



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: \$106m @
\$.135/share
Shares on issue
Ordinary: 562.5m
Preference: 220.1m
Options: 83.2m
Shareholders: 2,265

Directors

Michael Stone

(Non-Executive Chairman)

Richard Adrey

(Co-Managing Director)

Nick Stone

(Co-Managing Director)

Russell Krause

(Non-Executive Director)

Justin Clyne

(Non-Executive Director &
Company Secretary)

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HIGHLIGHTS

- Production for October of 41,403 BOE – average 1,336 BOE/day
- Record Production for November of 42,688 BOE – average 1,423 BOE/day
- 4 additional vertical wells drilled during October
- 2 additional vertical wells drilled during November
- 6 new wells put on pump during the months of October and November respectively
- 58 wells on pump, 11 wells flowing/testing and 14 wells in pre-production phases at the end of November

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 the months of October and November in which record production was achieved.

PRODUCTION UPDATE - OCTOBER

In October, total production was 41,403 BOE from AusTex's producing wells at Snake River and non-core projects in Oklahoma and Kansas. This equates to average daily gross¹ production of 1,336 BOE/D, a 111 BOE/D increase on September (refer Table 1). Approximately 98% of the Company's production in October came from the Company's flagship Snake River Project.

PRODUCTION UPDATE - NOVEMBER

AusTex unexpectedly received November production results from their operating partners simultaneously with the October report. November's total production was 42,688 BOE from AusTex's producing wells at Snake River and non-core projects in Oklahoma and Kansas. This equates to average daily production of 1,423 BOE/D, an 87 BOE/D increase on October (refer Table 1). Again, 98% of the Company's production in November came from the Company's flagship Snake River Project. The early receipt of this information is very atypical, and as such, shareholders should guard against establishing the expectation of reporting with this speed. The Company has consistently committed to release its production information as soon as it has complete results and will keep to that practice in coming months.

AusTex now has 58 wells pumping at Snake River, comprising 54 Company operated wells and 4 non-operated wells. There were 11 wells either flowing or testing in the month, and 14 additional wells are in various stages of pre-production.

OPERATIONS UPDATE

During the past two months, 6 new vertical wells were drilled. This is in line with AusTex's strategy of building its inventory of vertical wells to strengthen future production.

AusTex increased its land holding at Snake River in October and November. The Snake River Project now comprises ~11,000 acres which gives AusTex significant scope for production growth over the longer term.

¹ Gross production reflects AusTex's working interest ownership position gross of royalties and production taxes

As highlighted in the most recent quarterly release, AusTex continues to actively monitor the water production from a number of its more recent wells. While the oil production has increased slightly in these wells, the water cut has stayed above AusTex's typical production curve. It remains too early to reach definitive conclusions about the implications of this elevated water cut on the long term potential for these wells however, the Company will continue to actively report on the progress of the higher water concentrations over the coming months.

SIGNIFICANT HEDGE POSITION

AusTex has substantially hedged its current production at oil prices well in excess of the current spot market. In keeping with the requirements of its Term Loan, the Company actively hedges its oil and natural gas production for at least 2 years. That hedging activity is designed to provide increased certainty on pricing of the sales of approximately 80% (and must be between 70% to 90%) of the Company's expected production from currently producing wells as they naturally decline over that period. As such, AusTex does not hedge the roughly 25% of its production attributable to royalty owners and production taxes. The Company's current hedge position is as follows:

	<u>Q1'15</u>	<u>Q2'15</u>	<u>Q3'15</u>	<u>Q4'15</u>	<u>Q1'16</u>	<u>Q2'16</u>	<u>Q3'16</u>	<u>Q4'16</u>
SWAPS								
Oil Price	\$91	\$94	\$95	\$94				
Percent of Protection	43%	84%	60%	67%				
Gas Price	\$3.81	\$3.59	\$3.64	\$3.78	\$3.98	\$3.76	\$3.80	\$3.93
Percent of Protection	100%	100%	100%	100%	100%	100%	100%	100%
PUTS								
Oil Price	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80
Percent of Protection	57%	16%	40%	33%	100%	100%	100%	100%

Importantly, AusTex has worked to retain much of the potential upside in an oil price recovery (particularly in 2016) should such event unfold via its purchase of puts.

FORWARD WORK PLAN

AusTex is continuing to build multiple production locations and continued to drill at a pace of 4 new vertical wells in October and an additional 2 wells in November.

As announced in its quarterly report released to the market on 31 October, the forthcoming wet season will have the usual impact of slowing the pace of drilling activity until late spring. The seasonal impact will bring with it the benefit of management being able to utilise this period of decreased field activity to monitor the performance of its current wells, enhance its understanding of the longer term return potential of infield drilling (20 acre spacing), and continue to refine its completion techniques. The winter period will allow most of the Company's 25 pre-production wells to be tied into production which should result in new wells being brought on line more efficiently without the focus on the current backlog of wells waiting to be tied into infrastructure.

AusTex remains committed to creating long term shareholder value both by maximising the effectiveness of its incremental invested capital and by actively expanding its knowledge and information base to better focus the Company's limited resources. Incremental return on investment is a key focus of the Board, and internal rates of return (IRR) will continue to be carefully monitored. The Company remains excited about the quality of its embedded assets and will seek to balance the harvesting of its reserves with the opportunity cost of selling oil in an unfavourable price environment.

SUBSTANTIAL AVAILABLE CAPITAL

As of November 30, the Company had approximately USD\$17mm in cash and has the ability to draw up to another USD\$8mm (of the initial USD\$20mm) by March 31, 2015 under its Term Loan agreement.

CHANGE OF AUDITOR

The Company is also pleased to report (as forecast in the announcement of 23 October) that ASIC has approved a change in the Company's auditor from Hayes Knight (NSW) Pty Ltd to BDO East Coast Partnership. The effective date for the change is 27 November 2014.

WELL STATUS AND PRODUCTION TABLES

Month	Monthly Production ('000BOE)	Average Daily Production (BOE)	Change from Previous Month	Cumulative Calendar Year Production ('000BOE)
January	29.2	942	-	29.2
February	27.7	989	+ 5 %	56.9
March	32.0	1,033	+ 4.45 %	88.9
April	34.0	1,133	+ 9.68 %	122.9
May	39.5	1,273	+ 12.35 %	162.4
June	36.8	1,227	- 3.62%	199.2
July	38.9	1,254	+ 2.2%	238.1
August	37.7	1,217	- 3.0%	275.8
September	36.7	1,225	+0.5%	312.6
October	41.4	1,336	+9.1%	354.0
November	42.7	1,423	+6.5%	396.7

Table 1: Net Monthly Production and Cumulative Annual Total.

Well Counts as of:	30 September 2014	31 October 2014	30 November 2014
Pumping – Non Operated	4	4	4
Pumping – Operated	48	50	54
Flowing / Testing	7	10	11
Drilled and Fracced only	10	9	8
Drilled only	8	8	6
Total Wells	77	81	83

Table 2: Wells by stage of production process for prior 3 months.

Well Count as of:	30 September	31 October	New Wells in Category	% of month new wells in category	Effective new wells
Pumping – Non Operated	4	4	0		
Pumping – Operated	48	50	2	5%	0
Flowing / Testing	7	10	3	56%	2
Drilled & Fracced only	10	9	4		
Drilled only	8	8	4		
Total Wells	77	81			

Table 3: Average time new wells spent in the new category in the month of October.

Well Count as of:	BoP 30 Sep.	New inflow	Xfer to Frac	Xfer to Flow	Xfer to Pump	EoP 31 Oct.
Pumping – Non Operated	4	0	0	0	0	4
Pumping - Operated	48	2	0	0	0	50
Flowing / Testing	7	3	0	0	0	10
Drilled and Fracced only	10	4	0	(3)	(2)	9
Drilled only	8	4	(4)	0	0	8

Table 4: Summary of producing and pre-production wells at Snake River as at 31 October 2014 showing movement of wells across categories from prior month.

Well Count as of:	31 October	30 November	New Wells in Category	% of month new wells in category	Effective new wells
Pumping – Non Operated	4	4	0		
Pumping – Operated	50	54	4	42%	2
Flowing / Testing	10	11	4	83%	3
Drilled & Fracced only	9	8	4		
Drilled only	8	6	2		
Total Wells	81	83			

Table 5: Average time new wells spent in the new category in the month of November.

Well Count as of:	BoP 31 Oct.	New inflow	Xfer to Frac	Xfer to Flow	Xfer to Pump	EoP 30 Nov.
Pumping – Non Operated	4	0	0	0	0	4
Pumping - Operated	50	4	0	0	0	54
Flowing / Testing	10	4	0	0	(3)	11
Drilled and Fracced only	9	4	0	(4)	(1)	8
Drilled only	8	2	(4)	0	0	6

Table 6: Summary of producing and pre-production wells at Snake River as at 30 November 2014 showing movement of wells across categories from prior month.

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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 42,000 BOE.