



Annual General Meeting Presentation

31 May 2017

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The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

Executive Summary



Focused Vertical Producer in Northern Oklahoma

Company Highlights – May 2017

- **Targeting the Multiple Formation Layers in Northern Oklahoma**
- **Disciplined activity matching the price environment. Starting to return to the drill bit given the apparent future oil curves**
- **USD\$18M of cash on the balance sheet at 5/17**
 - Refinancing discussions underway, with positive momentum
 - Maturity of USD\$17M debt facility in 4th quarter 2017
- **Three acquisitions completed to date with good results. More likely**
 - Areas of interest: Oklahoma
- **~14,000 net acres in Oklahoma with solid infrastructure**
 - 2 main areas – Kay County and Drumright
- **~70% liquids by volume today (~54% oil and ~16% NGLs)**
- **In current environment, USD\$300k – USD\$450k all-in well cost**
- **\$32M of 1P PV10 in 12/16 reserve report, 4.3mm BOE of proved net reserves (54% oil) based on NYMEX strip pricing at 31/12/16**

Capitalization, Liquidity and Directors

| | |
|-----------------------------|-----------------|
| Ordinary Shares (mm) | 562.6 |
| Preferred Shares (mm) | <u>220.1</u> |
| Total Issued Shares | 782.7 |
| Options Out (mm) | 38.0 |
| Wtd. Avg. Option Price. | A\$0.18 |
| Cash on hand (5/17) | USD\$18M |

Russell Krause,
Chairman

Richard Adrey,
Managing Director

Nick Stone,
Non-Executive Director

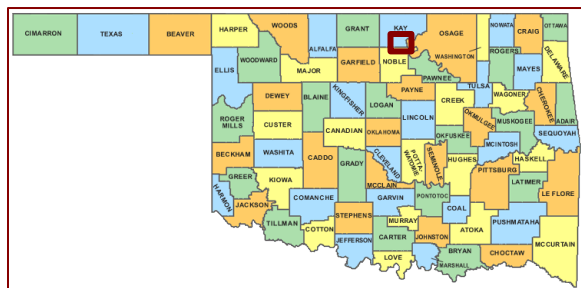
Mark Paton,
Non-Executive Director

Andrew Bursill,
Corporate Secretary

Vertical producer in Northern Oklahoma. Liquid balance sheet, disciplined focus on capital allocation and operational focus on risk adjusted returns

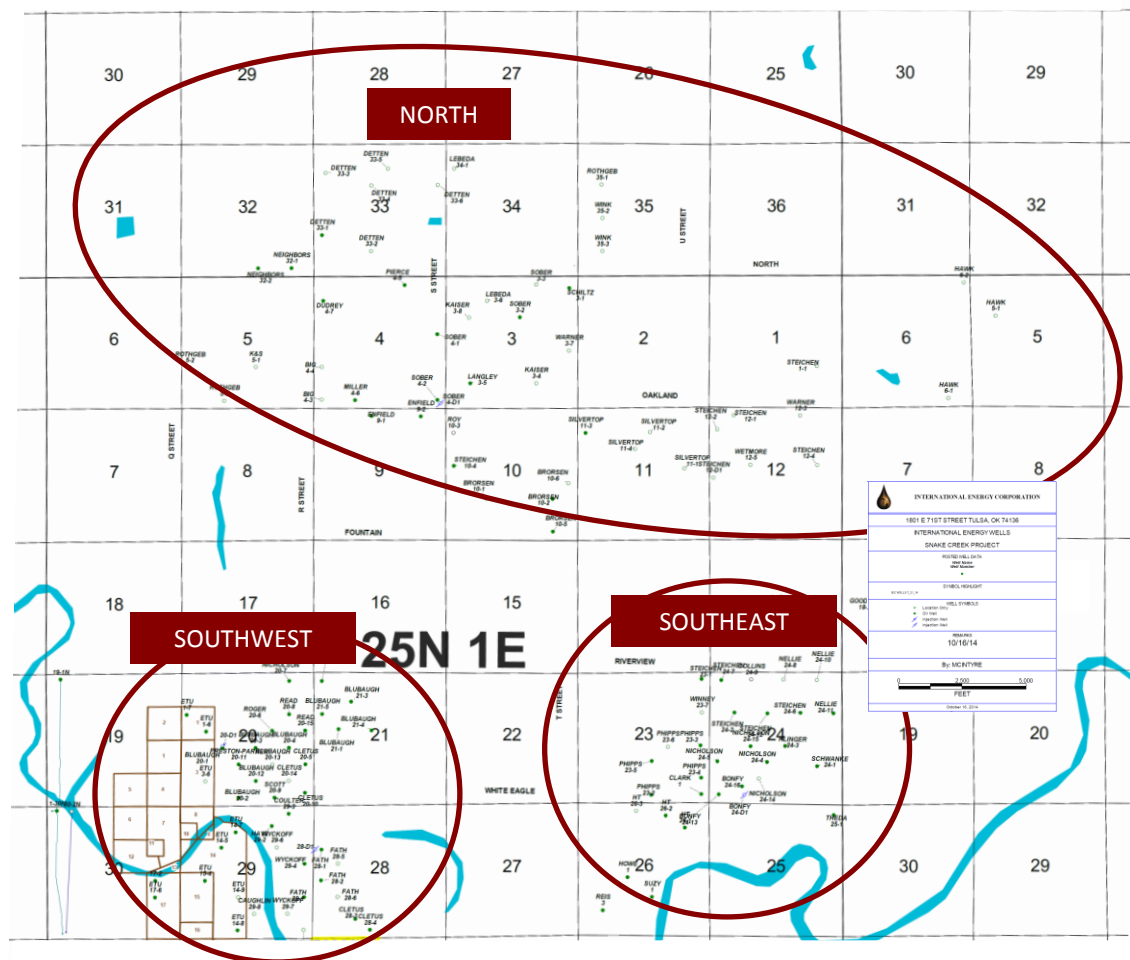
Acreage Overview – ~9k acres outside Ponca City

Infrastructure in place for full field development when oil prices warrant



Highlights

- Significant acreage yet to be drilled but in a concentrated area with more finite geological risk
- Density likely in the ~30 acre per well range
- Departure of NYSE listed Range Resources from the area leaves substantial infrastructure support which is only minimally utilized
- Site of small acquisition of nearby wells from exiting producer

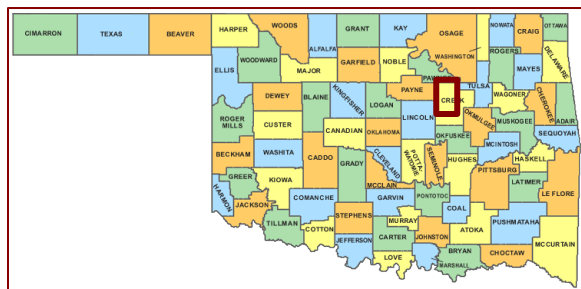


Note: Exact acreage no longer shown due to competitive activity utilizing our maps to lease

Meaningful inventory of undrilled PUD locations.

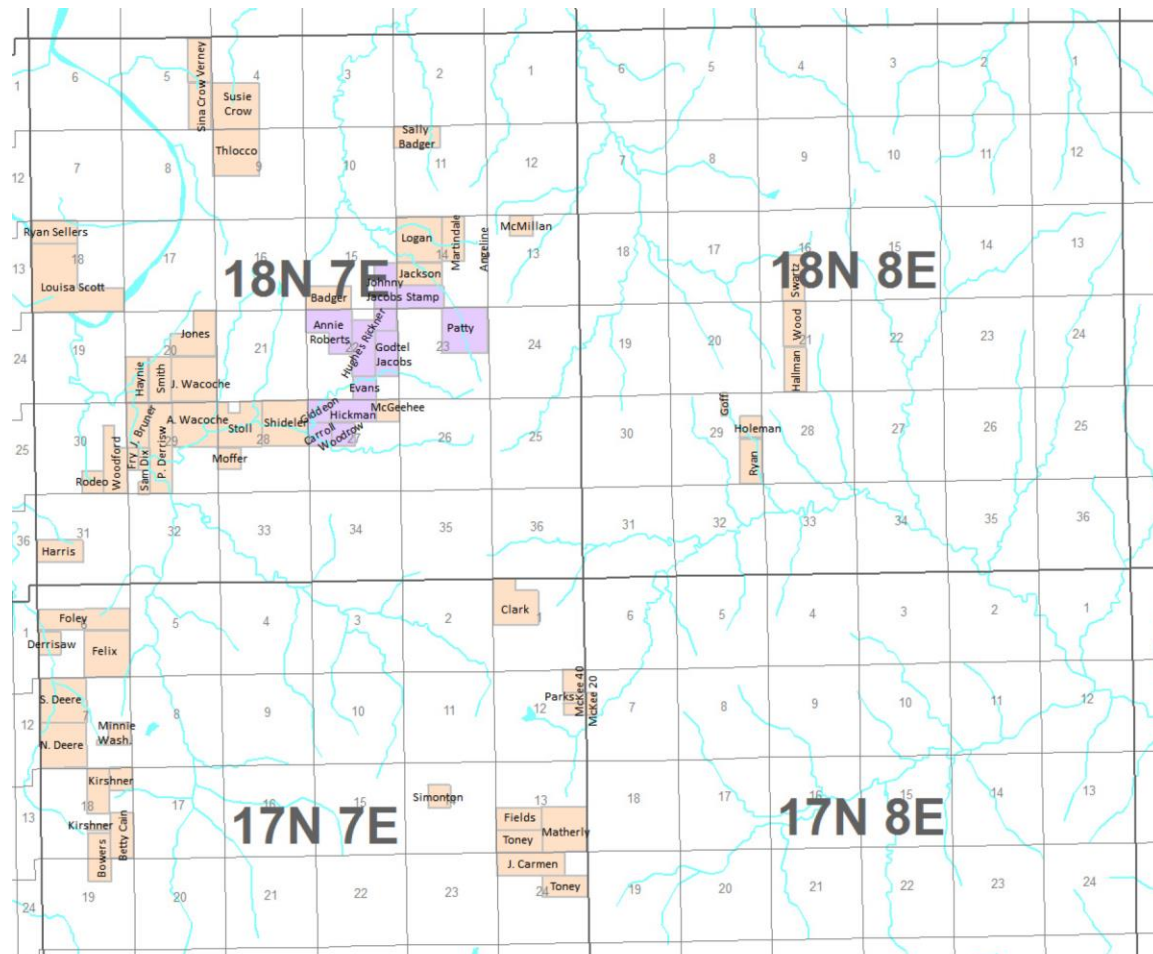
Acreage Overview – ~4k net acres near Drumright, OK

Upgrading a long lived but poorly maintained field



Highlights

- Best AOK acquisition to date
- Immediately accretive. Purchased 50% for \$3.25mm (including roughly \$500k of equipment and land). Valued in our reserve report at \$6mm for PDP
- Has required substantial effort to turn these wells back to reasonable performers
- Significant equipment overhaul needed.
- Land sales starting now

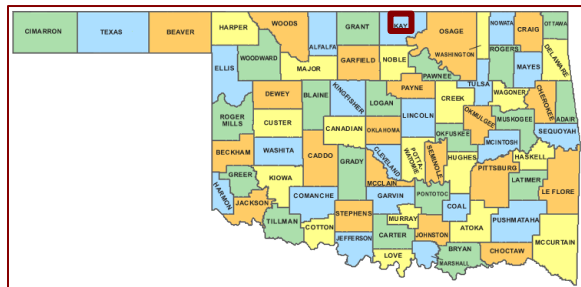


Note: Does not include all of the acreage associated with the acquisition

**Immediately accretive acquisition with substantial recompletion opportunity.
Took over poorly operated field of old wells with stable production profile.**

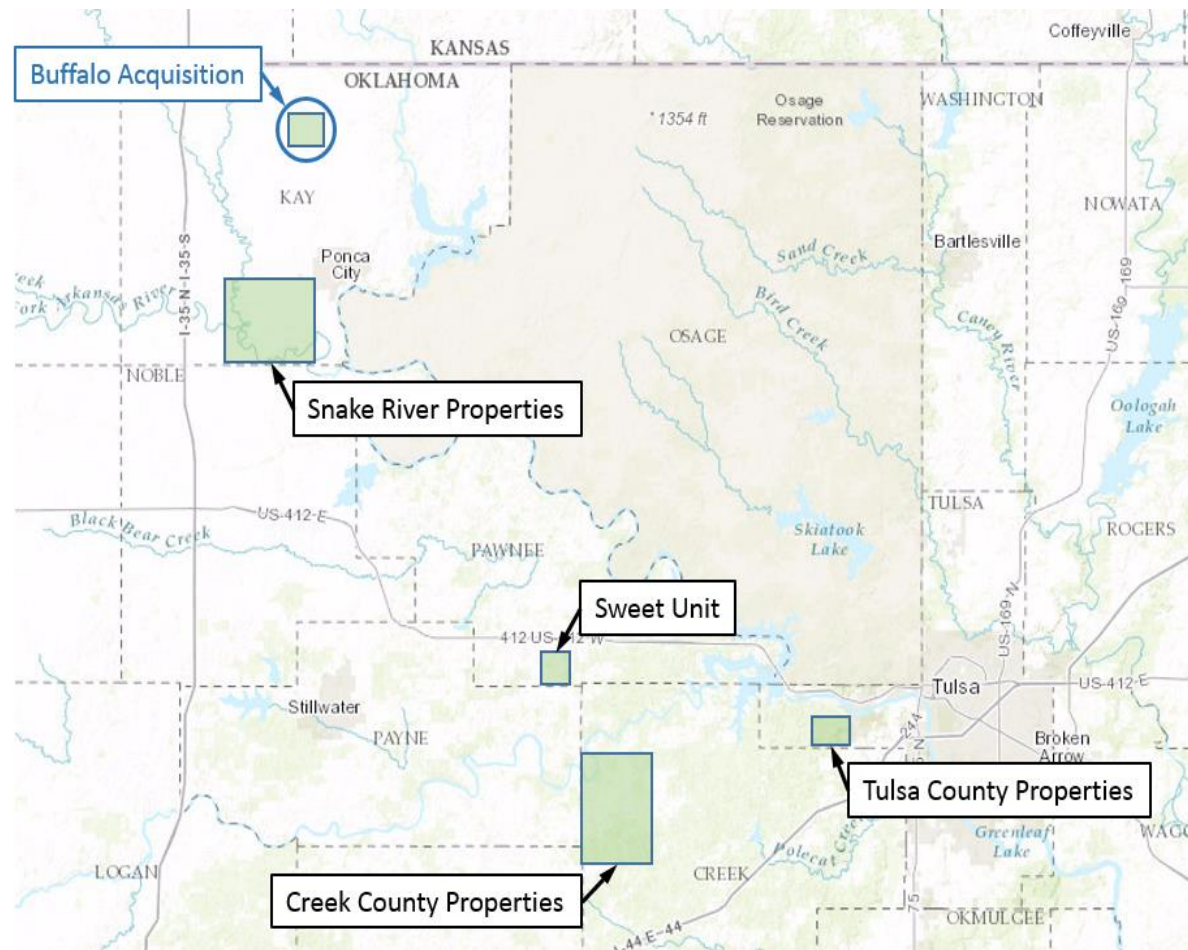
Acreage Overview – ~1k acres near Newkirk, OK

Acquired significant disposal infrastructure below replacement cost



Highlights

- Small acquisition of local disposal infrastructure and two horizontal wells
- Purchased for less than replacement cost on the disposal wells
- Opens up another potentially interesting area of development
- Will drill 3-4 test wells in the area to determine the productivity of the area
- First results from drilling should be known in the coming months

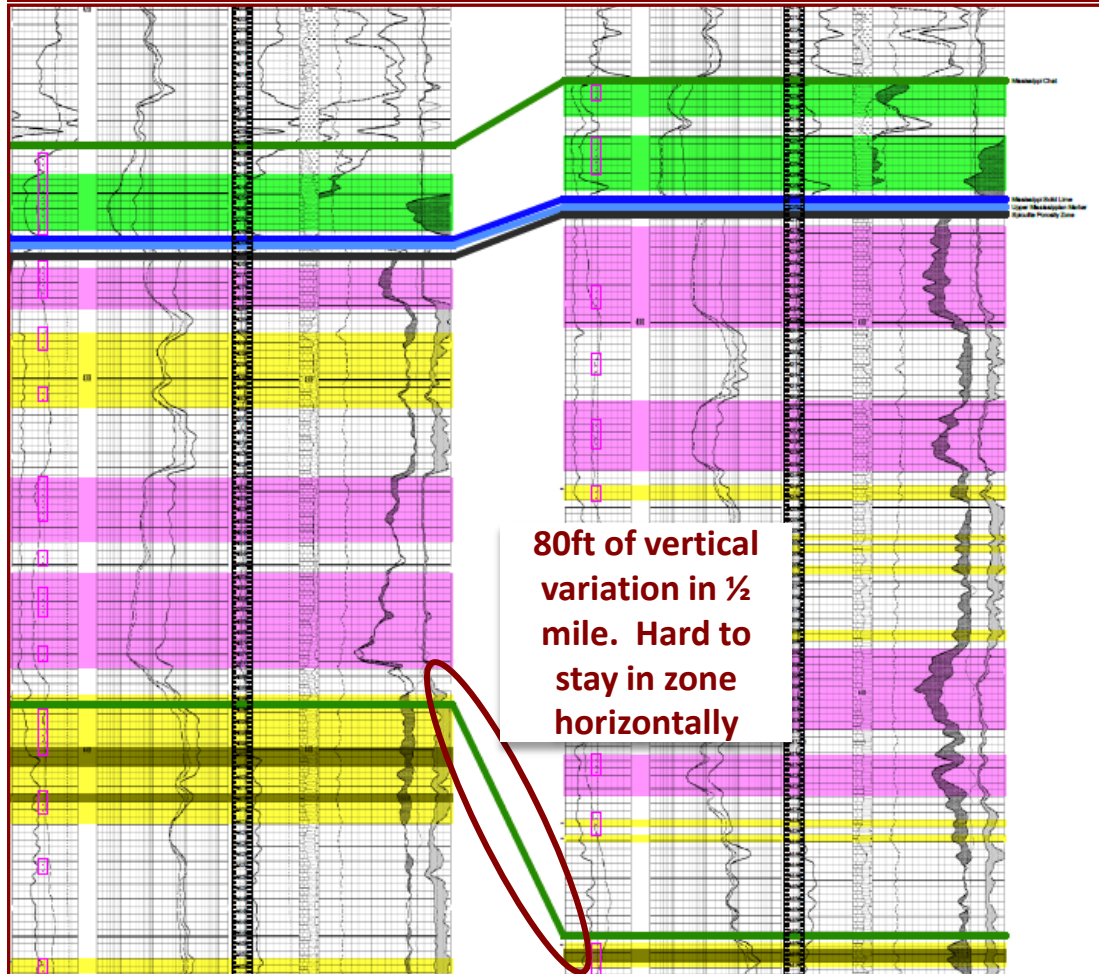


New area of interest with roughly 1,000 acres owned already and significant leasing room should the recent tests warrant expansion

Best Targeted Vertically – Large HZ Operators Departed

Formation is poorly suited to horizontal completion

Cross Section Showing Substantial Vertical Movement



10 Foot Intervals in Key Formation

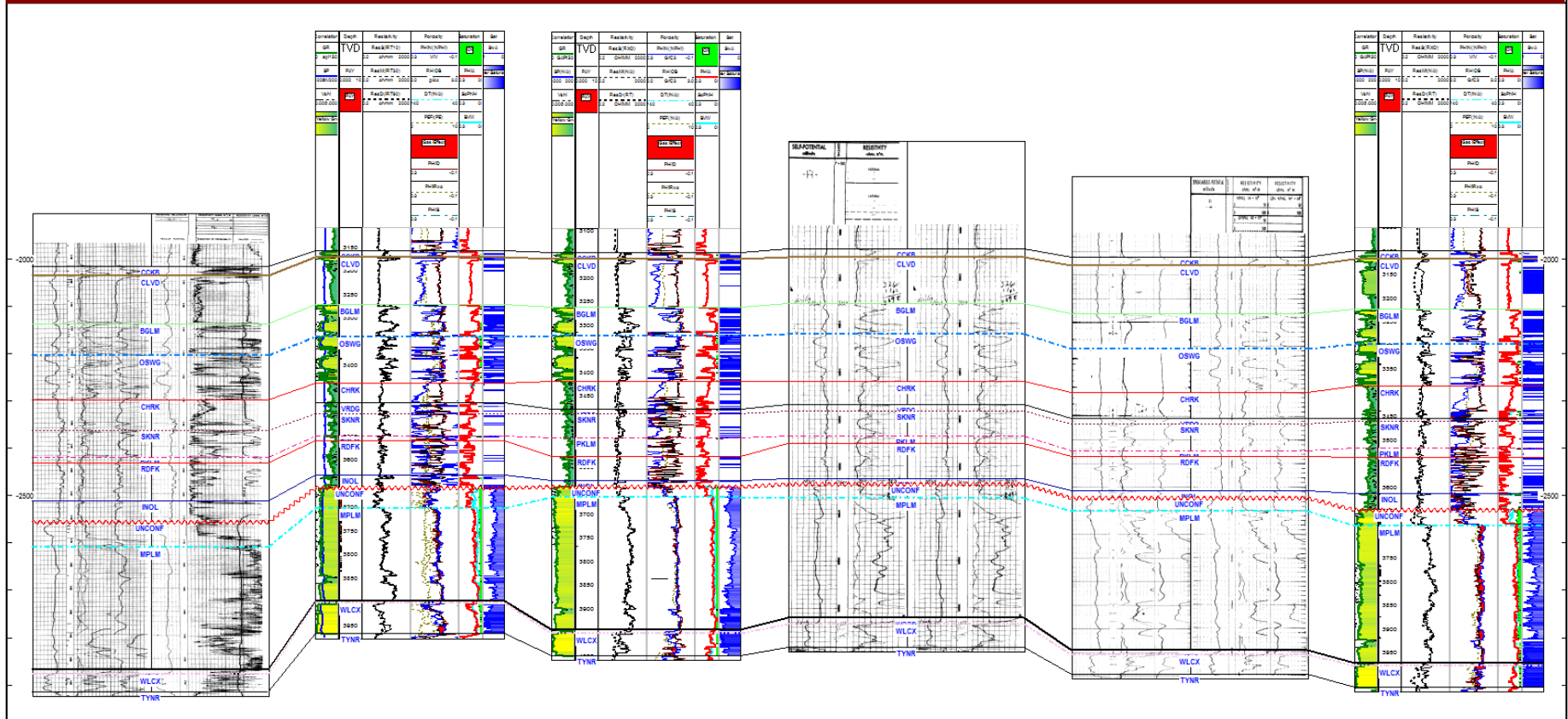


Difficult to complete horizontally, providing competitive advantage for vertical operators
Zone is narrow and staying in it is critical

Geology Offers Multiple Pay Zone Opportunities

By drilling vertically, AusTex benefits from multiple zones that could be productive – extends asset life

Cross Section with Multiple Pay Zones Identified



The opportunity to find multiple different pay zones increases the longevity of the well, increases the potential EUR and improves the risk/reward of a drill site

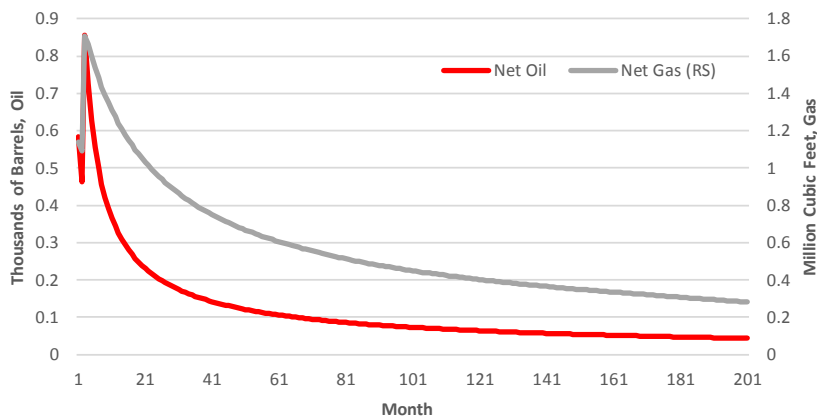
Well Level Investment Returns at Type Curve



Good enough to start drilling again

Kay County – 100% Working Interest

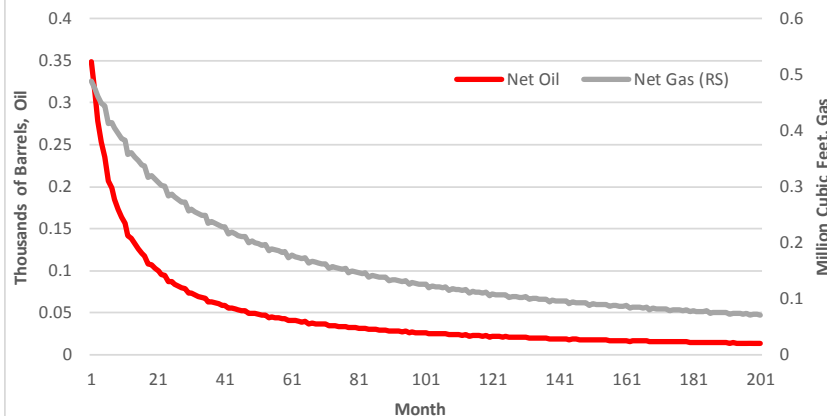
Avg. PUD Decline Curve - Net Production



Gross Well Investment \$400,000
Net Well Investment \$400,000

Drumright Area – 50% Working Interest

Avg. PUD Decline Curve - Net Production



Gross Well Investment \$250,000
Net Well Investment \$125,000

Returns at Various Commodity Prices

| Gas Price | Oil Price | | | | | |
|-----------|-----------|------|------|------|------|------|
| | \$45 | \$50 | \$55 | \$60 | \$65 | \$70 |
| \$2.75 | 17% | 24% | 32% | 40% | 49% | 58% |
| \$3.25 | 19% | 26% | 34% | 42% | 51% | 61% |
| \$3.75 | 21% | 28% | 36% | 44% | 53% | 63% |
| \$4.25 | 23% | 30% | 38% | 47% | 56% | 66% |

Returns at Various Commodity Prices

| Gas Price | Oil Price | | | | | |
|-----------|-----------|------|------|------|------|------|
| | \$45 | \$50 | \$55 | \$60 | \$65 | \$70 |
| \$2.75 | 33% | 46% | 60% | 75% | 92% | 110% |
| \$3.25 | 36% | 48% | 63% | 78% | 95% | 114% |
| \$3.75 | 38% | 51% | 66% | 81% | 99% | 117% |
| \$4.25 | 41% | 54% | 69% | 85% | 102% | 121% |

With more limited apparent movement in the forward curve and returns that on reserve engineer type curves generate reasonable returns, we will restart a drilling effort

Lessons Learned Since Last AGM and Path Forward



Southwest acquisition added meaningful value. We need more footprint expansion and to start drilling again

Southwest Acquisition Accretive but Hard

- Assuming the legacy field has come with significant operational complexity
- Created material value for the Company – purchased the oil and gas assets for less than \$3mm and those are worth \$6mm per the last reserve report (at PV10)
- It has taxed our light field resources to assume operations and to clean up significant legacy issues
- We are developing a core skill set in legacy oil field optimization with old, shallow, vertical wells
- That skill set fits the Drumright and surrounding area well

Path Forward

- **Continue to pursue acquisitions (“alpha”)**
 - Have acquired 3 assets to date. Continue to look for step function change transaction
 - “Missed opportunities” were generally lost to others paying for an oil price that has not materialized
- **Grow our leasing footprint**
 - We have targeted key areas of interest to renew our leasing activity
 - Leasing costs have declined to ~\$100-150 per acre from \$300 and we will test the duration of the lease
- **Have restarted drilling (“beta”)**
 - Intriguing locations in the Southwest acreage
 - Testing new acreage in northern Kay
 - Drill locations in the southern acreage in the Mississippian starting in the low to mid 50s oil price

**The creation of “alpha” in the last year has been real,
but more beta exposure is also valuable**

Current Reserve Base

Based on Nymex Strip at 31/12/16

| 31-Dec-16 Reserve Report Discounted Cash Flow | | | | | |
|---|---------------|-------------|-------------|-------------|-------------|
| | Discount Rate | | | | |
| (\$000 USD) | 0% | 5% | 10% | 15% | 20% |
| PDP | \$63 | \$35 | \$24 | \$19 | \$16 |
| PDNP | \$0 | \$0 | \$0 | \$0 | \$0 |
| PUD | \$23 | \$13 | \$8 | \$5 | \$3 |
| Total Proved | \$85 | \$48 | \$32 | \$24 | \$19 |

| 31-Dec-16 Reserve Report Assumed Hydrocarbon Pricing (incl. Hedges) | | | | | |
|---|---------|---------|---------|---------|---------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Oil | \$56.19 | \$56.59 | \$56.10 | \$56.05 | \$56.21 |
| Gas | \$3.63 | \$3.14 | \$2.87 | \$2.88 | \$2.90 |

Source: Pinnacle Engineering

Reported on a NYMEX strip basis with hedges to provide transparency to shareholders.

Response to Oil/Gas Price Adjustments

Based on YE16 Reserve Report

| PV10 of 1P Reserves Based on Flat Oil and Gas Prices (\$mm) | | | | | |
|---|-----------|-----------|---------|---------|---------|
| | Gas Price | Oil Price | | | |
| | | \$55.00 | \$60.00 | \$65.00 | \$70.00 |
| Creek County | \$3.00 | \$6.2 | \$7.2 | \$8.2 | \$9.2 |
| | \$3.50 | \$6.3 | \$7.3 | \$8.3 | \$9.3 |
| | \$4.00 | \$6.4 | \$7.4 | \$8.4 | \$9.4 |
| Kay & Other | \$3.00 | \$23.4 | \$26.9 | \$30.4 | \$34.0 |
| | \$3.50 | \$25.2 | \$28.7 | \$32.2 | \$35.8 |
| | \$4.00 | \$27.0 | \$30.5 | \$34.0 | \$37.6 |
| Austex Total | \$3.00 | \$29.6 | \$34.1 | \$38.6 | \$43.2 |
| | \$3.50 | \$31.5 | \$36.0 | \$40.5 | \$45.1 |
| | \$4.00 | \$33.4 | \$37.9 | \$42.5 | \$47.0 |

Meaningful upside added with acquisition given the long lived nature of the reserves

Key Risks and Mitigants for the Company



These represent some of the key risks – others/more information can be found in the Company's filings

Key Company Risks and Mitigants

- Remain exposed to the oil cycle in the US
 - AusTex has worked to reduce its costs to adjust to the environment, but oil prices continue to be subject to global, macro volatility
- Debt needs to be refinanced
 - Refinancing discussions are underway, led by Rich, and making good progress
- Preferred shares have both ongoing litigation and upcoming potential financial obligations
 - Wieder and the Company are in ongoing litigation, and the Company reasserts its view that it has strong defenses against the claim
 - Litigation prevents much additional discussion of this topic
- Mississippi is a complicated reservoir source
 - Multiple productive formation zones in addition to Mississippi
 - Increasingly deploying technology to assist
 - Constantly improving the understanding of the Mississippi Lime formation

**There are mitigants to many of the Company's key risks,
but ultimately exposure to oil and gas prices remains the key determinant of value**

Concluding Thoughts

Need to continue acquisition efforts, but ideally find and acquire more “beta” for the Company

Key Company Highlights

- ✓ Debt resolution in process – refinancing discussions well underway with positive momentum
- ✓ Good Cash Position – USD\$17.7M in May
- ✓ Further reduced field staff to bring operating costs in line with activity levels and commodity pricing
- ✓ Have completed 3 acquisitions and will continue to seek more in this period of oil price dislocation. Largest acquisition is immediately accretive
- ✓ Significant and long lived embedded exposure to oil and gas prices
- ✓ All three acquisitions have created additional drilling opportunities, with the third producing interesting Mississippian opportunities
- ✓ Continued pain in the oil and gas space making “fill in” acquisitions more feasible

While it has been a difficult period in the space generally, we remain upbeat about the potential to create value here in the medium and long term