



## 2015 HALF YEAR RESERVE REPORT

### AusTex Oil Limited

A.C.N. 118 585 649

ASX: AOK

OTCQX: ATXDY

### Corporate Snapshot

Shares on issue

Ordinary: 562.5m

Preference: 220.1m

Options: 58.0m

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)

### Contact

Level 11, 2 Bligh Street,  
Sydney NSW 2000 AUSTRALIA

Tel +61 2 9238 2363

Fax +61 2 8088 7280

[www.austexoil.com](http://www.austexoil.com)

<https://twitter.com/AusTexAOK>

### HALF YEAR HIGHLIGHTS

- **1P and 2P Reserves of 14.0 mmboe as at July 1, 2015**
- **1P Reserves:** Total Proved (1P) Reserves of 8.5 mmboe
- **2P Reserves:** Total Proved plus Probable (2P) Reserves of 5.5 mmboe
- **Net Present Value (NPV10):** NPV10 for 1P Reserves of USD \$77.1m and NPV10 for 1P and 2P Reserves totals USD \$108.0m
- **Reserves based on Snake River Project only**
- **No Material change to Reserves since last report**

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

The NPV10 for 1P Reserves is USD \$77.1m and the NPV10 for 1P and 2P Reserves combined is USD \$108.0m. There is no material change to the results of the Company's previous independent reserves estimate as at 31 December, 2014 with only a slight decrease to the 1P reserves from 8.7mmboe to 8.5mmboe and no change to the 2P reserves. There was an overall decrease in the NPV10 for 1P reserves from USD \$85.5m to USD \$77.1m and in 1P and 2P reserves combined from USD \$118.7m to USD \$108.0m.

The moderate decrease in the NPV10 is due to the continued decline in oil prices and, consequently, lower oil price projections (refer table 2) which means that for the purposes of assessing reserves the wells reach the end of their economic life earlier.

The Company continues to report under the less favourable NYMEX pricing indicators rather than the SEC pricing as used by many of its peers. The Company strongly believes that the reporting of its reserves needs to be informative to its shareholders and not artificially inflated and aims to release this information in a fashion that better reflects the current economic situation.

At current oil prices, there is only residual economic value in the Sweet area in Oklahoma and also in Kansas with a total of USD \$120k of NPV. As such, this announcement focuses on the assumptions for the Snake River area.

### Executive Commentary

Co-Managing Director, Richard Adrey, commented:

*"Due to the drilling hiatus between January and July of this year it was always anticipated that there would be no material change to the Company's reserves with the NPV10 moving only slightly downwards due to the continued slide in the oil price. The Board remains confident in the embedded value of our assets at Snake River and will continue with our current strategy to operate as an efficient allocator of capital and identify the best opportunities available to the Company including any corporate opportunities that may*

present in this environment of low oil prices.. AusTex has a strong balance sheet of approximately USD \$24m on hand, operates in a low cost formation and is a low cost producer. These are all factors that allow AusTex to thrive notwithstanding the current unfavourable market conditions for many oil and gas producers.”

### **Net Reserves and Net Present Value**

Table 1 demonstrates the Net Reserves (after working interests and royalties are removed but before taxes) and Net Present Value as of July 1, 2015 (all figures shown are in USD):

Reserve Class	Number of Properties	Net Reserves		Net Reserves	Net Capital	Net Cashflow	NPV Disc @ 10%
		Oil MMBL	Gas MMCF	MBOE (1:6)	M\$	M\$	M\$
<b>Proved Developed Producing (PDP)</b>	62	975	6,086	1,989	0	57,839	27,290
<b>Proved Non-producing (PNP)</b>	4	98	594	197	760	4,736	2,485
<b>Proved Undeveloped (PUD)</b>	124	3,276	18,364	6,337	71,300	131,108	47,396
<b>Total Proved (1P)</b>	<b>190</b>	<b>4,348</b>	<b>25,044</b>	<b>8,523</b>	<b>72,060</b>	<b>193,683</b>	<b>77,171</b>
<b>Probable Reserves</b>	129	2,735	16,606	5,503	74,175	98,675	30,894
<b>Total Non-Proved</b>	<b>129</b>	<b>2,735</b>	<b>16,606</b>	<b>5,503</b>	<b>74,175</b>	<b>98,675</b>	<b>30,894</b>
<b>Grand Total (2P)</b>	<b>319</b>	<b>7,084</b>	<b>41,650</b>	<b>14,026</b>	<b>146,235</b>	<b>291,357</b>	<b>108,064</b>

Table 1: Net Reserves for Snake River Project area ( including a moderate amount of \$120k of NPV10 for the Sweet Lease in Oklahoma and acreage in Kansas)

### **Pricing**

As stated above, the NYMEX strip pricing as of July 1, 2015 was used for this evaluation. The price forecast is outlined below in Table 2 (all figures shown are in USD):

Year	Oil	Gas
<b>2015</b>	\$58.82	\$2.87
<b>2016</b>	\$60.87	\$3.16
<b>2017</b>	\$63.05	\$3.36
<b>2018</b>	\$64.89	\$3.44
<b>2019</b>	\$66.25	\$3.51
<b>2020</b>	\$67.31	\$3.61
<b>2021</b>	\$68.28	\$3.72
<b>2022</b>	\$68.66	\$3.84
<b>2023</b>	\$68.73	\$3.97
<b>2024</b>	\$68.73	\$4.10
<b>2025</b>	\$68.73	\$4.24
<b>2026</b>	\$68.73	\$4.36
<b>2027+</b>	\$68.73	\$4.51

Table 2: NYMEX strip pricing forecast

Based on an evaluation of actual oil prices received by the Company from January 2014 to December 2014, differentials to NYMEX prices were applied to each lease. The calculated oil price differential for Snake River was \$(1.11) per barrel and the calculated gas price differential was +15.54% per mcf. For all Proven Undeveloped and Probable cases the differential used was \$(1.11) per barrel and +15.54% per mcf.

### **Taxes**

Oklahoma severance taxes are 7.095% for both oil and gas. All new wells drilled in Oklahoma have a severance tax of 2% for 36 months which increases to 7.095% thereafter. Any ad valorem tax is assumed to be included in lease operating expenses.

### **Expenses**

Fixed operating expenses of \$1,491/well/month and variable expenses of \$4.39/Bbl oil produced are being used for Snake River. Capital expenditures used for future wells is \$575,000 per well which includes costs for drilling the required saltwater disposal wells.

### **Future Development Timeline**

Future wells were assumed to be drilled five wells per month starting in July 2015. All Proven Undeveloped and Probable locations will be drilled by September 2019.

### **Methodology and Assumptions**

Information used in the report was provided by AusTex Oil Limited's US based subsidiary entities 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, 2015 and includes 62 PDP properties, 4 PNP properties and 124 PUD locations and 129 Probable Undeveloped (PROB) locations.

### **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. MMBOE 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

### **For further information please contact:**

Richard Adrey /Nick Stone  
Co-Managing Directors  
USA + 1 918-743-7300

Justin Clyne  
Non-Executive Director & Company Secretary  
AUS + 61 407 123 143

<https://twitter.com/AusTexAOK>

### **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 delivering annual production in 2014 of 439,000 BOE.*