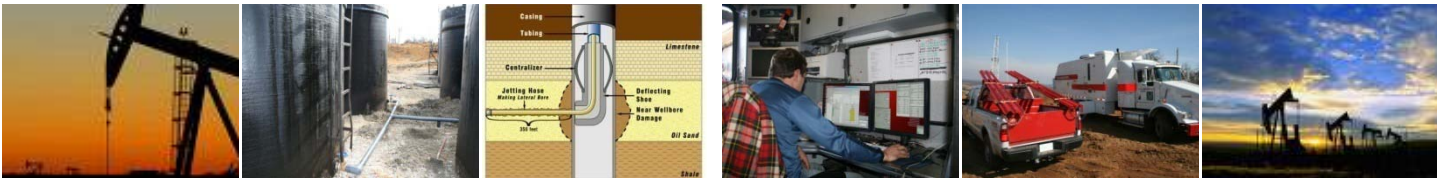




Half Yearly Report September 2009



AusTex Oil Limited

ACN 118 585 649

Contents

1. Directors Report..... 2

2. Review of Operations..... 2

3. Capital Raising 4

4. Lease Interest Schedule 4

5. Auditors Independence..... 5

Auditors Independence Declaration 6

Half Yearly Accounts 7



Figure 1 Location of AusTex’s Kansas and Oklahoma projects

1. Directors Report

Your directors submit the financial report of the consolidated entity for the half-year ended 30 September 2009.

1.1. Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are as below.

Dr Peter Power	Non Executive Chairman
Mr Richard A Adrey	Executive Director
Mr Daniel Lanskey	Managing Director
Ms Patricia Kay Philip	Non Executive Director
Mr Trevor Sykes	Non Executive Director

1.2. Principal Activities

During the half-year the principal activities of the consolidated entity consisted of the operations of oil and gas leases in Oklahoma and Kansas in the United States of America.

2. Review of Operations

Revenue from operations was \$370,853, up from \$296,912 for the corresponding period in 2008.

Exploration and project development expenditure was \$2,321,225.

2.1. Oklahoma Operations

AusTex Oil Limited owns a number of oil and gas leases in Oklahoma through its wholly owned subsidiary International Energy Corporation (Oklahoma) (IEC-OK). The company has an interest in seven projects near the city of Tulsa and is the operator of six of the projects. During the 6 months ended 30 September, field operations were focused on the Lancaster Lease in Tulsa County and the Sweet Lease in Pawnee County.

2.1.1. Lancaster Lease Group – Tulsa County – 650 acres

AOK – 100% Working Interest (WI); > 81.25% Net Revenue Interest (NRI)

The lease group comprises the Lancaster Lease (270 acres), the Helen Lancaster Lease (20 acres), the Mayo-Moore Leases (240 acres), the Schmidt Lease (80 acres), and the Baggett Lease (40 acres) located on the outskirts of Tulsa, Oklahoma.

A technical review of the acreage identified in excess of 20 additional infill drilling locations. Development drilling on the lease commenced in September 2009 and is ongoing.

At the time of this report the Mayo Moore #1, #2, #3 and #4 had been completed for oil and gas production in the Red Fork formation, with the Lancaster #5 and Baggett 1-33 waiting on final completion. Well logs indicate multiple horizons with possible producible hydrocarbons.

Current plans are to continue development drilling on the leases with two wells planned for each calendar month.

2.2. Kansas Operations

AusTex Oil Limited holds interests in Oil and Gas Leases located in the State of Kansas through a wholly owned Kansas subsidiary International Energy Corporation (Kansas). IEC Kansas now holds interests in four projects located in Ness, Sheridan, and Ellis counties.

The company has as partner Castle Resources Inc., a private oil and gas operator based near Hays, Kansas. Castle Resources operates the Radial Jet Enhancement Technology in the States of Kansas and Nebraska under an agreement with Well Enhancement Services, Texas.

2.2.1. Cooper Project – Sheridan County – 26,500 acres

AOK -50% WI; 42.25% NRI

Exploration Drilling

During the six months to September 30, the Virginia #1, Nancy #1 and Sealock #1 Wells were drilled on the acreage. Both the Virginia #1 and Nancy #1 wells had oil shows in the Toronto and Lansing-Kansas City formations, neither of which was deemed to be commercial. Both wells have been plugged and abandoned.

The Sealock #1 well successfully reached TD of 4,160 feet during the first week of August. The well intersected the primary target zone, the Lansing-Kansas City Formation, between 4,060 feet and 4,110 feet. Logs indicated 36 feet of net pay over two zones. The well was completed for production in the Lansing-Kansas City Formation, however, production levels were deemed to be non-commercial due to the high water cut and cost of disposal facilities. Data from the well logs was used to remap the closure, which was found to be of a smaller area than initial indications. The well was plugged and abandoned in November 2009.

Geophysical and Geological Review

A technical review of well log and seismic data has been completed. Sonic logs from wells drilled on the lease group were used to re-calibrate the existing seismic data with adjustment for previous velocity errors.

The Clarke #1 was drilled in the early December and is to be completed for production in January.

2.2.2. Jewel Project – Jewel and Mitchell Counties – 35,000 acres

AOK – 30% WI; 28% NRI

McKinnie #1 well

During the first part of October, the wildcat McKinnie #1 was drilled to a Total Depth of 4,670 feet. The operator, Castle Resources Inc. reports that logs have been run by Halliburton, with samples and logs confirming shows of both oil and gas with non-commercial oil quantities present in shallow reservoirs. The logs confirm the presence of the Heebner, Lansing-Kansas City, Cherokee, Mississippi Limestone, Hunton, Viola Limestone, Simpson, Arbuckle Limestone, Reagan and Precambrian formations, which are known oil and gas reservoirs in Kansas.

Following a technical review of well logs and satellite imagery a section of 2D seismic is to be acquired on the acreage during the first half of 2010.

3. Capital Raising

During the September Quarter a total of \$4,053,000 was raised by way of a placement and share purchase plan. Fees of \$104,000 were paid to Macquarie Equities Limited for managing the placement of 18.5 million shares to professional and sophisticated investors. Total funds held by the company at 30 September 2009 was \$6.1 million.

4. Lease Interest Schedule

As at 30 September 2009, the following oil and gas leases were operational:

Lease Name	Acreage	WI	NRI	County, State
Lancaster	650	100%	>81.25%	Tulsa, OK
Sweet	240	100%	82.5%	Pawnee, OK
Crisler	80	100%	84.375%	Creek, OK
Gypsy/Walker Project	80	100%	81.25%	Creek, OK
BlueHawk Project	160	50%	42.5%	Osage, OK
Cleveland Project	160	100%	82.5%	Creek, OK
Cooper Project	26,500	50%	42.25%	Sheridan, KS
Jewel Project	35,000	30%	28%	Jewel and Mitchell, KS
McCracken Project	3,200	50%	42.25%	Ness, KS
Beltz Project	160	40%	33.8%	Ellis, KS
Pearl Cress - #A1	n/a (well)	28.5%	24.93%	Ellis, KS
Pearl Cress - #A2	n/a (well)	28.5%	24.93%	Ellis, KS

5. Auditors Independence

The auditor's independence declaration has been provided by Mr Neil Colquhoun. A copy of this declaration is attached to and forms part of, the Half-Year Financial Report for the six months ended 30 September 2009.

Signed in accordance with a resolution of the Board of Directors.

Daniel Lanskey
Managing Director
8 December 2009

Auditors Independence Declaration

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of AusTex Oil Limited

As auditor for the audit review of AusTex Oil Limited for the half-year ended 30 September 2009, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit review.

COLQUHOUNS
Chartered Accountants

.....
Neil Colquhoun
Principal

08 December 2009
Sydney

AusTex Oil Limited

And controlled Entities

Half Yearly Accounts

30 September 2009

AUSTEX OIL LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED INCOME STATEMENTS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2009**

	Note	30 September 2009 \$	30 September 2008 \$
Sales Revenue		370,854	296,912
Cost of Sales		<u>(205,266)</u>	<u>(203,430)</u>
Gross profit/(loss)		165,588	93,482
Interest Income		89,522	562,835
Other Income		41,137	-
Other costs		<u>(1,628,400)</u>	<u>(1,741,461)</u>
Loss before income tax		(1,332,153)	(1,085,144)
Income tax expense		<u>-</u>	<u>-</u>
Net Loss		<u><u>(1,332,153)</u></u>	<u><u>(1,085,144)</u></u>
Basic earnings/(loss) per share	4	(\$0.0103)	(\$0.0086)
Diluted earnings/(loss) per share	4	N/A	N/A

The Income Statements should be read in conjunction with the accompanying Notes.

AUSTEX OIL LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER 2009**

	Note	30 September 2009 \$	31 March 2009 \$
CURRENT ASSETS			
Cash and cash equivalents		5,745,826	5,260,198
Trade and other receivables		376,729	416,072
Inventories		3,446	4,395
Available for sale financial assets		209,000	209,000
Other financial assets		98,406	-
TOTAL CURRENT ASSETS		<u>6,433,407</u>	<u>5,889,665</u>
NON CURRENT ASSETS			
Exploration and evaluation assets		3,495,298	3,776,991
Oil and gas assets	2	10,820,051	11,457,559
Intangible assets		-	110,835
Property, plant & equipment		249,938	831,559
Other financial assets		269,079	272,957
TOTAL NON CURRENT		<u>14,834,365</u>	<u>16,449,901</u>
TOTAL ASSETS		<u>21,267,773</u>	<u>22,339,566</u>
CURRENT LIABILITIES			
Trade and other payables		549,930	507,130
TOTAL CURRENT		<u>549,930</u>	<u>507,130</u>
TOTAL LIABILITIES		<u>549,930</u>	<u>507,130</u>
NET ASSETS		<u>20,717,842</u>	<u>21,832,436</u>
EQUITY			
Issued Share capital	3	31,614,376	27,667,550
Reserves		(2,131,382)	1,597,884
Accumulated losses		(8,765,151)	(7,432,998)
TOTAL EQUITY		<u>20,717,842</u>	<u>21,832,436</u>

The Balance Sheets should be read in conjunction with the accompanying Notes.

AUSTEX OIL LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2009**

**ATTRIBUTABLE TO
EQUITY HOLDERS OF THE COMPANY**

	Share Capital	Other Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance as at 1 April 2008	27,225,410	(1,291,362)	(2,301,537)	23,632,511
Issues of share capital	450,000	-	-	450,000
Share issue costs	(7,859)	-	-	(7,859)
Net Loss	-	-	(1,085,144)	(1,085,144)
Foreign currency translation	-	1,037,039	-	1,037,039
	<u>27,667,551</u>	<u>(254,323)</u>	<u>(3,386,681)</u>	<u>24,026,547</u>
Balance as at 30 September 2008				
Balance as at 1 April 2009	27,667,551	1,597,884	(7,432,998)	21,832,437
Issues of share capital	4,050,500	-	-	4,050,500
Share issue cost	(103,676)	-	-	(103,676)
Fair Value Reserve	-	162,000	-	162,000
Net Loss	-	-	(1,332,153)	(1,332,153)
Foreign currency translation	-	(3,891,266)	-	(3,891,266)
	<u>31,614,375</u>	<u>(2,131,382)</u>	<u>(8,765,151)</u>	<u>20,717,842</u>
Balance as at 30 September 2009				

The Statements of Changes in Equity should be read in conjunction with the accompanying Notes.

AUSTEX OIL LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2009

	30 September 2009	30 September 2008
	\$	\$
Cash flows from(used in) operating activities		
Cash receipts from sales	305,425	275,663
Interest received	108,196	526,055
Cash paid to suppliers and employees	<u>(1,365,908)</u>	<u>(1,732,269)</u>
Net cash flows (used in) Operating Activities	<u>(952,287)</u>	<u>(930,551)</u>
Cash flows from/(used in) investing activities		
Payments for property plant & equipment	(94,261)	(106,680)
Payments for prospects capitalised	(31,782)	(1,724,388)
Payments for exploration and development expenditures	(2,321,225)	(3,610,104)
Payments for investments	-	(501,000)
Payments for notes receivable	-	(99,734)
Receipts from sale of prospects	<u>-</u>	<u>41,047</u>
Net cash flows from/(used in) investing activities	<u>(2,447,268)</u>	<u>(6,000,859)</u>
Cash flows from financing activities		
Proceeds from issue of shares	4,050,500	-
Proceeds from exercise of options	-	450,000
Costs of share issue/ prospectus	(103,675)	(85,804)
Repayment of long term debt	<u>-</u>	<u>-</u>
Net cash flows from financing activities	<u>3,946,825</u>	<u>364,196</u>
Net increase (decrease) in cash held	547,269	(6,567,214)
Cash at the beginning of the period	5,260,198	17,366,230
Effect of exchange rate changes	<u>(61,642)</u>	<u>(68,765)</u>
Cash at the end of the period	<u><u>5,745,826</u></u>	<u><u>10,730,251</u></u>

The Statements of Cash Flows should be read in conjunction with the accompanying Notes.

AUSTEX OIL LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2009**

NOTE 1: Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with AASB 134, Interim Financial Reporting, Australian Equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, (including Australian Accounting Interpretations) and the Corporations Act 2001. The half year financial statements have been prepared using the same accounting policies and methods of computation as used in the annual reporting period.

The interim report does not include full disclosures of the type normally included in an annual financial report. It should be read in conjunction with the Annual Financial Report for the year ended 31 March 2009 and any public announcement made during the half year under the continuous disclosure obligations.

These consolidated financial statements are prepared on the basis of historical cost convention, except for available for sale financial assets that have been measured at fair value.

1.2 Statement of compliance

The financial report, comprising the financial statements and accompanying notes, complies with International Financial Reporting Standards (IFRS).

1.3 Consolidation

The Consolidated Financial Report includes the consolidation of AusTex Oil Limited, International Energy Corporation Ltd and its subsidiary Well Enhancements Services LLC Oklahoma and International Energy Corporation Ltd (Kansas) as at 30 September 2009.

NOTE 2: OIL AND GAS ASSETS	Consolidated 30 September 2009 \$	Consolidated 31 March 2009 \$
Assets in Development		
Balance at the beginning of the year	11,457,559	6,224,250
Additions	1,729,089	6,847,606
Effects of movements in foreign exchange	(2,296,677)	2,003,840
Leases relinquished	-	(3,530,495)
Accumulated amortisation	(69,920)	(87,642)
	<hr/>	<hr/>
Balance	10,820,051	11,457,559
	<hr/> <hr/>	<hr/> <hr/>

AUSTEX OIL LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2009**

	Consolidated 30 September 2009 \$	Consolidated 31 March 2009 \$
NOTE 3: SHARE CAPITAL		
Issued Capital		
166,225,000 (31 March 2009 – 125,700,000) Ordinary fully paid shares	31,614,376	27,667,550

During the half year, 40,525,000 fully paid ordinary shares in the company were issued at ten (10) cents in accordance with the Share Purchase Plan and associated Share Placement announced to the market on 24 August 2009. Since the half year, 3,200,000 fully paid ordinary shares in the company were placed at ten (10) cents each to parties associated with Novus Capital Limited.

NOTE 4: EARNINGS PER SHARE

(a) Basic earnings/(loss) per share	(\$0.0103)	(\$0.0405)
Net loss used to calculate earnings	(\$1,332,153)	(\$5,131,461)
Number of weighted average ordinary shares used for calculating earnings/(loss) per share	128,790,164	126,626,027
(b) Diluted (loss) per share		

The company's potential ordinary shares being its options granted are not considered dilutive as the conversion of these options would result in a decrease in the net loss per share.

**NOTE 5: SIGNIFICANT EVENTS SUBSEQUENT
TO THE REPORTING PERIOD**

There were no significant events subsequent to the reporting period other than as disclosed elsewhere in the Financial Report.

AUSTEX OIL LIMITED AND CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2009**

NOTE 6: SEGMENT INFORMATION

The group operates predominantly in one business segment, being the exploration, development and production of hydrocarbons in the USA. The group's revenues and results according to geographical segments are shown below.

	30 September 2009			30 September 2008		
	Total \$	Australia \$	USA \$	Total \$	Australia \$	USA \$
Sales						
Revenue	370,854	-	370,854	296,912	-	296,912
Interest						
Revenue	89,522	76,718	12,804	562,835	561,982	853
Other						
Revenue	41,137	-	41,137	-	-	-
Total						
Revenue	501,513	76,718	424,795	859,747	561,982	297,765
Results						
Net loss	(1,332,153)	(631,481)	(700,672)	(1,085,144)	(10,925)	(1,074,219)

AUSTEX OIL LIMITED AND CONTROLLED ENTITIES

**DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2009**

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 14 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 September 2009 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

D Lanskey
Managing Director

Sydney
8 December 2009

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Austex Oil Limited

Report on the Half-Year Financial Report

I have reviewed the accompanying half-year financial report of Austex Oil Limited and Controlled Entities (the consolidated entity). The half-year financial report includes the financial statements of the consolidated entity, comprising Austex Oil Limited and the entities it controlled at the end of the half-year or from time to time during the half-year. The financial statements include a consolidated balance sheet as at 30 September 2009, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, other selected explanatory notes and the Directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The Directors' of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express a conclusion on the half-year financial report based on my review. I conducted my review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, I have become aware of any matter that makes me believe that the 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 September 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard ASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Austex Oil Limited, ASRE 2410 requires that I 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 me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Independence

In conducting my review, I have complied with the independence requirements of the Corporations Act 2001. The Director's Report attached to the financial statements includes a copy of the Independence Declaration dated 8 December 2009 given to the Directors by the auditor for the audit.

Conclusion

Based on my review, which is not an audit, I have not become aware of any matter that makes me believe that the half-year financial report of Austex Oil Limited and Controlled Entities 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 September 2009 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.

COLQUHOUNS
Chartered Accountants

Neil Colquhoun
Principal

Sydney
8 December 2009