

Quarterly Activities Report June 2015

ACN 000 752 849

ASX Code: ABL

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Board of Directors:

Paul Salter (Chairman)
Craig Mathieson (Non-executive)
Mordechai Benedikt (Non-executive)

Company Secretaries:

Justin Mouchacca
Melanie Leydin

Securities on Issue:

366,116,475

About Abilene Oil and Gas Limited

Abilene Oil and Gas Limited is a Mid West USA focused production, development and exploration company. The company assets are located in Kansas. The company strategy is focused on building up oil production assets, increasing drilling locations and adding exploration acreage in the region. The company strategy is based on a combination of targeting high return projects and innovative funding while maintaining low overhead and corporate costs.

Highlights:

- **Completion of Rights Issue in April 2015, raising \$2.9 million with the Offer closing oversubscribed.**
- **Increased Acreage interest in CKU project through the second option payment by circa 5,000 acres.**
- **Drilled a total of 6 exploration wells during the quarter with some wells placed into production and the remaining wells being prepared for production**

Abilene Oil and Gas Limited ('Abilene' or 'the Company') provides the following quarterly activities report for the quarter ended 30 June 2015.

Klick Oil Project

(49.2% Working Interest – 40% Net Revenue Interest)

Operator – CMX Inc. (CMX) is the operator of the project

- Klick East Oil Field
- Located in Woods County, Oklahoma USA (ABL 49.2% WI)

The Klick East Oil Field is located in Section 22 of T29N-R14W, Woods County, Oklahoma, which is in the middle of a vast oil and gas producing province being the Northern Shelf of the Anadarko Basin.

The Northern Shelf Area is bounded by the Pratt Anticline to the north-east and the Southern Oklahoma fold belt to the southwest. The Anadarko Basin is a large Paleozoic basin with a long history of oil and gas production. Klick East Oil Field comprises 320 acres.

JV Partners

- CMX Inc. (49.2% Working Interest – 40% Net Revenue Interest)
- Chesapeake Energy Corp (Minority participating interest of 1.6%)
- Other parties with over-riding royalty interests amount to 18.7%.

Klick Oil Project (Cont'd)

The gross production during the quarter by the joint venture was:

Oil: 1,082 Bbls

Gas: 7,216 MCF

Gross oil and gas revenue and associated lease operating costs (including taxes) for the joint venture production for the quarter, including ABL's portion, were as follows:

Joint Venture		ABL Share	
Gross Revenue	US \$71,341	Revenue	US \$28,530
Gross Expenses	US \$28,090	Expenses	US \$13,799

The Company (together with its joint operation partner CMX) plans to review operating reliability to maintain production volumes at the Klick Oil Field and consequently expedite revenues from this project.

Welch-Bornholdt Wherry Project

(ABL 50% Working Interest)

Operator – CMX Inc. (CMX) is the operator of the project

- Welch-Bornholdt Wherry Oil Fields
- Rice and McPherson Counties, Kansas USA

The Welch-Bornholdt and Wherry Oil Fields are located in Rice and McPherson Counties, Kansas, United States, approximately 140 miles from the Klick East Oil Field in Oklahoma.

The Welch-Bornholdt and Wherry Oil Fields are mature, developed and mostly abandoned crude oil accumulation. Approximately 1,400 vertical wells have been drilled over more than 60 years on the fields, and aggregate production totals 46 million barrels of mainly high quality sweet crude oil.

Abilene Oil and Gas and its joint operation partner CMX have established a large 15,000 acre position in the Welch-Bornholdt and Wherry Oil Fields. This acreage covers a significant contingent resource, mainly in the Mississippian age cherty carbonate rock formation that is up to 10 metres thick across the area. Abilene and CMX (also joint operation partners for the Klick Project) produce from this Mississippian formation at the Klick Project.

The Welch-Bornholdt and Wherry Oil Fields are uniquely positioned, and benefit from having a refinery at the city of McPherson approximately 30 kilometres by road, which is serviced by trucks and pipelines.

In January and February 2012, horizontal well Socrates 1H was drilled at the Welch-Bornholdt and Wherry Oil Fields. Socrates 1H is the first modern horizontal well on the fields.

During the 2014 calendar year, the joint venture drilled the #1-1 Krehbiel Trust Well and decided to place the well into production following positive oil shows.

The joint venture continues to undertake technical evaluations of the surrounding acreage in order to define potential areas of interest and future possible drill locations.

The gross production during the quarter by the joint venture was 1,136 Bbls.

Gross oil revenue and associated costs lease operating costs (including taxes) for the joint venture's production for the quarter, including ABL's portion, were as follows:

Joint Venture		ABL Share	
Gross Revenue	US \$53,043	Revenue	US \$21,217
Gross Expenses	US \$24,107	Expenses	US \$11,782

It is advised that the #1-1 Krehbiel Trust well production still has variable operating rates. Once the operator advises that it the well has stabilised the Company will report initial production rates. The Company along with its joint operation partner will continue to review the production results from the #1-1 Krehbiel Trust well.

Kinsley Prospect

(ABL 35% Working Interest)

Operator – CMX Inc. (CMX) is the operator of the project

- Edwards County, Kansas USA
- Covers approximately 6,400 acres in Edwards County, Kansas

During the quarter, the operator continued to analyse 3D seismic available and the joint venture intends to review drilling by neighbouring companies for future drilling prospects.

Mount Lookout Prospect

(ABL 50% Working Interest)

Operator – CMX Inc. (CMX) is the operator of the project

- Morrison Oil fields
- Clark County, Kansas USA
- Covers approximately 1,200 acres of the Morrison Oil Fields

During the quarter, the operator continued to analyse 3D seismic available and to assess the most suitable locations for drilling. Planning for proposed drilling expenditure and discussions with joint venture parties continued with discussions to be held later in the year.

Central Kansas Uplift Appraisal and Development Project (CKU)

(ABL 49% Working Interest)

Operator – CMX Inc. (CMX) is the operator of the project

- Russell, Rice, Ellsworth and Barton Counties, Kansas USA

JV Partners

- CMX (25% WI)
- Cade Production LLC (20.8%)
- Panther Energy, Inc. (2.6%)
- Thomas P. Tenneson (2.6%)

On 21 October 2014, the Company announced that it had entered into definitive agreements to acquire an interest in over 15,600 acres in the area known as the Central Kansas Uplift, made up of 204 separate leases in a number of counties in Kansas. ABL and its partners in the CKU project have established a joint venture entity, Lodestone Resources LLC (Lodestone) which holds the group's interests in the CKU project. Abilene owns 49% of the equity of Lodestone and has one of the three managers (i.e. Directors) of that entity. Lodestone acquired the first land package (5,078 acres) in October 2014, including all rights to the completed 3D seismic. Lodestone paid US\$1,497m to the land owners.

On 9 April 2015 the Company announced that it agreed to fund its share of the second option to acquire further acreage and leases in the Central Kansas Uplift Project ('CKU Project'). Through the second option payment, Lodestone acquired a further 5,178 acres.

The final option to acquire land includes a further 5,378 acres and will require a further payment of US\$777,458. This option is due to expire on 15 December 2015. The Company will assess the value of exercising this option prior to expiry of the option.

The CKU project is a low risk exploration and appraisal joint venture in the Central Kansas Uplift area. The project goal is to mature up to an initial 50 drillable locations in the first land package, by shooting 3D seismic in areas adjacent to existing (and mature oil fields). The premise is that 3D can identify smaller prospects (estimated at 50-60 mbbbl EUR) that can be drilled with a single vertical well at a low cost. The use of 3D allows the joint venture to recognise smaller drilling targets than can be detected by geologic mapping. The use of 3D seismic is expected to lower the drilling risk.

Below is a summary of the Lodestone wells drilled to date and current information:

Well	County/State	ABL Equity	Status	Average BOPD for quarter [#]
Clafin # 1-35	Barton County, Kansas	49%	Producing	51.2
Demel # 1-25	Barton County, Kansas	49%	Cased and suspended	-
Woelk #1 -21	Russell County, Kansas	49%	Producing	25.6
Woelk #1 -19	Russell County, Kansas	49%	Producing	25.6
Homolka # 1-35	Barton County, Kansas	14.7%	Production recently commenced	-
Clafin #1-34	Barton County, Kansas	49%	Production recently commenced	-
Woelk #1-18	Russell County, Kansas	49%	Production recently commenced	-
Steiner #1-25	Barton County, Kansas	49%	Plugged and abandoned	-
Abel-Robl #1-19	Rice County, Kansas	49%	Production to commence soon	-
Bushton #1-36	Ellsworth County, Kansas	49%	Production to commence soon	-
Bushton #1-20	Ellsworth County, Kansas	49%	Production to commence soon	-

[#] all reported production rates are based on information provided by the operator of the project.

During the quarter Lodestone also drilled a Salt Water Disposal Well ('SWDW') which will be used as a dedicated SWDW for the Woelk area production wells and allows for optimal and efficient production.

The gross production during the quarter by the joint venture was 7,067 Bbls.

Gross oil revenue and associated costs (including taxes) of Lodestone's production for the quarter, including ABL's portion, were as follows:

Joint Venture		ABL Share	
Gross Revenue	US \$339,256	Revenue	US \$166,235
Gross Expenses*	US \$82,203	Expenses*	US \$40,279

* The above unaudited expenses include amortisation and depreciation for the quarter amounting to US \$42,178 (ABL share US \$20,667).

Corporate Update

On 2 April 2015 the Company issued the shares pursuant to the Renounceable Rights Issue Offer with 292,893,180 fully paid ordinary shares being issued at an issue price of \$0.01 (1 cent).

The total number of fully paid ordinary shares on issue as at the date of this report is 366,116,475.

As previously noted, on 9 April 2015 the Company announced that it had exercised its right to fund second option to acquire further acreage and leases in the Central Kansas Uplift Project ('CKU Project'), amounting to 5,178 acres, through the joint venture Company, Lodestone Resources LLC. The cost to exercise the second option was US\$748,115.

The Company is currently reviewing funding mechanisms to fund additional drilling expenditure proposed at the CKU Project and working capital requirements in conjunction with budgeting initiatives following the recent fall in oil prices. It is also advised that during the next quarter all producing wells at the CKU Project should be generating cashflows which will assist with funding further exploration wells. Further details on the proposed funding mechanism will be announced once finalised and approved by the Board.

Interests in Petroleum Tenements

Below is a listing of the Company's interests in Petroleum tenements as at 30 June 2015:

Petroleum Tenement	Location	Beneficial Percentage held	Interest acquired/farm-in during the quarter	Interest disposed/farm-out during the quarter
Klick East Oil Field	Woods County, Oklahoma, USA	49.2% Working Interest	-	-
Welch-Bornholdt Wherry Oil Fields	Rice and McPherson Counties, Kansas USA	50% Working Interest	-	-
Mount Outlook Prospect (Morrison Oil Fields)	Clark County, Kansas USA	50% Working Interest	-	-
Kinsley Prospect	Edwards County, Kansas USA	35% Working Interest	-	-
CKU Project	Russell, Rice, Ellsworth and Barton Counties, Kansas USA	49% Working Interest	Additional 5,178 acres acquired	-
Harpia Oil Field and Guara Oil Field	Sergipe-Alagoas Basin, on-shore Brazil	40% interest	-	-

Glossary

ABL	- Abilene Oil and Gas Limited
Bbl	- One barrel of crude oil
BOPD	- Barrels of oil per day
Mcf	- Once thousand cubic feet (natural gas volumetric measurement)

Cautionary statement

Abilene advises that all reported average production results are based on reported amounts provided by the operator of the projects. In relation to the CKU Project, the average rates are indicative as each of the wells are not flowing continuously and have recently been placed into production.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

ABILENE OIL & GAS LIMITED
(FORMERLY WORLD OIL RESOURCES LIMITED)

ABN

41 000 752 849

Quarter ended ("current quarter")

30 JUNE 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date (12 months) \$A
1.1 Receipts from product sales and related debtors	64,220	244,712
1.2 Payments for (a) exploration and evaluation	(14,490)	(839,153)
(b) development	-	-
(c) production	(32,084)	(128,542)
(d) administration	(299,514)	(693,107)
(e) bank guarantee	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(281,865)	(1,416,083)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	(986,704)	(1,844,767)
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects (including deposits received)	-	-
(b) equity investments	8,215	8,215
(c) other fixed assets	-	-
1.10 Loans to other entities	(329,000)	(9,000)
1.11 Loans repaid by other entities	-	-
1.12 Other (Investment in associates - Lodestone Resources LLC)	(1,230,019)	(1,547,055)
Net investing cash flows	(2,537,508)	(3,392,607)
1.13 Total operating and investing cash flows (carried forward)	(2,819,373)	(4,808,690)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,819,373)	(4,808,690)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,183,406	4,607,333
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Capital Raising costs	(83,564)	(96,734)
1.20	Other	-	-
	Net financing cash flows	2,099,842	4,510,599
	Net increase (decrease) in cash held	(719,531)	(298,091)
1.21	Cash at beginning of quarter/year to date	787,442	322,537
1.22	Exchange rate adjustments to item 1.20	311	43,776
1.23	Cash at end of quarter	68,222	68,222

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A
1.24	Aggregate amount of payments to the parties included in item 1.2	123,085
1.25	Aggregate amount of loans to the parties included in item 1.10	-

1.26 Explanation necessary for an understanding of the transactions

Director's fees and consulting fees paid during the June 2015 quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A	Amount used \$A
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	650
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	800

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A	Previous quarter \$A
5.1 Cash on hand and at bank	68	787
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	68	787

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	CKU Project	The company exercised its right to acquire its second option of further acreage and leases in the CKU project (Refer to Quarterly Activities Report).	49%	49%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

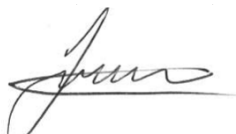
	Number issued	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	366,116,475	366,116,475		Fully paid
7.4 Changes during quarter				
(a) Increases through issues	292,893,180	292,893,180	\$0.01 (1 cent)	\$0.01 (1 cent)
(b) Decreases through returns of capital, buy-backs, redemptions				
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.7 Options (description and conversion factor)	6,400,000	6,400,000	Exercise price of \$0.0775 (7.75 cents) per option	N/A
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 31 JULY 2015

Print name: JUSTIN MOUCHACCA
(Company Secretary)

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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