



Production Update

- Production stable during July and August
- Gas sales underway at Production Hub #2
- Intermittent production of +400 boepd recorded during September
- Increase in daily production from current well development program expected from October onwards
- Next horizontal well with Range Resources on track to spud in October

United States focused oil & gas producer AusTex Oil Limited (**ASX:AOK – OTCQX:ATXDY**) is pleased to report stable production rates for July and August from its operations in Oklahoma and Kansas.

Month	Total Production BOE	Average Daily Production
April	4,985	166
May	5,300	170
June	8,980	299
July	8,227	265
August	8,520	275

Average daily production levels for July and August have stabilised at levels in line with management's expectations.

In the last 60 days, AusTex has brought 2 vertical wells on pump, a further 3 vertical wells have been drilled, fraced and are awaiting completion with 2 wells to be fraced, one of which is to be done overnight. **This rate of development is expected to deliver a significant and material increase in production rates from October onwards.**

Such an active well development program has required intermittent field shutdowns as construction of new surface infrastructure for new vertical wells has been built and commissioned. This results in lower gross monthly production levels in the short term to facilitate a medium to longer term growth in production.

AusTex's management team is confident that such an active well development program will lead to a significant increase in production in the near term. **This is evident from the average daily production which increased to 408 barrels of oil equivalent per day for the week ended 21 September. This is a result of only one new vertical well, the Blubaugh #20-1, coming online during that week.**

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

AusTex is also pleased to report that last week, gas sales from Production Hub #2 at the Snake River Project have commenced. Currently the Blubaugh #20-1 well is the only well on production from this hub, and during the last week it averaged **81 barrels of oil and 180 mcf/gas per day (~110 boepd) with a peak rate of ~160 boepd** (80% light oil - 45 specific gravity plus NGLs and high BTU gas).

Executive Chairman Richard Adrey commented: *“Production rates for July and August are in line with our expectations, and while we expect an increase in current monthly production in September, the real benefits of our active vertical well development program will be evident from October onwards when we expect a large increase in production.*

Given we are developing so much surface infrastructure to bring these new wells into production, one of the short term trade-offs is that we have to temporarily shut down some wells while we carry out these works. AusTex is currently in the most active well development program in the company’s history, and temporary interruptions are expected as we ramp up production. We are confident that our strategy is the right one and the benefits are now beginning to show.”

AusTex will continue to update shareholders on its vertical well development program in Kansas and Oklahoma, and the company confirms that the first of four new horizontal wells in which it is participating with Range Resources Corporation (NYSE: RRC) is scheduled to spud next month.

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