

ASX/Media Release

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Operations Update

AusTex Oil Limited

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About AusTex

AusTex Oil Ltd (ASX: AOK) 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 ~70,000 acres of oil and gas leases, including acreage in the exciting Mississippi Lime play in Northern Oklahoma.

- **Kansas - Mollhagen #8 Well intersects multiple oil bearing intervals in Arbuckle Limestone**
- **Completion underway for oil production**

AusTex Oil Limited (ASX:AOK) (OTCQX:ATXDY) is pleased to provide the following update to operations in Kansas and Oklahoma.

Ellsworth Project – 3,000 acres - Kansas **AOK 50% WI 38% NRI**

Mollhagen #8 Well

Castle Resources Inc., as operator, reports that drilling on the Mollhagen #8 well successfully reached TD of 3,309 feet. Electronic logs and samples obtained during drilling confirm the presence of producible hydrocarbons over two intervals in the Arbuckle Limestone between 3,175 feet and 3,237 feet.

Logs indicated 11 feet of net pay with an average porosity of 28% and resistivity of 50 ohms. Casing has been set to 3,308 feet and the well is to be completed for production. Completion operations are expected to take between 2-3 weeks and the well will be production tested.

Background

The 3,000 acre Ellsworth Project is located in Ellsworth County, Kansas. The leases are on the Central Kansas uplift and are surrounded by historical and current producing oil fields. Production in the area has been predominantly from the Arbuckle Limestone from within the first porosity break. Recent drilling activity is focusing on deeper breaks within the limestone with up to 5 different sections being identified as potential oil bearing zones.

Offset wells to the north of the Mollhagen #8 drilled in recent years have cumulated production in excess of 75,000 barrels of oil per well. With an estimated completion cost of less than \$400,000 per well the wells have a potential to deliver solid economics with finding and development costs of less than \$10 per barrel of oil.

With the current resurgence in midcontinent oil exploration and development, companies are targeting the three (3) known producing limestone formations using modern drilling, completion and lifting methods. These improved technologies are showing increased recovery rates with very good rates of return on investment. During September 2011, Royal Dutch Shell announced their re-entry into Kansas with renewed exploration and development programs scheduled in 2012.

AOK holds interests in approximately 70,000 acres of oil and gas leases in Kansas in partnership with Castle Resources Inc., as operator, with ongoing exploration and development.

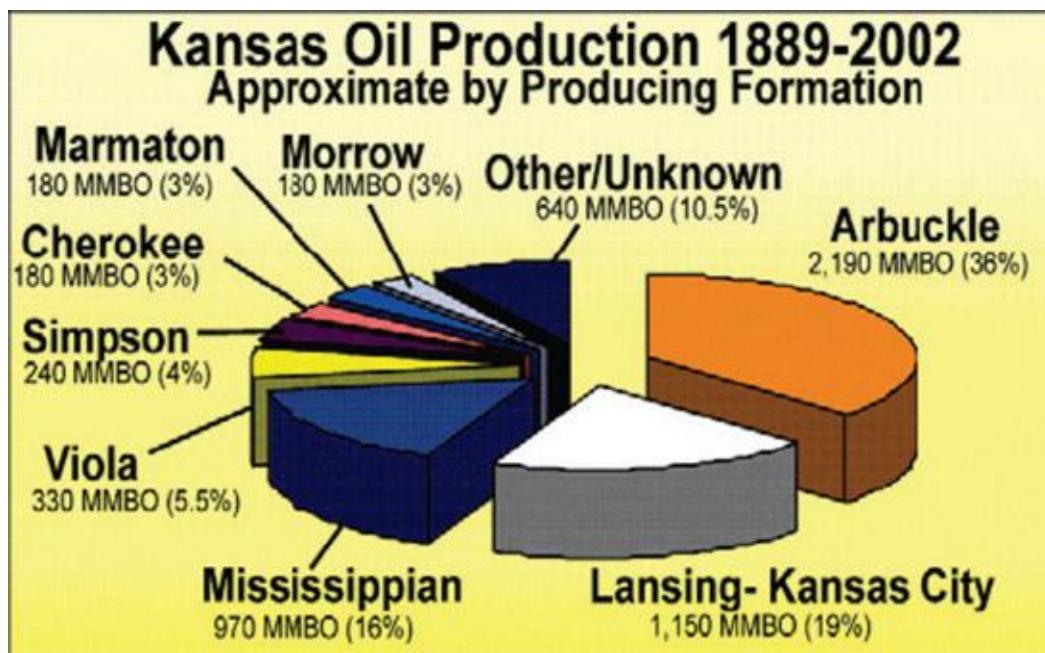


Figure 1 Chart of Kansas historical producing formations highlighting 3 Limestone formations as highest producers
Source Kansas Geological Survey www.kgs.ku.edu

For Further Information –

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