

JUNE 2017 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS:

JUNE QUARTER

- Quarterly Net Revenue – USD \$1.6M
- Quarterly Oil & Gas Production – 57.4 MBOE
- Quarter Ending Cash Position USD \$16.9M
- Focus on Growth through Acquisitions and Opportunities
- Maintaining positive cash flows
- Holding of 2017 AGM

SUBSEQUENT TO QUARTER'S END

- Review of new opportunities
- Repaid majority of bank loan facility
- Production Testing of Buffalo 19-2



AusTex’s June 2017 Quarter

The Board of AusTex Oil Limited (**AusTex** or the **Company**) (**ASX: AOK – OTCQX: ATXDY**) is pleased to provide its Quarterly Activities Report for the quarter ending 30 June 2017.

ASX Announcements During June Quarter		
1	Director Resignation	6 April
2	Director Appointment / Resignation	21 April
3	Annual Report to Shareholders	28 April
4	Corporate Governance Statement	28 April
5	Appendix 4G	28 April
6	Notice of Annual General Meeting	28 April
7	Proxy Form	28 April
8	Quarterly Activities Report	28 April
9	Drilling Update	11 May
10	Change of Address	11 May
11	Company Secretary Appointment/Resignation	16 May
12	Change of Address	22 May
13	Drilling Update	25 May
14	Nick Stone to step back as from responsibilities as Co-MD	31 May
15	AGM Presentation	31 May
16	Results of Annual General Meeting	31 May
17	Change in substantial holding from IFL	27 June

Table 1: Summary of ASX Releases during the June 2017 Quarter (above).

Operations Overview

Our strategy since the downturn in commodity prices has been to conserve capital and our oil in the ground, evaluate opportunities for acquisition, and only drill wells that make economic sense. During that time period we have made three acquisitions that added to our held-by-production acreage position while adding modest amounts of production with substantial upside potential as commodity prices stabilize higher. Two acquisitions added acreage in our Snake River project while the third is a 50% joint venture on ~7,700 gross



acres (~3,850 net) located in the Cushing Field most of which is on the Drumright Dome. We have focused our acquisition activities on brown fields that have a history of high production but have lost pressure over the years as they typically have declined to very stable levels of production, which creates meaningful upside if prices recover.

Development

As previously announced to the market, during the quarter AusTex acquired 720 acres north of Snake River, but serviced by the same field team, and has drilled its first well offsetting one of the horizontal wells drilled on this acreage. This acreage has 3D seismic, which is being reprocessed with additional attributes to take advantage of the stacked pay horizons in this area of interest.

Our Cushing Field area is historically an exceptional field for production from multiple pay zones, and although most have been previously produced, there are selective areas where some deeper zones were not targeted, and further development will take place in some of those areas. Extensive geological workups are being done in preparation for development.

Acquisitions

In addition to moderate incremental development at Snake River at this time, the Company is also seeking acquisitions that offer either a strategic fit with its existing asset base or diversification with sufficient scale to provide operational efficiency. AusTex continues to look for opportunities to undertake and expects the continued downturn in the oil price will mean that price expectations between buyers and sellers will merge closer, which has been a source of disconnect historically.

Production & Revenue

Since oil prices started sliding in late 2014, the Company had been able to match its production to its hedged positions; however, as the number of hedges have rolled-off in this quarter, it has had an adverse effect on revenues. With that said, the decision was made during the quarter to move forward with an accelerated maintenance program to transition more of the shut-in wells into production.

With regards to the Cushing Field we have increased production since the first of the year. The final regulatory clearances getting some of the injection well permitted and back into service has are being completed. These wells take considerable engineering to improve, but the rewards come from having steady long-life production with very small declines.

While the Board is keen to make investments that are accretive for shareholder value, it will not rush into making unsound business decisions to invest the Company's capital unless the Board believes an opportunity presents itself that provides an appropriate return on shareholders' funds.



As of June 30th the Company's cash position was down from USD\$18.1M to USD\$16.9M which reflects USD\$1M of debt repayment, drilling and completion of the Buffalo 19-2 and the accelerated maintenance and rework program.

Table 2: Monthly Production and Cumulative Annual Total for 2017 (below).

Month	Monthly Production (BOE)	Average Daily Production (BOE)	Change from Previous Month	Cumulative Calendar Year Production (BOE)
January	18,286	590	-	18,286
February	16,804	600	-1482	35,089
March	18,802	607	1998	53,892
April	19,866	662	1064	73,758
May	20,269	654	403	94,027
June	17,274	576	-2995	111,301

Table 3: Quarterly Production and Cumulative Annual Total for 2017 (below).

Quarter Ending	Total Production ('000BOE)	Change from Previous Quarter	Cumulative Calendar Year Production ('000BOE)
31 March	53.9	-	53.9
30 June	57.4	3.5	111.3

A summary of the Company's producing and pre-production wells in both Snake River and the Cushing Field at the end of the June quarter is shown in *Table 4*:

Table 4: Wells by stage of production process (below).

Well Count as of 30 June 2017	Gross Well Count	Net Well Count
Pumping – Non Operated	7	3
Pumping – Operated	145	111
Flowing / Testing	0	0
Drilled / Fracked	1	1
Current Shut-In	97	58
Total Wells	250	173



Lease Operating Schedule

Pursuant to Listing Rule 5.43, a schedule of the Company's leases and interests therein is provided as follows (gross acreage shown):

Table 5 (below): AusTex Oil's Lease Operating Schedule as at 30 June 2017.

Lease Name	Net Acreage	WI	NRI	County / State
Snake River	~9,500	100%	~81%	Kay, Oklahoma
Tulsa and Surrounds	~600	100%	~81%	Tulsa, Oklahoma
Ellsworth	~500	50%	38%	Ellsworth, Kansas
Cushing	~3,850	50%	41%	Creek, Oklahoma

Corporate Update

A summary of ASX release during the June quarter is outlined in *Table 1* (on page 2).

- **Full Year Statutory Reporting**

On 28 April the Company released its full year Annual Report for the 12-month period ending 31 December 2016 together with the associated corporate governance reporting documents and Notice of Annual General Meeting.

- **Annual General Meeting**

On 31 May the company held its 2017 Annual General Meeting, and the Board is pleased to advise that all resolutions passed on a show of hands and welcomed Mr Mark Paton to the Board.

- **Current Hedge Position**

AusTex's current production is hedged above current spot market. The Company's current hedge position is as follows:

Table 6 (below next page): AusTex's Current Hedge Position.



Oil Hedge Period	Volume	Weighted Average Price	Gas Hedge Period	Volume	Weighted Average Price
July 2017	4,000	\$51.50	July 2017	15,500	\$3.05
August 2017	4,000	\$51.50	August 2017	15,500	\$3.05
September 2017	4,000	\$51.50	September 2017	15,500	\$3.05
October 2017			October 2017	15,500	\$3.05
November 2017			November 2017	15,500	\$3.05
December 2017			December 2017	15,500	\$3.05

SUBSEQUENT EVENTS

The Company paid down all but \$5mm of its debt facility in July in order to preserve capital – there simply are not enough prospects for acquisitions at the present time to warrant the continued interest cost. Importantly, AusTex remains in a net cash position after the paydown of that debt facility and is generating free cash flow at current prices.

Buffalo 19-2 was connected to the tank battery and started to pump back its frac load as of 27 July and will be closely monitored with results reported to the market.

For and on behalf of AusTex Oil Limited

A handwritten signature in black ink, appearing to read "A. Bursill", is written over a light blue horizontal line.

Andrew Bursill

Company Secretary

31 July 2017