

For Immediate Release ASX Announcement

23 September 2019

TMS Operational update

Australis Oil & Gas Limited (Australis or the Company) (**ASX: ATS**) provides the following progress update in relation to the Initial Drilling Program (IDP) within its Tuscaloosa Marine Shale (TMS) project in the USA. The IDP is a program intended to demonstrate the productivity and value of the remaining undeveloped inventory the Company holds within the 115,000 net acre core position in the TMS. The IDP wells will supplement the existing wells previously drilled within the core area and in particular the 15 wells drilled in 2014 which form the basis of the IDP production performance benchmark (the ATS Type Curve). This program included a rig contract commitment to a six well program which have now been drilled and four are on production.

Fracture stimulation operations on the Quin 41-30 3H (well 5) and Saxby 03-10 2H (well 6) commenced on Friday 20 September. The fracture stimulation equipment was delayed on prior third party commitments in the Eagle Ford and Australis utilised the time to progress site facilities construction and was able to carry out several preparation steps on the wells. Completion operations are expected to take approximately 3 weeks and flow back from the two new wells should commence in mid October.

As previously advised Australis has elected to take a short pause in the IDP during which time it is renegotiating a number of vendor contracts including the drilling rig. Market conditions have provided opportunities to improve commercial terms, to reflect experience gained during the IDP on technical requirements and specification as well as the identification of preferred suppliers.

Production operations on the other IDP wells (wells 1 - 4) remains consistent with expectation at or above Type Curve performance on a normalised basis.

Ends

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About Australis Oil & Gas Limited (Australis)

Australis (ASX: ATS) is an ASX listed upstream oil and gas company seeking to provide shareholders value and growth through the strategic development of its quality onshore oil and gas assets in the United States of America and Portugal. Australis' 115,000 net acres within the production delineated core of the oil producing TMS provides significant upside potential with an estimated 425 net future drilling locations, and an independently assessed 50 MMbbl of 2P oil reserves (including 4 MMbbl producing reserves providing net free cash flow)¹ as well as 108 MMbbl of 2C contingent oil resource¹ (based on net acreage at the effective date of the independent report of 110,000 acres) and a further 9 MMbbls of contingent oil resource² attributable to the 5,000 net acres added since that report. The Company was formed by the founders and key executives of Aurora Oil & Gas Limited, a team with a demonstrated track record of creating and realising shareholder value.

Notes:

1. All estimates and risk factors taken from Ryder Scott, report prepared as at 31 December 2018 and generated for the Australis concessions to SPE standards. See ASX announcement released on 6 February 2019 titled "Reserves and Resources Update Year End 2018". The analysis was based on a land holding of 110,000 net acres. Australis is not aware of any new information or data that materially affects the information included in the referenced announcement and all the material assumptions and technical parameters underpinning the estimates in the original announcement continue to apply and have not materially changed. Ryder Scott generated their independent reserve and contingent resource estimates using a deterministic method which is based on a qualitative assessment of relative uncertainty using consistent interpretation guidelines. The independent engineers using a deterministic incremental (risk based) approach estimate the quantities at each level of uncertainty discretely and separately.
2. The 2C Resource estimate has been generated by Australis effective 4 April 2019 in accordance the definitions and disclosure guidelines contained in the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG), and Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management (SPE-PRMS) as revised in June 2018. The analysis was based on methodology applied within the report prepared by Ryder Scott as at 31 December 2018 (See ASX announcement released on 6 February 2019 titled "Reserves and Resources Update Year End 2018"). Ryder Scott presumed a 9% recovery factor from the mid case oil in place estimates when assessing the 2C Resources attributable to a land holding of 110,000 net acres. Maintaining the same average recovery factor, the additional 5,000 net acres is attributed a 2C Resource of 9 million barrels (Australis estimate). This contingent resource estimate is based on, and fairly represents, information and supporting documentation, prepared by, or under the supervision of, Michael Verm, P.E., who is an employee (Chief Operating Officer) of Australis. Mr Verm is a member of the Society of Petroleum Engineers and a Professional Engineer in the State of Texas. The reserve and resource information pertaining to the Tuscaloosa Marine Shale in this announcement has been issued with the prior written consent of Mr Verm in the form and context in which it appears.