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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.

New wells at Snake River Project driving production growth

- Four new vertical wells in production and testing phase
- Drilling has commenced on ninth vertical production well at East Tonkawa Unit lease
- Production from new vertical wells to be reported in coming weeks
- Assessing additional Horizontal well participation opportunities in and around Snake River

United States focused oil & gas producer AusTex Oil Limited (**ASX:AOK – OTCQX:ATXDY**) is pleased to report that it has made significant progress with its well development program at the company's 100% owned Snake River Project, Kay County, Northern Oklahoma. The Snake River Project is targeting the liquids-rich Mississippi Lime Play which extends from Northern Oklahoma to Kansas.

There are now four vertical wells in production or testing stage with three wells drilled, cased and awaiting completion. AusTex expects that these new wells will significantly increase current production levels of 300 Barrels of Oil Equivalent per Day (BOEPD). Production rates for each well will be reported once stable production rates have been recorded.

Production Hub 1: East Tonkawa Unit

AusTex has made pleasing progress on the development of the ETU #17-6 and ETU #14-7 wells. During August, production testing on the ETU #17-6 was temporarily suspended due to crop harvesting but has since resumed. **The well is recovering frac fluid and has started to produce oil and gas.** The well was stimulated with a larger slick-water frac in two stages in the Mississippi Lime and the technical team is very encouraged about its production numbers and longevity.

Production testing on the ETU #14-7 is now underway as the frac fluid has been recovered. Initially the well was fraced with two stages consistently producing 45-60 BOEPD from the Mississippi Lime solid, and is awaiting the third stage to be opened in the "Chat" lens for final testing of the combined zones.

Production Hub 2: Blubaugh Lease

AusTex is pleased to report that the #20-1 well is now on pump and has commenced recovery of frac fluid. Flow lines have been connected into the tank battery and salt water disposal systems. The well was completed in the Mississippi Lime interval following the application of a two stage slick water hydraulic fracture stimulation. Oil and gas production is expected to stabilise in the coming weeks as the frac fluid is pumped from the reservoir. Further updates will be made after 30 day production rates are established.

Hydraulic fracture stimulation on the #20-3 well has now been successfully completed on the Mississippi Lime interval. A completion rig is now in place to install production tubing and pumping equipment and the well is expected to be on pump in the next 14 days.

Drilling of two new vertical wells each month continues

In line with the company's strategy of drilling two new production wells each month until December, drilling has commenced on the ninth vertical production well at the Snake River Project. Drilling of the Cletus #20-5 production well in the East Tonkawa Unit production hub is underway. The well is currently at 275 feet with surface casing run in the hole. Drilling is expected to take 7-10 days with an estimated TD of 4,800 feet. The rig is scheduled to then move to the ETU#3-6 well.

AusTex's Executive Chairman Richard Adrey said: *"The Snake River Project is shaping up to be a significant project for AusTex and we are very confident that recent well development works will drive a significant increase in production in the coming months."*

We expect to shortly announce production rates on these new wells when we have measured flow rates over both seven and thirty day periods. AusTex is focused on delivering sustainable and consistent growth in production.

We are also pleased to report that we have commenced drilling our ninth vertical production well, and we can confirm that we are on-track to drill two new wells each month until December – a further nine vertical wells in total. With such an active well development program underway, we believe significant production growth will follow."

Mr. Adrey also said that AusTex is in discussions with a number of parties regarding participation in new horizontal wells in and around the Snake River Project.

"The success of the Balder#1 well in participation with Range Resources has been a catalyst for significant interest in AusTex's Snake River project. This well is regarded as one of Range's best performing horizontal wells and it is sitting adjacent to our project. We are assessing several new horizontal well participation opportunities with a number of parties which, if concluded, have the potential to lead to further increases in production."

AusTex will continue to update shareholders on its progress in Oklahoma and Kansas in the coming weeks.

Background on Snake River Project

The 5,500 acre Snake River Project is located in Kay County, Oklahoma, 15 miles south west of Ponca City, the home of a Conoco Phillips oil refinery and east of the Nemaha Ridge.

The project lies within the liquids-rich portion of the emerging Mississippi Lime play which extends from Northern Oklahoma across Kansas, west of the Central Kansas Uplift and into the southern parts of Nebraska. In Kay County, the top of the Mississippian interval is ~4,300 feet below surface and ~320 feet thick, including ~30 feet of a high porosity "chert / chat" section. The Woodford Shale interval is immediately below the Miss Lime and is an excellent source rock with total oil content estimated at 10%.

Recent horizontal drilling success in the immediate vicinity of the Snake River Project by other companies has seen multiple >1,000 BOEPD wells with 70% liquid production. One of these wells, the Balder #1-30, in which AusTex holds a 13.76% working interest, was drilled by Range Production Company, a subsidiary of NYSE listed Range Resources Corporation (NYSE:RRC). AusTex is in discussions regarding additional participation opportunities in Horizontal wells that are to be drilled in the area.

Extensive infrastructure is in place with multiple oil and gas gathering systems available allowing ease of delivery of produced oil and gas. Oil produced from the Mississippi Lime is a light sweet crude, which attracts WTI pricing, along with Natural Gas Liquids and high BTU gas.

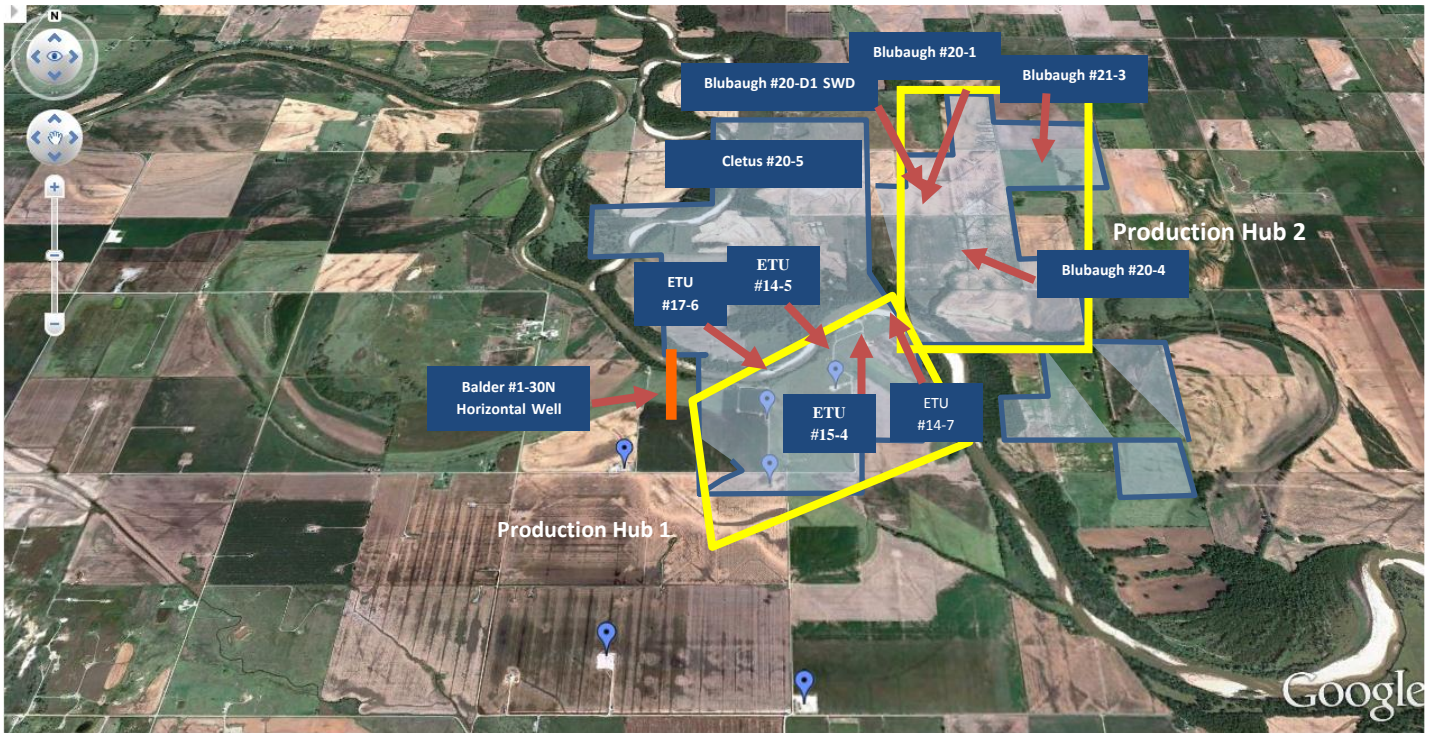


Figure 1 – Location of production hubs in southwest area of Snake River Project

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