AUSTIN
EXPLORATION

Listed on the Australian Securities Exchange ("AKK") and the OTC-QX International in the USA (AUN-XY)
ACN 114 198 471

Annual Report and Financial Statement for the year ended 30 June 2014

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CHAIRMAN'S REPORT

Dear Fellow Shareholders,

An Unconventional Journey

This is my third annual shareholders letter since becoming Chairman of Austin Exploration in March 2012. The reasons for my joining were twofold: Firstly, my confidence in the integrity and expertise of the Managing Director, Dr Mark Hart, and secondly, my absolute faith in the unconventional resources of the company's Eagle Ford and Niobrara acreage. Recognising the long gestation period of unconventional plays, I knew it had to be a steady methodical march, (as opposed to a sprint), to the undoubted shareholder wealth that lay in waiting. Progress would be linked to access to capital more than any other factor.

In just two years, your Company concentrated on de-risking its highly prospective acreage. This was an essential first step. Given the scarcity of capital, your board elected to farm-out part of its Texas Birch interest to Halcon Resources to accelerate development. This farm-out was only possible because of the work your Company had done to prove up its potential. The free-carry stage of that farm-out has now been completed with wells that have proved we have an interest in a new sweet spot in the Eagle Ford.

In the Niobrara, Austin through its innovative casing drilling showed that the Niobrara shales were indeed hydrocarbon rich. As the initial shows were nearly 30% gas, further work was delayed until a gas separation and processing plant could be installed. This has now been completed with GPA being its Operator.

We are now entering the second stage of development which is harvesting the hydrocarbons. Whilst this may be low risk, each well in the Eagle Ford requires an approximately $3 million contribution from Austin. The pace of this development will be determined by the Operator, with Austin concentrating on keeping up with drilling. Your company has decided to finance this expenditure with debt and is hopeful that an announcement can be made soon. Two years ago it would have been difficult to imagine that Austin could support debt. What a distance we have travelled. The balance of the cash flows from a successful debt deal would be dedicated to the development of the Company's Niobrara assets.

The third phase will be when there is excess cash flow to cover the immediate needs for re-investment. The most difficult part of the journey is now behind us. We look forward to the shareholder wealth that is now in sight.

Yours sincerely,

Mr Richard Cottee
Chairman of the Board

LETTER FROM MANAGEMENT

To All Austin Shareholders,

2014 has been another exciting year of growth for Austin Exploration. We are pleased to report that the company has not had any lost time accidents and has had no environmental incidents. Over the past twelve months our share price has doubled and the market value of the company has increased to more than $50 million.
The availability of oil and gas affects everyone and by investing in Austin you are part of improving the standard of living for each person on this earth.

Every startup company goes through an incubator and continuous migration period involving shell acquisition, capital raises, acquiring staff and property, exploratory development encompassing drilling and completion and intersecting hydrocarbons.

The aim is to create enough property, production and subsequent cash flow to ultimately drive shareholder growth and this can be a difficult and slow process.

We can report that Austin is making progress in this regard in Texas, Kentucky and Mississippi, and is well on its way in its flagship property in Colorado. As we de-risk our properties we are better able to pursue debt finance opportunities which will allow for higher returns to shareholders.

Austin has undergone a significant transformation over the last three years. In 2010 we were focused on gas assets and the Board made the decision to take the company in another direction and refocused on oil producing assets.

We expanded into oil in Kentucky and completing a 50/50 JV in Mississippi. These assets have been extremely important as they have been the cash flow backbone of the company for the last three years. During 2011 we also bought property in two of the three largest oil producing basins in North America, at Eagle Ford in Texas and the Colorado Niobrara property. We continued to expand the Kentucky properties while maintaining Mississippi.

The Austin management team would like to thank all of our shareholders for helping us navigate this difficult and challenging period in the evolution of the company.

During the early part of 2012 Austin was able to attract Richard Cottee, a highly regarded oil and gas executive with significant resource development expertise, to the position of Non-Executive Chairman. He has played a major role in the commercial side of the business. We were also very fortunate to add Lonny Haugen, our very talented CFO, to the team during 2012, who is assisting us to run very tight control over costs.

Texas is a 5000 acre property that Austin acquired in the Eagle Ford in the latter part of 2011. Austin drilled 3 exploratory Texas Eagle Ford wells during 2013 ranging from 9325’ to 14,322’ and intersected hydrocarbons in all three wells. After the Board decided that a farm out was the best approach for this capital intensive EF property, we wanted to partner with an experienced, quality company for this process and selected Halcon. Austin now has a 30% WI in the property and Halcon to date has spent some $60 million. Since completing the agreement with Halcon during 2013, five wells were drilled during 2014 and the 6^{th} is on the drawing board. The relationship has been very productive and the program is working very well with three wells now in production and two in the completion stage. Cash flow is starting to be realised this quarter. Another well with Petromax will start in the first half of 2015.

Colorado is an 11,560 acre property acquired during 2011 and is in the second largest Niobrara oil producing basin in NA. The Colorado team have been very busy this year with the installation of a processing plant to sell heavy gases and the drilling of another Niobrara well completed that intersected hydrocarbons in the famous

Pierre and Niobrara formations. Two additional Pierre wells are in the development stages at this time with the conductor casing having been installed and set in one well. We expect both of them to be drilled this year. Once these two wells are completed, Austin will have met its primary term drilling commitment requirement on this 28 year Newmont Mining lease. The Colorado team is working on the North South gas pipe line that will connect to the main CIG transmission line to take the projected gas of the gas field to market. It is our intent to drill Pierre wells until this main gas line is connected and then drill alternating Niobrara and Pierre wells.

Kentucky/Mississippi Kentucky is another property that we are proud of in that it has steadily increased production from 0.7BOD during 2011 to 38BOD during 2014. As you are aware these are small low cost wells of some 3000 feet. Our acreage position has also increased to approximately 4000 acres and we have an option over another 1000 acres. Kentucky management continues to work on the Park City and Magnolia gas projects which have the capacity to add substantially to cash flow as the gas gathering, processing and gas prices are secure. Kentucky has had an updated reserve resource report this year. In the past year, one well was drilled in Mississippi. And while it was not as productive as the previous 3 wells it is economical at 12BOD.

As to the future of the company, the board and management will continue to manage with Six Sigma management principles with a focus on safety, environment, cash flow, property acquisition, and shareholder growth. We will continue our journey toward growing a billion dollar energy business.
Thank you very much for your support,

Dr. Wm. Mark Hart
Managing Director/CEO
Austin Exploration

Mr. Guy T. Goudy
COO Austin Exploration

Mr. Lonny L Haugen
CFO Austin Exploration

REVIEW OF OPERATIONS AND ACTIVITIES

Progress at principal North American oil and gas projects

OVERVIEW OF OPERATIONS AND ACTIVITIES

Austin Exploration Limited ("Austin" or "the Company") (ASX:AKK) is an oil and gas explorer and producer with working interests and net revenue interests in four proven oil and gas provinces in the United States. Austin is the operator of its Colorado and Kentucky operations.

Austin is pleased to advise its unblemished safety and environmental record remains intact, with no lost time accidents or environmental incidents occurring during the past year.

The Company is focused on growing cash flow by continually increasing oil and gas production and ultimately returning value to its shareholders.

The past 12 months have been successful and productive for Austin with significant oil discoveries across its three North American Business Units. Major upgrades to the Company's oil and gas reserves and resources were received and Austin is well positioned to capitalise on the US shale boom that is changing the face of the global energy environment.

As a result of recent successes, the Company is on track to be cash flow positive in the fourth (calendar) quarter of 2014.

Three consecutive Eagle Ford horizontal wells at Austin's Birch Property in Texas have been successful, averaging more than 20,000 barrels of oil equivalent for each well over their first 30 days of production. Austin was carried on these wells by Halcón Resources Corporation as part of a 'drill to earn' farm out program executed between Austin and Halcón in 2013. Two further wells have been successfully drilled and completed and are undergoing flow-back operations (further details in the Texas Business Unit section of this report).

More broadly, this activity has led to a significant escalation in land prices and the overall value of this property.

In August, Austin's net acreage in Texas was valued at a NPV of US$401.56 million and a NPV10 at US$91.61 million, by Gustavson & Associates.

The oil and gas contained within Austin's Birch property has now been categorised as oil reserves. The Gustavson Independent report estimates Austin's net oil and gas reserves at **12,687,266 BOE** and the total 5000 acre property to contain total oil and gas reserves **of 61,031,300 BOE**. This BOE (barrel of oil equivalent) calculation is derived from adding the total amount of oil, the total amount of gas and the total amount of natural gas liquids.

The results from Austin's strategic exploration and production program have enabled Austin to pursue debt finance for the longer-term development of its properties. Negotiations are continuing on a debt facility.

Importantly, Austin made another oil discovery at its 11,560 acre, 100% controlled, Pathfinder property in Colorado. The Company announced in August that it had intersected two large pockets of oil whilst drilling its C18 #1 exploration well. In both instances, oil flowed freely to the surface, under pressure, emanating from the Pierre and the Niobrara formations. This is a very encouraging sign for the overall development of this oil and gas field. Following this success, the Company has embarked on its next well in section 01 and 18 of the property with the primary objective of this well targeting production from the Pierre Shale. Neighbouring acreage has produced more than 15 million barrels of oil from this formation.

Austin's SIX SIGMA Management program is continuing to have a significant impact on the Company through the continual implementation, enforcement, and monitoring of its projects and processes. All of the Company's Employees are now in the Brown Belt phase of SIX SIGMA.

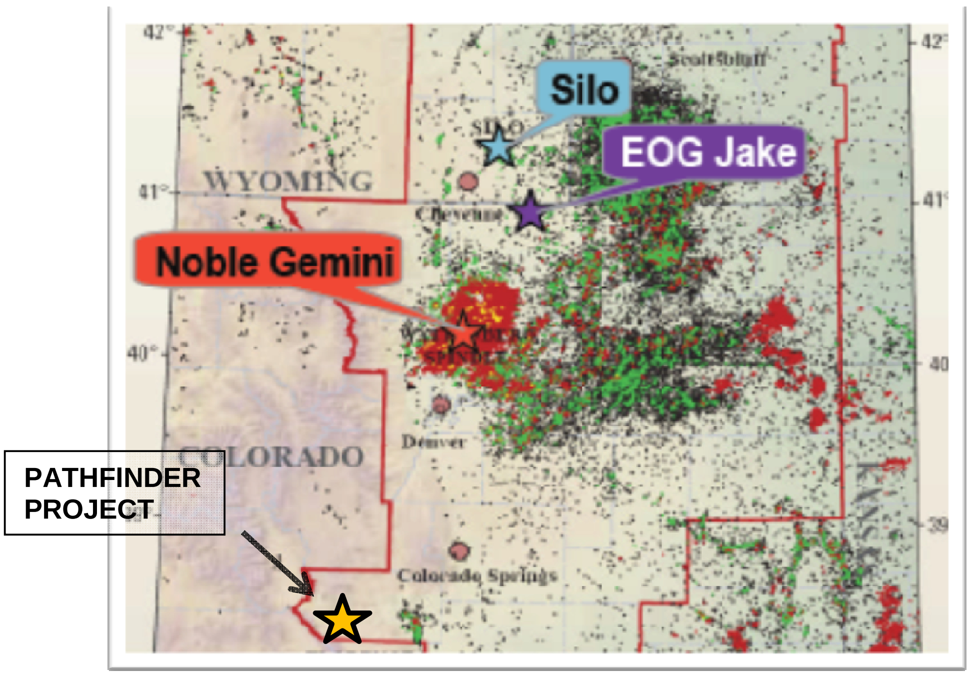
Austin Exploration's US-based Management team is focused on, and committed to, driving shareholder value.

Map Showing Austin's North American Oil and Gas assets

BUSINESS UNIT REPORTS
COLORADO BUSINESS UNIT

VP & General Manager:
Mr. Juan Carlos Carratu
Austin is the Operator

- **Pathfinder Project, Fremont County, Colorado**
- **100% Working Interest in 11,560 acre property in the DJ Basin**
- **Spacing allows for more than 200 wells to be drilled**
- **Primary hydrocarbon targets: Niobrara Shale & Pierre Shale**
- **Secondary Targets: Codell, Greenhorn, Grenaros, and Dakota**



Pathfinder Project

- **C18 #1 exploratory well drilled, with oil discovered in section 18 of the property.**
- Crude oil flowed to the surface under natural pressure stemming from a pressured reservoir.
- Austin believes it has intersected two large oil-filled natural fractures in the transitional zone between the Pierre and Niobrara formations, and another between the B & C benches of the Niobrara.
- Austin will evaluate fraccing this vertical well once debt funding is finalised.
- The Colorado Pathfinder Processing plant started producing product during this quarter. This plant will extract heavy liquids from the gaseous product and also ready the wells to produce pipeline quality methane gas. The Niobrara #1 Horizontal well produces approximately 8% to 10% heavy gases.
- This facility will process the heavy gases contained within the Niobrara formation, providing a boost to cash flows in the near term and the longer term, allowing for the gas produced to be pipeline quality.
- This has allowed planning and implementation for the North-South pipeline to proceed.
- Gas Processing Of America, Inc. will process and sell heavy liquid gases (propane, hexane, ethane, and butane) allowing the methane to be sold as pipeline quality gas and optimizing development of the Company's Pathfinder property. GPA outlaid the capital to install the processing plant, compression plant and the associated infrastructure, and will act as owner/operator, gather and transport the gas, maintain the plant, and market and sell the gas.

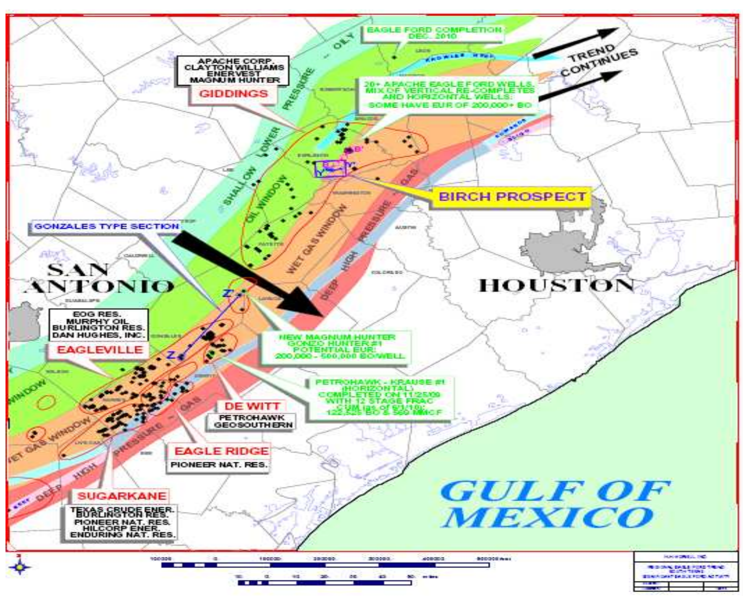
- Austin will receive an equitable share of proceeds from the sale of gas from Pathfinder by GPA. The details of this agreement between Austin and GPA remain confidential.

Austin's Pathfinder Gas Processing Plant. Fremont County, Colorado

TEXAS BUSINESS UNIT

VP & General Manager:
Mr. Aaron J. Goss

- **Birch Eagle Ford Project, Burleson County, Texas**
- **Primary hydrocarbon targets: Eagle Ford Shale & Austin Chalk**
- **30% of 5000 acres**
- **Austin's acreage is large enough to accommodate more than 50 horizontal wells at 80 acre spacing, or more than 100 wells at 40 acre spacing, in its partnership with Halcon Resources Corporation in Texas.**



Birch Eagle Ford Project

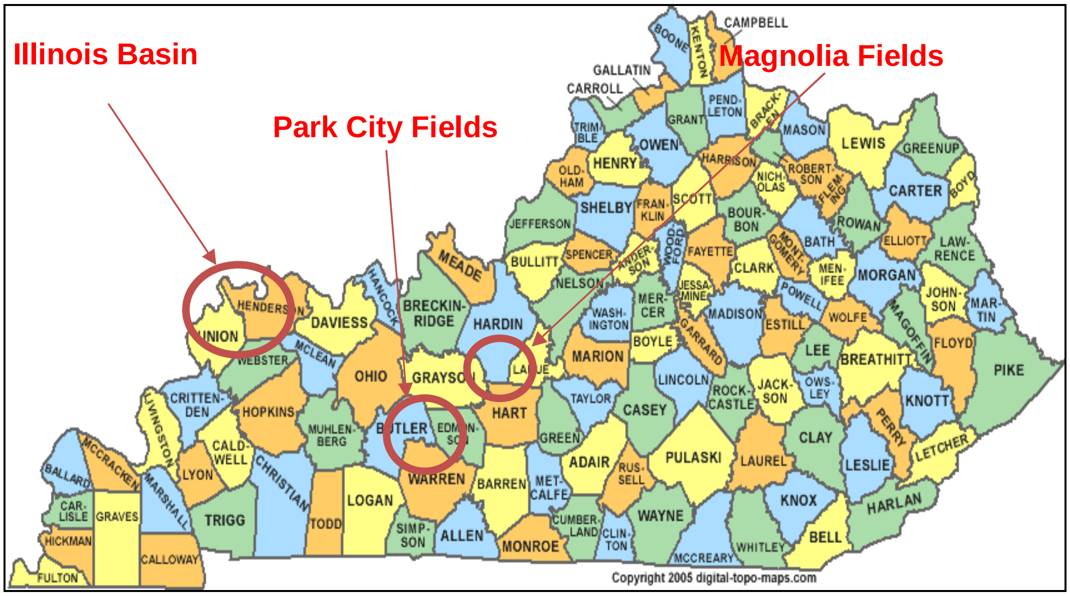
- An ongoing horizontal Eagle Ford drilling campaign is underway in Texas
- The first Eagle Ford horizontal well of this campaign, the Stifflemire 1H well, was successfully drilled to a total measured depth of approximately 17,000 ft (8000 ft lateral leg) and produced 25,890 BOE in its first 30 days. It continues to produce to expectations.
- The second Eagle Ford horizontal well, the Kaiser #2H well, was successfully drilled to a total measured depth of approximately 18,057 ft (8000 ft lateral leg), produced 20,550 BOE in its first 30 days and continues to produce to expectations. The well is flowing on a 16/64 choke to get maximum oil from the reservoir over the life of the well.
- Third Eagle Ford horizontal well, the Nemo 1H well, was successfully drilled to a total measured depth of approximately 16,635 ft (7089 ft lateral leg), produced 18,330 BOE in its first 30 days and continues to produce to expectations. The well is flowing on a 16/64 choke to get maximum oil from the reservoir over the life of the well.
- The Redbud #1H Well has been successfully drilled to 17,465 ft (7000 ft lateral leg) and is undergoing completion operations.
- The Currington A #1H well has been successfully drilled to 16,620 ft (7000 ft lateral leg) is being completed.
- Austin's first Eagle Ford well with PetroMax is scheduled to begin early 2015.
- Austin's Yolanda Villareal well in Dimmitt County Texas has now produced 35,000 barrels of oil from the Austin Chalk formation. The well is in production and Austin has a 27.6% N.R.I in this project.

KENTUCKY & MISSISSIPPI BUSINESS UNIT

VP & General Manager
Mr. Timothy B. Hart
Austin is the Operator

- **Kentucky Exploration LLC. Approx. 4000 acre 50/50 Joint Venture with private Australian Investment Company.**
- **Low cost, shallow, high impact drilling program in Kentucky provides an excellent source of low risk and long life production, and cash flow, for the Company.**
- **Primary Hydrocarbon targets: Jackson Formation, Cyprus Formation, and McCloskey Formation.**
- **Secondary Targets: Palestine, McCloskey, Fort Payne, New Albany Shale, Hardensburg.**

- **Mississippi project: Adams County, Mississippi.**
- **Primary hydrocarbon targets: Wilcox Formation (Conventional).**
- **4 wells are currently in production at approx. 80 BOPD.**



A map showing Austin Exploration's Leases in Kentucky. Kentucky Exploration LLC (Austin Exploration's wholly owned subsidiary) is operating 4 oil fields, 20 leases and approximately 4000 acres in Kentucky.

Kentucky & Mississippi

- **Record production of levels of 35 BOPD achieved in July. On track to achieve 40 BOPD target in 2014.**
- Low cost, shallow, high impact drilling program in Kentucky provides an excellent source of low risk, long life production and cash flow.
- The Kentucky Business Unit's 5-well, low cost, high impact drilling and stimulation program is underway.
- Following a successful drilling program, a series of logs have been obtained and examined in order to develop the best stimulation design and optimize production in Kentucky.
- The stimulation designs are completed and being implemented and production is expected during the next quarter.
- The Company's low cost, high impact drilling program in Kentucky and Mississippi continues to have a material impact on cash flow while minimising the costs of all of Austin's operations.
- A study of the Park City and Magnolia properties is underway

WORKPLACE AND ENVIRONMENTAL SAFETY

The Board of Austin is pleased to report that there were no safety or phase one environmental incidents over the past year. With continual drilling operations taking place in the US, the Board commends its US team on this achievement. The Company places a large emphasis on the safety of all people, from its own employees to external contractors at its well sites. It is mandatory that the Company's staff attend quarterly safety sessions at its headquarters in Denver Colorado as well as several OSHA safety programs that are held throughout the year.

INDEPENDENT CONSULTANT'S ANALYSIS

Following Austin's successful exploration program in the United States, the Company received its most significant upgrade to date of its resources and reserve base for its US oil and gas properties in Texas, Colorado, Kentucky and Mississippi. The Independent report was completed by Gustavson Associates., Inc. a worldwide leader in independent oil and gas reserve and resource evaluations.

A summary of the Company's oil and gas reserves and resources is listed below:

Austin Exploration's Gross Contingent Resources						
Projects	**Oil Resources, MMBbl (Million Barrels)**			**Solution Gas Resources, BSCF BSCF(Billion cubic feet)**		
	P_{90}	**P_{50}**	**P_{10}**	**P_{90}**	**P_{50}**	**P_{10}**
Texas-Birch Prospect (Austin Chalk)	3.480	7.080	14.450	19.870	40.490	82.630
Colorado-Pathfinder Prospect (Niobrara)	16.940	21.760	28.360	19.090	24.520	31.960
Yolanda Villarreal	-	0.058	-	-	0.361	-
Kentucky	0.340	0.517	0.755	0.513	1.104	2.264
TOTAL –Contingent Resource	**20.760**	**29.415**	**43.565**	**39.473**	**66.475**	**116.854**

Austin Exploration's Net Reserves			
	Area	Net Oil Reserves (BBL)	Net Gas Reserves (Mscf)
	Texas-Birch-Eagleford	43,368	36,600
	Kentucky	51,931	
Proved Developed Producing	Mississippi	27,834	
Proved Developed Non-Producing	Mississippi	209,976	
Proved Undeveloped	Texas-Birch	1,533,245	633,600
Probable Undeveloped	Texas-Birch	3,553,200	1,468,300
Possible Undeveloped	Texas-Birch	5,271,100	2,178,300
Austin Exploration'sTotal Net Reserves		**10,690,654**	**4,316,800**

Review of Operations

A review of the operations of the economic entity during the financial year and the results of those operations are as follows:

United States				
State in USA	Mississippi	Texas	Kentucky	Niobrara Shale Project
Well Name(s)	-Ellislie #1 V -Commencement # 1V -Bourke #4 V -Bourke #5	-Yolanda Villarreal #1 H - Krueger #1 well -Stifflemire #1H -Nemo 1H -Kaiser 2H Edbud 1H	Multiple, shallow well program	Pathfinder C 11 – 12 #1, #1 Hz C18-#1
Location	Adam County, Mississippi USA	Burleson County, Dimmitt County, Texas USA	Henderson County, Sebree County Kentucky USA	DJ Basin – Freemont County, Colorado, USA
Ownership Interest	Working Interest 50% Revenue Interest 36% - 37.5%	30% Working Interest % 22.5% NRI. 3 well Eagle Ford Carry with Halcon completed. 5000 acres - Halcon PetroMax Operating, Garland Texas. 27.6% Yolanda Austin Chalk well	Working Interest 100%. Net Revenue Interest= 75% - 80%	Working Interest 100% Net Revenue Interest 75%
Partners / Operators	Aldridge Operating Company - Dow Tate Energy LLC	Halcon Resourcees Corporation, Houston Texas PetroMax Operating Company- Garland Texas USA	KentuckyExploration, LLC- 50% JV with Private Australian Investment group	Thomasson Petroleum E&P / AusCo Petroluem Inc.
Objective / Focus	Drill wells Well targeting conventional Wilcox formation	Primary objective- Eagle Ford Shale. Secondary objectives Austin Chalk, Taylor Gas Sand	Jackson Formation, Cyprus Formation Secondary Targets: Palestine, McCloskey, Fort Payne, New Albany Shale, Hardensburg	Primary targets = Niobrara and Pierre Shales. Secondary targets = Grenaraos, Greenhorn, Codell, Dakota
Independent Evaluations	Gustavson Reserves Report 2012	Gustavson Associates LLC 2014 Ameritex, San Antonio Texas	- CNI 51:101 Richard Braun Mike Mitchell Gustavson Reserves Report 2012/2013	Gustavson Associates LLC 2013 & Mitchell Geological Associates 2012

Current Status	In production -4 wells On pump	Halcon Resources Corporation Carry 3 well completed. Eagle Ford well no 1 is in production and produced 25,890 BOE in first 30 days, No's 2,3&4 have been successfully drilled and undergoing flowback operations. Well # 5 is currently being drilled. PetroMax to drill Eagle Ford well in 2014 production.	Oil production from multiple leases. Currently producing at 33 BOPD and on track to hit 40 Bopd target in 2014	1 Vertical exploration well complete. C 11-12 #1H well in production. C 18-1 well interested two oil columns and is undergoing testing. Two Pierre well program underway
Next Steps	Monitor daily production. Evaluating potential next well locations	Monitor daily production. Aggressive Eagle Ford drilling campaign is underway in Burleson County Texas with Halcon and several more wells planned for the near future. 1st well with PetroMax is scheduled to begin in Q4 2014	Hit 40 BO target. Monitor production – analyze data for future laterals. Design frac and injection wells to optimize production	Continue on-going field development and de-risking program of Niobrara and Pierre targets. Two Pierre wells to be drilled this year and planning continues to install a North-South pipeline

The Group has accumulated acreage in a number of oil and gas projects comprising mineral leases in the USA. The mineral leases that have producing wells drilled on them during the primary lease term will be held as producing leases. Mineral leases that are drilled and produce a dry hole, or not drilled at all, will expire at the end of the primary term unless re-leased for a further term. The exploration of the leases is managed by operators who make cash calls, hire contractors and pay all accounts.

CORPORATE GOVERNANCE STATEMENT

The Board of Austin Exploration Limited (Austin) seeks to practice the highest ethical and commercial standards while executing its responsibilities in directing the business and affairs of the Group on behalf of its shareholders by whom they are elected and to whom they are accountable.

The Board of Austin has considered the principles of good corporate governance and best practice recommendations as published by the ASX Corporate Governance Council (ASXCGC) on 30 June 2010. ASX Listing Rule 4.10.3 requires the Group to disclose the extent to which it follows or diverges from these best practice recommendations in its Annual Report.

Additional information relating to corporate governance practices that the Group has adopted can be found on the Group's web site: www.austinexploration.com.au.

The Role of the Board and Management

The Group has formalised and disclosed the roles and responsibilities of the Board and those delegated to Senior Management.

The Board of the Group is responsible for the overall corporate governance of Austin, including its ethical behavior, strategic direction, establishing goals for management and monitoring the achievement of those goals with a view to optimising Group performance and maximising shareholder value.

The role of management is to support the Chief Executive Officer and implement the running of the general operations and financial business of the Group, in accordance with the delegated authority of the Board. Full details of the matters reserved to the board and to senior management are available on the Group's web site at www.austinexploration.com.au.

Scheduled meetings of the Board are held at least six times a year and the Board meets on other occasions to deal with matters that require attention between scheduled meetings. The responsibility for the operation and administration of the consolidated entity is delegated by the Board to the Chief Executive Officer.

The Board is responsible for:

- Setting the strategic direction of the Group and establishing goals to ensure these strategic objectives are met;
- Appointing the Chief Executive Officer, setting objectives for the Chief Executive Officer and reviewing performance against those objectives, ensuring appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
- Monitoring financial performance including approval of the annual and half-yearly financial reports and liaison with the Group's auditors;
- Ensuring that risks facing the Group and its controlled entities have been identified ensuring that appropriate and adequate controls, monitoring and reporting mechanisms are in place;
- Receiving detailed briefings from senior management on a regular basis during the year;
- Approving the Boards of Directors of subsidiary companies;
- Ensuring the Group complies with the law and conforms to the highest standards of financial and ethical behavior; and
- Ensuring the market and shareholders are fully informed of material developments.

Austin has obligations to its stakeholders to ensure the Group is managed with appropriate due diligence and that all necessary processes are implemented to minimise risk and maximise business opportunities. To this end, all commercial arrangements, capital expenditure, operational expenditure and other commitments are appropriately documented and have been authorised by either the Chief Executive Officer or the Board as appropriate.

The composition of the Board is determined in accordance with the Group's constitution and the following principles and guidelines:

- The Board should comprise of at least three Directors with at least two Non-Executive Directors;
- The Board should comprise of Directors with an appropriate range of qualifications and expertise; and
- The Board should meet formally at least six times per annum and informally on an as required basis with all Directors being made aware of, and having available, all necessary information, to participate in an informed discussion of all agenda items.

Directors in Office

At the date of this statement the following directors are the Group's directors and their independence is noted in the table:

Name	Position	Independent
Mr Richard Cottee	Non-Executive Chairman of the Board	Yes
Mr Guy Goudy	Executive Director and Chief Commercial Officer	No
Dr William Mark Hart	Executive Director and Chief Executive Officer	No
Mr Dominic Pellicano	Non-Executive Director	No

The skills, experience, expertise and tenure of each director are disclosed in the Directors' Report within this Annual Report.

Director Independence

The board considers non-executive director Richard Cottee as independent as defined under the guidelines of the ASX Corporate Governance Council. Dominic Pellicano, Guy Goudy and Mark Hart are not considered independent.

In assessing the independence of directors, the board follows the ASX guidelines as set out below:

An independent director is a non-executive director (i.e. is not a member of management) and:

- Is not a substantial shareholder of the Group or an officer of, or otherwise associated directly with, a substantial shareholder of the Group;
- Within the last three years has not been employed in an executive capacity by the Group or another Group member, or been a director after ceasing to hold any such employment;
- Within the last three years has not been a principal of a material professional adviser or a material consultant to the Group or another Group member, or an employee materially associated with the service provided;
- Is not a material supplier or customer of the Group or other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Has no material contractual relationship with the Group or another Group member other than as a director of the Group;
- Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Group; and
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Group.

Mr Pellicano is not considered to be independent because of his financial interest in Newtak Pty Ltd, which has a joint venture with Ausco Petroleum Inc (a wholly owned subsidiary of Austin Exploration Limited) relating to the Park City and Sebree oil and gas projects.

Through the Remuneration and Nominations Committee, which has met informally during the current financial year to consider appointments to management and the board, directors would consider the balance of skills and experience required of board members for the size and state of development of the Group. The Board believes that it has the right numbers and skill sets within its board members for the current size of the Group, and is confident that each non-executive director brings independent judgement to bear on board decisions.

Where additional skills are considered necessary for specific purposes, access is made to independent professional advice at the expense of the Group.

Chairman and Chief Executive Officer

The ASXCGC Recommendations recommend that the chairperson be independent. Mr Cottee is considered independent by the board under the guidelines as set out.

The roles of Chairman and Chief Executive Officer are not exercised by the same individual.

Appointment to the Board

The Board has appointed a Remuneration and Nomination Committee to identify and recommend potential director appointments. Where a casual vacancy arises during the year, the Committee has procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective board. Any director appointed during the year to fill a casual vacancy or as an addition to the current board, holds office until the next Annual General Meeting and is then eligible for re-election by the shareholders.

A copy of the Remuneration and Nomination Committee's Charter is available on the Group's web site at www.austinexploration.com.au. New directors receive a letter of appointment which sets out the terms of their appointment. On appointment, an induction program is available to directors that include one-on-one sessions with members of the senior management team.

Evaluation of Senior Executives

Senior executives, including the Chief Executive Officer have a formal job description and letter of appointment describing their term of office, duties, rights, responsibilities and entitlements upon termination.

The performance of senior executives is reviewed annually before the budgets are approved for the next financial year. This process is a formal one with the executive's performance assessed against Group, division and personal benchmarks. Benchmarks are agreed with the respective senior executives and reviews are based upon the degree of achievement against those benchmarks.

Induction procedures are in place to allow new senior executives to participate fully and actively in management decision-making. The induction program includes orientation of:

- The Group's financial position, strategies, operations and risk management policies; and
- The respective rights, duties, responsibilities and roles of the board and senior executives.

A performance evaluation for senior executives has taken place in the reporting period and was in accordance with the process disclosed.

Ethical Business Practices

The Group has adopted a Code of Conduct to maintain confidence in the Group's integrity, its legal obligations and the expectations of its stakeholders.

The Group is committed to being a socially responsible corporate citizen, using honest and fair business practices, to act in the best interests of clients so as to achieve the best outcome for shareholders.

The Board has procedures in place for reporting any matters that may give rise to unethical practices or conflicts between the interests of a director or senior executive and those of the Group. These procedures are reviewed as required by the board. The Code of Conduct is available on the Group's web site at www.austinexploration.com.au.

Shareholding and Trading

The Board encourages directors and senior executives to own shares in the Group to further link their interests with the interests of all shareholders. Trading of shares by directors or senior executives is prohibited under certain circumstances and as described in the ASX Listing Rules and during certain periods of the financial year. A director or senior executive must not deal in the Group shares at any time when he or she has unpublished information which, if generally available, might affect the share price. Directors are required to notify the Chairman and the Company Secretary prior to any dealing.

The Share Trading Policy is available at the Group's web site at www.austinexploration.com.au.

Insurance

The Group has in place a Directors and Officers liability insurance policy providing a specified level of cover for current and former Directors and executive Officers of the Group against liabilities incurred whilst acting in their respective capacity.

Safeguard Integrity

The Board has established an Audit Committee comprising of two Board members. This committee operates under a charter to enable it to perform its role and responsibilities. The Charter is available at the Group's web site at www.austinexploration.com.au. Where considered appropriate, the Group's external auditors and the Group's management are invited to attend meetings. The current members of the Audit Committee are:

Chair: Mr Dominic Pellicano
Member: Mr Richard Cottee.

The qualifications of members of the committee together with their attendances at committee meetings is disclosed in the Directors' Report within this Annual Report.

The role of the Audit Committee is to assist the Board fulfill its responsibilities and monitoring the following:

- Effective management of financial risks;
- Reliable reporting;
- Compliance with laws and regulations in respect to financial reporting;
- Provision of effective and efficient audits;
- Meeting with external auditors on a twice-yearly basis and informally as circumstances require; and
- Recommending to the Board the appointment, rotation, removal and remuneration of the external auditors, and review their terms of engagement, and the scope and quality of the audit.

The Audit Committee provides the Board with additional assurances regarding the reliability of financial information for inclusion in the financial statements.

To that extent, the Chief Executive Officer, Chief Financial Officer and the Company Secretary are required to declare to the board that in their opinion the Financial Statements and notes to the Accounts within the Annual Report are in accordance with the Corporations Act 2001, comply with the Accounting Standards and the Corporations Regulations 2001 and give a true and fair view of the financial position of the Group and are based upon a sound system of risk management and internal compliance and control prior to the signing of the Directors' Declaration in the Annual Report.

The committee is chaired by a director who is not the chairman of the board.

Performance of Directors

In accordance with Principle 8(1) of the ASX Corporate Governance Principles and Recommendations the Board is required to conduct a review of the performance of its directors and the board's function as a whole during the period. The evaluation of directors was undertaken in June 2014.

Independent Advice

The Board recognises that in certain circumstances individual directors may need to seek independent professional advice, at the expense of the Group. Any advice so received will be made available to other directors.

Timely and Balanced Disclosure

The Board recognises the need to comply with ASX Listing Rule 3.1 concerning continuous disclosure.

At each meeting of directors, consideration is given as to whether notice of material information concerning the Group, including its financial position, performance, ownership and governance has been made available to all investors.

The Continuous Disclosure Policy also requires senior executives in possession of disclosable information to comply with that policy. The Continuous Disclosure Policy is available on the Group's web site at www.austinexploration.com.au.

Communication with Shareholders

The Board aims to ensure that shareholders, on behalf of whom they act, are informed of all major developments affecting the Group's activities and its state of affairs, including information necessary to assess the performance of the directors.

Communication with shareholders is achieved through the distribution of the following information:

- The Annual Report is available to all shareholders;
- The Half Yearly Report which is available on the Group's web site;
- The Annual General Meeting and other meetings called to obtain shareholder approval for board action as appropriate. Shareholders are encouraged to attend and participate at the Group's Annual General Meeting and other General Meetings;
- Letters to shareholders when considered to be appropriate and informative;
- Announcements to the Australian Securities Exchange; and
- Investor information through the Group's internet portal at www.austinexploration.com.au.

The Group strives to ensure that Group announcements via the ASX are made in a timely manner, are factual, do not omit material information and are expressed in a clear and objective manner.

Shareholders' Role

The shareholders of the Group are responsible for voting on the election of directors at the Annual General Meeting in accordance with the constitution.

All directors, other than the CEO Dr Mark Hart, are subject to re-election by rotation, no later than every three years.

The Annual General Meeting also provides shareholders with the opportunity to express their views on matters concerning the Group and to vote on other items of business for resolution by shareholders.

The Group's auditor, Grant Thornton Audit Pty Ltd, make available a partner of the firm (Mr Brad Taylor or other), to be in attendance at the Annual General Meeting and to be available to answer shareholder questions in relation to the audit.

Diversity

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Group is committed to diversity and recognises the benefits arising from employees and board diversity and the importance of benefitting from all available talent. A copy of the Group's diversity policy is available at the Group's website at www.austinexploration.com.au.

The Group will annually monitor the progress and effectiveness of objectives developed in the policy. Give the size and nature of the Group's workforce the Group has chosen not to implement measurable objectives on which the Group will report on.

Risk Management

The entire Board is responsible for overseeing the risk management function. The Group believes that it is crucial for all board members to be a part of the process.

The Board is responsible for ensuring the risks and opportunities are identified on a timely basis.

The Board has a number of mechanisms in place to ensure the management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Implementation of board approved operating plans and budgets;
- Board monitoring of progress against these budgets, including the monitoring of key performance indicators of both a financial and non financial nature; and
- The establishment of committees to report on specific risk as identified.

Internal Risk Management System Compliance

Management is accountable to the Chief Executive Officer to ensure that operating efficiency, effectiveness of risk management procedures, internal compliance control systems and controls and policies are all being monitored. Management has designed and implemented a risk management and internal control system to manage the Group's material business risks and reports to the board at each meeting on the effective management of those risks. The Group has developed a series of operational risks which the Group believes to be inherent in the industry in which the Group operates. These include:

- Changed operating, market or regulatory environments;
- Fluctuations in demand volumes;
- Fluctuations in commodity prices;
- Fluctuations in exchange rates; and
- Increasing costs of operations.

These risk areas are provided here to assist investors better understand the nature of the significant risks faced by the Group.

The Board requires the Chief Executive Officer, Chief Financial Officer and the Company Secretary every half year to provide a statement confirming that a sound system of risk management and internal control is in place and that the system is operating effectively in all material respects in relation to financial risks. The Board has received that assurance.

Monitoring Performance

The Board and senior management monitor the performance of all divisions through the preparation of monthly management accounts. The monthly management accounts are prepared using accrual accounting techniques and report each business unit's result as contribution after overhead allocation. These monthly management accounts are compared to monthly budgets, which have been set allowing for the seasonality of anticipated revenues and costs in each of the divisions.

The monitoring of the Group's performance by the Board and management assists in identifying the correct allocation of resources and staff to maximize the overall return to shareholders.

A performance evaluation for senior management was undertaken during the year and was in accordance with the process developed by the Board for that purpose.

Details of the structure of non-executive directors' and senior executives' remuneration are included in the Remuneration Report within the Directors' Report in this Annual Report.

During the year the Board undertook an informal performance review of the Board, its committees and its directors. The conclusions of the self assessment of the Board's performance during the previous year and any recommendations for improvement which become apparent from that review are discussed by the Board.

The performance evaluation was undertaken using the process disclosed above.

Nomination and Remuneration

Remuneration and Nomination Committee

The Board Remuneration and Nomination Committee comprises Richard Cottee and Dr Mark Hart.

The role of the Remuneration and Nomination Committee is to make recommendations to the Board on the following matters:

- Determine the appropriate size and composition of the Board;
- Determine the terms and conditions of appointment to and retirement from the Board;
- Develop appropriate criteria for Board membership;
- Reviewing membership of the board and proposing candidates for consideration by the Board;
- Arranging a review of the Board's own performance;
- Reviewing the remuneration and incentive framework for the CEO and Non-Executive Directors;
- Determining the Group's remuneration plans, policies and practices; and
- Considering general remuneration policies and practices, recruitment and termination policies and superannuation requirements.

The committee did not meet formally during the year.

The Remuneration and Nomination Committee Charter is available at the Group's web site at www.austinexploration.com.au.

As per the changes introduced by the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011, Key Management Personnel (KMP) and their closely related parties of the

Group are prohibited from hedging their exposure to incentive remuneration for arrangements entered into on or after 1 July 2011.

There are no retirement schemes or retirement benefits other than statutory benefits for non-executive directors.

DIRECTORS' REPORT

The Directors of Austin Exploration Limited ("Austin") present their report, together with the financial statements of the Group, being the Group and its controlled entities, for the financial year ended 30 June 2014.

Directors

Directors in office during the year and to the date of this report are:

Mr Dominic Pellicano

Non-Executive Director (Appointed a director on 25 July 2008)

Dominic has been in private practice as a Certified Practicing Accountant (CPA) and a Legal Practitioner for over 30 years. He is currently the senior partner in the Accounting firm of Pellicano & Giovannucci which he founded in 1970. He is a Fellow of the Taxation Institute of Australia, a member of the Law Institute of Victoria and a CPA, Australia. Dominic has extensive experience in financial management and corporate governance and specialises in Taxation Law and Estate Planning.

Other current or former listed directorships: Nil

Mr Guy Thomas Goudy

Executive Director and Chief Commercial Officer (Appointed a director on 13 July 2009)

Guy trained at the University of Technology, Sydney (UTS) where he holds various formal qualifications in Business Studies. For the three years prior to his appointment, Guy was employed in the financial services sector and has been an authorised representative with a leading stock broking and financial advisory firm.

Other current or former listed directorships: Nil

Dr. William Mark Hart

Executive Director and President/Chief Executive Officer (Appointed to the board on 15 September 2010)

Dr. Hart has more than 35 years of executive experience across the world in a number of major mining and energy companies, including Standard Oil Minerals, Newmont Mining Company, Cyprus AMAX Minerals Company, Consol Energy, and leading clean-energy power generation company, NRG Energy Inc. and American Electric Power Fuel Supply Company.

President of Colorado-based energy consultancy, MATH Energy 1, Dr. Hart also serves as a Visiting Professor at the Colorado School of Mines, where he teaches classes in carboneous fuels-to-liquids, gas and power, and is an Adjunct Professor.

Dr. Hart has successfully led organizations of between 200 and 10,000 employees in a variety of executive capacities in the United States, Australia, Italy, Canada, Latin America, Europe and the Middle East.

Other current or former listed directorships: Nil

Mr Richard Cottee

Non-Executive Chairman of the Board (Appointed 24 March 2012)

Mr Cottee was at Queensland Gas Company ("QGC") where he held the position of Managing Director from 2002 until 2008 when the Company was taken over in a friendly acquisition by the BG Company. Over this period QGC grew from a market capitalisation of around $20 million to an ASX100 company with a market capitalisation of $5.7 billion. Prior to his role at QGC, Mr Cottee worked in the utility sector as Vice President and Managing Director of NRG Energy Ltd in London, and Chief Executive of CS Energy Ltd in Brisbane. Mr Cottee is a lawyer by background and commenced his career with Allens Arthur Robinson before holding commercial positions with Itochu and Santos. He also spent six years with Freehills, Allens & Mallesons covering the resource sector and six years as an Executive Director of Cyprus Australia Coal.

Other current or former listed directorships: Nexus Energy and Central Petroleum Limited.

Company Secretary

Mr David John Nairn (Appointed on 31 January 2011)

Mr Nairn is a fellow of both the Institute of Chartered Accountants and CPA Australia and has extensive experience as an auditor and corporate advisor. He has dealt with a variety of listed companies and their Boards while performing their audits.

Directors' Meetings

The number of directors meetings and number of meetings attended by each of the directors of the Group during the financial year are:

Director	Director's Meetings		Audit Committee Meetings	
	A	**B**	**A**	**B**
Dominic Pellicano	8	8	2	2
Richard Cottee	8	8	2	2
Guy Goudy	8	8	-	-
William Hart	8	8	-	-

A Number of Meetings attended

B Number of Meetings held while the director was in office

The Group notes that a Remuneration and Nominations Committee existed however it did not formally meet during the year.

Principal Activities

The principal activities of the Group during the year consisted of the accumulation and operation of mineral prospective areas and the exploration for oil and gas in the United States of America.

Financial Position

The net loss after income tax of the Consolidated Entity for the year ended 30 June 2014 was $2,021,943. (2013: $2,901,950).

Dividends Paid or Recommended

No dividends were paid or declared since the start of the year. No recommendation for payments of dividend has been made.

Review of Operations

A review of the operations of the economic entity during the financial year and the results of those operations are as follows:

a) Exploration

United States				
State in USA	Mississippi	Texas	Kentucky	Niobrara Shale Project
Well Name(s)	-Ellislie #1 V -Commencement # 1V -Bourke #4 V -Bourke #5	-Yolanda Villarreal #1 H - Krueger #1 well -Stifflemire #1H -Nemo 1H -Kaiser 2H Edbud 1H	Multiple, shallow well program	Pathfinder C 11 – 12 #1, #1 Hz C18-#1
Location	Adam County, Mississippi USA	Burleson County, Dimmitt County, Texas USA	Henderson County, Sebree County Kentucky USA	DJ Basin – Freemont County, Colorado, USA
Ownership Interest	Working Interest 50% Revenue Interest 36% - 37.5%	30% Working Interest % 22.5% NRI. 3 well Eagle Ford Carry with Halcon completed. 5000 acres - Halcon PetroMax Operating, Garland Texas. 27.6% Yolanda Austin Chalk well	Working Interest 100%. Net Revenue Interest= 75% - 80%	Working Interest 100% Net Revenue Interest 75%
Partners / Operators	Aldridge Operating Company - Dow Tate Energy LLC	Halcon Resourcees Corporation, Houston Texas PetroMax Operating Company- Garland Texas USA	KentuckyExploration, LLC- 50% JV with Private Australian Investment group	Thomasson Petroleum E&P / AusCo Petroluem Inc.
Objective / Focus	Drill wells Well targeting conventional Wilcox formation	Primary objective- Eagle Ford Shale. Secondary objectives Austin Chalk, Taylor Gas Sand	Jackson Formation, Cyprus Formation Secondary Targets: Palestine, McCloskey, Fort Payne, New Albany Shale, Hardensburg	Primary targets = Niobrara and Pierre Shales. Secondary targets = Grenaraos, Greenhorn, Codell, Dakota
Independent Evaluations	Gustavson Reserves Report 2012	Gustavson Associates LLC 2014 Ameritex, San Antonio Texas	- CNI 51:101 Richard Braun Mike Mitchell Gustavson Reserves Report 2012/2013	Gustavson Associates LLC 2013 & Mitchell Geological Associates 2012
Current Status	In production -4 wells On pump	Halcon Resources Corporation Carry 3 well completed. Eagle Ford well no 1 is in production and produced 25,890	Oil production from multiple leases. Currently producing at 33 BOPD and on track to hit 40 Bopd target in	1 Vertical exploration well complete. C 11-12 # 1HZ well in production. C 18-1 well intersected two oil

		BOE in first 30 days, No's 2,3&4 have been successfully drilled and undergoing flowback operations. Well # 5 is currently being drilled. PetroMax to drill Eagle Ford well in 2014 production.	2014	columns and is undergoing testing. Two Pierre well program underway.
Next Steps	Monitor daily production. Evaluating potential next well locations	Monitor daily production. Aggressive Eagle Ford drilling campaign is underway in Burleson County Texas with Halcon and several more wells planned for the near future. 1st well with PetroMax is scheduled to begin in Q4 2014	Hit 40 BO target. Monitor production – analyze data for future laterals. Design frac and injection wells to optimize production	Continue on-going field development and de-risking program of Niobrara and Pierre targets. Two Pierre wells to be drilled this year and planning continues to install a North-South pipeline

The Group has accumulated acreage in a number of oil and gas projects comprising mineral leases in the USA. The mineral leases that have producing wells drilled on them during the primary lease term will be held as producing leases. Mineral leases that are drilled and produce a dry hole, or not drilled at all, will expire at the end of the primary term unless re-leased for a further term. The exploration of the leases is managed by operators who make cash calls, hire contractors and pay all accounts.

b) Corporate Matters

Capital Raising

- On 12 August 2013 the Group issued 141,666,666 Listed Ordinary shares at $0.012 per share via a placement to provide further funds to continue exploration activities and working capital.
- On 10 December 2013 the Group issued 7,925,000 Listed Ordinary shares for no consideration to management in accordance with the Performance Plan.
- On 13 February 2014 the Group issued 260,000,000 Listed Ordinary shares at $0.011 per share via a placement to raise funds for the drilling program and working capital.
- On 10 June 2014 the Group issued 435,045,900 Listed Ordinary shares at $0.01 per share in relation to the SPP to raise funds for the drilling program and for working capital.

Changes of Officers and Directors

There were no changes of Officers and Directors during the year ended 30 June 2014.

Significant Changes in the State of Affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

Net increase in issued capital to $63,070,136 (2013: $54,529,606) as a result of the following:

- Issue of 141,666,666 fully paid ordinary shares at $0.012 per share to raise $1,700,000.
- Issue of 7,925,000 fully paid ordinary shares for no consideration as remuneration to staff of the company.
- Issue of 260,000,000 fully paid ordinary shares at $0.011 per share to raise $2,860,000.
- Issue of 435,045,900 fully paid ordinary shares at $0.01 per share to raise $4,350,459.

Likely Developments

The likely future developments of the Group during the next financial year and beyond will involve the ongoing principal activity of oil and gas exploration and operations. The Group anticipates the establishment of revenues from its portfolio of prospects and will continue to pursue new prospects in line with its financial resources and ability to acquire appropriate funding.

Environmental Regulations

The Group is subject to significant environmental regulations under Federal and/or State laws in the USA. The Group has not been advised of any environmental breaches during the year.

Proceedings on Behalf of Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings. The Group was not a party to any such proceedings during the year.

Events arising since the end of the Reporting Period

The following matters or circumstances have arisen since the end of the year that have significantly affected or may significantly affect either:

- The entity's operations in future financial years;
- The results of those operations in future financial years; or
- The entity's state of affairs in future financial years.

On 4 July 2014, the Group placed the shortfall of the SPP and issued 171,790,241 Listed Ordinary shares at $0.01 per share to raise funds for the drilling program and working capital.

REMUNERATION REPORT - AUDITED

This report details the nature and amount of emoluments for each key management person of the Group, and for the executives receiving the highest remuneration.

Remuneration policy

The Group's remuneration policy has been designed to align director and executive objectives with shareholder and business objectives, by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the Board;
- All executives may receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and performance incentives;
- The Board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based on a basket of measures including financial results, share price, production targets, safety and environmental issues. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and

options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.
Executives are also entitled to participate in the Performance Rights Plan providing an opportunity to obtain further shares.

Other than superannuation guarantee contributions, Australian directors do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Group and is expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The Board's intention is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Remuneration and Nomination Committee determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and currently stands at $500,000 in total. Fees for non-executive directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the directors are encouraged to hold shares in the Group (but not trade in them) and have in the past been granted options.

Performance of shareholders wealth

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

	2014	2013	2012	2011	2010
EPS	($0.0010)	($0.0019)	($0.0029)	($0.0021)	($0.0206)
Net profit/loss ($000)	(2,021,943)	(2,901,950)	(2,298,119)	(655,008)	(4,756,607)
Share Price	0.0120	0.011	0.02	0.03	0.03

Remuneration Details

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and executives of the Group are set out in the following tables.

Directors	Position held at 30 June 2014 and any changes during the year	Contract Details (Duration and Termination)	Proportions of elements of remuneration not related to performance
Mr. Dominic Pellicano	Non–Executive Director	Retirement by Rotation	100%
Mr. Guy Goudy	Executive Director and Chief Commercial Officer.	Retirement by Rotation	80%
Dr. William Mark Hart	Executive Director and Chief Executive Officer.	No fixed term	80%
Mr Richard Cottee	Non-Executive Director and Chairman of the Board	Retirement by Rotation	100%

Group Key Management Personnel	Position held at 30 June 2014 and any changes during the year	Contract Details (Duration & Termination)	Proportions of elements of remuneration not related to performance
David Nairn	Company Secretary	No fixed term	100%
Lonny Haugen	Chief Financial Officer	Two year contract	80%

The Group utilises the following service contracts:-

- Consulting services retainer is paid to Freestone Energy Partners in relation to the services of Mr Richard Cottee. This was paid up to September 2013 and no further payments of this retainer will be paid till the Company's cash flow improves.
- Drilling services of Math Energy Drilling LLC. Mr Mark Hart is a director of Math Energy Drilling LLC.
- Rental services of Math Energy 1 LLC. Mr Mark Hart is a director of Math Energy 1 LLC.
- Accounting and taxation services of HLB Mann Judd. Mr David Nairn is a Partner at HLB Mann Judd.
- Accounting and taxation services of CFO Today. Mr Lonny Haugen is an owner of CFO Today.

	Short-term benefits			Post employment	Equity-settled share-based payments			
2014	Salary and Fees Paid	Performance Rights Accrued	Non–Monetary Benefits	Superannuation Contributions	Options	Shares	Total	% of Performance Based
	$	$	$	$	$	$	$	
Directors								
Mr. Dominic	42,500	40,000	-	3,931	-	-	86,431	46%
Mr. Guy Goudy	348,938	80,000	-	6,706	-	-	435,644	31%
Mr Richard Cottee[1]	143,526	-	-	7,400	-	-	150,926	22%
Dr. William Mark	371,581	80,000	-	-	-	-	451,581	30%
Key Management Personnel								
David Nairn[2]	39,950	-	-	-	-	-	39,950	-%
Lonny Haugen[3]	202,653	-	-	-	-	10,000	212,653	23%
	1,149,148	***200,000**	**-**	**18,037**	**-**	**10,000**	**1,377,185**	

	Short-term benefits			Post employment	Equity-settled share-based payments			
2013	Salary and Fees Paid	Performance Rights Accrued	Non–Monetary Benefits	Superannuation Contributions	Options	Shares	Total	% of Performance Based
	$	$	$	$	$	$	$	
Directors								
Mr. Dominic	39,999	-	-	-		11,025	51,024	21.6%
Mr. Guy Goudy	236,069	-	-	10,124	29,000	63,000	338,193	27.2%
Mr. Nigel Hartley[4]	39,999	-	-	3,599	-	11,025	54,623	20.2%
Mr Richard Cottee[1]	298,000		-	7,199	43,500	173,000	521,699	41.5%
Dr. William Mark	343,308	-	-	-	29,000	63,000	435,308	21.1%
Key Management Personnel								
David Nairn[2]	48,165	-	-	-	-	-	48,165	-%
Lonny Haugen[3]	138,599	-	-	-	-	11,025	149,624	7.4%
	1,144,139	**-**	**-**	**20,922**	**101,500**	**332,075**	**1,598,636**	

*Accrual for 2014 Performance Rights

[1] $30,002 (2013: $236,166) was paid as a consulting fee to Freestone Energy Partners who employ Mr Richard Cottee.
[2] HLB Mann Judd has received $39,950 (2013:$48,165) in respect of Mr David Nairn's secretarial fees
[3] CFO Colorado has received $8,116 (2013:$43,596) in respect of their Accounting & Tax Services.
[4] Resigned 17 June 2013

Share-based Compensation

During the year ended 30 June 2014, all issued options expired.

Shares provided on exercise of remuneration options

No options were exercised during the year ended 30 June 2014.

Directors Interests in Shares and Options

KMP Shareholdings

The number of ordinary shares in Austin Exploration Limited held by each KMP of the Group during the financial year is as follows:

2014	Balance 30.6.13	Granted	Purchased	Vested	Other Changes	Balance 30.6.14
Mr. Dominic Pellicano	10,446,966	-	3,000,000	-	-	13,446,966
Mr. Guy Goudy	7,950,000	-	1,000,000	-	-	8,950,000
Dr. William Mark Hart	5,748,138	-	1,505,000	-	-	7,253,138
Mr. Richard Cottee	10,974,138	-	1,700,000	-	-	12,674,138
Mr. Lonny Haugen	525,000	-	1,000,000	-	-	1,525,000
Mr. David Nairn	-	-	-	-	-	-
Total	35,644,242	-	8,205,000	-	-	43,849,242

2013	Balance 30.6.12	Granted	Purchased	Vested	Other Changes	Balance 30.6.13
Mr. Dominic Pellicano	8,046,966	525,000	1,875,000	-	-	10,446,966
Mr. Guy Goudy	4,325,000	3,000,000	625,000	-	-	7,950,000
Dr. William Mark Hart	2,748,138	3,000,000	-	-	-	5,748,138
Mr. Nigel Hartley*	2,400,000	525,000	-	-	(2,925,000)	-
Mr. Richard Cottee	1,724,138	8,000,000	1,250,000	-	-	10,974,138
Mr. Lonny Haugen	-	525,000	-	-	-	525,000
Mr David Nairn	-	-	-	-	-	-
Total	19,244,242	15,575,000	3,750,000	-	(2,925,000)	35,644,242

* Resigned on 17th June 2013

KMP Options Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

2014	Balance 01.07.13	Options Exercised	Options Granted	Options Purchased	Expired	Other Changes	Balance 30.6.14
Mr. Dominic Pellicano	15,500,000	-	-	-	(15,500,000)	-	-
Mr. Guy Goudy	25,862,500	-	-	-	(25,862,500)	-	-
Dr. William Mark Hart	25,362,069	-	-	-	(25,362,069)	-	-
Mr. Richard Cottee	15,862,069	-	-	-	(15,862,069)	-	-
Mr. Lonny Haugen	500,000	-	-	-	(500,000)	-	-
Mr. David Nairn	-	-	-	-	-	-	-
Total	83,086,638	-	-	-	83,086,638	-	-

2013	Balance 01.07.12	Options Exercised	Options Granted	Options Purchased	Expired	Other Changes	Balance 30.6.13
Mr. Dominic Pellicano	15,500,000	-	-	-	-	-	15,500,000
Mr. Guy Goudy	15,862,500	-	10,000,000	-	-	-	25,862,500
Dr. William Mark Hart	16,362,069	-	10,000,000	-	(1,000,000)	-	25,362,069
Mr. Richard Cottee	862,069	-	15,000,000	-	-	-	15,862,069
Mr. Nigel Hartley*	1,700,000	-	-	-	-	(1,700,000)	-
Mr. Lonny Haugen	500,000	-	-	-	-	-	500,000
Mr. David Nairn	-	-	-	-	-	-	-
Total	50,786,638	-	35,000.000	-	(1,000,000)	(1,700,000)	83,086,638

All options are vested and exercisable on issue date.

* Resigned on 17th June 2013

During the year ended 30 June 2014, all issued options expired.

Information on directors' interest in shares and options as at 10 September 2014 is set out in the following table:

Directors	Ordinary Shares Held	Options Held
	10 September 2014	10 September 2014
Mr. Dominic Pellicano	13,446,966	Nil
Mr. Guy Goudy	8,950,000	Nil
Dr. William Mark Hart	7,253,138	Nil
Mr Richard Cottee	12,674,138	Nil
Secretary		
Mr. David Nairn	Nil	Nil

Performance Rights Plan

The number of performance rights accrued during the financial year are as follows:-

2014	Balance 01.07.13	Performance Rights Accrued	Other Changes	Balance 30.6.14
Mr. Dominic Pellicano	-	4,000,000	-	4,000,000
Mr. Guy Goudy	-	8,000,000	-	8,000,000
Dr. William Mark Hart	-	8,000,000	-	8,000,000
Mr. Richard Cottee	-	-	-	-
Mr. Lonny Haugen	-	-	-	-
Mr. David Nairn	-	-	-	-
Total	-	20,000,000	-	20,000,000

Please note there were no performance rights for the directors for the year ending 30 June 2013.

Please note that the Company's Performance Rights Plan ("Plan") was approved by shareholders at the General Meeting held on 28 November 2012. The Plan enables the Company to grant entitlements to shares ("Performance Rights") and issue shares on conversion of Performance Rights, without impacting on the Company's ability to issue up to 15% of its total ordinary securities without shareholder approval in any 3 year period. Performance Rights have been granted to staff each year as advised to the market but Directors were not issued with Performance Rights in 2013. The Company has agreed, subject to Shareholder approval, to grant Performance Rights to the Directors of the Company in 2014. Based on the details contained in the Notice released to the market on 24th February 2014 performance rights were established for three of the Directors. The company is required to accrue for these performance rights during the year despite the rights requiring Shareholder approval. The accrual is based on the likelihood of achieving target 1, 3 and 4 in the notice and has been calculated on the current share price of $0.02. A summary of the targets are as follows:-

1. Class 1 Performance Rights – will vest if the volume weighted average price of the Company's shares as traded on ASX over 10 consecutive trading days in the 2014 calendar year is equal to or greater than AUD$0.02 per share (being 20% above the 1.6c Share April 2013 Placement and 82% above the 2013 low of 1.1cps)
2. Class 2 Performance Rights – will vest if the Company's wholly owned subsidiary, Ausco Petroleum ("US Subsidiary"), sustains total production of 600 BOEPD for at least 30 consecutive days in 2014
3. Class 3 Performance Rights – will vest if, for the period from 1 January 2014 to 31 December 2014, the US Subsidiary has no lost time SAFETY accidents.
4. Class 4 Performance Rights – will vest if, for the period 1 January 2014 to 31 December 2014, the US Subsidiary does not have any Phase 1 ENVIRONMENTAL incidents.

END OF AUDITED REMUNERATION REPORT

Retirement, Election and Continuation in Office of Directors

Directors are subject to retirement by rotation and election by shareholders at a general meeting. No director other than the Chief Executive Officer may remain on the Board for more than three years without re--election. Where a director is appointed during the year, the director will hold office until the next Annual General Meeting and then be eligible for election.

Indemnifying Officers and Auditors

The Group has entered into Deeds of Indemnity with each of the Directors and Company Secretary and has taken out Directors and Officers Insurance (D&O) on behalf of each of the Directors and Company Secretary.

No liability has arisen under this indemnity as at the date of this report.

Shares under Option

As at the date of this report, there were no unissued ordinary shares of Austin Exploration Limited under an option. No ordinary shares of Austin Exploration Limited were issued on the exercise of options during the reporting year ended 30 June 2014. No amounts are unpaid on any of the shares.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Non-Audit Services

No Non-Audit Services were performed by the auditor during the financial year ended 30 June 2014.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included.

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

Mr. Richard Cottee
Chairman
Dated 17 September, 2014

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Auditor's Independence Declaration
To the Directors of Austin Exploration Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Austin Exploration Limited for the year ended 30 June 2014, 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.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B. L. Taylor
Partner - Audit & Assurance

Melbourne, 17 September 2014

Austin Exploration Ltd and Controlled Entities ABN 98 114 198 471

Statement of Profit or Loss and other comprehensive income
For the year ended 30 June 2014

	Note	Consolidated Group 2014 $	2013 $
Revenues from continuing operations	3	1,408,082	1,849,425
Gain on disposal of exploration asset	4	1,731,574	-
Directors Fees		(600,104)	(466,824)
Share based payments		(279,250)	(516,708)
Employee benefits expense		(1,404,441)	(949,219)
Depreciation and amortisation expense	5	(428,663)	(520,704)
Share of profit/loss from equity accounted investments	15	165,359	152,883
Other expenses	5	(2,614,500)	(2,450,803)
Loss before income tax		**(2,021,943)**	**(2,901,950)**
Income tax expense	6	-	**-**
Loss for the year		**(2,021,943)**	**(2,901,950)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Movement in fair value of financial asset		(662,319)	-
Exchange rate differences on translation of foreign operations		(1,325,987)	3,685,827
Other comprehensive income for year Net of tax		**(1,988,306)**	**3,685,827**
Total comprehensive income for year		**(4,010,249)**	**3,685,827**
Profit/Loss for the year attributable to:			
Members of the parent entity		(2,021,943)	(2,901,950)
		(2,021,943)	**(2,901,950)**
Total comprehensive income attributed to:			
Members of the parent entity		(4,010,249)	783,877
		(4,010,249)	**783,877**
Earnings per share for loss from continuing operations:			
Basic earnings per share	9	($0.0010)	($0.0019)
Diluted earnings per share	9	($0.0010)	($0.0019)

This statement should be read in conjunction with the notes to the financial statements.

Austin Exploration Ltd and Controlled Entities ABN 98 114 198 471
Consolidated Statement of Financial Positions as at 30 June 2014

	Note	Consolidated Group 2014 $	2013 $
Current Assets			
Cash and cash equivalents	11	3,328,397	1,144,870
Trade and other receivables	12	131,240	239,621
Available for sale financial asset	18	1,087,681	-
Other current assets	13	88,915	512,987
Total Current Assets		**4,636,233**	**1,897,478**
Non-Current Assets Held for Sale	10	-	18,426
Non-Current Assets			
Investments accounted for using the equity method	15	2,834,800	2,580,546
Property, plant and equipment	14	250,183	231,017
Development and producing assets	16	1,594,272	1,634,584
Exploration and evaluation assets	17	34,488,359	32,614,713
Other non-current assets		396,472	174,075
Total Non-Current Assets		**39,564,086**	**37,253,361**
Total Assets		**44,200,319**	**39,150,839**
Current Liabilities			
Trade and other payables	19	603,172	279,694
Total Current Liabilities		**603,172**	**279,694**
Non-Current Liabilities			
Other long term liabilities		54,535	58,814
Total Non-Current Liabilities		**54,535**	**58,814**
Total Liabilities		**657,707**	**338,508**
Net Assets		**43,542,612**	**38,812,331**
Equity			
Issued Capital	20	63,070,136	54,529,606
Reserves	21	2,168,048	8,129,180
Retained earnings / (Accumulated losses)		(21,695,572)	(23,846,455)
Total Equity		**43,542,612**	**38,812,331**

This statement should be read in conjunction with the notes to the financial statements.

Austin Exploration Ltd and Controlled Entities ABN 98 114 198 471
Consolidated Statement of Changes in Equity
For the year ended 30 June 2014

CONSOLIDATED GROUP	Issued Capital	Share Option Reserve	AFS Financial Asset Reserve	Performance Rights Reserve	Foreign Currency Reserve	Retained Profits/ (losses)	Total
	$				$	$	$
Balance at 1 July 2013	52,628,930	4,093,065	-	-	270,527	(20,966,244)	36,026,278
Share issued during the year	1,955,608	-	-	-	-	-	1,955,608
Transaction costs	(54,932)	-	-	-	-	-	(54,932)
Share Options expired during the period	-	(21,739)	-	-	-	21,739	-
Options Reserve on recognition of the cost element of options	-	101,500	-	-	-	-	101,500
Profit or Loss	-	-	-	-	-	(2,901,950)	(2,901,950)
Movement in FX Reserve	-	-	-	-	3,685,827	-	3,685,827
Unrealised gain/loss in AFS	-	-	-	-	-	-	-
Balance at 30 June 2013	54,529,606	4,172,826	-	-	3,956,354	(23,846,455)	38,812,331
Share issued during the year	8,989,709	-	-	-	-	-	8,989,709
Performance rights accrued	-	-	-	200,000	-	-	200,000
Transaction costs	(449,179)	-	-	-	-	-	(449,179)
Share Options expired during the period	-	(4,172,826)	-	-	-	4,172,826	-
Options Reserve on recognition of the cost element of options	-		-	-	-	-	-
Profit or Loss	-	-	-	-	-	(2,021,943)	(2,021,943)
Movement in FX Reserve	-	-	-	-	(1,325,987)	-	(1,325,987)
Unrealised gain/loss in AFS			(662,319)	-	-	-	(662,319)
Balance at 30 June 2014	63,070,136	-	(662,319)	200,000	2,630,367	(21,695,572)	(43,542,612)

This statement should be read in conjunction with the notes to the financial statements

Austin Exploration Ltd and Controlled Entities ABN 98 114 198 471
Consolidated Statement of Cash Flows
For the year ended 30 June 2014

	Note	Consolidated Group 2014 $	2013 $
Cash Flow From Operating Activities			
Receipts from customers		1,491,601	1,638,314
Payments to suppliers and employees		(3,492,575)	(4,770,915)
Interest received		11,724	194,903
Net cash used in operating activities	24	(1,989,250)	(2,937,698)
Cash Flow From Investing Activities			
Payments for plant and equipment		(87,939)	(106,332)
Receipts from joint venture investment		-	161,054
Payments to joint venture investment		(1,052,091)	(258,395)
Payments for development activities		(375,191)	(345,045)
Payments for explorations activities		(4,678,334)	(17,602,794)
Cash received from farm out agreement		1,673,725	-
Net cash used in investing activities		(4,519,830)	(18,151,512)
Cash Flow From Financing Activities			
Proceeds from borrowings		54,270	-
Repayment of borrowings		(54,270)	-
Proceeds of issue of shares		8,910,459	1,540,400
Share issue costs		(449,179)	(54,936)
Net cash provided by financing activities		8,461,280	1,485,464
Net increase (decrease) in cash held		1,952,200	(19,603,746)
Cash at the beginning of the year		1,144,870	21,090,085
Effects of exchange rate changes on cash and cash equivalents		231,327	(341,469)
Cash at the end of the year	11	3,328,397	1,144,870

This statement should be read in conjunction with the notes to the financial statements.

The financial report includes the consolidated financial statements and notes of Austin Exploration Limited and controlled entities (Group) of Austin Exploration Limited which is a listed public Group, incorporated and domiciled in Australia.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report of Austin Exploration Limited for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 10 September 2014.

The financial report has been prepared on an accruals basis and is based on historical costs modified, where applicable, to be reviewed by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Austin Exploration Limited is a for-profit entity for the purpose of preparing the financial statements.

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

Consolidation Standards

A package of consolidation standards are effective for annual periods beginning or after 1 January 2013. Information on these new standards is presented below. The Group’s management have assessed the impact of these new and revised standards on the Group’s consolidated financial statements and there is no impact.

AASB 10 Consolidated Financial Statements (AASB 10)

AASB 10 supersedes the consolidation requirements in AASB 127 Consolidated and Separate Financial Statements (AASB 127) and Interpretation 112 Consolidation – Special Purpose Entities.

It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

AASB 11 Joint Arrangements (AASB 11)

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AASB 131).

It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. It introduces two accounting categories (joint operations and joint ventures) whose applicability is determined based on the substance of the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method for joint ventures, which is currently used for investments in associates.

Consequential amendments to AASB 127 Separate Financial Statements (AASB 127) and AASB 128

Investments in Associates and Joint Ventures (AASB 128) AASB 127 Consolidated and Separate Financial Statements was amended to AASB 127 Separate

Financial Statements which now deals only with separate financial statements. AASB 128 brings investments in joint ventures into its scope. However, AASB 128's equity accounting methodology remains unchanged.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key

Management Personnel Disclosure Requirements (AASB 124 Amendments)

AASB 2011-4 makes amendments to AASB 124 Related Party Disclosures to remove individual key management personnel disclosure requirements, to achieve consistency with the international equivalent (which includes requirements to disclose aggregate (rather than individual) amounts of KMP compensation), and remove duplication with the Corporations Act 2001. The amendments are applicable for annual periods beginning on or after 1 July 2013.

Amendments to AASB 119 Employee Benefits

The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- Eliminate the 'corridor method' and requires the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- Change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability; and
- Enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

Standards and interpretation issued not yet effective

The Group has also reviewed all new standards and interpretations that have been issued but are not yet effective for the year ended 30 June 2014. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and, therefore, no change will be necessary to Group accounting policies

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below.

AASB 9 Financial Instruments (effective from 1 January 2018)

The AASB aims to replace AASB 139 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (AASB 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed. Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes.

The Group's management have yet to assess the impact of this amendment.

(b) Principles of consolidation

A controlled entity is any entity over which Austin Exploration Limited, is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 23 to the financial statements. All controlled entities have a June financial year end.

As at the reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered/(left) the consolidated Group during the year, their operating results have been included/(excluded) from the date control was gained/(ceased).

All inter-Group balances and transactions between entities in the consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(c) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised on a proportional basis using the effective interest method taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Revenue from sale of oil and gas is recognised in the period in which the sale of gas and oil occurs.

Revenue from interest is recognized using the effective interest method.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Income tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted or are substantially enacted as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authorities.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which the benefits of the deferred tax asset can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(e) Trade receivables

Trade receivables and other receivables are carried at amounts due less any provision for specific doubtful debts.

(f) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Interests in joint ventures

The consolidated Group's share of the assets, liabilities, revenue and expenses of joint operations are included in the appropriate items of the consolidated financial statements. Details of the consolidated Group's interests are shown at Note 15.

The consolidated Group's interests in joint ventures are brought to account using the equity method of accounting in the consolidated financial statements.

Under the equity method, the share of the profit and losses of the joint venture is recognised in the profit or loss, and the share of post-acquisition movements in reserves recognised in other comprehensive income.

Unrealised gains and losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group’s interest in those entities. Where unreleased losses are eliminated, the underlying asset is also tested for impairment.

(h) Exploration, evaluation and development expenditure and restoration provisions

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is
undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(i) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The net expected cash flows have been discounted to their present values in determining recoverable amounts.

(j) Depreciation

Items of property, plant and equipment, are depreciated over their estimated useful lives ranging from 3 to 40 years to write off the net cost of each asset during its expected useful life to the Group. The straight line method of depreciation is used.

The assets residual values and useful lives are reviewed and adjusted if appropriate at each reporting date. An asset's carrying amount is written down immediately tom its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses are determined by comparing proceeds received with the asset's carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(k) Leases

Leases of plant and equipment are classified as operating leases where the lessor retains substantially all of the risks and benefits of ownership. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

(l) Foreign currency transactions and balances

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year-end exchange rate.

Exchange differences arising on the translation of monetary items are recognised in statement of profit or loss and other comprehensive income.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

(iii) Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

(m) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date in respect of wages and salaries, annual leave and long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Employee benefits that are expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be payable later than one year are measured as the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity which match the expected timing of cash flows.

Contributions made by the Group to employee superannuation funds are charged to expenses as incurred.

(n) Equity-settled compensation

The Group operates equity-settled share-based payment employee option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase in an equity account. The fair value of options is determined by an independent valuer using a Black-Scholes option pricing model which incorporates all vesting conditions. In determining fair value, no account is taken of any performance conditions other than those related to market conditions. The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors' best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the Group until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

(o) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group.

(p) Financial assets and liabilities

Classification

The Group classifies its financial assets and liabilities in the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included and trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold-to-maturity. If the Group were to sell other than an insignificant amount of held-to-maturity investments, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for sale-financial assets

Available-for-sale financial assets comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified as any other category, and are classified as non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

(v) Classification and subsequent measurement of financial liabilities

The Group’s financial liabilities including borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are including within finance costs or finance income.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised as trade-date — the date on which the Group commits to purchase or sell an asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of profit or loss and other comprehensive income as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the 'fair value of the financial asset through profit or loss' category are presented in the statement of profit or loss and other comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss and other comprehensive income as part of the revenue from continuing operations when the Group's right to receive payments is established.

Changes in the value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available for sale are recognised in equity.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or Group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of profit or loss and other comprehensive income.

(q) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalent includes;
- cash on hand and at call in banks net of overdrafts; and
- investments in short term deposits (i.e. 6 months)

(r) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

(s) Issued Capital

Ordinary share capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of shares are recognised (net of tax) directly in equity as a reduction in the share proceeds received.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(u) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates — Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Exploration and evaluation

The Group's policy for exploration and evaluation is discussed at note 1(h). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances.

Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sales or exploitation, then the relevant capitalised amount will be written off through the statement of profit or loss and other comprehensive income.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

(v) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(w) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

(x) Parent Entity Financial Information

The financial information for the parent entity, Austin Exploration Limited, disclosed in Note 2 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Austin Exploration Limited.

NOTE 2: PARENT ENTITY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

	2014 $	2013 $
Statement of financial position		
Total current assets	46,494,968	38,906,553
Total non current assets	1,137,681	68,426
Total assets	**47,632,649**	**38,974,979**
Total current liabilities	26,760	43,719
Total non current liabilities	-	-
Total liabilities	**26,760**	**43,719**
Share capital	63,070,136	54,529,605
Reserve	(462,319)	4,172,826
Accumulated losses	(15,001,928)	(19,771,171)
Total Equity	**47,605,889**	**38,931,260**
Statement of profit or loss and other comprehensive income		
Profit/(Loss) for the year after tax	(65,836)	(1,547,254)
Total comprehensive income/loss	(65,836)	(1,547,254)

The parent entity has not provided any financial guarantees on behalf of its subsidiary.

The parent entity accounts for Joint Ventures at cost.

The parent entity did not have any contingent liabilities as at 30 June 2014 (2013: Nil)

As at 30 June 2014, the parent entity had no contractual commitments (2013: Nil)

NOTE 3: REVENUE

From continuing operations:

	2014 $	2013 $
Gas and Oil Sales	1,398,033	1,639,459
Interest received from other parties	10,049	177,119
Other income	-	32,847
Total Revenue	**1,408,082**	**1,849,425**

NOTE 4: GAIN ON DISPOSAL

	2014 $	2013 $
Carrying Value – 50% Interest in PEL105	(18,426)	-
Shares received in Tellus Resources	1,750,000	-
Profit on sale of interest in PEL105	**1,731,574**	-

On 9th October 2013, the Group's interest in PEL105 was sold to Tellus Resources Limited. Austin Exploration Limited received 19,776,020 shares in Tellus Resources which were valued on the Australian Securities Exchange (ASX) at $0.088491, in consideration for its 50% interest in the license area in the Cooper Basin. These shares are held as an available for sale finance asset with subsequent movements in fair value recognised in a revaluation reserve.

NOTE 5: LOSS FOR THE YEAR

Losses before income tax have been determined after:

	2014 $	2013 $
Depreciation expense	63,240	44,270
Amortisation expense	365,423	476,435

	2014 $	2013 $
Other Expenses:		
Engineering Costs	603,600	-
Insurance	127,878	104,331
IT Expenses	-	6,222
Lease Operating Expense	545,899	916,292
Marketing	111,461	120,196
Printing & stationery	29,019	26,464
Professional Fees	710,148	846,450
Rent on land & buildings	34,155	32,022
Interest Paid	-	3,449
Due Diligence Costs	22,705	-
Subscriptions	5,308	97
Sundry expenses	108,872	179,846
Telephone	37,256	30,238
Travel, accom & conference	278,199	185,196
	2,614,500	**2,450,803**

NOTE 6: INCOME TAX EXPENSE

	2014 $	2013 $
(a) The components of income tax expense		
Current Tax	-	-
Deferred Tax	-	-
	-	-
(b) The prima facie tax benefit on loss from ordinary activities is reconciled to the income tax as follows:		
Net Loss	(2,021,943)	(2,901,950)
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(606,583)	(870,585)
Add/(less) the tax effect of:		
- Differences in tax rate for US controlled entities	(112,650)	(43,913)
- Other allowable / (non allowable) items	392,098	142,930
Tax effect of tax losses and temporary differences not brought to account as they do not meet the recognition criteria	327,135	771,568
Income tax attributable to operating loss	-	-
(c) Unused tax losses and temporary differences for which no deferred tax asset has been		
- In Australia at 30%	5,387,650	6,925,702
- In USA at 35%	3,954,404	1,701,401
	9,342,054	8,627,103

NOTE 7: INTEREST OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2014.

Please note that all options issued are vested and exercisable upon issue.

The totals of remuneration paid to KMP of the Group and the Group during the year are as follows:

	2014	2013
	$	$
Short term employee benefits	1,349,148	1,144,139
Post-employment benefits	18,037	20,922
Share based payments	10,000	433,575
	1,377,185	1,598,636

NOTE 8: AUDITORS' REMUNERATION

		2014	2013
		$	$
Remuneration of auditor of the consolidated Group for:			
- auditing or reviewing the financial report	- Australia	35,000	40,000
	- America	46,850	30,206
		81,850	70,206

NOTE 9: EARNINGS PER SHARE & DILUTED EARNINGS PER SHARE

	2014 $	2013 $
Net loss attributed to ordinary equity holders	(2,021,943)	(2,901,950)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	1,994,241,771	1,514,822,971
Basic Earnings per share	($0.0010)	($0.0019)
Diluted Earnings per share	($0.0010)	($0.0019)

The options held by option holders have not been included in the weighted average number of ordinary shares for the purpose of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The options are non-dilutive as the consolidated entity is loss generating.

NOTE 10: NON-CURRENT ASSETS HELD FOR SALE

	Consolidated Group	
	2014 $	2013 $
PEL105	-	18,426

On the 9th October 2013, Austin Exploration Limited completed the agreement and sold its 50% undivided interest in petroleum exploration license PEL105 to Tellus Resources Limited.

NOTE 11: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2014 $	2013 $
Cash at bank and in hand	3,328,397	1,094,870
Term deposits	-	50,000
	3,328,397	**1,144,870**

The effective interest rate on cash at bank was 1.00% pa (2013; 1.00% pa.).

NOTE 12: TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
Current		
Trade and Other receivables*	117,945	218,056
GST Receivable	13,295	21,565
	131,240	**239,621**

*All of the balances within trade receivables are not past due and are not impaired

NOTE 13: OTHER CURRENT ASSETS

	2014 $	2013 $
Prepayments	88,915	512,987

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	2014 $	2013 $
Plant and equipment:		
- At cost	371,074	288,668
- Less: Accumulated depreciation	(120,891)	(57,651)
	250,183	**231,017**

Movement in Property, Plant and Equipment at Cost

	2014 $	2013 $
Plant and equipment:		
- At cost	288,668	158,624
- Add: Additions	82,406	130,044
- Less: Assets written off during the period	-	-
	371,074	**288,668**

Movement in Property, Plant and Equipment Accumulated Depreciation

	2014 $	2013 $
Plant and equipment:		
- Opening: Accumulated Depreciation	(57,651)	(13,381)
- Add: Depreciation	(63,240)	(44,270)
- Less: Assets written off during the period	-	-
	(120,891)	**(57,651)**

NOTE 15: INTERESTS IN JOINT VENTURES

Kentucky Exploration LLC is the only joint venture within the Group and the ownership percentage is 50%. Kentucky Exploration LLC is domiciled in the United States of America and its principal activity is to develop and explore the subject prospect for oil and gas production. Its financial statements have been incorporated into the consolidated financial statements using the equity method of accounting.

	2014	2013
	$	$
Sales and other operating revenues	206,977	426,264
Finance costs and other finance expense	(339,938)	(82,923)
Profit/(Loss) before taxation	**(132,961)**	**343,341**
Taxation	-	-
Profit/(Loss) for the year	**(132,961)**	**343,341**
Non-current assets	2,957,849	5,366,275
Current assets	40,879	27,426
Total assets	**2,998,728**	**5,393,701**
Non-current liabilities	310,515	37,619
Current liabilities	64,657	195,811
Total liabilities	**375,171**	**233,430**

Movement in Investment Amounts:

	2014	2013
	$	$
Opening Investment	2,580,546	2,133,864
Profit/Loss for the year before adjustment to equity	(136,441)	152,883
Adjustment to equity	301,800	-
Profit for the year	**165,359**	**152,883**
FX Movement	88,895	474,520
Cash Distributions	-	(180,721)
Closing Investment	**2,834,800**	**2,580,546**

NOTE 16: DEVELOPMENT AND PRODUCING ASSETS

	2014 $	2013 $
Development and producing assets at cost	3,044,069	2,761,466
Accumulated amortisation	(1,449,797)	(1,126,882)
	1,594,272	**1,634,584**

Movement in Carrying Amounts:

	2014 $	2013 $
Balance at beginning of year	1,634,584	1,626,685
Additions	368,318	349,645
Exchange rate difference	(50,670)	131,628
Disposals	-	-
Amortisation expense	(357,960)	(473,374)
	1,594,272	**1,634,584**

NOTE 17: EXPLORATION AND EVALUATION EXPENDITURE

	2014 $	2013 $
Exploration and evaluation assets at cost	34,488,359	32,617,774
Accumulated amortisation	-	(3,061)
	34,488,359	**32,614,713**

Movement in Carrying Amounts:

	2014 $	2013 $
Balance at beginning of year	32,614,713	10,413,363
Additions	4,531,716	21,061,024
Exchange rate difference	(908,665)	1,143,387
Disposals	(18,426)	-
Amortisation expense	-	(3,061)
Impairment expense	-	-
Proceeds from Farm Out Agreements	(1,730,979)	-
	34,488,359	**32,614,713**

The ultimate recoupment of costs carried forward is dependent on the successful development and commercial exploration or sale of the respective areas.

NOTE 18: AVAILABLE FOR SALE FINANCIAL ASSET

	2014	2013
	$	$
Investment at acquisition date	1,750,000	-
Movement in fair value	(662,319)	-
Closing Investment	**1,087,681**	**-**

Austin Exploration Limited received 19,776,020 shares in Tellus Resources which were valued on the Australian Securities Exchange (ASX) at $0.088491, in consideration for its 50% interest in the license area in the Cooper Basin. These shares are held as an available for sale finance asset with subsequent movements in fair value recognised in a revaluation reserve. At 30 June 2014, Tellus Resources had a closing ASX share price of $0.055 per share.

NOTE 19: TRADE AND OTHER PAYABLES

	2014	2013
	$	$
Unsecured:		
- Trade payables	603,172	279,694
	603,172	**279,694**

NOTE 20: ISSUED CAPITAL

2,457,833,037 (2013: 1,613,195,471) fully paid ordinary shares

a. Ordinary shares

	2014 $	2013 $
At the beginning of reporting period	54,529,606	52,628,930
Shares issued during the year		
- Issued 13 December 2012		110,000
- Issued 19 March 2013		305,208
- Issued 15 April 2013		1,353,400
- Issued 20 May 2013		187,000
- Issued 12 August 2013	1,700,000	
- Issued 10 December 2013	79,250	
- Issued 13 February 2014	2,860,000	
- Issued 10 June 2014	4,350,459	
	63,519,315	54,584,538
- Less: Cost of capital raising	(449,179)	(54,932)
	63,070,136	**54,529,606**

	2014 Number	2013 Number
At the beginning of reporting period	1,613,195,471	1,497,386,721
Shares issued during the year		
- Issued 13 December 2012		5,000,000
- Issued 19 March 2013		14,533,750
- Issued 15 April 2013		84,587,500
- Issued 20 May 2013		11,687,500
- Issued 12 August 2013	141,666,666	
- Issued 10 December 2013	7,925,000	
- Issued 13 February 2014	260,000,000	
- Issued 10 June 2014	435,045,900	
At the end of the reporting period	**2,457,833,037**	**1,613,195,471**

At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Options

	Class	2014 Number	2013 Number
At the beginning of the reporting period		966,612,322	1,096,108,210
Options issued during the year			
- Listed Options 13 December 2012	I	-	35,000,000
- Listed Options 19 March 2013	AKKOA	-	87
Options expired during the year			
- Unlisted Options	K	(2,000,000)	-
- Listed Options	AKKOA	(87)	-
- Listed Options	I	(964,612,235)	-
- Listed Options 2012	J	-	(163,295,975)
- Unlisted Options 2012	H	-	(1,200,000)
At the end of the reporting period		**-**	**966,612,322**

During the year ending 30 June 2014, all issued options expired

c. Capital Risk management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure the Group continues as a going concern.

The Group's debt and capital includes ordinary share capital, share options and drilling advances payable. There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the financial risks and adjusting the capital structure in response to those risks. These responses include share issues.

	2014	2013
	$	**$**
Total Borrowings	-	-
Less: Cash and cash equivalents	3,328,397	1,144,870
Net Debt	-	-
Total Equity	43,542,612	38,812,331
Total Capital	63,070,136	54,529,606
Gearing Ratio	**-%**	**-%**

NOTE 21: RESERVES

	2014 $	2013 $
- Share Option Reserve	-	4,172,826
- Foreign Currency Reserve	2,630,367	3,956,354
- Asset Revaluation Reserve	(662,319)	-
- Performance Rights Reserve	200,000	-
	2,168,048	**8,129,180**

NOTE 22: SEGMENT REPORTING

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of geographical location since the diversification of the Group's operations has notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets
Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities
Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment

(i) Segment Performance

	Australia 2014 $	USA 2014 $	Total 2014 $
Total external segment revenue (no internal revenue)	1,738,321	1,401,335	3,139,656
Segment net profit/loss before tax	596,483	(2,618,426)	(2,021,943)

	Australia 2013 $	USA 2013 $	Total 2013 $
Total external segment revenue (no internal revenue)	170,682	1,678,743	1,849,425
Segment net loss before tax	(1,547,254)	(1,354,696)	(2,901,950)

(ii) Segment assets

	Australia 2014 $	USA 2014 $	Total 2014 $
Segment assets	47,632,649	42,732,245	90,364,894
Inter-segment elimination	(46,164,575)	-	(46,164,575)
	1,468,074	42,732,245	44,200,319
Additions to non-current segment assets in the period:			
- capital expenditure	-	82,406	82,406
- exploration expenditure	-	4,531,716	4,531,716
- development and producing assets	-	368,318	368,318
	-	4,982,440	4,982,440

	Australia 2013 $	USA 2013 $	Total 2013 $
Segment assets	38,974,979	38,666,456	77,641,435
Inter-segment elimination	(38,490,596)	-	(38,490,596)
	484,383	38,666,456	39,150,839
Additions to non-current segment assets in the period:			
- capital expenditure	-	130,044	130,044
- exploration expenditure	-	21,084,824	21,084,824
- development and producing assets	-	349,645	349,645
	-	21,564,513	21,564,513

(iii) Segment liabilities

	Australia 2014 $	USA 2014 $	Total 2014 $
Segment liabilities	26,760	46,795,522	48,822,282
Inter-segment elimination	-	(46,164,575)	(46,164,575)
	26,760	630,947	657,707

	Australia	USA	Total
	2013	**2013**	**2013**
	$	**$**	**$**
Segment liabilities	43,719	38,785,386	38,829,105
Inter-segment elimination	-	(38,490,597)	(38,490,597)
	43,719	294,789	338,508

NOTE 23: CONTROLLED ENTITIES

a. Controlled Entities	**Country of incorporation**	**Equity Holding**	
		2014	**2013**
Parent Entity:			
Austin Exploration Limited	Australia		
Subsidiaries of Austin Exploration Limited:			
Ausco Petroleum Inc (Formerly Aus-Tex Exploration Inc)	USA	100%	100%

United States				
State in USA	Mississippi	Texas	Kentucky	Niobrara Shale Project
Well Name(s)	-Ellislie #1 V -Commencement # 1V -Bourke #4 V -Bourke #5	-Yolanda Villarreal #1 H - Krueger #1 well -Stifflemire #1H -Nemo 1H -Kaiser 2H Edbud 1H	Multiple, shallow well program	Pathfinder C 11 – 12 #1, #1 Hz C18-#1
Location	Adam County, Mississippi USA	Burleson County, Dimmitt County, Texas USA	Henderson County, Sebree County Kentucky USA	DJ Basin – Freemont County, Colorado, USA
Ownership Interest	Working Interest 50% Revenue Interest 36% - 37.5%	30% Working Interest % 22.5% NRI. 3 well Eagle Ford Carry with Halcon completed. 5000 acres - Halcon PetroMax Operating, Garland Texas. 27.6% Yolanda Austin Chalk well	Working Interest 100%. Net Revenue Interest= 75% - 80%	Working Interest 100% Net Revenue Interest 75%
Partners / Operators	Aldridge Operating Company - Dow Tate Energy LLC	Halcon Resourcees Corporation, Houston Texas PetroMax Operating Company- Garland Texas USA	KentuckyExploration, LLC- 50% JV with Private Australian Investment group	Thomasson Petroleum E&P / AusCo Petroluem Inc.
Objective / Focus	Drill wells Well targeting conventional Wilcox formation	Primary objective- Eagle Ford Shale. Secondary objectives Austin Chalk, Taylor Gas Sand	Jackson Formation, Cyprus Formation Secondary Targets: Palestine, McCloskey, Fort Payne, New Albany Shale, Hardensburg	Primary targets = Niobrara and Pierre Shales. Secondary targets = Grenaraos, Greenhorn, Codell, Dakota
Independent Evaluations	Gustavson Reserves Report 2012	Gustavson Associates LLC 2014 Ameritex, San Antonio Texas	- CNI 51:101 Richard Braun Mike Mitchell Gustavson Reserves Report 2012/2013	Gustavson Associates LLC 2013 & Mitchell Geological Associates 2012
Current Status	In production -4 wells On pump	Halcon Resources Corporation Carry 3 well completed. Eagle Ford well no 1 is in production and produced 25,890 BOE in first 30 days, No's 2,3&4 have been successfully drilled and	Oil production from multiple leases. Currently producing at 33 BOPD and on track to hit 40 Bopd target in 2014	1 Vertical exploration well complete. C 11-12 # 1HZ well in production. C 18-1 well intersected two oil columns and is undergoing testing. Two Pierre well program underway.

		undergoing flowback operations. Well # 5 is currently being drilled. PetroMax to drill Eagle Ford well in 2014 production.		
Next Steps	Monitor daily production. Evaluating potential next well locations	Monitor daily production. Aggressive Eagle Ford drilling campaign is underway in Burleson County Texas with Halcon and several more wells planned for the near future. 1st well with PetroMax is scheduled to begin in Q4 2014	Hit 40 BO target. Monitor production – analyze data for future laterals. Design frac and injection wells to optimize production	Continue on-going field development and de-risking program of Niobrara and Pierre targets. Two Pierre wells to be drilled this year and planning continues to install a North-South pipeline

The Group has accumulated acreage in a number of oil and gas projects comprising mineral leases in the USA. The mineral leases that have producing wells drilled on them during the primary lease term will be held as producing leases. Mineral leases that are drilled and produce a dry hole, or not drilled at all, will expire at the end of the primary term unless re-leased for a further term. The exploration of the leases is managed by operators who make cash calls, hire contractors and pay all accounts.

NOTE 24: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Loss from Ordinary Activities after Income Tax	2014 $	2013 $
Loss from ordinary activities after income tax	(2,021,943)	(2,901,950)
Non-cash flows in loss from ordinary activities		
Share based payments	79,250	516,708
Share of Profit/(Loss) in equity investments	(165,359)	(152,609)
Interest Receivable	-	(1,683)
Accrual of Performance Rights	200,000	-
Profit on disposal of non-current asset held for sale	(1,731,574)	-
Depreciation expense	63,240	44,270
Amortisation	365,423	476,435
Prepayments	(28,679)	62,223
Exploration Activities		14,819
Engineering Expenses	603,600	-
Accrued Expenses	(9,240)	(17,107)
Changes in assets and liabilities		
(Increase)/decrease in receivables	93,730	(10,574)
(Increase)/decrease in other assets	10,380	(40,795)
Increase/(decrease) in trade payables	(224,261)	(927,435)
Cash flow from operations	(1,989,250)	(2,937,698)

NOTE 25: FINANCIAL INSTRUMENTS

a. Financial Risk Management Policies

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including interest rate risk and currency risk) and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange and aging analysis for credit risk.

Risk management is carried out by the finance department under policies approved by the board of directors.

The Group holds the following financial instruments:

	2014	2013
	$	$
Financial Assets		
Cash and cash equivalents	3,328,397	1,144,870
Trade and other receivables	131,240	239,621
	3,459,637	**1,384,491**
Financial Liabilities		
Trade and other payables	603,172	279,694
Other long term liabilities	54,535	58,814
	657,707	**338,508**

(a) Market Risk

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in US dollars, was as follows:

	30 June 2014	30 June 2013
	USD	USD
	$	$
Cash and cash equivalents	2,856,300	701,189
Trade Receivables	310,732	197,890
Trade Payables	212,340	206,013

Foreign Currency Sensitivity

Based on the financial instruments held at 30 June 2014, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax profit and equity for the year would have been the following:-

	2014 $	2013 $
Change in profit		
Improvement in AUD to USD by 10%	(570,571)	(135,497)
Decline in AUD to USD by 10%	570,571	135,497
Change in equity		
Improvement in AUD to USD by 10%	(570,571)	(135,497)
Decline in AUD to USD by 10%	570,571	135,497

Interest Rate Sensitivity Analysis

At 30 June 2014, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2014 $	2013 $
Change in profit		
Increase in interest rate by 2%	20,098	354,239
Decrease in interest rate by 2%	-	-
Change in equity		
Increase in interest rate by 2%	20,098	354,239
Decrease in interest rate by 2%	-	-

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, revenue and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of ‘A’ are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors, Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk.

There are no material amounts of collateral held as security at 30 June 2014 (2013: Nil)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period the Group held deposits at call of $3,328,397 (2013 - $1,144,870) that are expected to readily meet operational cash flow requirements to manage liquidity risk.

Management monitors rolling forecasts of the Group’s cash flow position on the basis of expected cash flows. This is generally carried out at local level in accordance with the practice and limits set by the Group. These limits vary by location to take into account liquidity of the market in which the entity operates. All liabilities are expected to be paid in 30 days.

(d) Fair Value Measurements

The carrying value monetary financial assets and financial liabilities of the Group approximate their fair value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

NOTE 26: RELATED PARTIES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

i. Directors and executives

Disclosures relating to key management personnel are set out in Note 6.

ii. Transactions with Director-related Entities

- During the year the Group utilised the services of HLB Mann Judd for the provision of accounting, secretarial and taxation services at commercial rates. To the reporting date the costs of these services was $85,080 (excluding GST). Mr David Nairn is a partner at HLB Mann Judd.
- During the year the Group utilised the services of Freestone Energy Partners for the provision of consulting services at commercial rates. To the reporting date the costs of these services was $30,002 (excluding GST). Mr Richard Cottee consulting retainer fee is paid to Freestone Energy Partners.
- During the year the Group utilised the services of Math Energy 1 LLC for the provision of rental services below commercial rates. To the reporting date the costs of these services was $10,487 (excluding GST). Mr Mark Hart is a director of Math Energy 1 LLC.
- During the year the Group utilised the services of Math Energy Drilling LLC for the provision of drilling services below commercial rates. To the reporting date the costs of these services was $130,744 (excluding GST). Mr Mark Hart is a director of Math Energy Drilling LLC.
- During the year the Group utilised the services of CFO Colorado Accounting & Tax Services for the provision of accounting and taxation services at commercial rates. To the reporting date the costs of these services was $8,842 (excluding GST). Mr Lonny Haugen is a director of CFO Colorado Accounting & Tax Services.

NOTE 27: CAPITAL COMMITMENTS RELATING TO JOINT VENTURES AND TENEMENTS

The Group is required to meet minimum expenditure requirements of various Government bodies and joint venture agreements.

These obligations may be subject to re-negotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements.

	2014	2013
	$	$
- due within one year	1,589,100	977,008
- due within 1 — 5 years	6,356,400	1,093,400
	7,945,500	**2,070,408**

NOTE 28: SHARE BASED PAYMENTS

Options

The following share based payment arrangements existed at 30 June 2014:-

On 10 December 2013, 7,925,000 ordinary shares were granted to staff as part of the performance rights plan, issued for no cost. The shares had a market value of $0.01.

	2014		2013	
	Number of Options	Strike Price	Number of Options	Strike Price
		cents		cents
Balance at beginning of year	88,000,000	-	54,200,000	0.06
Granted	-	-	35,000,000	0.055
Forfeited	-	-	-	-
Expired	(88,000,000)	-	(1,200,000)	-
Outstanding at year end	-	-	88,000,000	-
Exercisable at year end	-	-	-	-

The price of the options was calculated by using a Black-Scholes option pricing model.

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns which may not eventuate in the future.

Included under employee benefits expense and share based expenses in the statement of profit and loss and other comprehensive income is $79,250 (2013: $471,208) and relates, in full, to the equity-settled share-based payment transactions.

Performance Rights Plan

The number of performance rights accrued during the financial year are as follows:-

2014	Balance 01.07.13	Performance Rights Accrued	Other Changes	Balance 30.6.14
Mr. Dominic Pellicano	-	4,000,000	-	4,000,000
Mr. Guy Goudy	-	8,000,000	-	8,000,000
Dr. William Mark Hart	-	8,000,000	-	8,000,000
Mr. Richard Cottee	-	-	-	-
Mr. Lonny Haugen	-	-	-	-
Mr. David Nairn	-	-	-	-
Total	-	20,000,000	-	20,000,000

Please note there were no performance rights for the directors for the year ending 30 June 2013.

Please note that the Company's Performance Rights Plan ("Plan") was approved by shareholders at the General Meeting held on 28 November 2012. The Plan enables the Company to grant entitlements to shares ("Performance Rights") and issue shares on conversion of Performance Rights, without impacting on the Company's ability to issue up to 15% of its total ordinary securities without shareholder approval in any 3 year period. Performance Rights have been granted to staff each year as advised to the market but Directors were not issued with Performance Rights in 2013. The Company has agreed, subject to Shareholder approval, to grant Performance Rights to the Directors of the Company in 2014. Based on the details contained in the Notice released to the market on 24th February 2014 performance rights were established for three of the Directors. The company is required to accrue for these performance rights during the year despite the rights requiring Shareholder approval. The accrual is based on the likelihood of achieving target 1, 3 and 4 in the notice and has been calculated on the current share price of $0.02. A summary of the targets are as follows:-

- Class 1 Performance Rights – will vest if the volume weighted average price of the Company's shares as traded on ASX over 10 consecutive trading days in the 2014 calendar year is equal to or greater than AUD$0.02 per share (being 20% above the 1.6c Share April 2013 Placement and 82% above the 2013 low of 1.1cps)
- Class 2 Performance Rights – will vest if the Company's wholly owned subsidiary, Ausco Petroleum ("US Subsidiary"), sustains total production of 600 BOEPD for at least 30 consecutive days in 2014
- Class 3 Performance Rights – will vest if, for the period from 1 January 2014 to 31 December 2014, the US Subsidiary has no lost time SAFETY accidents.
- Class 4 Performance Rights – will vest if, for the period 1 January 2014 to 31 December 2014, the US Subsidiary does not have any Phase 1 ENVIRONMENTAL incidents.

NOTE 29: CONTINGENT LIABILITIES

There are no contingent liabilities that exist at reporting date (2013: Nil).

NOTE 30: GOING CONCERN

The financial report has been prepared on the basis of a going concern.

The Group's ability to continue as a going concern is contingent upon successfully raising additional capital, which is highly likely. If additional funds are not raised, the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

NOTE 31: POST-REPORTING DATE EVENTS

The following significant non-adjusting events have occurred between the reporting date and the date of authorization.

On 4 July 2014, the Group placed the SPP shortfall and issued 171,790,241 Listed Ordinary shares at $0.01 per share to raise funds for the drilling program and working capital.

DIRECTORS' DECLARATION

The directors of the Group declare that:

1. The financial statements and notes, as set out on pages 35 to 71 are in accordance with the *Corporations Act 2001*:
   a comply with Australian Accounting Standards including the Australian Accounting Interpretations and the *Corporations Regulations 2001*; and
   b giving a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date; and
2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. The directors have been given the declarations by the Chief Executive Officer, Chief Financial Officer and Company Secretary required by Sec 295(a) of the Corporations Act 2001.
4. The consolidated financial statements comply with International Financial Reporting Standards as stated in Note 1

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

Mr Richard Cottee
Chairman

Dated this 17th day of September 2014

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Independent Auditor's Report
To the Members of Austin Exploration Limited

Report on the financial report

We have audited the accompanying financial report of Austin Exploration Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

a the financial report of Austin Exploration Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001.

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Austin Exploration Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LIMITED
Chartered Accountants

B. L. Taylor
Partner - Audit & Assurance

Melbourne, 17 September 2014

Additional Information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings as at 5 September 2014

a. Distribution of Shareholders as at 5 September 2014

Category	Holders of Ordinary Shares	% of Issued Capital	Listed options	Unlisted options
1 – 1000	146	0.00	0	0
1,001 – 5,000	170	0.02	0	0
5,001 – 10,000	166	0.05	0	0
10,001 – 100,000	1,462	2.97	0	0
100,001 – and over	2,279	96.96	0	0
Total number of security holders	**4,223**	**100.00**	**0**	**0**

b. Unmarketable Parcels

	Minimum Parcel Size	Number of Holders	Units
Ordinary Shares	22728	788	7193177

c. Substantial shareholders

There are no substantial shareholders listed in the holding Group’s register as at 5 September 2014.

d. Voting Rights

Fully paid ordinary shares
Subject to any rights or restrictions attached to any class of shares, at a meeting of members, on a show of hands, each member present (in person, by proxy, attorney or representative) has one vote and on a poll, each member present (in person, by proxy, attorney or representative) has one vote for each fully paid share they hold.

Options
All the listed options of the company expired in July 2013 without any having been exercised.

e. Twenty largest shareholders

The names of the 20 largest holders of fully paid ordinary shares constituting a class of quoted equity securities on the Australian Securities Exchange Limited including the number and percentage held by those at 5 September 2014 are as follows:

Name	Number of fully paid ordinary shares held	% held
CITICORP NOMINEES PTY LIMITED	66,583,588	2.53
MR JOHN MACQUARIE CAPP + MS SUSAN STRICKLAND CAPP <THE CAPP SUPER FUND A/C>	35,500,000	1.35
NATIONAL NOMINEES LIMITED	31,606,700	1.20
BRANGLEBAR PTY LTD <BRANGLEBAR S/F A/C>	30,250,000	1.15
MR RUSSELL NEIL CREAGH	28,000,000	1.06
MR WILLIAM CAVANAGH	27,800,000	1.06
DE GRAFF SUPER PTY LTD <WARWICK L DE GRAFF S/F A/C>	24,595,075	0.94
MR IAN DAVIES	22,200,000	0.84
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	22,004,677	0.84
QGAS PTY LTD	21,000,000	0.80
MR TROY WILLIAM BENTLEY	20,005,674	0.76
DR DENNIS JONATHAN KAR QUE LUM <DENNIS JONATHAN KAR QUE A/C>	17,689,090	0.67
MR TIMOTHY JOHN MOORE	17,000,000	0.65
DR PETER KENCH	16,000,000	0.61
MR CHARLES NICHOLAS MORRIS + MS SUSAN MARGARET JAFFER <MORRIS EXEC SUPER FUND A/C>	15,832,130	0.60
DENMAN INCOME LIMITED	15,000,000	0.57
COMSEC NOMINEES PTY LIMITED	14,796,789	0.56
MR JOHN CRESSWELL LEIGH + MRS DULCIE LYNETTE LEIGH <JAD SUPER FUND NO 2 A/C>	13,500,000	0.51
MR RICHARD WILLIAM CONLIFFE	13,000,000	0.50
W KELSO PTY LTD <W KELSO PENSION FUND A/C>	13,000,000	0.50
TOTAL	**465,363,723**	**17.70**

Option holders

The listed options expired during 2013. Therefore, there were no listed options on the 5 September 2014. There is no longer any other class of quoted securities on the Australian Securities Exchange.

f. Unquoted Securities

Options over Unissued Shares

Twenty largest option holders – Unquoted ordinary options

The unlisted options expired on 12 December 2013, without being exercised.

Tenements

All tenements including locations and percentage interest are listed in the Review of Operations (page 13).

CORPORATE DIRECTORY

DIRECTORS

Mr Richard Cottee	Non-Executive Director and Chairman of the Board
Mr Dominic Pellicano	Non-Executive Director
Mr Guy Goudy	Executive Director and Chief Commercial Officer
Dr William Mark Hart	Executive Director and President/Chief Executive Officer

COMPANY SECRETARY

Mr David Nairn

REGISTERED OFFICE

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Level 5, 115 Grenfell Street
ADELAIDE, SA 500
Phone (inside Australia) : 1300 556 161
Phone (outside Australia): 61 3 9615 4000

AUDITORS

Grant Thornton Australia
Chartered Accountants
Level 30, 525 Collins Street
MELBOURNE VIC 3000

AUSTRALIAN LEGAL ADVISORS

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

AUSTRALIAN SECURITIES EXCHANGE

The company is listed on the Australian Securities Exchange.

The home exchange is Sydney.

ASX Codes: Shares: AKK