

JUNE 2015 QUARTERLY ACTIVITIES REPORT

Highlights:

JUNE QUARTER

- Quarterly Net Revenue of USD \$3.4m.
- Quarterly Oil and Gas Production – 91,646 BOE.
- Acreage Leasing Continues with Snake River Footprint Growing.
- Upgrade in Human Capital and Talent with appointments of New Geologist and Head Engineer.
- Re-organisation of field staff into Categorized Work Disciplines.
- Release of the Company's 2014 Annual Report and AGM held.
- Strong Quarter Ending Cash Position with USD \$24m on hand.

SUBSEQUENT TO QUARTER END

- Restarted Drilling Activities at Snake River.
- Well costs declining to below USD \$550k per well and a 5% reduction in Oklahoma State Production Tax from 1 July.
- Plan to complete all Existing Drilled wells in the September Quarter.
- AusTex Presents at the Noosa Mining and Exploration Conference.

CASH RUNWAY ON HAND FOR SNAKE RIVER DEVELOPMENT

- USD \$24m cash for substantial runway of Snake River Development.
- 71 Company Operated wells and 4 non-operated wells producing with an additional 9 wells in pre-production

ASX: AOK OTCQX: ATXDY

1. AusTex’s June 2015 Quarter

The Board of AusTex Oil Limited (**AusTex** or the **Company**) (**ASX: AOK - OTCQX: ATXDY**) is pleased to provide its Quarterly Activities Report for the quarter ending 30 June 2015.

Significant Events During and Subsequent to the June Quarter		
1	Release of Company’s Annual Report to Shareholders	27 April
2	Change of Registered Address and Principal Place of Business	1 May
3	Holding of AusTex’s 9 th Annual General Meeting	28 May
4	Release of 2015 Company Video Presentation	28 May
5	Presentation to the Noosa Mining Conference	16 July

Table 1:

Summary of Significant Events during and subsequent to the June 2015 Quarter.

2. Operations Overview

The Company’s primary focus will continue to be on oil and gas exploration, development and production at its 100% owned Snake River Project in Kay County, Northern Oklahoma targeting the liquid rich Mississippi Lime formation.

With the Company’s focus on producing oil and gas in Oklahoma, AusTex only retains a legacy tail of production in Kansas contributing around 1 to 2% to the Company’s overall production. Consistent with its strategy outlined over the last year, AusTex is no longer pursuing any additional activities in Kansas and proposes to allow its Cooper, Colby and Ellsworth Leases to expire where the acreage is not presently held by production.

3. Production and Revenue

In accordance with its previously announced strategy in response to the rapid decline in the oil price over the course of 2015, the Company’s drilling hiatus continued in the June quarter with no new wells drilled. During the latter part of the quarter, the Company reviewed its strategy of curtailing its production which it began in the middle of December 2014. The rapid increase in field pressures successfully retained oil in the formation and AusTex was able to pull back production over the past 6 months, effectively using the formation as “free storage” in order to capitalize on the positive slope in the forward oil curve.

In late June a decision was made to release the casing pressure constraints and the early indications are that production is beginning to favourably rebound. The Company continues to monitor the oil price, and while it continues to slowly release pressure on its wells, should the forward curve start to steepen from current levels AusTex will revisit the decision to release pressure from the formation.

The June quarter production, as expected and previously disclosed, saw a decline on the previous quarter however production for the first six months of the 2015 calendar year was marginally more than for the prior comparative period in 2014. Production numbers by month for 2015 to date are shown in *Table 2* with the quarterly total in *Table 3*.

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Month	Monthly Production ('000BOE)	Average Daily Production (BOE)	Change from Previous Month	Cumulative Calendar Year Production ('000BOE)
January	39,313	1,268	-7.6%	39.3
February	31,999	1,143	-9.9%	71.3
March	36,794	1,187	3.9%	108.1
April	31,829	1,060	-10.7%	139.9
May	30,616	1,020	-3.8%	170.5
June	29,200	973	-4.6%	199.7

Table 2:
Monthly Production and Cumulative Annual Total for 2015.

Quarter Ending	Total Production ('000BOE)	Change from Previous Quarter	Cumulative Calendar Year Production ('000BOE)
31 March	108.1	-14.4%	108.1
30 June	91.6	-15.3%	199.7

Table 3:
Quarterly Production and Cumulative Annual Total for 2015.

As announced to the market previously, the Company has ceased its drilling hiatus and has drilled its first well under the new Oklahoma tax regime (which reduced the gross production tax from 7% to 2%). This alone is expected to add a further 5 to 10% to the IRR of these wells. The well, the Wyckoff #29-6, was drilled into the Mississippian formation in the south western quadrant of the Snake River field.

If prices remain unchanged from today's levels, AusTex will seek to drill 4 to 6 wells at a pace of 1 to 2 per month across the Company's acreage. Should the price increase, AusTex will once again begin to ramp up its drilling rate. It is also anticipated that all existing drilled wells will be completed by the end of the September quarter. The Company's overall strategy in releasing the field pressure, continuing with the drilling of new wells under the currently more favourable tax regime in Oklahoma and completing existing wells is based on the assumption that the oil price remains stable and the production from new wells provides attractive returns.

A summary of the Company's producing and pre-production wells at Snake River at the end of the June quarter is shown in *Table 4* below. No new wells were drilled in the quarter and the 2 flowing wells continued to flow without the need to be put on pump.

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Well Count as of:	31 December 2014	31 March 2015	30 June 2015
Pumping – Non Operated	4	4	4
Pumping – Operated	62	71	71
Flowing / Testing	6	2	2
Drilled and Fracced only	5	2	2
Drilled only	7	5	5
Total Wells	84	84	84

Table 4:

Wells by stage of production process for the previous three quarters.

Well Count as of:	EoP 31 March:	New inflow	Xfer to Frac	Xfer to Flow	Xfer to Pump	EoP 30 June:
Pumping – Non Operated	4	0	0	0	0	4
Pumping - Operated	71	0	0	0	0	71
Flowing / Testing	2	0	0	0	0	2
Drilled and Fracced only	2	0	0	0	0	2
Drilled only	5	0	0	0	0	5

Table 5:

Summary of Producing and Pre-Production Wells at Snake River as at 30 June, 2015 showing movement of wells across categories from 31 March 2015.

Net Revenue from operations for the June quarter was USD \$3.4m (net to AusTex after royalties and taxes of USD \$0.8m). Capital investments made during the quarter for development were USD \$0.5m. Cash and short term investments on hand at the end of quarter were USD \$24m.

4. Oklahoma

4.1 Snake River Project, Kay County, Northern Oklahoma – ~11,200 acres AusTex 100% Working Interest (WI) ~81% Net Revenue Interest (NRI)

The Snake River Project is located in Kay County, Northern Oklahoma and is the Company's primary focus and is expanding both its acreage position and drilling commitments through the execution of its vertical well development strategy. The centre of the project lies approximately 5 miles south west of Ponca City and the general area hosts significant infrastructure including an oil refinery, gas gathering facilities, gas sales lines and a compression and liquids stripping plant owned by other companies.

Vertical Well Development

AusTex is the operator of the Snake River Project and continues to develop vertical wells with the primary target being the Mississippian interval which is approximately 4,300 feet below surface (or deeper according to structural relief). The Company's forward work plan for Snake River is outlined in section 3 above.

Operations

During the quarter, the Company did not drill any new vertical development wells at the Snake River Project. The total number of wells in production at Snake River at the end of the quarter was 75 including 4 non-operated wells. There were also a further 9 wells under completion at the end of the quarter which are all expected to be completed during the third quarter. The Company acquired a small amount of acreage at Snake River during the quarter and the total remains at 11,200 acres. AusTex proposes to add to its acreage holdings in the Snake River Project as opportunities arise.

5. Other Projects

5.1 Tulsa and Surrounds

During the quarter there was no significant exploration, development or production work on the Company’s other acreage in Oklahoma outside of the Snake River Project. These lease areas surrounding Tulsa contributed only a nominal amount to production in the quarter.

5.2 Kansas

In accordance with previous announcements to the market, given the success of the Snake River Project in Northern Oklahoma, following on from the March quarter there was no exploration, development or production work on the Company’s acreage in Kansas in the June quarter. The Company continues to review its acreage throughout Kansas as it prioritizes the acceleration of development and production at Snake River. After having discontinued most of its operations in Kansas over the course of 2014, the Company still benefited in the June quarter from its legacy tail of production which contributed approximately 14 BOE/day to production in the quarter.

6. Lease Operating Schedule

Pursuant to Listing Rule 5.4.3, a schedule of the Company’s leases and interests therein is provided as follows (gross acreage shown).

Lease Name	Net Acreage	Wi	NRI	Status	County, State
Snake River	~11,200	100%	~81%	Development Producing	Kay County, OK
Tulsa and surrounds	~600	100%	81%	Producing	Tulsa, OK
Cooper	~3,500	53%	38%	Producing	Sheridan, KS
Ellsworth	~1,100	50%	38%	Producing	Ellsworth, KS
Colby	~6,900	70%	59%	Not Producing	Thomas, KS

Table 6:

AusTex Oil’s Lease Operating Schedule, as at 30 June Quarter 2015; however, please note no further development is planned for Cooper, Ellsworth or Colby Counties in Kansas and those leases will expire if not currently held by production.

7. Corporate Update

A summary of key corporate activity during the June quarter is outlined in *Table 1* above.

7.1 Changes in Address:

During the quarter, the Company advised that, effective 1 May 2015, a change in the address of both the registered office and the principal place of business. The new details are:

AusTex Oil Limited

Level 11, 2 Bligh Street

SYDNEY NSW 2000

Postal Address:

GPO Box 4626 Sydney NSW 2001

All other details including the Company's phone number remain the same.

7.2 Annual General Meeting:

On 28 May the Company held its 2015 Annual General Meeting. The Board is pleased to advise that all resolutions passed on a show of hands and welcomed the re-election of Mr Russell Krause.

7.3 Lapse of Options:

On 13 June a total of 25,257,627 unlisted options exercisable at \$0.20 each lapsed unexercised.

8. Events Subsequent to the Quarter

AusTex Presentation to the Noosa Mining and Exploration Conference

On 16 and 17 July the Company presented and was an exhibitor at the Noosa Mining and Exploration Conference. This was the second time the Company has presented at this conference and was once again well attended.

For and on behalf of AusTex Oil Limited

Justin B Clyne

Non-Executive Director & Company Secretary
31 July 2015