

23 February, 2015

Australian Securities Exchange

Company Announcements Platform

PRELIMINARY UPDATE ON FULL YEAR RESERVES REPORT

Sydney: Monday 23 February, 2015: AusTex Oil Limited (ASX: AOK, OTCQC: ATXDY, "AusTex" or the "Company") is providing an update regarding its Reserves Report for the period to 31 December 2014 which is due for release to the market when the Company releases its Annual Report.

The Company advises that it still is in the process of obtaining a Reserves Report which is compliant with Chapter 5 of the ASX Listing Rules. The Company remains in the process of input and consultation with its independent third party reserve engineer and will not be in a position to make a formal announcement compliant with the ASX Listing Rules until it receives a final signed report and consent of the engineer for release to the market. As a result this announcement is for the purposes of continuous disclosure only.

The Company will be reporting its reserves under the less favourable NYMEX pricing indicators rather than the SEC pricing. To indicate the variance, SEC pricing is \$93.58 as opposed to the NYMEX strip at December 31, 2014 of between ~\$50 and \$70. The Company strongly believes that the reporting of its reserves needs to be informative to its shareholders and not artificially inflated, and as such has chosen to release the information in a fashion that better reflects the current economic situation.

Notwithstanding the preliminary nature of the process, it is highly likely that there will be a material adverse impact to 1P and 2P reserve numbers and the Net Present Value (which were reported in the Company's last reserves report released to the market on 21 August 2014) for a number of reasons, identified below:

- The significant decrease in oil prices from over \$100 at the time of reporting its last reserve numbers to approximately \$50 at present time;
- As previously reported, the results of some of the Company's wells in the north of Snake River drilled prior to the end of the reserve period were less productive than anticipated. This performance has been factored into the resultant expectations for wells from the north, resulting in a reduction in the average type curve assigned to PUDs in the area. Results subsequent to the end of the year however, suggest better early performance from our more recently completed wells, which could positively influence the next reserve report but has not been included to date;
- Lower oil prices projected in the future mean wells reach the end of their economic life earlier in the projected reserve calculations, thereby also reducing Estimated Ultimate Recoveries; and

- There has been a shift from Proved to Probable for our undrilled inventory based on the increased uncertainty of economic viability due to both the oil price decline and the impact of those underperforming wells.

The preliminary indication of reserve numbers (which are subject to the Company's further input and formal sign off from the engineer and the Board) have been obtained, at this stage, for the purposes of the Company's auditors as part of its full year audit and release of preliminary financial results to the market by the end of February and for its lenders. The Company expects it will be in a position to make a formal announcement to the market within the next 10 to 14 days which is compliant with the ASX Listing Rules and the Company's contractual obligations with its reserves engineer.

The Board is pleased to advise that notwithstanding the likely impact upon its reserve numbers the preliminary results indicate that Company will maintain a more than adequate coverage to meet its covenants under its term loan obligations and should be sufficient to retain access to the remaining USD \$8mm that has yet to be drawn. The Company remains in a strong net cash position with over USD\$15mm of cash at the end of January.

The Company operates in a low cost formation, is a low cost producer and notwithstanding that the Company has opted for the more useful disclosure referred to above it still shows economic reserve value even at current low oil prices. The Board remains confident of the embedded value of its assets and its current strategy and remains as an efficient allocator of its capital to identify the best opportunities available to it.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Justin Clyne". The signature is fluid and cursive, with a long, sweeping underline.

JUSTIN B CLYNE

Non-Executive Director & Company Secretary