

ASX Announcement

30 JUNE 2019 QUARTERLY ACTIVITIES REPORT

30 July 2019

Highlights

Projects

- Binding Share Sale Agreement entered into with New Era Oil and Gas Pty Ltd (New Era) to proceed with RTO and re-admission to trading on ASX
- Key transaction terms include:
 - Indus to issue 100m shares to New Era shareholders in consideration for the acquisition of New Era
 - Indus to issue 135m New Options to New Era majority shareholders
 - New Era has secured farm-in rights to four attractive exploration & appraisal opportunities within the historically proven & producing Cooper/Eromanga Basin
 - Indus to be renamed New Era Oil and Gas NL
 - Near-term news flow from drilling on the Bargie Project later in 2019
 - Further opportunities identified and being evaluated to add scale post re-listing
 - Capital Raising to raise \$4m to \$5m. Prospectus lodged - offer closes 23 August 2019
 - Adelaide Equity Partners appointed as Corporate Adviser and Nascent Capital Partners appointed as Lead Manager to the Capital Raising
 - Shareholder Meeting to approve transaction to be held 5 August 2019
- Board changes bring a highly experienced Cooper/Eromanga Basin team with a proven track record of success in the region

Corporate

- Cash and Cash Equivalents as at 30 June 2019 \$0.7m (pre Capital Raising))

Projects

Summary

As announced on 26 June 2019, Indus Energy NL (**Indus or the Company**) executed a binding share sale agreement (**SSA**) to acquire 100% of the issued capital of South Australian based private oil and gas company New Era Oil and Gas Pty Ltd (**New Era**), for the purposes of completing a reverse takeover and Indus/New Era being re-admitted to trading on the ASX (Acquisition). A Notice of Meeting containing all resolutions required to complete the Acquisition including an Independent Expert's Report (Notice of Meeting) was despatched to Indus shareholders on 5 July 2019 and a Prospectus was lodged on 23 July 2019.

STREET ADDRESS

Unit 32, Level 3
22 Railway Road
Subiaco, Western
Australia 6008

POSTAL ADDRESS

PO Box 8129
Subiaco East 6008

CONTACT DETAILS

Tel: +61 (0)8 9380 9920
Fax: +61 (0)8 9381 5064
info@indusenergy.com.au
www.indusenergy.com.au

Share Price: \$0.021
Shares: 165,644,076
Market Cap: \$3.48m

BOARD & MANAGEMENT

Mr Jonathan Whyte
Non-Executive Director
and Company Secretary

Mr Rhys Bradley
Non-Executive Director

Mr Michael Jardine
Non-Executive Director

ABN
22 009 171 046

ASX CODE
IND

The Shareholder meeting will be held on 5 August 2019. Subject to shareholder approval Indus will be renamed New Era Oil and Gas NL

OVERVIEW OF NEW ERA PROJECTS

New Era is a privately owned company, which was incorporated in July 2011. It is an upstream hydrocarbon company that was created to identify and secure prospective oil and gas exploration and production projects. New Era has entered into two binding farm-in agreements with experienced exploration and production company Bridgeport Energy (QLD) Pty Limited (**Bridgeport**), a wholly-owned subsidiary of the New Hope Group. The focus of New Era will be on acquiring further onshore Australian assets, specifically in the Cooper/Eromanga Basin.

New Era has assessed and secured four attractive opportunities (covered by two separate farm-in agreements) within the upstream hydrocarbon value chain. These opportunities provide New Era with exposure to projects with a wide range of risk and return metrics within the historically proven and producing Cooper & Eromanga basin sequences. All of these opportunities have been commercially structured to enable New Era to further assess the opportunities through astute expenditure, whilst providing future flexibility to minimise or maximise future exposure as further evaluation results become available.

The first two opportunities are collectively known as the **Bargie Project**. On 23 May 2019, New Era executed a farm-in agreement (the **Bargie Farm-in Agreement**) with Bridgeport to enter into two Joint Ventures: the **Bargie-Glenvale Joint Venture** and the adjacent **ATP 948 Joint Venture**. New Era has the right to earn a participating interest of 30% of each of these Joint Ventures in exchange for funding earn in obligations. Both of these permits are located in the proximity of the Kenmore and Bodalla South oil fields on the Eastern flank of the Queensland Cooper/Eromanga Basin.

On 23 May 2019 New Era executed a binding farm-in agreement with Bridgeport to farm-in to ATPs 2023 & 2024 (**2023/2024 Farm-in Agreement**), two under-explored, prospective permits located in the Cooper/Eromanga Basin. The farm-in will allow for New Era to earn up to a 50% participating interest in the permits once granted, with a defined four-year work program. Any expenditure by New Era on ATP 2023 & 2024 is subject to the finalisation of Native Title Agreements for the permits and subsequent granting of the permits to Bridgeport (pending at the date of this announcement).

An Independent Technical Specialist Report containing further details of the Bargie Project and ATPs 2023 & 2024 is included in the Notice of Meeting lodged on ASX on 5 July 2019 and an Independent Geologist’s Report is included in the Prospectus lodged on ASX on 23 July 2019.

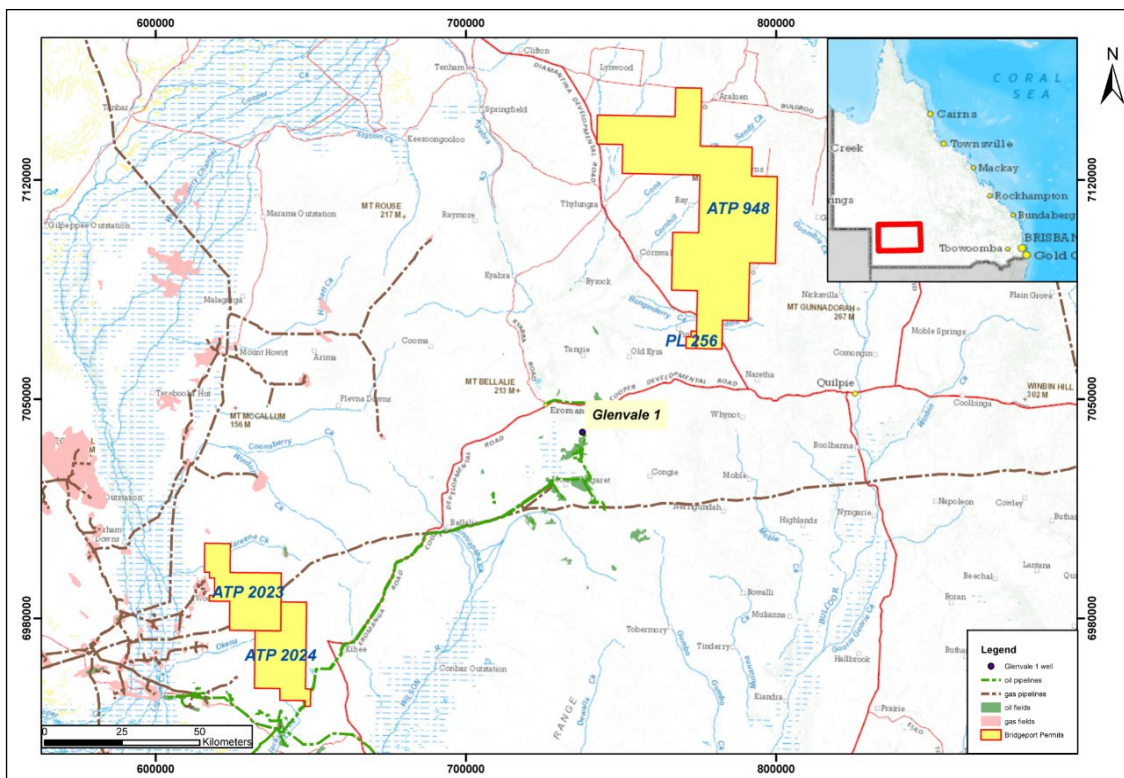


Figure 1: Project location map showing surrounding infrastructure (Source: SRK Consulting)

Bargie Project

Key aspects of the Bargie Farm-In Agreement include:

The Bargie Farm-in Agreement provides that, in order to earn a 30% participating interest in the two Joint Ventures, New Era will be required to pay 60% of the cost of drilling a well to a minimum depth of 1,650m to the base of the Basal Jurassic (Poolowanna) stratigraphic formation, up to a maximum of:

- \$1,000,000 at the Bargie-Glenvale Joint Venture; and
- \$1,060,000 at ATP 948.

Once those maximum amounts have been met, Bridgeport will fund 70% of any excess and New Era will fund the remaining 30% to complete the drilling. Bridgeport will remain as Operator of the permits the subject of the joint venture arrangements, with the location of the well at each permit to be defined by Bridgeport in consultation with New Era following completion of future technical work.

Within 30 days of completing the earning obligations referred to above, New Era will have the right to receive a 30% participating interest in the two Joint Ventures.

A summary of the key terms of the Bargie Farm-in Agreement is included in the Notice of Meeting.

Key aspects of the Bargie Project include:

- PL 256, contains the Bargie oil field, with a currently suspended producing well awaiting workover (**Bargie-1**), and within which an updip attic appraisal drilling location has been identified through the acquisition and reprocessing of additional modern seismic.

The existing Bargie-1 well was discovered in the 1990's and has since produced over 170,000 barrels of oil. An opportunity exists to restore this well to production, and produce the remaining reserves, by downhole stimulation and pump repair. However this is secondary to the opportunity to drill a well updip of this existing producer. Significantly the Bargie-1 well is only producing at approximately 50% watercut which, combined with a mapped updip volume, supports the presence of additional recoverable hydrocarbons in the Bargie field.

New seismic interpretation of the reprocessed seismic data has been assessed by independent experts and a resource volume up to 770,000 bbls (P10 gross) has been estimated. New Era will contribute to the drilling of this updip resource volume for the option to earn 30% equity in the production licence. **Figure 2** shows the new mapping of the Bargie field and three locations updip of Bargie-1 producer, of which the Bargie AB location is favoured for the Bargie-5 appraisal well.

- Reserves and production associated with the Glenvale-1 well, which is to the west of PL 256 in a different production licence (PL 483) but within the same PL 256 Joint Venture.
- The ATP 948 exploration block abuts the Bargie 256 petroleum lease, and within which a number of exploration prospects have been identified. The new modern seismic which has been acquired in this permit is in the process of being finalised and interpreted to provide the Joint Venture with the best location for drilling the New Era farm-in well. The Operator will conclude this work over the coming months in order to finalise the drilling locations for the October – December 2019 drilling campaign window.

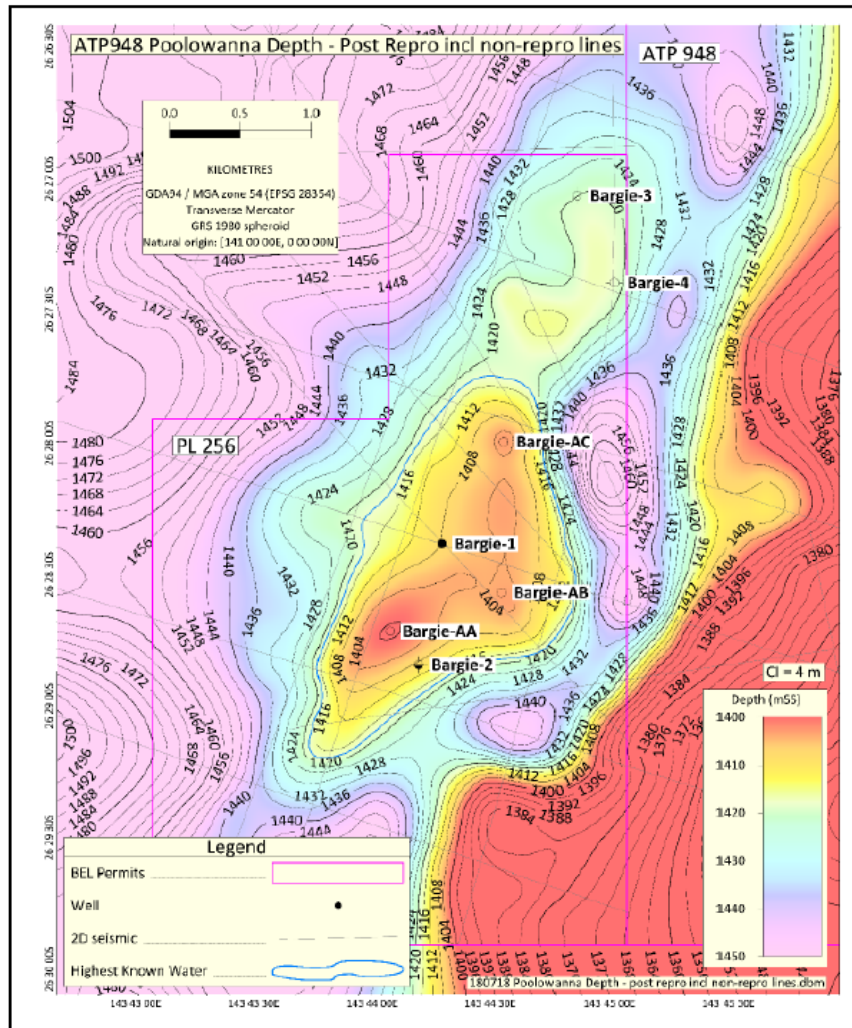


Figure 2: Well locations in Bargie Field Development Plan

ATP 2023 & 2024

Key aspects of the ATP 2023 & 2024 Project and the 2023/2024 Farm-in Agreement include:

- The applications for ATPs 2023 & 2024 are located proximal to numerous existing oil and gas fields to the west and south, including Jackson (Hutton Oil), Ghina (Toolachee gas), Tartulla (Toolachee gas) and Kercummurra (Wyandra Oil). **Figure 3** is an illustration of the proximal historical oil and gas production.
- Analysis of existing seismic data indicates the presence of structures prospective for multiple oil & gas plays. **Figure 4** indicates the prospects currently identified at Hutton (oil) formation level within the blocks. Many structures are also identified at the deeper gas horizons. The considerable prospectivity of these blocks is supported by the large volume of prospective hydrocarbons assessed by the Independent Technical Expert (see Table 1).
- Grant of ATPs 2023 & 2024 is subject to a land access agreement being finalised with relevant native title parties. Bridgeport is currently negotiating the required land access agreement, and New Era expects the agreement and grant to occur shortly.
- Bridgeport will remain as Operator of the all permits the subject of the Bargie and ATP 2023/2024 joint venture arrangements.
- The 2023/2024 Farm-in Agreement allows for New Era to earn up to a 50% interest in the permits, by contributing to the defined four-year work program which includes modern 3D seismic and exploration drilling. Any expenditure by New Era on ATP 2023 & 2024 is subject to the permits being unconditionally granted to Bridgeport (pending at time of this Notice).

- Whilst the entire permit commitments for both blocks would require further funding for New Era, the only obligation for the company is to fund an initial \$525,000 for the geological and geophysical review across both blocks in Year 1 of the farm-in. This will enable the company to target future exploration expenditure in a more prudent manner.
- New Era may elect not to proceed into Year 2, or to proceed into Year 2 for one or both blocks. If New Era elects to proceed into Year 2 for either or both of the blocks, it must contribute 50% of the Year 2 work program for a block (with New Era's contribution capped at \$2,250,000 per block) to receive an option to acquire an initial 25% interest in the block. To receive the 25% equity New Era will also be required to pay a equity share of past administration and Native Title costs, which are currently undefined (as the Native Title process is incomplete) but are estimated to be less than \$100,000 for New Era's 25% equity. New Era will have the option to increase its interest in a block from 25% to 50% by contributing 60% of the Year 3 work program for a block.
- In summary, after the initial \$525,000 for the first year, the staged farm-in program enables New Era to earn an interest of 25% to 50% in one or both blocks and is available by spending from \$3.3 million (to receive a 25% interest in one of the blocks) up to \$9.5 million (to receive a 50% interest in both of the blocks), and exposure to the considerable resource upside within these prospective permits adjacent to existing large Cooper/Eromanga basin discoveries.

A summary of the key terms of the ATP 2023 /2024 Farm-in Agreement entered into with Bridgeport is included in the Notice of Meeting.

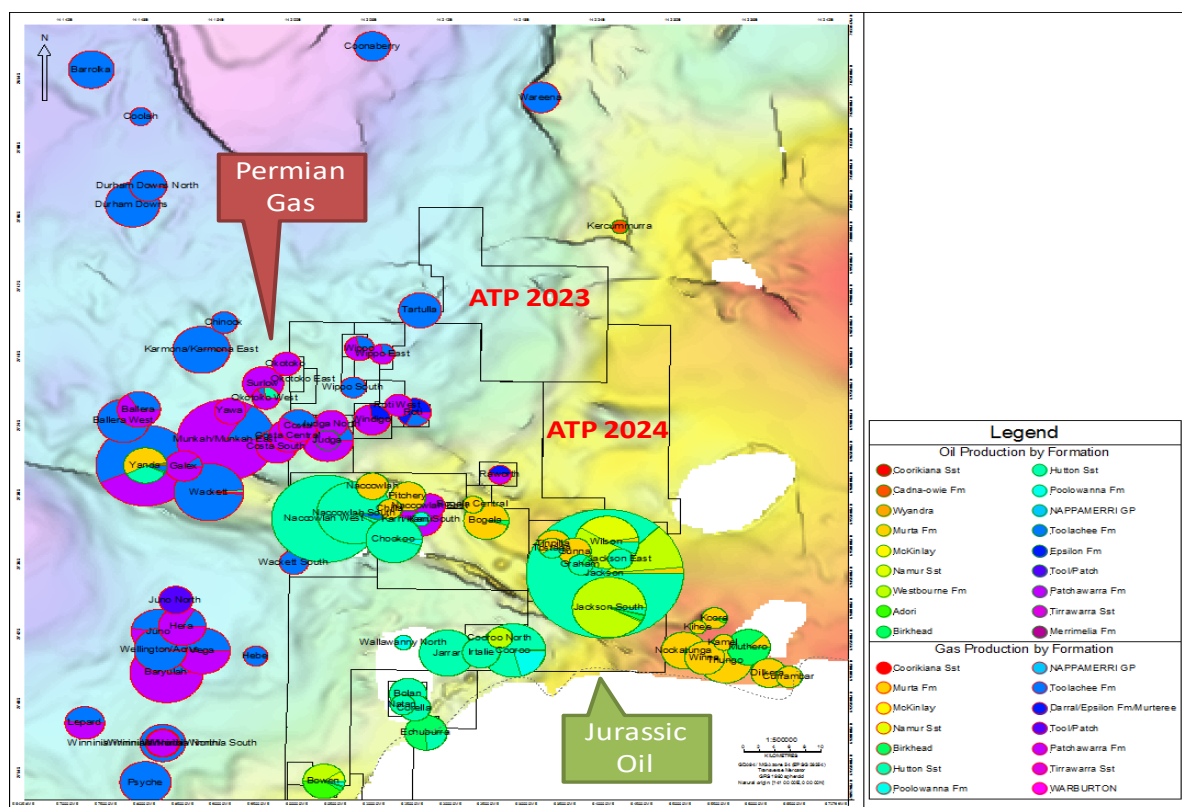


Figure 3: ATP 2023 & ATP 2024 historical production

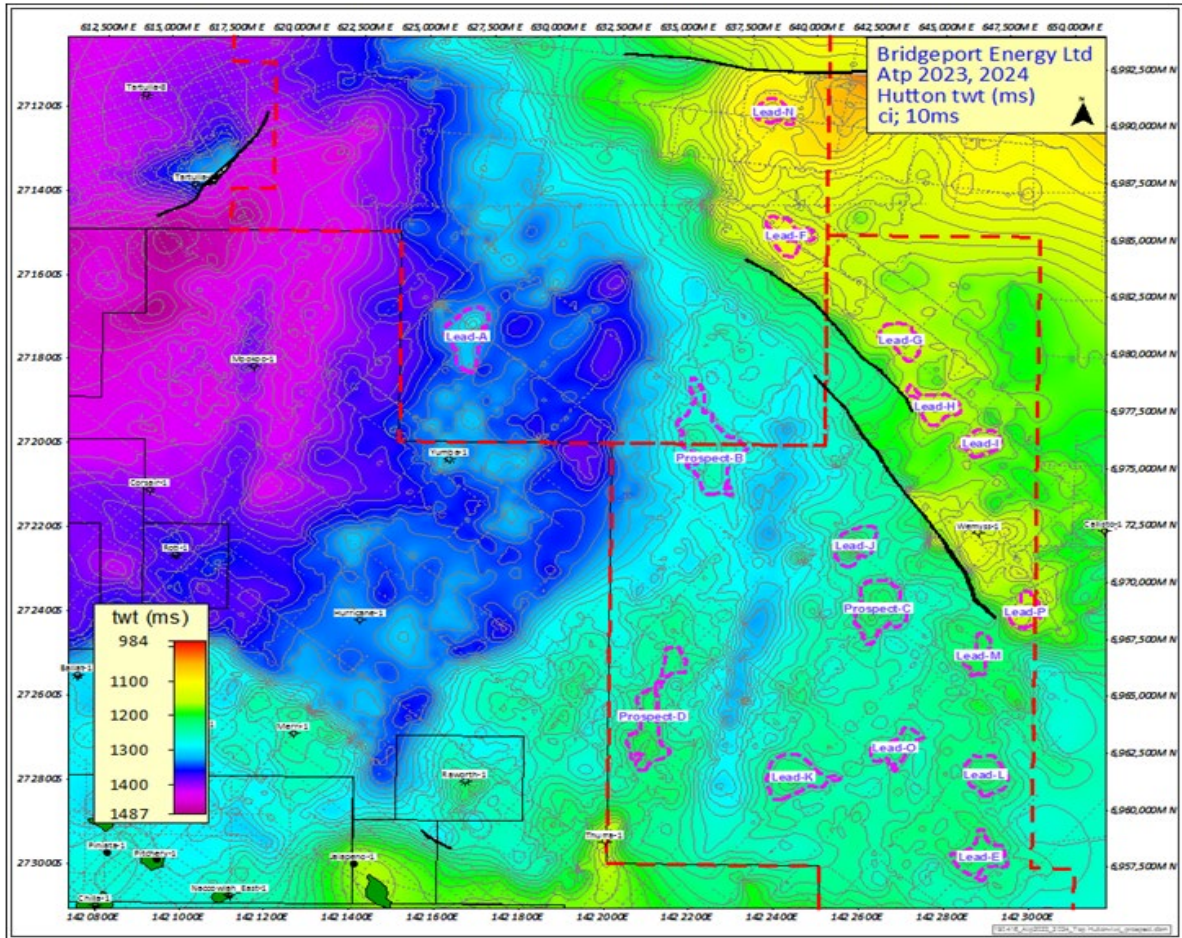


Figure 4: ATP 2023 & ATP 2024 Prospect and Lead Map (Hutton Formation)

CONSOLIDATION

Indus is required to undertake the Consolidation under ASX policy in order to raise equity at less than \$0.20 per share. The Notice of Meeting contains a resolution seeking Shareholder approval to consolidate the number of Shares on issue on a 5 for 2 basis, thereby reducing the number of Shares on issue from 165,644,076 to 66,257,630. A timetable for the consolidation is included in the Notice of Meeting. Consolidation of Indus' existing share capital was a condition of the ASX waiver referred to below.

KEY TERMS OF THE ACQUISITION

The key terms of the Acquisition are as follows:

(Consideration): Subject to shareholder approval, Indus will issue 100,000,000 Shares (on a post-Consolidation basis) to the New Era Shareholders in consideration for the Acquisition.

(Capital Raising): Pursuant to the Prospectus, Indus will issue 200,000,000 Shares at an issue price of \$0.02 per Share to raise \$4,000,000 (before costs) **(Offer)**. Oversubscriptions of up to a further 50,000,000 Shares at an issue price of \$0.02 per Share to raise up to a further \$1,000,000 may be accepted. Indus shareholders will be offered a priority allocation under the Offer.

The Offer will not be underwritten. However, the Company has entered into a mandate for lead manager and corporate advisory services with Nascent Capital Partners Pty Ltd as lead manager and Adelaide Equity Partners Ltd as corporate advisor.

Provided that the minimum subscription of \$4,000,000 (before costs) is achieved, Nascent Capital Partners and Adelaide Equity Partners will receive the following fees for providing those services:

- a management fee of 1% of the gross proceeds raised under the Capital Raising (to be split equally between Nascent Capital Partners and Adelaide Equity Partners); and
- a capital raising fee of 5% of the gross proceeds raised under the Capital Raising (to be split equally between Nascent Capital Partners and Adelaide Equity Partners, after payment of any selling fees payable to third party brokers).

All existing Indus and incoming New Era directors have indicated that they will participate in the Offer.

(New Options): Subject to shareholder approval Indus will issue New Options exercisable at \$0.04 with an expiry date 3 years from the date of issue to majority New Era Shareholders, comprising:

- 45,000,000 New Options to be issued to Gordon Moseby (as trustee for The ROMM Trust); and
- 45,000,000 New Options to be issued to Icon Holdings Pty Ltd (an entity controlled by Karl Paganin, as trustee for the KJ & AS Family Trust),

as incentives in connection with their appointment as Directors of the Company following (and subject to) completion of the Acquisition; and

- 45,000,000 New Options to Marbel Capital Pty Ltd (an entity controlled by Mark Lindh, as trustee for the M & B Lindh Family Trust) as an introduction and facilitation fee payable in connection with the Acquisition.

(Conditions Precedent): Completion of the Acquisition is conditional upon the satisfaction or waiver of the following outstanding conditions precedent:

- each of the New Era Shareholders agreeing to sell their shares in New Era to the Company under the terms of the Acquisition;
- Indus preparing a Prospectus to complete the Capital Raising, lodging the prospectus with ASIC (lodged 23 July 2019) and receiving valid acceptances under the Prospectus totalling \$4,000,000 (the **Minimum Subscription**);
- the Company obtaining all necessary shareholder approvals in relation to the Acquisition and to re-comply with the admission and quotation requirements of ASX; and
- the Company obtaining conditional approval for reinstatement of the Company's quoted securities to official quotation on ASX following settlement of the Acquisition.

The SSA also contains a number of indemnities, representations and warranties that are considered standard for an agreement of this nature.

BOARD AND MANAGEMENT CHANGES

On completion of the Acquisition, existing Directors Jonathan Whyte and Rhys Bradley will resign, existing Director Michael Jardine will remain a Director, and three new Directors will be appointed, such that the Board of the Company upon listing on the ASX will be comprised of:

- **Gordon Moseby – (Managing Director)**

Mr Moseby is a petroleum engineer with 25 years' experience in Australasian petroleum basins with a focus on the appraisal, development and production of hydrocarbons (Santos Limited (ASX: STO) (Santos), Oil Search Limited (ASX: OSH), Beach Energy Limited (ASX: BPT) (Beach Energy). Mr Moseby pioneered the Western Flank engineering and production operation capabilities for Beach Energy where the lowest cost operation in the Basin was delivered. Mr Moseby was also involved in the delivery of significant value accretion to early stage development as well as mature assets throughout Beach Energy's Portfolio.

- **Karl Paganin – (Non-Executive Chairman)**

Mr Paganin has over 20 years' experience in investment banking, specialising in transaction structuring, equity and capital markets, M&A and strategic advice to listed companies. He is currently a non-executive director of ASX listed companies Southern Cross Electrical Engineering Limited, Veris Limited and Poseidon Nickel Limited.

- **Michael Jardine – (Executive Director, Corporate Development)**

Mr Jardine has extensive finance and investment experience across a number of sectors, in both Australia and the UK. Having acted in both executive and board roles for several ASX listed resource companies, Mr Jardine has particular expertise in business development, strategic planning and capital management. Mr Jardine is currently a non-executive director of Indus and also TNT Mines Limited (ASX:TIN).

- **Oliver Foster – (Non-Executive Director)**

Mr Foster has 20 years of experience as a petroleum geologist, resources analyst and in corporate finance. Mr Foster's oilfield experience was gained working as a petroleum geologist on various exploration and production rigs offshore Australia and Asia. Following this, he spent 10 years as an oil and gas analyst and Executive Director of a boutique Australian natural resources investment bank before moving into energy corporate finance. Mr Foster has significant experience in analysing, marketing and raising equity for various ASX listed energy companies, raising more than \$1bn in new equity during his tenure as an analyst. He is the current Commercial Director, and former CEO, of CarbonScape Ltd.

PRO-FORMA CAPITAL STRUCTURE

A copy of the pro-forma capital structure is included in the Notice of Meeting.

INDICATIVE TIMETABLE

An indicative timetable for completion of the Acquisition and the associated transactions is set out in the Prospectus as below:

Event	Date*
Execution of the SSA	26 June 2019
Notice of Meeting for the Acquisition sent to Shareholders	5 July 2019
Lodgement of Prospectus with ASIC	23 July 2019
Opening date of Capital Raising	24 July 2019
Shareholders meeting to approve the Acquisition	5 August 2019
Closing date of Capital Raising	23 August 2019
Issue of Securities under the Capital Raising Despatch of holding statements	30 August 2019
Re-quotations on ASX	5 September 2019

KEY RISKS

A non-exhaustive list of the key risk factors affecting the Company following completion of the Acquisition and the Offer is included in the Notice of Meeting.

CHANGE OF COMPANY NAME

Should the Acquisition complete, the Company will undergo a change of name to shareholder approval to **New Era Oil and Gas NL**. A resolution seeking approval for this change of name is included in the Notice of Meeting.

RE-COMPLIANCE WITH CHAPTERS 1 AND 2 OF THE ASX LISTING RULES

The proposed acquisition will result in a change in the Company's nature and scale of its activities and requires shareholder approval under Chapter 11 of the ASX Listing Rules as well as requiring the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and obtaining conditional approval from ASX to have its securities re-admitted to trading.

SHAREHOLDER APPROVALS

The Notice of Meeting was sent to the Company's shareholders on 5 July 2019. The general meeting, to be held on 5 August 2019, seeks shareholder approval for matters in respect of the Acquisition. Those approvals include:

- the change in nature and scale of the Company's activities;
- the issue of consideration Shares to the New Era shareholders (including Consideration Shares to be issued to related parties of the Company);
- the issue of Shares under the Offer;
- the election of Karl Paganin and Oliver Foster to the Board;
- the consolidation of the Company's capital;
- the change of the Company's name;
- the issue of Shares to related parties;
- the issue of the New Options to the majority New Era Shareholders in connection with the Acquisition (including New Options to be issued to related parties of the Company); and
- the issue of Options to Mr Foster as a term of his appointment as a Non-Executive Director.

The Company's securities have been suspended from quotation on ASX since 3 August 2016 and, subject to shareholder approval being obtained, will remain suspended until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and the Acquisition has completed. If the Company has not been reinstated to quotation by 3 August 2019, ASX policy is that the Company will be removed from ASX. If the Company's shareholders have approved the Acquisition and the Offer, and the Company has lodged the Prospectus in relation to the Offer prior to that date, the Company intends to seek a short 3 month extension from ASX to allow time (if required) to complete the Acquisition and the Offer and re-comply with Chapters 1 and 2 of the ASX Listing Rules. There is no guarantee that ASX will grant that extension.

Corporate

New Era Transaction Costs

The Company continues to keep all expenditure and overheads to a minimum. With the New Era transaction proceeding, there were increased legal and compliance costs during the June quarter, including costs for an Independent Expert, Independent Technical Specialist and Investigating Accountant, which are all required as part of the transaction, and additional legal costs associated with the transaction.

Cash and Liquid Assets

As at 30 June 2019 the Company held cash and cash equivalents of \$0.7m (pre capital raising).

On behalf of the Board of Directors

For further information contact:

Phone: +61 8 9380 9920

Fax: +61 8 9381 5064

Email: info@indusenergy.com.au