ASX Announcement
For Immediate Release

8 December 2023

Australis obtains access to additional liquidity & flexibility via amendments to the Macquarie Bank Credit Facility

Australis Oil and Gas Limited ("**Australis**" or the "**Company**") is pleased to report it has agreed certain amendments to its credit facility (the "**Credit Agreement**") with Macquarie Bank Limited ("**MBL**") enabling the Company to access additional liquidity and flexibility under its Credit Facility through leveraging its Proved Developed Producing ("**PDP**") asset value.

Australis has consistently reduced its existing term loan ("**Facility A**") balance over the past 3 years. This has consequently freed reserves for use as collateral and enabled an agreement with MBL to establish a new discrete term loan credit facility ("**Facility C**") that is supported by the Company's PDP reserves. In addition to accessing additional liquidity under this Credit Agreement, the election to draw a Facility C loan triggers favourable adjustments to the existing debt amortisation schedule and an extension of the maturity date of the Company's Facility A loan. These amendments better align the debt repayment profile with projected cash flows from existing production.

Australis can elect to implement the new Facility C at any time over the next 90 days.

Terms of New Facility C Commitment

The Company has until 7 March 2024 to elect to implement the Facility C loan but is under no obligation to do so. Based on recent forward strip prices, Australis would expect the amount of the Facility C draw, if made, to be approximately US$6 million.

The Facility C commitment is available as a single draw-down at the request of Australis. The specific amount drawn would be based on the value of an allocated monthly volume of the Company's future production using an agreed discount to the forward oil strip pricing on the date that the Company elects to implement the Facility C loan. The Facility C loan would be repaid in full, on a monthly basis over the following 24-month period. The Facility C monthly repayments will be fully met from revenue generated by oil swap hedges of the allocated monthly volume, taken out at the same time as the Facility C loan election is made. This ensures the Company is able to lock in the returns required to repay the Facility C loan.

Over the two-year term the allocated monthly volumes total 100,000 bbls, weighted to the first year to match projected production profiles. These monthly volumes represent only approximately 25% of the Company's PDP projected production profile during that 24 month period, representing comfortable repayment terms. The Facility C loan may also be repaid early without penalty.

Adjustments to the existing Facility A loan

Upon drawing the Facility C loan, the current quarterly amortisation payments for the Facility A loan will be suspended until 30 September 2024 and will recommence at the reduced rate of US$0.5 million per quarter (a reduction from US$1.0 million). If for any quarter the PDP value is less than twice the value of the Company's total debt the current repayment terms are reinstated. We advise that the current PDP value is more than three times the outstanding debt.

The maturity date of the existing Facility A will also be extended by 12 months to May 2026.

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There are no upfront or utilisation fees or warrants/options associated with the establishment of, or a draw under, the Facility C loan or with the amendments to the Facility A loan.

In consideration for the adjustments to Facility A and the establishment of Facility C, the Company has agreed to revised hedging and reporting covenants and G&A cost control measures under the Credit Agreement that would take effect upon a draw of the Facility C loan.

Use of funds

If drawn, between approximately 30% and 50% of the proceeds of the Facility C loan will be used to reduce the outstanding Facility A loan, depending on the timing of such draw. If the draw occurs before the regular Facility A quarterly amortisation payment on 31 December 2023, 50% of the proceeds will reduce the Facility A loan balance. If the draw occurs after the December 2023 quarterly payment, only approximately 30% of the proceeds will be used to reduce the Facility A loan. In either scenario, the balance of the Facility C proceeds would be used to fund existing working capital, general and administrative expenses, and development activities.

Mr Ian Lusted, CEO stated "*The Board considers it prudent to utilise the value of our existing producing asset base to unlock an appropriate amount of additional liquidity and facilitate the favourable Credit Agreement amendments. This financial flexibility is a result of disciplined cash flow management and the scheduled reduction of the current Facility A loan over the past 3 years.*

The new agreement with our financier creates greater alignment between the debt repayment profile and our projected cash flow. The ability to draw against PDP replicates the flexibility of a traditional revolver facility and the structure of the new facility with the repayment profile fully covered by swap hedges, ensures minimal risk. Whilst we continue to work towards securing an appropriate partner for the field, these amendments offer financially security, liquidity and flexibility in the near term."

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

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