

## DECEMBER 2017 QUARTERLY ACTIVITIES REPORT

### DECEMBER QUARTER HIGHLIGHTS

- Quarterly Net Revenue – USD \$2.1M
- Quarterly Oil & Gas Production – 52.4 MBOE
- Quarter Ending Cash Position USD \$388K
- Maintaining positive cash flows

### AusTex's December 2017 Quarter

The Board of AusTex Oil Limited ('AusTex' or 'the Company') (**ASX: AOK**) is pleased to provide its Quarterly Activities Report for the quarter ending 31 December 2017.

**Table 1:** Summary of ASX Releases during the December 2017 Quarter

ASX Announcements During December Quarter		
1	Cleansing Statement and Appendix 3B	23 November 2017
2	Update to Buffalo 19-2 Drilling	14 November 2017
3	Amended Quarterly Activities Report	2 November 2017
4	Update on Quarterly Activities report	2 November 2017
5	Quarterly Activities Report	31 October 2017
6	Repayment of Macquarie Loan complete	23 October 2017
7	Drilling Update	11 October 2017

### Operations Overview

Our strategy during the downturn in commodity prices has been to conserve capital and our oil in the ground, and evaluate opportunities that make economic sense. During that time period we have expended great effort to enhance the production of the Cushing Field, and we paid off our long-term secured debt.



## **Corporate Overview**

After paying off the secured bank debt the Company had a commitment from a local bank for a replacement secured facility, which could have been deployed into drilling, workover and acquisition activities to improve production; however, with the pending litigation from two of the preference shareholders ('Weider & Foreman'), we were not able to access the loan until the resolution of legal proceedings. AusTex and its subsidiaries have made two attempts to settle this litigation without success and have now filed a brief in the Southern District of New York federal court to assert counterclaims against Weider & Foreman. The Company is awaiting a ruling from the court.

## **Production & Revenue**

The recovery of commodity prices over the last quarter of the year has helped the Company maintain a positive cash flow from operations with no debt. Funding the costs of litigation however, has taken a financial toll.

The Company is currently in the process of exploring several avenues to secure additional funding for litigation and operations costs. The Company is currently in discussions with several parties looking to secure a mandate to raise additional capital through the issue of convertible notes. The Company is also marketing certain assets with bids expected early February, and closing occurring the following month.

In the meantime, the Company has decided to continue its maintenance program at a more tempered pace.

As at 31<sup>st</sup> December the Company's cash position was USD\$388K.



**Table 2: Monthly Production and Cumulative Annual Total for 2017**

Month	Monthly Production (BOE)	Average Daily Production (BOE)	Change from Previous Month	Cumulative Calendar Year Production (BOE)
January	18,286	590	-	18,286
February	16,804	600	-1,482	35,089
March	18,802	607	1,998	53,892
April	19,866	662	1,064	73,758
May	20,269	654	403	94,027
June	17,274	576	-2,995	111,301
July	17,184	554	-90	128,485
August	18,414	594	1,230	146,899
September	16,581	553	-1,833	163,480
October	17,580	567	999	181,060
November	17,513	584	-67	198,573
December	17,293	558	-220	215,866

**Table 3: Quarterly Production and Cumulative Annual Total for 2017**

Quarter Ending	Total Production ('000BOE)	Change from Previous Quarter	Cumulative Calendar Year Production ('000BOE)
31 March	53.9	-	53.9
30 June	57.4	3.5	111.3
30 September	52.2	-5.2	163.5
31 December	52.4	0.2	215.9



A summary of the Company’s producing and pre-production wells in both Snake River and the Cushing Field at the end of the December quarter is shown in *Table 4*:

**Table 4: Wells by stage of production process**

Well Count as of 31 December 2017	Gross Well Count	Net Well Count
Pumping – Non Operated	8	3
Pumping – Operated	134	104
Flowing / Testing	0	0
Drilled / Fracked	0	0
Current Shut-In	109	66
<b>Total Wells</b>	<b>252</b>	<b>173</b>

### **Lease Operating Schedule**

Pursuant to Listing Rule 5.43, a schedule of the Company’s leases and interests therein is provided as follows (gross acreage shown):

**Table 5: AusTex Oil’s Lease Operating Schedule as at 31 December 2017.**

Lease Name	Net Acreage	WI	NRI	County / State
Snake River	~8,300	100%	~81%	Kay, Oklahoma
Tulsa and Surrounds	~600	100%	~81%	Tulsa, Oklahoma
Ellsworth	~500	50%	38%	Ellsworth, Kansas
Cushing	~3,850	50%	41%	Creek, Oklahoma

### **Current Hedge Position**

AusTex holds no current hedge positions because of the current market rise, and has benefited from this position since repayment of its loan.

For and on behalf of AusTex Oil Limited

**Andrew Bursill**  
 Company Secretary  
 31 January 2018