Quarterly Activities Report – 31 March 2015

Highlights:

- **March Quarter**

  Quarterly Net Revenue of USD $4.1mm;

  Quarterly Oil and Gas Production – 108,105 BOE;

  AusTex Voluntarily Delists from the TSXV;

  Release of 2014 Year End Reserves Report;

  Release of 2014 Year End Statutory Accounts;

  As Previously Announced No New Wells Drilled In The Quarter; and

  Strong Quarter Ending Cash Position With USD $15.1mm of cash.

- **Subsequent to the Quarter**

  Additional USD $8.0mm drawn down under the first tranche of the Term Loan;

  2014 Annual Report to Shareholders and Notice of Annual General Meeting Lodged with the ASX and OTCQX; and

  AusTex to Present at the Noosa Mining and Exploration Conference in July.

- **Snake River Development Remains Well Capitalized**

  Total cash on hand to develop Snake River USD $23.1mm; and

  71 Company Operated wells and 4 non-operated wells producing with an additional 9 wells in pre-production.

1. AusTex's Quarter

The Board of AusTex Oil Limited (**AusTex** or the **Company**) (**ASX: AOK - OTCQX: ATXDY**) is pleased to provide its Quarterly Activities Report for the quarter ending 31 March 2015.

	Significant Events During the March Quarter	
1	AusTex Delists from the TSXV	6 January
2	Release of Full Year Reserves Report	2 March
3	Release of Full Year Statutory Accounts	31 March
	Significant Events Subsequent to Quarter's End	
4	Extended hedging position through Q1 2017 with 5,000 BBLs of oil swapped at $60.75 each month in Q1 2017	1 April
5	Balance of US$8.0mm of the initial US$20.0mm drawn down pursuant to the Term Loan Facility	1 April
6	Annual Report for the 2014 Year Released	27 April
7	Notice of Annual General Meeting Released	27 April

Table 1: **Summary of Significant Events during and subsequent to the end of the March 2015 Quarter.**

2. Company Overview

During the quarter the Company did not acquire or relinquish any acreage at any of its projects. AusTex continues to hold interests in approximately ~11,800 acres in Oklahoma with ~11,200 acres in the Snake River Project (refer table 7). While the Company continues to produce oil and gas in both Oklahoma and Kansas, consistent with its previous announcements, AusTex is no longer pursuing any additional activities in Kansas and proposes to allow its Cooper, Colby and Ellsworth Leases to expire where the acreage is not presently held by production. The Company's primary focus will continue to be on oil and gas exploration, development and production at its 100% owned Snake River Project in Kay County, Northern Oklahoma targeting the liquid rich Mississippi Lime formation.

3. Production and Revenue

As announced previously, in response to the rapid decline in the oil price, the Company continued to materially curtail its production which it began in the middle of December. AusTex believes the opportunity cost of producing oil today must be weighed relative to the potential value of that production in the future. The Company currently maintains a strong cash balance of USD $23.1mm and coupled with its in-the-money hedge protection, AusTex is well positioned to pull back production, effectively using the formation as "free storage" in order to capitalize on the positive slope in the forward oil curve. Importantly the existing production holds a substantial majority of the company's acreage position and as such we do not face a need to drill to retain our footprint.

Approximately 98% of the Company's production still comes from the Company's primary Snake River Project alone. The March quarter production, as expected, saw a decline on the previous quarter but a 21.5% increase on the March 2014 quarter. Monthly production for the first three months of the 2015 calendar year is shown in Table 2 below with the quarterly total in Table 3.

Month	Monthly Production ('000BOE)	Average Daily Production (BOE)	Change from Previous Month	Cumulative Calendar Year Production ('000BOE)
January	39,313	1,268	-7.6%	39.3
February	31,999	1,143	-9.9%	71.3
March	36,794	1,187	3.9%	108.1

***Table 2*: Monthly Production and Cumulative Annual Total for 2015.**

Quarter Ending	Total Production ('000BOE)	Change from Previous Quarter	Cumulative Calendar Year Production ('000BOE)
31 March	108.1	-14.4%	108.1

***Table 3:* Quarterly Production and Cumulative Annual Total for 2015.**

While the Company has intentionally pursued a strategy of curtailing production and utilizing the "free storage" this provides, new well results over the quarter have been significantly below prior expectations as was reflected in the reserve report announced 2 March. The majority of Q1 wells newly contributing to production have been in the Northern block of acreage and these have continued the previously announced lacklustre well level results. These new wells were brought online not too rapidly in an environment in which the Company is attempting to learn more about the profile of this area and where we remain unexcited about current oil prices. For these reasons, and the change in production profile, the well performance for the last 90 days is not necessarily indicative of the long term type curve for the Company which is continuing to be assessed. The Company's Northern wells have not lived up to expectations and we are actively evaluating options for maximising results from this acreage. The Company believes at this time that the completion methodology utilized was a significant contributor to the results and intends to utilize the time prior to 1 July 2015 when drilling will recommence on a more measured basis and when the production tax holiday commences (which is expected to add a further 5 to 10% to the IRR of existing wells) to experiment with completion methodologies on the remaining uncompleted wells that show potential to enhance production from the Northern acreage block. Should we not witness real improvement in performance, the amount of capital allocated to continue this experimentation in the North will be limited and capital and efforts will be deployed to other areas of the Company's acreage where it is anticipated greater returns will be achieved.

In addition to the decision to slow production and the challenges of new wells, the March quarter production was also impacted by the usual adverse weather typical for the winter months in North America. The sub-freezing temperatures for long periods throughout the quarter regularly resulted in frozen well heads, clogged flow lines and freezing water/oil separation equipment which all inhibited the Company's daily flow rates. Moreover, as stated previously, the cold temperatures reduce the volume of gas delivered at our meters, impacting the level of produced equivalents.

A summary of the Company's producing and pre-production wells at Snake River at the end of the March quarter is show in table 4 below. While no new wells were drilled in the quarter, the Company put 9 wells on pump. As a result, approximately 4 full time equivalent wells were added to the production set.

Well Count as of:	30 November 2014	31 December 2014	31 March 2015
Pumping – Non Operated	4	4	4
Pumping – Operated	54	62	71
Flowing / Testing	11	6	2
Drilled and Fracced only	8	5	2
Drilled only	6	7	5
Total Wells	83	84	84

Table 4: **Wells by stage of production process for the months of November and December 2014 and the quarter ending 31 March 2015**

Well Count as of:	BoP 31 Dec:	New inflow	Xfer to Frac	Xfer to Flow	Xfer to Pump	EoP 31 Marc:
Pumping – Non Operated	4	0	0	0	0	4
Pumping - Operated	62	9	0	0	0	71
Flowing / Testing	6	0	0	0	(4)	2
Drilled and Fracced only	5	0	0	2	(5)	2
Drilled only	7	0	0	(2)	0	5

Table 5: **Summary of Producing and Pre-Production Wells at Snake River as at 31 March, 2015 showing movement of wells across categories from 31 December 2014.**

Net Revenue from operations for the March quarter was USD $4.1mm (net to AusTex after royalties and taxes of USD $0.9mm). Capital investments made during the quarter for development were USD $1.6mm. Cash and short term investments on hand at the end of quarter (prior to the additional USD $8.0mm drawn down under the first tranche of the Term Loan) were USD $15.1mm.

4. <u>Oklahoma</u>

4.1 Snake River Project, Kay County, Northern Oklahoma – ~11,200 acres AusTex 100% Working Interest (WI) ~81% Net Revenue Interest (NRI)

The Snake River Project is located in Kay County, Northern Oklahoma and is the Company's primary focus and is expanding both its acreage position and drilling commitments through the execution of its vertical well development strategy. The centre of the project lies approximately 5 miles south west of Ponca City and the general area hosts significant infrastructure including an oil refinery, gas gathering facilities, gas sales lines and a compression and liquids stripping plant owned by other companies.

Vertical Well Development

AusTex is the operator of the Snake River Project and continues to develop vertical wells with the primary target being the Mississippian interval which is approximately 4,300 feet below surface (or deeper according to structural relief). Oil and gas production at the project is expected to increase given that a gas sales pipeline that promises to deliver gas and NGL's to a higher paying sales point has now been completed for wells drilled and these wells are being tied into production following completion.

Operations

During the quarter, the Company did not drill any new vertical development wells at the Snake River Project. The total number of wells in production at Snake River at the end of the quarter was 75 including 4 non-operated wells. There were also a further 9 wells under completion at the end of the quarter. The Company did not acquire any additional acreage at Snake River during the quarter and the total remains at 11,200 acres. AusTex proposes to add to its acreage holdings in the Snake River Project as opportunities arise.

During the quarter the Company released a summary of its petroleum reserves holdings priced at the forward curve as of 31-Dec-14 in respect of the Snake River Project in Kay County, Northern Oklahoma (comprising circa 11,200 acres). The report also includes the much smaller and less developed Sweet Project in the Pawnee and Tulsa Counties of Oklahoma. The Company also holds oil and gas leases in areas in Kansas which do not form part of the report prepared by Pinnacle Energy Services 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 at best.

	Net Reserves		Net Reserves	NPV
Reserve Class	**Oil**	**Gas**		**Disc @ 10%**
	MBBL	**MMCF**	**MBOE (6:1)**	**M$**
Proved Developed Producing (PDP)	**1,077**	**5,792**	**2,042**	**31,831**
Proved Non-producing (PNP)	**152**	**1,023**	**323**	**4,337**
Proved Undeveloped (PUD)	**3,276**	**18,364**	**6,337**	**50,311**
Total Proved (1P)	**4,505**	**25,179**	**8,702**	**86,479**
Probable Reserves	**2,735**	**16,606**	**5,503**	**32,229**
Total Non-Proved	**2,735**	**16,606**	**5,503**	**32,229**
Grand Total (2P)	**7,240**	**41,785**	**14,204**	**118,708**

Table 6: **(previous page) Reserves and Economic Evaluation Report prepared by Pinnacle Energy Services LLC as announced to the ASX on 2 March 2015.**

Reserve Certification:

The information contained within this Quarterly Report 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.

There are a number of contributing factors which have caused such a significant shift since the last reserves report. Some of these factors include:

- The significant decline in oil prices;

- Lower oil price projections means that for the purposes of assessing reserves the wells reach the end of their economic life earlier;

- The results of some of the Company's wells drilled in the north of Snake River prior to the end of the year were less productive than anticipated. These results were factored into the expectations for wells from the north, resulting in a reduction in the average type curve assigned to PUD's in that area: and

- The decline in oil price and poor performance of wells in the north prior to the end of the year have caused a shift from the Proved to Probable category for undrilled wells based on the these factors causing an increase in uncertainty of the economic viability of future wells.

5. <u>Other Projects</u>

5.1 Tulsa and Surrounds

During the quarter there was no significant exploration, development or production work on the Company's other acreage in Oklahoma outside of the Snake River Project. These lease areas surrounding Tulsa contributed approximately 12 BOE/day to production in the quarter.

5.2 Kansas

In accordance with previous announcements to the market, given the success of the Snake River Project in Northern Oklahoma, following on from the December quarter there was no exploration, development or production work on the Company's acreage in Kansas in the March quarter. The Company continues to review its acreage throughout Kansas as it prioritizes the acceleration of development and production at Snake River. After having discontinued most of its operations in Kansas over the course of 2014, the Company still benefited in the March quarter from its legacy tail of production which contributed approximately 7 BOE/day to production in the quarter.

6. Lease Operating Schedule

Pursuant to Listing Rule 5.4.3, a schedule of the Company's leases and interests therein is provided as follows (gross acreage shown).

Lease Name	Net Acreage	Wi	NRI	Status	County, State
Snake River	~11,200	100%	~81%	Development Producing	Kay County, OK
Tulsa and surrounds	~600	100%	81%	Producing	Tulsa, OK
Cooper	~3,500	53%	38%	Development Producing	Sheridan, KS
Ellsworth	~1,100	50%	38%	Development Producing	Ellsworth, KS
Colby	~6,900	70%	59%	Not Producing	Thomas, KS

Table 7: AusTex Oil's Gross Lease Operating Schedule, as at 31 March Quarter 2015; however, please note no further development is planned for Cooper, Ellsworth or Colby Counties in Kansas and those leases will expire if not currently held by production.

7. Corporate Update

A summary of key corporate activity during the December quarter is outlined in table 1 above.

TSXV Delisting

The Company announced to the ASX on 6 January that it had voluntarily delisted from the TSXV and subsequently also received approval to cease to be a reporting issuer in the jurisdictions of Alberta and British Columbia. As a result the Company no longer has any reporting obligations in Canada. The Company's decision was in accordance with its strategy to best allocate its capital and focus where it will achieve the best returns. Maintaining a listing in 3 separate jurisdictions did not meet the Board's criteria for achieving this outcome. The decision was supported by the limited trading volume of AusTex's ordinary shares on the TSXV and the low level of AusTex share ownership in Canada with less than 1% of the total number of AusTex ordinary shares owned by Canadian residents.

8. Forward Work Plan

As of March 31, the Company had approximately USD $15.1mm in cash, prior to having drawn down the remaining USD $8.0mm of the initial USD $20.0mm under in its Term Loan agreement. The Company has no net debt at 31 March 2015 and is in compliance with all of its financial covenants.

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.

Although some recent well results have been lacklustre, the Company will seek to balance the immediate cash flows from harvesting of its reserves with the expected returns from contango in future oil prices. The Company will also look at other means of optimising its cash reserves so that it is well positioned to take advantage of opportunities that arise from the current environment.

9. Events Subsequent to the Quarter

Hedging Position

The oil hedging position was extended through Q1 2017 to a total at quarter end of 168,390 BBLs at a weighted average floor of $82.23. The position consists of a combination of swaps and put options.

Additional US$8.0mm drawn down under the first tranche of the Term Loan

Subsequent to the end of the quarter the Company drew the remaining USD $8.0mm under the first tranche of the Term Loan. At this time the Company has no immediate plan to use those funds however, given the volatility of the market environment and the increasingly difficult lending environment the Board concluded that additional capital would significantly increase the company's ability to respond quickly to interesting opportunities.

Release of Annual Report and Notice of Annual General Meeting

Subsequent to the end of the quarter the Company released its Annual Report for the 2014 Year with the ASX and OTCQX and also its Notice of Annual General Meeting scheduled for 28 May 2015 in Sydney.

AusTex to Present at the Noosa Mining and Exploration Conference

The Company also advises that it will be once again presenting at the Noosa Mining and Exploration Conference on 16 and 17 July. Last year the conference was well attended and the presentation was well received and provided a significant boost for the Company.

Change in Address

The Company wishes to advise of a change in the address of both the registered office and the principal place of business. Effective 1 May 2015 the new details will be:

AusTex Oil Limited

Level 11, 2 Bligh Street

SYDNEY NSW 2000

Postal Address:

GPO Box 4626 Sydney NSW 2001

All other details including the Company's phone number remain the same.

For and on behalf of AusTex Oil Limited

Justin B Clyne

Non-Executive Director & Company Secretary
30 April 2015