AUSTIN
EXPLORATION

ANNUAL REPORT 2013

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

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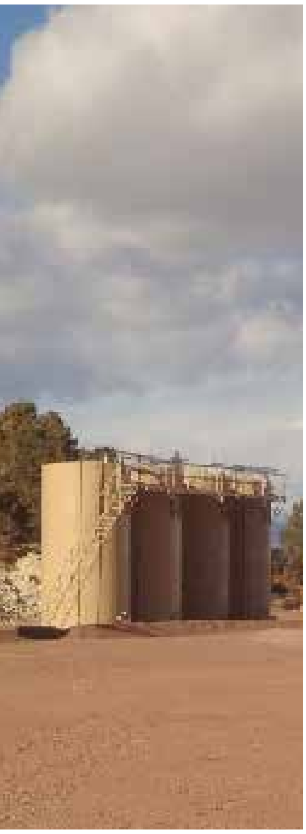
ANNUAL REPORT AND FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013



DEAR FELLOW SHAREHOLDERS,

The past 12 months were marked by our company's success in drilling, discovery and de-risking our properties. Over the same period we have undertaken an enormous restructuring, providing a solid launch pad for growth in the coming financial year.

Notably, the company relocated management to Denver to be close to our assets, which better equip us to manage the many challenges we faced, not least of which was to retain our acreage by meeting lease commitments whilst endeavouring to achieve sustainable cash flows.

With the acreage in Northern Eagle Ford and Southern Niobrara, both of which were proven unconventional plays but not yet publicly in our immediate vicinity, the rewards were tantalising whilst the necessity to de-risk immediate.

The company embarked on a strategy coined Project 500 Squared, the objectives of which were to reduce annual non-exploration costs by $500,000 p.a. and to produce 500 BOEPD. The first target was exceeded almost two-fold, taking out approximately $1 million in expenditure, whilst the second target was achieved technically albeit not on a sustainable basis due to a higher than expected proportion of gas in the Niobrara #2 flows. This prevented us from accessing the immediate benefit of the oil until the gas could be captured and piped to a customer. This pipeline is now being constructed and should be in operation by the end of the first calendar quarter next year.

In all, your company drilled 10 wells (totalling over 65,000 feet), with every well flowing hydrocarbons – significantly de-risking our assets. The results of this de-risking enabled the company to farm out roughly 90% of its Eagle Ford area to Halcon Resources whilst retaining a 30% Working Interest (after pay-out) on a free carry basis for the next 3 wells. This farm-out enables the company to retain an interest in an area which is rapidly appreciating in value without the necessity of returning to shareholders for funding to meet its immediate lease commitments. A similar Heads of Agreement has been executed for the Niobrara which, once completed and when the pipeline is commissioned at the end of the first quarter next year, should see the company in the position to harvest the fruits of this year's work.

It has been disappointing that our share price does not reflect the fundamental re-positioning of the company. For this reason I have elected not to take any further fees under the shareholder sanctioned consultancy agreement from the third week of this August unless and until our owners, the shareholders, have seen some returns from the effort your management has put in to create shareholder wealth. This act is not to be interpreted as a lessening of my resolve to create such wealth. Likewise, all directors, including myself, have elected not to take any bonuses earnt under the Incentive Scheme.

Our management team continues to perform outstandingly to advance the company in the difficult and capital constrained market. A particular thanks to Nigel Hartley who made an enormous contribution before stepping down from the Board.

I look forward to the year to come in the belief that your company will deliver the returns its shareholders expect of it.

Yours sincerely,

Mr Richard Cottee
Chairman of the Board

LETTER FROM MANAGEMENT

DEAR FELLOW SHAREHOLDERS,

This year has been another solid year for Austin Exploration in terms of adding value to the company. While it may not yet be reflected in shareholder price, it is value underpinning the company that one day should be realised.

Throughout the past year Austin solidified itself as an unconventional US oil and gas explorer and producer with foundations that are built on vision, leadership, Six Sigma management philosophy, and petroleum engineering excellence.

FY13 HIGHLIGHTS

- Austin's young and highly talented team of Petroleum Engineers were able to "crack the Niobrara code" in an area of Colorado where the Niobrara has never previously been explored. Importantly the electronic logging results appear comparable to some of the best producing wells in the famous Wattenburg Niobrara filed in Colorado.
- Austin became the operator of its two flagship assets in Colorado and Texas and gained control of its destiny.
- The Company received further independent validation from Gustavson and Associates that its projects had a 50% probability of holding oil and gas resources of over 46 million barrels of oil and gas equivalent.
- Despite challenging economic conditions in the Australian small cap sector, Austin retained all of it unconventional US acreage.
- Uneconomic drilling obligations were negotiated enabling an economically prudent path forward for our shareholders.
- Most importantly it was a year where Austin has solidified itself as an established US Explorer and Producer that is well positioned to capitalise on the US shale revolution.

Our Chairman challenged management to a "500 squared" program and it was achieved. We are proud that we removed over $1 mil of non-essential operating costs out of the business and that we made sure that every possible dollar was invested "into the ground". We are also proud that our production peaked at 547 BOEPD in March of this year.

Management had the foresight some 3 years ago to acquire large acreage and working interest positions in Texas(5000 acres) and Colorado (11,500 acres), with 100% WI and 85% WI, respectively. As you are aware, we successfully farmed out 70% of our working interest in Texas. These interest positions continue to provide the Company with optionality – including farming out acreage to some of the world's best unconventional exploration companies .

The company has drilled approximately 65,000 feet across 10 wells over the past 12 months in the four states of Colorado, Texas, Mississippi, and Kentucky. The company accomplished this without any lost time accidents or any environmental liabilities, an important achievement.

These ten wells have all intersected hydrocarbons in the targeted formations. This activity included two horizontal wells at some 10,000 feet and 14,000 feet in Colorado and Texas, respectively. Three more wells are awaiting fraccing in Kentucky. This success has allowed the company to achieve the highest deal transaction in its history, with Austin to be carried on 4 major horizontal wells in the prolific Eagle Ford shale in Texas. The total value of these wells is approximately US$32 – $36 million with a total economic benefit to Austin of over US$50 million.

Following the success of our initial Niobrara drilling program, our Colorado farm-out program continues. We do not intend to give up control of our 11,560 acre Pathfinder project and our goal is to keep more than a 50% interest in this project. We will also retain operatorship of this as our flagship asset, as we develop the significant amount of oil and gas reserves and resources that we believe are contained within this field. The Pathfinder C 11 – 12 1 HZ well continues to produce a significant amount of gas and the Company continues its efforts on a gas gathering solution. As this well is still in its infancy, Austin and its potential farmee partner have agreed to extend a Letter of Intent until November 1.

The company has embarked on a new Colorado Pierre formation drilling program. This is planned to commence in early 2014. Austin's Pierre project is located in the Florence oil field – the second oldest oil field in the US. The field started producing oil in 1862 and has produced approximately 15 million barrels of oil. Until acquired by Austin in 2011, this property has been held by mining companies over the last several decades and as such the oil reserves in Austin's acreage should not have been depleted. We believe this will be a low cost high impact drilling program. The wells are shallow - approximately 4000 feet deep and do not have to be fracced. We are pleased to report that in a first for the Company, Austin has secured a revolving $1million line of credit with Chase bank to expedite the development of this drilling program.

Our Kentucky Business unit continues to add production and essential operating cash flows. The Company has production levels of 25 barrels of oil per day whilst increasing its acreage position to approximately 3000 acres. We see great potential for oil and gas in this part of the US and are well positioned to capitalize on the unconventional potential of our acreage.

Every company is ultimately made up of its people and at Austin Exploration we are very proud of our employees. Our Management team is founded on the principles of Six Sigma – A Vision, A Mission, a set of working Values, Regular and disciplined Communication sessions, Process Mapping, 3 W's, Rewards and Recognition, Safety Minded Awareness, Environmentally responsibility attitude, business unit philosophy, and more.

We have worked hard to lay the foundations to grow a world class energy business. The assets have been significantly de-risked and are well positioned to capitalise on the oil shale revolution that is only in its infancy in the United States. We assure you, our fellow and patient shareholders that every employee of Austin Exploration will continue to work hard to add value to your Company and will do so based on solid economic fundamentals - increasing production, reserves and ultimately profitability.

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

Mr. Guy T. Goudy
COO Austin Exploration
President AusCo Petroleum

Mr. Lonny L Haugen
CFO Austin Exploration &
AusCo Petroleum

U.S.A. (AusCo Petroleum Inc) SOUTHERN BUSINESS UNIT

VP & General Manager:

Mr Aaron J. Goss

BIRCH EAGLE FORD PROJECT:
Burleson County, Texas

PRIMARY HYDROCARBON TARGETS:
Eagle Ford Shale & Austin Chalk

SECONDARY TARGETS:
Taylor Sands, Buda, Georgetown

MISSISSIPPI PROJECT:
Adams County, Mississippi

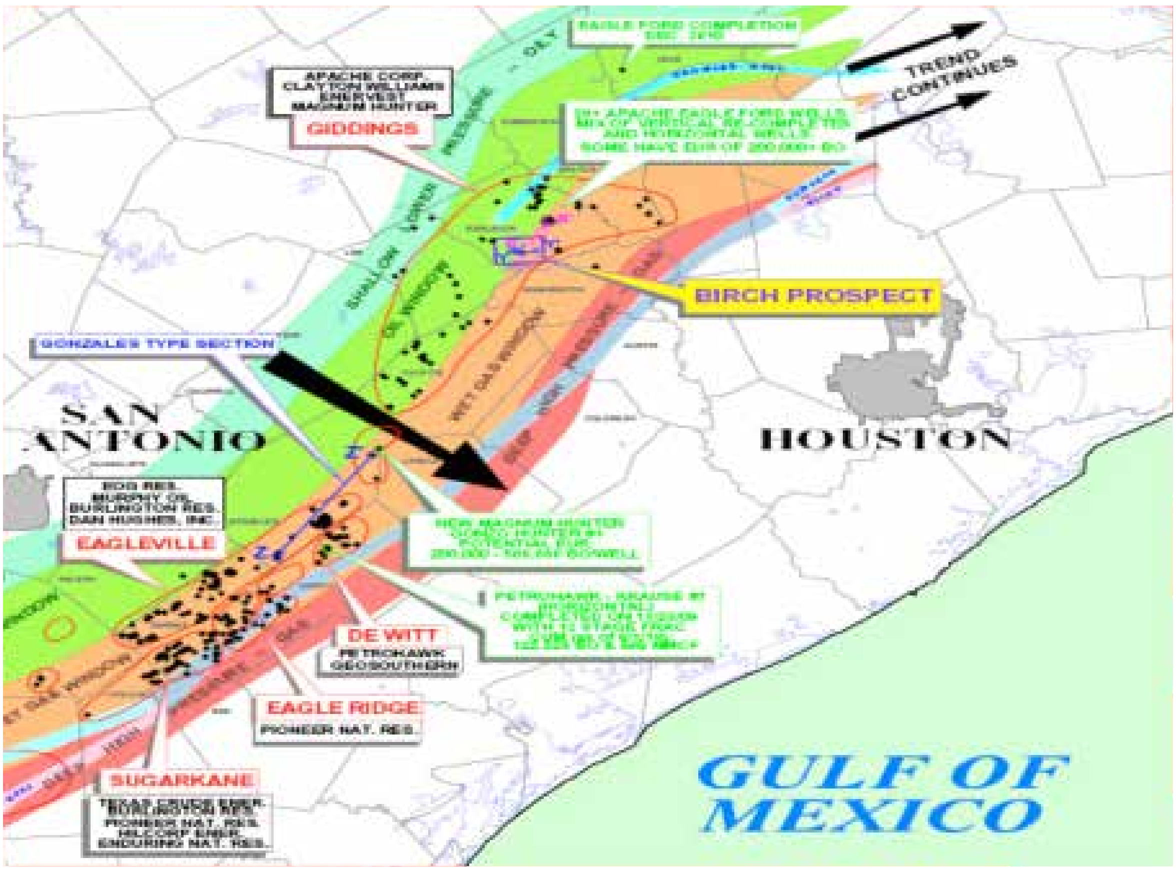
PRIMARY HYDROCARBON TARGETS:
Wilcox Formation (Conventional)

Total Southern Business unit well production (oil and gas) in 2013 Fiscal year:

51,849.72 BOE

HIGHLIGHTS

- Four wells drilled in Southern Business Unit in last fiscal year, three in Texas and one in Mississippi
- Four well farm-out program exceeds USD $50mil of economic benefit to Austin.
- Fourth Mississippi well to be drilled in the last quarter of 2013
- The Company bought out the previous operators 6.5% Interest to give Austin 100% Ownership Control of the 5000-acre Birch Eagle Ford Property in early 2013



- Management's decision in 2011 to acquire a 5000 acre Eagle Ford property with high ownership position enabled a successful farm-out program to be executed
- Texas Birch Farm-out program designed to maximise cash flow and production whilst eliminating the need to raise significant capital through equity
- Austin selected two farm-out partners with a considerable amount of drilling success in the Eagle Ford:
  - Halcon Resources – headed by Mr Floyd Wilson who led PetroHawk until it was acquired by BHP Biliton in 2012 for USD$12.1 billion, primarily for its Eagle Ford assets
  - PetroMax Operating Company – ranked the 3rd highest oil producer in the state of Texas with regards to average daily production of oil per operated well in 2010
- Austin to be free carried on the drilling of 4 Eagle Ford shale horizontal wells with an approximate value of USD $32 - $36 mil ($8 - $9 Mil per well)
- Austin forecasting significant cash flows from these farm-out deals to strengthen the balance sheet

Austin to be carried on 4 Horizontal Eagle Ford wells with Halcon Resources Corporation and PetroMax Operating Company:

- Eagle Ford horizontal drilling campaign to start in 2014
- Under the farm-out agreement our partners will drill and carry Austin on 4 horizontal wells to earn a 70% interest of Austin's Birch property. Austin will retain 30% of the Birch Block.
- Free carried drilling value to Austin valued at approximately US$32 - $36 mil ($8-9 Mil per well) with a total economic benefit in excess of $50M
- Austin will keep the surface facilities (Pump-jack, tank, flow lines) from the Birch #3 Schwartz Galbreath property

MISSISSIPPI
(ADAMS COUNTY)

ARMSTRONG WELL

- Total oil production to date is 37,365 barrels of oil.
- The well is producing from the Wilcox formation
- Successfully drilled to target depth of 6585 ft in May 2010
- 50% W.I.

COMMENCEMENT WELL

- Total oil production to date is 49,773 barrels of oil.
- The well is producing from the Wilcox formation.
- Successfully drilled to target depth of 6550 ft in March 2011.
- 50% W.I.

BOURKE #4 WELL

- Total oil production to date is 14,778 barrels of oil.
- The well is producing from the Wilcox formation.
- Successfully drilled to target depth of 6400 ft in July 2012.
- 50% W.I.

U.S.A. (AusCo Petroleum Inc) COLORADO BUSINESS UNIT

VP & General Manager:

Ms Ola Akrad

PATHFINDER PROJECT:
Fremont County, Colorado

PRIMARY HYRDOCARBON TARGETS:
Niobrara Shale & Pierre Shale

SECONDARY TARGETS:
Greenhorn, Grenaros, Dakota

Total Oil and Gas Produced:

11,981.93 BOE

Status:

The well is currently in a testing phase and is being monitored by the Company's Engineering team. The Pathfinder C 11 – 12 1hz well is being produced intermittently to minimise flaring gas whilst gas gathering solution is advanced.

Gathering solution underway for large gas volumes that are being produced by the well.

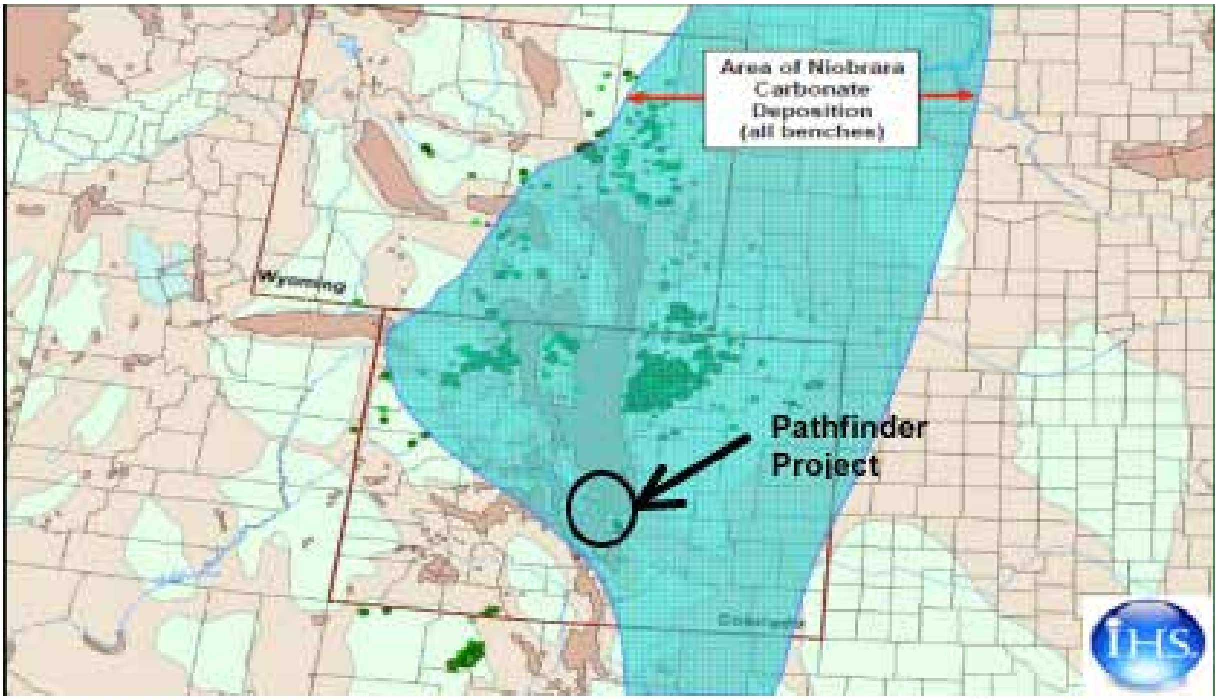
HIGHLIGHTS

- **First company to successfully explore, drill a horizontal well, and produce from the Niobrara formation in Fremont County, Colorado.**
- **First Horizontal well drilled produced at 403 BOEPD.**
- **Logs confirm strong hydrocarbon potential from the Pierre formation which has produced more than 15 million barrels from adjoining acreage.**

Pathfinder Project

- Company controls 85% of approximately 11,500 acre property.
- Drilling of the Company's first major horizontal non-conventional well was successful with a 24 hour initial production rate of 403 BOEPD.

NIOBRARA PLAY – OIL PRODUCTION & SHOWS



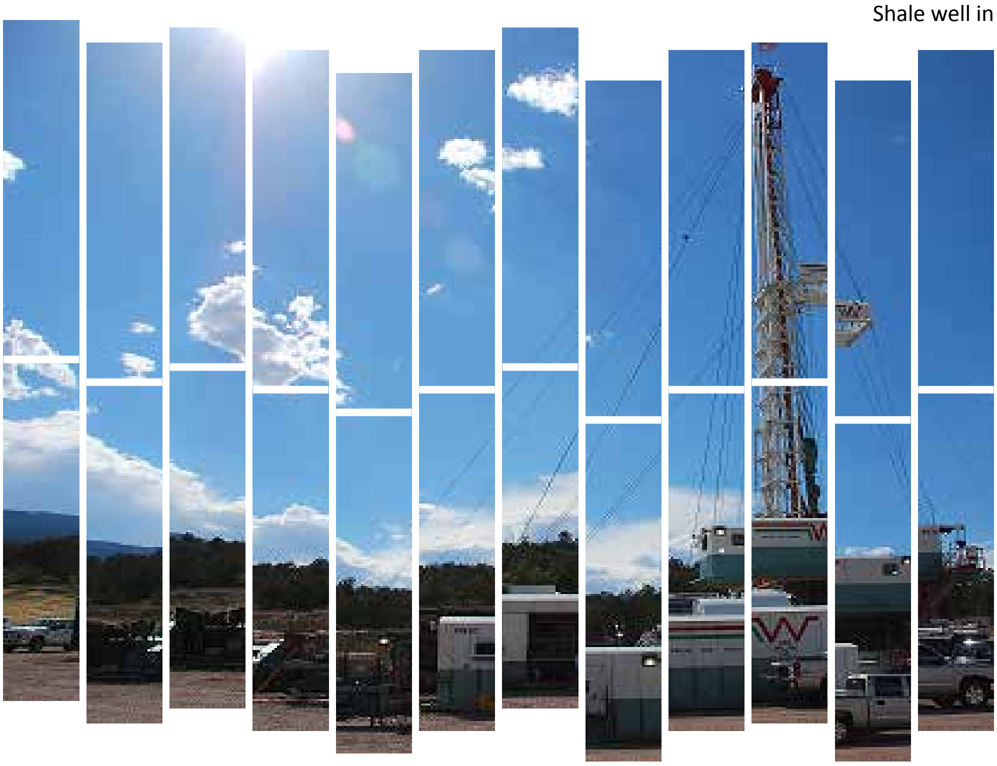
- Production success from a first well in virgin formation is rare and a testament to Austin's engineering excellence.
- The logs indicate the presence of the Niobrara Shale in three benches starting at 5,000 feet and totalling approximately 500 feet thick of Niobrara formation zones.
- Oil sheens were also encountered in the mud returns whilst drilling at several intervals ranging from approximately 3500ft to 5900 ft in the Pierre, Niobrara, Greenhorn and Codell formations.
- A thorough analysis of the log data has been completed. These results have been analysed and compared to two of the most productive Niobrara wells in the Wattenberg Field (DJ Basin). In consultation with several geologists, geophysicists and petroleum engineers, the log results from the Pathfinder #1 well appear comparable if not better than these wells.
- An Industrial gas gathering solution is underway. Comprehensive engineering work is currently being undertaken that includes GPS right of way work, permitting and land surveying.

Letter Of Intent to farm-out 30%:

- Non-binding letter of Intent to farm out 30% of 11,560 acre Pathfinder property executed.
- Under the terms of the agreement the farmee is to fund the next two horizontal Niobrara wells that will be capped at USD$ 6 mil per well. In exchange for meeting these drilling commitments the farmee will earn a 30% W.I. in the project.
- Strong gas pressures that are being produced by the well have led to an extension in the due-diligence period. As such the L.O.I. was extended by an additional 90 days and the exclusivity clause has been removed.

Pierre Shale Potential:

- Oil first produced from the Pierre Shale in the Florence Field in Freemont County in 1862.
- Thousands of wells have produced oil and the field has produced approximately 15Million barrels of oil.
- Austin's Pathfinder project was held by mining companies until acquired by Austin in 2011 which offers a significant amount of exploration potential as the Pierre formation reserve is in adjacent virgin territory.
- Drilling of the Pathfinder Niobrara well confirmed oil shows whilst drilling through the Pierre Shale.
- Austin drilling has confirmed the presence of a fracture system in the Pierre formation.
- Comprehensive engineering, geologic and geophysics study currently being undertaken by Austin's technical team with a view to drill Austin's first Pierre Shale well in 2014.



LES WILSON DRILLING RIG #30 DRILLING PATHFINDER C 11 – 12 1HZ

U.S.A. (AusCo Petroleum Inc) KENTUCKY BUSINESS UNIT

VP & General Manager:

Mr Timothy B Hart

KENTUCKY EXPLORATION LLC:
50/50 Joint Venture with private Australian Investment Company.

PRIMARY HYRDOCARBON TARGETS:
Jackson Formation, Cyprus Formation.

SECONDARY TARGETS:
Palestine, McCloskey, Fort Payne, New Albany Shale, Hardensburg.

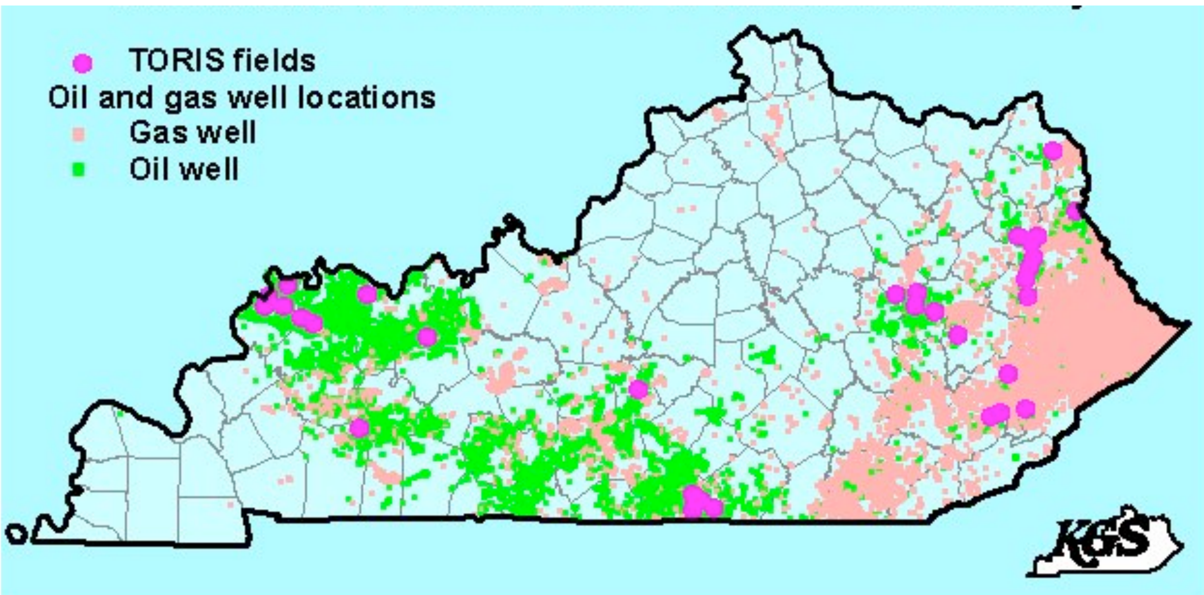
Total Oil and Gas well Production in 2013 Fiscal year:

HIGHLIGHTS

September 2013 – 25% boost to production and effective cost management provide a strong a consistent stream of operating cash flow

- Since drilling began in August of 2011, Kentucky Exploration, LLC, a Joint Venture, have experienced production rates of 25 barrels of oil per day and have an ultimate goal of 40 barrels per day by the end of 2014.
- Kentucky Exploration LLC is operating 4 oil fields and approximately 3000 acres.
- Austin Exploration is bringing the most advanced engineering and drilling technologies, stimulation methods and engineering principles to capitalise on the underexplored and underdeveloped potential of the Kentucky oilfields.
- Austin Exploration/AusCo Petroleum Inc has established a significant local presence in Kentucky.
- Opened Kentucky office in the most prolific oil producing county – Henderson County, Kentucky. This is in line with the Company's strict business unit philosophy of having Management located within driving distance of all of the Companies properties.

DISTRIBUTION OF OIL AND GAS PRODUCTION IN KENTUCKY



- Intensive community relations focus is being led by VP/GM Mr Timothy Hart, with local business people, farmers and the general communities in which the Company operates. This plays a big role in the Company's success in Kentucky.
- Low drilling costs as compared to other areas of the US due to shallow pay zones in the Illinois Basin.
- The US National Petroleum Council estimates remaining resources in Kentucky of 5.42 billion barrels of oil and 126 trillion ft3 of gas.

KENTUCKY 24 HR DRILLING OPERATIONS;
MATH ENERGY RD -20 DRILLING RIG DRILLING TAPP A4 WELL. THE WELL WAS DRILLED TO APPROXIMATELY 2900 FT DEEP AND WAS DRILLED IN A RECORD TIME OF 5 DAYS. HYDROCARBONS WERE INTERSECTED AND THE COMPANY IS PREPARING A LOW COST FRAC TO MAXIMISE PRODUCTION

INDEPENDENT CONSULTANT'S ANALYSIS

Austin received further independent validation by Gustavson and Associates of the Company's resources and reserves at its projects in Colorado, Texas, Mississippi and Kentucky with a 25 % increase to its resources at its Birch project in Texas and a substantial increase in reserves in Kentucky. The Company intends to commission a further independent report on its flagship Colorado Pathfinder asset as more wells are drilled. The high number of Eagle Ford horizontal wells that are planned to be drilled in Burleson County, Texas in 2014, provide Austin the opportunity to convert contingent resources to proved reserves.

WORKPLACE AND ENVIRONMENTAL SAFETY

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

AUSTRALIAN ASSETS (Austin Exploration Limited)

Austin Exploration ("AKK") sold its 50% interest in PEL 105 to PNC Pty Ltd which was acquired by ASX Listed Tellus Resources in September 2013. Under the terms of the agreement Tellus can pay Austin either $ 1.75 million worth of Shares in Tellus or AUD $ 1.25 million in cash.

	ESTIMATED ULTIMATE OIL RECOVERY MMBBL (MILLION BARRELS)			OIL RESOURCES MMBBL (MILLION BARRELS)			SOLUTION GAS RESOURCES BSCF BSCF (BILLION CUBIC FEET)		
	P90	P50	P10	P90	P50	P10	P90	P50	P10
Birch Prospect	6.140	11.980	22.400	5.940	11.790	22.200	24.550	50.060	101.220
Pathfinder Prospect	16.940	21.760	28.360	16.940	21.760	28.360	19.090	24.520	31.960
Yolanda Villarreal	-	0.058	-	-	0.058	-	-	0.361	-
Kentucky	-	-	-	0.340	0.517	0.755	0.513	1.104	2.264
TOTAL –Contingent Resource				**22.220**	**34.125**	**51.315**	**44.153**	**76.045**	**135.444**

	AREA	NET OIL RESERVES (BBL)
Proved Developed Producing	Kentucky	51,931
	Mississippi	27,834
	Total	**79,765**
	AREA	**OIL EUR, STBBL**
Proved Developed Non-Producing	Mississippi	209,976

Review of Operations

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

UNITED STATES				
State in USA	**Mississippi**	**Texas**	**Kentucky**	**Niobrara Shale Project**
Well Name(s)	-Ellislie #1 V -Commencement # 1V -Bourke #4 V	-Yolanda Villarreal #1 H - Krueger #1 well -Schwartz Galbreath #1 H	Multiple, shallow well program	Pathfinder C 11 – 12 #1, #1 Hz
Location	Adam County, Mississippi USA	Burleson County, Dimmitt County, Texas USA	Henderson County, Kentucky USA	DJ Basin – Freemont County, Colorado USA
Ownership Interest	Working Interest 50% Revenue Interest 37.5%	100% Birch (pre-farm-out) 30% post farm-out. 5000 acres - Halcon PetroMax Operating, Garland Texas. 27.6% Yolanda Austin Chalk well	Working Interest 100%. Net Revenue Interest= 75% - 80%	Working Interest 85% Net Revenue Interest 65%
Partners / Operators	Aldridge Operating Company - Dow Tate Energy LLC	Halcon Resourcees Corporation, Houston Texas PetroMax Operating Company – Garland Texas USA	KentuckyExploration, LLC- 50% JV with Private Australian Investment group	Thomasson Petroleum E&P / AusCo Exploration Ltd.
Objective / Focus	Drill wells Well targeting conventional Wilcox formation	Eagle Ford Shale, Austin Chalk, Taylor Gas Sand	Jackson Formation, Cyprus Formation Secondary Targets: Palestine, McCloskey, Fort Payne, New Albany Shale, Hardensburg	Horizontal drilling and multi-stage fracturing the Niobrara Formation and Directional Pierre Wells
Independent Evaluations	Gustavson Reserves Report 2012	Gustavson Associates LLC Ameritex, San Antonio Texas	- CNI 51:101 Richard Braun Mike Mitchell Gustavson Reserves Report 2012/2013	Gustavson Associates LLC & Mitchell Geological Associates
Current Status	In production -3 wells On pump	Halcon & PetroMax to drill 4 Eagle Ford Birch wells to earn 70%. Austin free carried on these wells. Krueger Well, Yolanda well in production.	Oil production from multiple leases. Gas production from 18 Park City wells is idle due to Atmos gas gathering system tied up in litigation (not with Austin)	1 Vertical pilot well complete. 1 horizontal Niobrara well is In testing phase. Work on gas line on-going
Next Steps	Monitor daily production	Monitor daily production. Prepare to begin 4 well drill to earn Eagle Ford Farm-Out program	Monitor production – analyze data for future laterals. Design frac and injection wells to optimize production. Analyze effectiveness of a gas to electricity technology	Continue testing on Niobraraa, Potential farm-out of minority Interest of Niobrara. Monitor gas levels and design appropriate gathering, processing, Review Pierre potential

CORPORATE GOVERNANCE STATEMENT

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

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

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

THE ROLE OF THE BOARD AND MANAGEMENT

The Group has formalised and disclosed the roles and responsibilities of the board and those delegated to senior management.

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

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

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

The Board is responsible for:

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

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

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

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

DIRECTORS IN OFFICE

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

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

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

DIRECTOR INDEPENDENCE

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

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

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

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

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

APPOINTMENT TO THE BOARD

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

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

EVALUATION OF SENIOR EXECUTIVES

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

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

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

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

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

ETHICAL BUSINESS PRACTICES

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

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

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

SHAREHOLDING AND TRADING

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

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

INSURANCE

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

SAFEGUARD INTEGRITY

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

Chair: Mr Dominic Pellicano

Member: Mr Richard Cottee.

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

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

- Effective management of financial risks;
- Reliable management reporting;
- Compliance with laws and regulations in respect to financial reporting;
- Maintenance of effective and efficient audits;
- Meeting with external auditors on a twice-yearly basis and informally as circumstances require; and

- Recommending to the Board the appointment, rotation, removal and remuneration of the external auditors, and review their terms of engagement, and the scope and quality of the audit.

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

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

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

PERFORMANCE OF DIRECTORS

In accordance with Principle 8(1) of the ASX Corporate Governance Principles and Recommendations the Board is required to conduct a review of the performance of its directors and the board's function as a whole during the period. The evaluation of directors was undertaken in June 2013.

INDEPENDENT ADVICE

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

TIMELY AND BALANCED DISCLOSURE

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

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

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

COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

SHAREHOLDERS' ROLE

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

All directors are subject to re-election by rotation, no later than every three years.

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

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

DIVERSITY

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

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

RISK MANAGEMENT

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

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

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

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

INTERNAL RISK MANAGEMENT SYSTEM COMPLIANCE

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

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

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

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

MONITORING PERFORMANCE

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

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

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

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

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

The performance evaluation was undertaken using the process disclosed above.

NOMINATION AND REMUNERATION

Remuneration and Nomination Committee

The Board Remuneration and Nomination Committee comprises Chairman Nigel Hartley (up to his resignation), Mark Hart and Richard Cottee.

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

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

The committee did not meet formally during the year.

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

As per the changes introduced by the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011, Key Management Personnel (KMP) and their closely related parties of the Group are prohibited from hedging their exposure to incentive remuneration for arrangements entered into on or after 1 July 2011.

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

DIRECTORS' REPORT

The Directors of Austin Exploration Limited ("Austin") present their report, together with the financial statements of the Group, being the Group and its controlled entities, for the financial year ended 30 June 2013.

DIRECTORS

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

MR DOMINIC PELLICANO

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

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

Other current or former listed directorships: Nil

MR GUY THOMAS GOUDY

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

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

Other current or former listed directorships: Nil

DR. WILLIAM MARK HART

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

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

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

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

Other current or former listed directorships: Nil

MR NIGEL HARTLEY

Non-Executive Director (Appointed 3 August 2011, Resigned 17 June 2013)

Mr Hartley is a Chartered Accountant who has recently retired after a very successful 20 year career with Oil Search Limited. Mr Hartley acted as the Chief Financial Officer for 12 years, and was responsible for raising over US$4 billion debt for Oil Search as part of the US$14 billion project finance raised for the PNG LNG Project. Mr Hartley also helped establish Oil Search's innovative Sustainability Department in 2010 to encompass the Company's landowner management, government liaison and community benefits programs. Prior to Oil Search, he held a senior financial controller position with both Rio Tinto and Niugini Mining.

Other current or former listed directorships: Roc Oil Limited

MR RICHARD COTTEE

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

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

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

COMPANY SECRETARY

MR DAVID JOHN NAIRN

(Appointed on 31 January 2011

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

DIRECTORS' MEETINGS

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

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 2013 was $2,901,950. (2012: $2,298,119).

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.

DIRECTOR	DIRECTOR'S MEETINGS		AUDIT COMMITTEE MEETINGS	
	A	B	A	B
Dominic Pellicano	6	7	2	2
Richard Cottee	7	7	2	2
Nigel Hartley	7	7	2	2
Guy Goudy	7	7	-	-
William Hart	7	7	-	-

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.

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

a) Exploration

UNITED STATES				
State in USA	**Mississippi**	**Texas**	**Kentucky**	**Niobrara Shale Project**
Well Name(s)	-Ellislie #1 V -Commencement # 1V -Bourke #4 V	-Yolanda Villarreal #1 H - Krueger #1 well -Schwartz Galbreath #1 H	Multiple, shallow well program	Pathfinder C 11 – 12 #1, #1 Hz
Location	Adam County, Mississippi USA	Burleson County, Dimmitt County, Texas USA	Henderson County, Kentucky USA	DJ Basin – Freemont County, Colorado USA
Ownership Interest	Working Interest 50% Revenue Interest 37.5%	100% Birch (pre-farm-out) 30% post farm-out. 5000 acres - Halcon PetroMax Operating, Garland Texas. 27.6% Yolanda Austin Chalk well	Working Interest 100%. Net Revenue Interest= 75% - 80%	Working Interest 85% Net Revenue Interest 65%
Partners / Operators	Aldridge Operating Company - Dow Tate Energy LLC	Halcon Resourcees Corporation, Houston Texas PetroMax Operating Company – Garland Texas USA	KentuckyExploration, LLC- 50% JV with Private Australian Investment group	Thomasson Petroleum E&P / AusCo Exploration Ltd.
Objective / Focus	Drill wells Well targeting conventional Wilcox formation	Eagle Ford Shale, Austin Chalk, Taylor Gas Sand	Jackson Formation, Cyprus Formation Secondary Targets: Palestine, McCloskey, Fort Payne, New Albany Shale, Hardensburg	Horizontal drilling and multi-stage fracturing the Niobrara Formation and Directional Pierre Wells
Independent Evaluations	Gustavson Reserves Report 2012	Gustavson Associates LLC Ameritex, San Antonio Texas	- CNI 51:101 Richard Braun Mike Mitchell Gustavson Reserves Report 2012/2013	Gustavson Associates LLC & Mitchell Geological Associates
Current Status	In production -3 wells On pump	Halcon & PetroMax to drill 4 Eagle Ford Birch wells to earn 70%. Austin free carried on these wells. Krueger Well, Yolanda well in production.	Oil production from multiple leases. Gas production from 18 Park City wells is idle due to Atmos gas gathering system tied up in litigation (not with Austin)	1 Vertical pilot well complete. 1 horizontal Niobrara well is In testing phase. Work on gas line on-going
Next Steps	Monitor daily production	Monitor daily production. Prepare to begin 4 well drill to earn Eagle Ford Farm-Out program	Monitor production – analyze data for future laterals. Design frac and injection wells to optimize production. Analyze effectiveness of a gas to electricity technology	Continue testing on Niobraraa, Potential farm-out of minority Interest of Niobrara. Monitor gas levels and design appropriate gathering, processing, Review Pierre potential

b) Corporate Matters

CAPITAL RAISING

- On 13 December 2012 the Group issued 5,000,000 Listed Ordinary shares and 35,000,000 I Class Listed Options with an exercise price of $0.055 per option exercisable on or before 6 July 2013 for no consideration.
- On 19 March 2013 the Group issued 14,533,750 Listed Ordinary shares for no consideration to Directors and management under the Performance Plan and 87 Listed AKKOA options with an exercise price of $0.055 per option exercisable on or before 6 July 2013 to balance the Share Registry records to the ASX records.
- On 15 April 2013 the Group issued 84,587,500 Listed Ordinary shares at $0.016 per share via a placement to sophisticated investors to provide further funds to continue exploration drilling in Texas and Colorado.
- On 20 May 2013 the Group issued 11,687,500 Listed Ordinary shares at $0.016 per share in relation to the SPP to raise funds to fund exploration activities and working capital.

CHANGES OF OFFICERS AND DIRECTORS

On 17th June 2013 Mr Nigel Hartley resigned as Non-Executive Director of Austin Exploration Limited.

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 $54,529,606 (2012: $52,628,930) as a result of the following:

- Issue of 84,587,500 fully paid ordinary shares at $0.016 per share to raise $1,353,400.
- Issue of 5,000,000 fully paid ordinary shares as remuneration to director of the company.
- Issue of 14,533,750 fully paid ordinary shares as remuneration to directors and staff of the company.
- Issue of 11,687,500 fully paid ordinary shares at $0.016 per share to raise $187,000.

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 and/or Territory laws in both Australia and the USA. The Group has not been advised of any environmental breaches during the year.

PROCEEDINGS ON BEHALF OF GROUP

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

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

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

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

On 6 July 2013, 964,612,235 Listed I Class Options expired.

On 30 July 2013, the Group announced the signing of a farm-out agreement with Halcon Resources Corporation for further drilling in the Eagle Ford shale at the Company's Birch Project in Burleson County, Texas.

On 5 August 2013, the Group announced that it has completed a placement to sophisticated investors of $1.7 million through the issue of 141.6 million new shares at 1.2 cents per share. The Placement funds will provide Austin with additional working capital.

On 14 August 2013, the Group announced the closing of an agreement with Texas Based, PetroMax Operating. The successful closing of this agreement with PetroMax completes Austin's Eagle farm-out program in Texas.

REMUNERATION REPORT - AUDITED

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

REMUNERATION POLICY

The Group's remuneration policy has been designed to align director and executive objectives with shareholder and business objectives, by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results.

The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

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

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

The performance of executives is measured against criteria agreed annually with each executive and is based on a basket of measures including financial results, share price, production targets, safety and environmental issues. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the Performance Rights Plan providing an opportunity to obtain further shares.

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

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

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

PERFORMANCE OF SHAREHOLDERS WEALTH

Consequences of performance on shareholder wealth

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

	2013	2012	2011	2010	2009
EPS	($0.0019)	($0.0029)	($0.0021)	($0.0206)	($0.0344)
Net profit/loss ($000)	(2,901,450)	(2,298,119)	(655,008)	(4,756,607)	(4,244,080)
Share Price	0.011	0.02	0.03	0.03	0.03

REMUNERATION DETAILS

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

DIRECTORS	POSITION HELD AT 30 JUNE 2013 AND ANY CHANGES DURING THE YEAR	CONTRACT DETAILS (DURATION AND TERMINATION)	PROPORTIONS OF ELEMENTS OF REMUNERATION NOT RELATED TO PERFORMANCE
Mr. Dominic Pellicano	Non–Executive Director	Retirement by Rotation	100%
Mr. Guy Goudy	Executive Director and Chief Commercial Officer.	Retirement by Rotation	80%
Dr. William Mark Hart	Executive Director and Chief Executive Officer.	No fixed term	80%
Mr Richard Cottee	Non-Executive Director and Chairman of the Board	Retirement by Rotation	100%
Mr Nigel Hartley	Non-Executive Director Resigned 17 June 2013	Retirement by Rotation	100%
GROUP KEY MANAGEMENT PERSONNEL	**POSITION HELD AT 30 JUNE 2013 AND ANY CHANGES DURING THE YEAR**	**CONTRACT DETAILS (DURATION AND TERMINATION)**	**PROPORTIONS OF ELEMENTS OF REMUNERATION NOT RELATED TO PERFORMANCE**
David Nairn	Company Secretary	No fixed term	100%
Lonny Haugen	Chief Financial Officer	Two year contract	80%

The Group utilises the following service contracts:-

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

	SHORT-TERM BENEFITS			POST EMPLOYMENT	EQUITY-SETTLED SHARE-BASED PAYMENTS			
2013	SALARY, FEES AND COMMISSIONS PAID	SALARY, FEES AND COMMISSIONS ACCRUED & PAYABLE	NON–MONETARY BENEFITS	SUPERANNUATION CONTRIBUTIONS	OPTIONS	SHARES	TOTAL	% OF PERFORMANCE BASED REMUNERATION
	$	$	$	$	$	$	$	
Directors								
Mr. Dominic Pellicano	39,999	-	-	-		11,025	51,024	21.6%
Mr. Guy Goudy	236,069	-	-	10,124	29,000	63,000	338,193	27.2%
Mr. Nigel Hartley[1]	39,999	-	-	3,599	-	11,025	54,623	20.2%
Mr Richard Cottee[2]	298,000		-	7,199	43,500	173,000	521,699	41.5%
Dr. William Mark Hart	343,308	-	-	-	29,000	63,000	435,308	21.1%
Key Management Personnel								
David Nairn[3]	48,165	-	-	-	-	-	48,165	-%
Lonny Haugen[4]	138,599	-	-	-	-	11,025	149,624	7.4%
	1,144,139	**-**	**-**	**20,922**	**101,500**	**332,075**	**1,598,636**	

	SHORT-TERM BENEFITS			POST EMPLOYMENT	EQUITY-SETTLED SHARE-BASED PAYMENTS			
2012	SALARY, FEES AND COMMISSIONS PAID	SALARY, FEES AND COMMISSIONS ACCRUED & PAYABLE	NON–MONETARY BENEFITS	SUPERANNUATION CONTRIBUTIONS	OPTIONS	SHARES	TOTAL	% OF PERFORMANCE BASED REMUNERATION
	$	$	$	$	$	$	$	
Directors								
Mr. Dominic Pellicano	42,499	-	-	-	243,000	-	285,499	85.1%
Dr. James Edwards	26,666	-	-	-	81,000	-	107,666	75.2%
Mr. Guy Goudy	169,533	-	-	3,599	243,000	-	416,132	58.4%
Mr. Nigel Hartley[1]	36,666			3.299	13,800	28,000	81,765	51.1%
Mr Chris Hodge[5]	16,666	-	-	1,499	13,800	28,000	59,965	69.7%
Mr Richard Cottee	21,972	16,666	-	1,977	-	-	40,615	-%
Dr. William Mark Hart	220,417	-	-	-	243,000	-	463,417	52.4%
Key Management Personnel								
David Nairn[2]	64,651	-	-	-	-	-	64,651	-%
Lonny Haugen[3]	65,525	-	-	-	6,949	-	72,474	-%
	664,595	**16,666**	**-**	**10,374**	**844,549**	**56,000**	**1,592,184**	

1 Resigned 17 June 2013
2 $236,166 (2012: Nil) was paid as a consulting fee to Freestone Energy Partners who employ Mr Richard Cottee.
3 HLB Mann Judd has received $48,165 (2012:$64,651) in respect of Mr David Nairn's secretarial fees
4 CFO Colorado has received $43,596 (2012:$65,525) in respect of their Accounting & Tax Services.
5 Resigned 24 January 2012

SHARE-BASED COMPENSATION

Options over ordinary shares in Austin Exploration Limited were granted to the Key Board and Management Personal as reward for services rendered to the Group.

The terms and conditions of each grant of options affecting remuneration in the current and future reporting periods are as follows:

NAME	GRANT DATE	DATE VESTED AND EXERCISABLE	EXPIRY DATE	EXERCISE PRICE	% OF REMUNERATION ISSUED AS SHARE BASED PAYMENTS
Dominic Pellicano	06/07/2011	06/07/2011	06/07/2013	$0.055	22%
Dr. James Edwards	06/07/2011	06/07/2011	06/07/2013	$0.055	-
Mr. Guy Goudy	06/07/2011	06/07/2011	06/07/2013	$0.055	
	13/12/2012	13/12/2012	06/07/2013	$0.055	24%
Dr. William Mark Hart	06/07/2011	06/07/2011	06/07/2013	$0.055	
	13/12/2012	13/12/2012	06/07/2013	$0.055	25%
Mr. Nigel Hartley	12/12/2011	12/12/2011	12/12/2013	$0.055	20%
Mr. Chris Hodge	12/12/2011	12/12/2011	12/12/2013	$0.055	-
Mr. Lonny Haugen	06/07/2011	06/07/2011	06/07/2013	$0.055	8%
Mr Richard Cottee	13/12/2012	13/12/2012	06/07/2013	$0.055	22%

Options granted carry no dividend or voting rights.

Details of options over ordinary shares in the Group provided as remuneration are set out below. When exercised, each option is converted into one ordinary share of Austin Exploration Limited. Further information on the options is set out in note 27 to the financial statements.

NAME	NUMBER OF OPTIONS GRANTED DURING THE YEAR		NUMBER OF OPTIONS VESTED DURING THE YEAR	
	2013	2012	2013	2012
Dominic Pellicano	-	15,000,000	-	15,000,000
Dr. James Edwards	-	5,000,000	-	5,000,000
Mr. Guy Goudy	10,000,000	15,000,000	10,000,000	15,000,000
Dr. William Mark Hart	10,000,000	15,000,000	10,000,000	15,000,000
Mr Nigel Hartley	-	1,000,000	-	1,000,000
Mr Richard Cottee	15,000,000	-	15,000,000	-
Mr. Chris Hodge	-	1,000,000	-	1,000,000
Mr. Lonny Haugen	-	500,000	-	500,000
Mr. David Nairn	-	-	-	-

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

SHARES PROVIDED ON EXERCISE OF REMUNERATION OPTIONS

No options were exercised during the year ended 30 June 2013.

DIRECTORS INTERESTS IN SHARES AND OPTIONS

The information on directors' interests in shares and options at 30 June 2013 is set out in note 6 of the financial statements.

Information on directors' interest in shares and options as at 21 September 2013 is set out in the following table:

DIRECTORS	ORDINARY SHARES HELD 21 SEPTEMBER 2013	OPTIONS HELD 21 SEPTEMBER 2013
Mr. Dominic Pellicano	10,446,966	Nil
Mr. Guy Goudy	7,950,000	Nil
Dr. William Mark Hart	5,724,138	Nil
Mr Richard Cottee	10,974,138	Nil
Mr. Nigel Hartley	2,925,000	1,000,000
SECRETARY		
Mr. David Nairn	Nil	Nil

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 Managing Director 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, the unissued ordinary shares of Austin Exploration Limited under an option are as follows:

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER OF OPTIONS	CLASS
12/12/2011	12/12/2013	$0.055	2,000,000	K
06/07/2011	06/07/2013	$0.055	964,612,235	Listed I
			966,612,235	

No ordinary shares of Austin Exploration Limited were issued on the exercise of options during the reporting year ended 30 June 2013. No further shares have been issued since that date. 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 during the financial year ended 30 June 2013.

AUDITOR'S INDEPENDENCE DECLARATION

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

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

Mr. Richard Cottee
Chairman
Dated 25 September, 2013

Grant Thornton Audit Pty Ltd
ACN 130 913 594

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 2013, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B. L. Taylor
Partner - Audit & Assurance

Melbourne, 25 September 2013

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
Revenues from continuing operations	3	1,849,425	1,963,245
Directors Fees		(466,824)	(404,890)
Share based payments		(516,708)	(1,018,525)
Employee benefits expense		(949,219)	(558,009)
Impairment Charges	4	-	(197,284)
Depreciation and amortisation expense	4	(520,704)	(245,630)
Share of profit from equity accounted investments	14	152,883	116,641
Other expenses	4	(2,450,803)	(1,953,667)
Loss before income tax		**(2,901,950)**	**(2,298,119)**
Income tax expense	**5**	**-**	**-**
Loss for the year		**(2,901,950)**	**(2,298,119)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of Foreign operations		3,685,827	785,805
Other comprehensive income for year			
Net of tax		**783,877**	**(1,512,314)**
Total comprehensive income for year		**783,877**	**(1,512,314)**
Loss for the year attributable to:			
Members of the parent entity		(2,901,950)	(2,298,119)
		(2,901,950)	(2,298,119)
Total comprehensive income attributed to:			
Members of the parent entity		783,877	(1,512,314)
		783,877	(1,512,314)
Earnings per share for loss from continuing operations:			
Basic earnings per share	8	($0.0019)	($0.0029)
Diluted earnings per share	8	($0.0019)	($0.0029)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
Current Assets			
Cash and cash equivalents	10	1,144,870	21,090,085
Trade and other receivables	11	239,621	269,749
Other current assets	12	512,987	1,723,956
Total Current Assets		**1,897,478**	**23,083,790**
Non-Current Assets Held for Sale	9	18,426	-
Non-Current Assets			
Investments accounted for using the equity method	14	2,580,546	2,133,864
Property, plant and equipment	13	231,017	145,243
Development and producing assets	15	1,634,584	1,626,685
Exploration and evaluation assets	16	32,614,713	10,412,363
Other non-current assets		174,075	-
Total Non-Current Assets		**37,253,361**	**14,318,155**
Total Assets		**39,150,839**	**37,401,945**
Current Liabilities			
Trade and other payables	17	279,694	1,310,379
Short term borrowings	18	-	65,28
Total Current Liabilities		**279,694**	**1,375,667**
Non-Current Liabilities			
Other long term liabilities		58,814	-
Total Non-Current Liabilities		**58,814**	**-**
Total Liabilities		**338,508**	**1,375,667**
Net Assets		**38,812,331**	**36,026,278**
Equity			
Issued Capital	19	54,529,606	52,628,930
Reserves	20	8,129,180	4,363,592
Retained earnings / (Accumulated losses)		(23,846,455)	(20,966,244)
Total Equity		**38,812,331**	**36,026,278**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

CONSOLIDATED GROUP	Issued Capital $	Share Option Reserve	Foreign Currency Reserve $	Retained Profits/ (losses) $	Total $
Balance at 1 July 2011	**23,938,894**	**263,271**	**(515,278)**	**(18,909,655)**	**4,777,232**
Share issued during the year	34,222,155	-	-	-	34,222,155
Transaction Costs	(5,532,119)	-	-	-	(5,532,119)
Share Options expired during the period		(241,530)		241,530	
Options Reserve on recognition of the cost element of options	-	4,071,324	-	-	4,071,324
Profit or Loss				(2,298,119)	(2,298,119)
Other comprehensive income	-	-	785,805	-	785,805
Balance at 30 June 2012	**52,628,930**	**4,093,065**	**270,527**	**(20,966,244)**	**36,026,278**
Share issued during the year	1,955,608	-	-	-	1,955,608
Transaction costs	(54,932)	-	-	-	(54,932)
Share Options expired during the period	-	(21,739)	-	21,739	-
Options Reserve on recognition of the cost element of options	-	101,500	-	-	101,500
Profit or Loss	-	-	-	(2,901,950)	(2,901,950)
Other comprehensive income	-	-	3,685,827	-	3,685,827
Balance at 30 June 2013	**54,529,606**	**4,172,826**	**3,956,354**	**(23,846,455)**	**38,812,331**

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

CCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated Group 2013 $	2012 $
Cash Flow From Operating Activities			
Receipts from customers		1,638,314	1,573,844
Payments to suppliers and employees		(4,770,915)	(3,460,297)
Interest received		194,903	75,917
Net cash used in operating activities	23	(2,937,698)	(1,810,536)
Cash Flow From Investing Activities			
Payments for plant and equipment		(106,332)	(148,811)
Payments to acquire joint venture investment		-	(1,696,234)
Receipts from joint venture investment		161,054	194,034
Payments to joint venture investment		(258,395)	-
Payments for development activities		(345,045)	(301,078)
Payments for explorations activities		(17,602,794)	(10,186,117)
Receipts for sale of exploration assets		-	420,000
Net cash used in investing activities		(18,151,512)	(11,718,206)
Cash Flow From Financing Activities			
Proceeds from/(repayment of) borrowings		-	71,413
Proceeds of issue of shares		1,540,400	26,184,537
Share issue costs		(54,936)	(1,877,569)
Net cash provided by financing activities		1,485,464	24,378,381
Net increase (decrease) in cash held		(19,603,746)	10,849,639
Cash at the beginning of the year		21,090,085	9,713,369
Effects of exchange rate changes on cash and cash equivalents		(341,469)	527,077
Cash at the end of the year	10	1,144,870	21,090,085

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.

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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 2013 was authorised for issue in accordance with a resolution of the directors on 25 September 2013.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting period. Austin Explorations Limited assessment of the impact of these new standards and interpretations are as follows:

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 2013. 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 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.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

AASB 9 Financial Instruments (effective from 1 January 2015)

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

Consolidation Standards

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

AASB 10 Consolidated Financial Statements (AASB 10)

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

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

AASB 11 Joint Arrangements (AASB 11)

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

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

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

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

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

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

Management Personnel Disclosure Requirements (AASB 124 Amendments)

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

The Group's management have yet to assess the impact of these amendments.

(b) Principles of consolidation

A controlled entity is any entity over which Austin Exploration Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. 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 22 to the financial statements. All controlled entities have a June financial year end.

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

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

(c) Revenue

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

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

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

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

Revenue from interest is recognized using the effective interest method.

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

(d) Income tax

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

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

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

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

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

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

(e) Trade receivables

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

(f) Impairment of assets

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

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

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

(g) Interests in joint ventures

The consolidated Group's share of the assets, liabilities, revenue and expenses of joint venture 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 venture entities are brought to account using the equity method of accounting in the consolidated financial statements.

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

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

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

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

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

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

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

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

(i) Property, plant and equipment

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

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

(j) Depreciation

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

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

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

(k) Leases

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

(l) Foreign currency transactions and balances

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

(iii) Group companies

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

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

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of 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 within one year have been measured at the amounts expected to be paid when the liability is settled.

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

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

(n) Equity-settled compensation

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

(o) Trade and Other Payables

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

(p) Financial assets and liabilities

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for sale-financial assets

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

(v) Classification and subsequent measurement of financial liabilities

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

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

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

Recognition and derecognition

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

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement 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 income statement 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 income statement 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 comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of profit or loss and other comprehensive income.

(q) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalent includes;

- cash on hand and at call in banks net of overdrafts; and
- investments in short term deposits (i.e. 6 months)

(r) Borrowing Costs

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

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

(s) Issued Capital

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

(t) Goods and Services Tax (GST)

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

(u) Critical Accounting Estimates and Judgments

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

Key Estimates — Impairment

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

Exploration and evaluation

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

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

Useful lives of depreciable assets

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

(v) Comparative Figures

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

(w) Segment Reporting

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

(x) Parent Entity Financial Information

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

(i) Investments in subsidiaries

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

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PARENT ENTITY FINANCIAL INFORMATION

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

	2013 $	2012 $
Statement of financial position		
Total current assets	38,906,553	38,551,408
Total non current assets	68,426	68,429
Total assets	**38,974,979**	**38,619,837**
Total current liabilities	43,719	44,595
Total non current liabilities	-	-
Total liabilities	**43,719**	**44,595**
Share capital	54,529,605	52,628,930
Reserve	4,172,826	4,363,593
Accumulated losses	(19,771,171)	(18,417,281)
Total Equity	**38,931,260**	**38,575,242**
Statement of profit or loss and other comprehensive income		
Loss for the year after tax	(1,547,254)	(2,108,206)
Total comprehensive income	(1,547,254)	(2,108,206)

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 2013 (2012: Nil)

As at 30 June 2013, the parent entity had no contractual commitments (2012: Nil)

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REVENUE

From continuing operations:		
Gas and Oil Sales	1,639,459	1,567,546
Interest received from other parties	177,119	94,407
Other income	32,847	301,292
Total Revenue	**1,849,425**	**1,963,245**

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LOSS FOR THE YEAR

Losses from ordinary activities before income tax have been determined after:

	2013 $	2012 $
Depreciation expense	44,270	13,373
Amortisation expense	476,435	232,257
Impairment of Asset - provision	-	197,284
Other Expenses:		
Insurance	104,331	89,158
IT Expenses	6,222	4,127
Lease Operating Expense	916,292	312,881
Marketing	120,196	85,499
Printing & stationery	26,464	25,593
Professional Fees	846,450	902,806
Rent on land & buildings	32,022	47,111
Registration & insurance	-	2,233
Research & Development Expense	-	-
Interest Paid	3,449	2,085
Due Diligence Costs	-	109,890
Subscriptions	97	3,875
Sundry expenses	179,846	17,933
Telephone	30,238	39,594
Travel, accom & conference	185,196	310,882
	2,450,803	**1,953,667**

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INCOME TAX EXPENSE

	2013 $	2012 $
(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	**(2,901,950)**	**(2,298,119)**
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(870,585)	(689,436)
Add/(less) the tax effect of:		
- Differences in tax rate for US controlled entities	(43,913)	11,247
- Other allowable / (non allowable) items	142,930	128,862
- Tax portion of share issue costs	-	51
Tax effect of tax losses and temporary differences not brought to account as they do not meet the recognition criteria	771,568	549,327
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%	6,925,702	5,378,448
- In USA at 35%	1,701,401	823,137
	8,627,103	6,201,585

6

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 2013.

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

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

Short term employee benefits	1,144,139	681,261
Post-employment benefits	20,922	10,374
Share based payments	433,575	900,549
	1,598,636	1,592,184

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INTEREST OF KEY MANAGEMENT PERSONNEL (KMP) – CONTINUED

KMP Options and Rights Holdings

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

2013	Balance 01.07.12	Options Exercised	Options Granted	Options Purchased	Expired	Other Changes	Balance 30.6.13
Mr. Dominic Pellicano	15,500,000	-	-	-	-	-	15,500,000
Mr. Guy Goudy	15,862,500	-	10,000,000	-	-	-	25,862,500
Dr. William Mark Hart	16,362,069	-	10,000,000	-	(1,000,000)	-	25,362,069
Mr. Richard Cottee	862,069	-	15,000,000	-	-	-	15,862,069
Mr. Nigel Hartley*	1,700,000	-	-	-	-	-	1,700,000
Mr. Lonny Haugen	500,000	-	-	-	-	-	500,000
Mr. David Nairn	-	-	-	-	-	-	-
Total	50,786,638	-	35,000.000	-	(1,000,000)	-	84,786,638

2012	Balance 01.07.11	Options Exercised	Options Granted	Options Purchased	Expired	Other Changes	Balance 30.6.12
Dr. James Edwards**	1,000,000	-	5,000,000	-	-		(6,000,000)
Mr. Dominic Pellicano	5,000,000	-	15,000,000	500,000	(5,000,000)	-	15,500,000
Mr. Guy Goudy	1,000,000	-	15,000,000	862,500	(1,000,000)	-	15,862,500
Dr. William Mark Hart	1,000,000	-	15,500,000	862,069	(1,000,000)	-	16,362,069
Mr. Richard Cottee	-	-	-	862,069	-		862,069
Mr Chris Hodge***	-	-	1,000,000	-	-	(1,000,000)	-
Mr. Nigel Hartley	-	-	1,000,000	700,000	-		1,700,000
Mr. Lonny Haugen	-	-	500,000	-	-		500,000
Mr. David Nairn	-	-	-	-	-	-	-
Total	8,000,000	-	53,000,000	3,786,638	(7,000,000)	(7,000,000)	50,786,638

All options are vested and exercisable on issue date.

* Resigned on 17th June 2013

** Resigned on 8th September 2011

*** Resigned on 24th January 2012

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INTEREST OF KEY MANAGEMENT PERSONNEL (KMP) – CONTINUED

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:

2013	Balance 30.6.12	Granted	Purchased	Vested	Balance 30.6.13
Mr. Dominic Pellicano	8,046,966	525,000	1,875,000	-	10,446,966
Mr. Guy Goudy	4,325,000	3,000,000	625,000	-	7,950,000
Dr. William Mark Hart	2,724,138	3,000,000	-	-	5,724,138
Mr. Nigel Hartley	2,400,000	525,000	-	-	2,925,000
Mr. Richard Cottee	1,724,138	8,000,000	1,250,000	-	10,974,138
Mr. Lonny Haugen	-	525,000	-	-	525,000
Mr David Nairn	-	-	-	-	-
Total	19,220,242	15,575,000	3,750,000	-	38,545,242

2012	Balance 30.6.11	Granted	Purchased	Vested	Balance 30.6.12
Mr. Dominic Pellicano	7,046,966	1,000,000	-	-	8,046,966
Dr. James Edwards	1,000,000	-	-	(1,000,000)	-
Mr. Guy Goudy	1,000,000	3,325,000	-	-	4,325,000
Dr. William Mark Hart	1,000,000	1,724,138	-	-	2,724,138
Mr. Nigel Hartley	-	2,400,000	-	-	2,400,000
Mr. Richard Cottee	-	1,724,138	-	-	1,724,138
Mr. Chris Hodge	-	-	-	-	-
Mr. Lonny Haugen	-	-	-	-	-
Mr David Nairn	-	-	-	-	-
Total	10,046,966	10,173,276	-	(1,000,000)	19,220,242

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AUDITORS' REMUNERATION

		2013 $	2012 $
Remuneration of auditor of the consolidated Group for:			
- auditing or reviewing the financial report –	Australia	40,000	33,450
	America	30,206	33,500
		70,206	66,950

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EARNINGS PER SHARE & DILUTED EARNINGS PER SHARE

	2013 $	2012 $
Net loss attributed to ordinary equity holders	(2,901,950)	(2,298,119)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	1,514,822,971	794,006,590
Basic Earnings per share	($0.0019)	($0.0029)
Diluted Earnings per share	($0.0019)	($0.0029)

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.

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NON-CURRENT ASSETS HELD FOR SALE

	Consolidated Group	
	2013 $	2012 $
PEL105	**18,426**	-

Austin Exploration Limited has entered into an agreement to sell its 50% undivided interest in petroleum exploration license PEL105 to PNC Aust Pty Ltd as announced on the ASX on, 3 May 2013. Per AASB 5 this has been valued at the lower of its carrying value and fair value.

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CASH AND CASH EQUIVALENTS

Cash at bank and in hand	1,094,870	11,276,367
Term deposits	50,000	9,813,718
	1,144,870	21,090,085

The effective interest rate on cash at bank was 1.00% pa (2012; 1.00% pa.) This amount is at call.

There is also $50,000 bank guarantee held with the National Australia Bank.

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TRADE AND OTHER RECEIVABLES

Current		
Trade and Other receivables*	218,056	182,116
GST Receivable	21,565	87,633
	239,621	269,749

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

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OTHER CURRENT ASSETS

	2013 $	2012 $
Prepayments	512,987	1,723,956

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PROPERTY, PLANT AND EQUIPMENT

Plant and equipment:		
- At cost	288,668	158,624
- Less: Accumulated depreciation	(57,651)	(13,381)
	231,017	**145,243**

Movement in Property, Plant and Equipment at Cost		
Plant and equipment:		
- At cost	158,624	470
- Add: Additions	130,044	158,154
- Less: Assets written off during the period	-	-
	288,668	**158,624**

Movement in Property, Plant and Equipment Accumulated Depreciation		
Plant and equipment:		
- Opening: Accumulated Depreciation	(13,381)	(8)
- Add: Depreciation	(44,270)	(13,373)
- Less: Assets written off during the period	-	-
	(57,651)	**(13,381)**

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INTERESTS IN JOINT VENTURES

Kentucky Exploration LLC is the only jointly controlled entity 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.

	2013 $	2012 $
Sales and other operating revenues	426,264	421,567
Finance costs and other finance expense	82,923	188,286
Profit before taxation	343,341	233,281
Taxation	-	-
Profit for the year	**343,341**	**233,281**
Non-current assets	5,366,275	4,131,755
Current assets	27,426	354,730
Total assets	5,393,701	4,486,485
Non-current liabilities	37,619	174,675
Current liabilities	195,811	44,081
Total liabilities	**233,430**	**218,756**
Movement in Investment Amounts:		
Opening Investment	2,133,864	2,123,100
Profit for the year	152,883	116,641
FX Movement	474,520	91,124
Cash Distributions	(180,721)	(197,001)
Closing Investment	**2,580,546**	**2,133,864**

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DEVELOPMENT AND PRODUCING ASSETS

Development assets at cost	2,761,466	2,171,227
Accumulated amortisation	(1,126,882)	(544,542)
	1,634,584	**1,626,685**
Movement in Carrying Amounts: Movement in the carrying amounts for development expenditure capitalized		
Balance at beginning of year	1,626,685	1,472,977
Additions	349,645	326,510
Exchange rate difference	131,628	59,455
Disposals	-	-
Amortisation expense	**(473,374)**	**(232,257)**
	1,634,584	**1,626,685**

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EXPLORATION AND EVALUATION EXPENDITURE

	2013 $	2012 $
Exploration and evaluation assets at cost	32,617,774	12,278,035
Accumulated amortisation	(3,061)	-
Provision for impairment	-	(1,865,672)
	32,614,713	10,412,363

Movement in Carrying Amounts:
Movement in the carrying amounts for exploration and evaluation expenditure capitalised

Balance at beginning of year	10,413,363	2,539,232
Additions	21,061,024	8,323,089
Exchange rate difference	1,143,387	87,326
Disposals	-	(340,000)
Amortisation expense	(3,061)	-
Impairment expense	-	(197,284)
	32,614,713	10,413,363

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

Impairment Losses

During the 2012 financial year a $197,284 loss was recognised on the Bombing Range project in Louisiana.

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TRADE AND OTHER PAYABLES

Unsecured:		
- Trade payables	279,694	1,310,379
	279,694	1,310,379

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BORROWINGS (SECURED)

- Truck Loan Borrowing	-	65,288
	-	65,288

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ISSUED CAPITAL

1,613,195,471 (2012: 1,497,386,721) fully paid ordinary shares

a. Ordinary shares

	2013 $	2012 $
At the beginning of reporting period	52,628,930	23,938,894
Shares issued during the year		
- Issued 6 July 2011		8,001,528
- Issued 6 July 2011 (Listed Options)		30,160
- Issued 12 December 2011		56,000
- Issued 30 January 2012		1,188,000
- Issued 29 February 2012		8,990,000
- Issued 3 April 2012		11,020,000
- Issued 3 April 2012		4,520,000
- Issued 17 April 2012		416,466
- Issued 13 December 2012	110,000	
- Issued 19 March 2013	305,208	
- Issued 15 April 2013	1,353,400	
- Issued 20 May 2013	187,000	
	54,584,538	58,161,048
- Less: Cost of capital raising	(54,932)	(5,532,119)
	54,529,606	**52,628,930**

	2013 Number	2012 Number
At the beginning of reporting period	1,497,386,721	362,543,668
Shares issued during the year		
- Issued 6 July 2011		228,620,092
- Issued 12 December 2011		2,000,000
- Issued 30 January 2012		44,000,000
- Issued 29 February 2012		310,000,000
- Issued 3 April 2012		380,000,000
- Issued 3 April 2012		155,862,061
- Issued 20 April 2012		14,360,900
- Issued 13 December 2012	5,000,000	
- Issued 19 March 2013	14,533,750	
- Issued 15 April 2013	84,587,500	
- Issued 20 May 2013	11,687,500	
At the end of the reporting period	**1,613,195,471**	**1,497,386,721**

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.

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ISSUED CAPITAL

b. Options

	Class	2013 Number	2012 Number
At the beginning of the reporting period		1,096,108,210	189,687,930
Options issued during the year			
- Listed Options 6 July 2011	I	-	207,750,000
- Listed Options 6 July 2011	J	-	163,295,975
- Listed Options 12 December 2011	I	-	30,000,000
- Unlisted Options 12 December 2011	K	-	2,000,000
- Listed Options 31 January 2012	I	-	44,000,000
- Listed Options 29 February 2012	I	-	156,500,000
- Listed Options 5 April 2012	I	-	490,500,079
- Listed Options 20 April 2012	I	-	862,069
- Listed Options 13 December 2012	I	35,000,000	-
- Listed Options 19 March 2013	AKKOA	87	-
Options expired during the year			
- Unlisted Options 28 February 2008	D	-	(500,000)
- Unlisted Options 28 January 2009	E	-	(375,000)
- Unlisted Options 28 January 2009	F	-	(500,000)
- Unlisted Options 22 December 2009	G	-	(10,000,000)
- Unlisted Options 11 November 2005		-	(12,600,000)
- Unlisted Options 11 November 2005		-	(12,600,000)
- Unlisted Options 11 November 2005		-	(5,400,000)
- Listed Options 8 October 2009		-	(146,512,843)
- Listed Options 2012	J	(163,295,975)	-
- Unlisted Options 2012	H	(1,200,000)	-
At the end of the reporting period		**966,612,322**	**1,096,108,210**

c. Capital Risk management

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

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

	2013 $	2012 $
Total Borrowings	-	65,288
Less: Cash and cash equivalents	1,144,870	21,090,085
Net Debt	-	-
Total Equity	38,812,331	36,026,278
Total Capital	54,529,606	52,628,930
Gearing Ratio	**-%**	**-%**

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RESERVES

	2013 $	2012 $
- Share Option Reserve	4,172,826	4,093,065
- Foreign Currency Reserve	3,956,354	270,527
	8,129,180	4,363,592

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

	Australia 2013 $	USA 2013 $	Total 2013 $
Total segment revenue	165,251	1,797,994	1,963,245
Segment net loss before tax	(2,207,112)	(91,007)	(2,298,119)

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SEGMENT REPORTING – CONTINUED

(ii) Segment assets

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

	Australia 2012 $	USA 2012 $	Total 2012 $
Segment assets	38,521,217	26,575,802	65,097,019
Inter-segment elimination	(27,695,074)	-	(27,695,074)
	10,826,143	26,575,802	37,401,945
Segment asset increase for period:			
- capital expenditure	-	158,154	158,154
- exploration expenditure	-	8,323,089	8,323,089
- development and producing assets	-	326,510	326,510
	-	8,807,753	8,807,753

(iii) Segment liabilities

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

	Australia 2012 $	USA 2012 $	Total 2012 $
Segment liabilities	44,593	29,026,148	29,070,741
Inter-segment elimination	-	(27,695,074)	(27,695,074)
	44,593	1,331,074	1,375,667

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CONTROLLED ENTITIES

a. Controlled Entities

	Country of incorporation	Equity Holding 2013	Equity Holding 2012
Parent Entity:			
Austin Exploration Limited	Australia		
Subsidiaries of Austin Exploration Limited:			
Ausco Petroleum Inc (Formally Aus-Tex Exploration Inc)	USA	100%	100%

b. Joint Venture interests

The Group has interests in joint venture operations in oil and gas blocks in Australia and USA as follows:

	AUSTRALIA
PROSPECT NAME	PEL 105
Well Name(s)	The Pirie-1
Location	Cooper Basin, South Australia
Ownership Interest	Working Interest 50% Revenue Interest 50%
Partners / Operators	Beech Petroleum Limited
Objective / Focus	Look for potential purchaser
Independent Evaluations	Mulready Consulting Services Pty Ltd
Current Status	Tenement sold and awaiting settlement
Next Steps	Sold effective September 2013

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CONTROLLED ENTITIES – CONTINUED

	UNITED STATES			
State in USA	**Mississippi**	**Texas**	**Kentucky**	**Niobrara Shale Project**
Well Name(s)	-Ellislie #1 V -Commencement # 1V -Bourke #4 V	-Yolanda Villarreal #1 H - Krueger #1 well -Schwartz Galbreath #1 H	Multiple, shallow well program	Pathfinder C 11 – 12 #1, #1 Hz
Location	Adam County, Mississippi USA	Burleson County, Dimmitt County, Texas USA	Henderson County, Kentucky USA	DJ Basin – Freemont County, Colorado USA
Ownership Interest	Working Interest 50% Revenue Interest 37.5%	100% Birch (pre-farm-out) 30% post farm-out. 5000 acres - Halcon PetroMax Operating, Garland Texas. 27.6% Yolanda Austin Chalk well	Working Interest 100%. Net Revenue Interest= 75% - 80%	Working Interest 85% Net Revenue Interest 65%
Partners / Operators	Aldridge Operating Company - Dow Tate Energy LLC	Halcon Resourcees Corporation, Houston Texas PetroMax Operating Company – Garland Texas USA	KentuckyExploration, LLC- 50% JV with Private Australian Investment group	Thomasson Petroleum E&P / AusCo Exploration Ltd.
Objective / Focus	Drill wells Well targeting conventional Wilcox formation	Eagle Ford Shale, Austin Chalk, Taylor Gas Sand	Jackson Formation, Cyprus Formation Secondary Targets: Palestine, McCloskey, Fort Payne, New Albany Shale, Hardensburg	Horizontal drilling and multi-stage fracturing the Niobrara Formation and Directional Pierre Wells
Independent Evaluations	Gustavson Reserves Report 2012	Gustavson Associates LLC Ameritex, San Antonio Texas	- CNI 51:101 Richard Braun Mike Mitchell Gustavson Reserves Report 2012/2013	Gustavson Associates LLC & Mitchell Geological Associates
Current Status	In production -3 wells On pump	Halcon & PetroMax to drill 4 Eagle Ford Birch wells to earn 70%. Austin free carried on these wells. Krueger Well, Yolanda well in production.	Oil production from multiple leases. Gas production from 18 Park City wells is idle due to Atmos gas gathering system tied up in litigation (not with Austin)	1 Vertical pilot well complete. 1 horizontal Niobrara well is In testing phase. Work on gas line on-going
Next Steps	Monitor daily production	Monitor daily production. Prepare to begin 4 well drill to earn Eagle Ford Farm-Out program	Monitor production – analyze data for future laterals. Design frac and injection wells to optimize production. Analyze effectiveness of a gas to electricity technology	Continue testing on Niobraraa, Potential farm-out of minority Interest of Niobrara. Monitor gas levels and design appropriate gathering, processing, Review Pierre potential

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

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CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with
Loss from Ordinary Activities after Income Tax

	2013 $	2012 $
Loss from ordinary activities after income tax	(2,901,950)	(2,298,119)
Non-cash flows in loss from ordinary activities		
Share based payments	516,708	1,018,525
Share of Profit in equity investments	(152,609)	(116,640)
Interest Receivable	(1,683)	(21,680)
Impairment Expenses	-	197,284
Depreciation expense	44,270	13,372
Amortisation	476,435	232,257
Prepayments	62,223	68,305
Other Expenses	14,819	-
Accrued Expenses	(17,107)	1,600
Changes in assets and liabilities		
(Increase)/decrease in receivables	(10,574)	(132,345)
(Increase)/decrease in other assets	(40,795)	(141,520)
Increase/(decrease) in trade payables	(927,435)	(631,575)
Cash flow from operations	(2,937,698)	(1,810,536)

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FINANCIAL INSTRUMENTS

a. Financial Risk Management Policies

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

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

The Group holds the following financial instruments:

	2013 $	2012 $
Financial Assets		
Cash and cash equivalents	1,144,870	21,090,085
Trade and other receivables	239,621	269,749
	1,384,491	**21,359,834**
Financial Liabilities		
Trade and other payables	279,694	1,310,379
Other long term liabilities	58,814	-
Borrowings	-	65,288
	338,508	**1,375,667**

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FINANCIAL INSTRUMENTS – CONTINUED

(a) Market Risk

(i) Foreign currency risk

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

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

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

	30 June 2013 USD $	30 June 2012 USD $
Cash and cash equivalents	701,189	10,617,219
Trade Receivables	197,890	164,985
Trade Payables	206,013	1,286,238

Foreign Currency Sensitivity

Based on the financial instruments held at 30 June 2013, 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:-

	2013	2012
Change in profit		
Improvement in AUD to USD by 10%	(135,497)	(39,664)
Decline in AUD to USD by 10%	135,497	39,664
Change in equity		
Improvement in AUD to USD by 10%	(135,497)	(39,664)
Decline in AUD to USD by 10%	135,497	39,664

Interest Rate Sensitivity Analysis

At 30 June 2013, 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:

Change in profit		
Increase in interest rate by 2%	354,239	283,221
Decrease in interest rate by 2%	-	-
Change in equity		
Increase in interest rate by 2%	354,239	283,221
Decrease in interest rate by 2%	-	-

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FINANCIAL INSTRUMENTS – CONTINUED

(b) Credit risk

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

There are no material amounts of collateral held as security at 30 June 2013 (2012: Nil)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period the Group held deposits at call of $1,144,870 (2012 - $21,090,085) that are expected to readily meet operational cash flow requirements to manage liquidity risk.

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

(d) Fair Value Measurements

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

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

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RELATED PARTIES

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

Transactions with related parties:

i. Directors and executives

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

ii. Transactions with Director-related Entities

   - During the year the Group utilised the services of HLB Mann Judd for the provision of accounting, secretarial and taxation services at commercial rates. To the reporting date the costs of these services was $132,249 (excluding GST). Mr David Nairn is a partner at HLB Mann Judd.
   - During the year the Group utilised the services of Freestone Energy Partners for the provision of consulting services at commercial rates. To the reporting date the costs of these services was $236,166 (excluding GST). Mr Richard Cottee consulting retainer fee is paid to Freestone Energy Partners.
   - During the year the Group utilised the services of Math Energy 1 LLC for the provision of rental services below commercial rates. To the reporting date the costs of these services was $11,692 (excluding GST). Mr Mark Hart is a director of Math Energy 1 LLC.
   - During the year the Group utilised the services of Math Energy Drilling LLC for the provision of drilling services below commercial rates. To the reporting date the costs of these services was $90,131 (excluding GST). Mr Mark Hart is a director of Math Energy Drilling LLC.
   - During the year the Group utilised the services of CFO Colorado Accounting & Tax Services for the provision of accounting and taxation services at commercial rates. To the reporting date the costs of these services was $19,236 (excluding GST). Mr Lonny Haugen is a director of CFO Colorado Accounting & Tax Services.
   - During the year the Group utilised the service of Mr Marcus Cottee for the provision of services at minimum rates. To the reporting date the costs of these services was $12,407 (excluding GST). Mr Marcus Cottee is the son of Mr Richard Cottee.

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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.

	2013 $	2012 $
- due within one year	977,008	4,182,425
- due within 1 — 5 years	1,093,400	1,476,150
	2,070,408	**5,658,575**

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SHARE BASED PAYMENTS

The following share based payment arrangements existed at 30 June 2013.

On 6 July 2011 through a placement the Group issued 50,000,000 I Class Listed options to the Board of Directors. The options were granted with an exercise price of $0.055 per option exercisable on or before 6 July 2013.

On 6 July 2011 through a placement the Group issued 7,750,000 I Class Listed options to various employees. The options were granted with an exercise price of $0.055 per option exercisable on or before 6 July 2013.

On 12 December 2011, 2,000,000 ordinary shares and 2,000,000 options were granted to Mr Nigel Hartley and Mr Chris Hodge. The shares were issued at nil value but with an imputed value of 3 Cents per share. The options were granted with an exercise price of $0.055 exercisable before 12 December 2013.

On 13 December 2012, 5,000,000 ordinary shares and 15,000,000 I Class Listed options were granted to Mr Richard Cottee and 10,000,000 options were granted to Mr Mark Hart and Mr Guy Goudy, The shares were issued at nil value. The options were granted with an exercise price of $0.055 exercisable before 6 July 2013.

On 19 March 2013, 3,000,000 ordinary shares were granted to Mr Richard Cottee, Mr Mark Hart and Mr Guy Goudy, 525,000 ordinary shares were granted to Mr Dominic Pellicano and Mr Nigel Hartley and 4,483,750 ordinary shares were granted to staff. The shares were issued at nil value.

All options granted to key management personnel are ordinary shares in Austin Exploration Limited, which confer a right of one ordinary share for every option held.

	2013		2012	
	Number of Options	Strike Price cents	Number of Options	Strike Price cents
Balance at beginning of year	**54,200,000**	**0.06**	**43,300,000**	**43.49**
Granted	**35,000,000**	**0.055**	**52,000,000**	**0.055**
Forfeited	-	-	-	-
Expired	**(1,200,000)**	-	**(41,100,000)**	-
Outstanding at year end	**88,000,000**	-	**54,200,000**	-
Exercisable at year end	-	-	-	-

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

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

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

Included under employee benefits expense and share based expenses in the statement of comprehensive income is $471,208 (2012: $1,018,525) and relates, in full, to the equity-settled share-based payment transactions.

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CONTINGENT LIABILITIES

There are no contingent liabilities that exist at reporting date (2012: Nil).

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GOING CONCERN

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

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

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POST-REPORTING DATE EVENTS

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

On 6 July 2013, 964,612,235 Listed I Class Options expired.

On 30 July 2013, the Group announced the signing of a farm-out agreement with Halcon Resources Corporation for further drilling in the Eagle Ford shale at the Company's Birch Project in Burleson County, Texas.

On 5 August 2013, the Group announced that it has completed an institutional placement of $1.7 million through the issue of 141.6 million new shares at 1.2 cents per share. The Placement funds will provide Austin with additional working capital.

On 14 August 2013, the Group announced the closing of an agreement with Texas Based, PetroMax Operating. The successful closing of this agreement with PetroMax completes Austin's Eagle farm-out program in Texas.

The directors of the Group declare that:

The financial statements and notes, as set out on pages 30 to 62 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 2013 and of the performance for the year ended on that date; and

In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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.

The consolidated financial statements comply with International Financial Reporting Standards as stated in Note 1

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

Mr Richard Cottee
Chairman
Dated this 25th day of September 2013

Grant Thornton

Grant Thornton Audit Pty Ltd
ACN 130 913 594

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000
GPO Box 4736
Melbourne Victoria 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

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 2013, 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.

Grant Thornton

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 2013 and of its performance for the year ended on that date; and

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

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

Report on the remuneration report

We have audited the remuneration report included in pages 24 to 28 of the directors' report for the year ended 30 June 2013. 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 2013, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B. L. Taylor
Partner - Audit & Assurance

Melbourne, 25 September 2013

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

SHAREHOLDINGS AS AT 20SEPTEMBER 2013

a. Distribution of Shareholders as at 31 August 2013

CATEGORY	HOLDERS OF ORDINARY SHARE	% OF ISSUED CAPITAL	LISTED OPTIONS	UNLISTED OPTIONS
1 – 1000	132	0.00	0	0
1,001 – 5,000	177	0.03	0	0
5,001 – 10,000	173	0.08	0	0
10,001 – 100,000	1,377	3.98	0	0
100,001 – and over	1,921	95.90	0	2
Total number of security holders	3,780	100.00	0	2

b. Unmarketable Parcels

	MINIMUM PARCEL SIZE	NUMBER OF HOLDERS	UNITS
Ordinary Shares	45455	1182	19959546

c. Substantial shareholders

There are no substantial shareholders listed in the holding Group's register as at 20 September 2013.

d. Voting Rights

Fully paid ordinary shares

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

Options

Option holders will be entitled on the payment of the exercise price shown below to be allotted one ordinary fully paid share in the Group for each Option exercised. Options are exercisable in whole or in part at various times until 12 December 2013. Any Options not exercised before expiry will lapse.

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 20 September 2013 are as follows:

NAME	NUMBER OF FULLY PAID ORDINARY SHARES HELD	% HELD
Mr Robert Bryan	58,875,000	3.35
Banglebar Pty Ltd	28,750,000	1.64
National Nominees Limited	25,058,500	1.43
Mr Andrew Bruce and Mrs Wendy Bruce	25,000,000	1.42
Mr Stephen Harry Jones	19,378,565	1.10
QGAS Pty Ltd	18,625,000	1.06
Mr Troy William Bentley	18,505,674	1.05
Jojo Enterprises Pty Ltd	17,507,080	1.00
Mr Seng Tan and Mrs Wan Neo Tan	16,506,594	0.94
1215 Capital Pty Ltd	13,833,525	0.79
W Kelso Pty Ltd	13,679,000	0.78
Mr Russell Neil Creagh	13,500,000	0.77
De Graff Super Pty Ltd	12,597,868	0.72
Mr John Macquarie Capp	12,000,000	0.68
Dr John Capp Pty Ltd	11,000,000	0.63
Mr Timothy John Moore	10,700,000	0.61
Mr Richard William Conliffe	9,000,000	0.51
Mr Seng Tan and Mrs Wan Neo Tan	9,000,000	0.51
Citicorp Nominees Pty Ltd	8,798,025	0.50
Edale Capital Pty Ltd	8,749,999	0.50
TOTAL	**351,064,830**	**20.01**

OPTION HOLDERS

The listed options expired on 6 July 2013 and so, at 20 September 2013, there is no longer any other class of quoted securities on the Australian Securities Exchange.

f. Unquoted Securities

Options over Unissued Shares

Twenty largest option holders – Unquoted ordinary options

The names of the largest holders of unquoted ordinary options constituting a class of quoted equity securities on the Australian Securities Exchange Limited including the number and percentage held by those at 20 September 2013 are as follows:

NAME	NUMBER OF UNLISTED OPTIONS HELD	% HELD
Mr Nigel Denis Richard Hartley	1,000,000	50
Mr Christopher Charles Hodge	1,000,000	50
TOTAL	**2,000,000**	**100**

The exercise price for each class of option described in Note 19 is:

Class K These options have an exercise price of $0.055 per share and will expire 12 December 2013.

TENEMENTS

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

DIRECTORS

Mr Richard Cottee
Non-Executive Director and
Chairman of the Board

Mr Dominic Pellicano
Non-Executive Director

Mr Guy Goudy
Executive Director and
Chief Commercial Officer

Dr William Mark Hart
Executive Director and
President/Chief Executive Officer

COMPANY SECRETARY

Mr David Nairn

REGISTERED OFFICE

Level 9,

575 Bourke Street

MELBOURNE VIC 3000

Phone : 61 (03) 9606 3888

Fax : 61 (03) 9606 3800

Website: www.austinexploration.com.au

PRINCIPAL ADMINISTRATIVE OFFICES

Austin Exploration Limited

Level 9, 575 Bourke Street

MELBOURNE VIC 3000

Ausco Petroleum Inc,

16th Avenue

Lakewood

COLORADO 80214

SHARE REGISTRY

Computershare Investor Services Pty. Ltd.

Level 5, 115 Grenfell Street

ADELAIDE, SA 500

Phone (inside Australia:
1300 556 161

Phone (outside Australia):
61 3 9615 4000

AUDITORS

Grant Thornton Australia

Chartered Accountants

Level 30, 525 Collins Street

MELBOURNE VIC 3000

AUSTRALIAN LEGAL ADVISORS

Steinepreis Paganin

Level 4, The Read Buildings

16 Milligan Street

PERTH WA 6000

AUSTRALIAN SECURITIES EXCHANGE

The company is listed on the Australian Securities Exchange.

The home exchange is Sydney.

ASX Codes: AKK

www.austinexploration.com.au

AUSTIN
EXPLORATION

Notice of Annual General Meeting of Members and Explanatory Statement

Austin Exploration Limited

ACN 114 198 471

Date: 12 November 2013

Time: 11:00am (EST)

Place: HLB Mann Judd
Level 9 575 Bourke Street
Melbourne VIC 3000

This Notice of Meeting should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 3) 9606 3888.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of Austin Exploration Limited ACN 114 198 471 (**'Austin' or 'the Company'**) will be held at HLB Mann Judd, Level 9 575 Bourke Street, Melbourne Victoria 3000 on 12 **November 2013** at 11**.00am** (EST).

General Business:

TO RECEIVE AND CONSIDER the Company's financial report and reports of the directors and of the auditor for the financial year ended 30 June 2013.

Resolutions

1. TO RE-ELECT DIRECTOR – Guy Goudy

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

"That,for the purpose of clause 59.1 of the Company's constitution, Guy Goudy, being a director who has been longest in office since his last re-election, retires by rotation and being eligible, is re-elected as a director of the Company."

2. ADOPT THE REMUNERATION REPORT – ON PAGES 24 TO 28 IN THE ANNUAL REPORT

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

"That, for the purpose of Section 250R(2) of the *Corporations Act* and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2013."

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

Voting Prohibition Statement

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

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

However, a person described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- *the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and*
- *the voter is the Chair and the appointment of the Chair as proxy:*
    - *does not specify the way the proxy is to vote on this Resolution; and*
    - *expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.*

3. APPROVAL OF ISSUE OF SHARES TO SOPHISTICATED INVESTORS

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

"*That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, Shareholders ratify the issue of 226,254,166 fully paid ordinary shares in the Company on the terms and conditions set out in Section 3 of the Explanatory Memorandum accompanying the Notice of Meeting.*"

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by:

(a) any person who participated in the issue referred to in the resolution; and

(b) any associates of those persons.

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

(c) *it is cast by any of those persons as proxy for a person who is entitled to vote, in accordance with the directions in the proxy form; or*

(d) *it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

Other Business:

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

Background Information

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

Questions from shareholders

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

Brad Taylor of Grant Thornton Audit Pty Ltd, as the auditor responsible for preparing the auditor's report for the year ended 30 June 2013 (or his representative) will attend the meeting. The Chairman of the meeting will allow a reasonable opportunity for the members as a whole to ask the auditor questions at the meeting about:

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

To assist the board of directors and the auditor of the Company in responding to any questions you may have, please submit any questions you may have headed **"Questions from shareholders"** to the address below to be received no later than 5.00pm (Melbourne time) on 4 November 2013.

In person or by mail: Austin Exploration Limited Registered Office – Level 9 575 Bourke Street, Melbourne Victoria 3000

By Facsimile: +61 3 9606 3399

As required by section 250PA of the *Corporations Act 2001*, the Company will distribute a list of questions prior to the commencement of the annual general meeting, setting out the questions received and directed to the auditor in writing at least 5 business days prior to the meeting that the auditor considers relevant to the content of the audit report or the conduct of the audit of the financial report for the year ended 30 June 2013. The Chairman of the meeting will allow a reasonable opportunity for the auditor to respond to the questions set out on this list.

Voting Restrictions

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

Voting Entitlement

The Company has determined that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holders at 11am (Melbourne time) on 10 November 2013, subject to the Constitution of the Company.

Voting in Person

To vote in person, attend the Meeting at the time, date and place set out above.

Proxies

A shareholder who is entitled to attend and vote at the meeting has a right to appoint a proxy and should use the proxy form accompanying this document. The proxy need not be a shareholder. Please read the directions on the proxy form carefully, especially if you intend to appoint the Chairperson of the meeting as your proxy.

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

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

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

Proxy vote if appointment specifies way to vote

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

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and

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

Transfer of non-chair proxy to chair in certain circumstances

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

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
    - the proxy is not recorded as attending the meeting; or
    - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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

Custodian Voting

For Intermediary Online subscribers only (Custodians) please visit www.intermediaryonline.com to submit your voting intentions.

By Order of the Board
David Nairn
Company Secretary
Dated: 14 October 2013
Melbourne, Victoria

AUSTIN EXPLORATION

Explanatory Statement

Financial Statements and Reports

The *Corporations Act 2001* requires the Austin annual report (which includes the financial statements and directors declaration), the directors' report and the auditor's report in respect of the financial year ended 30 June 2013 to be laid before the 2013 Annual General Meeting. Shareholders will be given an opportunity at the Meeting to ask questions and make comments on these reports and on the business, operations and management of Austin.

DEFINITIONS

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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

(a) A spouse or child of the member;

(b) A child of the member's spouse;

(c) A dependent of the member or the member's spouse;

(d) Anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;

(e) A company the member controls; or

(f) A person prescribed by the *Corporations Regulations 2001 (Cth)*.

Remuneration Report means the remuneration report set out on pages 24-28 of the Company's annual financial report for the year ended 30 June 2013.

1. RESOLUTION 1 – Re-election of Director Mr Guy Goudy

Clause 59.1 of the Company's Constitution requires that at each Annual General Meeting one-third of the directors must retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

A director appointed during the year either to fill a casual vacancy or as an addition to the directors is not taken into account in determining the directors who must retire by rotation. Therefore, Guy Goudy, being the director who has longest been in office, retires by rotation and is eligible for re-election at the Annual General Meeting on 12th November 2013. In accordance with clause 59.2 of the Company's Constitution, Guy Goudy has submitted himself for re-election at the Annual General Meeting as a director.

Guy Goudy's details are set out in the 2013 Annual Report.

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

2. RESOLUTION 2 – Adoption of Remuneration Report

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2013.

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

As stated in the Annual Report the Directors have elected not to take any bonus earnt under the Incentive Scheme for 2013 and the Chairman has elected not to take any further fees under the shareholder sanctioned consultancy agreement from the third week of August unless and until the shareholders have seen some returns from the effort put in to create shareholder wealth.

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

Under recent changes to the *Corporations Act* which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 2 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2014 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the Company **(Spill Resolution)**.

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting **(Spill Meeting)** within 90 days of the Company's 2014 annual general meeting. All of the Directors who were in office when the Company's 2014 Directors' report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

PROXY RESTRICTIONS

Pursuant to the *Corporations Act*, if you elect to appoint the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member as your proxy to vote on this Resolution 2, *you should direct the proxy how they are to vote.* Where you do not direct the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Party of that member on how to vote on this

Resolution 2 the proxy is prevented by the *Corporations Act* from exercising your vote and your vote will not be counted in relation to this Resolution 2.

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

3. RESOLUTION 3 – Approval of Issue of Shares to Sophisticated Investors

ASX Listing Rule 7.1 provides that a listed company may not issue securities in any 12 month period which, when aggregated with the number of the other securities issued within that 12 month period, exceed 15% of the number of ordinary shares on issue at the beginning of the 12 month period, unless the issue falls within one of the nominated exceptions or the prior approval of the members of the Company in general meeting is obtained. The Company has not exceeded the 15% threshold.

ASX Listing Rule 7.4 states that an issue by a company of securities made without approval under ASX Listing Rule 7.1 is treated as having been made with approval for the purpose of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1 and the Company's members subsequently ratify it. The effect of such ratification is to restore the Company's discretionary power to issue further shares up to 15% of the number of the Company's issued shares at the beginning of the relevant 12 month period without obtaining shareholder approval.

Shareholder approval of Resolution 3 will provide the Company with added flexibility in raising funds because it:

- Renews the Company's capacity to issue further shares and options (to a limited extent) without exceeding the 15% limit in ASX Listing Rule 7.1; and
- Allows the Company to issue further shares and options at short notice (without exceeding the 15% limit in ASX Listing Rule 7.1) and without seeking shareholder approval, where the resulting delay could compromise the success of a commercial transaction.

The Company is seeking shareholder approval of the issue on 15 April 2013 of a total of 84,587,500 fully paid ordinary shares in the Company at a price of $0.016 per share and the issue on 12 August 2013 fully paid ordinary shares in the Company at a price of $0.012 per share to sophisticated investors in combination to raise $3,053,400 before expenses. None of the investors were related parties of the Company.

The shares were all fully paid ordinary shares in the capital of the Company issued on the same terms as the Company's existing fully paid ordinary shares.

The purpose of this capital raising was to fund further exploration and drilling works in the Company's tenements in America and working capital.

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

Other than the information set out in this Explanatory Statement, the directors are not aware of any additional information that would reasonably be required by shareholders to enable them to make a decision whether or not it is in the best interests of the Company to pass the proposed Resolution.

AUSTIN EXPLORATION

Austin Exploration Limited
ABN 98 114 198 471

⊢ 000001 000 AKK
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

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

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

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 11:00am (Melbourne time) Sunday 10 November 2013

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.
Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

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

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

Turn over to complete the form ➔

View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

☑ **Review your securityholding**

☑ **Update your securityholding**

Your secure access information is:

SRN/HIN: I9999999999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

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

I 9999999999 IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

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

☐ **the Chairman of the Meeting** **OR** ____________

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Austin Exploration Limited to be held at HLB Mann Judd, Level 9, 575 Bourke Street, Melbourne Victoria 3000 on Tuesday 12 November 2013 at 11:00am and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Item 2** (except where I/we have indicated a different voting intention below) even though **Item 2** is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Item 2** by marking the appropriate box in step 2 below.

STEP 2 Items of Business

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

ORDINARY BUSINESS

		For	Against	Abstain
1	Re-election of Director Mr Guy Goudy	☐	☐	☐
2	Adoption of Remuneration Report	☐	☐	☐
3	Approval of Issue of Shares to Sophisticated Investors	☐	☐	☐

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

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

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ____________ Contact Daytime Telephone ____________ Date ____ / ____ / ____

Computershare

C/- HLB Mann Judd
Level 1, 160 Queen Street
MELBOURNE VIC 3000
Australia

AUSTIN
EXPLORATION

Austin Exploration Limited
ABN 98 114 198 471

⊢ 000002 000 AKKRM
MR RETURN SAMPLE
123 SAMPLE STREET
SAMPLE SURBURB
SAMPLETOWN VIC 3030

Dear Securityholder,

We have been trying to contact you in connection with your securityholding in Austin Exploration Limited. Unfortunately, our correspondence has been returned to us marked “Unknown at the current address”. For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notices of meeting.

Please note if you have previously elected to receive a hard copy Annual Report (including the financial report, directors’ report and auditor’s report) the dispatch of that report to you has been suspended but will be resumed on receipt of instructions from you to do so.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

> Securityholder Reference Number (SRN);
> ASX trading code;
> Name of company in which security is held;
> Old address; and
> New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

David Nairn
Company Secretary