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Rawson Oil and Gas Signs Gas Sale MOU with Weston Energy

- **MOU covers sale of gas to Weston Energy in the event that the Nangwarry-1 Gas Exploration Well is a commercial success.**
- **Rawson will have the option to receive funding of up to A\$6 million via a gas prepayment.**
- **Key terms agreed on purchase of up to 4 petajoules of gas per year for a five-year term which will permit Rawson to quickly convert any contingent resources into reserves.**
- **By providing access to customers and pipeline infrastructure this MOU represents a key step towards rapid commercialisation in the event of commercial success with the Nangwarry-1 exploration well.**

Rawson Oil and Gas Limited “**Rawson**” is pleased to advise that it has executed a non-binding Memorandum of Understanding (“MOU”) with Weston Energy Pty Limited (“Weston Energy”) to sell gas from the Nangwarry-1 exploration well in the Otway Basin, South Australia in the event of a commercial discovery.

The MOU represents a significant step towards signing a binding Gas Sales Agreement (GSA) between the two parties and covers the purchasing by Weston Energy of up to 4 petajoules (“PJ”) of gas per year for a period of five years. A future binding GSA is subject to a number of conditions, including success at Nangwarry-1 and Weston Energy finalising gas transportation arrangements.

The MOU also provides for Weston Energy making a prepayment of up to A\$6 million, which will give Rawson additional financial flexibility to execute future field development activities. The MOU will allow Rawson to quickly convert any discovered resource into reserves and production.

The Nangwarry-1 exploration well is located 9km south of the recent Beach Energy Discovery at Haselgrove-3 ST1¹, and only 4km from an existing gas pipeline which is currently mothballed. An independent petroleum engineering firm has assessed the best estimate prospective resources of the Nangwarry-1 prospect at 57 Billion cubic feet of gas².

¹On 02 July 2018, Beach Energy announced in their Reserves and contingent resources statement as at 30 June 2018, that the Haselgrove discovery represented a 2C contingent resource of 15 MMboe (million barrels of oil equivalent).

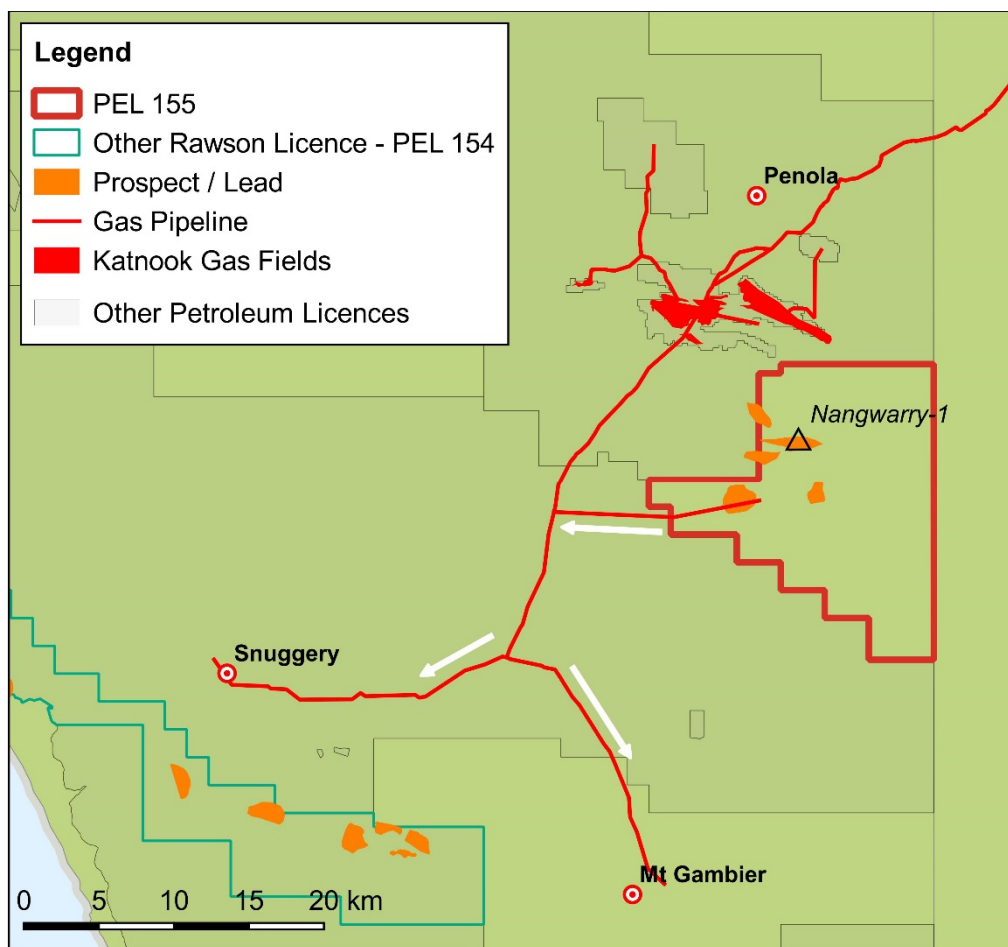
²Rawson ASX market announcement, 24 May 2018.

Weston Energy already has a number of gas customers in South Australia, success at Nangwarry-1 will see the parties working closely together to sell more gas into the South Australian market in keeping with the terms of the South Australian Government PACE Grant recently awarded to Rawson and it's PEL 155 Joint Venture Partner Vintage Energy.

Allister Richardson, Chairman of Rawson Oil and Gas commented: “We are delighted to have executed this MOU with Weston Energy. In the event of success at Nangwarry-1 we will have a foundation customer to work with as we sell gas into the South Australian market. Drilling of the Nangwarry-1 well is planned for FY19 and if we find gas we will be working to have the discovery on production as early as possible. With gas prices in the Mt Gambier area as high as \$15 GJ I am confident that Rawson and Weston can deliver better options for local gas buyers and help build economic prosperity in South Australia.”

Garbis Simonian, Managing Director of Weston Energy added: “Our aim is to support Australian domestic businesses and jobs, and this MOU with Rawson is a significant step in delivering competitively priced contract gas to our industrial and commercial gas customers in South Australia.”

For more information, please visit us at: <http://www.rawsonoilandgas.com>



Map 1. Location map showing proximity of Nangwarry-1 and PEL 155 to existing gas infrastructure and potential delivery of gas scenario.

About the Nangwarry Prospect

The Nangwarry prospect (Map 1) is a conventional gas and liquids prospect in a three-way dip, fault dependent trap and is considered analogous to the nearby Katnook, Haselgrove and Ladbrooke Grove fields which have produced approximately 70 Bcf of raw gas since discovery.

Drilling success at Nangwarry will extend the proven top Pretty Hill play province and/or confirm the presence of a significant new gas reservoir in the Sawpit Sandstone. A commercial discovery will provide much needed gas to the South Australian market and increase exploration in the region. Ultimately, the PEL 155 JV hopes continued investment will lead to a rebuild of the gas industry in the South East of South Australia, provide stimulus to other industries in the region and alleviate issues of gas supply for power generation and other industries in South Australia.

About the PEL 155 JV and PACE

PEL 155 is held 50% by Rawson and 50% by Vintage Energy Limited. The PEL 155 JV was awarded \$4.95 million under the South Australian Government PACE gas scheme in December 2017. The Plan for Accelerating Exploration (PACE) gas scheme grant is to support up to 50% of the drilling of a new gas exploration well within PEL 155.