

Quarterly Report

For the period ended 31 December 2020

CORPORATE & FINANCIAL

The ASX voluntary suspension in the trading of the Company's shares requested on 7 September 2020 continued throughout the quarterly period and the shares currently remain suspended pending completion of the acquisition of Hartshead Resources Limited (**Hartshead** or **HRL**), in which Ansila Energy NL (**Ansila**, **ANA** or the **Company**) holds a 21.6% equity interest.

On 5 November 2020 Ansila announced that Hartshead had received a Data Verification Letter from the UK Oil & Gas Authority (**OGA**) with respect to its UK 32nd Offshore Licensing Round application, in which Hartshead was provisionally awarded five blocks. The Data Verification Letter sets out the terms and conditions of the award of a single license covering blocks 48/15c, 49/6c, 49/11c, 49/12d and 49/17b and consists of an Initial Term of five (5) years, followed by a Second Term of 2 years and a Third Term (intended for production) of eighteen (18) years.

On 14 December 2020 Ansila announced that it has reached an agreement to acquire the remaining 78.4% interest in Hartshead that Ansila does not already own in an all share deal aiming to create a new UK North Sea gas developer. A Placement for A\$7.0 million at a placing price of A\$0.025 per share was also announced to fully fund work commitments of Phase I operations through to the preliminary field development plan (**FDP**) submission. The transaction is subject to shareholder approval and on 24 December 2020 a Notice of the Company's Annual General Meeting (**AGM**), scheduled for 29 January 2021, was sent to shareholders. Subject to the necessary shareholder approvals the acquisition of Hartshead is scheduled for completion on 1 February 2021.

On 11 December 2020 it was announced that Mr Ben Secrett had resigned as Company Secretary and that Mr Matthew Foy had been appointed as the new Company Secretary with immediate effect. Mr Foy is a professional Company Secretary with over 14 years' experience facilitating public company compliance with a core focus on ASX Listing Rules and operational and governance disciplines.

Ansila holds 69,637 shares in the capital of GRL (carrying value of A\$459,533), equating to 2.1% ownership in GRL as a result of the automatic conversion of the exclusivity fee payment (£250,000) at completion of the transaction.

Ansila holds 102,387,595 ordinary shares and has an option on 10,611,411 shares for 14.7% of the total voting power in Jacka Resources Limited (**Jacka** or **JKA**), therefore making Ansila the largest shareholder of JKA. Jacka was removed from the ASX Official List on 21 September 2020 following a period of suspension from September 2018. During the quarterly period Jacka announced that it had executed a binding termsheet to acquire 100% of Site Service Holdings. Upon completion of the transaction Jacka intends to re-list on the ASX via an IPO and complete a capital raise of A\$6.25 million.

Ansila's closing cash at the end of the quarter was A\$1.1 million with the Company holding an additional ~A\$460,000 in financial investments as at 31 December 2020.

Payments to related parties and their associates during the quarter as outlined in Section 6 of the accompanying Appendix 5B to this quarterly activities report were A\$240,000. These payments are related to salaries, superannuation and directors' fees paid to directors and related entities during the December 2020 quarter.

GORA CONCESSION, ONSHORE POLAND (ANSILA 35% AND NON-OPERATOR)

The Gora concession (693 km²) (**Figure 1**) covers a Carboniferous unconventional gas play, discovered with the Siciny-2 well drilled in 2012 and estimated to contain 2C contingent resources of 1.6 trillion cubic feet (Tcf) of gas according to Netherland Sewell & Associates, Inc (**NSAI**)¹. The licence also hosts a conventional Rotliegendes gas play, containing multiple exploration prospects, yet to be drilled.

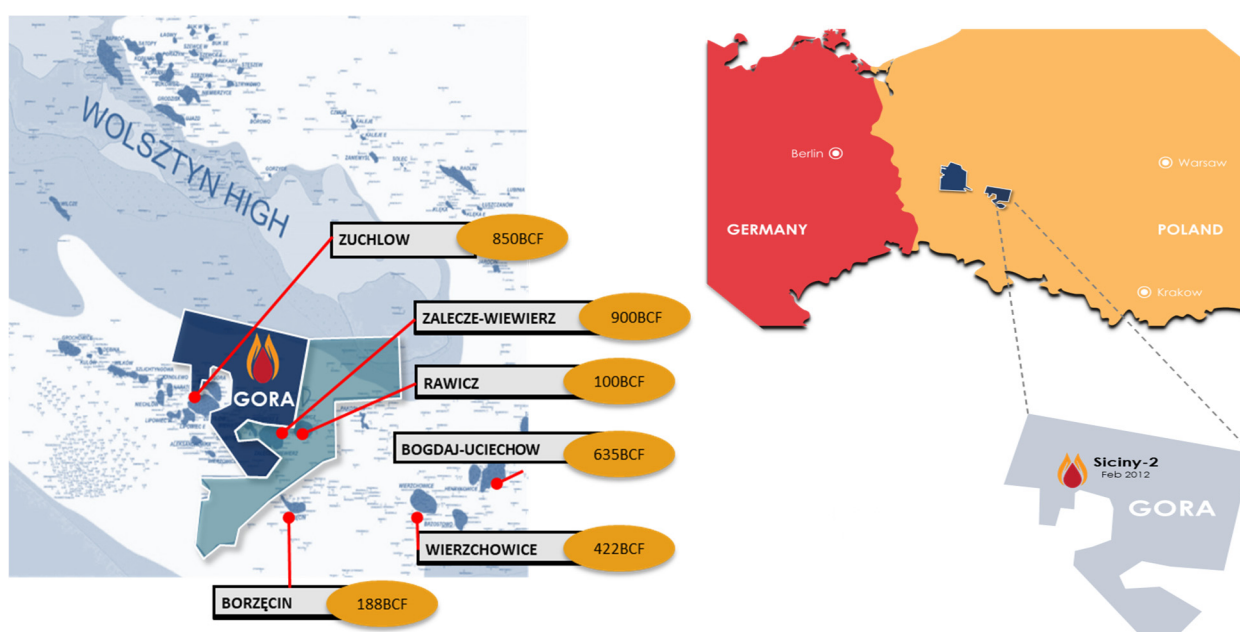


Figure 1 – Location of the Gora gas assets in Poland

During the quarterly period the Operator, Gemini Resources Limited (**Gemini** or **GRL**), continued to review the conventional potential of the Siciny-2 well, which is estimated to contain a 21 metre² section of conventional gas pay in the shallower Rotliegendes interval.

Re-entering the Siciny-2 well and perforating the Rotliegendes 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. However, a minimum economic recoverable volume would need to be encountered for the Rotliegendes

¹ Volume estimates are from Netherland, Sewell & Associates, Inc, report entitled "Estimates of Reserves and Future Revenue and Contingent Resources and Cash Flow to the Gemini Resources Ltd Interest and Gross (100%) Prospective Resources in Certain Oil & Gas Properties located in the Nowa Sol and Gora Concessions Permian Basin, Onshore Poland as of May 1, 2019" (Report or **CPR**).

² 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**).

interval at Siciny-2 to be commercially viable and, therefore, the reprocessing and interpretation of the existing 3D seismic dataset will likely be required as an initial de-risking step prior to any further appraisal.

POLAND PROJECT PORTFOLIO:

Gora Concession:

- **Siciny-2 Appraisal Well:** Targeting 2C contingent resources of 1.6 Tcf¹ (circa 270 MMboe³) of unconventional gas in an extensive Carboniferous structure with operations undertaken in December 2019 – February 2020; and
- **Conventional Prospects:** At Gora, Ansila has the option to drill several conventional prospects, targeting the Rotliegendes reservoir, with aggregate prospective (P50) resources of 210 Bcf^{1,4}. These prospects are located adjacent to the proven Rawicz (c.94 Bcf – 2P reserves) and Zalecze-Wiewierz (900 Bcf) gas fields and offer Ansila additional upside on the Gora Concession. The prospect inventory is partially covered by 3D seismic coverage and lies within a proven petroleum system demonstrated by information from surrounding well control from the adjacent Rotliegendes gas fields. Estimated completed well costs attributable are US\$0.85 million net to Ansila.

³ 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.

⁴ Prospective resources are estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) and 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.

NKEMBE BLOCK, OFFSHORE GABON (ANSILA 100%⁵ AND OPERATOR)

The Nkembe block covers an area of 1,210 km² in water depths of 50-1,100 metres approximately 30 km off the coast of Gabon (**Figure 2**).

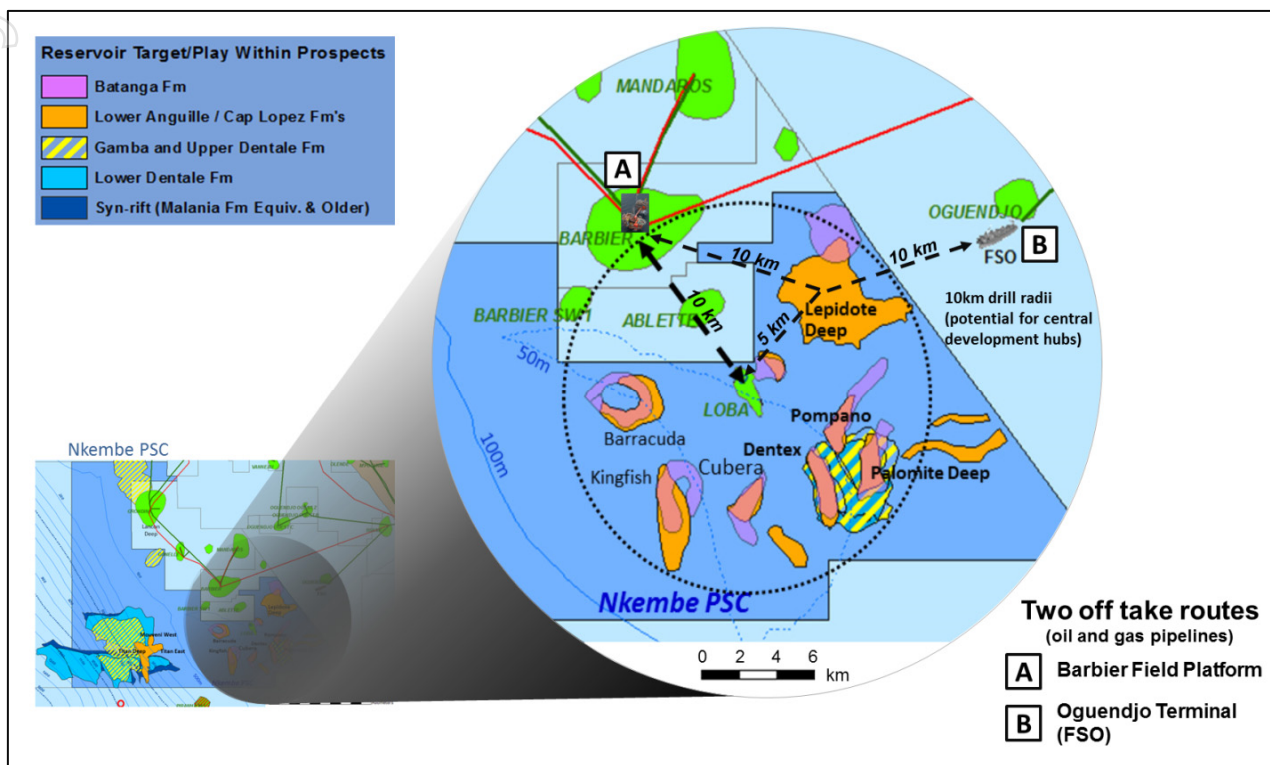


Figure 2 – Shallow water area of the Nkembe block and prospects

During the quarter the Company maintained its claim of force majeure on the Nkembe Production Sharing Contract (**PSC**), suspending all obligations. In accordance with Ansila's legal advice, Ansila has asserted that the PSC start date is the date of the issue of the Presidential Decree (4 December 2014) and that, based on this start date, no funds contributions are outstanding as at the date of the force majeure. Ansila has committed substantial investment over a number of years in Gabon, including a US\$9,000,000 signing bonus paid in January 2013 and accordingly has reserved all its rights in relation to the PSC, including the right to seek recovery of the signing bonus.

In the circumstances Ansila does not intend to commit any further resources to the Nkembe Project unless and until Ansila reaches a resolution with the Directorate General for Hydrocarbons, that enables Ansila to obtain third party funding to conduct further exploration under the PSC.

⁵ Ansila's interest is subject to the right of the State of Gabon to participate in any development for up to a 20% interest under the Nkembe PSC

AMBILOBE BLOCK, OFFSHORE MADAGASCAR (ANSILA 100% AND OPERATOR)

The Ambilobe block is located in the Ambilobe Basin, offshore north-west Madagascar covering an area of 17,650 km² (Figure 3).

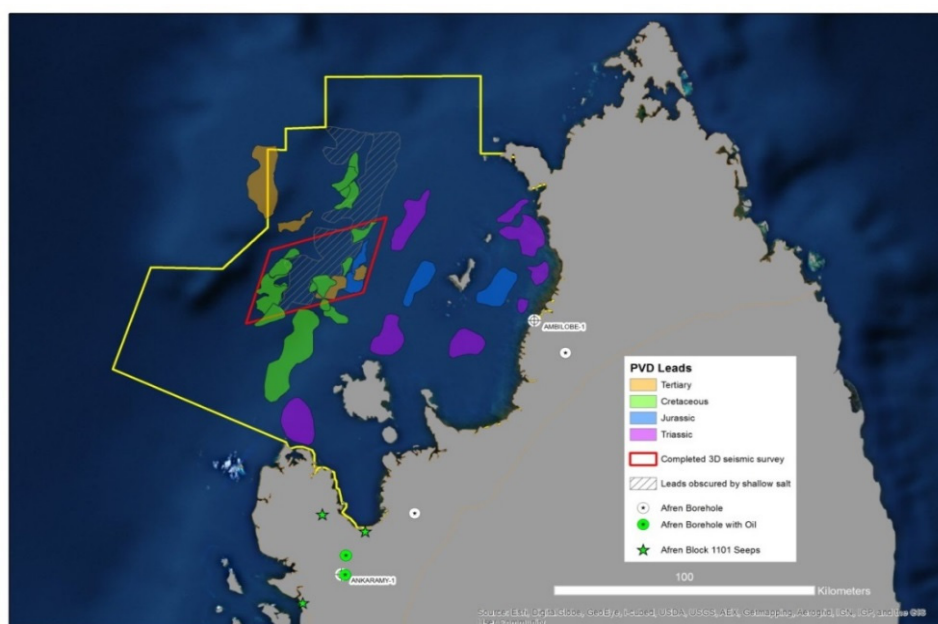


Figure 3 – The Ambilobe block (yellow boundary) showing area of 3D seismic survey (red boundary)⁶

An independent Ambilobe block evaluation report highlighted the potential, interpreted from the 3D seismic data acquired during 2015/16, for significant prospectivity within the block and recommended that Ansila undertake a systematic phased work program to further process and interpret the 3D seismic data for the purposes of improving the definition of and then ranking three previously identified leads. In addition, under the production sharing contract, the Company's subsidiary that holds the block is required to relinquish a portion of the Ambilobe block.

As stated previously, the Company has applied for the second special two (2) year extension of the Ambilobe PSC. Discussions with OMNIS are ongoing and at the date of this report. The Company has not reached agreement with OMNIS on the terms of the 2nd special two (2) year extension of the Ambilobe PSC.

PETROLEUM TENEMENTS HELD AS AT 31 DECEMBER 2020

	% Interest	Tenement	Location
Held at end of the quarter	100% ⁷	Nkembe Block	Offshore Gabon
	100% ⁸	Ambilobe Block	Offshore Madagascar
	35%	Gora Concession	Onshore Poland

⁶ Subject to relinquishment and extension of term for a further 2 years as per the terms of the Ambilobe PSC

⁷ Ansila's interest is subject to the right of the State of Gabon to participate in any development for up to a 20% interest under the Nkembe PSC

⁸ Subject to relinquishment as per the terms of the Ambilobe PSC

CORPORATE DIRECTORY

Directors

Bevan Tarratt	Chairman
Nathan Lude	Executive Director
Andrew Matharu	Executive Director
Christopher Lewis	Technical Director

Company Secretary

Matthew Foy

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 +61 3 9415 4000 (outside Australia)

The Board of Directors of Ansila Energy NL authorised this announcement dated 29 January 2021 to be given to ASX.

PETROLEUM REPORTING STATEMENTS

Please refer to the qualified person's statement relating to the reporting of contingent and prospective resources on the Gora concession 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.

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

Contingent Resources		1C	2C	3C
Siciny-2	Tcf	0.7	1.6	3.2
Ansila 35% Interest		0.25	0.56	1.1
Prospective Resources ⁹		Low Case	Best Case	High Case
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
TOTAL	Bcf	153.4	209.3	282.7
Ansila 35% Interest		53.7	73.3	98.9

⁹ See cautionary statement detailed above in footnote 4.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ANSILA ENERGY NL

ABN

11 150 624 169

Quarter ended ("current quarter")

31 DECEMBER 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(145)	(297)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(83)	(126)
	(e) administration and corporate costs	(245)	(386)
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	Government grants and tax incentives	12	50
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(461)	(759)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation *	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,600	1,890
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(461)	(759)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(26)	(18)
4.6	Cash and cash equivalents at end of period	1,113	1,113

* Prior quarter amounts have been re-positioned for consistency with current quarter disclosures.

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 \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,073	1,560
5.2 Call deposits	40	40
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,113	1,600

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	240
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>	
Payments of Directors fees and salaries	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(461)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(461)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,113
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,113
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.4
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date: 29 January 2021

Authorised by: Nathan Lude, Executive Director
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.