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 2016

CONTENTS

CHAIRMAN'S & CEO'S REPORT

Dear Fellow Shareholders,

We are proud to be presenting our first annual letter to shareholders since Tim Hart and I were promoted to the positions of Managing Director and Chief Executive Officer, and Executive Chairman respectively. These promotions came on the back of a long standing succession plan that was put in place some four years ago, and following the retirements of Dr. Mark Hart and Mr. Dominic Pellicano. These Board changes reflect Austin's well-prepared and long standing succession plan that was put in place to ensure a smooth and orderly transition of senior executives and directors, whilst ensuring that those in Board and management positions are equipped with the requisite skills and experience for their roles.

We take this opportunity to sincerely thank Dr. Mark Hart and Mr. Dominic Pellicano for their outstanding service and dedication to Austin.

In Mark's roles of Chairman and previously as CEO and MD, he led and positioned the Company for a successful future. Mark's leadership and strategic foresight has guided the Company through one of the most severe and prolonged downturns in the oil and gas industry experienced in the last 75 years. I am extremely grateful to Mark for mentoring me into the role of Executive Chairman in preparation for the next chapter in Austin's exciting future.

In Dominic's roles as Non-Executive Chairman and Non-Executive Director for some eight years, he has been instrumental in guiding the Company through difficult times during the Global Financial Crisis in 2008/2009 and with his great support since then.

We welcome Mr. Andrew Blow to Austin's Board of Directors, who joins the Company as a Non-Executive Director based out of Sydney, Australia. His appointment follows more than 10 years' experience working in senior roles in media, government and public affairs. We also thank Mr. Stuart Middleton for the continued outstanding service he has provided to the Board over the past 12 months.

Tim Hart and I have worked closely together at Austin for several years in our former roles as CEO and COO. It is a pleasure to continue this great relationship and I can assure you that together, we are as energised and committed as we have ever been to further the growth and success of Austin Exploration, while increasing the value of the Company for our shareholders.

The 2016 financial year continued to be an extremely difficult period for all companies in the oil industry, with the price of oil hitting 13 year lows and selling at $26 per barrel (WTI) in January. Unlike many other previous downturns in the oil and gas industry, this one has been extremely prolonged with oil prices staying under pressure for more than two years.

The above chart illustrates the once in a generation fall in the price of oil from approximately $125 p/bbl in 2012 to $26 p/bbl in March 2016

In North America alone, this has forced 168 oil and gas companies to file for bankruptcy, with more than 300,000 jobs lost as a result. The cause of these widespread industry bankruptcies has largely been due to high levels of debt that could not be furnished at lower oil prices, causing companies to default on their debt covenants.

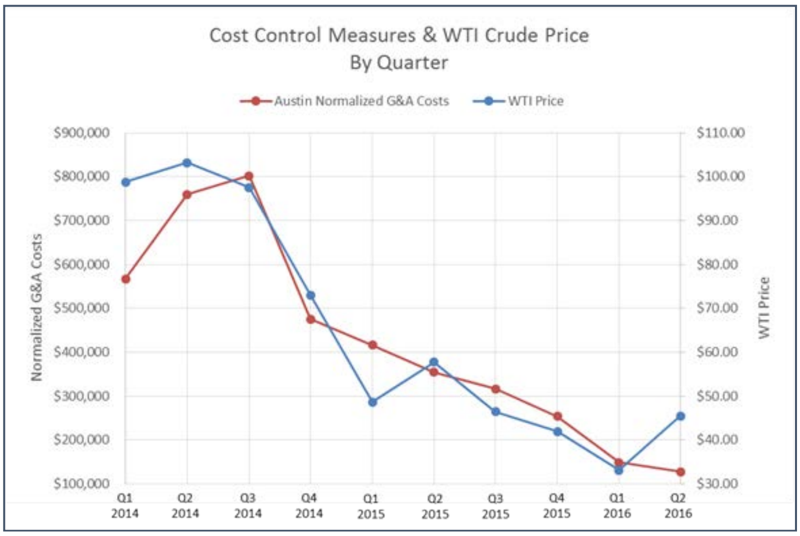
Austin has been deliberately aggressive in its response to this downturn and made the decision to eliminate all debt, thereby placing the Company in the soundest financial position possible.

As a small and emerging oil and gas company, being able to navigate your way through a severe downturn in the sector takes a completely different way of thinking about how you manage and operate your business – it cannot just be business as usual, or you simply will not survive.

Accordingly, the Company implemented several programs with a core focus on driving down costs across all facets of the business. These programs have been designed to make the Company's projects in Colorado and Kentucky economic in a lower oil and gas price environment, namely:

- Eliminating all debt
- Focusing on unlocking the value of Company's world class assets in Colorado and Kentucky where it is the Operator and in full control over operations and expenditures
- Divesting of the Company's non-core assets in Texas and Mississippi where Austin was not in full control. This was important as the Company was being charged with high joint interest billings and revenues were being held back as a result.
- Securing a dedicated drill rig fleet on a 12 month rental agreement. This is a first for a Company of Austin's size and eliminates the high cost when paying daily rates, also allowing us to perform all drilling operations internally, thereby eliminating outside contractors and creating significant cost savings.
- Having a dedicated drill rig increases operational efficiencies and offers optionality over development
- Significant salary reductions across the Company, including a 50% reduction in Directors fee's
- Significant reductions across all corporate overheads (including headcount reductions) and relocating the Company's headquarters to Florence, Colorado where Austin is focused on the Pathfinder project

By implementing these steps, the Company is now in the best possible position to not only navigate its way through this once in a generation downturn, but also to execute on a clearly defined plan for growth. We firmly believe this strategy has also set the Company up to be in a stronger position then ever when prices rebound.



The above chart illustrates Austin's aggressive response to the fall in the oil price.
The Company has reduced its G&A expenses in North America by 75% which is in-line with the fall in the price of oil

We sincerely thank Patersons Securities for their support and belief in our team and our assets. The Board does not underestimate the high cost associated with equity raisings, and we carry these out judiciously. The Company is confident that it is on the cusp of unlocking a tremendous amount of value at the Pathfinder property in Colorado, and that the costs of equity raisings will be far outweighed by the value that any required capital injections can create.

We cannot stress enough the immense potential that we believe our Pathfinder property has. This is an oil rich region. The acreage directly to our east has produced more than 15 million barrels of oil from the shallow Pierre formation. The property was held for mining for more than a 100 years and we were fortunate enough to be able secure the oil and gas rights over the property.

Importantly, we discovered a 790ft column of oil on the drilling of our Magellan #1 Well which proved that the hydrocarbon system to the east extends into the Pathfinder property. Commercial success in our current program will have a material impact on both the value of the property and the Company, and we are looking forward to flow testing the wells for commercial production.

Austin continues to look at opportunities to expand its position in Colorado and intends to capitalise on opportunities that may arise stemming from the current downturn. Being debt free and adequately funded leaves the Company well placed to pursue such opportunities.

It is fitting that we take this opportunity to thank our great team of people for their hard work, dedication and commitment towards seeing Austin succeed. We can assure you that every member of our team is not afraid of getting their “hands dirty” and remains more committed than ever to seeing this Company succeed and prosper.

Finally, we take this opportunity to thank you, our loyal shareholders, for hanging in there with us through this difficult period in the industry. We are extremely grateful for your investment in Austin and for your ongoing support. We are committed to developing our world class oil and gas assets and to delivering value to you.

Yours sincerely,

Guy T. Goudy
Executive Chairman

Timothy B. Hart
Managing Director & CEO

REVIEW 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 three proven US oil and gas provinces: Colorado, Kentucky and Texas. Austin is the operator of its Colorado and Kentucky projects.

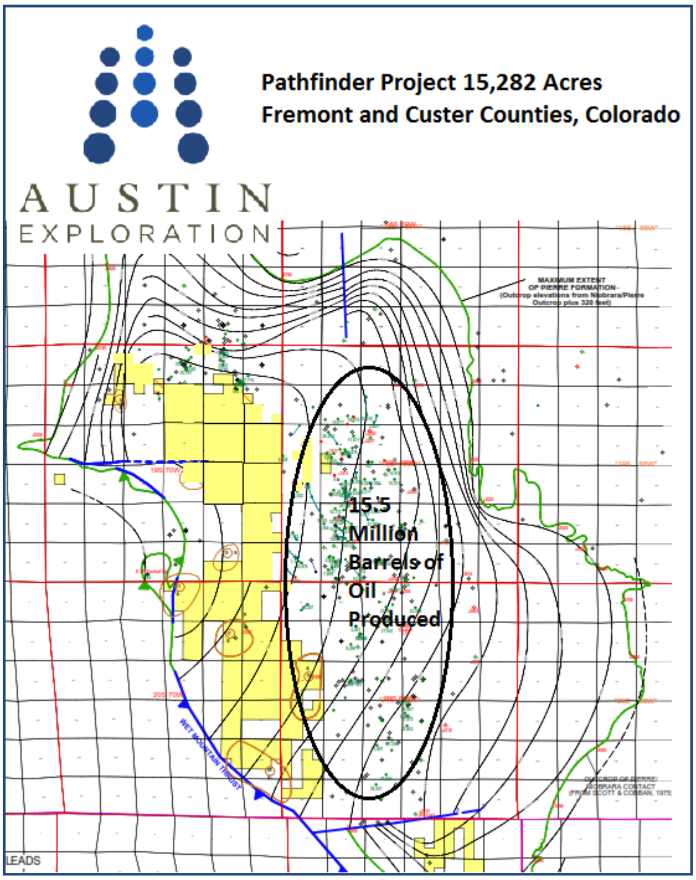
Austin maintains, and is proud of, its outstanding safety and environmental record, with only one lost time accident and no environmental incidents in 10 years of operations.

BUSINESS UNIT REPORTS

COLORADO BUSINESS UNIT

Austin is the Operator

- **Pathfinder Project, Fremont County, Colorado**
- **100% Working Interest in 15,773 acre property in the DJ Basin**
- **Primary hydrocarbon targets: Pierre Shale & Niobrara Shale Formations**
- **Secondary Targets: Codell, Greenhorn, Grenaros and Dakota Formations**
- **Back-to-back three well program targeting production from the Pierre shale underway**
- **First Company to successfully drill and complete a Niobrara Horizontal in Freemont County with 403 BOEPD IP in 2012**



The above map illustrates Austin's 15,773 acre property highlighted in yellow. The Pathfinder property sits directly adjacent to an area in Fremont County that has produced more than 15 million barrels of oil from the Pierre formation. Austin's acreage was previously held by coal and gold mining companies and Austin believes its oil and gas reserves remain in virgin territory.

Colorado Business Unit Highlights:

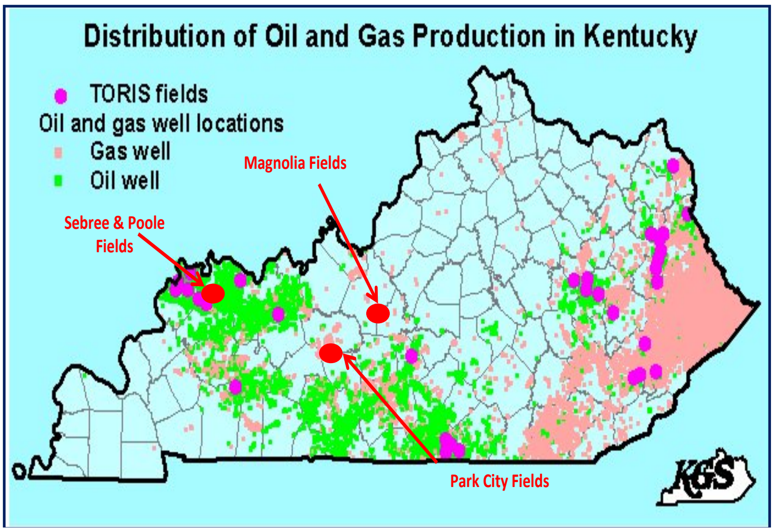
- A back-to-back three well program is underway targeting oil production from the Pierre shale formation
- The first well, the Magellan #1 Well, encountered a 790ft column of oil in the upper section of the Pierre formation during drilling. The well has been cased in preparation for flow testing.
- The second well, the Marco Polo #1 Well, encountered hydrocarbons in the cuttings from the Pierre formation during the initial phase of drilling. Drilling intersected large open fractures that created challenging drilling conditions. The well has also been cased in preparation for flow testing.
- Drilling of the third well, the Columbus # 1 Well, is underway. The drilling of this well is expected to be completed in early October.
- Flow testing all three wells for commercial oil production will commence in October
- The oil and hydrocarbon discoveries demonstrate and confirm that Austin's highly advanced well-site selection process has been accurate in detecting sub-surface fractures that contain oil.
- Expanded Pathfinder property from 11,560 acres to 15,773 acres
- Austin's team has applied a highly technical process involving a combination of high definition 3D seismic, surface-geochemistry studies and satellite imagery to define several high grade exploration targets.
- Wells satisfy lease commitments for full acreage retention
- Austin's property is directly adjacent to the Florence oil field which has produced more than 15 million barrels of oil from the Pierre formation
- Pierre wells in Florence Colorado remain highly economic in the current low oil price environment
- The Company's strategic low cost drilling rig rental agreement with Math Energy Drilling's Atlas Copco RD20 Drill Rig and all associated machinery has increased operational efficiencies and significantly saved on costs
- The Pierre formation is a naturally fractured shale formation that is found at shallow depths of approximately 2000ft to 4000ft – wells drilled into the formation do not require hydraulic fracturing.

EASTERN BUSINESS UNIT (KENTUCKY)

Austin is the Operator in Kentucky

Kentucky Exploration LLC. Approx. 3000 acre 50/50 Joint Venture with private Australian Investment Company

- **Primary Hydrocarbon targets: Jackson Formation, Cyprus Formation, Niagra Sand, and McCloskey Formation**
- **Secondary Targets: Palestine, Waltersburg, Fort Payne, New Albany Shale, Hardensburg Formations**
- **Conventional reservoir objectives and vertical drilling utilised**
- **Continual engineering program underway designed to maximise production and operating efficiencies**
- **Leases with high operational expenses and high water haulage, electricity and chemical programs have been put on idle until the price of oil recovers**
- **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**



The map illustrates Austin Exploration's leases in Kentucky

TEXAS OIL WELLS

- **Birch Eagle Ford Project, Burleson County, Texas**
- **100% Working Interest / 75% Net Revenue Interest**
- **One producing vertical oil and gas well producing approximately 3 BOEPD**
- **Yolanda Dual Austin Chalk Well. Dimmitt County, Texas**
- **36% Working Interest / 27.6% Net Revenue Interest**
- **One producing horizontal Austin Chalk Well producing approx**imately **5 -10 BOPD. Production is intermittent and the Company will consider plugging the well over the next 12 months.**
- **Well drilled and completed in 2010. Initial Production rate = ~ 300 BO**

WORKPLACE AND ENVIRONMENTAL SAFETY

The Company sustained a single lost time accident in August 2016, which occurred during the drilling of the Marco Polo #1 Well in Colorado. One of the workers on the rig suffered a broken wrist due to an equipment failure, but pleasingly the gentleman is expected to make a full recovery. Executive management have been in regular contact with the employee who is fully covered by worker's compensation insurance.

This was the first lost time accident in Austin's history, and therefore represents the only lost time accident in the Company's 10 years of operations. While this accident is regrettable, the Company maintains an excellent safety record.

In response to this accident the Management team has institutionalized an additional safety observation process that requires every associate to complete a daily safety assessment of the environment that they are working in. This assessment includes each associates observations of their surrounding area as it pertains to potential hazards and the behaviors of all personnel on site. This safety observation system facilitates the inclusion of every single person on site to assess the company's safety posture on that day and is one additional tool in a very expansive safety program that includes comprehensive Health and Safety Policies, morning safety meetings, daily Job Safety Assessments, quarterly three day safety training programs and weekly training programs.

The Company is proud that it maintains an unblemished environmental record with no phase 1 incidents ever having been recorded.

INDEPENDENT CONSULTANT'S ANALYSIS

The independent oil and gas reserves and resources report below was completed and updated in 2014 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(Billion cubic feet)		
	P_{90}	P_{50}	P_{10}	P_{90}	P_{50}	P_{10}
Colorado	20.604	27.007	35.485	19.879	25.649	33.498
Kentucky	0.340	0.517	0.755	0.513	1.104	2.264
TOTAL –Contingent Resources	**20.944**	**27.524**	**36.240**	**20.392**	**26.753**	**35.762**

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	Colorado
Well Name(s)	-Ellislie #1 V -Commencement # 1V -Bourke #4 V -Bourke #5 -BOE Lease -	-Yolanda Villarreal #1 H - Krueger #1 well -Stifflemire #1H -Nemo 1H -Kaiser 2H -Redbud 1H	Multiple, shallow well program	Pathfinder C 11 – 12 #1, #1 Hz C18-#1 C18-#3 C18-#4
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	**Not Applicable. Asset divested.**	2 wells in production: -Yolanda Villarreal #1 H – 36% WI – NRI 27.6% - Krueger #1 well – 100% WI – NRI 75% **-Birch Property JV with Halcon Resources in Burleson County has been divested**	Working Interest 100%. Net Revenue Interest 75% - 80% Approx. 4000 acres held or under option	Working Interest 100% Net Revenue Interest 75% 15,773 Acre property

Partners / Operators	Aldridge Operating Company - Dow Tate Energy LLC	Halcon Resources Corporation, Houston Texas	Kentucky Exploration, LLC- 50% JV with Private Australian Investment group. Austin is the Operator	Austin is the Operator and controls a 100% Working Interest
Objective / Focus	N/A – Asset Divested	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	Property was sold for AUD$1.28mil (USD $925k) as a part of the Company's divesture program	Property was sold for AUD$1.5mil (USD $1.05mil) as a part of the Company's divesture program	Oil production from multiple leases. Currently producing at approx. 20 -25 barrels/day. Several leases have been idled that are uneconomic at low oil prices.	1 Niobrara well in production Back-to-back three well program underway targeting production from the Pierre shale
Next Steps	Not Applicable	Not Applicable	Continue to build production from performing low cost work-over operations to maintain and increase production	Continue on-going field development and de-risking program to prove commerciality of the Pierre formation. A minimum of three Pierre wells is planned for 2017. Further 3D seismic being evaluated. Pursue expansion opportunities.

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 3rd Edition of the Corporate Governance Principles and Recommendations as published by the ASX Corporate Governance Council (ASXCGC) on 27 March 2014. 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 behaviour, strategic direction, establishing goals for management and monitoring the achievement of those goals with a view to optimising Group performance and maximising shareholder value.

Management is responsible for implementing the strategic and management plan and operating within the risk appetite set by the board and for all other aspects of the day to day running of the company. Management is also responsible for providing the board with accurate, timely and clear information to enable the board to perform its duties. 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, half-yearly and quarterly financial reports and liaison with the Group's auditors;
- Approving operating budgets and major capital expenditure;
- Ensuring that risks facing the Group and its controlled entities have been identified and 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 behaviour; 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	Service
Dr. William Mark Hart	Non-Executive Vice Chairman of the Board (formerly Chairman until 15 July 2016)	No	5
Mr. Guy Goudy	Executive Chairman (Formerly Managing Director and Chief Executive Officer to 15 July 2016)	No	6
Mr. Tim Hart	Chief Executive Officer and Managing Director (appointed 12 September 2016 - formerly Chief Operating Officer)	No	6
Mr. Stuart Middleton	Non-Executive Director	Yes	1
Mr. Andrew Blow	Non-Executive Director (appointed 15 August 2016)	Yes	1

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

Director Independence

Guy Goudy, Mark Hart and Tim 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.

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

Dr. Mark Hart, the Non-Executive Chairman (until 15 July 2016, now Non-Executive Vice Chairman), is not considered independent by the board under the guidelines as set out above. Mr Guy Goudy, the Executive Chairman (appointed 15 July 2016), is not considered independent by the board under the guidelines as set out above.

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 undertakes a search to identify the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective board. As part of the search the Committee undertakes appropriate checks of the candidate's experience, character, education and background. 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.

The company provides details of each director standing for election or re-election at the Annual General Meeting to assist the shareholders to make their decision whether to elect or re-elect the director.

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.

Company Secretary

The Company Secretary is responsible to the Board through the Chairman, to oversee the effective functioning of the board and for advising the board and its committees on governance matters.

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

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. 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.

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. Stuart Middleton
Members:	Mr. Andrew Blow
Corporate Secretary:	Mr Robert Lees

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

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

- Adequacy of the company's financial reporting process;
- Whether the financial statements provide a true and fair view of the financial position and performance of the Group;
- 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.

The Committee would also receive from the Chief Executive Officer, Chief Financial Officer and the Company Secretary a signed statement 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. The statement is provided to the board 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 web page 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 Tim Hart (appointed CEO and Managing Director 12 September 2016), 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, 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 employee 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 and Chief Financial Officer every 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 the 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

The Board Remuneration and Nomination Committee comprises:

Chair:	Guy Goudy and Tim Hart
Members:	Andrew Blow and Stuart Middleton
Corporate Secretary:	Robert Lees

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

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 Company on behalf of its shareholders by whom they are elected and to whom they are accountable.

Austin Exploration Limited's current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition (**the ASX Principles and Recommendations**) is available at the Group's web site at www.austinexploration.com.au.

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 2016.

Directors

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

Mr Guy Thomas Goudy

Executive Chairman from 15 July 2016 (formerly Managing Director & Chief Executive Officer - appointed a director on 13 July 2009; became CEO effective 1 July 2015)

Guy joined Austin Exploration in 2009 and has served the Company in various roles including Chief Operating Officer, Managing Director and Chief Executive Officer and was promoted to the role of Executive Chairman in July 2016. Guy has been instrumental in navigating the Company through the current sever down-turn in oil prices and the elimination of the Company's debt. Guy has over 10 years of oil and gas investment experience and has extensive network of global industry, financial and political contacts. Prior to his appointment at Austin, Mr. Goudy was employed in the financial services sector and was an authorized representative with a leading stock broking and financial advisory firm in Sydney.

Mr. Goudy was trained at the University of Technology, Sydney (UTS) where he holds various formal qualifications in Business. He has also completed Mineral Economics course work at the Colorado School of Mines.

Other current or former listed directorships: Nil

Dr. William Mark Hart

Non-executive Director (Appointed Chairman of the Board on 21 April 2015 and relinquished the role 15 July 2016, becoming Non-Executive Vice Chairman; relinquished CEO title on 30 June 2015 and became a non-executive director on 1 July 2015)

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 Adjunct 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. Timothy Brian Hart

Managing Director & Chief Executive Officer (Appointed CEO 15 July 2016; formerly COO and Managing Director 14 September 2016)

Tim joined Austin Explorations Management team in 2011 as VP/GM of Austin's Kentucky Business Unit and responsible for transitioning the Business unit from a gas exploration business into a cash flow positive oil and gas producer. In 2015 Tim was promoted to Austin's Chief Operating Officer where he was responsible for the performance and development of Austin's oil and gas portfolio spanning across Colorado, Kentucky, Texas and Mississippi. After his significant contribution to the successful transformation of our company into a very low cost, highly productive, "do it yourself" drilling & exploration company, in 2016 Mr. Hart was promoted to Managing Director and CEO.

Mr. Hart has a Bachelor of Science in Engineering from Penn State University (PSU) with an extensive professional history in business and technology. He has held numerous senior level management positions with expertise in Electrical Engineering, Information Technology, Technical Project Management, Vendor Management, Contract Negotiation, Operational Efficiency, Process Development, and Budget Development & Compliance.

Mr. Hart brings a strong management, engineering and technology background to the Oil and Gas Industry and has worked with numerous local vendors to improve their processes and service offerings to accommodate the enhanced technical, safety and environmental requirements of our business.

Other current or former listed directorships: Nil

Mr Stuart Middleton

Non-Executive Director (Appointed 15 April 2015)

Mr Middleton has recently returned to Australia from a 10-year assignment in China as the Group Executive for TDS, Banpu Plc, Asian Energy Company with assignments in China, Mongolia, Indonesia, Australia and Thailand. Mr. Middleton has also worked in the USA, Indonesia and Columbia. During his time in China he was highly involved with oil and gas, in both conventional and unconventional drilling for CBM and oil/gas; he advised both government and a major Asian Energy group relating to Asian American Gas Company, extensive JV vertical and multi-lateral directional wells as well as technology transfer from oil/gas to underground degas directional drilling and degas to mitigate dangerous outburst challenges.

Australian by background, Stuart has a Bachelor's degree in engineering and a Master's Commerce degree with double majors in Finance and Technology Management from The University of Sydney. He is a chartered professional engineer. Mr Middleton was the general manager of the Baal Bone operation in Lithgow, Australia and served on the Oakbridge board in Sydney and the Queensland North Goonyella Pty. Ltd board in Mackay.

Mr. Middleton also has a strong background in strategic planning and financial strategy. In addition, he has been engaged as a "Specialist Expert" for major companies and has prepared, or had input into, many Due Diligence and Valuation reports. A particular strength being acutely tuned to operations, technical and developing the underlying fundamental value of resources with 37 years of hands-on planning, operating / improvement and management experience.

Other current or former listed directorships: Nil.

Mr Dominic Pellicano

Non-Executive Director (Appointed a director on 25 July 2008 and resigned 15 August 2016)

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 Phillip McCarthy

Non-Executive Director (Appointed 15 April 2015, resigned 28 January 2016)

Mr McCarthy has seven years of experience as a director of ASX listed public companies and being a Fellow of AICD has provided much exposure to ASX Corporate Governance standards and USA GAAP Accounting Standards. Mr. McCarthy is currently the Chairman of Mine Site Technologies Pty Ltd a privately owned global communications and digital wireless technology company specialising in the global mining sectors (2001-current) and he is also a Non-Executive Director of Custom Fluidpower Pty Ltd, an Australia-wide private company providing end to end fluid power designs, equipment, services and repairs to mining and transport (2004-current). Some of his former roles include non-executive director Mechel Mining, a large Russian Iron Ore and Coal producer; a subsidiary of Mechel OAO, a NYSE listed US$12.5b revenue company; non-executive Chairman Endocoal Limited, an ASX listed coal exploration company operating in the Bowen Basin Queensland; and the CEO & Managing Director Powercoal Pty Limited, a large underground coal mining enterprise in NSW, now Centennial Coal.

Other current or former listed directorships: Endocal Limited

Mr Andrew William Blow

Non-Executive Director (Appointed 15 August 2016)

Andrew Blow joins the Board of Austin Exploration as a Non-Executive director based out of Sydney, Australia. He has more than 10 years' experience working in media, government and public affairs. Andrew specialises in the provision of high-end strategic advice to Government and his services have been utilised extensively by some of Australia's most senior decision makers. He has regularly provided communications from the Prime Minister. He has also worked directly with both state and federal Ministers for Mines, Energy and Natural Resources.
He has experience in managing public engagement on Government policies, with a particular focus on infrastructure and means by which Government can leverage private sector investment in major projects.
While a senior producer for one of Australia's largest commercial television networks, Andrew had editorial responsibility for news output and was charged with management of scarce resources including camera crews and live assets.

Andrew holds a Bachelor's Degree in Communications from Charles Sturt University in New South Wales.

Other current or former listed directorships: Nil

Company Secretary

Mr Robert Edward Lees (Appointed on 30 June 2015)

Mr Lees is a member of both the Institute of Chartered Accountants and Governance Institute of Australia. He is a graduate of the University of Technology, Sydney, holding a Bachelor of Business (Accounting) and a Graduate Diploma in Data Processing. He also holds a Graduate Diploma in Corporate Governance. In the last 14 years he has provided company secretarial services to small ASX-listed companies.

Directors' Meetings

The number of director's 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	6	6	2	2
Stuart Middleton	6	6	2	2
Phillip McCarthy	4	4	1	1
Guy Goudy	6	6	-	-
William Mark Hart	6	6	-	-

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 2016 was $6,009,857.

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, Development and Production

The Group has accumulated acreage in oil and gas projects comprising mineral leases in Colorado and Kentucky, 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, development and upkeep of the leases is managed by operators who make cash calls, hire contractors and pay all accounts. As a result of the down-turn in the oil and gas sector, the Company in 2015 and 2016 divested of its properties in Mississippi and Texas where it was not the operator and did not have full control over expenditures which the Company considers paramount in the low oil price environment. Austin is the operator and is in control of expenses at its properties in Colorado and Kentucky.

b) *Corporate Matters*

Capital Raising

- On 19 October 2015 the Company announced a non-renounceable entitlement issue offering eligible shareholders the opportunity to subscribe for 2 shares for every 3 shares held at an issue price of $0.015 together with 1 free attaching option (exercisable at $0.03 on or before 18 September 2017). This issue resulted in the issue of 41,550,565 shares and 21,185,782 options raising $623,258.
- On 4 February 2016 the Company issued 700,907 shares to Magna Equities for $7,065 via a convertible note exercise.
- On 15 February 2016 the Company issued 5,404,106 shares to Magna Equities for $35,451 via a convertible note exercise.
- On 16 February 2015 the Company issued 2,675,000 Listed Ordinary shares to Directors and management at $0.007 per share under the performance rights plan.
- On 29 February 2016 the Company issued 7,399,368 shares to Magna Equities for $41,436 via a convertible note exercise.
- On 22 March 2016 the Company issued 5,433,649 shares to Magna Equities for $39,557 via a convertible note exercise.
- On 18 April 2016 the Company issued 37,586,973 shares at $0.004 per share and 18,793,487 Options (exercisable at $0.006 on or before 30 June 2019) to Tell Corporation to raise $150,348 in additional working capital.
- Between 13 May and 19 May 2016 the Company issued 433,358,358 shares and 216,679,179 options (exercisable at $0.006 on or before 30 June 2019) to the renounceable rights issue applicants raising $1,733,433 in additional working capital.
- On 24 May 2016 the Company issued 6,348,718 shares and 3,178,359 options (exercisable at $0.006 on or before 30 June 2019) to the additional renounceable rights issue applicants raising $25,395 in additional working capital. Also 63,500 options (exercisable at $0.03 on or before 18 September 2017) were converted into ordinary shares.
- On June 2016 a total of 39,468 options (exercisable at $0.006 on or before 30 June 2016) were converted into ordinary shares.
- On 20 June 2016 the Company issued 200,500,000 shares at $0.007 per share to raise $1,403,500 in additional working capital.

Changes of Officers and Directors

Mr Phillip McCarthy resigned 28 January 2016. The Chairman Dr Mark Hart become a non-executive Chairman after stepped down as CEO on 30 June 2015. Mr Guy Goudy became CEO and Managing Director on 30 June 2015 and Executive Chairman effective 15 July 2016 with Dr Mark Hart stepping down to become Vice Chairman. Mr Tim Hart was appointed as CEO on 15 July 2016 and Managing Director 14 September 2016. Mr Andrew Blow became a non-executive Director on 15 August 2016 and Mr Dominic Pellicano resigned.

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 $73,265,927 (2015: $69,015,125). See Capital Raising section above for details.

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.

Since 1 July 2016 to the date of signing these accounts the Company has issued 321,414,142 shares raising $1,966,399 before issue costs. Other than this matter there have been no material significant events have occurred between the reporting date and the date of authorization.

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 shareholder's 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:

	2016	2015	2014	2013	2012
EPS	($0.0138)	($0.1464)	($0.0010)	($0.0019)	($0.0029)
Net profit/loss	(6,009,857)	(44,230,560)	(2,021,943)	(2,901,950)	(2,298,119)
Share Price	0.0138	0.0200	0.0120	0.0110	0.0200

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 2016 and any changes during the year	Contract Details (Duration and Termination)	Proportions of elements of remuneration not related to performance
Mr. Dominic Pellicano (resigned 15 August 2016)	Non–Executive Director	Retirement by Rotation	100%
Mr. Guy Goudy (became Executive Chairman effective 15 July 2016)	Executive Director and Chief Operating Officer	Retirement by Rotation	80%
Dr. William Mark Hart (became Chairman of Board effective 21 April 2015; resigned as CEO 1 July 2015 and became Non-Executive Director and Chairman; resigned as Chairman 15 July 2016,)	Non-Executive Vice Chairman of the Board	No fixed term	80%
Mr. Stuart Middleton (appointed 15 April 2015)	Non–Executive Director	Retirement by Rotation	100%
Group Key Management Personnel	**Position held at 30 June 2015 and any changes during the year**	**Contract Details (Duration & Termination)**	**Proportions of elements of remuneration not related to performance**
Mr. Robert Lees (appointed 30 June 2015)	Company Secretary	No fixed term	100%
Mr. Timothy Hart appointed MD/CEO 15 July 2016	Chief Operating Officer	Three-year contract	80%
Mr. Lonny Haugen	Chief Financial Officer	Two-year contract	80%

The Group utilises the following service contracts:

- Drilling services of Math Energy Drilling LLC/Drill Rig Fleet. Dr. Mark Hart is a director of Math Energy Drilling LLC.
- Rental services of Math Energy 1 LLC Drill Rig Fleet. Dr. Mark Hart is a director of Math Energy 1 LLC.
- Accounting and taxation services of CFO Colorado. Mr Lonny Haugen is an owner of CFO Colorado.

	Short-term benefits		Post employment	Equity-settled share-based payments				
2016	Salary and Fees Paid	Non–Monetary Benefits	Super-annuation Contributions	Performance Rights Accrued	Options	Shares	Total	% of Performance Based
Directors	$	$	$	$	$	$	$	
Mr. Dominic Pellicano	23,000	-	2,185	22,500	-	-	47,685	47%
Mr. Guy Goudy[3]	253,690	-	2,185	45,000	-	-	300,875	15%
Mr. Stuart Middleton[1]	23,000	-	2,185	-	-	-	25,185	-%
Mr. Phillip McCarthy[2]	12,000	-	1,140	-	-	-	13,140	-%
Dr. William Mark Hart[4]	92,725	-	-	45,000	-	-	137,725	33%
Key Management Personnel								
Mr. Robert Lees	36,000	-	-	-	-	-	36,000	-%
Mr. Lonny Haugen[5]	62,687	-	-	-	-	-	62,687	-%
	503,102	**-**	**7,695**	**112,500**	**-**	**-**	**623,297**	

	Short-term benefits		Post employment	Equity-settled share-based payments				
2015	Salary and Fees Paid	Non–Monetary Benefits	Super-annuation Contributions	Performance Rights Accrued	Options	Shares	Total	% of Performance Based
Directors	$	$	$	$	$	$	$	
Mr. Dominic Pellicano	35,083	-	3,333	22,500	-	-	60,916	37%
Mr. Guy Goudy	309,663	-	4,002	45,000	-	-	358,665	13%
Mr. Richard Cottee[6]	45,833	-	4,354	-	-	-	50,187	-%
Mr. Stuart Middleton[1]	5,000	-	-	-	-	-	5,000	-%
Mr Phillip McCarthy[2]	5,000	-	-	-	-	-	5,000	-%
Dr. William Mark Hart	381,624	-	-	45,000	-	-	426,624	11%
Key Management Personnel								
Mr. David Nairn[7]	36,000	-	-	-	-	-	36,000	-%
Mr. Lonny Haugen[5]	130,878	-	-	-	-	12,000	142,878	-%
	949,081	**-**	**11,689**	***112,500**	**-**	**12,000**	**1,085,270**	

*Accrual for 2015 Performance Rights

[1] $23,000 (2015: $5,000). Appointed as a Director 15 April 2015.
[2] $12,000 (2015: $5,000). Appointed as a Director 15 April 2015 and resigned 28 January 2016.
[3] Guy Goudy salary and fees USD $191,000.
[4] Mark Hart salary and fees USD $ 67,000
[5] CFO Colorado has received USD $45,633 (2015: USD $30,072) in respect of their Accounting and Tax Services.
[6] $0 (2015: $45,833) was paid as a consulting fee to Freestone Energy Partners who employ Mr. Richard Cottee. Resigned 21 April 2015.
[7] HLB Mann Judd has received nil (2015: $79,880) in respect of Mr. David Narin's secretarial fees.

Share-based Compensation

All issued unlisted options expired during the year ended 30 June 2014.

Shares Provided on Exercise of Remuneration Options

No options were exercised during the year ended 30 June 2016.

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:

Post Consolidation Shareholdings

2016	Balance 30.6.2015	Share Consolidation	Granted	Purchased	Vested	Other Changes	Balance 30.6.2016
Mr. Dominic Pellicano	1,844,697	-	225,000	4,803,885	-	-	6,873,582
Mr. Guy Goudy	2,120,000	-	450,000	6,103,166	-	-	8,673,166
Dr. William Mark Hart	1,944,009	-	450,000	4,539,288	-	-	6,933,297
Mr. Stuart Middleton	-	-	-	500,000	-	-	500,000
Mr. Phillip McCarthy #	40,000	-	-	493,334	-	(533,334)	-
Mr. Lonny Haugen	764,462	-	-	-	-	-	764,462
Total	6,713,168	-	1,125,000	16,439,673	-	(533,334)	23,247,507

Resigned on 28 January 2016

Employee Stock Ownership Plan shares approved in November 2014 at the Annual General Meeting were granted by the Company in 2015.

Post-Consolidation Shareholdings

2015	Balance 30.6.2014	Share Consolidation (10:1)	Granted	Purchased	Vested	Other Changes	Balance 30.6.2015
Mr. Dominic Pellicano	13,446,966	(12,102,269)	500,000	-	-	-	1,844,697
Mr. Guy Goudy	8,950,000	(8,055,000)	1,000,000	225,000	-	-	2,120,000
Dr. William Mark Hart	7,253,138	(6,527,824)	1,000,000	218,695	-	-	1,944,009
Mr. Richard Cottee*	12,674,138	(11,406,724)	-	-	-	(1,267,414)	-
Mr. Phillip McCarthy	-	-	-	-	-	40,000	40,000
Mr. Lonny Haugen	1,525,000	(1,372,500)	300,000	311,962	-	-	764,462
Total	43,849,242	(39,464,317)	2,800,000	755,657	-	(1,227,414)	6,713,168

* Resigned on 21 April 2015

Shares adjusted for 10:1 share consolidation in November 2014.

Employee Stock Ownership Plan shares approved in November 2014 at the Annual General Meeting were granted by the Company in 2015.

KMP Options Holdings

Directors have listed options associated with Rights Issue at no cost. Directors have no outstanding unlisted performance options in place.

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

2016	Balance 01.07.2015	Options Exercised	Options Granted	Options Purchased	Expired	Other Changes	Balance 30.6.2016
Mr. Dominic Pellicano	-	-	-	2,508,922	-	-	2,508,922
Mr. Guy Goudy	-	-	-	2,794,334	-	-	2,794,334
Dr. William Mark Hart	-	-	-	2,279,644	-	-	2,279,644
Mr. Tim Hart	-	-	-	335,463	-	-	335,463
Mr. Phillip McCarthy	-	-	-	246,668	-	-	246,668
Total	-	-	-	8,165,031	-	-	8,165,031

2015	Balance 01.07.2014	Options Exercised	Options Granted	Options Purchased	Expired	Other Changes	Balance 30.6.2015
Mr. Dominic Pellicano	-	-	-	-	-	-	-
Mr. Guy Goudy	-	-	-	-	-	-	-
Dr. William Mark Hart	-	-	-	-	-	-	-
Mr. Richard Cottee*	-	-	-	-	-	-	-
Mr. Stuart Middleton	-	-	-	-	-	-	-
Mr. Phillip McCarthy	-	-	-	-	-	-	-
Mr. Lonny Haugen		-	-	-	-	-	-
Mr. David Nairn	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

*Resigned on 21 April 2015.

Performance Rights Plan

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

2016	Balance 01.07.2015	Share Consolidation	Performance Rights Granted	Issued	Balance 30.6.2016
Mr. Dominic Pellicano	225,000	-	-	(225,000)	-
Mr. Guy Goudy	450,000	-	-	(450,000)	-
Dr. William Mark Hart	450,000	-	-	(450,000)	-
Total	1,125,000	-	-	(1,125,000)	-

Options adjusted for 10:1 share consolidation in November 2014. See Note 10.

2015	Balance 01.07.2014	Share Consolidation (10:1)	Performance Rights Granted	Issued	Balance 30.6.2015
Mr. Dominic Pellicano	4,000,000	(3,600,000)	325,000	(500,000)	225,000
Mr. Guy Goudy	8,000,000	(7,200,000)	650,000	(1,000,000)	450,000
Dr. William Mark Hart	8,000,000	(7,200,000)	650,000	(1,000,000)	450,000
Total	20,000,000	(18,000,000)	1,625,000	(2,500,000)	1,125,000

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. The Company is required to accrue for these performance rights during the year despite the rights requiring Shareholder approval. The 2015 accrual was based on the likelihood of achieving targets 3 and 4 in the notice and has been calculated at the then current share price. The 2015 performance rights reserve was eliminated in 2016 when shares were issued. No accrual has been made for 2016 as the shareholders did not approve a plan for calendar year 2016 in the 27 November 2015 AGM.

2016 Targets

No performance rights have been accrued for the 2016 calendar year.

2015 Targets

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 2015 calendar is equal to or greater than AUD $0.04 per share (being double of the 2014 Share price KPI)
2. Class 2 Performance Rights – will vest if the Company's wholly owned subsidiary, AusCo Petroleum ("US Subsidiary"), sustains total production of 4,000 BOEPD for at least 30 consecutive days in 2015 (being double the total well production as of 1 September 2014)
3. Class 3 Performance Rights - will vest if, for the period from 1 January 2015 to 31 December 2015, the US Subsidiary has no lost time SAFETY accidents.
4. Class 4 Performance Rights - will vest if, for the period from 1 January 2015 to 31 December 2015, 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 are 3 series of unissued ordinary shares of Austin Exploration Limited under an option.

- 20,711,839 listed options convertible to shares on the payment of $0.03 on or before 18 Sept 2017 issued to subscribers to the October 2015 non-renounceable rights issue.
- 456,525,290 listed options convertible to shares on the payment of $0.006 on or before 30 June 2019 issued in May and June 2016 to renounceable rights issue subscribers and other issues.
- 42,400,000 unlisted options convertible to shares on the payment of $0.01 on or before 30 June 2019 issued as brokerage. (Issued after 30 June 2016)

114,468 ordinary shares of Austin Exploration Limited were issued on the exercise of options during the reporting year ended 30 June 2016. 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.

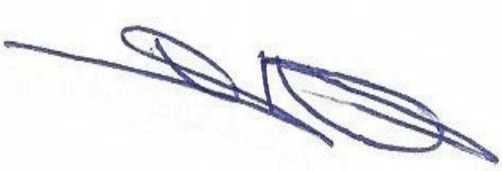
Non-Audit Services

No Non-Audit Services were performed by the auditor during the financial year ended 30 June 2016.

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:



Guy Goudy - Chairman

Dated this 29th day of September 2016

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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 2016, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B. L. Taylor
Partner - Audit & Assurance

Melbourne, 29 September 2016

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 2016

	Note	Consolidated Group 2016 $	2015 $
Revenues from continuing operations	4	606,920	2,354,270
Lease operating expense		(394,331)	(548,766)
Share based payments		(137,300)	(502,300)
Employee benefits expense		(583,291)	(1,620,532)
Depreciation and amortisation expense	5	(1,043,946)	(2,119,668)
Professional fees		(639,209)	(853,836)
Other expenses	5	(484,332)	(674,765)
Travel and accommodation expense		(61,202)	(220,465)
Gain on sale of asset		100,623	-
Exploration expenditure write off	16	-	(18,210,493)
Impairment charge	15, 17, 18	(3,041,915)	(20,125,707)
Share of profit/loss from equity accounted investments	14	(331,874)	(1,708,298)
Loss before income tax		**(6,009,857)**	**(44,230,560)**
Income tax expense	6	-	**-**
Loss for the year		**(6,009,857)**	**(44,230,560)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Movement in fair value of financial assets		-	662,319
Exchange rate differences on translation of foreign operation		431,557	6,853,874
Other comprehensive income for year Net of tax		**431,557**	**7,516,193**
Total comprehensive loss for year		**(5,578,300)**	**(36,714,367)**
Loss for the year attributable to:			
Members of the parent entity		(6,009,857)	(44,230,560)
		(6,009,857)	**(44,230,560)**
Total comprehensive loss attributed to:			
Members of the parent entity		(5,578,300)	(36,714,367)
		(5,578,300)	**(36,714,367)**
Earnings per share for loss from continuing operations:			
Basic earnings per share	9	($0.0138)	($0.1464)
Diluted earnings per share	9	($0.0138)	($0.1464)

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 2016

	Note	Consolidated Group 2016 $	2015 $
Current Assets			
Cash and cash equivalents	10	2,050,356	1,870,086
Trade and other receivables	11	19,176	133,846
Available for sale financial asset	18	-	38,577
Other current assets	12	12,766	11,961
Total Current Assets		**2,082,298**	**2,054,470**
Non-Current Assets			
Investments accounted for using the equity method	14	1,363,871	1,636,569
Property, plant and equipment	13	148,066	352,216
Development and producing assets	15	5,547	3,688,047
Exploration and evaluation assets	16	7,896,500	6,331,552
Other assets	17	119,230	1,674,147
Total Non-Current Assets		**9,533,214**	**13,682,531**
Total Assets		**11,615,512**	**15,737,001**
Current Liabilities			
Trade and other payables	19	324,194	523,776
Interest bearing liabilities	20	-	1,958,850
Total Current Liabilities		**324,194**	**2,482,626**
Non-Current Liabilities			
Other long term liabilities		45,582	73,740
Total Non-Current Liabilities		**45,582**	**73,740**
Total Liabilities		**369,776**	**2,556,366**
Net Assets		**11,245,736**	**13,180,635**
Equity			
Issued Capital	21	73,265,927	69,510,026
Reserves	22	9,915,798	9,596,741
Retained earnings / (Accumulated losses)		(71,935,989)	(65,926,132)
Total Equity		**11,245,736**	**13,180,635**

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 2016

CONSOLIDATED GROUP	Issued Capital	AFS Financial Asset Reserve	Performance Rights Reserve	Foreign Currency Reserve	Retained Profits/ (losses)	Total
	$			$	$	$
Balance at 1 July 2014	63,070,136	(662,319)	200,000	2,630,367	(21,695,572)	43,542,612
Share issued during the year	6,321,156	-	-	-	-	6,321,156
Performance rights	500,000	-	(87,500)	-	-	412,500
Transaction costs	(381,266)	-	-	-	-	(381,266)
Profit or loss	-	-	-	-	(44,230,560)	(44,230,560)
Movement in FX reserve	-	-	-	6,853,874	-	6,853,874
Write off investment	-	662,319	-	-	-	662,319
Balance at 30 June 2015	69,510,026	-	112,500	9,484,241	(65,926,132)	13,180,635
Share issued during the year	4,061,655	-	-	-	-	4,061,655
Performance rights	249,800	-	(112,500)	-	-	137,300
Transaction costs	(555,554)	-	-	-	-	(555,554)
Profit or Loss	-	-	-	-	(6,009,857)	(6,009,857)
Movement in FX reserve	-	-	-	431,557	-	431,557
Write off investment	-	-	-	-	-	-
Balance at 30 June 2016	73,265,927	-	-	9,915,798	(71,935,989)	11,245,736

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 2016

	Note	Consolidated Group 2016 $	Consolidated Group 2015 $
Cash Flow from Operating Activities			
Receipts from customers		738,283	2,366,124
Payments to suppliers and employees		(1,904,160)	(3,472,831)
Interest received		1,444	5,257
Interest paid		(159,999)	(33,105)
Net cash used in operating activities	25	(1,324,432)	(1,134,555)
Cash Flow from Investing Activities			
Payments for plant and equipment		(9,269)	(135,314)
Loans to joint venture investment		(175,403)	(1,098,435)
Payments for development activities		(828,243)	(1,868,777)
Payments for explorations activities		(1,484,633)	(2,136,411)
Receipts from sale of properties / fixed assets		2,636,404	-
Net cash used in investing activities		138,856	(5,238,937)
Cash Flow from Financing Activities			
Proceeds from borrowings		716,595	3,240,179
Repayment of borrowings		(2,767,905)	(1,457,190)
Proceeds of issue of shares		4,061,655	3,115,712
Share issue costs		(535,087)	(670,573)
Net cash provided by financing activities		1,475,258	4,228,128
Net increase (decrease) in cash held		289,682	(2,145,364)
Cash at the beginning of the year		1,870,086	3,328,397
Effects of exchange rate changes on cash and cash equivalents		(109,412)	687,053
Cash at the end of the year	10	2,050,356	1,870,086

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 2016 was authorised for issue in accordance with a resolution of the directors on 15 September 2016.

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.

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 2016. 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 and is effective for annual periods beginning 1 January 2018. The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts (and some revenue related interpretations). The International Accounting Standards Board (IASB) in its July 2015 meeting decided to confirm its proposal to defer the effective date of IFRS 15 (the international equivalent of AASB 15) from 1 January 2017 to 1 January 2018. The amendment to give effect to the new effective date for IFRS 15 is expected to be issued in September 2015. At this time, it is expected that the AASB will make a corresponding amendment to AASB 15, which means that the application date of this standard will move from 1 January 2017 to 1 January 2018. The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 16 Leases

AASB 16 replaces AASB 117 *Leases* and some lease-related interpretations. It requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases. AASB 16 provides new guidance on the application of the definition of lease and on sale and lease back accounting. It largely retains the existing lessor accounting requirements in AASB 117 and requires new and different disclosures about leases. The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

(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 24 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 arrangements

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 14.

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 from 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 high quality corporate 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.

(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 3 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: GOING CONCERN

The financial report has been prepared on the basis of a going concern. The Group had net operating cash outflows for the year of $1,324,432 and a closing cash position of $2,050,356.

The Group's ability to continue as a going concern is contingent upon successfully raising additional capital and successful drilling activities. If the Company is not successful in these matters, 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.

The recent sale of assets in Texas and Mississippi as well as raising capital have provided cash for ongoing operations as well as the elimination of all debt. The Company has successfully demonstrated an ability to be able to raise capital through the equity markets and the Company was able to raise equity in the first calendar quarter of 2016 when the oil price hit a low of $26p/bbl. Since that time the price of oil has rebounded into the USD $40 dollar range and market conditions for raising capital through equity have improved. As such, the Company believes it will be able to raise further capital to fund the Company's on-going operations.

Significant, proactive progress has been made by management related to implementation of austerity measures throughout the Company. The Company is debt free. Its goal is to maintain a positive margin regardless of share price.

NOTE 3: PARENT ENTITY FINANCIAL INFORMATION

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

	2016 $	2015 $
Statement of financial position		
Total current assets	61,250,391	58,267,687
Total non-current assets	50,000	88,577
Total assets	**61,300,391**	**58,356,264**
Total current liabilities	104,018	83,949
Total liabilities	**104,018**	**83,949**
Share capital	73,265,927	69,510,026
Reserve for performance rights	-	112,500
Accumulated losses	(12,069,554)	(11,350,211)
Total Equity	**61,196,373**	**58,272,315**
Statement of profit or loss and other comprehensive income		
Profit/(Loss) for the year after tax	(719,343)	(6,067,764)
Total comprehensive income/loss	**(719,343)**	**(5,405,445)**

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 2016 (2015: Nil).

The parent entity had no contractual commitments as at 30 June 2016 (2015: Nil).

NOTE 4: REVENUE

From continuing operations:

	2016 $	2015 $
Gas and Oil Sales	605,476	2,349,012
Interest received from other parties	1,444	5,258
Total Revenue	**606,920**	**2,354,270**

NOTE 5: LOSS FOR THE YEAR

Losses before income tax have been determined after:

	2016	2015
	$	$
Depreciation expense	85,569	103,358
Amortisation expense	958,377	2,016,310

	2016	2015
	$	$
Other Expenses:		
Insurance	102,492	242,215
Telephone	32,762	43,822
Rent on land & buildings	26,512	57,904
Marketing	-	93,872
Other Expenses	145,012	151,426
Subscriptions	33	7,119
Office Supplies	5,962	22,943
Interest expense	171,559	33,106
Due diligence costs	-	22,358
	484,332	**674,765**

NOTE 6: INCOME TAX EXPENSE

	2016 $	2015 $
(a) The components of income tax expense comprise:		
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	(6,009,857)	(44,230,560)
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(1,802,957)	(13,269,168)
Add/(less) the tax effect of:		
- Differences in tax rate for US controlled entities	(64,511)	(131,868)
- Other allowable / (non-allowable) items		
- Impairment and write down	912,575	10,052,740
- Amortisation	287,513	604,894
- Unrealised market revaluation	-	(198,696)
- Share based payment	41,190	150,690
Tax effect of tax losses and temporary differences not brought to account as they do not meet the recognition criteria	626,190	2,791,408
Income tax attributable to operating loss	-	-
(c) Unused tax losses and temporary differences for which no deferred tax asset has been recognised:		
- In Australia at 30%	6,809,825	11,615,433
- In USA at 35%	3,927,574	6,591,756
	10,737,399	18,207,189

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 2016.

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

	2016	2015
	$	$
Short term employee benefits	503,102	949,081
Post-employment benefits	7,695	11,689
Share based payments	112,500	112,500
Shares	-	12,000
	623,297	1,085,270

NOTE 8: AUDITORS' REMUNERATION

		2016	2015
		$	$
Remuneration of auditor of the consolidated Group for:			
Auditing or reviewing the financial report	- Australia	59,000	48,000
	- America	38,464	64,723
		97,464	112,723

NOTE 9: EARNINGS PER SHARE & DILUTED EARNINGS PER SHARE

	2016	2015
	$	$
Net loss attributed to ordinary equity holders	(6,009,857)	(44,230,560)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	436,827,016	302,219,790
Basic Earnings per share	($0.0138)	($0.1464)
Diluted Earnings per share	($0.0138)	($0.1464)

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.

Consolidated Group

NOTE 10: CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank and in hand	2,050,356	1,870,086

The effective interest rate on cash at bank was 1.00% pa (2015: 1.00% pa.).

NOTE 11: TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
Current Assets		
Trade and Other receivables*	540	126,779
GST Receivable	18,636	7,067
	19,176	**133,846**

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

NOTE 12: OTHER CURRENT ASSETS

	2016 $	2015 $
Prepayments	12,766	11,961

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	2016 $	2015 $
Plant and equipment:		
- At cost	352,311	617,778
- Less: Accumulated depreciation	(204,245)	(265,562)
	148,066	**352,216**

Movement in Property, Plant and Equipment at Cost

	2016 $	2015 $
Plant and equipment:		
- At cost	617,778	371,074
- Add: Additions	6,748	246,704
- Less: Assets sold during the period	(228,597)	-
- Less: Assets written off during the period	(43,618)	-
	352,311	**617,778**

Movement in Property, Plant and Equipment Accumulated Depreciation

	2016 $	2015 $
Plant and equipment:		
- Opening: Accumulated Depreciation	(265,562)	(120,891)
- Add: Depreciation	(85,569)	(144,671)
- Less: Assets sold during the period	127,810	-
- Less: Assets written off during the period	19,076	-
	(204,245)	**(265,562)**

NOTE 14: 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.

	2016 $	2015 $
Sales and other operating revenues	298,468	599,976
Finance costs and other finance expense	(962,216)	(4,016,572)
Profit/(Loss) before taxation	**(663,748)**	**(3,416,596)**
Taxation	-	-
Profit/(Loss) for the year	**(663,748)**	**(3,416,596)**
50% interest profit/(loss) for the year	**(331,874)**	**(1,708,298)**

Non-current assets	4,524,300	4,735,638
Current assets	135,057	138,316
Total assets	**4,659,357**	**4,873,954**
Non-current liabilities	2,307,297	2,079,113
Current liabilities	164,251	42,495
Total liabilities	**2,471,548**	**2,121,608**

Movement in Investment Amounts

	2016 $	2015 $
Opening Investment	1,636,569	2,834,800
Profit/(Loss) for the year (50% share)	(331,874)	(1,708,298)
Profit/(Loss) for the year	**(331,874)**	**(1,708,298)**
FX Movement	59,176	510,067
Closing Investment	**1,363,871**	**1,636,569**

NOTE 15: DEVELOPMENT AND PRODUCING ASSETS

	2016 $	2015 $
Development and producing assets at cost	5,547	24,305,757
Accumulated amortisation	-	(3,979,938)
Impairment provision	-	(16,637,772)
	5,547	**3,688,047**

Movement in Carrying Amounts

	2016 $	2015 $
Balance at beginning of year	3,688,047	1,594,272
Transfers from exploration and evaluation assets	-	17,385,186
Additions	812,046	2,033,253
Exchange rate difference	163,718	(9,713)
Sales	(2,572,729)	-
Amortisation expense	(958,377)	(2,016,310)
Impairment	(1,127,158)	(15,298,641)
	5,547	**3,688,047**

During the year ended 30 June 2015, a number of wells started producing oil and gas so the related exploration and evaluation expenditure were reclassified to development and producing assets.

Sales of Producing Assets

The Company entered into an agreement in February 2016 (effective 1 December 2015) in which the Company's Birch Eagle Ford property in Burleson County, Texas was sold to EnSightIV Energy Partners, LLC for USD $1,050,000. In connection with the sale, the Company impaired the Texas assets down to its sale price.

In January 2016, the Board made the decision to sell the Mississippi assets in an all cash deal for AUD $1,280,000. The sale was part of the strategy of developing low cost oil fields with conventional oil targets and eliminating the risk of the Company's debt burden.

The Company made the decision to divest of its non-core assets in Texas and Mississippi where it is not the operator and had a minority interest in those properties.

Impairment

At each period end, the Directors' review the carrying values of its development and producing assets to determine whether there is any indication that those assets have been impaired. For those prospects where the Directors believed such an indication existed at period end, they compared the asset's fair value less costs to sell and value in use to the asset's carrying value. Where it was not possible to estimate the recoverable amount of an individual asset, the Directors' estimated the recoverable amount of the cash-generating unit to which the asset belongs.

The Group has impaired its development and producing assets prior to sale. During the year ended 30 June 2016, an AUD $1,127,158 impairment was made to the Company's Texas producing assets to reduce their value to the Birch Eagle Ford property sale price. No impairment was determined necessary to its remaining Colorado and Kentucky exploration, development and producing assets at 30 June 2016. The sale of Mississippi assets in February 2016 was in excess of its book value so no impairment was necessary.

NOTE 16: EXPLORATION AND EVALUATION EXPENDITURE

	2016 $	2015 $
Exploration and evaluation assets at cost	7,896,500	6,331,552

Movement in Carrying Amounts:

	2016 $	2015 $
Balance at beginning of year	6,331,552	34,488,359
Additions	1,368,057	2,154,679
Exchange rate difference	196,891	5,284,193
Transfers to development and producing assets	-	(17,385,186)
Write down	-	(18,210,493)
	7,896,500	**6,331,552**

During the year ended 30 June 2015, a number of wells started producing oil and gas so the related exploration and evaluation expenditure were reclassified to development and producing assets.

In 2015, management undertook an analysis of its exploration assets in view of the drop in the oil price resulting in the write off of exploration expenditure of $18,210,493 relating to wells where the recoupment of costs has become doubtful and management have decided not to continue with exploration work in the short-medium term. No additional write off was considered necessary in 2016. The ultimate recoupment of costs carried forward is dependent on the successful development and commercial exploration or sale of the respective areas.

NOTE 17: RELATED PARTY RECEIVABLES

	2016 $	2015 $
Related party receivables	91,223	1,625,262
Abandonment costs	28,007	48,885
	119,230	1,674,147

Receivables are due from the Company's joint venture with Kentucky Exploration, LLC. Receivables were written down $1,884,132 during the year ended 30 June 2016 due to questions on the joint venture's ability to repay this loan.

NOTE 18: AVAILABLE FOR SALE FINANCIAL ASSETS

	2016 $	2015 $
FirstWave Cloud Technology LTD		
Investment - opening value	-	1,750,000
Impairment loss	-	(1,750,000)
Closing Investment	**-**	**-**
Lanstead Capital LLC		
Investment – opening value	38,577	3,836,487
Converted to cash	(38,577)	(720,844)
Impairment loss	-	(3,077,066)
Closing Investment	**-**	**38,577**
Total	**-**	**38,577**

Austin Exploration Limited received 19,776,020 shares in FirstWave Cloud Technology LTD (formerly Crestal Petroleum) that 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 unless impaired. The investment was fully impaired in 2015 due to Crestal Petroleum going into administration. Crestal Petroleum came out of administration, changed its name to FirstWave Cloud Technology LTD, and relisted on the ASX in May 2016 after a reverse takeover deal with FirstWave shareholders.

Austin Exploration Limited secured a cornerstone investor, Lanstead Capital LLC (“Lanstead”). Lanstead acquired 64,900,000 shares in the Group under an equity swap arrangement. As consideration for these shares, Austin received monthly payments for six months. Cash receipts were measured against the benchmark price of $0.102 per share based on a five-day volume weighted average price (VWAP) and the payment was adjusted accordingly. The Lanstead investment was impaired at 30 June 2015 to reflect the actual cash received and the balance of the final payment to be received in July 2015.

The equity instruments are held as an available for sale financial asset. In accordance with AASB 13, the Company has classified these investments as level 2 financial assets.

NOTE 19: TRADE AND OTHER PAYABLES

	2016 $	2015 $
Unsecured:		
- Trade payables	324,194	523,776

NOTE 20: INTEREST BEARING LIABILITIES

	2016 $	2015 $
Line of credit	-	1,958,850

The Group obtained a line of credit from ANB Bank in May 2015. The line of credit allowed for short term borrowings of $1,500,000 USD, of which $1,500,000 USD was drawn at 30 June 2015. Interest only monthly payments were required under the line of credit agreement and interest was accrued at Wall Street Journal Prime plus 1.25% floating with a floor rate of 4.50%. The interest rate at 30 June 2015 was 4.5%. The line of credit is secured by oil and gas wells. Borrowings under the line were repaid during the year ended 30 June 2016 with proceeds from the sale of the Group’s Texas and Mississippi properties.

NOTE 21: ISSUED CAPITAL

1,073,679,902 (2015: 332,607,790) fully paid ordinary shares

a. Ordinary shares

	2016 $	2015 $
At the beginning of reporting period	69,510,026	63,070,136
Shares issued during the year		
- Issued 4 July 2014	-	1,717,855
- Issued 5 December 2014	-	4,513,500
- Issued 19 January 2015	-	589,801
- Issued 26 October 2015	623,258	-
- Issued 9 February 2016	7,065	-
- Issued 15 February 2016	35,451	-
- Issued 16 February 2016	249,800	-
- Issued 29 February 2016	41,436	-
- Issued 22 March 2016	39,557	-
- Issued 18 April 2016	150,348	-
- Issued 6 May 2016	1,905	-
- Issued 13 May 2016	863,604	-
- Issued 19 May 2016	869,829	-
- Issued 23 May 2016	25,464	-
- Issued 10 June 2016	238	-
- Issued 15 June 2016	3,500	-
- Issued 17 June 2016	1,400,000	-
	73,821,481	69,891,292
- Less: Cost of capital raising	(555,554)	(381,266)
	73,265,927	**69,510,026**

	2016 Number	2015 Number
At the beginning of reporting period	332,607,790	2,457,833,037
Shares issued during the year		
- Issued 4 July 2014	-	171,790,241
- Share consolidation (10:1)	-	(2,366,660,488)
- Issued 5 December 2014	-	64,900,000
- Issued 19 January 2015	-	4,745,000
- Issued 26 October 2015	41,550,565	-
- Issued 9 February 2016	700,907	-
- Issued 15 February 2016	5,404,106	-
- Issued 16 February 2016	2,675,000	-
- Issued 29 February 2016	7,399,368	-
- Issued 22 March 2016	5,433,649	-
- Issued 18 April 2016	37,586,973	-
- Issued 6 May 2016	63,500	-
- Issued 13 May 2016	215,901,167	-
- Issued 19 May 2016	217,457,191	-
- Issued 23 May 2016	6,360,218	-
- Issued 10 June 2016	39,468	-
- Issued 15 June 2016	500,000	-
- Issued 17 June 2016	200,000,000	-
At the end of the reporting period	**1,073,679,902**	**332,607,790**

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.

During the year ended 30 June 2016, final shares were issued to Lanstead for the share purchase plan initiated in 2014. Additional shares were issued to current shareholders through the Company's 2:3 rights issue at 1.5 cents per share that came with a 1:2 attaching listed 2-year option at 3 cents per share. The 2-year options have not been attributed a value as they were issued to shareholders in capacity as shareholders.

b. Options	Class	**2016 Number**	**2015 Number**
At the beginning of the reporting period		-	-
Options expired during the year			
- Unlisted Options	AKKO	20,711,839	-
- Listed Options	AKKOA	456,525,290	-
At the end of the reporting period		477,237,129	**-**

Options were issued to shareholders in capacity as shareholders. The AKKO options are $0.006 options that expire in 2019. The AKKOA options are $0.003 options that expire in 2017.

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 and bank debt. 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.

	2016	**2015**
	$	**$**
Total Borrowings	-	1,958,850
Less: Cash and cash equivalents	2,050,356	1,870,086
Net Debt	**(2,050,356)**	**88,764**
Total Equity	11,245,736	13,180,635
Total Capital	73,265,927	69,420,226
Gearing Ratio	**-%**	**-%**

NOTE 22: RESERVES

	2016	**2015**
	$	**$**
- Foreign Currency Reserve	9,915,798	9,484,241
- Performance Rights Reserve	-	112,500
	9,915,798	**9,596,741**

NOTE 23: 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	US Sub	US JV	Total
	2016	2016	2016	2016
	$	$	$	$
Total segment revenue	1,404	605,516	-	606,920
Segment net profit/loss before tax	(719,343)	(4,958,640)	(331,874)	(6,009,857)

	Australia	US Sub	US JV	Total
	2015	2015	2015	2015
	$	$		$
Total segment revenue	3,431	2,350,839	-	2,354,270
Segment net loss before tax	(6,067,764)	(36,454,498)	(1,708,298)	(44,230,560)

(ii) Segment assets

	Australia 2016 $	USA 2016 $	Total 2016 $
Segment assets	51,580,909	11,359,262	62,940,171
Inter-segment elimination	(51,324,659)	-	(51,324,659)
	256,250	11,359,262	11,615,512

	Australia 2015 $	USA 2015 $	Total 2015 $
Segment assets	48,636,782	15,473,921	64,110,703
	(48,373,702)	-	(48,373,702)
Inter-segment elimination	263,080	15,473,921	15,737,001

(iii) Segment liabilities

	Australia 2016 $	USA 2016 $	Total 2016 $
Segment liabilities	104,018	78,744,252	78,848,270
Inter-segment elimination	-	(78,478,494)	(78,478,494)
	104,018	265,758	369,776

	Australia 2015 $	USA 2015 $	Total 2015 $
Segment liabilities	83,949	75,782,802	75,866,751
Inter-segment elimination	-	(73,310,385)	(73,310,385)
	83,949	2,472,417	2,556,366

NOTE 24: CONTROLLED ENTITIES

Controlled Entities	Country of incorporation	Equity Holding	
		2016	2015
Parent Entity:			
Austin Exploration Limited	Australia		
Subsidiaries of Austin Exploration Limited:			
Ausco Petroleum Inc (Formerly Aus-Tex Exploration Inc)	USA	100%	100%

NOTE 25: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Loss from Ordinary Activities after Income Tax	2016 $	2015 $
Loss from ordinary activities after income tax	(6,009,857)	(44,230,560)
Non-cash flows in loss from ordinary activities		
Share based payments	24,800	89,800
Share of Loss in equity investments	331,874	1,708,297
Accrual of Performance Rights	112,500	412,500
Gain on disposal of asset	(100,623)	-
Depreciation	85,569	103,358
Amortisation	958,377	2,016,310
Accretion	-	8,938
Prepayments	(9,970)	(148,417)
Exploration activities	-	664,224
Accrued expenses	75,755	-
Impairment and write down	3,041,915	38,336,200
Changes in assets and liabilities		
(Increase)/decrease in receivables	132,807	17,112
(Increase)/decrease in other assets	11,569	(34,706)
Increase/(decrease) in trade payables	20,852	(77,611)
Cash flow from operations	**(1,324,432)**	**(1,134,555)**

NOTE 26: FINANCIAL INSTRUMENTS

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:

	2016	2015
	$	$
Financial Assets		
Cash and cash equivalents	2,050,356	1,870,086
Trade and other receivables	19,176	133,846
Investments	-	38,577
	2,069,532	**2,042,509**
Financial Liabilities		
Trade and other payables	324,194	523,776
Line of credit	-	1,958,850
Other long term liabilities	45,582	73,740
	369,776	**2,556,366**

(a) Market Risk

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:

	2016	2015
	USD	USD
	$	$
Cash and cash equivalents	1,385,223	1,312,885
Trade Receivables	401	97,082
Trade Payables	163,359	327,683

Foreign Currency Sensitivity

Based on the financial instruments held at 30 June 2016, 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:

	2016	2015
	$	$
Change in profit		
Improvement in AUD to USD by 10%	(1,453,476)	(9,165,112)
Decline in AUD to USD by 10%	1,453,476	9,165,112
Change in equity		
Improvement in AUD to USD by 10%	(1,453,746)	(9,165,112)
Decline in AUD to USD by 10%	1,453,746	9,165,112

Interest Rate Sensitivity Analysis

At 30 June 2016, 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:

	2016	2015
	$	$
Change in profit		
Increase in interest rate by 2%	2,889	10,516
Decrease in interest rate by 2%	-	-
Change in equity		
Increase in interest rate by 2%	2,889	10,516
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.

(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. The Company entered into a 12 month $1,500,000 USD revolving line of credit with ANB Bank during the year ended 30 June 2015. This was an interest only payable loan that was reviewed every 12 months. Borrowings under the line were repaid during the year ended 30 June 2016 with proceeds from the sale of the Group's Texas and Mississippi properties.

At the end of the reporting period the Group held deposits at call of $2,050,356 (2015: $1,870,086) 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. Trade and other 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.

AASB 13 'Fair Value Measurement' requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTE 27: 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 8.

ii. Transactions with Director-related Entities

   - 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 $5,838 excluding GST (USD $4,250). Mr Mark Hart is a director of Math Energy 1 LLC.

- During the year the Group utilised the services of Math Energy Drilling LLC / Drill Rig Fleet for the provision of drilling services below commercial rates. To the reporting date the costs of these services was $195,752 excluding GST (USD$142,500). 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 $62,687 excluding GST (USD $45,633). Mr Lonny Haugen is a director of CFO Colorado Accounting & Tax Services.

NOTE 28: 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.

	2016 $	2015 $
- Due within one year	2,020,200	1,436,490
- Due within 1 — 5 years	8,080,800	5,745,960
	10,101,000	**7,182,450**

NOTE 29: SHARE BASED PAYMENTS

Performance Rights

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

2016	Balance 01.07.2015	Share Consolidation (10:1)	Performance Rights Accrued	Issued	Balance 30.6.2016
Mr. Dominic Pellicano	225,000	-		(225,000)	-
Mr. Guy Goudy	450,000	-	-	(450,000)	-
Dr. William Mark Hart	450,000	-	-	(450,000)	-
Total	1,125,000		-	(1,125,000)	-

2015	Balance 01.07.2014	Share Consolidation (10:1)	Performance Rights Accrued	Issued	Balance 30.6.2015
Mr. Dominic Pellicano	4,000,000	(3,600,000)	325,000	(500,000)	225,000
Mr. Guy Goudy	8,000,000	(7,200,000)	650,000	(1,000,000)	450,000
Dr. William Mark Hart	8,000,000	(7,200,000)	650,000	(1,000,000)	450,000
Total	20,000,000	(18,000,000)	1,625,000	(2,500,000)	1,125,000

Options adjusted for 10:1 share consolidation in November 2014. See Note 10.

Included under employee benefits expense and share based payments in the statement of profit and loss and other comprehensive income is $137,300 (2015: 502,300) and relates, in full, to the equity-settled share-based payment transactions.

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. The Company granted 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 2014 performance rights reserve was eliminated in 2015 when shares were issued. The value of the shares issued was $500,000. An additional accrual was recorded in 2015 based on the likelihood of achieving targets 3 and 4 and has been calculated at the then current share price. Performance rights were issued in 2015. No new performance rights have been approved or granted for the year ended 30 June 2016.

2016 Targets – No performance rights were approved or granted during the year ended 30 June 2016.

2015 Targets

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 2015 calendar is equal to or greater than AUD $0.04 per share (being double of the 2014 Share price KPI)
2. Class 2 Performance Rights – will vest if the Company's wholly owned subsidiary, AusCo Petroleum ("US Subsidiary"), sustains total production of 4000 BOEPD for at least 30 consecutive days in 2015 (being double the total well production as of 1 September 2014)
3. Class 3 Performance Rights - will vest if, for the period from 1 January 2015 to 31 December 2015, the US Subsidiary has no lost time SAFETY accidents.
4. Class 4 Performance Rights - will vest if, for the period from 1 January 2015 to 31 December 2015, the US Subsidiary does not have any Phase 1 ENVIRONMENTAL incidents.

NOTE 30: CONTINGENT LIABILITIES

There are no material contingent liabilities that exist at reporting date (2015: Nil).

NOTE 31: POST-REPORTING DATE EVENTS

Since 1 July 2016 to the date of signing these accounts the Company has issued 321,414,142 shares raising $1,966,399 before issue costs.

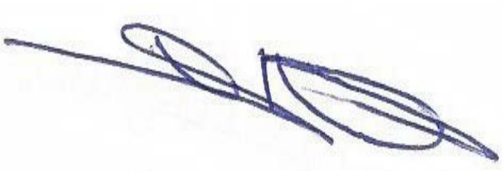
Other than the matters described above there have been no material significant events have occurred between the reporting date and the date of authorization.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 34 to 68 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 2016 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 Company 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 2.

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



Mr Guy Goudy
Chairman
Dated this 29th day of September 2016

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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 2016, 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 2016 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.

Emphasis of matter

Without qualification to the conclusion expressed above, we draw attention to Note 2 to the financial statements which notes net operating cash outflows of $1,324,432 and a closing cash position of $2,050,356 for the year ended 30 June 2016. This condition, along with other matters set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B. L. Taylor
Partner - Audit & Assurance

Melbourne, 29 September 2016

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

Shareholdings

a. Distribution of Shareholders as at 27 September 2016

Category	Holders of Ordinary Shares	Total Shares	% of Issued Capital	Listed Options	Unlisted Options
1 – 1000	460	177,619	0.016	38,916	0
1,001 – 5,000	643	1,926,615	0.173	553,640	0
5,001 – 10,000	433	3,577,143	0.321	829,925	0
10,001 – 100,000	1,402	64,693,876	5.729	16,734,095	0
100,001 – and over	1,305	1,048,718,791	93.761	459,080,553	48,400,000
Total number of security holders	**4,243**	**1,119,094,044**	**100.000**	**477,237,129**	**48,400,000**

b. Unmarketable Parcels as of 27 September 2016

	Minimum Parcel Size	Number of Holders	UMP%
Ordinary Shares	42,202	291	0.00377

c. Substantial shareholders

There are no substantial shareholders owning more than 5% of shares listed in the holding Group’s register as at 27 September 2016.

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.

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 27 September 2016 are as follows:

Name	Number of Fully Paid Ordinary Shares Held	% held
COMSEC NOMINEES PTY LIMITED	19,561,864	1.748
CITICORP NOMINEES PTY LIMITED	15,751,667	1.408
STARCAT INVESTMENTS PTY LTD <MAV A/C>	15,000,000	1.340
MR SACHINDRA THAPA	12,561,000	1.122
MR JOHN MACQUARIE CAPP	11,887,050	1.062
ADMARK INVESTMENTS PTY LTD <JS PINTO SUPER FUND A/C>	10,000,000	0.894
PROFESSOR KERRY OWEN COX	10,000,000	0.894
MR GLEN ANTHONY DASCOMBE	10,000,000	0.894
RUBYCHLO PTY LTD	10,000,000	0.894
MR JOHN MACQUARIE CAPP & MS SUSAN STRICKLAND CAPP <THE CAPP SUPER FUND A/C>	9,362,950	0.837
RICHSHAM NOMINEES PTY LTD	9,000,000	0.804
ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	9,000,000	0.804
J P MORGAN NOMINEES AUSTRALIA LIMITED	8,990,638	0.803
KEO PROJECTS PTY LTD <SUPERANNUATION FUND A/C>	8,000,000	0.715
PERSHING AUSTRALIA NOMINEES PTY LTD <ACCUM A/C>	7,864,962	0.703
MRS SARAH KAY DALY	7,142,858	0.638
P A V S SMSF PTY LTD <P A VAN STAPPEN SMSF A/C>	7,000,000	0.626
DR WILLIAM MARK HART	6,953,297	0.621
MR WILLIAM CAVANAGH	6,625,000	0.592
MRS VANESSA HICKEY	6,000,000	0.536
TOTAL	**200,701,286**	**17.935**

Option holders

$0.006 Options

The names of the 20 largest holders of listed $0.006 options including the number and percentage held by those at 27 September 2016 are as follows:

Name	Number of Listed Options Held	% held
PERSHING AUSTRALIA NOMINEES PTY LTD <ACCUM A/C>	25,474,179	5.580
CPS CAPITAL GROUP PTY LTD	20,000,000	4.381
PROFESSOR KERRY OWEN COX	17,000,000	3.724
MR GARY JOHN SPELTA & MRS NARELLE SPELTA	15,463,248	3.387
MR DANIEL JOHN BAKER	15,200,000	3.329
MR DAVID CHRISTOPHER KEMP	13,405,000	2.936
MR JOHN BASSILIOS	10,000,000	2.190
ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	10,000,000	2.190
MR KEVIN DANIEL LEARY & MRS HELEN PATRICIA LEARY	10,000,000	2.190
MR JOHN MACQUARIE CAPP & MS SUSAN STRICKLAND CAPP <THE CAPP SUPER FUND A/C>	9,681,475	2.121
MR EARL EDWARD DUFFY & MR JOSEPH DUFFY <EARLS NEW LIFE SUPER A/C>	8,800,001	1.928
STARCAT INVESTMENTS PTY LTD	8,500,000	1.862
WOW ITS A LOG PTY LTD <OLLOCH FAMILY A/C>	8,500,000	1.862
MR CHARLES ERICH LACOSTE & MR KEVIN LLOYD LACOSTE <CHARLES LACOSTE S/F A/C>	6,255,869	1.370
MR PETER FABIAN HELLINGS	6,000,000	1.314
SKJ SUPERANNUATION PTY LIMITED <THE SEYMOUR SUPER FUND A/C>	5,625,000	1.232
MR MICHAEL PETER DAVID JOBLIN	5,500,000	1.205
COMSEC NOMINEES PTY LIMITED	5,094,970	1.116
DR TONY CREA <CREA SUPER FUND ACCOUNT>	5,000,000	1.095
OPEKA DALE PTY LTD <OPEKA DALE P/L S/F NO 2 A/C>	5,000,000	1.095
TOTAL	**210,499,742**	**46.107**

$0.03 Options

The names of the 20 largest holders of listed $0.03 options including the number and percentage held by those at 27 September 2016 are as follows:

Name	Number of Listed ptions Held	% held
MRS ESTHER THANGARANI EBENEZER	974,907	4.707
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	736,168	3.554
DR WILLIAM MARK HART	648,003	3.129
MR TIMOTHY JOHN CARTER	620,000	2.993
MR CHARLES NICHOLAS MORRIS & MS SUSAN MARGARET JAFFER <MORRIS EXEC SUPER FUND A/C>	604,405	2.918
MR DOMINIC PELLICANO	500,000	2.414
DR PETER KENCH	500,000	2.414
TORZOWN PTY LTD <LIBERA A/C>	452,926	2.187
MR GUY THOMAS GOUDY	375,000	1.811
MR PETER JAMES HICKEY	366,667	1.770
MARONA NOMINEES PTY LTD <O'CALLAGHAN INVESTMENT A/C>	360,000	1.738
LOPANO PTY LTD <QUATTRO QUARTI A/C>	350,000	1.690
MR BRUCE KENRIC GLOVER CROSSLEY	342,858	1.655
BENFORD PTY LTD <A PELLICANO FAMILY A/C>	333,333	1.609
P A V S SMSF PTY LTD <P A VAN STAPPEN SMSF A/C>	333,333	1.609
MARONA NOMINEES PTY LTD <O'CALLAGHAN S/F A/C>	300,000	1.448
CRAMAR COMPUTER SERVICES PTY LTD <THE LESLIE FAMILY ACCOUNT>	283,334	1.368
MR JEREMY GEORGE FOOTNER	261,700	1.264
AJM SUPER CO PTY LTD <AJM SUPER FUND A/C>	252,512	1.219
MR JONATHAN BARRY KERR-SHEPPARD	250,000	1.207
TOTAL	**8,845,146**	**42.704**

f. Unquoted Securities

Options over Unissued Shares

The names of all holders of unlisted options including the number and percentage held by those at 27 September 2016 are as follows:

Name	Number of Unlisted Options Held	% held
PATERSONS SECURITIES LIMITED <CORPORATE FINANCE A/C>	26,500,000	54.752
HOFENUNG PTY LTD <HOFENUNG INVESTMENT A/C>	7,000,000	14.463
MR DAVID CHARLES NEESHAM & MRS PAMELA CHRISTINE NEESHAM <DC & PC NEESHAM SUPER A/C>	6,000,000	12.397
RAT CONSULTING PTY LTD	4,400,000	9.091
KENZOU INVESTMENTS PTY LTD <KENZOU A/C>	2,500,000	5.165
MR SHANE TONKIN	2,000,000	4.132
TOTAL	**48,400,000**	**100.000**

Tenements

All tenements including locations and percentage interest are listed in the Review of Operations (page 10).

CORPORATE DIRECTORY

DIRECTORS

Mr Guy Goudy	Executive Director and Chairman of the Board
Dr William Mark Hart	Non-Executive Director and Vice Chairman of the Board
Mr Tim Hart	Managing Director and Chief Executive Officer
Mr Stuart Middleton	Non-Executive Director
Mr Andrew Blow	Non-Executive Director

COMPANY SECRETARY

Mr Robert Lees

REGISTERED OFFICE

Austin Exploration Limited
Suite 605, Level 6, 50 Clarence Street
Sydney NSW 2000

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Fax : 61 (02) 9299 9501
Website: **www.austinexploration.com.au**

PRINCIPAL ADMINISTRATIVE OFFICES

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Sydney NSW 2000

SHARE REGISTRY

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Sydney NSW 2000, Australia
Phone (inside Australia): 1300 737 760
Phone (outside Australia): 61 2 9290 9600

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**
	Options:	**AKKO** – expire 18 Sept 2017, exercisable at $0.03
		AKKOA - expire 30 June 2019, exercisable at $0.006