



Abilene acquires further acreage in Kansas and enters into Funding Agreement

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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.

Abilene Oil and Gas Limited ('Abilene' or 'the Company') is pleased to announce that it has agreed to enter into agreements to fund the acquisition of further acreage in Kansas, USA with joint venture partners. The additional acreage has been acquired through 3 separate transactions, one of which is through a new Joint Venture Company, Rodinia Resources LLC ('Rodinia'), and the other two being through a joint venture with CMX Inc. and Cade Production LLC.

Details of the joint venture arrangements are set out below:

Pratt County Prospect Joint Venture

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

- Located in Pratt County, Kansas USA

Joint venture working interest structure (Net revenue interest 80%):

- Abilene – 49%
- CMX – 25%
- Cade Production LLC – 26%

The Pratt County Prospect is located in Pratt County, Kansas, T27S, R14W, prospect, which covers approximately 2,560 acres, between the city of Pratt and Greensburg, Kansas in south-central Kansas and includes 9 leases. The regional setting is the Anadarko Basin, west of the Pratt Anticline. Local structural anticlines and synclines along with a stratigraphic element provide the trap for hydrocarbon accumulation in numerous carbonate zones and sand reservoirs within the Lansing-Kansas City, Mississippian, Viola and Simpson formations. The prospect is situated amongst known multi-pay pools.

The prospect will target prospective zones based upon the results of 3D seismic carried out by CMX. A nearby excellent "show hole" confirms the presence of hydrocarbons in the Lansing-Kansas City and Ordovician reservoirs and based upon the results of the 3D survey, drilling is currently being planned to commence the first quarter of 2016.

Abilene's share of costs associated with the acquisition of acreage, geology and geophysics work is US \$220,667.

Rawlins County Prospect Joint Venture

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

- Located in Rawlins County, Kansas USA

Joint venture working interest structure (Net revenue interest 80%):

- Abilene – 49%
- CMX – 25%
- Cade Production LLC – 26%

The Rawlins County Prospect is located in Rawlins County, Kansas T.1S-R33W, approximately 8 miles north of the town of Atwood in extreme northwest Kansas and covers approximately 800 acres and includes 5 leases. The regional setting is the Anadarko Basin, east of the western flank of the Cambridge Arch (Ancestral Central Kansas Uplift). Locally, the prospect is situated within a vast area of cyclic deposition of Lansing-Kansas City sediments on a portion of a broad epeiric shelf. Fluctuations in sea level over the Kansas shelf and variation in terrigenous clastic influx are proposed as the major processes that produced the Lansing-Kansas City alternating sequence of carbonate and clastic sediments representing marine, shoreface, and continental environments. Locally structural anticlines and synclines provide the trap for hydrocarbon accumulation in numerous carbonate zones within the Lansing-Kansas City Super Group.

The prospect is situated within the producing confines of the Drift Southeast Pool and within close Proximity Pools productive from the Lansing-Kansas City. The prospect will target prospective zones within the Lansing-Kansas City based upon the results of a large group 3D seismic shoot by locally active Operators. Drilling is being planned to commence either at the end of 2015 or first quarter 2016.

Abilene's share of costs associated with the acquisition of acreage, geology and geophysics work is US \$84,250.

Rodinia Resources LLC (Logan County Project)

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

- Located in Logan County, Kansas USA

Working Interest and ownership structure (Net revenue interest 80%):

- Abilene – 49%
- CMX – 25%
- Cade Production LLC – 20.8%
- Panther Energy, Inc – 2.6%
- Thomas P. Tenneson – 2.6%

Transaction Structure

Abilene and its partners in the Logan County Project have established a joint venture entity, Rodinia Resources LLC (**Rodinia**), to hold the group's interests in the Logan County Project. Abilene will own 49% of Rodinia and have one of the three managers (i.e. Directors) of that entity as a representative of the Company.

Project Status

The Logan County Prospect is a 9,530 acre wildcat project located in T14S, R36W in Logan County, Kansas, approximately 25 miles east of the town of Sharon Springs in northwestern Kansas and includes 35 leases. Regionally, this prospect is situated near the north flank of the Hugoton Embayment, which plunges to the southward towards the Anadarko Basin, and the easternmost edge of the Las Animas Arch of eastern Colorado.

Throughout the lower Pennsylvanian time, specifically Morrowan age, this was a fluvial-deltaic environment, which is known for the deposition of incised valley channel sandstones. These have proven to be prolific reservoir west of our prospect area. Additionally, carbonates of Cherokee, Marmaton, and Lansing-Kansas City age are proving to be an excellent reservoir in several new discoveries south, north and east of our prospect acreage. In fact, a new Lansing –Kansas City and Marmaton field to the east has produced over 400 MBO in less than 1 year. Many of these new wells were reportedly completed for in excess of 150 BOPD. These new fields appear to have a geographic distribution of 2-3 square miles and were discovered using 3D seismic evaluation.

Joint Venture Strategy

The operator proposes a 3D seismic shoot over the prospect acreage to define areas that have positive structural features for drill site selection. The 3D survey will likely commence during the first part of 2016 and drilling could commence as early as the third or fourth quarter of 2016.

About the other shareholders in Rodinia

CMX: is an experienced producer in Kansas, and is actively engaged in drilling and development of natural gas and oil prospectus in continental USA, with a primary focus in mid-continent regions including Kansas and Oklahoma.

Cade Resources LLC: is an oil gas exploration company which is a related company to Cade Drilling, LLC which provides onshore contract drilling services to exploration and production companies in North America. Cade Drilling, LLC has a number of land-based drilling rigs that operate primarily in oil and natural gas producing regions of Colorado and Wyoming.

Panther Energy, Inc: is owned by a Kansas based oil & gas geologist, Kenneth M. LeBlanc, who was involved in identifying and acquiring the land packages.

Thomas P. Tenneson: is USA based oil and gas investor.

Loan Agreement

Abilene is also pleased to advise that it has entered into a further Loan Agreement ('Agreement') with a related entity of Director, Mr Craig Mathieson, Mathieson Downs Pty Ltd ('Mathieson Downs'), to secure funding for the Company. Under the Agreement, Mathieson Downs has provided the Company with a further loan of \$850,000 in order to fund the costs of acquisition of these working interests and working capital purposes.

The loan provided by Mathieson Downs will accrue 8% interest per annum accruing on the loan and is repayable by the Company no later than 24 months from entering into the Agreement.

The Board is of the view that the terms on which Mathieson Downs has agreed to provide the facilities are substantially better than those available to the Company from commercial lenders and that the Agreement is otherwise on arms' length terms. Non-executive Chairman, Mr Paul Salter, commented, "We appreciate the support from Mr Craig Mathieson and his associated entity in providing further funding for the Company to carry out its exploration activities."

As previously advised, the Company is still in the process of reviewing funding mechanisms which will generate sufficient cash resources to fund the Company's operations and to repay its loaned funds from Mathieson Downs.

For further information or enquiries, please contact:

Paul Salter
Non-executive Chairman