



ASX/Media Release
13 August 2012

Successful well development program continues in Kansas

- **Melanie #1 production well awaiting completion for oil production**
 - Well targeting Lansing Kansas City and Mississippi Limestone intervals
 - Drill stem test over one zone indicated flow rate of 100 BOPD
- **Mollhagen #8 well connected to water disposal and now in production**
- **Well development program continues uninterrupted at Snake River Project – Oklahoma**

United States focused oil & gas producer and explorer AusTex Oil Limited (**ASX:AOK – OTCQX:ATXDY**) is pleased to update shareholders on its exploration and development activities in North West Kansas.

Melanie #1 - Cooper Project - Sheridan County, Kansas (AOK 53% WI 38 %NRI)

AusTex is pleased to announce that the well operator, Castle Resources Inc., has reported that the Melanie #1 successfully reached TD at 4,600 feet in the Arbuckle formation and has been cased and cemented, and is awaiting completion for oil production. During operations, the well intersected the targeted Lansing Kansas City and Mississippi Limestone intervals along with other formations that classified as hydrocarbon bearing.

A drill stem test was conducted on the “G” zone of the Lansing Kansas City between 3,966 feet and 3,985 feet **which indicated a test flow rate of approximately 100 barrels per day along with formation water. Well logs and samples have indicated commercially producible hydrocarbons, and the well is being completed for oil production from the Lansing Kansas City interval.**

Mollhagen #8 - Ellsworth Project – Grant County, Kansas (AOK 50% WI 41% NRI)

AusTex is also pleased to confirm that the operator of the Mollhagen #8 has reported that the well has now been connected into a commercial water disposal system and is on pump and producing from the Arbuckle interval. The well is consistently producing 16 Barrels of Oil and 200 barrels of water per day running the pump jack at a slow rate to reduce the chances of coning and could show an IRR of close to 100% in its first year. These lower cost, lower production water-drive wells have minimal risk with an excellent return on investment and deliver a consistent production level with minimal decline over many years.

Executive Chairman, Richard Adrey commented, *“The Melanie#1 is the first well to be drilled through the Mississippi Lime interval on our Cooper Project and we are encouraged by these early results. Our plan is to produce oil from the Lansing Kansas City formation, similar to the nearby Clark #1 well, and allow sufficient time for the full analysis of the logs and cuttings taken on the Mississippi Lime interval.*

“We are further encouraged with its potential in this area given that Apache Corporation has commenced drilling its first Horizontal Well targeting this play in Sheridan County. This is around 10 miles to the south of our Cooper Project.

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About AusTex

AusTex Oil Ltd (ASX: AOK) is an Exploration and Production company that is focused on the development of oil and gas leases in the USA. The company produces oil and gas in Oklahoma and Kansas. AOK holds interests in ~26,000 net acres of oil and gas leases, including acreage in the highly prospective Mississippi Lime play in Northern Oklahoma and Kansas.

“AusTex is also pleased to confirm that the Mollhagen#1 well has been connected into a commercial water disposal system and is now on pump and producing from the Arbuckle formation which further enhances our production profile.

“We are pleased to be strengthening production in Kansas. As we have previously stated, AusTex is committed to growing its production from current levels of 300 BOE per day, and the progress with these two wells in Kansas is further evidence of us achieving this.

“While Kansas presents enormous opportunity for AusTex, and we are committed to an ongoing vertical well development program here, our work at the Snake River Project in Oklahoma is continuing uninterrupted. We look forward to updating shareholders on our progress here in the coming weeks.”

- ENDS -

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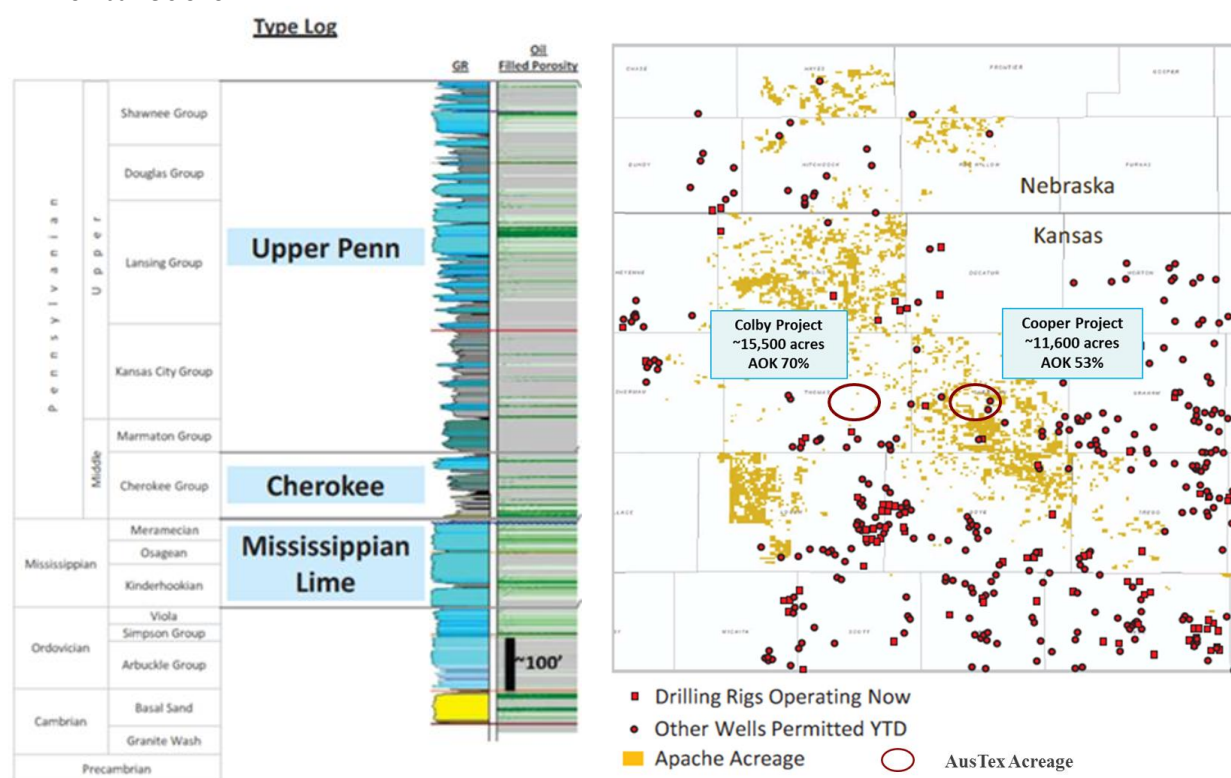
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Background on Kansas Projects

North West Kansas

AOK holds a 70% working interest in the 15,500 acre Colby Project in Thomas County and 53% Working Interest in the 11,600 acre Cooper Project, Sheridan County, Kansas. 3D seismic has been acquired on both projects and in January 2010 AOK participated in the Clarke #1 well which was a wildcat discovery in the area producing from the Lansing Kansas City interval. Target formations include the Lansing Kansas City, Cherokee and Mississippi Lime intervals.

Exploration activity in the area has gained momentum with the arrival of Apache Corporation (NYSE:APA) which was announced in June 2012 stating their exploration program would target the Lansing Kansas City, Cherokee Sand and Miss Lime formations across a 580,000 acre lease position. Apache has stated that their lease area holds an estimated 2 Billion barrels of oil.*



*Figure 1 Information from Apache Corporation Presentation released 14 June 2012

Central Kansas Uplift

The 3,200 acre Ellsworth Project is located on the Central Kansas Uplift in an area renowned for historical oil production from the Arbuckle Formation. Drilling on the project is targeting additional breaks in the formation at depths of less than 3,500 feet. The Mississippi Lime is thin or absent on the Central Kansas Uplift. AOK now holds interest in three producing wells in the project. Additional locations are available for future development.

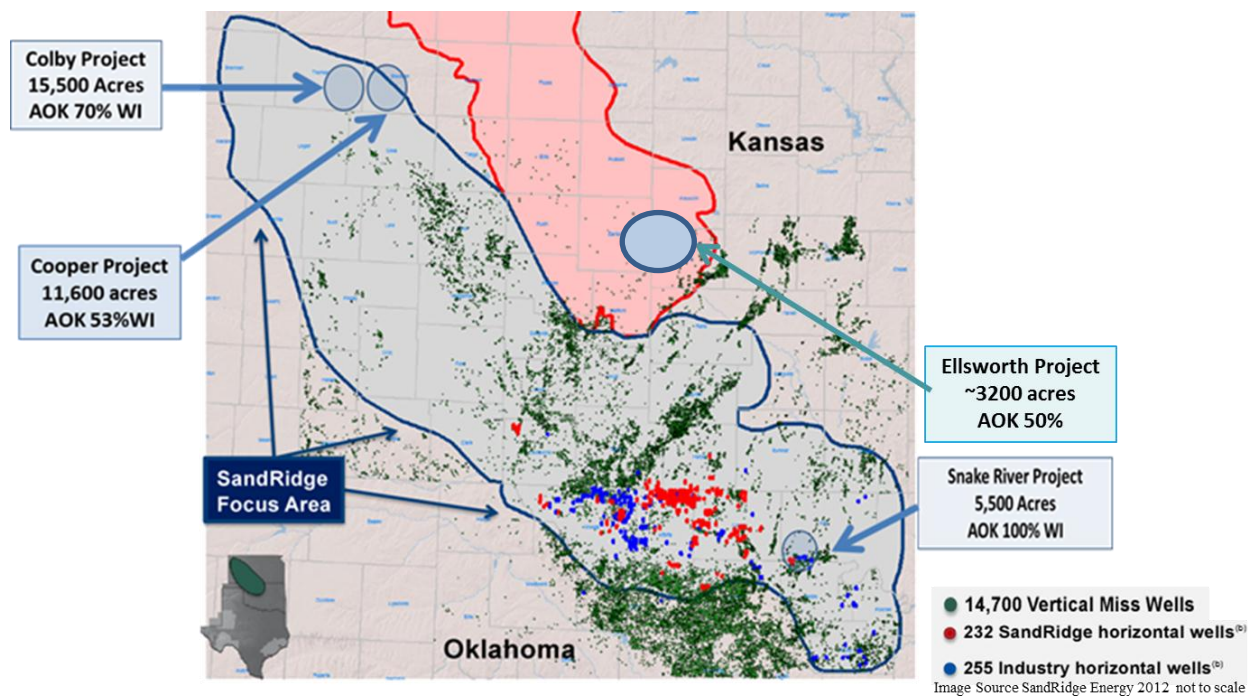


Figure 2 Location of AusTex Oil and Gas interests in Oklahoma and Kansas