



AusTex Oil Limited

ACN 118 585 649

**NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM
PROXY FORM**

Date of Meeting

31 May 2016

Time of Meeting

3.00 p.m. (AEST)

Place of Meeting

BDO
Level 11
1 Margaret Street
Sydney NSW 2000

NOTICE OF ANNUAL GENERAL MEETING

AusTex Oil Limited (Company) hereby gives notice that the tenth Annual General Meeting of Shareholders will be held at the offices of BDO, Level 11, 1 Margaret Street, Sydney on Tuesday 31 May 2016 commencing at **3.00 p.m.** (AEST).

An Explanatory Memorandum accompanies this Notice and provides additional information on the Resolutions to be considered at the Meeting. The Explanatory Memorandum forms part of this Notice and should be read in conjunction with it. We refer Shareholders to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in this Notice and the Explanatory Memorandum.

AGENDA

ITEM 1 – FINANCIAL REPORT

To receive and consider the consolidated financial report of the Company, together with the reports of the Directors and Auditor, for the year ended 31 December 2015.

Note:

There is no requirement for Shareholders to approve these reports.

ITEM 2 - ORDINARY BUSINESS

To consider and, if thought fit, pass the following ordinary resolutions of the Company:

Resolution 1:

Adoption of Remuneration Report

“That the Shareholders adopt the Remuneration Report for the year ending 31 December 2015.”

Voting Exclusion Statement:

In accordance with section 250R (4) of the Act, no member of the key management personnel of the Company or a closely related party of such a member may vote on Resolution 1.

However, in accordance with the Act, a person described above may vote on Resolution 1 if:

- *It is cast by such person as proxy for a person who is permitted to vote, in accordance with the direction specified on the proxy form how to vote; or*
- *It is cast by the Chairman as proxy for a person who is permitted to vote, in accordance with an express direction specified on the proxy form to vote as the proxy decides.*

Chairman appointed as proxy:

If the Chairman is appointed as a proxy for a person who is permitted to vote on this Resolution 1, the Chairman will vote any proxies which do not indicate on their proxy form the way the Chairman must vote, in favour of Resolution 1.

Note:

The outcome of Resolution 1 is advisory only and does not bind the Company or the Directors.

Resolution 2:

Re-election of Mr Justin Clyne as a Non-Executive Director

“That, for the purposes of clause 12.12 of the Company’s Constitution and for all other purposes, Mr Justin Clyne retires as a Non-Executive Director of the Company by rotation and, being eligible, is re-elected as a Non-Executive Director of the Company.”

Further information in relation to these resolutions is set out in the Explanatory Memorandum below.

Dated at Sydney, 27th day of April 2016.

BY ORDER OF THE BOARD

A handwritten signature in cursive script that reads "Justin Clyne".

Justin Clyne

Non-Executive Director & Company Secretary

NOTES

1. Explanatory Memorandum

An Explanatory Memorandum accompanies this Notice and provides additional information on the Resolutions to be considered at the Meeting. The Explanatory Memorandum forms part of this Notice and should be read in conjunction with it. We refer Shareholders to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in this Notice and the Explanatory Memorandum.

2. Record Date

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Company determines that Shareholders recorded on the Company's register at 7.00pm (AEST) on Sunday 29 May 2016 (**Record Date**) will be entitled to attend and vote at the Meeting. If you are not the registered Shareholder in respect of a particular Share on the Record Date, you will not be entitled to vote in respect of that Share.

If you cannot attend the Meeting in person, you are encouraged to sign and deliver the proxy form attached to this Notice and return it in accordance with the instructions set out below.

3. Appointment of Proxies

A Shareholder entitled to attend and vote at the Meeting may appoint an individual or a body corporate as a proxy to attend the meeting and, on a poll, vote on the Shareholder's behalf. A proxy need not be a Shareholder.

A Shareholder entitled to cast two or more votes may appoint not more than two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

Unless under Power of Attorney (which should have been noted by the Company), a proxy form completed by a body corporate should be executed under its common seal or in accordance with the Act. The enclosed proxy form provides further details on proxies and lodging proxy forms.

If a Shareholder appoints the Chairman of the Meeting as the Shareholder's proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote, as proxy for that Shareholder, in favour of that item on a poll.

For Shareholders registered on the Australian register, section 250B of the Act stipulates that proxies must be delivered at least 48 hours prior to the Meeting. For the purposes of section 250B, the Board has determined that all proxies must be received by no later than 3.00 p.m. on Sunday 29 May 2016 (AEST) or in the event of the meeting being adjourned at least 48 hours prior to the adjourned meeting, to the Company's Share Registry Service Provider, Boardroom Pty Limited as follows:

By mail: Share Registry – Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001

By fax: +61 2 9290 9655

In person: Share Registry – Boardroom Pty Limited
Level 12
225 George Street
Sydney NSW 2000

Online: www.votingonline.com.au/aokagm2016

4. Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Act authorising him or her to act as the Company's representative. The authority may be sent to the Company in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice convening the Annual General Meeting of the Shareholders of **AusTex Oil Limited** to be held on **Tuesday 31 May 2016** at the offices of **BDO, Level 11, 1 Margaret Street, Sydney** at **3.00 p.m.** (AEST).

The purpose of this Explanatory Memorandum is to assist Shareholders in determining how they wish to vote on the Resolutions. Specifically, the Explanatory Memorandum contains information to help Shareholders understand the background to, and the legal and other implications of, the Notice and the reasons for the Resolutions. The Notice and Explanatory Memorandum should be read in their entirety and in conjunction with each other.

All Resolutions are ordinary resolutions.

ORDINARY RESOLUTIONS

Resolution 1:

Remuneration Report

“That the Shareholders adopt the Remuneration Report for the year ending 31 December 2015.”

Background

The Remuneration Report is set out on pages 10 to 14 of the Company’s Annual Report for the year ending 31 December 2015 which was lodged with the ASX together with a copy of this Notice of Annual General Meeting. The Remuneration Report sets out the Company’s remuneration policy and reports on the remuneration arrangements in place for the Directors and key executives of the Company.

Section 250R (2) of the Act stipulates that the Company must propose a resolution to the Shareholders that the Remuneration Report be adopted. The outcome of the Resolution is advisory only and does not bind the Directors or the Company. The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting at which the Directors review the Company’s remuneration policies.

At the Meeting, the Chairman must allow a reasonable opportunity for the Shareholders at the Meeting, as a whole, to ask questions about or make comments on the management of the Company or the Remuneration Report.

Under recent amendments to the Act:

- the Company is required to disregard any votes cast on this Resolution by any member of the “Key Management Personnel” (**KMP**) of the Company and their closely related parties, except as directed by any proxies; and
- a ‘two-strike’ process in relation to the advisory and non-binding vote on the remuneration report has been introduced. Under the two-strike process if, at two consecutive AGMs, at least 25% of votes cast on a resolution that the remuneration report be adopted are against the adoption of the report, at the second of these AGMs, there must be put to the vote a resolution that another meeting be held within 90 days at which all Directors (except the Managing Director) who were Directors when the 25% ‘no’ vote was passed must stand for re-election.

KMP are people having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, and include Directors. “Closely related parties” include certain family members and dependents of KMP and companies they control.

2015 AGM result

At the 2015 AGM, the Company did not receive a ‘strike’ in respect of the remuneration report. That is, less than 25% of the votes cast on the resolution considering the remuneration report were cast against the adoption of the report. It follows that, if the Company receives a ‘strike’ at the Meeting, this would be the ‘first strike’ for the purposes of section 250U of the Act.

Chairman as proxy

It is very important that the Shareholders appointing the Chairman as their proxy clearly indicate on the attached proxy form the way the Chairman must vote their proxy on Resolution 1. Otherwise, if the Chairman is appointed as a proxy for a person who is permitted to vote on this Resolution 1 and the Shareholder does not indicate on their proxy form the way the Chairman must vote, the Chairman will vote that proxy in favour of Resolution 1. Please see the proxy form attached to the Notice for further information.

Recommendation

Noting that each Director of the Company has a personal interest in their own remuneration the subject of this Resolution, the Board does not consider it appropriate to make a recommendation to Shareholders in relation to voting on this Resolution.

Resolution 2:

Re-election of Mr Justin Clyne as a Non-Executive Director

“That, for the purposes of clause 12.12 of the Company’s Constitution and for all other purposes, Mr Justin Clyne retires as a Non-Executive Director of the Company by rotation and, being eligible, is re-elected as a Non-Executive Director of the Company.”

Information about Mr Justin Clyne

Mr Clyne was originally appointed as a Director of the Company on 19 June 2014 and re-elected on 29 July 2014. Under the Company’s Constitution, Mr Clyne retires by rotation and, being eligible, offers himself for re-election.

Justin was admitted as a Solicitor of the Supreme Court of New South Wales and the High Court of Australia in 1996 before gaining admission as a Barrister in 1998. Justin had over 15 years of experience in the legal profession acting for a number of Australia's largest corporations, initially in the areas of corporate and construction law, before developing an interest in mining investment and research. Since 2006, Justin has been a full time company secretary for a number of listed and unlisted mining, oil and gas and industrial companies. Justin has significant experience and knowledge of the Corporations Act, the ASX Listing Rules and general corporate regulatory requirements. He holds a Master of Laws in International Law from the University of New South Wales and is also a qualified Chartered Company Secretary. Justin is the Chair of the Remuneration Committee and a Member, Audit & Risk Committee

Recommendation

The Board, with the exception of Mr Clyne, unanimously recommends that the Shareholders approve Resolution 2 as each Director allowed to vote intends to do with regard to their own shareholdings in the Company.

GLOSSARY

Act means the *Corporations Act 2001* (Cth).

AGM means an annual general meeting of the Company held in accordance with the Act.

ASIC means the Australian Securities and Investments Commissions.

ASX means the Australian Securities Exchange.

Chairman means the chairman of the Meeting;

Company means AusTex Oil Limited ACN 118 585 649.

Listing Rules means the ASX Listing Rules.

Meeting means the Annual General Meeting convened by this Notice.

Notice means this document, including the Explanatory Memorandum.

Resolutions means Resolution 1 and Resolution 2 proposed to be considered at the Meeting.

Shareholder means a holder of Shares in the capital of the Company.