

# PROSPECTUS

Australis Oil & Gas Limited  
ACN 609 262 937

**For the Offer of 120,000,000 Shares at a price of \$0.25 per Share to raise \$30,000,000 (before costs and expenses) (Offer).**

The Offer comprises:

- an invitation to bid for Shares made to Institutional Investors in Australia and qualifying investors in certain overseas jurisdictions (**Institutional Offer**); and
- an offer open to Australian resident Retail Investors, and Australian and New Zealand resident Sophisticated Investors, who have received a firm allocation from their Broker (**Broker Firm Offer**).

The Offer is scheduled to close at 5:00pm (WST) on 15 July 2016 unless extended or withdrawn.

## IMPORTANT NOTICE

The Shares offered by this Prospectus should be considered as speculative.

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

Lead Manager to the Offer

**EUROZ**

AFSL: 243302

Co-Lead Manager

AFSL: 243480

**BELL POTTER**

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## Important Notices

The Offer contained in this Prospectus is an invitation for you to apply for fully paid ordinary shares (**Shares**) in Australis Oil & Gas Limited (ACN 609 262 937) (**Australis** or the **Company**). This Prospectus is issued by the Company.

This Prospectus is dated 29 June 2016 and a copy of this Prospectus was lodged with ASIC on that date.

ASIC and ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The expiry date of the Prospectus is 13 months after the date it was lodged with ASIC (**Expiry Date**). No Shares will be allotted, issued or transferred on the basis of this Prospectus after the Expiry Date.

Application will be made for the admission of the Company to the Official List and quotation of its Shares on the ASX (**Listing**) with the proposed ASX Code "ATS" within 7 days after the date of this Prospectus. The fact that ASX may list the Shares of the Company is not to be taken in any way as an indication of the merits of the Company or the listed Shares. ASX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Broker Firm Application Form, which accompanies this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, the Lead Manager or any other person in connection with this Prospectus. You should rely only on information contained in this Prospectus

The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

### Exposure Period

The Corporations Act prohibits the Company from processing Applications under the Offer in the seven day period after lodgement of this Prospectus with ASIC (**Exposure Period**). This Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware

that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

### Not investment advice

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

In particular, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Company. Some of the key risk factors that should be considered by prospective investors are set out in Sections 1.3 and 6. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or the repayment of capital or any return on investment made pursuant to this Prospectus. This Prospectus includes information regarding past performance of the Company. Investors should be aware that past performance is not indicative of future performance.

### No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

### Obtaining a copy of this Prospectus

A hard copy of the Prospectus is available free of charge during the Offer period to any eligible person in Australia by calling Euroz Securities Limited, the Lead Manager, on +61 8 9488 1400 between 8.30am and 5.30pm (WST), Monday to Friday.

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application forms on the basis of a paper prospectus lodged with ASIC, and the publication of notices

referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

A copy of this Prospectus can be downloaded from the website of the Company at <http://www.australisoil.com>. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

By making an Application, you declare that you were given access to the Prospectus, together with a Broker Firm Application Form.

The Corporations Act prohibits any person passing onto another person a Broker Firm Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Broker Firm Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the Application Form it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered.

### Foreign jurisdictions

This Prospectus does not constitute an offer or invitation in any place in which, or to persons to whom it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### Hong Kong

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the

possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand) (the "FMC Act"). The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

### Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an

"institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### **United Kingdom**

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together **relevant persons**). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

### **United States**

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable USA state securities laws.

### **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

The Company does not propose to give any taxation advice and, to the maximum extent permitted by law, the Company, its Directors, officers and each of their respective advisers accept no responsibility or liability for any taxation consequences of subscribing for Shares under this Prospectus. You should consult your own professional tax advisers in regard to taxation implications of the Offer.

### **Website**

No document or information included on our website is incorporated by reference into this Prospectus.

### **Privacy Statement**

Australis collects information about Shareholders when they apply for Shares under the Offer for the purposes of processing their application and, if the application is successful, to administer their security holding in Australis.

By applying for Shares, each Shareholder agrees that Australis may use the information provided for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Lead Manager, Australis' related bodies corporate, agents, contractors and third party service providers (including mailing houses), the ASX, the ASIC and other regulatory authorities.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

The Corporations Act requires Australis to include information about a Security holder (including name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a Security holder of Australis. Information contained in Australis' registers is also used to facilitate distribution payments and corporate communications (including Australis' financial results, annual

reports and other information that Australis' may wish to communicate to its Security holders) and compliance by Australis' with legal and regulatory requirements. The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

A person who has provided such information has a right to gain access to the information that Australis holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to Australis' registered offices.

### **Forward-looking statements**

This Prospectus contains forward looking statements, including as to Australis' strategy, oil and gas exploration and drilling activities and related funding, which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Sections 1.3 and 6. Past performance should not be relied upon as being indicative of future performance.

### **Photographs and diagrams**

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

### **Offer subject to quotation**

If ASX does not admit the Shares to Official Quotation before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not allot or issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

### **Governing law**

The Prospectus and the contracts that arise from the acceptance of the applications and bids under this Prospectus are governed by the law applicable in Western Australia and each Applicant and bidder submits to the exclusive jurisdiction of the courts of Western Australia.

### **Defined terms and interpretation**

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

### **Financial information presentation**

Historical financial information, including the pro forma financial information, has been prepared and presented in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards (as adopted by the Australian Accounting Standards Board (**AASB**)). The historical financial information also complies with the Australian equivalents to the recognition and measurement principles of the International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

Certain terms or abbreviations used in this Prospectus have defined meanings which are explained in Sections 7, 8, 9 and 15. A reference to a Section is a reference to a Section in this Prospectus.

### **Qualified Resources Evaluator's Statement**

The resource estimates are consistent with the definitions of hydrocarbon reserves and resources as defined in the ASX Listing Rules.

The information in this Prospectus which relates to Petroleum Reserves, Contingent Resources and Prospective Resources in the Concessions is based on, and fairly and accurately represents, in the form and context in which it appears, information and supporting documentation prepared by, or under the supervision of, Mr Nathan C. Shahan and Mr Patrick L Higgs, qualified petroleum reserves and resources evaluators and members of the Society of Petroleum Engineers and Society of Exploration Geophysicists, respectively, each with sufficient experience which is relevant to the evaluation and estimation of Petroleum Reserves, Contingent Resources and Prospective Resources to qualify as a Qualified Reserves and Resources Evaluator as defined in the ASX Listing Rules. Mr

Shahan is not an employee of Australis or a related party but an employee of Netherland, Sewell & Associates, Inc. Mr Higgs is not an employee of Australis or a related party but a consultant to Netherland, Sewell & Associates, Inc. Mr Shahan and Mr Higgs have consented to the inclusion in this Prospectus of the matters based on their information in the form and context in which it appears.

The information in this Prospectus which relates to Petroleum Reserves, Contingent Resources and Prospective Resources in the TMS Leases is based on, and fairly and accurately represents, in the form and context in which it appears, information and supporting documentation prepared by, or under the supervision of, Mr Sean Fitzgerald and Ms Cynthia (Cindy) Welch, qualified petroleum reserves and resources evaluators and members of the Society of Petroleum Engineers and the American Association of Petroleum Geologists, respectively, each with sufficient experience which is relevant to the evaluation and estimation of Petroleum Reserves, Contingent Resources and Prospective Resources to qualify as a Qualified Reserves and Resources Evaluator as defined in the ASX Listing Rules. Mr Fitzgerald and Ms Welch are not employees of Australis or related parties but employees of South Texas Reservoir Alliance LLC. Mr Fitzgerald and Ms Welch have consented to the inclusion in this Prospectus of the matters based on their information in the form and context in which it appears.

#### **Questions**

If you have any questions in relation to the Offer, contact the Lead Manager, Euroz Securities Limited on 08 9488 1400.

This document is important and should be read in its entirety.

## Key Offer Information and Indicative Timetable

The Offer	
Offer Price per Share	\$0.25
Shares on issue as at the date of this Prospectus	221,556,866
Shares to be issued under the Offer	120,000,000
Gross proceeds of the Offer (before costs and expenses)	\$30,000,000
Shares on issue post completion of the Offer	341,556,866
Options on issue post completion of the Offer	103,260,933
Indicative market capitalisation at the Offer Price <sup>1</sup>	\$85,389,216

1. The market capitalisation is calculated based on the Offer Price multiplied by the number of Shares on issue (and does not take into account issued Options). There is no guarantee that the Shares will trade at the Offer Price upon Listing.

Note: Refer to Section 2.3 for further details relating to the Company's proposed capital structure.

Event	Date
Lodgement of this Prospectus with ASIC	29 June 2016
Opening Date of the Offer	6 July 2016
Closing Date of the Offer (5.00pm AWST)	15 July 2016
Settlement date of the Offer	19 July 2016
Issue of Shares under this Prospectus	20 July 2016
Despatch of holding statements	21 July 2016
Expected date for Shares to commence trading on the ASX	25 July 2016

Note: This timetable is indicative only. Unless otherwise indicated, all times given are Western Standard Time, Australia. The Company, in consultation with the Lead Manager, reserves the right to vary any and all of the above dates and times without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, or to accept late applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

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## Letter from the Chairman

Dear Investor,

On behalf of the Directors, I am pleased to present this Prospectus and to offer you the opportunity to become a shareholder in Australis Oil & Gas Limited (**Australis** or the **Company**).

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

The Company was founded in 2015 by myself, Ian Lusted and Graham Dowland. We have each invested personally at formation and through subsequent private capital raisings and intend to remain invested as Australis pursues its business strategy. We were formerly key executives of ASX and TSX listed Aurora Oil & Gas Limited (**Aurora**), an oil and gas exploration and production company that listed in 2005 with a market capitalisation of \$28 million and share price of \$0.32. Over a period of 9 years, Aurora undertook successful exploration and appraisal work, exercised disciplined capital management and implemented a measured and successful growth strategy. Aurora held significant producing assets in the Eagle Ford shale trend in Texas and was ultimately sold in 2014 for \$2.6 billion (including assumed debt of \$0.8 billion and a share price of \$4.20).

Australis has made significant progress since its establishment and is now seeking to raise \$30 million via the Offer to continue its growth.

Key highlights of the Company include:

- **proven Board and key management team** - demonstrated track record in acquiring, developing, managing and realising value from oil and gas assets;
- **deliberate and considered strategy** - to take advantage of current conditions in the oil and gas industry to build a high quality portfolio including exploration, appraisal and production assets with potential leveraged upside to any modest increase in the oil price;
- **market conditions provide a conducive and timely opportunity for management to execute its strategy** – the fall in oil prices since late 2014 has had a number of impacts including: reducing cash flows of oil and gas companies with many being forced to consider asset sales; a decline in short term asset valuations lowering acquisition costs; and lower drilling and other operating costs resulting in lower costs to appraise and develop assets;
- **attractive initial Exploration and Appraisal Assets** – the Company has already secured onshore lease or concession assets in the USA and in Portugal which it considers meet this strategy and which have relatively low holding costs and minimal initial development required. These assets provide potential upside leverage to any modest recovery in the oil price.

This Prospectus includes details of the Offer and the Company, together with an overview of the key risks associated with investing in Australis. Those risks include the volatility of oil and gas prices, the risk of our strategy not being successful and risks related to the expiration and attempt to renew and/or extend the leases in the USA in which we have a Working Interest. I urge you to read this Prospectus carefully and seek professional advice to determine whether this investment is appropriate for you.

On behalf of the Directors of Australis I recommend this Offer to you. I look forward to the continuing support of our existing Security holders and welcoming new Shareholders to the Company.

Yours faithfully



Jon Stewart  
Chairman  
Australis Oil & Gas Limited

# 1 Investment Overview

This Section is a summary only and is not intended to provide full information for investors intending to apply for any Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends nor can any guarantee be given about the future value of the Shares.

## 1.1 The Company, its Strategy and Business Model

Item	Summary	Further information
Who is the issuer of this Prospectus?	Australis Oil & Gas Limited, ACN 609 262 937 ( <b>Australis</b> or <b>Company</b> ).	Section 3
What is Australis and what does it do?	<p>Australis Oil &amp; Gas Limited (formerly Australis Oil &amp; Gas Holdings Pty Ltd) was incorporated on 12 November 2015. It converted to a public company and was renamed 'Australis Oil &amp; Gas Limited' on 10 June 2016.</p> <p>The Company operates in the upstream oil and gas industry and is seeking to provide Shareholders with value and growth opportunities through the acquisition and accumulation of quality onshore oil and gas assets within emerging and established oil fields in the USA and other jurisdictions.</p> <p>The Company was founded by Messrs Jon Stewart, Ian Lusted and Graham Dowland, formerly key executives of Aurora Oil &amp; Gas Limited (<b>Aurora</b>). Aurora was an oil and gas exploration and production company established in 2005 and listed on the ASX with a market capitalisation of \$28 million. In 2011, Aurora was dual listed on the Toronto Stock Exchange. Aurora built a portfolio of significant unconventional assets in the Eagle Ford shale trend in South Texas, USA. At Aurora Messrs Stewart, Lusted and Dowland were instrumental in implementing a growth strategy with disciplined capital management which ultimately culminated with managing the sale of Aurora in 2014 for \$2.6 billion (including assumed debt of \$800 million).</p>	Section 3
What is the status of the industry the Company operates in?	The Company is in the upstream oil and gas industry. The global oil and gas industry has been experiencing a period of lower oil prices; the Board believes this presents an opportunity.	Section 4
What are the key investment highlights?	<p>The key investment highlights for Australis are:</p> <ul style="list-style-type: none"> <li>• <b>a proven management team</b> – significant industry experience and demonstrated track record in acquiring, developing, managing and realising value from oil and gas assets;</li> <li>• <b>market conditions provide a conducive and timely opportunity for management to execute its strategy</b> – the fall in oil prices since late 2014 has had a number of impacts including: reducing cash flows of oil and gas companies with many being forced to consider asset sales; a decline in short term asset valuations lowering acquisition costs; and lower</li> </ul>	Section 3 and Sections 5.1 and 5.3

Item	Summary	Further information
	<p>drilling and other operating costs resulting in lower costs to appraise and develop assets;</p> <ul style="list-style-type: none"> <li>• <b>deliberate and considered business strategy</b> – to take advantage of current market conditions in the oil and gas industry to build a high quality oil and gas portfolio including exploration, appraisal and producing assets; and</li> <li>• <b>attractive initial Exploration and Appraisal Assets</b> – initial assets have been secured onshore in the USA and in Portugal which the Company considers meets its strategy, with low holding costs and development requirements, and that provide potential upside leverage to any increase in oil prices from current levels.</li> </ul>	
<p>What is the Company's strategy and business model?</p>	<p>Australis seeks to take advantage of the prevailing conditions within the upstream oil and gas industry and use the Directors' and key management's knowledge and experience to acquire and accumulate a high quality, oil-weighted portfolio of onshore assets, at attractive pricing, that will aim to provide potential upside with any modest increase in the oil price.</p> <p>The strategy aims to provide Shareholders with a portfolio of assets that will have a range of risk and reward attributes with an underlying base value, whilst ensuring exposure to exploration and appraisal upside as well as upside exposure to any increase in the oil price.</p> <p>The Company is targeting three type of assets for its portfolio:</p> <ul style="list-style-type: none"> <li>• <b>Core Proven Assets</b> – onshore oil-weighted unconventional acreage positions in North America with proven reserves and an inventory of future drilling locations with demonstrable and well defined economic rates of return on the cost of drilling and operating costs;</li> <li>• <b>Appraisal Assets</b> – an earlier stage asset in the maturity cycle (as compared to Core Proven Assets) that can demonstrate both technical and economic characteristics that the Board believes are indicative to be a successful unconventional development asset. The Board believes that the Company's 50% Working Interest in the TMS Leases is an example of this category of asset; and</li> <li>• <b>Exploration Assets</b> – unconventional or conventional assets that have early quality indicators, require minimal early capital commitment, and offer significant potential leverage to exploration success and/or appraisal. The Board believes that the Company's Concessions in Portugal are an example of this category of asset.</li> </ul> <p>The ability to secure Core Proven Assets depends on a number of factors including the identification of assets that can be acquired at a value the Board considers attractive. There is a risk that the Board is unable to acquire assets within this Core Proven Asset category due to values being greater than what the Board considers reasonable, as capital discipline and shareholder value are fundamental to the Company's strategy, and will be prime considerations in evaluating new</p>	<p>Section 3.3, Section 4</p>

Item	Summary	Further information
	<p>opportunities.</p> <p>It may be necessary to undertake limited operations on acquired assets in order to enhance asset value. The Company does not currently envisage meaningful or capital intensive development activity in the present oil price environment. An agreed budget and being able to influence capital expenditure programs in all three of the target asset categories are also important investment criteria.</p>	
<p>Why does Australis believe current market conditions provide an opportunity to create shareholder value?</p>	<p>We believe there is a conducive opportunity to achieve attractive returns by acquiring and developing oil and gas assets in proven and emerging basins with known operational and limited geological risks. We believe this opportunity exists for a number of reasons:</p> <ul style="list-style-type: none"> <li>• the decline of commodity prices since 2014 had an immediate and meaningful impact on the cash flows of oil and gas companies, creating a need for many firms to issue external capital or sell assets;</li> <li>• the decline of oil and gas prices since 2014 has substantially reduced oil and gas asset valuations and is moderating drilling and completion costs and operating costs, resulting in a lower cost to acquire and develop assets; and</li> <li>• despite these recent declines in oil prices, the long term fundamentals remain favourable.</li> </ul>	<p>Section 4</p>
<p>What are the Company's assets and where are they located?</p>	<p>As at the date of this Prospectus, Australis has two initial assets:</p> <ul style="list-style-type: none"> <li>• a 50% Working Interest in onshore leasehold acreage within the unconventional onshore oil weighted Tuscaloosa Marine Shale (<b>TMS</b>) in the USA; and</li> <li>• prospective oil and gas exploration concession rights onshore in western Portugal.</li> </ul> <p><b>The TMS Leases- Onshore USA</b></p> <p>Australis owns a 50% Working Interest in approximately 33,000 mostly contiguous acres under leases (the <b>TMS Leases</b>) within the TMS Core Area. The TMS Core Area is located within the larger Tuscaloosa Marine Shale (<b>TMS</b>). The TMS Leases are located mostly in Louisiana with approximately 2% in Mississippi.</p> <p>In December 2015, Australis secured the rights to purchase a 50% Working Interest in a number of leases in the TMS Core Area. In January 2016, Australis completed the acquisition of an initial 20% Working Interest in the TMS Leases and in May 2016 acquired the balance to take its Working Interest to 50%. The total acquisition price of the 50% Working Interest in the TMS Leases was US\$16 million and at the date of this Prospectus the approximately 614 leases that comprise the TMS Leases cover approximately 33,000 acres.</p> <p>The TMS is an over pressured and naturally fractured unconventional oil play. It is "on trend" with the Eagle Ford shale in the USA in that it</p>	<p>Section 3.5 and Section 3.6</p>

Item	Summary	Further information
	<p>has similar depositional history and age.</p> <p>Over 80 horizontal wells have been drilled in the TMS outside of the Australis TMS Leases with the most recent (20 wells with up to 18 months production data) demonstrating consistent productivity that would meet the Company's productivity requirements for an Appraisal Asset.</p> <p>The drilling and production history of the TMS in areas outside the TMS Leases encountered operational challenges leading to high well costs. Within the TMS, well design has evolved since the early wells were drilled. The Board anticipates that with ongoing well design evolution, costs can be reduced whilst maintaining or increasing productivity. Additionally, other more developed shale plays in the USA have demonstrated considerable cost savings associated with larger scale activity that comes with any full field development.</p> <p>With the decline in the oil price since late 2014, drilling of new wells in the TMS reduced significantly, leading to reduced costs of acquiring oil and gas leasehold rights within the TMS. Australis, with its TMS Leases counterparty, Paloma Partners IV, LLC (<b>Paloma</b>), has an agreed land work program and budget for 2016 and 2017 (<b>Land WP&amp;B</b>) - refer to Section 3.5(h)(ii). This budget includes funding to take advantage of the prevailing market conditions by working towards leasing new acreage on trend within the TMS Area of Mutual Interest (<b>TMS AMI</b>), including extending the duration of existing leases to extend the time to meet obligations to drill and produce wells in order to hold the TMS Leases by production (<b>HBP</b>) and/or renewing existing TMS Leases. The agreed Annual WP&amp;B for 2016 does not propose any operational activity on the TMS Leases other than the leasing strategy.</p> <p>Development activity by the Company on the TMS Leases is intended to be minimal until such time as a sustained improvement in the oil price is established and/or drilling activity recommences by third party operators on adjacent leases within the TMS.</p> <p>Australis has the right to assume operatorship of the TMS Leases from Paloma in January 2018. Paloma is an experienced acquirer and manager of onshore leaseholds in the USA.</p> <p><b>Lusitanian Basin – Onshore Portugal</b></p> <p>Australis owns the exclusive rights for eight years from 30 September 2015 to two onshore government granted concession areas in the Lusitanian Basin Portugal, subject to the Consultant Incentive in Section 3.6(e) and Section 10.4 (<b>Concessions</b>). The area covers approximately 620,000 contiguous acres.</p> <p>The exploration area of the Concessions offers large scale, material conventional and unconventional oil and gas targets. Portugal has no domestic hydrocarbon production and is under explored for oil and gas with only 148 onshore wells having been drilled (the majority with oil or gas shows) and the majority being shallow wells (less than 500 metres). These wells have indicated that there are two working</p>	

Item	Summary	Further information																																																	
	<p>hydrocarbon systems.</p> <p>A large volume of 2D and 3D seismic exists across the Concession areas which is being used to continue the evaluation of known targets and identification of new targets. Australis intends to prioritise these targets for drilling and seek to introduce partners to assist with the funding for any drilling activity.</p>																																																		
<p>What are the reserves and/or resources of the Company?</p>	<p>The independently assessed resources of the Company as assessed by South Texas Reservoir Alliance LLC and Netherland, Sewell &amp; Associates, Inc. are as follows:</p> <table border="1" data-bbox="389 645 1236 1422"> <thead> <tr> <th></th> <th>Resource categorisation</th> <th>Oil / Gas</th> <th>Australis 50% Working Interest in the TMS Leases</th> <th>Australis 97% Working Interest in the Portugal Concessions<sup>1</sup></th> </tr> </thead> <tbody> <tr> <td rowspan="6"><b>Net Contingent Resources (Post Royalties)</b></td> <td rowspan="2">Low (1C)</td> <td>Oil (mmbbls)</td> <td>4.60</td> <td>-</td> </tr> <tr> <td>Gas (bcf)</td> <td>1.61</td> <td>83.59</td> </tr> <tr> <td rowspan="2">Best (2C)</td> <td>Oil (mmbbls)</td> <td>12.96</td> <td>-</td> </tr> <tr> <td>Gas (bcf)</td> <td>4.54</td> <td>234.11</td> </tr> <tr> <td rowspan="2">High (3C)</td> <td>Oil (mmbbls)</td> <td>29.91</td> <td>-</td> </tr> <tr> <td>Gas (bcf)</td> <td>10.48</td> <td>409.59</td> </tr> <tr> <td rowspan="6"><b>Risked Net Prospective Resources (Post Royalties)<sup>2</sup></b></td> <td rowspan="2">Low</td> <td>Oil (mmbbls)</td> <td>-</td> <td>19.17</td> </tr> <tr> <td>Gas (bcf)</td> <td>-</td> <td>104.33</td> </tr> <tr> <td rowspan="2">Best</td> <td>Oil (mmbbls)</td> <td>-</td> <td>126.44</td> </tr> <tr> <td>Gas (bcf)</td> <td>-</td> <td>465.96</td> </tr> <tr> <td rowspan="2">High</td> <td>Oil (mmbbls)</td> <td>-</td> <td>448.36</td> </tr> <tr> <td>Gas (bcf)</td> <td>-</td> <td>1,632.43</td> </tr> </tbody> </table> <p>1. Australis owns a 100% Working Interest in the Concessions subject to a 3% Working Interest pursuant to the Consultant Incentive – see Sections 3.6(e) and 10.4.</p> <p>2. It should be noted that the estimated quantities of petroleum that may potentially be recovered by the future application of a development project may relate to undiscovered accumulations. These estimates have an associated risk of discovery and development. Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.</p> <p>These Contingent and Prospective Resources should be considered in the context of the full reports contained in Section 8.</p>		Resource categorisation	Oil / Gas	Australis 50% Working Interest in the TMS Leases	Australis 97% Working Interest in the Portugal Concessions <sup>1</sup>	<b>Net Contingent Resources (Post Royalties)</b>	Low (1C)	Oil (mmbbls)	4.60	-	Gas (bcf)	1.61	83.59	Best (2C)	Oil (mmbbls)	12.96	-	Gas (bcf)	4.54	234.11	High (3C)	Oil (mmbbls)	29.91	-	Gas (bcf)	10.48	409.59	<b>Risked Net Prospective Resources (Post Royalties)<sup>2</sup></b>	Low	Oil (mmbbls)	-	19.17	Gas (bcf)	-	104.33	Best	Oil (mmbbls)	-	126.44	Gas (bcf)	-	465.96	High	Oil (mmbbls)	-	448.36	Gas (bcf)	-	1,632.43	<p>Section 8</p>
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<p>How has the Company funded itself to date?</p>	<p>In March 2014, Messrs Jon Stewart, Ian Lusted and Graham Dowland and their affiliated entities (<b>Founders</b>) established Australis Oil &amp; Gas Pty Ltd, now named Australis Europe Pty Ltd (<b>APL</b>).</p>	<p>Section 3.2</p>																																																	

Item	Summary	Further information
	<p>APL was established to pursue oil and gas opportunities and was funded by the Founders from March 2014 to December 2015 with capital totalling \$2.6 million. These funds were applied to establish the business of APL, apply for the Concessions and employ executives and staff. APL employed several Perth-based staff of Aurora following its sale in 2014. No remuneration was paid by APL to the Founders who converted all their contributed funds in APL to equity.</p> <p>In September 2015, a Portuguese wholly owned indirect subsidiary of APL was awarded the exclusive rights to the Concessions based on applications made in February 2015. Those Concessions have since been the subject of the Consultant Incentive in Section 10.4.</p> <p>On 31 December 2015, Australis acquired 100% of APL from the Founders for consideration being the issue of 55 million Shares.</p> <p>In November 2015, Australis undertook a private placement of approximately 120.9 million shares at \$0.20 each to raise approximately \$24.2 million. The Directors, management and their affiliates subscribed \$6.0 million in this private placement. The funds raised were used to advance the Concessions and acquire the initial 20% Working Interest in the TMS Leases.</p> <p>In May 2016, Australis undertook a further private placement of approximately 45.7 million shares at \$0.22 each to raise approximately \$10.1 million. With each two shares issued, one free attaching Option exercisable at \$0.275 was granted. The Directors, management and their affiliates subscribed a further \$2.75 million in this private placement. Australis used part of the funds to acquire a further 30% Working Interest in the TMS Leases in May 2016 to take its Working Interest in the TMS Leases to 50%.</p>	
<p>What is the pro-forma net cash of the Company?</p>	<p>The pro forma net cash as at 31 March 2016 is \$35,085,000.</p>	<p>Section 9</p>
<p>What are the Company's growth plans?</p>	<p>The Company's overall growth strategy is to build a portfolio of quality assets including Core Proven Assets, Appraisal Assets and Exploration Assets. The Company intends to pursue growth both organically with the existing asset base (being the TMS Leases and the Concessions) and by acquisition. As and when further funds are required, either for the existing assets or for acquisitions, the Company will consider raising additional capital from both the issue of equity securities and/or debt finance. The application of material debt to the Company's balance sheet will only be undertaken when the Board considers it appropriate and, depending on the type of debt and its covenants, will generally require the Company to have sustainable and maintainable revenue from any future production.</p>	<p>Section 3.3</p>

## 1.2 Directors, Key Employees and Security Interests

Item	Summary	Further information															
Who are the Directors of Australis?	<p>The Directors of Australis are:</p> <table border="1" data-bbox="413 371 1181 936"> <thead> <tr> <th data-bbox="413 371 671 443">Director</th> <th data-bbox="671 371 924 443">Position</th> <th data-bbox="924 371 1181 443">Independence</th> </tr> </thead> <tbody> <tr> <td data-bbox="413 443 671 551">Jon Stewart</td> <td data-bbox="671 443 924 551">Chairman</td> <td data-bbox="924 443 1181 551">Not Independent</td> </tr> <tr> <td data-bbox="413 551 671 689">Ian Lusted</td> <td data-bbox="671 551 924 689">Managing Director and Chief Executive Officer</td> <td data-bbox="924 551 1181 689">Not Independent</td> </tr> <tr> <td data-bbox="413 689 671 824">Graham Dowland</td> <td data-bbox="671 689 924 824">Chief Financial Officer and Finance Director</td> <td data-bbox="924 689 1181 824">Not Independent</td> </tr> <tr> <td data-bbox="413 824 671 936">Alan Watson</td> <td data-bbox="671 824 924 936">Non-Executive Director</td> <td data-bbox="924 824 1181 936">Independent</td> </tr> </tbody> </table> <p>The Directors and key executives were all directors of Aurora. The Directors have experience in both international public capital markets and the oil and gas industry.</p>	Director	Position	Independence	Jon Stewart	Chairman	Not Independent	Ian Lusted	Managing Director and Chief Executive Officer	Not Independent	Graham Dowland	Chief Financial Officer and Finance Director	Not Independent	Alan Watson	Non-Executive Director	Independent	Section 5.1
Director	Position	Independence															
Jon Stewart	Chairman	Not Independent															
Ian Lusted	Managing Director and Chief Executive Officer	Not Independent															
Graham Dowland	Chief Financial Officer and Finance Director	Not Independent															
Alan Watson	Non-Executive Director	Independent															
Who is Australis' senior management team?	<p>The senior management team of Australis is:</p> <table border="1" data-bbox="413 1160 1181 1727"> <thead> <tr> <th data-bbox="413 1160 799 1232">Name</th> <th data-bbox="799 1160 1181 1232">Position</th> </tr> </thead> <tbody> <tr> <td data-bbox="413 1232 799 1339">Ian Lusted</td> <td data-bbox="799 1232 1181 1339">Managing Director and Chief Executive Officer</td> </tr> <tr> <td data-bbox="413 1339 799 1447">Graham Dowland</td> <td data-bbox="799 1339 1181 1447">Chief Financial Officer and Finance Director</td> </tr> <tr> <td data-bbox="413 1447 799 1518">Michael Verm</td> <td data-bbox="799 1447 1181 1518">Chief Operating Officer</td> </tr> <tr> <td data-bbox="413 1518 799 1626">Julie Foster</td> <td data-bbox="799 1518 1181 1626">Vice President Finance and Company Secretary</td> </tr> <tr> <td data-bbox="413 1626 799 1727">Malcolm Bult</td> <td data-bbox="799 1626 1181 1727">Vice President Corporate and Business Development</td> </tr> </tbody> </table> <p>All the senior management team were previously employed by Aurora.</p>	Name	Position	Ian Lusted	Managing Director and Chief Executive Officer	Graham Dowland	Chief Financial Officer and Finance Director	Michael Verm	Chief Operating Officer	Julie Foster	Vice President Finance and Company Secretary	Malcolm Bult	Vice President Corporate and Business Development	Section 5.3			
Name	Position																
Ian Lusted	Managing Director and Chief Executive Officer																
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Julie Foster	Vice President Finance and Company Secretary																
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<p>What are the Directors' current relevant interests in Securities in Australis and what is their proposed participation in the Offer?</p>	<p>The Directors current relevant interests in Securities in Australis are:</p> <table border="1" data-bbox="395 338 1182 1061"> <thead> <tr> <th data-bbox="395 338 587 421">Director</th> <th data-bbox="587 338 735 421">Jon Stewart</th> <th data-bbox="735 338 884 421">Ian Lusted</th> <th data-bbox="884 338 1032 421">Graham Dowland</th> <th data-bbox="1032 338 1182 421">Alan Watson</th> </tr> </thead> <tbody> <tr> <td data-bbox="395 421 587 465"><b>Shares</b></td> <td data-bbox="587 421 735 465">59,542,859</td> <td data-bbox="735 421 884 465">14,303,572</td> <td data-bbox="884 421 1032 465">14,403,572</td> <td data-bbox="1032 421 1182 465">3,410,000</td> </tr> <tr> <td data-bbox="395 465 587 510"><b>Options<sup>1</sup></b></td> <td data-bbox="587 465 735 510"></td> <td data-bbox="735 465 884 510"></td> <td data-bbox="884 465 1032 510"></td> <td data-bbox="1032 465 1182 510"></td> </tr> <tr> <td data-bbox="395 510 587 622">\$0.275 (Series A) 30/6/19</td> <td data-bbox="587 510 735 622">5,000,000</td> <td data-bbox="735 510 884 622">250,000</td> <td data-bbox="884 510 1032 622">300,000</td> <td data-bbox="1032 510 1182 622">455,000</td> </tr> <tr> <td data-bbox="395 622 587 705">\$0.25 31/12/20</td> <td data-bbox="587 622 735 705">10,000,000</td> <td data-bbox="735 622 884 705">4,000,000</td> <td data-bbox="884 622 1032 705">3,200,000</td> <td data-bbox="1032 622 1182 705">-</td> </tr> <tr> <td data-bbox="395 705 587 817">\$0.30 (Series A) 31/12/20</td> <td data-bbox="587 705 735 817">15,000,000</td> <td data-bbox="735 705 884 817">6,000,000</td> <td data-bbox="884 705 1032 817">5,000,000</td> <td data-bbox="1032 705 1182 817">-</td> </tr> <tr> <td data-bbox="395 817 587 929">\$0.35 (Series A) 31/12/22</td> <td data-bbox="587 817 735 929">15,000,000</td> <td data-bbox="735 817 884 929">6,000,000</td> <td data-bbox="884 817 1032 929">5,000,000</td> <td data-bbox="1032 817 1182 929">-</td> </tr> <tr> <td data-bbox="395 929 587 1061">\$0.275 (Series B, C, D)<sup>2</sup> 24/5/21</td> <td data-bbox="587 929 735 1061">-</td> <td data-bbox="735 929 884 1061">-</td> <td data-bbox="884 929 1032 1061">-</td> <td data-bbox="1032 929 1182 1061">420,000</td> </tr> </tbody> </table> <p data-bbox="395 1093 1182 1249"> <ol style="list-style-type: none"> <li><i>The full terms and conditions relating to the Options can be found in Annexure B – Rights attaching to Options.</i></li> <li><i>Independent Director Options vest 33.3% on each anniversary from the date of grant of 24 May 2016, subject to the grantee remaining a director of the Company.</i></li> </ol> </p> <p data-bbox="395 1279 1182 1368"> The Directors may participate in the Offer within this Prospectus and may subscribe for Shares. Messrs Dowland and Watson intend to participate in the Offer as follows: </p> <ul data-bbox="443 1406 1182 1563" style="list-style-type: none"> <li>• Mr Dowland (or an entity in which he has a relevant interest) will subscribe for 346,428 Shares (\$86,607).</li> <li>• Mr Watson (or an entity in which he has a relevant interest) will subscribe for 400,000 Shares (\$100,000).</li> </ul> <p data-bbox="395 1599 1182 1756"> Assuming Mr Dowland and Mr Watson (or entities in which they have a relevant interest) are allocated Shares under this Offer in accordance with their intended participation set out above, the Directors relevant interests in Securities in Australis post completion of the Offer would be: </p>	Director	Jon Stewart	Ian Lusted	Graham Dowland	Alan Watson	<b>Shares</b>	59,542,859	14,303,572	14,403,572	3,410,000	<b>Options<sup>1</sup></b>					\$0.275 (Series A) 30/6/19	5,000,000	250,000	300,000	455,000	\$0.25 31/12/20	10,000,000	4,000,000	3,200,000	-	\$0.30 (Series A) 31/12/20	15,000,000	6,000,000	5,000,000	-	\$0.35 (Series A) 31/12/22	15,000,000	6,000,000	5,000,000	-	\$0.275 (Series B, C, D) <sup>2</sup> 24/5/21	-	-	-	420,000	<p>Section 11.1</p>
Director	Jon Stewart	Ian Lusted	Graham Dowland	Alan Watson																																						
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Item	Summary					Further information
	Director	Jon Stewart	Ian Lusted	Graham Dowland	Alan Watson	
	<b>Shares</b>	59,542,859	14,303,572	14,750,000	3,810,000	
	<b>Options<sup>1</sup></b>					
	\$0.275 (Series A) 30/6/19	5,000,000	250,000	300,000	455,000	
	\$0.25 31/12/20	10,000,000	4,000,000	3,200,000	-	
	\$0.30 (Series A) 31/12/20	15,000,000	6,000,000	5,000,000	-	
	\$0.35 (Series A) 31/12/22	15,000,000	6,000,000	5,000,000	-	
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What are the Directors' remuneration arrangements and benefits?	Director	Jon Stewart	Ian Lusted	Graham Dowland	Alan Watson	Sections 11.1 and 11.2, Sections 10.10, 10.11 and 10.15
	<b>Remuneration<sup>1</sup> (\$)</b>	\$219,000	\$465,375	\$383,250	\$84,863	
	<b>Options<sup>2</sup></b>					
	\$0.25 31/12/20	10,000,000	4,000,000	3,200,000	-	
	\$0.30 (Series A) 31/12/20	15,000,000	6,000,000	5,000,000	-	
	\$0.35 (Series A) 31/12/22	15,000,000	6,000,000	5,000,000	-	
	\$0.275 (Series B, C, D) 24/5/21	-	-	-	420,000	
	<ol style="list-style-type: none"> <li><i>Remuneration represents annual fixed salary. In addition Mr Lusted and Mr Dowland may be entitled to STI's as set out in Executive Service Agreement summary in Sections 10.10 and 10.11 respectively.</i></li> <li><i>The full terms and conditions relating to the Options can be found in Annexure B – Rights attaching to Options.</i></li> </ol>					

Item	Summary	Further information																														
	<p>The Directors are parties to the Deeds of Access, Indemnity and Insurance in Section 11.2(c), and eligible to participate in the Employee Equity Incentive Plan in Section 10.15, although it is not currently proposed that non-executive Directors participate, and the Executive Directors would not participate until after 31 December 2017. Messrs Stewart, Lusted and Dowland also received consideration under the Share Purchase Agreement described in Section 11.2(a).</p>																															
<p>Who are the substantial shareholders of Australis?</p>	<p>As at the date of this Prospectus, the following Shareholders are registered as holding 5% or more of the total Shares on issue:</p> <table border="1" data-bbox="395 651 1182 1171"> <thead> <tr> <th data-bbox="395 651 724 790">Shareholder</th> <th data-bbox="724 651 971 790">Number of Shares held</th> <th data-bbox="971 651 1182 790">% of Shares/voting power</th> </tr> </thead> <tbody> <tr> <td data-bbox="395 790 724 902">Epicure Superannuation Pty Ltd ATF the Epicure Superannuation Fund</td> <td data-bbox="724 790 971 902">26,150,001</td> <td data-bbox="971 790 1182 902">11.80%</td> </tr> <tr> <td data-bbox="395 902 724 1014">JK Stewart Investments Pty Ltd ATF The Stewart Investment Trust</td> <td data-bbox="724 902 971 1014">33,392,858</td> <td data-bbox="971 902 1182 1014">15.07%</td> </tr> <tr> <td data-bbox="395 1014 724 1093">Zero Nominees Pty Ltd*</td> <td data-bbox="724 1014 971 1093">82,952,772</td> <td data-bbox="971 1014 1182 1093">37.44%</td> </tr> <tr> <td data-bbox="395 1093 724 1171">National Nominees Limited</td> <td data-bbox="724 1093 971 1171">11,311,078</td> <td data-bbox="971 1093 1182 1171">5.11%</td> </tr> </tbody> </table> <p data-bbox="395 1178 1182 1301"><i>*Zero Nominees is a nominee company of Euroz Securities Limited. Zero Nominees is expected to distribute the majority of its Shares to the relevant underlying beneficial holders, none of whom are expected to be substantial Shareholders of Australis, on or about the time of Listing.</i></p> <p data-bbox="395 1339 1182 1402">As at the date of this Prospectus the Directors and their associates own the following Shares (for Options, see above):</p> <table border="1" data-bbox="395 1431 1182 1865"> <thead> <tr> <th data-bbox="395 1431 705 1570">Director</th> <th data-bbox="705 1431 971 1570">Number of Shares held</th> <th data-bbox="971 1431 1182 1570">% of Shares/voting power</th> </tr> </thead> <tbody> <tr> <td data-bbox="395 1570 705 1641">Mr Jon Stewart</td> <td data-bbox="705 1570 971 1641">59,542,859</td> <td data-bbox="971 1570 1182 1641">26.87%</td> </tr> <tr> <td data-bbox="395 1641 705 1713">Mr Ian Lusted</td> <td data-bbox="705 1641 971 1713">14,303,572</td> <td data-bbox="971 1641 1182 1713">6.46%</td> </tr> <tr> <td data-bbox="395 1713 705 1785">Mr Graham Dowland</td> <td data-bbox="705 1713 971 1785">14,403,572</td> <td data-bbox="971 1713 1182 1785">6.50%</td> </tr> <tr> <td data-bbox="395 1785 705 1865">Mr Alan Watson</td> <td data-bbox="705 1785 971 1865">3,410,000</td> <td data-bbox="971 1785 1182 1865">1.54%</td> </tr> </tbody> </table> <p data-bbox="395 1899 1182 2016">Other than the intended participation by Mr Dowland for 346,428 Shares and Mr Watson for 400,000 Shares (in either case, personally or through entities in which they have a relevant interest), it is not anticipated that the Directors will participate in</p>	Shareholder	Number of Shares held	% of Shares/voting power	Epicure Superannuation Pty Ltd ATF the Epicure Superannuation Fund	26,150,001	11.80%	JK Stewart Investments Pty Ltd ATF The Stewart Investment Trust	33,392,858	15.07%	Zero Nominees Pty Ltd*	82,952,772	37.44%	National Nominees Limited	11,311,078	5.11%	Director	Number of Shares held	% of Shares/voting power	Mr Jon Stewart	59,542,859	26.87%	Mr Ian Lusted	14,303,572	6.46%	Mr Graham Dowland	14,403,572	6.50%	Mr Alan Watson	3,410,000	1.54%	<p>Section 11.1</p>
Shareholder	Number of Shares held	% of Shares/voting power																														
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Item	Summary	Further information															
	<p>the Offer, and there are no known other allocations or priority offers under the Offer to substantial Shareholders, Directors, other officers, or any of their family or friends. As at completion of the Offer and assuming allocations of Shares are made to the Directors (or applicable entities in which they have a relevant interest) in accordance with their intended participation the Directors and their associates own the following Shares:</p> <table border="1" data-bbox="395 477 1182 904"> <thead> <tr> <th data-bbox="395 477 719 611">Director</th> <th data-bbox="719 477 967 611">Number of Shares held</th> <th data-bbox="967 477 1182 611">% of Shares/voting power</th> </tr> </thead> <tbody> <tr> <td data-bbox="395 611 719 689">Mr Jon Stewart</td> <td data-bbox="719 611 967 689">59,542,859</td> <td data-bbox="967 611 1182 689">17.43%</td> </tr> <tr> <td data-bbox="395 689 719 768">Mr Ian Lusted</td> <td data-bbox="719 689 967 768">14,303,572</td> <td data-bbox="967 689 1182 768">4.19%</td> </tr> <tr> <td data-bbox="395 768 719 846">Mr Graham Dowland</td> <td data-bbox="719 768 967 846">14,750,000</td> <td data-bbox="967 768 1182 846">4.32%</td> </tr> <tr> <td data-bbox="395 846 719 904">Mr Alan Watson</td> <td data-bbox="719 846 967 904">3,810,000</td> <td data-bbox="967 846 1182 904">1.12%</td> </tr> </tbody> </table>	Director	Number of Shares held	% of Shares/voting power	Mr Jon Stewart	59,542,859	17.43%	Mr Ian Lusted	14,303,572	4.19%	Mr Graham Dowland	14,750,000	4.32%	Mr Alan Watson	3,810,000	1.12%	
Director	Number of Shares held	% of Shares/voting power															
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Mr Graham Dowland	14,750,000	4.32%															
Mr Alan Watson	3,810,000	1.12%															

### 1.3 Key Risks

Prospective investors should be aware that subscribing for Shares in the Company involves a number of risks and uncertainties. The risk factors set out in Section 6, and other general risks applicable to all investments in listed securities, may affect the value of the Shares in the future. The oil and gas interests detailed in this Prospectus are at the exploration or appraisal stage. An investment in the Shares should be considered speculative. Investors may lose some or all of their investment.

Based on the information available, a non-exhaustive list summarising the key risk factors affecting the Company is set out below. Investors should refer to the more comprehensive list of risks set out in Section 6. Where relevant, the risks below assume completion of the Offer has occurred. The occurrence of any one of the risks below could adversely impact the Company's operating or financial performance.

Key Risks	Summary
Offer risk	If ASX does not admit the Shares to Official Quotation before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not allot or issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.
Strategy risk	<p>Australis' strategy is predicated on the belief that the fundamental drivers are in place for a potential increase in oil prices in due course. The Company seeks to acquire and accumulate a high quality, oil weighted portfolio of assets, at attractive pricing, that will aim to provide potential leveraged upside to any modest recovery in the oil price – see Section 3.3 for additional information on the Company's strategy.</p> <p>There is no guarantee the oil price will recover, or that appropriate assets in each of the categories can be identified, and if they are, acquired at an attractive price or at all. While the Directors and key management previously worked at Aurora, the Company is not Aurora, and there is no guarantee its strategy will be successful.</p>
Title risk – TMS Leases	Australis has acquired and will continue to acquire Working Interests in leaseholds from mineral rights owners in Louisiana and Mississippi, USA. As existing lease terms expire, Australis and its operator and co-owner in the TMS have agreed the maximum terms to be offered to mineral rights owners in the negotiation for new leases. Certain TMS Leases are, at Australis' election, capable of renewal or extension. There is no guarantee that existing leases will be renewed, extended or reacquired prior to expiry or that leases on new areas will be acquired. The process of confirming defensible title on leases for oil and gas exploration and production has been performed by experts acting for Australis – see Section 7. If at any time title cannot be determined, it may have a financial impact on the value of that lease. See Section 3.5(h)(i) for more information.
Commodity prices	The prices of oil and gas are outside the control of Australis and fluctuate; the prices impact the availability and costs of opportunities for Australis, and any future revenue and profitability from the sale of oil and gas.
Exploration and development	Oil and gas exploration is a speculative investment and involves a high degree of risk. Section 3.5 contains information concerning wells in the TMS which are not in the area of the TMS Leases; there is no guarantee

Key Risks	Summary
	these results are representative of the TMS Leases. There is no guarantee that the exploration and development of any oil and gas assets acquired by the Company can be profitably exploited.
Reliance on key personnel	Australis' success depends in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The contributions of the existing management team to the immediate and near term operations are likely to be of central importance. There can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the implementation, development and operation of its business strategy.
Funding risk	The Company may require capital in addition to the amount being sought in the Offer to continue exploring and appraising its existing assets following the completion of the existing work program budgets (for approximately 2 years in the case of the TMS Leases and approximately 3 years in the case of the Concessions). As and when further funds are required, either for the existing assets or for acquisitions, the Company will consider raising additional capital from both issue of equity securities and/or debt finance if appropriate. There is no assurance that the Company will be able to access and secure additional funding on reasonable terms or at all.
Liquidity	The number of Restricted Securities may affect the liquidity of the market for Shares. Refer Section 2.10.
Sovereign risk	Whilst Portugal is considered to be politically stable, the rights owned by Australis may be affected by any changes in government policy or legislation. In the USA, the leasehold rights under TMS Leases may be affected by any changes in government policy or legislation.
Hydraulic fracturing	There exists public debate regarding the potential sub surface and surface impact of hydraulic fracturing used in unconventional oil and gas drilling. In addition, there are many regulatory requirements to be adhered to. Any modification or addition to the current requirements may adversely impact the value of the Company's assets and future financial performance.
Resource estimation risk	There are inherent risks in the estimation of prospective and contingent resources. There is a risk that such estimations will not convert into reserves or any actual production may significantly vary from such estimates.
Exchange rate fluctuations	The Company operates in multiple currencies and exchange rates are constantly fluctuating. The Company does not hedge currencies but the current policy is to convert the majority of its cash balances to USD when appropriate.

Key Risks	Summary
Commercialisation and access to infrastructure	Australis' future performance will be impacted by its ability to source and access equipment and services and product transportation routes and processing facilities. The ability of the Company to access infrastructure economically or at all is largely out of control of Australis and therefore may have an adverse impact on future performance.
Environmental	The Company is subject to laws and regulations to minimise the environmental impact of any operations as well as rehabilitation of any areas affected by any operation carried out on the areas leased by the Company. These laws can be costly to operate under and can change further adversely affecting the Company. Penalties for failure to adhere to the laws or in the event of environmental damage the penalties and remediation costs can be substantive.
Competition	The Company competes with numerous other organisations in the search for, and the acquisition of, oil and gas assets. The Company's competitors include oil and gas companies that have substantially greater financial resources, staff and facilities than those of the Company. The Company's ability to increase its reserves in the future will depend not only on its ability to explore and develop the TMS Leases and Concessions, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling.
Contract risk	<p>The Company is a party to various contracts. Whilst the Company will have various contractual rights in the event of non-compliance by a contracting party, no assurance can be given that all contracts to which the Company is a party will be fully performed by all contracting parties. Additionally, no assurance can be given that if a contracting party does not comply with any contractual provision, the Company will be successful in enforcing compliance. There is also bankruptcy, credit and operational risk attached to counterparties.</p> <p>Contracts to which the Company and its subsidiaries are party, including the Concessions, contain various termination rights that could be triggered in the event that either party does not fulfil their obligations under the applicable contract.</p> <p>Further, the Concessions contain various conditions and requirements, which if not satisfied could result in the applicable Concession being terminated or could require Australis to relinquish all or part of its interest.</p>

## 1.4 Overview of the Offer

Item	Summary	Further information																																				
What is the Offer?	The Offer is an initial public offering of 120,000,000 Shares at the Offer Price of \$0.25 per Share to raise \$30,000,000. There is no lower minimum Offer amount; if \$30,000,000 is not raised (before costs) the Offer will not proceed.	Section 2																																				
Why is the Offer being conducted?	<p>The purpose of the Offer is to:</p> <ul style="list-style-type: none"> <li>raise \$30,000,000 from Applications for 120,000,000 Shares at an issue price of \$0.25 per Share;</li> <li>facilitate an application by the Company to seek admission to the official list of the ASX and to assist the Company to meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules; and</li> <li>position the Company to achieve its strategy as set out in Section 3.3.</li> </ul>	Key Offer Information and Indicative Timetable, and Sections 2.9 and 3.3																																				
How will existing funds and the funds raised under the Offer be used?	<p>The Company intends to apply funds raised from the Offer as follows:</p> <table border="1" data-bbox="416 976 1106 1581"> <thead> <tr> <th data-bbox="416 976 839 1048">Source of Funds</th> <th colspan="2" data-bbox="839 976 1106 1048">\$000s</th> </tr> </thead> <tbody> <tr> <td data-bbox="416 1048 839 1081">Existing cash reserves<sup>1</sup></td> <td colspan="2" data-bbox="839 1048 1106 1081">\$6,775</td> </tr> <tr> <td data-bbox="416 1081 839 1144">Gross funds raised from the Offer</td> <td colspan="2" data-bbox="839 1081 1106 1144">\$30,000</td> </tr> <tr> <td data-bbox="416 1144 839 1178"><b>Total Funds Available</b></td> <td colspan="2" data-bbox="839 1144 1106 1178"><b>\$36,775</b></td> </tr> <tr> <th data-bbox="416 1178 839 1240">Use of Funds</th> <th data-bbox="839 1178 975 1240">\$000s</th> <th data-bbox="975 1178 1106 1240">%</th> </tr> <tr> <td data-bbox="416 1240 839 1303">Work program TMS (including lease renewal)</td> <td data-bbox="839 1240 975 1303">\$14,472</td> <td data-bbox="975 1240 1106 1303">39%</td> </tr> <tr> <td data-bbox="416 1303 839 1344">Work program Portugal</td> <td data-bbox="839 1303 975 1344">\$2,117</td> <td data-bbox="975 1303 1106 1344">6%</td> </tr> <tr> <td data-bbox="416 1344 839 1384">Concessions</td> <td data-bbox="839 1344 975 1384">\$1,690</td> <td data-bbox="975 1344 1106 1384">5%</td> </tr> <tr> <td data-bbox="416 1384 839 1447">Expenses of the Offer<sup>2</sup></td> <td data-bbox="839 1384 975 1447">\$2,863</td> <td data-bbox="975 1384 1106 1447">8%</td> </tr> <tr> <td data-bbox="416 1447 839 1547">Evaluation and business development expenses</td> <td data-bbox="839 1447 975 1547">\$15,633</td> <td data-bbox="975 1447 1106 1547">42%</td> </tr> <tr> <td data-bbox="416 1547 839 1581">Working capital, future acquisitions and operating expenses</td> <td data-bbox="839 1547 975 1581"></td> <td data-bbox="975 1547 1106 1581"></td> </tr> <tr> <td data-bbox="416 1581 839 1615"><b>Total</b></td> <td data-bbox="839 1581 975 1615"><b>\$36,775</b></td> <td data-bbox="975 1581 1106 1615"><b>100%</b></td> </tr> </tbody> </table> <p data-bbox="416 1615 1137 1854"> <ol style="list-style-type: none"> <li>This is the Company's cash balance as per the 31 March 2016 pro-forma Statement of Financial Position adjusted for Subsequent Events.</li> <li>Estimated expenses of the Offer include accounting fees, legal fees, ASX listing fees, corporate advisory fees, brokerage commissions, share registry fees, printing fees and other miscellaneous expenses associated with the Offer – see Section 11.6</li> </ol> </p> <p data-bbox="416 1888 1137 2047">The Table above represents the Company's current intentions as at the date of this Prospectus based on the current business plan of the Company and business conditions. The amount and timing of the actual expenditure may vary and will depend upon numerous</p>	Source of Funds	\$000s		Existing cash reserves <sup>1</sup>	\$6,775		Gross funds raised from the Offer	\$30,000		<b>Total Funds Available</b>	<b>\$36,775</b>		Use of Funds	\$000s	%	Work program TMS (including lease renewal)	\$14,472	39%	Work program Portugal	\$2,117	6%	Concessions	\$1,690	5%	Expenses of the Offer <sup>2</sup>	\$2,863	8%	Evaluation and business development expenses	\$15,633	42%	Working capital, future acquisitions and operating expenses			<b>Total</b>	<b>\$36,775</b>	<b>100%</b>	Section 2.2
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What is the effect of the Offer on the capital structure of the Company?	<p>The capital structure of the Company following completion of the Offer is summarised below.</p> <table border="1" data-bbox="416 434 1129 1350"> <thead> <tr> <th colspan="2" data-bbox="416 434 900 499">Capital Structure – Shares</th> <th colspan="2" data-bbox="900 434 1129 499">Number</th> </tr> </thead> <tbody> <tr> <td colspan="2" data-bbox="416 499 900 564">Shares on issue as at the date of this Prospectus</td> <td colspan="2" data-bbox="900 499 1129 564">221,556,866</td> </tr> <tr> <td colspan="2" data-bbox="416 564 900 598">Shares to be issued under the Offer</td> <td colspan="2" data-bbox="900 564 1129 598">120,000,000</td> </tr> <tr> <td colspan="2" data-bbox="416 598 900 663"><b>Shares on issue post completion of the Offer</b></td> <td colspan="2" data-bbox="900 598 1129 663"><b>341,556,866</b></td> </tr> <tr> <th colspan="4" data-bbox="416 663 1129 696">Options on issue as at the date of this Prospectus</th> </tr> <tr> <th data-bbox="416 696 587 761">Exercise Price</th> <th data-bbox="587 696 724 761">Vesting</th> <th data-bbox="724 696 940 761">Expiry</th> <th data-bbox="940 696 1129 761">Number</th> </tr> <tr> <td data-bbox="416 761 587 795">\$0.25</td> <td data-bbox="587 761 724 795">vested</td> <td data-bbox="724 761 940 795">31 Dec 2020</td> <td data-bbox="940 761 1129 795">19,675,000</td> </tr> <tr> <td data-bbox="416 795 587 860">\$0.30 (Series A)</td> <td data-bbox="587 795 724 860">13 Nov 2016<sup>1</sup></td> <td data-bbox="724 795 940 860">31 Dec 2020</td> <td data-bbox="940 795 1129 860">27,775,000</td> </tr> <tr> <td data-bbox="416 860 587 925">\$0.30 (Series B)</td> <td data-bbox="587 860 724 925">13 Nov 2016<sup>1</sup></td> <td data-bbox="724 860 940 925">31 Dec 2020</td> <td data-bbox="940 860 1129 925">1,000,000</td> </tr> <tr> <td data-bbox="416 925 587 990">\$0.35 (Series A)</td> <td data-bbox="587 925 724 990">13 Nov 2017<sup>1</sup></td> <td data-bbox="724 925 940 990">31 Dec 2022</td> <td data-bbox="940 925 1129 990">27,775,000</td> </tr> <tr> <td data-bbox="416 990 587 1055">\$0.35 (Series B)</td> <td data-bbox="587 990 724 1055">13 Nov 2018<sup>1</sup></td> <td data-bbox="724 990 940 1055">31 Dec 2022</td> <td data-bbox="940 990 1129 1055">1,775,000</td> </tr> <tr> <td data-bbox="416 1055 587 1120">\$0.35 (Series C)</td> <td data-bbox="587 1055 724 1120">13 Nov 2017<sup>1</sup></td> <td data-bbox="724 1055 940 1120">31 Dec 2022</td> <td data-bbox="940 1055 1129 1120">1,000,000</td> </tr> <tr> <td data-bbox="416 1120 587 1184">\$0.35 (Series D)</td> <td data-bbox="587 1120 724 1184">13 Nov 2018<sup>1</sup></td> <td data-bbox="724 1120 940 1184">31 Dec 2022</td> <td data-bbox="940 1120 1129 1184">1,000,000</td> </tr> <tr> <td data-bbox="416 1184 587 1249">\$0.275 (Series A)</td> <td data-bbox="587 1184 724 1249">N/A<sup>2</sup></td> <td data-bbox="724 1184 940 1249">30 Jun 2019</td> <td data-bbox="940 1184 1129 1249">22,840,933</td> </tr> <tr> <td data-bbox="416 1249 587 1350">\$0.275 (Series B, C, D)</td> <td data-bbox="587 1249 724 1350">See note <sup>3</sup></td> <td data-bbox="724 1249 940 1350">24 May 2021</td> <td data-bbox="940 1249 1129 1350">420,000</td> </tr> </tbody> </table> <p data-bbox="416 1379 1129 1603"> 1. Vesting of the Options is conditional upon continued employment of the relevant employee until the vesting date.  2. No vesting condition applies to Options granted as part of the Company's private placement in May 2016 to Sophisticated Investors.  3. Independent Director Options vest 33.3% on each anniversary from the date of grant of 24 May 2016, subject to the grantee remaining a director of the Company. </p> <p data-bbox="416 1619 1129 1688">Please refer to Annexure B – Rights attaching to Options for full vesting terms and conditions.</p>	Capital Structure – Shares		Number		Shares on issue as at the date of this Prospectus		221,556,866		Shares to be issued under the Offer		120,000,000		<b>Shares on issue post completion of the Offer</b>		<b>341,556,866</b>		Options on issue as at the date of this Prospectus				Exercise Price	Vesting	Expiry	Number	\$0.25	vested	31 Dec 2020	19,675,000	\$0.30 (Series A)	13 Nov 2016 <sup>1</sup>	31 Dec 2020	27,775,000	\$0.30 (Series B)	13 Nov 2016 <sup>1</sup>	31 Dec 2020	1,000,000	\$0.35 (Series A)	13 Nov 2017 <sup>1</sup>	31 Dec 2022	27,775,000	\$0.35 (Series B)	13 Nov 2018 <sup>1</sup>	31 Dec 2022	1,775,000	\$0.35 (Series C)	13 Nov 2017 <sup>1</sup>	31 Dec 2022	1,000,000	\$0.35 (Series D)	13 Nov 2018 <sup>1</sup>	31 Dec 2022	1,000,000	\$0.275 (Series A)	N/A <sup>2</sup>	30 Jun 2019	22,840,933	\$0.275 (Series B, C, D)	See note <sup>3</sup>	24 May 2021	420,000	Section 2.3
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\$0.35 (Series D)	13 Nov 2018 <sup>1</sup>	31 Dec 2022	1,000,000																																																											
\$0.275 (Series A)	N/A <sup>2</sup>	30 Jun 2019	22,840,933																																																											
\$0.275 (Series B, C, D)	See note <sup>3</sup>	24 May 2021	420,000																																																											

Item	Summary	Further information
How is the Offer structured?	<p>The Offer consists of:</p> <ul style="list-style-type: none"> <li>• <b>The Institutional Offer</b> – an invitation to bid for Shares made to Institutional Investors in Australia and qualifying investors in certain overseas jurisdictions; and</li> <li>• <b>The Broker Firm Offer</b> – an offer open to Australian resident Retail Investors and Australian and New Zealand Sophisticated Investors who have received a firm allocation from their Broker.</li> </ul> <p>The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Company in consultation with the Lead Manager. For Broker Firm Offer applicants, the relevant Broker will decide how they allocate Shares amongst their eligible clients.</p>	Sections 2.1 and 2.8
What is the minimum application size under the Offer?	The minimum Application size under the Offer is 8,000 Shares (equivalent to \$2,000) and thereafter in multiples of 1,000 Shares (equivalent to \$250).	Section 2.5
How do I apply for Shares under the Offer?	<p>The Lead Manager will separately advise Institutional Investors of the application procedures for the Institutional Offer.</p> <p>The Broker Firm Offer is open to eligible investors who have received an allocation from their Broker. If you have been offered an allocation by a Broker having a firm allocation, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation.</p> <p>Investors who have received an allocation of Shares in the Broker Firm Offer must follow instructions provided by their Broker. Those Applicants must complete the Broker Firm Application Form at the back of this Prospectus. By making an Application, you declare that you were given a copy of this Prospectus, together with a Broker Firm Application Form. Your Broker will act as your agent in submitting your Application. You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer.</p> <p>To the extent permitted by law, an Application under the Offer is irrevocable.</p>	Section 2.5
When will I know if my Application was successful?	It is expected that holding statements will be sent to successful Applicants by post on or about 21 July 2016.	Indicative Timetable on Page 8 and Section 2.12

Item	Summary	Further information
What rights and liabilities attach to the Shares being offered?	All Shares issued under the Offer will rank equally in all respects with the existing Shares on issue. The rights and liabilities attaching to the Shares are described in Annexure A – Rights attaching to Shares.	Annexure A – Rights attaching to Shares
Is there a cooling off period?	No.	
Can the Offer be withdrawn by the Company?	<p>Yes. The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants.</p> <p>If the Offer does not proceed, Application Monies will be refunded as soon as practicable in accordance with the requirements of the Corporations Act. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</p>	Sections 2.8 and 2.9
Who is the Lead Manager of the Offer?	The Lead Manager is Euroz Securities Limited (AFSL 243302). Bell Potter Securities Limited (AFSL 243480) is the Co-Lead Manager of the Offer.	Section 10.1
Is the Offer underwritten?	No.	
Will the Shares be quoted on the ASX?	<p>The Company will apply to the ASX for its admission to the Official List and quotation of Shares on the ASX (which is expected to be under the code “ATS”).</p> <p>If ASX does not admit the Shares to Official Quotation before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not allot or issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.</p>	Sections 2.8 and 2.13
What is the Company's dividend policy?	Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings, operating results, the financial condition of the Company, future capital requirements and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.	Section 11.8

Item	Summary	Further information
Will any Securities be restricted in accordance with the ASX Listing Rules?	<p>Yes. The Company anticipates entering into the following restriction arrangements with:</p> <ul style="list-style-type: none"> <li>• related parties of the Company (which includes the Directors and their spouses) and promoters (as defined in the ASX Listing Rules) in respect of: <ul style="list-style-type: none"> <li>• the Shares issued to the Sellers in relation to the acquisition of APL;</li> <li>• in the case of other Shares, any Shares left after the application of the cash formula;</li> <li>• their free attaching \$0.275 (Series A) Options issued under the second interim raising in May 2016; and</li> <li>• Options issued to them as employees,</li> </ul> </li> </ul> <p>each for a restriction period of 24 months from quotation; and</p> <ul style="list-style-type: none"> <li>• participants in the second interim raising in May 2016, in respect of their free attaching \$0.275 (Series A) Options, for a restriction period of 12 months from their issue date, which was 16 May 2016.</li> </ul> <p>This would represent approximately 18.14% of all of the Shares and 96.42% of all the Options on issue following completion of the Offer.</p>	Section 2.10
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty should be payable by Applicants on acquisition of Shares under the Offer.	
Are there any taxation considerations?	The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 2.14
Where can I find out more information about the Offer?	Questions relating to the Offer can be directed to the Lead Manager, Euroz Securities, on +61 8 9488 1400.	
How can I obtain further advice?	By speaking to your accountant, stockbroker or other professional adviser.	

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## 2 Details of the Offer

### 2.1 The Offer

By this Prospectus, the Company invites Applications for 120,000,000 Shares at an issue price of \$0.25 per Share to raise \$30,000,000, before associated costs. The Offer has no lower minimum raising; if \$30,000,000 is not raised before associated costs, the Offer will not proceed.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus. The Offer comprises:

- (a) the Institutional Offer – which consists of an invitation to bid for Shares made to Institutional Investors in Australia and qualifying investors in certain overseas jurisdictions; and
- (b) the Broker Firm Offer – which is open to Australian resident Retail Investors and Australian and New Zealand Sophisticated Investors who have received a firm allocation from their Broker.

No general public offer of Shares will be made under the Offer. The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Company in consultation with the Lead Manager.

The Shares offered under this Prospectus will rank equally with the existing Shares at that time of issue. Refer to Annexure A – Rights attaching to Shares for details of the rights attaching to the Shares.

If ASX does not admit the Shares to Official Quotation before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not allot or issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

### 2.2 Purpose of the Offer and proposed sources and uses of funds

The purpose of this Offer is to:

- (a) raise \$30,000,000 from Applications for 120,000,000 Shares at an issue price of \$0.25 per Share;
- (b) facilitate an application by the Company to seek admission to the official list of the ASX and to assist the Company to meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules; and
- (c) position the Company to achieve its strategy as set out in Section 3.3.

The Company intends to apply the funds raised from the Offer, together with existing cash reserves of approximately \$6.775 million as at 31 March 2016 over the next two years following admission of the Company to the Official List of the ASX as follows:

**Table 1 – Source of Funds**

Source of Funds	\$000s	
Existing cash reserves <sup>1</sup>	\$6,775	
Gross funds raised from the Offer	\$30,000	
<b>Total Funds Available</b>	<b>\$36,775</b>	
Use of Funds	\$000s	%
Work program TMS (including lease renewal) <sup>2</sup>	\$14,472	39%
Work program Portugal Concessions <sup>3</sup>	\$2,117	6%
Expenses of the Offers <sup>4</sup>	\$1,690	5%
Evaluation and Business Development Expenses <sup>5</sup>	\$2,863	8%
Working capital, evaluation, future acquisitions and operating expenses	\$15,633	42%
<b>Total</b>	<b>\$36,775</b>	<b>100%</b>

1. *This is the Company's cash balance as per the 31 March 2016 pro-forma Statement of Financial Position adjusted for Subsequent Events*
2. *This includes committed and discretionary expenditure – see Section 3.5(h)(ii)*
3. *This includes committed and discretionary expenditure – see Section 3.6(c)*
4. *Estimated expenses of the Offer include accounting fees, legal fees, ASX listing fees, corporate advisory fees, brokerage commissions, share registry fees, printing fees and other miscellaneous expenses associated with the Offer – see Section 11.6*
5. *This includes discretionary expenditure in relation to pursuing the Company's business strategy through to 31 December 2017 – see section 3.3*

The Table above represents the Company's current intentions as at the date of this Prospectus based on the current business plan of the Company and business conditions. The amount and timing of the actual expenditure may vary and will depend upon numerous factors, including the timing and success of the Company's activities and the risk factors outlined in Section 6. As with any work plan and budget, intervening events and new circumstances have the potential to affect the manner in which funds are ultimately applied. Accordingly, the actual expenditures may vary from the above estimates and the Board reserves the right to vary the expenditures dependent on circumstances and other opportunities. In addition, as the Offer proceeds will be received in Australian dollars and much of the expenditure will be in foreign currencies (principally US dollars), the actual amount of proceeds used for each of the items above will depend on the prevailing exchange rate at the time the funds are converted to a foreign currency.

The Board believes that funds raised from the Offer, together with existing cash reserves, will provide the Company with sufficient working capital to carry out its stated objectives.

The Company also intends to examine a range of potential acquisitions. See Section 3.3 for details of the Company's growth plans. As and when further funds are required, either for the existing businesses or for acquisitions, the Company will consider raising additional capital from both the issue of equity securities and/or debt finance. The application of material debt to the Company's balance sheet will only be undertaken when the Board considers it appropriate and, depending on the type of debt and its covenants, will generally require the Company to have sustainable and maintainable revenue from future production.

## 2.3 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below:

**Table 2 – Capital Structure**

Capital Structure – Shares			Number
Shares on issue as at the date of this Prospectus			221,556,866
Shares to be issued under the Offer			120,000,000
<b>Shares on issue post completion of the Offer</b>			<b>341,556,866</b>
Existing Options on issue as at the date of this Prospectus			
Exercise Price	Vesting	Expiry	Number
\$0.25	vested	31 Dec 2020	19,675,000
\$0.30 (Series A)	13 Nov 2016 <sup>1</sup>	31 Dec 2020	27,775,000
\$0.30 (Series B)	13 Nov 2016 <sup>1</sup>	31 Dec 2020	1,000,000
\$0.35 (Series A)	13 Nov 2017 <sup>1</sup>	31 Dec 2022	27,775,000
\$0.35 (Series B)	13 Nov 2018 <sup>1</sup>	31 Dec 2022	1,775,000
\$0.35 (Series C)	13 Nov 2017 <sup>1</sup>	31 Dec 2022	1,000,000
\$0.35 (Series D)	13 Nov 2018 <sup>1</sup>	31 Dec 2022	1,000,000
\$0.275 (Series A)	N/A <sup>2</sup>	30 Jun 2019	22,840,933
\$0.275 (Series B, C, D)	See note <sup>3</sup>	24 May 2021	420,000

1. *Vesting of the Options is conditional upon continued employment of the relevant employee until the vesting date.*
2. *No vesting condition applies to Options granted as part of the Company's private placement in May 2016 to Sophisticated Investors.*
3. *Independent Director Options vest 33.3% on each anniversary from the date of grant of 24 May 2016, subject to the grantee remaining a director of the Company.*

As at the date of this Prospectus, the following Shareholders are registered as holding 5% or more of the total Shares on issue:

**Table 3 – Shareholders holding 5% of more**

Shareholder	Number of Shares held	% of Shares/voting power
Epicure Superannuation Pty Ltd ATF the Epicure Superannuation Fund	26,150,001	11.80%
JK Stewart Investments Pty Ltd ATF The Stewart Investment Trust	33,392,858	15.07%
Zero Nominees Pty Ltd*	82,952,772	37.44%
National Nominees Limited	11,311,078	5.11%

*\*Zero Nominees is a nominee company of Euroz Securities Limited. Zero Nominees is expected to distribute the majority of its Shares to the relevant underlying beneficial holders, none of whom are expected to be substantial Shareholders of Australis, on or about the time of Listing.*

As at the date of this Prospectus the Directors and entities in which they hold a relevant interest own the following Securities:

**Table 4 - Director interest in Securities**

Director	Jon Stewart	Ian Lusted	Graham Dowland	Alan Watson
<b>Shares</b>	59,542,859	14,303,572	14,403,572	3,410,000
<b>% of Shares / voting power</b>	26.87%	6.46%	6.50%	1.54%
<b>Options<sup>1</sup></b>				
\$0.275 (Series A) Expiry 30/6/19	5,000,000	250,000	300,000	455,000
\$0.25 Expiry 31/12/20	10,000,000	4,000,000	3,200,000	-
\$0.30 (Series A) Expiry 31/12/20	15,000,000	6,000,000	5,000,000	-
\$0.35 (Series A) Expiry 31/12/22	15,000,000	6,000,000	5,000,000	-
\$0.275 (Series B, C, D) Expiry 24/5/21	-	-	-	420,000

1. The full terms and conditions relating to the Options can be found in Annexure B – Rights attaching to Options.
2. Independent Director Options vest 33.3% on each anniversary from the date of grant of 24 May 2016, subject to the grantee remaining a director of the Company.

Other than the intended participation by Mr Dowland for 346,428 Shares and Mr Watson for 400,000 Shares (in either case, personally or through entities in which they have a relevant interest), it is not anticipated that the Directors will participate in the Offer, and there are no known other allocations or priority offers under the Offer to substantial Shareholders, Directors, other officers, or any of their family. As at completion of the Offer and assuming allocations of Shares are made to the Directors (or applicable entities in which they have a relevant interest) in accordance with their intended participation by the Directors as stated above, the Directors and their associates will have a relevant interest in the following Shares:

**Table 5 – Director interest in Shares following Offer**

Director	Number of Shares held (following Completion of the Offer)	% of Shares / voting power
Mr Jon Stewart	59,542,859	17.43%
Mr Ian Lusted	14,303,572	4.19%
Mr Graham Dowland	14,750,000	4.32%
Mr Alan Watson	3,810,000	1.12%

## 2.4 Lead Manager and Co-Lead Manager

The Offer is not underwritten. Euroz Securities Limited is the Lead Manager to the Offer. A summary of the terms of the engagement of the Lead Manager is set out in Section 10.1. Bell Potter Securities Limited is the Co-Lead Manager to the Offer.

## **2.5 How to Apply under the Offer**

### **The Institutional Offer**

The Lead Manager will separately advise Institutional Investors of the application procedures for the Institutional Offer.

### **The Broker Firm Offer**

#### **Who may Apply?**

The Broker Firm Offer is open to persons who have received an allocation from their Broker and who are residents of Australia and New Zealand. If you have been offered an allocation by a Broker having a firm allocation, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. Your Broker will act as your agent in submitting your Application. You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer.

The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

#### **How to Apply**

Investors who have received an allocation of Shares in the Broker Firm Offer must follow instructions provided by their Broker.

Those Applicants must complete the Broker Firm Application Form at the back of this Prospectus. By making an Application, you declare that you were given a copy of this Prospectus, together with a Broker Firm Application Form. The procedure should be explained to you in further detail by your Broker. If you have a firm allocation of Shares and are in any doubt about what action to take, you should immediately contact the Broker who has made you the firm allocation.

To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

#### **What is the minimum and maximum Application size under the Offer?**

Applications under the Offer must be for a minimum of \$2,000 worth of Shares (being 8,000 Shares at \$0.25 each) and in multiples of \$250 worth of Shares (being 1,000 Shares at \$0.25) thereafter and there is no maximum value of Shares that may be applied for under the Broker Firm Offer.

The Lead Manager and the Company reserve the right to treat any Applications under the Broker Firm Offer that are from persons who they believe may be Institutional Investors, as bids in the Institutional Offer.

The Lead Manager and the Company also reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person.

#### **How to pay**

Applicants under the Broker Firm Offer should make payments in accordance with the directions of the Broker from whom you received your allocation.

#### **Timing for Applications and confirmation**

Applicants under the Broker Firm Offer should send their completed Broker Firm Application Form and Application Monies to their Broker by the Closing Date or otherwise in accordance with the instructions they receive from their Broker.

Please confirm with your Broker the manner in which you should make your payment.

The Company, the Lead Manager, the Co-Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by you or your Broker in connection with your Application, Broker Firm Application Forms and/or Application Monies.

### **Closing date for receipt of Applications**

The Broker Firm Offer opens on 6 July 2016 and is expected to close on 15 July 2016. The Company may, in its absolute discretion, elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date.

Applicants applying for Shares using a paper Broker Firm Application Form are encouraged to submit a Broker Firm Application Form and Application Monies to their Broker as early as possible in advance of the Closing Date and to allow a sufficient period for mail processing time.

### **How to obtain a copy of this Prospectus**

Please contact your Broker for instructions. You may also obtain a copy of this Prospectus from the Lead Manager. Please telephone on +61 8 9488 1400 to obtain a copy. While you may obtain a copy of the Prospectus as set out above, your Application will not be accepted under the Broker Firm Offer if it is not lodged through your Broker.

Subject to Sections 2.8 and 2.9 the Shares to be issued under the Offer will be issued as soon as practicable after the Closing Date. It is expected that holding statements will be sent to successful Applicants by post on or about 21 July 2016.

## **2.6 Control Implications**

The potential effect that the issue of the Shares under the Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand.

The number of Shares to be issued pursuant to the Offer is 120,000,000 Shares.

## **2.7 Application Monies to be held on Trust**

To the extent required by the Corporations Act, until the Shares are issued under this Prospectus, the Application Monies for Shares will be held by the Company on trust on behalf of Applicants in a separate bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus. However, the Company will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest. If the Shares to be issued under this Prospectus are not admitted to quotation within three months after the date of the Prospectus, no Shares will be issued and Application Monies will be refunded in full without interest in accordance with the Corporations Act.

## **2.8 Allocation Policy, Issue of Shares, ASX Listing and Discretion**

### **(a) Allocation Policy**

The allocation of Shares as between the Institutional Offer and the Broker Firm Offer and under the Institutional Offer will be determined by the Company in consultation with the Lead Manager. It will be a matter for the Brokers how they allocate Shares amongst their clients and they (and not the Company or the Lead Manager) will be responsible for ensuring that clients who have received an allocation, receive their relevant Shares. The Directors in their sole discretion reserve the right to determine the allocation of Shares under this Offer, including to reject any Application or to allocate any Applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus Application Monies will be refunded, without interest, to the Applicant as soon as practicable after the Closing Date.

(b) **Issue of Shares**

Allotment of Shares offered by the Prospectus will take place as soon as practicable after the Closing Date subject to ASX granting conditional approval for the Company to be admitted to the Official List.

It is expected that holding statements will be sent to successful Applicants on or about 21 July 2016.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares issued under the Offer. Applicants who sell Shares before they receive their holding statements do so at their own risk.

(c) **ASX Listing**

Within 7 days after the date of this Prospectus the Company will apply to ASX for admission to the Official List and for the Shares, including those offered by the Prospectus, to be granted Official Quotation.

However, Applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has received the approval of ASX to be admitted to the Official List. As such, Shares offered under the Offer may not be able to be traded for some time after the close of the Offer.

If ASX does not admit the Shares to Official Quotation before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not allot or issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus. ASX takes no responsibility for the contents of this Prospectus.

**2.9 Discretion to not proceed or withdraw the Offer**

The Company reserves the right, in consultation with the Lead Manager, not to proceed with the Offer, withdraw the Offer, or any part of it, at any time before the issue of Shares to successful Applicants. If the Offer (or any part of it) does not proceed, Application Monies will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

The Company also reserves the right (subject to the ASX Listing Rules and the Corporations Act) to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application, or allocate to any Applicant fewer Shares than the amount applied for. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

**2.10 Restricted Securities**

Restriction agreements are anticipated to be entered into in compliance with the ASX Listing Rules with:

- related parties of the Company (which includes Directors and their spouses) and promoters (as defined in the ASX Listing Rules) in respect of:
  - (i) the Shares issued to the Sellers in relation to the acquisition of APL (refer to Section 11.2(a));
  - (ii) in the case of other Shares, any Shares left after the application of the cash formula;
  - (iii) their free attaching \$0.275 (Series A) Options issued under the second interim raising in May 2016; and

(iv) Options issued to them as employees,

each for a restriction period of 24 months from quotation;

- participants in the second interim raising in May 2016, in respect of their free attaching \$0.275 (Series A) Options, for a restriction period of 12 months from their issue date, which was 16 May 2016.

This will represent approximately 18.14% of all of the Shares and 96.42% of all the Options in issue following the Offer.

It is intended that each of the affected persons will enter into restriction agreements in respect of their Restricted Securities in the form required under ASX Listing Rules, which prevents them from disposing of the Restricted Securities (including any Shares issued on exercise of any option) for the applicable restriction period. The restrictions on the holder of Restricted Securities include prohibitions on selling, assigning, transferring or otherwise disposing of any interest in the Restricted Securities (or agreeing to do any of those things), granting, or agreeing to grant, a security interest over the Restricted Securities, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Restricted Securities.

Under ASX Listing Rule 9.17, subject to certain conditions, the ASX may consent to the removal of certain restrictions in respect of the Restricted Securities to enable the holder of Restricted Securities to accept a takeover bid or to enable Restricted Securities to be transferred or cancelled as part of a scheme of arrangement under Part 5.1 of the Corporation Act.

The number of Securities expected to be the subject of the restriction arrangements are set out in the Table below.

Restricted Securityholder	Restricted Shares	Restricted Options	Period of restriction	% of Shares restricted (after the Offer)	% of Options restricted (after the Offer)
<i>Entities in which the Directors have a relevant interest</i>					
Epicure Superannuation Pty Limited ATF <Epicure Superannuation Fund>	4,430,001	5,000,000 (\$0.275 (Series A) Options) 10,000,000 (\$0.25 Options) 15,000,000 (\$0.30 (Series A) Options) 15,000,000 (\$0.35 (Series A) Options)	24 months from Official Quotation	1.30%	43.58%
JK Stewart Investments Pty Ltd ATF The Stewart Investment Trust	33,392,858	-	24 months from Official Quotation	9.78%	-
Everzen Holdings Pty Limited ATF <Lusted Family Trust>	10,803,572	4,000,000 (\$0.25 Options) 6,000,000 (\$0.30 (Series A) Options)	24 months from Official Quotation	3.16%	15.49%

Restricted Securityholder	Restricted Shares	Restricted Options	Period of restriction	% of Shares restricted (after the Offer)	% of Options restricted (after the Offer)
		Options) 6,000,000 (\$0.35 (Series A) Options)			
Goldmantra Corporation Pty Limited ATF Lusted Superannuation Fund Security Trust	600,000	-	24 months from Official Quotation	0.17%	-
IG Lusted Pty Limited ATF Lusted Family Superannuation Fund	60,000	250,000 (\$0.275 (Series A) Options)	24 months from Official Quotation	0.02%	0.24%
Graham Dowland	1	-	24 months from Official Quotation	0.00%	-
Avalon Valley Pty Limited ATF The GR Dowland Family Trust	300,000	-	24 months from Official Quotation	0.09%	-
Avalon Valley Pty Limited ATF The GR and TJ Dowland Family Trust	-	3,200,000 (\$0.25 Options) 5,000,000 (\$0.30 (Series A) Options) 5,000,000 (\$0.35 (Series A) Options)	24 months from Official Quotation	-	12.78%
Avalon Valley Pty Limited ATF The GR & TJ Dowland Superannuation Fund	372,000	300,000 (\$0.275 (Series A) Options)	24 months from Official Quotation	0.11%	0.29%
Treffina Joyce Dowland	10,803,571	-	24 months from Official Quotation	3.16%	-
Zero Nominees Pty Ltd (held on behalf of a Director or entities related to a Director – Alan Watson)	609,200	455,000 (\$0.275 (Series A) Options)	24 months from Official Quotation	0.18%	0.44%
Alan Watson	-	420,000 (\$0.275 (Series B, C, D) Options)	24 months from Official Quotation	-	0.41%
<i>Entities in which Promoters have a relevant interest</i>					

Restricted Securityholder	Restricted Shares	Restricted Options	Period of restriction	% of Shares restricted (after the Offer)	% of Options restricted (after the Offer)
Malcolm Ian Bult & Sally Ann Bult ATF <Bult Family Trust>	300,000	1,250,000 (\$0.25 Options) 800,000 (\$0.30 (Series A) Options) 800,000 (\$0.35 (Series A) Options) 800,000 (\$0.35 (Series B) Options)	24 months from Official Quotation	0.09%	3.53%
James Oliver Foster and Julie Mari Foster ATF <The Foster Super Fund>	250,000	-	24 months from Official Quotation	0.07%	-
Julie Mari Foster ATF Foster Family Trust	-	1,050,000 (\$0.25 Options) 800,000 (\$0.30 (Series A) Options) 800,000 (\$0.35 (Series A) Options) 800,000 (\$0.35 (Series B) Options)	24 months from Official Quotation	-	3.34
Julie Foster	50,000	-	24 months from Official Quotation	0.01%	-
<i>Other investors</i>					
Michael Lloyd Verm	-	250,000 (\$0.275 (Series A) Options)	12 months from the issue date, which was 16 May 2016	-	0.24%
National Nominees Limited	-	316,600 (\$0.275 (Series A) Options)	12 months from the issue date, which was 16 May 2016	-	0.31%
Zero Nominees Pty Limited	-	11,058,886 (\$0.275 (Series A) Options)	12 months from the issue date, which was 16 May 2016	-	10.71%
Ireland Resources International Limited	-	250,000 (\$0.275 (Series A) Options)	12 months from the issue date, which was 16 May 2016	-	0.24%
Mr Bryan Michael	-	337,500 (\$0.275)	12 months from the issue date, which	-	0.33%

Restricted Securityholder	Restricted Shares	Restricted Options	Period of restriction	% of Shares restricted (after the Offer)	% of Options restricted (after the Offer)
Zekulich		(Series A) Options	was 16 May 2016		
Varedi Pty Limited	-	500,000 (\$0.275 (Series A) Options)	12 months from the issue date, which was 16 May 2016	-	0.48%
Matthew Richard Watkins	-	22,728 (\$0.275 (Series A) Options)	12 months from the issue date, which was 16 May 2016	-	0.02%
Torrey Pty Limited ATF <The Astley A/C>	-	50,000 (\$0.275 (Series A) Options)	12 months from the issue date, which was 16 May 2016	-	0.05%
Mr John Raymond Archdall Rigg and Mrs Fiona Susan Rigg ATF <John Rigg Superfund A/C>	-	50,000 (\$0.275 (Series A) Options)	12 months from the issue date, which was 16 May 2016	-	0.05%
Yalaba Pty Limited ATF <The Adriano G. Fini Trust>	-	284,091 (\$0.275 (Series A) Options)	12 months from the issue date, which was 16 May 2016	-	0.28%
Mr Howard Davies Cearns ATF <the Cearns Family Trust>	-	113,637 (\$0.275 (Series A) Options)	12 months from the issue date, which was 16 May 2016	-	0.11%
Touchdown Holdings Pty Ltd ATF <David & Jenny SF a/c>	-	340,909 (\$0.275 (Series A) Options)	12 months from the issue date, which was 16 May 2016	-	0.33%
Confiant Pty Ltd ATF <The Lane Family Trust>	-	500,000 (\$0.275 (Series A) Options)	12 months from the issue date, which was 16 May 2016	-	0.48%
Andrew Lane and Michelle Mundy ATF <The Lane Super Fund Account>	-	60,000 (\$0.275 (Series A) Options)	12 months from the issue date, which was 16 May 2016	-	0.06%
J.P. Morgan Nominees Australia Limited	-	251,582 (\$0.275 (Series A) Options)	12 months from the issue date, which was 16 May 2016	-	0.24%
Galawood Investments Pty Limited ATF <Galawood Investments S/F A/C>	-	150,000 (\$0.275 (Series A) Options)	12 months from the issue date, which was 16 May 2016	-	0.15%
Kitgrove Pty Limited ATF <George	-	50,000 (\$0.275 (Series A) Options)	12 months from the issue date, which	-	0.05%

Restricted Securityholder	Restricted Shares	Restricted Options	Period of restriction	% of Shares restricted (after the Offer)	% of Options restricted (after the Offer)
Varlamos S/F Plan A/C>		Options)	was 16 May 2016		
CVC Limited	-	2,250,000 (\$0.275 (Series A) Options)	12 months from the issue date, which was 16 May 2016	-	2.18%
<b>Total</b>	61,971,203	99,560,933	As set out above	18.14%	96.42%

The restriction arrangements will not apply to Shares acquired under this Offer by Directors, or by entities in which they have a relevant interest.

## 2.11 Applications outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place in which, or to any person to whom it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register this Prospectus or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Broker Firm Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

## 2.12 CHES and Issuer Sponsorship

The Company will apply to participate in the Clearing House Electronic Subregister System (**CHES**). All trading on the ASX in Shares will be settled through CHES. ASX Settlement Pty Ltd, a wholly-owned subsidiary of the ASX, operates CHES in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry will operate an electronic issuer sponsored sub-register and an electronic CHES sub-register. The two sub-registers together would make up the Company's principal register of securities.

Under CHES, the Company will not issue certificates to Shareholders. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is Broker sponsored, ASX will send a CHES statement.

The CHES statement will set out the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the issuer sponsored subregister, your statement will be dispatched by the Company's share registry and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

## 2.13 Commencement of Trading

It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants trading in Shares prior to receiving a holding statement do so at their own risk. The Company, the Share Registry, the Lead Manager and the Co-Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by any of them, by a Broker or otherwise.

Shares are expected to commence trading on ASX on a normal settlement basis in accordance with the key dates at the start of this Prospectus.

#### **2.14 Taxation**

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer, by consulting their own professional tax advisers. To the maximum extent permitted by law, neither the Company nor any of its Directors, officers nor any of their respective advisers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

#### **2.15 Enquiries**

This is an important document and should be read in its entirety. Investors should consult with their professional advisers before deciding whether to apply for Shares under this Prospectus. Any investment in the Company under this Prospectus should be considered highly speculative.

Questions relating to the Offer can be directed to the Lead Manager, Euroz Securities Limited, on +61 8 9488 1400.

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## 3 Company Overview, Strategy and Assets

### 3.1 Company

Australis was incorporated as a private company under the Corporations Act on 12 November 2015 under the name Australis Oil & Gas Holdings Pty Ltd. On 10 June 2016 the Company converted to a public company and changed its name to Australis Oil & Gas Limited. The Company's registered and principal office address is Suite 20, Level 2, 22 Railway Road, Subiaco WA 6008.

The Company's principal activity is seeking opportunities for oil and gas exploration, development and production. The Company has already acquired two initial assets, being the TMS Leases in the USA and the Concessions in Portugal.

The Chairman, Directors and key management team of Australis were previously directors and key executives of Aurora Oil & Gas Limited, an oil and gas exploration and production company established and listed on the ASX in 2005 with a market capitalisation of \$28 million. Over a period of 9 years, Aurora undertook successful exploration and appraisal work, exercised disciplined capital management and implemented a measured and successful growth strategy. Aurora acquired, explored, appraised and developed a significant producing asset base in the Eagle Ford shale trend in Texas. Aurora dual listed in 2011 on the Toronto Stock Exchange. In June 2014 Baytex Energy Corp, a Canadian company, acquired Aurora for consideration of approximately \$2.6 billion, including assumed debt (\$800 million). From 2005 to its sale in 2014, Aurora achieved early entry into the Eagle Ford shale and then developed into a profitable entity with net profit after tax for 2013 of US\$116 million, production in excess of 21,000 net boe/d and proven net reserves (1P) of approximately 122 million boe.

As a result of the experience gained at Aurora, and previous industry experience, the Australis Board and management believe they are qualified to identify, evaluate, acquire, manage and commercialise oil and gas prospects, having recently completed that process within the Eagle Ford shale. Additionally, the Australis Chairman and Executive Directors each have in excess of 24 years of oil and gas experience in a number of jurisdictions, having participated in conventional and unconventional oil and gas exploration, appraisal and development projects internationally.

A summary of the qualifications and experience of the Directors and executive management team can be found in Sections 5.1 and 5.3.

### 3.2 Corporate Structure and History

On 31 December 2015, Australis acquired Australis Oil & Gas Pty Limited now named Australis Europe Pty Ltd (**APL**) in a scrip for scrip transaction. APL was established in March 2014 by Messrs Jon Stewart, Ian Lusted and Graham Dowland to pursue oil and gas opportunities. APL indirectly holds the Concessions in Portugal through its wholly owned subsidiary entity Australis Oil & Gas UK Limited, an entity established on 22 October 2014 to own all the equity capital of Australis Oil & Gas Portugal, Sociedade Unipessoal LDA (**Australis Portugal**), a company incorporated in Portugal on 30 March 2015.

These Concessions were awarded to Australis Portugal in September 2015 and provide the exclusive rights to explore, develop and produce oil and gas in two contiguous onshore areas in Portugal, designated as the Batalha Concession and Pombal Concession areas as set out in Section 3.6 – Project Overview Portugal (Australis' sole ownership of these Concessions is subject to the Consultant Incentive as set out in Section 10.4).

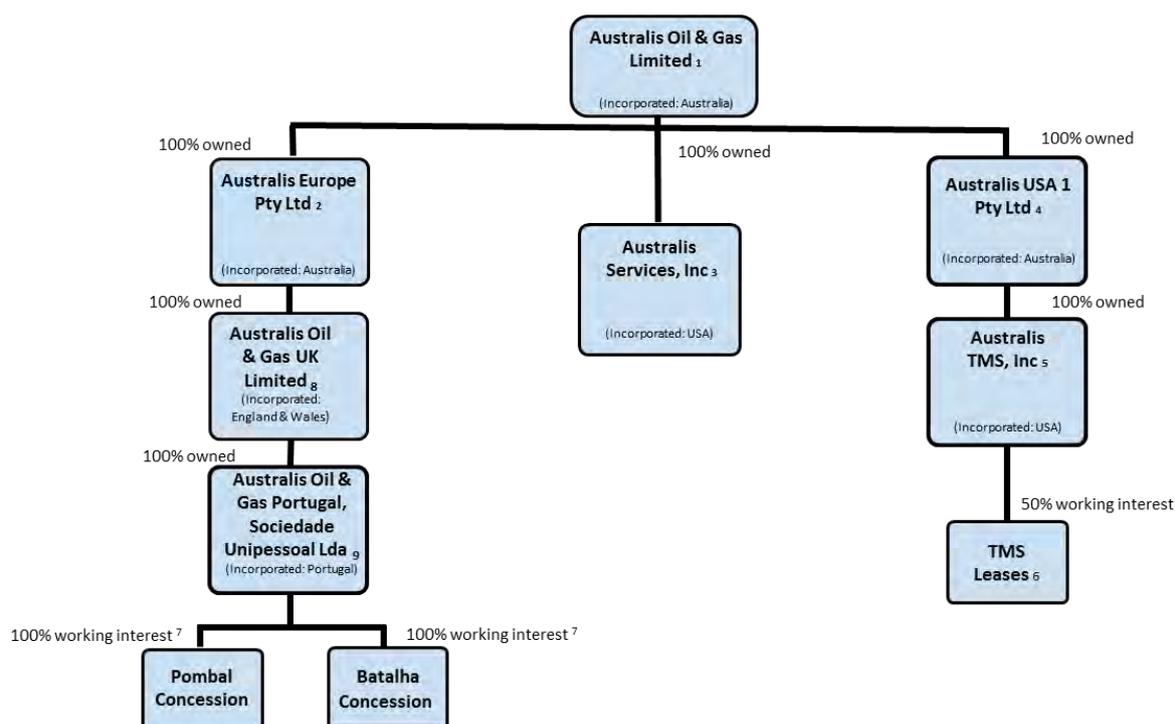
On 8 December 2015 Australis, through its indirect wholly owned subsidiary entity, Australis TMS, Inc (**ATM**) (an entity established on 7 December 2015 and wholly owned by Australis USA 1 Pty Ltd, also established on 7 December 2015) executed a Purchase and Sale Agreement (**PSA**) with Paloma Partners IV, LLC (**Paloma**). Paloma is a private equity funded oil and gas company based in Houston, Texas. Pursuant to the PSA, Australis acquired the rights to purchase up to a 50% Working Interest in a number of leases owned by Paloma in the TMS. See the summary in Section 10.5. At

the date of the PSA there were 639 leases which in total amounted to approximately 34,000 net acres. At the date of this Prospectus, ATM has 50% Working Interest in approximately 614 leases approximating 33,000 acres (ATM share 16,500 acres). Details of the transaction are set out in Section 3.5 – Project Overview TMS.

On 17 February 2016 Australis incorporated a wholly owned Delaware Corporation, Australis Services Inc. to provide management and administrative services within the USA.

As at the date of this Prospectus the Australis corporate structure is as follows:

**Figure 7 – Corporate Structure**



1. Formerly Australis Oil & Gas Holdings Pty Ltd, this is the parent holding company which conducts the administrative, management and Group financing activity of the business in Australia.
2. Formerly Australis Oil & Gas Pty Ltd, this is a holding company.
3. Formerly Australis Management Services USA, Inc, this entity provides services to the USA and Portuguese businesses.
4. Formerly Australis North America Pty Ltd, this is a holding company.
5. Formerly Australis Oil & Gas USA, Inc, this entity holds the 50% Working Interest in the TMS Leases as outlined in Section 3.5.
6. Refer to Section 3.5 on TMS and Sections 10.5 and 10.6 for the PSA and JDA
7. Australis has provided a 3% Working Interest option and free carry (“Consultant Incentive”) over each Concession area as set out in Section 10.4
8. Australis Oil & Gas UK Limited is a company based in the United Kingdom and currently holds the ownership of Australis Oil & Gas Portugal, Sociedade Unipessoal Lda.
9. Australis Oil & Gas Portugal, Sociedade Unipessoal Lda is the party to the Concessions and Consultant Incentive as set out in Section 10.4.

### 3.3 Strategy and Components of Business Model

Australis is pursuing a business strategy the Board believes will enable it to achieve the Company’s objectives. The strategy aims to provide shareholders with a portfolio of assets that will have a range of risk and reward attributes with an underlying base value, whilst ensuring exposure to exploration and appraisal upside as well as upside exposure to any increase in the oil price. The Board and

management are utilising their skills and knowledge gained from industry experience to identify, evaluate and secure an asset portfolio, and are prudently patient in that process.

The Company will focus on growth in value per share in preference to other metrics such as market capitalisation, production or reserves. A selective focus on asset quality should ensure the potential for value accretion and this will necessitate a patient but entrepreneurial and proactive approach. The Company will adopt a disciplined approach to development capital, ie minimise expenditure until the oil price improves.

Australis is actively identifying and evaluating potential Core Proven Assets, both mature and earlier stage Appraisal Assets as well as Exploration Asset opportunities. Australis will target North America for the Core Proven and Appraisal Assets recognising the maturity of the unconventional business, management experience in this tried and tested jurisdiction and the availability of oil field services and infrastructure.

The Company's portfolio strategy can be summarised as follows:

**(a) Core Proven Assets**

Secure acreage positions with demonstrable and relatively consistent financial returns for investment in wells within established unconventional plays in North America during the current lower oil price environment.

Identify opportunities that have the potential to provide both organic growth through an expanding inventory of proved undeveloped well locations together with potential oil price upside, offering possible ongoing revenue, reserves and growth.

The ability to secure Core Proven Assets will depend on a number of factors, including the identification of assets that can be acquired at values the Board considers attractive and whether the Company can access capital on acceptable terms to fund such acquisitions. The Board and management will continue to seek out and monitor Core Proven Asset opportunities and intends to be appropriately resourced to execute on such scenarios.

**(b) Appraisal Assets**

Secure acreage that is at an earlier stage in the maturity cycle as compared to Core Proven Assets. It is likely that Appraisal Assets will have both the technical and economic characteristics that management believes are indicative for the asset to be a successful unconventional development opportunity.

In the opinion of the Board, such Appraisal Assets will generally have significantly lower acquisition costs than more established Core Proven Asset plays, thereby offering potential upside from any appraisal success.

On 8 December 2015 Australis secured the rights to purchase up to a 50% Working Interest in the TMS Leases comprising, at the date of the PSA, approximated 34,000 net acres (Australis share equivalent to approximately 17,000 net acres). In January and May 2016, ATM completed the acquisition of a 50% Working Interest in the TMS Leases in two stages as set out in Sections 3.2 and 3.5. As at the date of this Prospectus, the TMS Leases approximate 33,000 net acres due to the expiry of some leases since the date of the PSA and the ongoing process of renewal and additional leasing. Refer Section 3.5(h)(i).

**(c) Exploration Assets**

Invest in a portfolio of exploration oil and gas assets that require minimal early capital commitment but afford significant potential upside from any exploration success and/or appraisal.

These assets may be conventional or unconventional in nature and may be within a broader geographical basis, although specific local jurisdiction criteria will be a key component of the assessment process.

Australis concluded its first asset acquisition by obtaining the Concessions in Portugal through the acquisition of APL as described in Section 3.2. The Concessions are described in detail in Section 3.6.

The Board's objective is to accumulate a portfolio across all 3 categories of assets, however, the timing of any acquisition of a specific asset or assets may or may not reflect the Board's broader priorities for the portfolio asset mix in the longer term. There can be no guarantee that the Board will, in the future, be successful in acquiring any assets within the categories described above. In particular, the Board believes that whilst competition exists in each asset category, the most competitive is anticipated to be for Core Proven Assets.

The Company is seeking further opportunities in North America where the Board and management have a successful track record and there are limited barriers to entry together with available services and infrastructure needed to maximise value.

### **3.4 Funding**

Australis has been funded to date through the issue of equity securities. Australis has undertaken two private placements raising a total of \$34.3 million, before costs of the issues. Founders, Directors and Management contributed \$8.75 million to these two placements. The Founders previously contributed \$2.6 million to APL prior to the Australis acquisition on 31 December 2015.

The TMS Leases and the Concessions do not presently produce income and there is no guarantee they will do so in the future. As and when further funds are required, either for the existing assets or for acquisitions, the Company will consider raising additional capital from both issue of equity securities and/or debt finance. The application of material debt to the Company's balance sheet will only be undertaken when the Board considers it appropriate and, depending on the type of debt and its covenants, will generally require the Company to have sustainable and maintainable revenue from any future production. There is no assurance that the market will provide additional funding on reasonable terms or at all, and any equity issue may be dilutive.

### **3.5 Project Overview – TMS**

#### **(a) Outline and Summary**

As at the date of this Prospectus, ATM owns a 50% Working Interest in approximately 614 leases which in total cover an area of approximately 33,000 net acres (**TMS Leases**) within the Australis delineated TMS Core Area. The TMS Leases are located in Washington, Tangipahoa and St Helena parishes in Louisiana and Amite, Pike and Wilkinson counties in Mississippi in the USA. The acreage within the TMS Leases forms a mostly contiguous leasehold position. The approximate 614 leases comprising the TMS Leases have an average Net Revenue Interest of 80%. Australis is currently a non-operator of the TMS Leases. Paloma is the current operator of the TMS Leases. Under the terms of the PSA and associated agreements, Australis has the right to assume operatorship in January 2018.

The TMS Leases are classified by the Directors as an Unconventional Appraisal Asset. The TMS Leases are described in the Beta Land Services report in Section 7 and in a general description summary in Section 3.5(h). The TMS Leases each have an individual contract which has an expiry date and many, but not all, have an option to extend the lease duration. Australis and its working interest partner and operator in the TMS have an agreed program to renegotiate lease terms, rather than exercise the option for extension. This creates a dynamic acreage ownership position whilst this re-leasing strategy is underway.

The Directors believe the TMS Core Area has recently reached the threshold well performance criteria to qualify it within the Australis strategy. The Board believes that there has been sufficient delineation of oil productivity from prior horizontal wells to determine and identify areas within the TMS that have demonstrated relatively better production performance and to help define the TMS Core Area. Australis does not have an interest in any TMS wells, (other than the previously-drilled Kent 4H-1 well in which Australis has a 0.04% Working Interest). Australis acquired a 50% Working

Interest in a lease (1.65 acres) that is included in a 1,140 acre Production Unit in which the previously drilled Kent 4H-1 well is located.

All other horizontal wells referred to in this Section are outside of the TMS Leases. There are a number of producing wells adjacent to the TMS Leases and there are vertical conventional wells that penetrate the TMS on some of the TMS Leases. All of the well analysis in this section is based on the horizontal and vertical well information from wells on acreage adjacent to and outside of the TMS Leases.

A number of the operational difficulties with TMS wells as described by the early operators within the TMS have been recently reported to have been solved. There has also been a reported reduction in horizontal well costs and improvement in well productivity performance. These trends are consistent with the trends observed in more mature unconventional fields in the USA as more wells are drilled and development capital applied.

In 2012 there were between 12 and 17 drilling rigs operating within the TMS which reduced to between 1 and 10 drilling rigs during the period 2013 to 2015. The Board believes this reduction in activity is due to a combination of development capital being applied to other more mature shale fields with lower well costs and then the beginning of the downturn of the oil price.

The Board believes the present industry conditions and the prevailing commodity price environment has allowed Australis a cost effective entry into the TMS Core Area at less than US\$1,000 per acre. This current oil price environment, in the opinion of the Board, should allow the existing TMS Leases that are near expiry to have their lease duration terms either renewed or extended on more favourable terms than currently exist and also enable new leases within the TMS AMI to be acquired at an attractive cost per acre. There is, however, no guarantee this leasing strategy will be achieved.

As part of the Australis acquisition of its 50% Working Interest in the TMS Leases, Australis and Paloma have agreed annual programs for 2016 and 2017 for leasing activities. This Land WP&B for 2016 and 2017 is summarised in Section 3.5(h)(ii).

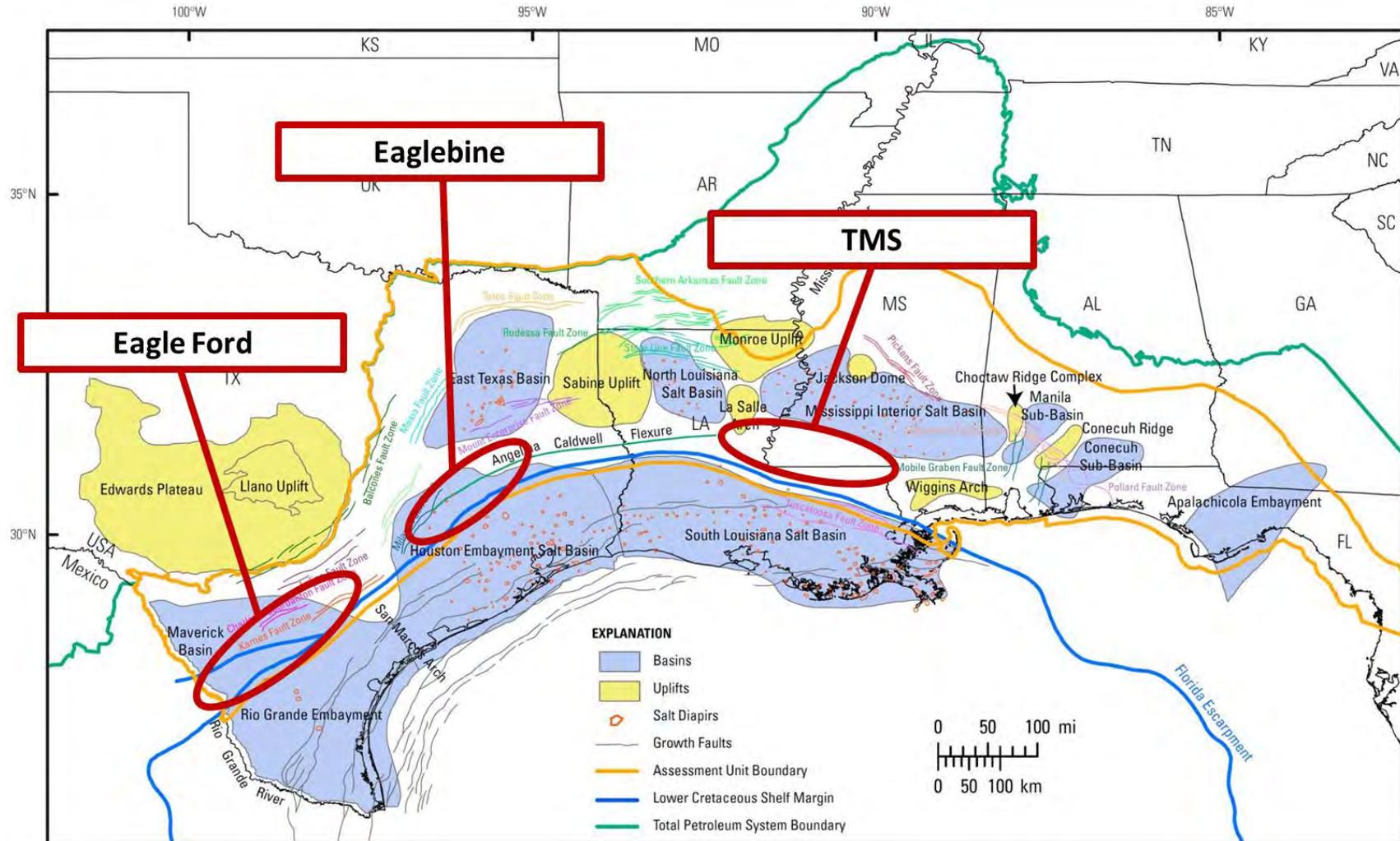
There are a number of US independent oil and gas companies with lease positions in the TMS including Encana Corporation, Goodrich Petroleum Corporation, Halcon Resources Corporation and Sanchez Energy Corporation. During Q1 and Q2 2016 both Halcon Resources Corporation and Goodrich Petroleum Corporation filed for Chapter 11 status (a form of administration under USA law) and as a result the Directors believe this may lead to further opportunities in the future.

Louisiana and Mississippi are well established areas for oil and gas activities with service and customer infrastructure available for operations and production. In the present environment, the Board expects there to be limited competition to the planned leasing activities of Australis.

## **(b) Geological Setting**

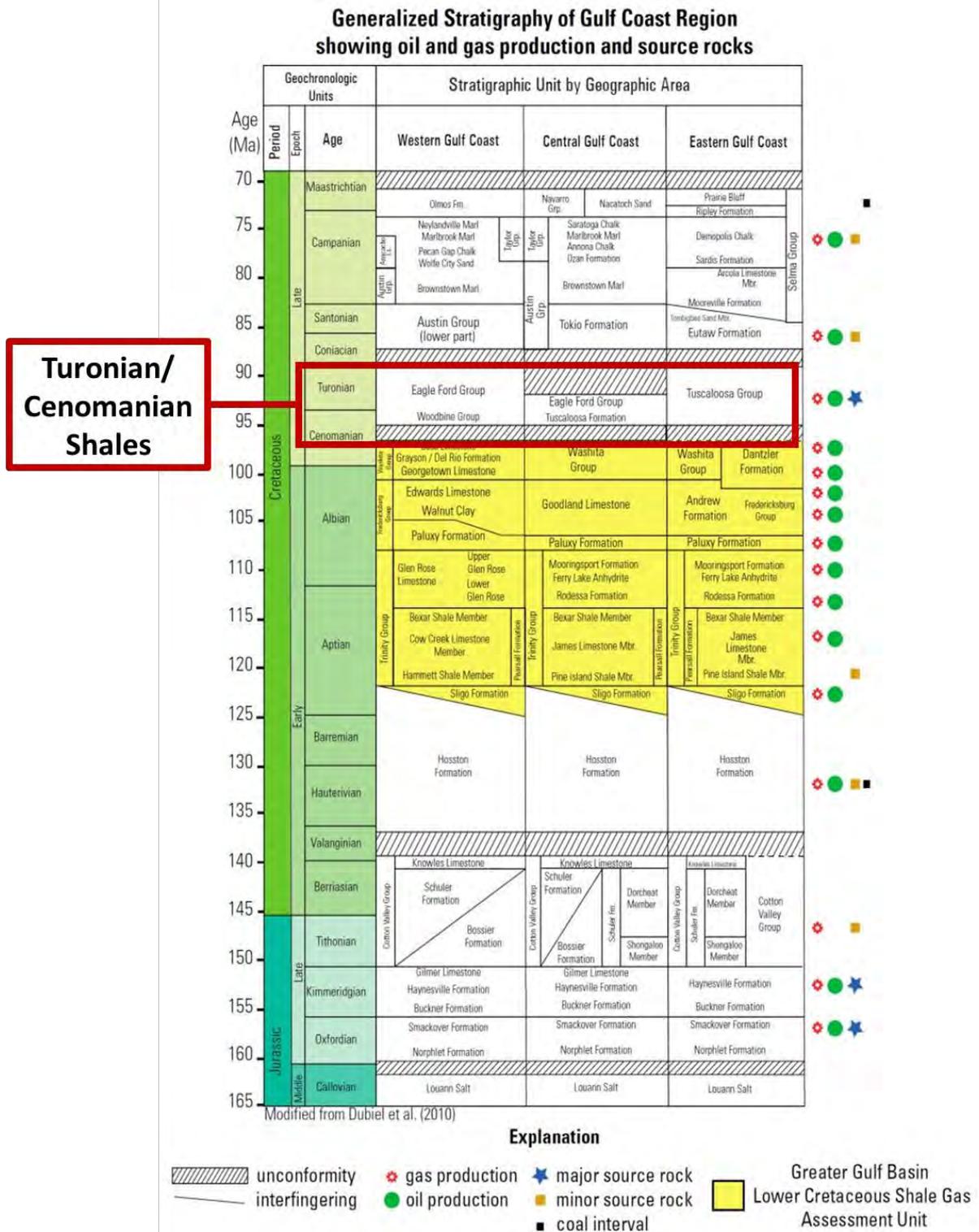
The TMS forms part of a cretaceous period shallow marine deposition that is similar in age and environment to the Eagle Ford shale in the western region of the USA gulf coastline.

Figure 8 - Cretaceous depositional setting along the USA gulf coast



Source: Derived by Australis from AAPG 2012: Definition of Greater Gulf Basin Lower Cretaceous Shale Gas Assessment Unit, United States Gulf of Mexico Basin Onshore and State Waters (Dennen et al July 2012). Note Unconventional Play annotations by Australis.

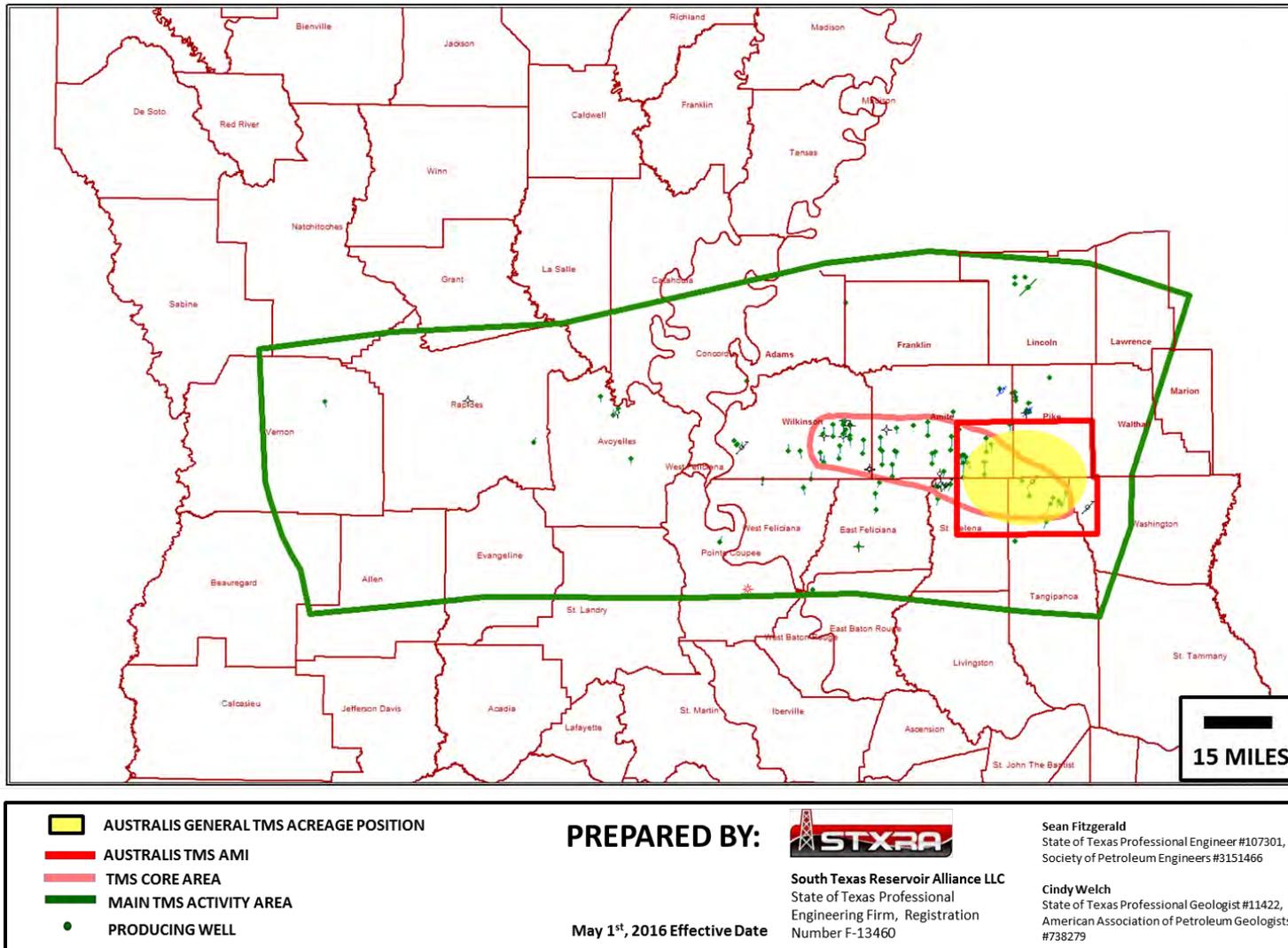
Figure 8 continued - Cretaceous depositional setting along the USA gulf coast



Source: Derived by Australis from AAPG 2012: Definition of Greater Gulf Basin Lower Cretaceous Shale Gas Assessment Unit, United States Gulf of Mexico Basin Onshore and State Waters (Dennen et al July 2012). Note Unconventional Play annotations by Australis.

The TMS is bounded by the Upper and Lower Tuscaloosa Sand sequences. With the TMS acting as source rock, the lower sands in particular have been conventional vertical well exploration targets for many years. The TMS sequence is some 500ft to 800 ft. thick and is located through central Louisiana and southern Mississippi.

Figure 9 - shows the TMS historical activity area, the TMS Core Area, the TMS AMI and the approximate location of the Australis Leases.



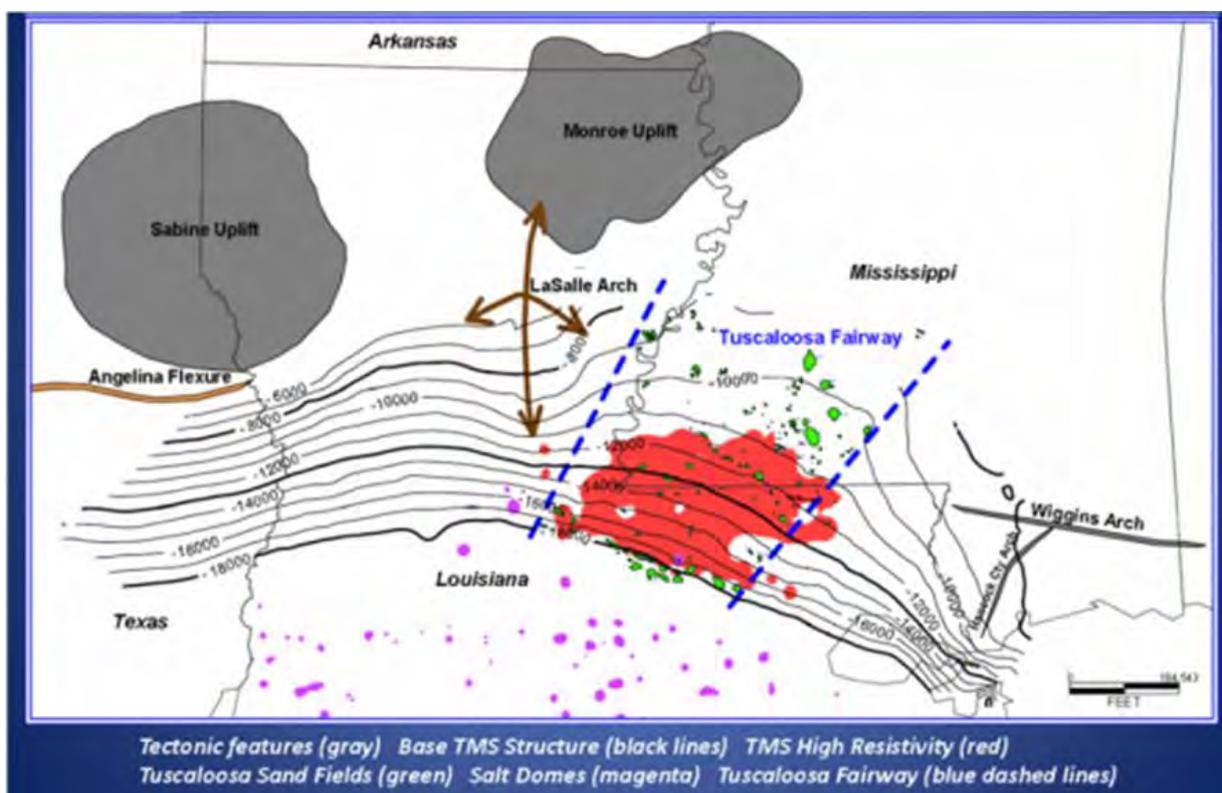
Source: STXRA Report contained in Section 8

Figure 9 shows, in the green outline, the extent of activity within the TMS and the oval shape, in the pink outline, shows the TMS Core Area as defined by STXRA (refer the report in Section 8) and consistent with Section 3.5(e). The area contained within the red box is the TMS AMI and the yellow shaded oval shows the approximate location of the TMS Leases.

The primary target zone within the trend, the area with the highest resistivity, appears to lie on the western extension of the Wiggins Arch within south western Mississippi and south eastern Louisiana known as the Adams County High. Even though the area is called the Adams County High, it is actually a saddle nestled between the two prominent paleo-highs of the La Salle Arch and the more pronounced eastern portion of the Wiggins Arch. This area directly correlates with the broad structural low seen within the structure map shown in Figure 10 which also illustrates how the TMS dips towards the USA gulf coastline, which in this instance is to the south /south west.

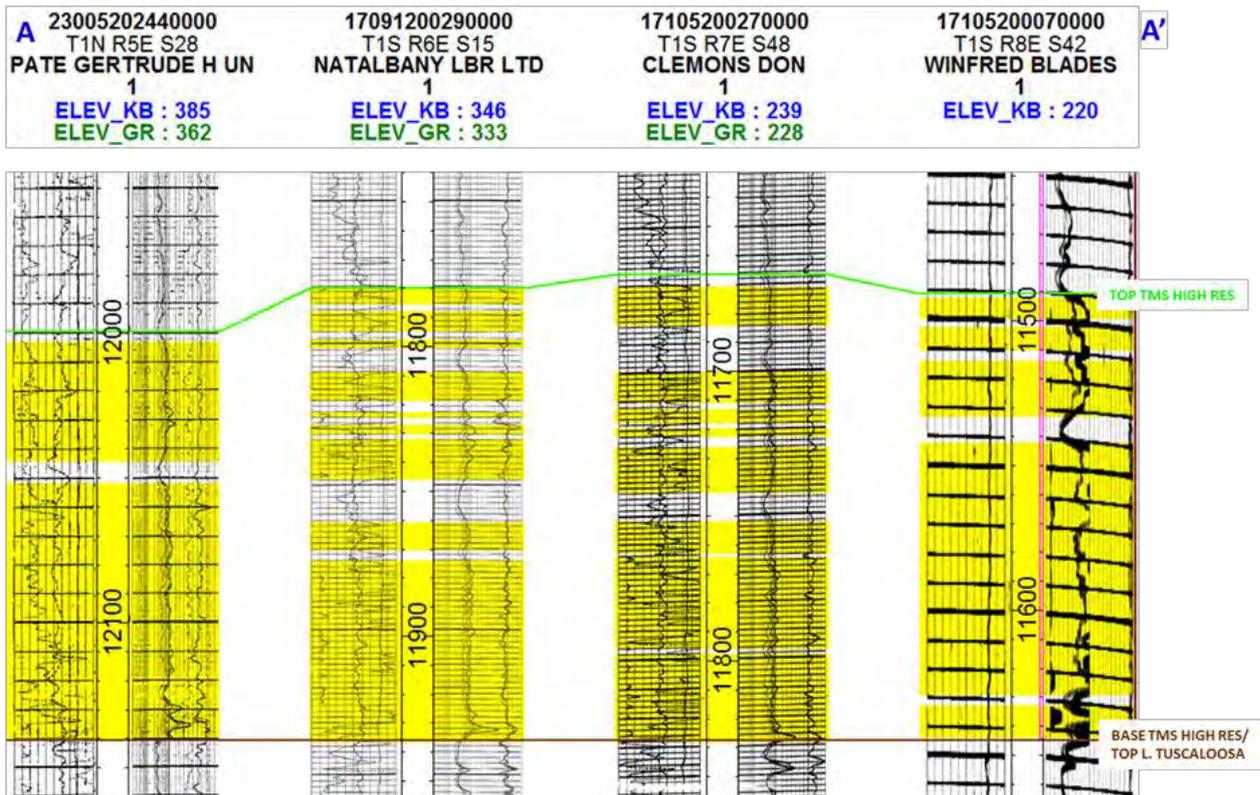
The resistivity also has a vertical trend increasing in the deeper or basal section of the TMS stratigraphic column, as illustrated the yellow shaded section of the cross section in Figure 11.

**Figure 10 - Interpreted Tuscaloosa Marine Shale play boundary map with high resistivity target area outlined with blue dashed line**



Source: Allen, J. E., Jr., M. A. Meylan, and F. T. Heitmuller, 2014, *Determining hydrocarbon distribution using resistivity, Tuscaloosa Marine Shale, south western Mississippi*: Gulf Coast Association of Geological Societies Transactions, v. 64, p. 44.

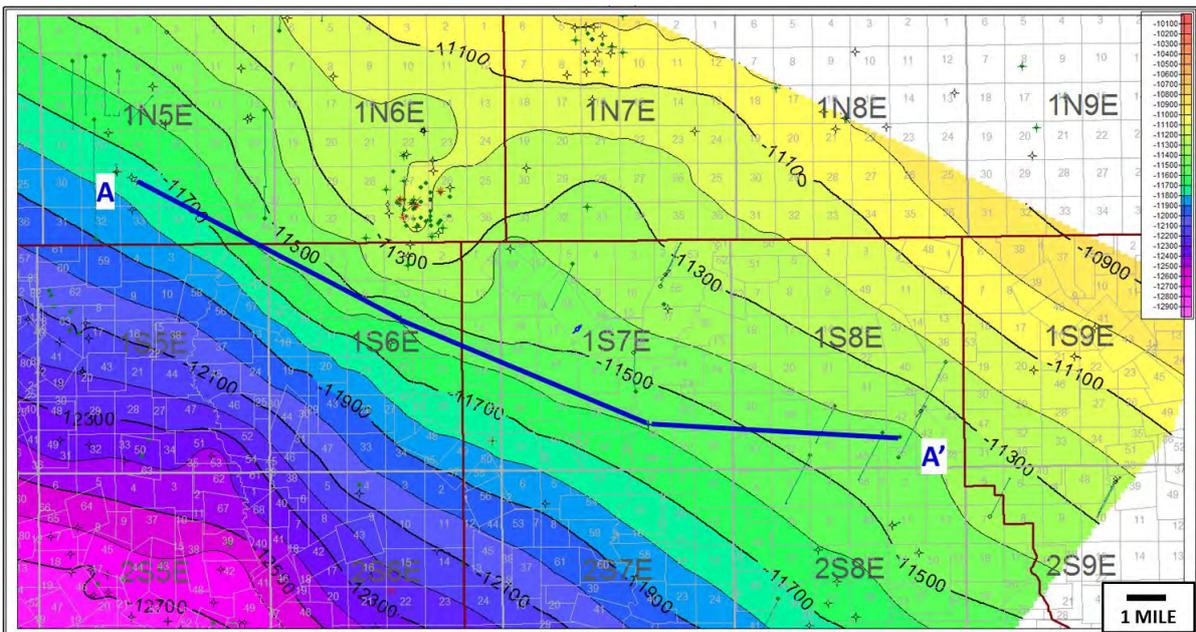
**Figure 11 – Cross Section of wells running through the TMS Leases acreage west to east (A – A' on Fig 5 structure map below) zoomed in on high resistivity TMS**



Source: STXRA Report contained in Section 8

The Australis TMS acreage sits between 10,500ft and 12,500 ft. TVD and thermal maturity generates a low GOR, 38 – 45 API oil with minimal contaminants and the associated gas typically has a heating value of 1,400 to 1,500 British thermal units per thousand cubic feet.

**Figure 12 - shows the base TMS structure map dipping to the southwest and the cross section line from Figure 11.**



Source: STXRA Report contained in Section 8

**(c) Historical Activity**

Historical development of the Lower Tuscaloosa Sand in Louisiana and Mississippi led to a number of vertical wells that penetrated the TMS and allowed the original definition of the areal extent and gross thickness to be established. This inventory of wells allows for an initial delineation of the TMS and its associated depth.

In 2007 – 2008 Encore Acquisition Co. drilled the first three stimulated short horizontal wells (wells less than 2,000ft in stimulated lateral length), although non-economic these wells established productivity and initial production profiles.

In 2010, with the activity levels accelerating in some of the other oil dominated unconventional fields in North America, lessons learned and completion designs were transferred to and trialed in wells within the TMS. This led to the early participants in the TMS drilling longer horizontal wells and an evolution in the completion design. These early TMS wells demonstrated reasonable productivity but well costs were a challenge to the economic justification for operators to apply significant development capital within the TMS.

In 2011 Goodrich Petroleum Corporation and Encana Corporation announced initial positions in the TMS with 74,000 and 250,000 net acres under lease, respectively. Encana Corporation secured at least part of their position by farming into an 85% Working Interest in 100,000 acres under lease owned by Denbury Resources Inc. who bought out Encore Acquisition Co in November 2009.

Devon Energy Corporation, an early participant in the TMS, drilled a number of wells in the TMS. They farmed out 33% of their TMS leased acreage to Sinopec in 2012 and then sold their remaining interest to Goodrich Petroleum Corporation in August 2013.

Sanchez Energy Corporation entered the TMS around at the same time, securing 40,000 net acres under lease from another private company and Halcon Resources Corporation (**Halcon**) amassed a position of over 300,000 net acres during early 2014 and put in place a US\$150m funding package with Apollo Global Management to help finance the development. Halcon's initial leases in the TMS were on the western end of the play, in Louisiana and together with EOG Resources, reported disappointing results. Accordingly, Australis has downgraded the western portion of the TMS. Halcon's subsequent acquisitions moved the majority of their new leases within the TMS further to the east and the TMS Core Area.

Table 13 lists the key participants in the TMS and their net acreage under lease using available public information between September 2015 and the date of this Prospectus.

**Table 13 – Public companies with TMS acreage**

Public Companies with TMS acreage (as reported since September 2015)	Acres under Lease
Goodrich Petroleum Corporation	224,000
Encana Corporation	220,000
Halcon Resources Corporation	183,000
Comstock Resources Inc	82,000
Sanchez Energy Corporation	62,000

Drilling rig activity within the TMS peaked in mid-2012 at 17 rigs and was then within a range of 1 and 10 rigs during the period 2013 to 2015, at which time reducing commodity prices drove the USA rig count down and development activity in the TMS decreased.

By mid-2015 approximately 32 wells have been reported as representing an improved well design and were reflective of the potential well productivity.

#### (d) Well Operations

Although horizontal drilling activity within the TMS has been underway since 2007, development and activity within the TMS has not matched activity of the more established Unconventional Plays such as the Eagle Ford, Bakken or Permian shales.

The early TMS horizontal wells established productivity primarily due to an over pressured reservoir and natural fractures. However, early operators in the TMS reported a number of operational difficulties which contributed to high well costs as compared to other more established Unconventional Plays.

Operational difficulties as described in the STXRA Report in Section 8 included:

- (i) Hole stability in the intermediate section of the well required the use of oil based mud instead of water based mud.
- (ii) Depleted zones encountered when drilling the intermediate section of the well led to losses of the oil based mud, leading to down time and additional costs.
- (iii) Drilling the build section through the 'rubble zone', which is immediately above the horizontal target zone, has proved difficult and time consuming.
- (iv) Horizontal drilling and steering has been difficult to control.

During 2014, the key participants in the TMS (Goodrich Petroleum Corporation and Encana Corporation) continued to drill wells and refine the well design.

In the STXRA report in Section 8, it is reported that cost savings are being achieved in the TMS as more wells have been drilled, better geological control has been achieved with resultant shorter drilling times and reduced cost.

Cost savings have been made in other Unconventional Plays with efficiencies associated with the implementation of a field development program including pad and batch drilling, zipper completion operations and service/contracting savings from committing to continuous or longer development activities.

These development capital cost savings have been achieved in other shale fields despite an increase in the size and complexity of the fracture stimulations used. The Directors believe that higher proppant concentrations and shorter fracture stimulation stages may assist in improved well performance and rates of return for future TMS wells as has been the history in other more mature shale fields, although this cannot be guaranteed.

In the comparably short history and despite the relatively low number of wells being drilled in the TMS, the evolution of well design is believed to have assisted in resolving a number of the operational issues through the following changes:

- (i) **Intermediate casing string** – By adding in an extra casing string, it increases the cost of the well, but provides an extra layer of protection in the overall design. It allows the formations above (a contributor to the previous drilling delays and cost overruns) the TMS formation to be isolated before the horizontal section is drilled. This intermediate casing string represents a potential additional cost saving if it can be eliminated without re-introducing the historical drilling problems encountered.
- (ii) **Landing point** – early wells targeted the more highly fractured or 'rubble-zone' of the TMS and the upper, more clay-rich (higher organic content) TMS for the horizontal sections. The fractured nature of the rock within these upper sections of the TMS formation led to drilling difficulties and wellbore stability challenges, causing increased capital costs through drilling delays or side tracks from the well bore. To mitigate these issues, the operators initially tended towards higher mud weights and flow rates in an effort to maintain stability which led to fluid

losses into the natural fractures. Logs show decreasing clay content with section depth and within a horizon near the base of the section known as the Richland Sand, although it is actually more of a siltstone. The most recent solution to this horizontal landing point challenge has been to move the horizontal target deeper in the TMS to the Richland Sand, where more competent rock mineralogy allows for more reliable operations.

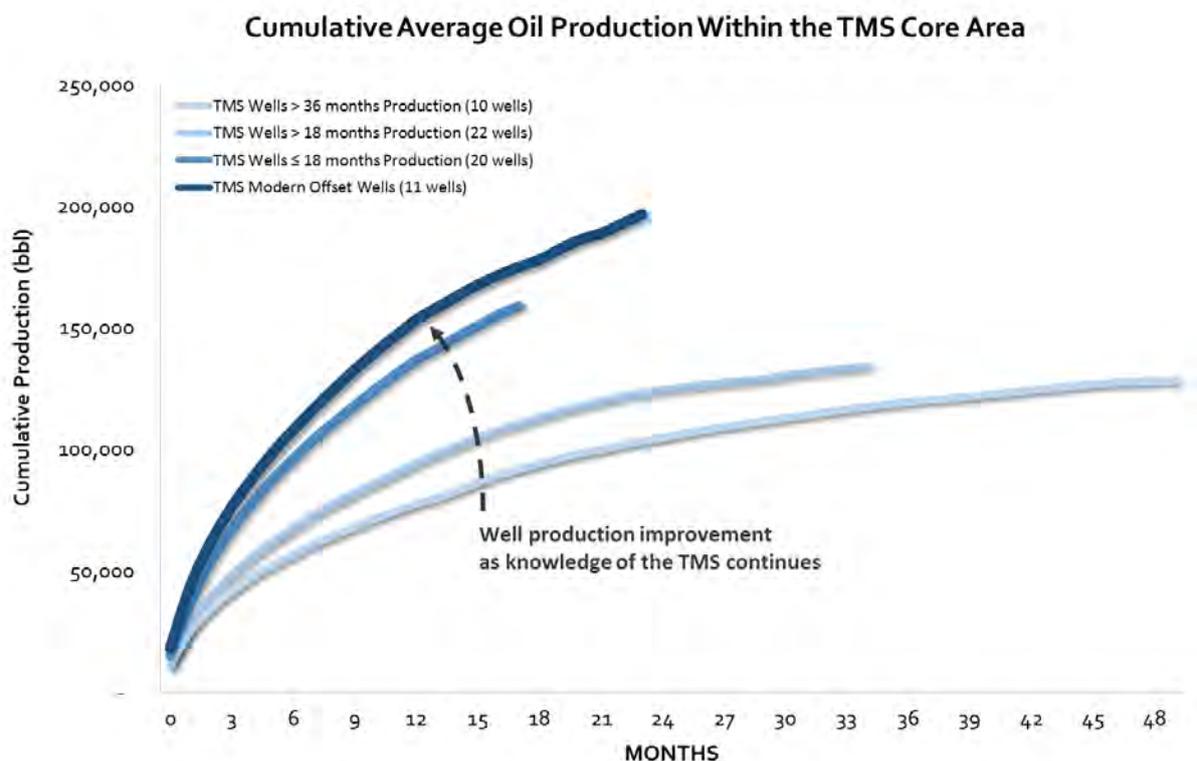
- (iii) **Build rate design** – As operators moved the landing point of the lateral section of wells to the lower section of the TMS formation, the build section (the section of the well bore that transitions from vertical to horizontal) through the ‘rubble-zone’ horizon was still causing drilling difficulties. To minimise exposure to the upper sections of the TMS with the associated higher clay content, the well trajectory was altered to decrease the radius of curvature, decrease the inclination of the wellbore crossing the fractured zone and reduce the amount of along hole length exposed to this difficult section. The additional or intermediate casing string discussed previously aimed to is now set below this horizon.
- (iv) **Mud fluid selection, rheology and circulating practices** – When drilling through a fractured rock there is a fine balance on circulating parameters to maximise stability and minimise drilling fluid losses. This is a combination of the properties of the fluids being used, the well and drill string design as well as the pumping practices used. Optimising these variables may provide consistent results allowing cheaper drilling costs.
- (v) **Stimulation design** – the fracture stimulation design of wells in the TMS has evolved and has broadly followed a similar trend to that employed in many other Unconventional Plays. Stimulated rock volumes have increased with greater proppant concentrations and shorter stage lengths. The minimum effective concentration quoted for TMS fracture stimulation operations has now increased to > 1,500lb/ft.

(e) Well Performance

As development capital and resources have been deployed in the TMS, operators have experienced improvements in well productivity and reductions in the time to drill wells. This experience is consistent with other more mature shale plays.

Analysis of publically available TMS well production data across the TMS Core Area shows the improving average well performance over time and this is shown in Figure 14.

Figure 14: Historical average well performance from 52 wells within the TMS Core Area



Source: Louisiana Department of Natural Resources and Mississippi Oil & Gas Board. The following wells have been included in the analysis Anderson 17H 1H, 2H & 3H; Anderson 18H; Ash 13H 1 & 2; Ash 31H 1 & 2; Blackstone 4H; CH Lewis 30-19H\*, CMR 8-5H; CMR Foster Creek 24-13H, 28-40, 8H 1 & 2, 31-22H and 20-7H; Crosby 12-1H; Denkmann 33-28H\*; Fassmann 9H; Huff 18-7H, Joe Jackson 4-13H and 4H; Lawson 25-13H\* and 25H; Lewis 7-18H; Longleaf 29H 1\* & 2\*; Lyons 35H 1 & 2; Mathis 29H 17H\* & 32H\*; McIntosh 15H; Morris; Pintard 28H 1 & 2; Reese 16H; Sabine 12H 1 & 2; Shuckrow 10H; Smith 5-29H; Spears 31-6H\*; St Davis Unit; Blades 33H\*; Thomas 38H; Verbene 5H\*; Weyerhaeuser 14H, 51H, 60H, 72H, and 73H; Williams 46H\*. The following wells were excluded for mechanical and completion reasons R.Nez 43 H1 & H2; Kinchen 58 H1; T.Lewis 7-38H-1; Kent 4H-1.

**Note 1:** Data for each well production is up to and including March 2016.

**Note 2:** Australis does not have an interest in any of the wells used for this analysis.

\* These wells contribute to the TMS Modern Offset Wells.

The TMS Core Area is shown in Figure 9 and defined by Australis using the following parameters:

- (i) A net pay (defined by a 5 ohm resistivity cut off) of greater than 100ft.
- (ii) A true vertical depth of between 10,750ft and 12,250ft.
- (iii) Well performance with initial production of the first 30 days (IP30) of greater than 700 boe/d.

Of the approximate 80 wells drilled in the TMS, 57 wells have been drilled within the Australis designated TMS Core Area. Of the 57 wells, 5 have been excluded from this analysis of the productivity of the TMS Core Area over time due to mechanical and completion difficulties limiting production. The remaining 52 wells were used to generate the historical production curves shown in Figure 14. Wells have been grouped depending on their production history and Figure 14 demonstrates the chronological improvement in well performance for the more recently drilled wells as the drilling and completion design evolves. Figure 14 also provides an average cumulative production curve for the 11 closest wells to the TMS Leases (**TMS Modern Offset Wells**). All these wells were fracture stimulated using a more recent completion design including proppant density of at least 1,500 lbs/ft. These 11 wells are located between 3 to 18km on either side of the nearest TMS Lease.

Australis has carried out additional comparative analysis in respect to the performance of these 52 TMS Core Area wells. Well performance from certain areas within the Aurora-owned Eagle Ford shale acreage provides a comparison to the TMS well production data from the 52 composition TMS Core Area wells.

This comparison with the Eagle Ford shale production well data is believed to be appropriate due to the similarities in depositional history and because the Eagle Ford shale is acknowledged as a prolific Unconventional Play in the USA and therefore provides a benchmark for the TMS oil production data. The Directors believe the selected Eagle Ford shale wells provide an appropriate comparison for the TMS wells. This is an oil productivity comparison only with no reference to comparative well costs or economics.

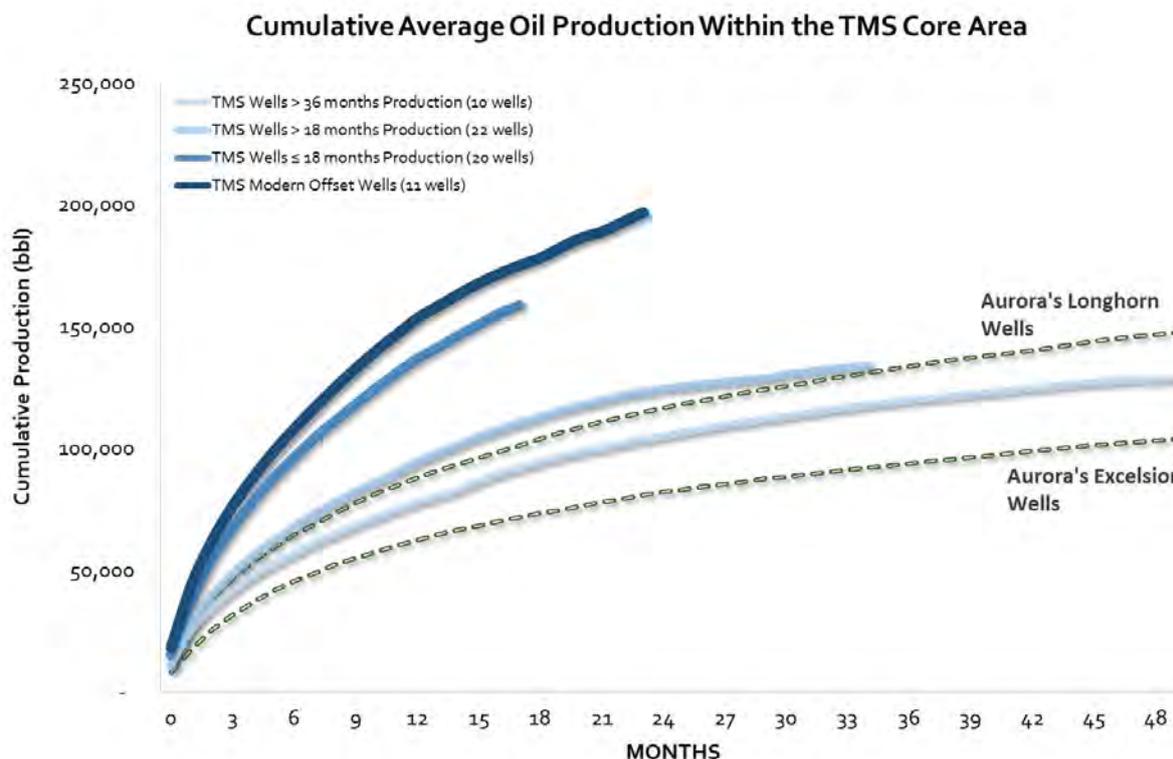
The Eagle Ford shale well production data used in this analysis has been sourced from public data held by the Texas Railroad Commission (**TRRC**) and selected as follows:

- (i) An initial well list was constructed from all wells listed in each quarterly report issued to the ASX by Aurora on 11 October 2011 and 23 January 2012;
- (ii) The list of wells compiled from (i) was reduced to 45 Eagle Ford shale wells designated as oil wells at the TRRC. These wells offer a comparable well type to the 52 TMS Core Area wells; and
- (iii) The TRRC website provides monthly production quantities by Production Units and not individual wells. For this analysis, the list of wells that met the requirements of (i) and (ii) above were reviewed and correlated to the TRRC website. Production data from Production Units were sourced for each month only if there was a single well on production within that Production Unit and such well had been the sole well on production for a minimum of 12 months.

The above selection process identified 40 Eagle Ford shale wells that met the above criteria that commenced production between April and December 2011. Of these 40 wells, 25 wells were grouped within an area known as Excelsior in Atascosa County (**Excelsior Wells**) and 15 wells were grouped within an area known as Longhorn in Karnes County (**Longhorn Wells**).

The average well performance over time of the Longhorn Wells and the Excelsior Wells are shown in Figure 15 and compared to the chronological well performance of the 52 TMS wells.

**Figure 15 - Historical average well performance for the 52 TMS Core Area wells as previously shown in Figure 14 compared to the historical average well performance of the selected wells in the Eagle Ford shale**



Source: Texas Railroad Commission data base: Excelsior:- Carpenter Thompson 1H; Chapman Pfeil 1H; Chapman Rothe 1H; Deatley Griffin 1H; Deatley Hollub 1H; Deatley May A 1H; Deatley May B 1H; Esse Smith A 1H; Esse Smith B 1H; Griffen Deatley A 1H; Griffen Deatley B 1H; Henke A 1H; Henke B 1H; Hierholzer Retzloff 1H; Hierholzer Seewald 1H; Hollub 1H; Kellner Jonas 1H; Kellner McMahon 1H; Mauch Tom 1H; Retzloff May 1H; Schroeder Chapman 1H; Seewald 1H Stewart Finlay 1H; Stewart Giese 1H; Thompson 1H. Longhorn-Best Huth 1H; Carter 1H; Davenport 1H; Hedtke 1H; Holland Brown 1H; Holland Opiela 1H; Martinez Henke 1H; Oxford 1H; Pfeifer 1H; Scheele 1H; Scheele Huth A 1H; Scheele Huth B 1H; Yosko 1H; Yosko Borgfield 1H; Kosko Kinkler 1H

The average production from the 20 TMS Core Area wells that have been on production for less than 18 months is outperforming the average oil production from both the Longhorn Wells and Excelsior Wells.

The experience within many shale fields is that drilling and completion design improves as the field is developed.

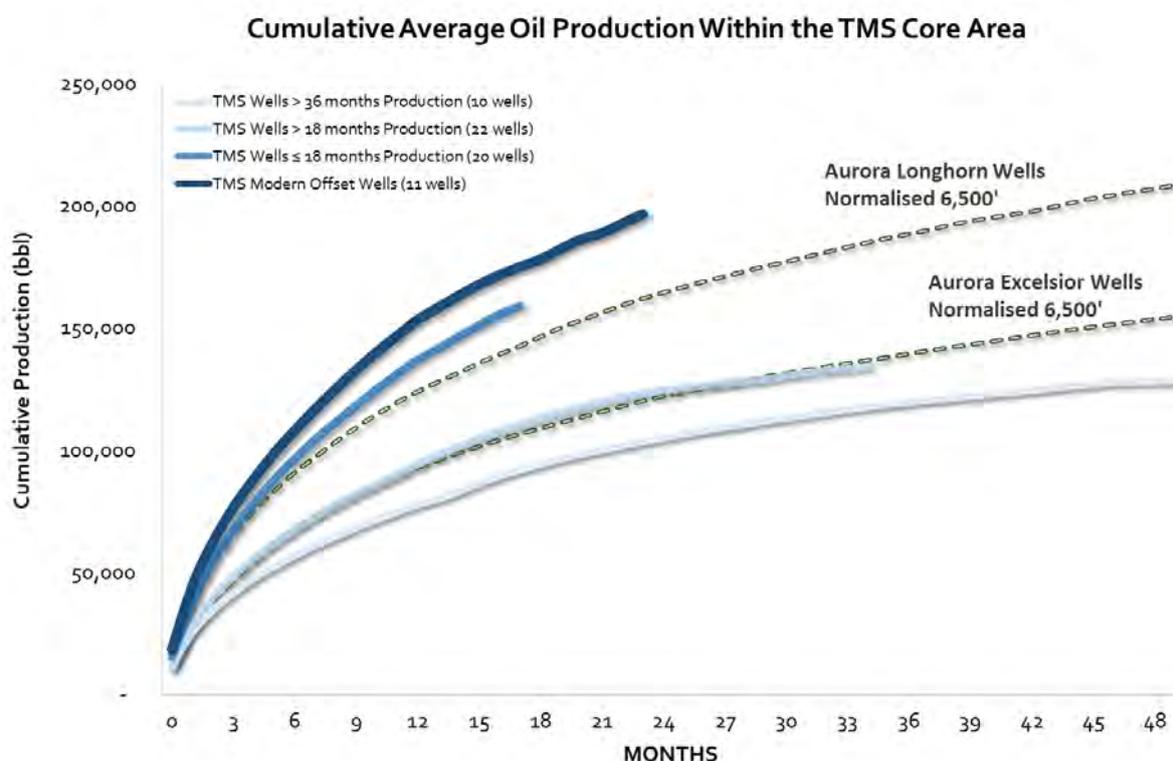
The TRRC recorded a total of 1,052 wells on production in the Eagle Ford shale as at 2 December 2011 compared to the approximately 80 wells in production in the TMS as at the date of this Prospectus.

It was noted that the average horizontal length of the Longhorn Wells and Excelsior Wells is approximately 4,500ft compared to the average stimulated horizontal length of the 20 TMS Core Area wells that had been on production for less than 18 months at approximately 6,500ft. The average stimulated horizontal length of all 52 TMS Core Area wells is just over 6,000ft. If the Longhorn Wells and Excelsior Wells had been drilled and completed with an increased average horizontal length of 6,500ft, it is likely the average cumulative production would also have been increased.

To provide an indicative only comparison between the Longhorn Wells and Excelsior Wells with the 52 TMS wells Figure 16 linearly normalises the Eagle Ford shale wells to 6,500ft by multiplying the production volumes on average by a factor of approximately 1.44 (6500/4500). There can be no

guarantee that if the Longhorn Wells and Excelsior Wells increased their horizontal length that additional production or a linearly adjusted increased production would have resulted.

**Figure 16 - Historical Average cumulative well performance for the TMS Core Area and selected Eagle Ford shale wells as previously shown and "normalised" to 6,500ft (Horizontal Length).**



As can be seen in Figure 16 even a linear normalisation of the Eagle Ford wells average oil production is less than the more recent TMS Modern Offset wells or the more recent TMS wells on production for less than 18 months.

**(f) Contingent Resource Estimate**

Australis contracted an independent Resources estimate to be completed to standards provided by the Petroleum Resources Management System (2007) and Guidelines for the Application of the Petroleum Resources Management System (2011) as approved by the Society of Petroleum Engineers (SPE). The results of this South Texas Reservoir Alliance LLC (STXRA) report are summarised in Table 17 and represent the 50% Working Interest in the TMS Leases as at the effective date of the STXRA report (see the STXRA report in Section 8).

**Table 17 – Contingent Resource Estimate**

	Recoverable Volumes	Contingent Resource Estimate – Net to Australis		
		1C Low	2C Best	3C High
Net Volumes (post royalties)	Oil (mdbl)	4,597	12,962	29,911
	Gas (mmscf)	1,610	4,540	10,477
	BOE (mboe)	4,865	13,719	31,657

Oil equivalent volumes are expressed in thousands of barrels of oil equivalent (mboe), determined using the ratio of 6 mscf of gas to 1 bbl of oil.

The report in Section 8 includes extensive assumptions and risks which are not summarised here.

## (g) Transaction Summary

### (i) PSA

In December 2015 ATM entered into a PSA with Paloma, a private equity funded oil and gas company based in Houston Texas. The PSA provided ATM with the right to purchase up to a 50% Working Interest in approximately 639 leases (approximately a total of 34,000 acres) the TMS Leases for a total purchase price of US\$16 million (US\$936/acre). A deposit of US\$1 million was paid on signing the PSA and a further US\$6 million was paid into an escrow account in January 2016 to acquire an initial 20% Working Interest. In May 2016, ATM completed the settlement under the PSA with a further payment of US\$9 million and was assigned an undivided 50% Working Interest in the TMS Leases.

Paloma is a private equity funded oil and gas company. The principals of Paloma have been involved in the USA shale industry for many years. Paloma is owned by two private equity funds, Encap Investments L.P. and Macquarie Mining and Energy Capital, with experience in the oil and gas industry in the USA. The purchase price paid by ATM to Paloma for its 50% Working Interest in the TMS Leases will be sufficient to fund's Paloma's obligations under the JDA and the JOA.

A summary of the PSA appears in Section 10.5 and a summary of the TMS Lease assignments appears in Section 10.8 and in the Beta Land Services report in Section 7.

### (ii) JDA

Upon acquiring the 50% Working Interest in the TMS Leases, ATM and Paloma executed a Joint Development Agreement (**JDA**) to govern the agreed activities and included such matters as voting rights, work program and budgets within the agreed areas of mutual interest (**TMS AMI**) which is shown in Figure 9. Work programs and budgets have been agreed by ATM and Paloma covering leasing activities for 2016 and 2017. For 2016, ATM and Paloma agreed that no operational activity will be undertaken.

The JDA will terminate at the earlier of (i) 4 years from 22 January 2016 or (ii) the mutual agreement of ATM and Paloma. Paloma is the Operator for the first two years. ATM has the right to take over as operator on 22 January 2018 with 60 days' notice to Paloma. In the event development operations begin before 22 January 2018, ATM may elect to assume the role of operator, with Paloma's consent. The TMS AMI expires on 22 January 2023 (seven years in total), even though the JDA itself terminates prior to the expiration of the TMS AMI.

Within the TMS AMI provisions, each party shall offer the other party the opportunity to participate in all future land leasing and acquisition activities within the TMS AMI area (other than oil and gas interests in the TMS AMI Area acquired pursuant to any corporate transaction in which the oil and gas interests in the TMS AMI Area comprise less than 25% of the value of the transaction), with such offer to be to the other party based on the existing working interests owned by each party across the TMS AMI area, which would currently result in an even 50% allocation to each party. If a party does not wish to accept such an offer, the offering party shall then be entitled to 100% of any opportunity offered pursuant to these provisions.

ATM and Paloma have established an operating committee (**Operating Committee**) to agree on the Annual Work Program and Budget (**Annual WP&B**). The Annual WP&B includes an annual land and leasing budget (**Land WP&B**) and an annual operational work program (**Development Plan**). Each element of the Annual WP&B is to be proposed by 1 October each year for the subsequent calendar year and the parties shall endeavour to agree on both elements of the Annual WP&B prior to the beginning of the relevant calendar year. Once an Annual WP&B has been agreed, each party is committed to participate in activities prescribed in such Annual WP&B. The Operating Committee will meet 4 times each year, in the second week following the end of a calendar quarter, to (i) discuss the progress of operations, (ii) provide input regarding any changes to the Annual WP&B and future development activities, and (iii) discuss other general matters. The Operating Committee will be the forum for the approval for any proposed expenditure outside of an approved Annual WP&B. Each

approved Annual WP&B shall include acceptable general and administrative costs for the joint account.

The JDA includes an approved Land WP&B for the first two years ending 31 December 2017. ATM and Paloma have each agreed to spend up to US\$10.9 million each on lease renewals and/or exercising lease options and/or acquiring new leases during the 2 year period. The Land WP&B is subject to various commercial parameters, including but not limited to, acquiring new leases within the TMS AMI or extending existing TMS Leases, establishing primary terms of 3 years with a 2 year extension or 5 years, and upper limits on fees and costs for securing new leases or extending TMS Leases. In the event that a party wishes to acquire a lease or renew a TMS Lease within the TMS AMI but which is outside the scope of the agreed Land WP&B, the TMS AMI provisions are required to be followed. The JDA also includes a Development Plan for 2016 which has been set at zero and at this stage the parties have agreed that no Development Plan activities are being considered in 2017, although this remains subject to Operating Committee agreement should commodity prices increase.

The JDA addresses shared facilities costs and product marketing.

The JDA allows for appropriate disclosure rights recognising that ATM and/or its affiliates may have certain disclosure obligations in the event it becomes a publicly traded company.

The JDA also provides for a preferential purchase right if either party elects to sell their interest in the TMS leases directly to a third party. In such an instance, the selling party will first offer the interest on the same terms to the other party.

Should ATM and Paloma agree on terms and execute definitive agreements for ATM to acquire Paloma's interests in the TMS (either by mutual agreement, or through accepting the preferential purchase right to be offered any proposed third party acquisition of Paloma's interests), Paloma has the option, at Paloma's election but subject to any ASX Listing Rule or shareholder approval requirements, to split the consideration between cash and equity in ATM's ultimate parent, Australis, with a maximum equity component of 33.3% of the consideration. The equity being offered to Paloma will be valued at a 5% discount to the weighted average price of the ordinary shares of Australis traded on the ASX over the preceding 30 days or if Australis is not trading on the ASX, a 5% discount to the last issue price for ordinary shares in Australis used to raise proceeds for the cash component of the acquisition.

A summary of the JDA is set out in Section 10.6.

### **(iii) JOA**

Activities within each Production Unit will be governed by a Unit Joint Operating Agreement which is based on an agreed master Joint Operating Agreement (**Master JOA**).

Broadly the intent is that Paloma will remain operator during the land acquisition and lease management phase and Australis will become operator once operational and development activities commence.

The Master JOA is based on the industry standard form governing the parties' relative rights and obligations which apply to actual well operations and in the event that an Annual WP&B cannot be agreed for future periods. The Master JOA will survive and be implemented for Production Units formed during the duration of the TMS AMI.

The JDA includes consent/non consent penalties for non-participation in held by production (**HBP**) or renewal activities. Such expenditure is envisaged to be captured within the approved WP&B. Penalties for non-consent operations are: loss of interest in the unit for HBP wells (the first well in any unit) and a 300% payback for non HBP wells/operations (subsequent wells in each unit).

A summary of the JOA is set out in Section 10.7.

## (h) Leasing Program and Budget

### (i) Leasing Activities

The ownership and rights of access to hydrocarbons in the USA can be a complex subject matter and the Beta Land Services report included in Section 7 provides a more comprehensive description of the specifics for leasing activity for the States of Louisiana and Mississippi. This Section provides a high level summary of the generic land and leasing process.

In the USA the subsurface mineral rights were originally attached to the surface land rights and so can vary in size and shape from being associated with house plots to large rural ranches and farms. They are considered real property and can be split from the surface land ownership and separately sold or leased and through generations of owners, can be divided and split, potentially having multiple owners.

The owner of the mineral rights typically leases those rights to a third party in return for a cash payment and an entitlement to a royalty stream from any ensuing production. A mineral rights lease can take many forms and is often a complex legal contract, but can be broadly summarised as follows:-

1. The lease will have a Primary Term, a period of time when the lessee can retain their rights to explore and produce hydrocarbons from the lease area. The lessee pays a fiscal bonus, normally calculated on a US\$/acre basis, to secure the lease contract and associated rights. Before the end of the Primary Term a specific designated activity has to have taken place otherwise the lease expires and the mineral rights revert back to the mineral rights owner. This designated activity is normally production having commenced from which the mineral rights holder is entitled to a royalty revenue, but can be a variety of other definitions. Meeting these obligations is typically referred to in the USA as 'Holding by Production' or 'HBP'. Typically as these criteria continue to be met, i.e. the mineral rights owner continues to receive royalty revenue, the lease terms remain.
2. The lease contract will often include an option to extend the Primary Term for the payment of a further agreed bonus, again normally calculated on a US\$/acre basis.
3. When drilling a horizontal well, the operator needs to establish an area around the planned well and form a Production Unit (often referred to a "units" or "drilling unit"). Because of the variety of shapes, sizes and terms of mineral rights leases, through a legal process the leases are "pooled" or "unitised" together into a '**Production Unit**' by the operator of a planned horizontal well. Production from any tract of land within a Production Unit is considered as production from every tract, and is shared according to determined participations such as contributed acreage, royalty interest, Working Interests, etc. within the Production Unit.
4. The size of a Production Unit is based on the initial anticipated drainage area of a single horizontal well.

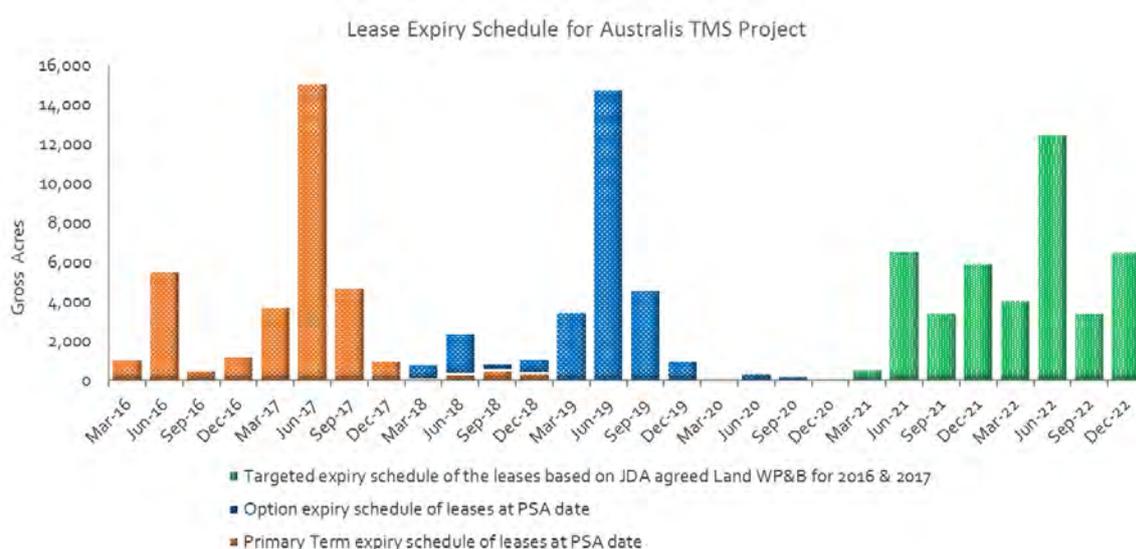
At the time of execution of the PSA, Paloma held 639 lease contracts. Those contracts had a variety of Primary Term expiry dates and the majority of those leases had two year extension options with an associated cost. This is summarised in the Table 18.

**Table 18 – Lease expiry schedule – as at the date of the PSA (100% Working Interest)**

Year	Primary Term Expiry (Acres)	Extension options (Acres)	Extension (option) cost (US\$)	Extension term expiry (Acres)
2016	8,046	7,183	US\$4,020,762	
2017	24,676	24,122	US\$14,746,735	
2018	1,400	733	US\$263,348	7,183
2019	-	-	-	24,122
2020	1	-	-	733
	34,123	32,038	US\$19,030,845	32,038

As previously outlined in the JDA, Australis and Paloma have agreed a Land WP&B for 2016 and 2017 that seeks to renegotiate the existing leases on more favourable terms than the existing extension options, in terms of bonus payment, duration of the new Primary Term and royalty payment. The contractual extension (**Extension Options**) as shown in Table 18, is exercisable at the election of the Working Interest owners. The Land WP&B for 2016 and 2017 does not assume the exercise of any options. Figure 19 shows the expiry profile of the Primary Term and Extension Options outlined in the above table and the targeted expiry profile anticipated from expenditure of the 2016 and 2017 Land WP&B and successful execution of the leasing strategy.

**Figure 19 – Existing and Targeted Lease Expiry Schedule by Quarter**



The Target Expiry Schedule (green bar chart) is a target and depends on the successful execution of the leasing strategy. There can be no guarantee that some or all of the leasing strategy will be successful.

This leasing strategy commenced upon executing the PSA. As at 18 May 2016, 47 leases have expired and the extensions were not renewed. Of the 4,700 acres associated with those expiries 2,700 acres have been re-leased on more favourable terms and an additional 750 new acres have been leased. There are a number of negotiations underway and land title work must be completed prior to execution of and payment for a lease. This dynamic process will continue and be the subject of the 2016 and 2017 Land WP&B. At the date of this Prospectus, Australis has a 50% Working Interest in approximately 614 leases which consist of approximately 33,000 acres.

For more additional information regarding the TMS Leases and general information relating to mineral rights in Mississippi and Louisiana, refer to the Beta Land Services Report in Section 7.

## (ii) Annual Work Program and Budget

The primary strategy for Australis' interest in the TMS in 2016 and 2017 is to manage and extend the duration of individual TMS Leases as they near the end of their Primary Term (generally 3 years from original date of the lease). The strategy also includes seeking to acquire new leases within the TMS AMI, whilst maintaining a mostly contiguous lease position.

Australis and Paloma have agreed a leasing strategy for 2016 and 2017 that seeks to achieve these targets. Due to the current prevailing environment, as the Primary Term of TMS Leases near expiry, negotiations to renew the expiring TMS leases (i.e. enter into a new lease agreement) rather than extend through exercise of options under the existing contracts, have generally been occurring on more favourable terms (i.e. duration, cost and royalty rate).

The JDA contains the agreed Land WP&B for leasing activity during calendar years 2016 and 2017. The JDA also contains an approved Annual WP&B for 2016 which comprises a Land WP&B (refer Table 20) and a Development Plan set at zero.

**Table 20 – Australis TMS Expenditure Budget**

<b>Australis TMS Expenditure Budget</b>	<b>2016<sup>2</sup> \$000</b>	<b>2017 \$000</b>	<b>Total \$000</b>
<b>ATM share of the approved Land WP&amp;B<sup>1</sup></b>	<b>\$4,593</b>	<b>\$8,990</b>	<b>\$13,583</b>
<b>Australis Expenditure Budget – including geological, management and administration costs<sup>3</sup></b>	<b>\$409</b>	<b>\$480</b>	<b>\$889</b>
<b>Total Expenditure Budget for April 2016 to December 2017</b>	<b>\$5,002</b>	<b>\$9,470</b>	<b>\$14,472</b>

1: Australis' share of the Land WP&B has been converted to \$ at an exchange rate of US\$1 = \$1.4 and on 13 April 2016 Australis paid US\$1.186 million (\$1.66 million) in respect of its share of the Land WP&B for the first half of 2016.

2: The 2016 budget relates to the period 1 April 2016 to 31 December 2016.

3: The Australis expenditure budget is in addition to the ATM share of the Land WP&B and comprises non-committed expenditure associated with administration, geological and managerial costs in relation to the TMS Leases and associated activity within the TMS.

The Land WP&B for 2016 and 2017 has established parameters and limitations on lease costs, Primary Term and royalty interests that can be negotiated with mineral rights owners. Whilst there is no guarantee of success, the target is to secure either 5 year Primary Terms or 3 year Primary Terms with a 2 year option for all TMS Leases and future leases within the TMS AMI. The target is to achieve a gross acreage position of approximately 45,000 acres (22,500 net acres to Australis) by 31 December 2017.

For the 2016 year Paloma and Australis have agreed that no approved budget capital expenditure other than the Land WP&B will be incurred. This strategy is consistent with the Australis position regarding limiting the expenditure of development capital.

## (iii) Environmental

During the due diligence phase an environmental review was conducted with no material discovery relevant to the interest being acquired. The review did uncover an "orphan" vertical well with an operator registered in the state of Louisiana within the TMS Leases. The lease containing the orphan well was contracted to Paloma and forms part of the transaction. The mineral rights owner re-leased the same acreage to a third party, who proceeded to successfully register with the authorities as the operator of record on the well and Paloma is pursuing a dialogue with the mineral owner. However,

the operator has already carried out some operations on the well which appears to have led to minor surface reclamation being required on the lease and the State has confirmed that this is the responsibility of that operator. Paloma have had the site inspected and received a quote for restoration, which is not a material amount.

### 3.6 Project Overview – Portugal

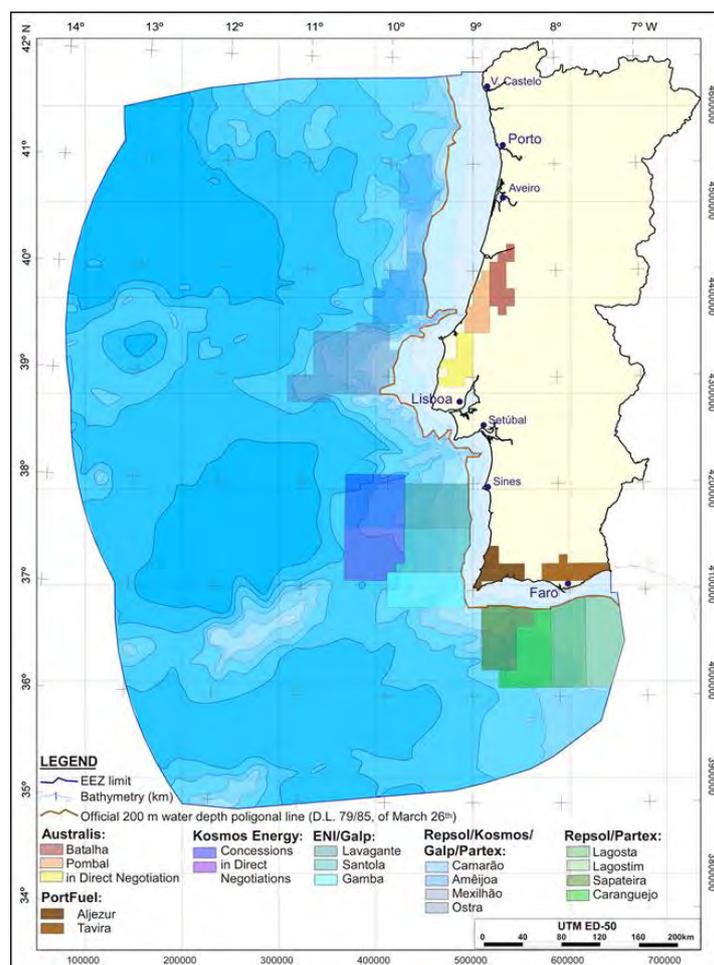
Australis indirectly holds two Concessions onshore in Portugal, known as the Batalha Concession and Pombal Concession. In total they cover an area of approximately 620,000 acres and are located in the onshore Lusitanian sedimentary basin. The two Concessions have independent contingent and prospective resources assigned to them and are held under 8 year concession contracts with a minimum work program commitment for each year.

#### (a) Overview of Oil & Gas Industry in Portugal

##### (i) Exploration and Production

Portugal is an underexplored jurisdiction with over 113,000 km<sup>2</sup> of sedimentary areas, of which in excess of 78% is offshore and less than 22% is onshore. Across this entire sedimentary area there have only been 175 wells drilled in total, most of which were shallow, and of this only 148 wells have been drilled onshore.

**Figure 21 - Onshore and Offshore Portugal concessions for exploration either awarded or under negotiation**



Source: Entidade Nacional para o Mercado de Combustíveis (ENMC) website 8 June 2016

Note that the concession titled “in Direct Negotiation” within the Australis section of Figure 21 is not, as at the date of this Prospectus, in Direct Negotiation status as defined within the Portugal Regulations (see the Cuatrecasas Goncalves Pereira Report in Section 7).

Concession contracts for exploration and production have now been granted by the Portuguese Government for a number of areas, mostly in deep offshore areas as indicated in the map above. The operators and concession holders in the offshore areas are Repsol S.A., ENI S.p.A., Galp Energia, Kosmos Energy and Partex Oil & Gas.

The Lusitanian basin is the principal onshore area for historical exploration. A previous operator of a large portion of the onshore Lusitanian acreage was active in Portugal between 1993 and 2013 and was responsible for the majority of the onshore well drilling activity during that period. This previous operator generated limited commercial oil production from the Aldeia shallow well development, drilled 6 deep onshore exploration wells, shot a basin wide aeromagnetic survey, acquired and reprocessed considerable 2D seismic data and secured 520km<sup>2</sup> onshore 3D seismic data. The Board believe these activities have led to a better general understanding of the Petroleum systems within the basin.

To date, no meaningful commercial production of hydrocarbons has been achieved in Portugal, either onshore or offshore. However, the prior activity has demonstrated active hydrocarbon systems and numerous prior tests have confirmed productivity, albeit not on a commercial basis at this time.

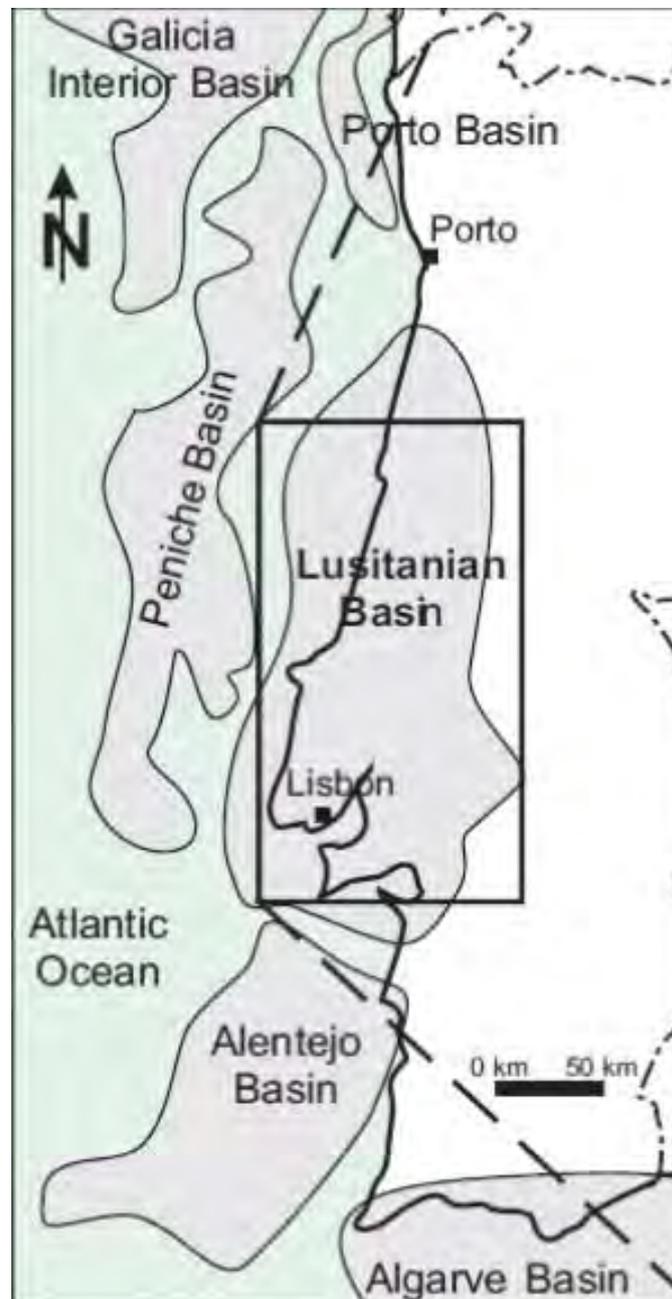
The following information relates to prior activity that has occurred within onshore areas covered by the Concessions. All activity on these areas occurred prior to Australis being awarded the Concessions:

- (A) Aljubarrota #2 vertical well was drilled in 1999 to test a 2D defined Silves horizon. The well encountered gas shows continuously from 796 metres to Total Depth at 3,616 metres. Oil shows were intermittent between 800 metres and 2,350 metres. The target Silves sand horizons were found to range from poor to good, with porosities as high as 20% being encountered. These horizons were tested with very low production rates of water which the operator at the time believed indicated reservoir damage, which was consistent with the significant mud weights used to drill this section. The well also encountered hydrocarbons in shallower Jurassic horizons, with open and cased hole tests flowing at estimated rates of 2 mmscf/d or more from the deeper sections corresponding to the unconventional Lias shale and from the fractured carbonate Brenha formation. In 2001 this well was side tracked with the intention of moving to a different fault block in the Brenha formation. Due to drilling difficulties the planned separation was not achieved and the same section flowed at low rates (estimated 250 mscf/d) whilst being drilled underbalanced.
- (B) Aljubarrota #3 vertical well was drilled in 2000 and sought to appraise the areal extent of the Brenha limestone formations encountered in the Aljubarrota #2 well. Drilling shows throughout the section verified the presence of gas saturation through the Lower Jurassic carbonates but repeated mechanical test failures occurred.
- (C) Aljubarrota #4 vertical well was initially drilled in 2005 and then re-entered and tested in 2011. The results were again inconclusive due to technical difficulties, although gas flares were achieved, albeit at low rates. Production was dominated by water, which Australis believes may have been sourced from below the target horizons due to local faulting that only became apparent after 3D seismic surveys were shot.
- (D) In 2010 and 2011 a 3D seismic survey was shot in the Batalha Concession area. It allowed greater structural definition and to aid in the identification of deeper pre-salt Silves targets. In 2012 the Alcobaca 1 vertical well was drilled to an identified target. The Silves target was encountered deeper than prognosed. Due to time to depth conversion complications often encountered with anhydrite horizons, this pushed the target out of the channel system, which Australis believes may be why the Silves was found to be lower quality reservoir in this area.

## Lusitanian Basin

The Lusitanian basin is located on and offshore in west-central Portugal as shown in Figure 22 below. It is the only depositional basin in Portugal that extends onshore other than a slight overlap of the Algarve basin in the south and has been the location of the majority of exploration wells drilled to date.

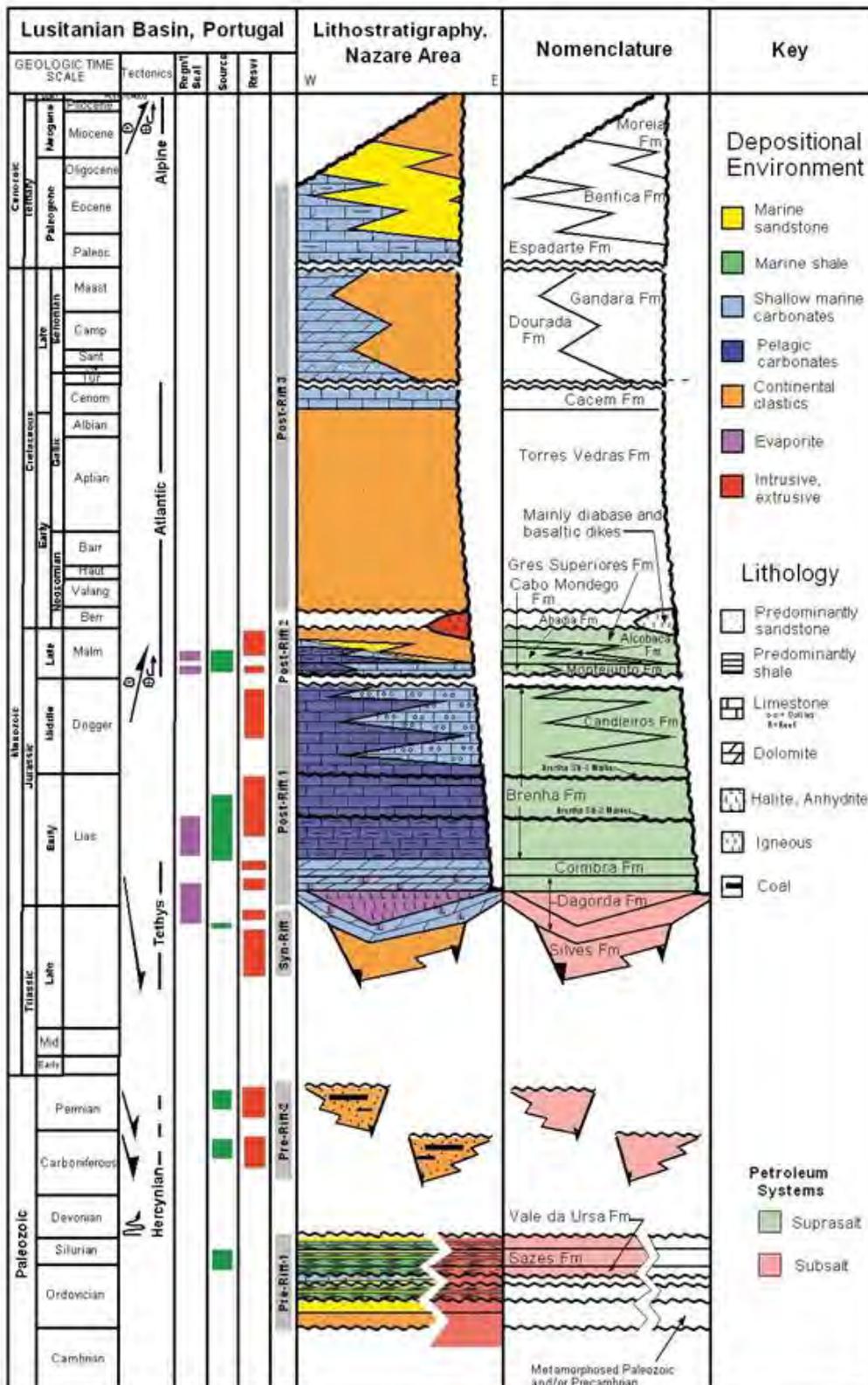
**Figure 22 – Lusitanian Basin**



Source: S F. Duarte, L.V. Oliveira, L.C., Rodrigues, R. and Comas-Rengifo, M.J., 2010. Contribution to the knowledge of petroleum generative potential of Late Sinemurian – Pliensbachian of the Lusitanian basin - northern sector (Portugal)

The basin is prospective in both the pre-salt Triassic Silves sandstone as a conventional target as well as in the shallower Lower Jurassic Lias shale as an unconventional resource target with associated conventional sequences. These horizons are highlighted in the stratigraphy column shown in Figure 23.

Figure 23 – Lusitanian Basin - Stratigraphy



Source: Netherland, Sewell & Associates Report contained in Section 8

The pre-salt Silves formation is sourced from underlying Silurian shales and can be mapped as broad channels orientated approximately north south from original basement interpretations. A reliable seal is formed by the overlying Dagorda anhydrite section and recent 3D seismic surveys have allowed structural prospects to be identified within the Australis Concessions.

The shallower Jurassic Lias is a source rock for hydrocarbons in the basin. The Jurassic section includes at least two conventional Limestone targets together with organically rich shales and this combination of lithologies offers further unconventional prospectivity.

## **(ii) Oil and gas in Portugal and Iberian Peninsula: supply, transportation, refining and consumption**

Given the lack of domestic oil and gas production, Portugal has been and remains wholly dependent on imports for the supply of oil and natural gas.

As natural gas was not supplied to Portugal until 1997, oil has been the historically dominant energy source in Portugal, representing some 45% of Portugal's total primary energy supply in 2014. However, oil demand in Portugal has declined from a peak of 343mmbbl/d in 2002 to 242 mmbbl/d in 2015. In 2014 crude oil was imported from the following sources Angola (27.6%), Saudi Arabia (12.5%), Algeria (10.5%), Kazakhstan (9.8%) and Nigeria (9.6%), with the remaining 30% from others. The lack of cross-border crude oil pipelines from Spain means that crude oil is delivered to Portugal primarily through oil terminals at the ports of Sines and Leixões.

Portugal has two oil refineries, the Matosinhos refinery near Porto in the northwest and the Sines refinery, 150km south of Lisbon. Both are operated by Galp Energia and have a combined processing capacity of 330mmbbl/d, with the Sines refinery having 220mmbbl/d capacity. The 2013 combined output of the refineries was 296mmbbl/d. Galp Energia is also the major wholesaler and retailer in Portugal for refined oil products.

Following the commissioning of the Maghreb-Europe natural gas pipeline from Algeria to Spain (which then connects with trans-Iberian pipelines) in 1997 and the opening of a liquid natural gas (LNG) terminal in Sines, south of Lisbon, Portugal's energy consumption profile changed considerably. Portugal's consumption of natural gas has grown at an average annual rate of 4.5% from 2000 to 2015. Natural gas demand grew to 4.4bcm in 2015. In 2015, approximately 67% of Portugal's natural gas consumption was served by natural gas (primarily from Algeria) via the Maghreb-Europe pipeline, while the other 33% was served by LNG sourced primarily from Nigeria. Natural gas in both forms is predominately supplied by Galp Energia, mostly under long term contracts with Algeria and Nigerian companies, with current contracts expiring between 2020 and 2026 and the remainder via spot market LNG purchases. In the Sines terminal, LNG is offloaded and pumped into temporary storage tanks where it remains until regasification occurs prior to delivery into the national gas transmission network.

The Portuguese National Natural Gas Transmission Network (RNTGN), operated by REN Gastudos, consists of a main trunk line and branch lines which totalled 1,375 km at the end of 2014. The RNTGN has two interconnections with Spain at Campo Maior in the east and Valença do Minho in the north and interfaces the LNG import terminal of Sines and the underground natural gas storage facility of Carriço, located in the region of the Pombal Concession. Pipelines range from a nominal size of 150 millimetres to 800 millimetres in diameter of which more than half are 700 millimetres in diameter. A branch of the pipeline of the RNTGN runs the length of the Australis Concessions. Access to the RNTGN and associated infrastructure pipeline is open but regulated.

## **(iii) Legal Regime and Industry Regulation**

Onshore and offshore petroleum resources located within Portuguese territory are part of the Portuguese state's public domain, and exploration and production activities can only be undertaken in Portugal with the appropriate authorisation from the national government.

The Minister of the Economy (Ministro da Economia, or the **Minister**) has overall responsibility for the management of petroleum resources. The National Authority for the Fuel Market (Entidade Nacional para o Mercado de Combustíveis, E.P.E., or the **ENMC**) is designated as the National Authority responsible for the creation, management and maintenance of strategic reserves of crude oil and petroleum products. Effective March 2015, the ENMC became responsible for the performance of duties of planning and monitoring within the oil industry, including the prospection, research, development and exploitation of oil and gas resources, and the biofuel industry. The ENMC, a

Portuguese government authority, is therefore the primary public body which oversees the exploration and production of petroleum in Portugal. The unit within the ENMC that fulfils the primary direct supervision, inspection and management functions for exploration and development is the Unit for Research and Exploration of Petroleum Resources (Unidade de Pesquisa e Exploração de Recursos Petrolíferos, or the **UPEP**).

The granting of rights to petroleum exploration and production and the exploration and production activities conducted in exploiting these rights, are governed primarily by Decree-Law No. 109/94, issued on 26 April 1994, and by various orders, notices and directives promulgated thereunder from time to time (collectively, the **Portugal Regulations**).

The rights to explore for, develop and produce oil and gas in Portugal are granted by the Minister in the form of a contract known as a concession, which provide exclusive rights over specified geographic areas. Together, the terms contained within a concession contract and the Portugal Regulations govern the activities of the concessionaire in exercising these rights. Further detail on the terms of the Australis Concessions, and relevant provisions of the Portugal Regulations as they apply to the activities of Australis in Portugal are located in Section 3.6(d) and in the Cuatrecasas Goncalves Pereira Report in Section 7.

The corporate tax rate in Portugal is currently 21%.

## **(b) Overview of Australis Concessions**

Australis through its indirect wholly owned subsidiary Australis Portugal holds the Concessions which provide the exclusive rights to explore and produce oil and gas in two contiguous concession areas in the onshore Lusitanian Basin in Portugal, designated as the Batalha Concession and the Pombal Concession. Both Concessions are subject to the Consultant Incentive which provides the right, subject to various conditions precedent, for the Consultant to acquire, at nominal cost, a 3% working interest in each Concession. See Section 3.6(e) and 10.4 for a summary of the Consultant Incentive.

The location of each Concession is shown in the Figure 24 and the area size for each Concession is set out in Table 25 below. Details of Australis Portugal's exploration and production rights in the Concessions are set out in the Cuatrecasas Goncalves Pereira Report in Section 7.

The award of the Concessions did not require any fee or payment other than the payment of €20,000 contract execution fee to the Portuguese Authorities in respect of each Concession. Refer to Section 3.6(d) for more information.

Figure 24 - Western Portugal indicating the Australis Portugal Concessions and gas transmission lines.

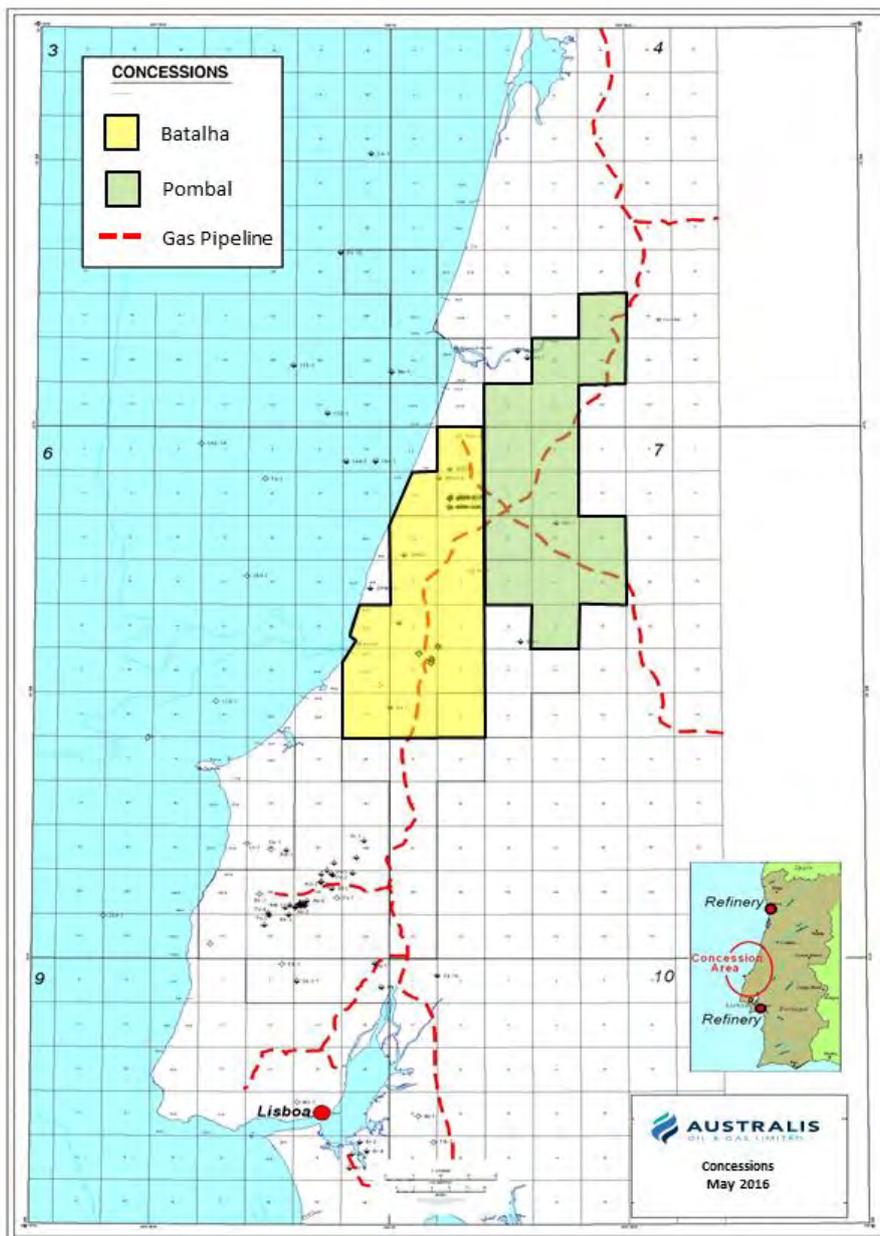


Table 25 Summarises the area of each Concession.

Status	Pombal Concession	Batalha Concession	Total
<b>Concession Size</b>			
<b>Blocks</b>	16	16	32
<b>Km<sup>2</sup></b>	1,266	1,244	2,510
<b>Acres</b>	312,886	307,480	620,366

Other than the Consultant Incentive described in Section 3.6(e) and 10.4, Australis owns all the interests under the Pombal Concession and Batalha Concession.

Australis has also applied for a third concession area known as Cadaval. It is a similar size to each of the two granted Concessions and is located to the south of the Batalha Concession. Australis Portugal applied for the Cadaval concession area in February 2015, at the same time as making application for the Batalha Concession and the Pombal Concession. All three applications were made using a “negotiated process” as stipulated under the Portuguese Regulations. Australis has been recently advised that the Portuguese Government are intending to refuse all pending concession applications that utilised the negotiated process and request applicants to resubmit their offer via an alternative public bidding process. Australis is in discussions with the Portuguese Authorities on this matter.

**(c) Initial Exploration Program**

As part of the preparation work undertaken by Australis during the application process for the Concessions, Australis management have, as at the date of this Prospectus, identified 8 exploration targets that would test conventional targets and also allow data to be gathered on the unconventional Lias horizon. The contingent resource within the Brenha limestone has been identified and is being incorporated into the Australis planning and evaluation process.

Following the award of the Pombal Concession and the Batalha Concession, the review and identification of opportunities in these areas continued. The intention is to rank targets on the basis of size, risk and remaining work scope to mature prospects to a drill ready status. Under the terms of the two Concessions there are no mandated drilling obligations until year four of each Concession, however, Australis may drill a well within the initial three years subject to the results of the data interpretation and target identification currently being undertaken.

Australis has access to a 160 km<sup>2</sup> 2010 vintage 3D seismic survey located in the Batalha Concession as well as a considerable volume of 2D survey data within both of the Concession areas. It is likely that this data set may need to be reprocessed or additional seismic data gathered in preparation for any well.

The budgeted exploration program for the Concessions over the remaining period of the initial three year period of the Concessions from April 2016 to September 2018 is as summarised in Table 26.

**Table 26 – Australis Expenditure Budget - Portugal**

<b><u>Australis Expenditure Budget - Portugal</u></b>	<b>April to September 2016</b>	<b>October 2016 to September 2017</b>	<b>October 2017 to September 2018</b>	<b>Total April 2016 to September 2018</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Concessions minimum commitments (refer Section 3.6(d)(v))</b>	<b>\$111</b>	<b>\$397</b>	<b>\$472</b>	<b>\$980</b>
<b>Australis additional expenditure budget – including geological, management and administration costs<sup>†</sup></b>	<b>\$397</b>	<b>\$471</b>	<b>\$269</b>	<b>\$1,137</b>
<b>Total Expenditure Budget April 2016 to September 2018</b>	<b>\$508</b>	<b>\$868</b>	<b>\$741</b>	<b>\$2,117</b>

*Note 1: Australis anticipates expending funds in relation to its Portugal exploration activities in excess of the minimum work program agreed with the Portuguese Authorities within each Concession contract. This additional expenditure is not committed and is subject to change. This expenditure relates to additional geological and managerial expenditure by Australis in relation to its Portugal exploration activities.*

**(d) Australis Concessions**

Australis Portugal has entered into two contracts with the Portuguese Authorities (represented by the ENMC), providing Australis Portugal with exclusive rights to explore for, develop and produce oil and gas in the areas designated as the Pombal Concession and the Batalha Concession (subject to the Consultant Incentive). The terms of each Concession are identical except for the identification of the relevant Concession area and the specific minimum work program elements outlined for each Concession. The Pombal Concession and Batalha Concession were signed on 30 September 2015. Further details are included in the Cuatrecasas Goncalves Pereira Report in Section 7.

**(i) Exploration and Production Rights granted**

Under each Concession, Australis Portugal has been granted the rights to explore for, develop and produce petroleum in the Concession areas. These rights include the use of hydraulic fracturing subject to the relevant authorities consent. These rights are exclusive within each Concession (subject to the Consultant Incentive in Section 10.4), without prejudice to the rights granted or to be granted to third parties in connection with other natural resources or other uses in the same area. In the event of a conflict, the Minister or Ministers responsible for the conflicting activities will seek a resolution based on national interest and in conformity with international laws. In addition, exploration and production rights must respect national interests with respect to defence, environment, navigation and research and conservation of marine resources. The Portugal Regulations and Concessions provide that Australis Portugal is free to market any petroleum, either domestically or internationally, it produces from within a Concession subject only to the state's right to requisition production in limited circumstances including but not limited to events involving war or national emergency, in which case the Australis Portugal would be entitled to compensation at market prices.

**(ii) Term**

Each Concession has an initial term of eight years from the date of signing, which can be extended at the request of Australis Portugal by up to two, one-year extensions if work obligations cannot be justifiably completed during the initial term, for a total term of up to 10 years (such initial term, as may be extended, being the **Exploration Period**).

If, during the Exploration Period, a general development and production plan (**Production Plan**) is approved by ENMC in respect of a Concession, the term of the Concession is extended to a further 25 years from such approval date (such period being the **Production Period**) for those areas within the Concession that are covered within by the Production Plan. With the agreement of the Minister, this production period can be extended one or more times, in minimum increments of three years, to a maximum of 15 additional years for a total production period of up to 40 years.

**(iii) Work programs**

Prior to the commencement of each calendar year, Australis Portugal must submit a proposed annual work plan and budget (**Annual Exploration Plan**) for each Concession for approval by ENMC, which approval can only be withheld if the proposed Annual Exploration Plan contravenes any applicable law or the terms of the relevant Concession. Changes to the approved Annual Exploration Plan are permitted if technically justified. Notwithstanding an approval of an Annual Exploration Plan, the commencement of all fieldwork activities contemplated by the annual plan (such as surveys and drilling) can only be commenced upon specific approval from ENMC.

Australis Portugal submitted an initial work program and budget for the Pombal Concession and Batalha Concession covering the extended period from grant of the concessions, 30 September 2015 to 31 December 2016 and which will meet the minimum obligations as outlined below in Section 3.6(d)(v). Work program and budgets are required to be submitted to the ENMC by 31 October for the forthcoming calendar year and will therefore comprise a budget that addresses, in part, the requirements of two Concession years.

**(iv) Bonds**

During the Exploration Period, Australis Portugal must post an annual bond in an amount equal to 50% of the budget for the approved annual exploration plan for the upcoming Concession year, which is held as a performance guarantee and to guarantee the payment of penalties or indemnifications owed for the breach of obligations or damages caused in the execution of the work program.

**(v) Minimum work commitments**

In each Concession, Australis Portugal is required by statute to commit to spud one exploration well in each year of the exploration period, beginning with the fourth year of each Concession. In addition to this minimum statutory commitment, Australis Portugal has agreed within each Concession to undertake certain other exploration activities, such as acquiring and reprocessing seismic information. Table 27 summarises the minimum commitments that Australis Portugal has agreed during the Exploration Period, for each of the initial eight years for the Pombal Concession and the Batalha Concession, and other required payments such as rentals and benefits to state that are detailed in the Concession contracts.

**Table 27 – Australis Portugal – Minimum Commitments**

	<b>Pombal Concession Euro</b>	<b>Batalha Concession Euro</b>	<b>Total Euro</b>
Contract Execution Fee	20,000	20,000	40,000
<b>Concession Year 1 (30/9/15 to 29/9/16)</b>			
Rentals	18,990	18,660	37,650
Benefits to State	32,000	32,000	64,000
Work Program	50,000	50,000	100,000
Bond	25,000	25,000	50,000
Total (not including bond)	100,990	100,660	201,650
<b>Concession Year 2 (30/9/16 to 29/9/17)</b>			
Rentals	18,990	18,660	37,650
Benefits to State	38,500	38,500	77,000
Work Program	75,000	75,000	150,000
Bond	37,500	37,500	75,000
Total (not including bond)	132,490	132,160	264,650
<b>Concession Year 3 (30/9/17 to 29/9/18)</b>			
Rentals	18,990	18,660	36,650
Benefits to State	38,500	38,500	77,000
Work Program	100,000	100,000	200,000
Bond	50,000	50,000	100,000
Total (not including bond)	157,490	157,160	313,650
<b>Three year total</b>	<b>390,970</b>	<b>389,980</b>	<b>780,950</b>
Ability to relinquish all or part of Concession acreage at the end of year 3 if commitments fully met.			
<b>Concession Years 4 – 5</b>			
<b>(per annum)</b>			
Rentals	37,980	37,320	75,300
Benefits to State	15,000	15,000	30,000
Work Program	2,000,000	2,000,000	4,000,000
Bond	1,000,000	1,000,000	2,000,000
Annual Total (no bond)	2,052,980	2,052,320	4,105,300
At end of year 5 mandatory relinquishment of 50% of acreage within each Concession that has not been designated under a development and production plan.			
<b>Concession Years 6 – 8</b>			
<b>(per annum)</b>			
Rentals	37,980	37,980	75,300
Benefits to State	15,000	15,000	30,000
Work Program	2,000,000	2,000,000	4,000,000
Bond	1,000,000	1,000,000	2,000,000
Annual Total (no bond)	2,052,980	2,052,320	4,105,300

The minimum work commitment amounts shown for future years are not an estimate of, and are not to be taken as any sort of reference to, actual annual capital expenditure budgets for Australis Portugal for any particular year.

At the date of this Prospectus Australis Portugal has incurred some of the first concession year expenditures on each of the Concessions.

#### **(vi) Development and production period**

Following discovery of a petroleum field within a Concession, Australis Portugal would be required to carry out a preliminary demarcation of the petroleum field and also prepare a Production Plan for the field for approval by the ENMC. Commercial production can only be commenced in a Concession once such a Production Plan has been approved by the ENMC. Upon such approval, an initial 25 year term or the Production Period commences. For each year of the Production Period, Australis Portugal would be required to submit annual production plans for approval by the ENMC.

#### **(vii) Surface rentals**

During each year of each Concession, Australis Portugal will be required to make annual rental payments to the government of Portugal based on the areal size of the Concession retained. The rental rates are as outlined in the Table 27.

#### **(viii) Benefits to the Portuguese State**

For each year under each Concession until such time as production has commenced, Australis Portugal has agreed to finance the activities as may be undertaken by the ENMC up to a maximum annual amount. These activities include the transfer of technology programmes, training and promotional activities, the acquisition and/or contracting of equipment or specialised technical services and the preservation and treatment of technical data and information. The maximum amount of financing to be made available by Australis Portugal under this commitment for each Concession in each relevant year is as outlined in Table 27.

#### **(ix) Royalties**

If commercial production of petroleum commences in a Concession, Australis Portugal is required to pay royalties on such production to the Portuguese state. Royalties for natural gas, together with condensate produced from the same well, are applied on a progressive scale under the terms of the Concession. Royalty rates for liquid petroleum are calculated on a different scale under the terms of the Portugal Regulations. The following tables set out the royalties payable by Australis Portugal for each category:

##### Onshore oil production\*

- No royalty is payable for annual field production up to 2.2 mmbbls;
- 6% for annual field production between 2.2 and 3.7 mmbbls;
- 9% for annual field production that is > 3.7 mmbbls.

\*Annual volumes specified in metric tonnes, exact conversion to bbls depends on crude characteristics and accordingly, figures provided herein are approximate.

##### Gas and condensate production\*

- 3% in each field until the cumulative field production reaches 5 mmboe;
- 6% for the increment of cumulative field production between 5 mmboe and 10 mmboe;

- 8% for the increment of cumulative field production that exceeds 10 mmboe of total field production.

\*These royalties are payable after having deducted the petroleum fields exploration and development expenses and the operating costs of production.

**(x) Relinquishment of areas within each Concession**

Optional relinquishment

At the end of the third year of the Exploration Period under each Concession, and at the end of each subsequent year of the Exploration Period, Australis Portugal has the right to relinquish all or any part of the Concession area back to the Portuguese state with a 30 day notice period if all commitments have been met. Australis Portugal can also relinquish all or any part of the Concession area that has been designated a producing field, at any time during a Production Period with 1 year's notice.

Mandatory partial relinquishment

At the end of the fifth year of the exploration period under each Concession, Australis Portugal will be required to relinquish at least 50% of such portion of the Concession that has not yet been made part of a Production Plan. Australis Portugal is generally free to determine which specific areas it will relinquish. At the end of the eighth year of the exploration period, and assuming Australis Portugal has requested and been granted an extension of the exploration period beyond the eighth year, Australis Portugal will again be required to relinquish at least 50% of the remaining Concession area not yet part of a production plan.

**(xi) Redemption of Concessions**

Concession can be redeemed, in whole or in part, by the Portuguese state through payment of fair compensation to Australis Portugal. A decision to redeem all or a part of a Concession can be made by a council of Ministers of the state and can be made for reasons of public interest or in a situation where the Portuguese government determines it is necessary to integrate petroleum fields that extend from a Concession into one or more adjoining Concession and the relevant concessionaires cannot reach an agreement on terms of such integration.

**(xii) Termination**

Each Concession will terminate upon expiry of the Exploration Period or Production Period, as applicable, unless extended as described above. In addition, a Concession will terminate prior to the expiry of its current term in the following circumstances:

- (a) if Australis Portugal ceases its legal existence;
- (b) the occurrence of a "force majeure" event that prevents total fulfilment of Australis Portugal obligations under the Concession;
- (c) if the Portuguese government rescinds a Concession by reason of:
  - (i) an unjustified failure to execute the work contained in an ENMC-approved plan or project;
  - (ii) an assignment of rights under the Concession to any third party without proper authorisation;
  - (iii) the abandonment of an oil field without proper authorisation, or (iv) a serious violation of contractual obligations relating to minimum drilling commitments, production plans, demarcation of petroleum fields or measurement and recording of production;

- (d) by mutual agreement, if it is demonstrated by Australis Portugal that production is not technically or economically viable;
- (e) upon relinquishment by Australis Portugal under its optional relinquishment rights described above, on 30 days' notice during the initial exploration period and on one year's notice at any time during the Production Period, in respect of the Concession areas so relinquished; and
- (f) upon redemption by the Portuguese state under its rights to do so described above, in respect of the Concession so redeemed.

Upon termination for any of the above reasons, facilities, equipment, instruments, installations and any other the fixed assets permanently attached to the Concessions will revert to the Portuguese state free of charge.

**(e) Consultant Incentive: Working Interest Carry**

Australis has secured the services of a consultant, Mr. Patric Monteleone, who has over 22 years' experience in the Portuguese oil and gas industry, having supervised a large amount of the onshore exploration and appraisal activity in Portugal during that time. Mr Monteleone was the founder and principle shareholder of the USA domiciled private oil and gas company, Mohave Oil and Gas Inc. which has held onshore and offshore concessions in Portugal since 1993. Mohave Oil and Gas Inc. has been responsible for substantial onshore oil and gas drilling activity in Portugal between 1995 and 2014. In 2011 Mohave Oil and Gas Inc. was acquired by Porto Oil and Gas Ltd, a TSXV listed company, and Mr Monteleone was appointed and held an executive director position at Porto Oil and Gas until 30 May 2014.

In order to secure the services of Mr Monteleone, Australis Portugal granted Topanga Resources Inc., a company associated with Mr Monteleone, an option, subject to certain conditions precedent including but not limited to Portuguese governmental approval, to acquire a 3% Working Interest for nominal consideration, in each of the two Concessions. This option also applies to the Cadaval application should it be successfully converted to a concession as a result of the existing application. The 3% Working Interest is free carried by Australis for a total work program of \$20 million (to the 100% interest) expended on the Concessions. This amount increases to \$30 million in the event the existing Cadaval application is converted to a concession. A summary of the terms of this 3% Working Interest Option and Free Carry Agreement is set out in Section 10.4.

**(f) Resource Estimate**

Table 28 summarises the contingent and prospective resource estimates generated by NSAI, refer Section 8 for further details. The net estimates of each resource category assume the Consultant Incentive option has been exercised and Australis holds a 97% Working Interest in each of the Concessions.

**Table 28 – Australis Portugal Resource Estimate**

<b>Australis Portugal Resource Summary</b>	<b>Resource categorisation</b>	<b>Oil / Gas</b>	<b>Batalha Concession</b>	<b>Pombal Concession</b>	<b>Total</b>
<b>Net Contingent Resources (post royalties)</b>	Low (1C)	Oil (mmbbls)		-	
		Gas (bcf)	83.59	-	83.59
	Best (2C)	Oil (mmbbls)		-	
		Gas (bcf)	234.11	-	234.11
	High(3C)	Oil (mmbbls)		-	-
		Gas (bcf)	409.59	-	409.59
<b>Risked Net Prospective Resources (post royalties)<sup>1</sup></b>	Low	Oil (mmbbls)	16.53	2.64	19.17
		Gas (bcf)	96.47	7.86	104.33
	Best	Oil (mmbbls)	97.17	29.27	126.44
		Gas (bcf)	388.03	77.93	465.96
	High	Oil (mmbbls)	332.93	115.43	448.36
		Gas (bcf)	1,323.81	308.62	1,632.43

1. *It should be noted that the estimated quantities of petroleum that may potentially be recovered by the future application of a development project may relate to undiscovered accumulations. These estimates have an associated risk of discovery and development. Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.*

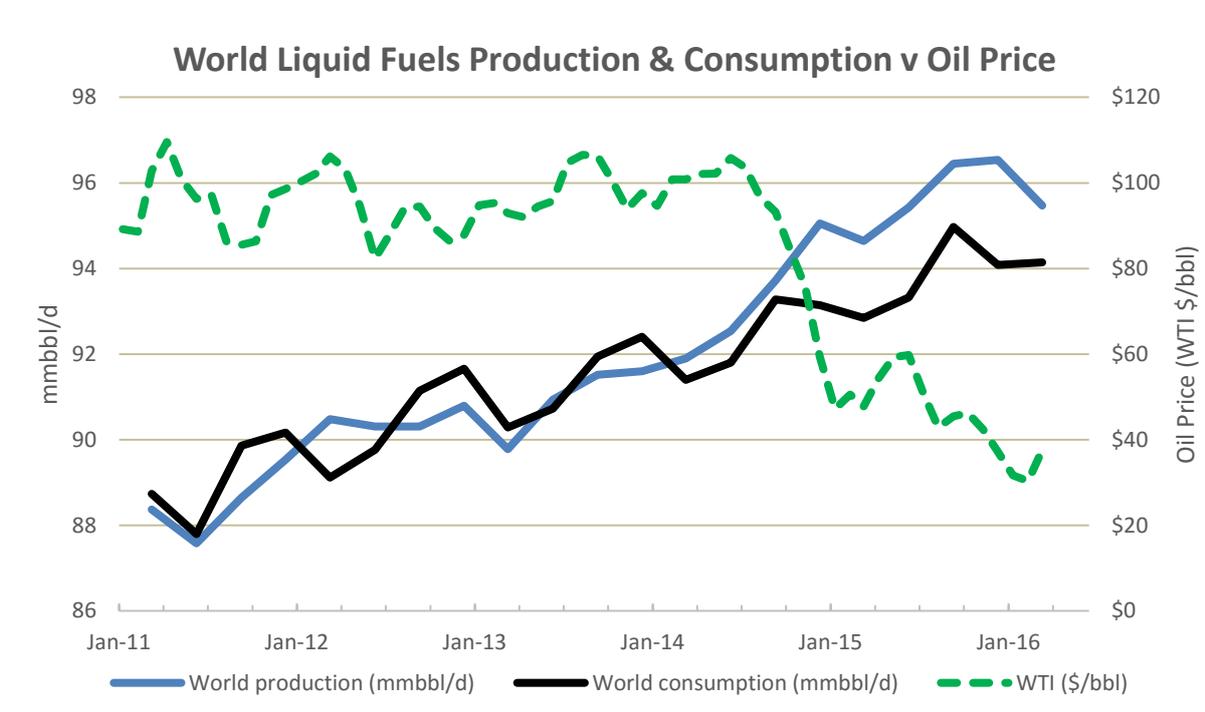
## 4 Industry Overview

### 4.1 Summary of Industry Status

The Board of Australis believes that the prevailing low oil and gas commodity price environment presents an opportunity for an appropriately funded and managed oil and gas company to secure exploration, appraisal and development assets at attractive valuations. Furthermore, the Company's strategy is predicated on a modest oil price recovery and the Company cannot and does not guarantee this outcome. The Board does believe that the industry and market fundamentals are in place for at least a modest increase in the oil price in the future, which should drive additional asset and shareholder value.

The global oil and gas industry has been enduring a period of lower oil prices since late 2014, driven primarily by an oversupply of crude oil. Whilst global demand for oil has continued to grow over the past 5 years, increases in global oil production has outpaced this demand since early 2014.

**Figure 29 – World Liquid Fuels Productions & Consumption v Oil Price**



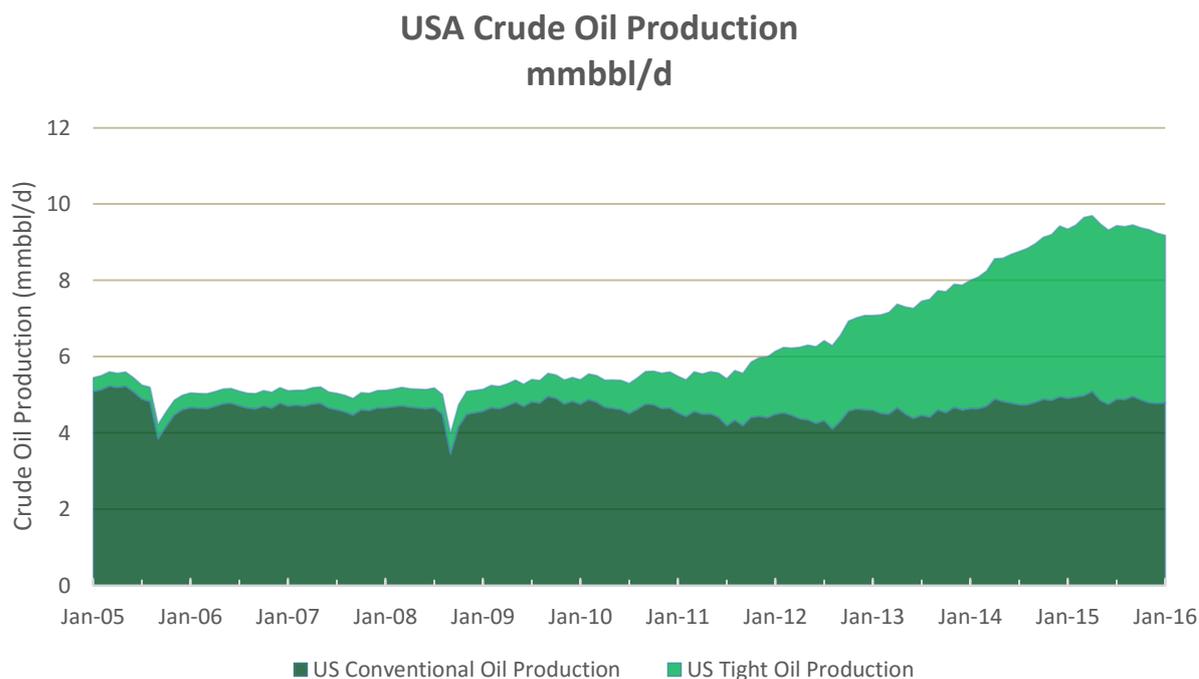
Source: Chart prepared by Australis from EIA Short-Term Energy Outlook, May 2016 & EIA Data

The transition to oversupply commenced in early 2014 where, according to the EIA, global liquid fuel production increased from just under 92 mmbbl/d in Q1 2014 to over 96 mmbbl/d in Q3 2015.

### 4.2 USA Oil Production and Tight Oil

Much of the world production increase has come from the USA through the growth in Tight Oil production which increased from under 0.4 mmbbl/d in January 2005 to over 4.6 mmbbl/d for the period of March to May 2015. The EIA refers to Tight Oil as “oil found within reservoirs with very low permeability, including but not limited to shale”.

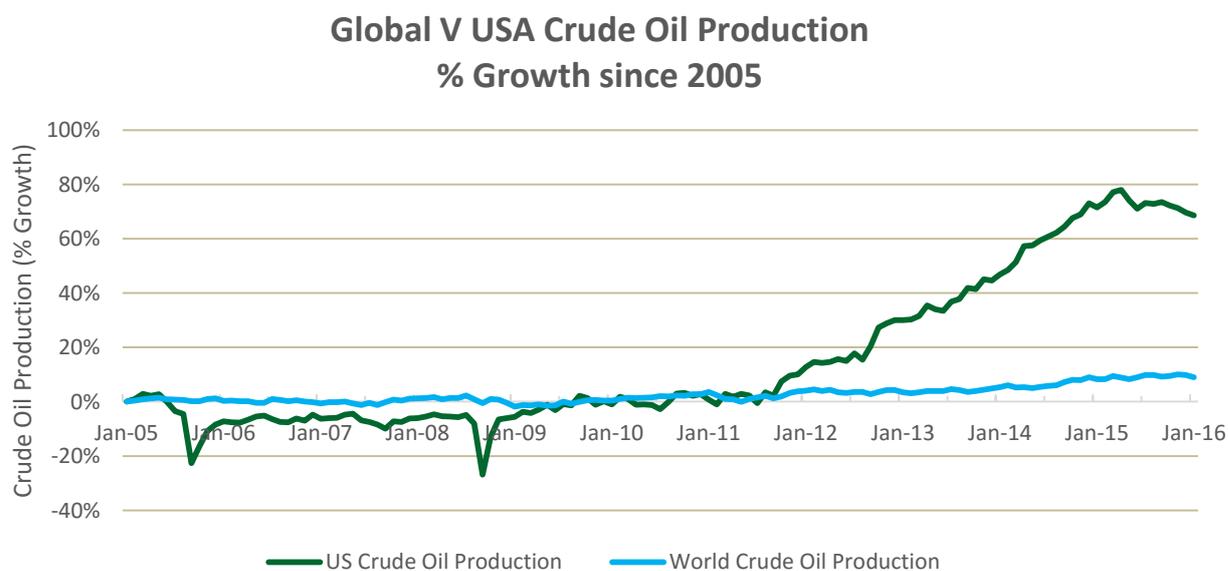
**Figure 30 – USA Crude Oil Production**



Source: Chart prepared by Australis from EIA April 2016 Monthly Energy Review May 2016 & EIA Data Note: EIA Tight Oil includes production from the following formations – Monterey (CA), Austin Chalk (LA & TX), Granite Wash (OK & TX), Woodford (OK), Marcellus (PA, WV, OH & NY), Haynesville (LA & TX), Niobrara-Codell (CO, WY), Wolfcamp (TX & NM Permian), Bonespring (TX & NM Permian), Spraberry (TX & NM Permian), Bakken (MT & ND), Eagle Ford (TX), Yeso & Glorieta (TX & NM Permian), Delaware (TX & NM Permian), Utica (OH, PA & WV)

As shown in the figure below, oil production growth in the USA has been significantly higher than global oil production growth over the period January 2011 to January 2016, with USA crude production at its peak in April 2015 having increased by approximately 4.25 mmbbl/d compared to a global increase of approximately 6.5 mmbbl/d.

**Figure 31 – Global v USA Crude Oil Production**



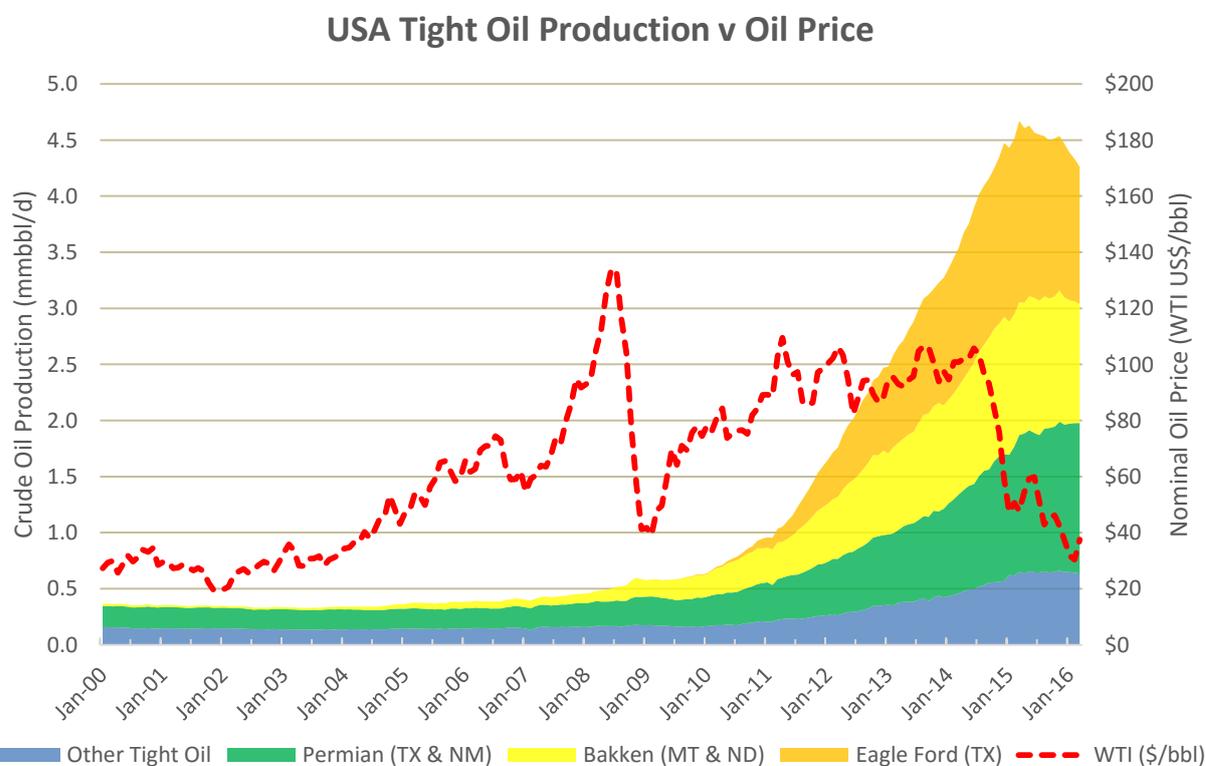
Source: Chart prepared by Australis using data from EIA April 2016 Monthly Energy Review

Improvements in horizontal drilling and hydraulic fracturing technology over the past decade has provided access to large volumes of oil and natural gas in the USA that were previously uneconomic to produce from Tight Oil.

Horizontal wells drilled into Tight Oil formations are characterised with relatively high initial production rates, but also relatively steep initial decline rates. Therefore, constant drilling and development of new wells is necessary to maintain or increase production levels.

Figure 32 shows the growth in crude oil production in the USA since 2000 and the substantial contribution made from Tight Oil formations. Much of the growth in Tight Oil production coincided with a sustained period of higher crude oil prices, with WTI increasing from US\$40/bbl in 2009 to an average price above US\$80/bbl during 2011 to 2014. The relatively high oil price over this period, together with favourable financing conditions in the USA and improvements in drilling and well completions technology, contributed to the growth in USA Tight Oil development and production. As shown in Figure 32, approximately 85% of the growth in Tight Oil in this period has come from 3 key plays: the Permian, Bakken and Eagle Ford.

**Figure 32 – USA Tight Oil Production v Oil Price**



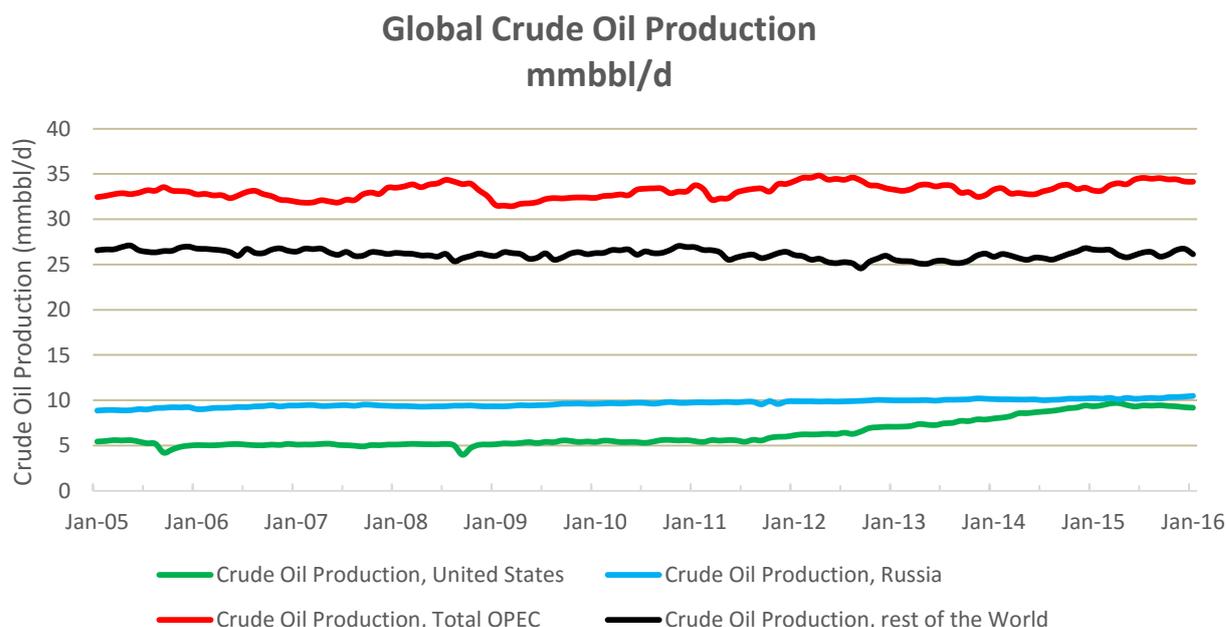
Source: Chart prepared by Australis using EIA Tight Oil Production data and oil pricing data

### 4.3 OPEC

The impact of the oversupply of crude oil that began in 2014 was reinforced by an announcement by OPEC following their meeting in November 2014 “to maintain the production level of 30.0 mmbbl/d, as was agreed in December 2011”. This signalled that OPEC was not reducing production thereby not taking any action to prevent ongoing production oversupply.

OPEC did not indicate any intention of cutting back production at either of the subsequent meetings held in June and December 2015 and June 2016. Other large non OPEC oil producers such as Russia are also reported to be maintaining or seeking to increase production, as is illustrated in Figure 33.

Figure 33 – Global Crude Oil Production



Source: Chart prepared by Australis using EIA Data Monthly Energy Review, April 2016

#### 4.4 Global Oil Production following the Oil Price fall in 2014

As much of the global oversupply of crude oil had been driven by the growth in Tight Oil production in the USA, it was speculated that the combination of high decline rates together with the relatively high development costs that are typical of Tight Oil plays, would cause a fast reduction in oil production from the USA.

Despite the fall in oil prices in 2014, Tight Oil production in the USA continued to increase until March 2015. Whilst total crude oil production in the USA has since decreased from its high in March 2015 of 9.65 mmbbl/d, the reduction has been slower than many expected with production at 9.02 mmbbl/d for March 2016.

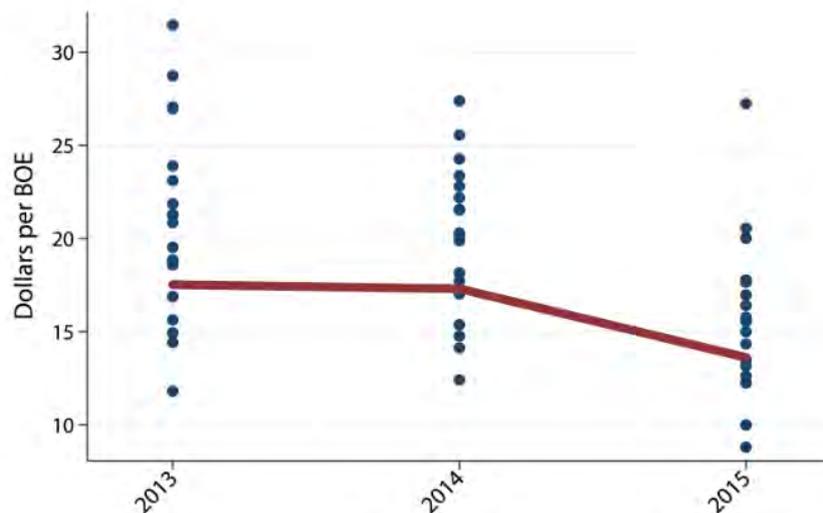
Australis believes that oil supply from the USA continued to rise following the reduction in the oil price in late 2014 for the following reasons.

- 1) **Independence of USA producers:** Unlike some of the major oil producing countries that are dominated by a small number of national oil companies, oil production in the USA is generated by a large number of independent producers that have their own economic objectives without production controls.
- 2) **Oil Price Hedging:** Many producers in the USA had oil hedging programs in place during 2015 and 2016 enabling them to continue to sell some of their oil production above the declining spot oil price.
- 3) **Maintenance of Cash flow:** Many producers in the USA chose to continuing drilling new wells in order to maximise production, despite the declining oil price, to maintain cash flow for debt servicing or maintenance of dividends.
- 4) **Efficiencies:** Australis believes, based on industry data, that USA oil producers are becoming more efficient in Tight Oil operations. Despite a reducing number of drill rigs active in the USA from early 2015, continued improvements in drilling productivity has slowed the rate of oil production decline in new well production as indicated by increasing average initial production rates for Tight Oil wells. Australis believes this is a combination of improved operational

performance but also drilling new wells in locations known to have better productivity (known as 'high grading') to maximise the productivity of each new well.

- 5) **Reduced service costs:** USA based oil producers are making the most of their available capital and there are indications that continued pressure by the oil producers on service providers is enabling reductions in the cost of operations. As shown in the figure below, an analysis undertaken by the USA Federal Reserve reviewing the SEC filings of 25 USA companies with Tight Oil operations highlighted the reduction in cash costs.

**Figure 34 – Reported Cash Costs per company**



Source: Federal Reserve, FEDS Notes “Unravelling the Oil Conundrum: Productivity Improvements and Cost Declines in the U.S. Shale Oil Industry 22 March, 2016” sourced from SEC filings and investor reports. 2015 results only reported through Q3. Weights based on barrels oil produced. Sum of operating costs, G&A expenses, and production taxes (excludes interest).

**Note:** Each blue dot represents a company and the red line is the production weighted average cash cost \$/boe of the USA companies contained in this report.

- 6) **Drilled but uncompleted wells:** Whilst the number of drilling rigs actively drilling and the number of new wells being drilled has decreased since 2014, oil producers in the USA have remained active by working through the significant inventory of drilled but uncompleted wells (**DUC**) in place. The EIA estimated there were between 2,000-4,000 DUC wells in the Lower 48 states of the USA in June 2015.

#### 4.5 Capital funding and cash flow effect

In general, Tight Oil producers in the USA have funded much of their drilling and development activities utilising debt. USA oil producers have been provided with debt from a variety of sources including:

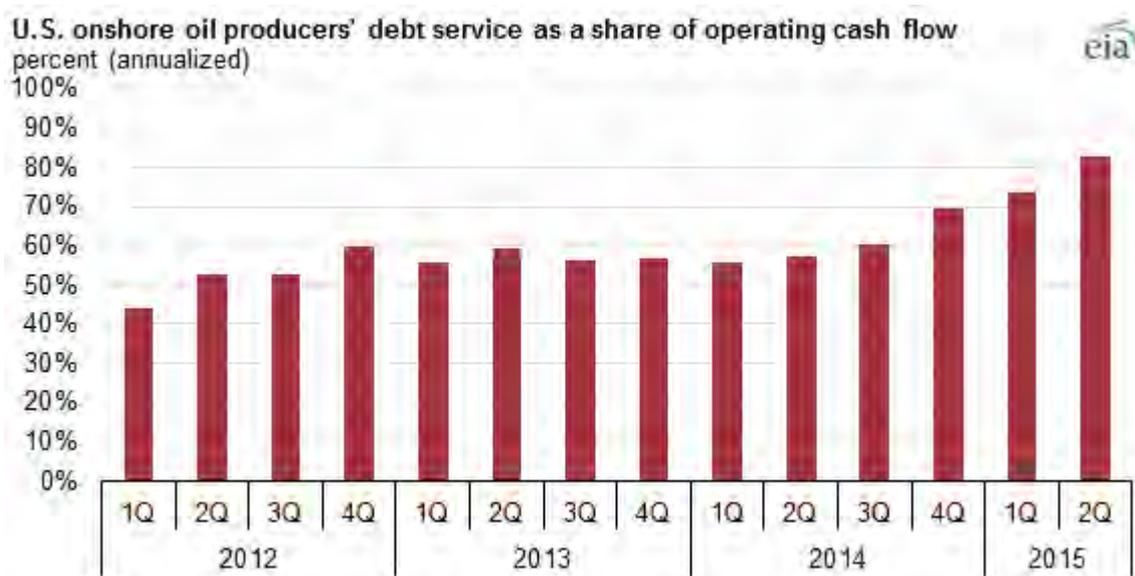
- 1) **Security based lending - Debt provided linked to the valuation of oil reserves (Reserve Based Lending):** traditionally undertaken by a syndicate of banking institutions and usually occurring with security being provided by the oil producer over its share of oil reserves and in particular, reserves being produced. The lenders generally lend an amount known as the borrowing base which equates to a discount to the assessed value of the oil producers existing production and reserves. This borrowing base is periodically revalued (at least annually) based on the prevailing oil price (known as **Redeterminations**) and in the current oil price environment, the value of many oil producer’s reserves is less than the most recent years borrowing base (when oil prices were higher leading to higher values on Reserves), providing lenders with the right to force oil producers to reduce their debt levels to the reduced borrowing base values.

2) **High Yield Corporate Bond market the bond:** One significant source of financing for USA Tight Oil development has been the corporate bond market. The bond market generally requires less security and is less restrictive on the oil producer than reserve based lending. The debt provided has a fixed term and fixed interest rate. *Note “U.S. oil and gas companies sold about \$350.7 billion in debt between 2010 and 2014, the peak years of the oil-and-gas boom, with junk bonds making up more than 50 percent of all issuance, according to Thomson Reuters data” Reuters May, 4 2016 “US Oil Industry Bankruptcy Wave Nears Size of Telecom Bust”.*

With the oil price declining since 2014, operating cashflows of the oil producers has reduced placing financial strain on those oil producers with debt obligations. In the USA, corporate bonds issued by oil producers are now trading at large spreads to their issue price and over the past 12 months there have been several defaults by the issuers of these bonds. New issuance of corporate bonds by oil producers has also significantly reduced since 2014. The reduction in availability of finance from the corporate bond market in the USA has meant many oil producers with existing bonds on issue with near term maturity dates are having to consider alternative sources of capital to repay their near term maturing bond debt, including debt restructures, equity issues and asset sales.

Because of the large amount of debt accumulated by USA oil producers over the past 10 years, an increasing proportion of operating cash flow is being devoted to servicing debt. By mid-2015, USA onshore oil producers were devoting over 80 percent of cash flow to debt servicing costs (U.S. Energy Information Administration 2015).

**Figure 35 – US onshore oil producers’ debt service as a share of operation cashflow**



Source: U.S. Energy Information Administration – Today in Energy (18 September 2015)

Note: Each quarter represents a rolling four-quarter sum.

Despite the reduction in the oil price in late 2014, a combination of oil hedging programs and the pricing mechanism used for valuing proven reserves and borrowing bases of oil producers meant there were only limited changes in borrowing bases in 2015. The SEC requires oil producers to value their proved reserves based on an average of the oil prices from the first day of each month for the preceding year. The average spot price on the first day of each month for WTI in 2014 was US\$94.99/bbl. This price was used for most valuations for the available borrowing bases in 2015. The spot price on the first day of each month for WTI in 2015 was US\$50.28/bbl and it is this price that has been used for the 2016 Redeterminations of oil producers borrowing bases. The average spot for the first 5 months of 2016 was US\$44.05/bbl.

The 2016 Redeterminations of borrowing bases at the reduced oil price has placed further financial stress on certain oil producers in the USA. In 2015 there were 42 declared oil and gas companies bankruptcies in North America and the first 5 months of 2016, there were a further 39. In total these 81 companies had US\$52.6 billion in debt.

Many USA based oil producers have reacted to the lower oil price environment and its associated effect on cashflows, debt levels and pressure from lenders by reducing development capital expenditure and improving balance sheet strength with equity raisings, debt restructures and asset sales.

The delays together with the reduced drilling and development activity undertaken by USA Tight Oil companies has started to impact on oil production. Australis believes that the correction of the supply and demand imbalance will result. The EIA posted their most recent Short Term Energy Outlook showing the oversupply of World Liquid Fuel Production compared to consumption had reduced over the first quarter 2016, and is projected to disappear in 2017.

**Figure 36 – World Liquid Fuels Production and Consumption Balance**

### World Liquid Fuels Production and Consumption Balance



eia Source: Short-Term Energy Outlook, May 2016

The Board of Australis believe that:

- (i) the reduction in oil price observed in late 2014 was driven primarily by an oversupply to the market which originated from the rapid contribution from Tight Oil within the USA;
- (ii) a number of factors led to the USA production profile to lag the change in commodity price;
- (iii) the current limited availability in funding and the financial strain that many USA small and medium oil and gas companies are under represents an opportunity for Australis to secure exploration, appraisal and development assets at attractive prices; and
- (iv) the industry and market fundamentals are in place for at least a modest increase in oil price in the future.

## 4.6 Portugal market

Onshore and offshore petroleum resources located within Portuguese territory are part of the Portuguese state's public domain, and exploration and production activities can only be undertaken in Portugal with the appropriate authorisation from the national government.

Given the lack of domestic oil and gas production, Portugal has been and remains wholly dependent on imports for the supply of oil and natural gas.

As natural gas was not supplied to Portugal until 1997, oil has been the historically dominant energy source in Portugal, representing some 45% of Portugal's total primary energy supply in 2014. However, oil demand in Portugal has declined.

Following the commissioning of the Maghreb-Europe natural gas pipeline from Algeria to Spain (which then connects with trans-Iberian pipelines) in 1997 and the opening of a liquid natural gas (LNG) terminal in Sines, south of Lisbon, Portugal's energy consumption profile changed considerably. Portugal's consumption of natural gas has grown at an average annual rate of 4.5% from 2000 to 2015. Natural gas demand grew to 4.4bcm in 2015. In 2015, approximately 67% of Portugal's natural gas consumption was served by natural gas (primarily from Algeria) via the Maghreb-Europe pipeline, while the other 33% was served by LNG sourced primarily from Nigeria. Natural gas in both forms is predominately supplied by Galp Energia, mostly under long term contracts with Algeria and Nigerian companies, with current contracts expiring between 2020 and 2026 and the remainder via spot market LNG purchases.

With such a large percentage of gas sourced from LNG, the local Portuguese gas price is based at a significant premium to the European market prices. There is not an open gas trade market in Portugal, so exact prices are difficult to ascertain, but the premium to European prices will be an important factor in any economic evaluation of any discovery within Portugal.

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## 5 Directors, Senior Executives and Corporate Governance

### 5.1 Directors

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

The Directors of the Company as at the date of this Prospectus are:

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**Mr Jon Stewart**

Non-Executive Chairman

Age – 54

Mr Stewart was appointed a Director on 12 November 2015 and on 1 December 2015 was appointed non-executive Chairman of Australis. Mr Stewart is Chair of the Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee. Mr Stewart was a founder of Aurora and was a director of Aurora from 22 February 2005 until the acquisition of Aurora by Baytex Energy Australia Pty Ltd on 11 June 2014. He was executive chairman and CEO of Aurora until separation of those roles in 2012. An experienced oil and gas executive, Mr Stewart has held a number of executive management positions in listed and unlisted companies in Australia, the United States, Canada, the United Kingdom and the former Soviet Union. He has considerable experience in the management of oil and gas exploration and production companies, structuring and financing of transactions and the broader strategic development of companies. He has also been involved in the listing of a number of companies in Australia, the United Kingdom and Canada. Based in Europe during the 1990s, Mr Stewart helped establish a number of oil and gas ventures, particularly in the former Soviet Union, including two new oil and gas companies listed on the London Stock Exchange. He has been involved in raising significant capital from international equity and debt markets to enable the successful development of these projects. Mr Stewart is a Chartered Accountant and was named Ernst & Young's Australian Entrepreneur of the Year – Listed Companies in 2014.

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**Mr Ian Lincoln Lusted**

Managing Director and Chief Executive Officer

Age – 46

Mr Lusted was appointed a Director on 12 November 2015 and on 1 December 2015 was appointed Managing Director and CEO of Australis. Previously Mr Lusted was technical director of Aurora from 14 April 2008 until August 2013. As well as being responsible for all technical activities carried out by Aurora, Mr Lusted played an active role in investor and stakeholder relations. He has extensive international oil and gas experience, having begun his career in the industry in 1992 with Shell International after serving for several years as an officer in the Royal Navy. At Shell, Mr Lusted gained upstream operations experience in a variety of locations including the North Sea, South East Asia and onshore Europe. He was responsible for field operations including drilling and well operations on semi-submersibles, platform, jack-up and land facilities. In 1998 Mr Lusted established Leading Edge Advantage (**LEA**), an advanced drilling project management consultancy based in Aberdeen and subsequently in Perth, Australia. Mr Lusted led a number of multi-discipline project teams that implemented world first technology applications often in complex jurisdictions. In 2005, Mr Lusted assumed the technical director position for Cape Energy, a private oil and gas company. The company held acreage in Australia and the Philippines where Cape Energy was a key participant in moving the offshore Galoc field

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to development status. Mr Lusted acted in this capacity until August 2007 when he joined Aurora and in 2008 he was appointed technical director. Starting with a very small technical team and drawing on the services of 3<sup>rd</sup> party contractors, Mr Lusted managed the Aurora contribution to the early evaluation and operational activity within the Sugarkane Field. As activity levels increased, staff were sourced and recruited to provide increasing in house resource and expertise, Mr Lusted continued to participate at a decision making level but took on additional supervisorial and management roles.

Mr Lusted holds a B.Sc (Hons.) from York University in the United Kingdom and is a member of the Society of Petroleum Engineers.

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**Mr Graham Rochford Dowland**

Finance Director and Chief  
Financial Officer

Age – 54

Mr Dowland was appointed a Director on 12 November 2015 and on 1 December 2015 was appointed Finance Director and CFO of Australis. Previously Mr Dowland was a founding director of Aurora appointed on 22 February 2005. Mr Dowland held the position of finance director of Aurora from 10 November 2010 until the acquisition of Aurora by Baytex Energy Australia Pty Ltd on 11 June 2014. He has over 25 years corporate finance and management experience in the oil and gas industry having previously held director, senior management or advisory positions in Australian, Canadian and UK-listed companies with oil and gas operations in the UK, Russia, Azerbaijan, Indonesia, Australia and New Zealand. Mr. Dowland is a qualified chartered accountant.

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**Mr Alan James David Watson**

Non-Executive Director

Age – 57

Mr Watson was appointed as an Independent non-executive Director of Australis on 24 May 2016. Mr Watson is Chair of the Remuneration and Nomination Committee and a member of the Audit and Risk Management Committee.

Mr Watson is currently independent Chairman of ASX listed funds management company Wilson Group Limited (ASX symbol WIG), and is an independent non-executive director of TSX listed manufacturing company AirBoss of America Limited (TSX symbol BOS). Mr. Watson was formerly an independent, non-executive director of Aurora from November 2010 until its sale in 2014.

Now based in Sydney, Mr Watson has 30 years of experience within various global equity markets. In his executive career, he established and directed securities businesses both in Europe and Asia advising many companies on capital structuring, initial public offerings, takeovers and mergers and investment relations strategies. During this period he worked for Barclays de Zoete Wedd Limited, Donaldson Lufkin & Jenrette Securities Corporation, Lehman Brothers Holdings Inc and Macquarie Group.

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In light of the Company's size, nature and stage of development, the Board considers that the composition of the current Board is appropriate. As the Company's activities develop, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

Each Director has confirmed to Australis that he anticipates being available to perform his duties as a Director without constraint from other commitments.

## 5.2 Independence of Directors

The Board considers an Independent Director to be a non-executive Director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Australis and its security holders generally. The Board will consider the materiality of any given relationship on a case-by-case basis. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board will consider whether there are any factors or considerations which may mean that a Director's interest, position, association or relationship might influence, or reasonably be perceived to influence, the capacity of the Director to bring an independent judgement to bear on issues before the Board and to act in the best interests of Australis and its Security holders generally.

The Board considers that Mr Alan Watson is free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, the independent exercise of his judgement and that he is able to fulfil the role of Independent Director for the purpose of the ASX Recommendations.

Mr Jon Stewart, Chairman of the Board, is not currently considered to be Independent as he is expected to hold a relevant interest of 17.43% of the Shares in the Company upon Listing.

Mr Ian Lusted and Mr Graham Dowland hold the positions of CEO and CFO respectively and therefore do not meet the definition of Independent due to their executive appointments.

The Directors believe that they are able to objectively analyse the issues before them in the best interests of all Shareholders and in accordance with their duties as Directors.

## 5.3 Senior Executives

Biographies for the Senior Executives are set out below.

<b>Mr Ian Lincoln Lusted</b> Managing Director and Chief Executive Officer	See Section 5.1 above.
<b>Mr Graham Rochford Dowland</b> Finance Director and Chief Financial Officer	See Section 5.1 above.
<b>Mr Michael Lloyd Verm</b> Chief Operating Officer	Mr Verm was appointed Chief Operating Officer of Australis in February 2016 based in Houston, Texas. Mr Verm, who was previously the Chief Operating Officer of Aurora appointed in June 2011, continued in this role as President of Baytex Energy USA subsequent to the acquisition of Aurora by Baytex Energy in June 2014 until October 2015. Mr Verm has over 25 years' experience within the oil and gas industry and had held a number of senior executive positions in North America and internationally. Mr Verm started his career at Kerr-McGee as an engineer and progressed to managing operations and reservoirs both on and offshore in the USA. This was then followed by senior positions in Canada and London culminating in being appointed asset manager for producing platforms in the North Sea. In 2003 Mr Verm was appointed the Vice President and Managing Director of Kerr-McGee China Petroleum. Prior to joining Aurora Mr Verm provided Texas-based expertise in operations and production management services to local and international companies, including establishing operating teams, asset acquisition and divestment as well as day to day operator

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capability with a focus on application of unconventional technology.

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**Mr Malcolm Ian Bult**  
Vice President – Corporate and  
Business Development

Mr Bult has gained extensive commercial experience over the past 19 years in the energy industry at both small and large companies, most recently providing commercial and corporate advisory services to various upstream clients. Mr Bult began his career in 1996 following post-graduate studies in economics and finance with Asian focused energy company, Energy Equity Corporation. In 2000 he joined Woodside Petroleum, a large Australian oil and gas company, where he held various senior corporate and commercial positions. In 2005, Mr Bult assumed the position of Commercial Manager for Cape Energy, a private oil and gas company that held assets in Australia and an interest in the Galoc offshore oil field development in the Philippines. Mr Bult joined the management team at Aurora in January 2008. In his role as Commercial Manager, Mr Bult was responsible for commercial activities within the company which included farm outs, acquisitions, corporate strategy, business development, investor relations and financial analysis.

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**Ms Julie Mari Foster**  
Vice President – Finance and  
Company Secretary

Ms Foster was appointed Company Secretary of Australis on 13 November 2015. Previously Ms Foster was Group Controller and Company Secretary of Aurora from 2009 until its acquisition by Baytex Energy Australia Pty Ltd on 11 June 2014. At Aurora Ms Foster was responsible for corporate accounting and compliance reporting in multiple listed jurisdictions including Australia and Canada, management of the accounting departments in both Houston and Perth and had additional responsibility for internal and third party reporting. The position required interfacing with joint venture partners, banking syndicates, auditors and various other stakeholders. Ms Foster has held a number of similar positions for other ASX listed oil and gas companies. Prior to this Ms Foster was a principal at chartered accounting firms in both Australia and the UK. Ms Foster is a member of the Institute of Chartered Accountants in England and Wales (ACA) and a member of the Governance Institute Australia (AGIA).

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## 5.4 Corporate Governance

The Board monitors the operational and financial position and performance of Australis and oversees its business strategy, including approving the strategic goals of the Company. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return and building the growth and success of the Company. In conducting business with these objectives, the Board aims to ensure that Australis is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and employees operate in an appropriate environment of corporate governance.

Accordingly, the Board has created a framework for managing Australis, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for Australis' business and which are designed to promote the responsible management and conduct of the Company.

Australis is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its third edition of the Corporate Governance Principles and Recommendations (**ASX Recommendations**) for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, Australis will be required to provide a

statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where Australis does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

Copies of the Company's key policies and the charters for the Board and each of its committees will be available at [www.australisoil.com](http://www.australisoil.com) during the Offer.

**(a) Board of Directors**

***Board Charter***

A Board Charter has been adopted which sets out the responsibilities of the Board. It provides that the Board should comprise a minimum of 3 Directors, at least 2 of whom must ordinarily reside in Australia, and that the Directors should have the appropriate mix of skills, experience, expertise and diversity which are relevant to Australis' business and the Board's responsibilities. The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains overall responsibility to Shareholders in discharging its duties.

The Board intends to appoint additional independent director(s) in due course with growth in the size and complexity of its business such that it will be comprised of a majority of independent directors in the future and this has been reflected in clause 4.3 of the Board Charter.

***Board Committees***

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established and will maintain an Audit and Risk Management Committee and a Remuneration and Nomination Committee as standing committees.

Other ad hoc committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors.

***Audit and Risk Management Committee***

The role of the Audit and Risk Management Committee is to assist the Board in the effective discharge of its governance and oversight responsibilities in relation to the Company's financial reporting, accounting policies, risk management, internal control systems, compliance with laws and regulations and internal and external audit functions.

The Audit and Risk Management Committee assists the Board with risk management processes including implementation of risk management policies, procedures and systems identification, assessment and management of risks and reports to the Board on the effectiveness of the risk management process.

The Charter of the Audit and Risk Management Committee provides that the committee should comprise at least three members, each of whom are non-executive Directors, and a majority of whom are independent. A member of the Audit and Risk Management Committee, who does not chair the Board, shall be appointed the Chair of the Committee. At the time of Listing, the Committee will comprise Alan Watson and Jon Stewart (Chair). The Company intends to appoint an additional independent Director(s) to the Audit and Risk Management Committee in due course to adopt the ASX Recommendations for audit and risk committees and to comply with the Company's Audit and Risk Management Committee Charter.

The Audit and Risk Management Committee has rights of access to management and has the authority to directly communicate with, and seek explanations and additional information from, the Company's external auditors and the internal auditors (where applicable), without management present, when required.

The Audit and Risk Management Committee will convene with such frequency as is sufficient to appropriately discharge its duties. Non-committee members including without limitation, other non-executive Directors, the Managing Director, Chief Financial Officer, Financial Director, the external auditor to the Company and the Company Secretary may attend meetings of the Audit and Risk Management Committee on a regular basis assuming no conflict of interest as determined by the Chair of the Committee.

### **Remuneration and Nomination Committee**

The purpose of the Remuneration and Nomination Committee is to (a) assist the Board in the effective discharge of its responsibilities for remuneration matters relating to the Board, senior executives and Company-wide remuneration policies and (b) to ensure the Company has appropriate Board selection and performance management processes. The Remuneration and Nomination Committee is also responsible for recommending to the Board the structure of employee incentive and equity-based plans including the appropriateness of performance hurdles, and the administration and review of the Company's claw back policy in respect of performance-based remuneration. In addition, the Committee is responsible for reviewing and making recommendations in relation to the composition and performance of the Board to ensure it has the necessary expertise, skills and relevant industry experience and that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management).

The Remuneration and Nomination Committee will meet approximately three times a year, with further meetings as required to appropriately discharge its duties.

In accordance with the ASX Recommendations, the Remuneration and Nominations Committee should comprise a minimum of three members a majority of whom shall be independent for the purposes of all applicable regulatory and stock exchange requirements. The Remuneration and Nominations Committee shall be chaired by an Independent Director. On listing, the Committee comprises Alan Watson (Chair) and Jon Stewart. The Company intends to appoint an additional independent director(s) in due course to adopt the ASX Recommendations for remuneration and nomination committees and to comply with the Company's Remuneration and Nomination Committee Charter.

### **(b) Ethics and Diversity**

The workforce of Australis is made up of individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is recognised, valued and respected. Australis' Diversity Policy aims to align Australis' business operations with the positive outcomes that can be achieved through the utilisation of the contribution of diverse skills and talents.

### **(c) Code of Conduct**

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a Code of Conduct which sets out the way Australis conducts business. Australis is committed to conducting its business and activities ethically and responsibly with integrity and honesty and compliance with all laws and regulations.

The policy document outlines employees' obligations for compliance with the Code of Conduct. The Code of Conduct applies to all jurisdictions in which Australis operates and applies to all of the Company's Directors, officers, employees, contractors and other Australis representatives. The policy outlines the compliance requirements.

Responsibilities in the Code of Conduct include protection of Australis' business, using Australis' resources in an appropriate manner, protecting confidential information and avoiding conflicts of interest.

**(d) Securities Dealings**

Australis has adopted a Securities Trading Policy which will apply to all Directors, senior management and other persons nominated by the Board from time to time, including companies or trusts controlled by any of these people, as well as a spouse (including a de facto spouse), child (including a step-child or adopted child), a close relative, or a person financially dependent on, or acting in concert with, any such person referred to above (**Australis Persons**).

The Securities Trading Policy sets out the types of conduct in relation to dealings in securities (both of Australis and other entities of which Australis Persons may have inside information through their positions with Australis) that is prohibited under the Corporations Act and establishes procedures in relation to Australis Persons dealing in the securities.

Subject to certain exceptions, including but not limited to severe financial hardship, the Securities Trading Policy defines certain “blackout periods” during which trading in Shares by Australis Persons is prohibited. Mandated blackout periods are currently defined as any of the following periods:

- (i) from the close of the ASX trading day on 23 March, 23 June, 23 September and 23 December each year, until 48 hours after the Company’s release of its quarterly, half-year or full year results to the ASX; and
- (ii) any other period that the Board specifies from time to time.

If any of the dates specified above are not ASX trading days, then the blackout period begins on the preceding ASX trading day.

The Company may impose, without hesitation and in its sole and absolute discretion, additional restrictions on trading in the Company’s securities by any or all Australis Persons, and also by any other employee (who may not otherwise be an “Australis Persons” as defined above) as it considers appropriate under the Securities Trading Policy.

In all instances, buying or selling securities is not permitted at any time by any person who possesses inside information in a manner contrary to the Corporations Act.

**(e) Shareholder Communication**

The Board’s aim is to ensure that Shareholders are informed of all major developments affecting the Company. Information will be communicated to Shareholders through various methods including once listed the lodgement of information with the ASX as required by Australis’ continuous disclosure obligations and publishing of information on Australis’ website.

Australis’ website will contain information about the Company, including media releases, key policies, Board and Committee Charters and other information relevant to Shareholders. All announcements made to the market and any other relevant information will be posted on Australis’ website at [www.australisoil.com](http://www.australisoil.com) as soon as they have been released to the ASX.

**(f) Continuous Disclosure Policy**

Once Listed, Australis will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Australis will be required to disclose to the ASX any information concerning Australis which a reasonable person would expect to have a material effect on the price or value of Australis’ securities were that information to be generally available. Australis is committed to observing its disclosure obligations and has adopted a Continuous Disclosure Policy that establishes a disclosure committee comprising (1) one of the Chair of the Board or any independent Non-Executive Director; (2) the Chief Executive Officer; (3) the Finance Director; and (4) the Company Secretary (**Disclosure Committee**). The Disclosure Committee is responsible for amongst other things, determining what information will be disclosed to the ASX and implementing procedures to ensure disclosure can be made immediately. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with the ASX and

continuous disclosure announcements will be made available on Australis' website at [www.australisoil.com](http://www.australisoil.com).

## **5.5 Deeds of Access, Indemnity and Insurance**

The Company has entered into a deed of access, indemnity and insurance with each of its Directors and officers as described in Section 11.2(c).

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## 6 Risk Factors

The Shares offered under this Prospectus are considered speculative. Before applying for Shares, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment, having regard to their own investment objectives, financial circumstances and taxation position.

There can be no guarantee that the Company will deliver on its business strategy, or that any forward looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance is not a reliable indicator of future performance.

The Directors strongly recommend investors examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for the Shares pursuant to this Prospectus.

In addition, investors should be aware there are risks associated with investment in the Company. There are certain general risks and certain specific risks which relate directly to the Company's business and are largely beyond the control of the Company and the Directors because of the nature of the business of the Company. The key risks which the Directors consider that investors should be aware of are the volatility of oil and gas prices, the risk of our strategy not being successful and risks related to the expiration and attempt to renew and/or extend the leases in the USA in which we have a Working Interest. These and other key risks are set out in Section 1.3 of this Prospectus. Those risks, along with other specific and general risks involved in investing in the Company, are set out in more detail in this Section.

The risks described below are not to be taken as exhaustive. Where relevant, the risks below assume completion of the Offer has occurred. The specific risks considered below and other risks and uncertainties not currently known to the Company, or that are currently considered immaterial, may materially and adversely affect the Company's business operations, the financial performance of the Company and the value and market price of Company Shares. References to the Company or Australis include references to the Group where appropriate.

### 6.1 Specific Risks to the Company

#### (a) Offer risk

If ASX does not admit the Shares to Official Quotation before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not allot or issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

#### (b) Goals and strategies

There is no guarantee the oil price will recover, or that appropriate assets can be identified, and if they are, acquired at an attractive price or at all. The Company is not Aurora, and there is no guarantee that Australis will be successful in achieving its intended goals or strategies.

#### (c) Title risk – TMS Leases

In connection with leaseholds in the USA, the Company has acquired and will continue to acquire Working Interests in leaseholds from mineral rights owners. As existing lease terms expire, the Company and its co-owner have agreed the maximum terms to be offered to mineral rights owners in the renegotiation for new leases. Certain leases are, at the Company's election, capable of renewal or extension. There is no guarantee that:

- a) existing leases will be renewed, extended or reacquired on expiry; or
- b) leases on new areas will be acquired.

Title to interests in any country are subject to geo-political, regulatory and sovereign risk as described below.

**(d) Commodity price fluctuations**

It is anticipated that any future revenues, other than sales of assets, will be derived from the sale of oil and or natural gas. The prices of crude oil, natural gas and refined products are outside the control of the Company and fluctuate and impact the opportunities available to the Company.

Future revenues, profitability, cash flow and rate of growth will be significantly affected by the prices of, and demand for, crude oil, natural gas and refined products as well as production costs, global economic conditions and expectations for inflation and interest rates.

In the event the Company becomes a producer of oil and or natural gas, any substantial and extended decline in the market price of oil and gas could have an adverse effect on future revenues, profitability, cash flow from operations, carrying value of future reserves, and borrowing capacity amongst other measures of its financial performance and economic viability.

On a global scale, oil and gas commodity prices depend on a variety of factors including stability in the Middle East, actions taken by the OPEC, and global economic growth. In North America, natural gas prices are more dependent on domestic factors, including weather, availability of substitute fuels, and supply. All of these factors, both global and domestic, are beyond Australis' control and may substantially impact Australis' ability to generate revenue from the production of oil or natural gas.

In 2015 and 2016 alone, crude oil and natural gas prices fluctuated significantly. There is a strong likelihood that oil and natural gas prices will continue to fluctuate and lower prices may heavily influence Australis' exploration and production activity. This may also impact Australis' ability to acquire capital for existing and future projects.

If the Company begins producing, of which there is no guarantee, and the market price of oil and gas sold by the Company were to be below the costs of production and remain at such a level for any sustained period, the Company would experience losses and might have to curtail or suspend some or all of its proposed activities. In such circumstances, the Company would also have to assess the economic impact of any sustained lower commodity prices on the feasibility of advancing its projects to production and the commercial recoverability of any existing reserves.

**(e) Exploration and development risks**

Oil and gas exploration is a speculative investment and involves a high degree of risk.

There is no guarantee that exploration and development of the oil and gas concessions or leasehold interests owned by Australis or any projects that the Company may acquire in the future, can be profitably exploited. Section 3 contains information concerning wells in the TMS which are not in the area of the TMS Leases; there is no guarantee these results are representative of the TMS Leases.

Oil, condensate, natural gas liquids and natural gas exploration and production activities are subject to numerous risks, including the risk that drilling will result in dry holes or not result in commercially feasible oil or natural gas production. Selecting a drilling location is influenced by the interpretation of geological, geophysical, and seismic data, which is a subjective science and has varying degrees of success. Other factors, including land ownership and regulatory rules, may impact the Company's decisions with respect to well locations. Further, no known technologies provide conclusive evidence prior to drilling a well that oil or natural gas is present or may be produced economically. New wells drilled may not be productive, or may not recover all or any portion of the Company's investment in such wells. Decisions to purchase, explore, develop or otherwise exploit prospects or properties will depend, in part, on the evaluation of production data, engineering studies, and geological and geophysical analyses, the results of which are typically inconclusive or subject to varying interpretations. The cost of drilling, completing, equipping and operating wells is typically uncertain before drilling commences.

**(f) Reliance on key personnel**

The Company's success depends in large measure on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on Australis' business, financial condition, results of operations and prospects. The contributions of the existing management team to the immediate and near term operations are likely to be of central importance. There can be no assurance that Australis will be able to continue to attract and retain all personnel necessary for the development and operation of business.

**(g) Funding risk**

The Company may require capital in addition to the amount being sought in the Offer to continue exploring and appraising its existing assets following the work program budget period (for approximately 2 years in the case of the TMS Assets and approximately 3 years in the case of the Portuguese Concessions). In the event that new opportunities are acquired, additional capital may be required. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in any oil and gas concessions, miss certain acquisition opportunities and reduce or terminate its operations. There is no assurance that the capital or debt markets will provide additional funding on reasonable terms or at all. Uncertainty in domestic and international credit markets could materially affect the Company's ability to access sufficient capital for its capital expenditures and acquisitions and, as a result, may have material adverse effect on the Company's ability to execute its business strategy and on its business, financial condition, results of operations and prospects. The possibility of material dilution for shareholders also exists especially if equity raisings are completed during a period of general market or company share price weakness.

**(h) Liquidity risk**

There is no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few buyers or sellers of Shares on the ASX at any particular time. In addition, a significant portion of the Company's Shares and Options will be Restricted Securities, which may impact the liquidity of the market for the Company Securities.

**(i) Geopolitical, regulatory and sovereign risk**

Exploration for and development, exploitation, production and sale of oil and natural gas is subject to laws and regulations, including complex tax laws and environmental laws and regulations, employment law and other laws. Existing laws or regulations, as currently interpreted or reinterpreted in the future, or future laws or regulations could adversely affect the Company. Certain of these laws may have material penalties and fines for instances of non-compliance. In addition to governmental legal action, private parties may pursue legal actions to enforce these laws and regulations against industry participants.

The Company's assets are located in the United States and Portugal. As a result, they are subject to each countries (and in the USA, each States) different environmental laws and regulatory requirements.

Whilst Portugal and the USA are considered to be politically stable the Concessions and TMS Leases held by the Company may be effected by any changes in government policy or legislation. The Concession contract terms include rights to mitigate any law changes affecting the fiscal or economic terms of the Concessions, however these rights are subject to negotiation and arbitration within Portugal.

Further, field work on the Concessions requires ENMC approval, which is not guaranteed.

Changes in government regulations and policies may also adversely affect the financial performance or the current and proposed operations generally of the Company. The ability to explore and develop oil and gas concessions, as well as industry profitability generally, can be affected by changes in government regulations policies or legislation in jurisdictions, that are beyond the control of the Company and may also adversely affect the financial performance or the current and proposed

operations of the Company. In order to be compliant, certain permits, approvals, and certificates must be obtained and maintained and the cost of any of these may substantially increase from current levels.

**(j) Hydraulic fracturing**

Public debate exists regarding the potential sub surface and surface impact of hydraulic fracturing, including concern about the impacts of hydraulic fracturing on drinking water. In addition, there are many regulatory requirements to be adhered to. Additionally, hydraulic fracturing requires large volumes of water (the availability and regulation of which may change over time) and there are costs associated with water disposal that may be required should the Company produce water in its wells. As more impacts of hydraulic fracturing are fully understood, it may be subject to additional regulations or restrictions from local, state, or federal governmental authorities, resulting in increased compliance costs. Any modification to the current requirements may adversely impact the value of the Company's assets and future financial performance.

**(k) Oil and gas estimates**

Reservoir engineering is a subjective process that only provides an educated estimate of the volume of underground reserves. Oil and gas estimates are not precise and are based on knowledge, experience, interpretation and industry practice. Petroleum engineering is a subjective process of estimating accumulations of oil and/or natural gas that cannot be measured in an exact manner and which involves the use of assumptions which may ultimately not prove to be accurate. Different variables can impact whether these reserves are economically recoverable, including changes with respect to governmental regulations, commodity prices, and taxes. Resource estimates may change significantly when new information becomes available. The Company's actual revenues, expenses, and production will likely vary from such estimates and such differences could be substantial.

There is a risk that the Company's Prospective and Contingent Resources will not convert to Reserves, and also that any future actual production with respect to Reserves may vary from such estimates. Such variances could be material to the Company and its future profitability.

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

**(l) Exchange rate risk**

The revenues, expenses, earnings, assets and liabilities of the Company, as well as the listed price of the Company Shares and, accordingly, your investment in the Company, may be exposed adversely to exchange rate fluctuations. A majority of the Company's expected expenditure will be in USD and Euro. In the event the Company achieves commercial production, the Company's possible future revenues will be derived from USD and or Euro sales. Any appreciation of the AUD against the USD or Euro effectively reduces the AUD value of that revenue. Further, any appreciation of USD or Euro against the AUD will have a detrimental impact on the use of AUD funds raised for the purposes of USA or Euro expenditure. The Company does not presently engage in currency hedging to offset any risk of currency fluctuations however the current policy is to convert the majority of its cash balances to United States dollars.

**(m) Commercialisation and access to infrastructure**

Oil and gas exploration and development activities are dependent on the availability of drilling and related equipment, (typically leased from third parties) in the particular areas where such activities will be conducted and access to infrastructure. Demand for such limited equipment or access restrictions may delay exploration and development activities or may require the Company to develop its own infrastructure.

Due to the location of the Concessions and TMS Leases and the nature of the oil and gas industry in that geographic area, the Company's oil and gas production may be sold to a limited number of purchasers.

**(n) Environmental risk**

The Company is subject to a number of laws and regulations to minimise the environmental impact of any operations as well as rehabilitation of any areas affected by the Company's operations. These laws can be costly to operate under and can change further adversely affecting the Company. No assurance can be given that current or future requirements under environmental laws will not result in the cessation of exploration or production activities, the curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect Australis' financial condition, results of operations or prospects. Penalties for failure to adhere to the laws or in the event of environmental damage the penalties and remediation costs can be substantive.

In the areas in which the Company holds oil and gas interests, there exists regulations that include amongst other requirements, the need for permits for drilling operations, drilling bonds and reports concerning operations. In addition, there are rules and regulations governing conservation matters, including abandonment of drilled wells.

The Company may require approval from relevant authorities before it can undertake activities that may impact the environment, including drilling wells. Failure to obtain such approvals may prevent the Company from achieving its business objectives.

Regulations may limit the rate at which oil and gas could otherwise be produced from the Company's leasehold interests and may restrict the number of wells that may be drilled on a particular lease or in a particular field.

In connection with the TMS Assets, Louisiana and Mississippi are susceptible to hurricanes and other extreme adverse weather conditions. Weather events have proven to cause substantial disruptions to hydrocarbon production and as a result of such weather, the Company's (i) facilities may be substantially damaged and (ii) any oil and gas production may be reduced or interrupted entirely.

**(o) Competition**

The Company competes with numerous other organizations in the search for, and the acquisition of, oil and gas assets. The Company's competitors include oil and gas companies that have substantially greater financial resources, staff and facilities than those of the Company and a longer operating history. The Company's ability to increase its reserves in the future will depend not only on its ability to explore and develop its current acreage and Concession areas, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling.

There is a risk that the Board is unable to acquire assets, in particular Core Proven Assets due to, amongst other factors, competition.

**(p) Contract risk**

The Company is a party to various contracts, including but not limited to those summarised in Section 10.

Whilst the Company will have various contractual rights in the event of non-compliance by a contracting party, no assurance can be given that all contracts to which the Company is a party will be fully performed by all contracting parties. Additionally, no assurance can be given that if a contracting party does not comply with any contractual provision, the Company will be successful in enforcing compliance. There are also counterparty bankruptcy, creditor, termination and operational risks.

Contracts, including the Concessions, to which the Company and its Subsidiaries are party, contain various termination rights that could be triggered in the event that either party does not fulfil their obligations under the applicable contract.

Terminations of contracts are also likely to give rise to consequences under the relevant contract. For example, in the event of termination of any Portuguese Concessions, any works, information, equipment, instruments, facilities and other assets permanently linked to that Concession shall revert to the state of Portugal, free of charge, cost or compensation to the Group.

There is no guarantee Australis will be able to secure purchasers for any oil and gas produced, on favourable terms or at all. Where there are a limited number of purchasers, exposure to the credit risk of each such purchaser and any outstanding accounts receivable from such purchaser may be material. Additionally, should any such purchaser elect to reduce or curtail the volumes of oil and natural gas it purchases, revenues may decline.

**(q) Expiration of Portuguese Concessions and TMS Leases**

The Company holds an interest in Portuguese oil and gas Concessions which are subject to conditions including expenditure commitments. If Australis fails to meet the specific requirements, the agreement may terminate and/or the Company may be forced to relinquish part or all of its interest. This may have a material effect on Australis business, prospects, financial condition or results of its operations. In addition Australis will be required, in some circumstances, to relinquish 50% of the Concession areas held during the exploration period if such areas are not under development. The TMS Leases expire unless held by production (See Section 3.5).

**(r) Operating risks and insurance**

Any future operations of the Company may be delayed or adversely affected by factors which are beyond the control of the Company including but not limited to surface access restrictions, compliance with current and new governmental requirements, technical issues, access to equipment, supplies, personnel and transportation, delays in the commissioning of plant and equipment, adverse weather conditions, environmental hazards, labour disputes or industrial accidents.

The overall nature of the oil and gas industry is hazardous and entails many inherent risks, including (among other things) well blowouts, cratering, explosions, uncontrollable flows of hydrocarbons, fires, formations with abnormal pressures, water shortages, crude oil spills, natural gas leaks, pipeline and tank ruptures, unauthorised discharges or certain pollutants, encountering naturally occurring radioactive material, and other hazards, risks, and pollutants. All of these hazards and risks create substantial liabilities and may result in substantial losses.

Even if the Company maintains insurance on par with industry standards, such insurance will not fully protect against all risks inherent in the Company's activities, as full insurance coverage may not be available or may be cost prohibitive. As a result, any losses the Company sustains may only be partially covered by insurance, if at all.

**(s) Ability to exploit discoveries**

It may not always be possible for the Company to participate in the exploitation of successful discoveries made in the areas in which it has an interest. Such exploitation may involve the need to obtain licences or approvals, including environmental approvals and authorisations, from relevant authorities and may require conditions to be satisfied or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied.

**(t) Potential acquisitions**

As part of its business strategy, the Company may undertake acquisitions of, or significant investments in other oil and gas assets or companies with interests in oil and gas assets. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions as well as risks such as access to additional capital.

Uncertainties abound with the acquisition of interests in properties, including (i) the amount of recoverable reserves, (ii) development and operating costs, and (iii) potential environmental and other liabilities. Even with careful due diligence, it may be impossible to ascertain certain environmental or

structural problems such as pipeline corrosion or hazardous spills. This risk could have a negative effect on future operations and the Company's financial position.

Further, the JDA with Paloma provides for a preferential purchase such that if either party elects to sell their interest directly to a third party, the selling party will first offer the interest on the same terms to the other party. This includes asset sales, subsidiary sales and parent Company sales. However, the TMS assets must make up greater than 25% of the transaction value before the right is triggered. If the right is triggered for an acquisition of Paloma's interest, it may elect to receive up to 33.3% of the consideration in the form of Australis Shares, valued at 5% of the 30 day VWAP, subject to ASX, Shareholder or other required approvals and consents.

**(u) Limited history**

The Company was only recently incorporated and has limited operating and financial performance history. No assurance can be given that the Company will achieve commercial viability through the successful exploration of its oil and gas interests. The Company's continued operation will be dependent upon acquisitions and its ability to generate operating revenues and to procure financing as and when required.

**(v) No guarantee any further rights can be obtained**

There is no guarantee that Australis or its subsidiaries will be successful in obtaining any further Portuguese Concessions in Portugal, TMS Leases or any other mineral rights or interests for which it applies.

**(w) Risk of impairment write-downs**

Accounting rules may require the Company to write-down the value of its properties for certain impairments such as declining crude oil and natural gas prices, increased development costs, or poor drilling results. This could substantially impact the Company ability to borrow funds for future capital expenditures and may negatively impact the ability to distribute funds.

**(x) No basis for forecast financial information**

Due to the fact that the Company is an early stage exploration company and has not commenced production, the Company has no basis on which to prepare forecast financial information.

## **6.2 General risks**

**(a) Share price and investment risk**

The market price of Shares will be determined by the share market and will be influenced by a range of factors outside the control of the Company including fluctuations in the Australian and international share markets, economic activity and outlook, interest rates, exchange rates and other non-economic factors.

There is a risk that the Shares of the Company or the Company's investments will fall in value over the short or long term. Stock markets tend to move in cycles, and so the prices of the Company's Shares may fluctuate and under perform other asset classes over time. Investors in the Company are exposed to this risk through their holding in the Company. In addition, the Shares may trade on ASX at a discount to net asset value per Share.

Share market conditions may affect the value of the Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;

- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) short selling and other trading activities;
- (vi) the demand for, and supply of, capital; and
- (vii) terrorism or other hostilities.

The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

**(b) Dividend**

There is no guarantee that dividends will be paid on Shares in the future, as this is a matter to be decided by the Board in its discretion and the Board's decision will have regard, amongst other things, to the financial performance and position of the Company, relative to its capital expenditure and other liabilities.

**(c) Force majeure events**

Events may occur within or outside Australia that could impact up on the global and Australian economies, the operations of the Company and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's products and its ability to conduct business.

**(d) Taxation risk**

Future legislation may result in the elimination of certain U.S. federal income tax deductions that are currently applicable to exploration and production activities and/or the imposition of new or increased taxes affecting such activities.

Tax rules or their interpretation in relation to equity investments may change. Both the level and basis of taxation may change. The treatment of dividends and franking credits may also change particularly if tax rates change. Furthermore, an investment in the Shares involves tax considerations which may differ for you depending on your personal financial circumstances. You are therefore encouraged to seek professional tax advice in connection with any investment in the Company.

**(e) Speculative nature of investment**

The Directors and management of the Company will, to the best of their knowledge, experience and ability (in conjunction with senior management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its business operations. The ability of the Directors and management to do so may be affected by matters outside their control and no assurance can be given that the Directors and management of the Company will be successful in these endeavours.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or investors. The above factors, and others not specified, may in the future materially affect the financial performance of the Company and the value of Shares.

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## 7 Attorney Reports on Group Oil & Gas Assets (2 Reports)



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Re: Tuscaloosa Marine Shale Leasehold Title Report and  
Summary of Mineral Rights, and Oil and Gas Leasing in  
Louisiana and Mississippi

Ladies and Gentlemen:

Beta Land Services, LLC (“Beta”), per the request of Australis TMS, Inc. formerly known as Australis Oil & Gas USA, Inc., a wholly owned indirect subsidiary of Australis Oil & Gas Limited (“Australis”), has prepared this Title Report and Summary relative to the leasehold interests owned by Australis pursuant to the terms of that certain Purchase and Sale Agreement, dated as of December 8, 2015, by and between Paloma Partners IV, LLC and Australis Oil & Gas USA, Inc., as amended by First Amendment To Purchase and Sale Agreement dated April 13, 2016 (the “PSA”). Beta has granted permission for this report to be included in a prospectus to be issued by Australis Oil & Gas Limited, as part of an initial public offering of securities on the Australian Securities Exchange (ASX).

### I. Summary of the Mineral Title Regime and Oil and Gas Leasing in Louisiana and Mississippi

#### A. Background on Mississippi Mineral Rights

Mississippi, as with many other US states, adheres to the “ownership in place” theory which provides that minerals (including oil and gas) are suitable for ownership in the ground before discovery and extraction, or in place. Therefore, the owner of the land owns the oil, gas and other minerals beneath said land. The owner can create, by conveyance or reservation, a separate mineral estate, thus “severing” mineral ownership from the surface estate.

The mineral estate in Mississippi is considered a real right and as such is alienable and heritable. The rights in the mineral estate include the right of ingress and egress for the purpose of exploring and developing one’s property for the production of oil, gas and other minerals; the right to grant leases; and the right to bonuses, delay rentals and proceeds from production. These rights can be held in perpetuity by one owner or by multiple owners indivision. Each undivided interest owner in minerals, or co-tenant, may alienate and encumber their portion of the estate without the joinder of the other co-tenant(s). However, an oil and gas lease executed by one co-tenant is effective only as to their portion of mineral ownership and ineffective as to the rights of the other co-tenant(s).

## B. Background on Louisiana Mineral Rights

In Louisiana, art. 6 of the Mineral Code establishes that ownership of the land does not extend to ownership of oil, gas and other fugacious minerals. Instead, ownership of the land confers to the landowner the exclusive right to explore and develop his property for the production of such minerals and reduce them to possession. This right is severable from the surface estate through conveyance or reservation. Furthermore, the Louisiana Supreme Court treated the severance of the right to exploit minerals as a real right in the nature of a servitude. The resulting “mineral servitude” brings into play the regime of liberative prescription.

The concept of prescription in Louisiana mineral law is perhaps its most distinctive feature. Where as in Mississippi and many other US states ownership of a severed mineral estate can be held in perpetuity, in Louisiana a mineral servitude must be used to be enjoyed. A mineral servitude is limited by prescription of non-use of ten years. Simply stated, a mineral servitude is created by a landowner through conveyance or reservation. The owner of the mineral servitude enjoys the right to explore for and produce minerals and reduce them to possession. Prescription of non-use commences on the date the servitude was created and accrues ten years later. Upon accrual the mineral servitude is extinguished and the rights to the mineral estate are then vested in the current owner of the surface estate. Prescription of non-use can be interrupted by good faith drilling operations (as defined by art. 29 of the Mineral Code), and maintained for so long thereafter as good faith operations or production occur. The interruption serves to “stop the clock” from running on the 10 year prescriptive period. However, prescription of non-use begins anew as soon as good faith operations or production cease.

The mineral right in Louisiana is a real right and as such is alienable and heritable. Said right includes the right of ingress and egress to explore for and produce minerals and reduce them to possession; the right to grant leases; and the right to bonuses, delay rentals and proceeds from production. Mineral servitudes may be held by one person or multiple co-owners. Each co-owner may alienate and encumber their portion of the servitude without the joinder of the other co-owner(s). However, an oil and gas lease executed by one co-owner is effective only as to their portion of mineral ownership and ineffective as to the rights of the other co-owner(s).

## C. Oil and Gas Leasing

Due to the cost associated with the exploration and production of oil and gas, as well as the expertise required to achieve such, it is rare to find a landowner with the resources and capabilities necessary to successfully drill an oil and gas well on their property. Because of this a majority of oil and gas development in the United States is typically conducted by a third party entity engaged in the business of mineral exploration and development. In order for such an entity to possess the right to explore and produce the oil and gas, the mineral owner must convey those rights to the entity. This is achieved by the granting of an oil and gas lease which is executed by the mineral owner, as lessor, in favor of the entity, as lessee.

The standard oil and gas lease, unless expressed otherwise, grants to the lessee the right of ingress and egress to explore for and produce oil, gas and other minerals, together with the right to use the surface for purposes incident to the exploration, production and marketing of oil, gas and other minerals. In exchange the lessor reserves a percentage of the proceeds from production that is free from the expense of drilling and operating the well. This is called a landowner royalty interest and typically ranges between 12.5% and 25%. The landowner royalty interest is prorated based on the undivided mineral interest owned by the lessor.



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Further consideration is paid to the lessor in the form of an initial "bonus payment". The bonus payment is an agreed upon amount calculated on a per acre basis. The bonus payment is sufficient to maintain the lease during the "primary term" (typically 3 years, not exceeding 10 years) without the need for production. This is said to be a "Paid-up" lease. In certain leases, particularly those found in the southern portion of Louisiana, the initial bonus payment is only effective as to maintain the lease for a portion of the primary term, typically the first year. If, after that first year, oil and gas is not being produced, the lessee will pay to the lessor an annual delay rental for each year remaining in the primary term in which there is no production. If at the end of the primary term oil and gas is not being produced, the lease will expire. However, if during the primary term oil and gas is produced, the lease will remain in full force and effect for the remainder of the primary term and for so long thereafter as production is maintained.

## II. Pooling and Unitization

### A. Louisiana

In Louisiana, a "drilling unit" is defined as the maximum area which may be efficiently and economically drained by one well. In order to fully develop a unit area it may be necessary to "pool" or combine two or more oil and gas leases covering two or more separately owned tracts of land. Customarily, pooling of oil and gas properties for the purposes of mineral development is accomplished by two basic methods - voluntary agreement of the parties, or forced pooling orders issued by a governmental authority. Insofar as unitization is concerned, in Louisiana, units generally fall into two (2) categories: compulsory units, created by the Commissioner of Conservation (the "*Commissioner*"); and voluntary units, created by declaration under the terms of mineral leases giving the lessee pooling power or by agreement of all parties having an interest in the mineral rights and land included within the unit.

Insofar as compulsory drilling units are concerned, the Commissioner is authorized to prevent waste and the drilling of unnecessary wells by establishing a drilling unit or units for each pool. A "pool" being an underground reservoir containing a common accumulation of crude petroleum, natural gas or both. The Commissioner has issued rules of procedure by which establishment of such units is accomplished. In short, an applicant must file a pre-application. At the pre-application conference, the applicant is required to present a geological and engineering bases for the unit that the applicant is requesting. After the application is filed, a hearing is scheduled before the Commissioner. At the hearing, the applicant establishes with exhibits and testimony of witnesses the following matters: the well is completed in a certain defined sand and producing or capable of producing oil or gas; the proposed unit or units are entirely underlain by the productive sand; that the unit is reasonable and equitable for all concerned; and that a single well will efficiently and economically drain the unit. Generally within 30 days after the hearing, the Commissioner will issue an order establishing the unit.

Although there seems to be no universally accepted nomenclature differentiating between the various types of voluntary units," for the purposes of this Report, "voluntary" units (as distinguished from forced conservation units) will be further classified as "contractual" or "declared." Declared units are formed by the mineral lessee pursuant to the pooling power commonly granted to the lessee in commercial pooling lease forms. These provisions must be strictly complied with. Whereas contractual units can be created by agreement of all mineral, royalty, overriding royalty and working interest owners. So long as all parties agree, the unit can be made any size or shape, participation percentages can be established in any manner, and the unit can be given any other legal consequences the parties desire. Basically the same end result is achieved through either voluntary or forced pooling: production from any tract within the unit is considered as production from every tract, and is shared according to determined participations.

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## B. Mississippi

In Mississippi, a "drilling unit" is defined as the maximum area in a pool which may be assigned to one well so as to produce the reasonable recoverable oil or gas in such area and shall be established by statewide rules or by special field rules of the Mississippi Oil and Gas Board (the "**Board**"). In Mississippi, "Integration" or "pooling" (these terms are used interchangeably in the statutes and Oil and Gas Board rules) is the combining of separately owned fractional interests under one tract or separately owned tracts or a combination of both for the purpose of accumulating sufficient surface acres to comply with spacing rules for drilling units established by statewide spacing rules or special filed rules. Integration or pooling may occur either voluntarily or involuntarily.

Insofar as voluntary drilling units are concerned, when one operator owns all of the rights to drill, whether under a lease or as a fee owner or otherwise, as to all of the lands comprising the proposed drilling unit, the operator will, assuming the leases contain pooling provisions, execute a Declaration of Pooling or Unit Designation instrument listing the leases or interests being pooled and describing the pool unit. Declarations of Pooling are usually filed for record in the county in which the unit is located. The owner will also file an Application for Permit to Drill and otherwise comply with the requirements for obtaining a Permit to Drill.

Where the owners having the right to drill cannot agree to combine their separate interests to form a drilling unit and drill a proposed well thereon, all interests in the unit may be integrated as pursuant to Miss. Code Ann.' 53-3-7. Persons seeking to integrate a unit have two procedural choices. One is sometimes referred to as "old" integration or "regular" integration. The other alternative is generally referred to as a "risk compensation" procedure. Under old or regular integration, an operator is only entitled to recover out of production 100 percent of the cost of drilling and production. Under risk compensation the operator is entitled to recover 250 percent, or in certain circumstances 300 percent, of drilling and other related expenses and 100 percent of some other expenses such as newly acquired surface equipment and operating costs after first production. Under regular integration, operators are required to file a petition to integrate the outstanding interests together with the Application to Drill. Publication of notice is made on one occasion in a newspaper in Jackson, Miss., and a newspaper in the county in which the lands are located. Personal notice by mail is given to the owners of the interest to be integrated. With few exceptions, orders are usually entered integrating the interest and directing that the Permit to Drill be issued. In a "risk compensation" integration proceeding as a prerequisite to filing a petition in which the risk compensation charges are requested are an Application to Drill. The operator must comply with Miss. Code '53-3-7 follows:

In the event that one or more owners owning not less than 33 percent of the drilling rights in a drilling unit has voluntarily consent to the drilling of a unit well thereon, and the operator has made a good faith effort to (i) negotiate with each nonconsenting owner to have said owner's interest voluntarily integrated into the unit; (ii) notify each non consenting owner of the names of all owners of drilling rights who have agreed to integrate any interests in the unit; (iii) ascertain the address of each nonconsenting owner; (iv) give each nonconsenting owner written notice of the proposed operation, specifying the work to be performed, the location, proposed depth, objective formation and the estimated cost of the proposed operation; and (v) to offer each nonconsenting owner the opportunity to lease or farm out on reasonable terms, or to participate in the cost and risk of developing and operating the unit well involved on reasonable terms, by agreeing in writing then the operator may petition the board to allow it to charge alternate charges as hereinafter set out (alternate to and in lieu of the charges provided for in subsection (1) (b) above).



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In addition the extra effort required under the statutory risk compensation procedure, the time for completing the notice process in a risk compensation integration is longer. Also, Board policy requires the mailing of a notice and offer letter 10 days prior to the filing of a petition seeking risk compensation.

### III. Tuscaloosa Marine Shale Leasehold Title Report

#### A. Company

Beta has confirmed through independent examination of the files registered with the Secretary of State's Office for both the State of Louisiana and the State of Mississippi that Australis TMS, Inc., a wholly owned indirect subsidiary of Australis Oil & Gas Limited, is a valid corporation in good standing and qualified to conduct business in the State of Louisiana and Mississippi.

#### B. Assets

##### 1. Background

The Assets, as referred to herein, consist of approximately 33,000 net leasehold acres located in the Tuscaloosa Marine Shale (the "*TMS*") in St Helena, Tangipahoa and Washington Parishes in Louisiana, and Amite, Wilkinson and Pike Counties in Mississippi. According to the Louisiana Department of the Natural Resources the Tuscaloosa Marine Shale (*TMS*) is defined as:

"a sedimentary rock formation that consist of organic-rich fine-grained materials (sediments) deposited in a marine environment that existed across the Gulf Coast region approximately 90 million years ago. The TMS includes the Eagle Ford Shale being similar in geological age. The August, 1987 Bulletin (Volume 7) of the LSU-Basin Research Institute (BRI), Baton Rouge, indicates a potential reserve of about 7 billion barrels of oil in the TMS. Its thickness varies from 500 feet in southwestern Mississippi to more than 800 feet in the southern part of the Florida Parishes in southeastern Louisiana, within an approximate depth range of 11,000 feet to the north to more than 15,000 feet to the south...The current TMS Oil Play targets unconventional reservoirs that are petroleum source rocks where petroleum hydrocarbons (oil and gas) originated in a high pressure and temperature geological subsurface environment."

The leasehold position is comprised of 614 "paid-up" oil, gas and mineral leases delivering, on average, an 80% Net Revenue Interest as shown on Appendix A attached hereto (the "*Subject Leases*"). Of the total number of leases reflected on Appendix A, 591 leases were assigned to Australis as part of the PSA and the remaining 23 leases were assigned as part of the Joint Development Agreement, as referenced below. The Subject Leases are still within their primary term. Of the initial 591 leases assigned to Australis as part of the PSA, there is an average remaining term of one (1) year, or three (3) years, should Australis elect to exercise the two (2) year option to extend the primary term provided in the leases which is available on approximately 93% of the net acres covered by said Leases. The 23 leases assigned to Australis as part of Joint Development Agreement have an average remaining term of four (4) years.

Paloma Partners IV, LLC ("*Paloma*"), as lessee, or successor-in-interest to the lessee, acquired interest in the Subject Leases granting Paloma certain rights to explore, develop, produce and market the underlying oil, gas and minerals. At Second Closing of the PSA, by Assignment and Bill of Sale (effective December 1, 2015) executed by Paloma Partners IV, LLC, as assignor, did assign to Australis



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TMS, Inc. a fifty percent (50%) undivided interests in and to the Subject Leases. Said assignment(s) were duly recorded in the real property records of the counties and parishes in which the Subject Lease are located. Additionally, Paloma and Australis have entered into a Joint Development Agreement (the “JDA”), effective as of January 21, 2016, with respect to the exploration and development of the Subject Leases as well as any oil and gas interest hereafter acquired relevant to the designated “Area of Mutual Interest”. As a working interest owner in these Subject Leases and a party to the JDA, Australis has the right to pay its proportionate share of the costs and expenses associated with development of, and has the right to receive its working interest proportionate share of revenue from the sale of, oil, gas and/or other minerals.

## 2. Mineral Title Confirmation

Our office conducted a review of the materials provided by Paloma, being lease files containing title flowcharts, lease purchase reports, and mineral ownership reports, coupled with a limited cursory search of the Conveyance (Vendor/Vendee), Mortgage, Succession and Civil Suit Records of the Office of the Clerk of Court for St. Helena, Tangipahoa, and Washington Parishes. Our examination was limited to sixty-seven (67) of the highest valued leases. Said leases being approximately sixty-seven percent (67%) of the total net acreage acquired by Australis, the smallest of which covered no less than eighty (80) net acres. In addition, our office conducted an examination of the real property records with respect to seven (7) of the highest valued leases relative to oil and gas interest assigned to Australis pursuant to the terms of the JDA. Said leases representing eighty (80%) of the total net acreage assigned to Australis. The purpose of said review was to confirm that Australis has Defensible Title in and to the said leases.

Research of the public record consisted of an examination of properly filed instruments under the names of the record owners of the subject property for a period of 30 years, or such longer period of time as may be necessary to commence the examination with a conveyance for consideration. Thirty years being the statutory requirement for acquisitive prescription of immovable property in Louisiana.

In conjunction with an examination of the records maintained by the clerk of court of the parish in which the Subject Leases are situated, our office conducted research of the records filed with the Louisiana Department of Natural Resources, Office of Conservation for the purpose of identifying any potential mineral servitude issues that could adversely affect the leasehold net acres purported by Paloma on Exhibit "A" to the PSA. A search of the online records of the SONRIS website was conducted in order to determine the history of exploration and the production of minerals on or from the lands under examinations for a period of 10 years, or such longer period of time as may be necessary to determine the extinguishment of a particular mineral servitude. Ten years being the statutory requirement for extinguishment of a mineral servitude resulting from nonuse.

As a result of our examination, we did not find any title defects, sales, assignments, transfers and/or alienations, mortgages, liens, suits or other encumbrances, relative to the examined property, for the above limited search period except for three minor defects, however, the aggregate values of those alleged title defects fell below the deductible materiality threshold applicable to the title defect mechanism under the PSA, and as a result, Australis was not entitled to any remedy with respect to such alleged defects.

## 3. Lease Examination

Beta Land Services, LLC conducted an examination of the 614 leases and lease files, as provided by Paloma Partners IV, LLC. The examination included an analysis of the appearance clause, legal description, as well as the signatory and acknowledgement pages of each lease. Furthermore, we made

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a cursory examination of the lease provisions in order to determine that no lease required the written consent of the lessor prior to an assignment.

As a result of our examination we found no leases that were improperly drafted or executed except for three minor defects, however, the aggregate values of those alleged title defects fell below the deductible materiality threshold applicable to the title defect mechanism under the PSA, and as a result, Australis was not entitled to any remedy with respect to such alleged defects. Moreover, our examination revealed no leases, other than those identified on Schedule 9.4 to the PSA, that require written consent prior to an assignment. Upon an independent examination of the executed consents our offices has determined that all necessary consents to assign have been received.

#### 4. Environmental Claims

Beta Land Services, LLC conducted research of the Civil Suit Records of the Office of the Clerk of Court for St. Helena, Tangipahoa, and Washington Parishes. Said research of the public record consisted of an examination of properly filed instruments under the names of the record leasehold owners of the Subject Leases. The examination covered a time period beginning March 1, 2008 (being the earliest date of the leases listed on Exhibit "A" to the PSA) to a current date.

As a result of our examination, we did not find any liens, suits or other encumbrances, relating to environmental issues, for the above limited search period.

#### 5. Regulatory Research

Beta Land Services, LLC conducted an examination of the records filed with the Louisiana Department of Natural Resources, Office of Conservation relative to the lands covered by the Subject Leases for the purpose of determining if any historical well drilled on the leased acreage presented a potential plugging or environmental issue.

Our examination consisted of a review of the records available on the SONRIS website of the Louisiana Department of Natural Resources pertaining to those wells located in the coverage area, which is comprised of T1S-R5E, T1S-R6E, and the North Half of T2S-R6E St. Helena Parish; T1S-R6E, T1S-7E, T1S-R8E and T2S-R7E Tangipahoa Parish; and T1S-9E Washington Parish. Our examination included all well information data and well history information for 107 wells, as found on SONRIS.

As a result of our examination we identified no historical wells, located on the leased acreage that were not in compliance with state regulations except for one well. Please note that Australis is not the operator of record for the well and therefore is not held liable by the State of Louisiana for plugging and remediation cost.

#### 6. Summation

- i. Australis is the record title owner of an undivided 50% interest in and to the Subject Leases. As such, Australis possesses the rights to explore, develop, produce and market the underlying oil, gas and minerals.
- ii. Based upon our examination and representations made by Paloma, the Subject Leases are valid and subsisting and to our knowledge are in compliance with the



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applicable statutes of the respective States in which they are filed and that no other consents, filings, or approvals are required.

- iii. The Subject Leases are “Paid-up” and no further monetary consideration is required in order to maintain the leases through their primary term. However, Australis has the right to pay its proportionate share of the costs and expenses associated with exploration and development of the underlying oil, gas and minerals.
- iv. Based upon our examination, we did not find any sales, assignments, transfers and/or alienations, mortgages, liens, suits or other encumbrances, relative to the Subject Leases, nor any liens, suits or other encumbrances, relating to environmental issues.
- v. Australis TMS, Inc., a wholly owned subsidiary of Australis USA 1 Pty Ltd, a wholly owned subsidiary of Australis Oil & Gas Limited, is a valid corporation in good standing and qualified to conduct business in the State of Louisiana and Mississippi.
- vi. Based upon our examination of the materials provided and our office’s independent research of the public record, as limited below, it is Beta’s opinion that Australis has Defensible Title, as defined herein, over the Subject Leases.

#### IV. Comments and Limitations

In addition to the limitations and statements set forth elsewhere herein, this report is further limited by the following:

- i. This report was prepared solely for the use and benefit of Australis Oil & Gas Limited in connection with the transaction described herein and cannot be used or relied on by another person without our prior written consent.
- ii. This report does not represent to be findings from a detailed search of the real property records of St Helena, Tangipahoa and Washington Parishes in Louisiana, and Amite, Wilkinson and Pike Counties in Mississippi as would be conducted for an Abstract of Title covering the Subject Property/Subject Lands. This report is intended to represent our findings and interpretations of the documents reviewed from a cursory search of the real property records of St Helena, Tangipahoa and Washington Parishes in Louisiana, for the limited time period stated herein, for the purpose of establishing “Defensible Title” as to the Subject Leases This report is further limited to the accuracy of the files examined herein.
- iii. Defensible Title, as it pertains to this report shall mean, as to the Subject Leases, such title that, based upon the Materials Examined, and the research as limited herein: (i) is free from reasonable doubt to the end that a prudent purchaser engaged in the business of the ownership, development and operation of producing oil and gas properties, with knowledge of all relevant facts and their legal bearing, would be willing to accept and pay full value for the Project Leases; and (ii) is free and clear of liens and material encumbrances and defects, except for permitted encumbrances.
- iv. Beta Land Services, LLC has not independently undertaken an investigation of the real property records of Amite, Wilkinson and Pike Counties, Mississippi, and we have relied solely on the documents provided by Paloma in forming the opinion(s) given in this report in regards to the Subject Leases located in said counties. Therefore, we assumed the authenticity of the Materials Examined,

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the capacity and authorization of the parties and their respective signatories thereto, and that no other instruments, documents or other agreements are filed of record in Amite, Wilkinson and Pike Counties, Mississippi which would otherwise affect the ownership of the Subject Leases.

- v. Beta Land Services, LLC takes no responsibility for the materials examined for this report that were provided by Paloma Partners IV, LLC, or the statements reflected herein that were based solely on the documents provided by Paloma Partners IV, LLC.

Respectfully Submitted and Effective This 9<sup>th</sup> Day of June, 2016

**BETA LAND SERVICES, LLC**

By:   
Brandon E. Falls



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**APPENDIX A**  
[See Attached]



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## Appendix A

### Subject Leases

Lease No.	Tract ID	Lessor	Lessee	Lease Date	Parish	State
LA-0004	LA-0004-A	Jimmie Hatcher and Barbara D. Hatcher, husband and wife	Mesquite Royalty Company, a Texas Corporation	4/15/2014	Tangipahoa	LA
LA-0005	LA-0004-A	Betty C. Hatcher, widow of William Hatcher	Mesquite Royalty Company, a Texas Corporation	4/14/2014	Tangipahoa	LA
LA-0026	LA-0026-B	Clemons Family Properties, LLC, By M. LaMarr Clemons and David Gradon Clemons, Managing Members	Mesquite Royalty Company, a Texas Corporation	4/30/2014	Tangipahoa	LA
LA-0029	LA-0029-A	James E. Davis and Nell W. Davis, husband and wife	Mesquite Royalty Company, a Texas Corporation	4/30/2014	Tangipahoa	LA
LA-0030	LA-0030-A	James C. Bateman, a single man	Mesquite Royalty Company, a Texas Corporation	5/5/2014	Tangipahoa	LA
LA-0049	LA-0049-A	Michael J. Hawkins and Karen D. Hawkins, husband and wife	Mesquite Royalty Company, a Texas Corporation	5/11/2014	Tangipahoa	LA
LA-0050	LA-0050-A	Richard Duane McShan and Donna Duncan McShan, husband and wife	Mesquite Royalty Company, a Texas Corporation	5/15/2014	Tangipahoa	LA
LA-0051	LA-0051-A	Holy Cross Community, Inc., a Louisiana non-profit corporation	Mesquite Royalty Company, a Texas Corporation	5/14/2014	St. Helena	LA
LA-0053	LA-0053-A	Sylvia Sue Pierce Perilloux, widow of Herman D. Perilloux	Mesquite Royalty Company, a Texas Corporation	5/12/2014	Tangipahoa	LA
LA-0054	LA-0053-A	Carol W. Pierce, widow of Clyde Lewis Pierce, and not remarried	Mesquite Royalty Company, a Texas Corporation	5/13/2014	Tangipahoa	LA
LA-0057	LA-0057-A	James Phillip Roberts and Jean Ott Roberts, husband and wife	Mesquite Royalty Company, a Texas Corporation	5/23/2014	Tangipahoa	LA
LA-0059	LA-0059-A	Patrick David Sanders and wife, Jeana Lynn Morgan Sanders	Mesquite Royalty Company, a Texas Corporation	5/20/2014	St. Helena	LA
LA-0060	LA-0060-A	Janice Pope Ouber, a single woman	Mesquite Royalty Company, a Texas Corporation	5/19/2014	St. Helena	LA
LA-0061	LA-0060-A	Geraldine B. Pope, a married woman dealing in her sole and separate property	Mesquite Royalty Company, a Texas Corporation	5/19/2014	St. Helena	LA
LA-0062	LA-0060-A	Helen Anne Pope, a single woman	Mesquite Royalty Company, a Texas Corporation	5/19/2014	St. Helena	LA
LA-0064	LA-0064-A	Glen Allen Applewhite and Amanda Dobbs Applewhite, husband and wife	Mesquite Royalty Company, a Texas Corporation	5/24/2014	Tangipahoa	LA
LA-0065	LA-0065-A	Hannah Mary Schwartz, a widow, not remarried	Mesquite Royalty Company, a Texas Corporation	5/23/2014	Tangipahoa	LA
LA-0066	LA-0065-A	Richard Albert Schwartz, divorced, not remarried	Mesquite Royalty Company, a Texas Corporation	5/22/2014	Tangipahoa	LA
LA-0067	LA-0067-A	Jimmy E. Veelee and Angelia Holmes Veelee, husband and wife	Paloma Partners IV, LLC	5/28/2014	St. Helena	LA
LA-0068	LA-0068-A	Bebo's Casino, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	5/28/2014	St. Helena	LA
LA-0069	LA-0069-A	James M. Blades, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	5/24/2014	St. Helena	LA
	LA-0069-B	James M. Blades, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	5/24/2014	St. Helena	LA
LA-0070	LA-0070-A	Cade R. Blades, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	5/24/2014	St. Helena	LA
LA-0071	LA-0070-A	James M. Blades, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	5/24/2014	St. Helena	LA
LA-0072	LA-0072-A	Joseph Michael Cannino and Mildred Settoon Cannino, husband and wife	Paloma Partners IV, LLC	5/27/2014	St. Helena	LA
LA-0073	LA-0073-A	William Hammack, aka William M. Hammack, Jr., aka William Marshal Hammack, Jr., aka William Marshall Hammack, Jr., a single man	Paloma Partners IV, LLC	5/20/2014	Tangipahoa	LA
LA-0074	LA-0074-A	William Hammack, aka William M. Hammack, Jr., aka William Marshal Hammack, Jr., aka William Marshall Hammack, Jr., a single man	Paloma Partners IV, LLC	5/20/2014	Tangipahoa	LA
LA-0075	LA-0075-A	William Hammack, aka William M. Hammack, Jr., aka William Marshal Hammack, Jr., aka William Marshall Hammack, Jr., a single man	Paloma Partners IV, LLC	5/20/2014	Tangipahoa	LA
LA-0076	LA-0076-A	William M. Hammack, aka William M. Hammack, Sr., aka William Marshal Hammack, Sr. and Janice L.P. Hammack, husband and wife	Paloma Partners IV, LLC	5/20/2014	Tangipahoa	LA
LA-0077	LA-0077-A	Arthur C. Brabham, Jr. and Paulette Miceli Brabham, husband and wife	Paloma Partners IV, LLC	6/4/2014	St. Helena	LA
LA-0079	LA-0065-A	Hannah Irene Schwartz, a single woman	Mesquite Royalty Company, a Texas corporation	5/26/2014	Tangipahoa	LA
LA-0080	LA-0065-A	Cathy McGowan Schwartz, a married woman dealing in her sole and separate property	Mesquite Royalty Company, a Texas corporation	5/23/2014	Tangipahoa	LA
LA-0081	LA-0081-A	Charles Edward Schwartz and Kim C. Schwartz, husband and wife	Mesquite Royalty Company, a Texas corporation	5/23/2014	Tangipahoa	LA
LA-0086	LA-0086-A	Johnny H. Alford and Beverly Jane Alford, husband and wife	Paloma Partners IV, LLC	5/20/2014	St. Helena	LA
LA-0099	LA-0099-A	Larry J. Breaux, divorced not remarried	Paloma Partners IV, LLC	6/11/2014	St. Helena	LA
LA-0100	LA-0100-A	Keith J. Keller and Katherine C. Keller, husband and wife	Paloma Partners IV, LLC	6/5/2014	St. Helena	LA
LA-0101	LA-0101-A	Lela Ann Harrington Newman, a widow, not remarried	Paloma Partners IV, LLC	6/5/2014	St. Helena	LA
LA-0102	LA-0102-A	Maurice J. Bridges and Judith B. Bridges, husband and wife	Paloma Partners IV, LLC	6/5/2014	St. Helena	LA
LA-0103	LA-0103-A	Laramie Elizabeth Callihan, a single woman	Paloma Partners IV, LLC	6/12/2014	St. Helena	LA

## Appendix A

### Subject Leases

Lease No.	Tract ID	Lessor	Lessee	Lease Date	Parish	State
LA-0104	LA-0103-A	Suzanne Blades Callihan Robinson, a married woman, dealing in her sole and separate property	Paloma Partners IV, LLC	6/12/2014	St. Helena	LA
LA-0106	LA-0106-A	James M. Newman and Sandra C. Newman, husband and wife	Paloma Partners IV, LLC	6/5/2014	St. Helena	LA
LA-0107	LA-0107-A	Karl Emmett Newman and Sonya Wynn Williams Newman, husband and wife	Paloma Partners IV, LLC	6/5/2014	St. Helena	LA
LA-0108	LA-0108-A	Fred Firmin Newman, III, and Angela Faye Wilson Newman, husband and wife	Paloma Partners IV, LLC	6/5/2014	St. Helena	LA
LA-0109	LA-0109-A	Dustin Allan Newman and Hailey Hall Newman, husband and wife	Paloma Partners IV, LLC	6/5/2014	St. Helena	LA
	LA-0109-B	Dustin Allan Newman and Hailey Hall Newman, husband and wife	Paloma Partners IV, LLC	6/5/2014	St. Helena	LA
LA-0110	LA-0110-A	William S. Foster and Lori D. Forster, husband and wife	Paloma Partners IV, LLC	6/10/2014	St. Helena	LA
LA-0111	LA-0111-A	William Clovis Birch, Jr., and Sharon Moak Birch, husband and wife	Paloma Partners IV, LLC	6/10/2014	St. Helena	LA
LA-0112	LA-0112-A	Jimmie Ray Carter and Laverne Mills Carter, husband and wife	Paloma Partners IV, LLC	6/10/2014	St. Helena	LA
LA-0113	LA-0113-A	Jimmie Ray Carter and Laverne Mills Carter, husband and wife	Paloma Partners IV, LLC	6/10/2014	St. Helena	LA
LA-0114	LA-0114-A	Mildred Elizabeth "Beth" Birch Brabham, a widow	Paloma Partners IV, LLC	6/10/2014	St. Helena	LA
LA-0124	LA-0124-A	Norman D. Ott, III (a.k.a. Dr. Norman D. Ott, III), husband of Chalise Ott, dealing herein with his separate property and I. Elizabeth Ott, a single woman	Paloma Partners IV, LLC	6/16/2014	Washington	LA
	LA-0124-B	Norman D. Ott, III (a.k.a. Dr. Norman D. Ott, III), husband of Chalise Ott, dealing herein with his separate property and I. Elizabeth Ott, a single woman	Paloma Partners IV, LLC	6/16/2014	Washington	LA
	LA-0124-C	Norman D. Ott, III (a.k.a. Dr. Norman D. Ott, III), husband of Chalise Ott, dealing herein with his separate property and I. Elizabeth Ott, a single woman	Paloma Partners IV, LLC	6/16/2014	Washington	LA
	LA-0124-D	Norman D. Ott, III (a.k.a. Dr. Norman D. Ott, III), husband of Chalise Ott, dealing herein with his separate property and I. Elizabeth Ott, a single woman	Paloma Partners IV, LLC	6/16/2014	Washington	LA
	LA-0124-E	Norman D. Ott, III (a.k.a. Dr. Norman D. Ott, III), husband of Chalise Ott, dealing herein with his separate property and I. Elizabeth Ott, a single woman	Paloma Partners IV, LLC	6/16/2014	Washington	LA
LA-0125	LA-0125-A	Norman D. Ott, III (a.k.a. Dr. Norman D. Ott, III), husband of Chalise Ott, dealing herein with his separate property and I. Elizabeth Ott, a single woman	Paloma Partners IV, LLC	6/16/2014	Tangipahoa	LA
LA-0126	LA-0126-A	David Ray Hilbun, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	6/12/2014	Tangipahoa	LA
LA-0127	LA-0127-A	Barbara Ann Hilbun Graham, a widow and not remarried	Paloma Partners IV, LLC	6/12/2014	Tangipahoa	LA
LA-0128	LA-0128-A	Ikie Flynn Roberts and Sharon P. Roberts, husband and wife	Paloma Partners IV, LLC	6/12/2014	Washington	LA
LA-0130	LA-0130-B	Town of Kentwood, Louisiana, a Louisiana municipal corporation	Paloma Partners IV, LLC	6/19/2014	Tangipahoa	LA
	LA-0130-C	Town of Kentwood, Louisiana, a Louisiana municipal corporation	Paloma Partners IV, LLC	6/19/2014	Tangipahoa	LA
	LA-0130-A	Town of Kentwood, Louisiana, a Louisiana municipal corporation	Paloma Partners IV, LLC	6/19/2014	Tangipahoa	LA
LA-0131	LA-0131-C	Town of Kentwood, Louisiana, a Louisiana municipal corporation	Paloma Partners IV, LLC	6/19/2014	Tangipahoa	LA
LA-0132	LA-0132-A	John Wilson Bates, a single man	Paloma Partners IV, LLC	6/14/2014	St. Helena	LA
LA-0133	LA-0133-A	Justin K. Keller and Krista Taylor Keller (a.k.a. Krista T. Keller), husband and wife	Paloma Partners IV, LLC	6/15/2014	St. Helena	LA
LA-0134	LA-0134-A	Willie Eugene Frazier and Celia Diane Tate Frazier (a/k/a Celia Tate Frazier), husband and wife	Paloma Partners IV, LLC	6/16/2014	St. Helena	LA
	LA-0134-B	Willie Eugene Frazier and Celia Diane Tate Frazier (a/k/a Celia Tate Frazier), husband and wife	Paloma Partners IV, LLC	6/16/2014	St. Helena	LA
LA-0137	LA-0137-A	Henry J. Hoffstadt, III and Leslie Newman Hoffstadt, husband and wife	Paloma Partners IV, LLC	6/17/2014	St. Helena	LA
LA-0138	LA-0138-A	Carolyn Newman Kennedy and Thomas L. Kennedy, wife and husband	Paloma Partners IV, LLC	6/17/2014	St. Helena	LA
	LA-0138-B	Carolyn Newman Kennedy and Thomas L. Kennedy, wife and husband	Paloma Partners IV, LLC	6/17/2014	St. Helena	LA
	LA-0138-C	Carolyn Newman Kennedy and Thomas L. Kennedy, wife and husband	Paloma Partners IV, LLC	6/17/2014	St. Helena	LA
LA-0139	LA-0139-A	Jesse James Grice (a/k/a J.J. Grice) and Katherine J. Grice, husband and wife	Paloma Partners IV, LLC	6/11/2014	St. Helena	LA
LA-0140	LA-0140-A	James C. Holden, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	6/17/2014	St. Helena	LA
LA-0141	LA-0141-A	Pamela Dale Frazier Holden, (a/k/a Pamela F. Holden, a/k/a Pamela Frazier Holden) and Robert Laverne Holden, husband and wife	Paloma Partners IV, LLC	6/16/2014	St. Helena	LA
	LA-0141-B	Pamela Dale Frazier Holden, (a/k/a Pamela F. Holden, a/k/a Pamela Frazier Holden) and Robert Laverne Holden, husband and wife	Paloma Partners IV, LLC	6/16/2014	St. Helena	LA
	LA-0141-C	Pamela Dale Frazier Holden, (a/k/a Pamela F. Holden, a/k/a Pamela Frazier Holden) and Robert Laverne Holden, husband and wife	Paloma Partners IV, LLC	6/16/2014	St. Helena	LA
LA-0142	LA-0142-A	Larry A. Blades and Stephanie Wilson Blades, husband and wife	Paloma Partners IV, LLC	6/16/2014	St. Helena	LA
	LA-0142-B	Larry A. Blades and Stephanie Wilson Blades, husband and wife	Paloma Partners IV, LLC	6/16/2014	St. Helena	LA
LA-0146	LA-0146-A	Tanya Newman McNabb and Benny W. McNabb, wife and husband	Paloma Partners IV, LLC	6/14/2014	St. Helena	LA
LA-0147	LA-0147-A	Albert Davis Newman, Jr. and Joan I. Newman, husband and wife	Paloma Partners IV, LLC	6/17/2014	St. Helena	LA
	LA-0147-B	Albert Davis Newman, Jr. and Joan I. Newman, husband and wife	Paloma Partners IV, LLC	6/17/2014	St. Helena	LA
LA-0152	LA-0152-A	Donald R. Carter, Jr., divorced and not remarried	Paloma Partners IV, LLC	6/18/2014	St. Helena	LA
LA-0153	LA-0153-A	Dennis W. Frazier and Alice R. Frazier, husband and wife	Paloma Partners IV, LLC	6/20/2014	St. Helena	LA

## Appendix A

### Subject Leases

Lease No.	Tract ID	Lessor	Lessee	Lease Date	Parish	State
LA-0154	LA-0154-A	Lee A. Ross and Donna R. Ross, husband and wife	Paloma Partners IV, LLC	6/18/2014	St. Helena	LA
LA-0155	LA-0155-A	Kirk James Keller and Torrie Yvonnabel Welch Keller, husband and wife	Paloma Partners IV, LLC	6/18/2014	St. Helena	LA
LA-0156	LA-0156-A	Tommy D. Newman and Peggy Sue Mitchell Newman, husband and wife	Paloma Partners IV, LLC	6/18/2014	St. Helena	LA
LA-0157	LA-0157-A	Harold Powers and Lola Powers, husband and wife	Paloma Partners IV, LLC	6/26/2014	St. Helena	LA
LA-0158	LA-0158-A	Ronald Drew Woodard, a single man	Paloma Partners IV, LLC	6/25/2014	St. Helena	LA
LA-0159	LA-0159-A	William Michael Whitehead as agent and attorney-in-fact for Aria Evelyn Frazier Whitehead, a widow	Paloma Partners IV, LLC	6/19/2014	St. Helena	LA
LA-0163	LA-0163-A	Randolph Taylor and Marilyn Travis Taylor, Husband and Wife	Paloma Partners IV, LLC	6/24/2014	St. Helena	LA
LA-0165	LA-0165-B	Randolph Louis Taylor and Marilyn Fay Travis Taylor, husband and wife	Paloma Partners IV, LLC	6/24/2014	St. Helena	LA
LA-0165	LA-0165-C	Randolph Louis Taylor and Marilyn Fay Travis Taylor, husband and wife	Paloma Partners IV, LLC	6/24/2014	St. Helena	LA
LA-0170	LA-0170-A	Thomas L. Kennedy, II and Georgiana A. Kennedy, husband and wife	Paloma Partners IV, LLC	6/25/2014	St. Helena	LA
LA-0171	LA-0171-B	Nadine Lambert Bridges (a/k/a Nadine E. Bridges), a widow and not remarried	Paloma Partners IV, LLC	6/25/2014	St. Helena	LA
LA-0173	LA-0173-A	Mary Annie Roberts Harrell and Thomas A. Harrell, husband and wife	Paloma Partners IV, LLC	6/19/2014	Tangipahoa	LA
LA-0174	LA-0174-A	Warren Albee Hurst, II, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	6/24/2014	Tangipahoa	LA
LA-0175	LA-0175-A	William A. Gill, Jr. and Katherine Gill, husband and wife	Paloma Partners IV, LLC	6/23/2014	Tangipahoa	LA
LA-0176	LA-0176-A	Lesia Kay Hilburn Jenkins, a married woman, dealing in her sole and separate property	Paloma Partners IV, LLC	6/24/2014	Tangipahoa	LA
LA-0177	LA-0177-A	Cheryl Susanne Hilburn McGlothren and Carlos McGlothren, her husband	Paloma Partners IV, LLC	6/24/2014	Tangipahoa	LA
LA-0179	LA-0065-A	Charles Edward Schwartz and Kim C. Schwartz, husband and wife	Mesquite Royalty Company, a Texas corporation	5/23/2014	Tangipahoa	LA
LA-0183	LA-0183-A	Clovis W. Sanders and Doris Griffin Sanders, husband and wife	Paloma Partners IV, LLC	7/2/2014	St. Helena	LA
LA-0184	LA-0184-A	Marion Antoinette Gray Willson, a widow	Paloma Partners IV, LLC	6/20/2014	St. Helena	LA
LA-0185	LA-0185-A	Scott Ratliff and Joni Dale Ratliff, husband and wife	Paloma Partners IV, LLC	6/26/2014	St. Helena	LA
LA-0186	LA-0186-A	Annie Beatrice Harrell Bryan (aka Annie Beatrice Bryan) a widow	Paloma Partners IV, LLC	6/24/2014	St. Helena	LA
LA-0197	LA-0197-A	Herman Walton, Jr. and Janet Brown Walton, husband and wife	Paloma Partners IV, LLC	6/30/2014	Tangipahoa	LA
LA-0198	LA-0198-A	James Newell Albury, Sr.	Paloma Partners IV, LLC	7/2/2014	Washington	LA
LA-0199	LA-0199-A	Thomas Lee Lindsey, a single man	Paloma Partners IV, LLC	6/26/2014	St. Helena	LA
LA-0201	LA-0201-A	Raymond L. Garcia, Sr. and Linda Darlene Lilly Garcia, husband and wife	Paloma Partners IV, LLC	7/2/2014	Washington	LA
LA-0203	LA-0060-A	John A. Pope, a single man	Paloma Partners IV, LLC	7/7/2014	St. Helena	LA
LA-0204	LA-0204-A	John Patrick Sullivan, Jr., a single man	Paloma Partners IV, LLC	7/2/2014	Washington	LA
LA-0205	LA-0204-A	Janet Lee Sullivan, a single woman	Paloma Partners IV, LLC	6/30/2014	Washington	LA
LA-0206	LA-0204-A	Jill Alana Sullivan Freeland, (f.k.a Jill Alana Sullivan), wife of Charles L. Freeland, dealing herein with her separate property	Paloma Partners IV, LLC	7/2/2014	Washington	LA
LA-0207	LA-0204-A	Jane Eliska Sullivan Joyner, wife of Owen W. Joyner, dealing herein with her separate property	Paloma Partners IV, LLC	7/2/2014	Washington	LA
LA-0208	LA-0208-A	Charles Lawrence Freeland and Jill Alana Sullivan Freeland, husband and wife	Paloma Partners IV, LLC	7/5/2014	Washington	LA
LA-0209	LA-0209-A	Raymond L. Garcia, II and Priscilla Bryson Garcia, husband and wife	Paloma Partners IV, LLC	7/2/2014	Washington	LA
LA-0210	LA-0210-A	Patricia Bennett Gisclair wife of/and Daniel J. Gisclair	Paloma Partners IV, LLC	7/7/2014	Tangipahoa	LA
LA-0211	LA-0211-A	John Leon Lindsey, (a/k/a John L. Lindsey, a/k/a John Lindsey) and Barbara Chriss Lindsey, (a/k/a Barbara Lindsey), husband and wife	Paloma Partners IV, LLC	6/26/2014	St. Helena	LA
	LA-0211-B	John Leon Lindsey, (a/k/a John L. Lindsey, a/k/a John Lindsey) and Barbara Chriss Lindsey, (a/k/a Barbara Lindsey), husband and wife	Paloma Partners IV, LLC	6/26/2014	St. Helena	LA
	LA-0211-C	John Leon Lindsey, (a/k/a John L. Lindsey, a/k/a John Lindsey) and Barbara Chriss Lindsey, (a/k/a Barbara Lindsey), husband and wife	Paloma Partners IV, LLC	6/26/2014	St. Helena	LA
	LA-0211-D	John Leon Lindsey, (a/k/a John L. Lindsey, a/k/a John Lindsey) and Barbara Chriss Lindsey, (a/k/a Barbara Lindsey), husband and wife	Paloma Partners IV, LLC	6/26/2014	St. Helena	LA
LA-0215	LA-0215-A	Walter R. Grice, a single man	Paloma Partners IV, LLC	7/10/2014	Tangipahoa	LA
LA-0216	LA-0216-A	Doris Evelyn Hornsby Marcantel, a married woman, dealing herein with her separate property	Paloma Partners IV, LLC	7/10/2014	Washington	LA
LA-0217	LA-0216-A	Linda Kathryn Hornsby Monta, a married woman, dealing herein with her separate property	Paloma Partners IV, LLC	7/10/2014	Washington	LA
LA-0219	LA-0219-A	Russell Wilton Passman and Carol K. Passman, husband and wife	Paloma Partners IV, LLC	7/9/2014	Washington	LA
LA-0222	LA-0222-A	Danny J. Toups and Maria Kraemer Toups, husband and wife	Paloma Partners IV, LLC	7/11/2014	Washington	LA
LA-0223	LA-0223-A	Connie R. Marmon and Betty Bateman Marmon, husband and wife	Paloma Partners IV, LLC	7/11/2014	Washington	LA
LA-0224	LA-0224-A	Charles David Brooks and Annette Dillon Brooks, husband and wife	Paloma Partners IV, LLC	7/11/2014	Washington	LA
	LA-0224-B	Charles David Brooks and Annette Dillon Brooks, husband and wife	Paloma Partners IV, LLC	7/11/2014	Washington	LA
	LA-0224-C	Charles David Brooks and Annette Dillon Brooks, husband and wife	Paloma Partners IV, LLC	7/11/2014	Washington	LA
LA-0225	LA-0225-A	Thomas Gerald Barber and Georgia Faye Rester Barber, husband and wife	Paloma Partners IV, LLC	7/11/2014	Washington	LA
LA-0226	LA-0226-A	Joe Ray Winters and Yvonne Campbell Winters, husband and wife	Paloma Partners IV, LLC	7/2/2014	Tangipahoa	LA
LA-0227	LA-0227-A	Christopher Winters, a single man	Paloma Partners IV, LLC	7/2/2014	Tangipahoa	LA
LA-0228	LA-0228-A	Jason Randall Birch and Darlan M. Birch, husband and wife	Paloma Partners IV, LLC	7/12/2014	St. Helena	LA
LA-0229	LA-0060-A	Wack A. Pope, IV, a single man	Paloma Partners IV, LLC	7/11/2014	St. Helena	LA
LA-0231	LA-0231-A	Bradley Hunter Blades, a single man	Paloma Partners IV, LLC	7/10/2014	St. Helena	LA

## Appendix A

### Subject Leases

Lease No.	Tract ID	Lessor	Lessee	Lease Date	Parish	State
LA-0232	LA-0232-A	Jeffrey Scott Swilley and Paula Bell Swilley, husband and wife	Paloma Partners IV, LLC	7/15/2014	Tangipahoa	LA
LA-0233	LA-0233-A	Albert A. Frazier (a/k/a Albert Ardell Frazier) and Dollie M. Frazier (a/k/a Dollie Mae Miller Frazier), husband and wife	Paloma Partners IV, LLC	7/15/2014	St. Helena	LA
LA-0234	LA-0234-A	Trinity Wade Buckley and Shelli Danielle McDaniel Buckley, husband and wife	Paloma Partners IV, LLC	7/12/2014	Tangipahoa	LA
LA-0235	LA-0235-A	Guy F. Buckley, Jr. and Hilda D. Buckley, individually and as Settlor and Co-Trustees of The Guy F. Buckley, Jr. and Hilda D. Buckley Revocable Living Trust for the benefit of Delilah C. Cortez	Paloma Partners IV, LLC	7/12/2014	Tangipahoa	LA
LA-0238	LA-0238-A	Jesse L. Dean and Majel H. Dean, husband and wife	Paloma Partners IV, LLC	7/10/2014	Tangipahoa	LA
LA-0242	LA-0242-A	Rebecca Fay Fox Finch	Paloma Partners IV, LLC	6/19/2014	Washington	LA
LA-0243	LA-0243-A	Vanessa Ford Gladney, aka Vanessa Gladney, a married woman dealing in her sole and separate property, individually, and as an heir to Charley Ford, Jr., deceased	Paloma Partners IV, LLC	6/25/2014	Washington	LA
LA-0244	LA-0243-A	Carole Ford, aka Carole M. Ford, a single woman, individually and as an heir of Charley Ford, Jr., deceased	Paloma Partners IV, LLC	6/25/2014	Washington	LA
LA-0245	LA-0245-A	Refuge Resources, LLC, a Mississippi Limited Liability Company, represented herein by Gary W. Stewart, Managing Member	Paloma Partners IV, LLC	7/7/2014	Tangipahoa	LA
LA-0246	LA-0246-A	Mae Helen Lee Johnson, widow of Samuel Tyrone Johnson, Sr., and not remarried	Paloma Partners IV, LLC	7/16/2014	Tangipahoa	LA
LA-0247	LA-0247-A	Walter William Travis, (a/k/a Walter Travis) and Sheryl C. Travis, (a/k/a Sheryl Cabaniss Brignac Travis), husband and wife	Paloma Partners IV, LLC	7/16/2014	St. Helena	LA
	LA-0247-B	Walter William Travis, (a/k/a Walter Travis) and Sheryl C. Travis, (a/k/a Sheryl Cabaniss Brignac Travis), husband and wife	Paloma Partners IV, LLC	7/16/2014	St. Helena	LA
LA-0248	LA-0247-A	Estate of Jessie Lee Travis Blades Strong, Deceased	Paloma Partners IV, LLC	7/17/2014	St. Helena	LA
LA-0255	LA-0255-A	Linda Annell Frazier, a single woman	Paloma Partners IV, LLC	7/18/2014	St. Helena	LA
LA-0256	LA-0256-A	Jamie Rhet Blackwell, a single man	Paloma Partners IV, LLC	7/16/2014	Washington	LA
LA-0257	LA-0216-A	Henry Louis Hornsby, a married man, dealing herein with his separate property	Paloma Partners IV, LLC	7/17/2014	Washington	LA
LA-0258	LA-0258-A	Brian Joseph Folse and Joanna Lynn McHugh Folse, husband and wife	Paloma Partners IV, LLC	7/21/2014	Washington	LA
LA-0259	LA-0259-A	Gwendolyn Blackwell Achord, a married woman, dealing herein with her sole and separate property	Paloma Partners IV, LLC	7/21/2014	Washington	LA
LA-0260	LA-0260-A	Rodney Wade Garcia and Edanna Lee Garcia, husband and wife	Paloma Partners IV, LLC	7/21/2014	Washington	LA
LA-0261	LA-0243-A	Bobby Earl Patterson, aka Bobby E. Patterson as attorney-in-fact for Oria Lee Ford Patterson, a widow	Paloma Partners IV, LLC	6/25/2014	Washington	LA
LA-0264	LA-0264-A	Audrey Dupre Wright, widow of Harold O. Wright, Harold O. Wright, Jr., a married man, dealing in his sole and separate property, Brad J. Wright, a married man, dealing in his sole and separate property, Lloyd R. Wright, a married man, dealing in his sole and separate property	Paloma Partners IV, LLC	7/17/2014	Tangipahoa	LA
LA-0265	LA-0265-A	Virginia Ann Miller Wall, a married woman, dealing in her sole and separate property	Paloma Partners IV, LLC	7/18/2014	Tangipahoa	LA
LA-0270	LA-0270-A	Stephanie Wildey Kuhn wife of/and Bruce Anthony Kuhn, Sr	Paloma Partners IV, LLC	7/1/2014	Tangipahoa	LA
LA-0271	LA-0271-A	Mary Louise Edwards McGehee, widow of Thurland McGehee, and not remarried	Paloma Partners IV, LLC	7/1/2014	Tangipahoa	LA
LA-0272	LA-0272-B	Aaron Brown Morris, III a/k/a A.B. Morris and Eleanor Holden Morris a/k/a Eleanor Ray Holden Morris, husband and wife	Paloma Partners IV, LLC	7/17/2014	Tangipahoa	LA
LA-0273	LA-0273-A	Gwyndolyn B. Topham, f/k/a Gwyndolyn B. Alford, a widow and not remarried	Paloma Partners IV, LLC	7/18/2014	Tangipahoa	LA
LA-0274	LA-0274-A	Donald F. Jones, aka Donald Ferris Jones and Jennifer Demarest Jones, aka Jennifer D. Jones, husband and wife	Paloma Partners IV, LLC	5/20/2014	Tangipahoa	LA
LA-0275	LA-0275-A	Audrey M. Ballon and Joseph H. Ballon, her husband	Paloma Partners IV, LLC	7/14/2014	Tangipahoa	LA
LA-0276	LA-0276-A	Desiree Morris White, a single woman	Paloma Partners IV, LLC	7/14/2014	Tangipahoa	LA
LA-0297	LA-0297-A	Betty Faye Hilbun Clark and Jerry L. Clark A/K/A Jerry Lee Clark, wife and husband	Paloma Partners IV, LLC	7/17/2014	Tangipahoa	LA
LA-0298	LA-0298-A	Lawrence Edward Brenner, Sr. and Sybil Stadler Brenner, husband and wife	Paloma Partners IV, LLC	7/17/2014	Tangipahoa	LA
LA-0299	LA-0299-A	Tunica Trace Enterprises, Inc. (a/k/a Tunica Tree Enterprises), a Louisiana Corporation	Paloma Partners IV, LLC	7/21/2014	St. Helena	LA
LA-0300	LA-0300-A	The Estate of Archie Wall, deceased, by Wilton James Wall, Administrator	Paloma Partners IV, LLC	7/29/2014	Tangipahoa	LA
	LA-0300-B	The Estate of Archie Wall, deceased, by Wilton James Wall, Administrator	Paloma Partners IV, LLC	7/29/2014	Tangipahoa	LA
LA-0301	LA-0301-A	Walter William Travis (a/k/a Walter Travis) and Sheryl C. Travis (a/k/a Sheryl Cabaniss Brignac Travis), husband and wife	Paloma Partners IV, LLC	7/24/2014	Tangipahoa	LA
	LA-0301-B	Walter William Travis (a/k/a Walter Travis) and Sheryl C. Travis (a/k/a Sheryl Cabaniss Brignac Travis), husband and wife	Paloma Partners IV, LLC	7/24/2014	Tangipahoa	LA
	LA-0301-C	Walter William Travis (a/k/a Walter Travis) and Sheryl C. Travis (a/k/a Sheryl Cabaniss Brignac Travis), husband and wife	Paloma Partners IV, LLC	7/24/2014	Tangipahoa	LA

## Appendix A

### Subject Leases

Lease No.	Tract ID	Lessor	Lessee	Lease Date	Parish	State
	LA-0301-D	Walter William Travis (a/k/a Walter Travis) and Sheryl C. Travis (a/k/a Sheryl Cabaniss Brignac Travis), husband and wife	Paloma Partners IV, LLC	7/24/2014	Tangipahoa	LA
LA-0302	LA-0300-A	Michael Archie Wall, divorced not remarried	Paloma Partners IV, LLC	7/28/2014	Tangipahoa	LA
	LA-0300-B	Michael Archie Wall, divorced not remarried	Paloma Partners IV, LLC	7/28/2014	Tangipahoa	LA
LA-0310	LA-0310-A	Peggy Hitt Robbins	Graves Oil & Gas Company, LLC	8/8/2011	Tangipahoa	LA
LA-0311	LA-0311-A	James Robert Harrellson, as his separate property	Graves Oil & Gas Company, LLC	9/5/2011	Tangipahoa	LA
	LA-0311-B	James Robert Harrellson, as his separate property	Graves Oil & Gas Company, LLC	9/5/2011	Tangipahoa	LA
LA-0317	LA-0317-A	Elbert L. Lea Smith Jr., as his separate property	Graves Oil & Gas Company, LLC	9/17/2011	St. Helena	LA
	LA-0317-B	Elbert L. Lea Smith Jr., as his separate property	Graves Oil & Gas Company, LLC	9/17/2011	St. Helena	LA
LA-0319	LA-0319-A	Carolyn S. Smith Baxter, as her separate property	Graves Oil & Gas Company, LLC	9/21/2011	St. Helena	LA
LA-0320	LA-0320-A	Joy S. Stegner, individually and as Trustee of the Joy S. Stegner Trust	Graves Oil & Gas Company, LLC	9/21/2011	St. Helena	LA
LA-0325	LA-0325-A	Gene Margaret Watson Jones, as her separate property	Graves Oil & Gas Company, LLC	10/27/2011	Tangipahoa	LA
LA-0326	LA-0326-A	Eugene Benton Watson, III, Trustee of the Watson Family 2005 Revocable Trust	Graves Oil & Gas Company, LLC	10/27/2011	Tangipahoa	LA
LA-0327	LA-0327-A	AMTEM, LLC	Graves Oil & Gas Company, LLC	10/27/2011	Tangipahoa	LA
LA-0328	LA-0328-A	Marywel, Inc.	Graves Oil & Gas Company, LLC	10/26/2011	Tangipahoa	LA
LA-0329	LA-0329-A	Beverly Burch	Graves Oil & Gas Company, LLC	12/6/2011	St. Helena	LA
LA-0336	LA-0336-A	Clovis W. Sanders and Doris Griffin Sanders, husband and wife	Paloma Partners IV, LLC	8/2/2014	St. Helena	LA
LA-0337	LA-0336-A	Patrick David Sanders and Jeana Lynn Morgan Sanders, husband and wife	Paloma Partners IV, LLC	8/2/2014	St. Helena	LA
LA-0347	LA-0347-A	Lance Fitzgerald, an unmarried man	Paloma Partners IV, LLC	8/2/2014	Tangipahoa	LA
LA-0348	LA-0348-A	Laurie Richard Jones, wife of Thomas Jones, dealing herein with her separate property	Paloma Partners IV, LLC	7/28/2014	Washington	LA
LA-0349	LA-0348-A	Susan Richard Chartier, wife of Michael Paul Chartier, dealing herein with her separate property	Paloma Partners IV, LLC	7/28/2014	Washington	LA
LA-0350	LA-0348-A	David G. Richard, husband of Lucy S. Richard, dealing herein with his separate property	Paloma Partners IV, LLC	7/31/2014	Washington	LA
LA-0351	LA-0351-A	Denise S. Lobell, wife of Paul J. Lobell, Sr., dealing herein with her sole and separate property	Paloma Partners IV, LLC	8/1/2014	Washington	LA
LA-0352	LA-0352-A	Bubba's Fine Plantation, LLC	Paloma Partners IV, LLC	8/1/2014	Washington	LA
LA-0353	LA-0353-A	Candie D. Simoneaux (f.k.a. Candie Michelle Dupre), wife of Joseph Simoneaux, dealing herein with her sole and separate property	Paloma Partners IV, LLC	8/5/2014	Washington	LA
LA-0354	LA-0354-A	Marilyn A. Savoie (f.k.a. Marilyn Arceneaux Dupre), wife of Dennis Savoie, dealing herein with her sole and separate property	Paloma Partners IV, LLC	8/5/2014	Washington	LA
LA-0356	LA-0356-A	Betty Schilling Schilling, a single woman	Paloma Partners IV, LLC	8/7/2014	Washington	LA
LA-0357	LA-0357-A	Joaquin J. Zito, Jr. and Marilyn Cancienne Zito, husband and wife	Paloma Partners IV, LLC	8/7/2014	Washington	LA
LA-0358	LA-0358-A	Gulf Loan Company, Inc., a Louisiana Corporation	Paloma Partners IV, LLC	8/7/2014	Washington	LA
LA-0363	LA-0363-A	Mildred Needham Birch, an unmarried woman and widow of William Clovis Birch, Sr.; Judith Mae Birch Bridges, a married woman dealing in her sole and separate property; Rhonda Faye Birch McGehee married to Edward Allan McGehee; Carolyn Sue Birch Lane, a married woman dealing in her sole and separate property; Mildred Elizabeth Birch Brabham, a widow and not remarried; William Clovis Birch, Jr., married to Sharon Rene Moak Birch; Vickie Lynn Lee, divorced and not remarried; Kenneth Lee Aron, a single man; Hardy Nicholas Hayden, married to Katherine Blades Hayden	Paloma Partners IV, LLC	8/7/2014	St. Helena	LA
LA-0367	LA-0367-A	David Hollis Stafford, a single man	Paloma Partners IV, LLC	8/10/2014	St. Helena	LA
LA-0368	LA-0367-A	Jason Russell Stafford and Stacey L. Stafford, husband and wife	Paloma Partners IV, LLC	8/9/2014	St. Helena	LA
LA-0379	LA-0379-A	Charles Randell Watson, a single man	Paloma Partners IV, LLC	8/11/2014	St. Helena	LA
LA-0382	LA-0382-A	Ronald D. Francis and Nancy H. Francis (a/k/a Nancy Hughes Francis), husband and wife	Paloma Partners IV, LLC	8/13/2014	St. Helena	LA
LA-0393	LA-0348-A	Steven R. Richard, husband of Kim Richard, dealing herein with his separate property	Paloma Partners IV, LLC	8/12/2014	Washington	LA
LA-0394	LA-0394-A	Bobby Earl Bailey and Angela Kennedy Bailey, husband and wife	Paloma Partners IV, LLC	8/12/2014	Washington	LA
LA-0395	LA-0395-A	William R. Karr, a single man	Paloma Partners IV, LLC	8/7/2014	Tangipahoa	LA
LA-0399	LA-0399-A	Robert L. Coble, Sr. and Gracie Gail Gorden Bourgeois Coble, (f/k/a Gracie G. Bourgeois) husband and wife	Paloma Partners IV, LLC	8/14/2014	St. Helena	LA
LA-0411	LA-0411-A	April Richard Gaude and Bryan M. Gaude, wife and husband	Paloma Partners IV, LLC	8/13/2014	Washington	LA
LA-0412	LA-0412-A	Doris Painter Mitchell and Thomas W. Mitchell, wife and husband	Paloma Partners IV, LLC	8/13/2014	Washington	LA
LA-0413	LA-0413-A	Walter Grant Mitchell, an unmarried man	Paloma Partners IV, LLC	8/13/2014	Washington	LA
LA-0415	LA-0415-A	Robbin Dean Graham, a married man dealing with his separate property	Paloma Partners IV, LLC	8/14/2014	Tangipahoa	LA
LA-0416	LA-0416-A	Whimbrel, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	8/14/2014	St. Helena	LA
LA-0417	LA-0417-A	RI Booty, divorced and not remarried, and Linda Faye Booty, divorced and not remarried	Paloma Partners IV, LLC	8/14/2014	Tangipahoa	LA
	LA-0417-B	RI Booty, divorced and not remarried, and Linda Faye Booty, divorced and not remarried	Paloma Partners IV, LLC	8/14/2014	Tangipahoa	LA

## Appendix A

### Subject Leases

Lease No.	Tract ID	Lessor	Lessee	Lease Date	Parish	State
LA-0417	LA-0417-D	RJ Booty, divorced and not remarried, and Linda Faye Booty, divorced and not remarried	Paloma Partners IV, LLC	8/14/2014	Tangipahoa	LA
	LA-0417-G	RJ Booty, divorced and not remarried, and Linda Faye Booty, divorced and not remarried	Paloma Partners IV, LLC	8/14/2014	Tangipahoa	LA
LA-0419	LA-0419-A	Lana Claire Schilling, a single woman	Paloma Partners IV, LLC	8/15/2014	Tangipahoa	LA
LA-0421	LA-0421-A	Robert E. Jones and Perle Booty Jones, husband and wife	Paloma Partners IV, LLC	8/18/2014	Tangipahoa	LA
LA-0423	LA-0423-A	James C. Ricks (a/k/a James Chess Ricks) and Iris Dykes Ricks (a/k/a Iris Yvonne Dykes Ricks), husband and wife	Paloma Partners IV, LLC	8/19/2014	Tangipahoa	LA
	LA-0423-B	James C. Ricks (a/k/a James Chess Ricks) and Iris Dykes Ricks (a/k/a Iris Yvonne Dykes Ricks), husband and wife	Paloma Partners IV, LLC	8/19/2014	Tangipahoa	LA
LA-0424	LA-0424-A	William Henry Ricks and Pamela Efferson Ricks, husband and wife	Paloma Partners IV, LLC	8/19/2014	Tangipahoa	LA
LA-0428	LA-0428-A	Raquel Booty, divorced and not remarried	Paloma Partners IV, LLC	8/20/2014	Tangipahoa	LA
LA-0430	LA-0430-A	Ora Lee Watson Summers, a widow	Paloma Partners IV, LLC	8/19/2014	Washington	LA
LA-0431	LA-0419-A	Toni Lynn Schilling, a single woman	Paloma Partners IV, LLC	8/13/2014	Tangipahoa	LA
LA-0434	LA-0434-A	Buford Earl Chiasson and Linda Navarre Chiasson, husband and wife	Paloma Partners IV, LLC	8/20/2014	Washington	LA
LA-0435	LA-0434-A	Johnny Kermit Chiasson and Janet Lee Chiasson, husband and wife	Paloma Partners IV, LLC	8/20/2014	Washington	LA
LA-0436	LA-0436-A	George W. Blomquist, husband of Elizabeth Martinez Blomquist, but dealing with his separate and paraphernal property under his separate administration and control	Paloma Partners IV, LLC	9/23/2014	Tangipahoa	LA
LA-0438	LA-0438-A	Elbert Lea Smith, Jr. and Wanda Bruce Smith, husband and wife	Paloma Partners IV, LLC	8/14/2014	St. Helena	LA
LA-0439	LA-0439-A	Jerry Brian Creel and Eva Leonora Creel, husband and wife	Paloma Partners IV, LLC	8/20/2014	Washington	LA
LA-0440	LA-0440-A	Vickie Lynn Lee Hayden, divorced and not remarried, Kenneth Lee Aron, a single man, and Hardy Nicholas Hayden a/k/a Nicholas Hardy Hayden, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	8/21/2014	St. Helena	LA
		Don Lee Taylor, a widower	Paloma Partners IV, LLC	8/21/2014	Tangipahoa	LA
LA-0442	LA-0442-A	Sunnyhill Grocery, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	8/22/2014	Tangipahoa	LA
LA-0443	LA-0443-B	Lewis Payton Travis, a divorced man, and not remarried and Suzanne Burch Travis, a divorced woman, and not remarried	Paloma Partners IV, LLC	8/22/2014	Tangipahoa	LA
	LA-0443-C	Lewis Payton Travis, a divorced man, and not remarried and Suzanne Burch Travis, a divorced woman, and not remarried	Paloma Partners IV, LLC	8/22/2014	Tangipahoa	LA
LA-0445	LA-0445-A	Cynthia Alford Lea Blades, (f/k/a Cynthia Alford Lea), a married woman, dealing in her sole and separate property	Paloma Partners IV, LLC	8/22/2014	Tangipahoa	LA
LA-0447	LA-0447-A	Rogers Land Holdings, LLC, a Louisiana Limited Liability Company	Paloma Partners IV, LLC	8/25/2014	Tangipahoa	LA
LA-0448	LA-0448-A	Quincy N. A. Walker, a divorced man	Paloma Partners IV, LLC	8/27/2014	Tangipahoa	LA
	LA-0448-B	Quincy N. A. Walker, a divorced man	Paloma Partners IV, LLC	8/27/2014	Tangipahoa	LA
LA-0449	LA-0449-A	Gene L. Simmons, Trustee of Simmons Family Irrevocable Trust u/t/a dated 12-22-2011	Paloma Partners IV, LLC	8/26/2014	Tangipahoa	LA
LA-0451	LA-0451-A	J.W. Cole - St. Helena, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	8/28/2014	St. Helena	LA
LA-0452	LA-0452-A	J.W. Cole - St. Helena, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	8/28/2014	St. Helena	LA
LA-0453	LA-0453-A	Benton Wayne Roberts, husband of Madeline Roberts, dealing herein with his sole and separate property	Paloma Partners IV, LLC	8/25/2014	Washington	LA
LA-0454	LA-0454-A	David Earl Duncan, a single man	Paloma Partners IV, LLC	8/25/2014	Washington	LA
LA-0455	LA-0453-A	Grace Smith Roberts (a.k.a. Grace S. Roberts), widowed and not remarried	Paloma Partners IV, LLC	8/25/2014	Washington	LA
LA-0456	LA-0456-A	Frank S. Bickham, Sr. and Glendora Riley Bickham, husband and wife	Paloma Partners IV, LLC	8/26/2014	Washington	LA
LA-0457	LA-0453-A	Jeffrey Frank Roberts, husband of Vicky Roberts, dealing herein with his sole and separate property	Paloma Partners IV, LLC	8/26/2014	Washington	LA
LA-0458	LA-0453-A	Marcia Robert Sims, wife of Ronnie Sims, dealing herein with her sole and separate property	Paloma Partners IV, LLC	8/26/2014	Washington	LA
LA-0459	LA-0459-A	Dewayne Aaron Bennett, single	Paloma Partners IV, LLC	8/23/2014	Washington	LA
	LA-0459-B	Dewayne Aaron Bennett, single	Paloma Partners IV, LLC	8/23/2014	Washington	LA
LA-0460	LA-0460-A	Aaron Bennett, divorced and not remarried	Paloma Partners IV, LLC	8/23/2014	Washington	LA
LA-0461	LA-0461-A	Percy Wall and Dianne Guy Wall, husband and wife	Paloma Partners IV, LLC	8/25/2014	Washington	LA
LA-0463	LA-0463-A	Murphy Robinson and Carolyn Lynette Warren Robinson, husband and wife	Paloma Partners IV, LLC	8/22/2014	Tangipahoa	LA
LA-0464	LA-0464-A	Cheryl M. Hayden, an unmarried woman, individually and as Guardian of the Person and Estate of David L. Brantley	Paloma Partners IV, LLC	8/25/2014	Tangipahoa	LA
LA-0466	LA-0466-A	Markcalus L. Perry, a single man	Paloma Partners IV, LLC	8/28/2014	Tangipahoa	LA
	LA-0466-B	Markcalus L. Perry, a single man	Paloma Partners IV, LLC	8/28/2014	Tangipahoa	LA
	LA-0466-C	Markcalus L. Perry, a single man	Paloma Partners IV, LLC	8/28/2014	Tangipahoa	LA
LA-0469	LA-0466-A	Jmariel Perry Bunch, a married woman, dealing in her sole and separate property	Paloma Partners IV, LLC	8/28/2014	Tangipahoa	LA
	LA-0466-B	Jmariel Perry Bunch, a married woman, dealing in her sole and separate property	Paloma Partners IV, LLC	8/28/2014	Tangipahoa	LA
	LA-0466-C	Jmariel Perry Bunch, a married woman, dealing in her sole and separate property	Paloma Partners IV, LLC	8/28/2014	Tangipahoa	LA
LA-0470	LA-0470-A	Sidney Covington and Shirley Ann Hood Covington, husband and wife	Paloma Partners IV, LLC	8/31/2014	St. Helena	LA

## Appendix A

### Subject Leases

Lease No.	Tract ID	Lessor	Lessee	Lease Date	Parish	State
LA-0471	LA-0471-A	Carl Latham Foster, a/k/a C. L. Foster, and Peggy H. Foster, husband and wife	Paloma Partners IV, LLC	8/31/2014	St. Helena	LA
LA-0472	LA-0472-A	Darryl Glyn Stubbs and Ada Louise Taylor Stubbs, husband and wife	Paloma Partners IV, LLC	8/31/2014	St. Helena	LA
LA-0473	LA-0473-A	Kenneth Ray Hurst and Alma Arbuthnot Hurst, husband and wife	Paloma Partners IV, LLC	8/31/2014	St. Helena	LA
	LA-0473-B	Kenneth Ray Hurst and Alma Arbuthnot Hurst, husband and wife	Paloma Partners IV, LLC	8/31/2014	St. Helena	LA
LA-0474	LA-0474-A	Nancy Ellen Arbuthnot and Randalin Ann Watson	Paloma Partners IV, LLC	8/31/2014	St. Helena	LA
LA-0475	LA-0475-A	Chris Allen Rick and Susan J. Rick, husband and wife	Paloma Partners IV, LLC	9/3/2014	Tangipahoa	LA
LA-0476	LA-0476-A	Ray Watson Properties, LLC, a Louisiana Limited Liability Company	Paloma Partners IV, LLC	8/28/2014	Washington	LA
LA-0477	LA-0477-A	Amanda Renee Duncan Sagely, wife of Scotty W. Sagely, dealing herein with her sole and separate property	Paloma Partners IV, LLC	8/29/2014	Washington	LA
LA-0478	LA-0477-A	Deborah Kaye Duncan Bennett, wife of Bobby L. Bennett, Jr., dealing herein with her sole and separate property	Paloma Partners IV, LLC	8/29/2014	Washington	LA
LA-0479	LA-0477-A	Jennifer Evelyn Duncan Holliday, wife of Rodney J. Holliday, dealing herein with her sole and separate property	Paloma Partners IV, LLC	8/29/2014	Washington	LA
LA-0480	LA-0477-A	Kathy Lynn Duncan Davis, wife of Donald Ray Davis, dealing herein with her sole and separate property	Paloma Partners IV, LLC	8/29/2014	Washington	LA
LA-0481	LA-0477-A	Pamela Sue Duncan Johnson, wife of James A. Johnson, III, dealing herein with her sole and separate property	Paloma Partners IV, LLC	8/29/2014	Washington	LA
LA-0482	LA-0477-A	Timothy Wayne Duncan, husband of Peggy Smith Duncan, dealing herein with his sole and separate property	Paloma Partners IV, LLC	8/29/2014	Washington	LA
LA-0484	LA-0484-A	Cody Britt Hughes, husband of Pattyce Hughes, dealing herein with his sole and separate property	Paloma Partners IV, LLC	9/3/2014	Washington	LA
LA-0485	LA-0484-A	Cody Britt Hughes, husband of Pattyce Hughes, dealing herein with his sole and separate property	Paloma Partners IV, LLC	9/3/2014	Washington	LA
LA-0486	LA-0486-A	Larry Anthony Blanchard and Tama James Blanchard, husband and wife	Paloma Partners IV, LLC	9/3/2014	Washington	LA
LA-0487	LA-0487-A	Sandra Ann Pierce Shows, a married woman, dealing with her sole and separate property	Paloma Partners IV, LLC	8/22/2014	Tangipahoa	LA
LA-0488	LA-0487-A	Brenda Lynn Pierce Falanga, a married woman, dealing with her sole and separate property	Paloma Partners IV, LLC	8/22/2014	Tangipahoa	LA
LA-0489	LA-0489-A	Darrell Sanders Jones, a/k/a Sandy Jones, and Roxie T. Jones, husband and wife	Paloma Partners IV, LLC	8/1/2014	Tangipahoa	LA
	LA-0489-B	Darrell Sanders Jones, a/k/a Sandy Jones, and Roxie T. Jones, husband and wife	Paloma Partners IV, LLC	8/1/2014	Tangipahoa	LA
LA-0490	LA-0490-A	Kevon L. Bordelon, who is also known as Kevin Bordelon, a single man, who has never been married	Paloma Partners IV, LLC	8/5/2014	Tangipahoa	LA
LA-0491	LA-0491-A	GIOIAG Properties, LLC, a Louisiana Limited Liability Company, represented herein by David Paul Giordano and Julie Ann Guarino Giordano, Managing Members	Paloma Partners IV, LLC	8/31/2014	Tangipahoa	LA
LA-0494	LA-0494-A	Jeannette James Newsome, f/k/a Jeannette James, a married woman dealing in her sole and separate property	Paloma Partners IV, LLC	9/5/2014	Tangipahoa	LA
LA-0495	LA-0495-A	Mary Ellen Negrotto Amato, a widow	Paloma Partners IV, LLC	9/5/2014	Washington	LA
LA-0496	LA-0494-A	Verta James Spain, an unmarried woman dealing in her sole and separate property	Paloma Partners IV, LLC	9/5/2014	Tangipahoa	LA
LA-0497	LA-0494-A	Joe R. James, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	9/9/2014	Tangipahoa	LA
LA-0498	LA-0498-A	Don Keith Dillon, a single man	Paloma Partners IV, LLC	9/10/2014	St. Helena	LA
	LA-0498-B	Don Keith Dillon, a single man	Paloma Partners IV, LLC	9/10/2014	St. Helena	LA
LA-0499	LA-0498-B	Ernest Pierce Dillon, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	9/10/2014	St. Helena	LA
	LA-0499-A	Ernest Pierce Dillon, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	9/10/2014	St. Helena	LA
LA-0500	LA-0498-B	Judy Dillon Kusman, a married woman dealing in her sole and separate property	Paloma Partners IV, LLC	9/10/2014	St. Helena	LA
	LA-0500-A	Judy Dillon Kusman, a married woman dealing in her sole and separate property	Paloma Partners IV, LLC	9/10/2014	St. Helena	LA
LA-0501	LA-0501-A	Karen Quaglino Daray, a widow, and not remarried	Paloma Partners IV, LLC	9/10/2014	Tangipahoa	LA
LA-0502	LA-0501-A	Karen Quaglino Daray, as the Executrix of the Succession of Dennis Allen Daray, Deceased	Paloma Partners IV, LLC	9/10/2014	Tangipahoa	LA
LA-0503	LA-0498-B	Wendell C. Dillon, by and through his Attorney in Fact, Patricia Dillon	Paloma Partners IV, LLC	9/11/2014	St. Helena	LA
LA-0503	LA-0503-A	Wendell C. Dillon, by and through his Attorney in Fact, Patricia Dillon	Paloma Partners IV, LLC	9/11/2014	St. Helena	LA
LA-0504	LA-0504-A	Fortier & Pelliccio Holdings, LLC, a Louisiana Limited Liability Company	Paloma Partners IV, LLC	9/9/2014	Washington	LA
LA-0505	LA-0505-A	Bradley Scott Kerbow and Barbara Foley Kerbow, husband and wife	Paloma Partners IV, LLC	9/6/2014	Washington	LA
LA-0506	LA-0506-A	Jimmy Schilling and Wesley Mae Schilling (a/k/a, Wesley M. Schilling), husband and wife	Paloma Partners IV, LLC	9/6/2014	Washington	LA
LA-0507	LA-0507-A	Keith Lamar Schilling and Karen Adams Schilling, husband and wife	Paloma Partners IV, LLC	9/6/2014	Washington	LA
	LA-0507-B	Keith Lamar Schilling and Karen Adams Schilling, husband and wife	Paloma Partners IV, LLC	9/6/2014	Washington	LA
LA-0508	LA-0508-A	Michael Paul Painter and Jodi L. Painter, husband and wife	Paloma Partners IV, LLC	9/6/2014	Washington	LA
	LA-0508-B	Michael Paul Painter and Jodi L. Painter, husband and wife	Paloma Partners IV, LLC	9/6/2014	Washington	LA
LA-0509	LA-0509-A	Steve Lamar Kerbow and Janice Reid Kerbow, husband and wife	Paloma Partners IV, LLC	9/6/2014	Washington	LA

## Appendix A

### Subject Leases

Lease No.	Tract ID	Lessor	Lessee	Lease Date	Parish	State
LA-0510	LA-0510-B	Steve Lamar Kerbow and Janice Reid Kerbow, husband and wife	Paloma Partners IV, LLC	9/6/2014	Washington	LA
LA-0510	LA-0510-A	Carolyn Sue Westmoreland, dealing herein with her sole and separate property	Paloma Partners IV, LLC	9/5/2014	Washington	LA
LA-0511	LA-0510-A	Patricia W. Goudeau, dealing herein with her sole and separate property	Paloma Partners IV, LLC	9/5/2014	Washington	LA
LA-0512	LA-0512-A	Philip Kerbow and Sonja Marie Booty Kerbow, husband and wife	Paloma Partners IV, LLC	9/6/2014	Washington	LA
LA-0512	LA-0512-B	Philip Kerbow and Sonja Marie Booty Kerbow, husband and wife	Paloma Partners IV, LLC	9/6/2014	Washington	LA
LA-0513	LA-0513-A	Richard Budde, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	9/1/2014	Washington	LA
LA-0514	LA-0514-A	Howard W. Sharp and Rachel B. Sharp Revocable Living Trust, Howard W. Sharp and Rachel B. Sharp, individually and as Co-Trustees	Paloma Partners IV, LLC	8/28/2014	Washington	LA
LA-0516	LA-0516-A	Julia Roane Moorhead, aka Julie Moorhead, individually, and as Personal Representative of the estate of James R. Moorhead, deceased	Paloma Partners IV, LLC	8/23/2014	Washington	LA
LA-0517	LA-0498-B	Valerie Dillon Cox, a single woman	Paloma Partners IV, LLC	9/11/2014	St. Helena	LA
LA-0517	LA-0517-A	Valerie Dillon Cox, a single woman	Paloma Partners IV, LLC	9/11/2014	St. Helena	LA
LA-0518	LA-0518-A	Kurt Konrad Kundler, a widower and not remarried	Paloma Partners IV, LLC	9/12/2014	St. Helena	LA
LA-0519	LA-0519-A	Henry Heck Sheffield, married man dealing in his sole and separate property	Paloma Partners IV, LLC	9/12/2014	Tangipahoa	LA
LA-0519	LA-0519-B	Henry Heck Sheffield, married man dealing in his sole and separate property	Paloma Partners IV, LLC	9/12/2014	Tangipahoa	LA
LA-0520	LA-0494-A	Brandon Hall Fields, a married man dealing in his sole and separate property and as sole Heir at Law of Ruby Jean James Fields	Paloma Partners IV, LLC	9/12/2014	Tangipahoa	LA
LA-0521	LA-0521-A	Priscilla Green, aka Priscilla Jones Green, a widow	Paloma Partners IV, LLC	9/1/2014	Washington	LA
LA-0522	LA-0522-A	Willie Dickson, f/k/a Willie Dickerson, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	9/16/2014	Tangipahoa	LA
LA-0523	LA-0523-A	William Milton Johnson, Sr., a widower and not remarried and William Milton Johnson, Jr., a married man dealing in his sole and separate property	Paloma Partners IV, LLC	9/16/2014	St. Helena	LA
LA-0524	LA-0524-A	Cecilia Jan Alford, a single woman	Paloma Partners IV, LLC	9/17/2014	Tangipahoa	LA
LA-0524	LA-0524-B	Cecilia Jan Alford, a single woman	Paloma Partners IV, LLC	9/17/2014	Tangipahoa	LA
LA-0525	LA-0524-A	Cynthia Marie Alford Lea Blades, a married woman, dealing in her sole and separate property	Paloma Partners IV, LLC	9/17/2014	Tangipahoa	LA
LA-0525	LA-0524-B	Cynthia Marie Alford Lea Blades, a married woman, dealing in her sole and separate property	Paloma Partners IV, LLC	9/17/2014	Tangipahoa	LA
LA-0526	LA-0524-A	Homer Linton Alford, a married man, dealing in his sole and separate property	Paloma Partners IV, LLC	9/17/2014	Tangipahoa	LA
LA-0526	LA-0524-B	Homer Linton Alford, a married man, dealing in his sole and separate property	Paloma Partners IV, LLC	9/17/2014	Tangipahoa	LA
LA-0527	LA-0524-A	Judy Elizabeth Alford Eckman, a married woman, dealing in her sole and separate property	Paloma Partners IV, LLC	9/17/2014	Tangipahoa	LA
LA-0527	LA-0524-B	Judy Elizabeth Alford Eckman, a married woman, dealing in her sole and separate property	Paloma Partners IV, LLC	9/17/2014	Tangipahoa	LA
LA-0528	LA-0524-A	Patricia Faithe Alford Painter, a married woman, dealing in her sole and separate property	Paloma Partners IV, LLC	9/17/2014	Tangipahoa	LA
LA-0528	LA-0524-B	Patricia Faithe Alford Painter, a married woman, dealing in her sole and separate property	Paloma Partners IV, LLC	9/17/2014	Tangipahoa	LA
LA-0529	LA-0529-A	John D. Dickerson, an unremarried widower, dealing in his sole and separate property	Paloma Partners IV, LLC	9/18/2014	Tangipahoa	LA
LA-0530	LA-0530-A	James C. Schwartz and Ruby C. Schwartz, husband and wife	Paloma Partners IV, LLC	9/12/2014	St. Helena Tangipahoa	LA
LA-0531	LA-0531-A	Gloria Alene Burch, divorced and not remarried	Paloma Partners IV, LLC	9/17/2014	St. Helena	LA
LA-0532	LA-0532-A	Ray Ann Lesene, a/k/a Ray Ann Brumfield, a widow	Paloma Partners IV, LLC	9/17/2014	Tangipahoa	LA
LA-0533	LA-0533-A	Steve Randall Travis and Mary Travis, husband and wife	Paloma Partners IV, LLC	9/16/2014	Tangipahoa	LA
LA-0534	LA-0534-A	Justin Russell Hendry, a married man, dealing in his sole and separate property	Paloma Partners IV, LLC	9/19/2014	Tangipahoa	LA
LA-0539	LA-0539-A	Jennifer Gehringer, single	Paloma Partners IV, LLC	9/22/2014	Tangipahoa	LA
LA-0540	LA-0540-A	Frankie L. Gehringer, Jr. and Fay Gentry Gehringer, husband and wife	Paloma Partners IV, LLC	9/22/2014	Tangipahoa	LA
LA-0540	LA-0540-B	Frankie L. Gehringer, Jr. and Fay Gentry Gehringer, husband and wife	Paloma Partners IV, LLC	9/22/2014	Tangipahoa	LA
LA-0541	LA-0541-A	Bobby Don Prine and Edith Kathleen Womack Prine, husband and wife	Paloma Partners IV, LLC	9/22/2014	Tangipahoa	LA
LA-0542	LA-0542-A	David Newton Randol and Paula McCormick Randol, husband and wife	Paloma Partners IV, LLC	9/23/2014	Tangipahoa	LA
LA-0543	LA-0543-A	Samuel R. Rainey and Frances M. Rainey (Husband and Wife)	Paloma Partners IV, LLC	9/17/2014	St. Helena	LA
LA-0544	LA-0544-A	Dorothy Dillon Bridges, a married woman dealing in her sole and separate property	Paloma Partners IV, LLC	9/18/2014	St. Helena	LA
LA-0545	LA-0545-A	Kentwood Properties, LLC, a Louisiana limited liability corporation	Paloma Partners IV, LLC	9/22/2014	St. Helena	LA
LA-0546	LA-0546-A	Kyle Landon Hatcher and Ashley Hatcher, husband and wife	Paloma Partners IV, LLC	9/21/2014	St. Helena	LA
LA-0547	LA-0142-B	Larry A. Blades and Stephanie Wilson Blades, husband and wife	Paloma Partners IV, LLC	9/19/2014	St. Helena	LA
LA-0548	LA-0548-A	Caroline Reeves Kiff, widow, not remarried	Paloma Partners IV, LLC	9/22/2014	St. Helena	LA
LA-0549	LA-0549-A	Jessie Mae Scott Pounds, single women	Paloma Partners IV, LLC	9/24/2014	St. Helena	LA
LA-0549	LA-0549-B	Jessie Mae Scott Pounds, single women	Paloma Partners IV, LLC	9/24/2014	St. Helena	LA

## Appendix A

### Subject Leases

Lease No.	Tract ID	Lessor	Lessee	Lease Date	Parish	State
LA-0551	LA-0551-A	Charles Dewitt Strickland, a married man, dealing in his sole and separate property	Paloma Partners IV, LLC	9/22/2014	Tangipahoa	LA
LA-0552	LA-0552-A	Mark Allen Randol and Vickie Ann Hyde Randol, husband and wife	Paloma Partners IV, LLC	9/22/2014	Tangipahoa	LA
LA-0553	LA-0553-A	Kermit Williams Gibson, Jr., and Sandra Johnson Gabriel Gibson, husband and wife	Paloma Partners IV, LLC	9/19/2014	Tangipahoa	LA
LA-0554	LA-0519-A	Sally Sheffield Garon, married woman dealing in her sole and separate property	Paloma Partners IV, LLC	9/16/2014	Tangipahoa	LA
	LA-0519-B	Sally Sheffield Garon, married woman dealing in her sole and separate property	Paloma Partners IV, LLC	9/16/2014	Tangipahoa	LA
LA-0555	LA-0555-A	Charlie McDaniel Morris and Elizabeth Biscotto Morris, husband and wife	Paloma Partners IV, LLC	9/29/2014	Tangipahoa	LA
	LA-0555-B	Charlie McDaniel Morris and Elizabeth Biscotto Morris, husband and wife	Paloma Partners IV, LLC	9/29/2014	Tangipahoa	LA
LA-0556	LA-0556-A	Susie L. Ramsey, widowed and not remarried	Paloma Partners IV, LLC	9/23/2014	Tangipahoa	LA
LA-0557	LA-0556-A	Carolyn Ramsey Smith, divorced and not remarried, dealing herein with her sole and separate property	Paloma Partners IV, LLC	9/25/2014	Tangipahoa	LA
LA-0559	LA-0559-A	Brister Tyrone Blades, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	9/25/2014	Tangipahoa	LA
LA-0560	LA-0560-A	Dylan Ethan Butler, a single man	Paloma Partners IV, LLC	9/26/2014	Tangipahoa	LA
LA-0561	LA-0560-A	Breonne Genet Williams, a single woman	Paloma Partners IV, LLC	9/26/2014	Tangipahoa	LA
LA-0562	LA-0562-A	James Dale Easley, husband of Renee Easley, dealing herein with his sole and separate property	Paloma Partners IV, LLC	10/1/2014	Tangipahoa	LA
LA-0563	LA-0563-A	James G. Blades, a/k/a Jamie G., Blades and Mary A. Blades, husband and wife	Paloma Partners IV, LLC	9/24/2014	St. Helena	LA
LA-0564	LA-0564-A	Alan Ray Blackwell and Beverly A. Blackwell, husband and wife	Paloma Partners IV, LLC	9/24/2014	St. Helena	LA
LA-0565	LA-0565-A	Mary Virginia Easley Wilson, a widow	Paloma Partners IV, LLC	9/24/2014	St. Helena	LA
LA-0566	LA-0566-A	James Pounds, single male	Paloma Partners IV, LLC	9/25/2014	St. Helena	LA
LA-0567	LA-0567-A	Carolyn Louise Tate Newman, divorced and not remarried	Paloma Partners IV, LLC	9/26/2014	St. Helena	LA
LA-0568	LA-0568-A	Donald R. Bridges and Sherida Coble Bridges, husband and wife	Paloma Partners IV, LLC	9/29/2014	St. Helena	LA
LA-0569	LA-0569-A	Todd Milton Wiedmer and Indira Mahadeo Wiedmer, husband and wife	Paloma Partners IV, LLC	9/30/2014	St. Helena	LA
LA-0570	LA-0570-A	Elbert Lea Smith, Jr. a/k/a Lea Smith and Wanda Bruce Smith, husband and wife	Paloma Partners, IV, LLC	10/2/2014	Tangipahoa	LA
LA-0571	LA-0571-A	Frances Marie Stafford Slaven, unremarried widow of John Cleave Slaven, Deceased	Paloma Partners, IV, LLC	10/3/2014	Tangipahoa	LA
	LA-0571-B	Frances Marie Stafford Slaven, unremarried widow of John Cleave Slaven, Deceased	Paloma Partners, IV, LLC	10/3/2014	Tangipahoa	LA
LA-0572	LA-0571-A	Angela DeLynn Slaven McMorris and Janet Slaven Allen, both married women, dealing in their sole and separate property, being the heirs at law of John Cleave Slaven, Deceased	Paloma Partners, IV, LLC	10/3/2014	Tangipahoa	LA
LA-0573	LA-0573-A	Quentin Jackson Allen and Janet Slaven Allen, husband and wife	Paloma Partners, IV, LLC	10/3/2014	Tangipahoa	LA
LA-0575	LA-0556-A	Anthony Ramsey, dealing herein with his sole and separate property	Paloma Partners, IV, LLC	9/29/2014	Tangipahoa	LA
LA-0576	LA-0576-A	Princess Wright, a single woman dealing in her sole and separate property	Paloma Partners, IV, LLC	10/8/2014	Tangipahoa	LA
LA-0577	LA-0576-A	Shauntell Wright Winfield, f/k/a Shauntell Wright, divorced and not remarried, dealing in her sole and separate property	Paloma Partners, IV, LLC	10/8/2014	Tangipahoa	LA
LA-0578	LA-0578-A	Scott Hamilton Lanier and Delane Catoire Lanier	Paloma Partners, IV, LLC	9/26/2014	Tangipahoa	LA
LA-0579	LA-0419-A	Crystal Joy Schilling Caro, a married woman dealing in her sole and separate property	Paloma Partners, IV, LLC	9/19/2014	Tangipahoa	LA
LA-0580	LA-0580-A	Bernard Wright, divorced and not remarried	Paloma Partners, IV, LLC	10/1/2014	Tangipahoa	LA
	LA-0580-B	Bernard Wright, divorced and not remarried	Paloma Partners, IV, LLC	10/1/2014	Tangipahoa	LA
LA-0581	LA-0581-A	Skipper Michael Venable, a married man dealing in his sole and separate property	Paloma Partners, IV, LLC	10/6/2014	Tangipahoa	LA
LA-0582	LA-0581-A	Daniel Scott Venable, a married man dealing in his sole and separate property	Paloma Partners, IV, LLC	10/6/2014	Tangipahoa	LA
LA-0583	LA-0583-B	Bethel Baptist Church, A Louisiana Non-Profit Corporation	Paloma Partners, IV, LLC	10/6/2014	St. Helena	LA
	LA-0583-A	Bethel Baptist Church, A Louisiana Non-Profit Corporation	Paloma Partners, IV, LLC	10/6/2014	Tangipahoa	LA
LA-0584	LA-0584-A	Eugene Pounds, Sr. and Mary Abram Pounds, husband and wife	Paloma Partners, IV, LLC	10/2/2014	St. Helena	LA
LA-0586	LA-0586-A	Mark Castille and Roxanne Castille, husband and wife	Paloma Partners, IV, LLC	10/2/2014	St. Helena	LA
LA-0587	LA-0587-A	George Edward Brumfield and Angela Denise Wascom Brumfield, husband and wife	Paloma Partners, IV, LLC	10/3/2014	St. Helena	LA
LA-0588	LA-0588-A	Jimmie Ray Easley and Jolie Floyd Easley, husband and wife	Paloma Partners, IV, LLC	10/6/2014	St. Helena	LA
LA-0589	LA-0589-A	Timothy Lamar Bates and Laura Anthony Bates, husband and wife	Paloma Partners, IV, LLC	10/8/2014	St. Helena	LA
LA-0590	LA-0590-A	Nancy M. Morris	Gary L. Honea	11/13/2013	Tangipahoa	LA
	LA-0590-B	Nancy M. Morris	Gary L. Honea	11/13/2013	Tangipahoa	LA
LA-0591	LA-0590-B	Reginald Glenn Smith and wife, Trudie Marie Ellwood Smith	Gary L. Honea	11/20/2013	Tangipahoa	LA
LA-0592	LA-0590-A	Glenn Bolton Morris	Gary L. Honea	11/14/2013	Tangipahoa	LA

## Appendix A

### Subject Leases

Lease No.	Tract ID	Lessor	Lessee	Lease Date	Parish	State
LA-0598	LA-0598-A	Raymond James, a married man, dealing in his sole and separate property; Albert James, Larry Harris, Alphonse Brown, Etta Varnado, single and dealing in their sole and separate property, all being the heirs at law of Ester Lee Harris	Paloma Partners IV, LLC	10/2/2014	Tangipahoa	LA
LA-0600	LA-0600-A	Carl T. Delaney and Kharon B. Delaney, husband and wife	Paloma Partners IV, LLC	10/13/2014	Tangipahoa	LA
LA-0601	LA-0601-A	Carl L. McMurray and Patricia Percy McMurray, husband and wife	Paloma Partners IV, LLC	10/11/2014	Tangipahoa	LA
LA-0602	LA-0602-A	Cecil William Randol, divorced and not remarried	Paloma Partners IV, LLC	10/16/2014	Tangipahoa	LA
LA-0603	LA-0602-A	Patricia Ann Thompson, f/k/a Patricia Ann Thompson Randol, divorced and not remarried	Paloma Partners IV, LLC	10/16/2014	Tangipahoa	LA
LA-0604	LA-0604-A	Timothy D. Cole, divorced and not remarried	Paloma Partners IV, LLC	10/14/2014	St. Helena	LA
LA-0605	LA-0605-A	Timothy W. Pounds, single	Paloma Partners IV, LLC	10/9/2014	St. Helena	LA
LA-0606	LA-0606-A	Anthony F. Tamporello and Erin Neal Tamporello, husband and wife	Paloma Partners IV, LLC	10/12/2014	St. Helena	LA
LA-0608	LA-0608-A	Kelvin D. Harriman and Cynthia B. Harriman, husband and wife	Paloma Partners IV, LLC	10/10/2014	St. Helena	LA
LA-0609	LA-0609-A	Gladys June Church Blades, a widow	Paloma Partners IV, LLC	10/10/2014	St. Helena	LA
LA-0610	LA-0610-A	Jimmie Blackwell, a married man dealing with his sole and separate property	Paloma Partners IV, LLC	10/14/2014	St. Helena	LA
LA-0611	LA-0611-A	Angela D. Johns, legally separated	Paloma Partners IV, LLC	10/15/2014	St. Helena	LA
LA-0612	LA-0611-A	Josephine Johns Samuels, a married woman dealing with her sole and separate property	Paloma Partners IV, LLC	10/15/2014	St. Helena	LA
LA-0613	LA-0613-A	Ronnie E. Strickland and Verda W. Strickland, husband and wife	Paloma Partners IV, LLC	10/15/2014	St. Helena	LA
LA-0614	LA-0614-A	Michael C. Alford, a single man	Paloma Partners IV, LLC	10/15/2014	Tangipahoa	LA
LA-0615	LA-0615-A	Robert Marc Huber, a divorced man	Paloma Partners IV, LLC	10/21/2014	Tangipahoa	LA
LA-0616	LA-0616-A	Dorothy Hope Guy, a widow	Paloma Partners IV, LLC	10/17/2014	Tangipahoa	LA
LA-0619	LA-0619-A	Dixie Duncan Smith, widowed and not remarried	Paloma Partners IV, LLC	10/21/2014	St. Helena	LA
LA-0620	LA-0611-A	Eviel G. Johns, a/k/a Eviel Johns Jackson, a widow	Paloma Partners IV, LLC	10/15/2014	St. Helena	LA
LA-0621	LA-0611-A	Willie M. Johns, a widow	Paloma Partners IV, LLC	10/15/2014	St. Helena	LA
LA-0622	LA-0622-A	Soterra, LLC, a Delaware limited liability company	Paloma Partners IV, LLC	10/26/2014	St. Helena	LA
LA-0623	LA-0623-A	Lea Michael Hendrickson, a married man, dealing in his sole and separate property	Paloma Partners IV, LLC	10/21/2014	Tangipahoa	LA
LA-0626	LA-0626-A	Patricia Nicolosi Manzella and Anthony Joseph Manzella, SR., wife and husband	Paloma Partners IV, LLC	10/21/2014	St. Helena	LA
LA-0627	LA-0627-A	Brenda Kay Harrison, widowed and not remarried	Paloma Partners IV, LLC	10/22/2014	St. Helena	LA
LA-0628	LA-0628-A	Alan Wayne Easley, divorced and not remarried	Paloma Partners IV, LLC	10/23/2014	St. Helena	LA
LA-0629	LA-0629-A	Alan Wayne Easley, divorced and not remarried	Paloma Partners IV, LLC	10/23/2014	St. Helena	LA
LA-0633	LA-0633-A	Betty Redmond, a single woman, never married	Paloma Partners IV, LLC	10/28/2014	St. Helena	LA
LA-0634	LA-0633-A	Felder J. Redmond, a married man, dealing with his sole and separate property	Paloma Partners IV, LLC	10/28/2014	St. Helena	LA
LA-0635	LA-0635-A	Linda G. Lea Clemons, a single woman	Paloma Partners IV, LLC	11/4/2014	Tangipahoa	LA
LA-0636	LA-0636-A	Garland Lewis Lea, Jr. and Janet Whitehead Lea, husband and wife	Paloma Partners IV, LLC	11/4/2014	Tangipahoa	LA
LA-0637	LA-0637-A	Joseph Anthony Norman, a married man, dealing with his sole and separate property	Paloma Partners IV, LLC	10/25/2014	St. Helena	LA
LA-0638	LA-0637-A	Edna Marie Norman, a widow	Paloma Partners IV, LLC	10/25/2014	St. Helena	LA
LA-0639	LA-0637-A	Andrew Robert Norman, III, a married man, dealing with his sole and separate property	Paloma Partners IV, LLC	10/25/2014	St. Helena	LA
LA-0640	LA-0640-A	Margaret Hookfin Robinson, widow and not remarried	Paloma Partners IV, LLC	11/5/2014	St. Helena	LA
LA-0641	LA-0640-A	Raymond L. Gilvert and Joyce Ann Terrell Gilvert, husband and wife	Paloma Partners IV, LLC	11/5/2014	St. Helena	LA
LA-0642	LA-0642-A	Raymond L. Gilvert and Joyce Ann Terrell Gilvert, husband and wife	Paloma Partners IV, LLC	11/5/2014	St. Helena	LA
LA-0643	LA-0643-A	Dennis R. Trotter and Tangie S. Trotter, husband and wife	Paloma Partners IV, LLC	11/5/2014	St. Helena	LA
LA-0644	LA-0644-A	Roy Leslie Covington and Carolyn McKnight Covington, husband and wife	Paloma Partners IV, LLC	11/14/2014	St. Helena	LA
LA-0645	LA-0645-A	Wade Leslie Covington and Monica Langlois Covington, husband and wife	Paloma Partners IV, LLC	11/14/2014	St. Helena	LA
LA-0646	LA-0646-A	Chris Raymond Richard, divorced and not remarried	Paloma Partners IV, LLC	11/17/2014	St. Helena	LA
LA-0647	LA-0646-A	Don Carlos Nevills, a widower and not remarried	Paloma Partners IV, LLC	11/17/2014	St. Helena	LA
LA-0648	LA-0646-A	Zoe Love Lopitz Cassel, divorced and not remarried	Paloma Partners IV, LLC	11/17/2014	St. Helena	LA
LA-0649	LA-0649-A	Holly Rachelle Williams, a single woman	Paloma Partners IV, LLC	11/18/2014	St. Helena	LA
LA-0650	LA-0650-A	Advantage Real Estate, LLC, a Louisiana Limited Liability Company	Paloma Partners IV, LLC	11/19/2014	St. Helena	LA
LA-0651	LA-0651-A	Robert Gerard Hartman, a married man dealing in his sole and separate property, appearing herein through his agent and Attorney-in-Fact, Sarah Thames Hartman	Paloma Partners IV, LLC	11/11/2014	Tangipahoa	LA
LA-0652	LA-0652-A	Helen S. Bates f/k/a Helen Bates Boykins, a widow and not remarried	Paloma Partners IV, LLC	11/12/2014	St. Helena	LA
LA-0653	LA-0653-A	Melinda D. Pounds-Bain, a married woman dealing with her sole and separate property	Paloma Partners IV, LLC	11/12/2014	St. Helena	LA
LA-0655	LA-0655-A	Mark C. Pellegrin and Lydia Cole Pellegrin, husband and wife	Paloma Partners IV, LLC	12/1/2014	St. Helena	LA
LA-0656	LA-0656-A	Eli Donald Raborn and Norma Jean Raborn, aka Norma Miller Raborn, husband and wife	Paloma Partners IV, LLC	11/24/2014	Tangipahoa	LA
LA-0657	LA-0657-A	Edward Pierce Miller and Joell Lala Miller, husband and wife	Paloma Partners IV, LLC	11/24/2014	Tangipahoa	LA
LA-0658	LA-0658-A	Gary Keith Newman, a single man	Paloma Partners IV, LLC	11/24/2014	St. Helena	LA

## Appendix A

### Subject Leases

Lease No.	Tract ID	Lessor	Lessee	Lease Date	Parish	State
LA-0664	LA-0664-A	Harlon A. Toney, et al	Encana Oil & Gas (USA) Inc.	6/18/2013	St. Helena	LA
	LA-0664-B	Harlon A. Toney, et al	Encana Oil & Gas (USA) Inc.	6/18/2013	St. Helena	LA
LA-0666	LA-0666-A	Brett Shannon Frazier	Encana Oil & Gas (USA) Inc.	6/7/2013	St. Helena	LA
	LA-0666-B	Brett Shannon Frazier	Encana Oil & Gas (USA) Inc.	6/7/2013	St. Helena	LA
	LA-0666-C	Brett Shannon Frazier	Encana Oil & Gas (USA) Inc.	6/7/2013	St. Helena	LA
LA-0667	LA-0666-A	Sharon Gail Frazier Meyer	Encana Oil & Gas (USA) Inc.	6/7/2013	St. Helena	LA
	LA-0666-B	Sharon Gail Frazier Meyer	Encana Oil & Gas (USA) Inc.	6/7/2013	St. Helena	LA
LA-0668	LA-0668-A	Gerald McMillan, et ux	Encana Oil & Gas (USA) Inc.	5/10/2013	St. Helena	LA
LA-0669	LA-0669-A	Barbara Lynn Holmes Trust, by its Trustee, George Richard Holmes	Encana Oil & Gas (USA) Inc.	6/20/2013	St. Helena	LA
LA-0670	LA-0670-A	William Lee Travis III	Encana Oil & Gas (USA) Inc.	5/31/2013	St. Helena	LA
	LA-0670-B	William Lee Travis III	Encana Oil & Gas (USA) Inc.	5/31/2013	St. Helena	LA
LA-0671	LA-0670-A	Clare Lee Travis Leguyader	Encana Oil & Gas (USA) Inc.	6/1/2013	St. Helena	LA
LA-0672	LA-0672-A	Connie Bousquet	Encana Oil & Gas (USA) Inc.	5/24/2013	St. Helena	LA
LA-0673	LA-0673-A	Frances Martin Robbins	Encana Oil & Gas (USA) Inc.	6/28/2013	St. Helena	LA
LA-0674	LA-0674-A	William C. Alford II and wife, Martha Jane Glasgow Alford	Encana Oil & Gas (USA) Inc.	6/25/2013	St. Helena	LA
LA-0675	LA-0675-A	Tracy D. Boone, et ux	Encana Oil & Gas (USA) Inc.	10/4/2013	St. Helena	LA
LA-0678	LA-0678-A	Stanani C.L. Capdeboscq	Encana Oil & Gas (USA) Inc.	7/12/2013	St. Helena	LA
	LA-0678-B	Stanani C.L. Capdeboscq	Encana Oil & Gas (USA) Inc.	7/12/2013	St. Helena	LA
	LA-0678-C	Stanani C.L. Capdeboscq	Encana Oil & Gas (USA) Inc.	7/12/2013	St. Helena	LA
	LA-0678-D	Stanani C.L. Capdeboscq	Encana Oil & Gas (USA) Inc.	7/12/2013	St. Helena	LA
	LA-0678-E	Stanani C.L. Capdeboscq	Encana Oil & Gas (USA) Inc.	7/12/2013	St. Helena	LA
	LA-0678-F	Stanani C.L. Capdeboscq	Encana Oil & Gas (USA) Inc.	7/12/2013	St. Helena	LA
LA-0679	LA-0678-A	Courtland Collins Lawson	Encana Oil & Gas (USA) Inc.	7/12/2013	St. Helena	LA
	LA-0678-B	Courtland Collins Lawson	Encana Oil & Gas (USA) Inc.	7/12/2013	St. Helena	LA
	LA-0678-C	Courtland Collins Lawson	Encana Oil & Gas (USA) Inc.	7/12/2013	St. Helena	LA
	LA-0678-D	Courtland Collins Lawson	Encana Oil & Gas (USA) Inc.	7/12/2013	St. Helena	LA
	LA-0678-E	Courtland Collins Lawson	Encana Oil & Gas (USA) Inc.	7/12/2013	St. Helena	LA
LA-0681	LA-0681-A	Justin Claude Roberts and Megan Purpera Roberts, husband and wife	Paloma Partners IV, LLC	11/6/2014	Tangipahoa	LA
LA-0682	LA-0682-A	Steven Paul Hoover, a single man	Paloma Partners IV, LLC	12/5/2014	St. Helena	LA
LA-0685	LA-0685-A	Nelda F. Allen, divorced and not remarried	Paloma Partners IV, LLC	12/11/2014	St. Helena	LA
LA-0686	LA-0686-A	Christopher S. Holland, divorced and not remarried	Paloma Partners IV, LLC	12/11/2014	St. Helena	LA
LA-0687	LA-0687-A	Robert A. Ash, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	12/12/2014	St. Helena	LA
LA-0688	LA-0688-A	Louella Joann Miller Reynolds Guerra (f/k/a Louella Joann Miller Reynolds), a married woman dealing in her sole and separate property	Paloma Partners IV, LLC	12/9/2014	St. Helena	LA
LA-0689	LA-0689-A	George Lee Travis, a married man dealing with his sole and separate property	Paloma Partners IV, LLC	12/6/2014	St. Helena	LA
LA-0690	LA-0689-A	Lesa Ann Travis Casey, a married woman dealing with her sole and separate property	Paloma Partners IV, LLC	12/5/2014	St. Helena	LA
LA-0691	LA-0689-A	Carolyn Jean Travis McMillan, a married woman dealing with her sole and separate property	Paloma Partners IV, LLC	12/5/2014	St. Helena	LA
LA-0724	LA-0682-A	Helen Nolan Miller, a married woman dealing in her sole and separate property	Paloma Partners IV, LLC	12/11/2014	St. Helena	LA
LA-0725	LA-0682-A	Rosa Lea Woodard Breaud Foster, divorced and not remarried, by and through her Attorney in Fact, Harold Wayne Breaud	Paloma Partners IV, LLC	12/15/2014	St. Helena	LA
LA-0726	LA-0682-A	Nelda Nolan Graham, divorced and not remarried	Paloma Partners IV, LLC	12/16/2014	St. Helena	LA
LA-0727	LA-0658-A	Michael Otis Newman, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	11/24/2014	St. Helena	LA
LA-0728	LA-0682-A	Kenneth Joe Nolan, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	12/16/2014	St. Helena	LA
LA-0729	LA-0682-A	James Elton Nolan, a single man	Paloma Partners IV, LLC	12/16/2014	St. Helena	LA
LA-0730	LA-0682-A	Bobby Earl Nolan, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	12/16/2014	St. Helena	LA
LA-0731	LA-0731-A	Michelle Renee Bennett, aka Michelle Renee Bennett Graham, a single woman	Paloma Partners IV, LLC	12/10/2014	St. Helena	LA
LA-0733	LA-0633-A	Marcus D. Redmond, a married man dealing with sole and separate property	Paloma Partners IV, LLC	12/15/2014	St. Helena	LA
LA-0734	LA-0734-A	Kathleen Hove Wankel, a married woman dealing in her sole and separate property	Paloma Partners IV, LLC	12/9/2014	Tangipahoa	LA
	LA-0734-B	Kathleen Hove Wankel, a married woman dealing in her sole and separate property	Paloma Partners IV, LLC	12/9/2014	Tangipahoa	LA
LA-0735	LA-0734-A	Becky Hove Wahl Sweat, divorced and not remarried	Paloma Partners IV, LLC	12/9/2014	Tangipahoa	LA
	LA-0734-B	Becky Hove Wahl Sweat, divorced and not remarried	Paloma Partners IV, LLC	12/9/2014	Tangipahoa	LA
LA-0736	LA-0734-A	John Edward Hove, a married man, dealing in his sole and separate property	Paloma Partners IV, LLC	12/9/2014	Tangipahoa	LA
	LA-0734-B	John Edward Hove, a married man, dealing in his sole and separate property	Paloma Partners IV, LLC	12/9/2014	Tangipahoa	LA
LA-0737	LA-0658-A	Tammy Faye Newman Jones and Donald Jones, wife and husband	Paloma Partners IV, LLC	11/24/2014	St. Helena	LA

## Appendix A

### Subject Leases

Lease No.	Tract ID	Lessor	Lessee	Lease Date	Parish	State
LA-0738	LA-0682-A	Sammy J. Hoover, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	12/16/2014	St. Helena	LA
LA-0739	LA-0682-A	Sammy Percy Woodard, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	12/16/2014	St. Helena	LA
LA-0740	LA-0682-A	Gerald Brunson Woodard, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	12/30/2014	St. Helena	LA
LA-0741	LA-0682-A	Gary Morris Woodard, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	12/30/2014	St. Helena	LA
LA-0742	LA-0682-A	Lawrence L. Watts, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	12/31/2014	St. Helena	LA
LA-0743	LA-0682-A	Sidney Ray Easley and Brenda Joyce David Easley, husband and wife	Paloma Partners IV, LLC	1/2/2015	St. Helena	LA
LA-0744	LA-0682-A	Michael W. Allen, divorced and not remarried	Paloma Partners IV, LLC	1/4/2015	St. Helena	LA
LA-0745	LA-0745-A	Michael Otis Newman and Barbara Carlisle Newman, husband and wife	Paloma Partners IV, LLC	12/12/2014	St. Helena	LA
LA-0746	LA-0746-A	Gregory Thomas Lacoste and Mary Jennings Lacoste, husband and wife	Paloma Partners IV, LLC	12/20/2014	Tangipahoa	LA
LA-0747	LA-0682-A	Nancy Hoover Savant, divorced and not remarried	Paloma Partners IV, LLC	12/18/2014	St. Helena	LA
LA-0748	LA-0748-A	NMG Royalty, LLC	Encana Oil & Gas (USA) Inc.	12/16/2014	St. Helena	LA
	LA-0748-B	NMG Royalty, LLC	Encana Oil & Gas (USA) Inc.	12/16/2014	St. Helena	LA
	LA-0748-C	NMG Royalty, LLC	Encana Oil & Gas (USA) Inc.	12/16/2014	St. Helena	LA
	LA-0748-A	Lemel Petroleum, LLC	Encana Oil & Gas (USA) Inc.	12/12/2014	St. Helena	LA
LA-0749	LA-0748-B	Lemel Petroleum, LLC	Encana Oil & Gas (USA) Inc.	12/12/2014	St. Helena	LA
	LA-0748-C	Lemel Petroleum, LLC	Encana Oil & Gas (USA) Inc.	12/12/2014	St. Helena	LA
	LA-0752-A	Wilkie Joan Pittman Travis, widow The Succession of William Barrett Travis, represented herein by it's Executrix, Wilkie Joan Pittman Travis	Encana Oil & Gas (USA) Inc.	6/17/2013	St. Helena	LA
LA-0753	LA-0682-A	Tammy Lynn Hoover Martin, divorced and not remarried	Paloma Partners IV, LLC	1/6/2015	St. Helena	LA
LA-0754	LA-0682-A	Dennis James Woodard, divorced and not remarried	Paloma Partners IV, LLC	1/8/2015	St. Helena	LA
LA-0755	LA-0682-A	Billy Wayne Newsom, a married man dealing in his sole and separate property	Paloma Partners IV, LLC	1/19/2015	St. Helena	LA
LA-0756	LA-0682-A	James Russell Rollins, Jr., a widower and not remarried	Paloma Partners IV, LLC	1/16/2015	St. Helena	LA
LA-0757	LA-0658-A	Pam Newman Guy, a/k/a Pam Newman, a married woman dealing in her sole and separate property	Paloma Partners IV, LLC	2/5/2015	St. Helena	LA
LA-0765	LA-0765-A	Isabel S. Frischhertz, et vir.	Omni Energy, Inc.	8/25/2011	Tangipahoa	LA
LA-0767	LA-0767-A	Spencer Corey Easley and Michelle Angelic Martin Easley, married	Allen & Kirmse, Ltd.	2/1/2012	St. Helena	LA
LA-0768	LA-0768-A	Leona Marie Mixon Easley, et al.	Allen & Kirmse, Ltd.	2/2/2012	St. Helena	LA
LA-0769	LA-0769-A	Will Matthew McElveen	Allen & Kirmse, Ltd.	3/2/2012	St. Helena	LA
LA-0770	LA-0770-A	Christopher Mark McElveen	Allen & Kirmse, Ltd.	3/27/2012	St. Helena	LA
LA-0771	LA-0771-A	Samantha Jo McElveen Bellue	Allen & Kirmse, Ltd.	3/2/2012	St. Helena	LA
LA-0772	LA-0772-A	Christopher Mark McElveen, et ux.	Allen & Kirmse, Ltd.	3/27/2012	St. Helena	LA
LA-0773	LA-0773-A	Reginald M. Rabalais, et ux.	Allen & Kirmse, Ltd.	2/8/2012	St. Helena	LA
LA-0774	LA-0774-A	Brian Casey McElveen	Allen & Kirmse, Ltd.	3/2/2012	St. Helena	LA
LA-0775	LA-0775-A	Brenda Ann Gulizo Adams	Allen & Kirmse, Ltd.	3/2/2012	St. Helena	LA
LA-0776	LA-0776-A	Yera S. Hurst, et al.	Omni Energy, Inc.	3/13/2012	Tangipahoa	LA
LA-0777	LA-0777-A	Jimmy G. Powers, Jr., et ux.	Omni Energy, Inc.	3/1/2012	Tangipahoa	LA
LA-0778	LA-0778-A	Odis W. Rhodus, Sr., et al.	Omni Energy, Inc.	3/2/2012	Tangipahoa	LA
LA-0779	LA-0779-A	Ronnie E. Strickland, et ux.	Omni Energy, Inc.	3/6/2012	Tangipahoa	LA
LA-0780	LA-0780-A	Johnnie Elvin Smith, et al.	Omni Energy, Inc.	3/14/2012	Tangipahoa	LA
LA-0781	LA-0781-A	Pamela N. Phillips	Omni Energy, Inc.	4/20/2012	Tangipahoa	LA
LA-0782	LA-0782-A	Carolyn Gill Haney, et vir.	Omni Energy, Inc.	4/20/2012	Tangipahoa	LA
LA-0783	LA-0783-A	Kenneth Douglas Kundler, et ux.	DJ Energy, Inc.	2/13/2012	St. Helena	LA
LA-0784	LA-0784-A	Kenneth Douglas Kundler, et al.	DJ Energy, Inc.	2/13/2012	St. Helena	LA
LA-0785	LA-0785-A	Mickey Alex Williams, et ux.	Omni Energy, Inc.	4/18/2012	St. Helena	LA
LA-0786	LA-0786-A	Joan Mancil Parsels, et vir.	Omni Energy, Inc.	5/23/2012	Tangipahoa	LA
LA-0787	LA-0787-A	Carolyn Gill Haney, et al.	Omni Energy, Inc.	4/20/2012	Tangipahoa	LA
LA-0788	LA-0788-A	Rene Joseph Ganucheau, et ux.	DJ Energy, Inc.	6/5/2012	Tangipahoa	LA
	LA-0788-B	Rene Joseph Ganucheau, et ux.	DJ Energy, Inc.	6/5/2012	Tangipahoa	LA
LA-0789	LA-0789-A	Dorothy Ann Hilbun Prevost	DJ Energy, Inc.	6/29/2012	Tangipahoa	LA
LA-0791	LA-0791-A	Arthur W. Reed, et ux.	Thomas Development LA, Inc.	10/19/2011	Tangipahoa	LA
LA-0792	LA-0792-A	Darrell Cook, et ux.	Thomas Development LA, Inc.	11/8/2011	Tangipahoa	LA
LA-0793	LA-0793-A	Richard Thomas Yarborough	Thomas Development LA, Inc.	11/22/2011	Tangipahoa	LA
LA-0794	LA-0794-A	Eugene J. Stevens, et ux.	Thomas Development LA, Inc.	10/12/2011	Tangipahoa	LA
LA-0795	LA-0795-A	George E. DeBlanc, et ux.	Thomas Development LA, Inc.	10/20/2011	Tangipahoa	LA
LA-0796	LA-0796-A	Norma Faye Travis Marcus, et vir.	Omni Energy, Inc.	3/7/2012	Tangipahoa	LA
LA-0797	LA-0797-A	George E. Bales, et ux.	DJ Energy, Inc.	6/8/2012	Tangipahoa	LA
LA-0798	LA-0798-A	James C. Schwartz, et ux.	DJ Energy, Inc.	6/14/2012	Tangipahoa	LA
LA-0799	LA-0799-A	Barbara Lea Hutchinson, et al.	DJ Energy, Inc.	7/3/2012	Tangipahoa	LA
LA-0800	LA-0800-A	Duane E. Miller	DJ Energy, Inc.	7/17/2012	Tangipahoa	LA
LA-0801	LA-0801-A	Christopher Leon Lea	DJ Energy, Inc.	7/20/2012	Tangipahoa	LA
LA-0802	LA-0802-A	Sandra Lea Branch	DJ Energy, Inc.	7/25/2012	Tangipahoa	LA

## Appendix A

### Subject Leases

Lease No.	Tract ID	Lessor	Lessee	Lease Date	Parish	State
LA-0803	LA-0803-A	Line Creek Baptist Church	DJ Energy, Inc.	7/17/2012	Tangipahoa	LA
LA-0804	LA-0804-A	Donald E. Stewart, Jr.	DJ Energy, Inc.	7/30/2012	Tangipahoa	LA
LA-0805	LA-0805-A	Guy Nelson Lea, Jr.	DJ Energy, Inc.	7/25/2012	Tangipahoa	LA
LA-0806	LA-0806-A	William Lane Hilbun	DJ Energy, Inc.	8/24/2012	Tangipahoa	LA
LA-0807	LA-0807-A	Perry W. Almond, et ux.	DJ Energy, Inc.	7/30/2012	Tangipahoa	LA
LA-0808	LA-0808-A	The Zellee H. Oliphant and Gladys H. Young Revocable Living Trust	DJ Energy, Inc.	4/18/2014	Tangipahoa	LA
LA-0809	LA-0809-A	James E. Tarver, et ux.	DJ Energy, Inc.	4/4/2012	Tangipahoa	LA
LA-0810	LA-0810-A	Richard Doty, et al.	DJ Energy, Inc.	4/19/2012	Tangipahoa	LA
LA-0811	LA-0811-A	Thomas Joseph Doty	DJ Energy, Inc.	4/19/2012	Tangipahoa	LA
LA-0812	LA-0812-A	J3 Investments, LLC	DJ Energy, Inc.	7/2/2014	Tangipahoa	LA
LA-0813	LA-0813-A	John Howell McNabb, et ux.	DJ Energy, Inc.	6/30/2014	Tangipahoa	LA
LA-0814	LA-0814-A	Raymond J. Cockerham, Jr. a single man	Paloma Partners IV, LLC	2/13/2015	St. Helena	LA
LA-0815	LA-0815-A	Mary Lee Pounds, a widow, individually and as heir of Charles Pounds Sr., deceased	Paloma Partners IV, LLC	2/24/2015	St. Helena	LA
LA-0816	LA-1350-A	George Lee Travis, a married man dealing in his sole and separate property	Paloma Partners, IV LLC	4/16/2015	St. Helena	LA
LA-0817	LA-1350-A	Carolyn Jean Travis McMillan, a married woman dealing in her sole and separate property	Paloma Partners, IV LLC	4/16/2015	St. Helena	LA
LA-0818	LA-1350-A	Lesia Ann Travis Casey, a married woman dealing in her sole and separate property	Paloma Partners, IV LLC	4/16/2015	St. Helena	LA
LA-0819	LA-0838-A	Carl E. Keller, Jr. and Gail May Keller, husband and wife	Paloma Partners IV, LLC	4/28/2015	Tangipahoa	LA
LA-0821	LA-0821-A	Michelle Marie Miller Brown and Joel Jeffrey Brown, Sr. h/w	Texas ReExploration, Ltd. 05	3/4/2014	Tangipahoa	LA
LA-0823	LA-0823-A	Nezzie Jean Patterson Miller Joseph Gregory Cantrell and Christine Marie Turk Cantrell, h/w	Texas ReExploration, Ltd. 05	1/16/2014	Tangipahoa	LA
LA-0826	LA-0826-A	Francis R. Miller and Mildred L. Miller, h/w	Texas ReExploration, Ltd. 05	12/12/2013	Tangipahoa	LA
	LA-0826-B	Francis R. Miller and Mildred L. Miller, h/w	Texas ReExploration, Ltd. 05	12/12/2013	Tangipahoa	LA
	LA-0828-A	Larry Wayne Raborn, Sr. and Charlotte Simmons Raborn, h/w	Texas ReExploration, Ltd. 05	1/14/2014	Tangipahoa	LA
LA-0828	LA-0828-B	Larry Wayne Raborn, Sr. and Charlotte Simmons Raborn, h/w	Texas ReExploration, Ltd. 05	1/14/2014	Tangipahoa	LA
	LA-0828-C	Larry Wayne Raborn, Sr. and Charlotte Simmons Raborn, h/w	Texas ReExploration, Ltd. 05	1/14/2014	Tangipahoa	LA
LA-0829	LA-0829-A	Joseph Gregory Cantrell and Christine Marie Turk Cantrell, h/w	Texas ReExploration, Ltd. 05	1/16/2014	Tangipahoa	LA
	LA-0831-A	BCDS Land, Inc., by Morris Taylor CJB Land Company, Inc., by Don L. Taylor KSKT, L.L.C., by Charles E. Thompson	Trinity Timber Natchez, LLC	3/25/2014	Tangipahoa	LA
LA-0831	LA-0831-B	BCDS Land, Inc., by Morris Taylor CJB Land Company, Inc., by Don L. Taylor KSKT, L.L.C., by Charles E. Thompson	Trinity Timber Natchez, LLC	3/25/2014	Tangipahoa	LA
	LA-0831-C	BCDS Land, Inc., by Morris Taylor CJB Land Company, Inc., by Don L. Taylor KSKT, L.L.C., by Charles E. Thompson	Trinity Timber Natchez, LLC	3/25/2014	Tangipahoa	LA
	LA-0832-A	Thomas Stanley Simmons, Jr. and Wanda Freeman Simmons, h/w	Texas ReExploration, Ltd. 05	1/10/2014	Tangipahoa	LA
LA-0832	LA-0832-B	Thomas Stanley Simmons, Jr. and Wanda Freeman Simmons, h/w	Texas ReExploration, Ltd. 05	1/10/2014	Tangipahoa	LA
	LA-0832-C	Thomas Stanley Simmons, Jr. and Wanda Freeman Simmons, h/w	Texas ReExploration, Ltd. 05	1/10/2014	Tangipahoa	LA
	LA-0832-D	Thomas Stanley Simmons, Jr. and Wanda Freeman Simmons, h/w	Texas ReExploration, Ltd. 05	1/10/2014	Tangipahoa	LA
LA-0833	LA-0833-A	Dykes Family Trust	Trinity Timber Natchez, LLC	3/25/2014	Tangipahoa	LA
LA-0834	LA-0834-A	Wayne Franklin Dykes	Trinity Timber Natchez, LLC	3/25/2014	Tangipahoa	LA
LA-0835	LA-0835-A	Jason Ripley Waller	Trinity Timber Natchez, LLC	3/25/2014	Tangipahoa	LA
LA-0836	LA-0836-A	David John Mollere and Donna R. Mollere, h/w Jared W. Prescott and Amanda P. Prescott, h/w	Texas ReExploration, Ltd. 05	1/8/2014	Tangipahoa	LA
LA-0839	LA-0839-A	Hollie Byrd Gaines and Timothy Frank Gaines, w/h	Texas ReExploration, Ltd. 05	1/2/2014	Tangipahoa	LA
LA-0844	LA-0844-A	Iley Floyd Dillon and Cheryl Moore Dillon, h/w	Texas ReExploration, Ltd. 05	1/10/2014	Tangipahoa	LA
LA-0845	LA-0845-A	Kernan R. Lea and Deborah C. Lea, h/w	Texas ReExploration, Ltd. 05	12/21/2013	Tangipahoa	LA
LA-0846	LA-0846-A	Nelda F. Allen Thomas M. Lawson William D. Lawson Patricia L. Shehane	Texas ReExploration, Ltd. 05	1/21/2014	Tangipahoa St. Helena	LA
LA-0850	LA-0850-A	James Otis Morgan Clara M. King	Texas ReExploration, Ltd. 05	5/1/2014	Tangipahoa	LA
LA-0852	LA-0852-A	Shelby W. Miller & Dora B. Miller, h/w (Life Usufruct) Shelby L. Miller & Carroll Jo K. Miller, h/w (Naked owners)	Texas ReExploration, Ltd. 05	1/23/2014	Tangipahoa St. Helena	LA
LA-0854	LA-0854-A	Gayle A. Fernandez	Texas ReExploration, Ltd. 05	1/22/2014	Tangipahoa	LA
LA-0856	LA-0856-A	Russell Glen Allen	Texas ReExploration, Ltd. 05	6/9/2014	Tangipahoa	LA
LA-0891	LA-0891-A	Charles Woodrow Sanders, Jr.	Texas ReExploration, Ltd. 05	12/19/2013	Tangipahoa	LA
LA-0894	LA-0894-A	Frederic L. Prescott, Sr. Frederic L. Prescott, Jr. Clinton K. Prescott Douglas N. Prescott	Texas ReExploration, Ltd. 05	12/9/2013	Tangipahoa	LA
LA-0895	LA-0895-A	Michael L. Dargis	Texas ReExploration, Ltd. 05	1/2/2014	Tangipahoa	LA
LA-0896	LA-0896-A	Frank Owen and Linda Owen, h/w	Texas ReExploration, Ltd. 05	1/2/2014	Tangipahoa	LA

## Appendix A

### Subject Leases

Lease No.	Tract ID	Lessor	Lessee	Lease Date	Parish	State
LA-0902	LA-0902-A	Hilda Sturm Kinchen Erin E. Kinchen Trust Hannah C. Kinchen Trust Robert B. Kinchen Special Needs Trust	Texas ReExploration, Ltd. 05	1/15/2014	Tangipahoa	LA
LA-0904	LA-0904-A	Bruce W. Kliesch	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
LA-0905	LA-0905-A	Christman H. Arnold, III and Sandra Lynn Simpson Arnold, h/w	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
	LA-0905-B	Christman H. Arnold, III and Sandra Lynn Simpson Arnold, h/w	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
LA-0906	LA-0906-A	Ralph L. Wilson and Patricia Ann Lane Wilson, h/w	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
	LA-0906-B	Ralph L. Wilson and Patricia Ann Lane Wilson, h/w	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
LA-0914	LA-0914-A	Mary S. Morgan	Texas ReExploration, Ltd. 05	12/7/2013	Tangipahoa	LA
	LA-0914-B	Mary S. Morgan	Texas ReExploration, Ltd. 05	12/7/2013	Tangipahoa	LA
LA-0931	LA-0931-A	Bruce W. Kliesch Dan N. Kliesch	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
LA-0935	LA-0935-A	Ayleene Kliesch King	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
LA-0949	LA-0949-A	James Ray Coon	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
LA-0950	LA-0950-A	Maurice Charles Hebert and Dorothy Stafford Hebert, h/w	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
LA-0956	LA-0956-A	Dennis W. Miller	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
LA-0958	LA-0958-A	David Wayne Brabham and Connie Swearingen Brabham, h/w	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
LA-0977	LA-0977-A	Sonia S. Verbene Wayne C. Verbene	Trinity Timber Natchez, LLC	5/6/2014	Tangipahoa	LA
LA-0978	LA-0978-A	Robert E. Burns and Glenda Haggard Burns, h/w Kenneth D. Burns Kathy Lavergne Burns, h/w	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
LA-0982	LA-0982-A	Paul M. Hughes and Mary Wilks Hughes, h/w	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
	LA-0983-A	Mark C. Hughes and Dera H. Hughes, h/w	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
LA-0983	LA-0983-B	Mark C. Hughes and Dera H. Hughes, h/w	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
	LA-0983-C	Mark C. Hughes and Dera H. Hughes, h/w	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
	LA-0983-D	Mark C. Hughes and Dera H. Hughes, h/w	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
LA-0986	LA-0986-A	Elizabeth Cooper Cash	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
LA-0987	LA-0987-A	Jack D. Hughes and Mary Connelly Hughes, h/w	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
	LA-0987-B	Jack D. Hughes and Mary Connelly Hughes, h/w	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
LA-0988	LA-0988-A	Richard P. Doty and Johnette L. Doty, h/w	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
LA-0993	LA-0993-A	William D. Lawson	Texas ReExploration, Ltd. 05	2/3/2014	Tangipahoa	LA
LA-0995	LA-0995-A	Richard G. Prescott, Jr. and Jill Scioneaux Prescott, h/w Raine P. Hirnel	Texas ReExploration, Ltd. 05	3/13/2014	Tangipahoa	LA
LA-1076	LA-1076-A	Richard P. Doty and Johnette L. Doty, h/w	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
LA-1254	LA-1254-A	Parmac, LLC, represented by John Michael Parker and Robert F. Parker, Managing Members	Texas ReExploration, Ltd. 05	5/21/2014	St. Helena	LA
LA-1261	LA-1261-A	Myrtie Lou Newman Wofford	Texas ReExploration, Ltd. 05	4/16/2014	St. Helena	LA
LA-1266	LA-1266-A	Joel E. Schilling and Leah Schilling, h/w	Trinity Timber Natchez, LLC	4/17/2014	St. Helena	LA
LA-1267	LA-1267-A	Daniel E. Schilling and Gyongyver L. Schilling, h/w	Trinity Timber Natchez, LLC	4/17/2014	St. Helena	LA
LA-1286	LA-1286-A	Ernest L. Dillon and Ruby H. Dillon, h/w	Texas ReExploration, Ltd. 05	1/15/2014	St. Helena	LA
	LA-1286-B	Ernest L. Dillon and Ruby H. Dillon, h/w	Texas ReExploration, Ltd. 05	1/15/2014	St. Helena	LA
LA-1293	LA-1293-A	Shirley Birch Frazier	Texas ReExploration, Ltd. 05	4/16/2014	St. Helena	LA
	LA-1293-B	Shirley Birch Frazier	Texas ReExploration, Ltd. 05	4/16/2014	St. Helena	LA
LA-1301	LA-1301-A	Maria Isabel Macias Blair and Kurt Blair, h/w Gerardo Leopoldo Macias and Angela Keller Macias, h/w	Texas ReExploration, Ltd. 05	2/27/2014	St. Helena	LA
LA-1315	LA-1315-A	Willie Lee Newman, Jr.	Texas ReExploration, Ltd. 05	4/16/2014	St. Helena	LA
LA-1379	LA-1379-A	Shanon Reed Travis and Debra R. Mohon, h/w	Texas ReExploration, Ltd. 05	3/18/2014	St. Helena	LA
LA-1380	LA-1380-A	Nettie Eugene Young Strickland	Texas ReExploration, Ltd. 05	3/4/2014	St. Helena	LA
LA-1399	LA-1399-A	Russell Glen Allen	Texas ReExploration Ltd. 05	6/9/2014	St. Helena Tangipahoa	LA
LA-1400	LA-1399-A	Giuliana Mez Allen	Texas ReExploration Ltd. 05	6/9/2014	St. Helena Tangipahoa	LA
LA-1401	LA-1401-A	Randy John Mire and Mary Mire, h/w	Texas ReExploration Ltd. 05	2/26/2014	St. Helena Tangipahoa	LA
LA-1402	LA-1401-A	Steve J. Baham and Jacquelyn S. Baham, h/w	Texas ReExploration Ltd. 05	2/26/2014	St. Helena Tangipahoa	LA
LA-1563	LA-0835-A	Stacy Michelle Waller Guillory	Trinity Timber Natchez, LLC	3/25/2014	Tangipahoa	LA
LA-1564	LA-0678-D	Don Dewitt Carter	Texas ReExploration, Ltd. 05	3/8/2014	St. Helena	LA
	LA-0678-E	Don Dewitt Carter	Texas ReExploration, Ltd. 05	3/8/2014	St. Helena	LA
LA-1565	LA-0891-A	Kathryn S. Humphreys	Texas ReExploration, Ltd. 05	12/19/2013	Tangipahoa	LA
LA-1566	LA-0891-A	Alice Mary S. Honeycutt	Texas ReExploration, Ltd. 05	12/19/2013	Tangipahoa	LA
LA-1567	LA-1567-A	Larry Wayne Raborn, Jr. and Misty Edwards Raborn, h/w	Texas ReExploration, Ltd. 05	1/14/2014	Tangipahoa	LA
LA-1568	LA-1568-A	Richard G. Prescott, Jr. and Jill Scioneaux Prescott, h/w	Texas ReExploration, Ltd. 05	3/13/2014	Tangipahoa	LA
LA-1569	LA-0988-A	Jessie Doty Hilbun Thomas Joseph Doty Patrick John Lambeth	Trinity Timber Natchez, LLC	1/23/2014	Tangipahoa	LA
LA-1570	LA-0856-A	Giuliana Mez Allen	Texas ReExploration, Ltd. 05	6/9/2014	Tangipahoa	LA

**Appendix A**

**Subject Leases**

Lease No.	Tract ID	Lessor	Lessee	Lease Date	Parish	State
LA-1598	LA-1291-A	Chris Edward Frazier and Lynn Dees Frazier, husband and wife	Paloma Partners IV, LLC	5/29/2015	St. Helena	LA
	LA-1291-B	Chris Edward Frazier and Lynn Dees Frazier, husband and wife	Paloma Partners IV, LLC	5/29/2015	St. Helena	LA
LA-1599	LA-1374-A	Adam Layne McMillan, (a/k/a Adam L. McMillan) and Heather Olivia Ballard McMillan, husband and wife	Paloma Partners IV, LLC	5/27/2015	St. Helena	LA
	LA-1374-B	Adam Layne McMillan, (a/k/a Adam L. McMillan) and Heather Olivia Ballard McMillan, husband and wife	Paloma Partners IV, LLC	5/27/2015	St. Helena	LA
LA-1605	LA-1373-A	Spencer L. McMillan and Angela L. McMillan, (a/k/a Angela Ann L. McMillan), husband and wife	Paloma Partners IV, LLC	6/16/2015	St. Helena	LA
LA-1607	LA-0946-A	Royalty Partners, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	5/29/2015	Tangipahoa	LA
	LA-0946-B	Royalty Partners, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	5/29/2015	Tangipahoa	LA
	LA-0946-C	Royalty Partners, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	5/29/2015	Tangipahoa	LA
LA-1621	LA-1621-A	Weyerhaeuser Company	Paloma Partners IV, LLC	7/20/2015	St. Helena	LA
	LA-1621-B	Weyerhaeuser Company	Paloma Partners IV, LLC	7/20/2015	Tangipahoa	LA
	LA-1621-C	Weyerhaeuser Company	Paloma Partners IV, LLC	7/20/2015	Tangipahoa	LA
LA-1622	LA-1262-A	Randolph M. Howes, M.D., P.H.D., husband of Robin Piatt Howes, dealing herein with his separate property	Paloma Partners IV, LLC	6/10/2016	St. Helena	LA
LA-1623	LA-0748-A	JEH Hydrocarbons, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/29/2015	St. Helena	LA
	LA-0748-B	JEH Hydrocarbons, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/29/2015	St. Helena	LA
	LA-0748-C	JEH Hydrocarbons, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/29/2015	St. Helena	LA
	LA-1303-A	JEH Hydrocarbons, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/29/2015	St. Helena	LA
	LA-1303-B	JEH Hydrocarbons, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/29/2015	St. Helena	LA
	LA-1303-C	JEH Hydrocarbons, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/29/2015	St. Helena	LA
LA-1625	LA-1623-A	JEH Hydrocarbons, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/29/2015	St. Helena	LA
	LA-0745-A	Acadian Resources, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/29/2015	St. Helena	LA
	LA-0751-A	Acadian Resources, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/29/2015	St. Helena	LA
LA-1626	LA-0745-B	Acadian Resources, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/29/2015	St. Helena	LA
	LA-1625-A	Acadian Resources, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/29/2015	St. Helena	LA
	LA-0748-A	Black Gold Energy, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/28/2015	St. Helena	LA
	LA-0748-B	Black Gold Energy, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/28/2015	St. Helena	LA
	LA-0748-C	Black Gold Energy, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/28/2015	St. Helena	LA
	LA-1303-A	Black Gold Energy, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/28/2015	St. Helena	LA
	LA-1303-B	Black Gold Energy, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/28/2015	St. Helena	LA
	LA-1303-C	Black Gold Energy, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/28/2015	St. Helena	LA
	LA-1623-A	Black Gold Energy, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/28/2015	St. Helena	LA
	LA-0745-A	HK Resources, LLC, a Colorado limited liability company	Paloma Partners IV, LLC	7/4/2015	St. Helena	LA
LA-1627	LA-0751-A	HK Resources, LLC, a Colorado limited liability company	Paloma Partners IV, LLC	7/4/2015	St. Helena	LA
	LA-0751-B	HK Resources, LLC, a Colorado limited liability company	Paloma Partners IV, LLC	7/4/2015	St. Helena	LA
	LA-1625-A	HK Resources, LLC, a Colorado limited liability company	Paloma Partners IV, LLC	7/4/2015	St. Helena	LA
LA-1628	LA-0745-A	J.C. Holmes Production, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-0748-A	J.C. Holmes Production, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-0748-B	J.C. Holmes Production, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-0748-C	J.C. Holmes Production, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-0751-A	J.C. Holmes Production, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-0751-B	J.C. Holmes Production, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-1303-A	J.C. Holmes Production, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-1303-B	J.C. Holmes Production, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-1303-C	J.C. Holmes Production, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-1623-A	J.C. Holmes Production, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
LA-1629	LA-1625-A	J.C. Holmes Production, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-0745-A	Magnum Minerals, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-0748-A	Magnum Minerals, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-0748-B	Magnum Minerals, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-0748-C	Magnum Minerals, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-0751-A	Magnum Minerals, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-0751-B	Magnum Minerals, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-1303-A	Magnum Minerals, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-1303-B	Magnum Minerals, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-1303-C	Magnum Minerals, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
LA-1630	LA-1623-A	Magnum Minerals, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-0745-A	Stanton Oil & Gas, LLC, an Indiana limited liability company	Paloma Partners IV, LLC	6/25/2015	St. Helena	LA
	LA-0751-A	Stanton Oil & Gas, LLC, an Indiana limited liability company	Paloma Partners IV, LLC	6/25/2015	St. Helena	LA
	LA-0751-B	Stanton Oil & Gas, LLC, an Indiana limited liability company	Paloma Partners IV, LLC	6/25/2015	St. Helena	LA
LA-1631	LA-0745-A	Maverick Oil & Gas, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/25/2015	St. Helena	LA
	LA-0751-A	Maverick Oil & Gas, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/25/2015	St. Helena	LA
	LA-0751-B	Maverick Oil & Gas, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	6/25/2015	St. Helena	LA
LA-1633	LA-0745-A	Marc Caldwell and Monica Caldwell, husband and wife	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-0751-A	Marc Caldwell and Monica Caldwell, husband and wife	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA

## Appendix A

### Subject Leases

Lease No.	Tract ID	Lessor	Lessee	Lease Date	Parish	State
LA-1634	LA-0751-B	Marc Caldwell and Monica Caldwell, husband and wife	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-1625-A	Marc Caldwell and Monica Caldwell, husband and wife	Paloma Partners IV, LLC	6/30/2015	St. Helena	LA
	LA-1303-A	Diamndawg Investments, LLC, a Louisiana Limited Liability Company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
	LA-1303-B	Diamndawg Investments, LLC, a Louisiana Limited Liability Company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
LA-1635	LA-1303-C	Diamndawg Investments, LLC, a Louisiana Limited Liability Company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
	LA-1623-A	Diamndawg Investments, LLC, a Louisiana Limited Liability Company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
	LA-1303-A	Lee Corcoran Degges and Ellen B. Degges, husband and wife	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
	LA-1303-B	Lee Corcoran Degges and Ellen B. Degges, husband and wife	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
LA-1636	LA-1303-C	Lee Corcoran Degges and Ellen B. Degges, husband and wife	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
	LA-1623-A	Lee Corcoran Degges and Ellen B. Degges, husband and wife	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
	LA-1303-A	Spring Branch Land & Minerals, LLC, a Louisiana limited Liability Company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
	LA-1303-B	Spring Branch Land & Minerals, LLC, a Louisiana limited Liability Company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
LA-1637	LA-1303-C	Spring Branch Land & Minerals, LLC, a Louisiana limited Liability Company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
	LA-1623-A	Spring Branch Land & Minerals, LLC, a Louisiana limited Liability Company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
	LA-1303-A	REOB, LLC, a Louisiana Limited Liability Company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
	LA-1303-B	REOB, LLC, a Louisiana Limited Liability Company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
LA-1638	LA-1303-C	REOB, LLC, a Louisiana Limited Liability Company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
	LA-1623-A	REOB, LLC, a Louisiana Limited Liability Company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
	LA-1303-A	Estate of J.C. O'Brien, LLC, a Louisiana Limited Liability Company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
	LA-1303-B	Estate of J.C. O'Brien, LLC, a Louisiana Limited Liability Company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
LA-1639	LA-1303-C	Estate of J.C. O'Brien, LLC, a Louisiana Limited Liability Company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
	LA-1484-A	Tigerland Real Estate, LLC, a Louisiana Limited Liability Company	Paloma Partners IV, LLC	7/21/2015	St. Helena	LA
LA-1649	LA-1303-A	Riptide Minerals, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
	LA-1303-B	Riptide Minerals, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
	LA-1303-C	Riptide Minerals, LLC, a Louisiana limited liability company	Paloma Partners IV, LLC	7/13/2015	St. Helena	LA
	LA-1655-B	Denkmann Associates, LLC, and Denmiss, L.L.C.	Paloma Partners IV, LLC	6/12/2014	St. Helena	LA
LA-1655	LA-1655-C	Denkmann Associates, LLC, and Denmiss, L.L.C.	Paloma Partners IV, LLC	6/12/2014	St. Helena	LA
	LA-1655-D	Denkmann Associates, LLC, and Denmiss, L.L.C.	Paloma Partners IV, LLC	6/12/2014	St. Helena	LA
	LA-1655-E	Denkmann Associates, LLC, and Denmiss, L.L.C.	Paloma Partners IV, LLC	6/12/2014	St. Helena	LA
	LA-1655-F	Denkmann Associates, LLC, and Denmiss, L.L.C.	Paloma Partners IV, LLC	6/12/2014	St. Helena	LA
	LA-1655-G	Denkmann Associates, LLC, and Denmiss, L.L.C.	Paloma Partners IV, LLC	6/12/2014	St. Helena	LA
	LA-1655-A	Denkmann Associates, LLC, and Denmiss, L.L.C.	Paloma Partners IV, LLC	6/12/2014	St. Helena/Tangipahoa	LA
	LA-1656-A	Denkmann Associates, LLC, and Denmiss, L.L.C.	Paloma Partners IV, LLC	6/12/2014	St. Helena	LA
LA-1656	LA-1656-B	Denkmann Associates, LLC, and Denmiss, L.L.C.	Paloma Partners IV, LLC	6/12/2014	St. Helena	LA
	MS-0063-A	James David Coker, individually and as Trustee of Trust for benefit of Ross B. Spencer Coker and Christian A. Spencer Coker	Mesquite Royalty Company, a Texas Corporation	8/31/2014	Amite	MS
MS-0063	MS-0063-B	James David Coker, individually and as Trustee for benefit of Ross B. Spencer Coker and Christian A. Spencer Coker	Mesquite Royalty Company, a Texas Corporation	8/31/2014	Amite	MS
	MS-0063-C	James David Coker, individually and as Trustee for benefit of Ross B. Spencer Coker and Christian A. Spencer Coker	Mesquite Royalty Company, a Texas Corporation	8/31/2014	Amite	MS
MS-0239	MS-0239-A	Jesse L. Dean and Majel H. Dean, husband and wife	Paloma Partners IV, LLC	7/10/2014	Amite	MS
MS-0241	MS-0241-A	Horace Richard Kirkland and wife, Gail Dean Toler Kirkland	Paloma Partners IV, LLC	7/11/2014	Amite	MS
MS-0252	MS-0252-A	Charlie McDaniel Morris and Elizabeth Biscotto Morris, husband and wife	Paloma Partners IV, LLC	7/19/2014	Amite	MS
MS-0400	MS-0400-A	Thomas J. Cook and his wife, Patrice M. Cook	Thorp Petroleum Corporation	5/21/2014	Amite	MS
MS-0401	MS-0400-A	Alney D. Cook	Thorp Petroleum Corporation	5/21/2014	Amite	MS
	MS-0401-B	Alney D. Cook	Thorp Petroleum Corporation	5/21/2014	Amite	MS
MS-0403	MS-0403-A	Alney D. Cook and Christopher M. Cook	Thorp Petroleum Corporation	5/21/2014	Amite	MS
MS-0404	MS-0404-A	Heather L. Cook aka Heather L. Smith and Kristopher L. Smith	Thorp Petroleum Corporation	5/21/2014	Amite	MS
MS-0236	MS-0236-A	Joseph Lionel Cutrer, a single man	Paloma Partners IV, LLC	9/16/2014	Pike	MS
MS-0237	MS-0236-A	Jesse Louis Dean and Majel Hunt Dean, husband and wife	Paloma Partners IV, LLC	9/5/2014	Pike	MS
MS-0462	MS-0462-A	Kelly Edward Dier and Teresa Dier, husband and wife	Paloma Partners IV, LLC	8/21/2014	Pike	MS
MS-0409	MS-0409-A	Joseph Kenneth Jaubert and Christine Ann Jaubert, Husband and Wife	Thorp Petroleum Corporation	6/5/2014	Wilkinson	MS
LA-1659	LA-1099-A	Neva S. Cretton	Paloma Partners IV, LLC	1/29/2016	Tangipahoa	LA
LA-1660	LA-1142-A	Kirk Eugene Lee	Paloma Partners IV, LLC	9/25/2016	Tangipahoa	LA
LA-1661	LA-0976-A	James Kirby Rimes	Paloma Partners IV, LLC	10/26/2016	Tangipahoa	LA
LA-1662	LA-0976-A	Janet Rimes East, a/k/a Janet Anne Rimes Latino East	Paloma Partners IV, LLC	10/26/2016	Tangipahoa	LA
LA-1663	LA-1135-A	William Carl Strickland and Judy Darnell Strickland, a/k/a Darnell B. Strickland	Paloma Partners IV, LLC	10/19/2016	Tangipahoa	LA
LA-1664	LA-1008-A	ZKMS, LLC	Paloma Partners IV, LLC	9/19/2016	Tangipahoa	LA
LA-1665	LA-1128-A	Donald C. Schneeweiss and Firma Kay Strickland Schneeweiss, a/k/a Firma Strickland Schneeweiss, husband and wife	Paloma Partners IV, LLC	10/19/2016	Tangipahoa	LA

## Appendix A

### Subject Leases

Lease No.	Tract ID	Lessor	Lessee	Lease Date	Parish	State
LA-1666	LA-1131-A	Firma Kay Strickland Schneeweiss, a/k/a Firma Strickland Schneeweiss	Paloma Partners IV, LLC	10/19/2016	Tangipahoa	LA
LA-1667	LA-1011-A	Samuel Bradley Rhorer	Paloma Partners IV, LLC	10/16/2016	Tangipahoa	LA
LA-1668	LA-1011-A	Linda Gill Betz	Paloma Partners IV, LLC	10/15/2016	Tangipahoa	LA
LA-1669	LA-1106-A	Stephen Lynn Lejeune	Paloma Partners IV, LLC	10/2/2016	Tangipahoa	LA
LA-1670	LA-0933-A	Dan N. Kliesch and Marta G. Routt Kliesch, Co-Trustees of The Dan N. Kliesch and/or Marta G. Routt Kliesch Revocable Living Trust	Paloma Partners IV, LLC	4/6/2016	Tangipahoa	LA
LA-1670	LA-0933-B	Dan N. Kliesch and Marta G. Routt Kliesch, Co-Trustees of The Dan N. Kliesch and/or Marta G. Routt Kliesch Revocable Living Trust	Paloma Partners IV, LLC	4/6/2016	Tangipahoa	LA
LA-1671	LA-0663-A	Aaron Brown Morris, III and Eleanor Holden Morris, husband and wife	Paloma Partners IV, LLC	4/6/2016	St. Helena	LA
LA-1671	LA-0663-B	Aaron Brown Morris, III and Eleanor Holden Morris, husband and wife	Paloma Partners IV, LLC	4/6/2016	St. Helena	LA
LA-1672	LA-0762-A	Harrell Phillips, LLC, a Louisiana Limited Liability Company, by and through its Manager, Bruce C. Harrell Ronald Rozell Harrell Becky Hove Wahl Sweat	Paloma Partners IV, LLC	4/7/2016	Tangipahoa St. Helena	LA
LA-1679	LA-1679-A	BCDS Land, Inc. L&T Land, Inc.	Paloma Partners IV, LLC	4/12/2016	Tangipahoa	LA
LA-1680	LA-1126-A	Taylor Family Real estate LLC	Paloma Partners IV, LLC	4/12/2016	Tangipahoa	LA
LA-1681	LA-1681-A	Taylor Family Real estate LLC	Paloma Partners IV, LLC	4/12/2016	Tangipahoa	LA
LA-1681	LA-1681-B	Taylor Family Real estate LLC	Paloma Partners IV, LLC	4/12/2016	Tangipahoa	LA
LA-1686	LA-0762-A	William Claiborne Harrell Bonnie Jean Harrell Emily Elizabeth Harrell Jordan William Claiborne Harrell, II Jennifer Ann Harrell Cora John Edward Hove Kathleen Hove Wankel Amy C. Harrell Laura Lee Harrell Giancola Lillie Harrell Brooks Ben C. Harrell, III Family Enterprises, LLC	Paloma Partners IV, LLC	4/7/2016	Tangipahoa St. Helena	LA
LA-1696	LA-0751-A	Hugh Vernon Frazier, Margaret Ann Frazier Worley Charlotte Lea Frazier Lamkin	Paloma Partners IV, LLC	4/26/2016	St. Helena	LA
LA-1696	LA-0751-B	Hugh Vernon Frazier, Margaret Ann Frazier Worley Charlotte Lea Frazier Lamkin	Paloma Partners IV, LLC	4/26/2016	St. Helena	LA
LA-1657	LA-0763-A	Trahan DSY, LLP a Louisiana limited liability partnership	Paloma Partners IV, LLC	12/18/2015	Tangipahoa	LA
LA-1658	LA-0764-A	Errol M. Durr and wife, Bonnie M. Durr	Paloma Partners IV, LLC	12/9/2015	Tangipahoa	LA
LA-0660	LA-0660-B	Dorothy E. Travis Hughes Richard Eugene Hughes Mona Hughes Pittman Madeline Gayle Hughes	Encana Oil & Gas (USA) Inc.	3/23/2013	St. Helena	LA
LA-0661	LA-0661-A	Dorothy E. Travis Hughes Richard Eugene Hughes Mona Hughes Pittman Madeline Gayle Hughes	Encana Oil & Gas (USA) Inc.	3/23/2013	St. Helena	LA
LA-0660	LA-0660-B	Dorothy E. Travis Hughes Richard Eugene Hughes Mona Hughes Pittman Madeline Gayle Hughes	Paloma Partners IV, LLC	3/22/2013	St. Helena	LA
LA-0661	LA-0661-A	Dorothy E. Travis Hughes Richard Eugene Hughes Mona Hughes Pittman Madeline Gayle Hughes	Paloma Partners IV, LLC	3/22/2013	St. Helena	LA

CUATRECASAS, GONÇALVES PEREIRA

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**Rui Mayer**  
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**Berta de March**  
Associate  
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The Board  
AUSTRALIS OIL & GAS LIMITED  
Suite 20, Level 2, 22 Railway Road  
Subiaco, Western Australia 6904

Lisbon, June 6<sup>th</sup>, 2016

Dear Sirs,

**Attorney's Report regarding Australis Oil & Gas Portugal**

We act as Portuguese legal advisors to Australis Oil & Gas Limited (**Australis Oil & Gas**), an Australian public company. Australis Oil & Gas is proposing to conduct an initial public offering of shares (**Offer**) by way of a prospectus (**Prospectus**) and list on the Australian Securities Exchange (**IPO**). Australis Oil & Gas Portugal, Sociedade Unipessoal, Lda. (**Australis Oil & Gas Portugal**) is an indirectly wholly owned subsidiary of Australis Oil & Gas. We have prepared this Attorney's Report on certain matters relating to Australis Oil & Gas Portugal and its assets for the purposes of inclusion in the Prospectus.

We consent to be named in the Prospectus as Australis Oil & Gas's Portuguese lawyers, and to the inclusion of this Attorney's Report in the Prospectus, and acknowledge that the Prospectus will be lodged by Australis Oil & Gas with the Australian Securities and Investments Commission and made publically available for the purposes of the IPO.



## 1. Scope of this Attorney's Report

As requested by Australis Oil & Gas, this Attorney's Report shall assess the correct incorporation of Australis Oil & Gas Portugal, the validity and extent of the percentage interests of Australis Oil & Gas in Australis Oil & Gas Portugal, and the validity and content of the Concession Contracts<sup>1</sup> entered into by Australis Oil & Gas Portugal, and shall further provide an overview of the applicable legal framework in the oil & gas sector in Portugal.

## 2. Australis Oil & Gas Portugal

Australis Oil & Gas Portugal, Sociedade Unipessoal, Lda. is a single-member company duly incorporated and validly existing under the laws of Portugal. The managers of Australis Oil & Gas Portugal are Mr. Ian Lusted, Mr. Graham Rochford Dowland and Ms. Julie Mari Foster.

To our knowledge, Australis Oil & Gas Portugal is in full compliance of its tax and Social Security obligations, as well as any other obligations undertaken before the Portuguese Authorities. Furthermore, to the extent of our knowledge, there are no ongoing litigation processes in relation to Australis Oil & Gas Portugal, or any environmental, native title or third party land rights issues affecting the Concession Contracts referred to in this Attorney's Report.

Australis Oil & Gas Portugal is a 100% owned subsidiary of Australis Oil & Gas UK Ltd. Australis Oil & Gas UK Ltd is a 100% owned subsidiary of Australis Europe Pty Ltd, which, in turn, is a 100% owned subsidiary of Australis Oil & Gas since the end of 2015. The share capital of Australis Oil & Gas Portugal is 5.000€ (five thousand euros), has been validly allotted to the said company's sole shareholder, and is fully paid and subscribed.

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<sup>1</sup> Concession Contracts refers to the "Contract between the State and Australis Oil & Gas Portugal, Sociedade Unipessoal, Lda, for Petroleum Exploration, Development and Production Rights in the Concession Area denominated Batalha" and the "Contract between the State and Australis Oil & Gas Portugal, Sociedade Unipessoal, Lda, for Petroleum Exploration, Development and Production Rights in the Concession Area denominated Pombal", both entered into on September 30<sup>th</sup>, 2015.

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The corporate purpose of Australis Oil & Gas Portugal, as established in the Registry, is "*prospection, exploration and commercialization of oil & natural gas and related activities*". Hence, the company is enabled to carry out its business as it is currently being conducted, making use of the rights which it holds, which are described in the following paragraphs.

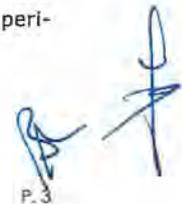
Since September 30<sup>th</sup>, 2015, Australis Oil & Gas Portugal is (subject to the rights granted under the Option and Free Carried Interest Agreement referred to in Section 4) the holder of two concessions granted by the Portuguese State, represented by *Entidade Nacional para o Mercado de Combustíveis (ENMC)*. By virtue of the said concessions, Australis Oil & Gas Portugal shall carry out, on an exclusive basis, prospection, research, development and exploration activities so as to obtain oil and gas in the areas designated Batalha and Pombal, as specified in Annex I of each contract. Such exclusive rights shall not hinder any non-conflicting rights that other entities may have regarding the said areas or part thereof. Such Concession Contracts are in no conflict with the applicable Portuguese legislation, have been duly executed by the parties and, as of the date hereof, remain in full force.

**Schedule 1:** Map of the areas of Batalha and Pombal object of the concession contracts granted to Australis Oil & Gas Portugal, as defined in the said contracts.

Given that the abovementioned Concession Contracts have been entered into by Australis Oil & Gas Portugal, which ultimately is 100% owned by Australis Oil & Gas, it is our understanding that, ultimately, Australis Oil & Gas holds legal title to the said concessions.

### 3. Key Provisions of the Concession Contracts entered into by Australis Oil & Gas Portugal

Pursuant to paragraph 1 of Clause 11 of the Concession Contracts, the initial term of the concessions is 8 years, which may be extended twice for periods of 1 year each time. According to paragraph 2 of the said clause, the production term of the Concession Contracts is 25 years, counting from the date of approval by the ENMC of the general plan for development and production. The said production term may be extended for one or more successive periods to a maximum of 15 years.



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**CUATRECASAS, GONÇALVES PEREIRA**

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The Concession Contracts include a provision for commercial stability, established in Clause 17 of the same, whereby the terms of the Concession Contracts may be renegotiated in order to amend the contractual provisions and restore the original financial balance of the concessions in the event that a change in the applicable legislation or regulation occurs to the economic detriment of the Concessionaire.

In accordance with Clause 2 of the Concession Contracts, during the first 8 years of validity of the concessions, Australis Oil & Gas Portugal shall execute prospection and research activities which will require an estimated investment of 10.225.000 € (ten million two hundred twenty five thousand euros) in the area of Batalha, and 10,225,000 € (ten million two hundred twenty five thousand euros) in the area of each of Pombal and Batalha. Of this amount, 225,000 € (two hundred and twenty five thousand euros) is to be invested during the initial 3 year period of each concession before the first opportunity for relinquishment of each concession. If however, Australis Oil & Gas Portugal failed to meet the said investment requirements, the Portuguese state could potentially terminate the concession contract according to article 59 of Decree-Law No. 109/94.

Australis Oil & Gas Portugal shall relinquish at least 50% of the Concession Areas within the first 5 years and a further 50% of the remaining area after year 8 if any extension is requested. Within five years from the date of approval of each general development and production plans, as established in paragraph 3 of Clause 4 of the Concession Contracts, Australis Oil & Gas Portugal must delineate the surface area of the petroleum blocks. The aforementioned deadline may be extended, insofar as the extension is technically justified. If however, Australis Oil & Gas Portugal failed to determine the surface of the petroleum blocks within the given deadline, the Concession Contract could be terminated according to article 59 of Decree-Law No. 109/94.

Pursuant to paragraph 5 of Clause 4 of the Concession Contracts, commercial production of oil fields shall only begin after the date of approval of the relevant general development and production plan.

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In accordance with Clause 8 of the Concession Contracts, Australis Oil & Gas Portugal shall hire and maintain insurance policies to cover the risks of the activities foreseen and carried out under the said contracts, including civil liability policies for consequential damages. If however, Australis Oil & Gas Portugal fails to hire and maintain the said insurance policies, the Concession Contract could be terminated according to article 59 of Decree-Law No. 109/94.

As set forth in Clause 10 of the Concession Contracts, the Portuguese State shall not be liable, directly or indirectly, for any damage or losses caused as a result of the risks inherent to the activities foreseen in the said contracts.

Pursuant to Clause 14 of the Concession Contracts, in the event that the Concession Contracts be terminated for any of the reasons foreseen in article 59 of Decree-Law no. 109/94 (explained in Section 5.4 below), assets and facilities permanently assigned to the concessions may revert to the Portuguese State without any cost, or remain in the property of the Concessionaire. In both cases, either the State or the Concessionaire, as may be the case, shall sell the said assets and facilities.

In accordance with Clause 15 of the Concession Contracts, Australis Oil & Gas Portugal shall pay the competent Portuguese authority (ENMC) a fee of 20.000 € (twenty thousand euros) upon execution of the Concession Contracts, which has been paid by Australis Oil & Gas Portugal. A fee ranging from 10.000 € (ten thousand euros) to 45.000 € (forty five thousand euros) shall be payable in case the Concessionaire's rights are transferred to a third party, other than an affiliated company.

As established in Clause 16 of the Concession Contracts, the Concessionaire shall pay a surface rent, which shall range from 15 € (fifteen euros) to 100 € (one hundred euros) per square kilometer per year, and shall be calculated as a function of the moment in time in which the rent is accrued. Australis Oil & Gas Portugal has paid the said surface rent in relation to the calendar years 2015 and 2016.

In case of production of oil, once certain costs for research and development of the oil fields as well as the operational costs have been recovered, Australis Oil & Gas Portugal shall pay to the competent Portuguese authority

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CUATRECASAS, GONÇALVES PEREIRA

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(ENMC) a percentage of the produced and marketed barrels. Such percentage shall be 0% for the first 2.2 million barrels, 6% over the next 1.5 million barrels and 9% over the remaining barrels.

In case of production of gas, once certain costs for research and development of the oil fields as well as the operational costs have been recovered, Australis Oil & Gas Portugal shall pay to the competent Portuguese authority (ENMC) a percentage of the produced and marketed barrel of oil equivalent (boe). Such percentage shall be 3% for the first 5 million boe, 6% over the next 5 million boe and 8% over the remaining boe's.

Pursuant to Clause 25 of the Concession Contracts, any dispute arising from or in connection with the Concession Contracts shall be resolved by an arbitral court set up in Lisbon, which shall apply Portuguese law.

**3.1 No necessary consent from Portuguese Authorities regarding the IPO of Australis Oil & Gas**

Pursuant to Clause 24 of the Concession Contracts, the Concessionaire shall request authorization from the competent Minister if it forms associations "with third parties as a non-incorporated joint-venture", assigns "its position of concessionaire" to any company (whether affiliated or not), or transfers "quotas or shares that represent more than fifty percent (50%) of the share capital" of Australis Oil & Gas Portugal.

As regards this clause, it is worth noting that acquisition of Australis Europe Pty Ltd (formerly Australis Oil & Gas Pty Ltd) by Australis Oil & Gas in a scrip for scrip transaction in December 2015, did not require authorization from the competent Minister. The competent authority, ENMC, confirmed that consent is not required in relation to the Offer or the IPO in a letter addressed to Australis Oil & Gas Portugal on April 29<sup>th</sup>, 2016. Moreover, in the said letter, it was confirmed that ENMC did not oppose the acquisition of Australis Europe Pty Ltd by Australis Oil & Gas noted above.

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#### 4. Option and Free Carried Interest Agreement

On May 27<sup>th</sup>, 2016, Australis Oil & Gas Portugal and Topanga Resources Inc. executed an Option and Free Carried Interest Agreement, in recognition that Topanga had performed certain consulting services for Australis Oil & Gas Portugal, including assisting with the identification and award of petroleum concessions in Portugal.

According to this agreement, Australis Oil & Gas Portugal has granted an option to Topanga to acquire a 3% working interest in the two existing Concessions owned by Australis Oil and Gas Portugal and to carry Topanga for a US\$20 million work program. In addition, if Australis Oil & Gas Portugal were to be awarded a Concession after the date of execution of the said agreement as a result of an application made at the same time as the two existing Concessions, it would, subject to exercise of such right by Topanga, transfer a 3% working interest in such Concession to Topanga and an additional US\$10 million carried work program. The transfer of any working interest is subject to government approval in accordance with Clause 24 of the Concession Contract.

Furthermore, by way of the said agreement, Australis Oil & Gas Portugal was granted by Topanga the sole and exclusive first right of refusal to acquire the Topanga working interest in the event Topanga accepted an offer to dispose of the same.

#### 5. Overview of the Oil & Gas Legislation in Portugal

##### 5.1 Legislation, Regulations and Treaties

Oil and gas exploration and production activities are regulated by Decree-Law No. 109/94, published on 26 April 1994. The provisions of said Decree-Law have been complemented by:

- Notices dated 21 July 1994 and 12 March 2002, which identify the areas where oil exploration, development and production operations are permitted;
- Dispatch no. 82/94, which establishes fees chargeable by the competent authorities for the issuance of preliminary evaluation licenses and for the signature of concession agreements and assignment agreements;

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- Joint Dispatch no. A-87/94-XII, which defines the amount of surface rentals; and
- Ministerial Order no. 79/94, published on 26 July 1994, which sets the basis of the concession agreements mentioned in Article 83 of the Decree-Law.

The ENMC has direct regulatory competences over oil and gas exploration and production activities, and develops its activities under the supervision of the overseeing minister. The ENMC is, therefore, the entity to whom interested entities should address themselves to resolve any issues concerning a concession agreement or a preliminary evaluation license. Fieldwork shall require the appropriate environmental impact assessment and the adoption of adequate safeguards. Usual European Union standards in these matters should be closely followed. Works relating to onshore operations, namely seismic, drilling and construction shall require prior licensing by competent municipal licensing entities. Support and ancillary activities, usually carried out by contractors (such as land, air or sea transport, construction, radiotelegraphy and others) may require specific licensing as per generally applicable rules and regulations. Such licensing requirement may also apply to the contractors themselves, it being the concessionaire's responsibility to ensure that all its contractors have their required licenses in good order.

Portugal is a signatory of the New York Convention, and has a long-established practice of agreeing to arbitration as the preferred method for settling disputes, even when the state is one of the parties thereto. The Decree-Law states that the concession agreement (and the preliminary evaluation license) has the nature of an administrative contract, and that any disputes with the concessionaire arising from the concession agreement shall be settled by arbitration, to be held in Portugal, with Portuguese procedural laws being applied. The Decree-Law requires that the concession agreement contains the arbitral clause that the parties agree to submit to. Portugal has concluded bilateral investment protection treaties with nearly 50 countries, and has signed treaties to avoid double taxation following the OECD model with more than 60 countries.

P. B.



## 5.2 Property of Mineral Resources

Any mineral resources existing in the underground of any areas subject to the sovereignty of Portugal are an integral part of the State's public domain. Oil and gas exploration and production activities may only be pursued under concessions granting exclusive contractual rights without prejudice of any third parties' rights to other activities or resources or to national interests concerning national defense, the environment, scientific investigation, and, in the case of maritime areas, navigation and management and preservation of maritime resources.

Notwithstanding the above, once a concession contract is granted, the concessionaire shall have ownership rights over the oil and gas produced in the area under concession, without prejudice to any rights that may be granted to the State or other entities in each specific concession contract.

## 5.3 Public tender procedure for award of concessions and direct concessions

The preferred method for the award of oil and gas exploration and production rights is a public tender organized by the ENMC, which must publish announcements in the Official Gazette and in the Official Journal of the European Union containing the terms of reference of the tender, including the basis of the concession agreements. The ENMC is charged with the evaluation of the bids, which must conform to the terms and conditions published with the announcement, and preparing a recommendation to the overseeing minister. The minister may decide to award the concession or, if the bids received are not satisfactory or do not comply with the terms of reference, may decide not to make an award. The decision of the minister is appealable to the administrative courts under general legal terms.

If there is no public bidding announced and no competing interest justifies a bidding procedure or concessions have been relinquished by previous concessionaires or if adjoining concessions of the applicant, then ENMC can enter direct negotiation on the terms and conditions of the concession, which must conform to the applicable legal provisions, and, within 90 days (extendable for a further 60 days), submit a proposal to the minister.



#### 5.4 Termination and Revocation

The rights granted shall terminate:

- at the end of the initial period, if the concessionaire has not made a demarcation of an oilfield, or at the end of the production period;
- at the concessionaire's request, effective on the whole or part of the concession area, with 30 days' advance notice prior to the end of the third year or of any subsequent year of the initial period, or with one year's advance notice at any moment during the production period;
- at any time, by mutual agreement of the State and the concessionaire;
- at any time by unilateral decision of the State, as a penalty if the concessionaire has failed to execute any operations included in approved work plans and budgets, has assigned its rights or parts thereof without due authorization, has abandoned any oilfield without due authorization, or has failed to comply with any of its contractual obligations; or
- at any moment at the State's initiative, for reasons in the public interest and with payment of fair compensation.

Upon termination of the concession, any works, information, equipment, instruments, facilities and other assets permanently linked to the concession shall revert to the State, free of any charge, cost or compensation to the concessionaire.

The concessionaire and its contractors shall keep confidential all data and information pertaining their activities in the concession for its entire duration, and shall not disclose any such information without the ENMC's prior authorization. This obligation does not apply to information that was public before the concessionaire acquired it, or that become public after said occasion for reasons independent of the concessionaire's will or control.

ENMC is not subject to mandatory deadlines when issuing authorizations or providing documents. We expect that authorizations for the disclosure of information may require a minimum of 1 month.

Directive 2013/30/EU of the European Parliament and of the Council of 12 June 2013 on safety of offshore oil and gas operations and amending Directive 2004/35/EC requires legislative action prior to 15 July 2015, to introduce further requirements on the operators concerning the provision of information and the adoption of risk management and safety measures, currently not extensively dealt with in the legislation.

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### 5.5 Production Restrictions

The concessionaire shall be free to market the oil and gas it will have produced, being entitled to sell it locally or to export it. The only restrictions that may apply are those resulting from international sanctions to which Portugal is bound. There is no specific requirement to satisfy national needs. In the event of war or national emergency declared by the government, a part or the whole of the production may be requisitioned to ensure the satisfaction of Portugal's strategic requirements. The concessionaire shall be entitled to compensation in an amount equal to the value at market prices of the quantity of the requisitioned product. Market price, for these purposes, as well as for determination of taxes, is defined as the price then prevailing in the international markets for similar products.

### 5.6 Environmental Impact and Decommissioning

Pursuant to Decree-Law No. 69/2000, published on 3 May (as amended by Decree-Law No. 69/2003, Law No. 12/2004, Decree-Law No. 197/2005, Decree-Law No. 225/2007 and Decree-Law No. 60/2012), and following the regulations contained therein, an environmental impact assessment must be submitted to and approved by the Portuguese Environmental Agency before any projects that are likely to result in significant contact with the environment, including oil and gas operations. The environmental impact assessment is, therefore, a preventive method to foresee, estimate and reduce negative impacts and introduce possible alternatives, based on studies and data gathering. The outcome of the assessment is an environmental impact statement. The statement includes the decision, which can be favorable (with or without conditions) or unfavorable. The Decree-Law does not have any specific rules concerning decommissioning. However, the concessionaire's generic duty to act in accordance with the best practices of the industry and general legal provisions and principles governing environmental protection and safety would apply subsidiarily to abandonment. The concessionaire may abandon an oilfield due to technical or economic reasons provided that it requests the minister's permission through the ENMC. The ENMC will convey the request to the minister, with its recommendation, within 30 days following receipt of the concessionaire's request. If the minister's decision is not communicated within 90 days following the ENMC's receipt of the concessionaire's request, the concessionaire may deem that the decision was negative, and submit the issue to arbitration.

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**6. Recent Government Actions directly related to Australis Oil & Gas Portugal**

- a. Australis completed negotiation and applied for three concessions on February 9, 2015. These agreements were subject to Government approval and on September 30, 2015 the Batalha and Pombal concessions were awarded, but a third concession named Cadaval was not. In the meantime, a new Government took office in November 2015, and Australis was advised, in May 2016, of a policy decision to suspend all processes that had not already led to the execution of concession contracts pending a general review of current legal provisions governing oil and gas exploration and production in Portugal.

There have been no further news concerning the Government's initiative, but in all likelihood the third concession that Australis applied for will not be granted.

We do not anticipate that the above mentioned initiative will negatively impact Australis' rights as concessionaire. Any new legal provisions will only provide for future situations, and in the unlikely event that new legislation is enacted that seriously and negatively affects the concessionaire's rights will legitimize a request for the redressment of the financial balance of the concession to the original contractual terms and conditions.

We consider the risk of the Government revisiting the granted Concessions, and that impacting Australis' rights as concessionaire, to be minor for Australis Oil & Gas Portugal, as it has duly complied with all the legal requisites during the awarding process of the Concessions; furthermore, it has provided evidenced that it is technically and financially capable to carry out these projects, it has submitted insurance policies as required and it could provide an environmental report on the consequences of the exploration projects if needed.

- b. *Bloco de Esquerda*, a left wing party that is a member of the parliamentary coalition that supports the present Government, has stated that is seeking to tighten the control over oil & gas exploration risks by subjecting all concession contracts to environmental impact studies. If confirmed, this would entail additional expenses to concessionaires.



## 7. Documents

For the purposes of this report, we have strictly analyzed the documents listed below:

- (i) Certificate of incorporation of Australis Oil & Gas Portugal, Sociedade Unipessoal, Lda. issued by the Ministry of Justice of Portugal on March 31<sup>st</sup>, 2015.
- (ii) Appointment of the members of the governing bodies of Australis Oil & Gas Portugal, Sociedade Unipessoal, Lda. issued by the Ministry of Justice of Portugal on April 26<sup>th</sup>, 2016.
- (iii) Contract entered into the Portuguese State and Australis Oil & Gas Portugal, Sociedade Unipessoal, Lda. for the concession of rights of prospection, research, development and exploration activities in the area designated as Batalha on September 30<sup>th</sup>, 2015.
- (iv) Contract entered into the Portuguese State and Australis Oil & Gas Portugal, Sociedade Unipessoal, Lda. for the concession of rights of prospection, research, development and exploration activities in the area designated as Pombal on September 30<sup>th</sup>, 2015.
- (v) Letter addressed by *Entidade Nacional do Mercado de Combustíveis* to Australis Oil & Gas Portugal on January 11<sup>th</sup>, 2016 stating that Australis Oil & Gas Portugal was, as at that date, the legal concessionaire for the Batalha and Pombal concessions and in full compliance with all terms and conditions of the said contracts.
- (vi) Letter addressed by *Entidade Nacional do Mercado de Combustíveis* to Australis Oil & Gas Portugal on April 29<sup>th</sup>, 2016 stating that consent is not required in relation to the Offer or the IPO.
- (vii) Option and Free Carried Interest Agreement executed by Australis Oil & Gas Portugal and Topanga Resources Inc. on May 27<sup>th</sup>, 2016.
- (viii) Compilation of press articles regarding material risks described in this Section.
- (ix) Deed of incorporation of Australis Oil & Gas Portugal issued on March 30<sup>th</sup>, 2015 before Notary Public Ana Luísa Balmori Padesca, which includes the Articles of Association of said company.
- (x) Certification of the Commercial Registry issued on April 26<sup>th</sup>, 2016, which attests of the existence of Australis Oil & Gas Portugal.
- (xi) Minutes of the General Assembly of Australis Oil & Gas Portugal held on April 17<sup>th</sup>, 2015.
- (xii) Minutes of the General Assembly of Australis Oil & Gas Portugal held on September 29<sup>th</sup>, 2015.

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- (xiii) Minutes of the General Assembly of Australis Oil & Gas Portugal held on February 22<sup>nd</sup>, 2016.
- (xiv) Tax clearance certificate issued by the Tax and Customs Authority of Portugal (*Autoridade Tributária e Aduaneira*) on May 19<sup>th</sup>, 2016.
- (xv) Social Security clearance certificate issued by the Social Security Authority of Portugal on May 20<sup>th</sup>, 2016.
- (xvi) Article published in *O Público* under the title "*A vez de Sousa Cintra e a pressa na véspera das eleições*" by Francisco Louçã, dated April 20<sup>th</sup>, 2016.
- (xvii) Article published in *O Público* under the title "*Uma concessão polémica uniu o Algarve contra o petróleo*" by Luciano Álvarez, Idállo Revez and Rui Gaudêncio, dated May 1<sup>st</sup>, 2016.
- (xviii) Article published in *Expresso* under the title "*Governo quer anular contratos de petróleo*" by Carla Tomás, dated May 7<sup>th</sup>, 2016.
- (xix) Article published in *Jornal de Notícias* under the title "*Concessão de petróleo a Sousa Cintra tem 'situações difíceis de aceitar'*" dated May 18<sup>th</sup>, 2016.

We have not examined any documents, agreements, records or undertakings that may be referred to in any of the attached documents, and have not made any further enquiries or investigations concerning Australis Oil & Gas Portugal in connection with this report.

### 8. Assumptions

In considering the Documents, we have assumed:

- a) The genuineness of all signatures and seals thereon;
- b) The correctness of all facts stated therein;
- c) The authenticity and completeness of all documents submitted to us as originals or copies;
- d) The legitimacy, legal capacity and validity of the powers of attorney of the signatories acting on behalf of the parties involved; and

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- e) That, as of the date hereof, there is no other agreement, in any form, that could amend, affect or supersede any of the terms of the Documents. Thus, the Documents contain the entirety of the rights and undertakings of the parties involved as to the matters to which the Documents relate.

### 9. Other general considerations

- a) **Express matters:** this Attorney's Report is strictly limited to the matters expressly referred to in the previous paragraph, subject to the assumptions contained in Section 8 of this Attorney's Report construed as extending to any other matters related with the Documents.
- b) **Portuguese Law:** this Attorney's Report is strictly limited to Portuguese Law and shall be subject to and construed in accordance with Portuguese Law and Case-law published and in force as of the date hereof.
- c) **Facts:** no opinion is hereby given regarding matters of fact or the reasonableness of any statements of opinion or intention contained in the Documents. In particular, no opinion is given on any facts or actions undertaken by any person in relation with the Documents, whether directly or indirectly, or any facts, events or actions that may affect the validity, enforceability or binding nature of the Documents.
- d) **No up-dating:** this Attorney's Report contains opinions given within the framework of Portuguese Law as of the date hereof. We assume that no foreign law, procedure or rule affect the conclusions of this Attorney's Report. We shall have no duty to inform of any changes in Portuguese Law, or any other circumstance of which we would be informed or become aware that would occur after the date of this Attorney's Report and that could impact the matters addressed herein.

### 10. Conclusion

Based upon the foregoing, it is our opinion that:

- (i) Australis Oil & Gas Portugal is a company duly incorporated and validly existing under the laws of Portugal, holder of two concession contracts granted by *Entidade Nacional para o Mercado de Combustíveis* in the areas designated Batalha and Pombal.

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**CUATRECASAS, GONÇALVES PEREIRA**

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- (ii) The aforementioned concession contracts are valid, in full force and, as of the date hereof, are being have been duly fulfilled by the Parties.
- (iii) As the ultimate owner of 100% of the share capital of Australis Oil & Gas Portugal, Australis Oil & Gas Ltd holds legal title to the said concessions.
- (iv) As the ultimate owner of 100% of the share capital of Australis Oil & Gas Portugal, Australis Oil & Gas Ltd is, on the date hereof, in no violation of the applicable Portugal legislation.

This Attorney's Report is provided for the purposes referred to above and is addressed to and is solely for the benefit of AUSTRALIS OIL & GAS LIMITED. It may not, without our prior written consent of CUATRECASAS, GONÇALVES PEREIRA, be relied upon for any other purpose or be disclosed to, assigned to or relied upon by any other person.

Yours faithfully,

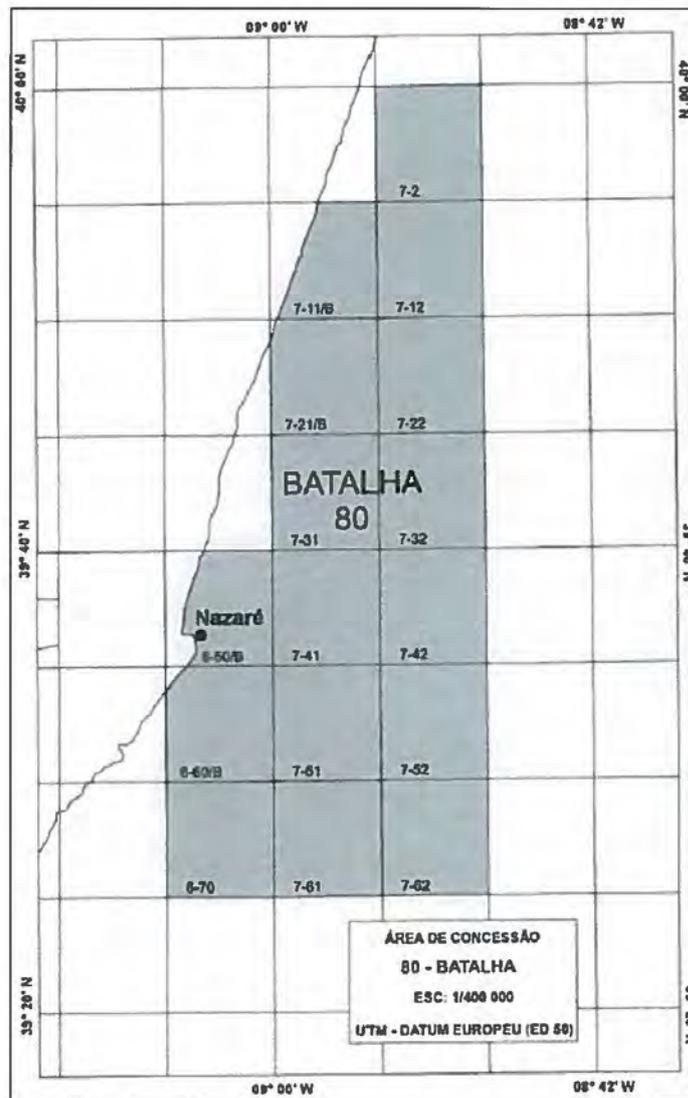
  
\_\_\_\_\_  
**Rui Mayer**  
Partner

  
\_\_\_\_\_  
**Berta de March**  
Associate

CUATRECASAS. GONÇALVES PEREIRA

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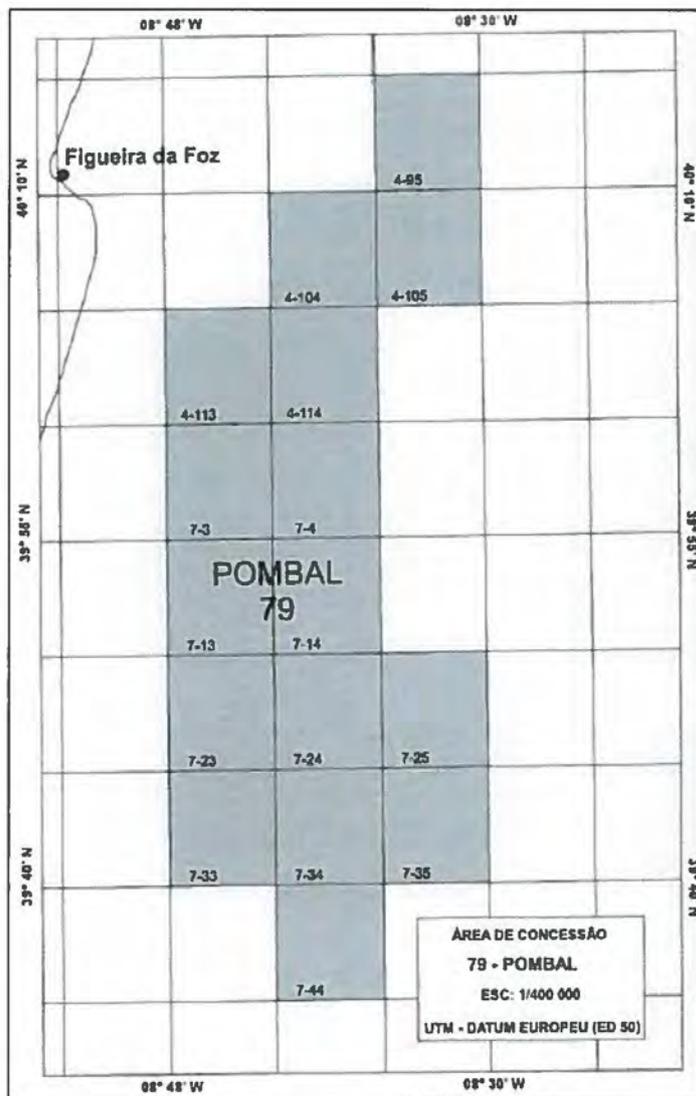
**Schedule 1:** Map of the areas of Batalha and Pombal object of the concession contracts granted to Australis Oil & Gas Portugal, as defined in the said contracts.



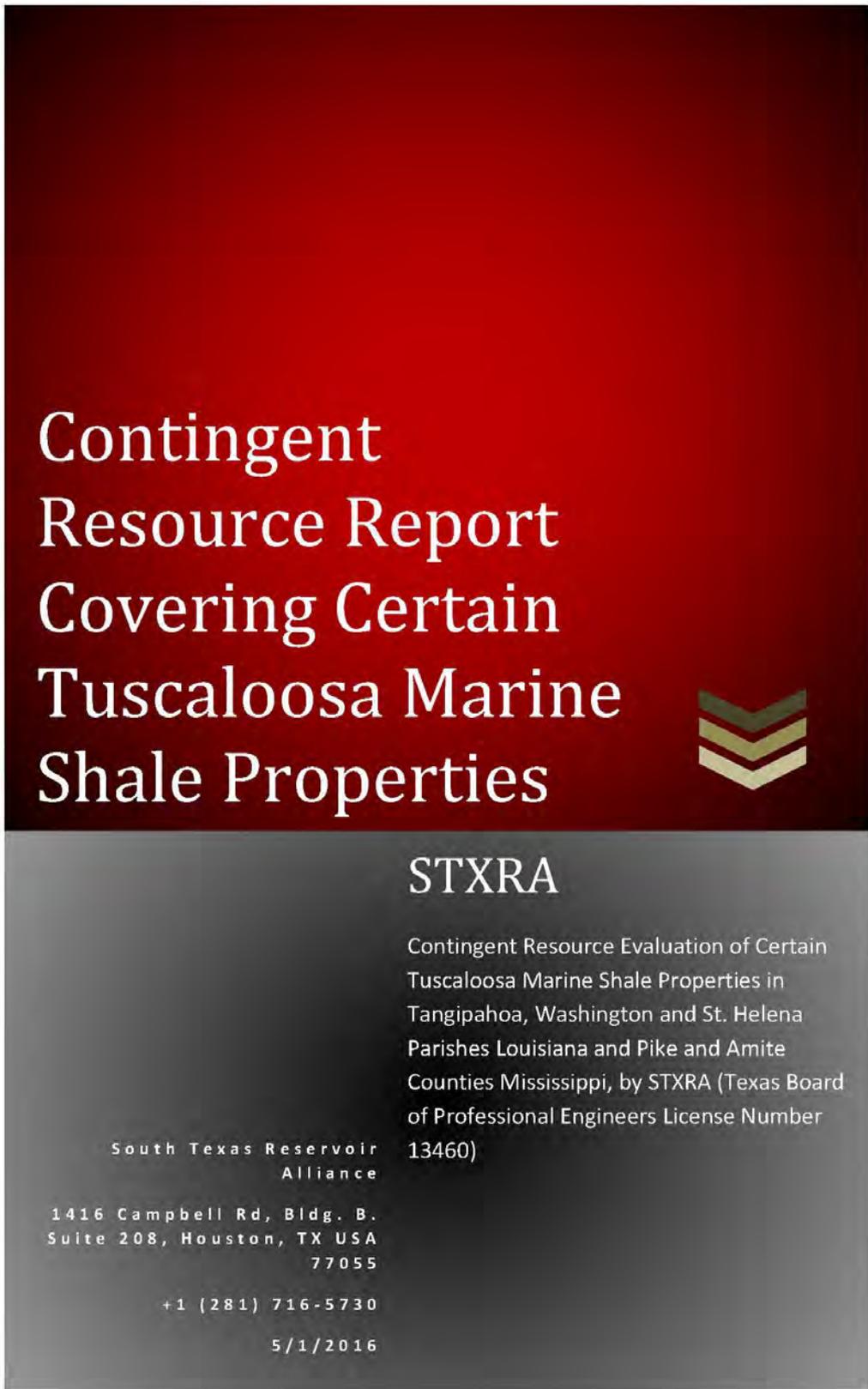
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# CUATRECASAS, GONÇALVES PEREIRA

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# Contingent Resource Report Covering Certain Tuscaloosa Marine Shale Properties

**STXRA**

Contingent Resource Evaluation of Certain  
Tuscaloosa Marine Shale Properties in  
Tangipahoa, Washington and St. Helena  
Parishes Louisiana and Pike and Amite  
Counties Mississippi, by STXRA (Texas Board  
of Professional Engineers License Number  
13460)

South Texas Reservoir  
Alliance

1416 Campbell Rd, Bldg. B.  
Suite 208, Houston, TX USA  
77055

+1 (281) 716-5730

5/1/2016

## Document Control

Contingent Resource Report Effective May, 1<sup>st</sup> 2016

The report covers certain Tuscaloosa Marine Shale properties Australis Oil & Gas Ltd. has rights to in Tangipahoa, Washington and St. Helena parishes Louisiana and Pike and Amite counties Mississippi.

Prepared by South Texas Reservoir Alliance LLC ("STXRA"), State of Texas Registration Number F-13460

Prepared by Sean Fitzgerald, State of Texas Professional Engineer #107301, Society of Petroleum Engineers #3151466 and Cynthia ("Cindy") Welch, State of Texas Professional Geologist #11422, American Association of Petroleum Geologists #738279.

The effective date of this report is May 1<sup>st</sup>, 2016 and all calculations, data, reported contingent resources, etc are as of that day.

It is expressly stated that this report is based on and fairly represents information and supporting documentation prepared by, or under the supervision of, the qualified evaluators, Sean Fitzgerald and Cindy Welch. Further, Sean Fitzgerald and Cindy Welch are employees of South Texas Reservoir Alliance LLC and not employees of Australis or any related entity. Finally, this report is issued with the prior written consent of the qualified evaluators, Sean Fitzgerald and Cindy Welch.

Signatures:



## Declaration

South Texas Reservoir Alliance LLC ("STXRA") has been commissioned to provide Australis Oil & Gas Ltd. an Australian Oil & Gas company whose address is Suite 20 Level 2, 22 Railway Rd, Subiaco, WA 6008 ("Australis"), a Contingent Resource Report for inclusion in a Prospectus covering certain Tuscaloosa Marine Shale properties in Tangipahoa, Washington and St. Helena parishes Louisiana, and Pike and Amite counties Mississippi, USA.

This Contingent Resource Report follows the guidelines laid out by the Society of Petroleum Engineers' *Petroleum Resources Management System* (2007) and further described in the *Guidelines for Application of the Petroleum Resources Management System* (2011) the ("Documents"). All STXRA references to reserves and resources are made in the context of the definitions found within these Documents. Both of these Documents can be provided upon request.

Contingent Resources are those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from known accumulations, but for which the applied project or projects are not yet considered mature enough for commercial development because of one or more contingencies. We have assessed that contingent resources can be allocated to the Tuscaloosa Marine Shale properties Australis has rights to. The contingent resources shown in this report are contingent upon (i) approval of a development plan by Australis' Board of Directors, (ii) demonstration of access to enough capital to implement the development plan, and (iii) improvement in hydrocarbon commodity prices such that Australis can demonstrate that the hydrocarbons are economic to extract.

Once all contingencies have been successfully addressed, the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is 90 percent for the low estimate (1C), 50 percent for the best estimate (2C) and 10 percent for the high estimate (3C).

The assessment of petroleum assets is subject to uncertainty because it involves judgments on many variables that cannot be precisely assessed including reserves, resources, future hydrocarbon and water production rates and additional associated costs, access to product markets, product prices and the potential impact of fiscal/regulatory changes.

The statements and opinions attributable to STXRA are given in good faith and in the belief that such statements are neither false nor misleading. In carrying out its analyses, STXRA considered and relied upon information obtained from Australis as well as information in the public domain. The information Australis provided to STXRA has included electronic data, hard copy data, and numerous verbal discussions. Importantly a significant portion of the data was provided to Australis by the vendor and remaining 50% working interest holder of the properties, Paloma Partners IV, LLC ("Paloma") who has a data sharing agreement with Goodrich Petroleum, one of the most active participants in the play.

Whilst every effort has been made to verify data and resolve apparent inconsistencies, neither STXRA nor its staff accept any liability for the data's accuracy, and does not warrant that our

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enquiries have revealed all of the matters, which an extensive examination may disclose. In particular, STXRA has not independently verified property title, encumbrances, regulations that apply to the assets, environmental liabilities, legal liabilities, accounting information and liabilities, and the physical inspection of each asset.

We believe our review and conclusions are sound but no warranty of accuracy or reliability is given to our conclusions.

STXRA is an independent third party. STXRA has no pecuniary interest, other than to the extent of the professional fees receivable for the preparation of this report, or other interest in the assets evaluated, that could reasonably be regarded as affecting our ability to give an unbiased view of these assets.

Our review was carried out only for the purpose referred to above and may not have relevance in other contexts.

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## Overview

South Texas Reservoir Alliance LLC (“STXRA”) has been commissioned to provide a Contingent Resource Report for the properties (“Property”) Australis Oil & Gas Ltd. (“Australis”, the “Company”) has rights to located in Amite and Pike Counties in Mississippi and St. Helena, Tangipahoa, and Washington Parishes, Louisiana as defined by the red box review area in Figure 1. This review area includes a total net acreage of approximately 16,500 net acres (33,000 gross acres). Australis has rights to a small amount of additional acreage in the previously mentioned counties that were ignored because they were outside of the review area. The primary target on Australis’ acreage and the focus of this contingent resource evaluation is the Cretaceous-aged Tuscaloosa Marine Shale (“TMS”), which is the marine shale section which lies between the Upper and Lower Tuscaloosa Sands. Historically, this area has produced from the Upper Tuscaloosa and Lower Tuscaloosa Sands, however the recent activity has focused on horizontal drilling in the TMS.

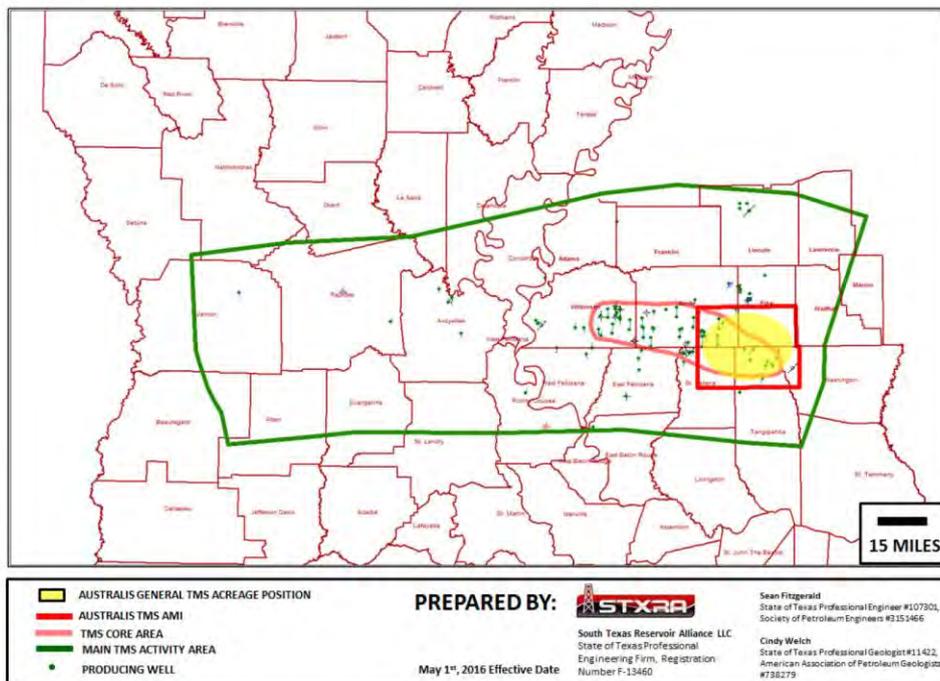


Figure 1. Map of Australis’ acreage (shown in yellow) with the review area for this contingent resources evaluation included in red. (For confidentiality reasons only the general location of the acreage is shown in this report)

## Geologic Background

The Upper Cretaceous Tuscaloosa Marine Shale Trend is present through central Louisiana and southwestern Mississippi and is age equivalent to the Eagle Ford Trend that produces in South Texas (Allen, 2013). Figure 2 is the stratigraphic column for the review area; included is a green highlight box around the Tuscaloosa Marine Shale, which is the primary horizontal target. The overall Tuscaloosa Marine Shale ranges in thickness from 150 to 200 ft across the acreage. The most petroliferous and productive portion is in the basal TMS, which is typically highly resistive and fractured (Allen, 2013). This highly resistive basal TMS is best developed in east-central Louisiana and southern Mississippi, as noted in Figure 3. Geochemical analysis of the oil produced from the Lower Tuscaloosa reservoirs confirms that the TMS is the source rock for these reservoirs as well (Echols, 1997). Figure 4 is a structure map on the Top of the Lower Tuscaloosa or Base of the TMS in the review area. As the structure map illustrates, the reservoir dips southwest or basin-ward across the acreage. The base of the TMS ranges from approximately 12,400' TVD on the southwest edge of Australis' acreage to approximately 11,500' TVD in the north-northwest edge of the acreage.

The TMS is known to be over-pressured, with some authors reporting hydrostatic pressure equal to 6,200 psi while drilling through the TMS, where normal pressure in the Upper and Lower Tuscaloosa is 4,400-5,200 psi (John, et al., 1997). Other public data sources cite pressure gradients of 0.6-0.75 psi bottom hole pressure ("BHP").

<b>CRETACEOUS</b>	<b>GULF</b>	SELMA	SELMA CHALK (UNDIFF.)	CHALK	
		EUTAW	EUTAW (EAGLEFORD)	GRAY SHALE AND BASAL SAND	
		<b>TUSCALOOSA</b>	UPPER TUSCALOOSA	SANDS AND SHALES	
			MARINE SHALE	DARK GRAY MARINE SHALE	
	<b>COMANCHE</b>	<b>WASHITA-FREDSBURG</b>	LOWER TUSCALOOSA	STRINGER MASSIVE SAND	LENTICULAR SANDS AND SHALES WHITE, COARSE-GRAINED
			DANTZLER	SANDS AND SHALES	
		TRINITY	UNDIFFERENTIATED	PREDOMINANTLY LIMESTONE	
			PALUXY	VARIABLY COLORED SANDS AND SHALES	

Figure 2 Generalized stratigraphic column for Middle to Upper Cretaceous in Review Area.



### Tuscaloosa Marine Shale Play Boundary Map – Resistivity Trends



Figure 3 Interpreted Tuscaloosa Marine Shale play boundary map with high resistivity target area outlined with blue dashed line (from Allen, 2013).

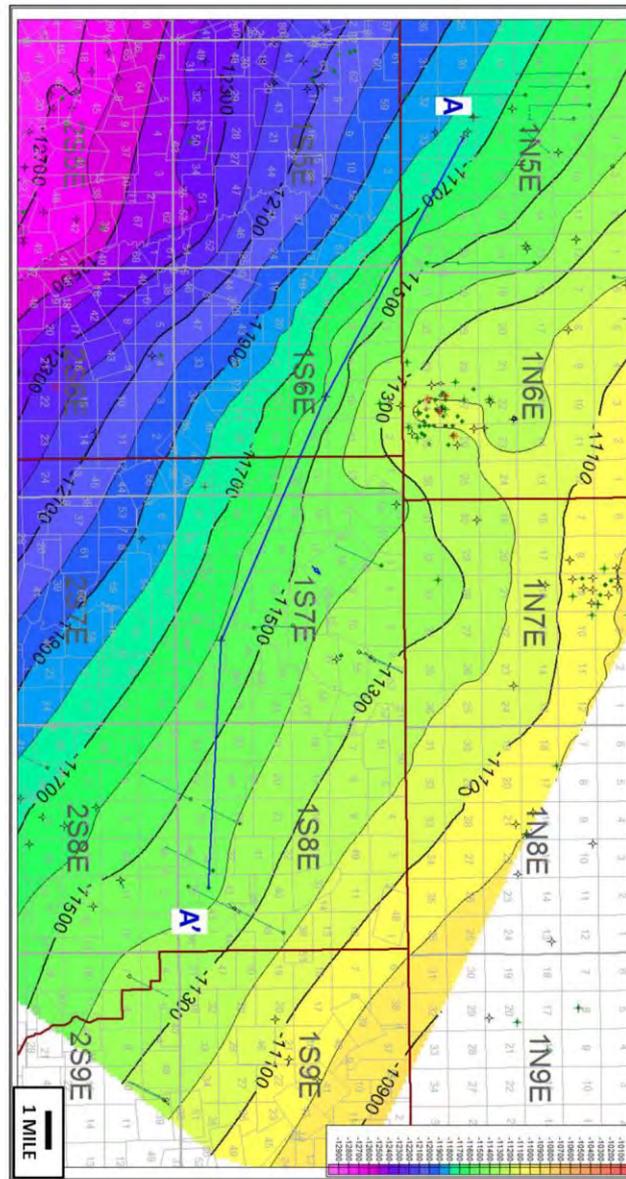


Figure 4 Structure Map on the Top of the Lower Tuscaloosa or Base of the TMS in the review area. (Australis acreage generally falls within all contoured areas shown)

## Geologic Evaluation

The highly resistive TMS interval ranges in thickness from 140 to 200 ft across the review area as shown in the TMS high resistivity gross isopach map (Figure 5). The horizontal wells drilled to date in the review area are also labeled in Figure 5. Overall, the gross TMS interval thickens northeast on the acreage, where the gross TMS reaches approximately 195 feet. Figure 6 is a cross section that transects Australis' acreage from west to east, labeled as A-A' in Figure 5 and Figure 7. Logs included in the cross section are gamma ray ("GR") and/or spontaneous potential ("SP") in track 1 and Resistivity in track 2. The interval from the Top TMS high resistivity to the Base TMS is described in the cross section. Our study included the review of a confidential petrophysical analysis performed by Schlumberger for an immediate offset well (the 'Confidential Log'), which was drilled just east of Australis' acreage. The Top TMS high resistivity and Base TMS (also Top Lower Tuscaloosa) were marked on the Confidential Log and verified by STXRA. The high resistivity section in the basal TMS was easily observed on the Confidential Log. The volume of clay increased from the Base TMS upwards to the Top TMS high resistivity marker. The entire TMS section had approximately 47% clay on average, based on confidential XRD results, however the lower TMS horizontal target interval had approximately 36% clay. The overall XRD lithology indicated approximately 24% quartz, 19% calcite, 47% clay, and 10% other minerals.

Figure 7 is the net pay or net isopach map using a cutoff of 5 ohm-m for deep resistivity. The use of 5 ohm-m as the pay cutoff in the TMS is supported by multiple authors, including Allen (2013) and John, et al. (1997). The net pay ranges from 85 to 130 feet across Australis' acreage. The highlighted yellow intervals in Figure 6 describe the net pay that meets the greater than 5 ohm-m criteria.

TMS reservoir volumetrics were calculated for each separate Australis lease using the net pay grid in Figure 7 and the porosity, and water saturation assumptions shown in Table 1. Note that a discrete interpretation for the net pay grid was used to generate volumetrics. Porosity and water saturations were both statistically calculated using core data in the TMS high resistivity section from the following wells: Crosby 12-1, Thomas 38H-1, Beech Grove 68H, and Lane 64H. These wells are labeled on the map in Figure 8. These in place volumes at reservoir conditions were then used to compute the Property's TMS contingent resources.



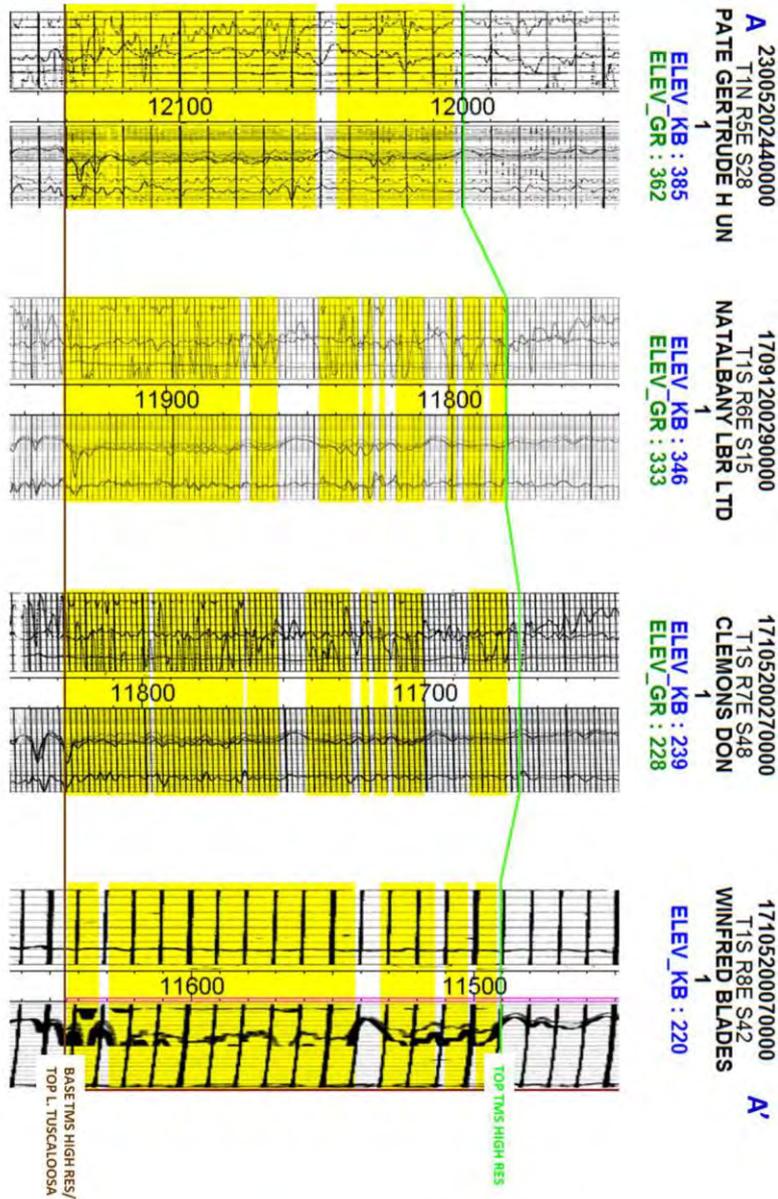


Figure 6 Cross Section A to A', which transects Australis' acreage from west to east.



3C Porosity ("High Por")	0.074
2C Porosity ("Best Por")	0.057
1C Porosity ("Low Por")	0.038
3C Sw ("High Sw")	0.569
2C Sw ("Best Sw")	0.718
1C Sw ("Low Sw")	0.838

Table 1 OOIP Calculation Assumptions for Porosity (1C (Low), 2C (Best), 3C (High)), and Sw (1C (Low), 2C (Best), 3C (High)).

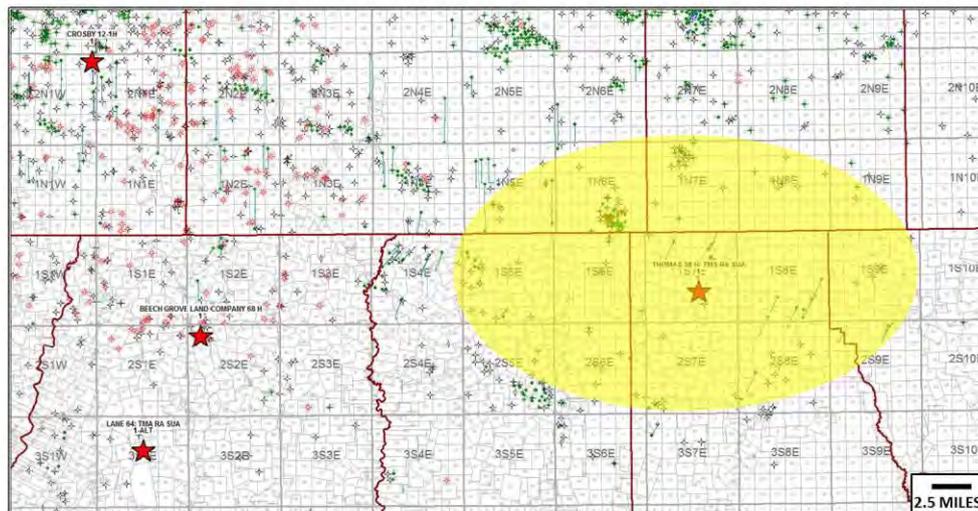


Figure 8 Map of wells with core data that was available and used to generate statistical low, best, and high porosity and water saturation values. (For confidentiality reasons only the general location of the acreage, yellow, is shown in this report)

## Drilling and Completion

The Tuscaloosa Marine Shale drilling and completion costs are approximately \$11.6MM per single pad problem free well (6,500' lateral, 1,800 lbs/ft proppant concentration). This cost represents STXRA's internal estimate using public cost data and quotes from various vendors in the area. Generally, lateral lengths range from 6000' to 9000'. TMS drilling averages 55 days (Figure 9 and Figure 10), with significant variations in drilling times seen due to various drilling issues. These issues include: (i) Hole stability in the intermediate section of the well as the rig drills through active clay gumbo zones forcing the operator to use an inhibitive oil base mud system. (ii) Depleted zones may be seen while drilling the intermediate hole causing large losses of oil base mud leading to significant rig down time as local sourcing of oil base mud is low and therefore it must be acquired from further afield. (iii) Drilling the curve section can be problematic without proper geologic control. In particular certain areas encounter a 'rubble zone' above the target. This 'rubble zone' must be approached with great caution and drilled through as quickly as possible via a low

inclination well plan. The result of entering the 'rubble zone' at low inclination is a higher dog leg severity at the base of the curve, which give the geo-steering team a smaller error window in which to predict the target, and a smaller window for the directional team to make a target true vertical depth change. (iv) Once landed and drilling in target, staying in target zone is both important and difficult as shown by the numerous offset examples of significant rig non-productive time related to sidetracking in the lateral to get back in the target zone. Wells drilled without any issues see spud to total depth times of 25-35 days.

Completion includes large amounts of sand in tightly spaced stages fracture stimulated with salt water; 300,000# of proppant per stage is common, however there are completions with as high as 800,000# per stage. The larger sand applications generally tend to increase well initial production, but add to the expense. Special consideration should be given to production casing design as high volume frac jobs in highly fractured reservoirs can result in pressure spiking at high pump rates (greater than 80 barrels per minute) which can damage casing and, in some cases, result in loss of the well.

Cost savings currently being proven in area demonstrate similar trends to other unconventional plays. As more wells are drilled, better geologic control is achieved, and geo-steering becomes more predictable. Better drilling fluid systems are honed over time resulting in better maps of up-hole depleted zones and mud weight limitations. This results in shorter non-productive drilling times. In addition, multi well pads can provide significant savings up to 15% when 4 or more wells are drilled on a single pad. Multi well pads can use batch hole drilling to drill the same section of each well consecutively, resulting in shorter non-productive times handling different drill pipe and tool sizes. Shared tank batteries also present significant potential savings.

Companies are just now starting to take advantage of the many cost saving pathways mentioned above. Notably drill times have improved by 40% since mid-year 2013. In addition large operators in the area are reporting cost savings of 17%+ from pad drilling alone.

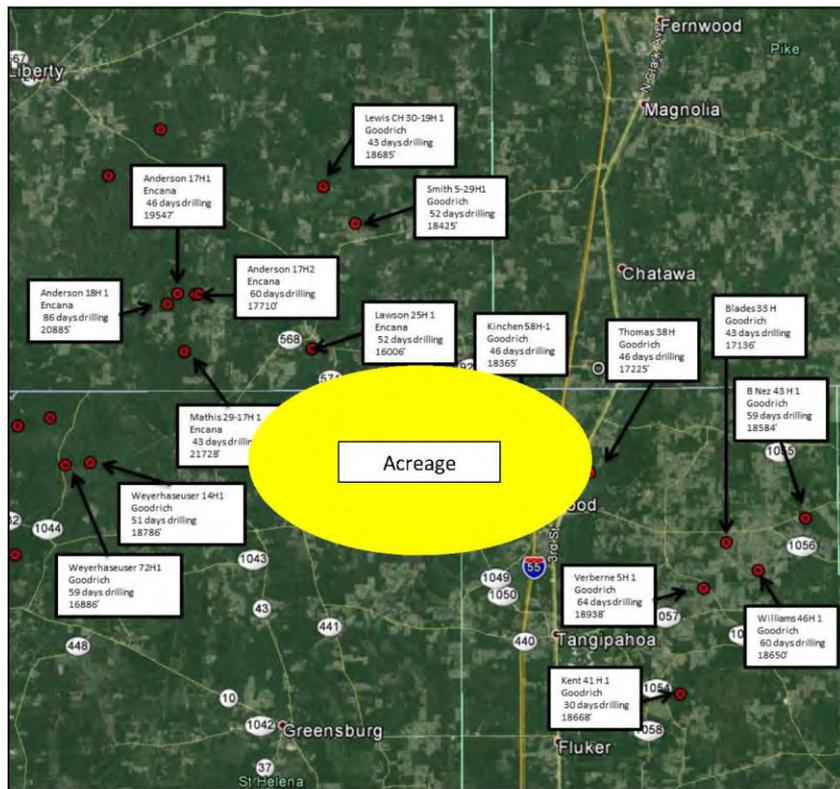


Figure 9 Offset drilling times. (For confidentiality reasons only the general location of the acreage, yellow, is shown in this report)

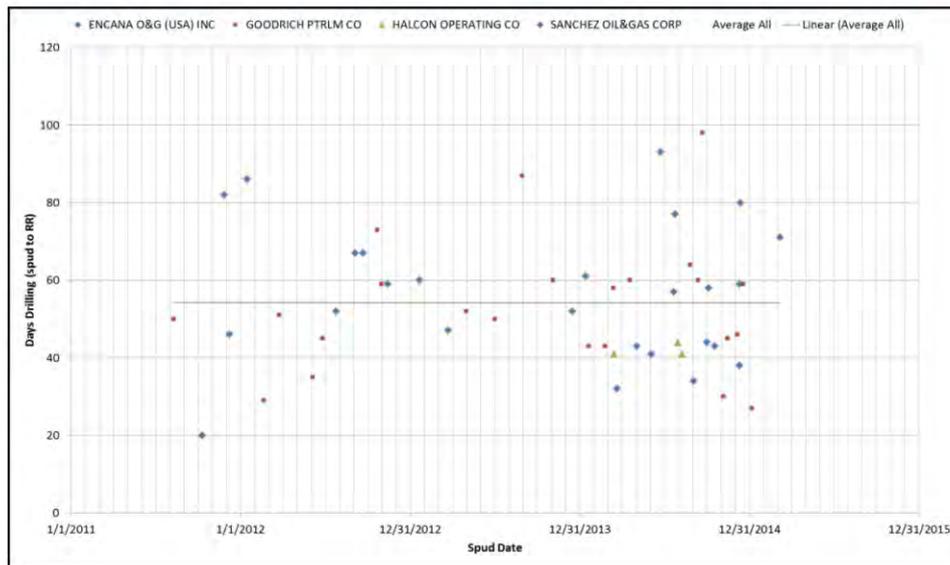


Figure 10 Historical drilling times by operator; Note generally wells have increased in lateral length over time with no change in spud to rig release dates;

## Contingent Resources

A wellhead Gas Oil Ratio (“GOR”) map of the acreage was created using available TMS production data (Figure 11).



formation volume factor from the gas oil ratio. The conversion was created using correlations made in a PVT simulator. Specifically, all reservoir properties were held constant, with only wellhead gas oil ratio varying, delivering a unique oil formation volume factor at reservoir conditions for each data point. Importantly density, composition, temperature and pressure of the wellhead fluids at the various gas oil ratios were not altered as this information was not available. Since the property generally has a lower gas oil ratio than the PVT sample it is being correlated with, it is expected that this methodology will generate a slight overestimate of resources. However the error is minor when compared to the uncertainty range of all other properties in the volumetric equation. While imperfect, this method utilizes all available PVT, depth and GOR data.

Using (i) the previously calculated original oil in place at reservoir conditions, (ii) the computed oil formation volume factors and (iii) the gas oil ratio map, original oil and gas in place at surface conditions was calculated. This calculation was done using the deterministic method and risking built into our input assumptions which are described in detail below. The tables below show the gross in place hydrocarbon volumes at surface conditions for the property (Table 2, Table 3):

**Table 2: Table of Total Oil Initially in Place (also termed Original Oil in Place ("OOIP")) at Surface Conditions\***

<b>1C: GRAND TOTAL</b>	<b>2C: GRAND TOTAL</b>	<b>3C: GRAND TOTAL</b>
Before Application of RF	Before Application of RF	Before Application of RF
100% of Acreage (Gross)	100% of Acreage (Gross)	100% of Acreage (Gross)
8/8ths Net Revenue Interest ("NRI")	8/8ths Net Revenue Interest ("NRI")	8/8ths Net Revenue Interest ("NRI")
<b>Gross OOIP (1C) in 1000's of Barrels ("Mbbls")</b>	<b>Gross OOIP (2C) in 1000's of Barrels ("Mbbls")</b>	<b>Gross OOIP (3C) in 1000's of Barrels ("Mbbls")</b>
<b>158,048</b>	<b>417,997</b>	<b>821,234</b>

**Table 3: Table of Total Gas Initially in Place (also termed Original Gas in Place ("OGIP")) at Surface Conditions\***

<b>1C: GRAND TOTAL</b>	<b>2C: GRAND TOTAL</b>	<b>3C: GRAND TOTAL</b>
Before Application of RF	Before Application of RF	Before Application of RF
100% of Acreage (Gross)	100% of Acreage (Gross)	100% of Acreage (Gross)
8/8ths NRI	8/8ths NRI	8/8ths NRI
<b>Gross OGIP (1C) in 1,000,000's of cubic feet ("MMcf")</b>	<b>Gross OGIP (2C) in 1,000,000's of cubic feet ("MMcf")</b>	<b>Gross OGIP (3C) in 1,000,000's of cubic feet ("MMcf")</b>
<b>55,292</b>	<b>146,234</b>	<b>287,304</b>

\*Note Surface Conditions means temperatures and pressures of 60 degrees Fahrenheit and 14.7 pounds per square inch absolute

Actual production results were used to determine the 1C, 2C, and 3C Recovery Factors ("RF"). The eleven nearest producing TMS wells to the acreage that had a reasonable production life were examined. These wells are labeled in Figure 11. Their 1C, 2C and 3C Expected Ultimate Recovery ("EUR") from decline curve analysis were recorded. It was noted that some of the 'Anderson' wells to the northwest of the acreage appeared to have mechanical difficulties and they were therefore excluded from the analysis. Descriptions of the remaining wells can be found in the Appendix (Table 7). These 1C, 2C and 3C numbers were then linearly normalized to be an optimized TMS well with 6,500' of completed interval, and 1,800 pounds of proppant pumped per completed foot. This

normalization was needed to reflect the planned wells Australis will develop the Property with (Table 4).

Table 4: Normalized EUR of Select TMS Wells

Well Name	Normalized 1C EUR* (Mbbls)	Normalized 2C EUR* (Mbbls)	Normalized 3C EUR* (Mbbls)
BLADES 33H-1	452	524	657
LAWSON 25-13H-1	349	406	506
LAWSON 25H-1	395	459	584
MATHIS 29-17H-1	287	337	436
MATHIS 29-32H-1	285	327	420
THOMAS 38H-1	300	350	430
VERBERNE 5H-1	316	367	468
WILLIAMS 46H-1	418	489	617

Well Name	Normalized 1C EUR* (MMcf)	Normalized 2C EUR* (MMcf)	Normalized 3C EUR* (MMcf)
BLADES 33H-1	100	116	146
LAWSON 25-13H-1	92	107	133
LAWSON 25H-1	130	151	193
MATHIS 29-17H-1	115	135	175
MATHIS 29-32H-1	120	138	178
THOMAS 38H-1	109	127	156
VERBERNE 5H-1	79	91	117
WILLIAMS 46H-1	92	108	136

\*Technical EUR using a 125 barrels of oil per month ("bopm") cut-off

These wells were placed in the center of hypothetical 970 acre drilling units shown in purple in Figure 11. 970 acres was used because Australis stated this was the size of the drilling units it intends to use to develop the acreage. The estimated number of wells per drilling unit was allowed to vary between one and five. One well per unit has been drilled to date and five wells per unit is the stated number offsetting major operators (Goodrich, Halcon) plan to drill. Notably when calculating the recovery factor one well per unit was used for the 1C resources, two to three wells per unit were used for the 2C resources and four to five wells per unit were used for the 3C resources. Of note, the large increase of in place resource when moving from the 1C case to the 2C case coupled with a more limited increase in decline curve EUR led to lower 2C calculated recovery factors for several of the individual drilling units. However, on average the expected 2C recovery factor is higher than that of the 1C case.

The original oil in place and original gas in place at surface conditions was computed for each of the drilling units. The 1C, 2C and 3C volumes were then divided by the estimated number of wells per drilling unit and said volume was divided into the previously calculated EURs per well resulting in the expected 1C, 2C and 3C recovery factors for each of the drilling units. A summary of the recovery factors can be found in Table 5 below.

Table 5: Recovery Factors

Well Name	1C Recovery Factor	2C Recovery Factor	3C Recovery Factor
	1 Well per Drilling Unit	2-3 Wells per Drilling Unit	4-5 Wells per Drilling Unit
BLADES 33H-1	10.1%	8.8%	11.3%
LAWSON 25-13H-1	8.3%	7.3%	9.3%
LAWSON 25H-1	7.2%	6.4%	8.2%
MATHIS 29-17H-1	6.1%	8.2%	9.0%
MATHIS 29-32H-1	5.8%	7.5%	8.2%
THOMAS 38H-1	6.7%	8.9%	9.3%
VERBERNE 5H-1	7.0%	9.2%	10.0%
WILLIAMS 46H-1	8.9%	7.8%	10.1%
Average	7.5%	8.0%	9.4%

Using the 1C, 2C and 3C property wide recovery factors (the average in Table 5) the gross and net contingent resource potential for the property was determined (Table 6).

Table 6: Gross and Net Recoverable Contingent Resource Estimates

	100% of Acreage (Gross 8/8ths Interest)		
	1C: GRAND TOTAL	2C: GRAND TOTAL	3C: GRAND TOTAL
Gross Recoverable Oil (Mbbbls)	11,885	33,514	77,336
Gross Recoverable Gas (MMcf)	4,158	11,725	27,055

	Net to Australis' NRI (Post Royalty Payments)		
	1C: GRAND TOTAL	2C: GRAND TOTAL	3C: GRAND TOTAL
Net Recoverable Oil (Mbbbls)	4,597	12,962	29,911
Net Recoverable Gas (MMcf)	1,610	4,540	10,477

Note the net resources reported are exclusive of any royalties (the recoverable volumes shown are net to Australis' interest post-delivery of any and all royalties).

## Conclusion

STXRA estimates that the net recoverable contingent resource potential of the Property's Tuscaloosa Marine Shale likely ranges between 4,597 Mstb + 1,610 MMscf and 29,911 Mstb + 10,477 MMscf, with a 2C ('best') estimate of 12,962 Mstb + 4,540 MMscf. STXRA recognizes that the resource range is currently very large and expects it to narrow as more data becomes available.

## Appendix

The 'Resources Classification Framework' table is reprinted below. All resources discussed in this report fall into the Contingent Resources category highlighted in gray. This framework is further discussed in the *Petroleum Resources Management System* (2007) and *Guidelines for Application of the Petroleum Resources Management System* (2011) the ("Documents").

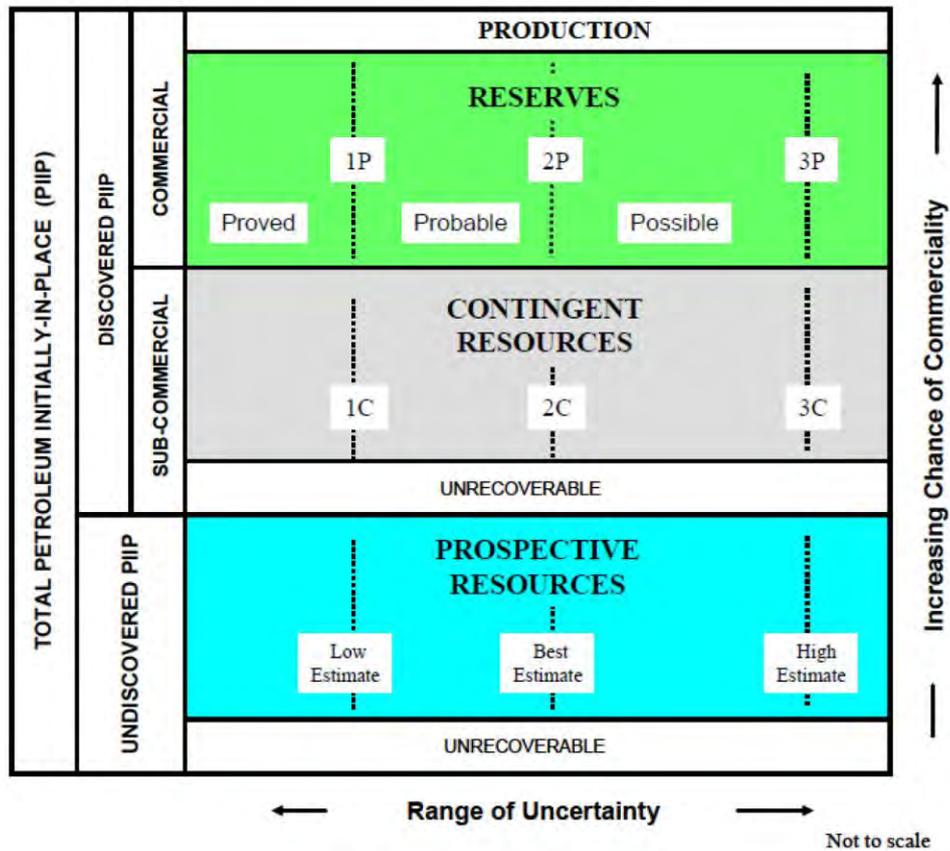


Figure 12: Resources Classification Framework

Table 7: Description of Key Wells Utilized in this Report

Well Name	Blades 33H-1	Lawson 25-13H-1	Lawson 25H-1	Mathis 29-17H-1	Mathis 29-32H-1	Thomas 38H-1	Vestrene 5H-1	Williams 48H-1
Type of Well	Horizontal Oil Well	Horizontal Oil Well	Horizontal Oil Well	Horizontal Oil Well	Horizontal Oil Well	Horizontal Oil Well	Horizontal Oil Well	Horizontal Oil Well
Location	Louisiana	Mississippi	Mississippi	Mississippi	Mississippi	Louisiana	Louisiana	Louisiana
Details of permit/serial No.	247207	2014-OPD-282	2013-OPD-0134	2015-OPD-157	2014-OPD-258	244870	248323	248405
API	17-105-20046	23-005-20804-10	23-005-20762-10	23-005-20857-10	23-005-20798-10	17-105-20042	17-105-20049	17-105-20050
Australis Working Interest	0%	0%	0%	0%	0%	0%	0%	0%
Net pay thickness (vertical feet)	119	112	146	125	131	119	121	126
Geological rock type of the formation drilled	TMS	TMS	TMS	TMS	TMS	TMS	TMS	TMS
Depth of the zones tested: MD (ft)	17,136	22,075	16,006	21,728	18,672	17,225	18,938	18,650
Depth of the zones tested: TVD (ft)	11,660	11,700	11,919	12,024	12,283	11,809	11,729	11,614
Types of tests undertaken and duration of the tests	Flowing	Flowing	Flowing	Flowing	Flowing	Flowing	Flowing	Flowing
Hydrocarbon phases recovered in the test(s)	Oil, Gas, Water	Oil, Gas, Water	Oil, Gas, Water	Oil, Gas, Water	Oil, Water	Oil, Gas, Water	Oil, Gas, Water	Oil, Gas, Water
Any other recovery associated with the test(s) and their respective proportions	NA	NA	NA	NA	NA	NA	NA	NA
Oil API	36.4°	43°	43°	43°	43°	41°	38.6°	40.2°
Choke size used	14/64"	15/64"	13/64"	14/64"	16/64"	9/64"	14/64"	16/64"
Flow rates IP24 - Oil	1,250BOPD	1,294BOPD	498BOPD	656BOPD	608BOPD	384BOPD	1,335BOPD	1,192BOPD
Flow rates IP24 - Gas	115MCFD	447MCFD	0MCFD	313MCFD	0	105MCFD	231MCFD	271MCFD
Flow rates IP24 - Water	600BPD	992BPD	466BPD	1,680BPD	639BPD	192BPD	360BPD	1,062BPD
Number of fracture stimulation stages and size and nature of fracture stimulation applied	20 Stages	23 Stages	NA	20 Stages	NA	16 Stages	20 Stages	21 Stages
Any material volumes of non-hydrocarbon gas	NA	NA	NA	NA	NA	NA	NA	NA

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**ESTIMATES**  
of  
**CONTINGENT AND PROSPECTIVE RESOURCES**  
to the  
**AUSTRALIS OIL & GAS LIMITED INTEREST**  
in  
**CERTAIN OIL AND GAS**  
**DISCOVERIES AND PROSPECTS**  
located in the  
**LUSITANIAN BASIN, PORTUGAL**  
as of  
**MAY 1, 2016**

Prepared for  
**AUSTRALIS OIL & GAS LIMITED**

**NSA**  
**NETHERLAND, SEWELL**  
**& ASSOCIATES, INC.**  
WORLDWIDE PETROLEUM  
CONSULTANTS  
ENGINEERING • GEOLOGY  
GEOPHYSICS • PETROPHYSICS

June 9, 2016

The Board of Directors  
Australis Oil & Gas Limited  
Suite 20, Level 2  
22 Railway Road  
Subiaco WA 6008  
Australia

Gentlemen:

In accordance with your request, we have estimated the contingent and prospective resources, as of May 1, 2016, to the Australis Oil & Gas Limited (Australis) interest in certain discoveries and prospects located in the Batalha and Pombal Concessions in the Lusitanian Basin, Portugal. Australis holds a 100 percent working interest in the Batalha and Pombal Concessions; however, 3 percent of the interest is subject to an option agreement (see prospectus for further details). This report has been prepared with the assumption that the option will be exercised, thereby reducing the Australis working interest to 97 percent. It is our understanding that Australis is proceeding with an initial public offering on the Australian Securities Exchange (ASX) and will include a copy of this report in the prospectus to be filed as part of the listing process. Gross volumes shown in this report are 100 percent of the volumes expected to be produced from the properties.

The estimates in this report have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE). As presented in the 2007 PRMS, petroleum accumulations can be classified, in decreasing order of likelihood of commerciality, as reserves, contingent resources, or prospective resources. Different classifications of petroleum accumulations have varying degrees of technical and commercial risk that are difficult to quantify; thus reserves, contingent resources, and prospective resources should not be aggregated without extensive consideration of these factors. Definitions are presented immediately following this letter. Following the definitions is a list of abbreviations used in this report.

## CONTINGENT RESOURCES

Contingent resources are those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from known accumulations, but for which the applied project or projects are not yet considered mature enough for commercial development because of one or more contingencies. We have assessed contingent resources for the Brenha Formation limestone in the Aljubarrota Discovery located in the Batalha Concession; this discovery was made with the Aljubarrota-2 well. Our study indicates that there are no contingent resources in the Pombal Concession at this time. The contingent resources shown in this report are contingent upon (1) flow rate testing that demonstrates economic viability of the projects and (2) approval of development plans. If these contingencies are successfully addressed, some portion of the contingent resources estimated in this report may be reclassified as reserves; our estimates have not been risked to account for the possibility that the contingencies are not successfully addressed. This report does not include economic analysis for these properties. Based on analogous field developments, it appears that the best estimate contingent resources in this report warrant further consideration to determine whether there is a reasonable chance of being economically viable.

We estimate the gross contingent resources, contingent resources to the Australis working interest, and net contingent resources to the Australis interest in the Batalha Concession, as of May 1, 2016, to be:

Concession/ Category	Gross Contingent Resources			Australis Working Interest (97%) Contingent Resources			Net Contingent Resources		
	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)
Batalha									
Low Estimate (1C)	0	93,673	15,612	0	90,863	15,144	0	83,594	13,932
Best Estimate (2C)	0	262,336	43,723	0	254,466	42,411	0	234,109	39,018
High Estimate (3C)	0	458,976	76,496	0	445,207	74,201	0	409,590	68,265

Oil volumes are expressed in thousands of barrels (MBBL); a barrel is equivalent to 42 United States gallons. Gas volumes are expressed in millions of cubic feet (MMCF) at standard temperature and pressure bases. Oil equivalent volumes are expressed in thousands of barrels of oil equivalent (MBOE), determined using the ratio of 6 MMCF of gas to 1 MBBL of oil. The Aljubarrota Discovery is not expected to produce oil.

The Australis net contingent resources are reported net of any royalties. As per Article 51 of the Ministry for Industry and Energy Decree-Law nr. 109/94 of the 26th of April, 1994, Australis owes a royalty tax of 6 percent on the portion of annual oil production between 300,000 and 500,000 metric tons, and 9 percent on the portion of annual oil production thereafter. As per Article 19.2 of the Contract Between the State and Australis, for natural gas production, with or without condensate, after having deducted exploration and development expenses and the operating costs of production, Australis owes a royalty tax of 3 percent on the first 5,000 MBOE, 6 percent on the next 5,000 MBOE, and 8 percent thereafter of the annual gas and condensate production. Since our evaluation did not include annual forecasts but rather in-place volumes and recovery factors, we cannot determine the appropriate royalty tier for oil or gas contingent resources. As such, the Australis net contingent resources shown herein have assumed the maximum royalty burdens of 9 and 8 percent for oil and gas, respectively.

The contingent resources shown in this report have been estimated using a combination of deterministic and probabilistic methods. Once all contingencies have been successfully addressed, the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate. The estimates of contingent resources included herein have not been adjusted for development risk.

#### PROSPECTIVE RESOURCES

Prospective resources are those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. The prospective resources included in this report should not be construed as reserves or contingent resources; they represent exploration opportunities and quantify the development potential in the event a petroleum discovery is made. A geologic risk assessment was performed for these prospects, as discussed in subsequent paragraphs. We did not perform an economic analysis on these resources; as such, the economic status of these resources is undetermined.

Totals of unrisks prospective resources beyond the prospect level are not reflective of volumes that can be expected to be recovered and are shown for convenience only. Because of the geologic risk associated with each

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prospect, meaningful totals beyond this level can be defined only by summing risked prospective resources. Such risk is often significant.

We estimate the unrisked and risked gross prospective resources for the Batalha and Pombal Concessions, as of May 1, 2016, to be:

Concession/ Category	Gross Prospective Resources					
	Unrisked			Risked		
	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)
<b>Batalha</b>						
Low Estimate	102,303	662,097	212,652	18,729	108,100	36,745
Best Estimate	568,577	2,425,345	972,802	110,086	434,815	182,555
High Estimate	1,909,439	7,931,608	3,231,374	377,175	1,483,424	624,412
<b>Pombal</b>						
Low Estimate	16,104	51,360	24,664	2,993	8,807	4,461
Best Estimate	169,210	455,179	245,073	33,159	87,326	47,713
High Estimate	663,706	1,779,486	960,287	130,770	345,836	188,409
<b>Total</b>						
Low Estimate	118,407	713,457	237,317	21,722	116,906	41,206
Best Estimate	737,788	2,880,525	1,217,875	143,244	522,140	230,268
High Estimate	2,573,145	9,711,094	4,191,661	507,944	1,829,260	812,821

*The low, best, and high estimate volumes are the arithmetic sum of multiple probability distributions and may not add because of rounding.*

We estimate the unrisked and risked prospective resources to the Australis working interest in the Batalha and Pombal Concessions, as of May 1, 2016, to be:

Concession/ Category	Australis Working Interest (97%) Prospective Resources					
	Unrisked			Risked		
	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)
<b>Batalha</b>						
Low Estimate	99,234	642,234	206,273	18,167	104,857	35,643
Best Estimate	551,520	2,352,585	943,618	106,783	421,770	177,078
High Estimate	1,852,156	7,693,660	3,134,432	365,860	1,438,922	605,680
<b>Pombal</b>						
Low Estimate	15,621	49,819	23,924	2,903	8,542	4,327
Best Estimate	164,134	441,524	237,721	32,164	84,706	46,281
High Estimate	643,795	1,726,101	931,479	126,846	335,461	182,757
<b>Total</b>						
Low Estimate	114,855	692,053	230,197	21,070	113,399	39,970

Concession/ Category	Australis Working Interest (97%) Prospective Resources					
	Unrisked			Risked		
	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)
Best Estimate	715,654	2,794,109	1,181,339	138,947	506,476	223,359
High Estimate	2,495,951	9,419,761	4,065,911	492,706	1,774,382	788,436

The low, best, and high estimate volumes are the arithmetic sum of multiple probability distributions and may not add because of rounding.

We estimate the unrisked and risked net prospective resources to the Australis interest in the Batalha and Pombal Concessions, as of May 1, 2016, to be:

Concession/ Category	Net Prospective Resources					
	Unrisked			Risked		
	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)
<b>Batalha</b>						
Low Estimate	90,303	590,855	188,779	16,532	96,468	32,610
Best Estimate	501,883	2,164,378	862,613	97,173	388,029	161,844
High Estimate	1,685,462	7,078,167	2,865,156	332,932	1,323,808	553,567
<b>Pombal</b>						
Low Estimate	14,215	45,834	21,854	2,642	7,859	3,952
Best Estimate	149,362	406,202	217,062	29,269	77,929	42,257
High Estimate	585,853	1,588,013	850,522	115,430	308,624	166,868
<b>Total</b>						
Low Estimate	104,518	636,689	210,633	19,174	104,327	36,561
Best Estimate	651,245	2,570,580	1,079,675	126,442	465,958	204,101
High Estimate	2,271,315	8,666,180	3,715,679	448,362	1,632,432	720,434

The low, best, and high estimate volumes are the arithmetic sum of multiple probability distributions and may not add because of rounding.

The oil volumes shown include crude oil only.

The Australis net prospective resources are reported net of any royalties. As discussed in detail above, Article 51 of the Ministry for Industry and Energy Decree-Law nr. 109/94 of the 26th of April, 1994, and Article 19.2 of the Contract Between the State and Australis provide details on royalties owed by Australis. Since our evaluation did not entail annual forecasts but rather in-place volumes and recovery factors, we cannot determine the appropriate royalty tier for oil or gas prospective resources. As such, the Australis net prospective resources shown herein have assumed the maximum royalty burdens of 9 and 8 percent for oil and gas, respectively.

The prospective resources shown in this report have been estimated using probabilistic methods and are dependent on a petroleum discovery being made. If a discovery is made and development is undertaken, the probability that the recoverable volumes will equal or exceed the unrisked estimated amounts is 90 percent for the low estimate,

50 percent for the best estimate, and 10 percent for the high estimate. As recommended in the PRMS, the low, best, and high estimate prospective resources have been aggregated beyond the prospect level by arithmetic summation; therefore, these totals do not include the portfolio effect that might result from statistical aggregation.

Unrisked prospective resources are estimated ranges of recoverable oil and gas volumes, assuming their discovery and development, and are based on estimated ranges of undiscovered in-place volumes. The estimates for risked resources are derived directly from the estimates for unrisked resources, incorporating a geologic risk assessment for each prospect; such risked resources do not incorporate a development risk assessment. Geologic risking of prospective resources addresses the probability of success for the discovery of a significant quantity of potentially moveable petroleum; this risk analysis is conducted independent of estimations of petroleum volumes. Principal geologic risk elements of the petroleum system include (1) trap and seal characteristics; (2) reservoir presence and quality; (3) source rock capacity, quality, and maturity; and (4) timing, migration, and preservation of petroleum in relation to trap and seal formation. Risk assessment is a highly subjective process dependent upon the experience and judgment of the evaluators and is subject to revision with further data acquisition or interpretation. Included in this report for each concession is a discussion of the primary geologic risk elements for each prospect.

Each prospect or reservoir for each concession was evaluated to determine ranges of in-place and recoverable petroleum and was risked as an independent entity without dependency between potential prospect drilling outcomes. If petroleum discoveries are made, smaller-volume prospects may not be commercial to independently develop, although they may become candidates for satellite developments and tie-backs to existing infrastructure at some future date. The development infrastructure and data obtained from early discoveries will alter both geologic risk and future economics of subsequent discoveries and developments.

It should be understood that the prospective resources discussed and shown herein are those undiscovered, highly speculative resources estimated beyond reserves or contingent resources where geological and geophysical data suggest the potential for discovery of petroleum but where the level of proof is insufficient for classification as reserves or contingent resources. The unrisked prospective resources shown in this report are the range of volumes that could reasonably be expected to be recovered in the event of the discovery and development of these prospects. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

#### GENERAL INFORMATION

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As shown in the Table of Contents, this report includes an Executive Summary and sections for each concession. The Executive Summary contains a geologic overview of the area, information pertaining to contingent and prospective resources, a discussion of geologic risk assessment, Australis' anticipated work program, and pertinent figures. Each concession section includes an overview, a description of the data sources, a geologic summary, our methodology, details of each discovery and prospect, and pertinent figures.

For the purposes of this report, we did not perform any field inspection of the properties, nor did we examine the mechanical operation or condition of the wells and facilities. We have not investigated possible environmental liability related to the properties.

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The contingent and prospective resources shown in this report are estimates only and should not be construed as exact quantities. Estimates may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance.

For the purposes of this report, we used technical data including, but not limited to, well logs, geologic maps, seismic data, well test data, production data, and property ownership interests. The contingent and prospective resources in this report have been estimated using a combination of deterministic and probabilistic methods; these estimates have been prepared in accordance with generally accepted petroleum engineering and evaluation principles set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE (SPE Standards). We used standard engineering and geoscience methods, or a combination of methods, including performance analysis, volumetric analysis, analogy, and reservoir modeling, that we considered to be appropriate and necessary to classify, categorize, and estimate volumes in accordance with the 2007 PRMS definitions and guidelines. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

The data used in our estimates were obtained from Australis, public data sources, and the nonconfidential files of Netherland, Sewell & Associates, Inc. (NSAI) and were accepted as accurate. Supporting work data are on file in our office. We have not examined the contractual rights to the properties or independently confirmed the actual degree or type of interest owned.

#### QUALIFICATIONS

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NSAI performs consulting petroleum engineering services under Texas Board of Professional Engineers Registration No. F-2699. We provide a complete range of geological, geophysical, petrophysical, and engineering services, and we have the technical expertise and ability to perform these services in any oil and gas producing area in the world. The staff is familiar with recognized industry reserves and resources definitions, specifically those promulgated by the U.S. Securities and Exchange Commission, Alberta Securities Commission, SPE, Society of Petroleum Evaluation Engineers, World Petroleum Council, and American Association of Petroleum Geologists.

The technical persons primarily responsible for preparing the estimates presented herein meet the requirements regarding qualifications, independence, objectivity, and confidentiality set forth in the SPE Standards and the requirements of a qualified petroleum reserves and resources evaluator set forth in Chapter 19 of the ASX Listing Rules. We are independent petroleum engineers, geologists, geophysicists, and petrophysicists; we do not own an interest in these properties nor are we employed on a contingent basis. We are not officers or proposed officers of any group, holding, or associated company of Australis and none of our staff or associates own shares or equity in Australis.

NSAI has prepared thousands of independent technical reports for clients including small privately owned oil and gas companies, major and independent oil and gas companies, national oil and gas companies, financial institutions, and investors. The firm has performed field characterization and reserves assessments for properties that range from exploration and early appraisal drilling areas to fully developed fields. The staff has extensive worldwide experience in the geology and petrophysics of complex structural and stratigraphic fields and unconventional reservoirs such as fractured basement, tight gas, and coalbed methane.

This evaluation has been led by Mr. Nathan C. Shahan and Mr. Patrick L. Higgs, the Qualified Petroleum Reserves and Resources Evaluators for this report. Mr. Shahan is a Vice President in the firm's Dallas office at 2100 Ross

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Avenue, Suite 2200, Dallas, Texas 75201. He has in excess of 14 years of experience in the petroleum industry with over 9 years at NSAI, is a registered Professional Engineer in the State of Texas (Texas Registration No. 102389), and is a member of the SPE.

Mr. Higgs is an associate geologist at NSAI, working under the direction of Mike K. Norton, and was formerly a Vice President in the firm's Houston office at 1301 McKinney Street, Suite 3200, Houston, Texas 77010. He has over 40 years of experience in the petroleum industry, with over 20 years at NSAI. He is a member of the Society of Exploration Geophysicists and a Certified Petroleum Geologist of the American Association of Petroleum Geologists (Membership ID 21578).

This report is based on, and fairly represents, information and supporting documentation prepared by, or under supervision of, the qualified resources evaluators. The evaluators are not employees of Australis or a related party and are employees of NSAI. This report is issued with written consent of the evaluators.

Sincerely,

**NETHERLAND, SEWELL & ASSOCIATES, INC.**  
Texas Registered Engineering Firm F-2699

By: /s/ C.H. (Scott) Rees III  
C.H. (Scott) Rees III, P.E.  
Chairman and Chief Executive Officer

By: /s/ Nathan C. Shahan  
Nathan C. Shahan, P.E. 102389  
Vice President

By: /s/ Mike K. Norton  
Mike K. Norton, P.G. 441  
Senior Vice President

Date Signed: June 9, 2016

Date Signed: June 9, 2016

NCS:CCC

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**PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS**

Excerpted from the Petroleum Resources Management System Approved by the Society of Petroleum Engineers (SPE) Board of Directors, March 2007

This document contains information excerpted from definitions and guidelines prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG), and the Society of Petroleum Evaluation Engineers (SPEE).

**Preamble**

Petroleum resources are the estimated quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resource assessments estimate total quantities in known and yet-to-be-discovered accumulations; resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum resources management system provides a consistent approach to estimating petroleum quantities, evaluating development projects, and presenting results within a comprehensive classification framework.

These definitions and guidelines are designed to provide a common reference for the international petroleum industry, including national reporting and regulatory disclosure agencies, and to support petroleum project and portfolio management requirements. They are intended to improve clarity in global communications regarding petroleum resources. It is expected that this document will be supplemented with industry education programs and application guides addressing their implementation in a wide spectrum of technical and/or commercial settings.

It is understood that these definitions and guidelines allow flexibility for users and agencies to tailor application for their particular needs; however, any modifications to the guidance contained herein should be clearly identified. The definitions and guidelines contained in this document must not be construed as modifying the interpretation or application of any existing regulatory reporting requirements.

**1.0 Basic Principles and Definitions**

The estimation of petroleum resource quantities involves the interpretation of volumes and values that have an inherent degree of uncertainty. These quantities are associated with development projects at various stages of design and implementation. Use of a consistent classification system enhances comparisons between projects, groups of projects, and total company portfolios according to forecast production profiles and recoveries. Such a system must consider both technical and commercial factors that impact the project's economic feasibility, its productive life, and its related cash flows.

**1.1 Petroleum Resources Classification Framework**

Petroleum is defined as a naturally occurring mixture consisting of hydrocarbons in the gaseous, liquid, or solid phase. Petroleum may also contain non-hydrocarbons, common examples of which are carbon dioxide, nitrogen, hydrogen sulfide and sulfur. In rare cases, non-hydrocarbon content could be greater than 50%.

The term "resources" as used herein is intended to encompass all quantities of petroleum naturally occurring on or within the Earth's crust, discovered and undiscovered (recoverable and unrecoverable), plus those quantities already produced. Further, it includes all types of petroleum whether currently considered "conventional" or "unconventional."

Figure 1-1 is a graphical representation of the SPE/WPC/AAPG/SPEE resources classification system. The system defines the major recoverable resources classes: Production, Reserves, Contingent Resources, and Prospective Resources, as well as Unrecoverable petroleum.

The "Range of Uncertainty" reflects a range of estimated quantities potentially recoverable from an accumulation by a project, while the vertical axis represents the "Chance of Commerciality".

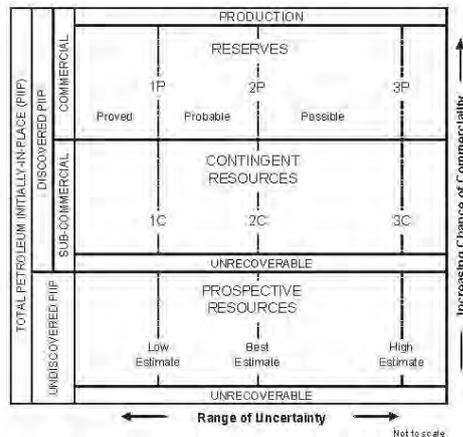


Figure 1-1: Resources Classification Framework.

## PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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Commerciality", that is, the chance that the project that will be developed and reach commercial producing status. The following definitions apply to the major subdivisions within the resources classification:

**TOTAL PETROLEUM INITIALLY-IN-PLACE** is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production plus those estimated quantities in accumulations yet to be discovered (equivalent to "total resources").

**DISCOVERED PETROLEUM INITIALLY-IN-PLACE** is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production.

**PRODUCTION** is the cumulative quantity of petroleum that has been recovered at a given date. While all recoverable resources are estimated and production is measured in terms of the sales product specifications, raw production (sales plus non-sales) quantities are also measured and required to support engineering analyses based on reservoir voidage (see Production Measurement, section 3.2).

Multiple development projects may be applied to each known accumulation, and each project will recover an estimated portion of the initially-in-place quantities. The projects shall be subdivided into Commercial and Sub-Commercial, with the estimated recoverable quantities being classified as Reserves and Contingent Resources respectively, as defined below.

**RESERVES** are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

**CONTINGENT RESOURCES** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be subclassified based on project maturity and/or characterized by their economic status.

**UNDISCOVERED PETROLEUM INITIALLY-IN-PLACE** is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.

**PROSPECTIVE RESOURCES** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

**UNRECOVERABLE** is that portion of Discovered or Undiscovered Petroleum Initially-in-Place quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

Estimated Ultimate Recovery (EUR) is not a resources category, but a term that may be applied to any accumulation or group of accumulations (discovered or undiscovered) to define those quantities of petroleum estimated, as of a given date, to be potentially recoverable under defined technical and commercial conditions plus those quantities already produced (total of recoverable resources).

## PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

Excerpted from the Petroleum Resources Management System Approved by  
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### 1.2 Project-Based Resources Evaluations

The resources evaluation process consists of identifying a recovery project, or projects, associated with a petroleum accumulation(s), estimating the quantities of Petroleum Initially-in-Place, estimating that portion of those in-place quantities that can be recovered by each project, and classifying the project(s) based on its maturity status or chance of commerciality.

This concept of a project-based classification system is further clarified by examining the primary data sources contributing to an evaluation of net recoverable resources (see Figure 1-2) that may be described as follows:

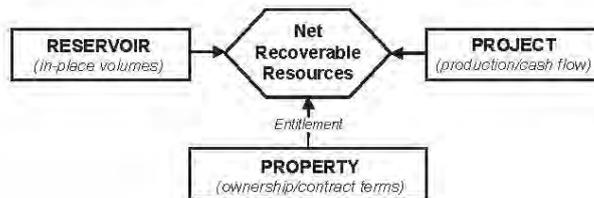


Figure 1-2: Resources Evaluation Data Sources.

- The Reservoir (accumulation): Key attributes include the types and quantities of Petroleum Initially-in-Place and the fluid and rock properties that affect petroleum recovery.
- The Project: Each project applied to a specific reservoir development generates a unique production and cash flow schedule. The time integration of these schedules taken to the project's technical, economic, or contractual limit defines the estimated recoverable resources and associated future net cash flow projections for each project. The ratio of EUR to Total Initially-in-Place quantities defines the ultimate recovery efficiency for the development project(s). A project may be defined at various levels and stages of maturity; it may include one or many wells and associated production and processing facilities. One project may develop many reservoirs, or many projects may be applied to one reservoir.
- The Property (lease or license area): Each property may have unique associated contractual rights and obligations including the fiscal terms. Such information allows definition of each participant's share of produced quantities (entitlement) and share of investments, expenses, and revenues for each recovery project and the reservoir to which it is applied. One property may encompass many reservoirs, or one reservoir may span several different properties. A property may contain both discovered and undiscovered accumulations.

In context of this data relationship, "project" is the primary element considered in this resources classification, and net recoverable resources are the incremental quantities derived from each project. Project represents the link between the petroleum accumulation and the decision-making process. A project may, for example, constitute the development of a single reservoir or field, or an incremental development for a producing field, or the integrated development of several fields and associated facilities with a common ownership. In general, an individual project will represent the level at which a decision is made whether or not to proceed (i.e., spend more money) and there should be an associated range of estimated recoverable quantities for that project.

An accumulation or potential accumulation of petroleum may be subject to several separate and distinct projects that are at different stages of exploration or development. Thus, an accumulation may have recoverable quantities in several resource classes simultaneously.

In order to assign recoverable resources of any class, a development plan needs to be defined consisting of one or more projects. Even for Prospective Resources, the estimates of recoverable quantities must be stated in terms of the sales products derived from a development program assuming successful discovery and commercial development. Given the major uncertainties involved at this early stage, the development program will not be of the detail expected in later stages of maturity. In most cases, recovery efficiency may be largely based on analogous projects. In-place quantities for which a feasible project cannot be defined using current, or reasonably forecast improvements in, technology are classified as Unrecoverable.

Not all technically feasible development plans will be commercial. The commercial viability of a development project is dependent on a forecast of the conditions that will exist during the time period encompassed by the project's activities (see

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Commercial Evaluations, section 3.1). "Conditions" include technological, economic, legal, environmental, social, and governmental factors. While economic factors can be summarized as forecast costs and product prices, the underlying influences include, but are not limited to, market conditions, transportation and processing infrastructure, fiscal terms, and taxes.

The resource quantities being estimated are those volumes producible from a project as measured according to delivery specifications at the point of sale or custody transfer (see Reference Point, section 3.2.1). The cumulative production from the evaluation date forward to cessation of production is the remaining recoverable quantity. The sum of the associated annual net cash flows yields the estimated future net revenue. When the cash flows are discounted according to a defined discount rate and time period, the summation of the discounted cash flows is termed net present value (NPV) of the project (see Evaluation and Reporting Guidelines, section 3.0).

The supporting data, analytical processes, and assumptions used in an evaluation should be documented in sufficient detail to allow an independent evaluator or auditor to clearly understand the basis for estimation and categorization of recoverable quantities and their classification.

### 2.0 Classification and Categorization Guidelines

#### 2.1 Resources Classification

The basic classification requires establishment of criteria for a petroleum discovery and thereafter the distinction between commercial and sub-commercial projects in known accumulations (and hence between Reserves and Contingent Resources).

##### 2.1.1 Determination of Discovery Status

A discovery is one petroleum accumulation, or several petroleum accumulations collectively, for which one or several exploratory wells have established through testing, sampling, and/or logging the existence of a significant quantity of potentially moveable hydrocarbons.

In this context, "significant" implies that there is evidence of a sufficient quantity of petroleum to justify estimating the in-place volume demonstrated by the well(s) and for evaluating the potential for economic recovery. Estimated recoverable quantities within such a discovered (known) accumulation(s) shall initially be classified as Contingent Resources pending definition of projects with sufficient chance of commercial development to reclassify all, or a portion, as Reserves. Where in-place hydrocarbons are identified but are not considered currently recoverable, such quantities may be classified as Discovered Unrecoverable, if considered appropriate for resource management purposes; a portion of these quantities may become recoverable resources in the future as commercial circumstances change or technological developments occur.

##### 2.1.2 Determination of Commerciality

Discovered recoverable volumes (Contingent Resources) may be considered commercially producible, and thus Reserves, if the entity claiming commerciality has demonstrated firm intention to proceed with development and such intention is based upon all of the following criteria:

- Evidence to support a reasonable timetable for development.
- A reasonable assessment of the future economics of such development projects meeting defined investment and operating criteria.
- A reasonable expectation that there will be a market for all or at least the expected sales quantities of production required to justify development.
- Evidence that the necessary production and transportation facilities are available or can be made available.
- Evidence that legal, contractual, environmental and other social and economic concerns will allow for the actual implementation of the recovery project being evaluated.

To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability. There must be a reasonable expectation that all required internal and external approvals will be forthcoming, and there is evidence of firm intention to proceed with development within a reasonable time frame. A reasonable time frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While 5 years is recommended as a benchmark, a longer time frame could be applied where, for example, development of economic projects are deferred at the option of the producer for, among other things, market-related reasons, or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented.

## PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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To be included in the Reserves class, there must be a high confidence in the commercial producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.

### 2.2 Resources Categorization

The horizontal axis in the Resources Classification (Figure 1.1) defines the range of uncertainty in estimates of the quantities of recoverable, or potentially recoverable, petroleum associated with a project. These estimates include both technical and commercial uncertainty components as follows:

- The total petroleum remaining within the accumulation (in-place resources).
- That portion of the in-place petroleum that can be recovered by applying a defined development project or projects.
- Variations in the commercial conditions that may impact the quantities recovered and sold (e.g., market availability, contractual changes).

Where commercial uncertainties are such that there is significant risk that the complete project (as initially defined) will not proceed, it is advised to create a separate project classified as Contingent Resources with an appropriate chance of commerciality.

#### 2.2.1 Range of Uncertainty

The range of uncertainty of the recoverable and/or potentially recoverable volumes may be represented by either deterministic scenarios or by a probability distribution (see Deterministic and Probabilistic Methods, section 4.2).

When the range of uncertainty is represented by a probability distribution, a low, best, and high estimate shall be provided such that:

- There should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- There should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
- There should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

When using the deterministic scenario method, typically there should also be low, best, and high estimates, where such estimates are based on qualitative assessments of relative uncertainty using consistent interpretation guidelines. Under the deterministic incremental (risk-based) approach, quantities at each level of uncertainty are estimated discretely and separately (see Category Definitions and Guidelines, section 2.2.2).

These same approaches to describing uncertainty may be applied to Reserves, Contingent Resources, and Prospective Resources. While there may be significant risk that sub-commercial and undiscovered accumulations will not achieve commercial production, it is useful to consider the range of potentially recoverable quantities independently of such a risk or consideration of the resource class to which the quantities will be assigned.

#### 2.2.2 Category Definitions and Guidelines

Evaluators may assess recoverable quantities and categorize results by uncertainty using the deterministic incremental (risk-based) approach, the deterministic scenario (cumulative) approach, or probabilistic methods (see "2001 Supplemental Guidelines," Chapter 2.5). In many cases, a combination of approaches is used.

Use of consistent terminology (Figure 1.1) promotes clarity in communication of evaluation results. For Reserves, the general cumulative terms low/best/high estimates are denoted as 1P/2P/3P, respectively. The associated incremental quantities are termed Proved, Probable and Possible. Reserves are a subset of, and must be viewed within context of, the complete resources classification system. While the categorization criteria are proposed specifically for Reserves, in most cases, they can be equally applied to Contingent and Prospective Resources conditional upon their satisfying the criteria for discovery and/or development.

**PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS**

Excerpted from the Petroleum Resources Management System Approved by  
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For Contingent Resources, the general cumulative terms low/best/high estimates are denoted as 1C/2C/3C respectively. For Prospective Resources, the general cumulative terms low/best/high estimates still apply. No specific terms are defined for incremental quantities within Contingent and Prospective Resources.

Without new technical information, there should be no change in the distribution of technically recoverable volumes and their categorization boundaries when conditions are satisfied sufficiently to reclassify a project from Contingent Resources to Reserves. All evaluations require application of a consistent set of forecast conditions, including assumed future costs and prices, for both classification of projects and categorization of estimated quantities recovered by each project (see Commercial Evaluations, section 3.1).

Based on additional data and updated interpretations that indicate increased certainty, portions of Possible and Probable Reserves may be re-categorized as Probable and Proved Reserves.

Uncertainty in resource estimates is best communicated by reporting a range of potential results. However, if it is required to report a single representative result, the "best estimate" is considered the most realistic assessment of recoverable quantities. It is generally considered to represent the sum of Proved and Probable estimates (2P) when using the deterministic scenario or the probabilistic assessment methods. It should be noted that under the deterministic incremental (risk-based) approach, discrete estimates are made for each category, and they should not be aggregated without due consideration of their associated risk (see "2001 Supplemental Guidelines," Chapter 2.5).

**Table 1: Recoverable Resources Classes and Sub-Classes**

Class/Sub-Class	Definition	Guidelines
<b>Reserves</b>	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.	<p>Reserves must satisfy four criteria: they must be discovered, recoverable, commercial, and remaining based on the development project(s) applied. Reserves are further subdivided in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their development and production status.</p> <p>To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability. There must be a reasonable expectation that all required internal and external approvals will be forthcoming, and there is evidence of firm intention to proceed with development within a reasonable time frame.</p> <p>A reasonable time frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While 5 years is recommended as a benchmark, a longer time frame could be applied where, for example, development of economic projects are deferred at the option of the producer for, among other things, market-related reasons, or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented.</p> <p>To be included in the Reserves class, there must be a high confidence in the commercial producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.</p>
On Production	The development project is currently producing and selling petroleum to market.	<p>The key criterion is that the project is receiving income from sales, rather than the approved development project necessarily being complete. This is the point at which the project "chance of commerciality" can be said to be 100%.</p> <p>The project "decision gate" is the decision to initiate commercial production from the project.</p>

**PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS**

Excerpted from the Petroleum Resources Management System Approved by the Society of Petroleum Engineers (SPE) Board of Directors, March 2007

Class/Sub-Class	Definition	Guidelines
Approved for Development	All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is under way.	At this point, it must be certain that the development project is going ahead. The project must not be subject to any contingencies such as outstanding regulatory approvals or sales contracts. Forecast capital expenditures should be included in the reporting entity's current or following year's approved budget.  The project "decision gate" is the decision to start investing capital in the construction of production facilities and/or drilling development wells.
Justified for Development	Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.	In order to move to this level of project maturity, and hence have reserves associated with it, the development project must be commercially viable at the time of reporting, based on the reporting entity's assumptions of future prices, costs, etc. ("forecast case") and the specific circumstances of the project. Evidence of a firm intention to proceed with development within a reasonable time frame will be sufficient to demonstrate commerciality. There should be a development plan in sufficient detail to support the assessment of commerciality and a reasonable expectation that any regulatory approvals or sales contracts required prior to project implementation will be forthcoming. Other than such approvals/contracts, there should be no known contingencies that could preclude the development from proceeding within a reasonable timeframe (see Reserves class).  The project "decision gate" is the decision by the reporting entity and its partners, if any, that the project has reached a level of technical and commercial maturity sufficient to justify proceeding with development at that point in time.
<b>Contingent Resources</b>	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.	Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.
Development Pending	A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.	The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g. drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time frame. Note that disappointing appraisal/evaluation results could lead to a re-classification of the project to "On Hold" or "Not Viable" status.  The project "decision gate" is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.
Development Unclassified or on Hold	A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.	The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are on hold pending the removal of significant contingencies external to the project, or substantial further appraisal/evaluation activities are required to clarify the potential for eventual commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a reasonable expectation that a critical contingency can be removed in the foreseeable future, for example, could lead to a reclassification of the project to "Not Viable" status.  The project "decision gate" is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.

**PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS**

Excerpted from the Petroleum Resources Management System Approved by the Society of Petroleum Engineers (SPE) Board of Directors, March 2007

Class/Sub-Class	Definition	Guidelines
Development Not Viable	A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time due to limited production potential.	The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognized in the event of a major change in technology or commercial conditions.  The project "decision gate" is the decision not to undertake any further data acquisition or studies on the project for the foreseeable future.
<b>Prospective Resources</b>	Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.	Potential accumulations are evaluated according to their chance of discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.
Prospect	A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.	Project activities are focused on assessing the chance of discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.
Lead	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation in order to be classified as a prospect.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the lead can be matured into a prospect. Such evaluation includes the assessment of the chance of discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.
Play	A project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in order to define specific leads or prospects.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific leads or prospects for more detailed analysis of their chance of discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.

**Table 2: Reserves Status Definitions and Guidelines**

Status	Definition	Guidelines
<b>Developed Reserves</b>	Developed Reserves are expected quantities to be recovered from existing wells and facilities.	Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.
Developed Producing Reserves	Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate.	Improved recovery reserves are considered producing only after the improved recovery project is in operation.
Developed Non-Producing Reserves	Developed Non-Producing Reserves include shut-in and behind-pipe Reserves.	Shut-in Reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future re-completion prior to start of production.  In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

**PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS**

Excerpted from the Petroleum Resources Management System Approved by the Society of Petroleum Engineers (SPE) Board of Directors, March 2007

Status	Definition	Guidelines
<b>Undeveloped Reserves</b>	Undeveloped Reserves are quantities expected to be recovered through future investments.	(1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

**Table 3: Reserves Category Definitions and Guidelines**

Category	Definition	Guidelines
<b>Proved Reserves</b>	Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations.	<p>If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.</p> <p>The area of the reservoir considered as Proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data.</p> <p>In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the lowest known hydrocarbon (LKH) as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved reserves (see "2001 Supplemental Guidelines," Chapter 8).</p> <p>Reserves in undeveloped locations may be classified as Proved provided that:</p> <ul style="list-style-type: none"> <li>• The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially productive.</li> <li>• Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations.</li> </ul> <p>For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.</p>
<b>Probable Reserves</b>	Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.	<p>It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.</p> <p>Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria.</p> <p>Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.</p>

**PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS**

Excerpted from the Petroleum Resources Management System Approved by the Society of Petroleum Engineers (SPE) Board of Directors, March 2007

Category	Definition	Guidelines
<b>Possible Reserves</b>	Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves.	<p>The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.</p> <p>Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of commercial production from the reservoir by a defined project.</p> <p>Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.</p>
<b>Probable and Possible Reserves</b>	(See above for separate criteria for Probable Reserves and Possible Reserves.)	<p>The 2P and 3P estimates may be based on reasonable alternative technical and commercial interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects.</p> <p>In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area.</p> <p>Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing, faults until this reservoir is penetrated and evaluated as commercially productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources.</p> <p>In conventional accumulations, where drilling has defined a highest known oil (HKO) elevation and there exists the potential for an associated gas cap, Proved oil Reserves should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.</p>

The 2007 Petroleum Resources Management System can be viewed in its entirety at <http://www.spe.org/spe-app/spe/industry/reserves/prms.htm>

## ABBREVIATIONS

°	degree
1C	low estimate scenario of contingent resources
2C	best estimate scenario of contingent resources
3C	high estimate scenario of contingent resources
Aj	Ajubarrota
API	American Petroleum Institute
ASX	Australian Securities Exchange
Australis	Australis Oil & Gas Limited
BCF	billions of cubic feet
BF-1	Benfeito-1
DST	drillstem test
FVF	formation volume factor
GRV	gross rock volume
GWC	gas-water contact
km	kilometers
km <sup>2</sup>	square kilometers
m	meters
MBBL	thousands of barrels
MBOE	thousands of barrels of oil equivalent
MMBBL	millions of barrels
MMBOE	millions of barrels of oil equivalent
MMCF	millions of cubic feet
MMCFD	millions of cubic feet of gas per day
NSAI	Netherland, Sewell & Associates, Inc.
NTG	net-to-gross ratio
OGIP	original gas-in-place
OOIP	original oil-in-place
P <sub>g</sub>	probability of geologic success
PRMS	Petroleum Resources Management System
SPE	Society of Petroleum Engineers
SPE Standards	Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE
TD	total depth
TOC	total organic content
TVDSS	true vertical depth subsea

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## EXECUTIVE SUMMARY

**EXECUTIVE SUMMARY  
CONTINGENT AND PROSPECTIVE RESOURCES ASSESSMENT  
LUSITANIAN BASIN, PORTUGAL**

**1.1 INTRODUCTION**

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We have estimated the contingent and prospective resources, as of May 1, 2016, to the Australis Oil & Gas Limited (Australis) interest in certain discoveries and prospects located in the Batalha and Pombal Concessions in the Lusitanian Basin, Portugal. Australis holds a 100 percent working interest in the Batalha and Pombal Concessions; however, 3 percent of the interest is subject to an option agreement (see prospectus for further details). This report has been prepared with the assumption that the option will be exercised, thereby reducing the Australis working interest to 97 percent. It is our understanding that Australis is proceeding with an initial public offering on the Australian Securities Exchange (ASX) and will include a copy of this report in the prospectus to be filed as part of the listing process. The concessions are located on the western coast of Portugal, as shown on the location map in Figure 1.1. A detailed discussion of each concession is contained within the following sections of this report.

The estimates in this report have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers. As presented in the 2007 PRMS, petroleum accumulations can be classified, in decreasing order of likelihood of commerciality, as reserves, contingent resources, or prospective resources. Different classifications of petroleum accumulations have varying degrees of technical and commercial risk that are difficult to quantify; thus reserves, contingent resources, and prospective resources should not be aggregated without extensive consideration of these factors. Contingent and prospective resources shown in this report should not be construed as reserves.

**1.2 GEOLOGIC OVERVIEW**

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The Lusitanian Basin of Portugal is an Atlantic Margin rift basin occurring on a basement of Precambrian and Hercynian northwest-southeast-oriented structural trends. The Lusitanian Basin is oriented approximately north-northeast to south-southwest and is broken into smaller rifts. The creation of these rifts accompanied the breakup of the supercontinent Pangea, which led to the opening of the Atlantic Ocean during Jurassic through Cretaceous time. Postrift Jurassic wrench episodes and late Alpine tectonic movement (Early to Middle Cenozoic) superimposed both a style of inversion tectonics and regional strike-slip movement. These superposed structures amplified the horst-and-graben structural terrain associated with rifting and developed pop-up blocks, which are a focus of exploration in the Lusitanian Basin. Basinwide Lower Jurassic evaporites divide the basin stratigraphy into subsalt and suprasalt sections. These sections are two separate petroleum systems with discrete source rocks, reservoirs, and seals.

Surface oil seeps and asphalt occurrences in the Lusitanian Basin attest to the presence of working petroleum systems. During the middle to late 1800s, asphalt and bitumen were mined at several locations. The basin has been the site of periodic exploration activity since 1910, but it is still highly underexplored. Over 100 wells have been drilled in the Lusitanian Basin, which covers approximately 30,000 square kilometers (km<sup>2</sup>) both onshore and offshore. Currently there is no commercial oil or gas production from the basin.

There are multiple prospective reservoirs within the basin at the subsalt, synsalt, and suprasalt levels. Subsalt targets include Late Triassic sandstones. The synsalt target is a Late Triassic dolomite. Suprasalt

targets consist of Early Jurassic limestones and dolomites, Middle Jurassic limestones and grainstones, and Late Jurassic limestones, grainstones, carbonate reefs, and sandstones. A stratigraphic diagram for the Lusitanian Basin is shown in Figure 1.2.

Early exploration (pre-1963) focused primarily on shallow drilling on structures associated with wrench zones and oil seeps. Abundant oil shows and oil and gas recoveries were reported from the postrift section. Small amounts of oil were produced from fractured Late Jurassic limestones at Abadia Dome during the early 1950s. Light oil, with a gravity of 36.5° API, was recovered at Monte Real from Late Jurassic limestones at a depth of approximately 600 meters (m). Several shallow wells on the Torres Vedras Anticline recovered small amounts of oil.

In 1969 exploration interest turned to the offshore areas of the basin with major international company participation in regional seismic, gravity, and magnetic surveys. Offshore concessions were awarded during the early 1970s. This led to the drilling of 12 wells, 5 of which penetrated the Silves Formation with only a few minor gas shows. Abundant oil and gas shows were recorded in the postrift section, and live oil was recovered on tests from 2 wells. These are the Moreira-1 well, with 24° API oil from Late Jurassic sandstones and 32° API oil from fractured Lower Jurassic limestones, and the 14 A-1 well, with 33° to 37° API oil from fractured Lower Jurassic limestones.

In the 1980s, several operators drilled a total of 7 wells in the southern part of the basin. The most significant well of this decade was the Benfeito-1 (Bf-1), drilled on the flank of the Montejunto Anticlinorium, resulting in the Lapaduços Discovery. This well tested 41° API oil with water from Late Jurassic carbonates during extensive testing, but it was never successfully completed because of an inability to isolate water zones.

From 1990 to 2000, 9 shallow wells were drilled on the Montejunto Anticlinorium and Torres Vedras Anticline. Total depth (TD) for these wells ranges from 200 to 400 m. Of these wells, 6 were unsuccessful exploration wells, and 3 were part of a scientific study of fault permeability. Four deep wells were drilled during this time period in the Aljubarrota area to the north. Two of these wells, the Aljubarrota-1 (Alj-1) and the Aljubarrota-2 (Alj-2), penetrated Silves strata. The Alj-1 well verified the presence of the subsalt petroleum system. The Alj-2 well drilled more than 585 m of Silves section with oil and gas shows, but testing was unsuccessful because of design and execution. The Alj-2 well also penetrated a significant thickness of gas-saturated, fractured carbonate of the postrift, Jurassic Brenha Formation, resulting in the Aljubarrota Discovery. Gas was flared on short-term drillstem tests (DSTs), and this discovery became the target of subsequent appraisal drilling. The Aljubarrota-3 well was drilled as an appraisal well to the Alj-2 well, but open-hole DST attempts were mechanical failures.

From 2001 to the present, 49 wells were drilled in the Lusitanian Basin. Of these wells, 17 were shallow (TD less than 400 m) exploration and appraisal wells along the Montejunto Anticline. Nine of these shallow wells were drilled at Abadia Dome as part of a production testing program, and the other 8 wells tested additional shallow prospects. Three of these wells found shallow, oil-charged Late Jurassic sandstones as part of a fan delta complex. One well found tar-charged, porous Middle Jurassic carbonates.

Of the 9 deep wells drilled, the Alj-2 ST and the Aljubarrota-4 (Alj-4) were additional appraisal wells at the Aljubarrota Discovery. Another appraisal well is the Lapaduços-2, a 700-m updip offset to the Bf-1 light oil discovery made in 1982. The Lapaduços-2 well did not reach targeted objectives because of rig problems.

Two other exploration prospects were drilled in 2005 with the Lagoa-1 and TVR G-1 wells. Both were unsuccessful. However, the TVR G-1 well confirmed the presence of a shelf-edge reef complex that is now covered by a 3-D seismic survey, and the Lagoa-1 well verified the presence of a major porous Middle Jurassic carbonate.

In 2011, 2 wells were drilled to explore reef targets west of the Montejunto Anticline. The SPC-1 well encountered a porous sand at the top of the reef target and reef facies below with 10 to 15 percent porosity. There was dead oil in the reef facies because of the lack of a top seal. The SPC-2 well drilled a reef slump block and also encountered dead oil because of the lack of a top seal.

The Alj-4 well was reentered and deepened in December 2011 by both drilling and coring. The well penetrated fractured Lower Brenha facies and tested high-salinity water. The deepened section of the well is adjacent to a deep-seated fault. Post-drilling prognosis indicated that the water was coming from the deeper Dagorda Formation.

The Alcobaca-1 well was drilled in 2013 to test a Silves prospect south of the Alj-2 well in the present Batalha Concession. The well was targeted for porous Silves channel sands seen in the Alj-2 well. The well encountered thin, tight sands in the Silves instead of the porous channel sands seen in the Alj-2 well.

Twenty-three shallow wells were drilled in 2012 to gather data for the Lias Reservoir Prospect. The wells were drilled near Lias outcrops and varied in TD between 80 and 305 m. Cores, cuttings, and fluid samples were collected from the wells and utilized to determine values for maximum temperature, total organic content, and other petrophysical properties.

In 2011 and 2012, four 3-D seismic surveys were acquired over the Lusitanian Basin (three onshore and one offshore) for a total of 1,620 km<sup>2</sup>. One of the surveys is in the Batalha Concession covering roughly 150 km<sup>2</sup>.

### 1.3 CONTINGENT RESOURCES

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Contingent resources are those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from known accumulations, but for which the applied project or projects are not yet considered mature enough for commercial development because of one or more contingencies. The contingent resources shown in this report are contingent upon (1) flow rate testing that demonstrates economic viability of the projects and (2) approval of development plans. If these contingencies are successfully addressed, some portion of the contingent resources estimated in this report may be reclassified as reserves; our estimates have not been risked to account for the possibility that the contingencies are not successfully addressed. This report does not include economic analysis for these properties. Based on analogous field developments, it appears that the best estimate contingent resources in this report warrant further consideration to determine whether there is a reasonable chance of being economically viable.

Contingent resources exist in the Batalha Concession for the Brenha limestones in the Aljubarrota Discovery, which were penetrated by the Alj-2 well. A discussion of the Aljubarrota Discovery is found in the Batalha Concession section of this report.

### 1.4 PROSPECTIVE RESOURCES

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Prospective resources are those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. The prospective resources included in this report should not be construed as reserves or contingent resources; they represent exploration opportunities and quantify the development potential in the event a petroleum discovery is made. A geologic risk assessment was performed for these prospects, as discussed in subsequent sections. We did not perform an economic analysis on these resources; as such, the economic status of these resources is undetermined.

Prospective resources exist for the Batalha and Pombal Concessions. Each prospect is discussed in greater detail in the following sections of this report. Included are descriptions of each reservoir within the prospects.

## 1.5 GEOLOGIC RISK ASSESSMENT

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Unrisked prospective resources are estimated ranges of recoverable oil and gas volumes assuming their discovery and development and are based on estimated ranges of undiscovered in-place volumes. The estimates for risked resources are derived directly from the estimates for unrisked resources, incorporating a geologic risk assessment for each prospect; such risked resources do not incorporate a development risk assessment. Geologic risking of prospective resources addresses the probability of success for the discovery of a significant quantity of potentially moveable petroleum; this risk analysis is conducted independent of estimations of petroleum volumes. Risk assessment is a highly subjective process dependent upon the experience and judgment of the evaluators and is subject to revision with further data acquisition or interpretation.

Exploration for hydrocarbons is conducted under conditions of multiple uncertainties. Geologic risk assessment considers elements of the overall hydrocarbon system to estimate the probability that a hydrocarbon accumulation exists. The risk assessment is applied independent of estimation of petroleum volumes. Geologic risk assessment typically uses a four-component equation to measure probability of geologic success ( $P_g$ ). The four components are trap integrity, reservoir quality, source evaluation, and timing/migration. Seismic data and analogous field data provide additional information to supplement the risk analysis. By carefully examining the many subcategories under each of these components and estimating a confidence ranking for them, a numerical risk value can be estimated. The product of these four risk factors yields the  $P_g$  value.  $P_g$  values can range from 0 to 1. A  $P_g$  of 0.10 would suggest that a prospect has a 1 in 10 chance of discovering hydrocarbons without regard to commerciality.

Assessment of geologic risk is primarily dependent on the interpretations made from the available seismic data and assessment of source rock maturity, source migration, and timing of trap development in relation to hydrocarbon migration. Trap integrity is estimated from the structural and stratigraphic trapping characteristics of a prospect in addition to estimating the presence, extent, and capacity for low-permeability beds above or adjacent to reservoir beds to seal or trap hydrocarbons. Reservoir quality is a component that is interpreted from relative continuity of reflective bedding layers, seismic amplitude, and seismic frequency to infer depositional environments of potential reservoir intervals. Analog data from wells drilled on trend or from similar age, depths, and depositional environments supplement the risk assessment.

A primary consideration in petroleum exploratory ventures is determining the presence of an active petroleum system. An active petroleum system requires (1) the presence of organically rich, thermally mature source beds capable of generating hydrocarbons and (2) the presence of adequate migration pathways for mature hydrocarbons to migrate out of source beds into porous and permeable reservoir beds. The hydrocarbon resources potential of a basin is dependent on (1) the proximity of prospects (traps) to potential source beds; (2) the timing of source maturation and hydrocarbon migration relative to trap development; (3) the area, thickness, porosity, and permeability characteristics of the reservoir beds; and (4) trap and seal capacity. The principal risk elements for each reservoir are discussed by prospect in subsequent sections of this report.

Listings of the values for each risk component of each reservoir for each prospect, along with overall  $P_g$ s, are shown in tables at the end of each concession section. A component value between 0.70 and 1.0 represents a low-risk component, where all elements of the component are well documented with encouraging to favorable parameters. Risk components with values between 0.50 and 0.70 are considered moderate risk, where one or more elements are encouraging or favorable while some may be neutral. A value between 0.30 and 0.50 represents a component with a higher amount of risk, where one or more

elements of the component are uncertain while some elements may be neutral. Risk components with values below 0.30 are considered to have greater uncertainty, with one or more unfavorable elements. The risk values estimated for the components are subject to change with the acquisition of additional well and seismic data.

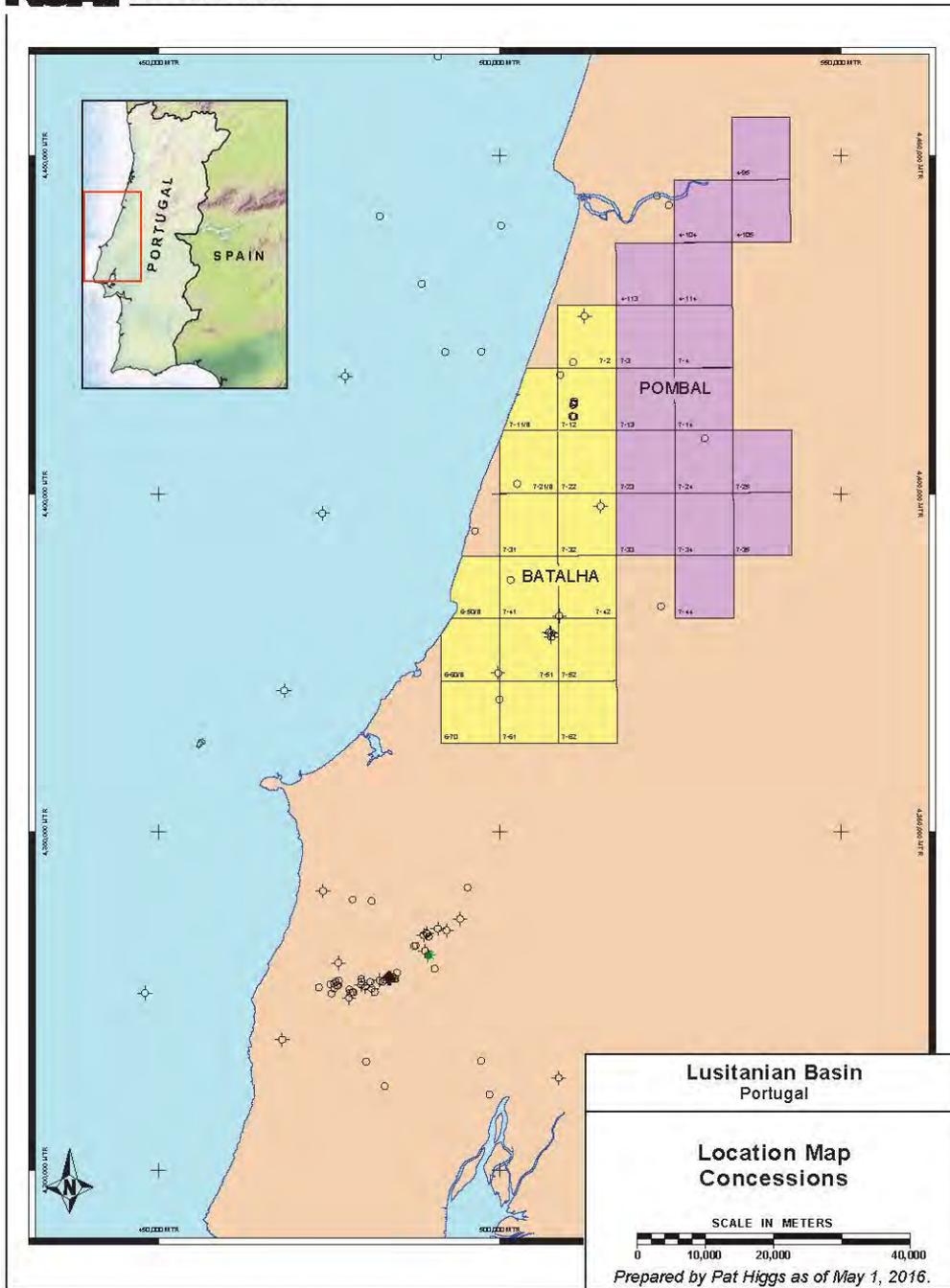
#### 1.6 REQUIRED WORK PROGRAM

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According to the terms of the concession agreements, Australis must conduct the following minimum work program for each of the Batalha and Pombal Concessions:

- First year: Evaluate all historic concession data with an estimated investment of 50,000 Euros.
- Second year: Continue to evaluate all historic concession data and undertake geological and geochemical studies of the Lias Reservoir Prospect, with an estimated investment of 75,000 Euros.
- Third year: Continue geological and geochemical studies of the Lias Reservoir Prospect, incorporating results of the first well drilled by the Concessionaire in any of its concessions and reprocessing of existing 2-D seismic data, with an estimated investment of 100,000 Euros.
- Fourth year: Drill one well with an estimated investment of 2,000,000 Euros.
- Fifth year: Drill one well with an estimated investment of 2,000,000 Euros.
- Sixth year: Drill one well with an estimated investment of 2,000,000 Euros.
- Seventh year: Drill one well with an estimated investment of 2,000,000 Euros.
- Eighth year: Drill one well with an estimated investment of 2,000,000 Euros.

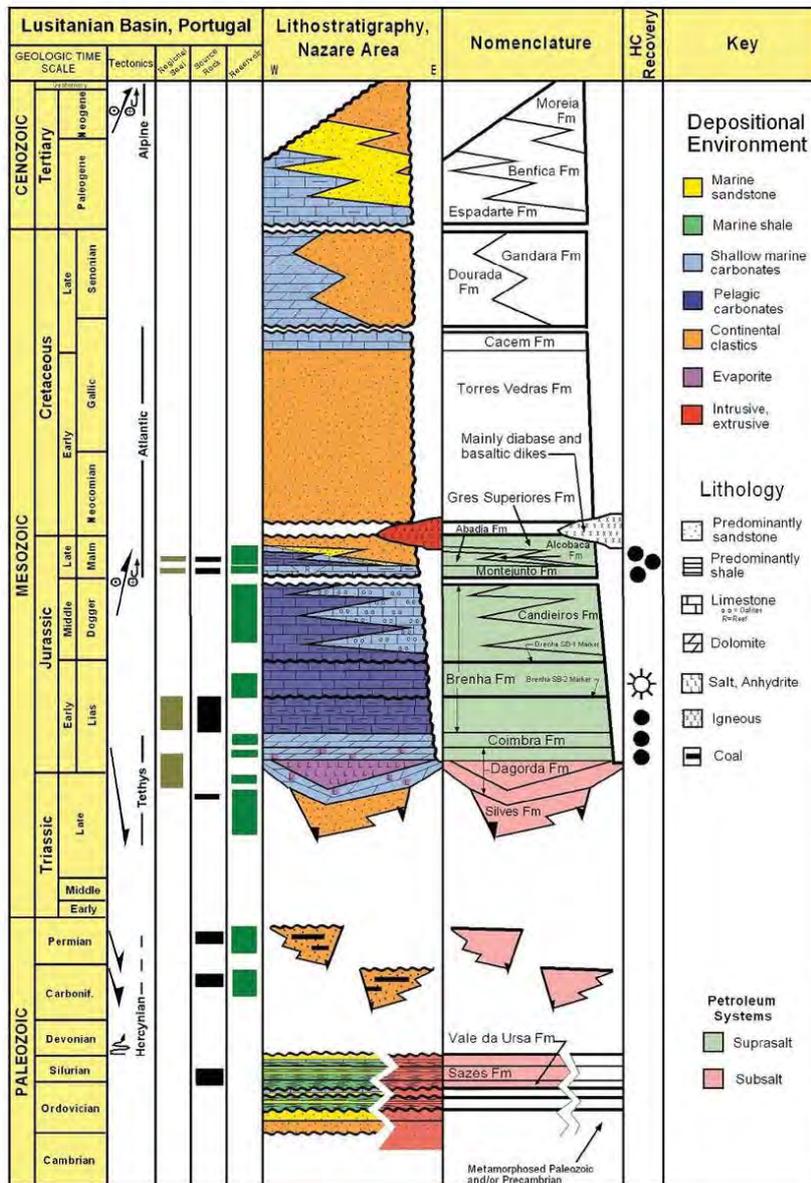
## FIGURES



All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 1.1

Stratigraphic Diagram  
Lusitanian Basin, Portugal



All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 1.2

BATALHA CONCESSION

## BATALHA CONCESSION LUSITANIAN BASIN, PORTUGAL

### 2.1 OVERVIEW

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The Batalha Concession is located onshore in the central portion of the Lusitanian Basin of Portugal and comprises 307,482 gross acres. Australis Oil & Gas Limited (Australis) holds a 100 percent working interest in the Batalha Concession; however, 3 percent of the interest is subject to an option agreement (see prospectus for further details). This report has been prepared with the assumption that the option will be exercised, thereby reducing the Australis working interest to 97 percent. The initial concession license expires on September 30, 2023. If a general development and production plan is approved during this period, a production period will be granted for 25 years and can be extended for 15 additional years. Figure 2.1 is a location map showing the discovery and prospect areas within the Batalha Concession. Gross volumes shown in this report are 100 percent of the volumes expected to be produced from the properties.

There are several different play types and reservoirs within this concession. The Silves Formation sandstones are the primary target for subsalt prospects. The Dagorda Formation dolomites are a synsalt target. Suprasalt targets include Coimbra Formation dolomites, Brenha Formation grainstones and fractured limestones, Candieiros Formation oolitic grainstones, Late Jurassic sandstones, and Val de Fontes and Agua de Madeiros organic-rich marls and marly limestones of the Lower Brenha section. A stratigraphic diagram for the Lusitanian Basin is shown in Figure 1.2.

### 2.2 DATA SOURCES

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Numerous shallow and deep wells have been drilled in the Batalha Concession. Eight deep wells have been drilled in the southern portion of the concession. A thorough review of the regional geology and the prospects in the region has been conducted. Structure maps were provided on various horizons. 2-D and 3-D seismic data are present over the prospects evaluated in this concession. We were allowed full access to the seismic data and interpretation for prospect evaluation.

### 2.3 GEOLOGIC SUMMARY

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Petroleum accumulations are expected in the subsalt, synsalt, and suprasalt sections in this concession. The Silves sandstones are the primary exploration target in the subsalt section. The Silves sandstones were deposited during Triassic rifting when nonmarine fluvial sedimentation occurred within the rift basin. Subsequent to the Silves deposition, a marine transgression combined with dry climatic conditions led to the deposition of the extensive Dagorda evaporites. Hydrocarbon source rocks for the Silves play include Silurian shales, Permian-Pennsylvanian coal beds, and Late Triassic shales. Structural traps are created by normal and strike-slip faults. The overlying Dagorda evaporites provide a top seal.

The synsalt, Late Triassic to Early Jurassic Dagorda consists of dolomite, halite, anhydrite, and siltstone/claystone beds. The exploration target is the dolomite beds that are located at the top transitional and base transitional portions of the section. Well penetrations in the Dagorda have generally encountered a low reservoir-to-nonreservoir ratio. However, the reservoir sections encountered have exhibited porosity and can be individually up to several meters (m) in thickness.

In the suprasalt section, hydrocarbon-bearing reservoirs are possible from several different sandstone, limestone, and dolomite units of Jurassic age, which overlie Late Triassic-Early Jurassic salt. Major

reservoir types include paralic near-shoreface and nearshore Late Jurassic marine sandstones, fractured limestones with vuggy porosity (Brenha), organic-rich marls and marly limestones (Lower Brenha), oolitic grainstones (Candieiros), and dolomites (Coimbra). Source beds include Dogger-Lias carbonate mudstones and Late Jurassic shales and mudrock. Strike-slip and wrench faulting of Jurassic, Cretaceous, and Miocene age have placed these source beds in juxtaposition with reservoir beds, permitting migration into reservoirs. Hydrocarbons are expected to be trapped by regional and local faults and in pop-up blocks, faulted anticlines, structural noses, and lateral pinchouts.

## 2.4 METHODOLOGY

A Monte Carlo simulation was conducted to determine ranges of hydrocarbon pore volume, original gas-in-place (OGIP), original oil-in-place (OOIP), estimated ultimate gas recovery, and estimated ultimate oil recovery for each reservoir in each discovery or prospect. Where reservoirs were faulted or separated by other potential flow barriers, each independent area of the reservoir was modeled separately in the Monte Carlo simulation and statistically aggregated at the reservoir level. For prospects containing multiple reservoirs, the reservoirs were also aggregated statistically to determine ranges of hydrocarbon pore volume, OGIP, OOIP, estimated ultimate gas recovery, and estimated ultimate oil recovery at the prospect level.

Multiple gross rock volume (GRV) maps were generated for each reservoir. Typically, the low case was down to the structural level that exhibited strong structural rollover, and the high case was down to the structural spill point. When a low case GRV could not be clearly defined, a best case GRV was generated. Distribution value ranges for net-to-gross ratio (NTG), porosity, and water saturation were determined from direct analogies to those properties observed in existing well penetrations and from those properties known to exist in similar depositional environments.

The reservoir fluid type was estimated from flow tests, when available, or analog data. Solution gas-oil ratios were estimated for oil reservoirs using the Standing Correlation and were assumed to be constant for the life of the reservoir. Initial oil formation volume factors (FVFs) were estimated for oil reservoirs using the Vasquez and Beggs Correlation. Initial gas FVFs were estimated for gas reservoirs using the Real Gas Law. The fluid properties required to determine these parameters are initial reservoir pressure, reservoir temperature, gas gravity, and initial oil gravity. Initial reservoir pressure and reservoir temperature estimates were based on the expected depth of the reservoir. Gas gravity and initial oil gravity were inputs into the Monte Carlo simulation. For gas gravity, we used a triangular distribution with 0.65, 0.80, and 0.90 as the low, best, and high estimates, respectively. For initial oil gravity, we used a uniform distribution with a range of 30° to 45° API for all synsalt and suprasalt reservoirs; a range of 20° to 40° API was used for the Candieiros Reservoir.

Recovery factor was also an input into the Monte Carlo simulation. For gas reservoirs, we used a uniform distribution with a range of 50 to 80 percent. For oil reservoirs, we used a uniform distribution with a range of 10 to 30 percent.

A table showing Monte Carlo input parameters is included as Figure 2.2.

## 2.5 ALJUBARROTA DISCOVERY

The Aljubarrota-2 (Alj-2) well was drilled in 1999 with the Silves as the primary exploration target. The well penetrated greater than 585 m of Silves section with oil and gas shows, but testing was unsuccessful. The well also penetrated the Brenha and encountered a 760-m-thick section of vuggy, highly fractured, very thinly bedded Brenha tight limestones. The base of the interval contains an 80-m-thick zone with approximately 40 net m of conventional matrix porosity. Well log analysis indicates the entire Brenha section is gas saturated, and there is a potential gas-water contact (GWC) at the base of the formation.

An open-hole drillstem test (DST) was conducted and resulted in gas to surface with an estimated unmeasured flow rate of 3 to 5 million cubic feet per day (MMCFD). After the well reached total depth, casing was set, and three additional DSTs were run. An initial high gas flow rate was achieved but rapidly declined to less than 0.25 MMCFD.

The Aljubarrota-3 (Alj-3) well was drilled in 2000 and is located approximately 3 kilometers (km) to the north of the Alj-2 well. The Alj-3 well penetrated the Brenha roughly 60 m high to the Alj-2 well. Well logs indicate the section to be gas charged but to contain significantly fewer fractures than seen in the equivalent section in the Alj-2 well. An open-hole testing program failed to provide any conclusive flow data.

The Alj-2 ST well was drilled as a 45-degree slant hole on a southern orientation. The well encountered fractures in the upper Brenha, but the section became more argillaceous with increasing depth, and fracturing was not encountered. The Aljubarrota-4 (Alj-4) well was drilled 350 m to the northwest of the Alj-2 well as a twin. The Alj-4 well was temporarily abandoned above the fractured Brenha section, which was the primary target, and will be reentered and deepened. Additional data considered in the course of this evaluation for the 4 Aljubarrota wells are shown in Figure 2.3.

The Aljubarrota gas accumulation is a west-dipping nose that bisects a north-to-south-trending syncline. North-to-south-trending wrench faults define the eastern and western limits of the trap. The presumed G/WC controls the northern extent, and a down-to-the-south normal fault is the southern limit. A depth structure map of the top of the Brenha marker is shown in Figure 2.4.

We estimate the gross contingent resources, contingent resources to the Australis working interest, and net contingent resources to the Australis interest in the Aljubarrota Discovery of the Batalha Concession, as of May 1, 2016, to be:

Category	Gross Contingent Resources			Australis Working Interest (97%) Contingent Resources			Net Contingent Resources		
	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)
Low Estimate (1C)	0	93,673	15,612	0	90,863	15,144	0	83,594	13,932
Best Estimate (2C)	0	262,336	43,723	0	254,466	42,411	0	234,109	39,018
High Estimate (3C)	0	458,976	76,496	0	445,207	74,201	0	409,590	68,265

Oil volumes are expressed in thousands of barrels (MBBL); a barrel is equivalent to 42 United States gallons. Gas volumes are expressed in millions of cubic feet (MMCF) at standard temperature and pressure bases. Oil equivalent volumes are expressed in thousands of barrels of oil equivalent (MBOE), determined using the ratio of 6 MMCF of gas to 1 MBBL of oil. The Aljubarrota Discovery is not expected to produce oil.

The Australis net contingent resources are reported net of any royalties. As per Article 51 of the Ministry for Industry and Energy Decree-Law nr. 109/94 of the 26th of April, 1994, Australis owes a royalty tax of 6 percent on the portion of annual oil production between 300,000 and 500,000 metric tons, and 9 percent on the portion of annual oil production thereafter. As per Article 19.2 of the Contract Between the State and Australis, for natural gas production, with or without condensate, after having deducted exploration and development expenses and the operating costs of production, Australis owes a royalty tax of 3 percent on the first 5,000 MBOE, 6 percent on the next 5,000 MBOE, and 8 percent thereafter of the annual gas and condensate production. Since our evaluation did not include annual forecasts but rather in-place volumes and recovery factors, we cannot determine the appropriate royalty tier for oil or gas contingent resources. As such, the Australis net contingent resources shown herein have assumed the maximum royalty burdens of 9 and 8 percent for oil and gas, respectively.

The contingent resources shown for this concession have been estimated using a combination of deterministic and probabilistic methods. Once all contingencies have been successfully addressed, the

probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate. The estimates of contingent resources included herein have not been adjusted for development risk.

There are prospective resources associated with this discovery in fault blocks on the east and west flanks of the Aljubarrota structure. The reservoirs containing these prospective resources are discussed in Section 2.6.1.

## 2.6 PROSPECTS

Several prospects were assessed for the Batalha Concession. Unrisked and risked prospective resources for this concession are shown by prospect in Figure 2.5. We estimate the unrisked and risked gross prospective resources, the unrisked and risked prospective resources to the Australis working interest, and the unrisked and risked net prospective resources to the Australis interest in the Batalha Concession, as of May 1, 2016, to be:

Category	Gross Prospective Resources					
	Unrisked			Risked		
	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)
Low Estimate	102,303	662,097	212,652	18,729	108,100	36,745
Best Estimate	568,577	2,425,345	972,802	110,086	434,815	182,555
High Estimate	1,909,439	7,931,608	3,231,374	377,175	1,483,424	624,412

The low, best, and high estimate volumes are the arithmetic sum of multiple probability distributions.

Category	Australis Working Interest (97%) Prospective Resources					
	Unrisked			Risked		
	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)
Low Estimate	99,234	642,234	206,273	18,167	104,857	35,643
Best Estimate	551,520	2,352,585	943,618	106,783	421,770	177,078
High Estimate	1,852,156	7,693,660	3,134,432	365,860	1,438,922	605,680

The low, best, and high estimate volumes are the arithmetic sum of multiple probability distributions.

Category	Net Prospective Resources					
	Unrisked			Risked		
	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)
Low Estimate	90,303	590,855	188,779	16,532	96,468	32,610
Best Estimate	501,883	2,164,378	862,613	97,173	388,029	161,844
High Estimate	1,685,462	7,078,167	2,865,156	332,932	1,323,808	553,567

The low, best, and high estimate volumes are the arithmetic sum of multiple probability distributions.

The oil volumes shown include crude oil only.

The Australis net prospective resources are reported net of any royalties. As discussed in detail above, Article 51 of the Ministry for Industry and Energy Decree-Law nr. 109/94 of the 26th of April, 1994, and Article 19.2 of the Contract Between the State and Australis provide details on royalties owed by Australis. Since our evaluation did not entail annual forecasts but rather in-place volumes and recovery factors, we cannot determine the appropriate royalty tier for oil or gas prospective resources. As such, the Australis net prospective resources shown herein have assumed the maximum royalty burdens of 9 and 8 percent for oil and gas, respectively.

The prospective resources shown in this report have been estimated using probabilistic methods and are dependent on a petroleum discovery being made. If a discovery is made and development is undertaken, the probability that the recoverable volumes will equal or exceed the unrisks estimated amounts is 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate. As recommended in the 2007 Petroleum Resources Management System, the low, best, and high estimate prospective resources have been aggregated beyond the prospect level by arithmetic summation; therefore, these totals do not include the portfolio effect that might result from statistical aggregation.

A geologic risk assessment was performed for each reservoir for each prospect. A table summarizing our geologic risk evaluation is included as Figure 2.6.

#### 2.6.1 Cinnabar Prospect

The Cinnabar Prospect is defined by a large surface anticline and is located in the southeastern portion of the concession adjacent to and east of the Aljubarrota Discovery. The structure consists of thrust, three-way closures related to a positive flower structure in a wrench zone in the Brenha, Coimbra, and Silves.

##### 2.6.1.1 Brenha Limestones

The Brenha portion of this prospect includes prospective resources in the fractured limestones and carbonate grainstones of the lower portion of the formation, as seen in the Aljubarrota Discovery. The trap is a north-south-striking structural dome that is bounded by an eastward-dipping thrust fault. Vertical seal is provided by the nonfractured portion of the Brenha; lateral seals are provided by structural spill and faults. 2-D seismic data coverage over the prospect is sparse, and structure is primarily based on surface mapping. The principal risk is trap definition. The probability of geologic success ( $P_g$ ) for this reservoir is 0.270.

##### 2.6.1.2 Coimbra Dolomites

The structure at the Coimbra Reservoir is similar to the structure at the Brenha Reservoir. The nearby Alj-2 well logged pay at the Coimbra Reservoir. Principal risks for this reservoir are reservoir quality and trap definition. The  $P_g$  for this reservoir is 0.270.

##### 2.6.1.3 Silves Sandstones

The Silves sandstone structure is a northeast-to-southwest-trending anticlinal feature compartmentalized by eastward-dipping thrust and normal faulting. The overlying Dagorda evaporites provide a vertical seal. Lateral seals are structural spill to the north and south and faulting to the east and west. The principal risk is trap definition. The  $P_g$  for this reservoir is 0.270.

### 2.6.2 Citrine Prospect

The Citrine Prospect is located in the central portion of the concession roughly 14 km north of the Aljubarrota Discovery. The structure is a northeast-to-southwest-trending anticline compartmentalized by reverse faults in a wrench zone.

#### 2.6.2.1 Silves Sandstones

The Silves sandstones are the single target in the Citrine Prospect, which constitutes a pop-up block that has elevated the Silves to a relatively shallow depth and placed the Dagorda evaporites at the surface. Shallower play targets have been eroded. The prospect is bounded to the southeast and northwest by reverse faults in a wrench zone and to the northeast and southwest by the convergence of these faults. The shallow placement of the prospect gives the potential to charge the Silves Reservoir from juxtaposed Jurassic oil-prone source rocks. Principal risks for this prospect are trap definition and reservoir quality. The  $P_g$  for this reservoir is 0.180.

### 2.6.3 Lias Reservoir Prospect

The Lias Reservoir Prospect encompasses the majority of the Lusitanian Basin. This reservoir is contained in the organic-rich marls and marly limestones of the Val de Fontes and Agua de Madeiros Formations of the Lower Brenha section. Total organic content (TOC) ranges from 0.22 to 22.00 percent. TOC is greater than 2.00 percent over the majority of the Batalha Concession. Low case and high case GRVs were estimated over areas defined by cutoffs based on TOC, maximum formation temperature, and depth of burial. The principal risk for the Lias Reservoir Prospect is porosity. The  $P_g$  for this prospect is 0.200.

### 2.6.4 Onyx Prospect

The Onyx Prospect is located on the eastern boundary in the central portion of the concession, northeast of and adjacent to the Citrine Prospect. The western portion of the prospect is in the Batalha Concession, and the eastern portion of the prospect is in the Pombal Concession. The structure is a faulted, three-way closure bounded to the west and east by an east-dipping reverse fault in a wrench zone.

#### 2.6.4.1 Brenha Limestones

The Onyx Prospect is on the periphery of an area of potential salt dissolution. This dissolution enhances the potential for fracture development within the Brenha. Principal risks for the Brenha in this prospect are trap definition and porosity development. The  $P_g$  for this reservoir is 0.101.

#### 2.6.4.2 Candieiros Grainstones

The Onyx Prospect is situated on the eastern side of the Porto do Mos wrench zone, where the shallow marine depositional environment at the Candieiros Reservoir would have promoted the development of oolitic grainstones. Isopach thinning in the Dogger interval indicates that the Onyx Prospect was a significant structure during Candieiros deposition. Principal risks for the Candieiros are trap definition and porosity. The  $P_g$  for this reservoir is 0.151.

#### 2.6.4.3 Late Jurassic Sandstones

The Onyx Prospect is located in a paleodepositional environment where shallow marine clastics are expected at this level. The principal risk for the Late Jurassic age sandstones is trap. The  $P_g$  for this reservoir is 0.151.

#### 2.6.5 Pyrope Prospect

The Pyrope Prospect is located in the south central portion of the concession roughly 8 km northwest of the Alj-2 well. This prospect targets the hydrocarbons that migrated from the Silves and Dagorda Reservoirs in the breached trap drilled by the Aljubarrota-1 (Alj-1) well directly to the northwest. The prospect includes traps in the tapering wedge of the overlying suprasalt Jurassic carbonate facies. The main trap type is an east-dipping, three-way closure against a west-dipping reverse fault.

##### 2.6.5.1 Candieiros Grainstones

Paleoenvironment modeling indicates that the prospect was in an area conducive to grainstone development and adjacent to a deeper marine environment with potential Jurassic source rocks. Principal risks are trap seal and porosity. The  $P_g$  for this reservoir is 0.216.

##### 2.6.5.2 Coimbra Dolomites

The principal risk element for the Coimbra at the Pyrope Prospect is porosity. The  $P_g$  for this reservoir is 0.216.

##### 2.6.5.3 Dagorda Dolomites

The Alj-1 well encountered a repeat section of Dagorda dolomites that appears to be the recumbent limb of an overturned fold. Logging indicated a paleo oil and gas accumulation with a 500-m hydrocarbon column. This prospect targets the formation at the crest of the present day structure. The trap is bounded down dip to the east by normal and reverse faults. The principal risk is trap definition. The  $P_g$  for this reservoir is 0.204.

##### 2.6.5.4 Silves Sandstones

The prospect structure at this reservoir is a highly faulted, elongated, four-way closure. Principal risks for the Silves are reservoir quality and trap definition. The  $P_g$  for this reservoir is 0.170.

#### 2.6.6 Sphene Prospect

The Sphene Prospect is located in the northern portion of the concession and to the north of the Onyx Prospect. The structure is an east-dipping, three-way closure against a west-dipping reverse fault.

##### 2.6.6.1 Brenha Limestones

The Sphene Prospect is located in an area of salt dissolution that could have led to fracture development in the Brenha. Principal risks for the Brenha are trap definition and porosity. The  $P_g$  for this reservoir is 0.115.

#### 2.6.6.2 Candieiros Grainstones

Shallow marine conditions at this reservoir promoted the development of oolitic grainstones in the Candieiros. The prospect is adjacent to an area of potential Jurassic deep marine source rocks. The principal risk is trap definition with a lesser risk for porosity development. The  $P_g$  for this reservoir is 0.173.

#### 2.6.6.3 Late Jurassic Sandstones

Shallow marine clastics are anticipated at this reservoir in the Sphene Prospect. Trapping and porosity are the principal risks for the Late Jurassic sandstones in this prospect. The  $P_g$  for this reservoir is 0.173.

#### 2.6.6.4 Silves Sandstones

The principal risk elements for the Silves at this prospect are trap definition and NTG. The  $P_g$  for this reservoir is 0.126.

#### 2.6.7 Tiger Eye Prospect

The Tiger Eye Prospect is located in the east-central portion of the concession, on the western side of the Obidos-Nazare wrench and southwest of the Citrine Prospect. The trap is a northwest-dipping, three-way closure against an east-dipping wrench fault.

##### 2.6.7.1 Brenha Limestones

Fractured and vuggy limestones are expected for the Brenha at this location, similar to those found at the Aljubarrota Discovery. Principal risks are porosity and trap definition. The  $P_g$  for this reservoir is 0.144.

##### 2.6.7.2 Coimbra Dolomites

There is potential for a biohermal buildup at the Coimbra reservoir in this area of the concession. Principal risks for the Coimbra are the same as for the Brenha: porosity and trap definition. The  $P_g$  for this reservoir is 0.144.

##### 2.6.7.3 Dagorda Dolomites

Principal risks for the Dagorda dolomites are similar to those of the Brenha and Coimbra levels. The  $P_g$  for this reservoir is 0.144.

##### 2.6.7.4 Silves Sandstones

The overlying Dagorda evaporites provide a seal for the Silves. Principal risks are trap definition and reservoir development. The  $P_g$  for this reservoir is 0.126.

#### 2.6.8 Zircon Prospect

The Zircon Prospect is located in the northern portion of the concession directly west of the Sphene Prospect. The trap is a three-way closure formed by westward dip against an east-dipping wrench fault.

#### 2.6.8.1 Brenha Limestones

Salt dissolution in the area of the Zircon Prospect may have caused fracture development in the Brenha. Principal risks for the Brenha are trap definition and porosity. The  $P_g$  for this reservoir is 0.115.

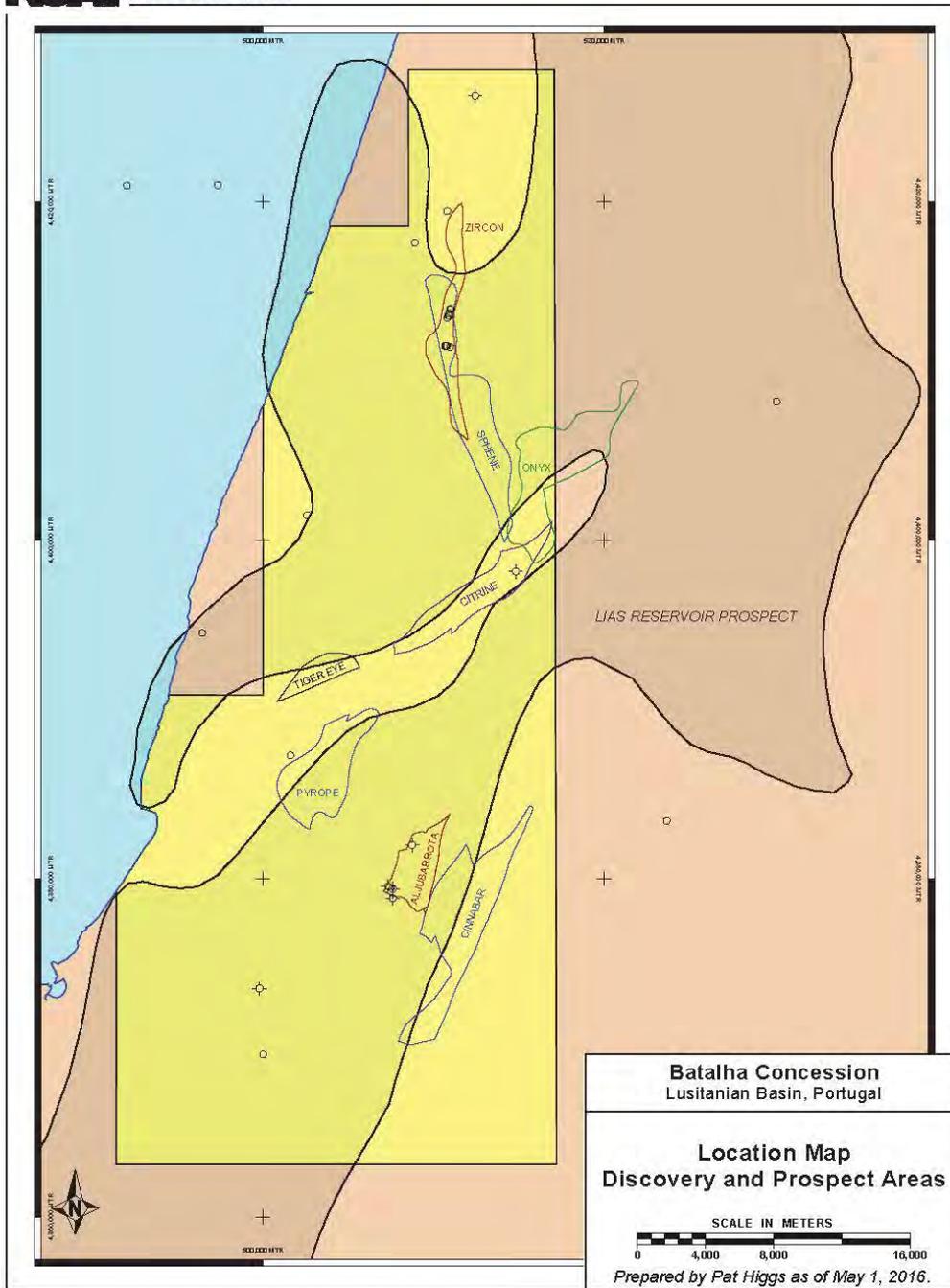
#### 2.6.8.2 Candieiros Grainstones

The Zircon Prospect is adjacent to the Sphene Prospect and in the same shallow marine environment at this reservoir. The prospect is adjacent to an area of potential Jurassic deep marine source rocks. The main risk is trap definition, with a lesser risk for porosity development. The  $P_g$  for this reservoir is 0.173.

#### 2.6.8.3 Coimbra Dolomites

Principal risks for the Coimbra are reservoir quality, porosity development, and trap definition. The  $P_g$  for this reservoir is 0.115.

## FIGURES



All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 2.1

MONTE CARLO INPUT DISTRIBUTION SUMMARY  
BATALHA CONCESSION, LUSITANIAN BASIN, PORTUGAL  
AS OF MAY 1, 2018

Prospect/Reservoir	Depth (Feet TVDSS)	Gross Rock Volume (Acre-Feet)		Net-to-Gross Ratio (Decimal)		Porosity (Decimal)		Water Saturation (Decimal)		Recovery Factor <sup>(2)</sup> (Decimal)	
		Lognormal Distribution Low High	High	Normal Distribution Low High	High	Normal/Triangular Distribution <sup>(1)</sup> Low Best High	High	Normal Distribution Low High	High	Uniform Distribution Low High	High
Gimbar											
Brenha Limestones	1,641	375,346	9,501,180	0.40	0.60	0.05	0.07	0.20	0.30	0.50	0.80
Coimbra Dolomites	1,641	375,346	9,501,180	0.10	0.20	0.12	0.18	0.25	0.45	0.10	0.30
Silves Sandstones	7,218	152,136	7,772,934	0.10	0.30	0.15	0.18	0.25	0.45	0.50	0.80
Citine											
Silves Sandstones	6,562	177,707	1,863,193	0.10	0.30	0.15	0.19	0.25	0.45	0.50	0.80
Lias											
Lias Carbonates	5,742	9,081,212	77,350,519	1.00	1.00	0.01	0.06	0.20	0.40	0.05/0.10	0.15/0.30
Onyx											
Brenha Limestones	8,203	66,907	580,109	0.40	0.60	0.05	0.07	0.20	0.30	0.50	0.80
Candeiros Grainstones	4,265	66,907	580,109	0.05	0.40	0.08	0.12	0.20	0.45	0.10	0.30
Late Jurassic Sandstones	4,265	66,907	580,109	0.10	0.30	0.15	0.25	0.25	0.45	0.10	0.30
Pyrope											
Candeiros Grainstones	2,625	159,343	517,624	0.05	0.40	0.08	0.12	0.20	0.45	0.10	0.30
Coimbra Dolomites	3,281	223,511	6,548,276	0.10	0.20	0.12	0.19	0.25	0.45	0.10	0.30
Dagorda Dolomites	3,281	223,511	6,548,276	0.10	0.20	0.12	0.19	0.25	0.45	0.10	0.30
Silves Sandstones	8,203	185,341	2,275,116	0.10	0.30	0.15	0.18	0.25	0.45	0.50	0.80
Sphene											
Brenha Limestones	8,203	283,563	1,379,554	0.40	0.60	0.05	0.07	0.20	0.30	0.50	0.80
Candeiros Grainstones	5,250	204,024	1,085,845	0.10	0.30	0.10	0.14	0.25	0.45	0.10	0.30
Late Jurassic Sandstones	4,593	204,024	1,085,845	0.10	0.30	0.15	0.25	0.25	0.45	0.10	0.30
Silves Sandstones	9,643	423,284	2,910,463	0.10	0.30	0.15	0.19	0.25	0.45	0.50	0.80
Tiger Eye											
Brenha Limestones	5,742	477,316	5,008,376	0.40	0.60	0.05	0.07	0.20	0.30	0.50	0.80
Coimbra Dolomites	6,562	477,316	5,008,376	0.10	0.20	0.12	0.19	0.25	0.45	0.10	0.30
Dagorda Dolomites	4,922	477,316	5,008,376	0.10	0.20	0.12	0.19	0.25	0.45	0.10	0.30
Silves Sandstones	9,643	139,564	1,132,806	0.10	0.30	0.15	0.19	0.25	0.45	0.50	0.80
Zircon											
Brenha Limestones	6,562	209,817	5,276,712	0.40	0.60	0.05	0.07	0.20	0.30	0.50	0.80
Candeiros Grainstones	3,281	304,857	1,284,117	0.10	0.30	0.10	0.14	0.25	0.45	0.10	0.30
Coimbra Dolomites	3,281	209,817	5,276,712	0.10	0.20	0.12	0.19	0.25	0.45	0.10	0.30

<sup>(1)</sup> Low and high values are shown for normal distributions. Low, best, and high values are shown for triangular distributions.

<sup>(2)</sup> For discoveries that include multiple recovery factors, the recovery factors represent oil and gas, respectively.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 2.2

DETAILED WELL DATA  
BATALHA CONCESSION, LUSITANIAN BASIN, PORTUGAL  
AS OF MAY 1, 2016

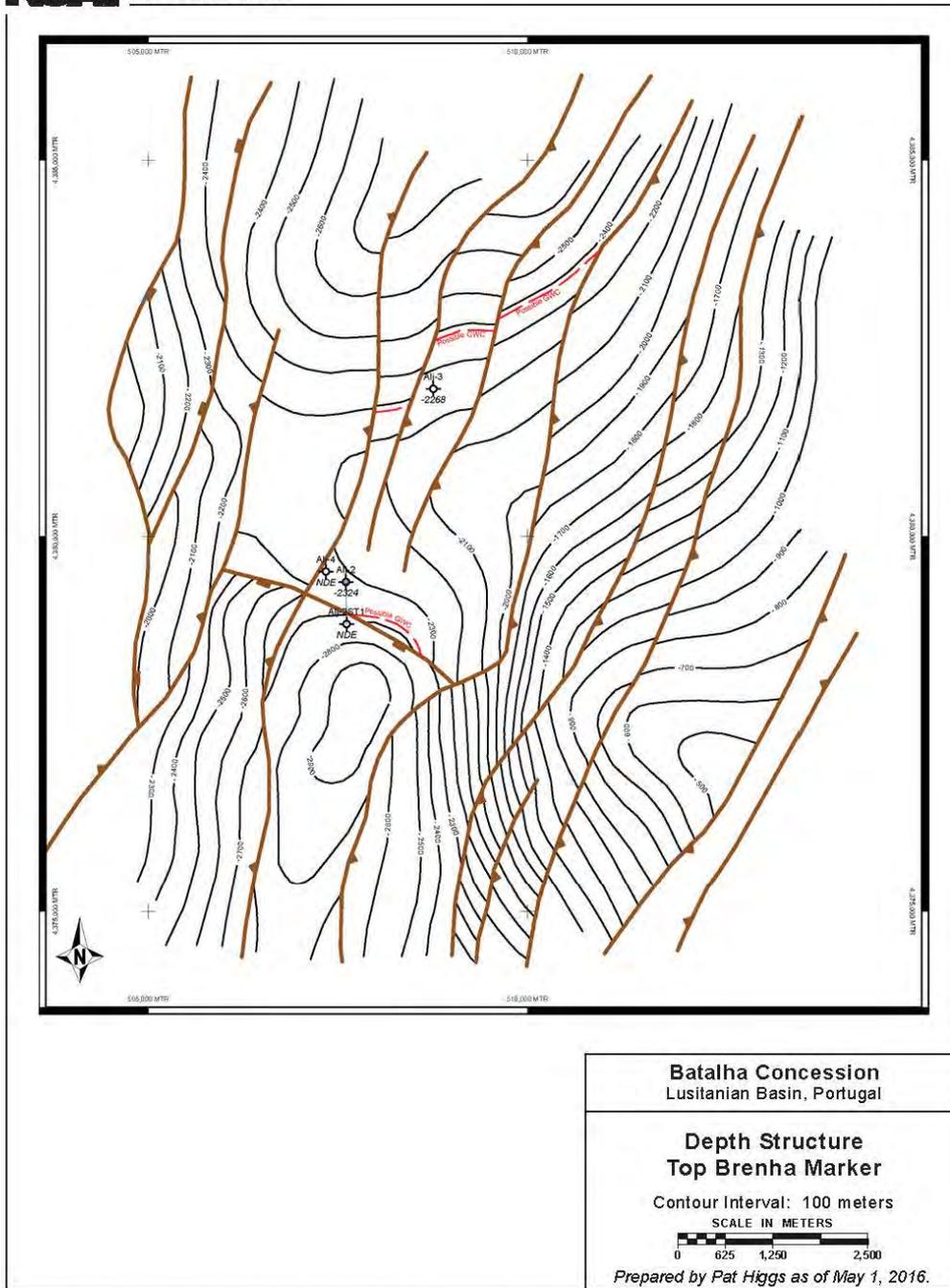
Parameter	Well			
	Ajubarrota-2	Ajubarrota-2 ST	Ajubarrota-3	Ajubarrota-4
Well Type	Exploration	Appraisal	Appraisal	Appraisal
Australis Working Interest <sup>(1)</sup> (percent)	97	97	97	97
Formation Type Encountered	Carbonate	Carbonate	Carbonate	Carbonate
Gross Pay Thickness (m)	80	n/a	n/a	n/a
Net Pay Thickness <sup>(2)</sup> (m)	40	n/a	n/a	n/a
Well Test Conducted	Drillstem test	n/a	Drillstem test	Drillstem test
Well Test Depth (m)	2,285 and 2,464	n/a	Unknown	2,540
Well Test Duration (hours)	6	n/a	Unknown	Unknown
Well Test Choke Size	Unknown	n/a	Unknown	Unknown
Reservoir Hydrocarbon Fluid Recovered	Gas	n/a	Inconclusive	Gas
Reservoir Non-Hydrocarbon Fluid Recovered	Water	n/a	n/a	Water
Frac Size and Number of Stages	n/a	n/a	n/a	n/a

<sup>(1)</sup> Although Australis Oil & Gas Limited currently owns a working interest in these abandoned exploration and appraisal wells and the acreage where they are located, it did not participate in the drilling or operations of those wells prior to their abandonment.

<sup>(2)</sup> In accordance with ASX Listing Rule 5.30(d), net pay thickness is required only if gross pay thickness is reported.

All estimates and exhibits herein are part of this NSA report and are subject to its parameters and conditions.

Figure 2.3



All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions. Figure 2.4



SUMMARY OF PROSPECTIVE RESOURCES  
BATALHA CONCESSION  
AS OF MAY 1, 2016

Prospect/Category	Gross (100%)						Australis Working Interest (87%)						Australis Net					
	Unrisked			Risky			Unrisked			Risky			Unrisked			Risky		
	Oil (MMBBL)	Gas (BCF)	Equip <sup>(b)</sup> (MMBOE)	Oil (MMBBL)	Gas (BCF)	Equip <sup>(b)</sup> (MMBOE)	Oil (MMBBL)	Gas (BCF)	Equip <sup>(b)</sup> (MMBOE)	Oil (MMBBL)	Gas (BCF)	Equip <sup>(b)</sup> (MMBOE)	Oil (MMBBL)	Gas (BCF)	Equip <sup>(b)</sup> (MMBOE)	Oil (MMBBL)	Gas (BCF)	Equip <sup>(b)</sup> (MMBOE)
<b>Crude</b>																		
Low Estimate	6.1	94.3	21.8	1.7	25.4	5.9	5.9	91.4	21.2	1.6	24.7	5.7	5.4	84.1	19.4	1.5	22.7	5.2
Best Estimate	35.9	351.4	94.4	9.7	94.9	25.5	34.8	340.8	91.6	9.4	92.0	24.7	31.7	313.6	83.8	8.6	84.7	22.7
High Estimate	207.6	1,594.1	471.5	56.0	427.7	127.3	201.4	1,536.6	457.5	54.4	414.9	123.5	183.2	1,413.7	418.8	48.5	381.7	113.1
<b>Offshore</b>																		
Low Estimate	0.0	21.9	3.7	0.0	3.9	0.7	0.0	21.3	3.5	0.0	3.8	0.6	0.0	19.6	3.2	0.0	3.5	0.6
Best Estimate	0.0	91.4	15.2	0.0	16.5	2.7	0.0	88.7	14.8	0.0	16.0	2.7	0.0	81.6	13.6	0.0	14.7	2.4
High Estimate	0.0	336.0	56.0	0.0	80.5	10.1	0.0	325.9	54.3	0.0	58.7	9.8	0.0	298.8	50.0	0.0	54.0	9.0
<b>Land</b>																		
Low Estimate	21.4	51.4	29.9	4.3	10.3	6.0	20.7	49.8	39.0	4.1	10.0	5.8	18.9	45.9	36.5	3.8	9.2	5.3
Best Estimate	223.5	819.6	459.1	64.7	163.7	91.8	313.8	789.2	445.4	62.8	157.8	89.1	285.6	726.0	406.6	57.1	145.2	81.3
High Estimate	1,059.6	2,819.4	1,524.5	211.1	563.7	304.9	1,023.9	2,729.0	1,478.8	204.8	545.8	285.8	821.8	2,510.6	1,350.2	186.4	502.1	270.0
<b>Onshore</b>																		
Low Estimate	4.8	18.4	7.6	0.7	2.2	1.1	4.7	17.9	7.7	0.7	2.1	1.1	4.3	16.4	7.0	0.6	1.9	1.0
Best Estimate	14.5	44.8	22.0	2.2	5.1	3.0	14.1	43.4	21.3	2.1	4.9	2.9	12.8	40.0	19.5	1.9	4.5	2.7
High Estimate	41.9	114.3	60.9	6.3	12.4	8.4	40.6	110.9	59.1	6.1	12.0	8.1	37.0	102.0	54.0	5.8	11.1	7.4
<b>Phosphate</b>																		
Low Estimate	23.7	59.1	30.5	4.8	11.0	5.5	23.0	57.3	31.6	4.7	10.6	5.4	20.0	52.7	33.8	4.2	9.8	5.9
Best Estimate	66.5	175.1	95.3	14.1	31.6	19.3	64.0	159.3	93.0	13.7	30.6	19.8	49.8	145.6	81.0	17.4	39.3	17.1
High Estimate	242.8	516.2	328.8	50.9	92.7	66.4	235.5	500.7	319.0	43.4	90.0	64.4	214.3	460.7	291.0	45.0	82.8	58.8
<b>Silicone</b>																		
Low Estimate	15.2	191.1	45.4	2.6	23.3	6.5	14.7	175.6	44.0	2.5	22.6	6.3	13.4	161.6	40.3	2.3	20.9	5.8
Best Estimate	37.2	386.9	98.4	6.4	46.7	13.2	31.1	345.3	85.0	6.0	45.3	13.8	29.9	327.4	87.4	5.2	41.7	13.6
High Estimate	88.0	796.1	220.7	15.2	106.4	32.0	66.4	772.2	214.1	14.6	97.3	31.9	77.7	776.4	186.1	13.4	89.6	28.4
<b>Tiger Eye</b>																		
Low Estimate	20.5	182.9	51.1	2.9	25.6	7.2	19.9	178.4	49.6	2.8	24.9	7.0	18.1	164.1	45.4	2.6	22.9	6.4
Best Estimate	57.3	492.1	123.2	8.3	50.1	17.4	55.8	393.2	119.5	8.0	53.4	16.3	50.0	352.9	107.4	7.3	44.1	15.5
High Estimate	159.4	922.0	313.0	22.9	129.1	44.3	154.0	894.4	303.7	22.3	125.3	45.1	140.7	822.8	277.6	20.3	115.3	39.5
<b>Zircon</b>																		
Low Estimate	11.6	51.9	20.2	1.7	6.4	2.7	11.2	50.4	19.6	1.6	6.2	2.7	10.2	46.4	17.9	1.5	5.7	2.4
Best Estimate	33.4	186.1	64.9	4.7	22.3	8.4	32.4	183.4	63.0	4.6	21.6	8.2	29.5	168.7	57.6	4.2	19.3	7.5
High Estimate	114.2	649.5	255.7	14.6	37.9	30.9	110.7	624.0	248.1	14.1	35.0	28.9	100.8	758.1	272.1	12.8	37.4	27.4
<b>Total</b>																		
Low Estimate	102.3	662.1	212.7	18.7	108.1	36.7	89.2	642.2	206.3	18.2	104.9	35.6	80.3	590.9	188.8	16.5	96.5	32.6
Best Estimate	368.6	2,425.3	972.8	101.1	434.8	162.6	551.5	2,352.6	943.6	100.6	421.8	177.1	501.9	2,164.4	862.6	97.2	386.0	161.8
High Estimate	1,309.4	7,351.6	3,231.4	377.2	1,463.4	624.4	1,652.2	7,693.7	3,134.4	365.9	1,438.9	605.7	1,069.5	7,076.2	2,865.2	332.9	1,223.8	533.6

Low, Best, and High Estimate volumes are the arithmetic sum of multiple probability distributions and are not and Average of Roundings.  
Note: Totals of unrisksed prospective resources beyond the prospect level are not reflective of volumes that can be expected to be recovered and are shown for convenience only. Because of the geologic risk associated with each prospect, meaningful totals beyond this level can be defined only by summing risksed prospective resources. Such risk is often significant.  
<sup>(b)</sup> Oil equivalent volumes are expressed in MMBOE, determined using the ratio of 6 BCF of gas to 1 MMBBL of oil.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 2.5

GEOLOGIC RISK EVALUATION  
BATALHA CONCESSION, LUSITANIAN BASIN, PORTUGAL  
AS OF MAY 1, 2016

Prospect/Reservoir	Risk Component (Decimal)				P <sub>g</sub> (Decimal)
	Trap Integrity	Reservoir Quality	Source Evaluation	Timing/Migration	
<b>Cinnabar</b>					
Brenha Limestones	0.500	0.600	1.000	0.900	0.270
Coimbra Dolomites	0.500	0.600	1.000	0.900	0.270
Silves Sandstones	0.500	0.600	1.000	0.900	0.270
<b>Citrine</b>					
Silves Sandstones	0.400	0.500	1.000	0.900	0.180
<b>Lias</b>					
Lias Carbonates	0.400	0.500	1.000	1.000	0.200
<b>Onyx</b>					
Brenha Limestones	0.400	0.400	0.900	0.700	0.101
Candieiros Grainstones	0.400	0.600	0.900	0.700	0.151
Late Jurassic Sandstones	0.400	0.600	0.900	0.700	0.151
<b>Pyrope</b>					
Candieiros Grainstones	0.500	0.600	0.900	0.800	0.216
Coimbra Dolomites	0.600	0.400	1.000	0.900	0.216
Dagorda Dolomites	0.600	0.400	1.000	0.850	0.204
Silves Sandstones	0.400	0.500	1.000	0.850	0.170
<b>Sphene</b>					
Brenha Limestones	0.400	0.400	0.900	0.800	0.115
Candieiros Grainstones	0.400	0.600	0.900	0.800	0.173
Late Jurassic Sandstones	0.400	0.600	0.900	0.800	0.173
Silves Sandstones	0.400	0.500	0.900	0.700	0.126
<b>Tiger Eye</b>					
Brenha Limestones	0.500	0.400	0.900	0.800	0.144
Coimbra Dolomites	0.500	0.400	0.900	0.800	0.144
Dagorda Dolomites	0.500	0.400	0.900	0.800	0.144
Silves Sandstones	0.400	0.500	0.900	0.700	0.126
<b>Zircon</b>					
Brenha Limestones	0.400	0.400	0.900	0.800	0.115
Candieiros Grainstones	0.400	0.600	0.900	0.800	0.173
Coimbra Dolomites	0.400	0.400	0.900	0.800	0.115

**Key to Risk Components**

- < 0.30 = Risk factor contains unfavorable elements
- 0.30 - 0.50 = One or more elements questionable or neutral elements
- 0.50 = Elements unknown or no definitive data (neutral)
- 0.50 - 0.70 = One or more elements encouraging to favorable - some elements neutral
- > 0.70 = All elements well documented with encouraging to favorable parameters

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 2.6

POMBAL CONCESSION

## POMBAL CONCESSION LUSITANIAN BASIN, PORTUGAL

### 3.1 OVERVIEW

---

The Pombal Concession is located onshore in the central portion of the Lusitanian Basin of Portugal and comprises 312,886 gross acres. Australis Oil & Gas Limited (Australis) holds a 100 percent working interest in the Pombal Concession; however, 3 percent of the interest is subject to an option agreement (see prospectus for further details). This report has been prepared with the assumption that the option will be exercised, thereby reducing the Australis working interest to 97 percent. The initial concession license expires on September 30, 2023. If a general development and production plan is approved during this period, a production period will be granted for 25 years and can be extended for 15 additional years. Figure 3.1 is a location map showing the prospect areas within the Pombal Concession. Gross volumes shown in this report are 100 percent of the volumes expected to be produced from the properties.

The main target in the concession is the Lias Reservoir Prospect contained in the Lower Brenha section. A stratigraphic diagram for the Lusitanian Basin is shown in Figure 1.2.

### 3.2 DATA SOURCES

---

No deep wells have been drilled within the Pombal Concession. There is a 2-D seismic grid with a spacing of approximately 5 kilometers that covers the entire concession. We were allowed full access to the 2-D seismic data and interpretation for prospect evaluation.

### 3.3 GEOLOGIC SUMMARY

---

Petroleum accumulations are expected in the suprasalt section in this concession. Hydrocarbon-bearing reservoirs are possible from several different sandstone, limestone, and dolomite units of Jurassic age, which overlie Late Triassic-Early Jurassic salt. Major reservoir types include paralic near-shoreface and nearshore Late Jurassic marine sandstones, fractured limestones with vuggy porosity (Brenha), organic-rich marls and marly limestones (Lower Brenha), and oolitic grainstones and dolomites (Candieiros). Source beds include Dogger-Lias carbonate mudstones and Late Jurassic shales and mudrock. Strike-slip and wrench faulting of Jurassic, Cretaceous, and Miocene age have placed these source beds in juxtaposition with reservoir beds, permitting migration into reservoirs. Hydrocarbons are expected to be trapped by regional and local faults and in pop-up blocks, faulted anticlines, structural noses, and lateral pinchouts.

### 3.4 METHODOLOGY

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A Monte Carlo simulation was conducted to determine ranges of hydrocarbon pore volume, original gas-in-place (OGIP), original oil-in-place (OOIP), estimated ultimate gas recovery, and estimated ultimate oil recovery for each reservoir in each prospect. Where reservoirs were faulted or separated by other potential flow barriers, each independent area of the reservoir was modeled separately in the Monte Carlo simulation.

and statistically aggregated at the reservoir level. For prospects containing multiple reservoirs, the reservoirs were also aggregated statistically to determine ranges of hydrocarbon pore volume, OGIP, OOIP, estimated ultimate gas recovery, and estimated ultimate oil recovery at the prospect level.

Multiple gross rock volume (GRV) maps were generated for each reservoir. Typically, the low case was down to the structural level that exhibited strong structural rollover, and the high case was down to the structural spill point. When a low case GRV could not be clearly defined, a best case GRV was generated. Distribution value ranges for net-to-gross ratio, porosity, and water saturation were determined from direct analogies to those properties observed in existing well penetrations and from those properties known to exist in similar depositional environments.

The reservoir fluid type was estimated from flow tests, when available, or analog data. Solution gas-oil ratios were estimated for oil reservoirs using the Standing Correlation and were assumed to be constant for the life of the reservoir. Initial oil formation volume factors (FVFs) were estimated for oil reservoirs using the Vasquez and Beggs Correlation. Initial gas FVFs were estimated for gas reservoirs using the Real Gas Law. The fluid properties required to determine these parameters are initial reservoir pressure, reservoir temperature, gas gravity, and initial oil gravity. Initial reservoir pressure and reservoir temperature estimates were based on the expected depth of the reservoir. Gas gravity and initial oil gravity were inputs for the Monte Carlo simulation. For gas gravity, we used a triangular distribution with 0.65, 0.80, and 0.90 as the low, best, and high estimates, respectively. For initial oil gravity, we used a uniform distribution with a range of 30° to 45° API for all synsalt and suprasalt reservoirs; a range of 20° to 40° API was used for the Candieiros Reservoir.

Recovery factor was also an input for the Monte Carlo simulation. For gas reservoirs, we used a uniform distribution with a range of 50 to 80 percent. For oil reservoirs, we used a uniform distribution with a range of 10 to 30 percent.

A table showing Monte Carlo input parameters is included as Figure 3.2.

### 3.5 PROSPECTS

Two prospects were assessed for the Pombal Concession. Unrisked and risked prospective resources for this concession are shown by prospect in Figure 3.3. We estimate the unrisked and risked gross prospective resources, the unrisked and risked prospective resources to the Australis working interest, and the unrisked and risked net prospective resources to the Australis interest in the Pombal Concession, as of May 1, 2016, to be:

Category	Gross Prospective Resources					
	Unrisked			Risked		
	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)
Low Estimate	16,104	51,360	24,664	2,993	8,807	4,461
Best Estimate	169,210	455,179	245,073	33,159	87,326	47,713
High Estimate	663,706	1,779,486	960,287	130,770	345,836	188,409

*The low, best, and high estimate volumes are the arithmetic sum of multiple probability distributions.*

Australis Working Interest (97%) Prospective Resources						
Category	Unrisked			Risky		
	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)
Low Estimate	15,621	49,819	23,924	2,903	8,542	4,327
Best Estimate	164,134	441,524	237,721	32,164	84,706	46,281
High Estimate	643,795	1,726,101	931,479	126,846	335,461	182,757

The low, best, and high estimate volumes are the arithmetic sum of multiple probability distributions.

Net Prospective Resources						
Category	Unrisked			Risky		
	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)	Oil (MBBL)	Gas (MMCF)	Oil Equivalent (MBOE)
Low Estimate	14,215	45,834	21,854	2,642	7,859	3,952
Best Estimate	149,362	406,202	217,062	29,269	77,929	42,257
High Estimate	585,853	1,588,013	850,522	115,430	308,624	166,868

The low, best, and high estimate volumes are the arithmetic sum of multiple probability distributions.

The oil volumes shown include crude oil only. Oil volumes are expressed in thousands of barrels (MBBL); a barrel is equivalent to 42 United States gallons. Gas volumes are expressed in millions of cubic feet (MMCF) at standard temperature and pressure bases. Oil equivalent volumes are expressed in thousands of barrels of oil equivalent (MBOE), determined using the ratio of 6 MMCF of gas to 1 MBBL of oil.

The Australis net prospective resources are reported net of any royalties. As per Article 51 of the Ministry for Industry and Energy Decree-Law nr. 109/94 of the 26th of April, 1994, Australis owes a royalty tax of 6 percent on the portion of annual oil production between 300,000 and 500,000 metric tons, and 9 percent on the portion of annual oil production thereafter. As per Article 19.2 of the Contract Between the State and Australis, for natural gas production, with or without condensate, after having deducted exploration and development expenses and the operating costs of production, Australis owes a royalty tax of 3 percent on the first 5,000 MBOE, 6 percent on the next 5,000 MBOE, and 8 percent thereafter of the annual gas and condensate production. Since our evaluation did not include annual forecasts but rather in-place volumes and recovery factors, we cannot determine the appropriate royalty tier for oil or gas prospective resources. As such, the Australis net prospective resources shown herein have assumed the maximum royalty burdens of 9 and 8 percent for oil and gas, respectively.

The prospective resources shown in this report have been estimated using probabilistic methods and are dependent on a petroleum discovery being made. If a discovery is made and development is undertaken, the probability that the recoverable volumes will equal or exceed the unrisked estimated amounts is 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate. As recommended in the 2007 Petroleum Resources Management System, the low, best, and high estimate prospective resources have been aggregated beyond the prospect level by arithmetic summation; therefore, these totals do not include the portfolio effect that might result from statistical aggregation.

A geologic risk assessment was performed for each reservoir for each prospect. A table summarizing our geologic risk evaluation is included as Figure 3.4.

### 3.5.1 Lias Reservoir Prospect

The Lias Reservoir Prospect encompasses the majority of the Lusitanian Basin. This reservoir is contained in the organic-rich marls and marly limestones of the Val de Fontes and Agua de Madeiros Formations of the Lower Brenha section. Total organic content (TOC) ranges from 0.22 to 22.00 percent. TOC is greater than 2.00 percent over the majority of the Pombal Concession. Low case and high case GRVs were estimated over areas defined by cutoffs based on TOC, maximum formation temperature, and depth of burial. The principal risk for the Lias Reservoir Prospect is porosity. The probability of geologic success ( $P_g$ ) for this prospect is 0.200.

### 3.5.2 Onyx Prospect

The Onyx Prospect is located on the western boundary of the concession, northeast of and adjacent to the Citrine Prospect located in the Batalha Concession. The eastern portion of the prospect is in the Pombal Concession, and the western portion of the prospect is in the Batalha Concession. The structure is a faulted, three-way closure bounded to the west and east by an east-dipping reverse fault in a wrench zone.

#### 3.5.2.1 Brenha Limestones

The Onyx Prospect is on the periphery of an area of potential salt dissolution. This dissolution enhances the potential for fracture development within the Brenha. Principal risks for the Brenha in this prospect are trap definition and porosity development. The  $P_g$  for this reservoir is 0.101.

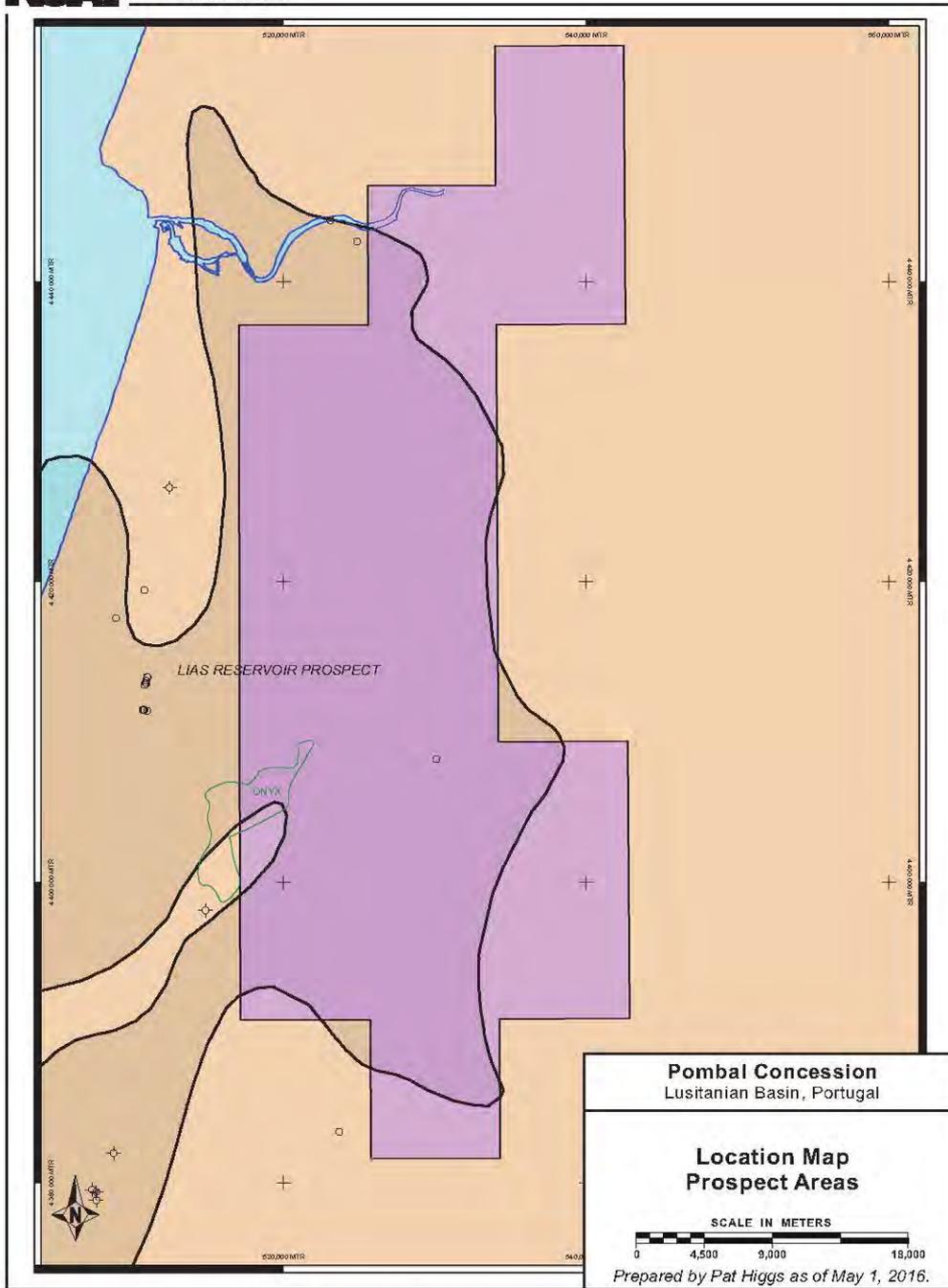
#### 3.5.2.2 Candieiros Grainstones

The Onyx Prospect is situated on the eastern side of the Porto do Mos wrench zone, where the shallow marine depositional environment at the Candieiros reservoir would have promoted the development of oolitic grainstones. Isopach thinning in the Dogger interval indicates that the Onyx Prospect was a significant structure during Candieiros deposition. Principal risks for the Candieiros are trap definition and porosity. The  $P_g$  for this reservoir is 0.151.

#### 3.5.2.3 Late Jurassic Sandstones

The Onyx Prospect is located in a paleodepositional environment where shallow marine clastics are expected at this reservoir. The principal risk for the Late Jurassic age sandstones is trap. The  $P_g$  for this reservoir is 0.151.

## FIGURES



All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 3.1

MONTE CARLO INPUT DISTRIBUTION SUMMARY  
 POMBAL CONCESSION, LUSITANIAN BASIN, PORTUGAL  
 AS OF MAY 1, 2016

Prospect/Reservoir	Depth (Feet TVDSS)	Gross Rock Volume (Acre-Feet)		Net-to-Gross Ratio (Decimal)		Porosity (Decimal)			Water Saturation (Decimal)		Recovery Factor <sup>(2)</sup> (Decimal)	
		Lognormal Distribution	High	Normal Distribution	High	Normal/Triangular Distribution <sup>(1)</sup>	Low	Best	High	Normal Distribution	High	Uniform Distribution
Lias												
Lias Carbonates	5,742	3,570,154	40,485,802	1.00	1.00	0.01	-	0.06	0.20	0.40	0.05/0.10	0.15/0.30
Oriyx												
Brenha Limestones	8,203	64,283	557,359	0.40	0.60	0.05	-	0.07	0.20	0.30	0.50	0.80
Candilhos Grainsstones	4,265	64,283	557,359	0.05	0.40	0.08	0.12	0.20	0.25	0.45	0.10	0.30
Late Jurassic Sandstones	4,265	64,283	557,359	0.10	0.30	0.15	-	0.25	0.25	0.45	0.10	0.30

<sup>(1)</sup> Low and high values are shown for normal distributions. Low, best, and high values are shown for triangular distributions.

<sup>(2)</sup> For discoveries that include multiple recovery factors, the recovery factors represent oil and gas, respectively.

Figure 3.2 All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.



SUMMARY OF PROSPECTIVE RESOURCES  
POMBAL CONCESSION  
AS OF MAY 1, 2016

Prospect/Category	Gross (100%)						Australis Working Interest (97%)						Australis Net						
	Unrisked			Risked			Unrisked			Risked			Unrisked			Risked			
	Oil (MMBBL)	Gas (BCF)	Equip <sup>0</sup> (MMBOE)	Oil (MMBBL)	Gas (BCF)	Equip <sup>0</sup> (MMBOE)	Oil (MMBBL)	Gas (BCF)	Equip <sup>0</sup> (MMBOE)	Oil (MMBBL)	Gas (BCF)	Equip <sup>0</sup> (MMBOE)	Oil (MMBBL)	Gas (BCF)	Equip <sup>0</sup> (MMBOE)	Oil (MMBBL)	Gas (BCF)	Equip <sup>0</sup> (MMBOE)	
<b>Lias</b>																			
Low Estimate	11.5	33.7	17.1	2.3	6.7	3.4	11.1	32.6	16.5	2.2	6.5	3.3	10.1	30.0	15.1	2.0	6.0	3.0	
Best Estimate	155.3	412.2	224.0	31.1	82.4	44.8	150.6	389.8	217.2	30.1	80.0	43.4	137.0	357.8	198.4	27.4	73.6	38.7	
High Estimate	623.5	1,669.7	901.7	124.7	333.9	180.3	604.8	1,619.6	874.7	121.0	323.9	174.9	550.3	1,490.0	798.7	110.1	296.0	158.7	
<b>Onyx</b>																			
Low Estimate	4.7	17.7	7.6	0.7	2.1	1.0	4.5	17.2	7.4	0.7	2.0	1.0	4.1	15.8	6.7	0.6	1.9	0.9	
Best Estimate	13.9	43.0	21.6	2.1	4.9	2.9	13.5	41.7	20.5	2.0	4.7	2.8	12.2	38.4	18.7	1.9	4.4	2.0	
High Estimate	40.2	109.8	58.5	6.1	11.9	8.1	39.0	106.5	56.8	5.9	11.5	7.8	33.3	98.0	51.9	3.4	10.6	7.1	
<b>Total</b>																			
Low Estimate	16.1	51.4	24.7	3.0	8.8	4.5	15.6	49.8	23.9	2.9	8.5	4.3	14.2	45.8	21.9	2.6	7.9	4.0	
Best Estimate	169.2	455.2	245.1	33.2	87.3	47.7	164.1	441.5	237.7	32.2	84.7	46.3	149.4	406.2	217.1	29.3	77.9	42.3	
High Estimate	663.7	1,779.5	960.3	130.8	345.8	188.4	643.8	1,726.1	931.5	126.8	335.5	182.8	585.9	1,588.0	850.5	115.4	308.6	166.9	

Low, best, and high estimate volumes are the arithmetic sum of multiple probability distributions and are not adjusted because of rounding.

Note: Totals of unrisked prospective resources beyond the prospect level are not reflective of volumes that can be expected to be recovered and are shown for convenience only. Because of the geologic risk associated with each prospect, meaningful totals beyond this level can be defined only by summing risked prospective resources. Such risk is often significant.

<sup>0</sup> Oil equivalent volumes are expressed in MMBOE, determined using the ratio of 6 BCF of gas to 1 MMBBL of oil.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 3.3

GEOLOGIC RISK EVALUATION  
POMBAL CONCESSION, LUSITANIAN BASIN, PORTUGAL  
AS OF MAY 1, 2016

Prospect/Reservoir	Risk Component (Decimal)				P <sub>g</sub> (Decimal)
	Trap Integrity	Reservoir Quality	Source Evaluation	Timing/Migration	
Lias					
Lias Carbonates	0.400	0.500	1.000	1.000	0.200
Onyx					
Brenha Limestones	0.400	0.400	0.900	0.700	0.101
Candieiros Grainstones	0.400	0.600	0.900	0.700	0.151
Late Jurassic Sandstones	0.400	0.600	0.900	0.700	0.151

Key to Risk Components

- < 0.30 = Risk factor contains unfavorable elements
- 0.30 - 0.50 = One or more elements questionable or neutral elements
- 0.50 = Elements unknown or no definitive data (neutral)
- 0.50 - 0.70 = One or more elements encouraging to favorable - some elements neutral
- > 0.70 = All elements well documented with encouraging to favorable parameters

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

Figure 3.4

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## 9 Investigating Accountant's Report





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38 Station Street  
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Australia

10 June 2016

The Directors  
Australis Oil & Gas Limited (formerly Australis Oil & Gas Holdings Pty Ltd)  
Suite 20, Level 2  
22 Railway Rd  
Subiaco, WA 6008

Dear Directors

## INVESTIGATING ACCOUNTANT'S REPORT

### 1. Introduction

BDO Corporate Finance (WA) Pty Ltd ('BDO') has been engaged by Australis Oil & Gas Limited ('Australis' or 'the Company') to prepare this Investigating Accountant's Report ('Report') in relation to the historical financial information and pro forma historical financial information of Australis for inclusion in a prospectus ('Prospectus') to be issued by the Company in respect of the proposed initial public offering ('IPO') and listing on the Australian Securities Exchange ('ASX'). We have also considered the historical financial information of Australis Europe Pty Ltd ('APL') which was incorporated in March 2014.

Broadly, the Prospectus will offer 120 million shares at an issue price of \$0.25 each to raise \$30 million before costs ('the Offer').

The Company was incorporated on 12 November 2015 and has limited financial history. On 31 December 2015 Australis acquired all the issued shares of APL by way of the issue of 55 million shares in Australis.

In September 2015 APL through its wholly indirectly owned subsidiary Australis Oil & Gas Portugal, Sociedade Unipessoal LDA ('Australis Portugal') was awarded two Portuguese Concession contracts which provide exclusive rights to explore, develop and produce oil and gas in two contiguous onshore areas in Portugal. Further information can be found in the Project overview in Section 3.6 of the Prospectus, in the Portuguese Attorney's Report in Section 7 of the Prospectus, and in the Technical Expert Report in Section 8 of the Prospectus.

Expressions defined in the Prospectus have the same meaning in this Report. BDO holds an Australian Financial Services Licence (AFS Licence Number 316158).

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BDO Corporate Finance (WA) Pty Ltd ABN 27 324 031 045 AFS Licence No 316158 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

## 2. Scope

The Company has requested BDO to perform a review engagement in relation to the historical and pro forma historical financial information described below.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

The Company has requested BDO to review the following historical financial information of Australis (together the '**Historical Financial Information**') included as appendices to our Report:

- the audited Consolidated Statements of Financial Position, Performance and Cash Flows of APL for the period from incorporation to 31 December 2014;
- the audited Consolidated Statements of Financial Position, Performance and Cash Flows of APL for the year ended 31 December 2015;
- the audited Consolidated Statements of Financial Position, Performance and Cash Flows of the Company for the period from incorporation to 31 December 2015; and
- the audited Consolidated Statements of Financial Position, Performance and Cash Flows of the Company for the three months ended 31 March 2016.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Historical Financial Information has been extracted from the financial reports of Australis for the period from incorporation to 31 December 2015 and for the three months ended 31 March 2016 and from the financial statements of APL for the period from incorporation to 31 December 2014 and for the year ended 31 December 2015, which were audited by BDO Audit (WA) Pty Ltd ('**BDO Audit**') in accordance with the Australian Auditing Standards. BDO Audit issued unmodified audit opinions on the Historical Financial Information. The Historical Financial Information is presented in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

### *Pro Forma Historical Financial Information*

The Company has requested BDO to review the following pro forma historical financial information (the '**Pro Forma Historical Financial Information**') of Australis included in this Report:

- the pro forma Consolidated Statement of Financial Position as at 31 March 2016 which includes:
  - o the subsequent events outlined in section 6 of our Report; and
  - o the pro forma adjustments for the events outlined in section 7 of our Report.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Section 6 and Section 7 of this Report, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the events or transactions described in Section 6 and Section 7 of this Report on Australis' financial position as at 31 March 2016. As part of this process, information about Australis' financial position has been extracted by the Company from Australis' audited financial statements for the three months ended 31 March 2016.

### 3. Directors' responsibility

The directors of Australis are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information which is free from material misstatement, whether due to fraud or error.

### 4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

### 5. Conclusion

#### *Historical Financial Information*

Based on our review engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, and comprising:

- the audited Consolidated Statements of Financial Position, Performance and Cash Flows of APL for the period from incorporation to 31 December 2014;
- the audited Consolidated Statements of Financial Position, Performance and Cash Flows of APL for the year ended 31 December 2015;
- the audited Consolidated Statements of Financial Position, Performance and Cash Flows of the Company for the period from incorporation to 31 December 2015; and

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- the audited Consolidated Statements of Financial Position, Performance and Cash Flows of the Company for the three months ended 31 March 2016,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

*Pro Forma Historical Financial information*

Based on our review engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, and comprising:

- the reviewed pro forma Consolidated Statement of Financial Position of Australis as at 31 March 2016 which include:
  - the subsequent events outlined in section 6 of our Report; and
  - the pro forma adjustments for the events outlined in section 7 of our Report,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

## 6. Subsequent Events

The pro-forma statement of financial position of Australis reflects the following events that have occurred subsequent to the period ended 31 March 2016:

- On 8 December 2015 Australis executed a Purchase and Sale Agreement ('PSA') with Paloma Partners IV, LLC ('Paloma'), a private equity funded oil and gas company based in Houston Texas, to acquire up to a 50% working interest in approximately 34,000 net acres under leases in the Tuscaloosa Marine Shale ('TMS'). In January 2016, the Company exercised its initial rights to acquire a 20% working interest in the TMS. In May 2016 the Company exercised its rights under the PSA to acquire the balance (30%) in the TMS leases, to take its working interest to 50%. Therefore, as a subsequent event we have included the US\$9 million payment made by Australis, converted at an exchange rate of 1A\$:US\$0.71, equating to A\$12,600,000.
- The Company also paid US\$1,186,316 (A\$1,660,000 equivalent (converted at 1A\$:US\$0.71) to Paloma for its 50% working interest share of the approved Work Program and Budget for the period from 1 December 2015 to 30 June 2016 associated with lease renewals, lease acquisition and agreed overheads.
- In May 2016, the Company raised \$10,050,010, less capital raising costs of \$370,948 through the issue of 45,681,863 shares at \$0.22 per share.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of Australis not described above, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

## 7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro forma consolidated historical Statement of Financial Position of Australis is shown in Appendix 1. This has been prepared based on the audited financial statements as at 31 March 2016, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of shares under this Prospectus:

- The issue of 120 million shares at an offer price of \$0.25 each to raise \$30 million before costs pursuant to the Prospectus; and
- Costs of the Offer are estimated to be \$1,690,000, which are to be offset against the contributed equity.

## 8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. BDO Audit is the auditor of Australis and from time to time, BDO provides Australis with certain other professional services for which normal professional fees are received.

## 9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

**BDO Corporate Finance (WA) Pty Ltd**



**Sherif Andrawes**

Director

**APPENDIX 1**  
**AUSTRALIS OIL & GAS LIMITED**

**CONSOLIDATED PROFORMA STATEMENT OF FINANCIAL POSITION**

Australis Oil & Gas Limited Consolidated Proforma Statement of Financial Position	Note	Audited, as at 31-Mar-16 A\$'000	Subsequent events A\$'000	Pro-forma adjustment A\$30 million raising A\$'000	Pro-forma after Offer A\$'000
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	2	11,356	(4,581)	28,310	35,085
Trade and other receivables		179	-	-	179
<b>TOTAL CURRENT ASSETS</b>		<b>11,535</b>	<b>(4,581)</b>	<b>28,310</b>	<b>35,264</b>
<b>NON-CURRENT ASSETS</b>					
Oil and gas properties	3	20,617	14,260	-	34,877
Property, plant and equipment		36	-	-	36
<b>TOTAL NON-CURRENT ASSETS</b>		<b>20,653</b>	<b>14,260</b>	<b>-</b>	<b>34,913</b>
<b>TOTAL ASSETS</b>		<b>32,188</b>	<b>9,679</b>	<b>28,310</b>	<b>70,177</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables		707	-	-	707
Provisions		82	-	-	82
<b>TOTAL CURRENT LIABILITIES</b>		<b>789</b>	<b>-</b>	<b>-</b>	<b>789</b>
<b>TOTAL LIABILITIES</b>		<b>789</b>	<b>-</b>	<b>-</b>	<b>789</b>
<b>NET ASSETS</b>		<b>31,399</b>	<b>9,679</b>	<b>28,310</b>	<b>69,388</b>
<b>EQUITY</b>					
Contributed equity	4	34,510	9,679	28,310	72,499
Share based payment reserve		2,658	-	-	2,658
Foreign currency translation reserve		(1,489)	-	-	(1,489)
Accumulated losses		(4,280)	-	-	(4,280)
<b>TOTAL EQUITY</b>		<b>31,399</b>	<b>9,679</b>	<b>28,310</b>	<b>69,388</b>

The pro-forma Statement of Financial Position after the Offer is as per the Statement of Financial Position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 6.

APPENDIX 2

AUSTRALIS OIL & GAS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Australis Oil & Gas Limited Consolidated Statement of Profit or Loss and Other Comprehensive Income	Audited for the three months to 31-Mar-16 A\$'000	Audited for the period from incorporation to 31-Dec-15 A\$'000
Revenue	25	2
<b>Total income</b>	<b>25</b>	<b>2</b>
<b>Expenses</b>		
Exploration and evaluation expenditure	41	-
Depreciation expense	3	1
Administrative expenses	906	396
Share based payments	973	1,685
Unrealised foreign exchange loss	97	205
<b>Loss from continued operations before income tax</b>	<b>(1,995)</b>	<b>(2,285)</b>
Income tax expense	-	-
<b>Net loss attributable to owners of the Company</b>	<b>(1,995)</b>	<b>(2,285)</b>
<b>Other comprehensive income/(loss)</b>		
Items that may be reclassified to profit or loss	-	-
Foreign currency translation differences	(1,489)	-
Other comprehensive income/(loss) net of tax	(1,489)	-
<b>Total comprehensive (loss) for the period attributable to the owners</b>	<b>(3,484)</b>	<b>(2,285)</b>

This Consolidated Statement of Profit or Loss and Other Comprehensive income shows the historical financial performance of the Company and is to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 6. Past performance is not a guide to future performance.

**APPENDIX 3**  
**AUSTRALIS OIL & GAS LIMITED**  
**HISTORICAL STATEMENT OF FINANCIAL POSITION**

Australis Oil & Gas Limited Historical Statement of Financial Position	Audited as at 31-Mar-16 A\$'000	Audited as at 31-Dec-15 A\$'000
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	11,356	21,969
Trade and other receivables	179	187
<b>TOTAL CURRENT ASSETS</b>	<u>11,535</u>	<u>22,156</u>
<b>NON-CURRENT ASSETS</b>		
Oil and gas properties	20,617	10,997
Property, plant and equipment	36	29
Other- Deposit exploration and evaluation asset	-	1,928
<b>TOTAL NON-CURRENT ASSETS</b>	<u>20,653</u>	<u>12,954</u>
<b>TOTAL ASSETS</b>	<u>32,188</u>	<u>35,110</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	707	1,150
Provisions	82	50
<b>TOTAL CURRENT LIABILITIES</b>	<u>789</u>	<u>1,200</u>
<b>TOTAL LIABILITIES</b>	<u>789</u>	<u>1,200</u>
<b>NET ASSETS</b>	<u>31,399</u>	<u>33,910</u>
<b>EQUITY</b>		
Contributed equity	34,510	34,510
Share based payment reserve	2,658	1,685
Foreign currency translation reserve	(1,489)	-
Accumulated losses	(4,280)	(2,285)
<b>TOTAL EQUITY</b>	<u>31,399</u>	<u>33,910</u>

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 6.

**APPENDIX 4**  
**AUSTRALIS OIL & GAS LIMITED**  
**CONSOLIDATED HISTORICAL STATEMENT OF CASH FLOWS**

Australis Oil & Gas Limited Statement of Cash Flows	Audited for the three months to 31-Mar-16 A\$'000	Audited for the period from incorporation to 31-Dec-15 A\$'000
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(432)	(200)
<b>Net cash (outflow) from operating activities</b>	<b>(432)</b>	<b>(200)</b>
<b>Cash flows from investing activities</b>		
Payments for capitalised oil and gas assets	(9,995)	(1,120)
Payment for property, plant and equipment	(11)	(29)
Interest received	25	2
<b>Net cash (outflow) from investing activities</b>	<b>(9,981)</b>	<b>(1,147)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share applications	-	24,175
Share issue costs	(106)	(559)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(106)</b>	<b>23,616</b>
Net (decrease)/increase in cash and cash equivalents	(10,519)	22,269
Cash and cash equivalents at the beginning of the period	22,063	-
Effect of exchange rates on cash holdings in foreign currencies	(95)	(206)
<b>Cash and cash equivalents at the end of the period</b>	<b>11,449</b>	<b>22,063</b>

The Statement of Cash Flows are to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 6 and the tables below.

CASH AND CASH EQUIVALENTS	Audited 31-Mar-16 A\$'000	Audited 31-Dec-15 A\$'000
<i>Held with Australian banks and financial institutions</i>		
Cash at bank and in hand	11,273	5,575
Short term deposits	50	16,376
<i>Held with Portuguese banks and financial institutions</i>		
Cash at bank and in hand	33	18
<b>Cash and cash equivalents</b>	<b>11,356</b>	<b>21,969</b>

CASH AND CASH EQUIVALENTS	Audited 31-Mar-16 A\$'000	Audited 31-Dec-15 A\$'000
Cash on hand and balances at bank	11,306	5,593
Short term deposits	50	16,376
<b>Cash and cash equivalents</b>	<b>11,356</b>	<b>21,969</b>
Other receivable (term deposit)	93	94
<b>Cash and cash equivalents per statement of cash flow</b>	<b>11,449</b>	<b>22,063</b>

Cash and cash equivalents at the end of the period include a term deposit held at Barclays Bank Plc, Sucursal em Portugal which matures on 31 December 2016 and which is not freely available for use by the Company as it forms a bond for the 2016 proposed Portuguese concession work program.

**APPENDIX 5**  
**AUSTRALIS OIL & GAS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Australis Oil & Gas Limited Consolidated Statement of Changes in Equity	Contributed Equity	Other Reserves	Accumulated Losses	Total
	A\$'000	A\$'000	A\$'000	A\$'000
<b>Balance at incorporation 12 November 2015</b>	-	-	-	-
Loss for the period	-	-	(2,285)	(2,285)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(2,285)</b>	<b>(2,285)</b>
<b>Transactions with owners, in their capacity as owners</b>				
Contributed equity net of transaction costs	34,510	-	-	34,510
Option expense recognised during the year	-	1,685	-	1,685
<b>Balance at 31 December 2015</b>	<b>34,510</b>	<b>1,685</b>	<b>(2,285)</b>	<b>33,910</b>
Loss for the period	-	-	(1,995)	(1,995)
<b>Other comprehensive income</b>				
Exchange differences on translation of foreign operations	-	(1,489)	-	(1,489)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(1,489)</b>	<b>(1,995)</b>	<b>(3,484)</b>
<b>Transactions with owners, in their capacity as owners</b>				
Contributed equity, net of transaction costs	-	-	-	-
Option expense recognised during the period	-	973	-	973
Total transactions with owners	-	973	-	973
<b>Balance at 31 March 2016</b>	<b>34,510</b>	<b>1,169</b>	<b>(4,280)</b>	<b>31,399</b>

**APPENDIX 6**  
**AUSTRALIS OIL & GAS LIMITED**  
**NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of the Historical Financial Information included in this Report have been set out below.

**Basis of preparation of Historical Financial Information**

The Historical Financial Information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('AIFRS'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The consolidated financial statements have been prepared under the historical cost convention. The consolidated financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars (A\$'000) as permitted under class order 98/100.

**Going Concern**

The Historical Financial Information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

**Reporting Basis and Conventions**

The Historical Financial Information is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the Historical Financial Information. The accounting policies have been consistently applied, unless otherwise stated.

**a) Basis of consolidation**

The consolidated Historical Financial Information incorporate the assets and liabilities of Australis and its controlled entities as at 31 March 2016 and the financial performance of the Company and its controlled entities for the period then ended.

- Controlled entities are all those entities (including special purpose entities) the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of the controlled entities are included in the consolidated financial statements from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.
- Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are eliminated. Unrealised losses are eliminated unless the transaction provides evidence of the impairment of the assets transferred. Accounting

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policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

- Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their face value at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

#### **b) Critical accounting estimates and judgements**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are set out below:

##### *Estimation of useful lives of assets*

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase when the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### **c) Revenue recognition**

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset. Revenue from the provision of services is recognised when an entity has a legally enforceable right to receive payment for services rendered.

#### d) Employee benefits

Provision is made for benefits accruing to employees in respect of employee entitlements when it is probable that settlement will be required and these benefits can be measured reliably. These benefits include wages, salaries, annual leave and long service leave.

##### *Short-term employee benefits*

Liabilities for wages and salaries, including short-term cash bonus<sup>1</sup>, non-monetary benefits and accumulating annual leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

##### *Other long-term employee benefits*

Provision is made for long service leave and annual leave estimated to be payable to employees on the basis of statutory and contractual requirements. The liability for long service leave and annual leave which is not expected to be settled within twelve months after the end of the period in which the employees render the related service is recognised in the provision for employee entitlements and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

#### e) Share based payments

Options over ordinary shares in Australis were granted, with shareholder approval where required, to the directors and management. The fair value of options granted is calculated using the Black Scholes options pricing model. The expense is apportioned pro-rata to reporting periods where vesting periods apply. The options on issue as at 31 March 2016 are set out below.

Share based payments	Number	Exercise price (A\$)	Expiry date
<b>Type</b>			
25 cent options	19,675,000	0.25	31-Dec-20
30 cent (Series A options)	27,775,000	0.30	31-Dec-20
35 cent (Series A and B options)	29,550,000	0.35	31-Dec-22
	<u>77,000,000</u>		

Options issued as a share based payment subsequent to 31 March 2016 are set out in the table below:

Options	30 cent (Series B)	35 cent (Series C & D)	27.5 cent (Series B, C & D)
Underlying share price (A\$)	0.20	0.20	0.22
Exercise price (A\$)	0.300	0.350	0.275
Valuation date	28-Apr-16	28-Apr-16	24-May-16
Expiry date	31-Dec-20	31-Dec-22	24-May-21
Life of the options (years)	4.68	6.68	5.00
Volatility	85%	85%	85%
Risk free rate	2.06%	2.06%	1.81%
Number of options	1,000,000	2,000,000	420,000
Value per option (A\$)	0.117	0.133	0.140
Value per Tranche (A\$)	117,000	266,000	58,800

We note that the above options vest over 1, 2 and 3 year periods, therefore the expense to be incurred between the date of issue and the date of this Report is not material. The full terms of the above options can be found in Annexure B of the Prospectus.

On 16 May 2016, the Company also issued 22.84 million options exercisable at A\$0.275 with an expiry date of 30 June 2019. These options were issued as a free attaching option for every 2 shares subscribed for under the capital raising, therefore it is not a share based payment and does not require valuation.

#### f) Tax

##### *Goods and services tax*

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) or value added tax (VAT), except:

- where the amount of GST or VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST or VAT.

The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis. The GST or VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

##### *Income tax*

The income tax benefit/(expense) for the period is the tax payable on the current period's taxable income/(loss) based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and for unused tax losses.

##### *Deferred tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or

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substantially enacted at the reporting date and are expected to apply when the related deferred income tax assets is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Potential deferred tax assets have not been brought to account at 31 March 2016 as the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- i) The Company derives future assessable income of a nature and amount sufficient to enable the benefit to be realised;
- ii) The Company continues to comply with conditions for deductibility imposed by law; and
- iii) No changes in tax legislation adversely affect the Company in realising the benefit.

Deferred tax assets not recognised	Audited 31-Mar-16 A\$'000	Audited 31-Dec-15 A\$'000
Other provisions and accruals	154	205
Unrealised foreign exchange losses	29	62
Tax losses in Australia	3383	575
Deferred tax assets not recognised	3,566	842

#### *Current tax*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in other comprehensive income / equity are also recognised directly in other comprehensive income / equity.

#### **g) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and at hand and short term deposits with an original maturity of three months or less, but exclude any restricted cash which is not available for use by the Company and therefore is not considered highly liquid.

#### **h) Trade and other receivables**

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost less an allowance for uncollectible amounts. Subsequent recoveries of amounts previously written off are credited against expenses in the income statement.

In determining the recoverability of a trade or other receivable, the Company performs a risk analysis considering the type and age of the outstanding receivable and the credit worthiness of the counterparties.

**i) Trade and other payables**

Trade and other payables are carried at amortised cost when goods and services are received.

**j) Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a reducing balance basis so as to write down the net cost or fair value of each asset over its expected useful life to its estimated residual value.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

**k) Oil and gas properties**

Expenditure on oil and gas properties is accounted for in accordance with the areas of interest method which is closely aligned to the US GAAP based successful efforts method of accounting for oil and gas exploration and evaluation expenditure.

Areas of interest are recognised at the field level. All exploration and evaluation expenditure, including general permit activity, geological and geophysical costs and new venture activity costs are capitalised:

- where the expenditure relates to an exploration discovery that, at the reporting date, has not been recognised as an area of interest, as an assessment of the existence or otherwise of economically recoverable reserves is not yet complete;
- where the expenditure relates to a recognised area of interest and it is expected that the expenditure will be recouped through successful exploration of the area of interest, or alternatively, by its sale.

**l) Costs**

Pre-licence costs are expensed in the period in which they are incurred.

Exploration licence and leasehold property acquisition costs are capitalised in intangible assets. Licence costs are capitalised and amortised over the term of the permit.

Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors.

If no potentially commercial hydrocarbons are discovered, the exploration asset is written off through profit or loss as a dry hole. If extractable hydrocarbons are found, subject to further appraisal activity, the costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing the commercial potential of a reservoir following the initial discovery of hydrocarbons were not found, are initially capitalised as an intangible asset.

Once a well commences producing commercial quantities of oil and gas, capitalised exploration and evaluation costs are transferred to Oil and Gas Properties - Producing Projects and amortisation commences. This method allows the costs associated with the acquisition, exploration and evaluation of a prospect to be aggregated on the Consolidated Statement of Financial Position and matched against the benefits derived from commercial production once this commences.

In the statement of cash flows, those cash flows associated with capitalised exploration and evaluation expenditure, including unsuccessful wells, are classified as cash flows used in investing activities.

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#### **m) Impairment**

All exploration and evaluation capitalised costs are subject to review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery and that the rights under the licence remain current and is not relinquished. When this is no longer the case, the costs are written off through profit or loss. When proved reserves of oil and natural gas are identified and development is sanctioned by management, the relevant capitalised expenditure is transferred to oil and gas properties. For exchanges or parts of exchanges that involve only exploration and evaluation assets, the exchange is accounted for at the carrying value of the asset given up and no gain or loss is recognised.

#### **n) Contributed equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **o) Foreign currency**

The functional currency of the Company and its subsidiaries, other than the subsidiaries incorporated in the United States and Portugal is Australian dollars. The United States and Portuguese subsidiaries have a functional currency of US dollars. The presentational currency of the Company and its subsidiaries is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency of the transacting entity at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of the exchange ruling at that date. All exchange differences are recognised in profit or loss for the period.

##### **i) Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The functional currency of the Company and its subsidiaries, other than the subsidiaries incorporated in the United States and Portugal is Australian dollars. The United States and Portuguese subsidiaries have a functional currency of US dollars. The presentational currency of the Company and its subsidiaries is Australian dollars.

##### **ii) Transactions and balances**

Foreign currency transactions are translated into functional currency using the exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in foreign operation.

Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rate at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of fair value gain or loss.

##### **iii) Group companies**

The results and financial position of foreign operations that have functional currency different from the presentation currency are translated into presentation currency as follows:

- assets and liabilities are translated at the closing rate at reporting date;
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated at the dates of the transactions; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

#### p) Operating lease commitments

Future minimum lease payments under non-cancellable operating leases as at 31 March 2016 are as follows:

Operating lease commitments	Audited 31-Mar-16 A\$'000	Audited 31-Dec-15 A\$'000
Payable:		
Within one year	191	191
After one year, but not more than five years	96	144
	287	335

#### q) Contingencies

The Company had no contingent liabilities at 31 March 2016 and nothing has come to our attention that causes us to believe that there are any contingent liabilities as at the date of this Report.

NOTE 2. CASH AND CASH EQUIVALENTS	Audited 31-Mar-16 A\$'000	Pro forma after Offer A\$'000
Cash and cash equivalents	11,356	35,085
Audited balance of Australis at 31 March 2016		11,356
<i>Subsequent events:</i>		
Proceeds from Private Raising - May 2016		10,050
Less: capital raising costs		(371)
Payment for Second Close of TMS		(12,600)
Renewal and acquisition of leases - TMS		(1,660)
		(4,581)
<i>Pro-forma adjustments:</i>		
Proceeds from Offer		30,000
Less: capital raising costs		(1,690)
		28,310
Pro-forma Balance		35,085

NOTE 3. OIL AND GAS PROPERTIES	Audited 31-Mar-16 A\$'000	Pro forma after Offer A\$'000
Oil and gas properties	20,617	34,877
Audited balance of Australis at 31 March 2016		20,617
<i>Subsequent events:</i>		
Payment for Second Close of TMS		12,600
Renewal and acquisition of leases - TMS		1,660
		14,260
Pro-forma Balance		34,877

NOTE 4. CONTRIBUTED EQUITY	Audited 31-Mar-16 A\$'000	Pro forma after Offer A\$'000
Contributed equity	34,510	72,499
	<b>Number of shares</b>	
Audited balance as at 31 March 2016	175,875,003	34,510
<i>Subsequent events:</i>		
Proceeds from Private Raising - May 2016	45,681,863	10,050
Less: capital raising costs	-	(371)
	45,681,863	9,679
<i>Pro-forma adjustments:</i>		
Proceeds from shares issued under the Offer	120,000,000	30,000
Costs of the Offer	-	(1,650)
	120,000,000	28,310
Pro-forma Balance	341,556,866	72,499

**APPENDIX 7**  
**AUSTRALIS EUROPE PTY LTD**  
**HISTORICAL FINANCIAL INFORMATION**

Set out below is the statement of profit or loss and other comprehensive income for APL, which forms part of Australis at 31 December 2015 and 31 March 2016.

APL Statement of Profit or Loss and Other Comprehensive Income	Audited for the year ended 31-Dec-15 A\$	Audited for the period from incorporation to 31-Dec-14 A\$
Revenue from continuing operations	16,587	8,974
Other income	-	133,208
<b>Total income</b>	<b>16,587</b>	<b>142,182</b>
<b>Expenses</b>		
Administrative expenses	(1,497,791)	(916,924)
Depreciation expense	(12,060)	(4,818)
Exploration expense	(169,956)	-
Foreign exchange loss	(8,475)	-
<b>Loss from continued operations before income tax</b>	<b>(1,671,695)</b>	<b>(779,560)</b>
Income tax expense	-	-
<b>Net loss attributable to owners of the Company</b>	<b>(1,671,695)</b>	<b>(779,560)</b>
<b>Other comprehensive income/(loss)</b>		
Items that may be reclassified to profit or loss	-	-
<b>Total comprehensive (loss) for the period attributable to the owners of the Company</b>	<b>(1,671,695)</b>	<b>(779,560)</b>

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 6.

Set out below is the statement of financial position of APL, which forms part of Australis at 31 December 2015 and 31 March 2016.

APL Statement of Financial Position	Audited as at 31-Dec-15 A\$	Audited as at 31-Dec-14 A\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	194,133	1,808,680
Trade and other receivables	117,294	10,247
<b>TOTAL CURRENT ASSETS</b>	<b>311,427</b>	<b>1,818,927</b>
<b>NON-CURRENT ASSETS</b>		
Exploration and evaluation	146,976	-
Property, plant and equipment	-	35,376
<b>TOTAL NON-CURRENT ASSETS</b>	<b>146,976</b>	<b>35,376</b>
<b>TOTAL ASSETS</b>	<b>458,403</b>	<b>1,854,303</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	309,358	123,443
<b>TOTAL CURRENT LIABILITIES</b>	<b>309,358</b>	<b>123,443</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	-	2,510,120
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>2,510,120</b>
<b>TOTAL LIABILITIES</b>	<b>309,358</b>	<b>2,633,563</b>
<b>NET ASSETS</b>	<b>149,045</b>	<b>(779,260)</b>
<b>EQUITY</b>		
Contributed equity	2,600,300	300
Accumulated losses	(2,451,255)	(779,560)
<b>TOTAL EQUITY</b>	<b>149,045</b>	<b>(779,260)</b>

The statement of financial position is to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 6.

Set out below is the statement of cash flows of APL, which forms part of Australis at 31 December 2015 and 31 March 2016.

APL Statement of Cash Flows	Audited for the year ended 31-Dec-15 A\$	Audited for the period from incorporation to 31-Dec-14 A\$
<b>Cash flows from operating activities</b>		
Receipts from service income	-	132,185
Payments to suppliers and employees	(1,440,924)	(803,728)
<b>Net cash (outflow) from operating activities</b>	<b>(1,440,924)</b>	<b>(671,543)</b>
<b>Cash flows from investing activities</b>		
Payment for capitalised oil and gas assets	(112,402)	-
Payment for property, plant and equipment	(6,057)	(40,194)
Proceeds from sale of property, plant and equipment	29,373	-
Interest received	16,587	8,974
<b>Net cash (outflow) from investing activities</b>	<b>(72,499)</b>	<b>(31,220)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share applications	-	300
Proceeds from borrowings	-	2,510,120
<b>Net cash inflow/(outflow) from financing activities</b>	<b>-</b>	<b>2,510,420</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,513,423)</b>	<b>1,807,657</b>
Cash and cash equivalents at the beginning of the period	1,808,680	-
Effect of exchange rates on cash holdings in foreign currencies	(6,691)	1,023
<b>Cash and cash equivalents at the end of the period</b>	<b>288,566</b>	<b>1,808,680</b>

The note below sets out the difference between the cash balance per the above statement of cash flows and the balance per the statement of financial position.

Reconciliation of cash balance	Audited 31-Dec-15 A\$	Audited 31-Dec-14 A\$
Cash and cash equivalents per the statement of financial position	194,133	1,808,680
Other receivable (term deposit)	94,433	-
<b>Cash and cash equivalents per the statement of cash flows</b>	<b>288,566</b>	<b>1,808,680</b>

The statement of cash flows is to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 6.

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## 10 Material Contracts

The material contracts of the Group are set out below. Agreements set out in the Section 10 are, on their face, enforceable and legally binding in accordance with their terms. In addition to the Consultant Incentive set out below, the material contracts of Australis Portugal are set out in the Cuatrecasas Goncalves Pereira Report in Section 7.

A brief overview of where to find the material contracts in this Section is set out below:

Section number	Contract name	Page number
10.1	Lead Manager's Mandates	254
10.2	Share Purchase Agreement	255
10.3	Portuguese Concession Contracts	255
10.4	Consultant Incentive – Working Interest Option and Free Carried Interest Agreement with Topanga Resources Inc	255
10.5	Purchase and Sale Agreement (PSA)	258
10.6	Joint Development Agreement (JDA) – TMS	261
10.7	Joint Operating Agreement (JOA) – TMS	265
10.8	TMS Leases	268
10.9	TMS Leases Assignment	268
10.10	Executive Services Agreement – Mr Ian Lusted	269
10.11	Executive Services Agreement – Mr Graham Dowland	271
10.12	Executive Services Agreement – Malcolm Bult	272
10.13	Executive Services Agreement – Julie Foster	273
10.14	Executive Services Agreement – Michael Verm	274
10.15	Australis Employee Equity Incentive Plan	276
10.16	Securityholder Deeds	277

## 10.1 Lead Manager's Mandates

The Company has agreed to appoint the Lead Manager as the sole lead manager and sole bookrunner to the Offer. The key terms of the IPO Mandate are set out in the table below.

IPO Mandate	
<b>Fees</b>	<p>As consideration for the services under the IPO Mandate, the Company will pay the Lead Manager a capital raising and management fee of 4% plus GST of the gross cash proceeds raised under the Offer of which the Lead Manager must pay from that fee, to the Co-Lead Manager, an amount equal to:</p> <ul style="list-style-type: none"> <li>• 3.60% of the gross cash proceeds received under the Offer from a pre-defined list of institutions (<b>Agreed List</b>);</li> <li>• 0.40% of the gross cash proceeds received under the Offer from institutions other than those named in the Agreed List; and</li> <li>• 100% of that part of the fee referable to the gross cash proceeds received under the Offer from sophisticated individual and retail clients of the Co-Lead Manager under the Broker Firm Offer.</li> </ul> <p>In addition, the Company has agreed to reimburse the Lead Manager for all reasonable out of pocket expenses incurred in performing its role. The Company's consent will be sought prior to incurring any single expense or items in aggregate exceeding \$5,000 (excluding GST).</p>
<b>Term and Termination</b>	<p>The appointment of the Lead Manager under the IPO Mandate will continue indefinitely but may be terminated by the Company or the Lead Manager at any time, with or without cause, by giving the other party one months' notice in writing.</p> <p>If the Company terminates the IPO Mandate as a result of a material breach by the Lead Manager of its obligations to the Company under the IPO Mandate which:</p> <ul style="list-style-type: none"> <li>(a) if capable of remedy, is not remedied within 15 days of the Company notifying the Lead Manager of the breach; or</li> <li>(b) is not capable of being remedied,</li> </ul> <p>the Lead Manager will only be entitled to any fees that have accrued as at the date of termination and no other fees.</p> <p>If the Company terminates the IPO Mandate in any other circumstances, then if at any time within 9 months after the termination:</p> <ul style="list-style-type: none"> <li>(a) a transaction which is substantially similar to a transaction contemplated by the IPO Mandate (being the Offer) is completed within that period, or</li> <li>(c) the Company (or a related entity of the Company) enters within that period into an agreement which contemplates a transaction the subject of the IPO Mandate and any such transaction is later completed (whether or not such completion is within that period),</li> </ul> <p>then the Lead Manager is entitled to 50% of the fees outlined above under the IPO Mandate.</p>

IPO Mandate	
<b>Other material terms</b>	The IPO Mandate also contains other standard clauses customary to an agreement of this nature, including an indemnity from the Company to the Lead Manager, its associates and related parties, and their directors, agents and employees against (broadly) any losses arising in connection with the agreement or the services to be provided under it.

The Company has also entered into a corporate advisory mandate with the Lead Manager, and has consented to the Lead Manager's appointment of the Co-Lead Manager under a Co-Lead Manager IPO mandate between the Lead Manager and the Co-Lead Manager. The fees paid or payable in respect of the Lead Manager's IPO Mandate and the Co-Lead Manager's IPO mandate are set out in the third column of the table contained in Section 11.4. The fees paid in respect of the Lead Manager's corporate advisory mandate are included in the amount relating to the Lead Manager set out in the second column of the table in Section 11.4.

## 10.2 Share Purchase Agreement

This agreement resulted in the acquisition of Portuguese Concessions which were held by a separate corporate group. See Section 11.2.

## 10.3 Portuguese Concession Contracts

These contracts set out the exclusive rights of Australis Portugal to explore, develop and produce oil and gas in the Portuguese Concessions. See the summaries in part 3 of the Cuatrecasas Goncalves Pereira Report in Section 7.

## 10.4 Consultant Incentive – Working Interest Option and Free Carried Interest Agreement with Topanga Resources Inc

On 1 July 2014 Australis Portugal and Topanga entered into a Consultancy Agreement. The Consultancy Agreement provided Topanga with an option to acquire a 3% Working Interest in the Portuguese Concessions upon award of the Concessions to Australis Portugal. The Option and Free Carried Interest Agreement (**Consultant Incentive**) establishes the terms upon which Topanga can exercise its option to acquire the Working Interest, Australis Portugal's free carry and buy out rights as well as Topanga's participation rights.

<b>Parties</b>	Australis Portugal and Topanga
<b>Commencement Date</b>	27 May 2016
<b>Free Carry</b>	<p>Australis Portugal is to pay all costs incurred in respect of the work undertaken in respect of the Concessions (<b>Carried Costs</b>) until the costs meet or exceed \$20,000,000 (<b>Free Carried Amount</b>).</p> <p>Once the Free Carried Amount has been met, Topanga will be required to pay its share of all costs and expenses associated with the Concessions and any activities conducted in respect of the Concessions.</p> <p>The Carried Costs include fees, costs and expenses incurred in connection with:</p> <ul style="list-style-type: none"> <li>• work programs submitted to any relevant government agencies;</li> <li>• exploration, appraisal, development and production operations and activities;</li> <li>• the acquisition of any data and information relating to the</li> </ul>

	<p>concessions;</p> <ul style="list-style-type: none"> <li>• Australis Portugal's overhead, general and administrative functions; and</li> <li>• direct costs associated with Australis Portugal's representatives attending or participating in meetings outside of Australia.</li> </ul>
<b>Terms of option</b>	<p>Topanga may exercise the option to acquire the Working Interest at any time during the option period by written notice to Australis Portugal and payment of the purchase price.</p> <p>The option period is a period of 30 days following Australis Portugal notifying Topanga that the Free Carried Amount has been met or exceeded.</p> <p>The purchase price payable by Topanga comprises:</p> <ul style="list-style-type: none"> <li>• a cash payment of US\$10.00; and</li> <li>• Topanga's working interest share of any fees, costs and expenses incurred by Australis Portugal in connection with the Concessions which exceed the Free Carried Amount.</li> </ul>
<b>Additional Concession</b>	<p>The parties agree that if Australis Portugal's initial application for the Cadaval Concession is successful, the Consultant Incentive will be varied to include the additional Concession and the Free Carried Amount will be increased from \$20,000,000 to \$30,000,000.</p>
<b>Terms of completion if option is exercised</b>	<p>Upon the option being exercised, the parties must enter into a contract of sale and transfer.</p> <p>The contract of sale and transfer will be completed when the following conditions are met:</p> <ul style="list-style-type: none"> <li>• receipt of all approvals, authorisations, consents and permits as are required for the sale and transfer of the interest from Australis Portugal to Topanga;</li> <li>• written advice from a qualified Portuguese legal practitioner that the transfer can occur in accordance with the parties' agreed terms and there is no actual or threatened litigation or other legal impediments to the sale and transfer; and</li> <li>• any required third party consents have been obtained.</li> </ul> <p>These conditions must be satisfied within 3 months of Topanga exercising its option. If the parties fail to satisfy the conditions and do not reach an alternative agreement within a further month, Australis Portugal can exercise its buy out right.</p>
<b>Execution of a Joint Operating Agreement</b>	<p>The parties must execute a joint operating agreement (<b>JOA</b>) within 3 months of the execution of the Consultant Incentive, which is to be based on the 2012 AIPN Model Form Joint Operating Agreement and will be effective from the date upon which the option to acquire the interest is completed. Under the JOA, Australis Portugal is to be Operator and the participating interests of the parties will be 97% to Australis Portugal and 3% to Topanga.</p>
<b>The Company's right to</b>	<p>If completion of the option to acquire does not occur in accordance with the Consultant Incentive, Australis Portugal has the right to buy</p>

<b>buy out Topanga</b>	Topanga's Working Interest. The sale and purchase of Topanga's Working Interest must occur within 60 days of the parties agreeing on the fair market value of the Working Interest. The price payable by Australis Portugal is the fair market value of the Working Interest less 50% of all costs associated with the buyout.
<b>Topanga's participation rights</b>	<p>Unless Topanga exercises its option and the parties complete the sale and transfer of a Working Interest to Topanga, Topanga is entitled to receive a pro rata share of cash proceeds received by Australis Portugal from the sale of any of the Concessions, shares in Australis Portugal or any hydrocarbons produced from the concessions (<b>Participation Events</b>), but is also required to fund its pro rata share of costs.</p> <p>The price payable under a Participation Event is the fair market value as agreed by the parties (or a valuer), net of all costs and liabilities associated with the sale in proportion to each of the parties' respective Working Interests.</p>
<b>Farmin rights</b>	Australis Portugal has the right to enter into Farmin arrangements with third parties to complete work and incur expenditure on the Concessions, provided that Topanga's rights under the Consultant Incentive are preserved.
<b>Assignment by Australis Portugal</b>	<p>Australis Portugal may assign any or all of its interest prior to the exercise of the option and completion of the sale and transfer. This can be done without Topanga's prior written consent provided that:</p> <ul style="list-style-type: none"> <li>• there is a corresponding assignment of Australis Portugal's rights, title and interests in and to the Consultant Incentive; and</li> <li>• the third party assignee agrees to enter into an agreement with Topanga to assume Australis Portugal's duties and obligations under the Consultant Incentive.</li> </ul>
<b>Assignment by Topanga</b>	<p>Topanga may assign any or all of its interest under the Consultant Incentive prior to the exercise of the option and completion of the sale and transfer provided that:</p> <ul style="list-style-type: none"> <li>• Topanga provides written notice to Australis Portugal specifying the identity of the proposed assignee and provides an option for Australis Portugal to make an offer to purchase its interest on the same terms and conditions;</li> <li>• within 40 days of receipt of the sale notice, Australis Portugal has elected not to purchase Topanga's interest; and</li> <li>• the prior written consent of Australis Portugal is obtained to the assignment.</li> </ul>
<b>Applicable law</b>	The Consultant Incentive is governed by the laws of Western Australia.

## 10.5 Purchase and Sale Agreement (PSA)

The PSA was the agreement pursuant to which ATM obtained a 50% Working Interest in the TMS Leases. The TMS Leases are summarised in Section 3.5(h) and the BETA Land Services Report in Section 7.

<b>Parties</b>	Paloma and ATM (each a <b>Party</b> , or collectively <b>Parties</b> ).
<b>Description</b>	Purchase and Sale Agreement (as such agreement was amended pursuant to that certain amendment dated 13 April 2016) ( <b>PSA</b> ) dated 8 December, 2015, but effective as of 1 December, 2015 (the <b>Effective Time</b> ).
<b>General Purpose</b>	ATM, as buyer, acquired from Paloma, as seller, an undivided 50% of Paloma's right, title and interest in and to certain oil and gas interests located in the States of Louisiana and Mississippi, USA (Paloma's right, title and interest in and to such items, the <b>Assets</b> , and the undivided 50% interest therein acquired by ATM, the <b>Conveyed Interests</b> ), effective as of Effective Time.
<b>Certain pre-Closing Items Related to Material Post-Closing Obligations</b>	<p>Pursuant to the PSA, Paloma made certain representations and warranties to ATM regarding (i) Paloma's corporate form, (ii) Paloma's authorization to enter into the PSA and consummate the transactions described therein, and the absence of conflicts created by the execution of the PSA and the consummation of such transactions, (iii) the enforceability of the PSA against Paloma, (iv) the payment of taxes and filing of tax returns by Paloma with respect to the Assets, (v) the absence of bankruptcy proceedings against Paloma, and (vi) no responsibility of ATM for any brokers' fees incurred by Paloma in connection with the transaction (collectively, the <b>Fundamental Representations</b>), as well as other industry standard representations and warranties regarding Paloma and the Assets (collectively, the <b>Other Representations</b>).</p> <p>Pursuant to the PSA, ATM made certain representations and warranties to Paloma regarding its ability to enter into the transaction, the availability of funds sufficient to pay the Purchase Price and other matters about which buyers in USA upstream oil and gas transactions customarily make representations.</p>
<b>Purchase Price</b>	The aggregate purchase price for the Conveyed Interests was US\$16,000,000 (the <b>Total Purchase Price</b> ). The Total Purchase Price was paid by ATM to Paloma in the following increments: (i) US\$1,000,000 as a deposit within 7 days after the Execution Date, (ii) US\$6,000,000 paid to the Escrow Agent at the First Closing (defined below), which amount was then subsequently delivered to Paloma at the Second Closing (defined below), and (iii) US\$9,000,000 paid directly to Paloma at the Second Closing.
<b>First Closing and Second Closing</b>	<p>The PSA provided for ATM's acquisition of the Conveyed Interests to take place through the use of two sequential closings. Each closing was to occur upon the satisfaction and/or waiver of certain closing conditions, including, in the case of ATM, a closing condition associated with the ability of ATM to secure financing required in connection with the transaction.</p> <p>The first of such closings took place on January 22, 2016, on which date (i) ATM paid the US\$6,000,000 payment described above into an escrow account maintained by JPMorgan Chase Bank, N.A. (<b>Escrow Agent</b>) under the terms of an Escrow Agreement entered into between the Parties and the Escrow Agent as of the Execution Date (the <b>Escrow Agreement</b>), and (ii) ATM and Paloma executed certain other closing deliverables, including an assignment from Paloma in favor of ATM of an undivided 20% interest in</p>

	<p>the Assets, and all such documents were delivered to the Escrow Agent to be held in escrow pursuant the terms of the PSA and the Escrow Agreement (the <b>First Closing</b>). The PSA provided that, should the Second Closing occur, then (a) the amount funded by ATM to the Escrow Agent at First Closing would be disbursed to Paloma, and (b) the Escrow Agent would destroy all documents in its possession that related to the First Closing. Had the First Closing not occurred because ATM was unable to secure funding to make the US\$6,000,000 payment, ATM would not have been obligated to participate in the First Closing, but Paloma would have been entitled to the US\$1,000,000 deposit.</p> <p>The second such closing took place on May 18, 2016, on which date: (i) ATM paid Paloma the remaining US\$9,000,000 payment described above, (ii) ATM and Paloma executed certain other closing deliverables, including an assignment from Paloma in favor of ATM of an undivided 50% interest in the Assets, and (iii) the Parties directed the Escrow Agent to (a) disburse to Paloma the amounts held in escrow since the First Closing, and (b) destroy all escrowed documents in its possession (the <b>Second Closing</b>). The transfer instruments and other documents delivered at Second Closing completely replaced the documents delivered at First Closing.</p> <p>Had the Second Closing not occurred because ATM was unable to secure funding to make the US\$9,000,000 payment and fund working capital requirements associated with the acquired interests, the Parties could have elected to treat the First Closing as the final closing of the transaction, in which case (i) the Total Purchase Price would have been reduced to US\$7,000,000 (from US\$16,000,000), (ii) the Conveyed Interests would only equal an undivided 20% of the Assets (as opposed to 50%), and (iii) the Parties would have directed the Escrow Agent to disburse to (a) Paloma the amounts held in escrow since the First Closing, and (b) each of the Parties one original of each of the escrowed documents in its possession from the First Closing, which then would have been applicable and effective as between the Parties.</p> <p>However, as a result of the successful consummation of the Second Closing, ATM now owns an undivided 50% in the Assets for a Total Purchase Price of roughly US\$16,000,000 (subject to certain customary purchase price adjustments). All references to the Closing herein relate to the Second Closing.</p>
<p><b>Title and Environmental Defect Mechanisms</b></p>	<p>The PSA contained industry standard title defect and environmental defect mechanisms. These defect mechanisms allowed ATM, in the period between the Execution Date and First Closing, to conduct title diligence and certain environmental diligence activities with respect to the Assets. Should any defects be found by ATM prior to First Closing that reduced Paloma's stated quantum of interest in the Assets or that showed violations of environmental laws or environmental conditions that required remediation with respect to the Assets, then, subject to certain de minimis thresholds and deductibles that apply under the PSA to the title and environmental defect mechanisms, ATM would have been entitled to certain remedies from Paloma under the PSA. ATM delivered no notices of environmental defects to Paloma and delivered title defect notices to Paloma with respect to six alleged title defects; however, the aggregate title defect values of those alleged title defects fell below the deductible applicable to the title defect mechanism, and as a result, ATM was not entitled to any remedy with respect to such alleged defects.</p>
<p><b>Final Settlement Statement</b></p>	<p>On or before 15 September, 2016, Paloma will prepare and deliver to ATM a final settlement statement which sets forth the final adjusted purchase price. Within 30 days after its receipt of the final settlement statement, ATM</p>

	<p>may provide Paloma a written report containing any proposed changes to the final settlement statement.</p> <p>Once the final adjusted purchase price is mutually agreed by the Parties or, if the Parties are unable to agree on the final adjusted purchase price, is determined by a third party accounting arbitrator, the difference between the final adjusted purchase price and the purchase price paid by ATM to Paloma at the Closing (if any), shall be paid to the Party that either overpaid or was underpaid, as applicable, by the other Party.</p>
<p><b>Assumption and Indemnification</b></p>	<p>From and after the Closing and subject to ATM's indemnification rights in the PSA (including those described herein), ATM assumed and agreed to fulfil all obligations and liabilities with respect to the Conveyed Interests, regardless of whether such obligations or liabilities arose prior to, on or after the Effective Time, but less and except certain tax liabilities relating to the period prior to the Effective Time (all of said obligations and liabilities, but subject to such exclusions, the <b>Assumed Obligations</b>).</p> <p>Effective as of the Closing, Paloma agreed to indemnify ATM from and against any and all liabilities, arising from, based upon, related to or associated with the following: (i) any breach by Paloma of its Fundamental Representations (which indemnity obligation survives the Closing until 30 days after the applicable statute of limitations period); (ii) any breach by Paloma of its Other Representations (which indemnity obligation survives the Closing until 18 February, 2017); (iii) any breach by Paloma of any of its covenants or agreements contained in the PSA (which indemnity obligation survives the Closing until 30 days after the applicable statute of limitations period); (iv) certain assets of Paloma that would have been Assets, but were expressly retained by Paloma pursuant to the terms of the PSA (which indemnity obligation survives the Closing without time limit); (v) the pre-Effective Time tax liabilities described above which are carved out of the Assumed Obligations as described above (which indemnity obligation survives the Closing until 30 days after the applicable statute of limitations period); (vi) personal injury or death relating to the operation of the Assets, to the extent arising out of or attributable to the period of time prior to the Effective Time (which indemnity obligation survives the Closing without time limit); (vii) the disposal or transportation of certain hazardous substance from the Assets to any location not on the Assets in violation of any applicable environmental law, to the extent arising out of or attributable to the period of time that (a) is prior to the Effective Time and (b) was during Paloma's period of ownership of the Assets (which indemnity obligation survives the Closing without time limit); or (viii) the payment, underpayment, or non-payment of (a) royalties and other burdens payable out of production, in each case, to the extent attributable to sales of Hydrocarbons produced from the Assets prior to the Effective Time, or (b) costs attributable to the ordinary course of business operation of the Assets (provided that ordinary course of business does not include, among other things, personal injury, death or property damage, obligations to plug and abandon wells, or remediation of environmental defects) up to the Effective Time (which indemnity obligations each survive the Closing without time limit).</p> <p>Paloma's indemnification obligations in the PSA are subject to the following limitations: Paloma shall have no liability with respect to (i) breaches of its Other Representations (a) unless the individual liability resulting from any such single breach is in excess of US\$4,680, (b) until the aggregate liabilities above the aforementioned threshold resulting from all such breaches exceeds, in the aggregate, US\$320,000, and then only to the extent such liabilities exceed US\$320,000, and (c) in excess, in total, of US\$4,000,000, and (ii) all indemnification obligations contained in the PSA</p>

	<p>to the extent the applicable liabilities exceed US\$16,000,000.</p> <p>Effective as of the Closing, ATM agreed to indemnify Paloma from and against any and all liabilities, arising from, based upon, related to or associated with the following: (i) any breach by ATM of its representations or warranties contained in the PSA (which indemnity obligation survives the Closing until 30 days after the applicable statute of limitations period); (ii) any breach by Buyer of any of its covenants or agreements contained in the PSA (which indemnity obligation survives the Closing until 30 days after the applicable statute of limitations period); or (iii) the Assumed Obligations (which indemnity obligation survives the Closing without time limit).</p>
<b>Paloma's Title to the Conveyed Interests</b>	<p>Paloma made no warranty or representation in the PSA with respect to title to any of the Conveyed Interests, and ATM's sole remedy for any title defect (i) prior to the First Closing was the title defect mechanism discussed above and (ii) from and after the Closing is pursuant to a special warranty of title contained in the assignments of the Conveyed Interests delivered by Paloma to ATM at Closing. The aforementioned special warranty only will provide ATM a remedy if the title defect was created by Paloma or Paloma's actions or omissions, and is a limited warranty of title.</p>
<b>Governing Law</b>	<p>The PSA is governed by Texas law and exclusive venue is in Harris County, Texas. The Parties have waived all rights to a jury trial.</p>
<b>Equity Raising Indemnity</b>	<p>Under a side letter dated 8 December 2015 between Paloma and the Company, the Company indemnifies Paloma, and certain persons associated with Paloma, from any liabilities relating to, arising out of or in connection with any claims, demands, or causes of action brought by any third party arising out of, in connection with, or resulting from disclosures made pursuant to any equity raisings conducted in order to fund the purchase price under the PSA and to support the activities and commitments of ATM under the PSA, the JDA and for other purposes (all such activities conducted prior to Second Closing). The indemnity expires two years after Second Closing other than in respect of any bona fide claim asserted prior to that date.</p> <p>The side letter is governed by the laws of Western Australia.</p>

## 10.6 Joint Development Agreement (JDA) – TMS

The JDA governs the rights of Paloma and ATM in relation to the funding, exploration, development and operation of the TMS Leases.

<b>Parties</b>	Paloma and ATM (each a <b>Party</b> , or collectively <b>Parties</b> ).
<b>Description</b>	Joint Development Agreement, dated 18 May, 2016, but effective as of 21 January, 2016 ( <b>JDA</b> ).
<b>General Purpose</b>	The Parties entered into the JDA to memorialize their relative rights and obligations with respect to the funding, exploration, development and operation of those oil and gas interests in which each Party has an ownership interest that are located in an area that covers portions of St. Helena, Tangipahoa and Washington Parishes, Louisiana and Amite and Pike Counties, Mississippi and is more particularly described in the JDA (such area, the <b>JDA-AMI Area</b> , and all such oil and gas interests, the <b>Development Assets</b> ).

<p><b>Ownership</b></p>	<p>As of the Effective Date, each of Paloma and ATM has a 50% <b>Participating Interest Share</b> under the JDA. Should either Party transfer any of its interests in the Development Assets during the term of the JDA, the Parties' respective Participating Interest Shares will be reallocated to reflect the transfer.</p>
<p><b>Annual Work Program and Budget</b></p>	<p>Prior to the beginning of each calendar year during the term of the JDA, the Parties will seek to agree upon an <b>Annual Land and Leasing Budget</b> and an <b>Annual Development Plan</b> for such calendar year. Approval of an Annual Land and Leasing Budget and an Annual Development Plan requires the unanimous consent of the Parties. Together, the Annual Land and Leasing Budget and Annual Development Plan for each calendar year are referred to as the <b>Annual Work Program and Budget</b> for that calendar year.</p> <p>Each Annual Land and Leasing Budget will include, among other things, the following for the relevant calendar year: (i) the acquisition of additional leases, lease renewals and top leases in the JDA-AMI Area by the Parties; and (ii) the aggregate estimated lease maintenance actions, costs and expenses to be incurred by the Parties in connection with the foregoing (including any allocable general and administrative expenses of the Operator related to the foregoing).</p> <p>Each Annual Development Plan will include, among other things, the following activities for such calendar year: (a) the minimum number of wells to be drilled, other operations to be conducted by the Parties, and the estimated costs related to the foregoing, broken down by each calendar quarter; and (b) an itemized list of projects or portions thereof that are contemplated to be part of such operations (including any allocable general and administrative expenses of the Operator related to the foregoing).</p> <p>Approval of an Annual Land and Leasing Budget and/or Annual Development Plan shall (i) authorize the applicable Operator to (a) exclusively undertake the activities described therein on behalf of the Parties, and (b) expend up to 110% of the budgeted costs set forth in each line item of the relevant budget, but subject to an aggregate limit of 105% of the total costs set forth in the relevant budget, and (ii) be binding and commit each Party to participate as to its entire (a) Participating Interest Share in the Acquisition Activities contemplated in the Annual Land and Leasing Budget, and/or (b) Working Interest share in all operations in the Annual Development Plan, as applicable.</p> <p>Whether or not the Parties approve an Annual Land and Leasing Budget for a calendar year, either Party may propose additional acquisitions within the JDA-AMI, but the Parties' participation in such acquisitions will be optional and governed by the Area of Mutual Interest provisions described below.</p> <p>In each calendar year for which the Parties have approved an Annual Development Plan, no Party may propose any development operation outside of the approved Annual Development Plan.</p> <p>Should the Parties be unable to agree upon an Annual Development Plan for any calendar year, then either Party may propose development operations in the JDA-AMI (provided that no Party can propose operations that would (i) require the use of more than one drilling rig at any time during the calendar year (unless the development operation is necessary to maintain a lease that is near expiration, in which case one additional rig may be utilized), (ii) result in more than two drilled and uncompleted wells anywhere on the JDA-AMI Area, or (iii) result in more than one site being hydraulically fractured at any time on the JDA-AMI Area), and should the non-proposing Party elect to not to participate in such proposed development</p>

	<p>operation, such non-consenting Party may be required to forfeit its interest in certain Development Assets related to such development operation.</p> <p>The Annual Land and Leasing Budget for both 2016 and 2017 have been agreed by the Parties and are attached as exhibits to the JDA. The Parties agreed that no development activities would take place in 2016.</p>
<b>Operating Committee</b>	<p>An operating committee, composed of two representatives from each Party, is required to meet once per calendar quarter to discuss (i) the progress of development operations and acquisition activities, (ii) any changes to the Annual Work Program and Budgets and future development operations and acquisition activities, and (iii) other matters as proposed by members of the Operating Committee.</p>
<b>Joint Operating Agreements</b>	<p>Except where a Unit JOA is in place, all Development Assets in the JDA-AMI Area shall be deemed to be subject to and governed by a joint operating agreement in the form attached to the JDA (the <b>Master JOA</b>). Prior to the commencement of any development operation for any well to be drilled in the JDA-AMI Area, the Parties will enter into a joint operating agreement in the form of the Master JOA with respect to such well and the leases and lands associated with such well (a <b>Unit JOA</b>). In the event any portion of the JDA-AMI Area is governed by an existing joint operating agreement with a third party, the provisions of such existing joint operating agreement shall apply as to all development operations conducted on or with respect to such portion of the JDA-AMI Area; provided that, as between the Parties, each such joint operating agreement will be subject to the terms of the JDA.</p>
<b>Operatorship</b>	<p>Paloma is designated as the initial <b>Operator</b> for the Development Assets under the JDA, the Master JOA and each Unit JOA; provided, however, that at any time after 21 January, 2018, with 60 days' prior written notice to Paloma, ATM shall be entitled to assume the role of Operator under the JDA, the Master JOA, and under each other joint operating agreement in the JDA-AMI for which Paloma serves as operator. The Party that is not the Operator is sometimes referred to herein as the <b>Non-Operator</b>.</p> <p>The Operator shall conduct all development operations and acquisition activities (i) in compliance with all applicable laws, (ii) in accordance with the terms and conditions of the oil and gas leases upon which such development operations are conducted, (iii) pursuant to the terms and conditions of the JDA, any applicable joint operating agreement and any other contracts entered into in furtherance of development operations, and (iv) as a reasonable and prudent operator in a good and workmanlike manner, with due diligence and dispatch, and in accordance with good oilfield practice.</p> <p>The Party serving as Operator may only be removed from its role as Operator under the Master JOA or any other joint operating agreement as may be provided in such agreement. If such Party is so removed from its role as Operator, then such Party will be deemed to have resigned as Operator under the remaining applicable joint operating agreements and the JDA, and the other Party shall thereafter be deemed to be the Operator.</p>
<b>Midstream Investments</b>	<p>In the event a Party (an <b>Investing Party</b>) is considering an investment in midstream infrastructure and/or assets located in the JDA-AMI Area that will service the Development Assets (a <b>Midstream Investment</b>), the Investing Party shall consult with the other Party regarding a potential joint investment in such Midstream Investment. When the Investing Party is ready to make a formal offer with respect to the Midstream Investment, it shall provide a written notice to the other Party, who will have 60 days after receipt to elect</p>

	whether to participate in the Midstream Investment.
<b>Transfers and Preferential Rights</b>	<p>Subject to the Preferential Right (described below), the JDA contains no restrictions on a Party's ability to transfer all or a portion of such Party's equity interests or undergo a change in control. Additionally, each Party is permitted to transfer all or an undivided interest in the Development Assets if (i) in the case of transfers by the Operator, the transferee has the (a) financial capability to perform its payment obligations under the JDA and (b) the technical capability to conduct operations (if applicable) or, if the transferee will not be the Operator, to fulfil the role of a Non-Operator, and (ii) in the case of transfers by the Non-Operator, the transferee has the financial capability to perform its payment obligations and the technical capability to perform its role as Non-Operator.</p> <p>Any (i) transfer of all or an undivided portion of a Party's interest in the Development Assets and (ii) change in control of a Party (other than a change in control of a Party's ultimate parent company) shall, in each case, be subject to the non-transferring Party's right to acquire the interest in the Development Assets that were to be directly or indirectly transferred on the same terms and conditions of the proposed transfer or change in control (the <b>Preferential Right</b>). In the case of a change in control or transfer for non-cash consideration, the non-transferring Party shall have the right to acquire the applicable interest in the Development Assets for the cash value attributable to such Development Assets under the applicable change in control or non-cash transfer transaction documents. If the Parties disagree on the applicable cash value, the Parties may refer such dispute to an independent expert for a determination of the cash value.</p> <p>Should ATM ever exercise its Preferential Right with respect to Paloma's interest in the Development Assets, Paloma has the right, subject to applicable laws, including the ASX listing rules, to require ATM to pay up to one-third of the consideration to Paloma in the form of shares of the ultimate parent of ATM.</p> <p>The Preferential Right does not apply with respect to any change of control in which the Development Assets make up less than 25 percent of the cash value of the relevant transaction.</p>
<b>Area of Mutual Interest</b>	<p>From 21 January, 2016 until 21 January, 2023 (the <b>AMI Period</b>), the JDA-AMI Area shall be an area of mutual interest with respect to each Party's acquisition of additional oil and gas interests in the JDA-AMI Area. During the AMI Period, if a Party acquires any interest from a non-affiliate in any oil and gas interests in the JDA-AMI Area (other than oil and gas interests in the JDA-AMI Area acquired pursuant to any transaction in which the oil and gas interests in the JDA-AMI Area comprise less than 25% of the value of the transaction), the acquiring Party will provide notice to the other Party of all such acquired interests acquired by the acquiring Party in the preceding calendar month. The other Party shall have the right to acquire its undivided Participating Interest Share in each acquired interest by written election within 30 days after its receipt of the relevant notice. As noted above, where any such acquisition is included in a then-approved Annual Land and Leasing Budget, the other Party shall be required to acquire its Participating Interest Share of the relevant acquired interest, and shall not have the option to decline such acquisition.</p>
<b>Defaults</b>	<p>Should any Party default on its obligation to pay its share of costs under the JDA, and such default remains outstanding more than 30 days following the defaulting Party's receipt of a notice of such default, then, until the default is cured: (i) such unpaid amounts shall bear interest at LIBOR + 5%; (ii) the defaulting Party shall have no right to (a) vote or make elections under any</p>

	relevant joint operating agreement, (b) attend any Operating Committee meetings, (c) access any data related to any operations conducted under the JDA, (d) transfer any Development Assets, (e) undergo any change in control, (f) withhold consent to any transfer by the non-defaulting Party, or (g) elect to acquire any interests pursuant to the Area of Mutual Interest; and (iii) the non-defaulting Party have the right to take the entirety of the defaulting Party's share of any hydrocarbons produced from the Development Assets.
<b>Term and Governing Law</b>	<p>The JDA shall terminate upon the earlier to occur of (i) 21 January, 2020 and (ii) the mutual agreement of ATM and Paloma. However, the provisions of the JDA described above in the sections entitled "Area of Mutual Interest", "Joint Operating Agreements", and Midstream Infrastructure Projects shall survive until 21 January, 2023.</p> <p>The JDA is governed by Texas law and the exclusive venue for disputes is Harris County, Texas. The Parties additionally waive their rights to a jury trial.</p>

### 10.7 Joint Operating Agreement (JOA) – TMS

The Master JOA provides a form of joint operating agreement covering the Development Assets/TMS Leases, which can be tailored as a Unit JOA associated with any individual well.

<b>Parties</b>	Paloma and ATM (each a <b>Party</b> , or collectively <b>Parties</b> ).
<b>Description</b>	<p>Joint Operating Agreement, dated 18 May, 2016 (<b>Master JOA</b>)</p> <p>The rights, obligations and remedies of the Parties under the Master JOA are expressly subject to the JDA.</p>
<b>General Purpose</b>	<p>Pursuant to the JDA, all oil and gas interests in which each Party has an interest that are subject to the JDA (<b>Development Assets</b>) in the area described in the JDA as the <b>JDA-AMI Area</b> shall be deemed to be subject to and governed by the Master JOA, except where a Unit JOA (defined below) is in place with respect to such Development Assets (including prior to the time that any Unit JOA is put into place). Prior to the commencement of any development operation for any well to be drilled in the JDA-AMI Area, the Parties will enter into a joint operating agreement in the form of this Master JOA covering the Development Assets associated with such well (a <b>Unit JOA</b>). Each Unit JOA will be in the same form as the Master JOA, except where express departures are mandated in the form of the Master JOA itself. The Master JOA and Unit JOAs will govern the joint development and operation by the Parties of the applicable Development Assets covered thereby.</p>
<b>AAPL Form Provisions</b>	
<b>AAPL Form JOA Provisions</b>	<p>In the United States, exploration and production activities with respect to onshore oil and gas interests that are held by more than one working interest owner are commonly governed by Form Joint Operating Agreements promulgated by the AAPL. The Master JOA is (and each Unit JOA is to be) based on the Form JOA, and contains certain modifications to the Form JOA, both in the body to the Master JOA (or Unit JOA, as applicable) and in Article XVI of the Master JOA (or Unit JOA, as applicable), which is customarily where the relevant working interest owners insert additional agreements and understandings that govern the development of the oil and gas assets covered by the applicable Form JOA. Due to the ubiquity of usage of the Form JOA in the United States, this</p>

	summary will only contain references to material deviations to the Form JOA (including Article XVI) and to provisions of the Form JOA that are, in and of themselves, material to the Development Assets covered by the Master JOA (or Unit JOA, as applicable).
<b>Operator and Operator's Liability</b>	Paloma is designated <b>Operator</b> under the Master JOA (subject to ATM's right to take over as Operator pursuant to the JDA). It is important to note that, pursuant to the Form JOA, the Operator does not have any liability as Operator to the other parties for any claims, whether or not due to the sole, joint or current negligence of Operator, except such as may result from the Operator's gross negligence or wilful misconduct; provided, however, that such a limitation does not limit the Operator's liability for its Working Interest share of any such claim as a Working Interest owner under the Form JOA.
<b>Title</b>	Title to the Development Assets subject to any Unit JOA will be examined prior to the commencement of drilling operations on the drillsite of any proposed well, and if any Party requests, title will be examined on the entire drilling unit of the proposed well or any portion thereof. Costs of title examination will be borne proportionately by the Parties participating in the drilling operation.
<b>Operational Elections; Consenting Parties; and Non-Consent Penalties</b>	<p>Subject to the terms of the JDA and Article XVI as described below, should any Party elect to not to participate in certain proposed operations (i.e., drilling a well or reworking, sidetracking, deepening, recompleting or plugging back a well (each, an <b>Eligible Operation</b>)) governed by the Master JOA, then such non-consenting Party will, until the applicable "Payout" has occurred with respect to such Eligible Operation (i) relinquish certain rights related to the operation in question (including its rights to revenues associated with the Eligible Operation as well as its rights to receive information with respect to such Eligible Operation), and (ii) be excused from bearing the costs and expenses associated with such Eligible Operation. Under the Master JOA, "Payout" occurs when the participating Parties to such Eligible Operation have recovered (a) 100% of the non-consenting Party's share of the cost of surface equipment associated with such operation, <i>plus</i> (b) 100% of the non-consenting Party's share of the operating cost of the applicable well, <i>plus</i> (c) 300% of that portion of the drilling and related costs for such operation, <i>plus</i> (d) 300% of that portion of the cost of newly acquired equipment for the Eligible Operation; that, in the case (c) and (d), would have been chargeable to the non-consenting Party had such Party participated.</p> <p>For any operation other than an Eligible Operation, the Operator may not undertake any such single operation that is expected to cost in excess of US\$200,000 without securing the approval of the other Party.</p>
<b>In-Kind Production</b>	Each Party has the right to take the production attributable to its working interest in the Development Assets (as the same may be modified by the non-consent provisions) in kind or separately dispose of its share of production. Should any Party fail to make arrangements for such disposition, the Operator may, but is not required to, market such production on behalf of such Party.
<b>Assignment; Maintenance of Uniform Interest; Preferential Right to Purchase</b>	Any transfer of an interest in the Development Assets must be made expressly subject to the Master JOA (or Units JOA, as applicable) and the non-assigning Party shall not be required to recognize any such transfer until 30 days after receiving a copy of the transfer instrument and an undertaking in writing by the transferee to be bound by the terms of the applicable operating agreement. The maintenance of uniform interest provision contained in the Form JOA has been deleted and is not

	<p>applicable. Similarly, the preferential right to purchase provision contained in the Form JOA has also been deleted and is not applicable (though the preferential purchase right provided in the JDA may be applicable nonetheless). Each of these two deletions is commonly made to the Form JOA by U.S. oil and gas industry participants, as those deleted provisions operate to limit the marketability and transferability of the Parties' interests in the underlying Development Assets.</p>
<b>Claims and Lawsuits</b>	<p>Operator may settle any single claim that does not exceed US\$50,000. If the amount of settlement exceeds US\$50,000, Operator will notify all affected Parties. Unless a Party objects within 10 days after such notice, the further handling of the claim will be delegated to the Operator. All surface damage and use matters shall be settled in the Operator's reasonable discretion and are not subject to the limitation above.</p>
<b>Term</b>	<p>The Master JOA (and each Unit JOA, when put into place) will remain in effect so long as any well drilled under the applicable joint operating agreement is capable of production and for an additional 90 days thereafter; provided, that if any Party is engaged in operations during the additional period, the applicable joint operating agreement will continue until such operations have been completed, and if production results therefrom, the applicable joint operating agreement will continue in force and effect.</p>
<b>Governing Law</b>	<p>The Master JOA is governed by the laws of the State of Texas and the Parties have waived their rights to a jury trial.</p>
<b>Exhibits</b>	<p>There are several Exhibits attached to the Master JOA, the majority of which are part of the Form JOA. The Form JOA Exhibits attached to the Master JOA (with little, to no, modifications from the forms promulgated by the AAPL) include: Exhibit C – Accounting Procedure; Exhibit E – Gas Balancing Agreement; Exhibit F – Non-Discrimination and Certification of Non-Segregated Facilities; and Exhibit H – Memorandum of Operating Agreement, Lien and Financing Statement. Exhibit A – Contract Area – reflects the JDA-AMI Area as the Contract Area for the Master JOA. Exhibit D – Insurance – reflects the Parties' agreement as to the levels of required insurance coverage. Exhibit G – Well Information – reflects the Parties' agreement on certain additional informational and reporting items to be provided to the Non-Operators by the Operator.</p>
<b>Other Provisions</b>	
<b>Conflicts with JDA and Body of Master JOA</b>	<p>To the extent there is any inconsistency between the Master JOA and the JDA, the JDA will govern and control. Additionally, Article XVI makes clear that to the extent there is any inconsistency between the Body of the Master JOA and the provisions of Article XVI, the provisions of Article XVI will govern and control.</p>
<b>Priority of Operations</b>	<p>If Operator and Non-Operator make competing proposals and cannot agree in good faith on a proposal, the operation proposed by the Operator shall be conducted prior to that proposed by Non-Operator. The Parties have additionally added a default order or sequence of operations for both vertical wells and horizontal wells.</p>
<b>Election Not to Participate in First Well in Contract Area (applicable to Unit JOAs only)</b>	<p>If a Party elects to not participate in the initial well to be drilled pursuant to a Unit JOA, then such non-participating Party shall permanently (without regard to Payout) relinquish and assign to the participating Parties, upon the completion of the well by the participating Parties, 100% of its right, title and interest to its oil and gas leases included in the area for such Unit JOA.</p>

<b>Obligatory Operation</b>	<p>A well or other operation that (i) is commenced under this Master JOA (or Unit JOA, as applicable) within 180 days prior to a lease expiring, where absent such operation the lease would expire, or (ii) must be drilled or conducted to maintain a lease or unit shall be considered an <b>Obligatory Operation</b>. If a Party does not participate in an Obligatory Operation, such Party shall permanently (without regard to Payout) relinquish and assign to the participating Parties all of its Working Interest and Net Revenue Interest in the oil and gas lease(s) comprising the unit for the obligatory operation and any personal property or equipment that is used solely for the lease or unit affected.</p> <p>A Party can avoid an Obligatory Operation by extending or renewing the applicable oil and gas leases; provided such extension is secured prior to the later date of (i) 60 days after the date the Party receives the notice describing the Obligatory Operation, or (ii) the date Operator contractually commits a rig to the drilling of such Obligatory Operation.</p>
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## 10.8 TMS Leases

Pursuant to the PSA, Paloma assigned to ATM a fifty percent undivided Working Interest in and to the TMS Leases.

Collectively, the TMS Leases comprise a material asset of ATM, and consequently the Australis Group.

As described in the BETA Land Services Report contained in Section 7, the TMS Leases comprise approximately 614 leases constituting approximately 33,000 net leasehold acres located in the Tuscaloosa Marine Shale in St Helena, Tangipahoa and Washington Parishes in Louisiana, and Amite, Wilkinson and Pike Counties in Mississippi. A full listing of the TMS Leases is contained in the Beta Land Services Report in Section 7.

The TMS Leases are broadly similar. However, they contain various deviations related to land size, lease costs, and other terms depending on the negotiations with the relevant landowners. This is elaborated on in Section 3.5(h)(i).

The prospects of renewing any individual lease cannot be given due to the number of leases and counterparties involved, although the status of the lease program to date has been positive.

## 10.9 TMS Leases Assignments

<b>Parties</b>	ATM and Paloma
<b>Assignment</b>	ATM as assignee, acquired from Paloma, as assignor, an undivided 50% of Paloma's right, title and interest in and to certain oil and gas interests located in the States of Louisiana and Mississippi, USA (Paloma's right, title and interest in and to such items, the <b>Assets</b> , and the undivided 50% interest therein acquired by ATM, the <b>Conveyed Interests</b> ) as envisaged by the PSA. Four assignments and bills of sale entered into between Paloma and ATM (as further described below) ( <b>Assignments</b> ) are made expressly subject to the terms and conditions of PSA, and in the event of a conflict between the terms of the PSA and the terms of an Assignment, the terms of the PSA shall prevail.
<b>Effective Time</b>	1 December 2015

<b>Separate instruments</b>	The Parties executed (i) three separate Assignments covering the Conveyed Interests located in Mississippi, with separate instruments being created with respect to the Conveyed Interests located in each of Amite, Pike, and Wilkinson Counties, Mississippi and (ii) one Assignment covering the Conveyed Interests located in Louisiana, with the same instrument collectively covering the Conveyed Interests located in St. Helena, Tangipahoa, and Washington Parishes, Louisiana. Other than with respect to (i) the Assets listed on the property exhibits attached to such Assignments, and (ii) certain jurisdiction specific formatting requirements, the four Assignments described are substantially in the same form and meet the recording requirements of Mississippi and Louisiana, as applicable.
<b>Subrogation</b>	The Assignments each contain industry standard subrogation language where by Paloma transfers and assigns to ATM all of its right, title and interest in and to all warranties related to the Conveyed Interests that have been previously made by any of Paloma's predecessors in title or by applicable third parties (which warranties include, for example, all title warranties, manufacturers' warranties, suppliers' warranties and contractors' warranties).
<b>Special Warranty</b>	The Assignments each contain an industry standard special warranty from Paloma with respect to the Conveyed Interests, pursuant to which Paloma binds itself and its successors and assigns to warrant and forever defend all and singular title to the Conveyed Interests unto ATM, by through or under Paloma or its affiliates, but not otherwise.
<b>Disclaimers</b>	The Assignments each contain industry standard disclaimer provisions, which make clear that, except as set forth in the PSA or in the special warranty described above, in addition to other specific disclaimers, (i) Paloma makes no representations or warranties, express, statutory or implied, and (ii) Paloma expressly disclaims all liability for any representation or warranty made to ATM with respect to, in each case, the Conveyed Interests.
<b>Governing Law &amp; Disputes</b>	Except to the extent that laws of another jurisdiction are mandatorily applicable to the Assignments with respect to any Conveyed Interests located within such jurisdiction, the Assignments are governed by the laws of the State of Texas. The Parties agree that exclusive venue is in Harris County, Texas and all rights to a jury trial are waived.

#### 10.10 Executive Services Agreement – Mr Ian Lusted

Some of the Executive Service Agreements contain provisions which involve a payment on a loss of employment. These provisions were approved at the Shareholder meeting on 27 June 2016.

<b>Parties</b>	The Company and Mr Ian Lusted
<b>Position</b>	Managing Director and Chief Executive Officer
<b>Commencement Date</b>	1 December 2015 except for long service leave where commencement date is 1 March 2014.

<p><b>Remuneration</b></p>	<p>Total Fixed Salary: \$465,375 per annum (inclusive of superannuation)</p> <p>Short term incentives (<b>STI</b>): Annual STI determined by the Board of up to a maximum of 60% of base salary of \$425,000.</p> <p>For the year to 31 December 2016:</p> <ol style="list-style-type: none"> <li>a. 50% of STI payable at the absolute discretion of the Board; and</li> <li>b. 50% subject to meeting financial and non-financial key performance indicators determined by the Board and based on strategic advancement, corporate activities and balance sheet strength.</li> </ol> <p>Long term incentives (<b>LTI</b>): Eligible to participate in the Australis Oil &amp; Gas Long Term Incentive Plan from 1 January 2018 (Refer Section 10.15)</p>
<p><b>Termination payments for material diminution</b></p>	<p>Mr Lusted may give 1 month's notice of termination within 3 months of a Fundamental Change and be entitled to 12 months' remuneration plus all other statutory or contractual entitlements on termination.</p>
<p><b>Termination by the Company</b></p>	<p>For period to 1 December 2016: 6 months' notice of termination. Thereafter, 12 months' notice.</p> <p>The Company may terminate without notice for serious misconduct including serious or persistent breach of duty, failure to perform obligations under the agreement.</p>
<p><b>Termination by Mr Lusted</b></p>	<p>For period to 1 December 2016: 6 months' notice of termination. Thereafter, 12 months' notice.</p>
<p><b>Post-employment restraints</b></p>	<p>During employment and for a maximum of 12 months after the date on which the Company notifies Mr Lusted that his employment is terminated:</p> <ul style="list-style-type: none"> <li>• within Portugal or any county or parish in the United States where Australis and its related entities (<b>Group</b>) own an interest in an acreage, non-compete obligations apply;</li> <li>• non-solicitation obligations in respect of personnel of the Group, nor may the personnel be employed; or</li> <li>• obligations not to entice away customers, contractors, suppliers etc of the Group.</li> </ul>
<p><b>Termination benefits under the agreement</b></p>	<ul style="list-style-type: none"> <li>• a payment of remuneration in lieu of notice by the Company;</li> <li>• 12 months' remuneration payable by the Company in respect of a Fundamental Change; and</li> <li>• a STI payable on termination of employment in circumstances which are an exception to the rule that Mr Lusted must be employed (and not working out his notice period) when the Board determines the STI for a calendar year.</li> </ul>

## 10.11 Executive Services Agreement – Mr Graham Dowland

Some of the Executive Service Agreements contain provisions which involve a payment on a loss of employment. These provisions were approved at the Shareholder meeting on 27 June 2016.

<b>Parties</b>	The Company and Mr Graham Dowland
<b>Position</b>	Finance Director and Chief Financial Officer
<b>Commencement Date</b>	1 December 2015
<b>Remuneration</b>	<p>Total Fixed Salary: \$383,250 per annum (inclusive of superannuation)</p> <p>Short term incentives (<b>STI</b>): Annual STI determined by the Board of up to a maximum of 50% of base salary of \$350,000.</p> <p>For the year to 31 December 2016:</p> <p>a. 50% of STI payable at the absolute discretion of the Board; and</p> <p>b. 50% subject to meeting financial and non-financial key performance indicators determined by the Board and based on strategic advancement, corporate activities and balance sheet strength.</p> <p>Long term incentives (<b>LTI</b>): Eligible to participate in the Australis Oil &amp; Gas Long Term Incentive Plan from 1 January 2018 (Refer Section 10.15)</p>
<b>Termination payments for material diminution</b>	Mr Dowland may give 1 month's notice of termination within 3 months of a Fundamental Change and be entitled to 12 months' remuneration plus all other statutory or contractual entitlements on termination.
<b>Termination by the Company</b>	<p>For period to 1 December 2016: 6 months' notice of termination. Thereafter, 12 months' notice.</p> <p>The Company may terminate without notice for serious misconduct including serious or persistent breach of duty, failure to perform obligations under the agreement.</p>
<b>Termination by Mr Dowland</b>	For period to 1 December 2016: 6 months' notice of termination. Thereafter, 12 months' notice.

<b>Post-employment restraints</b>	<p>During employment and for a maximum of 12 months after the date on which the Company notifies Mr Dowland that his employment is terminated:</p> <ul style="list-style-type: none"> <li>• within Portugal or any county or parish in the United States where Australis and its related entities (<b>Group</b>) own an interest in an acreage, non-compete obligations apply;</li> <li>• non-solicitation obligations in respect of personnel of the Group, nor may the personnel be employed; or</li> <li>• obligations not to entice away, service services to customers, contractors, suppliers etc. of the Group.</li> </ul>
<b>Termination benefits under the agreement</b>	<ul style="list-style-type: none"> <li>• a payment of remuneration in lieu of notice by the Company;</li> <li>• 12 months' remuneration payable by the Company in respect of a Fundamental Change; and</li> <li>• a STI payable on termination of employment in circumstances which are an exception to the rule that Mr Dowland must be employed (and not working out his notice period) when the Board determines the STI for a calendar year.</li> </ul>

#### 10.12 Executive Services Agreement – Malcolm Bult

Some of the Executive Service Agreements contain provisions which involve a payment on a loss of employment. These provisions were approved at the Shareholder meeting on 27 June 2016.

<b>Parties</b>	The Company and Mr Malcolm Bult	
<b>Position</b>	Vice President – Corporate and Business Development	
<b>Commencement Date</b>	1 December 2015 except for long service leave where commencement date is 1 August 2014.	
<b>Remuneration</b>	Total Fixed Salary:	\$301,125 per annum inclusive of superannuation
	Short term incentives ( <b>STI</b> ):	<p>Annual STI determined by the Board of up to a maximum of 35% of base salary of \$275,000.</p> <p>For the year to 31 December 2016:</p> <ol style="list-style-type: none"> <li>a. 50% of STI payable at the absolute discretion of the Board; and</li> <li>b. 50% subject to meeting financial and non-financial key performance indicators determined by the Board and based on strategic advancement, corporate activities and balance sheet strength.</li> </ol>
	Long term incentives ( <b>LTI</b> ):	Eligible to participate in the Australis Oil & Gas Long Term Incentive Plan (Refer Section 10.15)

<b>Termination payments for material diminution</b>	Mr Bult may give 2 months' notice of termination within 2 months of a Fundamental Change and be entitled to a termination payment equivalent to 3 to 6 months' remuneration (depending on his period of service) plus all other statutory or contractual entitlements on termination.
<b>Termination by the Company</b>	For period to 1 December 2016: 3 months' notice of termination. Thereafter, notice period increases annually by 1 month up to a maximum of 6 months' notice.  The Company may terminate without notice for serious misconduct including serious or persistent breach of duty, failure to perform obligations under the agreement.
<b>Termination by Mr Bult</b>	For period to 1 December 2016: 3 months' notice of termination. Thereafter, notice period increases by 1 month per annum up to a maximum of 6 months' notice.
<b>Post-employment restraints</b>	No post-employment restraints apply.
<b>Termination benefits under the agreement</b>	<ul style="list-style-type: none"> <li>• a payment of remuneration in lieu of notice by the Company;</li> <li>• 3 to 6 months' remuneration (as the case may be) payable by the Company in respect of a Fundamental Change; and</li> <li>• a STI payable on termination of employment in circumstances which are an exception to the rule that Mr Bult must be employed (and not working out his notice period) when the Board determines the STI for a calendar year.</li> </ul>

### 10.13 Executive Services Agreement – Julie Foster

Some of the Executive Service Agreements contain provisions which involve a payment on a loss of employment. These provisions were approved at the Shareholder meeting on 27 June 2016.

<b>Parties</b>	The Company and Mrs Julie Foster
<b>Position</b>	Vice President Finance and Company Secretary
<b>Commencement Date</b>	1 December 2015 except for long service leave where commencement date is 1 August 2014.
<b>Remuneration</b>	<p>Total Fixed Salary: \$301,125 per annum inclusive of superannuation</p> <p>Short term incentives (STI): Annual STI determined by the Board of up to a maximum of 35% of base salary of \$275,000.</p> <p>For the year to 31 December 2016:</p> <ol style="list-style-type: none"> <li>a. 50% of STI payable at the absolute discretion of the Board; and</li> <li>b. 50% subject to meeting financial and</li> </ol>

	<p>non-financial key performance indicators determined by the Board and based on strategic advancement, corporate activities and balance sheet strength.</p> <p>Long term incentives (<b>LTI</b>): Eligible to participate in the Australis Oil &amp; Gas Long Term Incentive Plan (Refer Section10.15)</p>
<b>Termination payments for material diminution</b>	Ms Foster may give 2 months' notice of termination within 2 months of a Fundamental Change and be entitled to a termination payment equivalent to 3 to 6 months' remuneration (depending on her period of service) plus all other statutory or contractual entitlements on termination.
<b>Termination by the Company</b>	<p>For period to 1 December 2016: 3 months' notice of termination. Thereafter, notice period increases by 1 month per annum up to a maximum of 6 months' notice.</p> <p>The Company may terminate without notice for serious misconduct including serious or persistent breach of duty, failure to perform obligations under the agreement.</p>
<b>Termination by Mrs Foster</b>	For period to 1 December 2016: 3 months' notice of termination. Thereafter, notice period increases by 1 month per annum up to a maximum of 6 months' notice.
<b>Post-employment restraints</b>	No post-employment restraints apply.
<b>Termination benefits under the agreement</b>	<ul style="list-style-type: none"> <li>• a payment of remuneration in lieu of notice by the Company;</li> <li>• 3 to 6 months' remuneration (as the case may be) payable by the Company in respect of a Fundamental Change; and</li> <li>• a STI payable on termination of employment in circumstances which are an exception to the rule that Ms Foster must be employed (and not working out her notice period) when the Board determines the STI for a calendar year.</li> </ul>

#### 10.14 Executive Services Agreement – Michael Verm

Some of the Executive Service Agreements contain provisions which involve a payment on a loss of employment. These provisions were approved at the Shareholder meeting on 27 June 2016.

<b>Parties</b>	Australis Management Services Inc ( <b>AMS</b> ) and Mr Michael Verm	
<b>Position</b>	Chief Operating Officer	
<b>Commencement Date</b>	1 February 2016	
<b>Remuneration</b>	Total Fixed Salary:	US\$252,000 per annum (inclusive of 401k)
	Short term incentives ( <b>STI</b> ):	Annual STI determined by the Board of up to a maximum of 40% of base salary of

	<p>\$US237,735.</p> <p>For the year to 31 December 2016:</p> <p>a. 50% of STI payable at the absolute discretion of the Board; and</p> <p>b. 50% subject to meeting financial and non-financial key performance indicators determined by the Board and based on strategic advancement, corporate activities and balance sheet strength.</p> <p>Long term incentives (LTI): Eligible to participate in the Australis Oil &amp; Gas Long Term Incentive Plan (Refer Section 10.15)</p>
<b>Termination payments for material diminution</b>	Mr Verm may give 2 months' notice of termination within 2 months of a Fundamental Change and be entitled to 3 months' remuneration ( <u>less</u> remuneration paid between the date notice of termination is given and the termination date plus all other statutory or contractual entitlements on termination).
<b>Termination by the Company</b>	3 months' notice of termination. AMS may terminate without notice for serious misconduct including serious or persistent breach of duty, failure to perform obligations under the agreement.
<b>Termination by Mr Verm</b>	3 months' notice of termination.
<b>Post-employment restraints</b>	During employment and for 3 months after termination (except where AMS terminates with notice other than for cause): <ul style="list-style-type: none"> <li>• within Portugal or any county or parish in the United States where Australis, AMS and their related entities (<b>Group</b>) own an interest in an acreage or any other state/territory in which a Group companies carries on business from time to time, non-compete obligations apply;</li> <li>• non-solicitation obligations in respect of personnel of the Group, nor may the personnel be employed; or</li> <li>• obligations not to entice away customers, contractors, suppliers etc of the Group.</li> </ul>
<b>Termination benefits under the agreement</b>	<ul style="list-style-type: none"> <li>• a payment of remuneration in lieu of notice by AMS;</li> <li>• a payment of remuneration of no more than 3 months (as described above) payable by AMS in respect of a Fundamental Change; and</li> <li>• a STI payable on termination of employment in circumstances which are an exception to the rule that Mr Verm must be employed (and not working out his notice period) when the Board determines the STI for a calendar year.</li> </ul>

## 10.15 Australis Employee Equity Incentive Plan

The Company has established the Australis Oil & Gas Limited Employee Equity Incentive Plan (**Plan**). Shareholders approved the Plan at its general meeting on 27 June 2016. A summary of the terms of the Plan is set out below. No awards have been offered under the Plan as at the date of this Prospectus. The Directors are entitled to participate in the Plan, but there is no proposal that they do so until at least 1 January 2018.

<b>Awards</b>	Shares, options and/or performance rights issued at a price, and subject to any grant or vesting conditions, determined by the Board in its sole and absolute discretion.
<b>Eligible Employees</b>	A full time or part time employee (including an executive director) or non-executive director of the Company or an associated body corporate, an individual who is or might reasonably be expected to be engaged to work the number of hours that are the pro rata equivalent of 40% or more of a comparable full time position or an individual or company with whom there is a contract for the provision of services under which the individual or a director or their spouse performs work where the work is or might reasonably be expected to be the number of hours that are the pro rata equivalent of 40% or more of a comparable full time position (or their nominee).
<b>Limits</b>	Where an offer is made under the Plan in reliance on ASIC Class Order 14/1000 (or any amendment or replacement of it) the Board must, at the time of making the offer, have reasonable grounds to believe that the total number of Shares (or the total number of Shares which would be issued if the securities were exercised) will not exceed 5% of the total number of Shares on issue when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under the Plan or any other employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme.
<b>Entitlements</b>	Notice of meeting, potentially dividends, bonus and rights issue participation in respect of award shares, capital reconstruction, bonus and pro rata issue adjustments and potentially early exercise in a voluntary winding up.
<b>Dealing</b>	Dealing restrictions exist other than with consent or force of law.
<b>Lapse</b>	Subject to the Board's discretion, if a participant resigns (other than in circumstances of redundancy, mental illness, total and permanent disability, terminal illness or death), is dismissed from office for cause or poor performance, or in another circumstance determined by the Board unvested Shares will be forfeited, unvested options and performance rights will lapse and vested options and performance rights that have not been exercised will lapse on the date of cessation of employment or office. Similar provisions apply to breach, fraud or misconduct. Forfeiture provisions also apply to award shares.
<b>Change of control</b>	Subject to the ASX Listing Rules, all unvested awards will automatically vest and become immediately exercisable with such vesting deemed to have taken place immediately prior to the effective date of the change of control event, regardless of whether or not the employment, engagement or office of the participant is terminated or ceases in connection with the change of control event.
<b>Clawback</b>	The Board may clawback awards if an event occurs which means vesting conditions were not or should not have been determined to have been satisfied.

## **10.16 Securityholder Deeds**

The Company and Founders have entered into deeds with all Security holders of the Company which, amongst other things, restrict transfers of securities and grant a power of attorney. The deeds terminate automatically on completion of the Offer.

## 11 Additional Information

Australis was registered in Western Australia on 12 November 2015 as a private company limited by shares (formerly 'Australis Oil & Gas Holdings Pty Ltd') and was converted to a public company and renamed 'Australis Oil & Gas Limited' on 10 June 2016.

### 11.1 Disclosure of interests

The Company's Constitution provides that the remuneration of Non-Executive Directors in total in any year will be not more than the aggregate fixed sum determined by a general meeting. The current limit approved by Shareholders in general meeting on 27 June 2016 is, in addition to the relevant Options described in this Prospectus and any other securities approved by shareholders in the future, \$600,000 per annum.

The remuneration of any executive director that may be appointed by the Board will be fixed by the Board. Directors are not required to hold any Shares.

Details of the Directors' relevant interests in the Securities of the Company at the date of this Prospectus are set out in the table below.

**Table 37 – Director's relevant interests at date of Prospectus**

Director	Jon Stewart <sup>1</sup>	Ian Lusted <sup>2</sup>	Graham Dowland <sup>3</sup>	Alan Watson <sup>4</sup>
Shares	59,542,859	14,303,572	14,403,572	3,410,000
% of Shares / voting power	26.87%	6.46%	6.50%	1.54%
Options <sup>5</sup>				
\$0.275 (Series A) Expiry 30/6/19	5,000,000	250,000	300,000	455,000
\$0.25 Expiry 31/12/20	10,000,000	4,000,000	3,200,000	-
\$0.30 (Series A) Expiry 31/12/20	15,000,000	6,000,000	5,000,000	-
\$0.35 (Series A) Expiry 31/12/22	15,000,000	6,000,000	5,000,000	-
\$0.275 (Series B, C, D) Expiry 24/5/21	-	-	-	420,000

- 26,150,001 Shares and 45,000,000 Options are registered in the name of Epicure Superannuation Pty Ltd ATF <Epicure Superannuation Fund> of which Mr Stewart is a director and shareholder. 33,392,858 Shares are registered in the name of JK Stewart Investments Pty Ltd as Trustee for The Stewart Investment Trust of which Mr Stewart is a director and shareholder.
- 3,000,000 Shares are registered in the name of Goldmantra Corporation Pty Ltd <Lusted Superannuation Fund Security Trust> of which Mr Lusted is a director and shareholder. 10,803,572 Shares and 16,000,000 Options are registered in the name of Everzen Holdings Pty Ltd of which Mr Lusted is a director and shareholder. 500,000 Shares and 250,000 Options are registered in the name of IG Lusted Pty Limited <Lusted Family Superannuation Fund> of which Mr Lusted is a director and shareholder.
- 1 Share is registered in the name of Mr Dowland. 10,803,571 Shares are registered in the name of Ms Treffina Joyce Dowland the spouse of Mr Dowland. 1,500,000 Shares are registered in the name of Avalon Valley Pty Ltd as trustee for the G R Dowland Family Trust of which Mr Dowland is a director and shareholder. 2,100,000 Shares and 300,000 Options are registered in the name of Avalon Valley Pty Ltd as trustee for the G R and T J Dowland Superannuation Fund of which Mr Dowland is a director and shareholder. 13,200,000 Options are registered in the name of Avalon Valley Pty Ltd as trustee for The G R and T J Dowland Family Trust of which Mr Dowland is a director and shareholder.
- 1,705,000 Shares and 227,500 Options are registered in the names of Finter Super Pty Ltd <Finter Super Fund A/C> and Tomsuca Investments Pty Ltd <Tomsuca Family A/C> respectively of which Mr Watson is a director and shareholder. 420,000 options are registered in the name of Alan Watson.
- The full terms and conditions relating to the Options can be found in Annexure B – Rights attaching to Options.

As at completion of the Offer and assuming allocations of Shares are made to the Directors (or applicable entities) in accordance with their intended participation as stated in Section 1.2 above the Directors will hold the following Securities:

**Table 38 – Director’s relevant interests following completion of the Offer**

Director	Jon Stewart	Ian Lusted	Graham Dowland	Alan Watson
<b>Shares</b>	59,542,858	14,303,572	14,750,000	3,810,000
<b>% of Shares / voting power</b>	17.43%	4.19%	4.32%	1.12%
<b>Options<sup>1</sup></b>				
\$0.275 (Series A) 30/6/19	5,000,000	250,000	300,000	455,000
\$0.25 31/12/20	10,000,000	4,000,000	3,200,000	-
\$0.30 (Series A) 31/12/20	15,000,000	6,000,000	5,000,000	-
\$0.35 (Series A) 31/12/22	15,000,000	6,000,000	5,000,000	-
\$0.275 (Series B, C, D) 24/5/21	-	-	-	420,000

1. The full Terms and Conditions relating to the Options can be found in Annexure A – Rights attaching to Shares

Details of Directors remuneration, including superannuation, for the period from incorporation to 28 June 2016 are set out in the table below:

**Table 39 – Director’s remuneration to 28 June 2016**

Director <sup>1</sup>	Jon Stewart	Ian Lusted	Graham Dowland	Alan Watson
<b>Remuneration from 12/11/15 to 28/6/16 (\$)</b>	127,705	271,469	223,562	8,669
<b>Options<sup>2,3</sup></b>				
\$0.25 31/12/20	10,000,000	4,000,000	3,200,000	-
\$0.30 (Series A) 31/12/20	15,000,000	6,000,000	5,000,000	-
\$0.35 (Series A) 31/12/22	15,000,000	6,000,000	5,000,000	-
\$0.275 (Series B, C, D) 24/5/21	-	-	-	420,000

Note:

1. This does not include any STIs – see Sections 10.10 and 10.11.

2. The full Terms and Conditions relating to the Options can be found in Annexure B – Rights attaching to Options.

3. The remuneration Options are included in the total securities held by each Director in the table 37 above.

Details of the Directors' remuneration are set out in Table 40 below. The Board considers these arrangements to constitute reasonable remuneration.

**Table 40 – Director's annual remuneration**

Director	Annual remuneration (\$)
<b>Non-Executive Directors</b>	
Mr Jon Stewart <sup>1</sup>	219,000
Mr Alan Watson <sup>2</sup>	84,862
<b>Executive Directors</b>	
Mr Ian Lusted <sup>3, 5</sup>	465,375
Mr Graham Dowland <sup>4, 5</sup>	383,250

<sup>1.</sup> Mr Stewart was appointed as a Director of the Company on 12 November 2015. On 1 December 2015 Mr Stewart was appointed Chairman. Mr Stewart will be paid fees of \$219,000 per annum (inclusive of superannuation) for this role and as Chair of the Audit and Risk Management Committee effective 1 December 2015. Mr Stewart is also a member of the Remuneration and Nomination Committee.

<sup>2.</sup> Mr Watson was appointed a Non-Executive Director of the Company on 24 May 2016 and under the terms of the appointment is entitled to Directors fees of \$76,650 (inclusive of superannuation) and a fee of \$8,212 (inclusive of superannuation) as Chair of the Remuneration and Nomination Committee. Mr Watson is also a member of the Audit and Risk Management Committee. Mr Watson will be paid a one-off fee of \$5,000 inclusive of superannuation to recognise the extra commitment required during the IPO process.

<sup>3.</sup> Mr Lusted was appointed a Director of the Company on 12 November 2015. On 1 December 2015 Mr Lusted entered into an Executive Services Agreement with the Company and is entitled to an annual fixed salary of \$465,375 (inclusive of superannuation) from that date. The terms of the Executive Services Agreement can be found in Section 10.10.

<sup>4.</sup> Mr Dowland was appointed a Director of the Company on 12 November 2015. On 1 December 2015 Mr Dowland entered into an Executive Services agreement with the Company and is entitled to an annual fixed salary of \$383,250 (inclusive of Superannuation) from that date. The terms of the Executive Services Agreement can be found in Section 10.11.

<sup>5.</sup> This does not include any STIs – see Sections 10.10 and 10.11.

## 11.2 Related Party Transactions

### (a) Share Purchase Agreement

<b>Parties</b>	Australis and Everzen Holdings Pty Ltd, JK Stewart Investments Pty Ltd and Treffina Joyce Dowland ( <b>Sellers</b> ).
<b>Description</b>	Share Purchase Agreement dated 15 November 2015 ( <b>SPA</b> ) to acquire all the shares of APL in consideration for the issue of 55 million shares in Australis.  APL indirectly holds 100% of the shares in Australis Portugal which holds the Portuguese Concessions.
<b>Related parties</b>	Messrs Stewart, Lusted and Dowland, each are currently Directors of Australis and were on the date of execution of the SPA the Directors of, and their associates were on the date of execution of the SPA the shareholders of, APL.
<b>APL Shares</b>	At the time of execution of the SPA: <ul style="list-style-type: none"> <li>• Everzen Holdings Pty Ltd, of which Mr Lusted is a director and shareholder, held 77 fully paid APL shares;</li> </ul>

	<ul style="list-style-type: none"> <li>JK Stewart Investments Pty Ltd, of which Mr Stewart is a director and shareholder, held 238 fully paid APL shares; and</li> <li>Ms Treffina Joyce Dowland, the spouse of Mr Dowland, held 77 fully paid APL shares.</li> </ul>
<b>Completion</b>	<p>Completion of the acquisition under the SPA was effective as of 31 December 2015. As consideration for the APL shares held by the Sellers, Australis issued:</p> <ul style="list-style-type: none"> <li>10,803,571 Shares to Everzen Holdings Pty Ltd;</li> <li>33,392,858 Shares to JK Stewart Investments Pty Ltd; and</li> <li>10,803,571 Shares to Ms Treffina Joyce Dowland.</li> </ul>
<b>Pre-completion obligations</b>	<p>The Sellers were subject to customary restrictions in relation to carrying on the business of APL and its subsidiaries prior to completion of the SPA. No shareholder approval was sought or required for the transaction.</p>
<b>Warranties</b>	<p>The Sellers also made various customary warranties and representations to Australis in relation to APL, its subsidiaries and their affairs.</p>
<b>Limitations on claims</b>	<p>Under the SPA, Australis may not make a claim against the Sellers and the Sellers are not liable for any claim for a breach of a warranty given by the Sellers:</p> <ul style="list-style-type: none"> <li>if the amount of the claim, or a number of similar or related claims, taken together, is less than \$2,000,000; and</li> <li>unless and until the aggregate amount of all such claims exceeds \$2,000,000,</li> </ul> <p>in which event Australis may seek to recover the full amount of the claims, and not just the excess.</p> <p>Further, Australis may not make a claim against the Sellers and the Sellers are not liable for any claim for a breach of a warranty given by the Sellers where the aggregate amount of all such claims is in excess of \$11,000,000.</p>

(b) Executive Service Agreements

The Company has entered into Executive Services Agreements with Mr Graham Dowland and Mr Ian Lusted and management members, which are summarised in Section 10. In addition, the Company has entered into a chairman's service agreement effective 1 December 2015 with Mr Jon Stewart, the only material term of which is the remuneration disclosed in Section 11.1.

(c) Deed of Access, Indemnity and Insurance

<b>Parties</b>	<p>The Company has entered into deeds of access, indemnity and insurance (<b>Indemnity Deed</b>) with each of the Directors and officers (each an <b>Officeholder</b>).</p>
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<b>Indemnity</b>	Under the Indemnity Deeds, the Company agrees to indemnify each Officeholder to the extent permitted by law against any liability arising as a result of the Officeholder acting as a director or officer of the Company.
<b>Insurance</b>	The Company will use its best endeavours to procure insurance which insures each Officeholder to the extent permitted by law against liabilities incurred by the Officeholder acting in that capacity, except to the extent that such insurance cannot be procured at reasonable cost or is otherwise unavailable to the Company. The policy must be maintained during the period that the Officeholder is a director or officer of the Company to the date that is 7 years after the Officeholder ceases to be a director or officer of the Company or, if run-off insurance cannot be procured at reasonable premiums for the full period, the last date on which run-off insurance can be procured.
<b>Access to Company records</b>	During the period that the Officeholder is a director or officer of the Company to the later of: the date that is 7 years after the Officeholder ceases to be a director or officer of the Company or the date on which any relevant proceedings have been finally resolved, the Officeholder is entitled to have access, during office hours, to and to make copies of company records relevant to any proceedings against the Officeholder arising from, or in connection with, their position as a director or officer of the Company.

Related party transactions may be proposed from time to time. Any such transactions occur in the normal course of business, and the terms and conditions of the transactions are no more favourable than those available, or which might reasonably be expected to be available, for similar transactions with unrelated entities on an arms' length basis.

### 11.3 Interests of Directors

Other than as set out elsewhere in this Prospectus, no Director holds, or has held within the two years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services rendered in connection with the formation or promotion of the Company or the Offer.

## 11.4 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds, or in the past two years has held, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer;

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

For completeness, it is noted that a Partner of Gilbert & Tobin who has not been involved in this Offer, is a director, but not a shareholder, of Rangewood Pty Limited which as at the date of this Prospectus holds 200,000 Shares.

During the 24 months preceding lodgement of this Prospectus with ASIC the Company or its wholly owned subsidiaries have paid the following fees to experts and advisors named in this Prospectus:

**Table 41 – Interests of Experts and advisors**

	Approximate Fees (including disbursements) paid from incorporation to date for other services provided (excluding GST) \$	Estimated fees of the Offer (excluding GST) \$
Euroz Securities Limited	\$847,778	\$1,010,830, being the estimate of total fees payable under the IPO Mandate, assuming the Offer is successful and the Company is admitted to the Official List of the ASX
Bell Potter Securities Limited	Nil	\$189,170, being the estimate of total fees payable under the Co-Lead Manager IPO Mandate to the Co-Lead Manager, assuming the Offer is successful and the Company is admitted to the Official List of the ASX
BDO Corporate Finance (WA) Pty Ltd	Nil	\$17,000 for acting as Investigating Accountant and preparing Investigating Accountant Report in Section 9
BDO Audit (WA) Pty Ltd	\$17,005	Nil
Gilbert & Tobin	\$460,358	\$250,000 for acting as solicitor to the Company in relation to the Offer.

	Approximate Fees (including disbursements) paid from incorporation to date for other services provided (excluding GST) \$	Estimated fees of the Offer (excluding GST) \$
Latham Watkins	\$543,804	\$17,000 for providing legal advice in connection with ATM and its contractual arrangements.
BETA Land Services	\$229,637	\$17,000 for the Preparation of the report in Section 7 entitled Tuscaloosa Marine Shale Leasehold Title Report and Summary of Mineral Rights, and Oil and Gas Leasing in Louisiana and Mississippi.
Cuatrecasas, Goncalves Pereira	\$17,480	\$1,000 for the preparation of the report in Section 7 entitled Attorney's Report regarding Australis Oil & Gas Portugal.
Netherland, Sewell & Associates, Inc.	\$93,939	\$17,500 for the preparation of the of the Technical Experts Report for the Portuguese Assets in Section 8 entitled Estimates of Contingent and Prospective Resources to the Australis Oil & Gas Working Interest in Certain Oil Discoveries in Lusitanian Basin, Portugal.
South Texas Reservoir Alliance LLC	\$292,143	\$17,500 for the preparation of the Technical Experts Report for the TMS Asset in Section 8 entitled Contingent Resource Report covering Certain Tuscaloosa Marine Shale Properties.
Computershare	Nil	\$5,000 for acting as share registry.

## 11.5 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;
- (c) has given and has not, before the date of lodgement of this Prospectus with ASIC, withdrawn its written consent:
  - (i) to be named in this Prospectus in the form and context which it is named; and
  - (ii) to the inclusion in this Prospectus of the statement(s) and / or report(s) (if any) by that person in the form and context in which they appears in this Prospectus.

**Table 42 – Consents**

Name	Role	Statement / Report
Euroz Securities Limited	Lead Manager	Not applicable
Bell Potter Securities Limited	Co-Lead Manager	Not applicable
Zero Nominees Limited	Not applicable	Statement in relation to its intention to distribute Shares
BDO Corporate Finance (WA) Pty Ltd	Investigating Accountant	Investigating Accountant's Report in Section 9 and any other references to its contents in this Prospectus
BDO Audit (WA) Pty Ltd	Auditor	Audited Financial Reports for the periods ended 31 December 2015 and 31 March 2016 which appear in the Investigating Accountant's Report in Section 9 and any other references to those in this Prospectus
Gilbert & Tobin	Australian Lawyers	Not applicable
Latham & Watkins LLP	USA Lawyers	Not applicable
BETA Land Services	USA Professional Land Services Organisation	BETA Land Services Report– Title in Section 7 and any other references to its contents in this Prospectus including but not limited to Section 10.9.
Cuatrecasas, Goncalves Pereira	Portuguese Lawyers	Cuatrecasas, Goncalves Pereira Report in Section 7 and any other references to its contents in this Prospectus.
Netherland, Sewell & Associates, Inc.	Independent Technical Expert – Portugal	Netherland, Sewell & Associates, Inc. Report – in Section 8 and any other references to its contents in this Prospectus, including but not limited to Contingent and Prospective Resources of the Concessions.

Name	Role	Statement / Report
Mr Nathan C. Shahan and Mr Patrick L. Higgs	Qualified Reserves and Resources Evaluators	The estimated Petroleum Resources, Contingent Resources and Prospective Resources in the Concessions and the form and context in which those and the supporting information are presented.
South Texas Reservoir Alliance LLC	Independent Technical Expert – TMS	STXRA Report –in Section 8 and any other references to it in this Prospectus, including but not limited to Contingent and Prospective Resources in the TMS Leases.
Mr Sean Fitzgerald and Ms Cynthia (Cindy) Welch	Qualified Reserves and Resources Evaluators	The estimated Petroleum Resources, Contingent Resources and Prospective Resources in the US Leases and the form and context in which those and the supporting information are presented.
Computershare Investor Services Pty Ltd	Share registry	Not applicable

None of the consenting parties has authorised or caused the issue of this Prospectus and does not make any offer of Shares.

## 11.6 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$1,689,500:

**Table 43 – Expenses of the Offer**

<b>Item of expenditure</b>	<b>\$ estimate</b>
ASIC fees	2,500
ASX fees	130,000
Lead Manager and Co-Lead Manager fees, being the fees under the IPO Mandate	1,200,000
Australian legal fees	250,000
US legal fees	17,000
Independent Technical Expert Reports	35,000
BETA Land Services Inc report entitled Tuscaloosa Marine Shale Leasehold Title Report and Summary of Mineral Rights, and Oil and Gas Leasing in Louisiana and Mississippi, and Cuatrecasas, Goncalves Pereira report entitled Attorney's Report regarding Australis Oil & Gas Portugal	18,000
Investigating Accountant's fees	17,000
Printing and distribution	10,000
General Meeting and share registry costs	10,000
<b>Total</b>	<b>\$1,689,500</b>

## 11.7 Litigation

So far as the Directors are aware, other than as described below or elsewhere in this Prospectus, there is no current or threatened civil litigation, arbitration, proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned or which is likely to have a material adverse impact on the business or financial position of the Company.

## 11.8 Dividend Policy

The extent, timing and payment of any dividends in the future will be determined by the Directors based on a number of factors, including future earnings and financial performance and position of the Company.

At the date of issue of this Prospectus the Directors do not intend to declare or pay any dividends in the immediately foreseeable future.

Any future determination as to the payment of dividends by the Company will be at the sole discretion of the Directors and will depend on the availability of the distributable earnings, operational results and financial position of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Directors.

## **11.9 Documents Available for Inspection**

The following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 11.5.

## **11.10 Continuous Disclosure Obligations**

The Company will be a “disclosing entity” after Listing (as defined in section 111AC of the Corporation Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities, subject to certain exceptions.

Price sensitive information will be publically released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

## **11.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statements that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holdings in the Company during the preceding month.

## 11.12 Regulatory Relief and Ownership Restrictions

### (a) ASIC exemptions and relief

ASIC has confirmed that the Company has until 11 May 2017 to hold its first annual general meeting. The Company sought an exemption from the provisions of section 707(3) of the Corporations Act; section 707(3) of the Corporations Act requires certain disclosures to be made to securityholders in connection with the issue of securities in order to permit the sale of those securities with 12 months of their issue. This exemption has not been granted as at the date of this Prospectus.

### (b) ASX waiver

The Company has applied for a number of the following in-principle determinations from the ASX, as described below. The in-principle determinations have not been formally granted as at the date of this Prospectus. The Company has sought that the ASX confirm:

- that Australis' structure and operations are appropriate for a listed entity;
- that Australis may seek admission to the official list of ASX under the assets test in Listing Rule 1.3 and that, in the ASX's opinion, Australis has adequate commitments to spend at least half of its cash for the purposes of ASX Listing Rule 1.3.5;
- that it considers the financial disclosure in this Prospectus is appropriate;
- that it will grant quotation of Shares in the Company subject to usual conditions;
- that the resource reports contained in this Prospectus are compliant with the ASX Listing Rules and, in ASX's opinion, appropriate for inclusion in the Offer documents;
- that the form of the Company's constitution is acceptable pursuant to condition 2 of Listing Rule 1.1;
- that provided a summary of the Plan (set out in Section 10.15) is included in the Prospectus, the Plan will be eligible for exception 9 of ASX Listing Rule 7.2 and that the form of Plan is acceptable;
- the operation of ASX Listing Rule 7.1 in relation to the potential issue of Shares under a preferential right contained in the JDA with Paloma;
- that the Options disclosed in this Prospectus (and any Shares issued on exercise) will, if disclosed in the Prospectus, be considered to have been approved for the purposes of ASX Listing Rule 10.11 and all other purposes;
- that the Shareholder approval obtained on 27 June 2016 will be sufficient for the purposes of ASX Listing Rule 10.17A;
- the Option terms disclosed in this Prospectus are considered appropriate and equitable for a listed entity for the purposes of the ASX Listing Rules (quotation is not being sought for the Options);
- that the restrictions in Appendix 9B do not apply to the Company other than:
  - clause 3, which applies to all the Shares issued as consideration for the purchase of APL, which will be restricted for 24 months from quotation;
  - clause 1 (and 9), which applies to all options (which were free attaching or issued under remuneration arrangements) and (other than the Shares issued as consideration for the purchase of APL) those Shares remaining after application of the cash formula, which are held by Directors or their related parties as defined in the Listing Rules, which will be restricted for 24 months from quotation; and

- clause 2, which applies to all free attaching \$0.275 (Series A) options from the interim raising in May 2016, which will be restricted for 12 months from issue

and that the restriction agreements may be executed pursuant to a power of attorney provided for in the certain shareholder deeds executed as part of the interim raisings, which shareholder deeds terminate on the Shares being admitted to Official Quotation;

- whether certain employees qualify as promoters due to their involvement in the Offer; and
- our proposed timetable for the Offer is acceptable.

### **11.13 Privacy Act**

If you complete a Broker Firm Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Registry.

You can access, correct and update the personal information that the Company or the Registry holds about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Broker Firm Application Form, the Company may not be able to accept or process your application.

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## 12 Directors' Consent

This Prospectus is issued by Australis Oil & Gas Limited and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented in writing to the lodgement of this Prospectus with ASIC.



Jon Stewart  
Chairman  
**FOR AND ON BEHALF OF AUSTRALIS OIL & GAS LIMITED**

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## 13 Annexure A – Rights attaching to Shares

### (a) General

The rights attaching to ownership of the Shares are detailed in the Constitution of the Company and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law. A copy of the Company's constitution may be inspected during normal business hours at the registered office of the Company.

The following is a broad summary of the more significant rights, privileges and restrictions attaching to the Company's Shares upon listing on ASX. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders in the Company. To obtain such a statement, persons should seek independent legal advice.

All Shares issued pursuant to this Prospectus will, from the time that they are issued, rank equally with the Company's existing issued Shares.

### (b) Voting

At a general meeting, every member present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each fully paid Share held. On a poll, partly paid Shares confer a fraction of a vote pro-rata to the amount paid up on the Share.

A poll may be demanded before a vote for a show of hands is taken, or before or immediately after the declaration of the result of the show of hands by the chair of the meeting, by at least five Shareholders present and entitled to vote on the resolution or by any one or more Shareholders representing at least 5% of the votes that may be cast on the resolution on a poll.

### (c) Dividends

Subject to the Corporations Act, the ASX Listing Rules, and the Constitution, the Directors may pay interim, special or final dividends as, in their judgment, the financial position of the Company justifies.

Subject to any special terms and conditions of issue, the amount which the Directors from time to time determine to distribute by way of dividend are divisible among the members in proportion to the amounts paid up on the Shares held by them. Interest is not payable by the Company in respect of any dividend.

### (d) Issue of shares

Subject to the Constitution, the ASX Listing Rules and the ASX Settlement Operating Rules, the Directors have the right to issue shares or grant options over unissued shares to any person and they may do so at such times as they think fit and on the conditions they think fit. Such shares may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise as the Directors think fit.

### (e) Variation of class rights

The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied:

- (a) with the written consent of the holders of 75% of the shares of the class; or
- (b) by a special resolution passed at a separate meeting of the holders of shares of the class.

**(f) Transfer of shares**

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, holders of Shares may transfer them by a proper transfer effected in accordance with the ASX Settlement Operating Rules or an instrument in writing in any usual form or in any other form that the Directors approve.

The Directors may decline to register a transfer of Shares for reasons including where the transfer is not in registrable form or where the refusal to register the transfer is permitted under the ASX Listing Rules or the ASX Settlement Operating Rules. If the Directors decline to register a transfer the Company must give the party lodging the transfer, written notice of the refusal and the reason for refusal. The Directors decision to decline to register the transfer or to apply for a holding lock is not invalidated if that notice is not given.

**(g) Small holdings**

The Directors may sell the Shares of a Shareholder if that Shareholder holds less than a marketable parcel of Shares, provided that the procedures set out in the Constitution are followed. A non-marketable parcel of Shares is defined in the ASX Listing Rules and is, generally, a holding of shares with a market value of less than \$500.

**(h) Restricted Securities**

In the event of a breach of the ASX Listing Rules or a breach of a restriction agreement entered into by the Company under the ASX Listing Rules relating to Restricted Securities (as defined in the ASX Listing Rules), the Shareholder holding the Restricted Shares in question shall cease to be entitled to any dividends, distribution or any voting rights in respect of those Restricted Securities during the period of such breach.

**(i) General meetings and notices**

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, each member is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to members under the Constitution or the Corporations Act. Shareholders may requisition meetings in accordance with the Corporations Act and the Constitution.

**(j) Winding up**

Subject to any special or preferential rights attaching to any class or classes of shares, members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the shares held by them, less any amounts which remain unpaid on these shares at the time of distribution. Any amount unpaid on a share is the property of the Company and may be required to be contributed to the Company in the event of a winding up.

**(k) Proportional takeover provisions**

The Constitution contains provisions for shareholder approval in relation to any proportional takeover bid. The provision will lapse unless it is renewed in accordance with the Corporations Act within three years from the date of its adoption.

**(l) Directors – appointment and removal**

The minimum number of Directors is three and the maximum is 12 or such lower number as the Directors are authorised to determine. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that one third of the Directors and any Director who has held office for three or more years or three or more annual general meetings (excluding the managing director or, if there is more than one managing director, the first of them to be appointed) retires at each annual general meeting of the Company. The Directors may also

appoint a Director to fill a casual vacancy on the Board in addition to the Directors who will then hold office until the next annual general meeting of the Company.

**(m) Directors – voting**

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of a tied vote, the Chair does not have a second or casting vote.

**(n) Directors' remuneration**

Each Director is entitled to remuneration out of the funds of the Company as the Directors determine, but the remuneration of non-executive Directors may not exceed in any year the amount fixed in general meeting. The Constitution also makes provision for the Company to pay all expenses of Directors in attending meetings and carrying out their duties and for the payment of additional fees for extra services or special exertions. Any change to that maximum aggregate sum needs to be approved by Shareholders.

**(o) Alteration of share capital**

Subject to the ASX Listing Rules, the Constitution and the Corporations Act, the Company may alter its share capital.

**(p) Preference shares**

The Company may issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution.

**(q) Variation of the Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of members present and voting at a general meeting of the Company. The Company must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

**(r) Share buy-backs**

The Company may buy back shares in accordance with the provisions of the Corporations Act.

**(s) Dividend plan**

The Constitution contains a provision allowing Directors to implement a dividend reinvestment plan and a dividend selection plan.

**(t) ASX Listing Rules**

As the Company is listed on ASX, the Constitution provides that notwithstanding anything in the Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the ASX Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the ASX Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

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## 14 Annexure B – Rights attaching to Options

Some of the Options contain provisions which accelerate vesting on a loss of employment. These provisions were approved at the Shareholder meeting on 27 June 2016.

### \$0.25 Options

- 1) Each Option entitles the holder to subscribe for and be issued one ordinary share in Australis Oil & Gas Holdings Pty Ltd (**Australis** or the **Company**) upon payment of the exercise price.
- 2) The exercise price is A\$0.25 per option.
- 3) The Options will expire at 5pm AWST on 31 December 2020 (**Option Expiry Date**). Options not exercised on or before the Expiry Date will lapse.
- 4) The Company will not apply to the Australian Stock Exchange Limited (**ASX**) for official quotation of the Options.
- 5) There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options except upon exercise of the Options.
- 6) If the Company makes a pro rata issue (except a bonus issue) the exercise price of the Options will be reduced in accordance with the ASX Listing Rules.
- 7) If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the ASX Listing Rules.
- 8) Optionholders have the right to exercise any of their Options that have become exercisable in accordance with (b) above, prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the term of the Options.
- 9) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- 10) The Options shall be exercisable in accordance with these terms at any time on or before the Option Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the Optionholder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some Options shall not affect the rights of the Optionholders to the balance of Options held by him or her.
- 11) The ordinary Shares allotted shall rank, from date of allotment, equally with the existing ordinary Shares of the Company in all respects.
- 12) The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- 13) The Company will apply for official quotation by ASX of the Shares issued upon exercise of the Options if the ordinary Shares of the Company are quoted at that time.
- 14) The Options are not transferable, unless:
  - i) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or
  - ii) such assignment or transfer occurs by force of law upon the death of a holder of an Option to the holder's legal personal representative.
- 15) The Options will be recorded on the Company's register of Optionholders maintained at the share registry. The register will be open for inspection by the Optionholders free of charge. Shares to be allotted on exercise of the Options will be recorded on the Company's share register.

- 16) In the event the Company applies for and is listed on ASX, if there is any inconsistency between any of the preceding terms and conditions and the ASX Listing Rules, then the ASX Listing Rules prevail to the extent of the inconsistency.
- 17) Notwithstanding any other terms and conditions, all options will vest and may be exercised:
- i) During a Bid Period
  - ii) At any time after a Change in Control or Sale of Major Asset event has occurred
  - iii) On an application under section 411 of the Corporations Act if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

In these terms and conditions:

**“Bid Period”** in relation to a takeover bid in respect to Shares in the Company, has meaning defined in section 9 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder’s statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement.

**“Change of Control”** means a shareholder, or a group of associated shareholders

- i) Becoming entitled to sufficient Shares in the company to give it or them the ability, in general meeting, to replace all or a majority of the Board; or,
- ii) Gaining the ability to control more than 50% of the Voting Power (as defined in the Corporations Act) in the Company.

**“Sale of Major Asset”** means the disposal of assets of the Company or its subsidiaries representing in excess of 50% of the consolidated net assets of the Company.

### **\$0.275 (Series A) Options**

- 1) Each Option entitles the holder to subscribe for and be issued one ordinary share in Australis Oil & Gas Holdings Pty Ltd (Australis or the Company) upon payment of the exercise price and subject to these terms.
- 2) The exercise price is A\$0.275 per Option.
- 3) The Options will expire at 5pm AWST on 30 June 2019 (Expiry Date). Options not exercised on or before the Expiry Date will lapse.
- 4) The Company will not apply to the Australian Securities Exchange Limited (ASX) for official quotation of the Options.
- 5) Prior to the Company being admitted to the ASX:
  - a) The Options are exercisable at any time, and
  - b) The Shares resulting from the exercise of Options will be subject to the Deed entered into by the Option holder at the time of application for the Options.
- 6) On and from the Company being admitted to ASX the Options are exercisable at any time that:
  - a) Australis is able to issue a cleansing notice under s708A of the Corporations Act (which for the avoidance of doubt will not include at least the first three months after the quotation of the Shares on the ASX) or has been granted relief such that the Shares issued on exercise are freely tradeable; and
  - ii) is during either the period of thirty (30) days immediately prior to the Expiry Date, or the period of fifteen (15) business days immediately following the release on ASX of the Australis:
    - i) Appendix 4C (Quarterly cash flow report);
    - ii) half-yearly financial statement or
    - iii) annual audited financial statement.
- 7) The Options shall be exercisable in accordance with these terms and during the periods set out in 6) above by the delivery to the registered office of the Company of a notice in writing stating the intention of the Optionholder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the exercise price multiplied by the number of Options being exercised. Subject to 6) above the Company will allot the relevant Shares as soon as practicable but in any case within fifteen 15 business days of receipt of the exercise notice. An exercise of only some Options shall not affect the rights of the Optionholders to the balance of Options held by him or her.
- 8) There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options except upon exercise of the Options.
- 9) If the Company makes a pro rata issue (except a bonus issue) the exercise price of the Options will be reduced in accordance with the ASX Listing Rules.
- 10) If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the ASX Listing Rules.
- 11) Optionholders have the right to exercise any of their Options in accordance with these terms, prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the term of the Options.
- 12) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- 13) The ordinary Shares allotted shall rank, from date of allotment, equally with the existing ordinary Shares of the Company in all respects.

- 14) The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- 15) The Company will apply for official quotation by ASX of the Shares issued upon allotment of the Shares if the ordinary Shares of the Company are quoted at that time.
- 16) The Options are not transferable, unless:
  - a) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or
  - b) such assignment or transfer occurs by force of law upon the death of a holder of an Option to the holder's legal personal representative or
  - c) the Company has been admitted to the official list of the ASX and the transfer is to a person to whom disclosure is not required under Part 6D.2 of the Corporations Act.
- 17) The Options will be recorded on the Company's register of Optionholders maintained at the share registry. The register will be open for inspection by the Optionholders free of charge. Shares to be allotted on exercise of the Options will be recorded on the Company's share register.
- 18) In the event the Company applies for and is listed on ASX, if there is any inconsistency between any of the preceding terms and conditions and the ASX Listing Rules, then the ASX Listing Rules prevail to the extent of the inconsistency.

### **\$0.30 (Series A) Options**

- 1) Each Option entitles the holder to subscribe for and be issued one ordinary share in Australis Oil & Gas Holdings Pty Ltd (Australis or the Company) upon payment of the exercise price.
- 2) The exercise price is A\$0.30 per option.
- 3) The Options will vest subject to the holder remaining in the employment or as an officer of the Company or Group Company for a minimum period of 12 months from the date of grant.
- 4) If a Participant's employment or position as an officer of the Company or Group Company ceases because of an Uncontrollable Event:
  - (i) all of the Option Holder's unvested options will vest and ;
  - (ii) the Option Holder may, at any time prior to the first to occur of:
    - (A) the Expiry Date; and
    - (B) 12 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Option Holder ceased that employment or position exercise all vested options.
- 5) The Options will expire at 5pm AWST on 31 December 2020 (**Option Expiry Date**). Options not exercised on or before the Expiry Date will lapse.
- 6) The Company will not apply to the Australian Stock Exchange Limited (**ASX**) for official quotation of the Options.
- 7) There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options except upon exercise of the Options.
- 8) If the Company makes a pro rata issue (except a bonus issue) the exercise price of the Options will be reduced in accordance with the ASX Listing Rules.
- 9) If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the ASX Listing Rules.
- 10) Optionholders have the right to exercise any of their Options that have become exercisable in accordance with (b) above, prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the term of the Options.
- 11) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- 12) The Options shall be exercisable in accordance with these terms at any time on or before the Option Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the Optionholder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some Options shall not affect the rights of the Optionholders to the balance of Options held by him or her.
- 13) The ordinary Shares allotted shall rank, from date of allotment, equally with the existing ordinary Shares of the Company in all respects.
- 14) The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- 15) The Company will apply for official quotation by ASX of the Shares issued upon exercise of the Options if the ordinary Shares of the Company are quoted at that time.
- 16) The Options are not transferable, unless:

- (iii) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or
  - (iv) such assignment or transfer occurs by force of law upon the death of a holder of an Option to the holder's legal personal representative.
- 17) The Options will be recorded on the Company's register of Optionholders maintained at the share registry. The register will be open for inspection by the Optionholders free of charge. Shares to be allotted on exercise of the Options will be recorded on the Company's share register.
- 18) In the event the Company applies for and is listed on ASX, if there is any inconsistency between any of the preceding terms and conditions and the ASX Listing Rules, then the ASX Listing Rules prevail to the extent of the inconsistency.
- 19) Notwithstanding any other terms and conditions, all options will vest and may be exercised:
- i) During a Bid Period
  - ii) At any time after a Change in Control or Sale of Major Asset event has occurred
  - iii) On an application under section 411 of the Corporations Act if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

In these terms and conditions:

**"Bid Period"** in relation to a takeover bid in respect to Shares in the Company, has meaning defined in section 9 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement.

**"Change of Control"** means a shareholder, or a group of associated shareholders

- a) Becoming entitled to sufficient Shares in the company to give it or them the ability, in general meeting, to replace all or a majority of the Board; or,
- b) Gaining the ability to control more than 50% of the Voting Power (as defined in the Corporations Act) in the Company.

**"Sale of Major Asset"** means the disposal of assets of the Company or its subsidiaries representing in excess of 50% of the consolidated net assets of the Company.

**"Uncontrollable Event"** means death, serious injury, disability or illness which renders a Participant incapable of continuing employment or position with a Group Company, forced early retirement, retrenchment or redundancy, or such other circumstances which results in the Participant leaving the employment or position of a Group Company and which the Board determines is an Uncontrollable Event.

### **\$0.30 (Series B) Options**

- 1) Each Option entitles the holder to subscribe for and be issued one ordinary share in Australis Oil & Gas Holdings Pty Ltd (**Australis** or the **Company**) upon payment of the exercise price.
- 2) The exercise price is A\$0.30 per option.
- 3) The Options will vest subject to the holder remaining in the employment or as an officer of the Company or Group Company from the date of grant to 13 November 2016.
- 4) If a holder's employment or position as an officer of the Company or Group Company ceases because of an Uncontrollable Event:
  - (i) all of the holder's unvested options will vest and ;
  - (ii) the holder may, at any time prior to the first to occur of:
    - (A) the Expiry Date; and
    - (B) 12 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the holder ceased that employment or position exercise all vested options.
- 5) The Options will expire at 5pm AWST on 31 December 2020 (**Expiry Date**). Options not exercised on or before the Expiry Date will lapse.
- 6) The Company will not apply to the Australian Stock Exchange Limited (**ASX**) for official quotation of the Options.
- 7) There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options except upon exercise of the Options.
- 8) If the Company makes a pro rata issue (except a bonus issue) the exercise price of the Options will be reduced in accordance with the ASX Listing Rules.
- 9) If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the ASX Listing Rules.
- 10) A holder has the right to exercise any of their Options that have become exercisable in accordance with (b) above, prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the term of the Options.
- 11) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- 12) The Options shall be exercisable in accordance with these terms at any time on or before the Option Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some Options shall not affect the rights of a holder to the balance of Options held by him or her.
- 13) The ordinary Shares allotted shall rank, from date of allotment, equally with the existing ordinary Shares of the Company in all respects.
- 14) The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- 15) The Company will apply for official quotation by ASX of the Shares issued upon exercise of the Options if the ordinary Shares of the Company are quoted at that time.
- 16) The Options are not transferable, unless:

- (i) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or
  - (ii) such assignment or transfer occurs by force of law upon the death of a holder of an Option to the holder's legal personal representative.
- 17) The Options will be recorded on the Company's Register of Optionholders maintained at the share registry. The register will be open for inspection by the holder free of charge. Shares to be allotted on exercise of the Options will be recorded on the Company's share register.
- 18) In the event the Company applies for and is listed on ASX, if there is any inconsistency between any of the preceding terms and conditions and the ASX Listing Rules, then the ASX Listing Rules prevail to the extent of the inconsistency.
- 19) Subject to the ASX Listing Rules and notwithstanding any other terms and conditions, all options will vest and may be exercised:
- i) During a Bid Period
  - ii) At any time after a Change in Control or Sale of Major Asset event has occurred
  - iii) On an application under section 411 of the Corporations Act if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

In these terms and conditions:

**“Board”** means the board of directors of the Company from time to time

**“Bid Period”** in relation to a takeover bid in respect to Shares in the Company, has meaning defined in section 9 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement.

**“Change of Control”** means a shareholder, or a group of associated shareholders

- i) becoming entitled to sufficient Shares in the company to give it or them the ability, in general meeting, to replace all or a majority of the Board; or,
- ii) gaining the ability to control more than 50% of the Voting Power (as defined in the Corporations Act) in the Company.

**“Corporations Act”** means *Corporations Act 2001* (Cth)

**“Group”** means the Company and its subsidiaries

**“Group Company”** means a member of the Group

**“Sale of Major Asset”** means the disposal of assets of the Company or its subsidiaries representing in excess of 50% of the consolidated net assets of the Company.

**“Uncontrollable Event”** means death, serious injury, disability or illness which renders a holder incapable of continuing employment or position with a Group Company, forced early retirement, retrenchment or redundancy, or such other circumstances which results in the Participant leaving the employment or position of a Group Company and which the Board determines is an Uncontrollable Event.

### **\$0.35 (Series A) Options**

- 1) Each Option entitles the holder to subscribe for and be issued one ordinary share in Australis Oil & Gas Holdings Pty Ltd (Australis or the Company) upon payment of the exercise price.
- 2) The exercise price is A\$0.35 per option.
- 3) The Options will vest subject to the holder remaining in the employment or as an officer of the Company or Group Company for a minimum period of 24 months from the date of grant.
- 4) If a Participant's employment or position as an officer of the Company or Group Company ceases because of an Uncontrollable Event:
  - i) all of the Option Holder's unvested options will vest and ;
  - ii) the Option Holder may, at any time prior to the first to occur of:
    - i) the Expiry Date; and
    - ii) 12 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Option Holder ceased that employment or position

exercise all vested options.
- 5) The Options will expire at 5pm AWST on 31 December 2022 (**Option Expiry Date**). Options not exercised on or before the Expiry Date will lapse.
- 6) The Company will not apply to the Australian Stock Exchange Limited (**ASX**) for official quotation of the Options.
- 7) There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options except upon exercise of the Options.
- 8) If the Company makes a pro rata issue (except a bonus issue) the exercise price of the Options will be reduced in accordance with the ASX Listing Rules.
- 9) If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the ASX Listing Rules.
- 10) Optionholders have the right to exercise any of their Options that have become exercisable in accordance with (b) above, prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the term of the Options.
- 11) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- 12) The Options shall be exercisable in accordance with these terms at any time on or before the Option Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the Optionholder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some Options shall not affect the rights of the Optionholders to the balance of Options held by him or her.
- 13) The ordinary Shares allotted shall rank, from date of allotment, equally with the existing ordinary Shares of the Company in all respects.
- 14) The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- 15) The Company will apply for official quotation by ASX of the Shares issued upon exercise of the Options if the ordinary Shares of the Company are quoted at that time.
- 16) The Options are not transferable, unless:

- i) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or
  - ii) such assignment or transfer occurs by force of law upon the death of a holder of an Option to the holder's legal personal representative.
- 17) The Options will be recorded on the Company's register of Optionholders maintained at the share registry. The register will be open for inspection by the Optionholders free of charge. Shares to be allotted on exercise of the Options will be recorded on the Company's share register.
- 18) In the event the Company applies for and is listed on ASX, if there is any inconsistency between any of the preceding terms and conditions and the ASX Listing Rules, then the ASX Listing Rules prevail to the extent of the inconsistency.
- 19) Notwithstanding any other terms and conditions, all options will vest and may be exercised:
  - i) During a Bid Period
  - ii) At any time after a Change in Control or Sale of Major Asset event has occurred
  - iii) On an application under section 411 of the Corporations Act if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

In these terms and conditions:

**“Bid Period”** in relation to a takeover bid in respect to Shares in the Company, has meaning defined in section 9 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement.

**“Change of Control”** means a shareholder, or a group of associated shareholders

- i) Becoming entitled to sufficient Shares in the company to give it or them the ability, in general meeting, to replace all or a majority of the Board; or,
- ii) Gaining the ability to control more than 50% of the Voting Power (as defined in the Corporations Act) in the Company.

**“Sale of Major Asset”** means the disposal of assets of the Company or its subsidiaries representing in excess of 50% of the consolidated net assets of the Company.

**“Uncontrollable Event”** means death, serious injury, disability or illness which renders a Participant incapable of continuing employment or position with a Group Company, forced early retirement, retrenchment or redundancy, or such other circumstances which results in the Participant leaving the employment or position of a Group Company and which the Board determines is an Uncontrollable Event.

### **\$0.35 (Series B) Options**

- 1) Each Option entitles the holder to subscribe for and be issued one ordinary share in Australis Oil & Gas Holdings Pty Ltd (Australis or the Company) upon payment of the exercise price.
- 2) The exercise price is A\$0.35 per option.
- 3) The Options will vest subject to the holder remaining in the employment or as an officer of the Company or Group Company for a minimum period of 36 months from the date of grant.
- 4) If a Participant's employment or position as an officer of the Company or Group Company ceases because of an Uncontrollable Event:
  - i) all of the Option Holder's unvested options will vest and ;
  - ii) the Option Holder may, at any time prior to the first to occur of:
    - A. the Expiry Date; and
    - B. 12 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Option Holder ceased that employment or positionexercise all vested options.
- 5) The Board in its absolute discretion may determine the extent to which any unvested options that have not lapsed will become vested.
- 6) The Options will expire at 5pm AWST on 31 December 2022 (**Option Expiry Date**). Options not exercised on or before the Expiry Date will lapse.
- 7) The Company will not apply to the Australian Stock Exchange Limited (**ASX**) for official quotation of the Options.
- 8) There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options except upon exercise of the Options.
- 9) If the Company makes a pro rata issue (except a bonus issue) the exercise price of the Options will be reduced in accordance with the ASX Listing Rules.
- 10) If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the ASX Listing Rules.
- 11) Optionholders have the right to exercise any of their Options that have become exercisable in accordance with (b) above, prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the term of the Options.
- 12) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- 13) The Options shall be exercisable in accordance with these terms at any time on or before the Option Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the Optionholder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some Options shall not affect the rights of the Optionholders to the balance of Options held by him or her.
- 14) The ordinary Shares allotted shall rank, from date of allotment, equally with the existing ordinary Shares of the Company in all respects.
- 15) The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- 16) The Company will apply for official quotation by ASX of the Shares issued upon exercise of the Options if the ordinary Shares of the Company are quoted at that time.

- 17) The Options are not transferable, unless:
- i) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or
  - ii) such assignment or transfer occurs by force of law upon the death of a holder of an Option to the holder's legal personal representative.
- 18) The Options will be recorded on the Company's register of Optionholders maintained at the share registry. The register will be open for inspection by the Optionholders free of charge. Shares to be allotted on exercise of the Options will be recorded on the Company's share register.
- 19) In the event the Company applies for and is listed on ASX, if there is any inconsistency between any of the preceding terms and conditions and the ASX Listing Rules, then the ASX Listing Rules prevail to the extent of the inconsistency.
- 20) Notwithstanding any other terms and conditions, all options will vest and may be exercised:
- i) During a Bid Period
  - ii) At any time after a Change in Control or Sale of Major Asset event has occurred
  - iii) On an application under section 411 of the Corporations Act if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

In these terms and conditions:

**"Bid Period"** in relation to a takeover bid in respect to Shares in the Company, has meaning defined in section 9 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement.

**"Change of Control"** means a shareholder, or a group of associated shareholders

- a) Becoming entitled to sufficient Shares in the company to give it or them the ability, in general meeting, to replace all or a majority of the Board; or,
- b) Gaining the ability to control more than 50% of the Voting Power (as defined in the Corporations Act) in the Company.

**"Sale of Major Asset"** means the disposal of assets of the Company or its subsidiaries representing in excess of 50% of the consolidated net assets of the Company.

**"Uncontrollable Event"** means death, serious injury, disability or illness which renders a Participant incapable of continuing employment or position with a Group Company, forced early retirement, retrenchment or redundancy, or such other circumstances which results in the Participant leaving the employment or position of a Group Company and which the Board determines is an Uncontrollable Event.

### **\$0.35 (Series C) Options**

- 1) Each Option entitles the holder to subscribe for and be issued one ordinary share in Australis Oil & Gas Holdings Pty Ltd (**Australis** or the **Company**) upon payment of the exercise price.
- 2) The exercise price is A\$0.35 per option.
- 3) The Options will vest subject to the holder remaining in the employment or as an officer of the Company or Group Company from the date of grant to 13 November 2017.
- 4) If a holder's employment or position as an officer of the Company or Group Company ceases because of an Uncontrollable Event:
  - (i) all of the holder's unvested options will vest and ;
  - (ii) the holder may, at any time prior to the first to occur of:
    - (A) the Expiry Date; and
    - (B) 12 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the holder ceased that employment or position exercise all vested options.
- 5) The Options will expire at 5pm AWST on 31 December 2022 **Expiry Date**). Options not exercised on or before the Expiry Date will lapse.
- 6) The Company will not apply to the Australian Stock Exchange Limited (**ASX**) for official quotation of the Options.
- 7) There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options except upon exercise of the Options.
- 8) If the Company makes a pro rata issue (except a bonus issue) the exercise price of the Options will be reduced in accordance with the ASX Listing Rules.
- 9) If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the ASX Listing Rules.
- 10) A holder has the right to exercise any of their Options that have become exercisable in accordance with (b) above, prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the term of the Options.
- 11) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- 12) The Options shall be exercisable in accordance with these terms at any time on or before the Option Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some Options shall not affect the rights of a holder to the balance of Options held by him or her.
- 13) The ordinary Shares allotted shall rank, from date of allotment, equally with the existing ordinary Shares of the Company in all respects.
- 14) The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- 15) The Company will apply for official quotation by ASX of the Shares issued upon exercise of the Options if the ordinary Shares of the Company are quoted at that time.
- 16) The Options are not transferable, unless:
  - (i) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or

- (ii) such assignment or transfer occurs by force of law upon the death of a holder of an Option to the holder's legal personal representative.
- 17) The Options will be recorded on the Company's Register of Optionholders maintained at the share registry. The register will be open for inspection by the holder free of charge. Shares to be allotted on exercise of the Options will be recorded on the Company's share register.
- 18) In the event the Company applies for and is listed on ASX, if there is any inconsistency between any of the preceding terms and conditions and the ASX Listing Rules, then the ASX Listing Rules prevail to the extent of the inconsistency.
- 19) Subject to the ASX Listing Rules and notwithstanding any other terms and conditions, all options will vest and may be exercised:
  - (i) During a Bid Period
  - (ii) At any time after a Change in Control or Sale of Major Asset event has occurred
  - (iii) On an application under section 411 of the Corporations Act if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

In these terms and conditions:

**"Board"** means the board of directors of the Company from time to time

**"Bid Period"** in relation to a takeover bid in respect to Shares in the Company, has meaning defined in section 9 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement.

**"Change of Control"** means a shareholder, or a group of associated shareholders:

- (i) becoming entitled to sufficient Shares in the company to give it or them the ability, in general meeting, to replace all or a majority of the Board; or,
- (ii) gaining the ability to control more than 50% of the Voting Power (as defined in the Corporations Act) in the Company.

**"Corporations Act"** means *Corporations Act 2001* (Cth)

**"Group"** means the Company and its subsidiaries

**"Group Company"** means a member of the Group

**"Sale of Major Asset"** means the disposal of assets of the Company or its subsidiaries representing in excess of 50% of the consolidated net assets of the Company.

**"Uncontrollable Event"** means death, serious injury, disability or illness which renders a holder incapable of continuing employment or position with a Group Company, forced early retirement, retrenchment or redundancy, or such other circumstances which results in the Participant leaving the employment or position of a Group Company and which the Board determines is an Uncontrollable Event.

### **\$0.35 (Series D) Options**

- 1) Each Option entitles the holder to subscribe for and be issued one ordinary share in Australis Oil & Gas Holdings Pty Ltd (**Australis** or the **Company**) upon payment of the exercise price.
- 2) The exercise price is A\$0.35 per option.
- 3) The Options will vest subject to the holder remaining in the employment or as an officer of the Company or Group Company from the date of grant to 13 November 2018.
- 4) If a holder's employment or position as an officer of the Company or Group Company ceases because of an Uncontrollable Event:
  - (i) all of the holder's unvested options will vest and ;
  - (ii) the holder may, at any time prior to the first to occur of:
    - (A) the Expiry Date; and
    - (B) 12 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Option Holder ceased that employment or positionexercise all vested options.
- 5) The Board in its absolute discretion may determine the extent to which any unvested options that have not lapsed will become vested.
- 6) The Options will expire at 5pm AWST on 31 December 2022 (**Expiry Date**). Options not exercised on or before the Expiry Date will lapse.
- 7) The Company will not apply to the Australian Stock Exchange Limited (**ASX**) for official quotation of the Options.
- 8) There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options except upon exercise of the Options.
- 9) If the Company makes a pro rata issue (except a bonus issue) the exercise price of the Options will be reduced in accordance with the ASX Listing Rules.
- 10) If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the ASX Listing Rules.
- 11) A holder has the right to exercise any of their Options that have become exercisable in accordance with (b) above, prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the term of the Options.
- 12) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- 13) The Options shall be exercisable in accordance with these terms at any time on or before the Option Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some Options shall not affect the rights of a holder to the balance of Options held by him or her.
- 14) The ordinary Shares allotted shall rank, from date of allotment, equally with the existing ordinary Shares of the Company in all respects.
- 15) The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- 16) The Company will apply for official quotation by ASX of the Shares issued upon exercise of the Options if the ordinary Shares of the Company are quoted at that time.
- 17) The Options are not transferable, unless:

- (i) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or
  - (ii) such assignment or transfer occurs by force of law upon the death of a holder of an Option to the holder's legal personal representative.
- 18) The Options will be recorded on the Company's Register of Optionholders maintained at the share registry. The register will be open for inspection by the holder free of charge. Shares to be allotted on exercise of the Options will be recorded on the Company's share register.
- 19) In the event the Company applies for and is listed on ASX, if there is any inconsistency between any of the preceding terms and conditions and the ASX Listing Rules, then the ASX Listing Rules prevail to the extent of the inconsistency.
- 20) Subject to the ASX Listing Rules and notwithstanding any other terms and conditions, all options will vest and may be exercised:
- (i) During a Bid Period
  - (ii) At any time after a Change in Control or Sale of Major Asset event has occurred
  - (iii) On an application under section 411 of the Corporations Act if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

In these terms and conditions:

**“Board”** means the board of directors of the Company from time to time

**“Bid Period”** in relation to a takeover bid in respect to Shares in the Company, has meaning defined in section 9 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement.

**“Change of Control”** means a shareholder, or a group of associated shareholders

- i) becoming entitled to sufficient Shares in the company to give it or them the ability, in general meeting, to replace all or a majority of the Board; or,
- ii) gaining the ability to control more than 50% of the Voting Power (as defined in the Corporations Act) in the Company.

**“Corporations Act”** means *Corporations Act 2001* (Cth)

**“Group”** means the Company and its subsidiaries

**“Group Company”** means a member of the Group

**“Sale of Major Asset”** means the disposal of assets of the Company or its subsidiaries representing in excess of 50% of the consolidated net assets of the Company.

**“Uncontrollable Event”** means death, serious injury, disability or illness which renders a holder incapable of continuing employment or position with a Group Company, forced early retirement, retrenchment or redundancy, or such other circumstances which results in the Participant leaving the employment or position of a Group Company and which the Board determines is an Uncontrollable Event.

### **\$0.275 (Series B) Options**

- 1) Each Option entitles the holder to subscribe for and be issued one ordinary share in Australis Oil & Gas Holdings Pty Ltd (Australis or the Company) upon payment of the exercise price.
- 2) The exercise price is A\$0.275 per option.
- 3) The Options will vest subject to the holder remaining as a Director of the Company for a minimum period of 12 months from the date of grant.
- 4) If a Participant's employment or position as a Director ceases because of an Uncontrollable Event:
  - a) all of the Option Holder's unvested options will vest and ;
  - b) the Option Holder may, at any time prior to the first to occur of:
    - i) the Expiry Date; and
    - ii) 12 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Option Holder ceased that employment or position exercise all vested options.
- 5) The Options will expire at 5pm AWST on 24 May 2021 (**Option Expiry Date**). Options not exercised on or before the Expiry Date will lapse.
- 6) The Company will not apply to the Australian Stock Exchange Limited (ASX) for official quotation of the Options.
- 7) There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options except upon exercise of the Options.
- 8) If the Company makes a pro rata issue (except a bonus issue) the exercise price of the Options will be reduced in accordance with the ASX Listing Rules.
- 9) If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the ASX Listing Rules.
- 10) Optionholders have the right to exercise any of their Options that have become exercisable in accordance with (b) above, prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the term of the Options.
- 11) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- 12) The Options shall be exercisable in accordance with these terms at any time on or before the Option Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the Optionholder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some Options shall not affect the rights of the Optionholders to the balance of Options held by him or her.
- 13) The ordinary Shares allotted shall rank, from date of allotment, equally with the existing ordinary Shares of the Company in all respects.
- 14) The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- 15) The Company will apply for official quotation by ASX of the Shares issued upon exercise of the Options if the ordinary Shares of the Company are quoted at that time.
- 16) The Options are not transferable, unless:
  - a) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or

- b) such assignment or transfer occurs by force of law upon the death of a holder of an Option to the holder's legal personal representative.
- 17) The Options will be recorded on the Company's register of Optionholders maintained at the share registry. The register will be open for inspection by the Optionholders free of charge. Shares to be allotted on exercise of the Options will be recorded on the Company's share register.
- 18) In the event the Company applies for and is listed on ASX, if there is any inconsistency between any of the preceding terms and conditions and the ASX Listing Rules, then the ASX Listing Rules prevail to the extent of the inconsistency.
- 19) Notwithstanding any other terms and conditions, all options will vest and may be exercised:
- a) During a Bid Period
  - b) At any time after a Change in Control or Sale of Major Asset event has occurred
  - c) On an application under section 411 of the Corporations Act if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

In these terms and conditions:

**"Bid Period"** in relation to a takeover bid in respect to Shares in the Company, has meaning defined in section 9 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement.

**"Change of Control"** means a shareholder, or a group of associated shareholders

- i) Becoming entitled to sufficient Shares in the company to give it or them the ability, in general meeting, to replace all or a majority of the Board; or,
- ii) Gaining the ability to control more than 50% of the Voting Power (as defined in the Corporations Act) in the Company.

**"Sale of Major Asset"** means the disposal of assets of the Company or its subsidiaries representing in excess of 50% of the consolidated net assets of the Company.

**"Uncontrollable Event"** means death, serious injury, disability or illness which renders a Participant incapable of continuing employment or position with a Group Company, forced early retirement, retrenchment or redundancy, or such other circumstances which results in the Participant leaving the employment or position of a Group Company and which the Board determines is an Uncontrollable Event.

### **\$0.275 (Series C) Options**

- 1) Each Option entitles the holder to subscribe for and be issued one ordinary share in Australis Oil & Gas Holdings Pty Ltd (Australis or the Company) upon payment of the exercise price.
- 2) The exercise price is A\$0.275 per option.
- 3) The Options will vest subject to the holder remaining as a Director of the Company for a minimum period of 24 months from the date of grant.
- 4) If a Participant's employment or position as a Director ceases because of an Uncontrollable Event:
  - a) all of the Option Holder's unvested options will vest and ;
  - b) the Option Holder may, at any time prior to the first to occur of:
    - i) the Expiry Date; and
    - ii) 12 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Option Holder ceased that employment or position exercise all vested options.
- 5) The Options will expire at 5pm AWST on 24 May 2021 (Option Expiry Date). Options not exercised on or before the Expiry Date will lapse.
- 6) The Company will not apply to the Australian Stock Exchange Limited (ASX) for official quotation of the Options.
- 7) There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options except upon exercise of the Options.
- 8) If the Company makes a pro rata issue (except a bonus issue) the exercise price of the Options will be reduced in accordance with the ASX Listing Rules.
- 9) If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the ASX Listing Rules.
- 10) Optionholders have the right to exercise any of their Options that have become exercisable in accordance with (b) above, prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the term of the Options.
- 11) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- 12) The Options shall be exercisable in accordance with these terms at any time on or before the Option Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the Optionholder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some Options shall not affect the rights of the Optionholders to the balance of Options held by him or her.
- 13) The ordinary Shares allotted shall rank, from date of allotment, equally with the existing ordinary Shares of the Company in all respects.
- 14) The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- 15) The Company will apply for official quotation by ASX of the Shares issued upon exercise of the Options if the ordinary Shares of the Company are quoted at that time.
- 16) The Options are not transferable, unless:
  - a) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or

- b) such assignment or transfer occurs by force of law upon the death of a holder of an Option to the holder's legal representative.
- 17) The Options will be recorded on the Company's register of Optionholders maintained at the share registry. The register will be open for inspection by the Optionholders free of charge. Shares to be allotted on exercise of the Options will be recorded on the Company's share register.
- 18) In the event the Company applies for and is listed on ASX, if there is any inconsistency between any of the preceding terms and conditions and the ASX Listing Rules, then the ASX Listing Rules prevail to the extent of the inconsistency.
- 19) Notwithstanding any other terms and conditions, all options will vest and may be exercised:
- a) During a Bid Period
  - b) At any time after a Change in Control or Sale of Major Asset event has occurred
  - c) On an application under section 411 of the Corporations Act if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

In these terms and conditions:

**"Bid Period"** in relation to a takeover bid in respect to Shares in the Company, has meaning defined in section 9 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement.

**"Change of Control"** means a shareholder, or a group of associated shareholders

- a) Becoming entitled to sufficient Shares in the company to give it or them the ability, in general meeting, to replace all or a majority of the Board; or,
- b) Gaining the ability to control more than 50% of the Voting Power (as defined in the Corporations Act) in the Company.

**"Sale of Major Asset"** means the disposal of assets of the Company or its subsidiaries representing in excess of 50% of the consolidated net assets of the Company.

**"Uncontrollable Event"** means death, serious injury, disability or illness which renders a Participant incapable of continuing employment or position with a Group Company, forced early retirement, retrenchment or redundancy, or such other circumstances which results in the Participant leaving the employment or position of a Group Company and which the Board determines is an Uncontrollable Event.

### **\$0.275 (Series D) Options**

- 1) Each Option entitles the holder to subscribe for and be issued one ordinary share in Australis Oil & Gas Holdings Pty Ltd (Australis or the Company) upon payment of the exercise price.
- 2) The exercise price is A\$0.275 per option.
- 3) The Options will vest subject to the holder remaining as a Director of the Company for a minimum period of 36 months from the date of grant.
- 4) If a Participant's employment or position as a Director ceases because of an Uncontrollable Event:
  - a) all of the Option Holder's unvested options will vest and ;
  - b) the Option Holder may, at any time prior to the first to occur of:
    - i) the Expiry Date; and
    - ii) 12 months (or such other period as the Board shall, in its absolute discretion, determine) from the date on which the Option Holder ceased that employment or position exercise all vested options.
- 5) The Options will expire at 5pm AWST on 24 May 2021 (Option Expiry Date). Options not exercised on or before the Expiry Date will lapse.
- 6) The Company will not apply to the Australian Stock Exchange Limited (ASX) for official quotation of the Options.
- 7) There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options except upon exercise of the Options.
- 8) If the Company makes a pro rata issue (except a bonus issue) the exercise price of the Options will be reduced in accordance with the ASX Listing Rules.
- 9) If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the ASX Listing Rules.
- 10) Optionholders have the right to exercise any of their Options that have become exercisable in accordance with (b) above, prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the term of the Options.
- 11) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- 12) The Options shall be exercisable in accordance with these terms at any time on or before the Option Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the Optionholder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some Options shall not affect the rights of the Optionholders to the balance of Options held by him or her.
- 13) The ordinary Shares allotted shall rank, from date of allotment, equally with the existing ordinary Shares of the Company in all respects.
- 14) The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- 15) The Company will apply for official quotation by ASX of the Shares issued upon exercise of the Options if the ordinary Shares of the Company are quoted at that time.
- 16) The Options are not transferable, unless:
  - a) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or

- b) such assignment or transfer occurs by force of law upon the death of a holder of an Option to the holder's legal representative.
- 17) The Options will be recorded on the Company's register of Optionholders maintained at the share registry. The register will be open for inspection by the Optionholders free of charge. Shares to be allotted on exercise of the Options will be recorded on the Company's share register.
- 18) In the event the Company applies for and is listed on ASX, if there is any inconsistency between any of the preceding terms and conditions and the ASX Listing Rules, then the ASX Listing Rules prevail to the extent of the inconsistency.
- 19) Notwithstanding any other terms and conditions, all options will vest and may be exercised:
- a) During a Bid Period
  - b) At any time after a Change in Control or Sale of Major Asset event has occurred
  - c) On an application under section 411 of the Corporations Act if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

In these terms and conditions:

**"Bid Period"** in relation to a takeover bid in respect to Shares in the Company, has meaning defined in section 9 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement.

**"Change of Control"** means a shareholder, or a group of associated shareholders

- i) Becoming entitled to sufficient Shares in the company to give it or them the ability, in general meeting, to replace all or a majority of the Board; or,
- ii) Gaining the ability to control more than 50% of the Voting Power (as defined in the Corporations Act) in the Company.

**"Sale of Major Asset"** means the disposal of assets of the Company or its subsidiaries representing in excess of 50% of the consolidated net assets of the Company.

**"Uncontrollable Event"** means death, serious injury, disability or illness which renders a Participant incapable of continuing employment or position with a Group Company, forced early retirement, retrenchment or redundancy, or such other circumstances which results in the Participant leaving the employment or position of a Group Company and which the Board determines is an Uncontrollable Event.

## 15 Glossary

UNIT	MEASURE	UNIT	MEASURE
mmbbls	Millions of barrels of oil	bcf	Billion cubic feet
mmbbl/d	Millions of barrels of oil per day	bbl	Barrel of oil
mdbl/d	Thousands of barrels per day	bbl/d	Barrel of oil per day
mmscf/d	Millions of cubic feet of gas per day	km	Kilometres
mscf/d	Thousands of cubic feet of gas per day	km <sup>2</sup>	Square kilometres
bcm	Billions of cubic metres	scf	Cubic foot of gas

Term	Meaning
<b>AAPL</b>	American Association of Petroleum Landmen.
<b>Accounting Standards</b>	accounting standards, principles and practices applying by law or otherwise generally accepted and consistently applied in Australia.
<b>Annual WP&amp;B</b>	the Annual Work Program & Budget comprising the Land WP&B and Development Plan that is to be approved annually in advance by the Operating Committee pursuant to the JDA.
<b>API</b>	American Petroleum Institute gravity, a relative measurement of crude density.
<b>APL</b>	Australis Europe Pty Ltd ACN 168 643 981 (formerly known as Australis Oil & Gas Pty Ltd and as Australis Oil & Gas Limited (established in March 2014 by Messrs Stewart, Lusted and Dowland)).
<b>Applicant</b>	an investor that applies for Shares using a Broker Form Application Form pursuant to this Prospectus, and <b>Application</b> has a corresponding meaning.
<b>Application Monies</b>	the amount accompanying a Broker Firm Application Form submitted by an investor.
<b>Appraisal Assets</b>	as defined in Section 3.3(b).
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market operated by it.

<b>Term</b>	<b>Meaning</b>
<b>ASX Listing Rules</b>	the listing rules of ASX.
<b>ASX Recommendations</b>	the Corporate Governance Principles and Recommendations for Australian listed entities developed and released by the ASX Corporate Governance Council in order to promote investor confidence and to assist companies in meeting stakeholder expectations.
<b>ASX Settlement</b>	ASX Settlement Pty Ltd (ABN 49 008 504 532).
<b>ASX Settlement Operating Rules</b>	the operating rules of the settlement facility provided by ASX Settlement as amended from time to time.
<b>A\$, AUD\$, Dollar or \$</b>	Australian dollars unless otherwise stated.
<b>ATM</b>	Australis TMS Inc, a wholly owned, USA incorporated, subsidiary of Australis USA 1 Pty Ltd.
<b>Aurora</b>	the then Aurora Oil & Gas Limited, now renamed Aurora Oil & Gas Pty Ltd ACN 008 787 988.
<b>Australis</b>	Australis Oil & Gas Limited ACN 609 262 937 or it and its subsidiaries as the context requires.
<b>Australis Portugal</b>	Australis Portugal Sociedade Unipessoal LDA, an indirect subsidiary of Australis registered in Portugal.
<b>Batalha Concession</b>	the Concession awarded by the Portuguese Government on 30 September 2015 to Australis Portugal in respect of the certain areas identified in Schedule 1 of the Cuatrecasas, Goncalves Pereira Report in Section 7.
<b>BDO</b>	BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 AFS Licence No 316158.
<b>Board</b>	the board of Directors.
<b>boe</b>	barrel of oil equivalent.
<b>Broker</b>	any ASX participating organisation selected by the Lead Manager to participate in the Broker Firm Offer and includes the Co-Lead Manager.
<b>Broker Firm Offer</b>	has the meaning given to it in Section 2.1.
<b>Business Day</b>	a day on which trading takes place on the stock market of ASX.
<b>Capex</b>	capital expenditure.
<b>CHESS</b>	the ASX Clearing House Electronic Sub-register System.
<b>Chairman or Chair</b>	Mr Jon Stewart.
<b>Closing Date</b>	the closing date for receipt of Application Forms under this Prospectus being 15 July 2016 (unless extended or closed early by the Company in its absolute discretion).

Term	Meaning
<b>Co-Lead Manager</b>	Bell Potter Securities Limited (AFSL 243480).
<b>Company</b>	Australis Oil & Gas Limited ACN 609 262 937 and where the context required includes its subsidiaries.
<b>Concession(s)</b>	the two onshore oil and gas exploration concession contracts awarded to Australis Portugal, known as the Pombal Concession and the Batalha Concession.
<b>Constitution</b>	the Company's Constitution as at the date of this Prospectus.
<b>Consultant Incentive</b>	the option Australis granted Mr Monteleone to acquire a 3% Working Interest for nominal consideration across all Concessions awarded to Australis or its subsidiaries.
<b>Core Proven Assets</b>	as defined in Section 3.3(a).
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Development Plan</b>	the annual development plan budget approved annually in advance by the Operating Committee pursuant to the JDA.
<b>Directors</b>	directors of the Company.
<b>Eagle Ford</b>	an unconventional shale field onshore Texas USA.
<b>EIA</b>	USA Energy Information Administration.
<b>ENMC</b>	Entidade Nacional para o Mercado de Combustíveis, the Portuguese authority that regulates oil and gas activity in Portugal.
<b>Expiry Date</b>	the date that is 13 months after the date of the Prospectus.
<b>Exploration Assets</b>	as defined in Section 3.3(c).
<b>Exploration Period</b>	as defined in Section 3.6(d)(ii).
<b>Exposure Period</b>	the period of 7 days from the date of lodgement of the Prospectus with ASIC. This period may be extended by ASIC for a further period of up to 7 days.
<b>Extension Options</b>	has the meaning given in Section 3.5(h)(i).
<b>Financial Information</b>	the financial information set out in Section 9.
<b>Form JOA</b>	AAPL Form 610-1989.
<b>Founders</b>	Jon Stewart, Ian Lusted and Graham Dowland and their affiliated entities and affiliates being Mr Jon Kingsley Stewart and Ms Carolyn Ann Stewart as trustees for the Epicure Superannuation Fund, and Mr Ian Lincoln Lusted as attorney for Everzen Holdings Pty Ltd as trustee for The Lusted Family Trust and Mrs Treffina Dowland; except in the case of the shareholder deed described in Section 10.16 in which case <b>Founders</b> means Mr Jon Kingsley

Term	Meaning
	Stewart and Ms Carolyn Ann Stewart as trustees for the Epicure Superannuation Fund, Mr Graham Dowland, and Mr Ian Lincoln Lusted as attorney for Everzen Holdings Pty Ltd ACN 123 458 686 as trustee for The Lusted Family Trust.
<b>Fundamental Change</b>	certain changes to an executive's terms and conditions of employment, such as where the executive ceases to hold their position, or suffers a material diminution in their responsibilities or authority except where (i) the employment is terminated by the employer with notice (or payment in lieu of notice) and the Board is not on notice of any such changes; (ii) the employer terminates the employment without notice for serious misconduct and other grounds; (iii) the executive is suspended; or (iv) the parties consent to the change.
<b>General Meeting</b>	the general meeting of the Company held on 27 June 2016.
<b>G.O.R.</b>	Gas to Oil ratio.
<b>Group</b>	Australis and its subsidiaries from time to time and Group Company means any of them.
<b>HBP</b>	held by production means all leases within a Production Unit remain valid following the expiry of the Primary Term of the leases so long as the production of hydrocarbons are maintained. Most oil and gas leases allow for the lessee to retain the lease beyond the Primary Term of such lease for so long as there is production in paying quantities from a well on such lease (or on lands pooled or unitized with such lease). Leases (and the underlying lands) for which the Primary Terms have expired, but which have production in paying quantities attributable thereto, are commonly referred to as being Held by Production or HBP.
<b>Indemnity Deed</b>	deed of access, indemnity and insurance entered into by the Company and each of its directors and officers as described in Section 11.2(c).
<b>Independent or Independent Director</b>	a non-executive Director that the Board considers to be independent in accordance with Section 5.2 and for the purpose of the ASX Recommendations.
<b>Institutional Investor</b>	investors who are (a) persons in Australia who are wholesale clients under section 761G of the Corporations Act and either "professional investors" or "sophisticated investors" under sections 708(8) and 708(11) of the Corporations Act; or (b) institutional investors in certain other jurisdictions, as agreed by the Company and the Lead Manager, to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except to the extent Australis, in its absolute discretion, are willing to comply with such requirements).
<b>Institutional Offer</b>	has the meaning given to it in Section 2.1.
<b>Investigating Accountant's Report or IAR</b>	refer to the Report in Section 9 of this Prospectus.

<b>Term</b>	<b>Meaning</b>
<b>IPO Mandate</b>	the agreement between the Company and the Lead Manager dated 15 June 2016 and summarised in Section 10.1
<b>JDA</b>	has the meaning given in Section 10.6
<b>JOA or Master JOA</b>	has the meaning given in Section 10.7.
<b>Land WP&amp;B</b>	the work program and budget and associated expenditure agreed between ATM and Paloma within the JDA for 2016 and 2017 calendar years for all leasing activities within the TMS AMI Area.
<b>Lead Manager</b>	Euroz Securities Limited (AFSL 243302).
<b>LIBOR</b>	London Interbank Offer Rate.
<b>Listing</b>	the commencement of trading in Shares on the Official List of the ASX.
<b>Net Revenue Interest</b>	the share of oil and gas production due to a Working Interest owner after deduction of any overriding royalty and/or burden that is payable to the lessor or owner of mineral rights.
<b>Offer</b>	the offer under this Prospectus for 120,000,000 Shares by the Company at the Offer Price.
<b>Offer Price</b>	\$0.25 per Share.
<b>Official List</b>	the official list of ASX.
<b>Official Quotation</b>	quotation on the official list of ASX.
<b>OPEC</b>	Organisation of Petroleum Exporting Countries.
<b>Opening Date</b>	the opening date for receipt of Application Forms under this Prospectus being 6 July 2016.
<b>Option</b>	an option to acquire a Share and, as the context may require, means those options identified in Annexure B – Rights attaching to Options.
<b>Paloma</b>	Paloma Partners IV, LLC.
<b>Participant</b>	an Optionholder under the relevant Option terms.
<b>Pombal Concession</b>	the Concession awarded by the Portuguese Government on 30 September 2015 to Australis Portugal in respect of the certain areas identified in in Schedule 1 of the Cuatrecasas Goncalves Pereira Report in Section 7.
<b>Pooled, Pooling or Unitisation</b>	The combination of two or more oil and gas leases to form a Production Unit. This process is either achieved by the voluntary agreement of mineral rights owners or by an involuntary or forced pooling legal process.
<b>Portuguese Authorities</b>	the various regulatory bodies of the Portuguese Government that regulate, administer and/or control activities of the oil and gas industry within Portugal, including the ENMC and the Minister of

Term	Meaning
	the Economy.
<b>Portugal Regulations</b>	the granting of rights to petroleum exploration and production, and the exploration and production activities conducted in exploiting these rights, as governed by Decree-Law No. 109/94, issued on 26 April 1994, and various orders, notices and directives promulgated thereunder.
<b>Primary Term</b>	the term of mineral rights leasehold excluding an option term.
<b>Privacy Act</b>	<i>Privacy Act 1988</i> (Cth).
<b>Production Unit</b>	the combination of two or more oil and gas leases that form a legally designated area equivalent to the maximum drainage by a single well in an efficient and economic manner.
<b>Prospectus</b>	this Prospectus.
<b>Proved Reserves, Probable Reserves, Possible Reserves, Petroleum Reserves, Contingent Resources and Prospective Resources</b>	have the same meanings given to them in the ASX Listing rules, and as defined by the 2007 Petroleum Management System (PRMS) approved by the Society of Petroleum Engineers (SPE).
<b>PSA</b>	has the meaning given in Section 10.5.
<b>Qualified Reserves and Resources Evaluator</b>	has the meaning given to it in the ASX Listing Rules.
<b>Restricted Securities</b>	Securities expected to be the subject of Restriction Agreements under Appendix 9 of the ASX Listing Rules.
<b>Retail Investor</b>	an investor who is not an Institutional Investor.
<b>SEC</b>	U.S. Securities and Exchange Commission.
<b>Section</b>	a section of this Prospectus.
<b>Security</b>	a Share or Option.
<b>Sellers</b>	Everzen Holdings Pty Ltd, JK Stewart Investments Pty Ltd and Treffina Joyce Dowland.
<b>Share</b>	a fully paid ordinary share in the capital of the Company and, where the context permits, means the Shares the subject of the Offer.
<b>Share Registry or Registry</b>	Computershare Investor Services Pty Ltd ACN 078 279 277.
<b>Shareholders</b>	the holders of Shares.
<b>Sophisticated Investor</b>	investors who are: (a) persons in Australia who are wholesale clients under section 761G of the Corporations Act and either “professional investors” or “sophisticated investors” under sections 708(8) and 708(11) of the Corporations Act; or (b)

Term	Meaning
	persons in New Zealand who are 'wholesale investors' under Part 3 of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand).
<b>SPA</b>	the Share Purchase Agreement between the Company and the holders of APL securities dated 15 November 2015. See Section 11.2
<b>STI</b>	short term incentive as set out in the employment agreement of the relevant executive as set out in Section 10.
<b>Subsequent Events</b>	as detailed in the Investigating Accountant's Report in Section 9.
<b>Topanga</b>	Topanga Resources Inc.
<b>Tight Oil</b>	oil found within reservoirs with very low permeability including but not limited to shale.
<b>TMS</b>	Tuscaloosa Marine Shale.
<b>TMS AMI</b>	the area of mutual interest defined within the JDA which covers a geographical area across Mississippi and Louisiana within the TMS.
<b>TMS Core Area</b>	the area defined within the TMS and detailed in Section 3.5(b) and Section 8.
<b>TMS Leases</b>	those leases in the TMS in which ATM has a Working Interest, as at the date of this Prospectus and as set out in the Beta Land Services report in Section 7.
<b>TRRC</b>	Texas Railroad Commission.
<b>TVD</b>	the vertical distance from a point in the well normally defined as mean sea level of rig floor.
<b>Unconventional Appraisal Asset</b>	an Appraisal Asset that is an Unconventional Play
<b>Unconventional Plays</b>	an oil and gas source rock that is developed using artificial stimulation techniques. A subset of Tight Oil.
<b>Unit JOA</b>	has the meaning given in Section 10.7.
<b>USA</b>	The United States of America.
<b>USD or US\$</b>	United States of America dollars.
<b>VWAP</b>	volume weighted average price.
<b>WA</b>	Western Australia.
<b>Working Interest</b>	the ownership in a mineral lease that provides the lessee the right to explore, drill and produce oil and gas from the leasehold area.

Term	Meaning
WST	Western Standard Time.
WTI	West Texas Intermediate.

# Corporate Directory

<b>DIRECTORS</b>	Jon Stewart (Non-Executive Chair) Ian Lusted (Managing Director and Chief Executive Officer) Graham Dowland (Finance Director and Chief Financial Officer) Alan Watson (Independent Non-Executive Director)
<b>COMPANY SECRETARY</b>	Julie Foster
<b>REGISTERED AND PRINCIPAL OFFICE</b>	Suite 20, Level 2, 22 Railway Road, Subiaco Western Australia 6008 Telephone: +61 8 9380 2750 Facsimile: +61 8 9380 2799 Email: admin@australisoil.com
<b>PROPOSED ASX CODE</b>	ATS
<b>SHARE REGISTRY*</b>	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace, Perth, Western Australia 6000 Telephone: +61 8 9323 2000 Facsimile: +61 8 9323 2033
<b>AUDITOR</b>	BDO Audit (WA) Pty Ltd ACN 112 284 787 38 Station Street Subiaco, Western Australia 6008
<b>AUSTRALIAN LEGAL ADVISORS</b>	Gilbert & Tobin 122 Hay Street, West Perth Western Australia 6005
<b>FINANCIAL ADVISOR*</b>	Blackpeak Capital (AFSL 472221) Suite 3, Level 5, 55Harrington Street The Rocks, New South Wales 2000
<b>INDEPENDENT TECHNICAL EXPERTS</b>	Netherland, Sewell & Associates, Inc. 2100 Ross Avenue Suite 2200 Dallas Texas USA 75201  South Texas Reservoir Alliance LLC 1416 Campbell Rd, Building B, Suite 208 Houston Texas USA 77055
<b>INVESTIGATING ACCOUNTANT</b>	BDO Corporate Finance (WA) Pty Ltd (AFSL 316158) 38 Station Street Subiaco, Western Australia 6008
<b>LEAD MANAGER</b>	Euroz Securities Limited (AFSL 243302) Level 18 Alluvion 58 Mounts Bay Road Perth, Western Australia 6000
<b>CO LEAD MANAGER</b>	Bell Potter Securities Limited (AFSL 243480) Level 38, Aurora Place 88 Philip Street Sydney, New South Wales 2000

\* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Their name is included for information purposes only.



Australis Oil & Gas Limited  
ACN 609 262 937