

For Immediate Release

ASX Announcement

24 August 2021

First Half 2021 Financial Report

Australis Oil & Gas Ltd (“Australis” or “Company”) is pleased to provide its consolidated financial results for the half year ended 30 June 2021.

Following the unprecedented oil price volatility in 2020, largely caused by the global COVID-19 virus pandemic, the oil price rebounded in late 2020 and continued to strengthen during the reporting period as oil demand recovered. Supply and development activity, particularly in the US, was however restrained as operators remain cautious and maintained capital expenditure discipline.

As the business environment improves with sustained higher oil prices, Australis remains confident the appropriate strategic partner will be secured to recommence activity in the TMS and progress the value creation strategy.

During the reporting period Australis continued to safeguard the TMS asset and its ownership of the large undeveloped reserves and resources in the core area of the TMS. With positive operating cashflow and the successful share placement, the Company continued to reduce debt and commenced a strategic yet disciplined leasing program to maintain control of the TMS Core area.

Financial Summary for 1H 2021

- Revenue of US\$13.2 million (before royalties and hedging)
- Average realised sales price of US\$63/bbl (before hedging) and US\$52/bbl (including hedging)
- Realised loss on Macquarie Facility mandated oil price hedges of US\$2.3 million
- Field Netback of US\$4.0 million
- EBITDA of US\$1.1 million
- Net interest expense of US\$0.6 million
- Net Loss after tax of US\$1.7 million
- As at 30 June 2021:
 - Cash of US\$10.2 million
 - Net working capital (excluding borrowings) of US\$3.9 million
 - Total borrowings under the Macquarie Facility of US\$18 million
 - Net facility debt of US\$7.8 million

TMS Operating Summary for 1H 2021

- Sales volume (WI) of 209,000 bbls (1,150 bopd)
- Independent Reserves¹ as at 31 December 2020 (net, after royalties):
 - Proved (1P) reserves of 10.4 MMbbls
 - Proved + Probable (2P) reserves of 21.0 MMbbls
 - Proved + Probable + Possible (3P) reserves of 27.5 MMbbls
- Only 10% of the Company’s ~100,000 net acres were assessed for development within the next 5 years (maximum period allowed for development activity for reserves classification) due to the conservative development program assumed for the reserves evaluation process as at year end 2020.
- Remaining undeveloped TMS core acreage was allocated a 2C resource of 149.4 MMbbls of oil¹ and remains contingent only on a qualifying development plan for reserve classification.

AUSTRALIS OIL & GAS LIMITED

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- At 30 June 2021, Australis' TMS Core area land holdings exceeded 100,000 net acres, with over 37% of the net acreage position held by production (HBP) and over 70% either HBP or having a primary expiry in 2023 or later.

The Financial Statements and Appendix 4D for the six-month period ended 30 June 2021 are attached.

END

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

For further information, please contact:

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Managing Director
Australis Oil & Gas
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Graham Dowland
Finance Director
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About Australis

Australis is an upstream oil and gas company seeking to provide shareholders value and growth through the strategic development of its quality onshore oil and gas assets in the United States of America.

The Company's acreage within the core of the oil producing TMS provides significant upside potential for ATS with 21 million bbls of 2P reserves including 3.7 million bbls producing reserves providing free cash flow as well as 149 million bbls of 2C contingent resource¹.

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.

Footnotes

1. All estimates and risk factors taken from Ryder Scott, report prepared as at 31 December 2020 and generated for the Australis concessions to SPE standards. See ASX announcement released on 5 February 2021 titled "Reserves and Resources Update Year End 2020". 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.



GLOSSARY

Unit	Measure	Unit	Measure
B	Prefix – Billions	bbbl	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

Term	Definition
TMS Core	The Australis designated productive core area of the TMS delineated by production history
WI	Company beneficial interest before royalties
Royalty	Interest in a leasehold area providing the holder with the right to receive a share of production associated with the leasehold area
Net or NRI	Company beneficial interest after royalties or burdens
C	Contingent Resources (1C/2C/3C equivalent to low/most likely/high)
NPV(10)	Net Present Value (@ discount rate)
EUR	Estimated Ultimate Recovery of a well
WTI	West Texas Intermediate oil benchmark price
LLS	Louisiana Light Sweet oil benchmark price
D, C&T	Drill, Complete and Tie - in
2D/3D	2 and 3 dimensional seismic surveys
Opex	Operating Expenditure
G&A	General & Administrative Expenditure
HBP	Held by production – within a formed unit a producing well meets all lease obligations within that unit. Primary term remains valid whilst well is on production.
KMP	Key Management Personnel
PRB	Probable Reserves
PDP	Proved Developed Producing Reserves
PDNP	Proved Developed Not Producing Reserves
PUD	Proved Undeveloped Reserves
Net Acres	Working Interest before deduction of royalties or burdens
Field Netback	Oil and gas sales net of royalties, production and state taxes, inventory movements, hedging gains or losses and field-based production expenses but excludes depletion and depreciation
EBITDA	Earnings before interest, tax, depreciation, depletion, and amortisation expenses
IP30	The average oil production rate over 30 days of production following clean up
YOY	Year on year
TMS Type Curve	The history matched production performance of 15 wells drilled in the TMS by Encana in 2014. Corresponds to an average treated horizontal length of 7,200ft. Refer to the Appendix of the Australis Corporate Presentation
IDP	Initial drilling program of 6 wells in the TMS by Australis commencing late 2018

Non-IFRS Financial Measures

References are made within this report to certain financial measures that do not have a standardised meaning prescribed by International Financial Reporting Standards (IFRS). Such measures are neither required by, nor calculated in accordance with IFRS, and therefore are considered Non-IFRS financial measures. Field Netback, as defined within the Glossary, is a Non-IFRS financial measure commonly used in the oil and gas industry or financial measures that are relevant to Australis. Non-IFRS financial measures used by the Company may not be comparable with the calculation of similar measures by other companies.

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.

24 August 2021

APPENDIX 4D
HALF YEAR REPORT FOR THE PERIOD ENDED 30 JUNE 2021

Name of Entity:

AUSTRALIS OIL & GAS LIMITED
(ASX: ATS)

ABN or equivalent company reference

34 609 262 937

This information and the Australis Oil & Gas Limited Interim Financial Report for the Half Year Ended 30 June 2021 should be read in conjunction with the Australis Oil & Gas Limited 2020 Annual Report (which contains the 2020 audited Financial Report).

Results for Announcement to the Market

Revenue from ordinary activities	Decreased by 20% ⁽¹⁾ from US\$13.6 million for the half year ended 30 June 2020 to US\$10.9 million for the half year ended 30 June 2021	
Loss from ordinary activities after tax attributable to members	Decreased by 99% ⁽¹⁾ from a loss of US\$126 million for the half year ended 30 June 2020 to a loss of US\$1.7 million for the half year ended 30 June 2021	
Loss for the period attributable to members	Decreased by 99% ⁽¹⁾ from a loss of US\$126 million for the half year ended 30 June 2020 to a loss of US\$1.7million for the half year ended 30 June 2021	
An explanation of the results is included in the Interim Financial Report ended 30 June 2021 which can be found on the ASX website or the Australis website at www.australisoil.com		
⁽¹⁾ Comparisons are made to the financial results for the half year ended 30 June 2020.		
Dividends		
No dividends are proposed (2020:nil).		
Net Tangible Asset per Security	30 June 2021	30 June 2020
	US\$0.05	US\$0.06
Changes in controlled entities		
There have been no changes in controlled entities during the half year ended 30 June 2021.		
This report is based on the consolidated half year financial statements for the half year ended 30 June 2021 which have been reviewed by BDO Audit (WA) Pty Ltd.		

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AUSTRALIS OIL & GAS LIMITED

ABN 34 609 262 937

CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2021

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Corporate directory

Directors

Mr Jonathan Stewart - Chairman
Mr Ian Lusted – Chief Executive Officer
Mr Graham Dowland – Chief Financial Officer
Mr Stephen Scudamore – Non-Executive Director
Mr Alan Watson – Non-Executive Director

Company Secretary

Ms Julie Foster

Registered and Principal Office

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Share Registry

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Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

Solicitor

Gilbert & Tobin
Level 16, Brookfield Place Tower 2
123 St Georges Terrace
Perth, Western Australia 6000

Stock Exchange Listing

The ordinary shares of Australis Oil & Gas Limited are listed on the Australian Securities Exchange (Ticker code: ATS)

Auditor

BDO Audit (WA) Pty Ltd
38 Station Street,
Subiaco, Western Australia 6008

Website and Email

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admin@australisoil.com

Directors' report

The Directors of Australis Oil & Gas Limited present their report on the consolidated entity consisting of Australis Oil & Gas Limited ("Company" or "Australis") and the entities it controlled ("Consolidated Entity" or "Group") for the half-year ended 30 June 2021.

Directors

The names of directors of the Company in office at any time during or since the end of the financial half-year ended 30 June 2021 are:

Mr Jonathan Stewart	Chairman
Mr Ian Lusted	Managing Director and Chief Executive Officer
Mr Graham Dowland	Finance Director and Chief Financial Officer
Mr Stephen Scudamore	Independent Non-Executive Director
Mr Alan Watson	Independent Non-Executive Director

Each director held their office from 1 January 2021 until the date of this report.

Results and review of operations

The principal activity of the Group is oil and gas exploration, development and production. The Company owns one asset onshore being leases, wells and facilities in the Tuscaloosa Marine Shale (TMS) in the states of Louisiana and Mississippi in the USA. A summary of the activity of the project during the period is set out in the Operating Review below.

All references to dollars in this report will be US\$ unless stated otherwise.

Directors' report

OPERATING REVIEW

Following the unprecedented oil price volatility in 2020, largely caused by the global COVID-19 virus pandemic, the oil price rebounded and strengthened during the reporting period. Demand for oil increased in the period however supply, particularly in the US, was restrained as operators remain cautious and maintained capital expenditure discipline.

During the reporting period Australis continued to safeguard the TMS asset and engage with potential partners for field development. With positive operating cashflow, the successful share placement and debt reduction, the Company commenced a strategic yet constrained leasing program to maintain control of the TMS Core area.

During the reporting period Australis produced from 36 operated wells, including 6 that Australis drilled and completed in 2018/2019 as part of the Initial Drilling Program ("IDP") and a further 18 non-operated wells all within the Tuscaloosa Marine Shale ("TMS").

A summary of the results and activities for the six months to 30 June 2021 are as follows:

- Total sales volumes (WI) during the period were 209,400 bbls.
- Production from the wells was in line with expectation excluding weather related outages. Consistent winter storms caused power outages to wells contributing to production downtimes.
- The Company received revenue of US\$13.2 million offset by oil price hedge contract settlement losses of US\$2.3 million. The contracts were executed in prior periods, including during 2020 in accordance with the Macquarie Facility mandated covenant requirements.
- Achieved oil sales pricing averaged US\$63/bbl (not including realised hedge losses) and ranged between \$54/bbl at the commencement of 2021 and by June had increased to US\$70/bbl.
- During the 6 month reporting period Australis achieved:
 - Field Netback of US\$4.0 million
 - EBITDA of US\$1.1 million
 - Cashflow from operations of US\$1.5 million
- Total capital expenditure of US\$1.6 million primarily related to the commencement of the strategic land leasing maintenance program, which included the acquisition of a minority working interest in 12 producing wells operated by Australis and associated net acreage within 9 HBP units.
- Operating loss of US\$1.7 million, including non-cash charges of US\$2.7 million.
- The Company's application for a second tranche of US Federal Government COVID-19 funding was successful with US\$0.7 million received under the Paycheck Protection Program scheme. In 2020 Australis received a similar amount under the same scheme which is initially treated as a loan until certain conditions for forgiveness are achieved. Subsequent to 30 June 2021, the Company received notification that the initial tranche has been forgiven.
- A total A\$10.18 million was raised through a share placement and SPP at A\$0.05 per share.
- The Macquarie Credit Facility debt was reduced during the reporting period by US\$2 million to US\$18 million at 30 June 2021.
- In February 2021, Australis released its independently assessed net reserves and resources estimates¹ for the TMS as at 31 December 2020 with Proved reserves of 10.4 million bbls, Proved and Probable reserves of 21.0 million bbls and Proved, Probable and Possible reserves of 27.5 million bbls. The reserves report conservatively assessed only 10% of total TMS core Australis acreage for development. The remaining Australis TMS core acreage was allocated a 2C Contingent Resource of 149.4 million bbls which Australis will assess for reserves allocation in future periods.

FUTURE DEVELOPMENTS

With the existing cash balance and projected revenue stream including the future WTI price hedges, Australis is able to service its debt obligations. Australis believes that market conditions are improving and with the decreasing availability of high quality future well inventory as the existing plays mature or are largely controlled by only a few operators, attention has and will increase into areas that are de-risked, can demonstrate high production rates, provide control over development and offer appropriate entry costs. The TMS Core area asset owned by Australis meets all of these requirements. The Company continues to be patient as it engages with potential partners to assist with the TMS value creation and monetisation of this asset.

Directors' report

FINANCIAL AND CAPITAL MANAGEMENT

During the period, the Consolidated Entity made a net loss after tax of US\$1.7 million (30 June 2020: Loss US\$126 million).

As at 30 June 2021, Australis has cash and cash equivalents of US\$10.2 million (31 December 2020: US\$4.7 million).

During the period ended 30 June 2021, Australis TMS Inc, a wholly owned subsidiary, repaid US\$2 million under the Macquarie credit facility, bringing the total amount outstanding at the balance date to US\$18 million (31 December 2020: US\$20 million).

The operating results for Australis for the period ending 30 June 2021 is as follows:

Summary Financial Results

	30 June 2021 US\$ millions	30 June 2020 US\$ millions
Revenue (including hedging gain/(loss))	\$10.90	\$13.59
Royalties	(\$2.48)	(\$1.92)
Direct operating costs & taxes	(\$4.45)	(\$3.29)
Field Netback	3.97	\$8.38
Other income	\$0.04	\$0.07
Gain on sale of asset	\$0.03	-
Corporate costs	(\$2.36)	(\$3.38)
Exploration costs expensed	-	(\$0.08)
Net interest expense	(\$0.60)	(\$1.30)
Earnings before non-cash items	\$1.08	\$3.69
Impairment provisions	-	(\$126.71)
Unrealised foreign exchange	(\$0.16)	(\$0.11)
Share based payments	(\$0.44)	(\$0.50)
Depreciation and depletion	(\$1.70)	(\$1.71)
Amortised borrowing costs	(\$0.43)	(\$0.44)
Loss before taxation	(\$1.65)	(\$125.78)

Significant changes in the state of affairs

The significant changes in the state of affairs of the Consolidated Entity during the financial period and to the date of this report are set out in the review of operations above and the events after the reporting date below.

Dividends

In respect of the period ended 30 June 2021, no dividends have been paid or declared and the Directors do not recommend the payment of a dividend in respect of the financial period.

Events after the reporting date

No events have occurred since 30 June 2021 that would materially affect the operations of the Group, the results of the Group or the state of affairs of the Group not otherwise disclosed in the Group's Financial Statements other than the Company satisfied the criteria for the forgiveness of Tranche 1 of the US Governments COVID-19 stimulus PPP loan and as a result US\$696k of long term loans have been forgiven by the US Government.

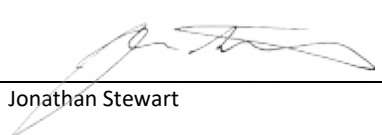
Rounding off of amounts

The Directors' Report and Financial Statements are rounded off to the nearest thousand dollars as permitted under Corporations Instrument 2016/191, unless otherwise indicated.

Auditor's independence declaration

The auditor's independence declaration is included on page 8 of the half-year report.

The Director's Report is signed in accordance with a resolution of Directors made pursuant to section 306(3) of the Corporations Act.



 Jonathan Stewart

24 August 2021

Directors' report

FOOTNOTES

¹All estimates and risk factors taken from Ryder Scott, report prepared as at 31 December 2020 and generated for the Australis concessions to SPE standards. See ASX announcement released on 5 February 2021 titled "Reserves and Resources Update Year End 2020". 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.

GLOSSARY

Term	Definition
bb1(s)	Barrel(s) of oil
Bopd	Barrel of oil per day
EBITDA	Earnings before interest, tax, depreciation, depletion, amortisation expenses and impairment.
Field Netback	Oil and gas sales net of royalties, production and state taxes, inventory movements, hedging gains or losses, field based production expenses but excludes depletion and depreciation
LLS	Louisiana Light Sweet Oil Benchmark Price
WTI	West Texas Intermediate Oil Benchmark Price
HBP	Held by production – within a formed unit a producing well meets all lease obligations within that unit. Primary term remains valid whilst is on production

Auditors' independence declaration



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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF AUSTRALIS OIL & GAS LIMITED

As lead auditor for the review of Australis Oil & Gas Limited for the half-year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australis Oil & Gas Limited and the entities it controlled during the period.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 24 August 2021

Independent review report



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australis Oil & Gas Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Australis Oil & Gas Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Independent review report



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO


Phillip Murdoch

Director

Perth, 24 August 2021

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and accompanying notes set out on pages 12 to 32, are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its performance for the half-year ended on that date.

- (b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations from the Chief Executive Officer and the Chief Financial Officer that are consistent with the requirements of section 295A of the *Corporations Act 2001* for the period ended 30 June 2021



Jonathan Stewart
Chairman
Perth, Western Australia

24 August 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2021

	Notes	Half-year ended 30 June 2021 US\$'000	Half-year ended 30 June 2020 US\$'000
Revenue	2.2	10,898	13,590
Cost of sales	2.3	(8,409)	(6,549)
Gross profit		2,489	7,041
Other income	2.4	43	65
Other expenses	2.5	(3,145)	(4,443)
Impairment loss	3.4	-	(126,710)
(Loss) from operating activities		(613)	(124,047)
Net finance (expense)	2.6	(1,039)	(1,741)
(Loss) before income tax		(1,652)	(125,788)
Income tax expense		-	-
(Loss) after income tax		(1,652)	(125,788)
Other comprehensive (loss / profit)			
Items that may be reclassified to profit or loss:			
Change in fair value of cash flow hedges	5.3	(3,764)	4,030
Other comprehensive (loss) / profit for the period net of tax		(3,764)	4,030
Total comprehensive (loss) for the period attributable to owners of the Company		(5,416)	(121,758)
(Loss) per share attributable to owners of the Company			
Basic (loss) per share (cents per share)	2.7	(0.15)	(12.76)
Diluted (loss) per share (cents per share)	2.7	(0.15)	(12.76)

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	30 June 2021 US\$'000	31 December 2020 US\$'000
Current assets			
Cash and cash equivalents		10,176	4,687
Trade and other receivables		3,287	3,012
Inventories		681	736
Total current assets		14,144	8,435
Non-current assets			
Oil and gas properties	3.2	56,515	56,471
Exploration and evaluation	3.1	13,247	12,690
Property, plant and equipment	3.3	9,076	9,794
Other receivables		709	710
Derivative financial instruments hedge	5.3	-	124
Total non-current assets		79,547	79,789
Total assets		93,691	88,224
Current liabilities			
Trade and other payables		(5,843)	(5,207)
Provisions		(399)	(357)
Derivative financial instruments hedge	5.3	(3,594)	(427)
Borrowings	4.3	(4,105)	(4,035)
Lease liability		(363)	(346)
Total current liabilities		(14,304)	(10,372)
Non-current liabilities			
Provisions	5.1	(2,660)	(2,660)
Borrowings	4.3	(14,967)	(15,909)
Derivative financial instruments	5.3	(473)	-
Lease liability		(424)	(587)
Total non-current liabilities		(18,524)	(19,156)
Total liabilities		(32,828)	(29,528)
Net assets		60,863	58,696
Equity			
Contributed equity	4.1	183,725	176,109
Treasury shares	4.1	(268)	(137)
Share based payment reserve	4.2	11,524	11,426
Foreign exchange reserve		(467)	(467)
Cash flow hedge reserve		(4,067)	(303)
Accumulated losses		(129,584)	(127,932)
Total equity		60,863	58,696

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2021

	Contributed Equity	Treasury Shares	Other Reserve	Accumulated (Losses)	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2020	176,194	(188)	8,522	(2,724)	181,804
Loss for the period	-	-	-	(125,788)	(125,788)
Other comprehensive income					
Change in fair value of cash flow hedges	-	-	4,030	-	4,030
Total comprehensive income for the period	-	-	4,030	(125,788)	(121,758)
Transactions with owners, in their capacity as owners					
Purchase of treasury shares	-	26	-	-	26
Transfer of treasury shares on rights exercise	(60)	-	-	-	(60)
Share based payments	-	-	503	-	503
Balance as at 30 June 2020	176,134	(162)	13,055	(128,512)	60,515
Balance at 1 January 2021	176,109	(137)	10,656	(127,932)	58,696
Loss for the period	-	-	-	(1,652)	(1,652)
Other comprehensive income					
Change in fair value of cash flow hedges	-	-	(3,764)	-	(3,764)
Total comprehensive income for the period	-	-	(3,764)	(1,652)	(5,416)
Transactions with owners, in their capacity as owners					
Contributed equity net of transaction costs	7,485	-	-	-	7,485
Purchase of treasury shares	978	(978)	-	-	-
Transfer of treasury shares on rights exercise	(847)	847	-	-	-
Share based payments	-	-	98	-	98
Balance as at 30 June 2021	183,725	(268)	6,990	(129,584)	60,863

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half-year ended 30 June 2021

	Notes	Half-year ended 30 June 2021 US\$'000	Half-year ended 30 June 2020 US\$'000
Cash flows from operating activities			
Receipts from customers		10,461	13,097
Payments to suppliers and employees		(9,014)	(13,398)
Other revenue		43	65
Net cash inflow / (outflow) from operating activities		1,490	(235)
Cash flows from investing activities			
Payment for exploration and evaluation activities		(557)	(445)
Payment for capitalised oil and gas assets		(886)	(2,472)
Payment for property, plant and equipment		(125)	(819)
Receipt of security deposits and bonds		170	152
Interest received		-	6
Net cash (outflow) from investing activities		(1,398)	(3,578)
Cash flows from financing activities			
Proceeds from share issue		7,898	-
Share issue costs		(413)	-
Treasury shares acquired		-	(33)
Proceeds from hedging		-	2,918
Proceeds from borrowings		696	696
Repayment of borrowings		(2,000)	(10,000)
Debt facility costs		(636)	(1,423)
Net cash inflow / (outflow) from financing activities		5,545	(7,842)
Net (decrease) / increase in cash and cash equivalents		5,637	(11,655)
Cash and cash equivalents at the beginning of the financial period		4,687	16,116
Effect of exchange rates on cash holdings in foreign currencies		(148)	(111)
Cash and cash equivalents at the end of the financial period		10,176	4,350

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Section 1: Basis of Reporting

For the half-year ended 30 June 2021

1.1 Basis of preparation and compliance statement

The consolidated interim financial report for the half-year reporting period ended 30 June 2021 has been prepared in accordance with the Corporations Act 2001 and AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with the International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

This consolidated interim financial report has been prepared under the historical cost convention. The consolidated interim financial statements are presented in US dollars and are rounded to the nearest thousand dollars (US\$'000) as permitted under Corporations Instrument 2016/191, unless otherwise stated.

The accounting policies adopted are consistent with those adopted and disclosed in the Company's Annual Report for the year ended 31 December 2020 unless otherwise stated.

For the period ended 30 June 2021 the consolidated entity recorded a loss of \$1.65 million and net current liabilities of \$160,000. Notwithstanding this, during the period:

- the cash and cash equivalents increased by \$5.6 million due to the successful completion of an equity raising and Share Purchase Plan to raise A\$10.175 million (approximately US\$7.9 million) before costs;
- the Group had cash inflows from operating activities of \$1.49 million; and
- the Company's net current liability position at 30 June 2021 included the current payable portion of a liability relating to the first tranche of a COVID-19 initiative loan (\$696,000) from the US Government received in connection with the Paycheck Protection Program (PPP Loan). In July 2021 the Company was notified that it had met the criteria for the full forgiveness of the full loan and this forgiveness has been reflected subsequent to 30 June 2021.

Accordingly, the consolidated interim financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

Section 2: Results For The Period

For the half-year ended 30 June 2021

2.1 Segment Reporting

Recognition and measurement

Management has determined, based on the reports reviewed by the executive management group (the chief operating decision makers) and used to make strategic decisions, that the Group has the following reportable segments:

Oil & Gas Production

Development and production from oil & gas assets in the United States.

Exploration

Oil and gas exploration and evaluation in the United States.

Other

Corporate overhead in relation to the Group's management and administration office located in Perth, Australia and the operating office is located in Houston, Texas.

There has been no other impact on the measurement of the company's assets and liabilities.

US\$000	Oil & Gas Production		Exploration		Other		Total	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
External revenues	10,898	13,590	-	-	-	-	10,898	13,590
Direct operating costs	(6,898)	(5,208)	-	-	-	-	(6,898)	(5,208)
Corporate	-	-	-	-	(2,357)	(3,387)	(2,357)	(3,387)
Unrealised foreign currency gains / (losses)	-	-	-	-	(163)	(111)	(163)	(111)
Other income	-	-	-	-	43	65	43	65
Share based payments	-	-	-	-	(438)	(503)	(438)	(503)
Exploration costs expensed	-	-	(2)	(79)	-	-	(2)	(79)
EBITDA⁽¹⁾	4,000	8,382	(2)	(79)	(2,915)	(3,936)	1,083	4,367
Depletion	(842)	(555)	-	-	-	-	(842)	(555)
Depreciation	(669)	(785)	-	-	(185)	(364)	(854)	(1,149)
Impairment	-	(87,215)	-	(39,495)	-	-	-	(126,710)
EBIT⁽²⁾	2,489	(80,173)	(2)	(39,574)	(3,100)	(4,300)	(613)	(124,047)
Net finance (costs) / income	(1,039)	(1,747)	-	-	-	6	(1,039)	(1,741)
Segment profit / (loss)	1,450	(81,920)	(2)	(39,574)	(3,100)	(4,294)	(1,652)	(125,788)

⁽¹⁾EBITDA represents net profit / (loss) for the period including net realised hedging loss of \$2,298,000 (2020: \$3,463,000 gain) before income tax expense or benefit, finance costs, depletion and depreciation and impairment.

⁽²⁾EBIT represents net profit / (loss) for the period before income tax expenses or benefit and finance costs.

Section 2: Results For The Period

For the half-year ended 30 June 2021

2.1 Segment Reporting (continued)

US\$'000	Oil & Gas Production		Exploration		Other		Total	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Capital expenditure								
Exploration and evaluation assets	-	-	557	445	-	-	557	445
Oil and gas assets	886	675	-	-	-	-	886	675
Other plant and equipment	112	448	-	-	-	(118)	112	330
	998	1,123	557	445	-	(118)	1,555	1,450

US\$000	Oil & Gas Production		Exploration		Other		Total	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
Segment assets	68,466	68,827	13,247	12,825	11,978	6,572	93,691	88,224
Segment liabilities	(30,484)	(27,344)	-	-	(2,344)	(2,184)	(32,828)	(29,528)

Geographical segments

The Group operates in the United States of America and has a head office in Australia. In presenting information on the basis of geographical segments, segment revenue and segment assets are grouped based on the location of operating activities.

Production from the designated segments is sold on oil commodity markets.

US\$'000	Revenue		Non-current assets	
	Half-year ended 30 June 2021	Half-year ended 30 June 2020	30 June 2021	31 December 2020
United States of America	10,898	13,590	78,985	79,149
Australia	-	-	562	640
	10,898	13,590	79,547	79,789

Section 2: Results For The Period

For the half-year ended 30 June 2021

	30 June 2021 US\$'000	30 June 2020 US\$'000
2.2 Revenue		
Revenue:		
Oil sales	13,191	10,119
Marketing fee	5	8
Hedge gain / (loss)	(2,298)	3,463
Total Revenue	10,898	13,590

Recognition and measurement

Revenue is largely generated from oil sales. Revenue from the sale of produced hydrocarbons is recognised when or as the Group transfer control of goods or services to a customer at the amount to which the Group expects to be entitled. Australis enters into contracts with oil marketing groups for the sale of oil produced from its operated properties including the sale of production for and on behalf of the joint property partners. A sale is recognised upon transfer of the product to the purchaser's transportation mode, currently via truck, at the Company operated oil production facilities which is the point that title passes.

Revenue is recognised on the basis of the Groups working interest in a producing field (the entitlement method).

	30 June 2021 US\$'000	30 June 2020 US\$'000
2.3 Cost of sales		
<i>Cost of production:</i>		
Production costs	(3,976)	(2,959)
Royalties	(2,479)	(1,918)
Production taxes	(531)	(338)
Gain on sale of asset	26	-
Inventory movements	62	7
	(6,898)	(5,208)
<i>Depreciation, depletion and amortisation expense:</i>		
Oil & gas assets	(1,511)	(1,341)
Total cost of sales	(8,409)	(6,549)

2.4 Other income

	30 June 2021 US\$'000	30 June 2020 US\$'000
Government subsidies	43	65
	43	65

Section 2: Results For The Period

For the half-year ended 30 June 2021

2.5 Other expenses

	30 June 2021 US\$'000	30 June 2020 US\$'000
Administrative expenses	(2,357)	(3,387)
Exploration costs expensed	(2)	(79)
Depreciation	(185)	(363)
Share based payments	(438)	(503)
Unrealised foreign exchange loss	(163)	(111)
	(3,145)	(4,443)

2.6 Net finance costs

	30 June 2021 US\$'000	30 June 2020 US\$'000
Interest income	-	6
Amortised debt finance transaction costs	(433)	(440)
Debt finance interest costs	(606)	(1,307)
	(1,039)	(1,741)

2.7 Earnings per share

	30 June 2021 US Cents	30 June 2020 US Cents
(Loss) per share attributable to members of the Company:		
Basic (loss) / earnings per share	(0.15)	(12.76)
Diluted (loss) / earnings per share	(0.15)	(12.76)
(Loss) used in the calculation of basic / diluted loss per share	US\$'000	US\$'000
Net (loss) after tax	(1,652)	(125,788)
	Shares	Shares
Weighted average number of ordinary shares used as the denominator in calculating basic (loss) per share	1,120,803,442	985,963,678
Weighted average number of ordinary shares used as the denominator in calculating diluted (loss) per share	1,120,803,442	985,963,678

2.8 Dividends

No dividend has been paid or is proposed in respect of the six month period to 30 June 2021 (six months to 30 June 2020: Nil).

Section 3: Invested Capital

For the half-year ended 30 June 2021

3.1 Exploration and evaluation

	30 June 2021 US\$'000	31 December 2020 US\$'000
At cost	13,247	12,690
Opening balance	12,690	51,713
Capitalised expenditure ⁽¹⁾	557	472
Impairment provision ⁽²⁾	-	(39,495)
Closing balance	13,247	12,690

⁽¹⁾ Capitalised expenditure represents the costs associated with the acquisition of new leases and the renewal or extension of existing leases and permitting costs in the TMS during the period and the annual surface lease rentals for the Portuguese concessions.

⁽²⁾ See Section 3.4 *Impairment*.

3.2 Oil and Gas Properties

	Producing Projects US\$'000	Development Projects US\$'000	Total US\$'000
2021			
Balance at 1 January 2021	41,305	15,166	56,471
Additions	457	429	886
Depletion / Depreciation	(842)	-	(842)
Balance at 30 June 2021	40,920	15,595	56,515
2020			
Balance at 1 January 2020	128,435	14,983	143,418
Additions	519	183	702
Depletion / Depreciation	(434)	-	(434)
Impairment provision ⁽¹⁾	(87,215)	-	(87,215)
Balance at 31 December 2020	41,305	15,166	56,471

⁽¹⁾ See Section 3.4 *Impairment*

Section 3: Invested Capital

For the half-year ended 30 June 2021

3.3 Property, plant and equipment (other than oil and gas properties)

	Office equipment US\$'000	Production Equipment US\$'000	Motor Vehicles US\$'000	Right of Use Asset US\$'000	Total US\$'000
2021					
Opening net book amount	210	8,706	100	778	9,794
Additions	-	86	68	-	154
Disposals			(19)		(19)
Depreciation charge	(26)	(668)	(13)	(146)	(853)
Balance at 30 June 2021	184	8,124	136	632	9,076
2020					
Opening net book amount	275	9,605	123	1,445	11,448
Additions	-	622	-	(116)	506
Depreciation charge	(65)	(1,521)	(23)	(551)	(2,160)
Balance at 31 December 2020	210	8,706	100	778	9,794

3.4 Impairment

In accordance with the accounting standards the Group must assess at the end of every reporting period whether there is any indication that an asset may be impaired. The Group has one identified Cash Generating Units ("CGU") being the TMS CGU.

Impairment – 30 June 2021

At 30 June 2021, there was no indication of impairment and therefore the Group was not required to assess the recoverable amount of the above noted CGU and its associated assets.

Impairment – 31 December 2020

At 31 December 2020 impairment indicators were identified and therefore the Group was required to assess the recoverable amount of the TMS CGU and its associated assets in accordance with *AASB 136 Impairment of Assets* using the methodology set out below

Significant estimates and judgements

For oil and gas assets, the expected future cash flow estimations and recoverable amounts are based on a number of factors, variables and assumptions, the most significant of which are as follows (and are discussed in more detail below):

- Hydrocarbon reserves;
- Future production profiles;
- Commodity prices;
- Operating expenses;
- Discount rate; and
- Fair value of the undeveloped acreage held.

At 31 December 2020 the impact of COVID-19 was factored into the calculation as well as the future uncertainty within the oil industry including the impact on global economics, oil demand and financing availability.

In the event that future circumstances vary from these assumptions, the recoverable amount of the Group's oil and gas assets could change materially and result in further impairment or the reversal of previous impairment provisions.

Due to the interrelated nature of the assumptions, movements in any one variable can have an indirect impact on the others and individual variables rarely change in isolation. Consequently, it is impracticable to estimate the indirect impact that a change in one

Section 3: Invested Capital

For the half-year ended 30 June 2021

3.4 Impairment (continued)

assumption has on other variables and hence, on the likelihood, or extent of impairments, or reversals of impairments under different sets of assumptions in subsequent reporting periods.

At 31 December 2020 the carrying value of the assets within the TMS cash generating unit primarily comprised of oil & gas properties, TMS exploration and evaluation assets, and associated production plant and equipment.

Whilst oil prices and demand for oil had improved during the second half of 2020, COVID-19 continued to create some uncertainty in the oil industry and global economies which was deemed to likely impact, amongst other matters, development financing availability. The Board determined that at 31 December 2020 it was unlikely that a full field development program would be undertaken in the short term without securing a partnering arrangement or additional and appropriate funding and consequently the Board resolved that impairment indicators were present.

As at 31 December 2020 due to the circumstances outlined above the Board determined that

- 1) a fair value less cost of disposal (not value in use) was the most appropriate methodology to assess the recoverable amount, and
- 2) Whilst in the opinion of the Board the undeveloped acreage remained valuable in a higher and less volatile oil price environment it was determined that as at 31 December 2020 the recoverable amount of the allocable assets within the TMS CGU remained uncertain and therefore (which includes but not limited to disclosure below) was assessed as follows:

CGU component	Financial statement category	Recoverable amount
Producing assets and associated assets -existing TMS wells, plant and equipment associated with producing wells, rehabilitation provision for the producing wells and hedging derivatives	Oil & gas properties, Property, Plant & Equipment, Current and non-current assets and non-current liabilities	Fair value less cost of disposal – Discounted cash flow
Held by production (HBP) development units and Future development units -undeveloped TMS acreage of approximately 40,000 net acres	Oil & Gas Properties and Exploration and Evaluation	Fair value less cost of disposal

Section 3: Invested Capital

For the half-year ended 30 June 2021

3.4 Impairment (continued)

i. Producing assets and associated balances

The discounted cash flow of the producing assets reflects the present value of the future expected cashflows from the existing producing wells based on the following key assumptions:

Production Profile and hydrocarbon estimates for all existing wells	Based on the Australis generated reforecast of the 2P production estimates for each existing producing well using the same methodology adopted by the independent reserves Engineers for the 2020 Reserves Report ⁽¹⁾
Oil Price	Based on Australis internal oil price forecast with reference to futures pricing and consensus opinion at the reporting date inclusive of LLS differential as follows: 2021 onwards US\$52.00
Operating Expenses	Based on the average actual costs for the TMS operations for the 12 months to November 2020 excluding the month of May 2020 (voluntary curtailment month) as follows: Fixed: US\$8,335 per well per month Variable water: US\$2.04 per barrel Variable fluid: US\$1.43 per barrel
Discount rate	10%

(1) Refer to 5 February 2021 announcement titled "Reserve and Resource Update Year End 2020"

The results were as follows:

	Impairment Loss US\$000	Recoverable Amount US\$000
	31 December 2020	31 December 2020
Oil & Gas Properties: Producing projects	(87,215)	41,305
Producing plant and equipment	-	8,707
Rehabilitation provision	-	(2,660)
Derivatives – hedging	-	(303)

ii. Held by production (HBP) development units and future development units

The recoverable value for HBP development units and future development units was assessed at 31 December 2020 using a market and asset based approach. The range of fair value less cost of disposal per acre attributable to these units is conservatively estimated at US\$160 per acre - US\$500 per acre.

The results are as follows:

	Impairment Loss US\$000	Recoverable Amount US\$000
	31 December 2020	31 December 2020
Oil & Gas Properties: Development Projects	-	15,166
Exploration and evaluation - TMS	(31,050)	12,690

At 31 December 2020 the Board assessed the recoverable amount of the TMS CGU using the same methodology as the assessment undertaken at 30 June 2020. An impairment provision of \$118,265,000 was recognised at 30 June 2020 however no further impairment provision was recognised at 31 December 2020. At 30 June 2020 the recoverable amount of the Portuguese exploration and evaluation asset held by the Company was deemed by The Board to be nil. A further impairment of \$8,445,000 was recognised at 30 June 2020 in relation to this asset. The Portuguese Concessions were relinquished by the Group in September 2020.

Section 4: Capital and Debt Structure

For the half-year ended 30 June 2021

4.1 Contributed equity

	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Share capital	Securities	Securities	US\$'000	US\$'000
Ordinary shares	1,211,463,649	985,963,678	183,725	176,109
Treasury shares	(3,183,103)	(1,001,932)	(268)	(137)
Total contributed equity	1,208,280,546	984,961,746	183,457	175,972

Movements in contributed equity:

	Date	Number of Securities	Issue Price A\$	US\$'000
Balance at 1 January 2020		985,963,678		176,194
Treasury share release ⁽¹⁾	Various		Various	(85)
Balance at 31 December 2020		985,963,678		176,109
Issue to Employee Share Trust	17-Feb-21	22,000,000	0.057	978
Placement Tranche 1	8-Mar-21	150,000,000	0.05	5,845
Placement Tranche 2	21-May-21	13,500,000	0.05	523
Share Purchase Plan	26-Mar-21	39,999,971	0.05	1,530
Share issue costs		-		(413)
Treasury share release ⁽¹⁾		-	Various	(847)
Balance at 30 June 2021		1,211,463,649		183,725

- During the reporting periods, employees of the Company exercised their vested performance rights resulting in the release of the treasury shares to the employees.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting or by proxy, is entitled to one vote. Upon poll every holder is entitled to one vote per share held.

Section 4: Capital and Debt Structure

For the half-year ended 30 June 2021

4.1 Contributed equity (continued)

Treasury shares

Treasury shares are shares in Australis Oil & Gas Limited that are held by the Australis Oil & Gas Limited Employee Share Trust for the purpose of issuing shares under the Australis Oil & Gas Limited Employee Executive Incentive Plan.

	Date	Number of Treasury Shares	Purchase Price A\$	Cost US\$'000
Balance at 1 January 2020		930,211		188
On market acquisition	Various	2,685,641	Various	34
Australis Oil & Gas Employee Share Trust Distribution	Various	(2,631,920)	Various	(85)
Balance at 31 December 2020		1,001,932		137
Australis Oil & Gas Employee Share Trust Acquisition	17-Feb-21	22,000,000	0.057	978
Settlement of 2020 Short term incentive (in lieu of cash)	15-Mar-21	(4,218,068)	0.0495	(163)
Performance rights exercised	Various	(15,600,761)	Various	(684)
Balance at 30 June 2021		3,183,103		268

4.2 Share-based payment reserve

	30 June 2021 US\$'000	31 December 2020 US\$'000
Balance at beginning of period	11,426	9,600
Share based payment expense arising during the period	98	1,826
Balance at 30 June 2021	11,524	11,426

Performance Rights

Number of Securities

Balance at 1 January 2020	18,146,688
Granted	81,171,258
Exercised	(3,207,541)
Forfeited	(6,768,958)
Balance at 31 December 2020	89,341,447
Granted ⁽¹⁾	27,951,813
Forfeited ⁽²⁾	(2,724,629)
Exercised ⁽³⁾	(23,598,102)
Lapsed	(82,669)
Balance at 30 June 2021	90,887,860

⁽¹⁾During the half year ended 30 June 2021 Australis issued 24,282,547 performance rights (2020: 25,384,452) to certain employees and executive directors of the Company under the Australis Oil & Gas Limited Employee Equity Incentive Plan. In addition, 3,669,266 fee rights (2020: 11,732,624) were issued to non-executive directors in lieu of forgoing cash fees. The grant of performance and fee rights to directors were approved by Shareholders in general meeting on 11 May 2021.

⁽²⁾During the half year ended 30 June 2021 2,724,629 unvested performance rights were forfeited due non-achievement of vesting conditions.

⁽³⁾During the half year ended 30 June 2021 15,600,761 vested performance rights were exercised by employees and 7,997,341 performance rights were forfeited by North American based employees to satisfy their personal tax liabilities arising on vesting of performance rights.

Section 4: Capital and Debt Structure

For the half-year ended 30 June 2021

4.2 Share-based payment reserve (continued)

The performance and fee rights granted during the half year ended 30 June 2021 have the following terms and conditions:

Type of grant	Grant date	Tranche	Number	Vesting date	Expiry date	Exercise Price	Value per right at grant date	Vesting condition
Performance Rights 2021 LTI Plan Award	21 May 2021	1	4,681,793	31-Jan 22	31-Jan-24	Nil	A\$0.047	Service
							A\$0.0320	Absolute TSR*
							A\$0.0208	Relative TSR*
		2	6,533,585	31-Jan 23	31-Jan-25	Nil	A\$0.047	Service
							A\$0.0313	Absolute TSR*
							A\$0.0217	Relative TSR*
		3	13,067,169	31-Jan 24	31-Jan-26	Nil	A\$0.047	Service
							A\$0.0275	Absolute TSR*
							A\$0.0196	Relative TSR*
2021 Fee Rights – A	21 May 2021	1	3,669,266	31-Jan 22	31-Jan-24	Nil	A\$0.047	Service

*A continued service condition also applies in addition to the applicable TSR vesting condition.

Options

	Number of Securities
Balance at 1 January 2020	111,990,000
Granted	-
Exercised	-
Expired ⁽¹⁾	(48,450,000)
Balance at 31 December 2020	63,540,000
Expired ⁽²⁾	(30,420,000)
Balance at 30 June 2021	33,120,000

⁽¹⁾ 19,675,000 unlisted A\$0.25 options and 28,775,000 unlisted A\$0.30 options expired unexercised on 31 December 2020.

⁽²⁾ 20,000,000 unlisted A\$0.49 facility options and 10,000,000 unlisted A\$0.51 facility options expired unexercised on 4 June 2021. These options were granted to Macquarie Bank Limited as part of the original terms for the debt facility entered into on 4 June 2018. 420,000 non-executive director options expired unexercised during the reporting period.

Section 4: Capital and Debt Structure

For the half-year ended 30 June 2021

4.3 Borrowings

Recognition and measurement

The Group recognises financial liabilities on the trade date, which is the date that the Group becomes party to the contractual provisions of the instrument. Financial liabilities are derecognised when the Group's contractual obligations are discharged, cancelled or expire.

Financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised and amortised over the life of the loan through the profit and loss. Borrowing costs that are not directly attributable are recognised in the profit or loss.

	30 June 2021 US\$'000	31 December 2020 US\$'000
Interest bearing loans and borrowings		
Borrowings ⁽¹⁾ Current	4,105	4,035
Borrowings ⁽²⁾ Non Current	14,967	15,909
Balance at 30 June 2021	19,072	19,944

- (1) Current borrowings are made up of \$4 million in relation to the Macquarie Facility and \$105k relating to the loan received from Tranche 1 of the US Federal Governments Covid-19 economic stimulus initiative, the Paycheck Protection Program. Under the Macquarie Facility Agreement, Australis is required to make repayments of a minimum of US\$1 million each quarter for the period of the loan. Repayments under the Payroll Protection Program are due to commence on 1 October 2021 however subsequent to the balance date Australis has met the criteria for forgiveness of the Loan and as such the loan was forgiven by the US Government in July 2021 and no repayments will be made.
- (2) Non current borrowings consist of \$14.9 million relating to the Macquarie Facility and \$1.29 million relating to the loan received from the US Federal Governments Covid-19 economic stimulus initiative, the Paycheck Protection Program. The Macquarie non current borrowings are net of capitalised transaction costs.

Section 4: Capital and Debt Structure

For the half-year ended 30 June 2021

4.3 Borrowings (continued)

Australis TMS Inc obligations under the Facility are guaranteed by pledged security from the parent entity, Australis and Australis USA 1 Pty Limited a wholly owned subsidiary of Australis (Obligors). At 30 June 2021 the following remained pledged as security:

Grantor	Issuer	Percentage owned	Percentage pledged	Class of stock
Australis Oil & Gas Ltd	Australis USA 1 Pty Ltd	100%	100%	Ordinary shares
Australis USA 1 Pty Ltd	Australis TMS Inc	100%	100%	Common Stock

The security package includes mortgages on leases held by Australis TMS Inc. within existing PDP units and leases within units of the Initial Drilling Plan locations.

Under the Facility there are industry standard financial covenants which include minimum liquidity, current asset and liability ratio and PDP reserves ratio.

Australis is in compliance with all required covenants.

Paycheck Protection Program Loan

Australis TMS Inc, a wholly owned subsidiary, was successful in applying for and receiving during the period an additional loan from the Paycheck Protection Program (PPP) established by the US Federal government as part of their COVID-19 initiatives in the amount of US\$696,000 (Tranche 2). This is in addition to Tranche 1 in the amount of US\$696,000 that was received in 2020.

The PPP allows entities to apply for low interest private loans to help businesses retain workers.

The terms and conditions of the PPP loan are set out below:

- 1% interest rate
- 5 year term
- 17 month deferral for loan repayments

At the end of a designated 24 week cover period an application for forgiveness of the loan may be submitted subject to compliance with employee retention criteria and use of funds for eligible expenses. If the use of proceeds criteria is met the principal and any accrued interest are forgiven.

During the reporting period Australis applied for forgiveness of Tranche 1 of the PPP Loan. Post balance date confirmation was provided from the US Government that Tranche 1 of the PPP Loan has been forgiven.

Section 5: Other Assets and Liabilities

For the half-year ended 30 June 2021

5.1 Provisions – Non-Current

Recognition and measurement

Provision for future removal and restoration costs are recognised where there is a present obligation as a result of oil and gas exploration, development, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligation include the costs of removing facilities, abandoning wells and restoring the affected areas.

	<u>30 June 2021 US\$'000</u>	<u>31 December 2020 US\$'000</u>
Restoration provision	<u>2,660</u>	<u>2,660</u>
Reconciliation of movement in restoration provision		
Balance at the beginning of the financial period	2,660	2,660
Provision made during the financial period	-	-
Balance at 30 June 2021	<u>2,660</u>	<u>2,660</u>

5.2 Fair Value of Financial Instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated interim financial statements approximate their fair values.

5.3 Derivative Financial Instruments

	<u>30 June 2021 US\$'000</u>	<u>31 December 2020 US\$'000</u>
Opening balance	(303)	(611)
Matured in period	2,298	(4,732)
Mark to market increase (decrease) in value	<u>(6,062)</u>	<u>5,040</u>
Balance at 30 June 2021	<u>(4,067)</u>	<u>(303)</u>

The derivative financial instruments represent oil hedge contracts, comprising collars and swaps, held by the Group at the 30 June 2021.

Section 6: Other Notes

For the half-year ended 30 June 2021

6.1 Related party disclosures

Transactions with key management personnel

The following performance rights (Rights) have been issued to key management personnel during the half year ended 30 June 2021. The Rights were issued under the Company's long-term incentive plan. The Rights granted to executive directors were approved by Shareholders at the Annual General Meeting of the Company held on 11 May 2021. The terms and conditions associated with the plan are detailed in the AGM Notice.

	Grant date	Vesting period	Number	Exercise price	Total fair value A\$ ⁽¹⁾	Expiry	Vesting condition	Expense recognised at 30 June 2021 US\$
Ian Lusted – Executive Director	21 May 2021	31-Jan 22	1,148,010	Nil	48,643	31-Jan-24	Service Absolute TSR Relative TSR	8,264
	21 May 2021	31-Jan 23	796,020	Nil	26,607	31-Jan-25	Service Absolute TSR Relative TSR	1,937
	21 May 2021	31-Jan 24	1,592,040	Nil	49,184	31-Jan-26	Service Absolute TSR Relative TSR	2,279
Graham Dowland – Executive Director	21 May 2021	31-Jan 22	992,695	Nil	42,282	31-Jan-24	Service Absolute TSR Relative TSR	7,183
	21 May 2021	31-Jan 23	655,390	Nil	21,906	31-Jan-25	Service Absolute TSR Relative TSR	1,595
	21 May 2021	31-Jan 24	1,310,779	Nil	40,495	31-Jan-26	Service Absolute TSR Relative TSR	1,876
Darren Wasylucha – Chief Corporate Officer	21 May 2021	31-Jan 22	263,196	Nil	9,559	31-Jan-24	Service Absolute TSR Relative TSR	1,624
	21 May 2021	31-Jan 23	526,392	Nil	19,024	31-Jan-25	Service Absolute TSR Relative TSR	1,385
	21 May 2021	31-Jan 24	1,052,783	Nil	35,916	31-Jan-26	Service Absolute TSR Relative TSR	1,664
David Greene – Vice President Operations	21 May 2021	31-Jan 22	255,259	Nil	9,725	31-Jan-24	Service Absolute TSR Relative TSR	1,652
	21 May 2021	31-Jan 23	510,519	Nil	19,374	31-Jan-25	Service Absolute TSR Relative TSR	1,411
	21 May 2021	31-Jan 24	1,021,038	Nil	37,025	31-Jan-26	Service Absolute TSR Relative TSR	1,716

Section 6: Other Notes

For the half-year ended 30 June 2021

6.1 Related party disclosures (continued)

Transactions with key management personnel (continued)

The following Fee Rights granted to non-executive directors were not issued under the Company's long term incentive plan. The Rights were approved by Shareholders at the Annual General Meeting of the Company held on 11 May 2021. The terms and conditions associated with the issue of the Rights are detailed in the AGM Notice.

	Grant date	Vesting period	Number	Exercise price	Total fair value A\$ ⁽¹⁾	Expiry	Vesting condition	Expense recognised at 30 June 2021 US\$
Jonathon Stewart – Non-executive Chairman	21 May 2021	31-Jan 22	2,038,482	Nil	95,809	31-Jan-24	Service	16,277
Alan Watson – Non-executive Director	21 May 2021	31-Jan 22	815,392	Nil	38,323	31-Jan-24	Service	6,511
Steve Scudamore – Non-executive Director	21 May 2021	31-Jan 22	815,392	Nil	38,323	31-Jan-24	Service	6,511

(1) Fair value of the performance rights is in Australian Dollars.

6.2 Commitments

There have been no material changes to the commitments reported at 31 December 2020.

6.3 Contingencies

As at 30 June 2021 the Group had no contingent liabilities (31 December 2020: nil).

6.4 Events after the reporting date

Since 30 June 2021 there has been no event that would materially affect the operations of the Group, the results of the Group or the state of affairs of the Group not otherwise disclosed in the Group's financial statements other than the Company satisfied the criteria for the forgiveness of Tranche 1 of the PPP loan and as a result \$696k has been forgiven by the US Government.

6.5 Rounding of amounts

The Company satisfies the requirements of Corporations Instrument 2016/191 issued by the Australian Investments and Securities Commission relating to "rounding off" of amounts in the directors' report and the financial report to the nearest thousand dollars. Amounts have been rounded off in the directors' report and financial report in accordance with that Class Order.