AUSTIN

Austin Exploration Limited & Controlled Entity ABN 98 114 198 471

ANNUAL REPORT 2011

AUSTIN EXPLORATION LIMITED

CONTENTS

CHAIRMAN'S REPORT

A highlight for Austin Exploration and its shareholders in the 2010-2011 financial year was the continuing significant and positive change in the direction of the Company.

On behalf of the Company's directors, I am pleased to report that this progress has continued into the new financial year with Austin in the process of acquiring and developing significant USA oil-bearing acreage positions with over 5000 acres in Texas and over 11000 acres in Colorado in the Eagle Ford and Niobrara formations, respectively. We have a 93.5% working interest in the Texas project and an 85% working interest in the Colorado Niobrara project.

These latest acquisitions have positioned Austin in two of the four most prolific hydrocarbon-producing basins in North America. The pure size and magnitude of these projects provides the Company with the opportunity to embark on continuous drilling programs in Texas and Colorado and will be one of the primary foundations for shareholder growth well into the future.

Our current US operating projects in Mississippi, Kentucky and Texas are all oil producers. Their continued successful production resulted in Austin moving to a cash flow positive position throughout the past financial year. The board was particularly pleased with the results of the Commencement Prospect which was completed in May of 2011 and exceeded our expectations with initial oil flows at the rate of 140 BOPD. The company is selling crude oil in all three producing US states to local refineries.

On the back of these oil-producing assets and the new high net revenue interest properties, Austin has been able to raise approximately AUD$10 million for ongoing developments.

Although world financial markets continue to be turbulent, your board's continuing view is for the price of crude oil to remain strong. Coupled with the strong Australian dollar, this provides a very bright outlook for 2012 when the Company is looking to provide for continuous drilling in both of its newly-acquired projects in Texas and Colorado.

Looking to the future, I am also particularly pleased to advise that the Kentucky Austin Exploration and Newtak dispute has been resolved. The past financial year also saw the creation of the Kentucky Development Corporation (KDC) and importantly the resolution of a dispute with Newtak Pty. Ltd. This was accomplished by gaining shareholder approval in June 2011 for the creation of a 50/50 Joint Venture with Newtak where Austin's Kentucky-based assets would be pooled to create one business enterprise. Austin has agreed to invest AUD$1.75 million into this corporation starting July 1, 2011 to match the capital that was invested into the Park City project by Newtak in 2007 and 2008. All production emanating from KDC will be shared 50/50 and Newtak will contribute 50% into the project as soon as the AUD1.75 million is invested by Austin's 100%-owned subsidiary, Aus-Tex. This was a major milestone for the Company as it also resolved the issue of the AUD$4.5 million liability held on Austin's balance sheet.

These assets, which are currently in varying stages of development and production, all hold estimated or proven reserves that provide Austin with continuing income opportunities going forward. The Kentucky assets are currently producing approximately 20 BOPD.

Other projects meeting a stringent set of acquisition guidelines will be brought into the Company's portfolio as they are reviewed and approved by the Austin board of directors.

Your board is further pleased to report that it has hired a new energy oil and gas technical management team with Business Unit Managers located at the Company's respective asset locations in Texas, Kentucky and Colorado. A petroleum engineering team has been hired to back up these business unit managers and to also progress the business development activities. The Six Sigma management program is being implemented in the Company with six of the 22 tools now having been implemented in the quarterly management training sessions. An AKK safety and environmental program is also being developed with updates to all employees each week. Management continues to strengthen its relationships with its partners in Aldridge Operating, Alamo and TPA to help add shareholder value. The company is also continuing to strengthen its board of directors with appointments of people with strong executive backgrounds in the petroleum industry. Special thanks to my co-directors, to our enthusiastic and energetic management team and to the committed workforce across the Austin group and its broadening operations. We all look forward to further progress in 2011-2012 and beyond.

Dr William Mark Hart
Executive Chairman of the Board
www.austinexploration.com

REVIEW OF OPERATIONS AND ACTIVITIES

PROGRESS AT PRINCIPAL OIL AND GAS PROJECTS

Exploration and production through August 2011

Austin Exploration Limited (ASX: "AKK") currently maintains working interests and net revenue interests in six key oil and gas regions in Australia and the United States.

The previous 12 months has seen much activity for Austin Exploration and its US based subsidiary Aus-Tex Exploration Inc. As announced to the Australian Stock Exchange the company has taken major steps towards sealing its presence as a significant oil and gas explorer in North America. The Company, through the Boards extensive network in the Oil and Gas industry, has secured two large acreage positions that cover 2 of the prolific Oil and Gas basins in the USA. As announced to the ASX the Company has acquired a 93.5% Working Interest in a 5002 acre Eagle Ford Shale prospect in Burleson County, Texas with drilling preparations currently underway and an expected spud date in the fall quarter of 2011. Further the company has now secured a 85% Working Interest in a 11,562 acre Niobrara Shale Project in Freemont County, Colorado USA with drilling operations expected to commence in the first half of 2012. The pure size and magnitude of these two projects offers Austin the opportunity to embark on a continuous drilling programme and will be the key foundation for organic growth well into the future.

Cash flow through production remains strong with its US based subsidiary continuing to be cash flow positive. This has enabled the company to attract significant capital as funds raised will be directly invested into the exploration and development of its newly acquired Shale projects in Colorado and Texas, USA.

Although world financial markets continue to be turbulent, the Board's continuing view is for the price of crude oil to remain strong and coupled with the strong Australian Dollar, the outlook for Austin for Financial year 2012 looks very bright. The Company is now selling Crude Oil to local refineries in three states- Texas, Mississippi, and Kentucky. The Board was particularly pleased with the results of its Commencement Prospect that was completed in May 2011 and exceeded the Boards expectations with initial Oil flows as high as 140 BOPD.

This year also saw the creation of the Kentucky Development Corporation (KDC) and importantly the resolution of a dispute with Newtak Pty Ltd. Shareholder approval was gained in June 2011 for the creation of a 50/50 Joint Venture with Newtak where Austin's Kentucky based assets would be pooled to create one project. Austin has agreed to invest a further AUD$1.75 Mil into this corporation to match the capital that was invested into the Park City gas project by Newtak in 2007. All production emanating from the KDC will be shared 50/50 and Newtak will contribute 50 % into the project as soon as the 1.75 Mil is invested by Aus-Tex. This was a huge milestone for the Company as it resolved all problems with the Kentucky properties whilst at the same time removing a AUD$4.5 Mil liability from its balance sheet and it allowed AKK to move forward without any encumbrances in other AKK properties.

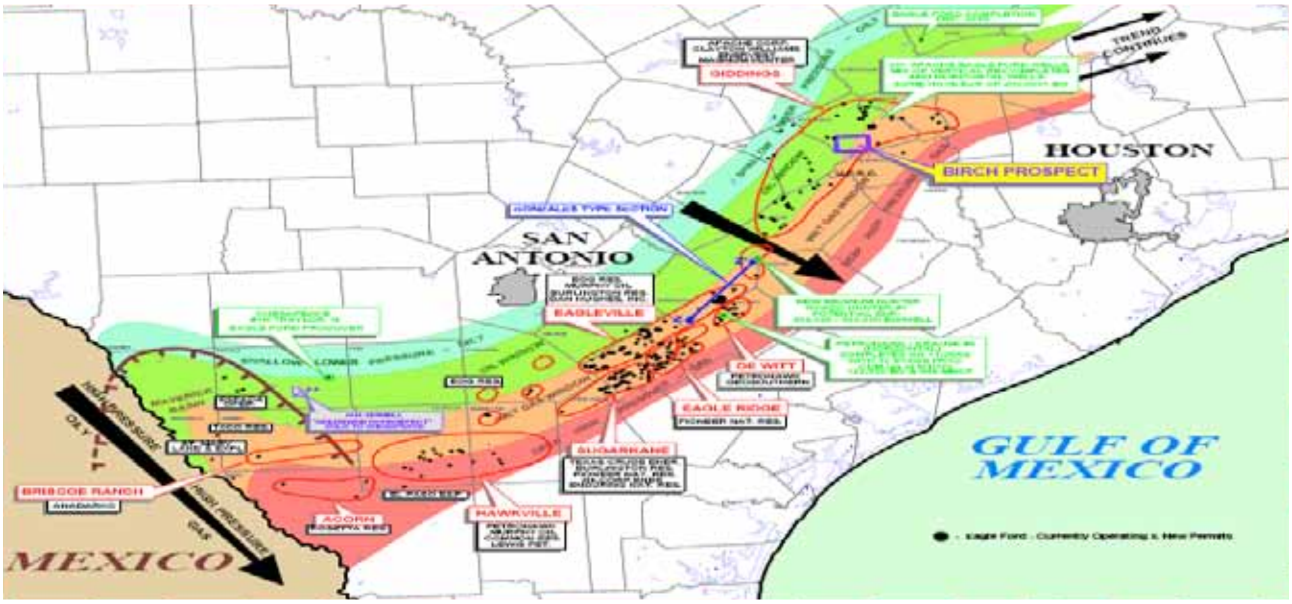
These assets, which are in varying stages of development and production, all hold estimated or proven reserves that provide Austin with continuing income opportunities going forward.

Other projects meeting a stringent set of acquisition guidelines will be brought into the Company's portfolio as they are reviewed and approved by the Board of Directors.

REVIEW OF OPERATIONS AND ACTIVITIES

U.S.A. Assets (Aus-Tex Exploration, Inc.)

BIRCH EAGLE FORD PROJECT, BURLESON COUNTY TEXAS, USA.

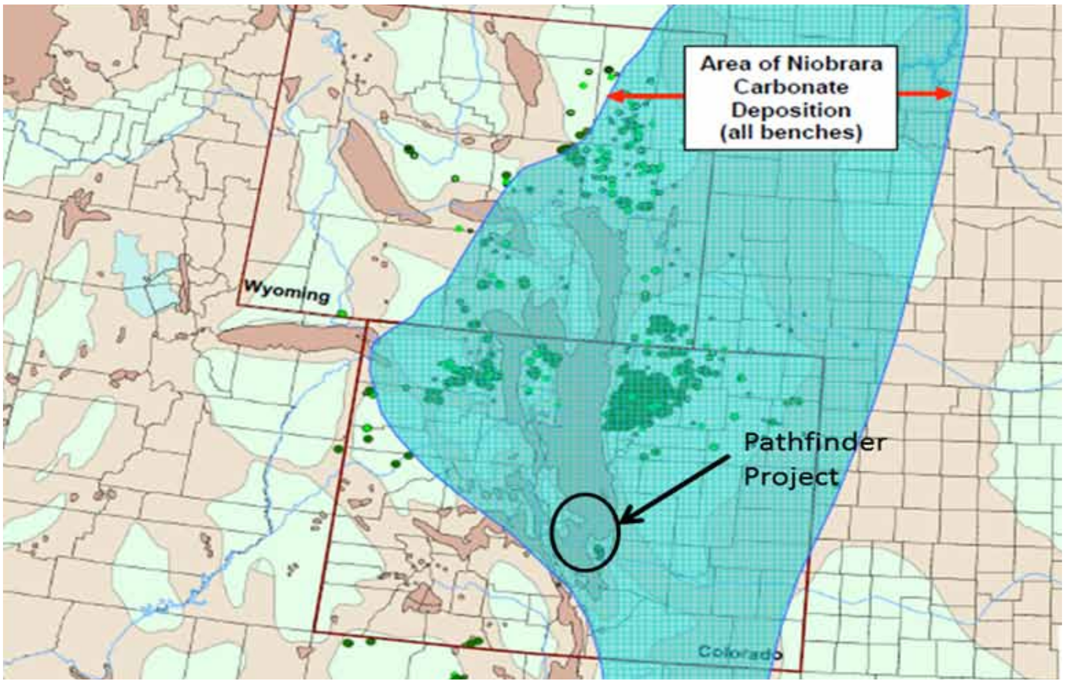


HIGHLIGHTS

- Three vertical well programme to test the Eagle Ford Shale Formation to begin Mid-September 2011
- Interpreted thickness of 300 feet in Eagle Ford formation.
- Eagle Ford Shale is mainly clay-rich limestone with low quartz content making less Brittle than typical shale reservoirs (Barnett), yet with high fracturing capability.
- Potential IP for horizontal well of 300 bopd to 500 bopd.
- The Eagle Ford Shale is a hydrocarbon producing formation of significant importance due to its capability of producing both gas and more oil than other traditional shale plays.

ON SITE LOCATION PICTURES: DRILLING LOCATION STAKED. BULLDOZERS CLEARING LAND IN PREPARATION FOR DRILLING

PATHFINDER NIOBRARA SHALE PROJECT, COLORADO, USA



HIGHLIGHTS

- Continuous Horizontal drilling programme to commence 1st half 2012
- Evidence of thick Niobrara section, Average Niobrara thickness is 560 feet
- Evidence of high quality oil (39 API) in Drill Stem Test
- Evidence of the high resistivity in a very thick sections (up to 350 ft)
- Natural fractures
- Good log porosity (10% to 12%)
- Niobrara A, B, and C have not been drilled horizontally or even treated in this area – when the wells in Northern DJ Basin were treated especially in the B bench of the Niobrara, the production and property values increased significantly

TYPICAL TERRAIN IN THE PATHFINDER PROJECT

REVIEW OF OPERATIONS AND ACTIVITIES

CURRENT USA ASSETS IN PRODUCTION

MISSISSIPPI

ARMSTRONG WELL

- Located in Adams County, Mississippi
- Total depth of the well is 6585 ft. The well has produced from Wilcox formation.
- 50% WI & 37.5% NRI
- Current production is ~ 40 BOPD.

COMMENCEMENT WELL

- Located in Adams County, Mississippi
- Total depth of the well is 6650 ft. The well has produced from Baker Sand and Ratcliff formations
- 50% WI & 37.5% NRI
- Current production is ~ 90 BOPD.

TEXAS

NORTH CARIZZO YOLANDA VILLAREAL

- Located in Dimmit County, Texas
- 36% WI & 27.36% NRI
- Yolanda has produced natural gas and oil
- Austin Chalk formation
- Two 5000 Ft laterals (B & E)
- Approximately 20,000 Bbls produced
- Initial production was 230 Bbls.
- Production averaged ~ 60 BOPD.
- Workover is planned for oil formation enhancement

KENTUCKY DEVELOPMENT CORP(JOINT VENTURE WITH NEWTAK PTY LTD)

- Park City Field
- 17 wells over 900 acres – predominately gas wells
- 3 of the 17 wells are currently producing oil
- Potential for gas gathering control
- Potential to securing an extra 800 acres in Park City
- Sebree field
- 4 wells with 1 injection system are in production
- Potential for extra 8 wells
- WW Field
- 3 wells for WW Dacy Field are in production
- Potential for 2 wells for WW Aldridge Field
- Enhance the production by fracking 6 wells
- Magnolia Field (Option)
- Potential of two major gas fields and nearby gas lines –ARC Chemical and LG&E
- Scheduled to reach 40 BOPD total production in the KEC by the end of 2011

Australian Assets (Austin Exploration Limited)

AUSTIN EXPLORATION ("AKK") CURRENTLY HOLDS ONE OIL AND GAS ASSETS IN AUSTRALIA.

COOPER BASIN - PEL 105 OIL AND GAS PROJECT

- AKK holds a 50% working interest
- P10 reserves OOIP estimated at 23 Million barrels of oil
- Estimated recovery of 1Million barrels of oil per well
- Estimated well life of nine years
- Estimated spacing allows for five additional wells on the license
- Due to extensive flooding in the well area, anticipated spud date for the first well has been reset to the beginning of calendar year 2011

The Petroleum Exploration Licence (PEL) 105 prospect is surrounded by producing oil and gas fields, some of which are the largest in the Cooper Basin – Australia's most prolific onshore oil and gas province. Within the boundaries of PEL 105, but excised from it, are the Bimbaya Field (19 BCF of gas), the Bookabourdie Field (80 BCF of gas), and the Merupa Field (1.5 BCF of gas).

According to Adelaide Energy evaluation the initial Pirie-1 well holds un-risked P10 OOIP of 23 MMbbl and P50 OOIP 2 MMbbl. Estimated recovery from the initial well is 1 million BO with a 50% recovery and shrinkage factor. With success, five additional wells may be drilled on the license.

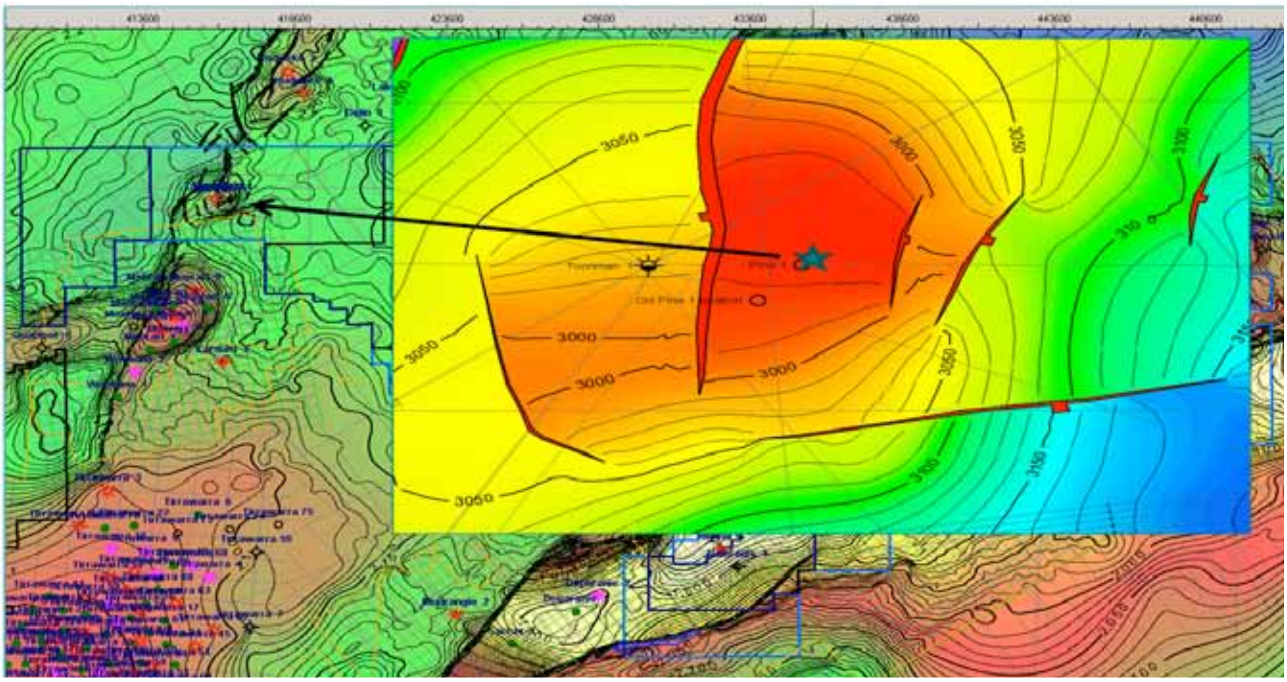
The Cooper Basin is a large sedimentary basin covering some 130,000 km2 and is located in north east South Australia and south west Queensland. Hydrocarbons were first discovered in the Cooper Basin in 1963 and today it hosts some 160 gas fields and 75 oil fields. The Nappamerri and Patchawarra Troughs provide the source rocks for all oil and gas accumulations discovered in the Cooper Basin to date.

PEL 105 is an area of 437 square kilometres, located approximately 60 kilometres north of Moomba in South Australia.

ABOUT THE WELL

- Adelaide Energy (ASX: "ADE") is the operator of record for this Australian project
- Austin controls a 50% equity position for the license area
- The Pirie-1 will be drilled up-dip of Toonman-1 (1983, P&A) well. This well had a large oil show even though it was downthrown to the fault
- Existing production is located to the northeast of the Pirie-1 (Kudrieke) and to the southwest (Moorari). Like the targeted area of the Pirie-1 well, this production is emanating from the up thrown fault traps
- Re-interpretation of geophysical data has allowed ADE to identify a large hydrocarbon target between the producing Moorari and Kudrieke fields
- The Pirie-1 exploration well:-
  - will be drilled late in 2011 on a significant closure above the abandoned 1983 Toonman-1 well
  - is on a northeast - southwest structural ridge

    is an untested up thrown fault closure at Tirrawarra and Patchawarra Time
  - is on the same seismic line as the Toonman-1 well
- A second well location has also been targeted on the license area and will be further evaluated after the drilling assessment at Pirie-1
- Proximity to pipeline infrastructure and processing facilities high-grades all discoveries in PE 105



COMPETENT PERSONS STATEMENT

In accordance with ASX and AIM rules, the information in this release has been reviewed and approved by Mr. David T. Greene, Sr. Reservoir Engineer, Fidelity Exploration and Production Company. Mr. Greene holds a Bachelor of Science Degree in Earth Science and a Master of Science Degree in Petroleum Engineering and has over 30 years of oil and gas experience including exploration drilling, completion and production. His background also includes evaluation, design and implementation of improved and enhanced oil recovery projects as well as pressure transient analysis, fluid properties and petrophysics. He is a member of the Society of Petroleum Engineers and the American Association of Petroleum Geologists. Mr. Greene has the relevant experience within the industry and consents to the information in the form and context in which it appears.

PIC

CORPORATE GOVERNANCE

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

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). ASX Listing Rule 4.10.3 requires the Company 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 company has adopted can be found on the company's web site: www.austinexploration.com.au.

The Board acknowledges the existence of the amendments to the 2nd edition of the Corporate Governance Principles effective for the periods commencing 1 January 2011. The Board is in the process of implementing policies and practices to comply with the amended Corporate Governance Principles.

The Role of the Board & Management

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

The Board of the company 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 company 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 company, 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 company's web site at www.austinexploration.com.au.

Scheduled meetings of the Board are held at least eight 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 company 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 company's auditors;
- Ensuring that risks facing the company 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;

CORPORATE GOVERNANCE

- Ensuring the company complies with the law and conforms to the highest standards of financial and ethical behavior.

Austin has obligations to its stakeholders to ensure the company 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 Company'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 eight 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 company's directors and their independence is noted in the table:

NAME	POSITION	INDEPENDENT
Mr Dominic Pellicano	Non-Executive Director	No
Mr Guy Goudy	Executive Director and Chief Executive Officer	No
Dr Mark Hart	Executive Director and Chairman of the Board	No
Mr Nigel Hartley	Non-Executive Director	Yes
Mr Christopher Hodge	Non-Executive Director	Yes

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

Director Independence

The board considers non-executive directors Nigel Hartley and Christopher Hodge as independent as defined under the guidelines of the ASX Corporate Governance Council. Dominic Pellicano is 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 (ie is not a member of management) and:

- is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- within the last three years has not been employed in an executive capacity by the company 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 company or another group member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the company 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 company or another group member other than as a director of the company;
- 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 company; 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 company.

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

Through the Nominations Committee, which has met 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 company. The board believes that it has the right numbers and skill sets within its board members for the current size of the company, 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 company.

Chairman and Chief Executive Officer

The ASXCGC Recommendations recommend that the chairperson be independent. Dr Hart is not 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 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 Nomination Committee's Charter is available on the company'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 company, 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 company'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 Company has adopted a Code of Conduct to maintain confidence in the company's integrity, its legal obligations and the expectations of its stakeholders. The company 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 company. These procedures are reviewed as required by the board. To this end, the company has adopted a Conflict of Interest Policy that clarifies the processes for directors and senior executives to determine and disclose when a conflict of interest exists.

CORPORATE GOVERNANCE

The Code of Conduct is available on the company's web site at www.austinexploration.com.au.

Shareholding and Trading

The Board encourages directors and senior executives to own shares in the company 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 company 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 Company Secretary prior to any dealing.

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

Safeguard Integrity

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

Mr Dominic Pellicano, Mr Guy Goudy, Dr William Mark Hart, Mr Nigel Hartley and Mr Chris Hodge.

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 in relation to the identification of the areas of significant business risks and the monitoring of the following:

- Effective management of financial and other business 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 Company Secretary and the Chief Financial Officer 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 company 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 an independent chair 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 2011.

Independent Advice

The Board recognises that in certain circumstances individual directors may need to seek independent professional advice, at the expense of the company. 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 company, 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 company'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 develop¬ments affecting the company's activities and its state of affairs, including information necessary to assess the perform¬ance of the directors.

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

- The Annual Report distributed to shareholders;
- The Half Yearly Report which is available on the company'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 company'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 Company's internet portal at www.austinexploration.com.au.

The Company strives to ensure that company 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.

The Communications Policy is available at the company's web site at www.austinexploration.com.au.

Shareholders' Role

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

All directors (other than the Chief Executive Officer) 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 company and to vote on other items of business for resolution by shareholders.

The company's auditor, Grant Thornton SA Partnership, make available a partner of the firm (Mr Philip Paterson or other), to be in attendance at the Annual General Meeting and to be available to answer shareholder questions in relation to the audit.

Risk Management

The entire board is responsible for overseeing the risk management function. The company believes that it is crucial for all board members to be a part of the process and as such has established risk management as a component of the Audit and Risk Management Committee.

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 Committee. 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.

CORPORATE GOVERNANCE

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 company's material business risks and reports to the board at each meeting on the effective management of those risks. The company has developed a series of operational risks which the company believes to be inherent in the industry in which the company operates. These include:

- Changed operating, market or regulatory environments;
- Fluctuations in demand volumes;
- 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 company.

The board requires the Company Secretary and Chief Financial Officer 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. The Risk Management Policy is available at the company's web site at www.austinexploration.com.au.

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 company'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, managed by the chair of the Remuneration Committee. 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

Nomination Committee

The Board has a Nomination Committee comprising the full board. The Committee did not meet during the year.

The role of the 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; and
- Arranging a review of the board's own performance.

The committee did not meet during the year.

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

Remuneration Committee

The Board has a Remuneration Committee comprising the full board.

Details of the attendance of directors at committee meetings is disclosed in the Directors' Report in this Annual Report.

The role of the Remuneration Committee is to determine the company's remuneration plans, policies and practices, including compensation arrangements for the non-executive directors, executive directors, Chief Executive Officer and senior executives. It is also responsible for considering general remuneration policies and practices, recruitment and termination policies and superannuation requirements.

The company does not have a policy to preclude its executives from entering into transactions to limit their economic risk from investing in company shares, options or rights and has made executives aware of their obligations in relation to financial commitments against shares issued under the executive securities plan and has requested that they take sufficient professional advice in relation to their individual financial position.

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

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 Company and its controlled entities, for the financial year ended 30 June 2011.

Directors

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

Dominic Pellicano

Non-executive director

(appointed a director on 25 July 2008, Appointed Chairman 10 February 2009, Resigned as Chairman on 3 August 2011)

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.

Dr. James Michael Edwards

Non-executive director

(appointed a director on 14 March 2006, Resigned on 8 September 2011)

Dr. Edwards has been actively engaged in USA and international oil exploration and exploitation for more than 30 years. He has participated in oil and gas discoveries in Australia, Columbia, Equatorial Guinea, France, Norway, Trinidad, Thailand, the United Kingdom and the United States of America. Dr. Edwards has held senior executive positions with Tenneco Oil Company, Triton Corporation, and Daytona Energy Corporation.

Guy Thomas Goudy

Executive director and Chief Executive Officer

(appointed a director on 13 July 2009, Appointed Chief Executive Officer on 3 August 2011)

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

William Kefalianos

Non-executive director

(appointed a director on 30 July 2009, Resigned on 17 November 2010)

William graduated in 1975 from Monash University with a Bachelor of Economics degree. He is a Fellow of the Taxation Institute of Australia, a registered tax agent and a member of the National Institute of Accountants. William is currently the principal of accounting firm MMI Financial Partners Pty Ltd. Over the last 20 years, he has held many and varied management consultancy roles including commercial systems development, dispute resolution and corporate and private planning.

DIRECTORS' REPORT

Dr. William Mark Hart

Executive director and Chairman

(appointed to AKK board on 15 September 2010)

(appointed as a consultant on 3 June 2010, Appointed chairman on 3 August 2011)

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.

Nigel Hartley

Non-Executive Director

(appointed 3 August 2011)

Mr Hartley is a Chartered Accountant who has recently resigned as Chief Financial Officer of Oil Search Limited. Mr Hartley had a very successful 20 year career with Oil Search Limited. Mr Hartley helped Oil Search's campaign involving over 20 global export credit agencies and banks and co-lending from ExxonMobil, to raise its share of US$14 billion. 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.

Chris Hodge

Non-Executive Director

(appointed 6 September 2011)

Mr Hodge, who is also on the Board of ROC Oil Company, has 35 years of wide-ranging experience in the oil and gas industry across Australia, US and international operation. Mr Hodge's significant oil and gas experience includes previous senior executive positions with Adelphi Energy Limited, where he acted as Managing Director, Mitsui, Ampolex and Elf Aquitaine. Chris is currently on the Board of ROC Oil Limited and is a technical consultant o Mitsubishi Australia. Mr Hodge's involvement with Ampolex included responsibility for exploration and other operations both in Australia and overseas while his role with Mitsui resulted in commercial discoveries (e.g. Cliff Head) and a variety of field acquisitions.

Company Secretary

Graham Allan Seppelt (appointed 17 July 2007, retired on 31 January 2011)

Mr Seppelt is a Certified Practicing Accountant (CPA) and has had extensive experience as a contract accountant and in corporate advisory roles. He is currently the company secretary for ASX listed BSA Limited, Strzelecki Metals Limited, Legend Corporation Limited, Mesbon China Nylon Limited and Uranium Exploration Australia Limited.

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 Board while performing their audits.

Directors' Meetings

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

DIRECTOR	DIRECTOR'S MEETINGS		AUDIT COMMITTEE MEETINGS	
	A	B	A	B
Dominic Pellicano	7	7	2	2
James Edwards	6	7	1	2
Guy Goudy	7	7	2	2
William Kefalianos	4	4	1	1
William Hart	7	7	1	1

A Number of Meetings attended

B Number of Meetings held while the director was in office

Principal Activities

The principle 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 both the United States of America and Australia.

Financial Position

The net loss after income tax of the Consolidated Entity for the year ended 30 June 2011 was $655,008 (2010: $4,756,607).

Dividends Paid or Recommended

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

DIRECTORS' REPORT

Review of Operations

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

A) EXPLORATION

	UNITED STATES				AUSTRALIA
Prospect Name	Armstrong	North Carrizo	Birch Eagle Ford Project	Niobrara Shale Project	PEL 105
Well Name(s)	Ellislie Plantation #1	Yolanda Villarreal No. 1-H	Birch Eagle Ford Prospect	Pathfinder Project	The Pirie-1
Location	Adam County, Mississippi USA	Dimmitt County, Texas USA	Burleson County, Texas, USA	DJ Basin – Freemont County, Colorado, USA	Cooper Basin, South Australia
Ownership Interest	Working Interest 50% Revenue Interest 37.5%	Working Interest BCP = 45% ACP=36% NRI= 27.36%	Working Interest 93.5% Net Revenue Interest 71.125%	Working Interest 85% Net Revenue Interest 65%	Working Interest 100% Revenue Interest 100%
Partners / Operators	Aldridge Operating Company - Dow Tate Energy LLC	Alamo Operating Company	H.H. Howell Inc Alamo Operating Co.	Thomasson Petroleum E&P LLC	Adelaide Energy Limited earns a 50% NRI after the initial well
Objective / Focus	Re-entry of once uncommercial Well targeting Wilcox formation	Oil Dual Lateral Austin- Chalk	Taylor – Gas Austin Chalk – Gas/Oil Eagle Ford – Gas/Oil Buda – Gas/Oil Georgetown – Gas/Oil	Horizontal drilling and multi-stage fracturing the Niobrara Formation	High Grade drilling targets validated by 2D seismic
Independent Evaluations	BARRY L. WHELAN, P.Geo., F.G.A.C. Vancouver, B.C. V6C 1G8	Ameritex, San Antonio Texas	- CNI 51:101 Richard Braun Mike Mitchell	Mike Mitchell, Mitchell Geological Associates	Mulready Consulting Services Pty Ltd
Current Status	In production - On pump	In production – On pump	Three vertical well programme to test the Eagle Ford Shale Formation to being in late September 2011 to early October	Continuous Horizontal drilling programme to commence 1st quarter 2012.	Drill Ready. Waiting on rig Waiting for flooding caused by recent rain in Cooper to subside Site not accessible
Next Steps	Monitor daily production	Monitor daily production	Monitor production – analyze data for future laterals	Monitor daily production	Drilling operations to commence subject to weather conditions and site access

B) CORPORATE MATTERS

Capital Raising

- On 19 November 2010 the company made a placement of 1,000,000 ordinary shares at $0.03 per share and 1,000,000 unlisted options at $0.10 per option exercisable on or before 19 November 2011 to sophisticated investors to raise $30,000.
- On 25 January 2011 the company made a placement of 39,900,000 ordinary shares at $0.03 per share to sophisticated investors to raise $1,197,000.
- On 3 March 2011 the company issued 1,200,000 unlisted options with an exercise price of $0.10 per option exercisable on or before 23 November 2012 to employees and contractors of the company for services rendered for nil consideration.
- On 21 June 2011 through an SPP the company issued 26,591,950 ordinary shares at $0.035 per share to raise funds to purchase tenements, finance joint venture obligations and conduct due diligence and exploration activities on oil and gas projects in the USA, together with working capital.

Changes of Officers and Directors

On 17 November 2010 Mr. William Kefalianos resigned from the Board of Directors of Austin Exploration Limited.

On 31st January 2011 Mr Graham Seppelt resigned as Company Secretary and was replaced by Mr David Nairn.

On 3rd August 2011 Mr Nigel Hartley was appointed as Non-Executive Director of Austin Exploration Limited.

On 6th September 2011 Mr Chris Hodge was appointed as Non-Executive Director of Austin Exploration Limited.

On 8th September 2011 Dr James Edwards resigned from the Board of Directors 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 $23,938,894 (2010: $21,897,359) as a result of the following:

- Issue of 1,000,000 fully paid ordinary shares at $0.03 per share to raise $30,000.
- Issue of 39,900,000 fully paid ordinary shares at $0.03 per share to raise $1,197,000
- Issue of 26,591,950 fully paid ordinary shares at $0.035 per share to raise $930,718

Matters Subsequent to the end of the Financial Year

On 6 July 2011 through a placement the company issued 228,620,092 ordinary shares at $0.035 per share and 207,750,000 I Class Listed options with an exercise price of $0.055 per option exercisable on or before 6 July 2013 and 163,295,975 J Class Listed Options with an exercise price of $0.055 exercisable on or before 6 July 2012 per option to raise funds to purchase tenements, finance joint venture obligations and conduct due diligence and exploration activities on oil and gas projects in the USA, together with working capital.

Likely Developments

The likely future developments of the group during the next financial year 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 Company

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

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, options 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 predominantly on the forecast growth of shareholders' value. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. 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 employee share and option arrangements.

Other than required superannuation guarantee contributions, Australian directors and executives 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 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 Company (but not trade in them) and have been granted options.

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 specified executives of the Group are set out in the following tables.

DIRECTORS	POSITION HELD AT 30 JUNE 2011 AND ANY CHANGES DURING THE YEAR	CONTRACT DETAILS (DURATION & TERMINATION)	PROPORTIONS OF ELEMENTS OF REMUNERATION NOT RELATED TO PERFORMANCE
Dominic Pellicano	Chairman.	Retirement by Rotation	100%
Dr. James Edwards	Non - Executive Director	Retirement by Rotation	100%
Mr. Guy Goudy	Executive Director.	Retirement by Rotation	100%
Dr. William Mark Hart	Executive Director.	Retirement by Rotation	100%
Mr. William Kefalianos	Non-Executive Director Resigned 17 November 2010	Retirement by Rotation	100%

GROUP KEY MANAGEMENT PERSONNEL	POSITION HELD AT 30 JUNE 2011 AND ANY CHANGES DURING THE YEAR	CONTRACT DETAILS (DURATION & TERMINATION)	PROPORTIONS OF ELEMENTS OF REMUNERATION NOT RELATED TO PERFORMANCE
Graham Seppelt	Company Secretary Retired 31 January 2011	No fixed term	100%
David Nairn	Company Secretary Appointed 31 January 2011	No fixed term	100%

2011	SHORT-TERM BENEFITS Salary, Fees and Commissions Paid $	 Salary, Fees and Commissions Accrued & Payable $	POST EMPLOYMENT Superannuation Contributions $	EQUITY-SETTLED SHARE-BASED PAYMENTS Options $	 Shares $	 Total $
Directors						
Dominic Pellicano	70,000	-	-	-	-	70,000
Dr. James Edwards	40,000	-	-	-	-	40,000
Mr. Guy Goudy	40,000	-	-	-	-	40,000
Dr. William Mark Hart	219,530	-	-	-	-	219,530
Mr. William Kefalianos[1]	15,000	-	-	-	-	15,000
Key Management Personnel						
David Nairn [2]	-	-	-	-	-	-
Graham Seppelt [3]	21,380	-	-	-	-	21,380
	405,910	**-**	**-**	**-**	**-**	**405,910**

2010	SHORT-TERM BENEFITS Salary, Fees and Commissions Paid $	 Salary, Fees and Commissions Accrued & Payable $	POST EMPLOYMENT Superannuation Contributions $	EQUITY-SETTLED SHARE-BASED PAYMENTS Options $	 Shares $	 Total $
Directors						
Dominic Pellicano	70,000	-	-	13,492	250,000	333,492
Dr. James Edwards	40,030	-	-	2,698	50,000	92,728
Mr. Guy Goudy	38,333	-	-	2,698	50,000	91,031
Mr. William Kefalianos	36,667	-	-	2,698	50,000	89,365
Dr. William Mark Hart	3,667	-	-	-	-	3,667
Key Management Personnel						
Kenneth Hill[4]	155,878	-	-	-	-	155,878
Stanley Lindsey[5]	168,089	-	-	-	-	168,089
Graham Seppelt	53,418	2,750	-	2,698	50,000	108,866
	566,082	**2,750**	**-**	**24,284**	**450,000**	**1,043,116**

1 Resigned 17 November 2010
2 HLB Mann Judd has received $31,964 in respect of Mr David Nairn's secretarial fees.
3 Resigned 31 January 2011
4 Ceased employment in July 2010
5 Ceased employment in July 2010

Share-based Compensation

Options over ordinary shares in Austin Exploration Limited were granted to the Board and Key Management Personal in June 2011 as reward for services rendered to the company.

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	VALUE PER OPTION AT GRANT DATE
Dominic Pellicano	22/12/2009 06/07/2011	31/05/2010 -	30/11/2011 06/07/2013	$ 0.10 $0.055	Nil Nil
Dr. James Edward	22/12/2009 06/07/2011	31/05/2010 -	30/11/2011 06/07/2013	$ 0.10 $0.055	Nil Nil
Mr. Guy Goudy	22/12/2009 06/07/2011	31/05/2010 -	30/11/2011 06/07/2013	$ 0.10 $0.055	Nil Nil
Mr. William Kefalianos	22/12/2009	31/05/2010	30/11/2011	$0.10	Nil
Dr. William Mark Hart	19/11/2010 06/07/2011	19/11/2010 -	30/11/2011 06/07/2013	$ 0.10 $0.055	Nil Nil
Mr. Graham Seppelt	22/12/2009	31/05/2010	30/11/2011	$0.10	Nil

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 28 to the financial statements.

NAME	NUMBER OF OPTIONS GRANTED DURING THE YEAR			NUMBER OF OPTIONS VESTED DURING THE YEAR	
	2012	2011	2010	2011	2010
Dominic Pellicano	15,000,000	-	5,000,000	-	5,000,000
Dr. James Edward	5,000,000	-	1,000,000	-	1,000,000
Mr. Guy Goudy	15,000,000	-	1,000,000	-	1,000,000
Dr. William Mark Hart	15,000,000	-	1,000,000	-	1,000,000
Mr. Graham Seppelt	-	-	1,000,000	-	1,000,000
Stanley Lindsey	-	-	500,000	-	-
Mr. David Nairn	-	-	-	-	-

Subsequent to year end, following the placement on 6 July 2011, the boards of directors were offered I Class Listed Options.

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 2011

Directors Interests in Shares and Options

The information on directors' interests in shares and options at 30 June 2011 is set out in note 6 of the financial statements.

Information on directors' interest in shares and options as at 30 September 2011 is set out in the following table::

DIRECTORS	ORDINARY SHARES HELD	OPTIONS HELD
	30 September 2011	**30 September 2011**
Mr.Dominic Pellicano	5,737,198	20,000,000*
Mr. Guy Goudy	1,000,000	16,000,000*
Dr. William Mark Hart	1,000,000	16,000,000*
Mr. Chris Hodge	900,000	Nil
Mr. Nigel Hartley	Nil	Nil
Secretary		
Mr. David Nairn	Nil	Nil

* Options were granted on 6 July 2011 as approved by shareholders at EGM on 17 June 2011.

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.

Mr Guy Goudy is a director retiring by rotation who, being eligible, offers himself for re-election.

Indemnifying Officers and Auditors

The Company 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 a option are as follows:

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION	CLASS
28/02/2008	28/02/2012	$0.24	541,667	D
28/01/2009	01/03/2012	$0.24	333,333	E
28/01/2009	15/10/2011	$0.20	500,000	F
08/10/2009	19/11/2011	$0.10	146,512,930	Listed
22/12/2009	30/11/2011	$0.10	10,000,000	G
03/03/2011	23/11/2012	$0.10	1,200,000	H
06/07/2011	06/07/2013	$0.055	207,750,000	Listed I
06/07/2011	06/07/2013	$0.055	163,295,975	Listed J
			530,133,905	

No ordinary shares of Austin Exploration Limited were issued on the exercise of options during the reporting year. 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

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or group are important.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non audit services is compatible with the general standards of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES Code of Ethics for Professional Accountants.

Details of the amounts paid or payable to the auditor for non-audit services during the year are set out below.

	CONSOLIDATED	
	2011 $	2010 $
Amounts paid/payable to Grant Thornton for:		
- taxation services	4,835	24,310
Total	4,835	24,310

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. Guy Goudy

Chief Executive Officer

Dated 30 September, 2011

Grant Thornton

Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF AUSTIN EXPLORATION LTD

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Austin Exploration Ltd for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

P S Paterson
Partner

Adelaide, 30 September 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

		CONSOLIDATED	
	NOTE	2011	2010
		$	$
Revenues from continuing operations	3	1,372,037	461,385
Directors Fees		(384,532)	(188,697)
Share based payments		(12,980)	(474,286)
Employee benefits expense		(301,175)	(409,873)
Finance Costs	4	(178,200)	(1,026,247)
Forgiveness of debt	4	4,164,230	
-			
Impairment Charges	4	-	(1,187,796)
Loss on Disposal of non-current assets	4	(2,565,594)	-
Depreciation and amortisation expense	4	(351,812)	(78,368)
Share of profit from equity accounted investments	13	-	-
Other expenses	4	(2,337,302)	(1,667,590)
Loss before income tax		**(595,328)**	**(4,571,472)**
Income tax expense	5	**(59,680)**	**(185,135)**
Loss for the year		**(655,008)**	**(4,756,607)**
Other comprehensive income			
Exchange differences on translation of foreign operations		(436,055)	(63,880)
Other comprehensive income for year			
Net of tax		**(436,055)**	**(63,880)**
Total comprehensive income for year		**(1,091,063)**	**(4,820,487)**
Loss to:			
Members of the parent entity		(655,008)	(4,756,607)
Non-controlling interest		-	-
		(655,008)	**(4,756,607)**
Total comprehensive income attributed to:			
Members of the parent entity		(1,091,063)	(4,820,487)
Non-controlling interest		-	-
		(1,091,063)	**(4,820,487)**
Earnings per share for loss from continuing operations:			
Basic earnings per share (cents per share)	8	(0. 21)	(2.06)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT FINANCIAL POSITION

AS AT 30 JUNE 2011

	NOTE	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $
Current Assets			
Cash and cash equivalents	9	9,713,369	3,599,437
Trade and other receivables	10	233,905	93,849
Other current assets	11	525,926	25,121
Total Current Assets		**10,473,200**	**3,718,407**
Non-Current Assets			
Financial assets	21	-	32,377
Investments accounted for using the equity method	13	2,123,100	-
Property, plant and equipment	12	462	27,479
Development and producing assets	14	1,472,977	1,809,925
Exploration and evaluation assets	15	2,539,232	3,651,722
Total Non-Current Assets		**6,135,771**	**5,521,503**
Total Assets		**16,608,971**	**9,239,910**
Current Liabilities			
Trade and other payables	16	11,831,739	469,470
Short term borrowings	17	-	3,971,484
Total Current Liabilities		**11,831,739**	**4,440,954**
Non-Current Liabilities			
Long term borrowings	17	-	993,934
Total Non-Current Liabilities		**-**	**993,934**
Total Liabilities		**11,831,739**	**5,434,888**
Net Assets		**4,777,232**	**3,805,022**
Equity			
Issued Capital	18	23,938,894	21,897,359
Reserves	19	(252,007)	162,309
Retained earnings / (Accumulated losses)		(18,909,655)	(18,254,646)
Total Equity		**4,777,232**	**3,805,022**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED GROUP	ISSUED CAPITAL $	SHARE OPTIONS PREMIUM RESERVE	EQUITY RESERVE $	FOREIGN CURRENCY RESERVE $	RETAINED PROFITS/ (LOSSES) $	TOTAL $
Balance at 1 July 2009	13,993,049	-	67,245	(15,343)	(13,498,039)	546,912
Share issued during the year	8,336,293	-	-	-	-	8,336,293
Transaction Costs	(431,983)	-	-	-	-	(431,983)
Options Reserve on recognition of t he cost element of options	-	-	24,287	-	-	24,287
Premium on share options issued	-	150,000	-	-	-	150,000
Total comprehensive income for the year	-	-	-	(63,880)	(4,756,607)	(4,820,487)
Balance at 30 June 2010	21,897,359	150,000	91,532	(79,223)	(18,254,647)	3,805,022
Share issued during the year	2,159,047	-	-	-	-	2,159,047
Transaction costs	(117,512)	-	-	-	-	(117,512)
Options Reserve on recognition of the cost element of options	-	-	21,739	-	-	21,739
Total comprehensive income for the year	-	-	-	(436,055)	(655,008)	(1,091,063)
Balance at 30 June 2011	23,938,894	150,000	113,271	(515,278)	(18,909,655)	4,777,232

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	CONSOLIDATED 2011 $	2010 $
Cash Flow From Operating Activities			
Receipts from customers		1,099,325	290,371
Payments to suppliers and employees		(2,465,485)	(2,165,532)
Interest received		66,678	105,790
Net cash used in operating activities	24	(1,299,482)	(1,769,371)
Cash Flow From Investing Activities			
Payments for plant and equipment		(1,439)	-
Payments for equity accounted investments		(177,149)	-
Payments for development activities		(406,085)	(1,848,151)
Payments for explorations activities		(924,467)	(472,968)
Net cash used in investing activities		(1,509,140)	(2,321,119)
Cash Flow From Financing Activities			
Proceeds of issue of shares		10,060,666	8,036,293
Share issue costs		(677,192)	(617,118)
Net cash provided by (used in) financing activities		9,383,474	7,419,175
Net increase (decrease) in cash held		6,574,852	3,328,685
Cash at the beginning of the year		3,599,437	296,580
Effects of exchange rate changes on cash and cash equivalents		(460,920)	(25,828)
Cash at the end of the year	9	**9,713,369**	**3,599,437**

The accompanying notes form part of these 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 company, incorporated and domiciled in Australia.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Reporting Standards. 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 2011 as authorised for issue in accordance with a resolution of the directors on 30 September 2011.

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.

(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.

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

(c) Revenue

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

Interest revenue is recognised on a proportional basis 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.

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 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 13.

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

(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 are 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 comprehensive income.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 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 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;

- income and expenses are translated at average exchange rates for the period; and

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 company'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 company 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 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.

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 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 comprehensive income.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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

(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 in income 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 comprehensive income.

(v) 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.

(w) Interests in Joint Venture

Investments in joint ventures is accounted for using the equity method and is carried at cost by the parent entity.

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.

(x) Standards and interpretation issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. Austin Explorations Limited assessment of the impact of these new standards and interpretations are as follows:

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and, therefore, no change is necessary to group accounting policies.

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 2011. 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

New and Revised Accounting Standards

The group has adopted the following revisions and amendments to AASB's issued by the Australian Accounting Standards Board and IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the group's financial statements for the annual period beginning 1 July 2010:

- Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project- AASB 2009-5
- Improvements to IFRSs- AASB 2010-03.

The adoption of new and revised Accounting Standards effective for the financial statements for the annual period beginning 1 July 2010 did not have a material impact on the group's financial statements.

Accounting standards not yet effective

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (Effective from 1 January 2013)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. AASB 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in AASB 139 and removes the impairment requirement for financial assets held at fair value.

In addition, the majority of requirements from AASB 139 for the classification and measurement of financial liabilities has been carried forward unchanged, except in relation to own credit risk where an entity takes the option to measure financial liabilities at fair value. AASB 9 requires the amount of the change in fair value due to changes in the entity's own credit risk to be presented in other comprehensive income (OCI), unless there is a accounting mismatch in the profit or loss, in which case all gains or losses are to be presented in the profit or loss.

The amendment is not expected to have any impact on the group's financial statements.

AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards arising from AASB 124 (Effective from 1 January 2011)

The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The group will apply the amended standard from 1 July 2011. When the amendments are applied, the group will need to disclose any transactions between its subsidiaries and it associated. However, there will be no impact on any of the amounts recognised in the financial statements.

(x) Comparative Figures

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

(y) 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.

(z) 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.

(aa) Carbon Tax Legislation

On 10 July 2011, the Commonwealth Government announced the "Securing a Clean Energy Future – the Australian Government's Climate Change Plan". Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the Group as legislation must be voted on and passed by both Houses of Parliament. In addition, as the Group will not fall within the "Top 500 Australian Polluters", the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. Directors expect that this will not have a significant impact upon the operation costs within the business, and therefore will not have an impact upon the valuation of assets and/or going concern of the business.

NOTE 2: PARENT ENTITY FINANCIAL INFORMATION

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

	2011 $	2010 $
Statement of financial position		
Total current assets	12,941,639	6,926,129
Total non current assets	408,426	68,426
Total assets	**13,350,065**	**6,994,555**
Total current liabilities	8,572,832	155,469
Total non current liabilities	-	-
Total liabilities	**8,572,832**	**155,469**
Share capital	23,938,894	21,897,359
Reserves	263,271	241,531
Accumulated losses	(19,424,933)	(15,299,805)
Total Equity	**4,777,232**	**6,839,086**
Statement of comprehensive income		
Loss for the year after tax	(4,125,128)	(2,305,310)
Total comprehensive income	**(4,125,128)**	**(2,305,310)**

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

The parent entity did not have any contingent liabilities as at 30 June 2011.

As at 30 June 2011, the parent entity had no contractual commitments.

NOTE 3: REVENUE

From continuing operations:		
Gas and Oil Sales	1,180,839	100,838
Interest received from other parties	66,719	105,790
Other income	124,479	254,757
Total Revenue	**1,372,037**	**461,385**

NOTE 4: LOSS FOR THE YEAR

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

	2011 $	2010 $
Depreciation expense	23,597	41,859
Impairment of Asset - provision	-	1,187,796
Amortisation expense	328,214	36,509
Finance Cost	178,200	1,026,247
Superannuation Expense	-	-
Loss on disposal of non-current assets**	2,565,594	-
Forgiveness of debt*	(4,164,230)	-

* The Group's loan with Newtak Pty Ltd was forgiven during the year in conjunction with the commencement of the Kentucky Exploration LLC joint venture.

** The loss on disposal of non-current assets relates to the disposal of the Park City a nd Sebree exploration assets to the Kentucky Exploration LLC joint venture, approved by shareholders on 17 June 2011.

Other Expenses:		
Insurance	44,977	141,233
IT Expenses	8,276	21,830
Lease Operating Expense	443,151	-
Marketing	27,758	9,246
Printing & stationery	16,293	26,465
Professional Fees	859,493	1,234,580
Rates & land taxes	-	2,081
Rent on land & buildings	44,628	58,271
Registration & insurance	24,677	15,117
Research & Development Expense	589,861	-
Subscriptions	5,505	-
Sundry expenses	64,939	101,643
Telephone	31,939	19,329
Travel, accom & conference	175,805	37,795
	2,337,302	**1,667,590**

NOTE 5: INCOME TAX EXPENSE

	2011 $	2010 $
(a) The components of income tax expense comprise:		
Current Tax	59,680	185,135
Deferred Tax	-	-
	59,680	185,135
(b) The prima facie tax benefit on loss from ordinary activities is reconciled to the income tax as follows:		
Net Loss	(595,328)	(4,571,472)
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(178,598)	(1,371,441)
Add/(less) the tax effect of:		
- Differences in tax rate for US controlled entities	(47,536)	(111,903)
- Other allowable / (non allowable) items	(368,839)	498,625
- Tax portion of share issue costs	59,680	185,135
Tax effect of tax losses and temporary differences not brought to account as they do not meet the recognition criteria	594,973	984,719
Income tax attributable to operating loss	59,680	185,135
(c) Unused tax losses and temporary differences for which no deferred tax asset has been recognised		
- In Australia at 30%	4,745,986	4,483,763
- In USA at 35%	750,461	417,711
	5,496,447	**4,901,474**

NOTE 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 2011.

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

	2011 $	2010 $
Short term employee benefits	405,910	568,832
Share based payments	-	474,284
	405,910	1,043,116

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:

2011	BALANCE 01.07.10	OPTIONS EXERCISED	OPTIONS GRANTED	VESTED AND EXERCISABLE	OTHER CHANGES	BALANCE 30.6.11
Dr. James Edwards	1,350,000	-	-	(350,000)	-	1,000,000
Mr. Dominic Pellicano	5,000,000	-	-	-	-	5,000,000
Mr. Guy Goudy	1,000,000	-	-	-	-	1,000,000
Dr. William Mark Hart	-	-	1,000,000	-	-	1,000,000
Mr. William Kefalianos	1,000,000	-	-	-	(1,000,000)	-
Mr. Graham Seppelt	1,000,000	-	-	-	(1,000,000)	-
Mr. David Nairn	-	-	-	-		-
Mr. Kenneth Hill	900,000	-	-	-	(900,000)	-
Mr. Stan Lindsey	500,000	-	-	-	(500,000)	-
Mr. Neville Martin	350,000	-	-	-	(350,000)	-
Total*	11,100,000	-	1,000,000	(350,000)	(3,750,000)	8,000,000

2010	BALANCE 01.07.09	OPTIONS EXERCISED	OPTIONS GRANTED	VESTED AND EXERCISABLE	OTHER CHANGES	BALANCE 30.6.10
Mr. David Schuette	2,000,000	-	-	(2,000,000)	-	-
Mr. David Schuette	6,300,000	-	-	(6,300,000)	-	-
Mr. David Schuette	6,300,000	-	-	(6,300,000)	-	-
Dr. James Edwards	350,000	-	1,000,000	-	1,350,000	1,350,000
Mr. Kenneth Hill**	1,000,000	(100,000)	-	-	900,000	900,000
Mr. Stan Lindsey	500,000	-	-	-	500,000	500,000
Mr. Neville Martin	350,000	-	-	-	350,000	350,000
Mr. Dominic Pellicano	-	-	5,000,000	-	5,000,000	5,000,000
Mr. Guy Goudy	-	-	1,000,000	-	1,000,000	1,000,000
Mr. William Kefalianos	-	-	1,000,000	-	1,000,000	1,000,000
Mr. Graham Seppelt	-	-	1,000,000	-	1,000,000	1,000,000
Total*	16,800,000	(100,000)	9,000,000	(14,600,000)	11,100,000	11,100,000

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:

2011	NOTE	BALANCE 30.6.10	NET CHANGE OTHER*	BALANCE 30.6.11
Mr. Dominic Pellicano		5,737,198	-	5,737,198
Dr. James Edwards		1,000,000	-	1,000,000
Mr. Guy Goudy		1,000,000	-	1,000,000
Dr. William Mark Hart		-	1,000,000	1,000,000
Mr. William Kefalianos		1,200,000	(1,200,000)	-
Mr. Graham Seppelt		1,000,000	(1,000,000)	-
Mr. David Nairn		-	-	-
Total*		9,937,198	(1,200,000)	8,737,198

2010	NOTE	BALANCE 30.6.09	NET CHANGE OTHER*	BALANCE 30.6.10
Dominic Pellicano		737,198	5,000,000	5,737,198
David Max Schuette		7,900,000	(7,900,000)	-
Kenneth Hill		-	-	-
James Edwards		-	1,000,000	1,000,000
Guy Goudy		-	1,000,000	1,000,000
William Kefalianos		-	1,200,000	1,200,000
Graham Seppelt		-	1,000,000	1,000,000
Total*		8,637,198	1,300,000	9,937,198

* Net Change other refers to shares issued as promoter and founder shares or purchased or sold during the financial year, or as a result of director resignation during the year.

NOTE 7: AUDITORS' REMUNERATION

	2011 $	2010 $
Remuneration of auditor of the parent entity for:		
- auditing or reviewing the financial report	30,000	26,500
- taxation services	4,835	24,310
	34,835	**50,810**

NOTE 8: EARNINGS PER SHARE

	2011 $	2010 $
Net loss attributed to ordinary equity holders	(655,008)	(4,756,607)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	313,371,520	230,776,504
Basic Earnings per share	($0.0021)	($0.0206)

		CONSOLIDATED GROUP	
		2011 $	2010 $

NOTE 9: CASH AND CASH EQUIVALENTS

Cash at bank and in hand		9,663,369	3,549,437
Term deposits		50,000	50,000
		9,713,369	**3,599,437**

The effective interest rate on cash at bank was 2.49% pa (2010; 2.49% pa.) This amount is at call.

NOTE 10: TRADE AND OTHER RECEIVABLES

Current			
Trade receivables*		172,002	65,224
GST Receivable		61,903	28,625
		233,905	**93,849**

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

NOTE 11: OTHER CURRENT ASSETS

Prepayments	5	25,926	25,121

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED GROUP	
	2011	2010
	$	$
Plant and equipment:		
- At cost	470	158,264
- Less: Accumulated depreciation	(8)	(130,785)
	462	27,479
Movement in Property, Plant and Equipment at Cost		
Plant and equipment:		
- At cost	158,264	158,264
- Add: Additions	470	-
- Less: Assets written off during the period	(158,264)	-
	470	158,264
Movement in Property, Plant and Equipment Accumulated Depreciation		
Plant and equipment:		
- Opening: Accumulated Depreciation	(130,785)	(52,417)
- Add: Depreciation	(23,597)	(78,368)
- Less: Assets written off during the period	154,374	-
	(8)	(130,785)

NOTE 13: INTERESTS IN JOINT VENTURES

Following shareholder approval on 17 June 2011, the Kentucky Exploration LLC was formed. This JV was established to reorganise the drilling advance owed to Newtak and in consideration for this the Park City and Sebree assets were transferred from the Group to the Kentucky Exploration LLC Joint Venture. 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 activities 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. The aggregate amounts relating to Kentucky Exploration LLC are as follows:

	2011	2010
	$	$
Current assets	825,650	-
Non-current assets	1,297,450	-
Total assets	2,123,100	-
Current liabilities	-	-
Non- Current liabilities	-	-
Total liabilities	-	-
Net Assets	2,123,100	-
Income	-	-
Expenses	-	-

NOTE 14: DEVELOPMENT AND PRODUCING ASSETS

	2011 $	2010 $
Development assets at cost	1,769,005	1,846,434
Accumulated amortisation	(296,028)	(36,509)
	1,472,977	**1,809,925**

Movement in Carrying Amounts: Movement in the carrying amounts for development expenditure capitalised

Balance at beginning of year	1,809,925	-
Additions	529,889	1,848,151
Exchange rate difference	(353,160)	(1,717)
Disposals	(236,143)	-
Amortisation expense	(277,534)	(36,509)
	1,472,977	**1,809,925**

NOTE 15: EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation assets at cost	3,685,263	4,839,518
Provision for impairment	(1,146,031)	(1,187,796)
	2,539,232	**3,651,722**

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

Balance at beginning of year	3,651,722	4,574,682
Additions	2,470,806	472,968
Exchange rate difference	(701,501)	(208,132)
Disposals	(2,881,795)	-
Impairment expense	-	(1,187,796)
	2,539,232	**3,651,722**

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 2010 financial year, the total impairment loss recognised is $1,187,796.

During the current financial year, no impairment loss was recognised.

NOTE 16: TRADE AND OTHER PAYABLES

	2011 $	2010 $
Unsecured:		
- Trade payables	2,248,820	469,470
- Other payables*	9,582,919	-
11,831,739	**469,470**	

*As a result of the issue of shares subsequent to year end, the liability of $7,931,619 has been extinguished.

NOTE 17: BORROWINGS (UNSECURED)

- Current Portion of Drilling Advance Repayable	-	3,971,484
- Non-current portion of drilling advance due	-	993,934
	-	**4,965,418**

NOTE 18: ISSUED CAPITAL

	CONSOLIDATED GROUP	
	2011 $	2010 $
362,543,668 (2010: 295,051,781) fully paid ordinary shares		
a. **Ordinary shares**		
At the beginning of reporting period	21,897,359	13,993,049
Shares issued during the year		
- Placement 14 July 2009	-	640,000
- Placement 12 October 2009	-	95,000
- Issue 8 October 2009	-	7,151,293
- Issue 22 December 2009	-	450,000
- Issued 19 November 2010	30,000	-
- Issued 25 January 2011	1,197,000	-
- Issued 21 June 2011	932,047	-
24,056,406	22,329,342	
- Less: Cost of capital raising	(117,512)	(431,983)
	23,938,894	**21,897,359**

NOTE 18: ISSUED CAPITAL (continued)

	2011 Number	2010 Number
At the beginning of reporting period	295,051,718	125,125,859
Shares issued during the year		
- Share Purchase Plan	-	-
- Placement 14 July 2009	-	16,000,000
- Placement 12 October 2009	-	1,900,000
- Issue 8 October 2009	-	143,025,859
- Issue 22 December 2009	-	9,000,000
- Issued 19 November 2010	1,000,000	-
- Issued 25 January 2011	39,900,000	-
- Issued 21 June 2011	26,591,950	-
At the end of the reporting period	**362,543,668**	**295,051,718**

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

b. Options

	Class	2011 Number	2010 Number
At the beginning of the reporting period		187,487,930	32,100,000
Options issued during the year			
- Listed Options 8 October 2009	Listed	-	71,387,930
- Issued to key personnel 22 Dec 2009	G	-	9,000,000
- Listed Options 29 January 2010	Listed	-	75,000,000
- Unlisted Options 19 November 2010	G	1,000,000	-
- Unlisted Options 3 March 2011	H	1,200,000	-
At the end of the reporting period		**189,687,930**	**187,487,930**

Class G	These options have an exercise price of $0.10 per share;
Class H	These options have an exercise price of $0.10 per share;
Listed	These options have an exercise price of $0.10 per share;

NOTE 18: ISSUED CAPITAL (continued)

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.

	2011 $	2010 $
Total Borrowings	-	4,965,418
Less: Cash and cash equivalents	-	(3,599,437)
Net Debt	**-**	**1,365,981**
Total Equity	4,941,980	3,805,022
Total Capital	23,938,894	21,897,359
Gearing Ratio	**-%**	**35.89%**

NOTE 19: RESERVES

- Share Option Premium Reserve	150,000	150,000
- Share Option Reserve	113,271	91,532
- Foreign Currency Reserve	(515,278)	(79,223)
	(252,007)	**162,309**

NOTE 20: 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 2011 $	USA 2011 $	TOTAL 2011 $
Total segment revenue	66,147	1,305,890	1,372,037
Segment net loss before tax	(920,589)	325,261	(595,328)

	AUSTRALIA 2010 $	USA 2010 $	TOTAL 2010 $
Total segment revenue	355,788	105,597	461,385
Segment net loss before tax	(2,120,175)	(2,451,297)	(4,571,472)

(ii) Segment assets

	AUSTRALIA 2011 $	USA 2011 $	TOTAL 2011 $
Segment assets	16,494,924	11,662,159	28,157,083
Inter-segment elimination	(11,548,111)	-	(11,548,111)
	4,946,813	11,662,159	16,608,972
Additions to non-current segment assets in the period:			
- capital expenditure	-	-	-
- exploration expenditure	340,000	2,130,806	2,470,806
- development and producing assets	-	529,889	529,889
	340,000	2,660,695	3,000,695

NOTE 20: SEGMENT REPORTING (continued)

(ii) Segment assets (continued)

	AUSTRALIA 2010 $	USA 2010 $	TOTAL 2010 $
Segment assets	7,044,554	5,782,847	12,827,401
Inter-segment elimination	(3,587,491)	-	(3,587,491)
	3,457,063	5,782,847	9,239,910
Segment asset increase for period:			
- capital expenditure	-	-	-
- exploration expenditure	-	2,321,119	2,321,119
	-	2,321,119	2,321,119

(iii) Segment liabilities

	AUSTRALIA 2011 $	USA 2011 $	TOTAL 2011 $
Segment liabilities	8,572,832	14,807,068	23,379,900
Inter-segment elimination	-	(11,548,111)	(11,548,111)
	8,572,832	3,258,957	11,831,789

	AUSTRALIA 2010 $	USA 2010 $	TOTAL 2010 $
Segment liabilities	155,469	8,866,910	9,022,379
Inter-segment elimination	-	(3,587,491)	(3,587,491)
	155,469	5,279,419	5,434,888

NOTE 21: FINANCIAL ASSETS

	2011 $	2010 $
NON CURRENT		
Deposits	-	32,377
	-	32,377

NOTE 22: CONTROLLED ENTITIES

a. Controlled Entities

	COUNTRY OF INCORPORATION	EQUITY HOLDING 2011	2010
Parent Entity:			
Austin Exploration Limited	Australia		
Subsidiaries of Austin Exploration Limited:			
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 100% - Revenue Interest 100%
Partners / Operators	Adelaide Energy Limited earns a 50% NRI after the initial well
Objective / Focus	High Grade drilling targets validated by 2D seismic
Independent Evaluations	Mulready Consulting Services Pty Ltd
Current Status	Drill Ready. Waiting on rig. Waiting for flooding caused by recent rain in Cooper to subside. Site not accessible
Next Steps	Drilling operations to commence subject to weather conditions and site access

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

NOTE 22: CONTROLLED ENTITIES (continued)

b. Joint Venture interests (continued)

UNITED STATES

Prospect Name	Armstrong	North Carrizo	Birch Eagle Ford Project	Niobrara Shale Project
Well Name(s)	Ellislie Plantation #1	Yolanda Villarreal No. 1-H	Birch Eagle Ford Prospect	Pathfinder Project
Location	Adam County, Mississippi USA	Dimmitt County, Texas USA	Burleson County, Texas, USA	DJ Basin – Freemont County, Colorado, USA
Ownership Interest	Working Interest 50% Revenue Interest 37.5%	Working Interest BCP = 45% ACP=36% NRI= 27.36%	Working Interest 93.5% Net Revenue Interest 71.125%	Working Interest 85% Net Revenue Interest 65%
Partners / Operators	Aldridge Operating Company - Dow Tate Energy LLC	Alamo Operating Company	H.H. Howell Inc Alamo Operating Co.	Thomasson Petroleum E&P LLC
Objective / Focus	Re-entry of once uncommercial Well targeting Wilcox formation	Oil Dual Lateral Austin- Chalk	Taylor – Gas Austin Chalk – Gas/Oil Eagle Ford – Gas/Oil Buda – Gas/Oil Georgetown – Gas/Oil	Horizontal drilling and multi-stage fracturing the Niobrara Formation
Independent Evaluations	BARRY L. WHELAN, P.Geo., F.G.A.C. Vancouver, B.C. V6C 1G8	Ameritex, San Antonio Texas	- CNI 51:101 Richard Braun Mike Mitchell	Mike Mitchell, Mitchell Geological Associates
Current Status	In production - On pump	In production – On pump	Three vertical well programme to test the Eagle Ford Shale Formation to being in late September 2011 to early October	Continuous . Horizontal drilling programme to commence 1st quarter 2012.
Next Steps	Monitor daily production	Monitor daily production	Monitor production – analyze data for future laterals	Monitor daily production

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

NOTE 23: LEASE COMMITMENTS

The company leases its office space and certain equipment under non-cancellable operating leases which require regular monthly payments with varying terms ranging from 1-5 years.

Future minimum lease commitments under non-cancellable leases at 30 June 2011 are as follows:

	CONSOLIDATED	
	2011 $	2010 $
- due within one year	-	19,270
- due within 1-5 years	-	761
	-	**20,031**

NOTE 24: CASH FLOW INFORMATION

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

	2011 $	2010 $
Loss from ordinary activities after income tax	(655,008)	(4,756,607)
Non-cash flows in loss from ordinary activities		
Share based payments	12,980	474,268
Income tax expenses	59,680	185,153
Unrealised foreign exchange gain (loss)	12,413	(5,148)
Depreciation expense	23,597	41,859
Amortisation	328,214	36,509
Finance Charges	178,200	1,026,247
Forgiveness of Debt	(2,189,228)	-
Loss on disposal of non-current assets	755,339	-
Impairment expense	-	1,187,796
Changes in assets and liabilities		
(Increase)/decrease in receivables	(106,778)	(89,113)
(Increase)/decrease in other assets	31,572	(27,960)
Increase/(decrease) in trade payables	249,537	157,625
Cash flow from operations	**(1,299,482)**	**(1,769,371)**

NOTE 25: FINANCIAL INSTRUMENTS

a. Financial Risk Management Policies

The group's activities expose it to a variety of financial risks: market risk (including interest rate risk, credit 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:

	2011 $	2010 $
Financial Assets		
Cash and cash equivalents	9,713,369	3,599,437
Trade and other receivables	233,905	93,849
	9,947,274	**3,693,286**
Financial Liabilities		
Trade and other payables	11,831,739	469,470
Borrowings	-	4,965,418
	11,831,739	**5,434,888**

(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 Australian dollar, was as follows:

	30 June 2011 USD $	30 June 2010 USD $
Cash and cash equivalents	6,089,142	162,158
Trade Receivables	181,247	54,879
Trade Payables	3,447,761	267,623

NOTE 25: FINANCIAL INSTRUMENTS (CONTINUED)

(a) Market Risk (continued)

Foreign Currency Sensitivity

Based on the financial instruments held at 30 June 2011, 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:-

	2011	2010
Change in profit		
Improvement in AUD to USD by 10%	(49,560)	(19,026)
Decline in AUD to USD by 10%	49,560	19,026
Change in equity		
Improvement in AUD to USD by 10%	(49,560)	(19,026)
Decline in AUD to USD by 10%	49,560	19,026

Interest Rate Sensitivity Analysis

At 30 June 2011, 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%	45,618	5,932
Decrease in interest rate by 2%	(45,618)	(5,932)
Change in equity		
Increase in interest rate by 2%	45,618	5,932
Decrease in interest rate by 2%	(45,618)	(5,932)

(b) Credit risk

Credit risk is managed on a group basis. Credit rise 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 2011.

(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 $9,713,369 (2010 - $3,599,437) 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.

(d) Fair Value Measurements

The net fair value monetary financial assets and financial liabilities of the group approximate their fair value.

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

NOTE 26: RELATED PARTIES

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

Transactions with related parties:

i. **Directors and specified executives**

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

ii. **Transactions with Director-related Entities**

- During the year the company utilised the services of MMI Financial Partners Pty Ltd for the provision of accounting advice at commercial rates. To the reporting date the costs of these services was $55,250. Mr William Kefalianos is a director of MMI Financial Partners Pty Ltd.
- During the year the company utilised the services of GTG Consulting Services Pty Ltd for the provision of consulting services at commercial rates. To the reporting date the costs of these services was $120,000. Mr Guy Goudy is a director of GTG Consulting Services Pty Ltd.
- As at the 30 June 2011, Newtak Pty Ltd forgave the amount owed of $4,965,419, a company for which Dominic Pellicano is a director. The funds assisted in the development of the Park City Kentucky Oil and Gas sites. Total interest charged on the loan was also forgiven.
- During the year the company agreed to form the Kentucky Exploration LLC joint venture with Newtak Pty Ltd, a company for which Dominic Pellicano is a director, to operate oil and gas wells in the Park City prospect, Sebree prospect and other leasehold interests.

NOTE 27: CAPITAL COMMITMENTS RELATING TO JOINT VENTURES AND TENEMENTS

The company 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.

	2011 $	2010 $
Payables (Note)		
- due within one year	3,234,000	875,000
- due within 1 — 3 years	8,965,000	1,750,000
	12,199,000	**2,625,000**

NOTE 28: SHARE BASED PAYMENTS

The following share based payment arrangements existed at 30 June 2011.

On 11 November 2005, 5,400,000 share options were granted to directors to accept ordinary shares at an exercise price of $0.30. The options are exercisable before 30 June 2011. The options hold no voting or dividend rights. At the reporting date, all share options have now vested and no share option had been exercised.

On 11 November 2005, 12,600,000 share options were granted to promoters and seed capitalists to accept ordinary shares at an exercise price of $0.50. The options are exercisable before 30 June 2011. The options hold no voting or dividend rights. At the reporting date, all share options have now vested and no share option had been exercised.

On 11 November 2005, 5,400,000 share options were granted to promoters and seed capitalists to accept ordinary shares at an exercise price of $0.75. The options are exercisable before 30 June 2011. The options hold no voting or dividend rights. At the reporting date, all share options have now vested and no share option had been exercised.

On 28 February 2008, 1,000,000 options were granted to Mr Kenneth Hill. The options will not vest if certain conditions are not met. The options are exercisable before 28 February 2012. The options are to be expensed over the vesting period. At 30 June 2008, 666,667 options had vested to Mr Hill. At 30 June 2009 a further 208,333 options had vested. At 30 June 2011 the remaining options had vested to Mr Hill. The exercise price is $0.24. The options hold no voting or dividend rights. At the reporting date, no share option has been exercised.

On 28 January 2009, 500,000 share options were granted to Mr Stanley Lindsey to accept ordinary shares at an exercise price of $0.20. The options are exercisable before 15 October 2011. The options hold no voting or dividend rights. At the reporting date, no share option has been exercised.

NOTE 28: SHARE BASED PAYMENTS (C0NTINUED)

On 22 December 2009, 5,000,000 shares and 5,000,000 options were granted to Mr Dominic Pellicano. The shares were issued at nil value but with an imputed value of 5 Cents per share. The options were granted with an exercise price of $0.10 exercisable before 30 November 2011. The options hold no voting or dividend rights. At balance date, no share options had been exercised.

On 22 December 2009, 1,000,000 shares and 1,000,000 options were granted to Dr James Edwards. The shares were issued at nil value but with an imputed value of 5 Cents per share. The options were granted with an exercise price of $0.10 exercisable before 30 November 2011. The options hold no voting or dividend rights. At balance date, no share options had been exercised.

On 22 December 2009, 1,000,000 shares and 1,000,000 options were granted to Mr Guy Goudy. The shares were issued at nil value but with an imputed value of 5 Cents per share. The options were granted with an exercise price of $0.10 exercisable before 30 November 2011. The options hold no voting or dividend rights. At balance date, no share options had been exercised.

On 22 December 2009, 1,000,000 shares and 1,000,000 options were granted to Dr Mark Hart. The shares were issued at nil value but with an imputed value of 5 Cents per share. The options were granted with an exercise price of $0.10 exercisable before 30 November 2011. The options hold no voting or dividend rights. At balance date, no share options had been exercised.

On 22 December 2009, 1,000,000 shares and 1,000,000 options were granted to Mr William Kefalianos. The shares were issued at nil value but with an imputed value of 5 Cents per share. The options were granted with an exercise price of $0.10 exercisable before 30 November 2011. The options hold no voting or dividend rights. At balance date, no share options had been exercised.

On 19 November 2010, 1,000,000 ordinary shares and 1,000,000 options were granted to employees of the company. 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 $0.10 exercisable before 19 November 2011. The options hold no voting or dividend rights. At balance, date, no share options had been exercised.

On 3 March 2011, 1,200,000 share options were granted to employees and contractors of the company to accept ordinary shares at an exercise price of $0.10 exercisable before 23 November 2012. The options hold no voting or dividend rights. At balance date, no share options had been exercised.

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.

	2011		2010	
	Number of Options	Weight Average Exercise Price cents	Number of Options	Weight Average Exercise Price cents
Balance at beginning of year	41,100,000	45.28	32,100,000	55.17
Granted	2,200,000	10.00	9,000,000	10.00
Forfeited	-	-	-	
Outstanding at year end	43,300,000	43.49	41,100,000	45.28
Exercisable at year end	43,300,000	43.49	40,975,000	45.28

The options outstanding at 30 June 2011 had a weighted average exercise price of $0.4349 and a weighted average remaining contractual life of 1.4 years.

The weighted average fair value of options granted during the year was $0.0042.

The price was calculated by using a Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price	0.4349
Weighted average life of the options	1.40
Underlying share price	0.03
Expected share price volatility	100%
Risk free interest rate	4.88%

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 in the statement of comprehensive income is $667,264 (2009: $11,753) and relates, in full, to the equity-settled share-based payment transactions.

NOTE 29: CONTINGENT LIABILITIES

There are no contingent liabilities that exist at reporting date.

NOTE 30: EVENTS AFTER THE REPORTING PERIOD

On 6 July 2011, 228,620,092 shares at $0.035, 207,750,000 I Class Options at $0.001, 163,295,975 J Class Options at $0.001 were formally issued to subscribers under the group's capital raising placement announced to the market on 24 May 2011 to raise $7,931,619. As at 30 June 2011, monies were received by the group from subscribers of this issue and placed in Escrow until the shares were formally issued. As at 30 June 2011, the directors have recorded the funds as a current liability of the group and have also recognised the share capital raising costs as a prepaid expense until the shares were formally issued on 6 July 2011.

NOTE 31: 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.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 29 to 58 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 2011 and of the performance for the year ended on that date; and
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The directors have been given the declarations by the Chief Executive Officer and Company Secretary required by Sec 295(a) of the Corporations Act 2001.
4. The consolidated financial statements comply with International Financial Reporting Standards.

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

Mr Guy Goudy

Chief Executive Officer

Dated this 30th day of September 2011

Grant Thornton

Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTIN EXPLORATION LTD

Report on the financial report

We have audited the accompanying financial report of Austin Exploration Ltd (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of 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 of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be 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, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report 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 Ltd 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 2011 and of its performance for the year ended on that date; and

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

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

Material uncertainty regarding continuation as a going concern

Without qualifying our opinion, we draw attention to Note 31 to the financial report. These conditions, along with other matters as set forth in Note 31, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Grant Thornton

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2011. 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 Ltd for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON SOUTH AUSTRALIAN PARTNERSHIP
Chartered Accountants

P S Paterson
Partner

Adelaide, 30 September 2011

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 30 JUNE 2011

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

Shareholdings as at 26 September 2011

a. Distribution of Shareholders

CATEGORY	HOLDERS OF ORDINARY SHARES	% OF ISSUED CAPITAL	UNQUOTED OPTIONS
1 – 1000	93	0.01	-
1,001 – 5,000	200	0.10	-
5,001 – 10,000	188	0.27	-
10,001 – 100,000	901	6.48	-
100,001 – and over	733	93.14	100.00
Total number of security holders	2,115	100.00	100.00

b. Unmarketable Parcels

	MINIMUM PARCEL SIZE	NUMBER OF HOLDERS	UNITS
Ordinary Shares	$500.00 at $0.029/unit	626	4,231,227

c. Substantial shareholders

There are no substantial shareholders listed in the holding company's register as at 26 September 2011.

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 company for each Option exercised. Options are exercisable in whole or in part at various times until 30 June 2013. Any Options not exercised before expiry will lapse.

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 30 JUNE 2011

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 Stock Exchange Limited including the number and percentage held by those at 26 September 2011 are as follows:

NAME	NUMBER OF FULLY PAID ORDINARY SHARES HELD	% HELD
National Nominees Limited	25,031,500	4.23
Mr Julian Alberto Ramirez	24,822,561	4.20
Mr Leigh David Kalazich	15,100,000	2.55
Dr John Capp Pty Ltd	15,000,000	2.54
Golden State Resources Limited	14,285,714	2.42
W Kelso Pty Ltd <W Kelso Pension Fund>	10,885,000	1.84
Troca Enterprises Pty Ltd <Coulson Super Fund>	6,035,834	1.02
Minsk Pty Ltd	5,335,856	0.90
Nordwand Investments Pty Ltd <T & N Young Family>	5,088,000	0.86
Mr Dominic Pellicano	5,000,000	0.85
Sacco Developments Australia Pty Limited <The Sacco Family>	4,250,000	0.72
Mr Xuan Khoa Pham	4,165,000	0.70
Nordwand Investments Pty Ltd <Norwand Super Fund>	4,050,000	0.69
Sydney Fund Managers Limited	4,000,000	0.68
Levcon Constructions Pty Ltd <The Georgakis Family >	3,750,000	0.63
Tower Clean & Service Pty Ltd <The Gillard No 1 Super Fund>	3,618,156	0.61
Mr Egan Harvey Johnson	3,500,000	0.59
Mr Garry Widdup & Mrs Beverley Widdup <G J Widdup Super Fund>	3,087,000	0.52
Merrill Lynch (Australia) Nominees Pty Limited	3,033,580	0.51
Bond Street Custodians Limited <BSTATH – I03030>	3,000,000	0.51
TOTAL	**163,038,201**	**27.58**

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 Stock Exchange Limited including the number and percentage held by those at 26 September 2010 are as follows:

NAME	NUMBER OF UNLISTED OPTIONS HELD	% HELD
Buzz Capital Pty Ltd <The Beeleaf A/C>	33,774,511	6.53
Dr Colin Frederick Rayner	22,241,721	4.30
Mrs Graciela Alejandra Ramirez	21,900,000	4.23
Klepco Pty Ltd	21,056,035	4.07
Mr David James Young & Mrs Roberta Maria Young <The DJ Young Super Fund>	20,625,000	3.99
Benford Pty Ltd <A Pellicano Family>	15,158,154	2.93
Mr Guy Thomas Goudy	15,000,000	2.90
Mr William Mark Hart	15,000,000	2.90
Feint Holdings Pty Ltd <Hermano>	14,000,000	2.71
Mr Xuan Khoa Pham	8,700,000	1.68
Rat Consulting Pty Ltd	8,500,000	1.64
Mr Robert Anthony Healy	8,421,500	1.63
Mr Leigh David Kalazich	8,000,000	1.55
TPC Consulting Pty Ltd	8,000,000	1.55
Dr John Capp Pty Ltd	7,500,000	1.45
Mr Gary Widdup & Mrs Beverley Widdup <G J Widdup Super Fund>	6,500,000	1.26
Mr Julian Alberta Ramirez	6,150,000	1.19
Troca Enterprises Pty Ltd <Coulson Super Fund>	5,357,142	1.04
Nist Enterprises Pty Ltd	5,295,067	1.02
Dr James Michael Edwards	5,000,000	0.97
TOTAL	**256,179,130**	**49.50**

The exercise price for each class of option described in Note 18 is:

Class A	These options have an exercise price of $0.30 per share;
Class B	These options have an exercise price of $0.50 per share;
Class C	These options have an exercise price of $0.75 per share;
Class D	These options have an exercise price of $0.24 per share;
Class F	These options have an exercise price of $0.20 per share;
Class G	These options have an exercise price of $0.10 per share;
Class H	These options have an exercise price of $0.10 per share;
Listed	These options have an exercise price of $0.10 per share;
Listed “I”	These options have an exercise price of $0.055 per share;
Listed “J”	These options have an exercise price of $0.055 per share.

CORPORATE DIRECTORY

DIRECTORS

Mr Dominic Pellicano

Non-Executive Director

Mr Guy Goudy

Executive Director and Chief Executive Officer

Dr William Mark Hart

Executive Director and Chairman

Mr Nigel Hartley

Non-Executive Director

Mr Chris Hodge

Non-Executive Director

COMPANY SECRETARY

Mr David Nairn

REGISTERED OFFICE

Level 1,
160 Queen 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 1,160 Queen Street
MELBOURNE VIC 3000

Aus-Tex Exploration 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 South Australian Partnership
Chartered Accountants
Level 1, 67 Greenhill Road
WAYVILLE S.A. 5034

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 Adelaide.

ASX Codes: **Shares:** **AKK**