AUSTRALIS OIL & GAS

28 April 2017

# QUARTERLY ACTIVITIES REPORT
## March 2017

**Australis Oil & Gas**
ASX: ATS
ABN: 34 609 262 937

Australis is an upstream oil and gas company seeking to provide shareholders value and growth opportunities through the acquisition and accumulation of quality onshore oil and gas assets within emerging and established oil fields in the United States of America and other jurisdictions.

The Company was formed by the founders and key executives of Aurora Oil & Gas Limited, a team with a demonstrated track record of creating and realising shareholder value.

**Address**
Suite 20 Level 2
22 Railway Rd
Subiaco WA 6008
Australia

Suite 730
1201 Louisiana St
Houston, Texas
U.S.A 77002

**Contact**
Telephone:
+61 8 9380 2750

Facsimile:
+61 8 9380 2799

Email:
contact@australisoil.com

Web:
www.australisoil.com

### Transformational acquisition of US shale position

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

### KEY ACTIVITIES AND HIGHLIGHTS

- On 28 February, 2017 Australis announced the acquisition of all the Tuscaloosa Marine Shale ("TMS") assets of Encana Oil & Gas (USA), a subsidiary of Encana Corporation ("Encana") for US$80 million prior to adjustments ("TMS Acquisition").
- The TMS acquisition assets consist of approximately 120,000 net acres within the production defined core of the TMS and are contiguous with the existing TMS acreage position.
- Net production of approximately 1,700 bbs/d for March 2017.
- The Australis initial focus area is 62,000 net acres, which includes 22,000 net acres held by 31 operated and producing wells and a further 40,000 net acres within approved drilling units.
- Ryder Scott attributed 5 million bbls of net Proved Developed Producing reserves to the producing wells and using the forward strip at 1st February 2017 allocated a NPV(10) of US$95 million[1].
- The remaining focus area was also allocated a further 80 million bbls of 2C net Contingent Resources[1].
- Existing acreage position of 19,000 net acres and as at 1st February Ryder Scott attributed this a further 26 million bbls of 2C net Contingent Resource[1].
- The total for the existing acreage and the focus area post close is therefore estimated to be 106 million bbls 2C net Contingent Resource[1].
- 2016 evaluation work enhances Portuguese resource estimates with best estimate 2C net Contingent Resource increasing by 96% to 458.5 Bcf[2]

### FINANCE AND CORPORATE

- As at 31 March 2017 net cash of US$11 million and no debt.
- Forecast cash outflows for the June quarter of US$7.6 million in the attached 5B does not include any estimate of cash received from production.
- Commitment received for a conditional share placement to raise A$100 million at $0.23/share to fund the TMS Acquisition.

### SIGNIFICANT EVENTS POST 31 MARCH 2017

- On April 18, 2017 Australis announced the completion of the TMS Acquisition with an adjusted purchase price of US$68.3 million based on adjustments for revenue and costs during the period between the transaction effective date of 1 November 2016 and the TMS Acquisition close. (Note: during the quarter, US$8 million was paid into escrow as a deposit pursuant to the terms of the agreed PSA). The A$100m raise (US$71m after costs) resulted in a further US$11 million added to the net cash position post acquisition.

## TUSCALOOSA MARINE SHALE

**Existing TMS acreage position**

In early 2016 Australis acquired a 50% working interest in 33,000 gross acres in the core of the TMS from Paloma Resources ("Paloma"), a private equity backed entity well known and regarded by the management team as a result of previous interactions in the Eagle Ford shale play. This acreage is shown in orange in Figure 1 below. Since early 2016, Australis and Paloma are targeting to increase their combined TMS land position to a 45,000 gross acres and to extend the term life of the leases. Extending the primary term of the leases allows greater flexibility and optionality for future TMS development activity with the initial focus to hold the leases by production (Held by Production - HBP) and secondly for full in-field development.

Australis' initial net position of 16,500 acres has now increased to approximately19,000 net acres with a target by year end of approximately 22,500 net acres. Furthermore, the average lease term (duration prior to HBP activity being required to prevent lease expiry) has been extended. When Australis entered the TMS, approximately 10% of the lease acreage positon had a primary term beyond 1 January 2020. As at the date of this report that figure now stands at approximately 60% of the acreage under lease that requires no HBP activity until after 1 January 2020. In addition Australis holds 1,900 acres under a top lease arrangement, where the company is confident that the obligations of the underlying primary lease will not be met and it will expire allowing the top lease to come into effect.

**TMS Acquisition – February 2017**

On 28 February 2017 Australis announced its second transaction in the TMS with the acquisition of 31 producing wells and over 120,000 net acres within the delineated core fairway of the play from Encana, with a further 53,000 net acres outside that fairway. The position is shown in blue in Figure 1 below and can be seen to be contiguous with the existing acreage.

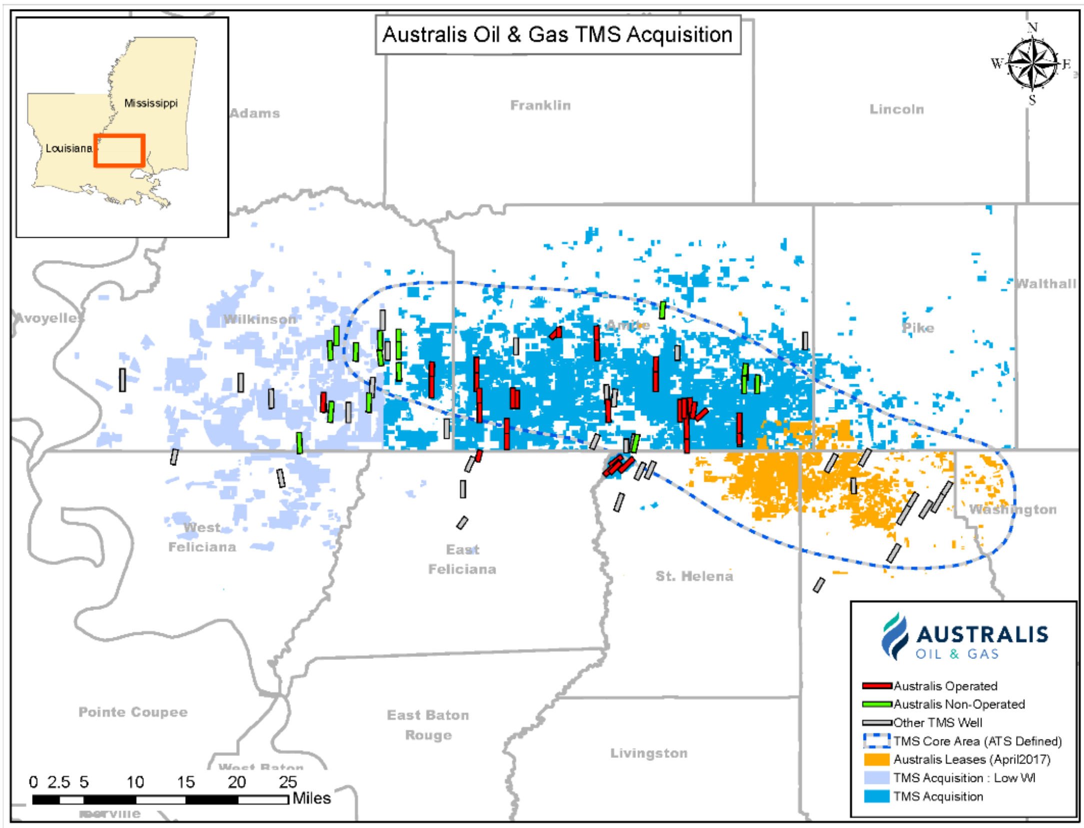


*Figure 1: Overview of the TMS core area and Australis approximate lease hold position*

The Encana acquisition achieves a number of the strategic objectives set by the board and outlined in our IPO prospectus. The Company secures a substantial land position, targeted in the production delineated core fairway of the TMS, with existing production, revenue and reserves. As Operator Australis has control of the budget and together with the contiguous existing position it provides a large strategic inventory of future well locations with defined and improving economics.

Australis is initially focusing on 62,000 net acres acquired in the recent transaction, which can be split between 22,000 net acres associated with the existing producing wells, deemed held by production and its lease obligations met, and a further 40,000 net acres that is within permitted drilling units.

The 31 operated producing wells produced an average of 1,700 bbls/day net to the Encana interest after royalties during the month of March.

The acquisition cost was US$80 million, prior to adjustments for revenue and costs during the period between the transaction effective date of 1 November 2016 and the acquisition close. (Subsequent to the reporting quarter the acquisition was closed on 13 April 2017 and the final adjusted price was US$68.3 million)

Australis retained 8 field operational staff and plans to implement a lease maintenance program focusing on 40,000 net acres to extend lease life and improve lease terms. This activity is entirely funded from cash on hand and free cash flow from the existing production.

Australis is operator of the production units and approved drilling units recently acquired and has the right to assume operatorship of the initial position in January 2018.

**Australis TMS lease position post Encana Acquisition**

The following table summarises the total acreage position that Australis will hold in the TMS post close of the Encana acquisition.

| Description | TMS Core | Non-TMS Core | Total |
|---|---|---|---|
| **Australis Existing position** | | | |
| Undeveloped Acreage | 19,000 | 0 | 19,000 |
| **TMS Acquisition** | | | |
| HBP net acres | 22,000* | 5,000 | 27,000 |
| Undeveloped – Permitted net acreage | 40,000* | 0 | 40,000 |
| Undeveloped – Non-permitted net acreage | 60,000 | 48,000 | 108,000 |
| **Total Net Acres** | 141,400 | 53,000 | 194,400 |

**Reserve and Resource estimates with the TMS**

On 28 February 2017 Australis also provided the market with the results of an independent Reserve and Resource estimate from Ryder Scott[1]. The following table summarises the results of that analysis, effective 1 February 2017 and using the forward strip price effective on that date for valuation purposes.

| Description | Net Reserves PDP (MMbbl) | Net Resource 1C (MMbbl) | 2C (MMbbl) | 3C MMbbl | Comments |
|---|---|---|---|---|---|
| **Australis Existing Position** | | | | | |
| Ryder Scott (1 Feb 17) est. [1] | - | 0.8 | 26.4 | 43.6 | ~19,000 net acres[2] |
| **TMS Acquisition** | | | | | |
| Ryder Scott (1 Feb 17) est.[1] | 5.0 | | | | 30.6 net wells (29 net operated wells). NPV(10) – US$95 million |
| Ryder Scott (1 Feb 17) est.[1] | | 33.8 | 80.2 | 137.4 | 62,000 net operated HBP and TMS Core focus acres |
| Australis total post-acquisition | 5.0 | 34.6 | 106.6 | 181.0 | |
| Future net well locations | | | 291 | | Australis estimate based on approximately 250 acre spacing |

*Table 2: Ryder Scott estimates of Australis Reserves and Resources within TMS*

**TMS Background – Unconventional Oil Acreage Onshore USA**

The Tuscaloosa Marine Shale is a shallow marine cretaceous unconventional shale that is present across central Louisiana and southwest Mississippi. The play is the same geological age as the Eagle Ford Shale in South Texas and the Woodbine Shale in East Texas. It was well known through the 1980s as associated conventional sand horizons were developed through the area with vertical wells. With the advent of unconventional development activity, the TMS was explored from 2010 with localised success.

The play is deep, high pressure and oil weighted. Early results demonstrated variable production performance and relatively high well costs, driven by operational difficulties encountered whilst drilling and completing the wells. These challenges led to a modest appraisal activity level, with competing plays in the USA offering lower risk development opportunities. However, the activity that did take place delineated a relatively small core area of the play where production results were consistent and very encouraging. This area is shown in the blue oblong in Figure 1 (Page 2) and the Australis acquisition focus has been disciplined in staying within this area. Well results indicate that there is a rapid decrease in production performance outside of this delineated core area. This delineated core area only consists of approximately 650,000 acres or 8% of the known TMS geological setting. The appraisal activity also addressed many of the operational challenges so that costs and repeatability were improving, however this coincided with the oil commodity price drop in late 2014. No drilling activity has occurred since the beginning of 2015. Australis has been able to capture significant knowledge from Encana via the mechanics of the transaction.

These circumstances generated the opportunity for a low cost entry to the core of the play and was the basis for the acquisition of Australis' initial interest.

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

In September 2015 Australis was awarded two onshore exploration concessions in the Lusitanian Basin (known as the Batalha and Pombal Concessions). The concessions cover a total area of 620,000 acres, are in the exploration phase, are valid for a further 7 years and have a modest minimal commitment work program in the first 3 years, with the first year now having been fully met.

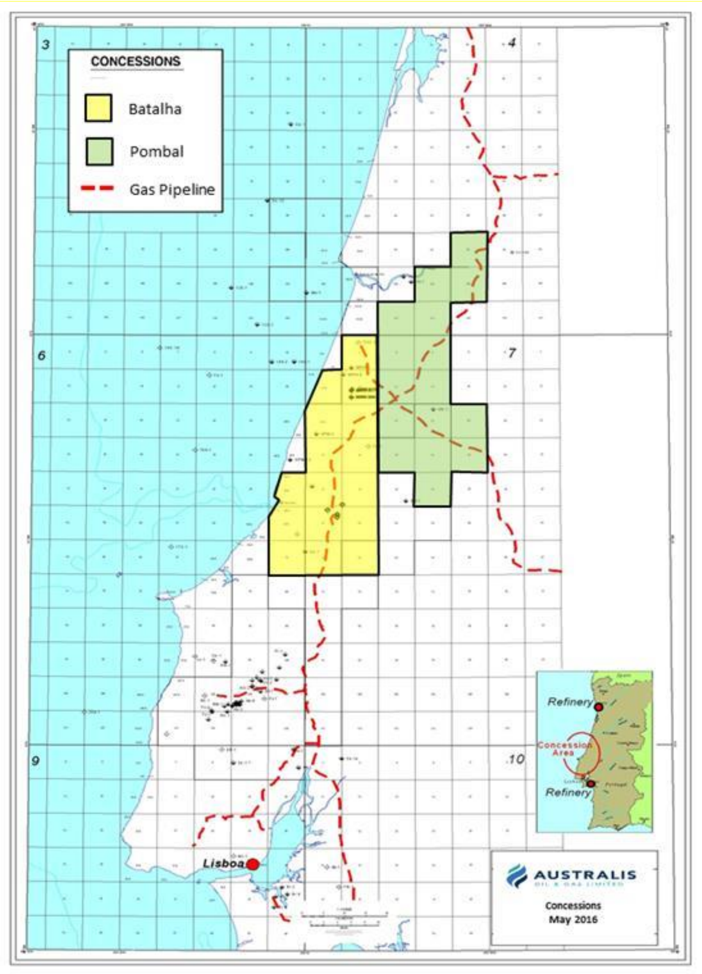


*Figure 2: Overview of the Batalha and Pombal Concessions in the Lusitanian Basin*

Australis has purchased from the Portuguese Government, at nominal cost, aeromagnetic data interpretation study, exploration well logs and 2D seismic lines across both concessions as well as a 3D survey that covers part of the Batalha concession. Australis activity during the first year of the concessions broadly consisted of data review and analysis of the 2D and 3D seismic[5] and other existing information relating to prior wells.

During the previous reporting quarter the focus has been on the discovered contingent gas resource in the Aljubarrota region of the Batalha concession. Several key wells, the Aljubarrota #2, #2ST 1, #3 and #4 have been analysed in detail, as has the historical structural interpretation of the Lemede and Brenha horizons from which several of these wells tested gas to surface.

Existing petrophysical data from wells drilled previously in the Aljubarrota area basin has been subjected to additional analysis and interpretation. This revealed natural fractures as the most likely production mechanism and has highlighted that there is a locally consistent orientation to those fractures leading to a preferred well trajectory to maximize production. The same data was subjected to specialist unconventional analysis in the USA which confirmed in place volumes.

The structural maps for each horizon have been updated using the available 3D seismic survey data and the resultant maps are shown below and represent an enlarged prospective area.

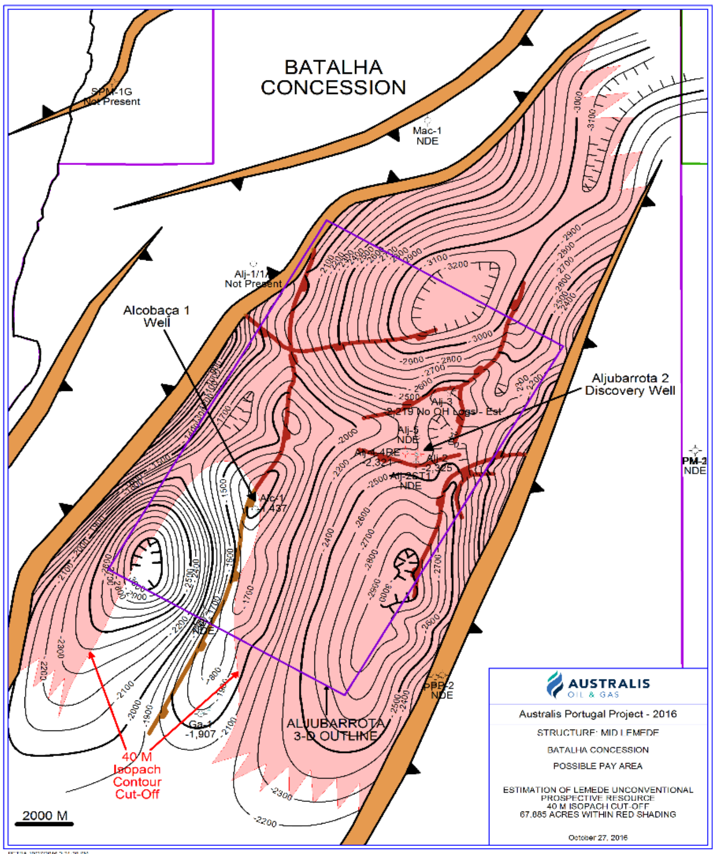


Figure 3: New structural map for Brenha and Lemede discoveries.

During this reporting quarter, additional geochemical analysis has been carried out on well cuttings from deeper exploration targets in the Silves formation, underlying the Brenha and Lemede horizons and further separated by an anhydrite Dagorda formation. The results of the work will now incorporated into the exploration assessment for this deeper sandstone potential target.

**Significant increase to independent Recoverable Resource Estimates**

Based upon work carried out over the last 6 months Australis has now completed an update to the contingent resource associated with the two horizons and this has led to a 96% increase in the estimated recoverable resource to a 2C figure of 458.5Bcf. The full results of the contingent and prospective resource estimates from Netherland, Sewell & Associates, Inc ("NSAI")[2] is as follows:

| Net[6] Contingent Resource – Gas (97% WI & Post Royalties) | | | |
|---|---|---|---|
| | Low Estimate 1C (BCF) | Best Estimate 2C (BCF) | High Estimate 3C (BCF) |
| NSAI Resource Est – 31 Dec 2016[2] | 217.4 | 458.5 | 817.7 |
| NSAI Resource Est – 1 May 2016[2] | 83.6 | 234.1 | 409.6 |

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

## FINANCE AND CORPORATE

Australis has a closing net cash position of US$11 million as at 31 March 2017, with no debt. Forecast cash outflows for the June quarter of US$7.6 million as set out in the Appendix 5B attached represents expenditure, primarily for the expanded land leasing program, following the successful close of the TMS Acquisition. Note this figure is cash outflow only and does not reflect cash received from production during the quarter ended 30 June 2017. (see notes below for significant events post 31 March 2017).

Associated with the Encana TMS Acquisition, the Company received a commitment during the Quarter for a conditional share placement to raise A$100 million at $0.23/share.

**Significant Events post 31 March 2017**

On 10 April 2017 Australis held a General Meeting and approved the issue of shares to raise funds for the TMS Acquisition.

On 18 April 2017 Australis announced the completion of the acquisition with an adjusted purchase price of US$68.3 million based on adjustments for revenue and costs during the period between the transaction effective date of 1 November 2016 and the acquisition close. The deposit of US$8 million paid by Australis on 28 February 2017 further offset the closing payment.

At the date of this report the transaction and associated capital raise has completed resulting in a further US$11 million added to the net cash position. The current cash position is approximately US$21 million.

## QUARTERLY CASH FLOW REPORT FOR THE PERIOD ENDED 31 MARCH 2017

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

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

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

-ends-

**Further Information:**

Ian Lusted
Managing Director
Australis Oil & Gas
+61 8 9380 2750

Graham Dowland
Finance Director
Australis Oil & Gas
+61 8 9380 2750

Shaun Duffy
FTI Consulting
+61 8 9485 8888

## GLOSSARY

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

| Abbreviation | Description |
|---|---|
| WI | Working Interest |
| C | Contingent Resources – 1C/2C/3C – low/most likely/high |
| NRI | Net Revenue Interest (after royalty) |
| NPV (10) | Net Present Value (discount rate) |
| EUR | Estimated Ultimate Recovery |
| WTI | West Texas Intermediate Oil Benchmark Price |
| LLS | Louisiana Light Sweet Oil Benchmark Price |
| D, C & T | Drill, Complete and Tie-in well cost estimate |
| 2D / 3D | 2 dimensional and 3 dimensional seismic surveys |
| Opex | Operating Expenditure |

**Notes**

1. All estimates have been taken from the independent Ryder Scott report, effective 1 February 2017 and announced on 28 February 2017 titled 'Australis agrees transformational US shale acquisition'. The report was prepared in accordance with the definitions and disclosure guidelines contained in the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG), and Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management (SPE-PRMS).
2. All estimates have been taken from the independent Netherland, Sewell & Associates report, effective 31 December 2016 and announced on 25 January 2017 titled '2016 Year End Resource Update'. The report was prepared in accordance with the definitions and disclosure guidelines contained in the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG), and Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management (SPE-PRMS).
3. Previous report contained in Section 8 (Technical Expert Reports) of the Company's prospectus dated 29 June 2016
4. The probabilistic range of uncertainty is represented by a low, best and high estimate such that

    a. There should be at least a 90% probability (P90) that the quantities in place or actually recovered will equal or exceed the low estimate.

b .There should be at least a 50% probability (P50) that the quantities in place or actually recovered will equal or exceed the best estimate.

c There should be at least a 10% probability (P10) that the quantities in place or actually recovered will equal or exceed the high estimate.

The deterministic method is based on qualitative assessment of relative uncertainty using consistent interpretation guidelines. The independent engineers using a deterministic incremental (risk-based) approach estimates the quantities at each level of uncertainty discretely and separately.

5. Aljubarrota 3D Seismic Survey – [1]60 km2 acquired December 2010 to March 2011 under permit issued by the Portuguese Divisao para a Pesquisa e Exploracao do Petroleo ("DPEP").
6. Australis holds a 100% working interest in the Batalha and Pombal Concessions, however this interest is subject to a 3% working interest option granted to a contractor and the Net estimates provided by NSAI are prepared with the assumption that this option has been exercised. The Net estimates provided by NSAI also make an allowance for royalties payable to the Portuguese government. The actual royalties payable by Australis are detailed in Article 51 of Decree Law nr 109/94 of the 26th April, 1994 and Article 19.2 of each concession contract. For oil there is a staged royalty of between 0 and 9% based on produced volumes and for gas there is a similar staged royalty of between 3 and 8% again based on produced volumes. As there is not a development plan and an associated production profile for either the contingent or prospective resource estimates, the royalty rate has been assumed to be 8 and 9% respectively.

**Resource Estimates**

The resource estimates for the TMS assets contained in this quarterly report are taken from the ATS announcement dated 28/2/17 and titled "Australis agrees transformational US shale acquisition." The Company is not aware of any new information or data that materially affects the information included in the referenced market announcement and that all material assumptions and technical parameters underpinning the estimates in the referenced market announcement continue to apply and have not materially changed.

The resource estimates for Portugal assets contained in this quarterly report are taken from the ATS announcement dated 25/1/17 and titled "2016 Year End Resource Update". The Company is not aware of any new information or data that materially affects the information included in the referenced market announcement and that all material assumptions and technical parameters underpinning the estimates in the referenced market announcement continue to apply and have not materially changed.

**Forward Looking Statements**

This document may include forward looking statements. Forward looking statements include, but are not necessarily limited to, statements concerning Australis' planned operation program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although Australis believes its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward looking statements.

*+Rule 5.5*

# Appendix 5B

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

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

**Name of entity**

| |
|---|
| AUSTRALIS OIL AND GAS LIMITED |

| ABN | Quarter ended ("current quarter") |
|---|---|
| 34 609 262 937 | 31 March 2017 |

| Consolidated statement of cash flows | | Current quarter $USD'000 | Year to date (3 months) $USD'000 |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | - | - |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | (306) | (306) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (497) | (497) |
| | (e) administration and corporate costs | (558) | (558) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | - | - |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Research and development refunds | - | - |
| 1.8 | Other (provide details if material) | | |
| | Financial Advisor Fees | (73) | (73) |
| **1.9** | **Net cash from / (used in) operating activities** | **(1,434)** | **(1,434)** |

| | | | |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire: | | |
| | (a) property, plant and equipment | (7) | (7) |
| | (b) tenements (see item 10) | (1,172) | (1,172) |

| **Consolidated statement of cash flows** | | **Current quarter**<br><br>**$USD'000** | **Year to date (3 months)**<br>**$USD'000** |
|---|---|---|---|
| | (c) investments | (8,000) | (8,000) |
| | (d) other non-current assets | (150) | (150) |
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | 46 | 46 |
| **2.6** | **Net cash from / (used in) investing activities** | **(9,283)** | **(9,283)** |

| | | | |
|---|---|---|---|
| **3.** | **Cash flows from financing activities** | | |
| 3.1 | Proceeds from issues of shares | - | - |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| **3.10** | **Net cash from / (used in) financing activities** | **-** | **-** |

| | | | |
|---|---|---|---|
| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of period | 21,559 | 21,559 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,434) | (1,434) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (9,283) | (9,286) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | - |

| **Consolidated statement of cash flows** | | **Current quarter $USD'000** | **Year to date (3 months) $USD'000** |
|---|---|---|---|
| 4.5 | Effect of movement in exchange rates on cash held | 229 | 229 |
| **4.6** | **Cash and cash equivalents at end of period** | **11,071** | **11,071** |

| **5.** | **Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | **Current quarter $USD'000** | **Previous quarter $USD'000** |
|---|---|---|---|
| 5.1 | Bank balances | 11,071 | 12,430 |
| 5.2 | Call deposits | - | 9,044 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (Work Program Guarantee) | - | 84 |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **11,071** | **21,559** |

| **6.** | **Payments to directors of the entity and their associates** | **Current quarter $USD'000** |
|---|---|---|
| 6.1 | Aggregate amount of payments to these parties included in item 1.2 | (353) |
| 6.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Non -Executive and Executive Director salaries and fees.

| **7.** | **Payments to related entities of the entity and their associates** | **Current quarter $USD'000** |
|---|---|---|
| 7.1 | Aggregate amount of payments to these parties included in item 1.2 | - |
| 7.2 | Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

N/A

| **8.** | **Financing facilities available**<br>*Add notes as necessary for an understanding of the position* | **Total facility amount at quarter end $USD'000** | **Amount drawn at quarter end $USD'000** |
|---|---|---|---|
| 8.1 | Loan facilities | - | - |
| 8.2 | Credit standby arrangements | - | - |
| 8.3 | Other (please specify) | - | - |

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

N/A

| **9.** | **Estimated cash outflows for next quarter** | **$USD'000** |
|---|---|---|
| 9.1 | Exploration and evaluation | (4,947) |
| 9.2 | Development | - |
| 9.3 | Production | - |
| 9.4 | Staff costs | (680) |
| 9.5 | Administration and corporate costs | (999) |
| 9.6 | Other - IT implementation<br>Other Transition Agreement | (419)<br>(600) |
| **9.7** | **Total estimated cash outflows** | **(7,645)** |

(Note reference to quarter 2 cashflows in the attached Quarterly Report)

| **10.** | **Changes in tenements (items 2.1(b) and 2.2(b) above)** | **Tenement reference and location** | **Nature of interest** | **Interest at beginning of quarter** | **Interest at end of quarter** |
|---|---|---|---|---|---|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | | | | |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased | Tuscaloosa Marine Shale USA | 50% working interest holder in approx. 38,000 gross acres | 19,000 net acres | 19,000 net acres |
| | | Batalha–Onshore Portugal | 100% working interest holder in concession | 307,480 acres | 307,480 acres |
| | | Pombal–Onshore Portugal | 100% working interest holder in concession | 312,866 acres | 312,866 acres |

## Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ............................................................ Date: 28 April 2017
(Director/Company secretary)

Print name: Julie Foster

**Notes**

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