



## Abilene secures final Acreage Option in CKU Project

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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 exercise the third and final option to acquire further acreage and leases in the Central Kansas Uplift Project ('CKU Project') located in Kansas, USA.

As noted in the Company's ASX Announcement dated 21 October 2014, Abilene owns a 49% shareholding of the equity of Lodestone Resources, LLC ('Lodestone') and has one of the three managers (i.e. Directors) of that entity.

The CKU project was divided into three land packages, each of which is circa 5,000 acres. The first land package had 3D seismic completed on the acreage and the Company along with its joint venture partners have carried out extensive drilling to date with successful wells placed into production. 3D seismic was planned on the second and third land packages.

The first option was exercised in October 2014 with 5,078 acres acquired, the second option was exercised in April 2015 with 5,178 acres acquired and this final option provides for a further 5,378 acres to be acquired by Lodestone.

The cost for the Company in agreeing to this final option payment is US\$777,458. Drilling targets have yet to be confirmed by the Joint Venture operator and are currently being defined.

The Joint Venture has drilled a total of 14 exploration wells since forming the Joint Venture in October 2014 with 1 well being cased and suspended and another well plugged and abandoned. All of the other 12 wells are currently being assessed and testing carried out by the Joint Venture operator in order to determine their potential (refer to September 2015 Quarterly Activities Report).

## **Funding**

Abilene also advises that it has entered into separate Loan Agreements ('Agreements') with certain related parties of the Company, being entities controlled by the Directors and their related parties, under which the Company has been provided with loan funds amounting to \$446,000. The funds lent to the Company are unsecured and repayable by 30 June 2016 with no interest applicable.

The funds lent to the Company will be used to exercise the final option in relation to the CKU Project as noted above and working capital purposes.

The Board is of the view that the terms on which the funding has been are substantially better than those available to the Company from commercial lenders and that the Agreement is otherwise on arms' length terms.

### **For further information or enquiries, please contact:**

Paul Salter

Non-executive Chairman