirement to obtain shareholder approval for related party transactions under Chapter 2E is set out in section 210 of the Corporations Act which provides that the giving of a financial benefit that is on "arm's length" terms does not require shareholder approval. In the opinion of the Board the arm's length exception applies to the issue of Shares to the Participating Directors under Tranche 2 because the Participating Directors are participating in Tranche 2 on the same terms and conditions as non-related investors who participated under Tranche 1 of the Capital Raising, however, for the reasons set out below Shareholder approval for the proposed issue of Shares to the Participating Directors under Tranche 2 will be sought.

Section 195(4) of the Corporations Act

Section 195(1) of the Corporations Act prohibits a director of a public company who has a material personal interest in a matter that is being considered at a directors' meeting from being present while the matter is being considered at the meeting or voting on the matter. If there is not a quorum of directors who are eligible to vote on a matter because of the operation of section 195(1) of the Corporations Act, one or more directors may call a general meeting and the general meeting may deal with the matter.

A Director does not have a material personal interest in the issue of Tranche 2 Shares to another Director (or their nominee(s)). However, given that it is proposed that all current Directors are issued Shares pursuant to Resolutions 5,6,7,8 and 9, they may be considered to have a material personal interest in the outcome of these Resolutions, in which case the Directors may be unable to form a quorum. Accordingly, the Board considers it prudent to exercise their right under section 195(4) of the Corporations Act and put the matters to Shareholders to resolve.

The Directors are not aware of any other information that would reasonably be required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass these Resolutions. The Directors decline to make a recommendation about these Resolutions.

RESOLUTIONS 10 AND 11 – ISSUE OF PERFORMANCE RIGHTS TO MR IAN LUSTED AND MR GRAHAM DOWLAND OR THEIR NOMINEE(S) PURSUANT TO THE 2021 LTI AWARD UNDER THE PLAN

The Company proposes to issue Performance Rights to all eligible Australis employees (including Mr Lusted and Mr Dowland), or their nominees, pursuant to the 2021 LTI Plan Award.

A total of 6,496,600 Performance Rights (each with an exercise price of nil and an expiry date of 31 January 2026) are proposed to be issued to Mr Lusted and Mr Dowland (**Executive Directors**), or their nominee(s), pursuant to the 2021 LTI Plan Award.

The 2021 LTI Plan Award is similar to prior years annual LTI Awards and comprises the contractual annual long-term component of the 'at risk' remuneration for the Executive Directors and aligns with the longer-term objectives of Shareholder return.

The number of Performance Rights proposed to be granted is based on the terms of the 2021 Remuneration Plan approved by the Board on 4 February 2021. At that time, the Board determined the 2021 LTI Plan Award methodology would follow prior years methodology and as such included:

- the award being a percentage of each eligible employees 2021 commencing base salary converted to Performance Rights using the Australis share trading VWAP for the month of December of 2020; and
- such Performance Rights to vest over three years, subject to continuous employment during each Vesting Period and for a portion of the award, which increases with seniority, the achievement of various share price performance hurdles.

The performance hurdles and their application to the proposed issue of Performance Rights to the Executive Directors are set out in full in Annexure C.

Mr Lusted's and Mr Dowland's base salary had been reduced by 60% and 55% respectively since November 2019 and no change to the base salary has been proposed again for 2021. As a result, the 2021 Remuneration Plan approved by the Board recognised the continued support of Mr Lusted and Mr Dowland of the Company policy to preserve cash through this period through the proposed issue of an additional 750,000 and 665,000 Discretionary Performance Rights under the 2021 LTI Plan Award which will vest on 31 January 2022 subject to continuous service (each with an exercise price

of nil and an expiry date of 31 January 2026). Therefore, the calculation of incentive awards for the 2021 LTI Plan Award will for 2021 continue to be based on the significantly reduced base salaries. In addition, Mr Lusted and Mr Dowland forfeited their 2020 achieved short term incentive of A\$40,674 and A\$36,523 respectively. The additional 2021 LTI Plan Award has been proposed to compensate Mr Lusted and Mr Dowland for the cash remuneration foregone in 2020 and to recognise their ongoing commitment to the Company and its strategy and to aid the Company in its retention of key executives.

There is no agreement for either Executive Director's remuneration to revert to the levels prior to the base salary reduction. Any increase to reflect appropriate remuneration levels in the future will be subject to a range of factors including the Company's financial position and the status of the oil industry in which the Company operates.

Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

- (a) the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, Mr Lusted and Mr Dowland are related parties of the Company as they are Directors of the Company. This Resolution relates to a proposed issue of Performance Rights to Mr Lusted and Mr Dowland (or their nominee(s)), which are financial benefits that require Shareholder approval for the purposes of section 208 of the Corporations Act.

Under section 208 of the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Shareholder approval is not being sought for the purposes of section 208 of the Corporations Act on the basis that the benefit is considered by the Board (in the absence of Mr Lusted and Mr Dowland) to constitute reasonable remuneration and, therefore, the exception in section 211 of the Corporations Act applies. Section 211 provides that Shareholder approval is not required for the purposes of section 208 in circumstances where the benefit constitutes remuneration which would be reasonable given the Company's and the related party's circumstances.

Having considered the Company's circumstances and Mr Lusted and Mr Dowland's respective positions with the Company, the Board (in the absence of Mr Lusted and Mr Dowland) considers that the financial benefits conferred by the issue of Performance Rights to Mr Lusted and Mr Dowland (or their nominee(s)) are reasonable given:

- (a) the respective experience of Mr Lusted and Mr Dowland;
- (b) The 2021 LTI Plan Award is based on similar awards provided in prior years under the Group wide long term incentives; and

- (c) the benefit derived from the proposed issue of the Performance Rights would otherwise be provided as a cash settled equivalent.

Therefore, the exception in section 211 applies.

Section 195(4) of the Corporations Act

Section 195(1) of the Corporations Act prohibits a director of a public company who has a material personal interest in a matter that is being considered at a directors' meeting from being present while the matter is being considered at the meeting or voting on the matter. If there is not a quorum of directors who are eligible to vote on a matter because of the operation of section 195(1) of the Corporations Act, one or more directors may call a general meeting and the general meeting may deal with the matter.

A Director does not have a material personal interest in the issue of Performance Rights to another Director (or their nominee(s)). However, given that it is proposed that all current Directors are either issued Performance Rights pursuant to Resolutions 10 and 11 or Fee Rights pursuant to Resolutions 12, 13 and 14 they may be considered to have a material personal interest in the outcome of these Resolutions, in which case the Directors may be unable to form a quorum. Accordingly, the Board considers it prudent to exercise their right under section 195(4) of the Corporations Act and put the matters to Shareholders to resolve.

Directors' recommendation

Mr Lusted declines to make a recommendation about Resolution 10 as he may have a material personal interest in the outcome of the Resolution as it relates to the proposed issue of Performance Rights to him individually (or his nominee(s)). Mr Dowland declines to make a recommendation about Resolution 11 as he may have a material personal interest in the outcome of the Resolution as it relates to the proposed issue of Performance Rights to him individually (or his nominee(s)).

ASIC Regulatory Guide 76: Related Party Transactions notes at paragraph 76.103 that it is good practice for directors to avoid making a recommendation for resolutions about each other's remuneration as there may be a conflict of interest.

Accordingly, each Director declines to make a recommendation with respect to Resolutions 10 and 11. The Directors are not aware of any other information that would reasonably be required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass these Resolutions.

Information Requirements– Listing Rules 10.14 and 10.15

Listing Rule 10.14 provides that the Company must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme:

- a director of the Company (Listing Rule 10.14.1);
- an Associate of a director of the Company (Listing Rule 10.14.12); or
- a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its Shareholders (Listing Rule 10.14.3),

unless it obtains the approval of its Shareholders.

The proposed issue of Performance Rights to Mr Lusted and Mr Dowland (or their nominee(s)) pursuant to the Plan falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

If these Resolutions are passed, the Company will issue Performance Rights to Mr Lusted and Mr Dowland (or their nominee(s)) as set out in Annexures A to C to this Explanatory Memorandum. If these Resolutions are not passed, the Company will not issue Performance Rights to Mr Lusted or Mr Dowland (or their nominee(s)) and the Company may consider alternative ways to remunerate Mr Lusted and Mr Dowland, including by way of payments settled in cash based on similar performance hurdles.

The following further information is provided to Shareholders for the purposes of Listing Rule 10.15:

- (a) the Performance Rights will be issued to Mr Lusted and Mr Dowland, or their nominee(s), as noted above and in Annexure C to this Explanatory Memorandum;
- (b) Mr Lusted and Mr Dowland are related parties of the Company for the purposes of Listing Rule 10.14.1 as they are Directors of the Company;
- (c) Mr Lusted is a Director of the Company and the issue of Performance Rights the subject of Resolution 10 is intended to remunerate or incentivise Mr Lusted, whose current total remuneration package as at the date of this Notice is as follows:
 - salary of A\$240,000 (excluding superannuation);
 - short-term incentive (**STI**) of up to 75% of base salary excluding superannuation as at 1 January 2021, however, Mr Lusted voluntarily forfeited his achieved 2020 STI;
 - long term incentive (**LTI**) of up to 70% of base salary excluding superannuation as at 1 January 2021, being the Performance Rights the subject of Resolution 10; and
 - discretionary LTI of 750,000 performance rights to compensate for reduced cash remuneration in 2020, being the Performance Rights the subject of Resolution 10.
- (d) Mr Dowland is a Director of the Company and the issue of Performance Rights the subject of Resolution 11 is intended to remunerate or incentivise Mr Dowland, whose current total remuneration package as at the date of this Notice is as follows:
 - salary of A\$197,600 (excluding superannuation);
 - STI of up to 65% of base salary as at 1 January 2021 excluding superannuation, noting Mr Dowland voluntarily forfeited his achieved 2020 STI;
 - LTI of up to 70% of base salary excluding superannuation as at 1 January 2020, being the Performance Rights the subject of Resolution 11; and
 - discretionary LTI of 665,000 Performance Rights to compensate for reduced cash remuneration in 2020, being the performance rights the subject of Resolution 11.
- (e) Up to 3,536,070 Performance Rights will be issued to Mr Lusted (or his nominee(s)), and up to 2,958,864 Performance Rights will be issued to Mr Dowland (or his nominee(s)) pursuant to the 2021 LTI Award under the Plan.

| Participating Director | Base Salary (excl Superannuation) as at 1 January 2021 | 2021 LTI Award % | 2021 LTI Award Performance Rights based on Dec 2020 Australis VWAP (A\$0.0603) | 2021 Discretionary LTI Award Performance Rights | 2021 Total LTI Award Performance Rights |
|------------------------------------|--|------------------|--|---|---|
| Ian Lusted (or his nominee(s)) | A\$240,000 | 70% | 2,786,070 | 750,000 | 3,536,070 |
| Graham Dowland (or his nominee(s)) | A\$197,600 | 70% | 2,293,864 | 665,000 | 2,958,864 |

The proposed issue of Performance Rights to Messrs Lusted and Dowland or their nominee(s) in respect of the 2021 LTI Award will, subject to the satisfaction of the Vesting Conditions and performance hurdles (described in Annexure C), vest in 3 tranches over a 3-year period as follows:

| 2021 LTI Award Tranche | Performance Test Period | Vesting Date | Number of Performance Rights vesting |
|------------------------|------------------------------------|-----------------|---|
| Tranche 1 | 1 January 2021 to 31 December 2021 | 31 January 2022 | Up to 1/7 th of total 2021 LTI Award Performance Rights 100% of 2021 Discretionary LTI Award Performance Rights |
| Tranche 2 | 1 January 2021 to 31 December 2022 | 31 January 2023 | Up to 2/7 th of the total 2021 LTI Award Performance Rights |
| Tranche 3 | 1 January 2021 to 31 December 2023 | 31 January 2024 | Up to 4/7 th of the total 2021 LTI Award Performance Rights |

Vesting of Performance Rights requires continued employment through to the Vesting Date and

- i) 56.25% of the Performance Rights in each Tranche (excluding the Discretionary LTI Award in Tranche 1) are subject to the “*Absolute total shareholder return*” performance minimum threshold and vesting schedule set out in Annexure C; and

- ii) 18.75% of the Performance Rights in each Tranche (excluding the Discretionary LTI Award in Tranche 1) are subject to the “*Relative total shareholder return*” performance vesting schedule set out in Annexure C.
- (f) the terms and conditions of the Performance Rights are set out in Annexure C to this Explanatory Memorandum;
- (g) a summary of the material terms of the Plan are set out in Annexure A to this Explanatory Memorandum;
- (h) the proposed issue of Performance Rights under the Plan is designed to encourage the Executive Directors to have a continuing strong alignment with other Shareholders through increasing share ownership by way of a combination of the achievement of the Company’s objectives and that progress being reflected in share price performance and retention mechanisms to provide consistent long-term service. Under the Company’s current circumstances, the Directors consider (in the absence of Mr Lusted and Mr Dowland) that the incentives represented by the issue of Performance Rights are a cost effective and efficient means for the Company to provide a reward and incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation;
- (i) the Company’s advisers, RSM Australia Pty Ltd, have valued the Performance Rights using the Analytical Model and a Monte-Carlo simulation model in the manner set out in Annexure B to this Explanatory Memorandum. Based on the assumptions set out at Annexure B of this Explanatory Memorandum, it is considered that the estimated average value of the Performance Rights to be issued to the Participating Directors pursuant to each Vesting Condition for each tranche are as follows:

| Valuation date | Award Type | Vesting Condition | Valuation methodology | Value per Performance Right |
|----------------|--------------------------------|-----------------------------------|-----------------------|-----------------------------|
| 12 Mar 2021 | Performance Rights -Tranche 1 | Service condition | Analytical Model | A\$0.05 |
| 12 Mar 2021 | Performance Rights – Tranche 1 | Service condition and ATSR hurdle | Monte-Carlo | A\$0.036 |
| 12 Mar 2021 | Performance Rights – Tranche 1 | Service condition and RTSR hurdle | Monte-Carlo | A\$0.0321 |
| 12 Mar 2021 | Performance Rights -Tranche 2 | Service condition | Analytical Model | A\$0.05 |
| 12 Mar 2021 | Performance Rights – Tranche 2 | Service condition and ATSR hurdle | Monte-Carlo | A\$0.0349 |
| 12 Mar 2021 | Performance Rights – Tranche 2 | Service condition and RTSR hurdle | Monte-Carlo | A\$0.0326 |
| 12 Mar 2021 | Performance Rights -Tranche 3 | Service condition | Analytical Model | A\$0.05 |

| | | | | |
|-------------|--------------------------------|-----------------------------------|-------------|-----------|
| 12 Mar 2021 | Performance Rights – Tranche 3 | Service condition and ATSR hurdle | Monte-Carlo | A\$0.0309 |
| 12 Mar 2021 | Performance Rights – Tranche 3 | Service condition and RTSR hurdle | Monte-Carlo | A\$0.0297 |

| Estimated Value of the proposed 2021 LTI Award Performance Rights to Directors | Ian Lusted A\$ | Graham Dowland A\$ | Total (A\$) |
|--|-------------------|-----------------------|----------------|
| Tranche 1 | 52,930 | 45,955 | 98,885 |
| Tranche 2 | 30,443 | 25,065 | 55,507 |
| Tranche 3 | 56,438 | 46,467 | 102,905 |
| Total | 139,811 | 117,486 | 257,297 |

- (j) the Performance Rights will be issued on a date which will be no later than 3 years after the date of this Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- (k) the Performance Rights will be issued for no cash consideration;
- (l) no funds will be raised from the issue of the Performance Rights;
- (m) the number of Performance Rights that have previously been issued to Mr Lusted and Mr Dowland (or their nominee(s)) under the Plan since it was last approved under Listing Rule 10.14 and the average acquisition price for the Performance Rights paid by Mr Lusted and Mr Dowland (or their nominee(s)) is set out in Annexure A. The terms and conditions including the performance hurdles for the prior awards of Performance Rights to Mr Lusted and Mr Dowland are detailed in the 2018, 2019 and 2020 Remuneration Reports;
- (n) details of any securities issued under the Plan have or will be published in the annual report of the Company relating to a period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (o) any additional persons covered by Listing Rule 10.14 who become entitled to participate in the Plan after these Resolutions are approved and who were not named in this Notice will not participate until approval is obtained under that rule; and
- (p) a voting exclusion statement applies to these Resolutions as set out in the Notice.

If approval is given for the issue of the Performance Rights under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

Voting

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on the Resolutions.

RESOLUTIONS 12, 13 AND 14:

ISSUE OF “FEE RIGHTS – A” TO MR JONATHAN STEWART, MR STEVE SCUDAMORE AND MR ALAN WATSON (OR THEIR NOMINEE(S)) IN LIEU OF NON-EXECUTIVE DIRECTOR CASH FEES (RESOLUTIONS 12, 13 AND 14 RESPECTIVELY)

To reduce the cash burden on the Company in 2021, the non-executive Directors agreed, similar to 2020, at the commencement of 2021 to reduce the portion of their annual fees paid in cash in lieu of the Company issuing Fee Rights - A for no consideration on the terms and conditions set out in Annexure D to this Explanatory Memorandum.

Subject to the receipt of Shareholder approval,

- 50% of Mr Stewart's 2021 fees (A\$114,155); and
- 50% of each of Mr Scudamore's and Mr Watson's 2021 fees (A\$45,662 each),

will be settled in equity by the issue of rights which are able to be exercised into ordinary Shares (**Fee Rights – A**),

Subject to the receipt of Shareholder approval, the Fee Rights - A will be issued on one date, which will be no later than 1 month after the date of the Meeting. The deemed issue price of the Fee Rights - A is based on the Company's VWAP for the period of 1 January to 26 March 2021 (the date of this Notice), being 5.6 cents. The number of Fee Rights - A proposed to be issued to each Director is set out below.

| Director | Number of Fee Rights - A proposed to be issued |
|--------------------|--|
| | Fee Rights - A |
| Mr Jon Stewart | Up to 2,038,482 |
| Mr Steve Scudamore | Up to 815,392 |
| Mr Alan Watson | Up to 815,392 |

If a non-executive Director ceases to hold office during 2021, the number of Fee Rights - A vesting on 31 January 2022 will be reduced proportionally to the time served as a Director during 2021.

Rationale for the issue of Fee Rights - A

In 2020 the offer by non-executive Directors to materially reduce the portion of fees paid in cash was made specifically to conserve Company cash resources due to the volatility in oil price based on over-supply and reduction in demand for oil due to COVID -19 negatively impacting operating conditions. Whilst conditions have improved and the Company has successfully completed a Capital Raising the subject of Resolution 4, the non-executive Directors consider it prudent to maintain a disciplined approach to cash management and have once again offered to reduce the portion of their annual fees paid in cash. The Directors accept the value risk associated with accepting Fee Rights – A in place of cash in that the value of the Fee Rights – A proposed may fall (or increase) in value over time. The cash funding reduction was, however, fixed from 1 January 2021.

The Directors consider the proposed issue of Fee Rights – A materially assists in the conservation of the Company’s cash through this period. The rationale for the proposed issue of Fee Rights – A to the Directors is set out in further detail below.

Rationale for the issue of Fee Rights - A to the non-executive Directors

The proposed issue of Fee Rights - A is to compensate Mr Stewart, Mr Scudamore and Mr Watson for the sacrifice of 50% of each non-executives cash fees, an offer made by each non-executive Director at the commencement of 2021 to assist the Company to reduce cash expenditure through this stage of the Company’s development.

The Directors consider (in the absence of the non-executive Directors) that the compensation represented by the issue of Fee Rights - A are an efficient means for the Company to settle the non-executive Directors fees whilst conserving cash. In the event Shareholders do not approve the issue of Fee Rights - A to a non-executive Director, the Company will continue to settle the full amount of that non-executive Director’s fees, together with superannuation due, in cash.

Shareholders should note that for the reasons noted above, it is proposed to grant Fee Rights - A to the non-executive Directors notwithstanding the guidelines contained in Box 8.2 of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (4th Edition) (**Principles**) which states that non-executive directors generally should not receive options with performance hurdles attached or performance rights as part of their remuneration as this may lead to bias in their decision-making and compromise their objectivity.

Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

- (a) the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, Mr Stewart, Mr Scudamore and Mr Watson are related parties of the Company as they are Directors of the Company. Resolutions 12, 13 and 14 relate to a proposed issue of Fee Rights - A to Mr Stewart, Mr Scudamore and Mr Watson (or their nominee(s)), which are financial benefits that require Shareholder approval for the purposes of section 208 of the Corporations Act.

Under section 208 of the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company’s members; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Shareholder approval is not being sought for the purposes of section 208 of the Corporations Act on the basis that the benefit is considered by the Board (absent the non-executive Directors) to constitute reasonable remuneration and, therefore, the exception in section 211 of the Corporations Act applies. Section 211 provides that Shareholder approval is not required for the purposes of section 208 in circumstances where the benefit constitutes remuneration which would be reasonable given the Company’s and the related party’s circumstances.

Having considered the Company's circumstances and the non-executive Directors positions with the Company, the Board (absent the non-executive Directors) considers that the financial benefit conferred by the issue of Fee Rights – A to each of the non-executive Directors (or their nominee(s)) is reasonable given the issue of Fee Rights – A does not amount to any additional payment as the value of the Fee Rights - A to be issued to the non-executive Directors (or their nominees) represents the non-executive Directors' fees which would otherwise be settled in cash and therefore, the exception in section 211 applies.

Section 195(4) of the Corporations Act

Section 195(1) of the Corporations Act prohibits a director of a public company who has a material personal interest in a matter that is being considered at a directors' meeting from being present while the matter is being considered at the meeting or voting on the matter. If there is not a quorum of directors who are eligible to vote on a matter because of the operation of section 195(1) of the Corporations Act, one or more directors may call a general meeting and the general meeting may deal with the matter.

A Director does not have a material personal interest in the issue of Fee Rights to another Director (or their nominee(s)). However, given that it is proposed that all current Directors are either issued Fee Rights pursuant to Resolutions 12, 13 and 14, or Performance Rights pursuant to Resolutions 10 and 11, they may be considered to have a material personal interest in the outcome of these Resolutions, in which case the Directors may be unable to form a quorum. Accordingly, the Board considers it prudent to exercise their right under section 195(4) of the Corporations Act and put the matter to Shareholders to resolve.

Directors' recommendation

Mr Stewart declines to make a recommendation about Resolution 12 as he may have a material personal interest in the outcome of the Resolution as it relates to the proposed issue of Fee Rights- A to him individually (or his nominee(s)).

Mr Scudamore declines to make a recommendation about Resolution 13 as he may have a material personal interest in the outcome of the Resolution as it relates to the proposed issue of Fee Rights - A to him individually (or his nominee(s)).

Mr Watson declines to make a recommendation about Resolution 14 as he may have a material personal interest in the outcome of the Resolution as it relates to the proposed issue of Fee Rights – A to him individually (or his nominee(s)).

ASIC Regulatory Guide 76: Related Party Transactions notes at paragraph 76.103 that it is good practice for directors to avoid making a recommendation for resolutions about each other's remuneration as there may be a conflict of interest.

Accordingly, each of the Directors declines to make a recommendation with respect to Resolutions 12, 13, and 14. The Directors are not aware of any other information that would reasonably be required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass these Resolutions.

Information Requirements - Listing Rules 10.11 and 10.13

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, the Company must not issue or agree to issue Equity Securities to:

- a related party (*Listing Rule 10.11.1*);
- a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the Company (*Listing Rule 10.11.2*);
- a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the Company and who has nominated a Director to the Board pursuant to a relevant agreement which gives them a right or expectation to do so (*Listing Rule 10.11.3*);
- an Associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (*Listing Rule 10.11.4*); or
- a person whose relationship with the Company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by Shareholders (*Listing Rule 10.11.5*),

unless it obtains the approval of its Shareholders.

The proposed issue of Fee Rights to Mr Stewart, Mr Scudamore and Mr Watson (or their nominee(s)) falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 12 seeks Shareholder approval for the purposes of Listing Rule 10.11 and for all other purposes to allow the Company to issue 2,038,482 Fee Rights - A to Mr Stewart (or his nominee(s)).

Resolution 13 seeks Shareholder approval for the purposes of Listing Rule 10.11 and for all other purposes to allow the Company to issue 815,392 Fee Rights - A to Mr Scudamore (or his nominee(s)).

Resolution 14 seeks Shareholder approval for the purposes of Listing Rule 10.11 and for all other purposes to allow the Company to issue 815,392 Fee Rights - A to Mr Watson (or his nominee(s)).

If these Resolutions are passed, the Company will be able to proceed with the issue of Fee Rights – A to Mr Stewart, Mr Scudamore and Mr Watson (or their nominee(s)) as applicable.

The Board considers the passing of Resolutions 12, 13 and 14 will have no material impact on each Directors' (or their nominee(s))'s voting power in the Company.

If these Resolutions are not passed the Company will not be able to proceed with the issue of Fee Rights - A to Mr Stewart, Mr Scudamore or Mr Watson (or their nominee(s)) and the Company will continue to settle the full amount of the non-executive Directors' fees together with superannuation due to Mr Stewart, Mr Scudamore and Mr Watson in cash.

The following further information is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) the Fee Rights - A will be issued to Mr Stewart, Mr Scudamore and Mr Watson (or their nominee(s)), as set out in Annexure D to this Explanatory Memorandum;
- (b) Mr Stewart, Mr Scudamore and Mr Watson are related parties of the Company as they are Directors of the Company;
- (c) the number of Fee Rights – A to be issued to Mr Stewart, Mr Scudamore and Mr Watson (or their nominee(s)) is set out in the table on page 16 of this Explanatory Memorandum and is based on the Company's VWAP for the period of 1 January 2021 to 26 March 2021 (the date of this report), being 5.6 cents;

- (d) the terms and conditions of the Fee Rights – A are set out in Annexure D to this Explanatory Memorandum;
- (e) the purpose of proposed issue of Fee Rights – A is set out on page 16 of this Explanatory Memorandum under the heading “Rationale for the issue of Fee Rights”;
- (f) the Fee Rights – A will be issued on one date, which will be no later than 1 month after the date of the Meeting unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- (g) the Fee Rights – A will be issued for no cash consideration;
- (h) no funds will be raised from the issue of the Fee Rights - A;
- (i) Mr Stewart is a Director of the Company and, as such, is a related party of the Company and the issue the subject of Resolution 12 is intended to remunerate Mr Stewart in lieu of cash fees;
- (j) Mr Scudamore is a Director of the Company and, as such, is a related party of the Company and the issue the subject of Resolution 13 is intended to remunerate Mr Scudamore in lieu of cash fees;
- (k) Mr Watson is a Director of the Company and, as such, is a related party of the Company and the issue the subject of Resolution 14 is intended to remunerate Mr Watson in lieu of cash fees; and
- (l) a voting exclusion statement applies to these Resolutions as set out in the Notice.

If approval is given for the issue of the Fee Rights - A under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Voting

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on the Resolutions.

RESOLUTION 15 - ELECTION OF MR KIRK BARRELL AS A DIRECTOR

In the ordinary course, the Company’s Remuneration and Nomination Committee proposes and the Board nominates directors for election by Shareholders at a general meeting of the Company.

Additionally, clause 6.1(o) of the Company’s Constitution provides that any Shareholder may nominate an individual for election as director at an annual general meeting provided a Notice of Nomination signed by the Shareholder and a consent to the nomination signed by individual is received by the Company within the requisite time period.

On 30 March 2021 the Company received a Notice of Nomination from Barrell Energy, Inc., a 1.3% Shareholder in Australis, nominating Mr Kirk Barrell, President of Barrell Energy Inc, for the office of director at the Company’s upcoming annual general meeting, being the Meeting convened by this Notice. A copy of the Notice of Nomination can be found at Annexure E.

The role of the Company’s Remuneration and Nomination Committee and Board is to consider the appropriateness of each nominee and make recommendations to shareholders. Recommendations are based on many factors including the current composition of the Board including the skills, experience and qualifications of existing Board members as well as those of the nominee. The recommendation also considers the nominee’s ability to make decisions for the benefit of all Shareholders.

Upon receiving the nomination from Barrell Energy, Inc., Board members, led by the chair, contacted Mr Barrell to discuss his candidacy . Mr Barrell stated during this conversation he

- holds two geology degrees;
- has over 35 years experience in the oil and gas upstream industry;
- has been a 'prospect generator' for the past 25 years; and
- has worked on the Tuscaloosa trend for over 30 years.

The Board has not verified the above information.

The Board has considered the nomination and unanimously recommends that shareholders vote against Mr Barrell's election as a director.

The key reasons for the unanimous recommendation against the election of Mr Barrell are as follows:

- Mr Barrell may be conflicted by virtue of his position as the President of Amelia Resources LLC, a company that states on its website and confirmed by Mr Barrell that it generates drilling prospects in the onshore United States and leverages knowledge, data, experience, and relationships to obtain capital partners for projects. Amelia Resources LLC states it is currently focused on the Cretaceous (Eagle Ford, Eaglebine, TMS, and Austin Chalk) and the Permian Basin. The Amelia Resources LLC website also states that it is currently offering to sell mineral rights within 350,000 acres in the "LAMS Stack Play" which is in and around the Australis TMS area. Mr Barrell confirmed he is an active participant in the TMS and has rights to over 200,000 TMS related acres;
- Mr Barrell confirmed he does not have any experience as a director of a public company, in Australia or in any other jurisdiction;
- The existing Board has significant experience monetising onshore US oil and gas assets for Australian listed companies. The composition of the existing Board provides the necessary experience, skills and qualifications for the Company given its size and stage of development; and
- the costs of an additional appointment are unwarranted and undesirable at a time that the Board, together with all employees, are undertaking measures and sacrifices to preserve cash.

GLOSSARY

2021 LTI Plan Award has the meaning set out in Annexure A to this Explanatory Memorandum.

\$ means Australian dollars.

Accounting Standards has the meaning given to that term in the Corporations Act.

Analytical Model has the meaning set out in Annexure B to this Explanatory Memorandum.

Annual Report means the annual report of the Company for the year ended 31 December 2020.

Associate has the meaning given to that term in the Listing Rules.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ATSR has the meaning set out in Annexure A to this Explanatory Memorandum.

Auditor means the Company's auditor from time to time (if any).

Auditor's Report means the report of the Auditor contained in the Annual Report.

Australis means the Company

AWST means western standard time as recognised in Perth, Western Australia.

Board means the Directors.

Capital Raising has the meaning set out on page 4.

Chair or Chairman means the individual appointed under clause 5.5 of the Company's Constitution.

Change of Control has the meaning set out in Annexure D to this Explanatory Memorandum.

Closely Related Party has the meaning given to that term in the Corporations Act.

Company means Australis Oil and Gas Limited ABN 34 609 262 937.

Constitution means the Company's constitution, as amended from time to time.

Corporations Act means the Corporations Act 2001 (Cth).

Corporations Regulations means *Corporations Regulations 2001* (Cth).

Directors means the directors of the Company.

Employee Equity Incentive Plan means the Plan.

Equity Securities has the meaning given to that term in the Listing Rules.

Executive Directors has the meaning set out in Annexure A to this Explanatory Memorandum.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

Fee Rights - A has the meaning set out on page 16.

First Exercise Date means the date specified in the Offer, or if no date is specified, the date of issue of the Performance Rights.

Group means the Company and its Related Bodies Corporate and **Group Company** means the Company or any of its Related Bodies Corporate.

Key Management Personnel has the meaning given to that term in the Accounting Standards.

Last Exercise Date means the date specified in the Offer, or if no date is specified, the date two years after the First Exercise Date.

Listing Rules means the ASX Listing Rules.

Meeting means the Annual General Meeting convened by the Notice.

Notice means this Notice of Annual General Meeting.

Offer has the meaning set out in Annexure A to this Explanatory Memorandum.

Option means an option to acquire a Share.

Participant has the meaning set out in Annexure A to this Explanatory Memorandum.

Performance Rights means the performance rights issued under the Plan.

Plan has the meaning set out in Annexure A to this Explanatory Memorandum.

Poll Form has the meaning set out on page 1.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Annual Report.

Resolution means a resolution contained in the Notice.

Restricted Voter means Key Management Personnel and their Closely Related Parties as at the date of the Meeting.

RSM means RSM Australia Pty Ltd

RTSR has the meaning set out in Annexure A to this Explanatory Memorandum.

Shareholder means a member of the Company from time to time.

Shares means fully paid ordinary shares in the capital of the Company.

Spill Meeting has the meaning set out on page 2.

Spill Resolution has the meaning set out on page 2.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

TSR has the meaning set out in Annexure A to this Explanatory Memorandum.

Vesting Condition has the meaning set out in Annexure A to this Explanatory Memorandum.

Vesting Period has the meaning set out in Annexure A to this Explanatory Memorandum.

Voting Power has the meaning given to that term in the Corporations Act.

VWAP has the meaning set out in Annexure A of this Explanatory Memorandum.

AUSTRALIS OIL & GAS LIMITED

ABN 34 609 262 937

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Australis Oil & Gas Limited ABN 34 609 262 937 will be held at BDO Building, Ground Floor, 35 Railway Road, Subiaco WA for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

AGENDA

Financial Reports

To receive and consider the financial report of the Company for the year ended 31 December 2020, together with the Directors' Report and the Auditor's Report as set out in the Annual Report for the year ended 31 December 2020.

Resolution 1 – Non-Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, pass the following resolution as a **non-binding resolution**:

"That the Remuneration Report for the year ended 31 December 2020 as set out in the Annual Report for the year ended 31 December 2020 be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

Voting exclusion statement: The Company will disregard any votes cast on the Resolution by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties. However, the Company need not disregard a vote if:

(a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution **or** the proxy is the Chair of the Meeting and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; and

(b) it is not cast on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties.

Further, a Restricted Voter who is appointed as a proxy will not vote on the Resolution unless:

(a) the appointment specifies the way the proxy is to vote on the Resolution; or

(b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of the Resolution.

Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If any of the persons named above purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and those persons may be liable for breaching the voting restrictions that apply to them under the Corporations Act.

Resolution 2 – Re-election of Mr Jonathan Stewart as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, Mr Jonathan Stewart, who retires in accordance with clause 6.1(f) of the Constitution and, being eligible for re-election, be re-elected as a Director."

Resolution 3 – Re-election of Mr Steve Scudamore as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, Mr Steve Scudamore, who retires in accordance with clause 6.1(f) of the Constitution and, being eligible for re-election, be re-elected as a Director."

Resolution 4 – Ratification of issue of Shares

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the 8 March 2021 allotment and issue of 150,000,000 Shares at an issue price of A\$0.05 per Share to sophisticated and institutional investors on the terms and conditions as set out in the Explanatory Memorandum."

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of any person who participated in the issue the subject of Resolution 4 or any person who is an Associate of those persons. However, this does not apply to a vote cast in favour of the resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or*
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a directive given to the Chair to vote on the Resolution as the Chair decides; or*
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and*
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote that way.*

Resolution 5 – Issue of Shares to Mr Jonathan Stewart, Director, or his nominee(s)

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue of up to 8,000,000 Shares at an issue price of \$0.05 per Share to Mr Jonathan Stewart, Director, (or his nominee(s)) on the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) Mr Stewart who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or his nominee; or
- (b) an Associate of that person.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 6 – Issue of Shares to Ian Lusted, Director, or his nominee(s)

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue of up to 2,400,000 Shares to Ian Lusted (or his nominee(s)) on the terms and conditions set out in the Explanatory Memorandum.

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) Mr Lusted who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or his nominee; or
- (b) an Associate of that person.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 7 – Issue of Shares to Graham Dowland, Director, or his nominee(s)

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue of up to 2,300,000 Shares to Graham Dowland (or his nominee(s)) on the terms and conditions set out in the Explanatory Memorandum.

Voting exclusion statement: *The Company will disregard any votes cast in favour of the Resolution by or on behalf of:*

- (a) *Mr Dowland who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or his nominee; or*
- (b) *an Associate of that person.*

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) *a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or*
- (b) *the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (i) *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and*
 - (ii) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Resolution 8 – Issue of Shares to Steve Scudamore, Director, or his nominee(s)

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue of up to 200,000 Shares to Steve Scudamore (or his nominee(s)) on the terms and conditions set out in the Explanatory Memorandum.

Voting exclusion statement: *The Company will disregard any votes cast in favour of the Resolution by or on behalf of:*

- (a) *Mr Scudamore who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or his nominee; or*
- (b) *an Associate of that person.*

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) *a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or*
- (b) *the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (i) *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and*
 - (ii) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Resolution 9 – Issue of Shares to Alan Watson, Director, or his nominee(s)

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve the allotment and issue of up to 600,000 Shares to Alan Watson (or his nominee(s)) on the terms and conditions set out in the Explanatory Memorandum.

Voting exclusion statement: *The Company will disregard any votes cast in favour of the Resolution by or on behalf of:*

- (a) Mr Watson who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or his nominee; or*
- (b) an Associate of that person.*

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way ; or*
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or*
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and*
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Resolution 10 – Issue of Performance Rights to Mr Ian Lusted or his nominee(s) pursuant to the 2021 LTI Plan Award

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.14 and for all other purposes, the Directors are authorised to issue up to 3,536,070 Performance Rights for no cash consideration, with each Performance Right having an exercise price of nil and an expiry date of 31 January 2026, to Mr Ian Lusted, Director, or his nominee(s), pursuant to the 2021 LTI Plan Award on the terms and conditions set out in the Explanatory Memorandum (including Annexures A to C to the Explanatory Memorandum)."

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- a) a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question; or
- b) an Associate of that person.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, a Restricted Voter who is appointed as a proxy will not vote on the Resolution unless:

- (a) the appointment specifies the way the proxy is to vote on the Resolution; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of the Resolution.

Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If any of the persons named above purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and those persons may be liable for breaching the voting restrictions that apply to them under the Corporations Act.

Resolution 11 – Issue of Performance Rights to Mr Graham Dowland or his nominee(s) pursuant to the 2021 LTI Plan Award

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.14 and for all other purposes, the Directors are authorised to issue up to 2,958,864 Performance Rights for no cash consideration, with each Performance Right having an exercise price of nil and an expiry date of 31 January 2026, to Mr Graham Dowland, Director, or his nominee(s), pursuant to the 2021 LTI Plan Award on the terms and conditions set out in the Explanatory Memorandum (including Annexures A to C to the Explanatory Memorandum)."

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question; or
- (b) an Associate of that person.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, a Restricted Voter who is appointed as a proxy will not vote on the Resolution unless:

- (a) the appointment specifies the way the proxy is to vote on the Resolution; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of the Resolution.

Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If any of the persons named above purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and those persons may be liable for breaching the voting restrictions that apply to them under the Corporations Act.

Resolution 12 – Issue of Fee Rights - A to Mr Jonathan Stewart (or his nominee(s)) in lieu of non-executive Director cash fees

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue 2,038,482 Fee Rights - A to Mr Jonathan Stewart, Director, or his nominee(s) in lieu of non-executive Director cash fees, on the terms and conditions set out in the Explanatory Memorandum (including Annexure D to the Explanatory Memorandum)."

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) Mr Stewart who is to receive the Fee Rights - A in question and any other person who will obtain a material benefit as a result of the issue of the Fee Rights (except a benefit solely by reason of being a holder of ordinary securities in the entity or his nominee); or
- (b) an Associate of that person.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and

- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, a Restricted Voter who is appointed as a proxy will not vote on the Resolution unless:

- (a) the appointment specifies the way the proxy is to vote on the Resolution; or
(b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of the Resolution.

Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If any of the persons named above purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and those persons may be liable for breaching the voting restrictions that apply to them under the Corporations Act.

Resolution 13 – Issue of Fee Rights - A to Mr Steve Scudamore (or his nominee(s)) in lieu of non-executive Director cash fees

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue 815,392 Fee Rights - A to Mr Steve Scudamore, Director, or his nominee(s) in lieu of non-executive Director cash fees, on the terms and conditions set out in the Explanatory Memorandum (including Annexure D to the Explanatory Memorandum)."

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) Mr Scudamore who is to receive the Fee Rights - A in question and any other person who will obtain a material benefit as a result of the issue of the Fee Rights (except a benefit solely by reason of being a holder of ordinary securities in the entity or his nominee); or
(b) an Associate of that person.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
(b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
(i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
(ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, a Restricted Voter who is appointed as a proxy will not vote on the Resolution unless:

- (a) the appointment specifies the way the proxy is to vote on the Resolution; or
(b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of the Resolution.

Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If any of the persons named above purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and those persons may be liable for breaching the voting restrictions that apply to them under the Corporations Act.

Resolution 14 – Issue of Fee Rights - A to Mr Alan Watson (or his nominee(s)) in lieu of non-executive Director cash fees

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue 815,392 Fee Rights - A to Mr Alan Watson, Director, or his nominee(s) in lieu of non-executive Director cash fees, on the terms and conditions set out in the Explanatory Memorandum (including Annexure D to the Explanatory Memorandum)."

Voting exclusion statement: *The Company will disregard any votes cast in favour of the Resolution by or on behalf of:*

- (a) *Mr Watson who is to receive the Fee Rights - A in question and any other person who will obtain a material benefit as a result of the issue of the Fee Rights (except a benefit solely by reason of being a holder of ordinary securities in the entity or his nominee); or*
- (b) *an Associate of that person.*

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) *a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or*
- (b) *the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (i) *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and*
 - (ii) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Further, a Restricted Voter who is appointed as a proxy will not vote on the Resolution unless:

- (a) *the appointment specifies the way the proxy is to vote on the Resolution; or*
- (b) *the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of the Resolution.*

Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If any of the persons named above purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and those persons may be liable for breaching the voting restrictions that apply to them under the Corporations Act.

Resolution 15 –Election of Mr Kirk Barrell as Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 6.1(n) of the Constitution and for all other purposes, Mr Kirk Barrell, a person nominated by a Shareholder for appointment as a Director, is elected as a Director."

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Memorandum.

By order of the Board



**Graham Dowland
Finance Director**

Dated: 7 April 2021

Voting

Subject to the voting instructions on page 1 Shareholders entitled to vote at the Meeting can vote in any of the following ways.

How to vote

Shareholders can vote by either:

- a) attending the Meeting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- b) appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

Voting in person (or by attorney) or by a Corporation

- a) The Company and Board encourage all Shareholders to participate in general meetings such as this Meeting by attending and voting in person at the Meeting venue. This includes a Shareholder that is a corporation that has appointed an individual to act as its representative and vote in person at the Meeting.
- b) However due to the continuing impact of COVID-19 the Company acknowledges that not all Shareholders will be comfortable to attend even when all necessary precautions are taken. As such, the Board strongly encourages all Shareholders to vote by proxy following the instructions set out in this Notice and the enclosed Proxy Form.

Voting by proxy

As a result of the continuing COVID-19 circumstances, we strongly encourage Shareholders to carefully consider whom they appoint as their proxy.

If a proxy, other than the Chair, cannot attend or is not admitted to the Meeting, the Chair will become the proxy. In this circumstance, the Chair will be directed by the voting preferences (if any) provided in the Proxy Form.

Please refer to the Proxy Form for further details.

- a) A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- b) The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where two proxies are appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes.
- c) A proxy need not be a Shareholder.

d) The proxy can be either an individual or a body corporate.

e) If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 1, 10, 11, 12, 13, and 14 in accordance with a direction on how the proxy is to vote or, if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

f) Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.

g) If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

h) Shareholders who return their Proxy Forms with a direction how to vote, but who do not nominate the identity of their proxy, will be taken to have appointed the Chair of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice.

i) To be effective, proxies must be received by 11:00 AM (AWST) on 9 May 2021. Proxies received after this time will be invalid.

j) Proxies may be lodged using any of the following methods:

- by returning a completed Proxy Form in person or by post using the pre-addressed envelope provided with this Notice to:

Australis Oil & Gas Ltd
Level 29, 77 St Georges Terrace, Perth,
Western Australia

or

- by email to contact@australisoil.com

or

- by faxing a completed Proxy Form to +61 (0) 8 9220 8799.
- k) The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the Power of Attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 11:00 AM (AWST) on 9 May 2021. If facsimile transmission is used, the Power of Attorney must be certified.

Shareholders who are entitled to vote

In accordance with paragraphs 7.11.37 and 7.11.38 of the Corporations Regulations, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5:00 PM (AWST) on 9 May 2021.

Shareholders' Questions to the Chair and Board

- a) The Company strongly encourages Shareholders who would like to ask questions on the Resolutions of the Chair, Board or management to do so in writing before the Meeting.
- b) Any written questions to the Company should be sent to: contact@australisoil.com. Written questions that are sent to the Company must be received by no later than 11.00 (AWST) on 9 May 2021.
- c) Questions from Shareholders are important. Although the Board may not be able to reply to each question individually, the Board will respond to as many of the frequently asked questions as possible at the Meeting and those answers will be posted on the Company's website.

ANNEXURE A - 2021 LTI PLAN AWARD UNDER THE EMPLOYEE EQUITY INCENTIVE PLAN

The Plan

The Plan was initially approved by Shareholders at the General Meeting held on 27 June 2016 and, in accordance with Listing Rule 7.2 (Exception 6(b)), the Company re-approved the Plan at the Annual General Meeting held on 29 April 2019. No changes to the Plan have been made since it was last approved at the General Meeting held on 29 April 2019.

Under the Plan, the Board may offer employees, contractors and Directors the opportunity to subscribe for such number of Options, Performance Rights and Shares as the Board may decide and on the terms set out in the rules of the Plan. For the purposes of the Plan, a Fee Right satisfies the definition of a Performance Right.

Summary of the Plan

- (a) Eligibility: The Board may provide an offer to an employee or Director of the Company (or subsidiary of the Company) to participate in the Plan (**Offer**). Where such person (or a nominee of such person approved by the Board) accepts the Offer, he or she will become a participant under the Plan (**Participant**).
- (b) Offer: The Board may make an Offer at any time. The Offer will include the following information:
 - (iii) the name and address of the person to whom the Offer is being made to;
 - (iv) the date of the Offer;
 - (v) the final date that the person can accept the Offer;
 - (vi) the number of Performance Rights being offered;
 - (vii) the amount payable per Performance Right by the person on application for the Performance Rights offered;
 - (viii) the conditions (if any) determined by the Board which are required to be satisfied, reached and met before a Performance Right will be issued, whether not it is issued subject to further Vesting Conditions;
 - (ix) the Vesting Conditions attaching to the Performance Rights;
 - (x) the First Exercise Date and Last Exercise Date of the Performance Rights;
 - (xi) the exercise price or the manner of determining the exercise price of the Performance Rights;
 - (xii) the Vesting Period of the Performance Rights; and
 - (xiii) any other specific terms and conditions applicable to the Offer.
- (c) Issue Price: The issue price in respect of the Performance Rights granted under the Plan is as determined by the Board at its discretion.
- (d) Nominees: A Participant may, by notice in writing to the Board, nominate a nominee in whose favour the Participant wishes the Performance Rights to be issued. The Board may, in its sole and absolute discretion, decide not to permit the Performance Rights to be issued to a nominee.
- (e) Transferability: Performance Rights may not be assigned or transferred except on the death of the Participant in limited circumstances or with the prior consent of the Board.

- (f) Vesting: A Performance Right will vest when the Vesting Conditions attaching to the Performance Right are met, or immediately upon:
 - (i) a takeover bid (as defined in the Corporations Act) becoming or being declared unconditional;
 - (ii) the Court sanctioning a compromise or arrangement relating to the Company under Part 5.1 of the Corporations Act;
 - (iii) any other merger, consolidation or amalgamation involving the Company occurring which results in the holders of Shares immediately prior to the merger, consolidation or amalgamation being entitled to 50% or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation;
 - (iv) any Group Company entering into agreements to sell in aggregate a majority in value of the businesses or assets of the Group to a person, or a number of persons, none of which are Group Companies; or
 - (v) the Board determining in its reasonable opinion that control of the Company has or is likely to change or pass to one or more persons.
- (g) Lapse of Performance Right: A Performance Right will not vest and will lapse on the earlier of:
 - (i) the Board determining that the Vesting Conditions attaching to the Performance Right have not been satisfied, reached or met in accordance with its terms or is not capable of being satisfied, reached or met;
 - (ii) the day immediately following the Last Exercise Date; or
 - (iii) with respect of unvested Performance Rights, the date the Participant ceases to be employed by the Company or ceases to hold office in the Company, including upon the death, permanent disability or redundancy of the Participant, subject to certain exceptions.
- (h) Issue of Shares on vesting of Performance Rights: Upon determination that the Performance Rights have vested, the vested Performance Rights may be exercised and following exercise of the Performance Rights, the Company will, subject to the terms of the Company's relevant policies, issue or transfer Shares to that Participant and apply for official quotation or listing of those Shares on the ASX if applicable. Unless and until the Performance Rights have been exercised and the relevant Shares issued or transferred to that Participant as a result of that exercise, a Participant has no interest in those Shares.
- (i) Ranking of Shares: Shares issued upon exercise of the Performance Right will rank equally in all respects with existing Shares.
- (j) Adjustment of Performance Rights: If, prior to the vesting of a Performance Right, there is a reorganisation of the issued share capital of the Company (including a consolidation, sub-division or reduction of capital or return of capital to Shareholders), the number of Shares the subject of the Performance Rights will be adjusted in a manner required by the Listing Rules.
- (k) Amendments to the Plan: Subject to and in accordance with the Listing Rules while the Company is listed, the Board may amend the Plan (without the necessity of obtaining the prior or subsequent consent of Shareholders of the Company), provided that rights or entitlements in respect of any Performance Right granted before the date of the amendment shall not be reduced or adversely affected without the prior written consent of the Participant affected by the amendment.

Performance Rights issued under the Plan

25,049,750 Performance Rights have been issued to Mr Lusted and Mr Dowland or their nominee(s) under the Plan since it was re-approved at the General Meeting held on 29 April 2019, as set out below.

| Director | Number of Performance Rights issued | Average acquisition price |
|------------------------------------|-------------------------------------|---------------------------|
| Ian Lusted (or his nominee(s)) | 14,807,852 | Nil |
| Graham Dowland (or his nominee(s)) | 10,241,898 | Nil |
| Total | 25,049,750 | |

The 2021 LTI Award

Resolutions 10 and 11 seek Shareholder approval for the issue of the following Performance Rights to the Executive Directors or their nominee(s) pursuant to the 2021 LTI Award:

| Executive Director | Number of Performance Rights |
|------------------------------------|------------------------------|
| Ian Lusted (or his nominee(s)) | 3,536,070 |
| Graham Dowland (or his nominee(s)) | 2,958,864 |
| Total | 6,494,934 |

The proposed issue of Performance Rights to the Executive Directors or their nominee(s) in respect of the 2021 LTI Award will, subject to the satisfaction of the Vesting Conditions and performance hurdles (described below) vest in 3 tranches over a 3-year period as follows:

| Tranche | Performance Test Period | Vesting Date | Number of Performance Rights vesting |
|-----------|------------------------------------|-----------------|---|
| Tranche 1 | 1 January 2020 to 31 December 2020 | 31 January 2021 | Up to 1/7 th of the total 2021 LTI Award Performance Rights 100% of 2021 Discretionary LTI Award Performance Rights |
| Tranche 2 | 1 January 2020 to 31 December 2021 | 31 January 2022 | Up to 2/7 th of the total 2021 LTI Award Performance Rights |
| Tranche 3 | 1 January 2020 to 31 December 2022 | 31 January 2023 | Up to 4/7 th of the total 2021 LTI Award Performance Rights |

Service-based vesting condition

25% of the relevant tranche of a 2021 LTI Plan Award (excluding the Discretionary LTI Award in Tranche 1) will vest on the relevant vesting date subject to the Executive Directors remaining in the employment of the Company throughout the period from 1 January 2021 through to the vesting date for each tranche (**Vesting Period**).

100% of the Discretionary LTI Award will vest on 31 January 2022 subject to the Executive Directors remaining in the employment of the Company. **Performance hurdles**

Absolute total shareholder return performance target

Up to 56.25% of the relevant tranche of a 2021 LTI Plan Award (excluding the Discretionary LTI Award in Tranche 1) will vest on the relevant vesting date subject to the Executive Director remaining in the employment of the Company throughout the relevant test period and in accordance with the following vesting schedule dependent on the Company's absolute total shareholder return (**ATSR**) performance measure, being the increase from the Company's volume weighted average Share price (**VWAP**) for December 2020, of \$0.0603, to the Company's VWAP for the month of December prior to the vesting date for the relevant tranche.

| ATSR increase compared to Dec 2020 VWAP of A\$0.0603 | 0% < 5% | 5% <10% | 10% to <15% | 15% to <20% | 20% to <25% | 25% to <30% | 30% to <40% | 40% + |
|--|---------|---------|-------------|-------------|-------------|-------------|-------------|-------|
| Testing Period | | | | | | | | |
| VWAP Dec 2021 - Tranche 1 | 10% | 20% | 40% | 60% | 80% | 100% | 100% | 100% |
| VWAP Dec 2022 – Tranche 2 | 5% | 10% | 20% | 40% | 60% | 80% | 100% | 100% |
| VWAP Dec 2023 – Tranche 3 | 0% | 5% | 10% | 20% | 40% | 60% | 80% | 100% |

Relative total shareholder return performance target

Up to 18.75% of the relevant tranche of a 2021 LTI Plan Award (excluding the Discretionary LTI Award in Tranche 1) will vest on the relevant vesting date subject to the Executive Director remaining in the employment of the Company throughout the relevant test period and in accordance with the following vesting schedule dependent on the Company's relative total shareholder return (**RTSR**) performance (being the comparison of the Company's VWAP for the month of December prior to the relevant vesting date to that of the Company's VWAP for the month of December 2020 of \$0.0603) with the total shareholder return (**TSR**) performance of a selected peer group of ASX listed companies for the relevant Vesting Period.

Each peer company's TSR is calculated by comparing its VWAP for the month of December in the most recent period prior to the vesting date for the relevant tranche with its December 2020 VWAP. The ranking of the Company's TSR performance within the peer group will determine the achieved percentage of the relevant tranche of the 2021 LTI Plan Award that will vest on a particular vesting date. For each percentile increment that the Company's TSR exceeds the 50th percentile of the peer group, 2% of the 2021 LTI Plan Award subject to the RTSR performance target vests, as set out below.

| ATS Ranking | 1 | 2 | 3 | 4 | 5 | 6 |
|-----------------------|----------|----------|----------|----------|----------|----------|
| RTSR vesting % | 100% | 83.3% | 66.7% | 50% | 33.3% | 16.7% |

The 2021 LTI Plan Award incorporates a retest facility whereby any Performance Rights that do not vest on the Tranche 1 and/or Tranche 2 vesting dates pursuant to the ATSR and/or RTSR performance targets will be retested at the Tranche 3 vesting date in accordance with the Tranche 3 performance hurdles.

ANNEXURE B – MONTE-CARLO VALUATION METHOD

The Company's advisers, RSM Australia Pty Ltd (RSM), have valued the Performance Rights using the Monte-Carlo simulation model and the Hoadley's "Options 1" valuation model (**Analytical Model**).

The Analytical Model has been used to value those Performance Rights for which only service conditions exist. The Monte-Carlo simulation model has been used to value those Performance Rights subject to ATSR and RTSR conditions in addition to service conditions.

The value of a Performance Right calculated by the Analytical Model and the Monte-Carlo Model is a function of a number of variables. The indicative valuation of the Performance Rights has been prepared using the following assumptions:

| Variable | Tranche 1 | Tranche 2 | Tranche 3 |
|-------------------------|-----------|-----------|-----------|
| Share price | \$0.05 | \$0.05 | \$0.05 |
| Exercise price | Nil | Nil | Nil |
| Risk Free Interest Rate | 0.09% | 0.09% | 0.08% |
| Volatility | 75% | 75% | 75% |
| Time (years to expiry) | 5 | 5 | 5 |

RSM have calculated the value of each Performance Right based on the following assumptions:

- (a) the underlying value of each Share in the Company on the ASX using the closing price of A\$0.05 on 11 March 2021 being the most recent Trading Day prior to the Valuation Date of 12 March 2021 utilised by RSM ;
- (b) risk free rate of return – 0.09% for Tranche 1 and 2 (estimated, based on the two-year yield for Commonwealth bonds) and 0.08% for Tranche 3 (estimated, based on the three-year yield for Commonwealth bonds); and
- (c) volatility of the Share price of 75% as determined from the daily movements in Share price over the last one, two and three year periods, adjusted for abnormal trading, particularly given the market wide volatility caused by the COVID-19 pandemic.

Based on the assumptions, it is considered that the estimated average value of each Performance Right to be issued to the Executive Directors is as follows:

| | Maximum Number of Performance Rights-under the 2021 LTI Plan Award | | Valuation per Performance Right |
|-------------------------------|--|------------------|---------------------------------|
| | Ian Lusted | Graham Dowland | |
| Tranche 1 – Service condition | 849,503 | 746,924 | A\$0.05 |
| Tranche 1 – ATSR hurdle | 223,880 | 184,328 | A\$0.036 |
| Tranche 1 – RTSR hurdle | 74,627 | 61,443 | A\$0.0321 |
| Tranche 2 – Service condition | 199,005 | 163,848 | A\$0.05 |
| Tranche 2 – ATSR hurdle | 447,761 | 368,656 | A\$0.0349 |
| Tranche 2 – RTSR hurdle | 149,254 | 122,886 | A\$0.0326 |
| Tranche 3 – Service condition | 398,010 | 327,695 | A\$0.05 |
| Tranche 3 – ATSR hurdle | 895,522 | 737,313 | A\$0.0309 |
| Tranche 3 – RTSR hurdle | 298,508 | 245,771 | A\$0.0297 |
| Total | 3,536,070 | 2,958,864 | |

| Estimated Value of the proposed 2021 LTI Plan Award Performance Rights | Ian Lusted A\$ | Graham Dowland A\$ | Total (A\$) |
|--|-------------------|-----------------------|----------------|
| Tranche 1 | 52,930 | 45,955 | 98,885 |
| Tranche 2 | 30,443 | 25,065 | 55,507 |
| Tranche 3 | 56,438 | 46,467 | 102,905 |
| Total | 139,811 | 117,486 | 257,297 |

Any change in the variables applied in the Analytical Model and the Monte Carlo calculation between the date of the valuation and the date the Performance Rights are issued would have an impact on their value.

Company's historical Share price

The following table gives details of the highest, lowest and latest closing prices of the Company's Shares trading on ASX over the past 12 months ending on 29 March 2021:

| Highest Price (A\$)/Date | Lowest Price (A\$)/Date | Latest Price (A\$)/Date |
|--------------------------|-------------------------|-------------------------|
| A\$0.07/26 November 2020 | A\$0.007/24 March 2020 | A\$0.05 / 6 April 2021 |

Other Information

Under the Australian Equivalent of the International Financial Reporting Standards, the Company is required to expense the value of the Performance Rights in its statement of financial performance for the current financial year.

ANNEXURE C – TERMS OF THE PERFORMANCE RIGHTS

The terms of the Performance Rights are as follows:

Issue price

- (a) Each Performance Right will be issued for nil cash consideration.

Rights

- (b) The Performance Rights do not carry any voting rights in the Company.
- (c) The Performance Rights do not entitle the holder to any dividends.
- (d) The Performance Rights do not confer any right to participate in the surplus profits or assets of the Company upon winding up of the Company.
- (e) The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) The Performance Rights do not confer the right to participate in new issues of securities such as entitlement issues. If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Performance Right before the record date for determining the entitlements to the bonus issue, the number of Shares which must be issued on the conversion of a Performance Right will be increased by the number of Shares which the holder would have received if the relevant Performance Right had converted before the record date for the bonus issue.
- (g) If at any time the issued capital of the Company is reorganised, the Performance Rights are to be treated in the manner set out in Listing Rule 7.2 (or other applicable Listing Rule), being that the number of Performance Rights or the conversion ratio or both will be reorganised so that the holder of the Performance Rights will not receive a benefit that holders of Shares do not receive and so that the holders of Shares will not receive a benefit that the holder of the Performance Rights does not receive.
- (h) The Performance Rights give the holder no rights other than those expressly provided by these terms and conditions and those provided at law where such rights at law cannot be excluded by these terms and conditions.

Vesting and exercise

- (i) Subject to these terms, once vested, each Performance Right may be exercised to convert into one Share. The Performance Rights may be exercised by the Participant delivering to the Company Secretary the certificate for the Performance Rights and a notice of exercise in a form approved by the Board signed by the Participant.
- (j) The Company must issue or transfer Shares into the name of the Participant (or its nominee(s)) within 15 days of delivery of the documents referred to in (i) above.
- (k) Each Share issued or transferred on exercise of a Performance Right will rank equally with a fully paid ordinary share in the capital of the Company.
- (l) The Performance Rights will not be quoted on any securities exchange and the Company will not make an application for quotation in respect of them. However, application will be made to ASX for official quotation of any Shares issued pursuant to the exercise of the Performance

Rights, to the extent required by Listing Rule 2.4 if the Company is listed on the ASX at the relevant time.

Expiry

- (m) If a Vesting Condition is not satisfied on or before 31 January 2024, the relevant Performance Rights will immediately and automatically lapse. If a vested Performance Right is not exercised on or before 31 January 2026, the relevant Performance Right will immediately and automatically lapse.

Transferability

- (n) The Performance Rights are not transferable. The Board has determined that no approval for the transfer of the Performance Rights will be granted.

Compliance with Corporations Act, Listing Rules and Constitution

- (o) Despite anything else contained in these terms and conditions, if the Corporations Act, Listing Rules or Constitution prohibits an act being done, that act must not be done.
- (p) Nothing contained in these terms and conditions prevents an act being done that the Corporations Act, Listing Rules or Constitution require to be done.
- (q) If the Corporations Act, Listing Rules or Constitution conflict with these terms and conditions, or these terms and conditions do not comply with the Corporations Act, Listing Rules or the Constitution, the holder authorises the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms and conditions.
- (r) The terms of the Performance Rights may be amended as necessary by the Board in order to comply with the Listing Rules, or any directions of ASX regarding the terms, provided that rights and entitlements in respect of any Performance Rights issued before the date of the amendment shall not be reduced or adversely affected without the prior written approval from the affected Participant.

ANNEXURE D - TERMS OF FEE RIGHTS - A

The terms of the Fee Rights - A are as follows:

Issue price

- (a) Each Fee Right will be issued for nil cash consideration.

Rights

- (b) The Fee Rights do not carry any voting rights in the Company.
- (c) The Fee Rights do not entitle the holder to any dividends.
- (d) The Fee Rights do not confer any right to participate in the surplus profits or assets of the Company upon winding up of the Company.
- (e) The Fee Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) The Fee Rights do not confer the right to participate in new issues of securities such as entitlement issues. If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Fee Rights before the record date for determining the entitlements to the bonus issue, the number of Shares which must be issued on the conversion of a Fee Right will be increased by the number of Shares which the holder would have received if the relevant Fee Right had converted before the record date for the bonus issue.
- (g) If at any time the issued capital of the Company is reorganised, the Fee Rights are to be treated in the manner set out in Listing Rule 7.21 (or other applicable Listing Rule), being that the number of Fee Rights or the conversion ratio or both will be reorganised so that the holder of the Fee Rights will not receive a benefit that holders of ordinary shares do not receive and so that the holders of ordinary shares will not receive a benefit that the holder of the Fee Rights does not receive.
- (h) The Fee Rights give the holder no rights other than those expressly provided by these terms and conditions and those provided at law where such rights at law cannot be excluded by these terms and conditions.

Vesting and exercise

- (i) Fee Rights vest on 31 January 2022 (or earlier on a Change of Control)
- (j) If a non-executive Director ceases to hold office at any time during the period from grant to 31 December 2021, the amount of Fee Rights that vest on 31 January 2022 reduces proportionally to the time served as a Director during 2021.
- (k) Subject to these terms, once vested, each Fee Right may be exercised to convert into one ordinary Share. The Fee Rights may be exercised by the holder delivering to the Company Secretary the certificate for the Fee Rights and a notice of exercise in a form approved by the Board signed by the holder.
- (l) The Company must issue or transfer Shares into the name of the holder (or its nominee(s)) within 15 days of delivery of the documents referred to in (l) above.
- (m) Each Share issued or transferred on exercise of a Fee Right will rank equally with a fully paid ordinary share in the capital of the Company.
- (n) The Fee Rights will not be quoted on any securities exchange and the Company will not make an application for quotation in respect of them. However, application will be made to the ASX for official quotation of any Shares issued pursuant to the exercise of the Fee Rights, to the extent required by Listing Rule 2.4 if the Company is listed on the ASX at the relevant time.

Expiry

- (o) Fee Rights will expire 2 years from the date of vesting.

Exercising of a Fee Right

- (p) A vested Fee Right can be exercised either:
 - a. during the 10 ASX Trading Days following the release of either:
 - i. The first or third quarters activities report,
 - ii. The half yearly financial report
 - iii. the annual audited financial statements
 - b. the 10 ASX Trading Days prior to the expiry date being 2 years from vesting, or
 - c. within 10 ASX Trading Days of receiving approval from the Chairman, or in the case of the Chairman from the Lead Independent Director.

Transferability

- (q) The Fee Rights are not transferable. The Board has determined that no approval for the transfer of the Fee Rights will be granted.

Compliance with Corporations Act, Listing Rules and Constitution

- (s) Despite anything else contained in these terms and conditions, if the Corporations Act, Listing Rules or Constitution prohibits an act being done, that act must not be done.
- (t) Nothing contained in these terms and conditions prevents an act being done that the Corporations Act, Listing Rules or Constitution require to be done.
- (u) If the Corporations Act, Listing Rules or Constitution conflict with these terms and conditions, or these terms and conditions do not comply with the Corporations Act, Listing Rules or the Constitution, the holder authorises the Company to do anything necessary to rectify such conflict or non-compliance, including but not limited to unilaterally amending these terms and conditions.
- (v) The terms of the Fee Rights may be amended as necessary by the Board in order to comply with the Listing Rules, or any directions of ASX regarding the terms, provided that rights or entitlements in respect of any Fee Rights issued before the date of the amendment shall not be reduced or adversely affected without the prior written approval of the affected holder.

Change of Control means a Shareholder, or a group of associated Shareholders:

- (a) becoming entitled to sufficient Shares in the Company to give it or them the ability, in general meeting, to replace all or a majority of the Board; or
- (b) gaining the ability to control more than 50% of the Voting Power in the Company.

ANNEXURE E – NOTICE OF NOMINATION



3/29/2021

By e-mail

Ms Julie Foster
Company Secretary
Australis Oil & Gas Limited
Level 29, Allendale Square
77 St Georges Terrace
Perth WA 6000
Australia

jfoster@australisoil.com and contact@australisoil.com

Dear Ms Foster

Nomination of Mr Kirk A Barrell as a director of Australis Oil & Gas Limited

I am the president of Barrell Energy, Inc. (**Barrell Energy**), a member of Australis Oil & Gas Limited (**Company**).

In accordance with rule 6.1(o) of the Company's constitution, Barrell Energy hereby nominates **MR KIRK A BARRELL** for the office of director of the Company. Barrell Energy serves this notice on the Company by electronic mail in accordance with rules 6.1(p) and 13.3 of the Company's constitution.

Please find **enclosed** my signed consent to act as a director of the Company. I would be happy to provide the original signed consent to act and nomination letter on request.

Yours sincerely

A handwritten signature in blue ink that reads "Kirk A Barrell".

Kirk A Barrell
President
Barrell Energy, Inc.

PROXY FORM

AUSTRALIS OIL & GAS LIMITED
ABN 34 609 262 937

Appointment of Proxy

If appointing a proxy to attend the Annual General Meeting on your behalf, please complete the form and submit it in accordance with the directions on the reverse side of this page. I/We _____ of _____, being a Shareholder/Shareholders of Australis Oil & Gas Limited, pursuant to my/our right to appoint not more than two proxies, appoint:

| | | | | |
|--|--|-----------|--|---|
| <input style="width: 30px; height: 30px; border: 2px solid black;" type="checkbox"/> | The Chair of the Meeting (mark with an "X") | OR | | Write here the name of the person you are appointing if this person is someone other than the Chair of the Meeting. |
| | | | | Write here the name of the person you are appointing as a second proxy (if any). |

or failing him/her, (or if no proxy is specified above), the Chair of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held at BDO Building, Ground Floor, 35 Station Road, Subiaco, Western Australia 6008 and at any adjournment of that Meeting.

This proxy is to be used in respect of _____% of the ordinary Shares I/we hold.

Voting directions to your Proxy

Important for Resolutions 1, 10, 11, 12, 13, and 14 – If the Chair of the Meeting is your proxy or is appointed as your proxy by default

Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair of the Meeting to vote in accordance with the Chair's voting intentions on Resolutions 1, 10, 11, 12, 13, and 14 (except where I/we have indicated a different voting intention) even though Resolutions 1, 10, 11, 12, 13, and 14 are connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chair of the Meeting.

The Chair of the Meeting intends to vote all available undirected proxies in favour of Resolutions 1 to 14 (inclusive) and vote against Resolution 15.

| RESOLUTION | For | Against | Abstain* |
|--|--------------------------|--------------------------|--------------------------|
| 1. Non-binding Resolution to adopt Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Re-election of Mr Jonathan Stewart as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Re-election of Mr Steve Scudamore as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Ratification of Issue of Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Issue of Shares to Mr Jonathan Stewart, Director, or his nominee(s) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Issue of Shares to Mr Ian Lusted, Director, or his nominee(s) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Issue of Shares to Mr Graham Dowland, Director, or his nominee(s) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Issue of Shares to Mr Steve Scudamore, Director, or his nominee(s) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Issue of Shares to Mr Alan Watson, Director, or his nominee(s) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Issue of Performance Rights to Mr Ian Lusted or his nominee(s) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Issue of Performance Rights to Mr Graham Dowland or his nominee(s) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. Issue of Fee Rights - A to Mr Jonathan Stewart or his nominee(s) in lieu of non-executive Director cash fees | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. Issue of Fee Rights - A to Mr Steve Scudamore or his nominee(s) in lieu of non-executive Director cash fees | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. Issue of Fee Rights - A to Mr Alan Watson or his nominee(s) in lieu of non-executive Director cash fees | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. Election of Mr Kirk Barrell as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

**If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.*

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.
 If executed by a company, executed in accordance with section 127 of the *Corporations Act 2001* (Cth):

| | | |
|---|---|---|
| Individual or Shareholder 1 <div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;"></div> Sole Director and Sole Company Secretary | Joint Shareholder 2 <div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;"></div> Director | Joint Shareholder 3 <div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;"></div> Director/Company Secretary |
|---|---|---|

Date: _____ / _____ 2021

 Contact Name

 Contact Business Telephone/Mobile

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. If a proxy, other than the Chair, cannot attend or is not admitted to the Meeting, the Chair will become the proxy. In this circumstance, the Chair will be directed by the voting preferences (if any) provided in the Proxy Form.
2. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes.
3. A proxy need not be a Shareholder of the Company.
4. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.
5. Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.

6. **Signing Instructions**

You must sign this form as follows in the spaces provided:

Individual: Where the holding is in one name, the holder must sign.

Joint Holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of Attorney: If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this Proxy Form must be signed by that person.

If the company (pursuant to section 204A of the Corporations Act) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this Proxy Form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

7. **Lodgement of a Proxy**

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address below not later than 11:00 AM (AWST) on 9 May 2021 (48 hours before the commencement of the Meeting). Any Proxy Form received after that time will not be valid for the scheduled Meeting.

By mail: Level 29, 77 St Georges Terrace, Perth, Western Australia

By fax +61 (0) 8 9220 8799

By email contact@australisoil.com