ASX Announcement
For Immediate Release

23 December 2019

Credit Facility Amendment

Australis Oil & Gas Limited ("Australis" or the "Company") provides the following summary of amendments to its secured credit facility.

Highlights

- **Credit Facility amended and extended to continue to provide funding flexibility**
    - Committed funding remains at US$75 million
    - Availability period for Tranche 1 extended by one year to April 2021
    - Maturity date extended by two years to November 2023
    - Certain financial covenants restructured to provide further flexibility

- **Current cashflow from production covers reduced G&A, finance costs and principal repayments under amended Facility**
    - Total Debt drawn of US$34 million with total cash of US$18 million as at 30 November 2019
    - Field Netback for 9 months to 30 September 2019 of US$21 million from 2,300 bopd
    - G&A reduced by 20% from 2020

Credit Facility amended and extended

Australis undertook a review of its US$75 million secured credit facility (the "Facility") and approached its lender, Macquarie Bank Limited, to seek certain amendments to the Facility which would offer additional financial flexibility. Australis is pleased to advise that Macquarie Bank Limited has agreed to the amendments detailed below.

The Facility was originally designed for a relatively short-term utilisation, with funding available for the Initial Drilling Program ("IDP") from mid-2018 through to May 2020 and an original maturity date of November 2021.

The key amendments implemented:

- extend the Maturity Date by two years to November 2023;
- extend the availability period of Tranche 1 (the first $65 million of the committed Facility) by one year to April 2021;
- reduce and restructure certain financial covenants providing Australis with greater balance sheet flexibility in a lower oil price environment;
- provide greater ability to transact partnering opportunities within the existing security arrangements; and
- the ability to repay all or a portion of drawn amounts at any time without cancelling the remaining availability.

In return for these amendments Australis has agreed to pay a customary standby fee of 2% pa on undrawn committed funds during the availability period.

Australis retains the ability, without penalty, to refinance the entire Facility at any time.

Next Steps

Australis currently generates sufficient revenue post costs of production to cover G&A expenses as well as financing costs including interest, fees and quarterly principal debt repayments under the amended Facility arrangements. Field Netback[(3)], based on WI production of 2,300 bopd for the 9 months ended 30 September 2019 was US$21 million. Average daily WI production for October and November 2019 was 2,000 bopd and 2,500 bopd respectively.

The Company held cash of US$18 million and drawn debt of US$34 million as of 30 November 2019.

Australis is, together with an independent horizontal drilling consultancy, conducting a review of the first six wells of the IDP. This review is nearing completion and a summary of the conclusions of that review will be released in early 2020.

Management continues to pursue its corporate strategy of demonstrating and then realising the value of its TMS assets, with its associated 206 million barrels[(1)(2)] of combined recoverable oil reserves and resources.

This strategy includes further development activities aimed at repeating Tier 1 productivity results and addressing remaining issues in drilling execution. Early stage execution difficulties are not unique to ATS or the TMS and has been commonplace in the development of US unconventional oil plays historically. It is intended that further development be undertaken in a prudent fashion. Australis remains funded for some levels of additional development activity through the Facility and existing cashflows, however management is exploring interest from potential industry partners to assist in the funding and execution of continued development activity.

Ends

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

For further information, please contact either:

Ian Lusted	Graham Dowland	Steve Suleski
Managing Director	Finance Director	FTI Consulting
Australis Oil & Gas Limited	Australis Oil & Gas Limited	+61 8 9321 8533
+61 8 9220 8700	+61 8 9220 8700	

About Australis Oil & Gas Limited (Australis)

Australis (ASX: ATS) is an ASX listed upstream oil and gas company seeking to provide shareholders value and growth through the strategic development of its quality onshore oil and gas assets in the United States of America and Portugal. Australis' 115,000 net acres within the production delineated core of the oil producing TMS provides significant upside potential with an estimated 425 net future drilling locations, and an independently assessed 50 MMbbl of 2P oil reserves (including 4 MMbbl producing reserves providing net free cash flow)[1] as well as 108 MMbbl of 2C contingent oil resource[1] (based on net acreage at the effective date of the independent report of 110,000 acres) and a further 9 MMbbls of contingent oil resource[2] attributable to the 5,000 net acres added since that report. The Company was formed by the founders and key executives of Aurora Oil & Gas Limited, a team with a demonstrated track record of creating and realising shareholder value.

Forward-looking information:

This announcement contains certain forward-looking statements and opinion. Generally, words such as “anticipates”, “expects”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “potential” and similar expressions are intended to identify forward-looking statements. The forward-looking statements, opinion and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Australis. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward looking statements or other forecast.

Notes:

1. All estimates and risk factors taken from Ryder Scott, report prepared as at 31 December 2018 and generated for the Australis concessions to SPE standards. See ASX announcement released on 6 February 2019 titled “Reserves and Resources Update Year End 2018”. The analysis was based on a land holding of 110,000 net acres. Australis is not aware of any new information or data that materially affects the information included in the referenced announcement and all the material assumptions and technical parameters underpinning the estimates in the original announcement continue to apply and have not materially changed. Ryder Scott generated their independent reserve and contingent resource estimates using a deterministic method which is based on a qualitative assessment of relative uncertainty using consistent interpretation guidelines. The independent engineers using a deterministic incremental (risk based) approach estimate the quantities at each level of uncertainty discretely and separately.
2. The 2C Resource estimate has been generated by Australis effective 4 April 2019 in accordance the definitions and disclosure guidelines contained in the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG), and Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management (SPE-PRMS) as revised in June 2018. The analysis was based on methodology applied within the report prepared by Ryder Scott as at 31 December 2018 (See ASX announcement released on 6 February 2019 titled “Reserves and Resources Update Year End 2018”). Ryder Scott presumed a 9% recovery factor from the mid case oil in place estimates when assessing the 2C Resources attributable to a land holding of 110,000 net acres. Maintaining the same average recovery factor, the additional 5,000 net acres is attributed a 2C Resource of 9 million barrels (Australis estimate). This contingent resource estimate is based on, and fairly represents, information and supporting documentation, prepared by, or under the supervision of, Michael Verm, P.E., who is an employee of Australis. Mr Verm is a member of the Society of Petroleum Engineers and a Professional Engineer in the State of Texas. The reserve and resource information pertaining to the Tuscaloosa Marine Shale in this announcement has been issued with the prior written consent of Mr Verm in the form and context in which it appears.
3. Field Netback is a non-IFRS measure used by the Company and is calculated as oil sales net of royalties, production and state taxes, inventory movements, hedging gains or losses, field-based production expenses but excludes depletion and depreciation. Field Netback should not be considered an alternative to, or more meaningful than any IFRS measures and may not be comparable with the calculation of similar measures by other companies. This measure is commonly used in the oil and gas industry and by Australis to provide shareholders and potential investors with additional information regarding the indication of the Company's profitability relative to current commodity prices.