



15 July 2020

## GORA CONCESSION OPERATIONAL AND FINANCIAL UPDATE

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Ansila Energy NL (**Ansila**, **ANA** or the **Company**) announces the following operational and financial update following a virtual Operating Committee Meeting (**OCM**), recently held with the Operator, Gemini Resources Limited (**Gemini**), for Gora Energy Sp. zo.o (**Gora**) in which Ansila holds a 35% earned interest.

### **Operational and Technical Review**

The following operational and technical workstreams on the Gora license were presented by the Operator at the OCM.

#### **1) Review of Siciny-2 Carboniferous Operations**

The Siciny-2 appraisal operations, completed in Q1 2020 and which focused on the unconventional Carboniferous interval of the Gora license, demonstrated the completion of a successful two-stage fracture stimulation and well clean-up operation. However, despite the detection of free gas (methane) at the surface, natural flow of gas from the reservoir could not be established.

Data from a transient pressure build-up test indicated an average reservoir permeability of 0.001mD (milliDarcy) within the Carboniferous reservoir penetrated by the two fracs. This is materially lower than the permeability of 0.026mD indicated from a Direct Formation Injection Test (DFIT) or “mini-frac” performed in 2013, which only measured reservoir properties across a much smaller section of Carboniferous reservoir. The interpretation of the data infers that gas flow was hampered by the lower than expected permeability of the reservoir and the presence of mobile water, leading to a relative permeability effect specific to a tight gas reservoir meaning neither gas nor formation water could flow from the reservoir without assistance from nitrogen lift.

The Operator outlined several potential technical routes to mitigate the relative permeability issue and aid the flow of free gas as follows:

- The continuation of pumping to create a larger pressure differential to overcome reservoir capillary pressures;



- The drilling of complex multi-frac horizontal wells with up to 20 fracs each to optimise production rates;
- Drilling a new well at an optimised location, higher up on the Carboniferous structure, where a higher gas saturation may be encountered with the potential to combine with a conventional Rotliegendes target to reduce the overall risk of the well.

While none of these options outlined above have been costed in detail by the Operator, it is clear that the costs would be material and the risk of failing to establish natural gas flow would likely be considered significant. In addition, the economics of this unconventional gas play would have to be revisited as the much lower than expected permeability will have an impact on any development economics. Therefore, the near-term focus of the Gora concession will be on the conventional prospectivity where a number of lower cost and lower risk options have been identified within the Rotliegendes formation.

## 2) Gora License Conversion

The Operator provided an update on the Gora Licence conversion which has not progressed within the Ministry of the Environment due to the Covid-19 pandemic and therefore the Gora concession is still operating under the existing license until the conversion process can be completed.

## 3) Siciny-2 Rotliegendes Test

The Operator presented a review of the conventional potential of the Siciny-2 well, which is estimated to contain a 21 metre<sup>1</sup> section of conventional gas pay in the shallower Rotliegendes interval. Based on an initial review of the 3D seismic survey acquired across the Siciny area during 2012-13 and petrophysical data, the Operator estimates that the Rotliegendes section of the Siciny-2 well could contain a larger volume of gas compared to independently verified estimates of 13 Bcf<sup>2</sup> by Netherland, Sewell and Associates, Inc (**NSAI**). To refine the Siciny-2 Rotliegendes volumetrics further the existing 3D seismic dataset would require modern reprocessing and interpretation.

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<sup>1</sup> Gas pay estimate is from Netherland, Sewell & Associates, Inc. report entitled "Estimates of Reserves and Future Revenue and Contingent Resources to the Gemini Resources Ltd. Interest and Gross (100 Percent) Prospective Resources in Certain Oil and Gas Properties located in the Nowa Sol and Gora Concessions Permian Basin, Onshore Poland as of May 1, 2019" (**Report**).

<sup>2</sup> Volume estimates are from Netherland, Sewell & Associates, Inc. report entitled "Estimates of Reserves and Future Revenue and Contingent Resources to the Gemini Resources Ltd. Interest and Gross (100 Percent) Prospective Resources in Certain Oil and Gas Properties located in the Nowa Sol and Gora Concessions Permian Basin, Onshore Poland as of May 1, 2019" (**Report**), and were first reported to the ASX on 4 July 2019.



Re-entering the Siciny-2 well and perforating the Rotliegende interval may offer a low cost, low risk opportunity to access near-term gas as part of a wider conventional gas strategy across the Gora license and could commence by YE-2020, subject to an agreed work program and budget.

#### **4) Gora License Conventional Exploration Prospects**

A reprocessed 3D seismic dataset which covers part of the Gora licence and specifically covers part of the Rawicz North prospect has been reviewed by the Operator. This dataset has markedly improved the structural imaging of the conventional Rotliegende prospects and is being used to generate a new inventory of drill-ready prospects across this part of the licence. Four new prospects have been identified in this part of the Gora license, but require further technical work to progress to the drill-ready stage.

The high quality of the reprocessed 3D seismic dataset across the northern part of the Gora license has demonstrated the benefit of improved imaging and the potential for enhanced conventional prospectivity across the entire license area in the event that new, or reprocessed, 3D seismic data is acquired.

The remaining conventional gas prospects identified on the Gora license total c.210 Bcf<sup>2</sup> (best case estimate) with an average chance of success of 28%. The largest of these prospects is Rawicz North with a best case estimate of 110 Bcf of gas and 24% chance of success. These prospects are covered by a combination of 2D seismic and poorer quality 3D seismic, the latter of which would benefit from reprocessing, or potentially, the acquisition of a new 3D seismic dataset.

#### **Work Program and Financial Review**

A firm and contingent work program and budget for 2020 was presented by the Operator which focuses on the planning and subsurface workstreams necessary to progress the Siciny-2 Rotliegende interval test and the conventional prospect inventory across the Gora license. This is yet to be formally proposed to the Operating Committee for approval.

It was noted that additional, unapproved (non-AFE) expenditure relating to the completed Siciny-2 appraisal operations of c.£200K (net to Ansila) was incurred by the Operator in excess of the Gora funding cap of A\$3.91 million<sup>3</sup> thereby implying a gross cost of £2.7 million vs an AFE budgeted cost of £2.16 million. All approved costs and expenditure in excess of the Siciny-2 appraisal funding cap would be apportioned according to the respective equity interests of Gemini (65%) and Ansila (35%) in Gora.

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<sup>3</sup> Based on an exchange rate of 1AUD: 0.55GBP or 1AUD: 0.71USD



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Ansila currently reserve their rights with respect to any liability relating to unapproved costs incurred by the Operator. Ansila has requested further information from the Operator relating to the non-AFE expenditure and will provide a further update to investors on receipt of the financial details of the cost over-run. Ansila has also requested a financial audit of Gora Energy for the period October 2019 to date.

## **Corporate and New Ventures**

The Company continues to look at additional corporate and asset level opportunities in the oil and gas sector within Europe.

Hartshead Resources Ltd, in which ANA holds a 21.6% equity interest, has applied for seven contiguous blocks in the UK North Sea, offshore United Kingdom, which contains multiple fields with undeveloped gas resources and a number of drill ready exploration prospects in the UK 32<sup>nd</sup> Offshore Licensing Round. The Company expects to hear the result of the application during the UK summer 2020 and looks forward to making an announcement at that time.

**-Ends-**

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## **CONTACTS**

**The Board of Directors of Ansila Energy NL authorised this announcement to be given to ASX.**

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## About Ansila Energy:

Ansila's earn-in transaction to the Gora concession, onshore Poland, will see the Company acquire a 35% interest from Gemini Resources Limited by spending a total of A\$3.91 million<sup>1</sup> on the concession with a work program designed to unlock and prove the commercial viability of a potentially large unconventional resources play:

- **Siciny-2 (Gora):** Pressure testing the previously discovered 2C contingent resources of 1.6 Tcf<sup>2</sup> (circa 270 MMboe) of unconventional gas in an extensive Carboniferous reservoir scheduled for completion in Q1 2020.

Please refer to the qualified person's statement relating to the reporting of contingent and prospective resources on the Gora and Nowa Sol concessions in Ansila's ASX Announcement dated 4 July 2019 (see Schedule 2). The Company is not aware of any new information or data that materially affects the information about the contingent resource and prospective resource estimates included in this announcement and all the material assumptions and technical parameters underpinning those estimates in this announcement continue to apply and have not materially changed.

<b>Contingent Resources</b>		<b>1C</b>	<b>2C</b>	<b>3C</b>
Siciny-2	Tcf	0.7	1.6	3.2
	<b>Ansila 35% Interest</b>	<b>0.25</b>	<b>0.56</b>	<b>1.1</b>

<b>Prospective Resources</b>		<b>Low Case</b>	<b>Best Case</b>	<b>High Case</b>
Bronow	Bcf	16.0	21.4	28.1
Rawicz North	Bcf	80.1	109.7	148.8
Rawicz South	Bcf	37.8	51.8	70.4
Siciny	Bcf	9.5	13.3	17.8
Zuchlow West	Bcf	10.0	13.3	17.6
<b>TOTAL</b>	<b>Bcf</b>	<b>153.4</b>	<b>209.3</b>	<b>282.7</b>
	<b>Ansila 35% Interest</b>	<b>53.7</b>	<b>73.3</b>	<b>98.9</b>



Prospective resources are estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These prospective resources' 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

Contingent and prospective resources reported herein have been estimated and prepared using the probabilistic method.

The conversion factor used to convert gas (Tcf) to oil (MMboe) is 5.8:1 – this conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency.

### **Forward Looking Statements**

This document has been prepared by Ansila Energy NL (ANA). This document contains certain statements which may constitute "forward-looking statements". It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve and resource estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates.

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