31 July 2018

QUARTERLY ACTIVITIES REPORT
2nd Quarter 2018

Australis Oil & Gas Limited
ABN: 34 609 262 937

ASX: ATS

Australis is an 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.

The Company's acreage within the core of the oil producing TMS provides significant upside potential for ATS with 47 million bbls of 2P reserves including 4 million bbls producing reserves providing free cash flow as well as 98 million bbls of 2C contingent resource.

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.

Address
Level 29, Allendale Square
77 St. Georges Tce
Perth WA 6000 Australia

Suite 3680
3 Allen Center
333 Clay Street
Houston, Texas U.S.A 77002

Contact
Telephone:
+61 8 9220 8700

Facsimile:
+61 8 9220 8799

Email:
contact@australisoil.com

Web:
www.australisoil.com

Large undeveloped economic oil resource provides the platform for significant value generation

Australis Oil and Gas Limited ("Australis" and "Company") is pleased to provide its quarterly activities report for the quarter ended 30 June 2018.

KEY ACTIVITIES AND HIGHLIGHTS

Funding in place for initial drilling program

- Executed a credit facility with Macquarie Bank for a three-year secured term of up to US$75 million
- Credit facility supplements strong balance sheet with cash balance of US$43 million and positive cash flow from operations
- Credit facility agreed on favourable terms with flexibility to refinance or cancel at any time without penalty

Planning for commencement of initial drilling program in 2H 2018

- Optimal well locations selected
- Procurement process generating quotes consistent with cost estimates
- Active rig with experienced crew under negotiation for drilling program
- Permitted seven drilling units to date to enable a continuous drilling program

Active land program continues to improve lease terms and consolidate Company acreage position

- 95,000 net acres in the TMS Core with long lease life terms
- Over 75% of the net acreage now held by production (**HBP**) or has a primary term expiry in 2021 or later, allowing flexibility for development and HBP activities

Stable production with an increased achieved oil price

- Gross sales (i.e. before royalties) of US$8.7 million, with a higher achieved oil price for the quarter over Q1 2018
- Australis benefits from LLS pricing in the TMS, which trades at a premium to WTI

TUSCALOOSA MARINE SHALE

Initial Drilling Program

As previously advised, Australis intends to commence an initial drilling program in the second half of 2018. This one rig program will extend throughout most of 2019 and is planned to comprise of up to 10 wells. The objectives of the program are as follows:

- to repeat the productivity results and drilling times achieved by the wells drilled by Encana within the TMS Core in 2014 but at a 2018 cost base;
- demonstrate the single well economics of the TMS Core acreage and lift the overall value of the core play;
- convert further acreage to HBP status; and
- to significantly increase field cashflow.

It should be recognised that, consistent with our experience in other unconventional development plays, and that of the industry more generally in the US, the cost of initial wells in a program, whilst relevant, are not the critical element in determining future well costs under full development conditions or consequently project value. Average well productivity and decline curve relative to forecast future well costs are considered more important. Achieved oil sales price is the other key element and the TMS is extremely well positioned in this regard.

Once key contracts have been negotiated, Australis will provide the market with a more detailed project announcement. A general update on current progress is provided below.

a) **Well Planning:** The planned initial well locations have been selected based on various criteria including reservoir quality, nearby well performance, the ability to convert additional acreage to HBP status, surface access such as roads and power, and potential cost synergies, with an emphasis on execution risk mitigation and on matching the productivity performance of the TMS Type Curve.

b) **Procurement:** Tenders have been received from service providers and evaluated to identify the technically and operationally competent options for Australis at the lowest cost. The procurement process has generated quotes consistent with earlier cost estimates and multiple responding service providers who meet the technical specifications.

c) **Drilling and Completion:** The initial wells are planned to be drilled in pairs from the same surface pad, reducing rig costs and allowing for more efficient drilling operations. Wells will also be stimulated and commence production in pairs once drilling activity is completed, with a total spud to production results (IP30) lead time of around 5-6 months, depending on frac crew availability.

d) **Costs:** Surface facilities will be shared between the wells on the same surface drilling pad, with many elements to be installed before drilling operations commence. Costs for early wells in the initial drilling program, and particularly for the first wells in a unit, will be higher as they carry the “one off” costs associated with a unit’s surface road and power access, multi-well drilling pad preparation and additional infrastructure costs. These costs will, in due course, be amortized across other wells drilled from the same pad and/or within the same drilling unit, as appropriate.

Figure 1 below shows the locations and drilling trajectories of the planned initial four wells of the program, which are fully permitted and which will be drilled proximal to Lawson 25-13H, a highly productive well operated by Australis which produced over 300,000 barrels of oil in the first 24 months.

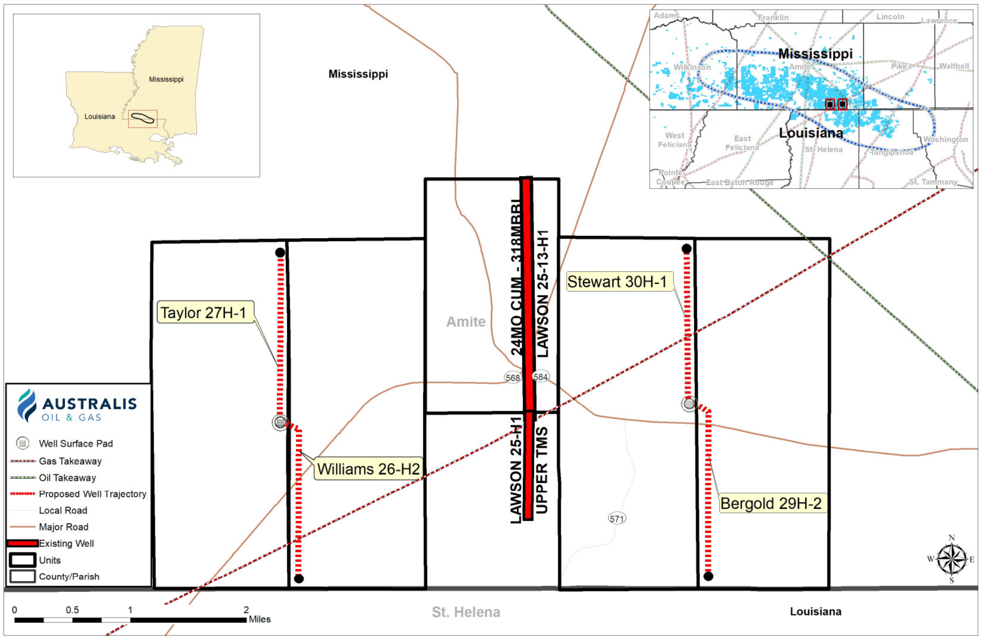

Figure 1: Initial Well Locations – Likely First Four Wells

A Large Strategic TMS Core Acreage Position

During the reporting quarter Australis continued to consolidate its strategic land position through a targeted leasing program in the TMS Core as well as obtaining new terms on lapsed leases previously acquired from Encana, which feature extended primary terms and otherwise more favourable commercial terms than the lapsed leases. Of the 95,000 net acres that Australis has leased and to which it attributes value within the TMS Core, 28,500 acres are HBP and the remaining 66,500 acres are undeveloped. The charts below illustrate the lease term on the remaining 66,500 undeveloped acres, as well as the proportion of acreage that is HBP. As is shown in Figure 2, over 75% of the acreage is either HBP or has an expiry of 2021 or later.

Expiration Year – TMS Core Net Acres

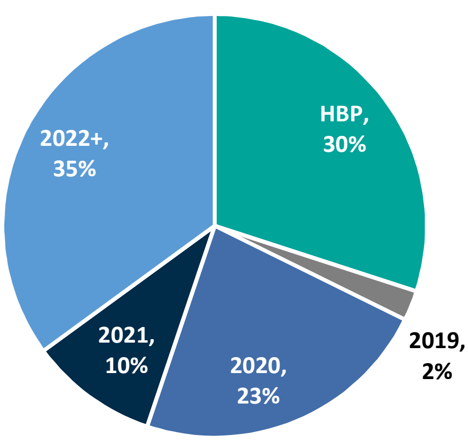

Figure 2: Expiration Year: Undeveloped Net Acres

Total TMS Core Net Acres

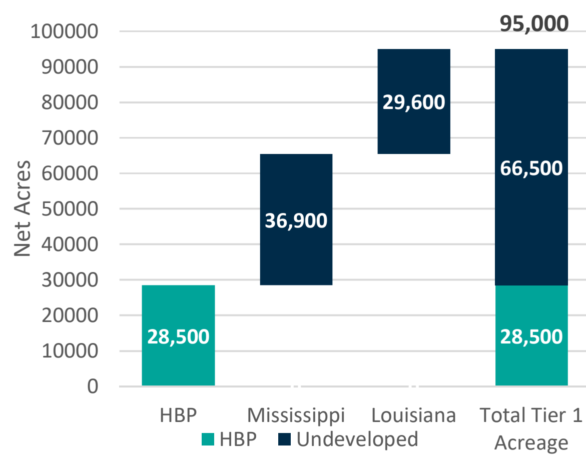

Figure 3: Australis TMS Core Net Acreage Position

This quarter, Australis continued the process of permitting TMS wells in preparation for drilling operations. Australis has permitted eight wells in seven drilling units in Amite County, Mississippi. Each permit authorises Australis to drill a well within a 12-month period and establishes the Company as operator of record for that unit. Once a well has been drilled and the production unit formed, Australis can subsequently apply for multiple well permits in each unit. Australis will continue to permit additional wells in both existing and newly formed drilling units to provide flexibility and contingency for its planned drilling activities.

The map below is a representation of the acreage position that Australis holds within the TMS Core. The black outlined areas delineate the drilling units in which the initial four wells are planned to be drilled (see Figure 1 above).

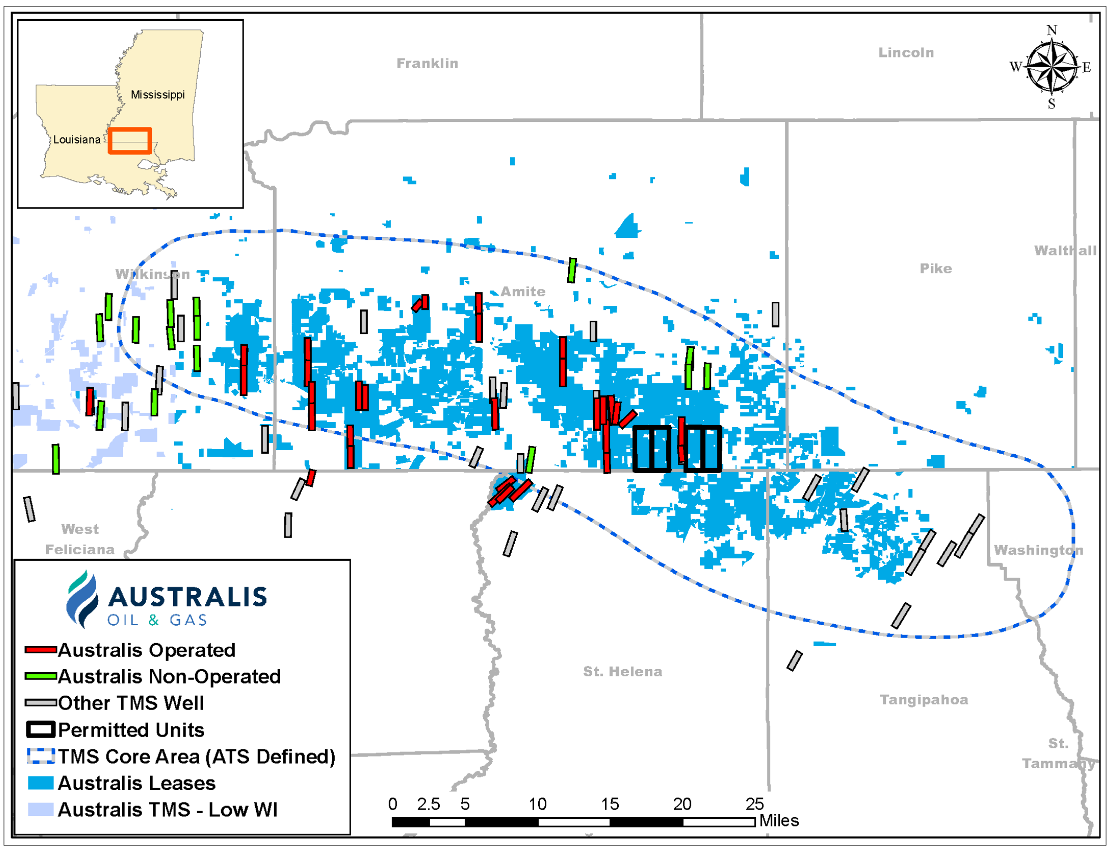

Figure 4: Overview of the TMS Core and Australis approximate lease hold position

Q2 2018 TMS Sales, Revenue and Field Netback

Australis achieved gross sales (before royalties) of US$8.7 million for the quarter, and a Field Netback of US$4 million. The average oil price achieved for the quarter was US$69/bbl.

Australis continues to benefit from the high quality of crude produced in the TMS and the geographical proximity to the Gulf Coast. This allows sales of oil based on the LLS benchmark, which trades at a premium to WTI.

The following table summarises the TMS oil sales and Field Netback for Q2 and 1H 2018.

	2nd Quarter 2018			1st Quarter 2018			1st Half 2018		
	bbls	US$MM	US$/bbl	bbls	US$MM	US$/bbl	Bbls	US$MM	US$/bbl
Gross Sales (WI)	125,000	$8.7	$69	130,000	$8.5	$65	255,000	$17.2	$67
Net Sales (NRI)	102,000	$7.0	$69	105,000	$6.8	$65	207,000	$13.8	$67
Field Netback		$4.0	$32		$3.9	$30		$7.9	$31

Nets sales represents gross sales after deduction of royalties and other burdens.

LUSITANIAN BASIN – CONVENTIONAL GAS & OIL ACREAGE ONSHORE PORTUGAL

Australis is finalising the static reprocessing techniques to additional 2D seismic lines. This process corrects for surface distortion of data that results from the nature of the shallow formations, which has then led to much greater structural clarity of the deeper potential reservoir horizons. Success has allowed the results from this 2D reprocessing to be integrated into Australis' seismic project for mapping and contouring of key intervals. Seismic horizons of target formations have been updated and tied to existing interpretations from previously interpreted lines. Once this process is completed then the impact on appraisal and exploration targets can be evaluated.

Australis submitted relevant EIA document to the Portuguese authorities. Australis is seeking to move to the EIA scoping phase for each concession area and in parallel has commenced the initial baseline EIA analysis at each surface location. In preparation for drilling Australis has purchased surface land locations to permit drilling to take place. Australis is interacting with all relevant stakeholders in the local and federal governments.

FINANCE AND CORPORATE

At 30 June 2018, cash on hand totalled US$43 million. During the quarter, Australis entered into a credit agreement with Macquarie Bank Limited (**Macquarie**) providing a three-year senior secured US$75 million credit facility. This facility, together with available cash funds, gives Australis access to substantial funding of over US$100 million for the initial TMS drilling program.

Importantly, the Macquarie facility was negotiated to allow flexibility to refinance or cancel the facility at any time without penalty (once funds are repaid), which enables Australis to take advantage of alternate attractive funding sources as they become available. The facility is currently undrawn. Other key terms of the facility include:

- US$75 million available in two tranches:
  - Tranche 1: US$45 million available upon satisfaction of customary conditions[6]
  - Tranche 2: US$30 million available upon satisfactory initial well results;
- Interest rate of LIBOR plus 6%;
- Quarterly principal repayments of US$1 million commencing 9 months after the initial draw down, with the balance of the principle due on the maturity date;
- Senior secured non-revolving facility, with security over the TMS based assets; and
- A total of 30 million options expiring 4 June 2021 issued to Macquarie on the following terms:
  - 20 million vest on initial draw of Tranche 1 financing and are exercisable at A$0.49 per option

- 10 million vest on initial draw of Tranche 2 financing and are exercisable at A$0.51 per option

Consistent with our focus on ensuring balance sheet stability, the Company continues to hedge its existing production to protect against a fall in the oil price. The Company has recently hedged up to 70% of its forecast production from existing wells for the next twelve months using WTI costless collars, representing put and call arrangements. These hedges protect the downside oil price such that if WTI falls below US$55/bbl, Australis is guaranteed receiving US$55/bbl for the hedged production. In the event the WTI price exceeds US$71/bbl in Q3 2018, US$72/bbl in Q4 2018 or US$68/bbl in 1H 2019, Australis does not receive the amount above these 'ceiling' prices. The following hedges were in place as at 30 June 2018:

2018 WTI Collars			2019 WTI Collars		
Hedge Period	Volumes	WTI Put / Call Pricing	Hedge Period	Volumes	WTI Put / Call Pricing
	bbls	US$/bbl		bbls	US$/bbl
July 2018	30,000	$55 / $71	Jan 2019	20,000	$55 / $68
Aug 2018	30,000	$55 / $71	Feb 2019	20,000	$55 / $68
Sep 2018	25,000	$55 / $71	Mar 2019	20,000	$55 / $68
Oct 2018	25,000	$55 / $72	Apr 2019	20,000	$55 / $68
Nov 2018	20,000	$55 / $72	May 2019	20,000	$55 / $68
Dec 2018	20,000	$55 / $72	Jun 2019	20,000	$55 / $68

QUARTERLY CASH FLOW REPORT FOR THE PERIOD ENDED 30 JUNE 2018

The Appendix 5B for the period ended 30 June 2018 is attached.

The Appendix 5B has been presented in US dollars in line with the Company's adoption on 1 January 2017 of the US dollar as its presentational currency.

-ends-

Further Information:

Ian Lusted
Managing Director
Australis Oil & Gas
+61 8 9220 8700

Graham Dowland
Finance Director
Australis Oil & Gas
+61 8 9220 8700

Shaun Duffy
FTI Consulting
+61 8 9485 8888

ADDITIONAL INFORMATION

TMS Background – Unconventional Oil Acreage Onshore USA

The Tuscaloosa Marine Shale is a Cretaceous shallow marine unconventional shale that is present across central Louisiana and southwest Mississippi. The play is the same geological age as the Eagle Ford Shale in South Texas and the Woodbine Shale in East Texas. It was well known through the 1980s as associated conventional sand horizons were developed through the area with vertical wells. With the advent of unconventional development activity, the TMS was explored from 2010 with localised success.

The play is deep, high pressured and oil weighted. As experienced in most unconventional plays, early results demonstrated variable production performance and relatively high well costs, driven by operational difficulties encountered whilst drilling and completing the wells. These challenges led to a modest appraisal activity level, with competing plays in the USA such as the Eagle Ford and Bakken offering lower risk development opportunities given their more advanced development. The activity that did take place however, delineated a relatively small core area of the play where production results were consistent and comparable to other, far more developed, unconventional plays. This area is shown in the blue oblong in Figure 4 and represents Australis' interpretation of the TMS Core. Furthermore, there is a step change in well performance outside the TMS Core which creates a relatively binary outcome. Whilst all other unconventional plays demonstrate a range of well performance, it is typically a graduated change and the step change observed in well results with in the TMS is unusual. This delineated TMS Core only consists of approximately 450,000 acres, or less than 5% of the known TMS geological setting. This relatively small area of high well performance and the step change observed throughout the rest of the play explains how the TMS developed a mixed reputation.

These circumstances and the 2014 fall in commodity price generated the opportunity for the two low cost acquisitions by Australis in the play and remain the basis for an ongoing cost effective leasing program where longer lease life is targeted together with improved commercial terms. Australis has remained very disciplined and focused only within the production delineated TMS Core.

The appraisal activity by Encana and other participants in the TMS during 2013/2014 also addressed many of the operational challenges were initially experienced. Costs and performance repeatability were improving, and activity levels were increasing during 2014 until this evolution in the play was interrupted by the oil price drop in late 2014. As a direct result, no drilling activity has occurred since the beginning of 2015. Consequently, none of the numerous industry improvements that have continued to drive forward the economics of other unconventional plays during this extended period of lower oil price have been applied to the TMS.

In September 2017, EOG announced that it had drilled and completed an Austin Chalk well, approximately 40 miles to the south west in Louisiana. The results of this well, which fall below the Australis TMS Type Curve, have led to an active leasing program by many US independent oil and gas companies including EOG Resources, ConocoPhillips, Marathon Oil and PetroQuest Energy. This leasing activity has now moved into the Australis TMS Core and these companies have wells permitted in the Austin Chalk within 10 miles of Australis' acreage.

TMS Reserves and Resources

In January 2018, Australis released its year-end reserve and resource estimates which were prepared by independent engineers at Ryder Scott Company LP which reflected the first independent assessment of the previously booked contingent resource as an economic reserve.

The total acreage position in the TMS was only partially assessed due to an assumed modest drilling program over the next five years which conforms to the timeframes prescribed by the SPE Petroleum Management System and as required by the Australian Stock Exchange. The development program started with one rig in mid-2018, moved to three rigs in 2019 and then running four rigs between 2020 and 2022, which led to 126 total wells being drilled on 250 acre spacing. Economic analysis by Ryder Scott deemed all assessed well locations to be commercial. This limited drilling program only covers approximately 37% of the TMS Core net acreage held by Australis. The balance of the acreage, which was assessed as contingent resources, is considered contingent only on a development plan. Australis believes that these remaining contingent resources will transfer to reserves when assessed for development, subject to prevailing oil price.

Net Reserves as at 31 December 2017[1]	MMbbl
Proved Reserves (1P)	**28.9**
Probable Reserves	17.7
Proved + Probable Reserves (2P)	**46.6**
Possible Reserves	13.6
Proved + Probable + Possible Reserves (3P)	**60.2**
Net Resources as at 31 December 2017[1]	**MMbbl**
1C Resources	8.9
2C Resources	**98.0**
3C Resources	177.8

The 1P reserve estimate includes PDP reserves from existing producing wells of 3.93 MMbbls and PDNP reserves of 0.17 MMbbls, with a combined NPV(10) of US$79.5 million[1].

Portugal background

In September 2015 Australis was awarded two onshore exploration concessions in the Lusitanian Basin (known as the Batalha and Pombal Concessions). The concessions cover a total area of 620,000 acres, are in the exploration phase and are presently in the third of an eight-year valid term. They have a modest minimal commitment work program in the first three years. The Concessions are shown in Figure 3 below and are located to the north of Lisbon.

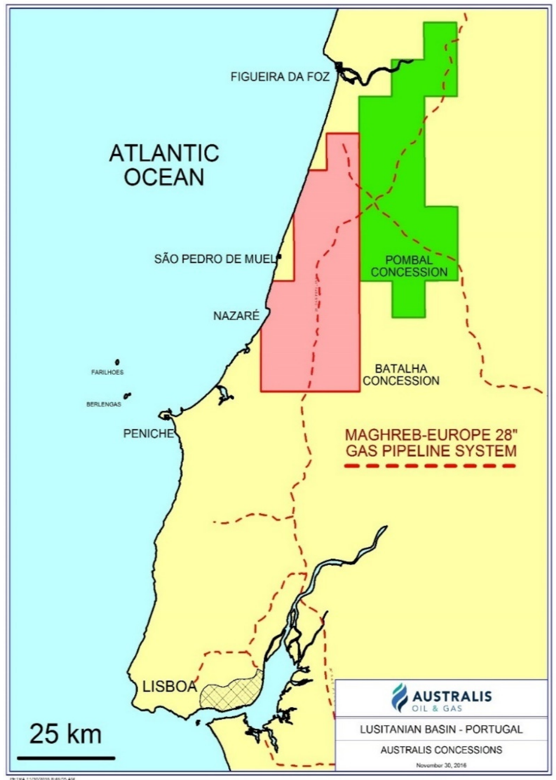

Figure 5: Overview of the Batalha and Pombal Concessions in the Lusitanian Basin

Australis has purchased from the Portuguese Government, at nominal cost, aeromagnetic data interpretation study, exploration well logs and 2D seismic lines across both concessions as well as a 3D survey that covers part of the Batalha concession. Australis activity during the first year of the concessions broadly consisted of data review and analysis of the 2D and 3D seismic[4] and other existing information relating to prior wells. This has allowed us to define a large gas discovery in the Jurassic formations and to identify likely production mechanisms that contributed to the observed 3 MMscf/d from the discovery well. Furthermore, Australis now has a preferred well design to achieve commercial flow which would allow the net 2C contingent resource of 459 Bcf[2] be reassessed as a reserve.

Based upon work carried out by Australis an update to the contingent resource associated with the two horizons was carried out at YE 2016 and this has led to a 96% increase in the estimated recoverable resource to a 2C figure of 458.5 Bcf. The full results of the contingent resource estimates from Netherland, Sewell & Associates, Inc ("NSAI")[2] are summarised below:

Net Contingent Resource – Gas (97% WI & Post Royalties)[5]			
	Low Estimate1C (BCF)	**Best Estimate 2C (BCF)**	**High Estimate 3C (BCF)**
NSAI Resource Est – 31 Dec 2016[2]	217.4	458.5	817.7

NSAI generated their independent contingent resource estimates using a combination of deterministic and probabilistic methods. The material assumptions and technical parameters underpinning the contingent resource estimate were set out in the announcement made to the market on 25 January 2017[2].

GLOSSARY

Unit	Measure	Unit	Measure
B	Prefix – Billions	**bbl**	Barrel of oil
MM	Prefix – Millions	**boe**	Barrel of Oil equivalent (1bbl = 6 mscf)
M	Prefix – Thousands	**scf**	Standard cubic foot of gas
/d	Suffix – per day	**Bcf**	Billion cubic feet of gas

Term	Definition
TMS Core	The Australis designated productive core area of the TMS delineated by production history
Gross or WI	Company beneficial interest before royalties or burdens
Net or NRI	Company beneficial interest after royalties or burdens
C	Contingent Resources (1C/2C/3C equivalent to low/most likely/high)
NPV(10)	Net Present Value (@ discount rate)
EUR	Estimated Ultimate Recovery of a well
WTI	West Texas Intermediate oil benchmark price
LLS	Louisiana Light Sweet oil benchmark price
D, C&T	Drill, Complete and Tie - in
2D/3D	2 and 3 dimensional seismic surveys
Opex	Operating Expenditure
HBP	Held by production – within a formed unit a producing well meets all lease obligations within that unit. Primary term remains valid whilst well is on production.
PRB	Probable Reserve or 2P Reserves
PDP	Proved Developed Producing Reserves
PDNP	Proved Developed Not Producing Reserves
PUD	Proved Undeveloped Reserves
Net Acres	Working Interest before deduction of royalties or burdens
Field Netback	Oil and gas sales net of royalties, production and state taxes, field based production expenses but excludes depletion, depreciation and hedging gains or losses
IP30	The average oil production rate over the first 30 days of production once the well has cleaned up.
TMS Type Curve	Refer to the Appendix of the Australis Corporate Presentation

Notes

1. The most recent TMS estimates have been taken from the independent Ryder Scott report, effective 31 December 2017 and announced on 30 January 2018 titled 'Reserve and Resource Update – Year end 2017'. The report was prepared in accordance with 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). Ryder Scott generated their independent reserve and contingent resource estimates using a deterministic method. The Company is not aware of any new information or data that materially affects the information included in the referenced market announcement and that all material assumptions and technical parameters underpinning the estimates in the referenced market announcement continue to apply and have not materially changed.
2. The Portugal Concession estimates have been taken from the independent Netherland, Sewell & Associates report, effective 31 December 2016 and announced on 25 January 2017 titled '2016 Year End Resource Update'. The report was prepared in accordance with 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). The Company is not aware of any new information or data that materially affects the information included in the referenced market announcement and that all material assumptions and technical parameters underpinning the estimates in the referenced market announcement continue to apply and have not materially changed.
3. The deterministic method is based on qualitative assessment of relative uncertainty using consistent interpretation guidelines. The independent engineers using a deterministic incremental (risk-based) approach estimates the quantities at each level of uncertainty discretely and separately.
4. Aljubarrota 3D Seismic Survey – 160 km2 acquired December 2010 to March 2011 under permit issued by the Portuguese Divisao para a Pesquisa e Exploracao do Petroleo ("DPEP").
5. Australis holds a 100% working interest in the Batalha and Pombal Concessions, however this interest is subject to a 3% working interest option granted to a contractor and the Net estimates provided by NSAI are prepared with the assumption that this option has been exercised. The Net estimates provided by NSAI also make an allowance for royalties payable to the Portuguese government. The actual royalties payable by Australis are detailed in Article 51 of Decree Law nr 109/94 of the 26th April,1994 and Article 19.2 of each concession contract. For oil there is a staged royalty of between 0 and 9% based on produced volumes and for gas there is a similar staged royalty of between 3 and 8% again based on produced volumes. As there is not a development plan and an associated production profile for either the contingent or prospective resource estimates, the royalty rate has been assumed to be 8 and 9% respectively.
6. Tranche 1 availability consists of a base US$35 million plus an additional US$10 million once Australis has spent or entered into binding commitments to spend US$20 million on the initial TMS drilling program from its own capital resources. In the event that additional US$10 million amount is not made available in Tranche 1, Tranche 2 availability will be increased by US$10 million, to US$40 million.

Non-IFRS Financial Measures

References are made within this report to certain financial measures that do not have a standardised meaning prescribed by International Financial Reporting Standards (IFRS). Such measures are neither required by, nor calculated in accordance with IFRS, and therefore are considered Non–IFRS financial measures. Field netback, as defined within the Glossary, is a Non-IFRS financial measure commonly used in the oil and gas industry. Non-IFRS financial measures used by the Company, including field netback, may not be comparable with the calculation of similar measures by other companies.

Forward Looking Statements

This document may include forward looking statements. Forward looking statements include, but are not necessarily limited to, statements concerning Australis' planned operation program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although Australis believes its expectations reflected in these statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96. Origin Appendix 8. Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

AUSTRALIS OIL AND GAS LIMITED

ABN	**Quarter ended ("current quarter")**
34 609 262 937	30 June 2018

Consolidated statement of cash flows		**Current quarter $USD'000**	**Year to date (6 months) $USD'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	8,439	17,055
1.2	Payments for		
	(a) exploration & evaluation	(1)	(267)
	(b) development		-
	(c) production	(5,127)	(9,749)
	(d) staff costs		
	- corporate costs	(1,431)	(3,135)
	- operational	(388)	(805)
	(e) administration and corporate costs		
	- corporate costs	(463)	(969)
	- operational	(179)	(344)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)		
	Financial Advisor Fees	(15)	(15)
1.9	**Net cash from / (used in) operating activities**	**835**	**1,771**

Consolidated statement of cash flows		Current quarter $USD'000	Year to date (6 months) $USD'000
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(37)	(438)
	(b) land leases (see item 10)	(1,296)	(2,775)
	(c) oil and gas properties including permitting fees	(690)	(690)
	(d) (lodgement) / redemption of security deposits	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	63	82
2.6	**Net cash (used in) / from investing activities**	**(1,960)**	**(3,821)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	42	30,689
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(2)	(1,318)
3.5	Purchase of treasury shares	-	(59)
3.6	Proceeds from borrowings	-	-
3.7	Repayment of borrowings	-	-
3.8	Transaction costs related to loans and borrowings	(290)	(290)
3.9	Dividends paid	-	-
3.10	(Lodgement) / redemption of hedge deposits	-	-
3.11	**Net cash (used in) / from financing activities**	**(250)**	**29,022**

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	44,795	16,602
4.2	Net cash from / (used in) operating activities (item 1.9 above)	835	1,771
4.3	Net (used in) / from investing activities (item 2.6 above)	(1,960)	(3,821)
4.4	Net cash (used in) / from financing activities (item 3.11 above)	(250)	29,022
4.5	Effect of movement in exchange rates on cash held	(320)	(474)
4.6	**Cash and cash equivalents at end of period**	**43,100**	**43,100**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $USD'000**	**Previous quarter $USD'000**
5.1	Bank balances	13,100	44,795
5.2	Call deposits	30,000	-
5.3	Bank overdrafts	-	-
5.4	Other (Work Program Guarantee)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**43,100**	**44,795**

6.	**Payments to directors of the entity and their associates**	**Current quarter $USD'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	242
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Non-Executive and Executive Director salaries and fees.

7.	**Payments to related entities of the entity and their associates**	**Current quarter $USD'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $USD'000**	**Amount drawn at quarter end $USD'000**
8.1	Loan facilities	75,000	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

US$75 million secured facility with Macquarie Bank Limited. Coupon on drawn funds at 6% plus Libor.

9.	**Estimated cash outflows for next quarter**	**$USD'000**
9.1	Exploration and evaluation	
	- operations	(117)
9.2	Capital expenditure	(12,000)
9.3	Production (sales less direct field expenses & taxes)	3,570
9.4	Staff costs	
	- corporate costs	(1,605)
	- operational	(391)
9.5	Administration & Corporate – head office based	
	- corporate costs	(411)
	- operational	(91)
9.6	Other - IT and transitional arrangements	(25)
9.7	**Total estimated net cash outflows**	**(11,070)**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Tuscaloosa Marine Shale USA	Working Interest holder	95,000 net acres	95,000 net acres
		Batalha– Onshore Portugal	100% working interest holder in concession	307,480 acres	307,480 acres
		Pombal– Onshore Portugal	100% working interest holder in concession	312,866 acres	312,866 acres

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: .... Date: 31 July 2018
(~~Director~~/Company secretary)

Print name: Julie Foster

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.