

**For Immediate Release ASX Announcement**

31 August 2018

**Initial Drilling Program Update**

Australis Oil & Gas (“Australis” or “Company”) is pleased to provide an update regarding the Company’s development activities in relation to its initial drilling program in the Tuscaloosa Marine Shale (“TMS”), onshore Mississippi.

- The initial well locations have been identified with permits received for 8 new drilling units.
- All planned well sites are within the Company designated TMS core and have been selected on the basis of a variety of criteria including reservoir quality, proximal well production performance and surface matters such as access roads and power.
- Australis is funded to commence the program with US\$43 million in cash (as at 1 July 2018) and the recently announced credit facility with Macquarie Bank for up to US\$75 million.
- The key objective of the initial drilling program is to replicate the historical well performance achieved within the TMS core in 2014 but at a 2018 well cost. In doing so the intention is to demonstrate the attractive TMS core well economics and lift the value of the 95,000 net acres Australis holds in the TMS core which represents an inventory of 350 net future well locations.
- A rig contract has been executed with Nabors Drilling for a minimum 6 well commitment and with the provision to extend after this initial program. This rig has been active in the Haynesville shale, working for a major international oil and gas company. The rig availability is subject to completion of its existing well operations. Australis has been advised that it is expected to be released before the end of September 2018 and the Company will make a further announcement once confirmed.
- Surface preparations have been underway from early July and a smaller rig commenced operations on 20 August 2018. It is contracted on a turnkey basis to drill the top-hole sections of each well to a depth of approximately 3,200 ft.

The attached presentation provides further details on the planned operations, schedule and targeted outcomes for this program of work. The Company has recorded a Webinar with the Managing Director, Mr Ian Lusted, providing a brief overview and commentary to this presentation. The Webinar is accessible at the following URL and will shortly be available on the Company website.

<https://attendee.gotowebinar.com/recording/710168356434506753>

Australis will update shareholders on the progress of the initial well program upon the occurrence of material events and will provide well productivity data after each pair of wells has achieved 30 days of production following well clean up (IP30).

For further information, please contact:

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

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

Shaun Duffy  
Managing Director  
FTI Consulting  
+61 8 9485 8888

**AUSTRALIS OIL & GAS LIMITED**

ABN 34 609 262 937

Level 29, 77 St. George’s Terrace, Perth WA 6000, Australia • GPO Box 2548, Perth WA 6831

T +61 (8) 9220 8700 • F +61 (8) 9220 8799

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



*Australis to commence development operations and demonstrate the significant value of our large undeveloped oil position*



**Initial Drilling Program**

*August 2018*

# Important Notice and Disclaimer



This presentation has been prepared by Australis Oil & Gas Limited ACN 609 262 937 (ASX: ATS) (**Australis**).

**Summary of information:** This presentation contains general and background information about Australis' activities current as at the date of the presentation and should not be considered to be comprehensive or to comprise all the information that an investor should consider when making an investment decision. The information is provided in summary form, has not been independently verified, and should not be considered to be comprehensive or complete. The information in this presentation remains subject to change without notice. Australis is not responsible for providing updated information and assumes no responsibility to do so.

**Not financial product advice:** This presentation is not financial product, investment advice or a recommendation to acquire Australis securities and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs, and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances. Australis is not licensed to provide financial product advice in respect of its securities or any other financial products. Cooling off rights do not apply to the acquisition of Australis securities. Australis assumes that the recipient is capable of making its own independent assessment, without reliance on this document, of the information and any potential investment and will conduct its own investigation.

**Disclaimer:** Australis and its related bodies corporate and each of their respective directors, agents, officers, employees and advisers expressly disclaim, to the maximum extent permitted by law, all liabilities (however caused, including negligence) in respect of, make no representations regarding, and take no responsibility for, any part of this presentation and make no representation or warranty as to the currency, accuracy, reliability or completeness of any information, statements, opinions, conclusions or representations contained in this presentation. In particular, this presentation does not constitute, and shall not be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of Australis.

**Future performance:** This presentation contains certain forward-looking statements and opinion. Generally, words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "potential" and similar expressions are intended to identify forward-looking statements. The forward-looking statements, opinion and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Australis. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward looking statements or other forecast.

**Not an offer:** This presentation is for information purposes only. This presentation is not, and should not be considered as, an offer or an invitation to acquire securities in Australis or any other financial products and neither this document nor any of its contents will form the basis of any contract or commitment. This presentation is not a prospectus and does not contain all the information which would be required to be contained in a prospectus. Offers of securities in Australis will only be made in places in which, or to persons to whom it would be lawful to make such offers. Neither this presentation nor any of its contents may be reproduced or used for any other purpose without the prior written consent of Australis.

**No Distribution in the US:** This investor presentation is not an offer of securities for sale in the United States. Any securities to be issued by Australis have not been and will not be registered under the US Securities Act of 1933, as amended (the "**US Securities Act**") and may not be offered or sold in the United States absent registration or an exemption from registration under the US Securities Act. No public offer of the securities is being made in the United States and the information contained herein does not constitute an offer of securities for sale in the United States. This investor presentation is not for distribution directly or indirectly in or into the United States or to US persons.

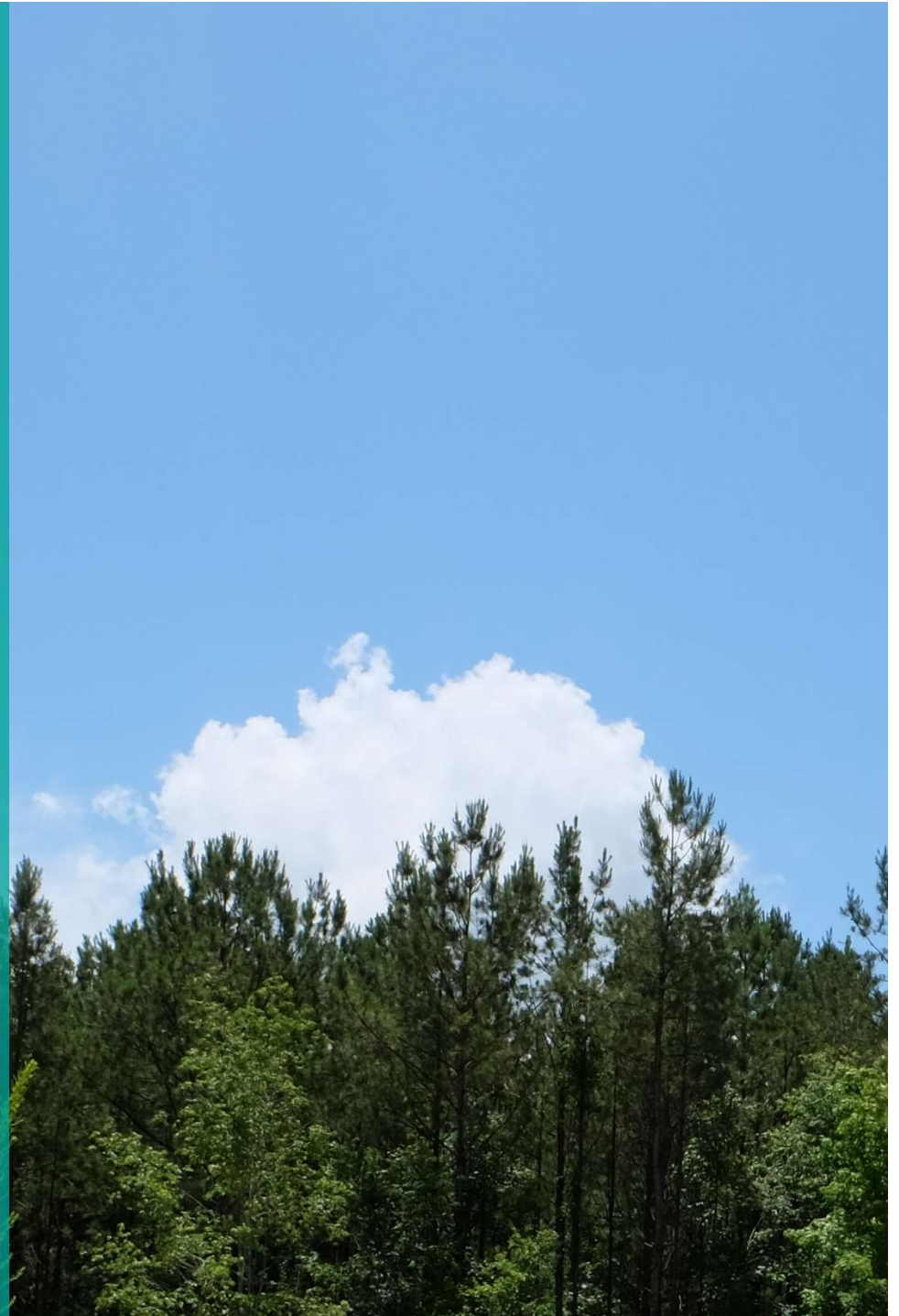
**Monetary values:** Unless otherwise stated, all dollar values are in United States Dollars (US\$). The information in this presentation remains subject to change without notice.



# Australis Oil & Gas Overview

Initial Drilling Program

Appendix



# Investment Highlights

Positioned for significant value accretion



## Pathway to Shareholder Value

- Since IPO in 2016, ATS has outlined and executed a clear and consistent strategy to deliver shareholder value. The Company has accumulated a large strategic acreage position in the productive core of an unconventional oil play at a highly accretive entry cost and has now commenced the next phase of demonstrating its value.

## Proven Execution Capability

- Board and management were the founders and key executives of Aurora Oil & Gas.
- Experienced in identifying, developing, operating, funding and monetising oil & gas assets.
- Proven track record in building shareholder value (Aurora A\$0.20/share to A\$4.20/share).

## Operator of Quality Assets

- Largest acreage holder in the 'core' of the Tuscaloosa Marine Shale (TMS).
- TMS oil production per well similar to the best areas within US shale such as Eagle Ford.
- Robust TMS production with 4 million bbls (valued at US\$80MM NPV10) PDP + PDNP Reserves<sup>1</sup>.
- TMS is liquids rich (>95% oil) and sold at a premium price to WTI (>\$3/bbl).

## Investment Highlights - continued

### Positioned for significant value accretion



#### Significant Upside

- Significant reserves portfolio<sup>1</sup>: 1P - 29 MMbbl and 2P - 47 MMbbl.
- 2C Contingent Resource: TMS of 98 MMbbl oil<sup>1A</sup> and Portugal of 458 Bcf gas<sup>2</sup>.
- 95,000 net acres equates to 350 future economic net TMS well locations each with base case NPV10 of US\$6.5million<sup>B</sup>.
- Further potential upside from well down spacing, production improvements and lower costs per well, consistent with other unconventional plays onshore USA.

#### Disciplined Capital Management

- Operatorship provides control and flexibility over capital deployment.
- Primary focus on strong liquidity and balance sheet.
- 1 July 2018 cash of US\$43 million and positive field cashflow.
- Committed undrawn debt facility of US\$75 million with Macquarie Bank on commercially favourable terms.

A.) The independent report generated by Ryder Scott, with an effective date of 31 December 2017, only considered approximately 30% of the acreage for development within the allowable 5 year period. The remaining acreage was allocated a 2C resource and Australis believes the mid case recoverable estimate to be the sum of the two, ie 145 MMbbls

B): at US\$65/bbl WTI and \$11m Capex, EUR of 656 Mboe

## Corporate Overview – Australis Oil & Gas



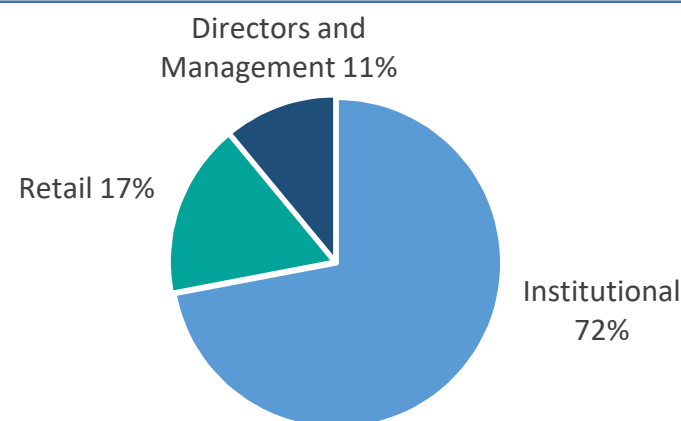
### Existing reserves, production, revenue and a strong institutionally supported register

- Founded in 2014 with significant capital contribution by the founders & key management of Aurora Oil & Gas, listed on the ASX in July 2016 (ASX:ATS).
- Secured an inventory of future well locations in the TMS, at an accretive purchase price, with strong economics and upside:
  - 1P Reserves: 29 MMbbl
  - 2P Reserves: 47 MMbbl
  - 2C Resources: 98 MMbbl
- Gas discovery in Portugal - 458 Bcf 2C Contingent Resource<sup>2</sup>.
- Strong balance sheet and cash flow
  - Cash of US\$43 million as at July 2018.
  - Free cash flow from production and discretionary capex.
  - Committed undrawn debt facility of US\$75 million from Macquarie Bank on commercially favourable terms.
- Focus for next 6 months
  - Commence TMS drilling program to replicate historical productivity at today's cost base.
  - Carry out environmental assessment to allow execution of Portuguese concession commitment wells.

#### Capital Structure (August 2018)<sup>(A)</sup>

Ordinary Shares <sup>(B)</sup>	894 million
Share Price (23 August 2018)	A\$0.49
Market Capitalization	A\$438 million
Total Cash <sup>(C)</sup>	A\$60 million
Total Drawn Debt (US\$75 million Facility)	Nil <sup>(D)</sup>
<b>Enterprise Value</b>	<b>A\$378 million</b>

#### Share Register Composition (August 2018)

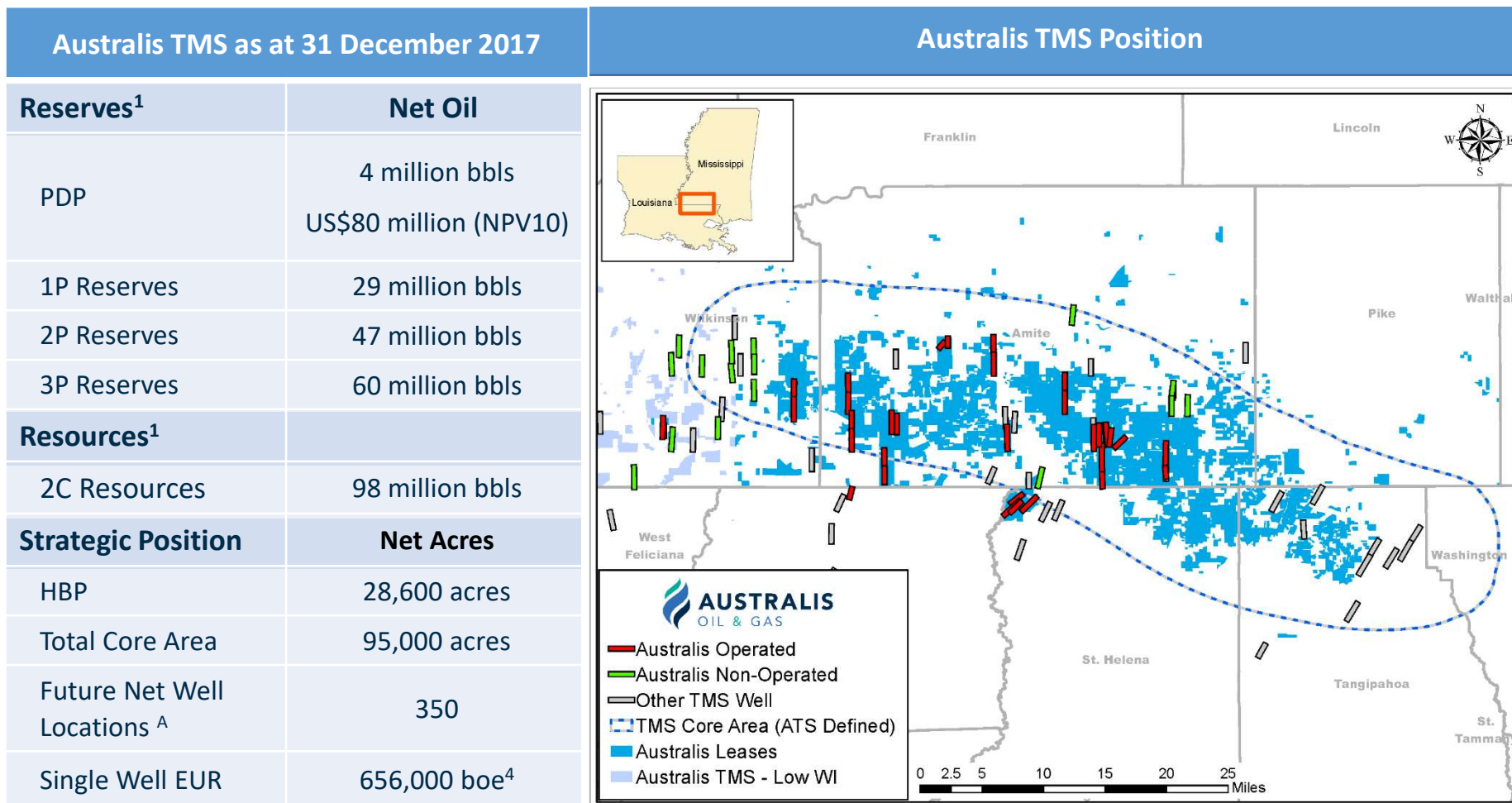


- A. Figures are rounded
- B. Excludes 102 million unlisted options (an average strike price of A\$0.30)
- C. Exchange rate AUD to USD – 0.72 @ 23 August 2018
- D. Committed capacity of US\$75m under credit facility with Macquarie Bank, currently undrawn

# Australis TMS Land Position



Dominant land position within the core of the TMS, with significant undeveloped oil



*Future wells economic at current oil prices without any assumed productivity improvements*

(A) 250 acre spacing, based on 95,000 net acres



# Australis Oil & Gas Overview



## Initial Drilling Program

### Appendix



## Rig Contract

### State of the art drilling rig with an exemplary safety and operational track record

- Australis has executed a rig contract with Nabors Drilling for a minimum of 6 horizontal wells in the TMS.
- Engagement includes the provision to extend the contract after the initial 6 well program.
- The Nabors rig has been working in the Haynesville Shale for a major multinational company drilling up to 7,500+ ft horizontal wellbores at a vertical depth of 12,000 ft.
- The rig meets all required technical specifications outlined in the Australis tender process without the need for modifications or improvements. It also has an exemplary safety and operational track record.
- Australis is estimating the start of rig operations in September 2018, subject to the conclusion of its existing third party commitment well.

#### Nabors Pace X750 Drilling Rig

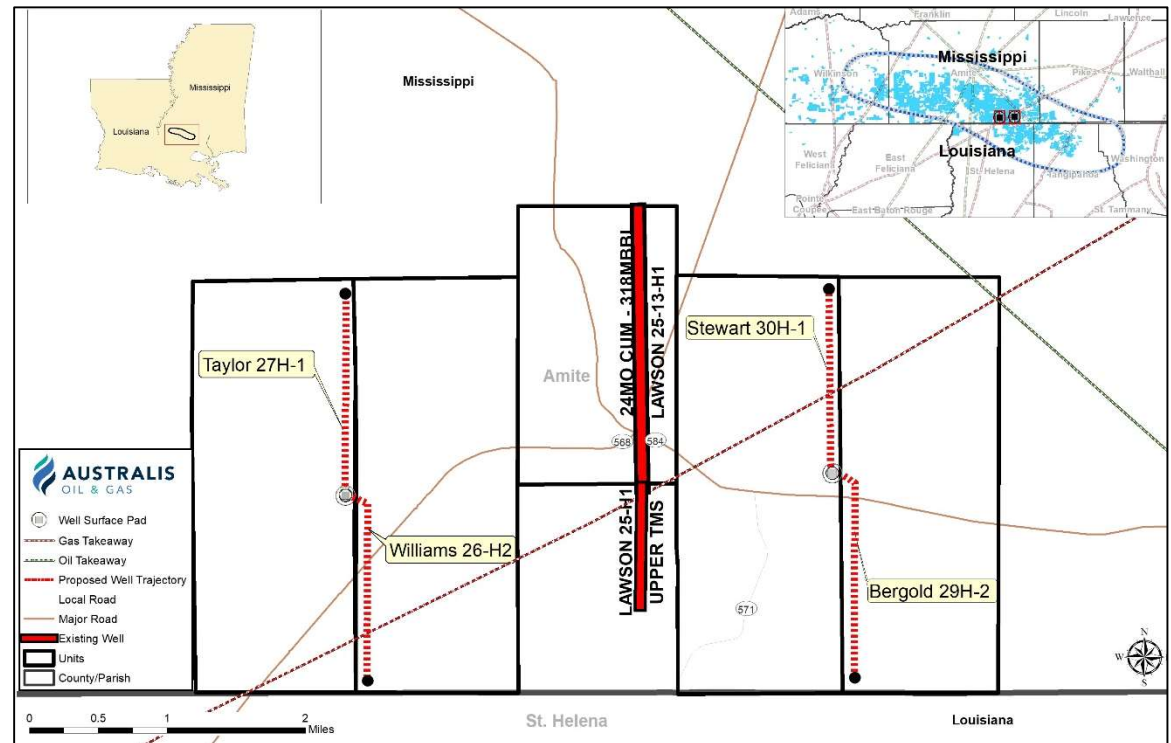


# Initial Drilling Locations

## Well locations selected with emphasis on replicating the productivity of 2014 wells

- The planned locations for the first 10 wells have been selected with an emphasis on execution risk mitigation and replication of the productivity performance of the TMS Type Curve.
- The criteria assessed in selecting the drilling locations include:
  - the quality of the reservoir and geological trends in the region.
  - the performance of nearby producing wells.
  - the ability to convert additional acreage to “Held By Production” status.
  - surface access matters such as roads and power.
- Initial wells will be drilled in pairs from the same surface pad, reducing some of the rig move time/costs and for efficiencies with completion activities.
- Process of forming drilling units has increased working interest in these 4 wells to approximately 98%

### Well Locations – First 4 Wells



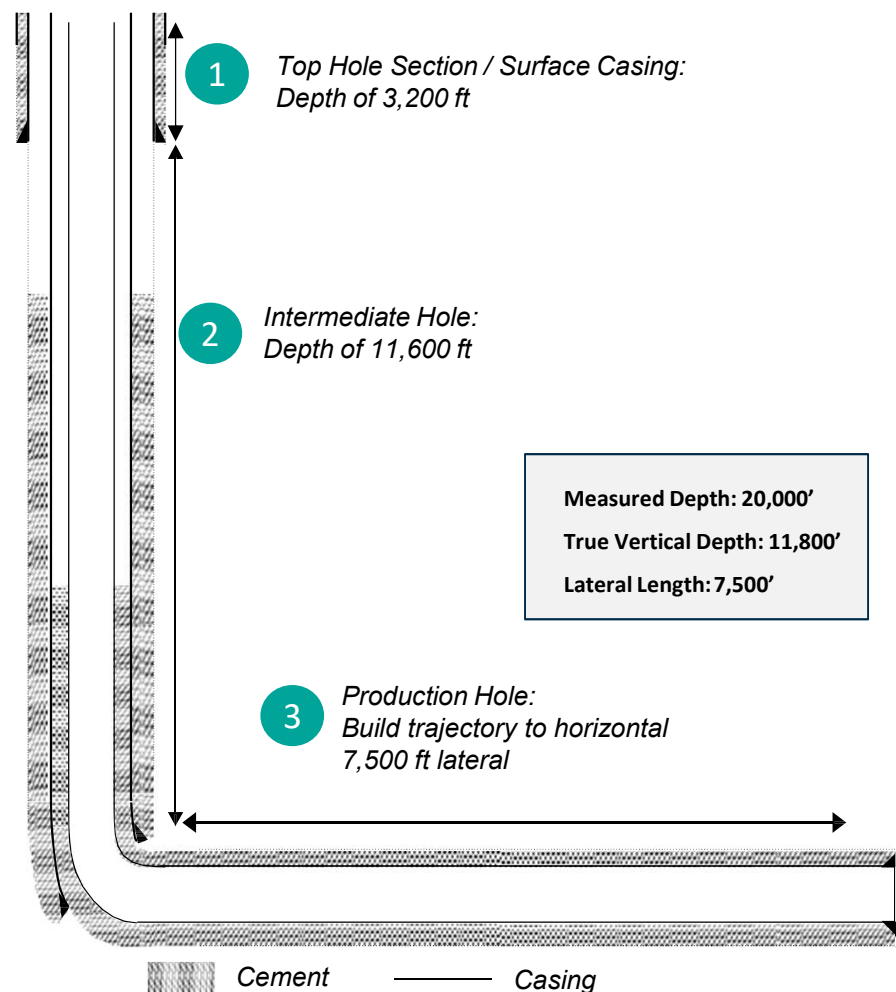
*The first 4 wells will be drilled proximal to Lawson 25-13H, a highly productive well operated by Australis which produced over 300,000 barrels of oil in the first twenty-four months*

# Well Design

## Wells will be drilled in pairs to a lateral length of ~7,500 feet to maximise productivity

- Each pair of wells will be batch drilled with the following steps:
  - The top-hole section will be drilled by a smaller, lower cost 'spudder rig' on a turnkey (lump sum, fixed cost) contract. The surface casing shoe has a planned depth of 3,200ft and the section will be vertical.
  - The intermediate hole section will be drilled to approximately 11,600 ft and building to a 30 degree inclination at the end.
  - The final, or production hole section, will complete the build trajectory to horizontal and then drill an approximate 7,500ft lateral. Each Drilling Unit is 3 miles long and so a surface location at the mid-point would allow 1 ½ miles or approximately 7,500 ft of lateral in both directions.
- The Nabors rig is capable of skidding on beams between the surface location for each pair of wells (approximately 35 ft apart).
- The rig will drill the intermediate hole section of one well of the pair, skid to the second location and drill the intermediate hole section, before reconfiguring for the production hole section on the second well location then skidding back to the first to repeat the final hole section. This batch drilling process introduces cost and time efficiencies.
- Once the rig has departed, the site is ready for completion operations.

### Well Design Summary



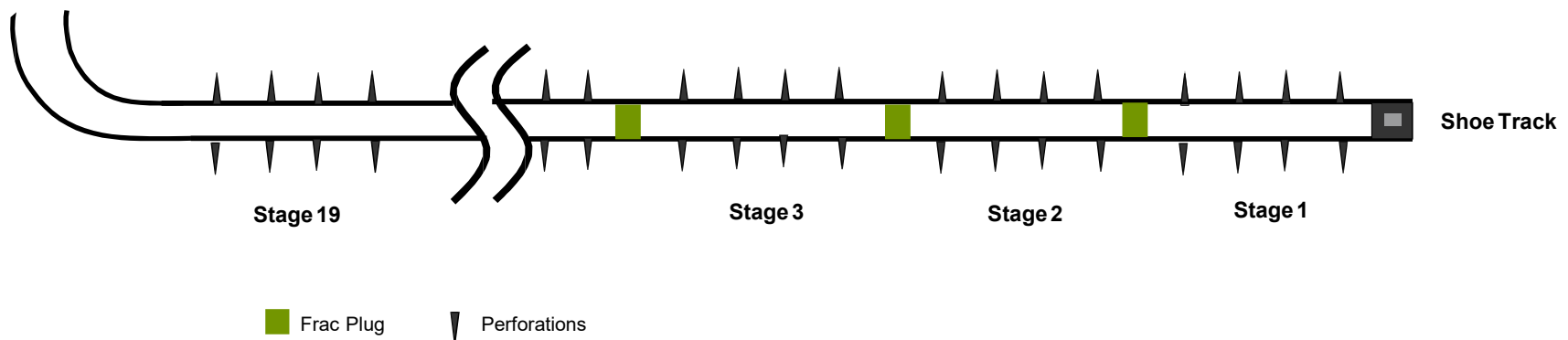
## Completion Design

### Wells to be completed in pairs with a fracture design consistent with completions successfully used by Encana as Operator during 2014

- Each well completion will consist of 19 - 21 stages (depending on horizontal length) with the following design:
  - 4 clusters per stage.
  - 880 thousand pounds of proppant per stage.
- Frac water to be used is sourced from nearby Australis owned water wells and ponds.
- Opportunities for further refinement of completion design based on industry practice over the last 3 years.
- Australis has tendered for frac services and will contract several options to minimise any potential downtime due to availability when the main rig demobilises from a surface location.

### Completion Design Summary

---



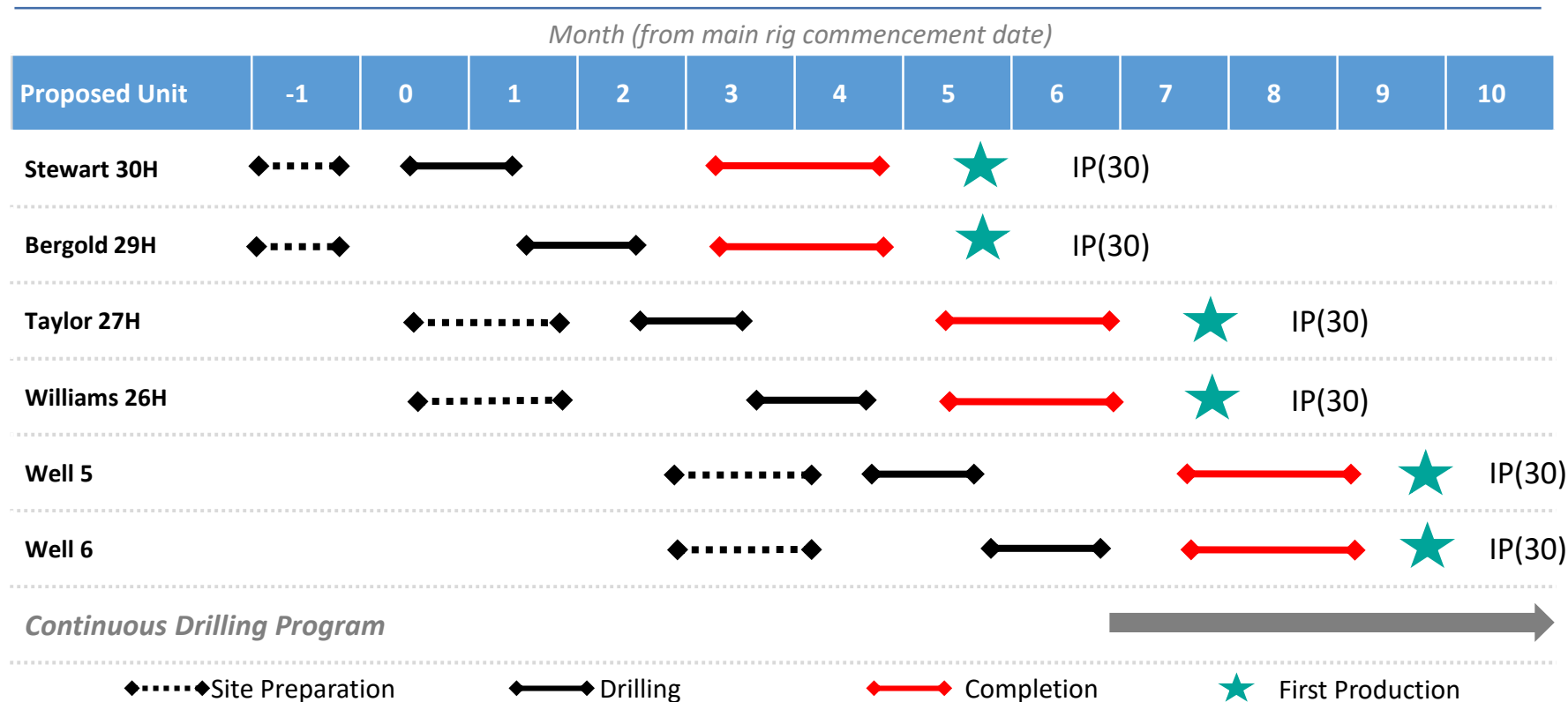
# Indicative Timetable



## Spud to production lead time of 5 to 6 months for well pairs

- The drilling estimates of ~40 days are based on the average duration achieved by Encana during 2014, but do not assume any improvement as a result of operational efficiencies implemented by the industry in recent times
- The wells will then be brought on to production in pairs, taking approximately 15 days to “clean up” and once an IP30 (average 30-day production following clean up) is achieved Australis will update the market on the well productivity performance.
- The spudder rig commenced drilling the top hole of the Stewart 30H on 20 August 2018.

### Initial Well Indicative Timetable



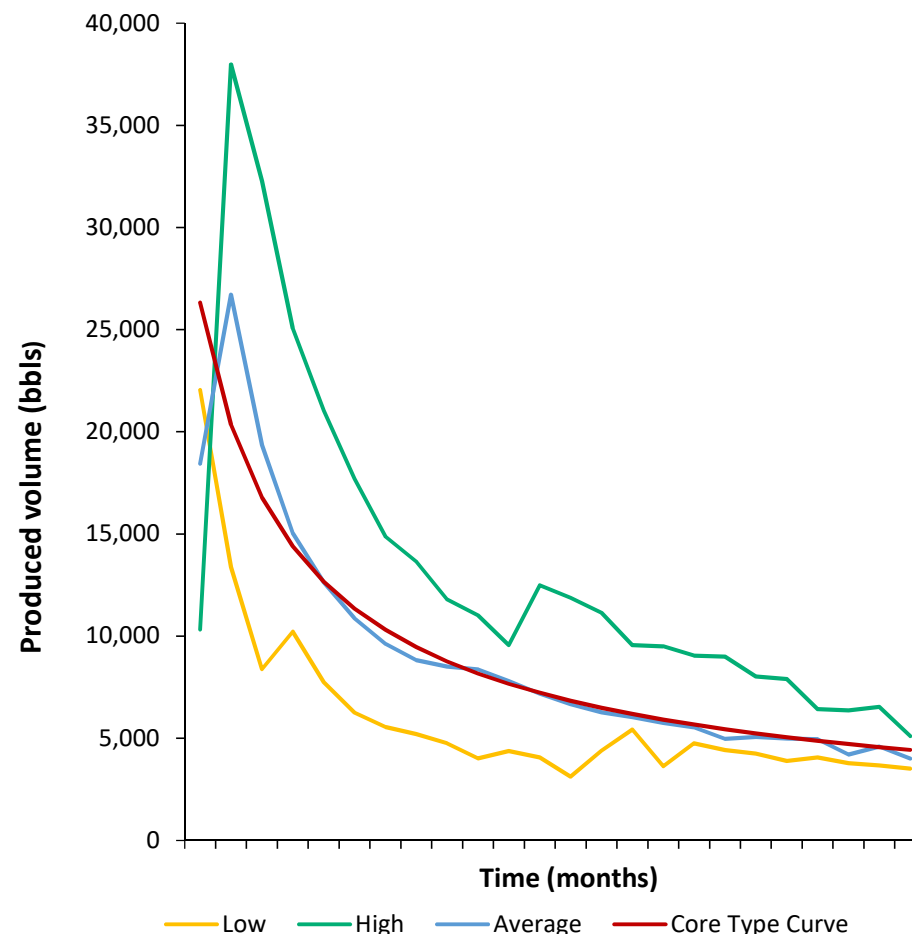
## Production Expectations & Objectives



**Objective: the average production performance of the initial 10 well program will verify the TMS Type Curve**

- The Australis TMS Type Curve is generated by history matching the average monthly production performance of 15 wells drilled by Encana during 2014<sup>A</sup>.
- The graph on the right shows the monthly oil production of the highest and lowest producing wells (green and yellow lines) from the well population used to generate the type curve<sup>A</sup>.
- It also shows the average of all 15 wells (blue)<sup>A</sup> and then the Australis TMS Type Curve (red) which is the basis of our economic analysis of each future well location.
- The TMS, similar to all US unconventional plays, is based on statistical analysis and we anticipate that the monthly oil production of each of the first 10 ATS drilled wells will lie within the range defined by the green and yellow historical well performance range, and our target is for the average of the initial 10 wells to meet or exceed the red TMS Type Curve performance (this corresponds to an IP30 of 855 bopd).
- At the end of this current program Australis will have added a further 10 wells to refine the Type Curve based on 25 wells.

### Production Profiles



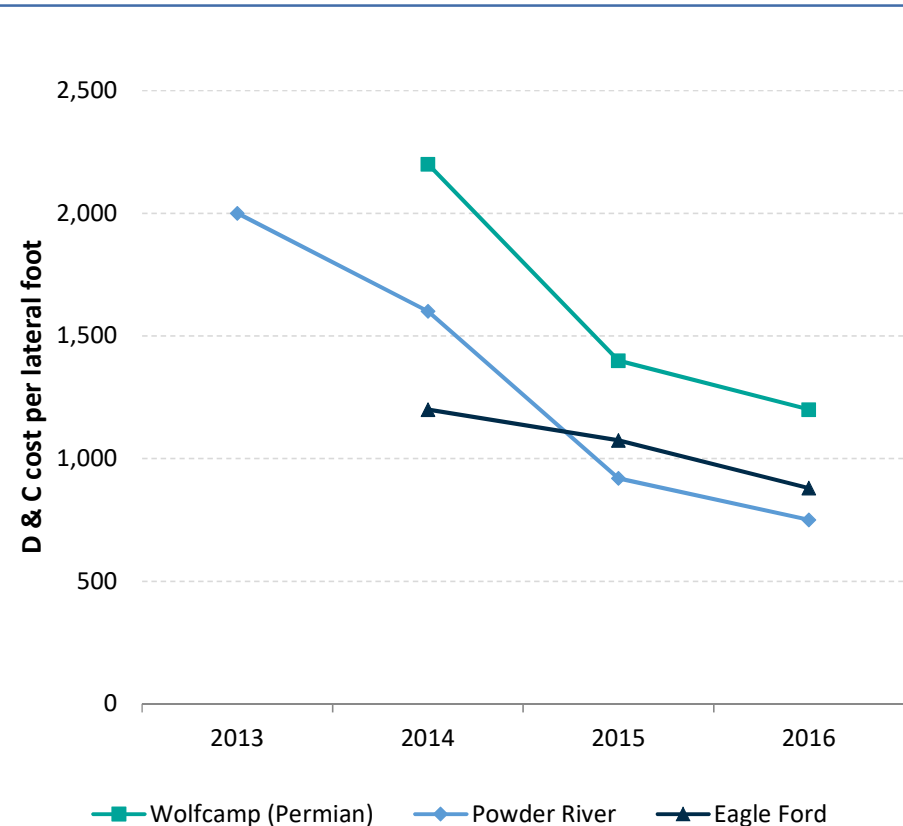
<sup>A</sup> The monthly data used for the TMS Type Curve is shown for all 15 wells in the Appendix

## Cost Overview

### The procurement and contracting process confirms well cost estimates are consistent with previously defined ranges

- The tendering process to drill, complete, tie-in and produce these wells has largely confirmed the anticipated well costs announced on 30 January 2018 “Reserve and Resource Update Year End 2017”, where a range of D & C well costs for the first 126 wells in the development was estimated at between US\$9.7m and US\$12.7m.
- Costs for early wells, and particularly for the first wells in a unit, will be at the upper end of this range as they carry the “one off” costs associated with a unit’s surface road and power access, multi-well drilling pad preparation and additional infrastructure costs.
- These costs will, in due course, be amortized across other wells drilled from the same pad and / or within the same drilling unit.
- The cost of initial wells in a program, whilst relevant, are not the critical element in determining future well costs under full development conditions or consequently project value. The graph shows the typical cost trend in other US onshore unconventional plays as operations are refined over time. Drilling costs incurred prior to 2015 were already following the same trend and Australis believes this would continue.

### Comparable Plays Well Cost Trends<sup>8</sup>



*The major US shale plays have seen dramatic cost decline curves, which is expected to be repeated in the TMS*



# Capital Resources



**Initial drilling program is funded: existing cash reserves and credit facility provide Australis with in excess of US\$100 million**

1

## **Cash at Bank of US\$43 million**

- Cash position as at 1 July 2018.
- Raised US\$31 million through a well-supported private placement in March 2018.

2

## **Credit Facility of up to US\$75 million**

- Debt facility with Macquarie Bank (3-year senior secured term facility).
- US\$75 million available in two tranches:
  - Tranche 1: US\$45 million available upon satisfaction of customary conditions<sup>(A)</sup>.
  - Tranche 2: US\$30 million available upon satisfactory initial well results.
- Interest rate of LIBOR plus 6%.
- The facility may be cancelled by Australis at any time without penalty once drawn funds are repaid.
- The facility remains undrawn.

3

## **Positive field cash flow**

- Cash flow from existing production funds G&A and land leasing and renewal activities.

A. Tranche 1 availability consists of a base US\$35 million plus an additional US\$10 million once Australis has spent or entered into binding commitments to spend US\$20 million on the initial drilling program from its own capital resources. In the event that additional US\$10 million amount is not made available in Tranche 1, Tranche 2 availability will be increased by US\$10 million, to US\$40 million

Australis Oil & Gas Overview

Initial Drilling Program



Appendix

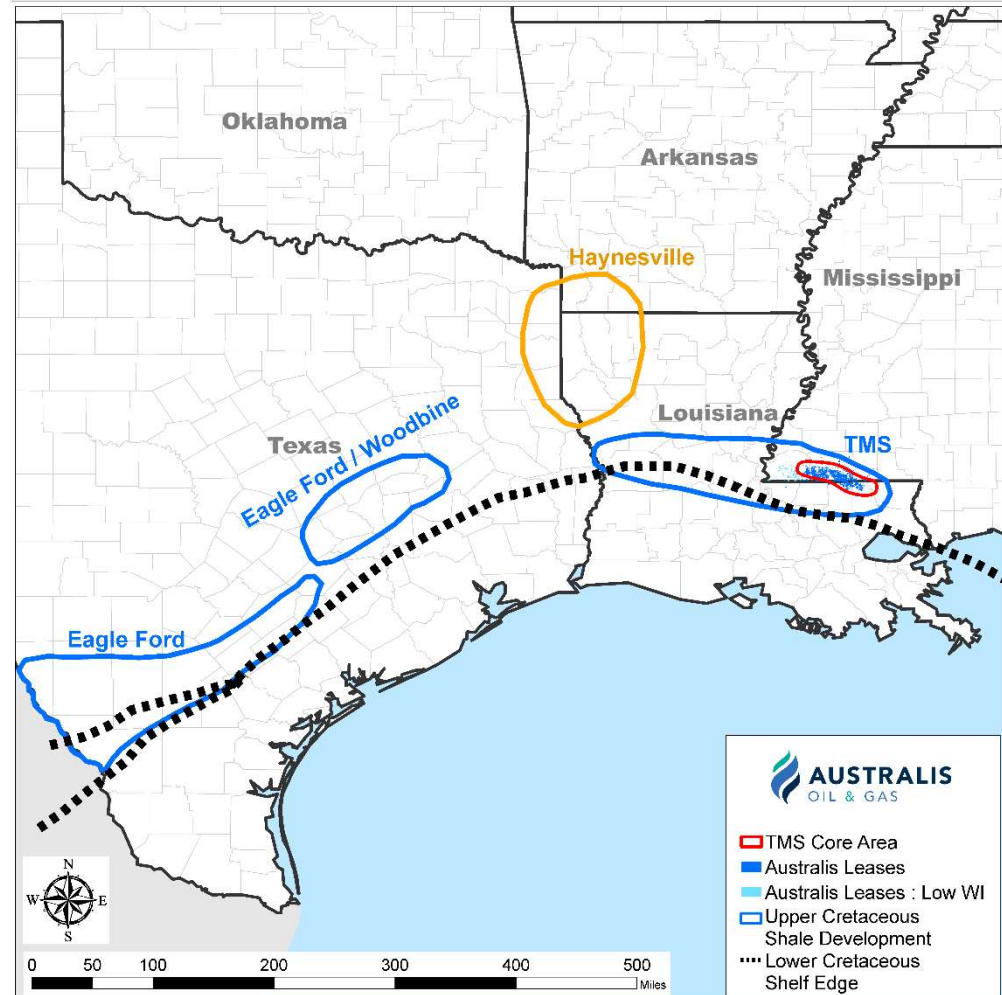


## What is the TMS?

The TMS is an emerging shale play. The “Core” is comparable with other prolific shale plays in the US

- Onshore basin - Louisiana and Mississippi.
- On trend with Eagle Ford Basin in Texas, similar depositional history and age.
- 80 horizontal wells have been drilled 2010 to 2014 and have delineated the Core Area.
- Performance from the early drilled wells was variable and unusually binary. Either in or outside of the core area.
- The most recent wells have been drilled in the core of the TMS (within Australis’ acreage) in 2014. They have demonstrated consistently high oil productivity and downward trending well costs.

### TMS Location

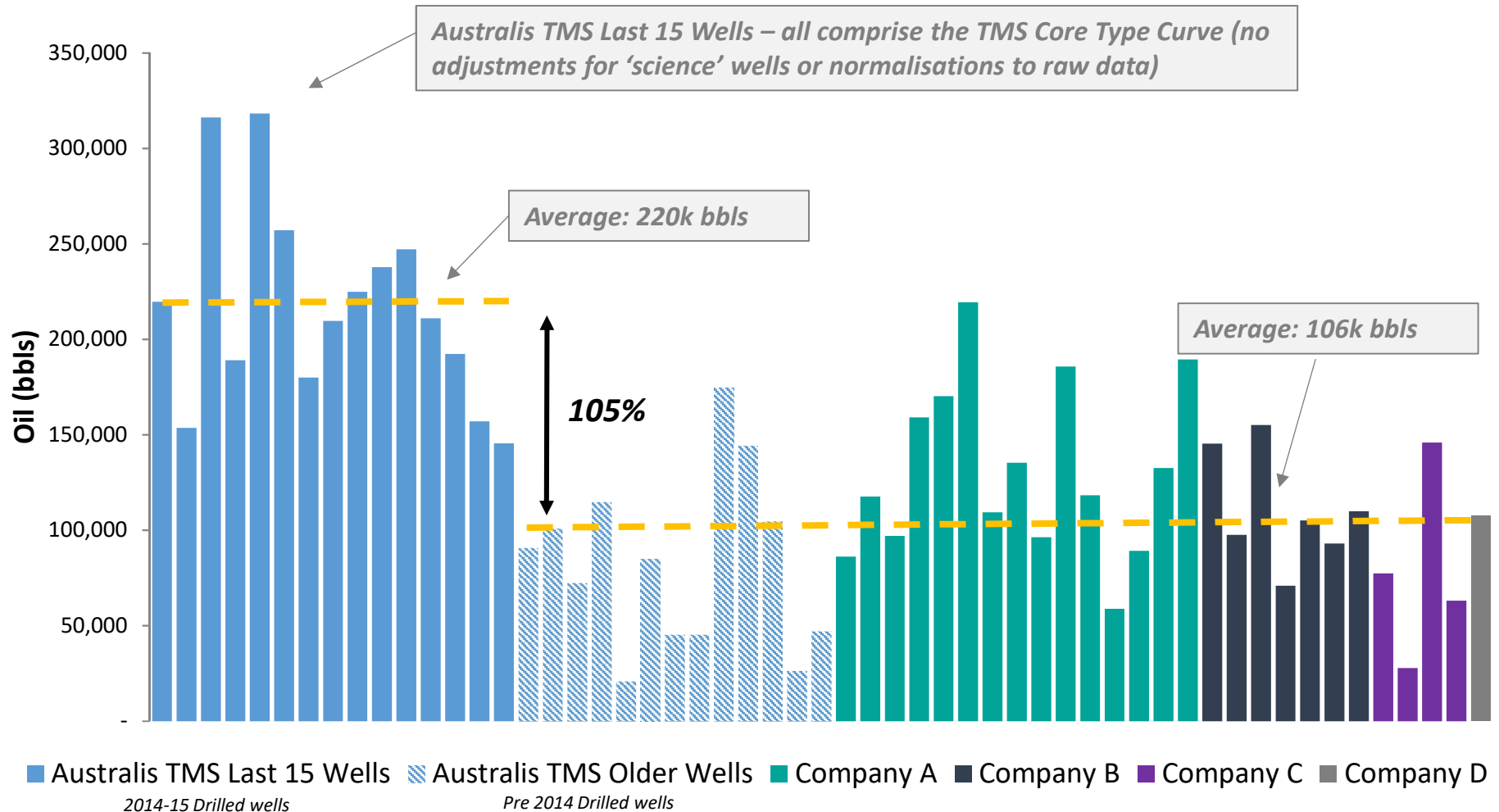


# Australis TMS Well Performance



The last 15 wells drilled within Australis' core acreage demonstrate significantly higher average productivity than the average of other TMS wells drilled in Mississippi

Individual 24 Month Cumulative Production Per Well – TMS Mississippi<sup>4,5</sup>



# TMS Core Type Curve



## Summary of monthly oil production data for the most recent 15 Encana operated modern offset Mississippi wells

Well Name	Lewis 7-18H 1	Pintard 28H 2	Lyons 35H 2	Pintard 28H 1	Longleaf 29H 1H	Longleaf 29H 2H	Mathis 29-32H	Mathis 29-17H	Lawson 25-13H*	Ash 13H 1*	Ash 13H 2	Sabine 12H 1*	Sabine 12H 2	McIntosh 15H*	Reese 16H*	Average	Cumulative
State	Mississippi																
Months of Production	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24		
Stimulated Lateral Length	8,263	8,215	5,485	5,492	6,955	7,138	6,170	9,081	9,754	7,066	7,194	6,815	7,425	7,585	6,167		
	Produced Volume (bbls)																
<b>Total</b>	<b>184,591</b>	<b>247,164</b>	<b>211,751</b>	<b>144,860</b>	<b>189,035</b>	<b>316,406</b>	<b>151,472</b>	<b>257,162</b>	<b>318,166</b>	<b>205,817</b>	<b>179,767</b>	<b>217,452</b>	<b>237,477</b>	<b>231,009</b>	<b>153,633</b>		
Month 1	2,325	25,027	34,743	22,049	21,594	32,088	3,406	22,677	10,325	10,766	7,922	29,701	27,525	10,787	5,640	18,438	18,438
Month 2	28,807	32,397	24,536	13,386	20,754	33,798	26,701	34,715	37,986	27,317	21,417	23,313	25,174	31,074	19,422	26,720	45,158
Month 3	17,804	22,678	17,400	8,385	14,660	26,187	16,437	23,901	32,280	22,186	17,098	16,528	18,136	22,652	13,944	19,352	64,510
Month 4	15,003	18,816	14,431	10,221	11,749	19,532	11,692	18,134	25,061	6,934	13,663	14,908	16,570	17,881	10,978	15,038	79,548
Month 5	11,196	15,596	12,121	7,748	10,170	16,443	6,534	15,486	21,038	11,547	12,156	12,292	13,347	14,610	9,168	12,630	92,178
Month 6	9,143	11,908	9,434	6,256	6,311	14,309	8,110	13,950	17,704	13,408	9,048	10,714	11,967	11,942	8,935	10,876	103,054
Month 7	9,013	11,916	8,843	5,554	9,628	10,441	8,175	11,281	14,876	7,155	8,944	8,580	10,385	10,227	9,330	9,623	112,677
Month 8	7,606	11,513	8,487	5,202	8,787	12,431	9,290	10,143	13,648	10,268	8,753	358	9,301	9,154	7,345	8,819	121,496
Month 9	7,695	10,743	7,708	4,747	7,298	14,007	3,883	12,177	11,802	7,396	8,318	9,168	5,253	9,653	7,695	8,503	129,999
Month 10	6,625	8,787	6,176	4,011	7,154	11,524	5,974	9,737	11,020	9,896	7,378	8,264	12,739	10,240	6,007	8,369	138,368
Month 11	5,565	7,373	7,160	4,378	6,848	11,602	6,430	9,224	9,564	9,714	6,561	8,867	9,315	8,776	5,706	7,806	146,174
Month 12	2,583	8,195	7,476	4,053	4,885	9,016	4,085	8,512	12,481	10,001	6,328	8,673	7,838	8,343	5,325	7,182	153,356
Month 13	7,388	6,924	6,393	3,117	6,073	10,379	3,755	7,418	11,882	7,938	6,063	7,241	5,442	5,469	4,321	6,654	160,009
Month 14	4,559	6,502	6,035	4,383	5,842	8,261	5,494	5,933	11,140	2,885	5,322	7,066	8,492	7,166	4,867	6,263	166,272
Month 15	5,405	6,240	5,423	5,420	5,471	8,258	5,089	5,643	9,560	5,575	5,500	6,452	6,276	5,588	4,630	6,035	172,308
Month 16	5,089	5,998	5,379	3,618	5,303	6,731	3,808	5,657	9,495	6,655	4,737	6,268	7,172	5,957	4,458	5,755	178,063
Month 17	4,911	5,347	5,256	4,749	5,389	7,449	3,430	5,089	9,035	6,326	4,337	5,762	6,303	5,604	4,006	5,533	183,596
Month 18	4,029	5,192	4,172	4,423	4,495	8,209	1,656	5,307	8,994	4,805	2,546	5,555	6,054	5,502	3,649	4,973	188,568
Month 19	4,075	4,806	4,433	4,249	4,984	7,778	287	6,633	8,019	6,256	5,213	5,075	5,044	5,394	3,597	5,056	193,624
Month 20	3,992	2,911	4,007	3,887	5,241	6,403	6,383	5,949	7,898	3,807	4,072	5,193	5,708	6,423	3,038	4,992	198,617
Month 21	3,306	5,565	3,848	4,054	4,658	11,950	3,266	5,647	6,423	3,383	3,790	4,842	5,293	5,233	3,072	4,955	203,572
Month 22	0	4,363	3,209	3,786	4,000	12,602	15	3,808	6,358	4,158	3,748	4,586	4,775	4,619	3,110	4,209	207,781
Month 23	4,447	4,394	2,658	3,664	4,314	9,553	4,484	5,456	6,536	3,760	3,386	4,288	4,879	4,462	2,703	4,599	212,380
Month 24	4,025	3,973	2,423	3,520	3,454	7,455	3,088	4,685	5,104	3,681	3,467	3,758	4,489	4,253	2,687	4,004	216,384

Data sourced from Mississippi Oil & Gas Board as of January 2018. Only adjustment made to Pintard 28H1 which was shut in for 8 months so listing Producing months for this well. There is no guarantee future well performance will be consistent with the average of the results of the wells.

\* Wells using optimised drilling and completion methodologies

# Single Well TMS Core Type Curve

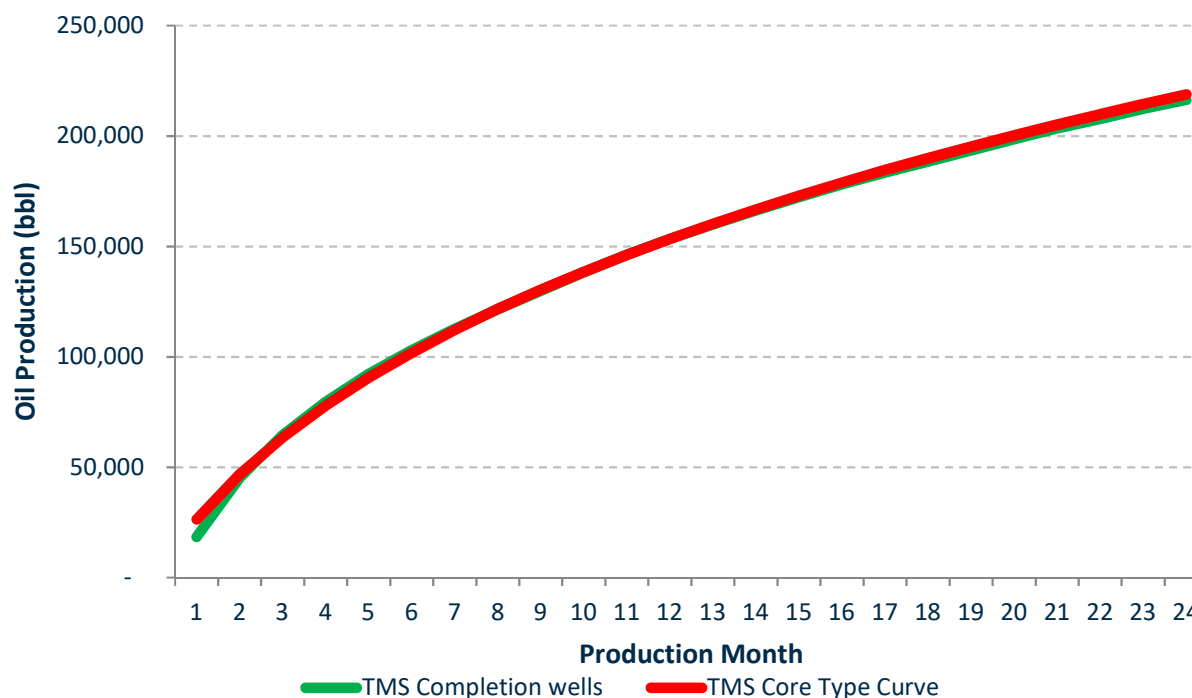


ATS type curve history matched to production from the most recent 15 Mississippi ECA wells

## TMS Core TC – Assumptions

- Oil EUR – 610 Mbbls
- Gas EUR – 159 MMscf
- NGL EUR – 20 Mbbls
- EUR (30 yr) – 656 Mboe (97% liquids)
- Capex US\$11million (7,500 ft lateral)<sup>6</sup>
- Opex US\$13,700/well/month + US\$2.8/boe

## TMS Core Type Curve v TMS Production



Type Curve	Well EUR	Basis
TMS Core	656 Mboe	History match average of the most recent 15 wells spudded by Encana in 2014 (~7,200 ft stimulated lateral) <sup>4</sup>
TMS Productivity Upside <sup>7</sup>	754 Mboe	15% uplift of the TMS Core Type Curve reflecting less than the industry average improvement in well performance (normalised) since 2014

## Footnotes



1. All estimates and risk factors taken from Ryder Scott, report prepared as at 31 December 2017 and generated for the Australis concessions to SPE standards. See ASX announcement released on 30 January 2018 titled "Reserves and Resources Update Year End 2017". The analysis was based on a land holding of 95,000 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. All estimates and risk factors taken from Netherland, Sewell & Associates, report prepared as at 31 December 2016 and generated for the Australis concessions to SPE standards. See announcement titled "2016 Year End Resource Update" dated 25 January 2015. 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. The contingent resource estimates are located in the Batalha Concession. NSAI generated their independent contingent resource estimates using a combination of deterministic and probabilistic methods
3. Includes independent 2P Reserves of 47 MMbbl and 2C Resources of 98 MMbbl, with the 2C Contingent resource requiring only a development plan within a 5 year window
4. Base Case Type Curve averaging last 15 wells. The 15 Mississippi ECA wells are detailed in the appendix slide titled "Single Well TMS Core Type Curve" and "TMS Base Case Economics – Key Assumptions"
5. Data sourced from the Mississippi Oil & Gas Board. Other TMS wells drilled by Goodrich, Halcon, Comstock and Sanchez
6. Australis TMS Core single well cost estimate is based on cost estimates received as at December 2017 from service providers for the drilling and completion of a 7,500ft horizontal well.
7. TMS Core Type Curve – "TMS Productivity Upside" means a 15% increase in the TMS Core Type Curve to provide a sensitivity reflecting some of the potential upside in productivity improvements through advances in Drilling & Completion that have been made by operators in unconventional resource plays since the last ATS TMS well was spudded in 2014
8. Data sourced from IHS and public sources including EOG Resources, Anshutz, Centennial Resources

# Glossary



Unit	Measure	Unit	Measure
B	Prefix - Billions	bbl	Barrel of oil
MM or mm	Prefix - Millions	boe	Barrel of oil equivalent (1bbl = 6 mscf)
M or m	Prefix - Thousands	scf	Standard cubic foot of gas
/d	Suffix - per day	Bcf	Billion standard cubic foot of gas

Abbreviation	Description
TMS Core	The Australis designated productive core area of the TMS delineated by production history
WI	Working Interest
C	Contingent Resources – 1C/2C/3C – low/most likely/high
NRI	Net Revenue Interest (after royalty)
Net	Working Interest after deduction of Royalty Interests
NPV (10)	Net Present Value (discount rate), before income tax
HBP	Held by Production (lease obligations met)
EUR	Estimated Ultimate Recovery per well
WTI	West Texas Intermediate Oil Benchmark Price
LLS	Louisiana Light Sweet Oil Benchmark Price
2D / 3D	2 dimensional and 3 dimensional seismic surveys
PDP	Proved Developed Producing
PUD	Proved Undeveloped Producing
Probable	2P reserve
D & C	Drill, Complete and Artificial Lift
Royalty Interest or Royalty	Interest in a leasehold area providing the holder with the right to receive a share of production associated with the leasehold area
Field Netback	Oil and gas sales net of royalties, production and state taxes
Net Acres	Working Interest before deduction of Royalty Interests
G&A	General and Administrative Costs