



Morgans Noosa Conference Presentation

July 2014

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The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

Executive Summary



Focused Vertical Producer in Northern Oklahoma Mississippi Lime

Company Highlights – July 2014

- **Lease acreage, develop and drill vertical wells targeting the Mississippi Lime in Northern Oklahoma**
- **~8,700 net acres in Kay County with solid infrastructure**
 - Proximate nearest refinery
 - Good availability of grid power
- **~75% IRRs on wells at \$85 oil. 65K BOE estimated recoverable reserves per well at current type curve**
 - ~\$10 F&D costs and ~\$5 LOE expenses per barrel
- **Highly consistent formation to date**
 - Only 1 of ~40 producing wells determined to be uneconomic
 - ~USD\$200K of expense before dry hole determination
- **74% liquids by volume today (55% oil and 19% NGLs)**
- **\$217M of 1P PV10 in 12/13 reserve report, 14mm BOE of proved reserves based on ~6,500 acres assessed in last reserve analysis**
- **Reserves/Production ratio of 30 years; production growth expected**

Capitalization, Liquidity and Directors

Ordinary Shares (mm)	525.3
Preferred Shares (mm)	<u>116.7</u>
Total Issued Shares	642.0
Outstanding Options	98.1
Wtd. Avg. Option Price.	\$0.17
Cash on hand (6/30)	AUD\$11M

Michael Stone,
Chairman

Richard Adrey,
Managing Director

Nick Stone,
Non-Executive Director

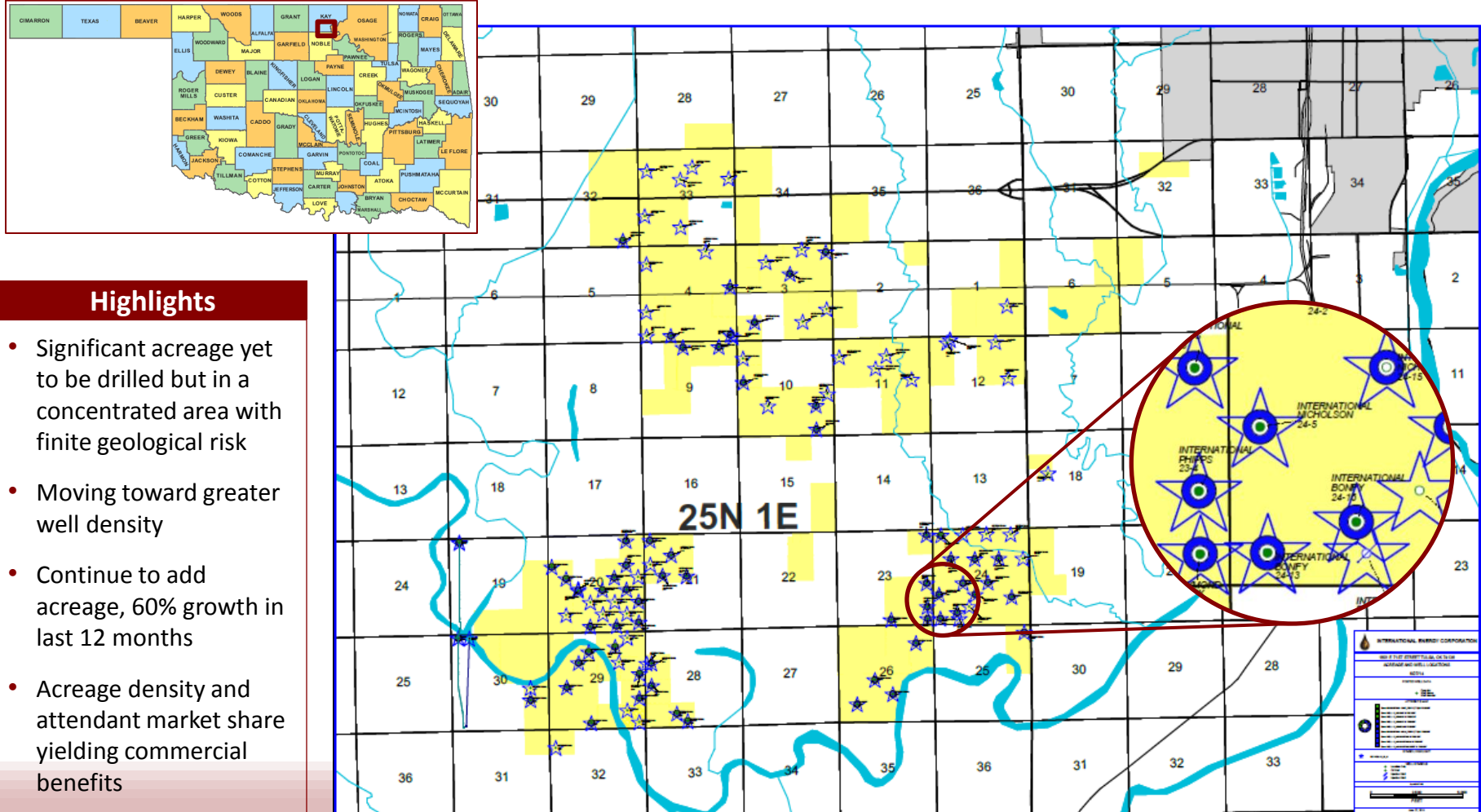
Russell Krause,
Non-Executive Director

Justin Clyne,
Non-Executive Director

Field development just beginning; wells now producing in most core zones with largely comparable performance to date; team in place to ramp production

Acreage Overview – ~8,700 acres outside Ponca City

Just beginning the long term field development



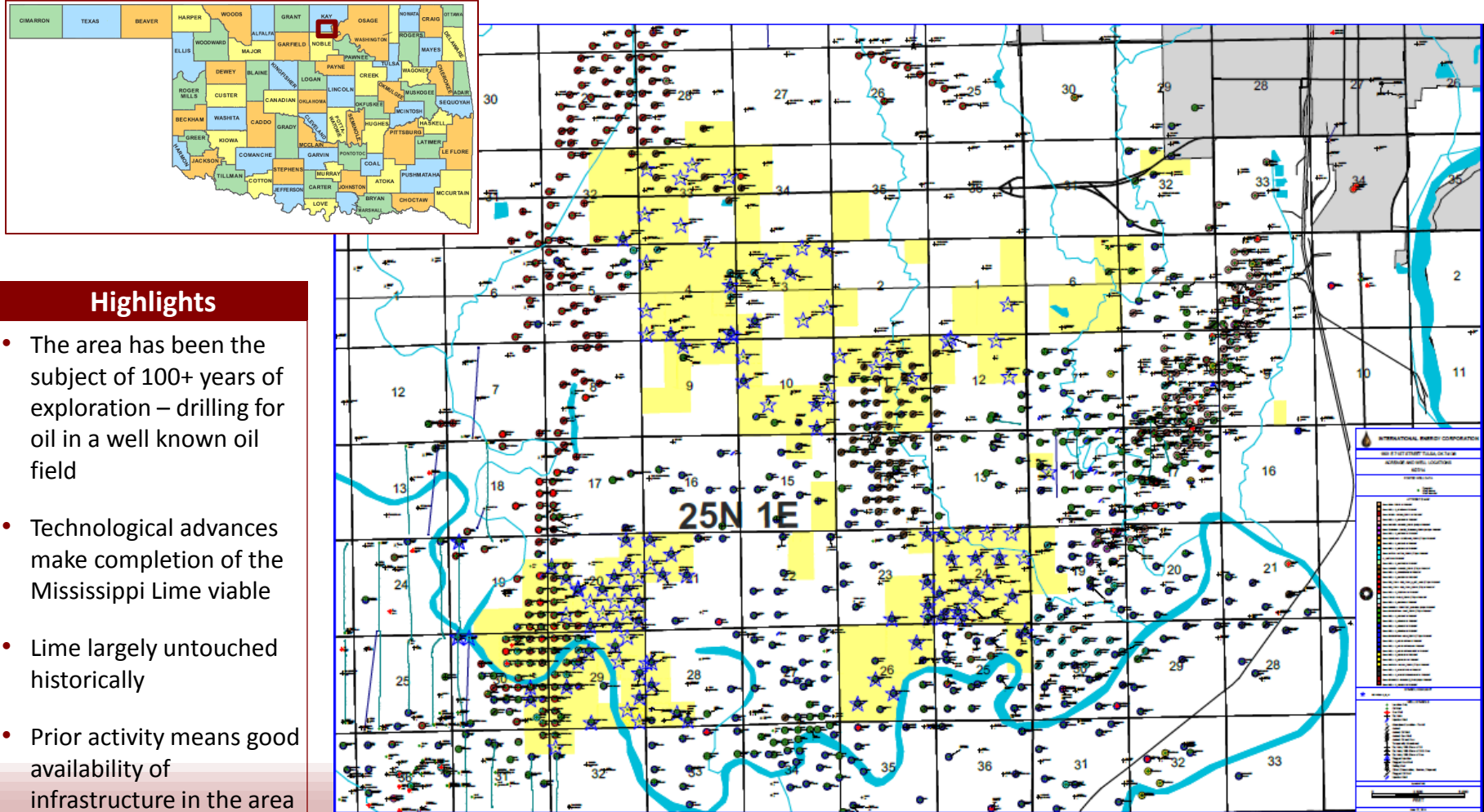
Highlights

- Significant acreage yet to be drilled but in a concentrated area with finite geological risk
- Moving toward greater well density
- Continue to add acreage, 60% growth in last 12 months
- Acreage density and attendant market share yielding commercial benefits

**Substantial inventory of undrilled PUDs locations.
Concentrated area with expected consistency**

Substantial Historical Well Data

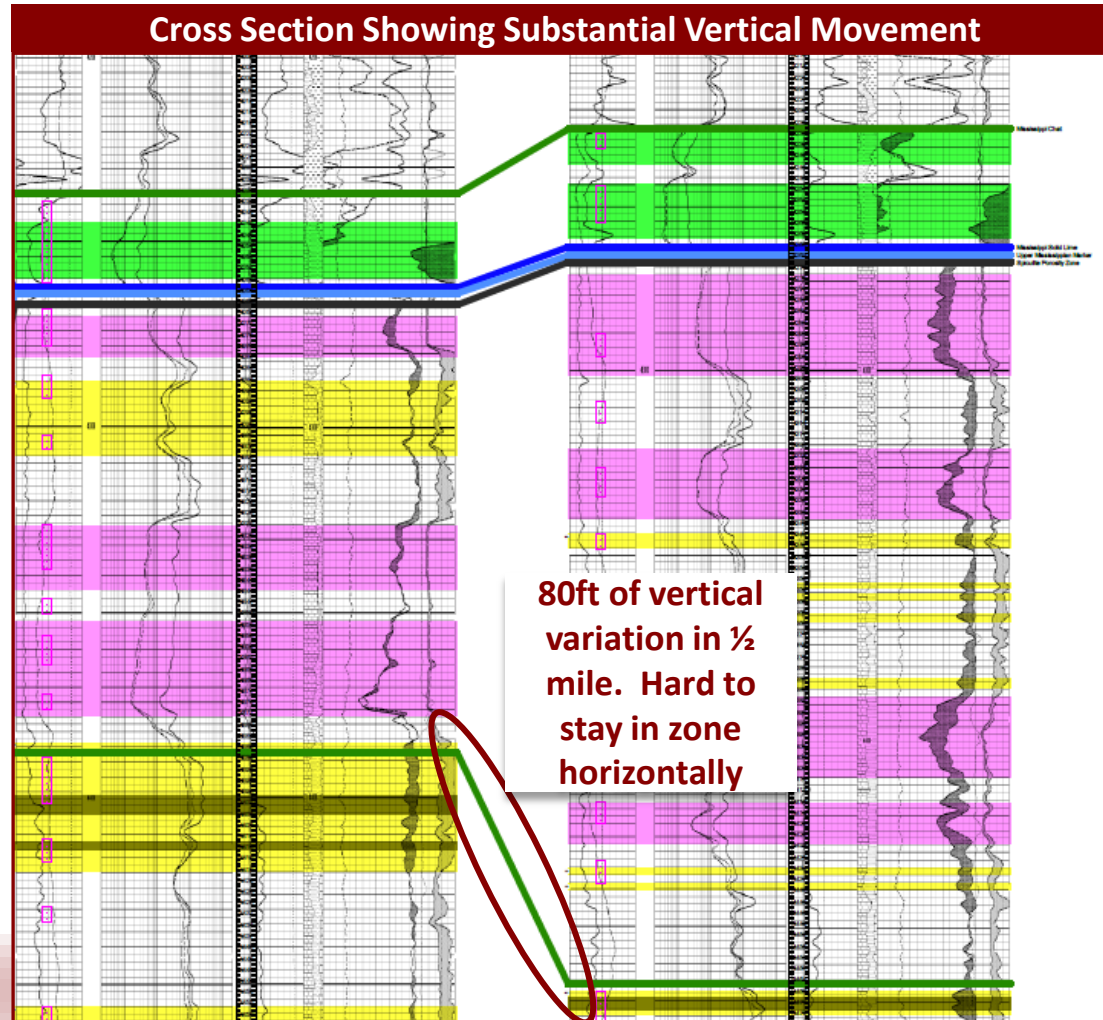
Long history of operations in the surrounding area



New completion techniques re-open an oily and highly productive area for substantial additional activity. No “wildcatting” here

Best Targeted Vertically – Large HZ Operators Leaving

Formation is poorly suited to horizontal completion



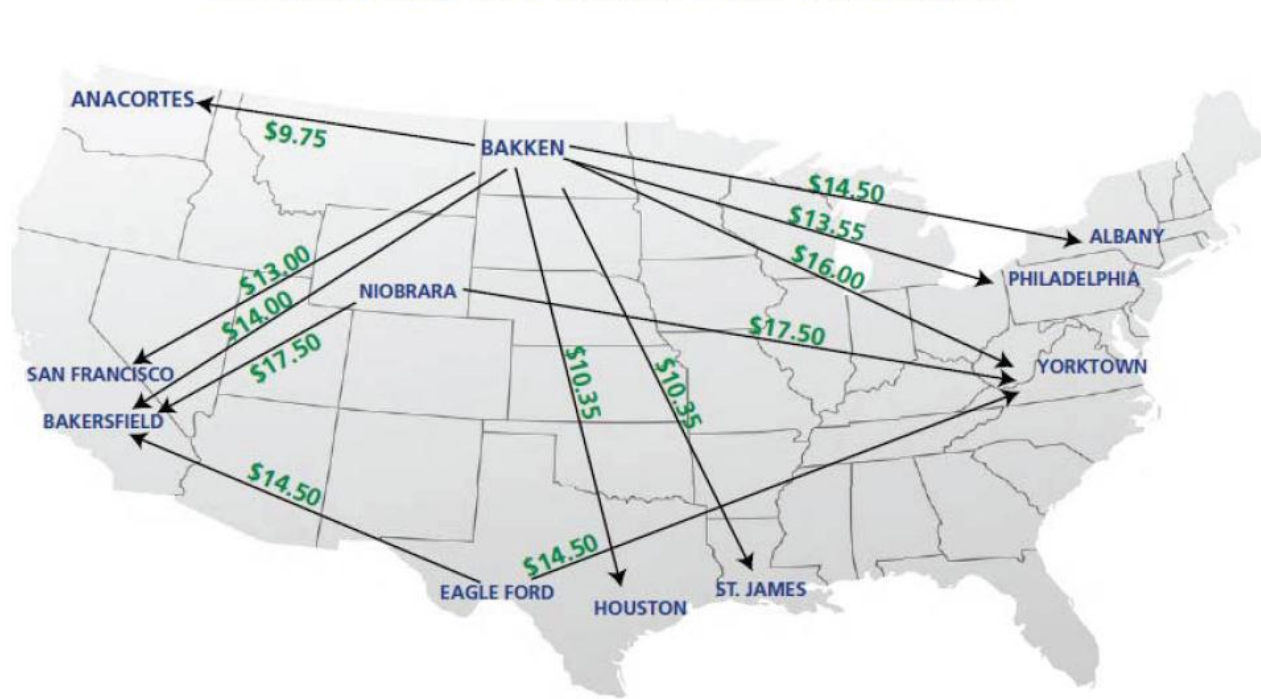
AusTex geology delivers superior IRRs to vertical not horizontal drillers

Located Near Key Infrastructure

Co-location with refinery and good gas infrastructure in the area

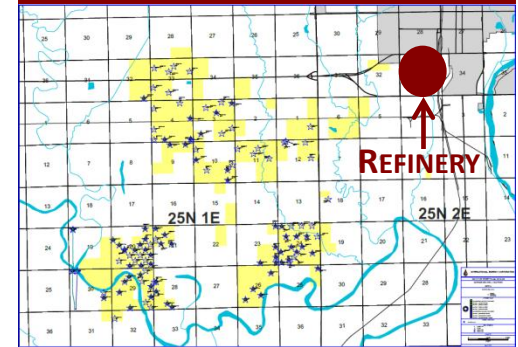
Unlike many of the major oil plays in the US where transport is expensive...

Rails Transporting Crude From Mid-west to Coastal Regions



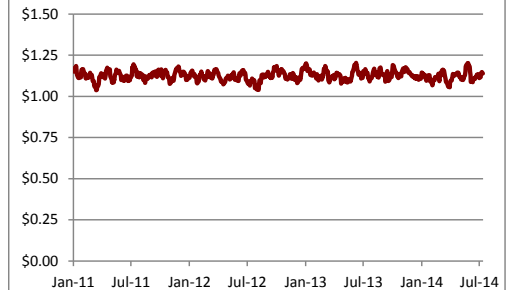
Source: Morgan Stanley Global Energy Teach In (5/14)

...AOK is well located...



...and transport costs are low

10 Day avg. discount to WTI received



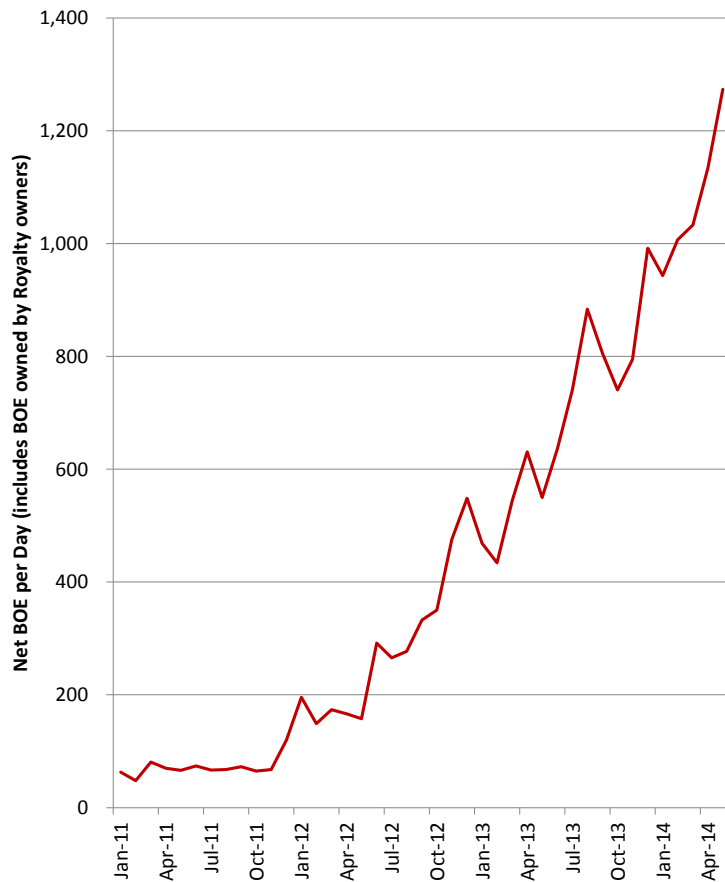
Source: Bloomberg

Transport costs ~1/10th of the Bakken. Proximity to refining capacity creates permanent structural cost advantage to competitive fields

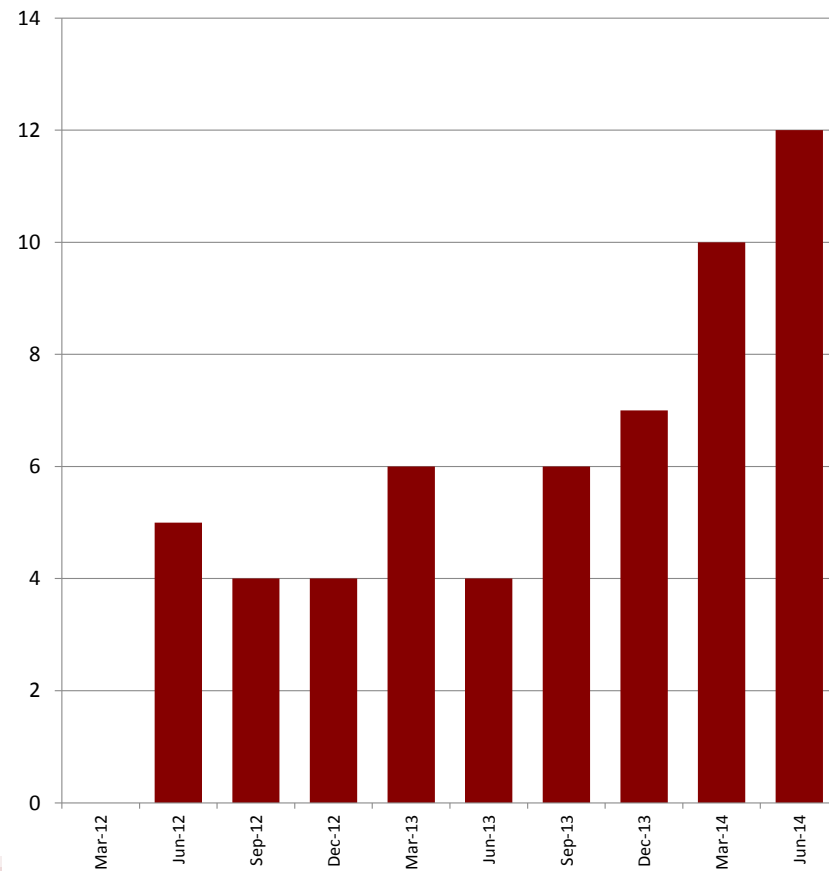
Converting “Potential” into “Production”

Company's activities have ramped up significantly over the last 24 months

Daily Gross Flowing Barrel Equivalent per Day



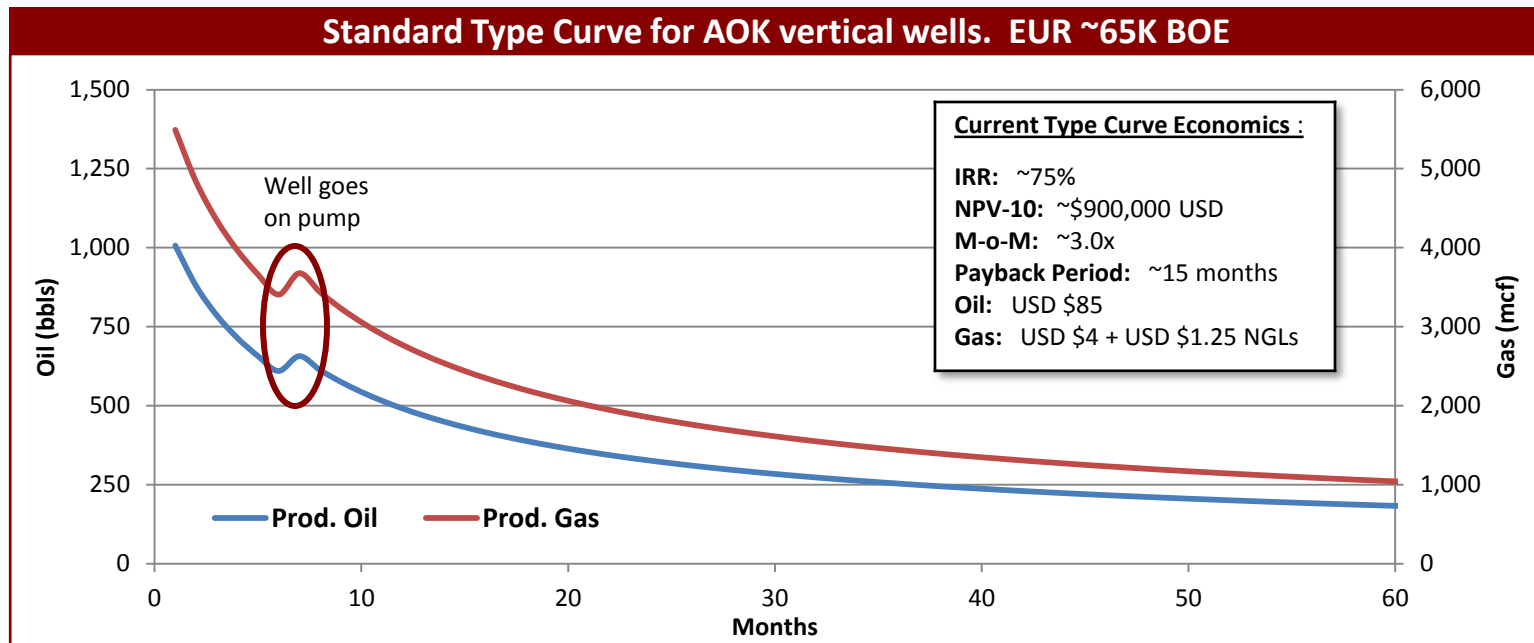
New Wells Drilled per Quarter



**Successfully managing growth;
sufficiently capitalized to continue/accelerate pace**

Compelling Returns on New Well Capital

Given low cost to extract, returns remain attractive at oil prices much lower than today



Current Type Curve Economics at Varying Commodity Pricing:

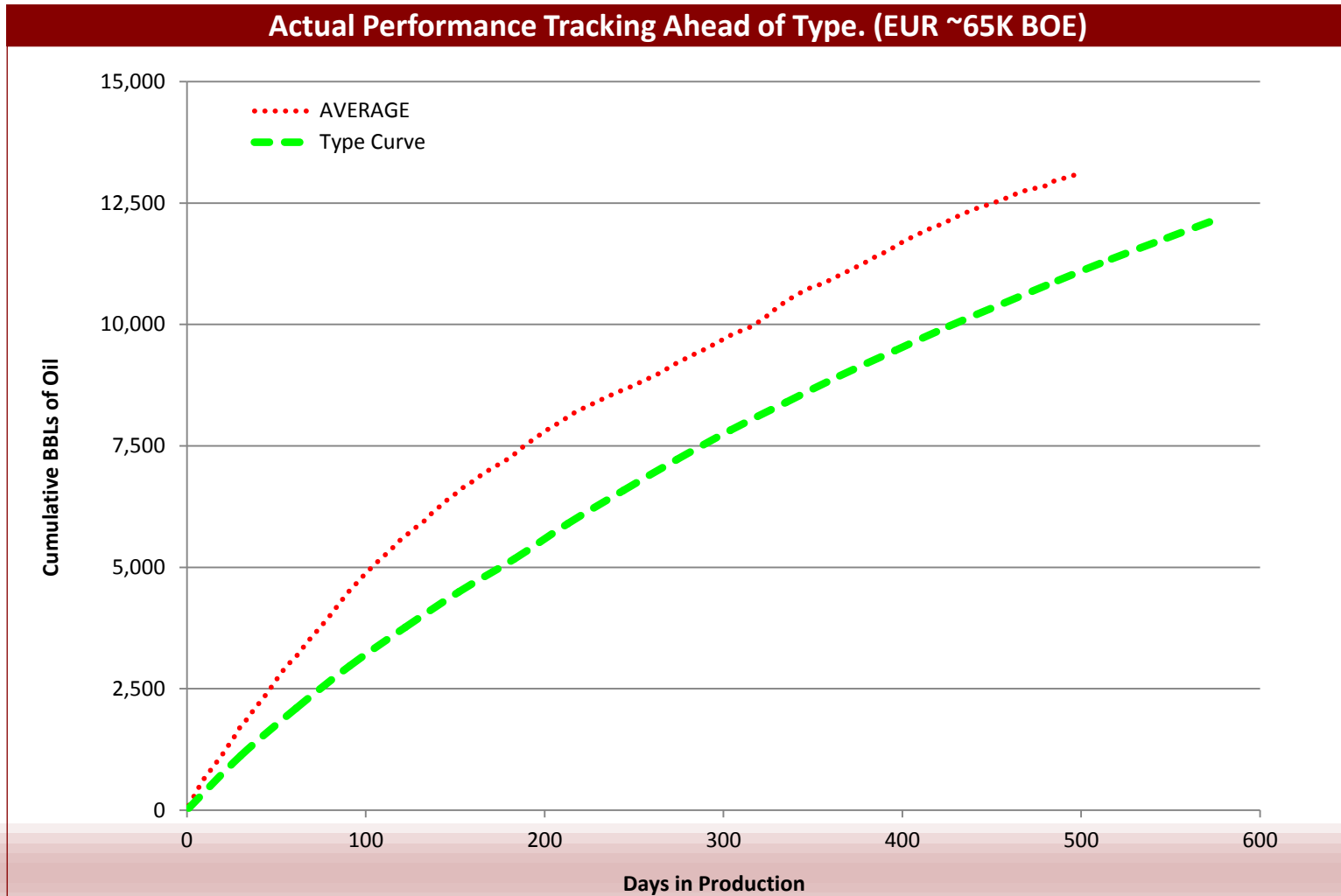
Oil Price (\$USD)	\$105	\$95	\$85	\$75	\$65	\$55
NPV-10 (\$USD)	\$1,281,000	\$1,089,000	\$896,000	\$703,000	\$510,000	\$317,000
IRR (%)	114%	94%	75%	59%	44%	31%

NB: Impact of 10% reduction in IP on the Current Type Curve: IRR ~ 62%, NPV-10 ~ USD \$744,000, M-o-M ~2.7x, Payback Period ~17 months

Current type curve indicates some of the best drill bit returns on capital in the US oil field today. New wells create compelling value if they stay at the type curve

Type Curve Remains on Target

Individual well performance registering generally ahead of type



**Type curve continues to appear appropriately conservative,
average performance ~20% better than type at 1 year**

Current Reserve Base



Reserve report assumed acreage position of ~6,500 acres vs. 8,700 today

31-Dec-13 Reserve Report Discounted Cash Flow					
(\$000 USD)	Discount Rate				
	0%	5%	10%	15%	20%
PDP	\$54,781	\$37,160	\$29,952	\$24,755	\$21,854
PDNP	\$24,563	\$16,416	\$12,557	\$10,309	\$8,814
PUD	\$490,515	\$271,885	\$174,561	\$121,770	\$89,350
Total Proved	\$569,859	\$325,461	\$217,069	\$156,834	\$120,018
Probable	\$114,539	\$65,637	\$43,409	\$31,085	\$23,342
2P	\$684,398	\$391,098	\$260,478	\$187,919	\$143,360

~33% increase in acreage since reserve report