



New Vertical Well at Snake River Project Flows at 90 BOEPD

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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.

- **#20-3 is second well to be connected at Production Hub No. 2**
- **Well flowing through 9/64ths choke at 90 boe/day – initial flow rate only**
- **#20-2 hydraulic frac stimulation successful**
- **#20-4 and #20-5 production wells awaiting completion**
- **#21-3 to be hydraulically fraced late October**
- **New vertical wells driving significant increase in monthly production**

United States focused oil & gas producer AusTex Oil Limited (ASX:AOK – OTCQX:ATXDY) is pleased to report that it has brought a second vertical well on pump at Production Hub No. 2 at the 100%-owned 5,500 acre Snake River Project in Northern Oklahoma. This takes the total number of producing wells at the Snake River Project to six, with a seventh well, the #20-2, successfully fraced and expected to be on pump shortly.

Production Hub No. 2

#20-3 Well – flowing at 90 boepd

The #20-3 well has been tied into surface infrastructure and is currently flowing back frac load at approximately 90 boepd via a 9/64ths inch choke. Pressure at the well head remains above 1400 psi and the well will be allowed to flow under its own energy until a down-hole pump and pump jack is fitted. The well is open in the Mississippi Lime Solid and Mississippi Lime Chat interval and was stimulated with a two-stage hydraulic frac last month. AusTex will report on the well's flow rate after 30 days.

#20-2 well – successful frac operation

Overnight the #20-2 well was successfully hydraulically fraced in two stages in selected porosity streaks of the Mississippi Lime interval. The well has been shut in and readied for a work over rig to commence completion operations in the next two weeks. The well is expected to be on pump by the end of October.

Additional wells awaiting completion

The #20-4 and #20-5 have been hydraulically fraced and are currently waiting on completion operations which are scheduled for October 2012. The #21-3 is expected to be hydraulically fraced in late October.

Executive Chairman Richard Adrey commented: *"The initial flow rate of the #20-3 is further evidence of the significant unlocked value of the Snake River Project. Once production stabilises after 30 days, we are confident that this well will make a meaningful contribution to overall production.*

"Our aggressive vertical well development program is only now translating into increased production and this will become more evident in the coming weeks when we report increased monthly production numbers. It is also worth noting that we are still only in the very early stages of our growth and we expect Snake River to be a major revenue driver for AusTex.

"In addition to this, we expect the #20-2 to be on pump in the next month which means we will have seven wells producing at Snake River. This is in addition to a further three wells,

the #20-4 and #20-5, which are awaiting completion, and the #21-3 which will be fraced in late October.

“Our priority at this time is to ensure we not only maintain our ongoing program of drilling two vertical production wells per month, but also ensuring we complete new wells and bring them on pump in a timely manner. As previously reported, we expect this well development program will lead to a material and significant increase in average daily production within the next six weeks.”

AusTex will continue to update shareholders on its vertical and horizontal well development program in the coming weeks. Table 1 outlines the current status of each well at the Snake River Project with Figure 1 illustrating the location of the wells referenced in this announcement.

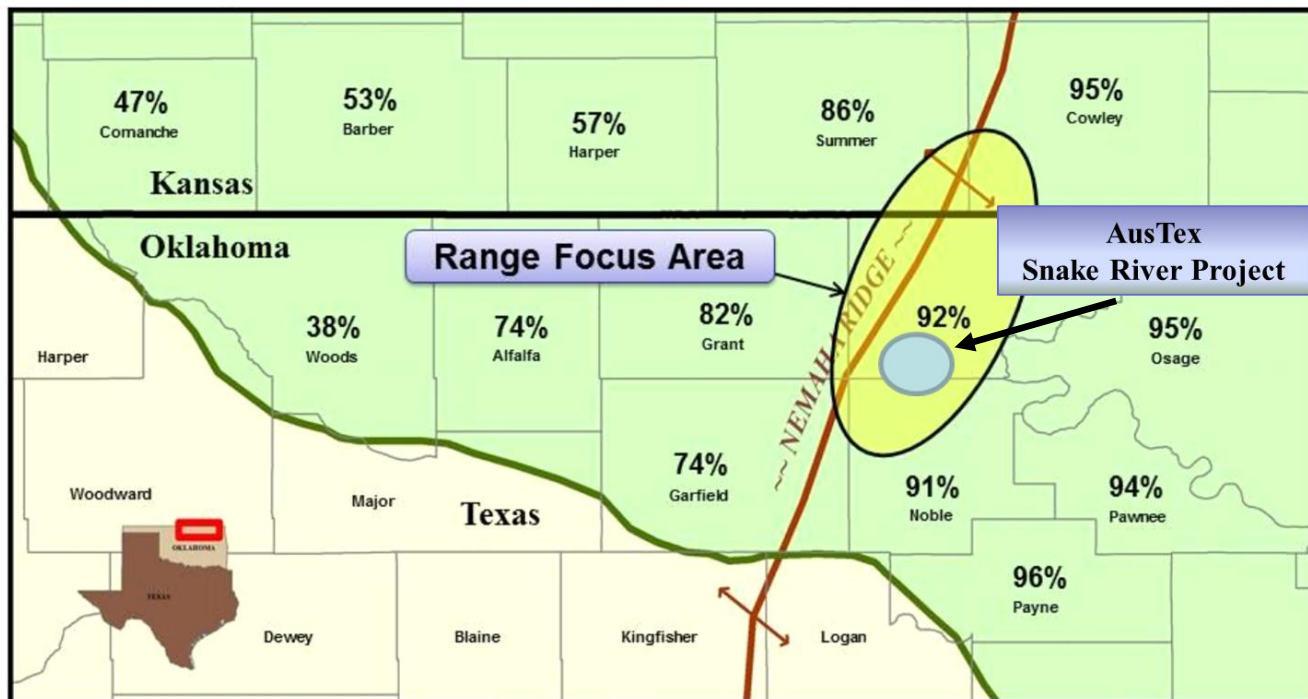
Well Status Update – Snake River Project - Northern Oklahoma

	<u>Well</u>	<u>Status</u>	<u>Comments</u>
<u>Production Hub No. 1</u> AOK 100%	<u>#14-5</u>	Producing	
	<u>#15-4</u>	Producing	
	<u>#17-6</u>	Producing	
	<u>#14-7</u>	Production Testing Miss Lime solid	Miss Chat to be perforated and completed. 40boep/d
<u>Production Hub No. 2</u> AOK 100%	<u>#20-D1 SWD</u>	Operational	Gas Sales Underway
	<u>#20-1</u>	Production Testing 10 days	130 boe/day
	<u>#20-2</u>	Fracced & awaiting Flow back and Completion	
	<u>#20-3</u>	Flowing to tank battery	90 boe/day
	<u>#20-4</u>	Fracced & awaiting Flow back & Completion	
	<u>#20-5</u>	Fracced & awaiting Flow back and Completion	
	<u>#21-3</u>	Frac set for October	
<u>Horizontal Wells</u> Range Production Co. Operator	<u>Balder #1-30N</u> AOK 13.76% Working Interest	Producing	

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