

AusTex Oil Limited

A.C.N. 118 585 649

ASX: AOK

OTCQX: ATXDY

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Directors

Dr Peter Power (Chairman)

Kwang Hou Hung (Deputy Chairman)

Luis Vierma (Non-executive Director)

Daniel Lanskey (Managing Director)

Richard Adrey (Executive Director)

Kay Philip (Non-executive Director)

Company Secretary

Justin Clyne

Tel. +61 2 9238 2363

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 ~26,000 net acres of oil and gas leases, including acreage in the exciting Mississippi Lime play in Northern Oklahoma and Kansas.

AUSTEX OIL ANNOUNCES UPDATE ON FUNDING TO CONTINUE MISSISSIPPI LIME DEVELOPMENT

Highlights:

- **Proposed \$7.5m Convertible Note Issue**
 - **Formal Documents executed**
 - **Subject to Shareholder approval at AGM**
- **Funding Seeks to Capitalise on Recent Success in the Mississippi Lime in Northern Oklahoma**

AusTex Oil Limited (**ASX:AOK – OTCQX:ATXDY**) is pleased to announce an update on funding initiatives announced on 19 March 2012, to continue exploration and development of the Company's oil and gas leases in Oklahoma and Kansas.

Formal documentation has now been executed between the Company and a group of North American-based oil and gas focused Institutional Investors, including New York based Iroquois Capital Opportunity Fund, LP (ICO Fund), Los Angeles-based Young Capital Partners , LP and Toronto based The K2 Capital Principal Fund, LP.

Pursuant to the agreements, subject to shareholder approval, US\$7.5m of convertible notes (the Notes) will be issued to those investors with a conversion price of \$AU0.15 for each fully-paid ordinary share. AOK will also issue free attaching Options to the Note subscribers equivalent to half the number of Shares issuable on conversion of the Notes into Shares. The options will be unlisted and have an exercise price of \$AU0.20 and will be exercisable within 3 years of the date of shareholder approval.

Full particulars of the terms and conditions of the Notes and the Company's previously announced proposed funding arrangements are detailed in the Notice of Annual General Meeting (AGM) mailed to all shareholders and which will be lodged with the ASX today. The AGM is to be held in Sydney on 31 May 2012 at the Sofitel Hotel.

Commenting on the new funding arrangements, AusTex's Managing Director, Daniel Lanskey said:

"This round of funding has attracted investment from additional North American oil and gas Funds and is another strategic milestone in transitioning the Company towards its anticipated listing on the TSXV in Toronto. The Mississippi Lime is now recognised as a world class liquid rich opportunity and we intend to grow our oil production in the short term focusing on our acreage in this play."

Use of Funds:

The funds raised will be used primarily for the continuation of the Company's exploration and development program on its oil and gas leases in Oklahoma and Kansas and also for general working capital purposes.

Draft Indicative Timetable (subject to change):

- Notice of AGM lodged with ASX 30 April, 2012
- Date of AGM: 31 May, 2012
- Settlement of Funding: 7 June, 2012

For Further Information – Please contact

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