

JUNE 2016 QUARTERLY ACTIVITIES REPORT

Highlights:

JUNE QUARTER

- Quarterly Net Revenue - USD \$2.2M.
- Quarterly Oil and Gas Production – 67.1 MBOE.
- Production continues to be targeted to match strong hedging position.
- Quarter Ending Cash Position USD \$24.6M.
- Strong Focus on Growth through Acquisition and Other Opportunities.
- Maintaining improved cash flows and a strong balance sheet.
- Marginal wells continue to be temporarily shut in: 15 in Oklahoma.
- Holding of 2016 AGM.

SUBSEQUENT TO QUARTER END

- Ongoing Review of Investment and Acquisition Opportunities.
- 78 Company Operated wells (15 shut-ins) and 3 non-operated wells producing with an additional 3 wells in pre-production.

ASX: AOK OTCQX: ATXDY

1. AusTex's June 2016 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 30 June 2016.

ASX Announcements During the June Quarter		
1	Annual Report to Shareholders	29 April
2	Corporate Governance Statement	29 April
3	Appendix 4G	29 April
4	Notice of Annual General Meeting	29 April
5	Proxy Form	29 April
6	Quarterly Activities Report	29 April
7	Presentation to Shareholders	31 May
8	Results of Meeting	31 May
9	Appendix 3B – Lapse of Options	3 June
10	Change of Director's Interest Notice – Richard Adrey	3 June

Table 1: Summary of ASX Releases during the June 2016 Quarter (above).

2. Operations Overview

Consistent with its strategy outlined in recent quarters, this current downturn in the oil sector is providing the Company with the opportunity to maintain the dual focus of, firstly, using its strong balance sheet and cash reserves of more than USD\$24.6M (flat from the previous quarter) to pursue acquisition opportunities that meet the Company's stringent criteria and, secondly, continuing to prudently develop and produce at its 100% owned Snake River Project in Kay County, Northern Oklahoma targeting the liquid rich Mississippi Lime formation.

Development

As previously announced to the market, during the quarter AusTex drilled its first well at Snake River for 2016, the Steichen 12-1A in the north eastern quadrant of the Company's Snake River acreage. This is the first well drilled since the Wyckoff #29-6 which was drilled into the Mississippian formation in the south western quadrant of the Snake River field during the September quarter of last year. This is an area which has some old but compelling production and the drilling was undertaken so the Company could enhance its understanding of the complicated Mississippian geology in the area to enable a higher quality and more consistent drilling program once the oil price rebounds. The well was drilled to a Total Depth of 4,290 feet targeting the Mississippi Chat formation. Samples and open hole logs indicated the presence of commercial hydrocarbons and a completion is currently underway. The total drill and completion cost for the well was less than USD\$300,000 which is roughly 50% less than our average for wells drilled in the area. A reduction of that magnitude is likely not sustainable going forward, but in this environment, well costs of USD\$450,000 – USD\$525,000 are expected to be sustainably feasible.

Acquisitions

In addition to moderate incremental development at Snake River at this time, the Company is also seeking acquisitions that offer either a strategic fit with its existing asset base or diversification with sufficient scale to provide operational efficiency. AusTex continues to look for opportunities to undertake and expects the continued downturn in the oil price will mean that price expectations between buyers and sellers will merge closer. The Company is continuing to look for assets that will provide a combination of stable returns at the forward curve and a meaningful uplift in value with any upswing in the oil price however there is no guarantee the Company will conclude any acquisitions.

With the Company's objective of aiming to grow through acquisition and the priority development focus of Snake River in Oklahoma, AusTex only retains a legacy tail of production in Kansas contributing around 1 to 2% to the Company's overall production. Consistent with its strategy outlined over the previous two years, AusTex is no longer pursuing any additional activities in Kansas and will allow its Ellsworth Lease to expire where the acreage is not presently held by production (refer Table 5 for a summary of the Company's acreage position in Kansas which has decreased significantly in the past two years).

3. Production and Revenue

Given the ongoing oil price compression, production remained constrained in the June quarter so as to preserve oil in the formation for sale in a more favourable pricing environment. The Company intends to continue to roughly match production with the Company's hedging book. At the end of the quarter a total of 15 wells were shut in as being non-economic at this time. This strategy will continue in the near term with the Company continuing to monitor oil prices. Should the forward curve move up or down significantly from June quarter levels, management will likely adjust the number of wells in active production according to their economic contribution.

While the Company has not concluded any new acquisitions, the Board believes that its strategy is appropriately conservative to ensure the long term creation of shareholder value and does not warrant adjustment, given the current environment. The past 18 months has proven to be a time where the best and most efficient allocation of capital is capital preservation in itself. The Company continues to look for investment opportunities comprising exploration, development, production and infrastructure and has either not been successful in the tender/bid process or has not found such opportunities to represent an efficient allocation of the Company's capital and resources.

While the Board is keen to make one or more investments that are accretive for shareholder value, particularly in the current environment, it won't rush into making unsound business decisions and invest the Company's capital unless the Board believes an opportunity presents itself that provides an appropriate return on shareholder's funds.

As liquidity pressure in the oil sector increases it is expected that more attractive opportunities will present and the Company's conservative approach to capital allocation will be rewarded.

As of June 30 there was no change in the Company’s cash position from the previous quarter. The quarter’s production saw a decline on the previous quarter due to wells being temporarily shut in to minimize noneconomic operation and the natural declines associated with reservoir mechanics. Production numbers by month for the first half of 2016 are shown in *Table 2* and by quarter in *Table 3*.

Table 2: Monthly Production and Cumulative Annual Total for 2016 (below).

Month	Monthly Production (BOE)	Average Daily Production (BOE)	Change from Previous Month	Cumulative Calendar Year Production (BOE)
January	23,944	772	-1,756	23,944
February	21,857	754	-2,087	45,801
March	23,713	765	1,856	69,514
April	21,474	716	-2,239	90,988
May	24,302	784	2,828	115,290
June	21,328	711	-2,974	136,618

Table 3: Quarterly Production and Cumulative Annual Total for 2016 (below).

Quarter Ending	Total Production ('000BOE)	Change from Previous Quarter	Cumulative Calendar Year Production ('000BOE)
31 March	69,514	-	-
30 June	67,104	-2,410	136,618

A summary of the Company’s producing and pre-production wells at Snake River at the end of the June quarter is shown in *Table 4* below.

Table 4: Wells by stage of production process (below).

Well Count as of:	30 June 2016
Pumping – Non Operated	3
Pumping – Operated	63
Flowing / Testing	1
Drilled / Fracked	2
Current Shut-In	15
Total Wells	84

Gross profit from operations for the June quarter was USD \$1.67M. Capital investments made during the quarter for development were negligible. Cash and cash equivalents on hand at the end of the quarter was USD \$24.6M.

4. Oklahoma

4.1 Snake River Project, Kay County, Northern Oklahoma – ~10,500 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 development focus. AusTex is the operator of the Snake River Project and will continue 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). 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.

As part of AusTex's focus on capital allocation, the Company has allowed some of its leases to expire un-renewed in the Snake River project. Some of that acreage has been deemed to be un compelling. In other circumstances, it is more cost effective to allow the lease to expire and release than to pay the extension bonus. Leasing in the area now occurs at \$100 - \$150 per acre versus 2014 levels of \$300 - \$350.

Operations

During the quarter, the Company drilled a new vertical well at the Snake River Project, the Steichen 12-1A. The total number of wells at Snake River at the end of the quarter was 84 including 3 non-operated wells, 3 wells under completion and 15 shut-in wells.

5. Other Projects

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 only a nominal amount 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 previous quarters there was no exploration, development or production work on the Company's acreage in Kansas in the previous quarter. The Company continues to review its acreage throughout Kansas as it prioritizes the acceleration of development and production at Snake River and identifying acquisition and other corporate opportunities. The Company's acreage in Kansas contributes only a nominal amount to production of around 1% to 2% of total production.

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	~10,500	100%	~81%	Development Producing	Kay County, OK
Tulsa and surrounds	~600	100%	81%	Producing	Tulsa, OK
Ellsworth	~500	50%	38%	Producing	Ellsworth, KS

Table 5 (above): AusTex Oil's Lease Operating Schedule as at 30 June 2016.

7. Corporate Update

A summary of ASX releases during the June quarter is outlined in *Table 1* (on page 2).

7.1 Full Year Statutory Reporting:

On 29 April the Company released its full year Annual Report for the 12-month period to 31 December 2015 together with the associated corporate governance reporting documents and Notice of Annual General Meeting.

7.2 Annual General Meeting:

On 31 May the Company held its 2016 Annual General Meeting. The Board is pleased to advise that both resolutions passed on a show of hands and welcomed the re-election of Mr Justin Clyne.

7.3 Lapse of Options:

On 3 June a total of 10,000,000 unlisted options exercisable at \$0.25 each lapsed unexercised.

7.4 Significant Hedge Position:

AusTex's current production remains substantially hedged at oil prices well in excess of the current spot market. The Company's current hedge position is as follows:

Oil Hedging	Volume (bbl)	Wtd Avg Price	Gas Hedging	Volume (mcf)	Wtd Avg Price
July 2016	5,890	80.00	July 2016	27,900	3.80
August 2016	5,890	80.00	August 2016	27,900	3.80
September 2016	5,700	80.00	September 2016	27,000	3.80
October 2016	5,580	80.00	October 2016	24,800	3.93
November 2016	5,400	80.00	November 2016	24,000	3.93
December 2016	5,580	80.00	December 2016	24,800	3.93
January 2017	5,000	60.75	January 2017	15,500	3.05
February 2017	5,000	60.75	February 2017	14,000	3.05
March 2017	5,000	60.75	March 2017	15,500	3.05
April 2017	4,000	51.50	April 2017	15,000	3.05
May 2017	4,000	51.50	May 2017	15,500	3.05
June 2017	4,000	51.50	June 2017	15,000	3.05
July 2017	4,000	51.50	July 2017	15,500	3.05
August 2017	4,000	51.50	August 2017	15,500	3.05
September 2017	4,000	51.50	September 2017	15,000	3.05
			October 2017	15,500	3.05
			November 2017	15,000	3.05
			December 2017	15,000	3.05

Table 6 (above): AusTex's Current Hedge Position.

8. Events Subsequent to the Quarter

The Company advises that, effective 1 August 2016, a change to the address of both the registered office and the principal place of business. The new details are:

AusTex Oil Limited

Level 9, 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

29 July 2016