

AusTex poised for production growth with completion of \$8.9 million funding

- **USD\$7.5 million of convertible notes issued as approved at AGM**
 - Notes convert to ordinary shares at AUD\$0.15 cents per share
 - Free attaching option for every two shares at an exercise price of AUD \$0.20 cents provides potential for further funding
- **Stage 2 of \$1.4m Equity Placement to Director completed**
- **Funds used to fast-track Snake River well development program in Oklahoma and Kansas**

United States focused oil & gas producer and explorer AusTex Oil Limited (**ASX:AOK – OTCQX:ATXDY**) is pleased to report that the funding approved by shareholders at the Company's Annual General Meeting on 31 May 2012, has now been completed. The funding comprised two components with the first being the issue of USD\$7.5 million worth of convertible notes with a conversion price of \$AUD0.15 for each fully-paid ordinary share plus one free attaching option for every two shares issuable on conversion of the notes into shares. The options are unlisted and have an exercise price of \$AUD0.20, and exercisable within 3 years from the date of issue.

The convertible notes have now been issued to 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.

Stage 2 of Placement Approved – Equity raised \$1.4m

Shareholders also approved Stage 2 of the equity placement announced to the ASX on 5 March 2012. Stage 2 of the placement comprised the issue of 16,470,590 shares at an issue price of AUD\$0.085 cents per share with a free attaching option for every three shares subscribed for, resulting in the issue of 5,490,197 unlisted options with an exercise price of AUD\$0.15 per option expiring on or before 7 June 2014. The placement to one of the Directors of the Company, Mr K H Hung, has now been completed raising a further AUD\$1.4 million.

Use of Funds

The funds 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.

AOK's Executive Chairman Richard Adrey commented: "We are delighted that shareholders have approved this funding. We now have the financial flexibility to significantly fast-track the development of Snake River and we have multiple vertical wells planned at the Blubaugh and East Tonkawa Unit leases".

We are currently drilling two production wells each month in Northern Oklahoma on the Snake River Project which is expected to result in significant increases in AOK's monthly production. Also, we will shortly commence drilling at the Cooper Project in Kansas. This will be our first drilling campaign in Kansas which targets the Mississippi Lime play.

It is pleasing to note that through this funding arrangement, we have attracted some very credible and seasoned oil and gas investors to Austex who are encouraged by the potential for the company and our asset profile, and we thank them for their support.

We look forward to updating shareholders on our vertical well development program. We are also actively assessing participation opportunities in additional horizontal wells in the Snake River area following the success of the Balder #1-30N horizontal well."

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