ASX ANNOUNCEMENT

31 AUGUST 2015

ABN 36 058 714 408

LONESTAR RESOURCES LIMITED
AND CONTROLLED ENTITIES
HALF YEAR FINANCIAL STATEMENTS & APPENDIX 4D
FOR THE 6 MONTHS TO 30 JUNE 2015

The Company's presentation currency is US dollars. All references in this report are to US dollars unless otherwise stated.

Your Directors present their report on Lonestar Resources Limited (the 'Company', 'Lonestar' or 'parent entity') and its controlled entities, (referred to hereafter as the 'Group') for the six-month period to 30 June 2015.

DIRECTORS

The following Directors were in office for the entire period and up until the date of this report, unless otherwise stated:
Frank D Bracken III
Bernard L M Lambilliotte
Daniel R Lockwood
John H Pinkerton (appointed 15 March 2015)
Christopher A Rowland
Robert N Scott
Mitchell M Wells

PRINCIPAL ACTIVITIES

The principal continuing activity of the Group during the course of the period was oil and gas production, development and exploration, and the management and operation of oil and gas producing and non-producing properties in the USA. No significant changes in the nature of the activities of the Group occurred during the period.

OPERATING RESULTS

The operating results for the period:

CONSOLIDATED	**Six months to 30 June 2015 US$'000**	**Six months to 30 June 2014 US$'000**
Gross profit from operating activities	**17,593**	**17,200**
Gain (Loss) on sale oil and gas properties	**(660)**	**463**
Other expense	**(50,689)**	**(18,552)**
Loss before tax	**(33,756)**	**(889)**
Income tax (expense)/benefit	**12,148**	**(1,042)**
Loss after tax	**(21,608)**	**(1,931)**

REVIEW OF OPERATIONS / COMMENTARY ON RESULTS

The Group's net production for the six months ended 30 June 2015 averaged 5,676 BOE per day, and was comprised of 4,110 barrels of oil per day, 593 barrels of NGL's per day, and 5,840 Mcf of natural gas per day. Production for the period rose 53% over production reported for the six months ended 30 June 2014.

The Group's net production from its Eagle Ford Shale assets averaged 4,971 BOE per day during the six months ended 30 June 2015, and was comprised of 3,716 barrels of oil per day, 580 barrels of NGL's per day, and 4,053 Mcf of natural gas per day. These Eagle Ford Shale volumes represented a 62% increase compared to the six months ended 30 June 2014. The completion of 22 gross (18.5 net) new wells during the twelve months ended 30 June 2015 were principally responsible for the higher production in the Eagle Ford Shale.

The Group's net production from its Conventional assets averaged 705 BOE per day during the six months ended 30 June 2015, and was comprised of 394 barrels of oil per day, 14 barrels of NGL's per day and 1,787 Mcf of natural gas per day. 58% of the Company's Conventional production was from liquid hydrocarbons.

The Group's net revenue from ordinary activities for the six months ended 30 June 2015 was $60.0 million versus $50.3 million recorded for the six months ended 30 June 2014. The 19% growth was principally a function of a 53% increase in production coupled with a 49% decrease in average wellhead prices. Commodity hedging also supplemented income during the period as oil prices fell.

The Group reported a net loss after tax of $21.6 million for the six months ended 30 June 2015, compared to a $1.9 million net loss after tax reported for the six months ended 30 June 2014. The net loss in the current six-month period was impacted by an $18.7 million unrealised fair value loss on derivatives during the period.

The net loss was also significantly impacted by an impairment of oil and gas properties of $19.3 million recorded on the Group's conventional assets as a result of the precipitous fall in oil prices over the period. The impairment follows the recorded gain in the profit or loss relating to the fair value increase of these assets following the merger between Amadeus Energy Ltd and Ecofin Energy Resources Plc. Under IFRS, if oil prices improve then the impairment on these assets may be reversed in a future period.

Please refer to the Company's Quarterly Reports, Investor Presentations and website for more detailed information on the Group's operations and properties. All Company announcements are available on the Company's website (www.lonestarresources.com) and on the ASX platform.

DIVIDENDS

No dividend has been declared or is proposed in respect of the half year period ended 30 June 2015.

CAPITAL

On 12 May 2015, the Company completed a consolidation of its capital. The consolidation of capital was approved by shareholders at the Annual General Meeting held on 8 May 2015. Pursuant to the consolidation 1 new share was issued for 50 existing shares and all outstanding options were adjusted by the same ratio. Following the consolidation of capital and at the end of the period the Company had 15,044,051 ordinary fully paid shares on issue and 2,278,225 options outstanding.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the period, not otherwise disclosed in this report or the financial statements.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

No event has occurred since 30 June 2015 that would materially affect the operations of the Group, the results of the Group or the state of affairs of the Group not otherwise disclosed in the Group's financial statements.

On 27 July 2015, the Company closed a new $100 million drilling joint venture with IOG Capital, LLC. The joint venture calls for IOG Capital to participate as a non-operated working interest partner in the Company's drilling program. Please refer to the Company's ASX announcement on 29 July 2015 for further information.

On 28 July 2015, the Company closed a new $500 million Senior Secured Revolving Credit Facility led by Citibank as Administrative Agent. The initial borrowing base has been set at $180 million. This new facility replaces the previously facility that is discussed in Note 7 below. Please refer to the Company's ASX announcement on 29 July 2015 for further information.

No other event has occurred since 30 June 2015 that would materially affect the operations of the Group, the results of the Group or the state of affairs of the Group not otherwise disclosed in the Group's financial statements.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group's primary business objective is to increase reserves, production and cash flows at attractive rates of return on invested capital. The Company is focussed on exploiting long-lived unconventional oil, NGLs and natural gas reserves from the Eagle Ford Shale. The likely developments of the core business of the Lonestar Group are covered in the Company's announcements and in the opinion of the Directors, disclosure of any further information of the consolidated entity and the expected results of operations may result in unreasonable prejudice toward the Company, the consolidated entity and shareholders.

ENVIRONMENTAL REGULATION

The entity is subject to normal environmental regulation with respect to its exploration and production operations. There have not been any known significant breaches of the consolidated entity's obligations under these environmental regulations during the period under review and up until the date of this report. Given the location of the Group's operations in the USA, both of the following Australian Acts do not have a material impact on the Group: *Energy Efficiency Opportunities Act 2006*, and the *National Greenhouse and Energy Reporting Act 2007*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is enclosed.

CORPORATE

The Company is limited by shares and is domiciled in Australia.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Order 98/100 dated 10 July 1988 and in accordance with that Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 306(3)(a) of the *Corporations Act 2001*.

BERNARD LAMBILLIOTTE
Non-executive Chairman

31 August 2015

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF LONESTAR RESOURCES LIMITED

As lead auditor for the review of Lonestar Resources Limited for the half-year ended 30 June 2015, 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 Lonestar Resources Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 31 August 2015

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Lonestar Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lonestar Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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 2015 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 Lonestar Resources 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 Lonestar Resources 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 Lonestar Resources 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 2015 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 Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 31 August 2015

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and accompanying notes are in accordance with the *Corporations Act 2001,* including:

(i) complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the half-year ended on that date.

(b) there are reasonable grounds to believe that the Group 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 Board of Directors pursuant to section 306(3)(a) of the *Corporations Act 2001*.

BERNARD LAMBILLIOTTE
Non-Executive Chairman

Dated this 31st day of August 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Six months ended 30 June 2015 US$'000	Six months ended 30 June 2014 US$'000
Revenues			
Revenues (net of royalties)	4	**41,874**	53,276
Realised derivative gains (losses)		**18,151**	(2,921)
Net revenue from ordinary activities		**60,025**	50,355
Operating expenses			
Lease operating expenses		**(8,764)**	(8,410)
Severance taxes		**(1,878)**	(2,481)
Ad valorem taxes		**(949)**	(863)
Depreciation, depletion and amortisation	4	**(26,145)**	(17,538)
General and administrative		**(4,696)**	(3,863)
Total operating expenses		**(42,432)**	(33,155)
Operating profit from operating activities		**17,593**	17,200
Other expenses			
Other income (expense)	4	**(660)**	463
Share based compensation		**(866)**	(1,334)
Impairment of oil and gas properties	5	**(19,328)**	-
Interest and other finance expenses	4	**(11,819)**	(8,893)
Unrealised fair value loss on derivatives	6	**(18,676)**	(8,325)
Total other expenses		**(51,349)**	(18,089)
Loss before tax		**(33,756)**	(889)
Income tax benefit/(expense)		**12,148**	(1,042)
Loss after income tax for the period		**(21,608)**	(1,931)
Loss for the period is attributable to:			
Equity holders of Lonestar Resources Limited		**(21,608)**	(1,931)
Other comprehensive income/(expense)			
Items that may be reclassified to the profit or loss			
Exchange differences on translation of foreign operations		**1**	(293)
Other comprehensive income/(expense) for the period		**(21,607)**	(2,224)
Total comprehensive income/(loss) for the period is attributable to:			
Equity holders of Lonestar Resources Limited		**(21,607)**	(2,224)
Loss per share (cents per share)		**Cents**	Cents
Basic loss per share from continuing operations		**$(1.44)**	$(0.16)
Diluted loss per share from continuing operations		**$(1.44)**	$(0.16)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Note	30 June 2015 US$'000	31 Dec 2014 US$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**4,416**	9,992
Trade receivables		**16,069**	17,484
Derivative financial instruments	6, 12	**20,084**	31,045
Other assets		**1,180**	655
Total current assets		**41,749**	59,176
NON-CURRENT ASSETS			
Oil and gas properties	5	**493,643**	481,079
Property, plant and equipment		**2,284**	2,366
Deferred tax assets		**350**	70
Derivative financial instruments	6, 12	**6,205**	12,713
Other non-current assets		**3,422**	3,735
Total non-current assets		**505,904**	499,963
Total assets		**547,653**	559,139
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**37,790**	44,950
Provisions		**1,393**	2,458
Derivative financial instruments	6, 12	**561**	-
Total current liabilities		**39,744**	47,408
NON-CURRENT LIABILITIES			
Borrowings	7	**292,148**	264,614
Deferred tax liabilities		**19,706**	31,580
Retirement provision		**7,226**	6,835
Derivative financial instruments	6, 12	**869**	-
Other non-current liabilities		**1,000**	1,000
Total non-current liabilities		**320,949**	304,029
Total liabilities		**360,693**	351,437
Net assets		**186,960**	207,702
EQUITY			
Contributed equity	8	**142,638**	142,638
Reserves		**7,779**	6,912
Retained earnings		**36,543**	58,152
Capital and reserves attributable to equity holders of Lonestar Resources Limited			
Total equity		**186,960**	207,702

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Share Capital US$'000	Foreign currency translation reserve US$'000	Share based payments reserve US$'000	Retained Earnings (Deficit) US$'000	Total Equity US$'000
Balance as at 31 December 2013	**142,638**	**(369)**	**5,747**	**21,686**	**169,702**
Loss for the period	-	-	-	(1,931)	(1,931)
Foreign currency translation	-	(293)	-	-	(293)
Total comprehensive loss for the period	-	(293)	-	(1,931)	(2,224)
Transactions with owners in their capacity as owners					
Stock-based compensation	-	-	1,334	-	1,334
Balance as at 30 June 2014	**142,638**	**(662)**	**7,081**	**19,755**	**168,812**
Balance as at 31 December 2014	**142,638**	**(773)**	**7,685**	**58,152**	**207,702**
Loss for the period	-	-	-	(21,608)	(21,608)
Foreign currency translation	-	1	-	-	1
Total comprehensive loss for the period	-	1	-	(21,608)	(21,607)
Transactions with owners in their capacity as owners					
Stock-based compensation	-	-	866	-	866
Balance as at 30 June 2015	**142,638**	**(772)**	**8,551**	**36,543**	**186,960**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Note	Six months ended 30 June 2015 US$'000	Six months ended 30 June 2014 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Loss		**(21,608)**	(1,931)
Adjustments to reconcile net loss to net cash			
Inflow from operating activities:			
(Gain) loss on sale of oil and gas properties	4	**629**	(466)
Depreciation, depletion, amortisation		**26,038**	17,538
Increase in retirement provision		**106**	97
Deferred taxes		**(12,154)**	1,697
Share based payments		**866**	1,334
Impairment of oil and gas properties	5	**19,328**	-
Non-cash interest expense		**550**	275
Net (increase) decrease in derivatives		**18,901**	8,486
Changes in operating assets and liabilities:			
Accounts receivable		**1,415**	(10,277)
Other assets		**(213)**	(2,706)
Accounts payable and provisions		**(8,225)**	18,207
Net cash inflow from operating activities		**25,633**	32,254
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for oil and gas property, plant & equipment		**(54,724)**	(63,192)
Acquisition of oil and gas properties		**(3,470)**	(70,978)
Proceeds from sales of oil and gas properties	5	**-**	3,200
Net cash outflow from investing activities		**(58,194)**	(130,970)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in borrowings		**26,985**	(109,030)
Proceeds from bond offering		**-**	214,500
Net cash inflow from financing activities		**26,985**	105,470
Net increase (decrease) in cash held		**(5,576)**	6,754
Cash and cash equivalents at the beginning of the financial period		**9,992**	6,744
Cash and cash equivalents at the end of the financial period		**4,416**	13,498

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report consists of consolidated financial statements for Lonestar Resources Limited and its subsidiaries ("Group" or "Consolidated Entity").

These general purpose financial statements for the period ended June 30, 2015 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

The interim financial report does not include all the notes of the type normally included in annual financial statements.

Accordingly, this financial report should be read in conjunction with the most recent annual financial report for the year ended December 31, 2014 and any public announcements made by the Company during the interim period in accordance with the disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial period.

The Group has considered the impact of new standards not yet effective and do not consider that they would have a material impact on the Group's financial statements.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards ('AASB'), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. The Consolidated Financial Statements are presented in US dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

Statement of compliance
The consolidated financial statements also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The final report is a general-purpose financial report and has been prepared in accordance with applicable Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Historical cost convention
These financial statements have been prepared under historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

2. DIVIDENDS

No dividend has been declared or is proposed in respect of the half year period ended 30 June 2015.

3. SEGMENT REPORTING

(a) Description of segments - Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. One reportable segment has been identified; US exploration and production. The Board reviews internal management reports on a monthly basis that are consistent with the information provided in this report. Therefore, no reconciliation is required, because the information as presented is used by the Board to make strategic decisions.

Reportable segment revenue	US – Exploration and Production US$'000 6 months to 30 June 2015	US – Exploration and Production US$'000 6 months to 30 June 2014
Total segment revenue	**60,025**	50,355

Reportable segment assets	30 June 2015 US $'000	31 December 2014 US $'000
Oil and gas exploration and production assets	**493,643**	481,079
Corporate assets:		
Cash and cash equivalents	**4,416**	9,992
Receivables	**16,069**	17,484
Deferred tax assets	**350**	70
Other	**33, 175**	50,514
Total assets	**547,653**	559,139

Reportable segment liabilities		
Trade and other payables	**37,790**	44,950
Provisions	**8,619**	9,293
Derivative financial instruments	**1,430**	-
Borrowings	**292,148**	264,614
Deferred tax liabilities	**19,706**	31,580
Other non-current liabilities	**1,000**	1,000
Total liabilities	**360,693**	351,438

EBITDAX	6 months to 30 June 2015 US $'000	6 months to 30 June 2014 US $'000
Loss after income tax for the period	**(21,608)**	(1,931)
Add: Depreciation, depletion and amortisation	**26,145**	17,538
Add: Income taxes	**(12,148)**	1,042
Add: Impairment of oil and gas properties	**19,328**	-
Add: Interest expense	**11,819**	8,893
Add: Fair value (gain) loss on derivatives	**18,677**	8,325
Add: Share based compensation	**866**	1,334
Add: (Gain) loss on sale of oil and gas properties	**660**	(463)
Add: Plugging and one-time costs	**69**	1,050
Add: FX translation	**-**	-
EBITDAX	**43,809**	35,788

4. LOSS FOR THE HALF-YEAR

	Six months to 30 June 2015 US$'000	Six months to 30 June 2014 US$'000
Revenues (net of royalties)		
Crude oil	**37,559**	47,659
Natural gas	**2,756**	3,476
Natural gas liquids	**1,559**	2,141
	41,874	53,276
Other income (loss)		
Gain (loss) on sale oil and gas properties	**(629)**	466
Other miscellaneous expense	**(31)**	(3)
	(660)	463

Depletion, depreciation and amortisation	Six months to 30 June 2015 US$'000	Six months to 30 June 2014 US$'000
Depletion	**25,822**	17,271
Depreciation	**217**	170
Amortisation	**106**	97
Total depletion, depreciation and amortisation expense	**26,145**	17,538

Finance costs

Interest expense	**11,331**	6,668
Prepayment penalty on borrowings	**-**	1,100
Amortisation of transaction costs	**488**	1,125
Total finance costs	**11,819**	8,893

5. OIL AND GAS PROPERTIES

		30 June 2015 US$'000	31 Dec 2014 US$'000
Developed properties			
At cost		**599,676**	561,680
Accumulated depletion		**(106,033)**	(80,601)
Net carrying value		**493,643**	481,079
Total oil and gas property			
A reconciliation of movements in oil and gas properties during the half-year is as follows:			
Developed properties			
Opening balance		**561,680**	329,681
Acquisition from business combination	(a)	**-**	70,978
Additions		**58,059**	164,181
Sale of property	(b)	**(1,019)**	(3,843)
Impairment of oil and gas properties	(c)	**(19,328)**	-
Change in retirement provision		**284**	683
Closing balance		**599,676**	561,680
Accumulated depletion			
Opening balance		**80,601**	36,107
Depletion		**25,822**	45,628
Sold property accumulated depletion	(b)	**(390)**	(1,134)
Closing balance		**106,033**	80,601
Net carrying value			
Opening carrying value		**481,079**	293,574
Closing carrying value		**493,643**	481,079

(a) See Note 9 – Business Combination for more information
(b) The Group sold its interests in the Raccoon Bend property for $3.2 million during the second quarter 2014.
(c) At 30 June 2015, the Group recorded an impairment of value on its conventional properties, based on the carrying value of the assets exceeding their recoverable amount.

The recoverable amount of the conventional properties is estimated on the basis of the discounted value of future cash flow. The estimates of future cash flows are based on significant assumptions including:

- estimates of the quantities of the reserves of the conventional properties for which there is a high degree of confidence of economic extraction and the timing of access to these reserves
- future pricing of oil and natural gas based on consensus forecast by economic forecasters
- production rates and production costs based on approved budgets and future projections
- capital expenditures and operating costs based on budgets and future projections
- an asset specific discount rate of 8%

Future changes in assumptions upon which these estimates are based may give rise to material adjustments, including further impairments or possible impairment reversals. For example a 10% decrease in the average forecast oil and natural gas price, while holding other factors constant, would result in a further impairment charge of $8.4 million in relation to the Group's conventional properties. As at the reporting date, there is no impairment with respect to the Group's unconventional properties.

6. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2015 US$'000	31 Dec 2014 US$'000
Current assets		
Commodity cap / collar contracts	**20,084**	31,045
Non-current assets		
Commodity cap / collar contracts	**6,205**	12,713
Total assets	**26,289**	43,758
Current liabilities		
Commodity cap / collar contracts	**561**	-
Non-current liabilities		
Commodity cap / collar contracts	**869**	-
Total liabilities	**1,430**	-

Instruments used by the Group: From time to time, the Group is party to derivative financial instruments, in the normal course of business, in order to hedge exposure to fluctuations in interest rates and commodity prices. The Group enters contracts to hedge a proportion of production to protect from exposure to falling commodity prices on anticipated future sales of light sweet crude oil and natural gas. Accordingly the Group has entered into cap/collar hedge contracts or swaps for both oil and gas. Commodity hedge contracts outstanding are outlined below.

The Group reported a non-cash unrealised fair-value loss on derivatives of $18.7 million during the reporting period ($8.3 million loss for six month period ended 30 June 2014). The amounts recorded can fluctuate materially from month to month depending on commodity price movements. A rapid movement up or down in commodity prices may result in significant movements in the valuation of these derivatives for the measured period. Over the first six months of 2015, WTI oil prices rose by $6.20 per barrel which reduced the value of the hedges and led to the loss recorded in the first half results. Given the precipitous drop in oil price since 30 June 2015, the hedge contracts have materially increased in value since the period end. Assuming this trend continues or stabilises (but not reverses) for the remainder of the current 6 month period, there would be a reversal in the unrealised fair value loss at year end. In July 2015, as a result of a $12.35 per barrel fall in the WTI oil price over the month there was an $11.5 million gain in the fair value of the derivatives.

The net fair value of commodity hedges at 30 June 2015 was an asset of $24.858 million (31 Dec 2014: asset of $43.758 million) comprising assets of $26.288 million (31 Dec 2014: US$43.758 million) and liabilities of $1.430 million (31 Dec 2014: US$0.0 million).

Instrument	Total Volume	Settlement Period	Fixed Price
Oil – WTI Fixed Price Swap	49,700 BBL	July – September 2015	$ 93.65
Oil – WTI Fixed Price Swap	32,016 BBL	July – September 2015	88.87
Oil – WTI Fixed Price Swap	117,500 BBL	July – December 2015	87.00
Oil – WTI Fixed Price Swap	73,600 BBL	July – December 2015	59.52
Oil – WTI Fixed Price Swap	128,800 BBL	July – December 2015	81.25
Oil – WTI Fixed Price Swap	45,500 BBL	October – December 2015	92.25
Oil – WTI Fixed Price Swap	29,992 BBL	October – December 2015	87.80
Oil – WTI Fixed Price Swap	205,000 BBL	January – December 2016	84.45
Oil – WTI Fixed Price Swap	183,400 BBL	January – December 2016	56.90
Oil – WTI Fixed Price Swap	309,000 BBL	January – December 2016	90.45
Oil – WTI Fixed Price Swap	135,600 BBL	January – December 2016	63.20

Instrument	Total Volume	Settlement Period	Puts	Calls
Oil – 3 Way Collar	365,100 BBL	January – December 2017	$ 40.00 / 60.00	$ 85.00

7. BORROWINGS

Senior Revolving Credit Facility

In March 2013, Lonestar Resources America, Inc. ("LRAI") entered into a $400 million syndicated credit facility agreement (revolving credit facility) with Wells Fargo Bank (as Administrative Agent). The borrowing base shall be re-determined semi-annually based on the credit agreement, and such re-determined borrowing base shall become effective and applicable on April 1 and October 1 of each year. The revolving credit facility matures on March 14, 2018. As of 30 June 2015 and 31 December, 2014, $76,000,000 and $49,000,000 was borrowed under the revolving credit facility, respectively. The borrowing base as of 30 June 2015 was $150,000,000.

The revolving credit facility may be used for loans and, subject to a $2,500,000 sub-limit, letters of credit. The company has drawn $250,000 in advances on the letter of credit as at 30 June 2015 (31 December 2014: $250,000). The revolving credit facility provides for a commitment fee of 0.5% based on the unused portion of the borrowing base under the revolving credit facility.

Borrowings under the revolving credit facility, at LRAI's election, bear interest at either: (i) an alternate base rate (ABR) equal to the higher of (a) the Prime Rate, (b) the Federal Funds Effective Rate plus 0.5% per annum, and (c) the adjusted LIBO rate of a three-month interest period on such day plus 1.0%; or (ii) the adjusted LIBO rate, which is the rate stated on Reuters screen LIBOR01 page market for one, two, three, six or twelve months, as adjusted for statutory reserve requirements for Eurocurrency liabilities, plus, in each of the cases described in clauses (i) and (ii) above, an applicable margin ranging from 1.0% to 2.0% for ABR loans and from 2.0 to 3.0% for adjusted LIBO rate loans.

The revolving credit facility requires LRAI to maintain certain financial ratios and limits the amount of indebtedness LRAI can incur. Subject to certain permitted liens, LRAI's obligations under the revolving credit facility have been secured by the grant of a first priority lien on no less than 80% of the value of the proved oil and gas properties of LRAI and its subsidiaries.

In connection with the revolving credit facility, LRAI and certain of its subsidiaries also entered into certain customary ancillary agreements and arrangement, which, among other things, provide that the indebtedness, obligations, and liabilities of LRAI arising under or in connection with the revolving credit facility are unconditionally guaranteed by such subsidiaries. As at 30 June 2015 and 31 December 2014, LRAI was in compliance with all covenants including all financial ratios.

In June 2013 LRAI entered into a $35 million second lien term loan agreement ("2nd lien facility") with Wells Fargo Energy Capital, Inc. (as Administrative Agent). The 2nd lien facility provides for a commitment fee of 0.75% based on the unused portion of the commitment amount under the 2nd lien facility. The 2nd lien facility matures on September 14, 2018. In February 2014, the 2nd lien facility was amended increasing the commitment amount to $55 million. In April 2014 the 2nd lien facility was completely paid off and subsequently terminated. Under the 2nd lien facility, the Company was required to pay a fee of $1.1 million in connection with the early prepayment of the facility equal to 2.0% of the principal balance that was paid off.

On 28 July 2015 LRAI closed a new $500 million Senior Secured Credit Facility which replaced the $400 million Wells Fargo led syndicated facility outlined above. The new facility was arranged by Citibank, N.A. and features an expanded borrowing base of $180 million, which is an increase of $30 million over the $150 million borrowing base available under the Wells Fargo led facility at 30 June 2014. The new facility provides additional liquidity for the Group and a lower interest rate. The new rate is a 25 basis point improvement over the LIBOR interest rate spread. The new facility provides for an extension in the maturity date to 16 October 2018, which represents a seven month extension over the Wells Fargo led facility. The financial covenants contained in this new facility are substantially the same as the previous facility. As at 30 June 2015 and 31 December 2014, LRAI was in compliance with all covenants including all financial ratios.

8.75% Senior Notes

On April 4, 2014, LRAI issued at par $220 million of 8.75% Senior Unsecured Notes due April 15, 2019 ("Notes") to U.S. based institutional investors. The net proceeds from the offering of approximately $212 million (after deducting purchasers' discounts and offering expenses) were used to repay the Company's revolving credit facility and 2nd lien facility, and for general corporate purposes.

On or after April 15, 2016, LRAI may redeem the Notes in whole or in part at the redemption prices (expressed as percentages of the principal amount) set forth in the following table plus accrued and unpaid interest, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on April 15 of the years indicated below:

Year	Percentage
2016	106.563%
2017	104.375%
2018 and thereafter	100.000%

In addition, upon a change of control of LRAI, holders of the Notes will have the right to require the LRAI to repurchase all or any part of their Notes for cash at a price equal to 101% of the aggregate principal amount of the Notes repurchased, plus any accrued and unpaid interest. The Notes were issued under and governed by an Indenture dated April 4, 2014, between LRAI, Wells Fargo Bank, National Association, as trustee and LRAI's subsidiaries named therein as guarantors (the "Indenture"). The Indenture contains covenants that, among other things, limit the ability of LRAI and its subsidiaries to: incur indebtedness; pay dividends or make other distributions on stock; purchase or redeem stock or subordinated indebtedness; make investments; create liens; enter into transactions with affiliates; sell assets; refinance certain indebtedness; and merge with or into other companies or transfer substantially all of LRAI's assets.

In conjunction with the issuance of the Notes, LRAI recorded a discount of approximately $4.1 million to be amortized over the remaining life of the Notes using the effective interest method. The remaining unamortized discount was $5.2 million and $4.7 million at 30 June 2015 and 31 December 2014, respectively.

Debt Issuance Costs

LRAI capitalises certain direct costs associated with the issuance of long-term debt and amortizes such costs over the lives of the respective debt. At 30 June 2015 and 31 December 2014, LRAI had approximately $2.9 million and $3.3 million, respectively, of debt issuance costs remaining that are being amortized over the lives of the respective debt.

8. CONTRIBUTED EQUITY

Date	Details	Number of shares	US$'000
31 December 2013	**Balance**	**697,187,211**	**142,638**
May 2014	Shares issued (i)	55,000,000	-
30 June 2014	**Balance**	**752,187,211**	**142,638**
31 December 2014	**Balance**	**752,187,211**	**142,638**
12 May 2015	Share Consolidation (1 new shares for 50 existing shares) (ii)	15,044,051	142,638
30 June 2015	**Balance**	**15,044,051**	**142,638**

(i) An additional 55 million shares were issued on May 7, 2014 representing the Deferred Consideration Shares in accordance with the Lonestar Acquisition agreement announced December 18, 2012.

(ii) On 12 May 2015 the Company completed a 1 for 50 consolidation of capital pursuant to which the shares on issue reduced from 752,187,211 to 15,044,051. Parts of shares were rounded up to the nearest whole share.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

9. BUSINESS COMBINATION

Eagle Ford Shale Acquisition: The Group completed an acquisition during March 2014 of approximately 13,156 net acres with an effective date of 1 January 2014. The acquisition consisted of working interests in approximately 50 producing oil and gas wells, with an additional total of 56 drilling locations in undeveloped acreage. Details of the purchase consideration and assets acquired are as follows:

Net Assets Acquired	**Fair Value $'000**
Oil and gas properties	70,978
Purchase consideration	
Cash paid total consideration	70,978

10. CONTINGENCIES

The Consolidated Entity has no material contingent assets or liabilities at reporting date.

11. RELATED PARTY TRANSACTIONS

As of 30 June 2015, the Group had loaned $499K to Mr. Bracken (Managing Director & CEO) and Mr. Olle (Senior VP – Engineering), to assist with their tax obligations as a result of stock compensation awarded to them during calendar 2013 and 2014. The loans are repayable by 30 April 2016 and carry an interest rate of 8.75%.

During the period the Group had a consultancy services contract with Butterfly Flaps Limited, a company in which Mr Rowland (a non-executive Director of the Company) has an interest. Under that contract, Butterfly Flaps Limited provides consultancy services covering strategic, tax structuring and investor matters. During the period an amount of $100,000 was accrued for payment to Butterfly Flaps Limited. This payment was made post period end.

The Group has a consultancy contract with BlueSkye Pty Ltd, in which Mr Wells (a non-executive Director of the Company) has an interest. Pursuant to the contract, Mr Wells provides Company Secretary and Investor Relations services to the Group. The contract is

$11,875 per month. $71,250 was paid to BlueSkye Pty Ltd during the six month period ended 30 June 2015. Mr Wells receives no additional fees for serving as a Director of the Company.

The Group engages the services of New Tech Global on consulting basis in its well operations. Mr Lockwood (a non-executive Director of the Company) is a VP at New Tech Global.

The Group has no other material related party transactions at reporting date other than director Board fees and Board remuneration.

12. FAIR VALUE MEASUREMENTS

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and represent fair value. The fair value of current financial assets and liabilities settled within 12 months approximate fair value due to their short-term nature. The fair value of financial assets and liabilities together with their carrying value are as follows:

	30 June 2015 US$'000 Carrying Value	30 June 2015 US$'000 Fair Value	31 Dec 2014 US$'000 Carrying Value	31 Dec 2014 US$'000 Fair Value
Current Financial assets				
Derivative financial instruments	**20,084**	**20,084**	31,045	31,045
	20,084	**20,084**	31,045	31,045
Non Current Financial assets				
Derivative financial instruments	**6,205**	**6,205**	12,713	12,713
	6,205	**6,205**	12,713	12,713
Current Financial liabilities				
Derivative financial instruments	**561**	**561**	-	-
	561	**561**	-	-
Non Current Financial liabilities				
Borrowings	**292,148**	**253,560**	264,614	264,614
Derivative financial instruments	**869**	**869**	-	-
	293,017	**254,429**	264,614	264,614

The fair value of bonds was determined by obtaining the last reported traded price prior to 30 June 2015 on the active market on which the individual security is traded.

The following tables classify financial instruments recognised in the statement of financial positions of the Group, according to the hierarchy stipulated in AASB 7 as follows:
Level 1: the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: a valuation technique is used using other than quoted prices within Level 1 that are observable for the financial instrument either directly (i.e. as prices) or indirectly (i.e. derived from prices); or
Level 3: a valuation technique is used using inputs that are not based on observable market data (unobservable inputs).

As at 30 June 2015	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Fair value through profit and loss:				
Oil and gas derivatives net asset	-	24,859	-	24,859
	-	24,859	-	24,859

As at 31 December 2014	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Fair value through profit and loss:				
Oil and gas derivatives net liability	-	10,535	-	10,535
	-	10,535	-	10,535

The fair value of financial instruments traded in active markets is based upon quoted market price at the end of the reporting period. The quoted market price is the quoted bid prices that are included in Level 1. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group makes a number of assumptions based upon observable market data existing at each reporting period. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

13. SUBSEQUENT EVENTS

On 27 July 2015, the Company closed a new $100 million drilling joint venture with IOG Capital, LLC. The joint venture calls for IOG Capital to participate as a non-operated working interest partner in the Company's drilling program. Please refer to the Company's ASX announcement on 29 July 2015 for further information.

On 28 July 2015, the Company closed a new $500 million Senior Secured Revolving Credit Facility led by Citibank as Administrative Agent. The initial borrowing base has been set at $180 million. This new facility replaces the previous facility that is discussed in Note 7 above. Please refer to the Company's ASX announcement on 29 July 2015 for further information.

No other event has occurred since 30 June 2015 that would materially affect the operations of the Group, the results of the Group or the state of affairs of the Group not otherwise disclosed in the Group's financial statements.

14. SHARE BASED PAYMENTS

The Company has a total of 2,278,225 options outstanding over ordinary shares in the Company as at 30 June 2015 (31 December 2014: 2,078,902. There were 230,000 options issued during the reporting period to Mr John Pinkerton (Non-Executive Director of the Company) versus 444,000 issued in the six months ended 30 June 2014. Set out below is a summary of options granted:

Grant date	Expiry date	Exercise price A$	Balance at start of the period Number	Granted during the period Number	Exercised during the period Number	Cancelled or expired during the period Number	Balance at end of the period Number	Vested and Exercisable at end of period Number
17 May 12	17 May 16	18.00	129,333	-	-	-	129,334	129,333
02 Jan 13	31 Dec 16	15.00	1,505,569	-	-	27,685	1,477,891	804,693
30 Apr 14	31 Dec 17	20.00	258,000	-	-	2,250	255,750	85,250
30 Apr 14	31 Dec 16	20.00	186,000	-	-	750	185,250	-
16 Mar 15	31 Dec 15	10.00	-	50,000	-	-	50,000	-
16 Mar 15	31 Dec 16	10.00	-	50,000	-	-	50,000	-
16 Mar 15	31 Dec 17	10.00	-	60,000	-	-	60,000	-
16 Mar 15	31 Dec 18	10.00	-	70,000	-	-	70,000	-
Total			**2,078,902**	**230,000**	**-**	**30,685**	**2,278,225**	**1,019,276**
Weighted average exercise price			A$15.60	A$10.00			A$15.63	A$15.80

Weighted average remaining contractual life of share options outstanding at the end of the period was 2 years.

Fair value of options granted: The assessed fair value at grant date of options granted during the half year ended 30 June 2015 was A$3.57 per option. The fair value at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The expected price volatility is based on volatility, adjusted for any expected changes to future volatility due to publicly available information. The model inputs for options granted during the half year ended 30 June 2015 included:

a) Exercise price: A$10.00
b) Grant date: 16 March 2015
c) Expiry dates: 31 Dec 2015, 31 Dec 2016, 31 Dec 2017 and 31 Dec 2018
d) Share price at grant date: A$9.00
e) Expected volatility of the company's shares: 67.6%
f) Expected dividend yield: 0%
g) Risk free interest rate: 2.9%

Expenses arising from share based payment transactions: Existing share options became fully vested on the effective date of the business combination. Share based payment expense relating to existing options was approximately $886,000 for the 6 month period ended 30 June 2015 and $1,938,000 for the year ended 31 December 2014. Total expenses arising from share-based payment transactions recognised during the half year as part of employee benefit expense were as follows:

	June 2015 **US$'000**	Dec 2014 US$'000
Options issued under employee option plan	886	1,938

RESULTS FOR ANNOUNCEMENT TO THE MARKET

APPENDIX 4D

Half-Year Report

For the six months ended 30 June 2015

Name of entity:	Lonestar Resources Limited
ABN:	36 058 714 408
Reporting period:	Half-year ended 30 June 2015
Previous period:	Half-year ended 30 June 2014

Results for announcement to the market		**%**		**US$ '000**
Revenues from continuing operations	Up	19%	To	60,025
Profit (loss) after income tax	Down	(1,019%)	To	(21,608)
Profit (loss) attributable to members	Down	(1,019%)	To	(21,608)

Commentary on results for the period
Please refer to the Directors' Report included in the Half-Year Financial Report and to the Company's ASX announcements including the Quarterly Reports.

Dividends	**Amount per security**	**Franked amount per security**
Interim dividend	NIL¢	NIL¢
Previous period (special dividend)	NIL¢	NIL¢

Net tangible assets per security	**30 June 2015**	**31 December 2014**
Net tangible asset backing per ordinary share as at 30 June 2015 and at 31 December 2014	$11.98	$13.77

Control gained/lost over entities having material effect: N/A

Details of aggregate share of profits (losses) of associated and joint venture entities – N/A

Audit: This Report is based on accounts that have been reviewed by BDO Audit (WA) Pty Ltd.

The information set out in this Appendix 4D and the Half-Year Report for the 6 months to 30 June 2015 is to be read in conjunction with the Annual Report for the 12 months to 31 December 2014.

Sign here: **Date:** 31 August 2015

Print name: Mitchell Wells