

Quarterly Activities and Cash Flow Report

29 April 2010



AusTex Oil Limited

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Daniel Lanskey (Managing Director)

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For further information please

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Daniel Lanskey

Managing Director

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About AusTex

AusTex Oil Ltd (ASX: AOK) which was listed on the ASX in January 2008 is focused on reworking and development of oil and gas leases in the USA. The company produces oil and gas from leases in Oklahoma and Kansas. Since listing, AusTex has increased its lease interests from 1,000 acres to 69,000 acres.

Highlights

- **Quarterly Sales Revenue increases to \$AUD680,000**
- **March Net Production average - 253 BOE per day**
- **Development drilling continues in Kansas and Oklahoma**
- **Rights issue to expedite project development**

1. Operations

Revenue from operations for the quarter was \$AUD683,058 net to AOK after royalties to mineral owners and taxes. During the three months ending 31 March 2010, cash expended for exploration and project development was \$AUD1,036,000. Cash on hand at end of quarter was \$AUD2,123,000. The company has no debt.

1.1. Oklahoma

AusTex Oil Limited owns and operates a number of oil and gas leases in Oklahoma through its wholly owned subsidiary, International Energy Corporation (Oklahoma) (IEC-OK).

1.1.1. Lancaster Lease Group - Tulsa County - 650 acres

AOK – 100% Working Interest (WI); 81.25% Net Revenue Interest (NRI)

Development continued on the lease group with the successful drilling and completion of the Mayo Moore #7 well. This well is located 50 feet from the Mayo Moore #5 and was drilled to test the shallower Big Lime and Oswego Formations. Production from the well began in late March at a rate of 10 barrels of oil per day and 50,000 cubic feet of gas per day. With a total depth of 1,135 feet and an investment of \$US108,000 the well has demonstrated additional production is available from the shallow limestone formations.

The Baggett #1-33 and #2-33 wells were also completed for production in the Red Fork formation at 1,550 feet. Initial production from the #1-33 well was 78 barrels of oil per day on pump, with the #2-33 flowing 5 barrels of oil per day and 250,000 cubic feet of gas.

At the time of this report the drilling of the Baggett #3-33 had commenced and is targeting the Red Fork, Tanaha, Wilcox and Arbuckle Formations with an expected total depth of 2,500 feet.

1.1.2. Sweet Lease – Pawnee County – 240 acres*AOK – 100% WI; 82.5% NRI*

To assist with development planning of the lease, the J & O #1 Well, was deepened from 2,930 feet to 3,230 feet. During drilling operations, oil and gas were displaced to the surface. Logs indicated the well intersected an additional 13 feet of net pay in the Lower Red Fork formation between 3050 feet and 3076 feet and 40 feet of net pay in the Bartlesville Formation.

The well has been completed in the Bartlesville Formation for oil production with a high capacity submersible pump with production testing underway at the time this report was completed. The Sweet #4A and Sweet #5A are also completed for production in the Bartlesville formation.

1.2. Kansas

AusTex Oil Limited holds interests in oil and gas leases located in the State of Kansas through a wholly owned subsidiary International Energy Corporation (Kansas). The company is the majority working interest partner with Castle Resources Inc., as operator, a private oil and gas operator based near Hays, Kansas.

1.2.1. Cooper Project – Sheridan County – 26,500 acres*AOK – 53% Working Interest – 46% Net Revenue Interest*

The Clark #1 well was completed during January with an initial production rate of 250 barrels of oil per day from the Topeka Formation. Flow testing of the deeper Lansing-Kansas City formation resulted at 230 barrels of oil per day with 70 barrels of water. Permits are in hand to drill 3 additional development wells on the lease. The Clark SWD (Salt Water Disposal) well has been completed and certified as a water disposal well for the lease. The operator plans to produce from both formations in the Clark #1 well now that the water disposal system is in place.

At the time of this report drilling on the Clark #3 well was underway.

1.2.2. McCracken Project – Rush County – 3200 acres*AOK – 63.92% Working Interest – 52.4% Net Revenue Interest*

During March, the Eisenhour #1 well was drilled to a total depth of 4100 feet. Oil shows were detected in the Cherokee Formation between 3970 feet and 4009 feet, however, these were determined to be non commercial. The well was plugged and abandoned.

Further geophysical interpretation is ongoing with technical staff meeting in Kansas during May 2010 to discuss the next steps on this project.

2. Corporate Activity

On 24 March 2010, AOK announced a fully underwritten non renounceable rights issue to be offered to eligible shareholders. Funds from the rights issue will be used to expedite the development of the Company's oil and gas lease interests in Kansas and Oklahoma.

3. Lease Operating Schedule – 31 December 2009

Lease Name	Acreage	WI	NRI	County, State
Lancaster and surrounds	650	100%	81.25%	Tulsa, OK
Sweet	240	100%	82.5%	Pawnee, OK
Crisler	80	100%	84.375%	Creek, OK
Gypsy/Walker Project	80	100%	81.25%	Creek, OK
BlueHawk Project	160	50%	42.5%	Osage, OK
Cleveland Project	160	100%	82.5%	Creek, OK
Cooper Project	26,500	53%	43%	Sheridan, KS
Jewel Project	35,000	30%	28.8%	Jewel and Mitchell, KS
McCracken Project	3,200	50%	42.25%	Rush and Ness, KS
Beltz Project	160	40%	33.8%	Ellis, KS



Figure 1 Location of Oil and Gas Interests held by AusTex Oil Limited

Appendix 5B

Mining Exploration entity quarterly report

Name of entity

AUSTEX OIL LTD

ABN

42 118 585 649

Quarter ended ("current quarter")

31 March 2010

Consolidated statement of cash flows

Cash flows related to operating activities

	March quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	513	1,196
1.2 Payments for		
(a) exploration and evaluation	(529)	(2,190)
(b) development	(507)	(2,363)
(c) production	(295)	(728)
(d) administration	(371)	(2,328)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	19	94
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,170)	(6,319)

Cash flows related to investing activities

1.8 Payment for purchase of:		
(a) prospects	-	(40)
(b) equity investments	-	-
(c) other non current assets	(314)	(889)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other non current assets	16	16
1.10 Loans to other entities	-	(23)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(298)	(936)
1.13 Total operating and investing cash flows (carried forward)	(1,468)	(7,255)

Appendix 5B

Mining Exploration entity quarterly report

	March quarter \$A'000	Year to date (12 months) \$A'000
1.13 Total operating and investing cash flows (brought forward)	(1,468)	(7,255)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	-	4,412
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other - Share Issue Costs	-	(125)
Net financing cash flows	-	4,287
Net increase (decrease) in cash held	(1,468)	(2,968)
1.20 Cash at beginning of quarter/year	3,597	5,260
1.21 Exchange rate adjustments to item 1.20	(6)	(169)
1.22 Cash at end of quarter/year	2,123	2,123

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	33
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cashflows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Appendix 5B

Mining Exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

3.1 Loan facilities - Bank Overdraft

3.2 Credit standby arrangements

Amount available \$A'000	Amount used \$A'000
-	-
Nil	Nil

Estimated cash outflows for next quarter

4.1 Exploration and evaluation

4.2 Development

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	600
Total	1,100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

5.1 Cash on hand and at bank

5.2 Deposits at call

5.3 Bank overdraft

5.4 Other - Bills and Bank Term Deposits

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	275	347
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other - Bills and Bank Term Deposits	1,848	3,250
Total: cash at end of quarter (item 1.22)	2,123	3,597

Changes in interests in mining tenements

6.1 Interests in mining
tenements relinquished
reduced or lapsed

6.2 Interests in mining
tenements acquired
or increased

Tenement reference	Nature of interest ((note (2))	Interest at beginning of quarter	Interest at end of quarter

Appendix 5B

Mining Exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy backs, redemptions				
7.3 Ordinary securities	169,425,000	169,425,000	Fully Paid	Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Release from escrow (c) Decreases through returns of capital, buy backs				
7.5 Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	750,000	-	Exercise Price	Expiry Date
			40 cents	30.6.2010
	3,000,000	-	25 cents	31.8.2010
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.12 Unsecured notes (totals only)				

Appendix 5B

Mining Exploration entity quarterly report

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Director

Date: 29 April 2010

Print name: Dan Lanskey

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** - The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** - ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.