



## Targeting the Light Oil Sweet Spot of the Mississippi Lime Play



Capital Raising Presentation

October 2012

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*Please see page 28 for information relevant to recipients of this presentation outside Australia.*

- **Mississippi Lime has emerged as one of the top light oil plays in North America**
- **AusTex provides strong leverage to the play with 23,000 net acres in Oklahoma and Kansas**
- **Targeting the light oil sweet spot with its Snake River Project (5,500 acres adjacent to the Nemaha Ridge)**
- **Participation with Range Resources provides verification for the play with strong results from first horizontal well and at least a further four horizontal wells to come**
  - **First well Balder #1 (AOK 14%) achieved a 30 day average of 899 boepd (70% oil) & peak rate 1,363 boepd**
- **Range 2012 type curve NPV \$7.1m/well, potential for +30 wells on AOK's acreage assuming 160 acre spacing and +100 wells assuming ultimate 50 acre spacing**
- **Production rate of ~500 boepd going to 750-800 boepd by end of CY 2012 benefiting from ongoing vertical and horizontal programs**
- **Potential to grow acreage position given AusTex's established landowner relationships**
- **Strong technical team and Board with extensive success and experience**
- **Capital raising to fund ongoing appraisal and development of the Company's acreage in the Mississippi Lime Play**

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- AusTex Oil Limited (“**AusTex**” or the “**Company**”) is undertaking an equity raising of up to \$12.5m (“**Offer**”)
- Offer details:
  - ▶ a two-tranche s708 **Placement** of 83.3 million ordinary shares at \$0.12 per share to raise \$10m; and
  - ▶ a **Share Purchase Plan** of up to 20.8 million shares at \$0.12 to existing eligible shareholders to raise a maximum of \$2.5m
- The Placement will comprise two tranches, with the First Tranche of 29.3 million shares to be issued under the Company’s remaining 15% capacity (expected to settle on Wednesday, 24 October 2012), and Tranche Two subject **only** to shareholder approval at a General Meeting expected to be held on 21 November 2012
- Net proceeds will be applied to the appraisal and development of AOK’s acreage in the Mississippi Lime Play:
  - ▶ Follow up horizontal wells to the successful Balder #1 well with joint venture partner Range Resources;
  - ▶ Two vertical well per month program at Snake River;
  - ▶ Drilling activity in Kansas; and
  - ▶ Pursue opportunities to expand acreage position via land acquisitions and joint ventures.
- **Issue Price** of **\$0.12** per share represents a 20.0% discount to last trade on the ASX of \$0.15, a 15.6% discount to the 10-day VWAP of \$0.142 and a 13.8% discount to the 30 day VWAP of \$0.139
- GMP Securities is Lead Manager and Sole Bookrunner to the Placement

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## CAPITAL STRUCTURE

ASX code <sup>1</sup>		AOK
Last Price	(A\$)	\$0.15
Ordinary shares on issue	(m)	328.8
Shares issued in Placement	(m)	83.3
Shares issued in SPP	(m)	20.8
Ordinary shares on issue (post-financing)	(m)	433.0
<b>Market Cap. (at Issue Price)</b>	<b>(A\$m)</b>	<b>\$52.0</b>
Cash (September 2012)	(A\$m)	\$3.2
Net proceeds from Placement and SPP	(A\$m)	\$12.0
Convertible Note <sup>2</sup>	(A\$m)	\$7.5
<b>Enterprise value</b>	<b>(A\$m)</b>	<b>\$44.3</b>
Options <sup>3</sup>	(m)	131.1

Note 1: AOK also trades as an ADR with ticker ATXDY

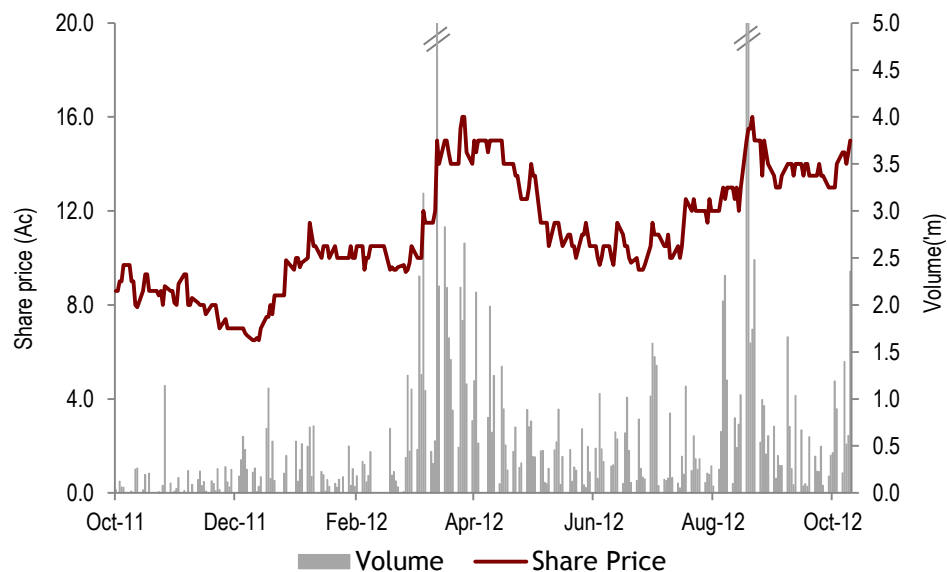
Note 2: US\$7.5m Convertible notes expiring June 2014, convertible at A\$0.15, 10% annual interest rate, secured over AOK's oil & gas properties

Note 3: 111.1m options currently on issue with an exercise price between \$0.15 and \$0.40, expiring between June 2013 and June 2015 (weighted average exercise price \$0.17), plus 20.0m options to be issued to Convertible Note holders with an exercise price of \$0.15, expiring in 2017

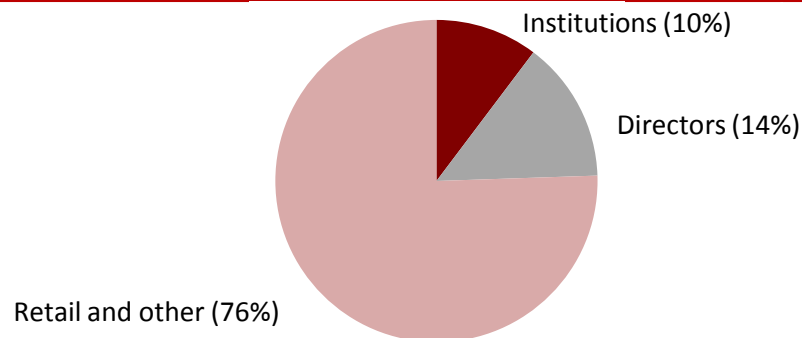
## BOARD AND MANAGEMENT

Richard Adrey	Executive Chairman and Founder
Dan Lanskey	Managing Director and Founder
Kwang Hou Hung	Non-Executive Deputy Chairman
Justin Clyne	Non-Executive Director and Company Secretary
Kay Philip	Non-Executive Director
Luis Vierma	Non-Executive Director

## SHARE PRICE



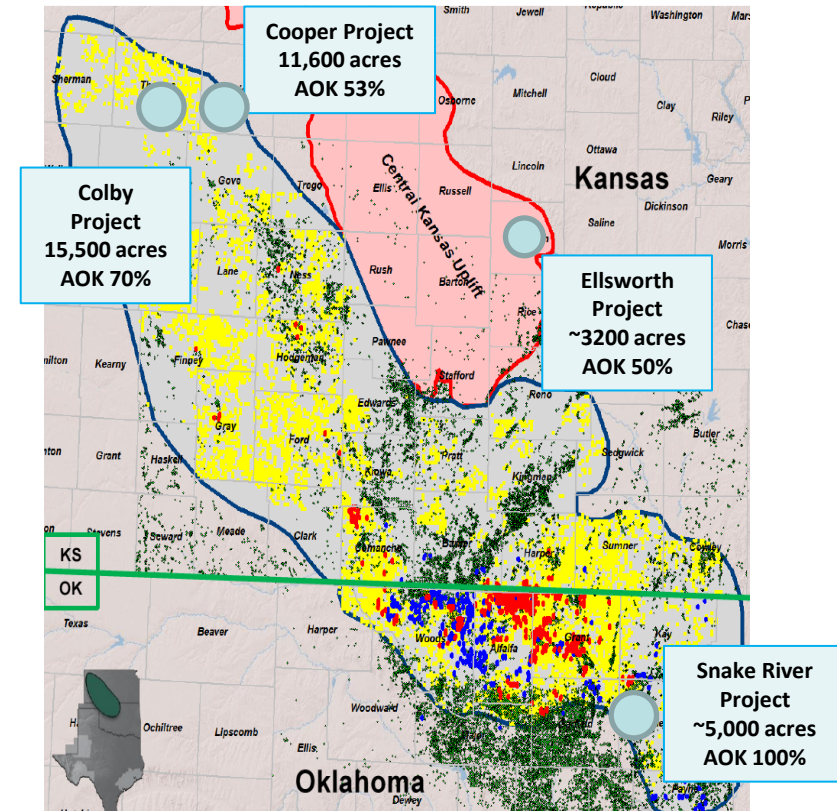
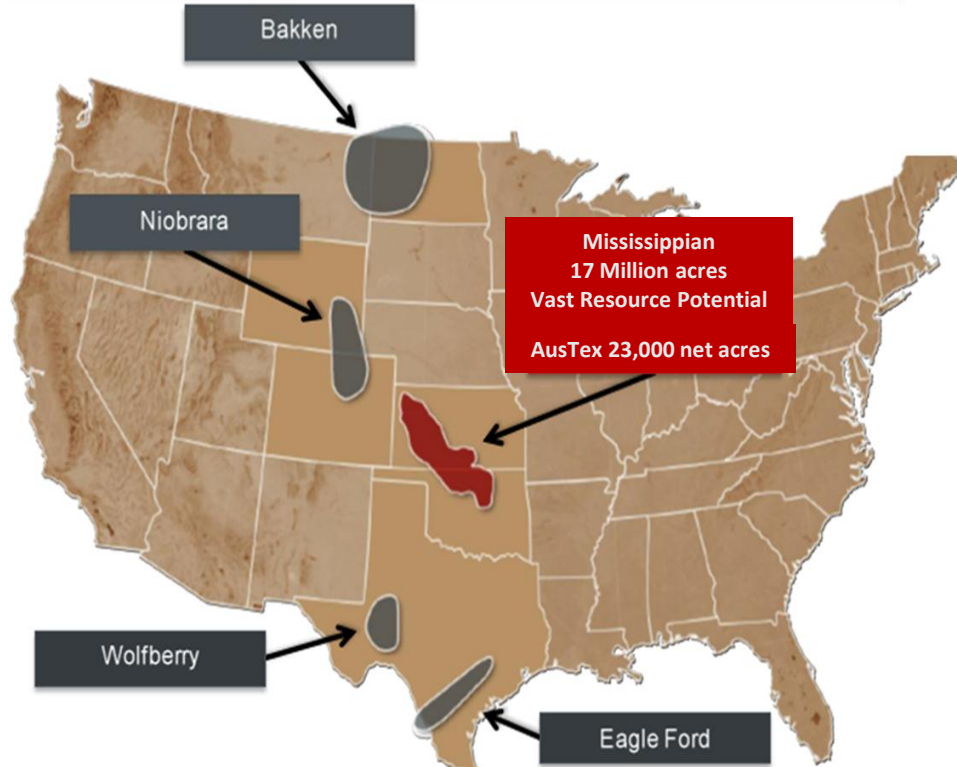
## SHAREHOLDER COMPOSITION



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- Shallow carbonate oil play which covers approximately 17m acres from Northern Oklahoma and stretching into southern Kansas
- Historical focus in the more permeable upper 'chat' section – thousands of vertical wells drilled
- **Advances in fracking technology, horizontal drilling and water disposal has seen a resurgence of activity, targeting the lower less permeable carbonate reservoir – an estimated 85 active rigs**



Source: SandRidge Energy, 2012

→ **Mississippi Lime has emerged as one of the top light oil plays in the US**

- SandRidge was the early driver of the play and currently has 2.2m acres in the play, has drilled 432 horizontal wells and is currently running 30 rigs, with other early entrants being Chesapeake and Range Resources
- Other recent 2011/2012 major play entries by leading global oil companies including RD Shell, Repsol, Devon, Sinopec, Encana and most recently Apache

→ **Significant resource potential**

- Significantly larger by area than the Bakken or Eagle Ford, covering some 17 million acres

→ **High oil content**

- High liquids content ~75 %

→ **Shallow, high quality reservoir**

- Mississippian formation ranges in depth from 3,000ft to 6,000ft with gross thickness of 300-700ft
- Upper chat section provides high porosities of up to 30%-40% with the lower lime section ranging 5-15%
- Shallow depth means better access to rigs, less time and lower cost to drill wells with less up front capital

→ **Strong well performance and economics**

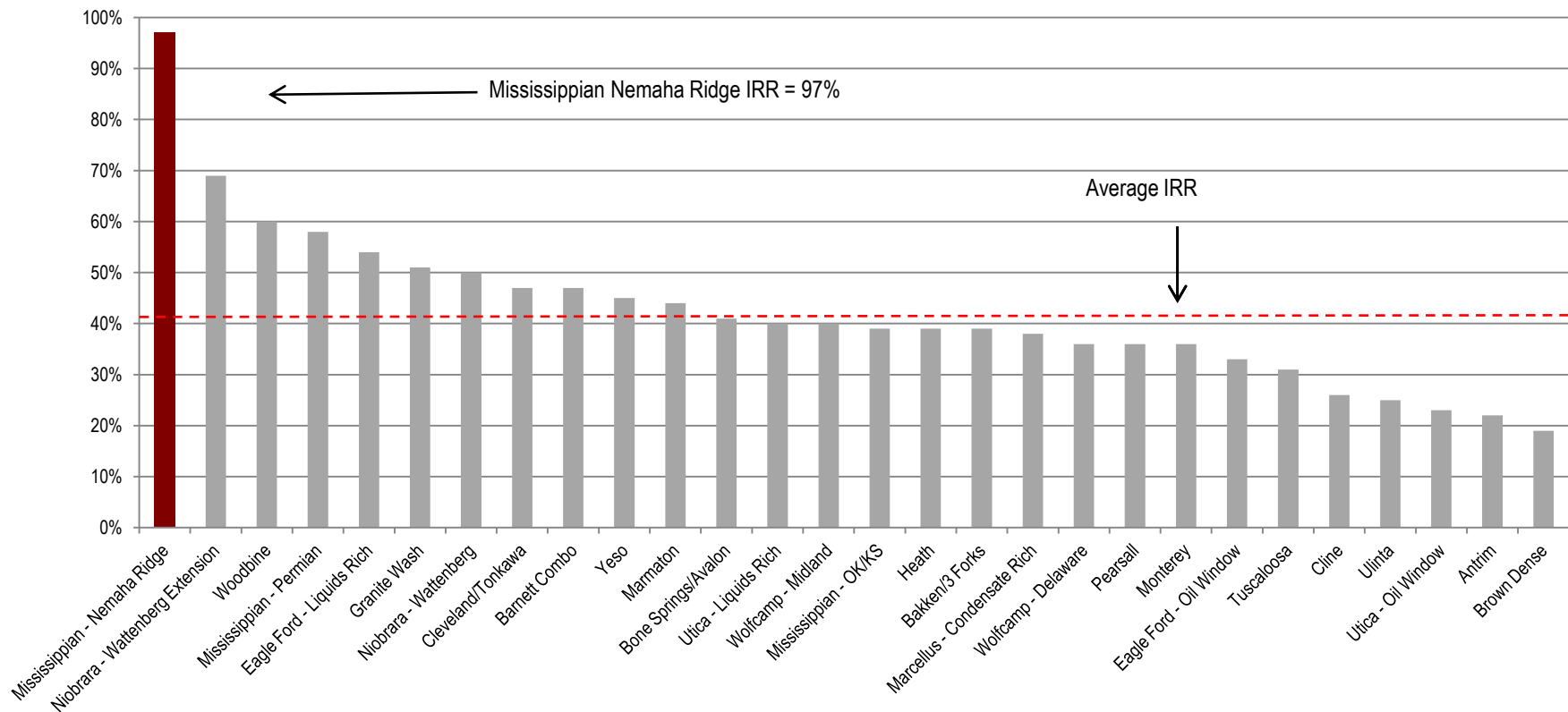
- Strong IRR's for both vertical and horizontal wells, ranging from 60 to +100% depending on operator and/or location

→ **Early stage**

- Operators are beginning to identify sweet spots in the play, showing potential for further improvement in IP rates

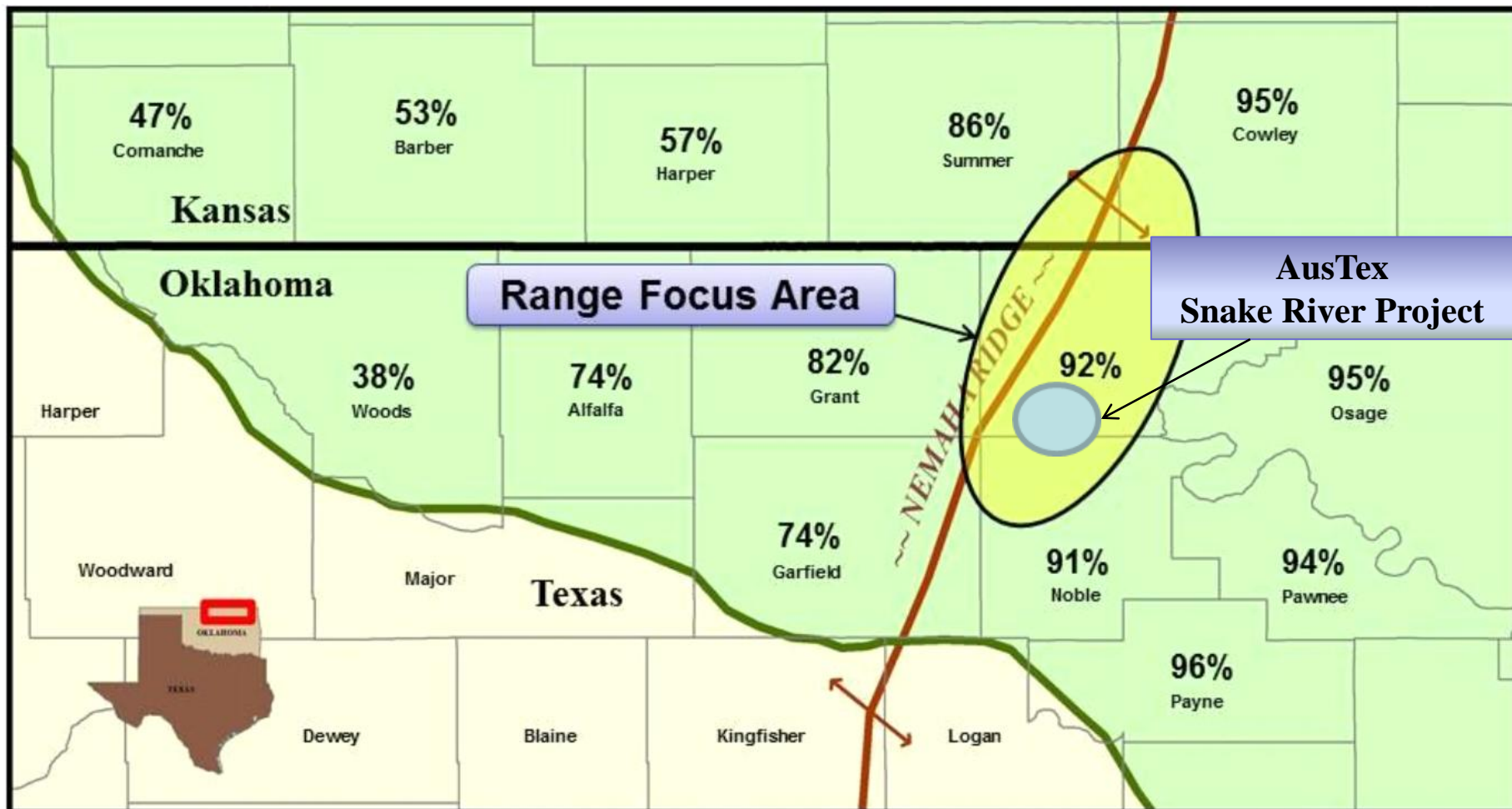
→ **Stacked multiple pay potential**

- Mississippian sits below a number of productive zones which have been historical targets and above the Woodford Shale, Arbuckle, and Wilcox formations



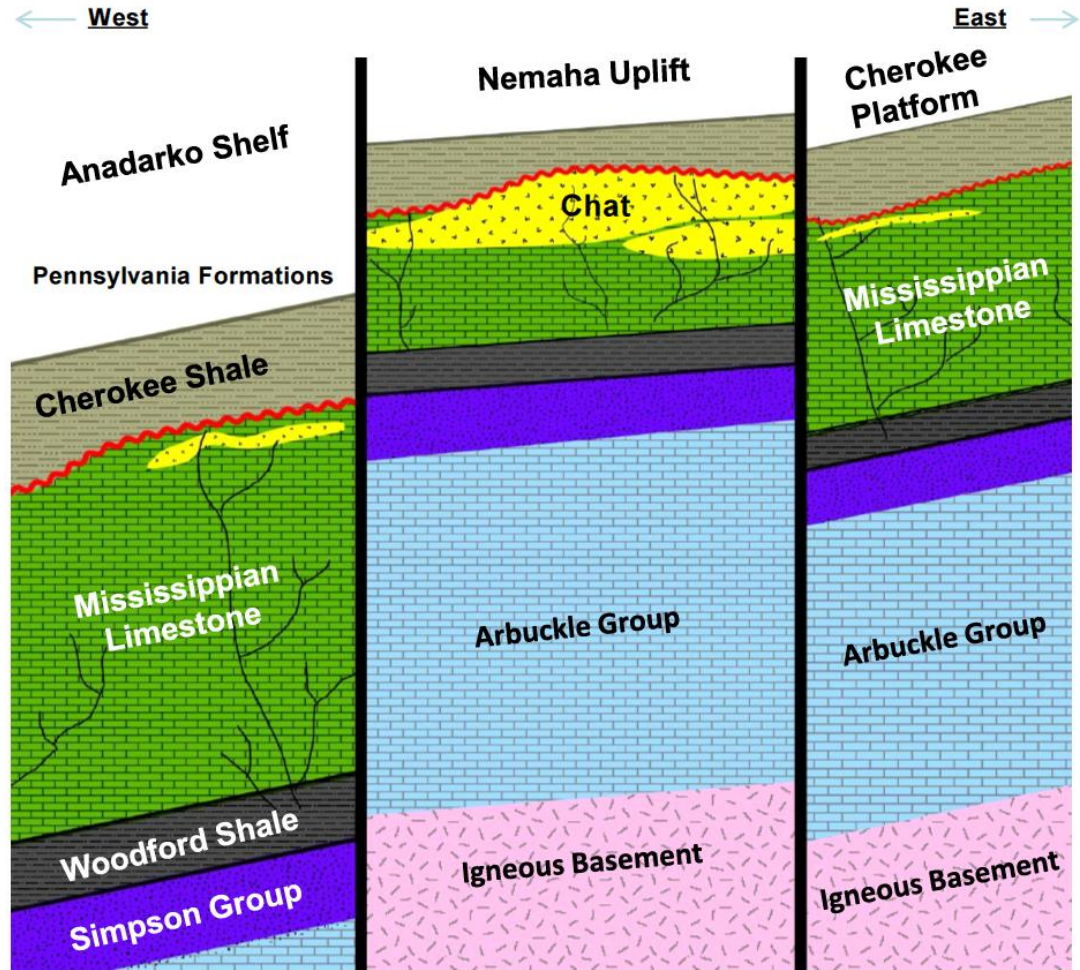
Source : Global Hunter Securities





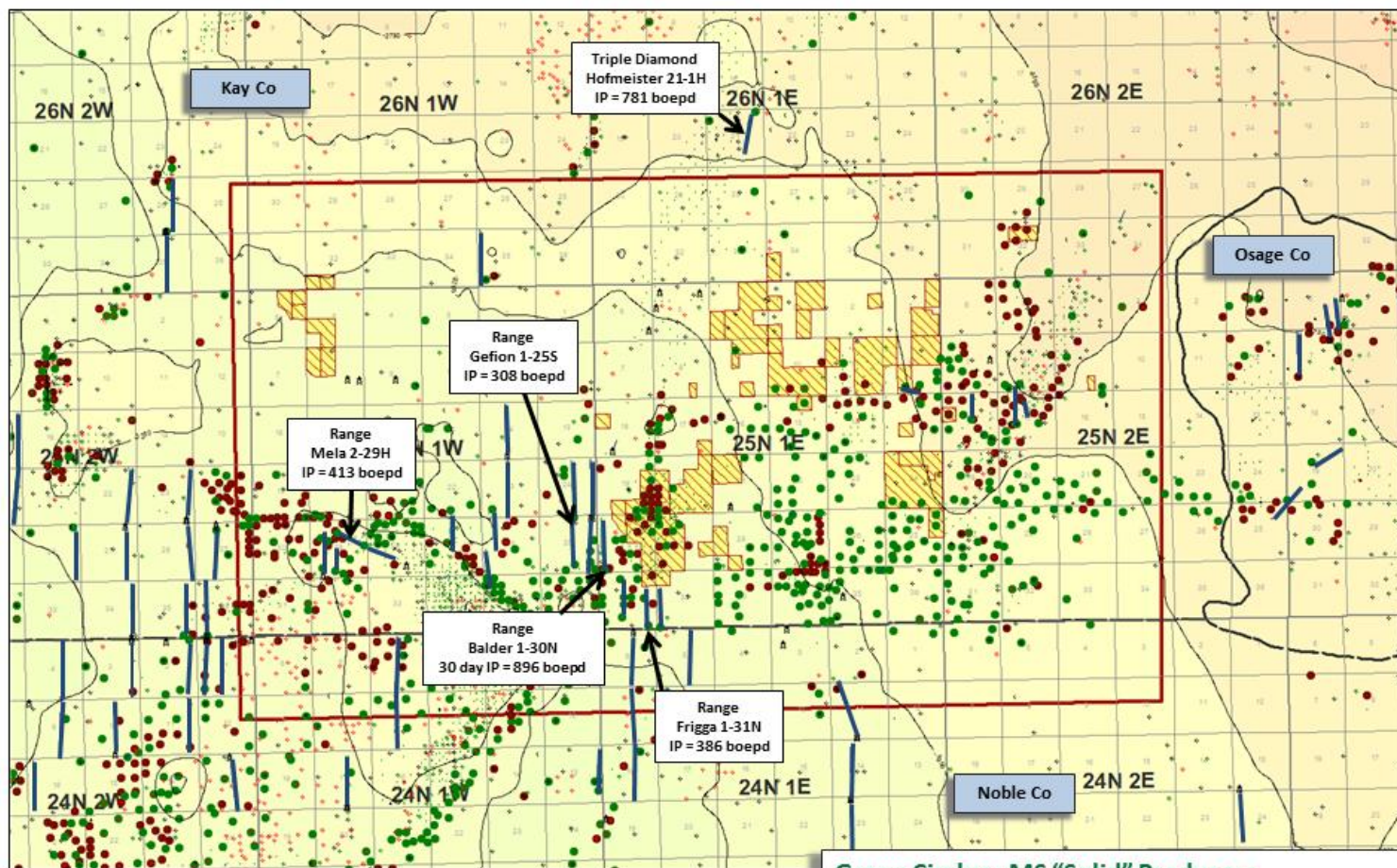
Source Range Resources, July 2012

- Nemaha Ridge (uplift)
- High oil content east of Nemaha Ridge
- Miss Lime Interval
  - Gross thickness: 300 feet +/-
  - Chert 30 feet +
- Higher structure provides
  - Access to more Chat
  - Better liquid cuts ~75%
- Multiple prolific lithologies
  - High porosity chert
  - Siliceous limestone with medium porosity
  - Fractured limestone with lower porosity
- Significant open fractures
  - Reacts well to frac job
- Woodford TOC up to 10% is a great source rock



Source: Range Resources, July 2012  
Not to scale

- **5,500 acres (100% WI) in the light oil sweet spot of the Mississippi Lime Play**
- **Both horizontal and vertical well drilling programs**
- **Best in play results recorded on first horizontal well drilled with Range Resources**
  - Balder #1-30N (14% WI) recorded a 30-day production average of 899 boepd (70% oil)
  - Peak rate of 1,363 boepd (782 barrels of oil, 346 barrels of NGLs, 1,448 mcf gas)
  - First follow up horizontal well to Balder #1 expected to spud in December, with additional follow up horizontal wells to follow up in Q4 2012 and continuing in Q1 2013
- **11 vertical wells drilled to date, with an ongoing 2 well per month program**
- **Independent Reserves Report June 2012**
  - Initial 2P Reserves 5.9 mmboe with an NPV (10) of US\$158m, primarily Snake River
- **Growing production from an active drilling program featuring both vertical and horizontal wells**
- **Evaluating opportunities to increase footprint by acquiring additional acreage in core light oil rich area**



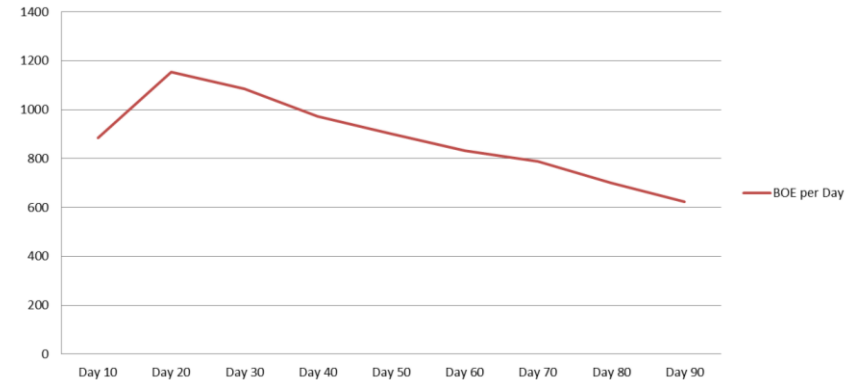
AOK Acreage

Green Circles - MS "Solid" Producers  
 Red Circles - MS "Chat" Producers  
 Contours: Mississippian Structure (C.I. = 250')  
 Dark Blue Lines = recent/proposed MS HZ wells

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- **First horizontal well, Balder #1-30N drilled with Range**
  - AOK 13.76% WI
  - Well successfully reached TMD at 8,952 feet
  - 3,911 foot horizontal section of the well, 19 stage frac
  - **30-day production average 899 boed (70% oil) and a peak rate of 1,363 boed**
    - 782 barrels of oil, 340 barrels NGLs & 1,448 mcf gas
  - **Achieved an IRR of 67% for AOK based on the first 90 days of production**
  - **“Best in play” result**
  
- **Range 2012 type curve NPV \$7.1m/well**
- Entered into **agreements with Range to drill up to 4 new horizontal wells**
- Balder #2-31N is to be drilled as an offset to the successful Balder #1 well on a 160 acre spacing
  
- **At 160 acre spacing = +30 horizontal wells on AOK’s acreage**
- **At ultimate 50 acre spacing = +100 horizontal wells**
  
- Up to three wells to be drilled in Section 19, Township 25N Range 1 West
  - Hod #1-19H expected to spud in October 2012
  - AusTex will hold an 8.33% WI

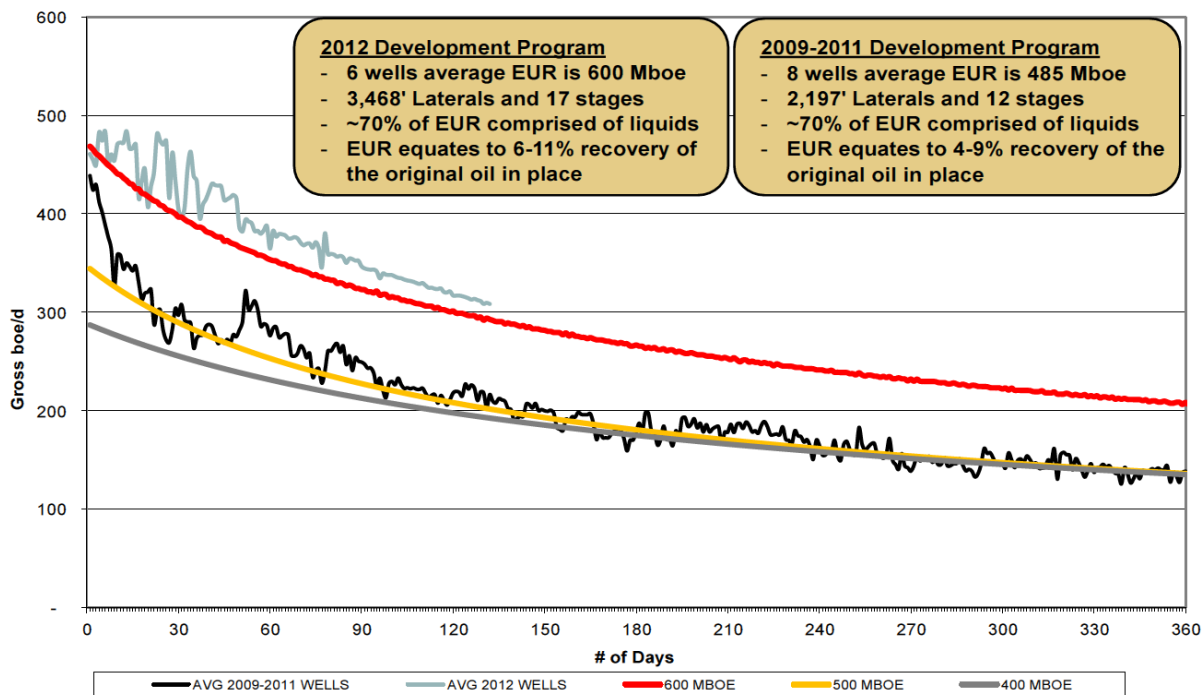


**Balder #1 Producing**

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Drill & Complete	F & D	LOE	EUR	IRR	NPV
\$3.4m	\$7.27/boe	\$8-9/boe	600 Mboe	100%	\$7.1m



\* Volumes include Oil, NGL, and Residue Gas (Last updated 07/22/2012)

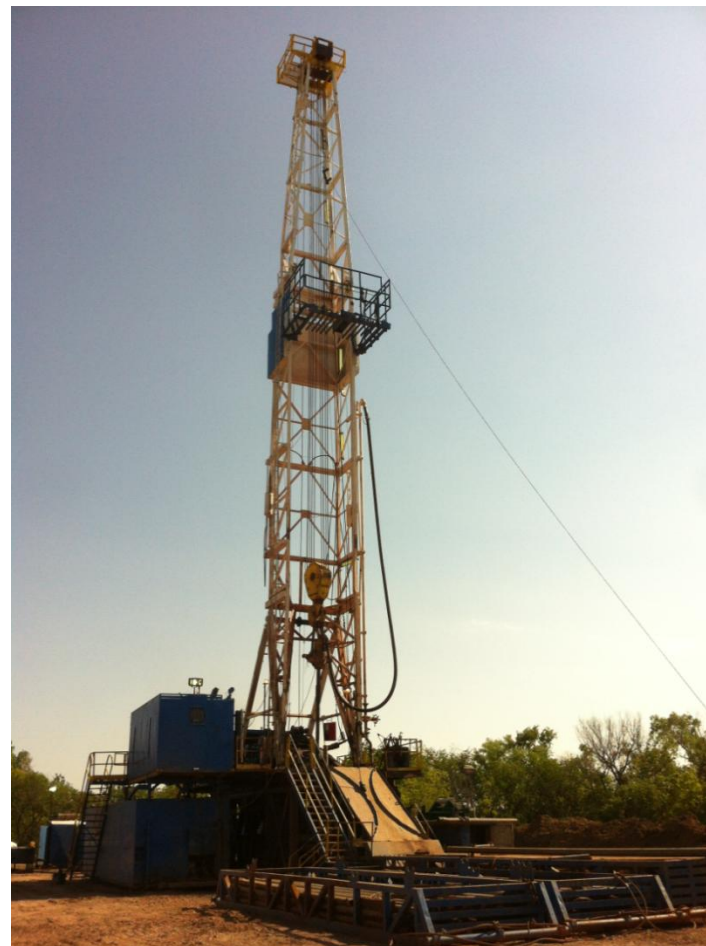
**Note: State records will only reflect oil and wet gas volumes. Residue gas and NGLs shown here for modeling purposes.**



**Horizontal Rig on Balder #1-30N**

Source Range Resources, September 2012

- Drilled 11 vertical wells to date (including one SWD well)
- AOK 100% WI
- Ongoing two well per month program
- Wells show consistent results
  - TD ~4,750 feet – Completion costs ~\$600,000
  - EUR 100,000 BOE – 20 acre spacing
  - Stabilized 40-50 BOE/day after Initial Production
- Two most recent wells:
  - #20-1 reported a very favourable 30-day average rate of 95 boepd (peak rate 160 boepd, 80% oil)
  - #20-3 reported a 7-day average of 92 boepd (flowing)
- Results compare favourably to SandRidge published vertical type curves which suggest an average 30-day rate of ~50 boepd, an IRR of 60-70% and NPV of ~\$1.2m
- Production expected to build with 4 wells at various stages of development and an ongoing program of two wells per month

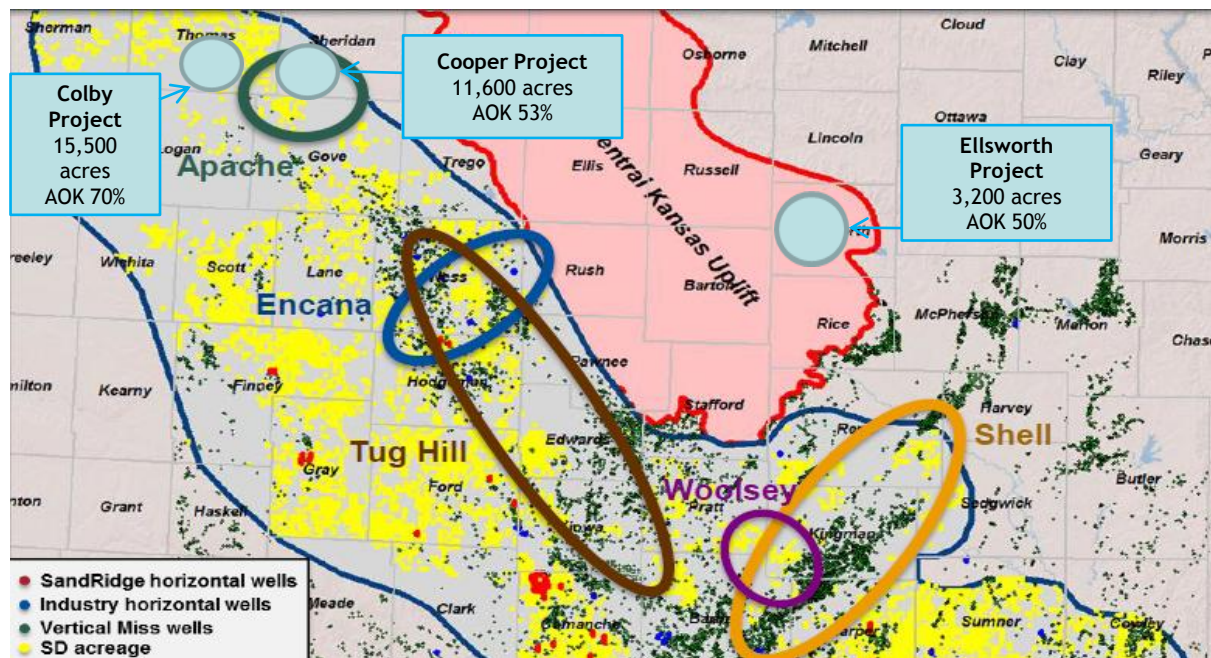


**Blubaugh #20-1 Well**

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- AusTex has an interest in c. 17,500 net acres across three projects in Kansas
- Recent drill results and leasing activity support the extension of the Mississippian Lime play north into Kansas
- Sandridge has drilled 69 wells in Kansas and is producing from 46 with 30 day production rates of 317 boep/d
  - Reported “more of the same” production results
- Apache recently announced it had put together a 580,000 acre position surrounding AusTex’s leases, and is currently drilling its first horizontal well 12km south of AOK’s Cooper Project



Kansas Horizontal Activity			
Company	Permits	Wells drilled	Active Rigs
SandRidge	76	69	8
Shell	46	17	3
Tug Hill	24	3	1
Encana	11	3	2
Woolsey	5	2	1
Dorado	4	0	0
Apache	2	0	1
Chesapeake	2	2	0
Unit	2	1	0
Other	11	6	0
<b>Total All</b>	<b>183</b>	<b>103</b>	<b>16</b>



- **Cooper Project – Producing**

- ~11,600 acres of 3D seismic 53% WI 43% NRI
- Discovery well Clark #1 drilled in 2010 – WI 53% NRI 43.5% - Seismic ties to Sonic Logs
- Melanie #1 drilled through Miss. Lime interval 2012
- Vertical drilling Toronto, Lansing-Kansas City and Mississippian targets to 4,700 feet - \$450,000 Fully Completed

- **Colby Project – Exploration**

- 15,500 acres of 3D seismic 70% WI 57.4% NRI
- Multiple defined prospects including Miss Lime, Cherokee Sand and Lansing Kansas City intervals
- Historical Data shows Miss Lime presence

- **Ellsworth County – Producing**

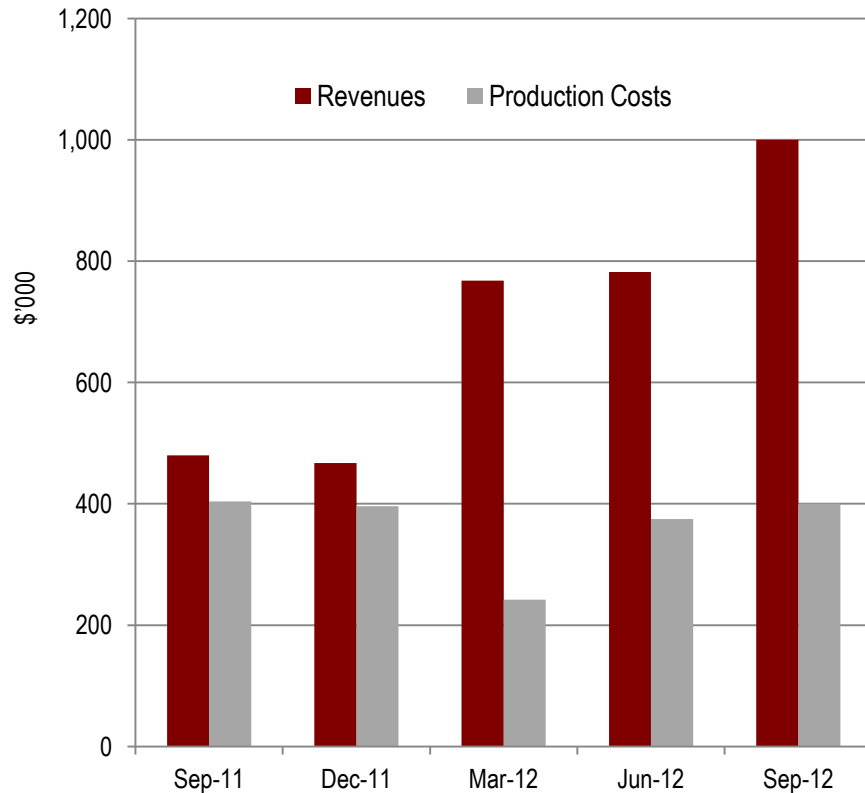
- ~3,000 acre – WI 50% NRI 38%
- Targeting multiple Arbuckle formation breaks – deeper targets in existing oil fields – 3,500 feet

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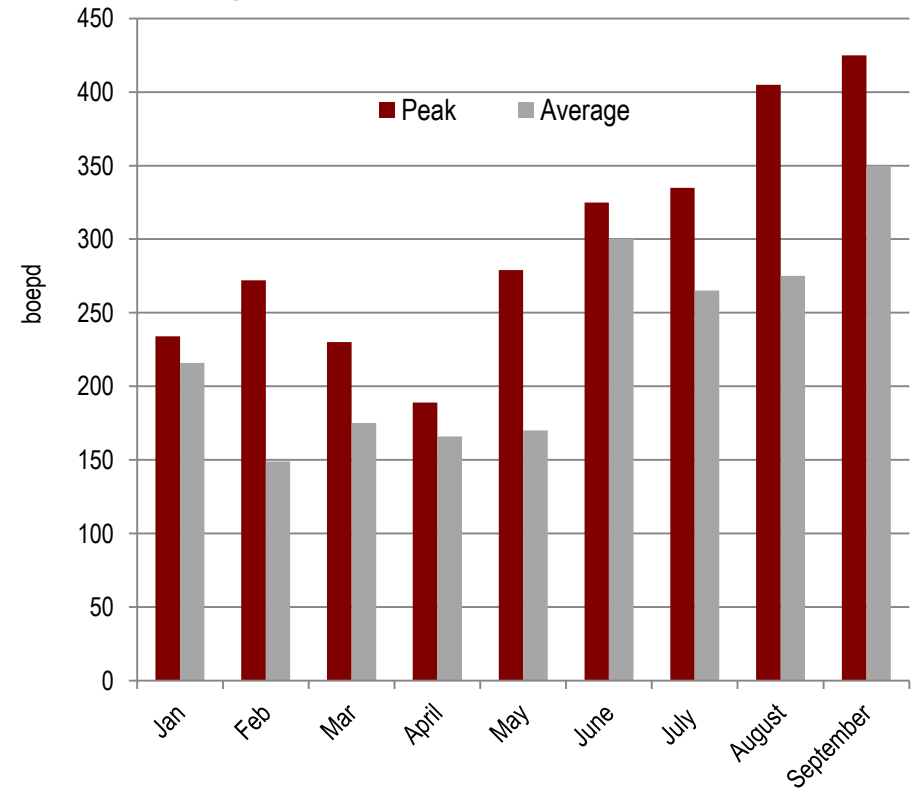
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- AOK's active well development program has required intermittent field shutdowns as construction of new surface infrastructure for new vertical wells has been built and commissioned.
- Production is expected to increase significantly through October based on full contribution from ETU#14-7 and Blubaugh #20-1, plus the tie in of Blubagh #20-2, #20-3, #20-4 and #20-5.

## Quarterly Cash Flow (after royalties)



## Monthly Production



Use of Funds	A\$m
Snake River – Vertical Wells <sup>1</sup>	5.5
Snake River – Horizontal Well Participation	1.5
Kansas – Ellsworth <sup>2</sup>	0.4
Kansas – Colby <sup>3</sup>	0.5
New acreage and well participation	1.0
Working capital & offer costs	1.1
<b>Total</b>	<b>10.0</b>

Note 1: Cost of \$0.6m/well

Note 2: Cost (net) of \$0.2m/well

Note 3: Cost (net) of \$0.35m/well

- Net proceeds of the Placement will fund AOK's active drilling program and new acreage opportunities
- Additional proceeds raised through the SPP will supplement AOK's working capital position

→ **Snake River – Horizontal Well Program**

- Hod #1-19H scheduled to spud in October 2012 (8.33% WI), with a further 2 horizontal wells to be drilled in Section 19
- Balder #2-31N, an offset to the successful Balder #1 well, is expected to spud in December 2012 (13.76% WI)
- Further joint venture horizontal wells (currently in discussions)

→ **Snake River – Vertical Well Program**

- 7 wells on production and 4 wells at various stages of development
- Two well per month program

→ **Kansas**

- Colby Project (Miss Lime) – Complete Geophysical Analysis on 3D Seismic, Drill 2 Exploration Wells
- Ellsworth Project (Central Kansas Uplift) – Drill and Complete 2 Vertical Wells

→ **Target CY2012 consolidated exit rate production of 750 – 800 boepd**

→ **New acreage acquisitions and JV partnership opportunities in AOK's core area currently being assessed**

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- Strategic holdings in the **light oil sweet spot of the Mississippi Lime Play** one of the **premier unconventional plays in the US**
- Significant drilling ramp up and corporate activity provides **external validation** of the play
- **Growing oil production** from ongoing vertical and horizontal well program
- Multiple **Q4 2012** and **Q1 2013 drilling events**
- **Strong returns from horizontal and vertical wells**
- **Horizontal well NPV \$7.1m/well** with potential for **+30 wells on AOK's acreage at 160 acre spacing, +100 wells assuming ultimate 50 acre spacing**
- **New acreage acquisitions and JV partnership opportunities in AOK's core area**
- **Strong technical team and Board** with extensive success and experience
- Current equity raising **capitalises AOK to pursue its scheduled growth program** and take advantage of **acquisition opportunities in its core area**

AusTex Oil Limited

▶ *USA*

*Richard Adrey*

*Executive Chairman*

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▶ *Australia*

*Daniel Lanskey*

*Managing Director*

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# ***APPENDICES***

<p><b>Richard Adrey</b> Executive Chairman and Founder USA</p>	<ul style="list-style-type: none"> <li>• President and Founder of International Energy Corp</li> <li>• Former investment banker specializing in M&amp;A</li> <li>• Involvement in numerous public companies in the USA, including Piper Aircraft, Cynocom Corporation, Vacation Break, Medisys and Versatech</li> <li>• Member Independent Petroleum Association of American, Oklahoma Independent Producers Association, Mid Continent Oil &amp; Gas Association, Wildcatters, Petroleum Club &amp; OCC Operator</li> </ul>
<p><b>Kwang Hou Hung</b> Non Executive Director Deputy Chairman Singapore</p>	<ul style="list-style-type: none"> <li>• Qualified as a Chartered Accountant with KPMG, United Kingdom in 1982.</li> <li>• Member of both the Institute of Chartered Accountants in England &amp; Wales and the Malaysian Institute of Accountants.</li> <li>• Extensive corporate experience having served in senior management and director positions in Malaysia and Australia.</li> </ul>
<p><b>Dan Lanskey</b> Managing Director &amp; Founder</p>	<ul style="list-style-type: none"> <li>• Vice President – International Energy Corp</li> <li>• Over 10 years’ senior management experience for a number of ventures in Asia, Europe and the USA.</li> <li>• 8 yrs Oil and Gas industry experience</li> <li>• Post-Graduate business degree from Griffiths University, Qld.</li> <li>• Member of the Petroleum Exploration Society of Australia (PESA).</li> </ul>
<p><b>Justin Clyne</b> Non Executive Director &amp; Company Secretary</p>	<ul style="list-style-type: none"> <li>• Admitted as a Solicitor of the Supreme court of NSW and High Court of Australia 1996</li> <li>• Admitted as a Barrister in 1998 – 15 years experience in legal profession</li> <li>• Mining and Resource Sector focus since 2006</li> <li>• Holds a Master of Laws in International Law and is a qualified chartered Company Secretary</li> <li>• Director and/or Company Secretary of a number of public listed and unlisted companies</li> </ul>
<p><b>Luis Vierma</b> Non Executive Director USA</p>	<ul style="list-style-type: none"> <li>• GeoChemist – Bachelor Degree in Chemistry – Master’s degree in Geology (Geochemistry of Petroleum)</li> </ul> <p>Formerly:</p> <ul style="list-style-type: none"> <li>• Deputy Chairman of OPEC Long Term Strategy</li> <li>• Vice President of Exploration and Production of PDVSA, Director and Chairman of CITGO</li> <li>• Deputy Director of Hydrocarbons - Energy Ministry of Venezuela</li> <li>• President of CVP an affiliate of PDVSA</li> <li>• President of PDVSA Research Centre</li> <li>• Professor of Chemistry at Universidad Central de Venezuela</li> </ul>
<p><b>Kay Philip</b> Non Executive Director Australia</p>	<ul style="list-style-type: none"> <li>• Geophysicist with extensive experience in project acquisition and financial analysis of resources projects</li> <li>• Honorary Associate at the School of Physics, University of Sydney</li> <li>• Senior Fellow of the Financial Services Institute of Australia (“FINSIA”), Member Australian Institute of Physics (“AIP”), Member Australian Society of Exploration Geophysicists (“M.ASEG”)and Secretary of the Australian-French Association of Science and Technology (“AFAS”)</li> </ul>



Reserve Category	Oil Reserves Net (Mbbbl)	Gas Reserves Net (MMscf)	BOE Mboe 6:01	Undiscounted Cash Flow (\$ million)	10% NPV Cash Flow
Proved	252	657	383	16,150	\$10.9m
Proved Producing	113	113	132	9,119	\$6.5m
Proved undeveloped	2,736	3,776	3,365	156,062	\$79.2m
<b>Total Proved (1P)</b>	<b>3,101</b>	<b>4,546</b>	<b>3,858</b>	<b>181,331</b>	<b>\$96.7m</b>
Probable Undeveloped	1,803	1,736	2,850	103,801	\$61.7m
<b>Total Proved + Probable (2P)</b>	<b>4,904</b>	<b>6,282</b>	<b>5,951</b>	<b>285,132</b>	<b>\$158.4m</b>
Possible Undeveloped	6,386	6,254	7,428	375,995	\$230.4m
<b>Total Proved + Probable + Possible (3P)</b>	<b>11,290</b>	<b>12,536</b>	<b>13,379</b>	<b>661,127</b>	<b>\$388.8m</b>

#### Competent Person's Statement

Reserves have been certified by Richard A. Burns PE, a Reservoir Engineer employed by Integrated Petroleum Technologies Inc., Denver, Colorado, and is a qualified person as defined under the ASX Listing Rule 5.11. Mr Burns holds a Bachelor of Science in Petroleum Engineering and has over forty years' experience in engineering studies, evaluation of oil and gas properties, drilling, completion, production and process engineering of oil and gas operation and evaluation of properties in Canada and U.S.A and is a qualified evaluator and auditor as defined in National Instrument 51-101. Reserves have been developed within the guidelines of the Canadian Oil and Gas Evaluation handbook and in accordance with Canadian National Instrument 51-101. Mr Burns has consented to the use of the reserve figures in this presentation. Mr. Burns is a published member of the Society of Professional Engineers.

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OKLAHOMA							
Project	Well	Acreage	WI	NRI	Status		County, State
Snake River	-	~5,500	100%	81.25%	Development Producing		Kay/Noble County, OK
Production Hub No. 1	ETU #14-5		-		Producing – Miss Lime		-
	ETU #15-4		-		Producing – Miss Lime		-
	ETU #17-6		-		Producing – Miss lime		-
	ETU #14-7				Production Testing – Miss Lime	Miss Chat to be Perforated and completed. Current 40boep/d	
	Adams #1		10%		Producing – Miss Lime		-
Horizontal	Balder #1-30N		13.76%		Producing – Miss Lime		-
	Hod #1-19		8.33%		Spud date October 2012		
Production Hub No. 2	#20-D1 SWD		-		Completed	Gas Sales Commissioned	-
	#20-1		-		Producing	30 day ave 95 boep/d (81bo 180mcf/gas)	-
	#20-2				Fracced and awaiting flow back and completion	On Line October	
	#20-3				Production testing Flowing through 9/64 <sup>th</sup> choke (no pump fitted)	7 day ave 92 boep/d	
	#20-4				Production Testing Flowing to Tank (no pump fitted)	Commenced week of 12 October	
	#20-5				Fracced and awaiting flow back and completion	Target 19 Oct for production testing	
	#21-3		-		Drilled and Cased	Frac October	-
	ETU #1-6				Drilled and Cased	TD 12 October	
	ETU #1-7				Drilling Underway		
Tulsa and surrounds	-	~1,600	100%	81.25%	Producing	50 boe/day	Tulsa, OK

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KANSAS						
Project	Well	Acreage	WI	NRI	Status	County, State
Cooper	-	11,600	53%	38%	Development/Producing	Sheridan, KS
	Clarke #1				Producing Lansing KC Group	
	Melanie #1				Production Testing Lansing KC Group Drilled through Miss Lime interval	
Beltz	-	160	40%	33.8%	Producing Lansing KC Group	Ellis, KS
Ellsworth	-	3,200	50%	38%	Development/Producing	Ellsworth, KS
	Rolf #1				Producing Arbuckle	
	Ludwick #1		-		Producing - Arbuckle	
	Mollhagen #8		-			
Colby	-	15,500	70%	58.8%	Exploration/Seismic Completed	Thomas, KS
					Multiple Prospects Identified	

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