



## MONTHLY PRODUCTION AND OPERATIONS UPDATE – SNAKE RIVER PROJECT

### AusTex Oil Limited

A.C.N. 118 585 649

ASX: AOK  
OTCQX: ATXDY  
TSX-V: ATO

### Corporate Snapshot

Market Cap: \$104.4m @  
\$.205per  
share

Shares on issue  
Ordinary: 509.3m  
Preference: 116.7m  
Options: 115.1m  
Shareholders: 1,863

### Directors

**Michael Stone**  
(Chairman)

**Richard Adrey**  
(Managing Director)

**Nick Stone**  
(Non-Executive Director)

**Russell Krause**  
(Non-Executive Director)

**Justin Clyne**  
(Non-Executive Director &  
Company Secretary)

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### HIGHLIGHTS

- **Production for May was 39,482 BOE – average 1,273 BOE/day**
- **Vertical well results remain consistent throughout area**
- **7 additional vertical wells drilled during May**
- **Phase 1 of gas gathering system under construction**
- **Implementation of new well Tracking System**

AusTex Oil Limited (ASX:AOK, OTCQX:ATXDY, TSXV:ATO, AusTex or the Company), is pleased to provide shareholders with this production and operations update for May for its Snake River Project.

With assistance from its major shareholder, Ptolemy Capital, the Company has introduced an internal well tracking program which enables the Company to monitor its well development program at all stages. The program will also enhance the Board and management's ability to plan its forward well development program and tie that program into the Company's budget over the next 12 months.

Under the new system, from next month the Company will be implementing a new monthly reporting regime which will provide shareholders with a more detailed understanding of the Company's field operations.

### PRODUCTION UPDATE

During May, AusTex's total production was 39,482 BOE from its producing wells at Snake River and non-core projects in Oklahoma and Kansas. This equates to average daily production of 1,273 BOE/D, a 140 BOE/D increase on April (refer Table 1) with approximately a 55% oil cut. Approximately 96% of the Company's production over the month came from the Company's flagship Snake River Project.

This higher rate of production was due to 2 additional vertical wells entering production.

As mentioned in updates over the past 3 months, the build out and implementation of the infrastructure is gaining momentum and remains on track for completion in the 3<sup>rd</sup> quarter. This will enable more of the Company's pre completion wells to be brought into production at that time and AusTex remains confident that additional wells can continue to be brought into production as the infrastructure is completed.

Consistent with prior disclosure in recent months, due to the increased focus on the build out and development of infrastructure in the north of Snake River, the Company's ability to turn new wells on near term will be restricted until all phases of the infrastructure come on line. As a result of excess pressure in the existing production lines, production has been hindered which has created the necessity for the Company to focus on development and infrastructure. Accordingly, this increased pressure will limit the Company's ability to turn on wells in June with the result that gross production is anticipated to be less than May. The

Company presently has 18 wells in various stages of pre-production which will add significantly to production as these are brought on line in coming months.

## **OPERATIONS UPDATE**

During the month 7 new vertical wells were drilled with a total of 18 wells in pre-production. A detailed list of all producing wells will be available under the Company's new monthly reporting format.

AusTex is also pleased to report that during the month the parties holding the convertible notes continued to convert the notes with the full amount being converted in June. As a result, AusTex now has a strong cash balance of \$11+ million to complement its growing revenue profile.

During the month AusTex also acquired additional acreage around Snake River with nil acreage relinquished. AusTex's Snake River Project now comprises ~8,400 acres which presents further development potential for the project.

## **FORWARD WORK PLAN**

AusTex is continuing to build multiple production locations and will continue to drill 4 new vertical wells in June with 2 wells to be drilled in Areas 3 (north west) and 2 (south east). As referred to above, the Company is continuing to build out gas sales pipeline(s) that promise to deliver gas and NGLs to higher-paying sales point(s). AusTex will update shareholders on its production and operational progress for June under the new reporting format as soon as these are available in July.

**TABLE 1: NET MONTHLY PRODUCTION AND CUMULATIVE ANNUAL TOTAL**

Month	Monthly Production (BOE)	Average Daily Production (BOE)	Change from Previous Month	Cumulative Calendar Year Production (BOE)
January	29,223	942	-	29,223
February	27,679	989	+ 5 %	56,902
March	32,017	1,033	+ 4.45 %	88,919
April	34,002	1,133	+ 9.68 %	122,921
May	39,482	1,273	+ 12.35 %	162,403

**TABLE 2: SUMMARY OF NEW WELLS DRILLED IN THE MONTH OF MAY**

Well	TD Date	Total Depth	Status	Target Formation
Steichen 24-12	5/1/14	4350'	Frac'd; TB complete. Awaiting infrastructure.	MS Lime
Steichen 24-6	5/8/14	4334'	Frac'd; TB complete. Awaiting infrastructure.	MS Lime
Phipps 23-4	5/12/14	4408'	Needs frac. TB complete; needs PU, flowlines, & electric	MS Lime
Hays 29-2	5/16/14	4658'	Frac'd; TB complete; needs PU, flowlines, & electric	MS Lime
Phipps 23-3	5/19/14	4405'	Needs frac. TB complete; needs PU, flowlines, & electric	MS Lime
Cletus 28-4	2/25/14	4628'	Frac'd; TB complete; needs PU, flowlines, & electric	MS Lime
H.T. Ranch 26-1	5/31/14	4434'	Needs frac, TB, flowlines, electric, PU, tbg & rods	MS Lime

ENDS

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***About AusTex***

*AusTex Oil Ltd is an Exploration and Production company that is focused on the development of oil and gas leases in the USA. The company produces oil and gas in Oklahoma and Kansas. AOK holds interests in oil and gas leases, including acreage in the highly prospective Mississippi Lime Play in Northern Oklahoma and Kansas. The Company's flagship 100%-owned Snake River Project in the Mississippi Lime Play currently delivering average monthly production in excess of 1,270 BOE.*