



# Notice of Annual General Meeting of Members and Explanatory Statement

Austin Exploration Limited

ACN 114 198 471

Date: 29 November 2011

Time: 3.00pm (WST)

Place : HLB Mann Judd

Level 4 130 Stirling Street

Perth WA 6000.



**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of shareholders of Austin Exploration Limited ACN 114 198 471 ('**Austin**' or '**the Company**') will be held at HLB Mann Judd Level 4 130 Stirling Street, Perth Western Australia 6000 on 29 **November 2011** at **3.00pm** (WST).

### **General Business:**

**TO RECEIVE AND CONSIDER** the Company's financial report and reports of the directors and of the auditor for the financial year ended 30 June 2011.

#### **Resolutions**

**1. TO RE-ELECT DIRECTOR – Guy Goudy**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Guy Goudy, being the director who has been longest in office, retires by rotation and is eligible for re-election, be re-elected as a director of the Company."

*[see the accompanying Explanatory Statement]*

**2. TO ELECT DIRECTOR – Nigel Hartley**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Nigel Harley, a director appointed as an additional director in accordance with clause 58 of the Constitution of the Company, be elected as a director of the Company."

*[see the accompanying Explanatory Statement]*

**3. TO ELECT DIRECTOR – Chris Hodge**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Chris Hodge, a director appointed as an additional director in accordance with clause 58 of the Constitution of the Company, be elected as a director of the Company".

*[see the accompanying Explanatory Statement]*

**4. ADOPT THE REMUNERATION REPORT on pages 21 - 25 of the Annual Report**

To consider and, if thought fit, to pass the following resolution as a non-binding resolution:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2011."

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

#### **Voting Prohibition Statement:**

*A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:*

- o *a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or*
- o *a Closely Related Party of such a member.*

*However, a person described above may vote on this Resolution if:*

- o *the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and*
- o *the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.*

*[see the accompanying Explanatory Statement]*



**5. Approval of Issue of Shares and Unlisted Options to Nigel Hartley**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That, for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act 2001 and for all other purposes, the issue of 1,000,000 fully paid ordinary shares in the Company to Nigel Hartley or his nominee, together with attaching unlisted options on a 1:1 basis under terms disclosed in section 6 of the Explanatory Statement accompanying the notice convening this meeting, is approved and authorised.”*

[see the accompanying Explanatory Statement]

**Voting exclusion statement**

The Company will disregard any votes cast on Resolution 5 by Nigel Hartley or by any of his associates.

However, the Company is not required to disregard a vote if:

- (a) it is cast by any of those persons as proxy for a person who is entitled to vote, in accordance with the directions in the proxy form; or
- (b) it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Voting Prohibition Statement:**

*A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:*

- (a) *the proxy is either:*
  - (i) *a member of the Key Management Personnel; or*
  - (ii) *a Closely Related Party of such a member; and*
- (b) *the appointment does not specify the way the proxy is to vote on this Resolution.*

*However, the above prohibition does not apply if:*

- (c) *the proxy is the Chair of the Meeting; and*
- (d) *the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.*

**6. Approval of Issue of Shares and Unlisted Options to Chris Hodge**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

*“That, for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act 2001 and for all other purposes, the issue of 1,000,000 fully paid ordinary shares in the Company to Chris Hodge or his nominee, together with attaching unlisted options on a 1:1 basis under terms disclosed in section 6 of the Explanatory Statement accompanying the notice convening this meeting, is approved and authorised.”*

[see the accompanying Explanatory Statement]

**Voting exclusion statement**

The Company will disregard any votes cast on Resolution 6 by Chris Hodge and any of his associates.

However, the Company is not required to disregard a vote if:

- (a) it is cast by any of those persons as proxy for a person who is entitled to vote, in accordance with the directions in the proxy form; or
- (b) it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



**Voting Prohibition Statement:**

*A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:*

- (a) *the proxy is either:*
  - (i) *a member of the Key Management Personnel; or*
  - (ii) *a Closely Related Party of such a member; and*
- (b) *the appointment does not specify the way the proxy is to vote on this Resolution.*

*However, the above prohibition does not apply if:*

- (c) *the proxy is the Chair of the Meeting; and*
- (d) *the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.*

**7. Approval of Change of Name of the Company**

To consider, and if thought fit, to pass the following resolution as a special resolution:

“That, in accordance with section 157 of the Corporations Act and for all other purposes, the name of the company be changed to Arapahoe Energy Limited”

[see the accompanying Explanatory Statement]

**8. Approval to Change the Auditors**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That the company for the purposes of section 327B of the Corporations Act 2001 appoints Grant Thornton Audit Pty Ltd as its auditors is approved and authorised.”

[see the accompanying Explanatory Statement]

**9. Approval to Issue Shares and Listed Options**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to issue fully paid ordinary shares in the Company at a price that is 80% of the average market price of the ordinary share calculated over the last 5 days on which sales of ordinary shares were recorded before the day the issue was made together with attaching listed I Class options on a one for one basis (exercisable at \$0.055 per option and an expiry date of 6 July 2013), to raise \$US 10 Million together, on the basis set out in Section 9 of the Explanatory Statement accompanying the Notice of this meeting.”

[see the accompanying Explanatory Statement]

**Voting exclusion statement**

The Company will disregard any votes cast on Resolution 9 cast by:

- (a) any person who participates in the issue referred to in that resolution; and
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- (c) any associate of those persons.

However, the Company is not required to disregard a vote if:

- (a) it is cast by any of those persons as proxy for a person who is entitled to vote, in accordance with the directions in the proxy form; or
- (b) it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with the proxy form to vote as the proxy decides.



## 10. Approval of Issue of Options to Hartleys Limited

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to issue 30,000,000 I Listed Options (exercisable at \$0.055 per option and an expiry date of 6 July 2013) to Hartleys Limited or their Nominee, on the basis set out in Section 10 of the Explanatory Statement accompanying the Notice of Meeting”.

[see the accompanying Explanatory Statement]

### Voting exclusion statement

The Company will disregard any votes cast on Resolution 10 cast by:

- (a) any person associated with Hartleys Limited who participates in the issue referred to in that resolution; and
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- (c) any associate of those persons.

However, the Company is not required to disregard a vote if:

- (d) it is cast by any of those persons as proxy for a person who is entitled to vote, in accordance with the directions in the proxy form; or
- (e) it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with the proxy form to vote as the proxy decides.

## Other Business:

To deal with any other business that may legally be brought forward in accordance with the Constitution and the *Corporations Act 2001*.

### Background Information

To assist you in deciding how to vote on the above Resolutions, further details as background information to the Resolutions are set out in the Explanatory Statement forming part of this notice of meeting.

### Questions from shareholders

The Chairman of the meeting will allow a reasonable opportunity for stakeholders to ask questions or make comments on the management of the Company at the meeting.

Philip Paterson of Grant Thornton Chartered Accountants, as the auditor responsible for preparing the auditor's report for the year ended 30 June 2011 (or his representative) will attend the meeting. The Chairman of the meeting will allow a reasonable opportunity for the members as a whole to ask the auditor questions at the meeting about:

- The conduct of the audit;
- The preparation and content of the auditor's report;
- The accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- The independence of the auditor in relation to the conduct of the audit.

To assist the board of directors and the auditor of the Company in responding to any questions you may have, please submit any questions you may have headed “**Questions from shareholders**” to the address below to be received no later than 5.00pm (Melbourne time) on 22 November 2011.

**In person or by mail:** Austin Exploration Limited Registered Office – Level 1 160 Queen Street, Melbourne Victoria 3000

**By Facsimile:** +61 3 9606 3399



As required by section 250PA of the Corporation Act 2001, the Company will distribute a list of questions prior to the commencement of the annual general meeting, setting out the questions received and directed to the auditor in writing at least 5 business days prior to the meeting that the auditor considers relevant to the content of the audit report or the conduct of the audit of the financial report for the year ended 30 June 2011. The Chairman of the meeting will allow a reasonable opportunity for the auditor to respond to the questions set out on this list.

### **Voting Restrictions**

Voting exclusion statements are set out under the text of the Resolutions above where required by the ASX Listing Rules.

### **Voting Entitlement**

The Company has determined that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holders at 3pm (Melbourne time) on 27 November 2011, subject to the Constitution of the Company.

### **Proxies**

A shareholder who is entitled to attend and vote at the meeting has a right to appoint a proxy and should use the proxy form accompanying this document. The proxy need not be a shareholder.

A shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, section 249X of the Corporations Act will take effect so that each proxy may exercise half of the votes (ignoring fractions).

A proxy's authority to speak and vote for a shareholder at the meeting is suspended if the shareholder is present at the meeting. The proxy form must be signed and dated by the shareholder or the shareholder's attorney. Joint shareholders must each sign.

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and



- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,
  - the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Proxy forms or the original of such other authority (if any) under which the proxy form is signed must be received by Computershare at Level 5, 115 Grenfell Street, Adelaide SA 5000 or GPO Box 242, Melbourne, VIC 3001 or by fax (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555 not later than 48 hours before the commencement of the meeting.

#### **Custodian Voting**

For Intermediary Online subscribers only (Custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

**By Order of the Board**

**David Nairn**

**Company Secretary**

**Dated: 19 October 2011**

**Melbourne, Victoria**



## EXPLANATORY STATEMENT

### Financial Statements and Reports

The *Corporations Act 2001* requires the annual report (which includes the financial statements and directors declaration), the directors' report and the auditor's report in respect of the financial year of Austin Exploration Limited ("Austin") ended 30 June 2010 to be laid before the 2010 Annual General Meeting. Shareholders will be given an opportunity at the Meeting to ask questions and make comments on these reports and on the business, operations and management of Austin.

#### 1. Definitions

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

**Remuneration Report** means the remuneration report set out on pages 21-25 of the Company's annual financial report for the year ended 30 June 2011.

#### 2. Resolution 1 – Re-election of director Mr Guy Goudy

Clause 59.1 of the Company's Constitution requires that at each Annual General Meeting one-third of the directors must retire from office. A director appointed during the year either to fill a casual vacancy or as an addition to the directors is not taken into account in determining the directors who must retire by rotation. Therefore, Guy Goudy, being the director who has longest been in office, retires by rotation and is eligible for re-election at the Annual General Meeting on 29th November 2011. In accordance with clause 59.2 of the Company's Constitution, Guy Goudy has submitted himself for re-election at the Annual General Meeting as a director.

Guy Goudy's details are set out in the 2011 Annual Report.

The Directors (other than Guy Goudy), unanimously recommend that Shareholders vote in favour of the Resolution. The Chairman intends to vote undirected proxies in favour of this Resolution.

#### 3. Resolution 2 – Election of director Mr Nigel Hartley.

Subsequent to the end of the financial year Nigel Hartley was appointed a Director by the board of directors. In accordance with clause 58 of the Company's Constitution, a director appointed by the board holds office until the Annual General Meeting and is then eligible for election. Nigel Hartley seeks election as a director of the Company.

Nigel Hartley's details are set out in the 2011 Annual Report.

The Directors, (other than Nigel Hartley), unanimously recommend that Shareholders vote in favour of the Resolution. The Chairman intends to vote undirected proxies in favour of this Resolution.

#### 4. Resolution 3 – Election of director Mr Chris Hodge.

Subsequent to the end of the financial year Chris Hodge was appointed a Director by the board of directors. In accordance with clause 58 of the Company's Constitution, a director appointed by the board holds office until the Annual General Meeting and is then eligible for election. Chris Hodge seeks election as a director of the Company.

Chris Hodge's details are set out in the 2011 Annual Report.





The Directors, (other than Chris Hodge), unanimously recommend that Shareholders vote in favour of the Resolution. The Chairman intends to vote undirected proxies in favour of this Resolution.

#### 5. **Resolution 4 – Adoption of Remuneration Report**

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2012 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an [extraordinary] general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the [extraordinary] general meeting (**Spill Meeting**) within 90 days of the Company's 2012 annual general meeting. All of the Directors who were in office when the Company's 2012 Directors' report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2011.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

#### **Proxy Restrictions**

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member as your proxy to vote on this Resolution 4, *you must direct the proxy how they are to vote*. Where you do not direct the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Party of that member on how to vote on this Resolution 4, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution 4.

An electronic copy of the Austin Exploration Annual Report can be located on the Company's web site at [www.austinexploration.com.au/Financials.html](http://www.austinexploration.com.au/Financials.html)

#### 6. **Resolutions 5 and 6 - Approval of Issue of Shares and Unlisted Options to Directors**

On 3 August 2011 the company announced the appointment of Nigel Hartley as a director of the company. Nigel Hartley brings to the company a wealth of industry expertise and since his appointment as director, Nigel has provided strong and beneficial input to the formulation of the company's strategic direction and operations.

On 6 September 2011 the company announced the appointment of Chris Hodge as a director of the company. Chris Hodge brings to the company a wealth of industry expertise particularly with oil exploration in the shale areas in the United States of America which the company has recently entered, and since his appointment as director, Chris has provided strong and beneficial input to the formulation of the company's operations in these areas.



The directors are now seeking approval pursuant to Listing Rule 10.11 from shareholders for the issue of shares and unlisted options with an exercise price of \$0.055 and a two year expiry date from date of issue (**Director Securities**) to Nigel Hartley and Chris Hodge (or their respective nominees) as follows:

	<b>Ordinary Shares</b>	<b>Unlisted Options</b>
Nigel Hartley	1,000,000	1,000,000
Chris Hodge	1,000,000	1,000,000

No amounts will be paid by Nigel Hartley or Chris Hodge (or their nominees) upon approval of this Resolution.

Quotation of the options on ASX will not be sought.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Director Securities as approval is being obtained under Listing Rule 10.11. Shareholders should note that the issue of the Director Securities will not be included in the 15% calculation for the purposes of Listing Rule 7.1. if the issue is approved pursuant to Listing Rule 10.11.

The Listing Rules and the Corporations Act require certain information to be contained in the notice of meeting and explanatory memorandum where shareholders will consider a resolution pursuant to Listing Rule 10.11 and Section 208 of the Corporations Act. This information is set out below.

- (a) *The maximum number of securities to be issued:* the number of shares to be issued is 2,000,000 shares; the number of options to be issued is 2,000,000 options.
- (b) *The nature of financial benefit to be received:* The nature of the financial benefit to be received by the Directors is the issue of the Director Securities.
- (c) *Interests of the Directors in securities in the Company:* The Directors currently have an interest in the following securities in the Company:

	<b>Ordinary Shares</b>	<b>Unlisted Options</b>
Nigel Hartley	Nil	Nil
Chris Hodge	900,000 <sup>1</sup>	Nil

<sup>1</sup> These Shares are held indirectly by Mr Hodge, through Tuffy Nominees Pty Ltd as Trustee of his Superannuation Fund.

- (d) *Remuneration being paid to the Directors:* The annual remuneration paid to each of the Directors is set out in the table below:

<b>Director</b>	<b>Last Financial Year</b>	<b>Current Financial Year</b>
Nigel Hartley	Nil	\$40,000
Chris Hodge	Nil	\$40,000

- (e) *The date by which the securities will be issued:* the Director Securities will be issued immediately after the conclusion of the meeting and in any event no later than one month after the meeting.
- (f) *The issue price of the securities:* the Director Securities will be issued for nil cash consideration.
- (g) *The name of the allottee:* as set out above.



- (h) *The terms of the securities:* the shares will rank equally with the Company's ordinary issued shares. The options are exercisable at \$0.055 per option and have a two year term from the date of issue. The terms and conditions of the options are set out in Schedule 1 (**Director Options**).
- (i) *The intended use of the funds received:* there will be no funds received from the issue of the shares and options but funds raised from the exercise of the options will be used to fund the Company's exploration projects and for general working capital requirements.
- (j) *Value of the Director Securities:* The value of the shares will be taken to be issued at an issue price on the day of issue, but using the price on 12 October 2011 which was **\$0.028** per share this would result in a benefit of \$28,000 each to both Nigel Hartley and Chris Hodge (or their nominee).

The options would have a value of \$0.0106 using the Black Scholes pricing model based on a share price of \$0.028 on 12 October 2011, a common market volatility factor of 100% and an interest rate of 4.12%. This would result in a benefit to both Nigel Hartley and Chris Hodge (or their nominee) of \$10,600 each.

- (k) *Share price in last 12 months:* In the 12 months before the date of this Notice the highest, lowest and latest trading price of Shares on ASX are as set out below:

<b>Highest</b>	\$0.044
<b>Lowest</b>	\$0.022
<b>Last</b>	\$0.030

- (l) *Dilution:* If Shareholders approve the issue of the Director Shares and Options to Mr Hartley and Mr Hodge, the effect will be to dilute the shareholding of existing Shareholders by approximately 0.34%, for each of Mr Hartley and Mr Hodge, based on the number of Shares on issue at the date of this Notice and 0.154% for each of Mr Hartley and Mr Hodge) assuming the issue to sophisticated investors in Resolution 9 is approved.

The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time during the life of the Director Options, the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may well be a perceived benefit forgone by the Company.

- (m) *Purpose of the issue of the Director Securities:* The primary purpose of the issue of the Director Securities is to allow the Company to provide cost effective consideration to the relevant Directors for work proposed to be done by the Directors for the Company.

The other Directors believe that the Director Securities do not significantly dilute shareholders of the Company and the Director Options are "out of the money" at the time of issue. While the options have a perceived value using the Black and Scholes methodology, they actually contemplate shares being issued at a price significantly above the current market price. Given this, and bearing in mind the exercise terms of the Director Options, the Directors do not consider that there are significant opportunity costs to the Company or benefits forgone by the Company in issuing the Director Securities upon the terms proposed.

The Company acknowledges that the issue of the Director Securities to Mr Hartley and Mr Hodge is contrary to recommendations of the Corporate Governance Principles and Recommendations. However the Board considers the issue of the Director Securities to be reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves.



(n) *Director Recommendations:*

- i. Mr Nigel Hartley declines to make a recommendation to shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution. The Directors are not aware of any other information that would be reasonably required by shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 5, recommend that shareholders grant approval to Resolution 5.
- ii. Mr Chris Hodge declines to make a recommendation to shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution. The Directors are not aware of any other information that would be reasonably required by shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 6 recommend that shareholders grant approval to Resolution 6.

The Chairman intends to vote undirected proxies in favour of Resolutions 5 and 6.

**7. Resolution 7 – Approval of Change of Name**

The company has invested heavily in oil exploration areas in the United States of America and believes that it is appropriate to rebrand the company to reflect this strategy. There is also confusion in the market place as there is another company on the ASX with the name Aus-Tex Limited which is the name of the company's subsidiary in America.

To overcome this confusion and to create a new image and perception in the market place the directors are seeking approval to change the name of the company to Arapahoe Energy Limited.

If the shareholders approve this name change then the subsidiary in the United States of America would be renamed Arapahoe Energy, North America Inc.

The Directors unanimously recommend the shareholders vote in favour of the Resolution. The Chairman intends to vote undirected proxies in favour of this resolution.

**8. Resolution 8 - Approval of the Change of Auditors**

Late in 2010 the company moved their secretarial and accounting function from Adelaide to Melbourne. The appointed auditors were Grant Thornton South Australian Partnership who are based in Adelaide. It made sense to change to auditors based in Melbourne.

The company obtained tenders for performing the audit of the company going forward and selected Grant Thornton Audit Pty Ltd. This is the name under which the Melbourne office of Grant Thornton performs their audit work.

As required by section 329 of the Corporations Act 2001, Grant Thornton South Australia Partnership has applied to ASIC to resign and ASIC has consented to their resignation to take effect at the next AGM held by the company. The directors therefore are seeking approval to appoint Grant Thornton Audit Pty Ltd as the auditor of the company.

The Directors unanimously recommend the shareholders vote in favour of the Resolution. The Chairman intends to vote undirected proxies in favour of this resolution

**9. Resolution 9 – Approval to Issue Shares and Listed Options**

The Company has met with a number of Institutions that manage funds with a view of raising money through a capital raising of up to \$US10 million via the issue of ordinary shares and attaching listed options (**Placement**). These Institutions would be considered sophisticated and professional investors

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.



The Company is seeking shareholder approval of the issue to these sophisticated investors. The Placement will not take place until after the shareholders have approved the issue at the AGM. The shares will be issued at 80% of the average market price for the ordinary shares calculated over the last five days on which sales in the ordinary shares were recorded before the date on which the issue was made and for each share issued they would also receive an I listed options exercisable at \$0.055 and an expiry date of 6 July 2013. As at the date of this Notice, the shares are trading at \$0.028 each.

For the purposes of Listing Rule 7.3, the following information is provided:

- (a) the shares and I Class Listed Options are proposed to be issued to Institutions that manage funds, who are sophisticated and professional investors pursuant to the Corporations Act, none of whom will be related parties of the Company;
- (b) all of the shares and I Class Listed Options will be issued within 3 months of the date of the general meeting, or such longer period permitted by ASX;
- (c) the shares will be issued on the same terms as the Company's existing fully paid ordinary shares;
- (d) the I Class Listed Options which have a calculated theoretical value of \$3.136 million (calculated using the Black & Scholes pricing model based on a share price of \$0.028 on 12 October 2011, a common volatility factor of 100%, an interest rate of 4.2% and number of shares issued 357,142,857 each option would have a value of \$0.0088), will be issued on the same terms and conditions as the existing I Class Listed Options, which are set out in Schedule 2; and
- (e) the funds raised from the capital raising are intended to be used to:
  - (i) fund exploration activities and drilling obligations of the Company in relation to the Birch and Niobrara Prospects;
  - (ii) fund exploration activities and drilling at the Company's other tenements; and
  - (iii) meet general working capital and additional project generation commitments.

The application of the funds raised that is set out above is a statement of current intention as of the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors unanimously recommend the shareholders vote in favour of the Resolution.

The Chairman intends to vote undirected proxies in favour of this Resolution.

#### **10. Resolution 10 Approval to Issue Options to Hartleys Limited**

The Company has engaged Hartleys Limited in an exclusive engagement to assist the Company through the provision of corporate advice and capital raising services to meet the Company's funding requirements (**Corporate Mandate**). This engagement includes services associated with the Placement referred to in Resolution 9.

As part of the agreement the Company will pay to Hartleys Limited \$10,000 per month for twelve months, and issue to Hartleys Limited (or its nominees) 30,000,000 I class Listed options (exercisable at \$0.055 and expiring on 6 July 2013).

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval. A summary of ASX Listing Rule 7.1 is set out in Resolution 9 above.



For the purposes of Listing Rule 7.3, the following information is provided:

- (a) 30,000,000 I Class Listed Options will be issued to Hartleys Limited (or their nominees), none of whom will be related parties of the Company;
- (b) the I Class Listed Options will be issued within 3 months of the date of the general meeting, or such longer period permitted by ASX. It is proposed the allotment and issue will occur on the one date;
- (c) the I Class Listed Options will be issued on the same terms and conditions as the existing I Class Listed Options, which are set out in Schedule 2;
- (d) the shares issued on exercise of the I Class Listed Options will be issued on the same terms as the Company's existing fully paid ordinary shares; and
- (e) the I Class Listed Options will be issued for nil cash consideration as they are being issued for services provided pursuant to the Corporate Mandate, accordingly, no funds will be raised by issue of the I Class Listed Options.

The Directors unanimously recommend the shareholders vote in favour of the Resolution.

The Chairman intends to vote undirected proxies in favour of this Resolution.



## **SCHEDULE 1 – Terms and conditions of Director Options**

The Director Options entitle the holder to subscribe for shares on the following terms and conditions:

- (a) Each Director Option gives the Optionholder the right to subscribe for one share.
- (b) The Director Options will expire at 5.00pm (WST) on that date which is 2 years from their date of issue (“Expiry Date”). Any Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Director Option will be \$0.055 (“Exercise Price”).
- (d) The Director Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Director Options by lodging with the Company, before the Expiry Date:
  - i. a written notice of exercise of Director Options specifying the number of Director Options being exercised; and
  - ii. a cheque or electronic funds transfer for the Exercise Price for the number of Director Options being exercised; (“Exercise Notice”).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of shares required under these terms and conditions in respect of the number of Director Options specified in the Exercise Notice.
- (h) The Director Options are not transferable except with the prior written consent of the board of directors of the Company.
- (i) All Shares allotted upon the exercise of the Director Options will upon allotment rank *pari passu* in all respects with other Shares.
- (j) The Company will not apply for quotation of the Director Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the Director Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Director Options and Optionholders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
- (m) A Director Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Director Option can be exercised.





## **SCHEDULE 2 – Terms and conditions of I Class Listed Options**

The I Class Listed Options entitle the holder to subscribe for shares on the following terms and conditions:

- (a) Each I Class Listed Option gives the Optionholder the right to subscribe for one share.
- (b) The I Class Listed Options will expire at 5.00pm (WST) on 6 July 2013 (“Expiry Date”). Any I Class Listed Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each I Class Listed Option will be \$0.055 (“Exercise Price”).
- (d) The I Class Listed Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their I Class Listed Options by lodging with the Company, before the Expiry Date:
  - i. a written notice of exercise of I Class Listed Options specifying the number of I Class Listed Options being exercised; and
  - ii. a cheque or electronic funds transfer for the Exercise Price for the number of I Class Listed Options being exercised; (“Exercise Notice”).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of shares required under these terms and conditions in respect of the number of I Class Listed Options specified in the Exercise Notice.
- (h) The I Class Listed Options are freely transferable.
- (i) All shares allotted upon the exercise of I Class Listed Options will upon allotment rank *pari passu* in all respects with other shares.
- (j) Subject to meeting the listing requirements, the Company will apply for quotation of the I Class Listed Options on ASX. The Company will also apply for quotation of all shares allotted pursuant to the exercise of I Class Listed Options on ASX within 10 Business Days after the date of allotment of those shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the I Class Listed Options and Optionholders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the I Class Listed Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their I Class Listed Options prior to the date for determining entitlements to participate in any such issue.
- (m) An I Class Listed Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the I Class Listed Option can be exercised.





ABN 98 114 198 471

**Lodge your vote:**

**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
(within Australia) 1300 556 161  
(outside Australia) +61 3 9415 4000

## Proxy Form

**For your vote to be effective it must be received by 3:00pm (Perth time) Sunday 27 November 2011**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** ➔

View your securityholder information, 24 hours a day, 7 days a week: <b><a href="http://www.investorcentre.com">www.investorcentre.com</a></b>	
<input checked="" type="checkbox"/> Review your securityholding <input checked="" type="checkbox"/> Update your securityholding	<b>Your secure access information is:</b>  <b>PLEASE NOTE:</b> For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Austin Exploration Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Austin Exploration Limited to be held at the offices of HLB Mann Judd, Level 4, 130 Stirling Street, Perth, WA, 6000 on 29 November 2011 at 3:00pm (Perth time) and at any adjournment of that meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business other than in respect of Item 4, where the company has determined that the Chairman is unable to do so. If the Chairman of the Meeting is your proxy (or becomes your proxy by default), you authorise the Chairman to exercise your proxy on Items 5 & 6 even though the items are connected directly or indirectly with the remuneration of a member of key management personnel.

### STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS		For	Against	Abstain
Item 1	Re-election of Director - Guy Goudy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	Election of Director - Nigel Hartley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Election of Director - Chris Hodge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Approval of Issue of Shares and Unlisted Options to Nigel Hartley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Approval of Issue of Shares and Unlisted Options to Chris Hodge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7	Approval of Change of Name of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8	Approval to Change the Auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 9	Approval to Issue Shares and Listed Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 10	Approval of Issue of Options to Hartleys Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

### SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_

AKK

2 9 1 1 1 1 B

Computershare +