



2014 HALF YEAR RESERVE REPORT – 1P AND 2P RESERVES INCREASE 71% IN FIRST HALF

AusTex Oil Limited

A.C.N. 118 585 649

ASX: AOK
 OTCQX: ATXDY
 TSX-V: ATO

Corporate Snapshot

Market Cap: \$137.2m @ \$0.25 p/share
 Shares on issue
 Ordinary: 549.1m
 Preference: 116.7m
 Options: 97.3m
 Shareholders: 2,108

Directors

Michael Stone
 (Non-Executive 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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HALF YEAR HIGHLIGHTS

- **Snake River 1P and 2P Reserves Increase 71% over half-year from 1 January 2014 to 1 July 2014**
- **1P Reserves:** Total Proved (1P) Reserves of 18.9 mboe
- **2P Reserves:** Total Proved plus Probable (2P) Reserves of 25.7 mboe
- **Net Present Value (NPV10):** NPV10 for 1P Reserves of \$338.4m compared to \$217.1m (up 55.9%) and NPV10 for 1P and 2P Reserves totals \$446.5m compared to \$260.5m (up 71%)
- **Robust half-year results attributed to the success of Snake River vertical well development program with sustainable growth from both PDNP and total reserves**
- **Reserves based on Snake River Project only (previous report included properties outside Snake River)**

AusTex Oil Limited (ASX:AOK, OTCQX:ATXDY, TSXV:ATO, AusTex or the Company), is pleased to provide shareholders with a summary of its independent half-year reserves estimates for its Snake River Project in Kay County, Northern Oklahoma. The independent reserves estimates were evaluated and prepared by Pinnacle Energy Services LLC in Oklahoma City in the United States.

AusTex has continued to strengthen production at the Snake River Project through its ongoing vertical well development program as evidenced by the significant growth in both 1P and 2P Reserves in comparison to -year ended 31 December 2013 results.

Furthermore, the Net Present Value NPV10 for 1P Reserves has increased almost 56% to \$338.4m from \$217m reported in 2013 year-end results. NPV10 for 1P and 2P Reserves combined has risen 71% to \$446.5m from \$260m during the same period. Significantly, the reserves report is in respect of the Snake River Project only whereas the previous reserves report also included the Company’s Sweet Project in Oklahoma.

The Company anticipates steady growth at Snake River to continue in the coming months with 40 vertical wells currently in production and a further 18 vertical in pre-production at 1 July, 2014.

Executive Commentary

Managing Director, Richard Adrey, commented: *“AusTex is pleased with the continued progress being made at the Snake River Project and this is reflected in the strong growth in reserves and the increased net present value of these reserves.*

“With AusTex’s growing pipeline of producing and pre-production vertical wells, we anticipate a further increase in Snake River’s 1P and 2P Reserves when full-year estimates are undertaken.

“We look forward to updating shareholders on our production growth and the build program for our gas gathering initiatives.”

Snake River Net Reserves and Net Present Value

Table 1 demonstrates the Net Reserves and Net Present Value of the Company's Snake River Project area as of July 1, 2014:

Reserve Class	Number of Properties	Net Reserves		Net Reserves	Net Capital	Net Cashflow	NPV Disc @ 10%
		Oil MMBL	Gas MMCF	MBOE (6:1)	M\$	M\$	M\$
Proved Developed Producing (PDP)	30	768	5,226	1,639	0	72,968	41,122
Proved Non-producing (PNP)	14	598	2,192	963	5,740	45,063	24,288
Proved Undeveloped (PUD)	240	10,070	37,591	16,335	156,000	692,514	273,026
Total Proved (1P)	284	11,436	45,009	18,937	161,740	810,545	338,436
Probable Reserves	100	4,196	15,663	3,309	65,000	287,769	108,032
Total Non-Proved	100	4,196	15,663	6,806	65,000	287,769	108,032
Grand Total (2P)	384	15,632	60,671	25,743	226,740	1,098,314	446,468

Table 1: Net Reserves for Snake River Project area

Methodology and Assumptions

Information used in the report was provided by International Energy Corporation Northern Oklahoma, a wholly owned subsidiary of AusTex Oil Limited and supplemented by data gathered from public sources. The evaluation was performed using SEC reserve standards and the NYMEX strip pricing as of 1 July, 2014 and includes 30 PDP properties, 14 PNP properties and 240 PUD locations and 100 Probable Undeveloped (PROB) locations.

Pricing

As stated above, the NYMEX strip pricing as of July 1, 2014 was used for this evaluation. The price forecast is outlined below in Table 2:

Year	Oil	Gas
2014	\$103.91	\$4.44
2015	\$97.55	\$4.21
2016	\$91.82	\$4.22
2017	\$89.10	\$4.38
2018	\$88.11	\$4.56
2019	\$87.71	\$4.75
2020	\$87.62	\$4.94
2021	\$87.56	\$5.13
2022	\$87.55	\$5.28
2023	\$87.55	\$5.40
2024	\$87.55	\$5.48
2025	\$87.55	\$5.59
2026+	\$87.55	\$5.73

Table 2: NYMEX strip pricing forecast

Based on an evaluation of actual oil prices received by IEC from January 2013 to December 2013, differentials to NYMEX prices were applied to each lease.

The calculated oil price differential for Snake River was -1.6% per barrel and the calculated gas price differential ranged from +29% to +49% per mcf. For all Proven Undeveloped and Probable cases the differential used was -1.6% per barrel and +39% per mcf.

Taxes

Oklahoma severance taxes are 7.1% for both oil and gas. Any ad valorem tax is assumed to be included in lease operating expenses.

Expenses

Fixed operating expenses of \$1673/well/month and variable expenses of \$3.28/Bbl oil produced are being used for Snake River. Capital expenditures used for future wells is \$650,000 per well which includes costs for drilling the required saltwater disposal wells.

Future Development Timeline

Future wells were assumed to be drilled four wells per month from this point forward. All Proven Undeveloped and Probable locations will be drilled by June 2019.

Reserve Certification

The information contained within this announcement relating to oil and gas reserve estimates has been certified by John Paul Dick, a petroleum engineer employed by Pinnacle Energy Services LLC of Oklahoma City in the United States. Mr Dick holds a Bachelor's degree in Petroleum Engineering from the University of Tulsa and is a Registered Professional Engineer in the states of Oklahoma and Texas. He provides reserve and economic valuations and other services to numerous clients concerning oil and gas activities. Pinnacle Energy Services was founded in 1998 as an experienced provider of petroleum reservoir engineering consulting services.

The report is based on and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr Dick.

Notes:

1. **MBOE means million barrels of oil equivalent**
2. **Bbl means Barrel**
3. **Mcf means thousand cubic feet**
4. **The Company also holds oil and gas leases in areas surrounding Tulsa and Kansas which do not form part of the report prepared by Pinnacle Energy Services LLC as, at this stage given the Company's development at Snake River these other leases are considered immaterial and contributing a nominal amount of production only.**

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.