AusTex Oil Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	AusTex Oil Limited
ABN:	42 118 585 649
Reporting period:	For the half-year ended 30 June 2016
Previous period:	For the half-year ended 30 June 2015

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2. Results for announcement to the market

				US$
Revenues from ordinary activities	down	55.9%	to	3,080,562
Loss from ordinary activities after tax attributable to the owners of AusTex Oil Limited	up	33.2%	to	(4,161,782)
Loss for the half-year attributable to the owners of AusTex Oil Limited	up	33.2%	to	(4,161,782)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the group after providing for income tax and non-controlling interest amounted to US$4,161,782 (30 June 2015: US$3,124,176).

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3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	6.81	7.44

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4. Control gained over entities

Name of entities (or group of entities)	Not Applicable
Date control gained	

	US$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	-
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

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5. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

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6. Dividend reinvestment plans

Not applicable.

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7. Foreign entities

Details of origin of accounting standards used in compiling the report:

The consolidated financial report includes the consolidation of AusTex Oil Limited's subsidiaries located in the US: AusTex Oil Holdings LLC, parent of IEC Holdings LLC (and its subsidiary International Energy Corporation (Oklahoma)), International Energy LLC and International Energy Company LLC.

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8. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report.

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9. Attachments

Details of attachments (if any):

The Interim Financial Report of AusTex Oil Limited for the half-year ended 30 June 2016 is attached.

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10. Signed

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R Adrey
Co-Managing Director

Date: 31 August 2016

AusTex Oil Limited

ABN 42 118 585 649

Interim Financial Report - 30 June 2016

Directors	Michael R Stone - Non-Executive Chairman, USA Richard A Adrey - Co-Managing Director, USA Nicholas J Stone - Co-Managing Director, USA Russell H Krause - Non-Executive Director, Australia Justin B Clyne - Non-Executive Director, Australia
Company secretary	J B Clyne
Registered office	Level 9, 2 Bligh Street Sydney NSW 2000 Telephone: +61 2 9238 2363 Fax: +61 2 8088 7280 Email: info@austexoil.com
Share register	Boardroom Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: +61 2 9290 9600
Auditor	BDO East Coast Partnership
Solicitors	Gilbert + Tobin Level 31, 2 Park Street Sydney NSW 2000 Telephone: +61 2 9263 4000 Fax: +61 2 9263 4111
Bankers	ANZ Banking Group Limited Martin Place Sydney NSW 2000
Stock exchange listing	AusTex Oil Limited shares are listed on the Australian Securities Exchange (ASX code: AOK) and on the OTCQX International (OTCQX code: ATXDY)
Website	www.austexoil.com

Review of Operations and Financial Results

The principal activities of the consolidated entity consisting of AusTex Oil Limited (herein referred to as the "Company" or "AusTex") and the entities it controlled (the "Group") consisted of production and development of oil and gas leases in Oklahoma and a small amount of production only in Kansas in the United States of America.

Consistent with the presentation currency used for the prior comparative 6-month period to 30 June 2015 and since that time, the financial information is presented in US dollars.

Operating Results

The operating result of the Group increased to a loss of USD $(4,184,810) (2015: Loss of USD $3,139,992) principally due to a decrease in revenue.

Revenue & Production Growth

Gross Revenue from oil and gas sales from leases held by the Group for the 6 months ended 30 June 2016 was USD $2,144,389 compared to USD $7,286,677 for the 6 months ending 30 June 2015. Production from the leases held by the company for the 6 months ended 30 June 2016 was 136,618 BOE which was comprised of 58.9 MBBLs of Oil and 466.4 MMCF of Gas compared to 199,751 BOE (99.0 MBBLs of Oil and 604.1 MMCF of Gas) for the 6 months ended 30 June 2015.

Adjusted "Cash basis" Revenue and EBITDA and Cash Uses

Management presents the following reconciliation to help shareholders understand the reviewed financials and provide a "cash basis" report of both revenue and EBITDA.

Financial Metric:	30 June 2016	30 June 2015
Revenue as Reported	$2,144,389	$7,286,677
Plus: Net Unrealized Loss from Derivatives	2,787,226	2,110,001
Adjusted "Cash Basis" Revenue	**$4,931,615**	**$9,396,678**
Net Loss as Reported	($4,184,810)	($3,139,992)
Non-Cash Expenses		
Plus: Depletion, Depreciation, and Amortization	1,949,410	3,598,696
Plus: Net Unrealized Loss from Derivatives	2,787,226	2,110,001
Plus: Share Payments and Option Expense	457,206	633,519
Total Non-Cash Expenses	5,193,842	6,342,216
Plus: Finance Costs	539,566	444,623
Plus: Income Taxes	-	73,335
Adjusted "Cash Basis" Earnings Before Interest, Taxes & DD&A	**$1,548,598**	**$3,720,182**
Cash Uses		
Less: Capital Expenditures	($646,281)	($1,987,197)
Less: Loan / Lease Repayments	(317,896)	(75,625)
Less: Finance Costs	(539,566)	(444,623)
Less: Change in Working Capital and Other	153,214	(968,470)
Total Cash Uses:	**($1,350,529)**	**($3,475,915)**
Change in Cash	**198,069**	**244,267**
Cash at Beginning of Year(1)	$24,439,993	14,900,640
Plus: Borrowings	-	8,388,594
Plus: Change in Cash	198,069	244,267
Cash at end of Period(1)	**$24,638,002**	**$23,533,501**

Note: (1) Includes restricted cash of $8 million at 30 June 2016 (2015 : nil)

Table 1: Adjusted Revenue, EBITDA and Cash Uses

Exploration & Development

Oklahoma

AusTex operates leases in Oklahoma through its subsidiaries as follows:

Consolidated Entities	Place of incorporation	% Owned
AusTex Oil Limited (Parent of)	Australia	
AusTex Oil Holdings LLC (Parent of)	Oklahoma, USA	100
IEC Holdings LLC (Parent of)	Oklahoma, USA	100
International Energy Corporation (Oklahoma) (Parent of)	Oklahoma, USA	100
International Energy LLC	Oklahoma, USA	99
International Energy Company LLC	Oklahoma, USA	100

During the 6 months ended 30 June 2016, exploration and development was focused on the Snake River Project in Kay County, Oklahoma. AusTex, as Operator, drilled just one new vertical production well on the project during the 6 months ended 30 June 2016 being the Steichen 12-1A in the north eastern quadrant of the Snake River acreage.

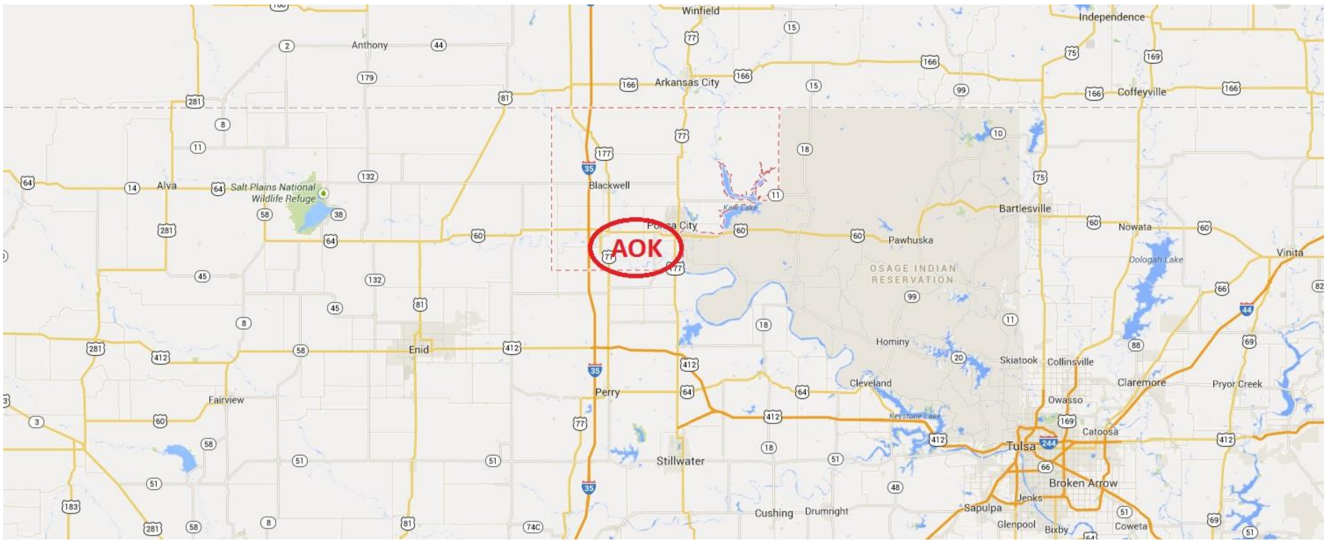
The Steichen 12-1A was the first well drilled since the Wyckoff #29-6 which was drilled into the Mississippian formation in the south western quadrant of the Snake River field during the September quarter of last year. The Company believes this is an area which has some old but compelling production and the drilling was undertaken so the Company could enhance its understanding of the complicated Mississippian geology in the area to enable a higher quality and more consistent drilling program once the oil price rebounds. The well was drilled to a Total Depth of 4,290 feet targeting the Mississippi Chat formation. Samples and open hole logs indicated the presence of commercial hydrocarbons and a completion is currently underway The total drill and completion cost for the well was less than USD$300,000 which is roughly 50% less than our average for wells drilled in the area. A reduction of that magnitude is likely not sustainable going forward, but in this environment, well costs of USD$450,000 – USD$525,000 are expected to be sustainably feasible.

Consistent with its strategy outlined in the first two quarters of 2016, the current downturn in the oil sector is providing the Company with the opportunity to maintain the dual focus of, firstly, using its strong balance sheet and cash reserves of to pursue acquisition opportunities that meet the Company’s stringent criteria and, secondly, continuing to prudently develop and produce at its 100% owned Snake River Project in Kay County, Northern Oklahoma targeting the liquid rich Mississippi Lime formation.

At the end of the half year period, 66 wells were in production (including 3 non-operated wells) with 3 wells under completion and a further 15 wells shut in having been determined as temporarily uneconomic. Given the ongoing oil price compression, production remained constrained across the half year period so as to preserve oil in the formation for sale in a more favourable pricing environment. The Company intends to continue to roughly match production with the Company’s hedging book. This strategy will continue to be applied in the near term with the Company continuing to monitor oil prices. Should the forward curve move up or down significantly from June quarter levels, management will likely adjust the number of wells in active production according to their economic contribution.

The Snake River Project remains the core development focus area of the company.

Figure 1: (Shown Below) AusTex's Snake River Project, Kay County, Northern Oklahoma



Month	Monthly Production ('000BOE)	Average Daily Production (BOE)	Change from Previous Month	Cumulative Calendar Year Production ('000BOE)
January	23,944	772	-1,756	23,944
February	21,857	754	-2,087	45,801
March	23,713	765	1,856	69,514
April	21,474	716	-2,239	90,988
May	24,302	784	2,828	115,290
June	21,328	711	-2,974	136,618

Table 2: Monthly Production and Cumulative Annual Total to 30 June 2016.

Well Count as of:	30 June 2016
Pumping – Non Operated	3
Pumping – Operated	63
Flowing / Testing	1
Drilled and Fracced only	2
Drilled only	15
Total Wells	84

Table 3: Wells by Stage of Production as at 30 June 2016

During the half year there was no significant exploration, development or production work on the Company's other acreage in Oklahoma outside of the Snake River Project. These lease areas surrounding Tulsa contribute only a nominal amount to production as at the end of the half year period.

Kansas

Consistent with previous announcements to the market, given the success of the Snake River Project in Northern Oklahoma, following on from 2015 there was no exploration, development or production work on the Company's acreage in Kansas in the half year period. The Company continues to review its acreage throughout Kansas as it prioritizes the acceleration of development and production at Snake River and identifying acquisition and other corporate opportunities. The Company's acreage in Kansas contributes only a nominal amount to production of around 1% to 2% of total production.

Lease Summary

Pursuant to Listing Rule 5.4.3, a schedule of the Company's leases and interests therein as at 30 June 2016 is provided as follows (gross acreage shown).

Lease Name	Net Acreage	Wi	NRI	Status	County, State
Snake River	~10,500	100%	~81%	Development Producing	Kay County, OK
Tulsa and surrounds	~600	100%	81%	Producing	Tulsa, OK
Kansas	~500	50%	38%	Producing	Ellsworth, KS

Table 4: AusTex Oil's Lease Operating Schedule as at 30 June, 2016.

Oil & Gas Reserves

The Group's petroleum reserves at 31 December 2015 as determined by the independent reserves and economic evaluation ("Reserve Report") prepared by Pinnacle Energy, LLC (Pinnacle) for the Snake River Project in Kay County, Oklahoma was released to the market on 1 March 2016 which included 1P Reserves of 3.505 mboe. Subsequent to the end of the half year on 31 August 2016, the Company released to the ASX, in conjunction with this half year report, an updated Reserve Report prepared by Pinnacle in relation to the Company's Snake River and Sweet acreage in Oklahoma and acreage in Kansas which is demonstrated in Table 5 below.

Reserve Class	Number of Properties	Net Reserves	Net Reserves		Net Capital	Net Cashflow	NPV Disc @ 10%
		Oil MMBL	Gas MMCF	MBOE (1:6)	M$	M$	M$
Proved Developed Producing (PDP)	61	1,156	8,199	2,523	0	59,977	22,074
Proved Non-producing (PNP)	9	58	56	67	245	1,159	732
Proved Undeveloped (PUD)	23	638	3,287	1,186	10,925	20,620	6,474
Total Proved (1P)	**93**	**1,852**	**11,542**	**3,776**	**11,170**	**81,756**	**29,281**

Table 5: Net Reserves and Net Present Value of the Company's acreage in Oklahoma and Kansas as at 1 July, 2016 .

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of AusTex Oil Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2016.

Directors

The following persons were directors of AusTex Oil Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Michael Stone
Richard Adrey
Nicholas Stone
Russell Krause
Justin Clyne

Principal activities

The principal activities of the company consisted of production and development of oil and gas leases in Oklahoma in the United States of America. There has been no significant change in the nature of these activities during the year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the group after providing for income tax and non-controlling interest amounted to US$4,161,782 (30 June 2015: US$3,124,176).

The directors' report includes the operational highlights, the summary comparison of results and the review of operations report as presented above.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the group during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

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R Adrey
Co-Managing Director

31 August 2016

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DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF AUSTEX OIL LIMITED

As lead auditor for the review of AusTex Oil Limited for the half-year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of AusTex Oil Limited and the entities it controlled during the period.

Gareth Few

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 31 August 2016

General information

The financial statements cover AusTex Oil Limited as a group consisting of AusTex Oil Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in US dollars, which is AusTex Oil Limited's functional and presentation currency.

AusTex Oil Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 9, 2 Bligh Street
Sydney
NSW 2000
Australia

The company is limited by shares which are publicly listed on the Australian Securities Exchange ('ASX') and the OTCQX International. A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2016.

AusTex Oil Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2016

	Note	Consolidated 30.06.2016 US$	30.06.2015 US$
Revenue			
Sales revenue		3,080,562	6,981,411
Net (loss)/ gains from derivatives	3	(936,173)	305,266
		2,144,389	7,286,677
Cost of sales		(1,499,958)	(3,437,673)
Gross profit		644,431	3,849,004
Expenses			
Depreciation, depletion and amortisation expense		(1,949,410)	(3,598,696)
Other production costs		(546,215)	(472,721)
General and administrative expenses		(1,346,277)	(1,827,503)
Share based payments and options expense		(457,206)	(633,519)
Other income		9,433	61,401
Finance costs		(539,566)	(444,623)
Loss before income tax expense		(4,184,810)	(3,066,657)
Income tax expense		-	(73,335)
Loss after income tax expense for the half-year		(4,184,810)	(3,139,992)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(11,447)	(25,385)
Other comprehensive income for the half-year, net of tax		(11,447)	(25,385)
Total comprehensive income for the half-year		(4,196,257)	(3,165,377)
Loss for the half-year is attributable to:			
Non-controlling interest		(23,028)	(15,816)
Owners of AusTex Oil Limited		(4,161,782)	(3,124,176)
		(4,184,810)	(3,139,992)
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(23,788)	(15,816)
Owners of AusTex Oil Limited		(4,172,469)	(3,149,561)
		(4,196,257)	(3,165,377)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 30.06.2016 US$	30.06.2015 US$
		Cents	Cents
Basic earnings per share	15	(0.74)	(0.56)
Diluted earnings per share	15	(0.74)	(0.56)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

AusTex Oil Limited
Statement of financial position
As at 30 June 2016

	Note	Consolidated 30.06.2016 US$	Consolidated 31.12.2015 US$
Assets			
Current assets			
Cash and cash equivalents		16,638,002	24,439,933
Restricted cash	4, 8	8,000,000	-
Trade and other receivables		745,318	985,769
Inventories		385,951	353,089
Derivative financial instruments	5	1,232,571	3,439,786
Other		280,430	263,849
Total current assets		27,282,272	29,482,426
Non-current assets			
Derivative financial instruments		-	550,139
Other financial assets		169,490	145,292
Property, plant and equipment	6	859,824	902,719
Oil and gas assets	7	30,386,738	31,646,972
Total non-current assets		31,416,052	33,245,122
Total assets		58,698,324	62,727,548
Liabilities			
Current liabilities			
Trade and other payables		338,341	366,538
Borrowings	8	4,751,990	2,367,347
Total current liabilities		5,090,331	2,733,885
Non-current liabilities			
Borrowings	9	15,120,293	17,822,832
Derivative financial instruments	10	29,872	-
Provisions		332,547	306,499
Total non-current liabilities		15,482,712	18,129,331
Total liabilities		20,573,043	20,863,216
Net assets		38,125,281	41,864,332
Equity			
Issued capital		90,014,494	90,014,494
Reserves	11	2,501,782	2,056,023
Accumulated losses		(54,586,488)	(50,424,706)
Equity attributable to the owners of AusTex Oil Limited		37,929,788	41,645,811
Non-controlling interest		195,493	218,521
Total equity		38,125,281	41,864,332

The above statement of financial position should be read in conjunction with the accompanying notes

AusTex Oil Limited
Statement of changes in equity
For the half-year ended 30 June 2016

Consolidated	Share capital US$	Reserves US$	Accumulated losses US$	Non-controlling interest US$	Total equity US$
Balance at 1 January 2015	89,830,381	492,486	(31,269,200)	271,156	59,324,823
Loss after income tax expense for the half-year	-	-	(3,124,176)	(15,816)	(3,139,992)
Other comprehensive income for the half-year, net of tax	-	(25,385)	-	-	(25,385)
Total comprehensive income for the half-year	-	(25,385)	(3,124,176)	15,816	(3,165,377)
Transactions with owners in their capacity as owners:					
Share-based payments	-	182,295	-	-	182,295
Convertible note converted	-	451,224	-	-	451,224
Balance at 30 June 2015	89,830,381	1,100,620	(34,393,376)	255,340	56,792,965

Consolidated	Share capital US$	Reserves US$	Accumulated losses US$	Non-controlling interest US$	Total equity US$
Balance at 1 January 2016	90,014,494	2,056,023	(50,424,706)	218,521	41,864,332
Loss after income tax expense for the half-year	-	-	(4,161,782)	(23,028)	(4,184,810)
Other comprehensive income for the half-year, net of tax	-	(11,447)	-	-	(11,447)
Total comprehensive income for the half-year	-	(11,447)	(4,161,782)	(23,028)	(4,196,257)
Transactions with owners in their capacity as owners:					
Share-based payments	-	88,909	-	-	88,909
Options expense	-	368,297	-	-	368,297
Balance at 30 June 2016	90,014,494	2,501,782	(54,586,488)	195,493	38,125,281

The above statement of changes in equity should be read in conjunction with the accompanying notes

AusTex Oil Limited
Statement of cash flows
For the half-year ended 30 June 2016

	Consolidated	
	30.06.2016 US$	30.06.2015 US$
Cash flows from operating activities		
Receipts from customers	5,172,066	7,286,677
Interest received	2,616	1,942
Payments to suppliers and employees	(3,497,471)	(4,574,479)
Finance costs	(539,566)	(444,623)
Other receipts	6,817	59,459
Net cash from operating activities	1,144,462	2,328,976
Cash flows from investing activities		
Payments for plant and equipment	(23,211)	(211,989)
Payments for development expenditures	(623,070)	(1,775,208)
Net cash used in investing activities	(646,281)	(1,987,197)
Cash flows from financing activities		
Proceeds from borrowings	-	8,388,594
Repayment of borrowings	(317,896)	(75,628)
Cash restricted under term loan agreement	(8,000,000)	-
Net cash from/(used in) financing activities	(8,317,896)	8,312,966
Net increase/(decrease) in cash and cash equivalents	(7,819,715)	8,654,745
Cash and cash equivalents at the beginning of the financial half-year	24,439,933	14,900,640
Effects of exchange rate changes on cash and cash equivalents	17,784	(21,684)
Cash and cash equivalents at the end of the financial half-year	16,638,002	23,533,701

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2015 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period..

Consolidation
The consolidated financial report includes the consolidation of AusTex Oil Limited and its subsidiary entities as follows:

Consolidated Entities	Place of incorporation	% Owned
AusTex Oil Limited (Parent of)	Australia	
AusTex Oil Holdings LLC (Parent of)	Oklahoma, USA	100
IEC Holdings LLC (Parent of)	Oklahoma, USA	100
International Energy Corporation (Oklahoma) (Parent of)	Oklahoma, USA	100
International Energy LLC	Oklahoma, USA	99
International Energy Company LLC	Oklahoma, USA	100

New, revised or amending Accounting Standards and Interpretations adopted
The group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

Identification of reportable operating segments
The consolidated entity operates predominantly in one operating segment, being the exploration, development and production of hydrocarbons in the USA. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on at least a monthly basis.

Note 2. Operating segments (continued)

Major customers
The consolidated entity has a number of major customers to whom it sells oil and gas produced from its leases at Snake River in Kay County, Northern Oklahoma and leases surrounding Tulsa. The consolidated entity has ongoing contracts for the sale of oil and gas. The most significant customer, Rose Rock Midstream Crude LP, accounted for 58% (2015: 15%) of external revenue, followed by Mustang Gas Products LLC at 26% (2015: 46%) and Sunoco Inc at 10% (2015: 29%). There are no other significant customers with external revenues greater that 10%.

Geographical segment
The group's sale to external customer and non-current assets are predominantly in USA.

Note 3. Net (loss)/gain from derivatives

	Consolidated	
	30.06.2016 US$	**30.06.2015 US$**
Net realized gains	1,851,053	2,415,267
Net unrealized losses	(2,787,226)	(2,110,001)
Total net (loss)/gain from derivatives	(936,173)	305,266

Note 4. Restricted cash

	Consolidated	
	30.06.2016 US$	**31.12.2015 US$**
Restricted cash	8,000,000	-

As a result of a minor amendment to the Bank loan agreement on May 1, 2016 as summarized in the draft of Note 8 in the financials for the six month report the Company was required to segregate $8.0 million of cash as restricted cash which would be available for the Bank to draw upon to prepay the loan principal in the event and to the extent that its PDP on the Oklahoma properties was below a ratio of 1.3 for such PDP to the outstanding loan principal balance. As at the end of the reporting period the Bank had not drawn on any of the principal.

Note 5. Current assets - Derivative financial instruments

	Consolidated	
	30.06.2016 US$	**31.12.2015 US$**
Derivative financial instruments	1,232,571	3,439,786

Refer to note 13 for further information on fair value measurement.

Note 5. Non-current assets - Derivative financial instruments (continued)

The company is exposed to price risk which relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for oil and gas. In conjunction with the term loan agreement covenant, the group is expected to hedge for price risk on 70% to 90% reasonable projected volume. Open positions were marked to market based on settlement prices and are classified in the financial statements according to expected maturity dates.

The company uses futures, swaps and options to meet customer needs and locks in market opportunities. These instruments are intended to be cash flow transactions and are not used for trading. Gains and losses related to contracts are reflected in revenue as these contracts are realised. Hedge accounting is not used for these commodity derivatives.

Note 6. Non-current assets - Property, plant and equipment

	Consolidated	
	30.06.2016 US$	**31.12.2015 US$**
Plant and equipment	2,213,992	2,154,257
Less: Accumulated depreciation	(1,354,168)	(1,251,538)
	859,824	902,719

Note 7. Non-current assets - Oil and gas assets

	Consolidated	
	30.06.2016 US$	**31.12.2015 US$**
Oil and gas assets	81,310,170	80,740,491
Less: Accumulated depreciation	(35,807,446)	(33,977,533)
Less: Impairment	(15,115,986)	(15,115,986)
	30,386,738	31,646,972

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Oil and gas US$	Total US$
Balance at 1 January 2016	31,646,972	31,646,972
Additions	623,070	623,070
Amortisation expense	(1,883,304)	(1,883,304)
Balance at 30 June 2016	30,386,738	30,386,738

Note 8. Current liabilities - Borrowings

	Consolidated	
	30.06.2016	**31.12.2015**
	US$	**US$**
Term loan (secured)	4,674,615	2,250,000
Lease liability (secured)	77,375	117,347
	4,751,990	2,367,347

Total secured liabilities
The term loan agreement was entered on 23 October 2014 with Macquarie Bank Limited (Houston). The terms of the loan should be read in conjunction with the group's annual financial statements as at 31 December 2015.

Assets pledged as security
The lease liabilities are effectively secured by the underlying leased assets and is predominantly related to field vehicles.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	30.06.2016	**31.12.2015**
	US$	**US$**
Total facilities		
Term loan *	20,000,000	20,000,000
Used at the reporting date		
Term loan *	20,000,000	20,000,000
Unused at the reporting date		
Term loan *	-	-

* Additional availability at discretion of lender of $40 million

Term loan covenants and amendment

On October 23, 2014, the consolidated entity entered into a term loan agreement (the "Loan") with Macquarie Bank Limited (Houston) (the "Bank") which provided for the following:

Immediate Availability:	$20 million
Additional Availability at Discretion of Lender:	$40 million

As at 31 December 2015, $20 million was drawn down.

Interest Rate:	1 month LIBOR +4.50%
Maturity:	Partial amortization with final maturity in October 2017
Use of Proceeds:	Acquisition and development of oil and gas properties and related costs
Reserve Assessment:	Solely based on third party reserve engineering.

Note 8. Current liabilities - Borrowings (continued)

Key Financial Covenants:	1.3x Proved Developed Reserve PV 10 coverage to loan 1.0x Current Ratio Average ("PDP PV Ratio") 70% to 90% reasonable projected volume to be hedged for price risk for 2 to 4 years
Certain Other Covenants:	No dividends/equity buy-back or sale of collateral; annual administrative expenses not to exceed 20% of PV 10
Fees:	Lender 1% on drawdown; 0.5% commitment fee on any used $20 million of immediate availability
Collateral	Substantially all production properties

On May 1, 2016, the Company and the Bank made a minor amendment to the loan agreement to provide for a Restricted Cash Reserve Amount of $8.0 million with such funds being available to prepay the loan principal in the event that the Company's PDP PV Ratio is less than 1.3x to 1.0x. The $8.0 million is shown as restricted cash on the balance sheet. Such funds may also be used to prepay the loan at the Company's discretion and additionally, the Company may request the Bank to release such cash to fund the acquisition and development of collateral properties and for general corporate purposes related to exploration and production activities. The restrictions on these funds will terminate on the date the PDP PV Ratio is determined by the Bank based on the delivery of the July 2016 Reserve Report. Commencing with the July 2016 Reserve Report and going forward on a semi-annual basis, the Bank's determination of the PDP PV Ratio will reflect adjustments for production and any prepayment of the loan principal since the effective date of the Reserve Report. Outstanding principal of the loan equal to the amount of cash in the restricted account will bear interest at the interest rate of the one month LIBOR plus 1.50% versus the LIBOR plus 4.50% interest rate.

Commencing with the end of the restricted cash period (July 2016 Reserve Report) and going forward, the agreement provides that the Company will also maintain an unrestricted Additional Cash Reserve Amount up to $2.0 million in the event that PDP PV Ratio is less than 1.5x to 1.0x. The Additional Cash Reserve Amount will be used by the Company to prepay loan principal in the event that the PDP PV Ratio is less than 1.3x to 1.0x as at July 2016 (together with the Restricted Cash Reserve Amount) and going forward to the extent necessary to be in compliance with such ratio.

Since the July 2016 Reserve Report calculated PDP reserves at less than 1.3 to 1.0 times the outstanding Bank loan principal, $1,674,615 of loan principal has been reclassed from non-current to current borrowings due to the ability of the Bank to draw down the Restricted cash by a like amount.

Note 9. Non-current liabilities - Borrowings

	Consolidated	
	30.06.2016 US$	**31.12.2015 US$**
Loan (secured)	15,075,385	17,750,000
Lease liability (secured)	44,908	72,832
	15,120,293	17,822,832

Note 9. Non-current liabilities - Borrowings (continued)

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	30.06.2016 US$	31.12.2015 US$
Loan (secured)	19,750,000	20,000,000
Lease liability (secured)	122,283	190,179
	19,872,283	20,190,179

Assets pledged as security
The loan is secured by first mortgages over the group's land and buildings.

Lease liabilities are secured by the underlying leased assets, is predominately related to field vehicles and revert to the lessor in the event of default.

Note 10. Non-current liabilities - Derivative financial instruments

	Consolidated	
	30.06.2016 US$	31.12.2015 US$
Derivative financial instruments	29,872	-

Refer to note 13 for further information on fair value measurement.

Note 11. Equity - Reserves

	Consolidated	
	30.06.2016 US$	31.12.2015 US$
Foreign currency reserve	(1,310,038)	(1,298,592)
Share-based payments reserve	365,219	276,311
Options reserve	3,446,601	3,078,304
	2,501,782	2,056,023

Note 12. Equity - Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 13. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Derivative financial instruments have been valued using quoted market rates (level 1). This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates. All derivative financial instruments remain valued as at level 1 assets or continue to be valued as level 1 assets.

Note 14. Events after the reporting period

No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Note 15. Earnings per share

	Consolidated	
	30.06.2016 US$	30.06.2015 US$
Loss after income tax	(4,184,810)	(3,139,992)
Non-controlling interest	23,028	15,816
Loss after income tax attributable to the owners of AusTex Oil Limited	(4,161,782)	(3,124,176)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	562,571,402	562,571,402
Weighted average number of ordinary shares used in calculating diluted earnings per share	562,571,402	562,571,402
	Cents	**Cents**
Basic earnings per share	(0.74)	(0.56)
Diluted earnings per share	(0.74)	(0.56)

AusTex Oil Limited
Directors' declaration
30 June 2016

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2016 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

____
R Adrey
Co-Managing Director

31 August 2016

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of AusTex Oil Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of AusTex Oil Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AusTex Oil Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of AusTex Oil Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AusTex Oil Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO East Coast Partnership

BDO

Gareth Few

Gareth Few
Partner

Sydney, 31 August 2016