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Australian Stock Exchange
Level4, 20 Bridge St
Sydney NSW 2000

Austex Oil Ltd (ASX: AOK) announces an interview with Managing Director Daniel Lanskey.

The transcript follows or you can watch the interview at this [link](#).

**TRANSCRIPTION OF FINANCE NEWS NETWORK INTERVIEW WITH AUSTEX OIL LIMITED (ASX:AOK)
MANAGING DIRECTOR, DAN LANSKEY**

Clive Tompkins: Hello Clive Tompkins reporting for the Finance News Network. Joining me for an update from AusTex Oil is Managing Director Dan Lanskey.

Dan welcome back. You operate in Kansas and Oklahoma, what's your acreage, what's your footprint over there?

Dan Lanskey: Thanks Clive, it's great to be back with you again. In Oklahoma and Kansas we currently have an interest in 76,000 acres of oil and gas leases.

Clive Tompkins: Okay Dan so can you expand on that; tell us more about those two States?

Dan Lanskey: We have two distinct asset types. In Oklahoma we are developing proven producing properties where we are infill drilling on existing producing assets. In Kansas - different ball game. We have large acreage positions, we've shot 3D seismic and we are in an exploration and discovery stage up there.

Clive Tompkins: And Dan what about current production, where is it taking place?

Dan Lanskey: We have production in both States. I'll start with Kansas because as I said it's an exploration play, we had a new discovery in January this year up near a town called Hoxie. We currently have two wells producing up there – a combined total of about 80 barrels of oil a day.

We move back into Oklahoma and the majority of our production is coming from the Lancaster Lease right outside Tulsa about 12 miles from the local oil refinery. Lancaster Lease produces oil and we also sell gas, the combined production rate is around 200 barrels of oil equivalent a day.

Clive Tompkins: Dan now a bit about your financials. What are your sales on a quarterly basis and what value do you put on your leases?

Dan Lanskey: Currently West Texas Intermediate is above \$80 a barrel. So if you're producing 200 barrels of oil a day, your gross revenue is 200 times \$80 a barrel plus a bit of change. Out of that the key difference with our Company, is that we get to keep 81.25% of the revenue of every barrel of oil we sell, which grossed us about \$900,000 worth of sales.

Recent sales of leases that size in Oklahoma are realising between \$9 and 10 million for 100 barrel a day lease, which values that 200 barrel a day property somewhere between \$15 and 20 million in the current market, if you were to sell just the existing production on that lease.

Clive Tompkins: And more generally, can you just describe what's taking place in Oklahoma in terms of oil production

Dan Lanskey: Technology has moved in great leaps in the last 80 years. Currently in Oklahoma there is a hotbed of activity where major oil companies are drilling and producing from horizontally completed wells in formations that are 5,000 feet below the surface. That's 5,000 feet – it's still very, very shallow in global terms.

At 5,000 feet there is an extensive reservoir system called the Mississippi Limestone Formation. So the payback on these types of shallow horizontal wells is excitingly short and there has been a shift in thinking onshore in the USA, away from gas wells to more, what we would call more unconventional oil opportunities.

We are involved in such an opportunity in Tonkawa which is about 90 miles west of Tulsa but only 20 miles from Ponca City, which is the home of the Continental Oil Company which is now ConocoPhillips.

Clive Tompkins: Now to your Tonkawa Project, what size acreage is it and what sort of production's taking place?

Dan Lanskey: When we purchased the acreage initially we took a 907 acre tract of an existing producing lease. The area has multiple stacked formations on top of one another. Everything from the Cleveland, the Red Fork Formation, the Tonkawa Sand, the Layton Sand – there's about 12 stacked formations - oil with oil production historically, before we get to the Mississippi Lime Formation at 4,500 feet. Our area of interest now is grown to around 2,000 acres of oil and gas leases. We currently produce a small amount of oil from 2 existing old vertical wells. They're producing about 15 barrels of oil a day and also about 150,000 cubic feet of gas, which in America is called 150 mcf per day. We're already tied into a gas sales line and are about a mile from the local gas compressing station. The lease is fully equipped with a tank storage facility with disposal wells and injection wells already in place.

So our primary target at the moment is to get the shallow existing wells back in production and then next calendar year, we're going to come back and look at 2 or 3 horizontal wells in the Mississippi Limestone, which is already shown to be there. One of our vertical wells has gone through the Mississippi Limestone and has confirmed that it is over 320 feet thick from top to bottom at about 4,500 feet from the surface.

Clive Tompkins: I notice you have recently applied to list on the Toronto Exchange, what is the thinking behind that?

Dan Lanskey: When we first listed in Australia in 2008 we raised \$20 million which with the exchange rate equalled about \$US15 million. Taking the funds that our shareholders in Australia gave us to invest in the company, we've grown it to 76,000 acres and into a producing oil company. The next step for us is to exploit that 76,000 acre footprint which is capital intensive.

We announced in September 30 that our cash position was about \$3 million in the bank and our revenue was about \$900,000 for the quarter. To develop the Tonkawa asset I've talked about and look at exploration up in Kansas, we need to spend somewhere between \$12 million and \$15 million next year in capital expenditure.

Our initial visits to Toronto earlier this year have shown that there is an understanding from fund managers who have pools of capital targeted only at oil and gas investment in the USA, that fully understand the potential of our assets and have indicated they're keen to take part in growing the company to the next step.

Clive Tompkins: Last question. What's the time frame for the listing?

Dan Lanskey: We announced last week we've appointed Kingsdale Capital out of Toronto as our sponsoring advisor. They're a member of the Toronto Stock Exchange - they conduct due diligence on behalf of the TSX. That will take about two to three months from now and we look to lodge an application with the TSXV in March quarter of 2011. So within the next four to five months we expect to lodge the application and be trading up there in the first half of calendar year 2011.

Clive Tompkins: Dan Lanskey thanks very much for your time.

Dan Lanskey: Thanks Clive it's great to always come back and see you. Thank you.

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