AUSTIN
EXPLORATION

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

Austin Board & Management Team on location at the Company's 15,282 acre Pathfinder property in Colorado
L-R Chief Geologist Mr. Onur Conger, CEO & MD Mr. Guy Goudy, Director Mr. Phil McCarthy,
Director Mr. Stuart Middleton, VP/GM Colorado Business Unit Mr Aaron Goss, Chairman Of The Board Dr. Wm. Mark Hart

Annual Report and Financial Statement for the year ended 30 June 2015

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CHAIRMAN'S & CEO'S REPORT

Dear Fellow Shareholders,

This is our first annual letter to shareholders since I resumed the position of Chairman following the decision of Richard Cottee to retire from the Board in April 2015, and we take this opportunity to thank him for his outstanding service to Austin Exploration over three years in this role.

We have also made changes at the Executive Management and Board level which have been implemented to strengthen the Company and add additional support to guide Austin through difficult times in the oil industry. The Board and I were very pleased to be able to promote Guy Goudy to the position of Managing Director and CEO in July of this year and he is doing an outstanding job.

I have been working closely with Guy for almost five years and have watched him develop into a seasoned oil and gas Executive following his great success as our Chief Operating Officer. His hands-on leadership has been integral to the Company's growth.

Austin has had a plan for succession in place for some years and we felt that it was right time to make this transition to ensure the Company's continued growth and development.

We were very pleased to attract the talents and expertise of Phil McCarthy and Stuart Middleton to add further strength to Austin's Board of Directors. Both of these gentlemen have had distinguished careers in the Energy Business globally and their appointments add significant technical and commercial strength to Austin's Board.

There is no doubt that financial year 2015 has been a challenging one for all in the oil and gas industry in this climate of depressed oil prices. From July 2014, we have seen the price of oil fall from a high of $107 per barrel to a low of $38 per barrel in August 2015. This rapid 2.62:1 fall in the price of oil has changed the landscape of the oil and gas industry. Since October 2015, the number of active rigs drilling for oil around the globe has declined from 1870 to 855, a decline of about 42%, and more than 1.1 million oil workers have lost their jobs globally. In 2015 alone, listed oil companies in the US have cut about US$130 billion in capital expenditures.

However, we are proud that Austin Exploration is one of the few US focused oil and gas companies that is actively expanding in this climate, having had a clear focus on low cost, vertical well development at our Colorado, Kentucky and Mississippi acreages. Austin's properties cover more than 20,000 acres and lie over some of the most prolific oil and gas basins in North America. Our independent reserve studies indicate that that our in-ground oil and gas reserves and resources net to Austin total more than 45 million barrels of oil equivalent.

We have a fiercely dedicated and hardworking team of professionals who have all taken significant salary reductions and who are committed to doing whatever it takes to add further value to the Company.

Through a disciplined and sustained approach to lowering expenses and overheads during the year, on an annualized basis as of September 2015, Austin has achieved cost savings of over USD$1.6 million. This represents a 70% reduction with the Company's cost base now geared towards an oil price of circa USD$45-50 per barrel.

For the first time, Austin was able to secure a USD$1.5 million reserves based lending debt facility with ANB Bank. This low cost funding was a significant step forward for the Company and was made possible through Austin's growing production profile and high quality asset base. We are proud of our relationship with ANB and their great people and we look forward to a strong a long lasting relationship into the future.

We were very pleased to be able to announce the expansion of our world class Pathfinder oil and gas property in Colorado. We now control and operate 100% of 15,282 acres in the DJ basin which rates in the top 3 oil and gas basins in North America. The Company would like to thank the mineral owners for their partnership in this acreage. This substantial 3,722 acre acquisition was made possible as these mineral owners, who are native to the Florence area, have been impressed by the Company's development of our prior 11,560 acres, and the value that it has added. This value has been added through the Company's Safety, Environment, Community Relations culture, Engineering & Drilling and intensive Geologic and Geophysics work.

In addition to Pathfinder, Austin recently hit oil once again at its Kentucky acreage, with the Robards Lauenstein #4 well successfully drilled and completed for under $50,000, and producing oil under natural pressure. The Company also hit oil when drilling recommenced at its latest Board of Education lease in Mississippi, with this lease anticipated to soon come into production and help boost cash flows.

As previously communicated, the Board has taken the decision to continue the sale process of Austin's Texas Birch property. A tender process was conducted through Meagher Energy Advisors of Colorado and due to falling oil prices, the bids received were too low and the Company made the decision to not sell the property in a weak market. The property remains on the market and the Board will diligently review and consider any appropriate offers that are received.

In order to preserve maximum asset value and the Company's growth, we have announced a Rights Issue to existing shareholders. The majority of these funds will be allocated to further exploration and drilling in the Pierre formation in Colorado. Plans are underway to drill two Pierre wells in 2015. Our property is unique in that our acreage sits directly adjacent to the Florence oil field that has produced almost 16 million barrels of oil. We are confident of success, which if achieved will be a "game changer" for this Company and offer significant returns for our shareholders.

It remains for us to thank you, our shareholders, for your ongoing loyalty and support as we strive to maximise the value of our Company. Austin Exploration enters financial year 2016 with much discipline and focus on further success. We have a diversified, low risk portfolio of assets and a dedicated Board and Management team who remain more committed than ever to growing your Company.

Yours sincerely,

Dr Wm. Mark Hart
Chairman of the Board

Guy Goudy
Managing Director & CEO

REVIEW OF OPERATIONS AND ACTIVITIES

Austin Exploration Limited ("Austin" or "the Company") (ASX:AKK) is an oil and gas explorer and producer with working interests and net revenue interests in four proven US oil and gas provinces, being Colorado, Kentucky Mississippi and Texas. Austin is the operator of its Colorado and Kentucky projects.

Austin maintains, and is proud of, its outstanding safety and environmental record, with no lost time accidents or environmental incidents ever.

The focus for the Company has been to realign its development and growth strategy in line with the current low global oil price environment. The Company is focusing on low cost development to drive its growth and cash flows.

Austin is fortunate to have a diversified asset base that affords lower cost, yet highly economical exploration targets in Colorado, Kentucky and Mississippi. These shallower formations do not require expensive long horizontal drilling or fraccing.

Map Showing Austin's North American Oil and Gas assets

BUSINESS UNIT REPORTS

COLORADO BUSINESS UNIT

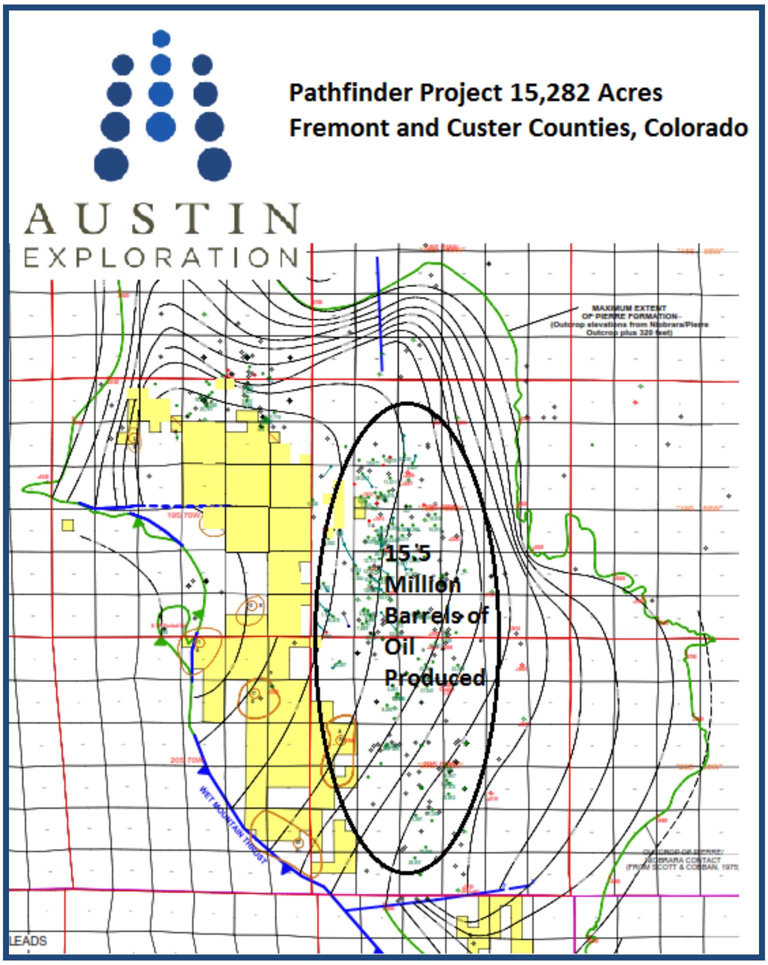
VP & General Manager:
Mr. Aaron Goss
Austin is the Operator

- Pathfinder Project, Fremont County, Colorado
- 100% Working Interest in 15,282 acre property in the DJ Basin

- Primary hydrocarbon targets: Niobrara Shale & Pierre Shale
- Secondary Targets: Codell, Greenhorn, Grenaros, and Dakota
- Two Pierre wells scheduled to be drilled prior to the end of Calendar year 2015
- First Company to successfully drill and complete a Niobrara Horizontal in Freemont County with 403 BOEPD IP in 2012

Colorado Business Unit Highlights:

- Significant 3,722 acre expansion of DJ Basin Pathfinder project in Colorado completed
- Drilling successfully reached target depth on the C18#4 Exploration well and intersected natural gas hydrocarbons and further de-risked the Pathfinder development program
- All drilling and lease commitments for full acreage retention have been met
- State-of-the-art "zig-zag" high definition 3D seismic program was successfully completed which has identified several high grade exploration targets and further de-risked Austin's property
- Austin's property neighbor's the Florence oil field which has produced approx. 16 million barrels of oil from the Pierre formation
- Pierre wells remain highly economic in the current low oil price environment
- The Pierre formation is a naturally fractured shale that is found at shallow depths of approximately 4000ft – wells are drilled into the formation and do not require hydraulic fracturing, therefore the cost to drill and complete them is generally less than $1 million per well.



The above map illustrates Austin's 15,282 acre property highlighted in yellow. The Pathfinder property sits directly adjacent to approx. 16 million barrels of oil that has been produced in Fremont County from the Pierre formation. Austin's acreage was previously held by coal and gold mining Companies and Austin believes its oil and gas reserves remain in virgin territory.

EASTERN BUSINESS UNIT (KENTUCKY & MISSISSIPPI

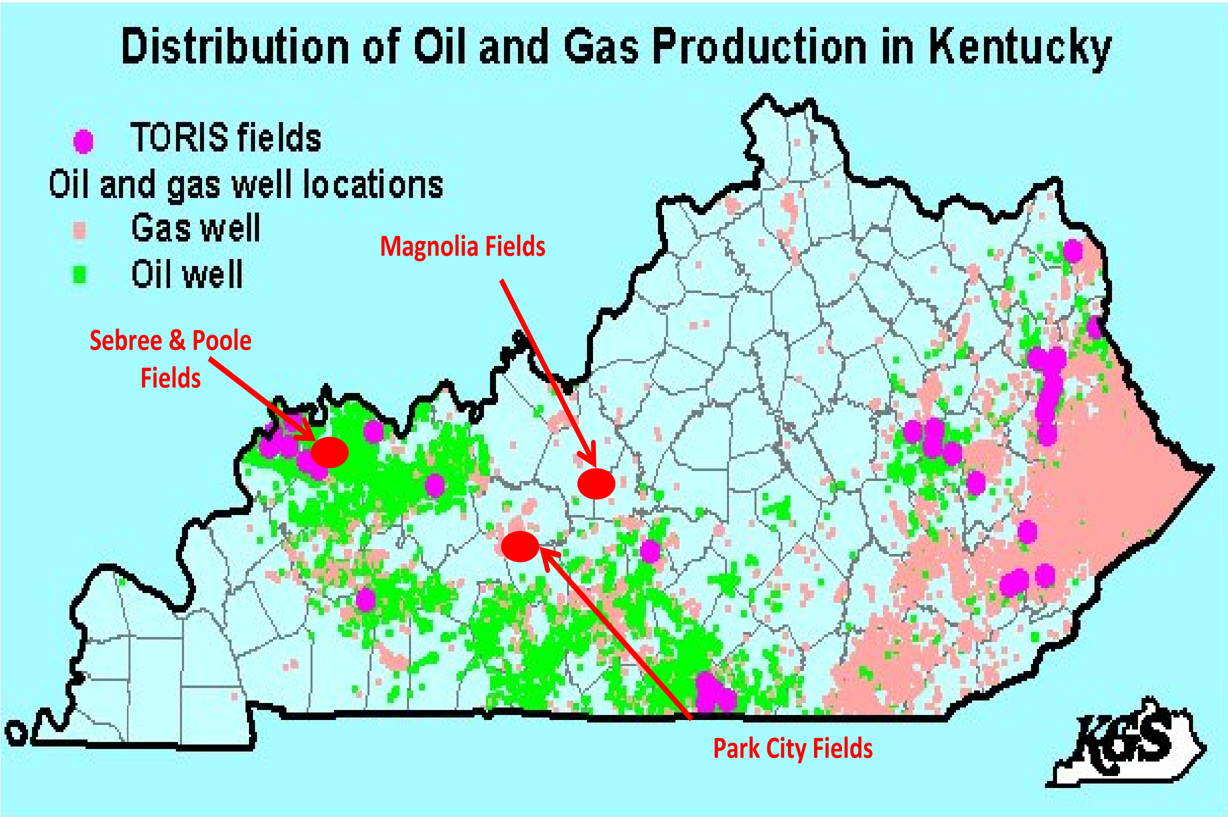
VP & General Manager
Mr. Timothy B. Hart
Austin is the Operator

- Kentucky Exploration LLC. Approx. 4000 acre 50/50 Joint Venture with private Australian Investment Company
- Primary Hydrocarbon targets: Jackson Formation, Cyprus Formation, and McCloskey Formation
- Secondary Targets: Palestine, McCloskey, Fort Payne, New Albany Shale, Hardensburg
- Continual engineering program underway designed to maximise production and operating efficiencies
- The Company's low cost, high impact drilling program in Kentucky provides an excellent source cash flow while minimizing the costs of all of Austin's operations
- Leases with high operational expenses and high water haulage, electricity and chemical programs have been put on idle until the price of oil recovers
- Low cost, shallow, high impact drilling program in Kentucky provides an excellent source of low risk and long life production, and cash flow, for the Company
- Mississippi project: Adams County, Mississippi
- Mississippi primary hydrocarbon targets: Wilcox Formation (Conventional)
- Austin has a 100% success rate in Mississippi with all five wells drilled intersecting oil. Four of these wells are now in production with a fifth expected to go in to production in November 2015
- Drilling on the Board Of Education lease in Mississippi intersected crude oil
- Electronic logs and side wall core analysis have been run on the Artman & Pearline Oil Sands which indicates two zones totaling 28 feet of pay and oil saturated sands
- Preparations to put the well into production are underway
- The Company is waiting on state production permits and expects the well to go in to production in November

Well Name	IP	Depth	Formation
Ellislie No. 1	82 BOPD	6,445' – 6,450' TVD: 6,585'	Armstrong Sands
Armstrong No. 1A	135 BOPD	6,445' – 6,450' TVD: 6,650'	Baker Sands
Bourke No. 4 (MS #3)	248 BOPD	6,108' – 6,111' TVD: 6,410'	Parker Sands
Bourke No. 5 (MS #4)	15 BOPD	6,500'	Parker & Campbell Sands

<u>Kentucky Business Unit highlights:</u>

- Achieved a record production day rate of 50 BO in July in Kentucky
- Robards Lauenstein #4 well successfully drilled and producing oil under natural pressure
- Well was drilled and in put in to production for less than US$50k
- Drilled internally by Austin's team with no contractors saving significant costs
- Well expected to produce oil profitably for 20+ years



The map illustrates Austin Exploration's Leases in Kentucky. Kentucky Exploration LLC (Austin Exploration's wholly owned subsidiary) is operating approximately 4000 acres in Kentucky.

VP/GM of Austin's Eastern Business Unit, Mr Tim Hart, drilling the Robards Lauenstein #4 well in Kentucky. This well was drilled internally by Austin's Management and is the lowest cost well ever drilled by the Company which was completed for under US$50K.
The well struck oil and continues to flow oil under natural pressure into the tanks

TEXAS BUSINESS UNIT

VP & General Manager:
Mr. Aaron J. Goss

- Birch Eagle Ford Project, Burleson County, Texas
- ~30% Working Interest of approximately 5000 acres in its farm-out program with Halcon Resources
- Position reduced to 4,000 gross acres due to uneconomic leasing costs
- Drilling has been idled due to low oil prices
- The Company has engaged Meagher Energy Advisors of Colorado to conduct and sales process of the property and the Board will review and consider any offers of substance and that are capable of closing on a transaction
- Yolanda Dual Austin Chalk Well. Dimmitt County, Texas
- Working Interest 36%, NRI = 27.6%
- Well drilled and completed in 2010. Initial Production rate = 300 Bopd

WORKPLACE AND ENVIRONMENTAL SAFETY

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

INDEPENDENT CONSULTANT'S ANALYSIS

The independent oil and gas reserves and resources report below was completed and updated in 2014 by Gustavson Associates Inc., a worldwide leader in independent oil and gas reserve and resource evaluations.

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

Austin Exploration's Net Contingent Resources						
Projects	Oil Resources			Solution Gas Resources		
	MMBbl (Million Barrels)			BSCF(Billion cubic feet)		
	P_{90}	P_{50}	P_{10}	P_{90}	P_{50}	P_{10}
Texas	0.780	1.606	3.250	4.470	9.209	18.590
Colorado	15.453	20.255	26.614	14.909	19.236	25.124
Kentucky	0.138	0.210	0.305	0.224	0.482	0.981
Mississippi	-	-	-	-	-	-
TOTAL –Contingent Resources	**16.371**	**22.071**	**30.169**	**19.603**	**28.927**	**44.695**

Austin Exploration's Net Reserves			
Reserve Category	Area	Net Oil Reserves (BBL)	Net Gas Reserves (Mscf)
Proved Developed Producing	Colorado-Niobrara	5,060	-
	Kentucky	38,737	-
	Mississippi	34,577	-
	Texas EF and Yolanda	191,470	116,420
Proved Developed Non-Producing	Mississippi	78,629	-
Proved Undeveloped	Texas EF	1,533,200	633,600
Probable Undeveloped	Texas EF	3,553,200	1,468,300
	Colorado-Pierre	31,100	6,700
Possible Undeveloped	Texas EF	5,271,100	2,178,300
	Colorado-Pierre	311,010	66,960
Austin Exploration's Total Net Reserves		**11,048,083**	**4,470,280**

Review of Operations

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

United States				
State in USA	Mississippi	Texas	Kentucky	Colorado
Well Name(s)	-Ellislie #1 V -Commencement # 1V -Bourke #4 V -Bourke #5 -BOE Lease - Drilling and completion activities currently underway	-Yolanda Villarreal #1 H - Krueger #1 well -Stifflemire #1H -Nemo 1H -Kaiser 2H -Redbud 1H	Multiple, shallow well program	Pathfinder C 11 – 12 #1, #1 Hz C18-#1 C18-#3 C18-#4
Location	Adam County, Mississippi USA	Burleson County, Dimmitt County, Texas USA	Henderson County, Sebree County Kentucky USA	DJ Basin – Freemont County, Colorado, USA
Ownership Interest	Working Interest 50% Revenue Interest 36% - 37.5%	-Yolanda Villarreal #1 H – 36% WI – NRI 27.6% - Krueger #1 well – 100% WI – NRI 75% -Stifflemire #1H – 30% WI – 22.5% NRI (post payback) -Nemo 1H – 6.93% WI – NRI 5.1% (post payback) Interest revised post title	Working Interest 100%. Net Revenue Interest 75% - 80%	Working Interest 100% Net Revenue Interest 75%

		review -Kaiser 2H – 30% WI – 22.5% NRI (post payback) -Redbud 1H – 20.13%WI – NRI 15.1% -Currington A1H – 6.19% WI, 4.64% NRI -Seaducer – 3.61% WI – 2.71% NRI		
Partners / Operators	Aldridge Operating Company - Dow Tate Energy LLC	Halcon Resourcees Corporation, Houston Texas PetroMax Operating Company- Garland Texas USA	KentuckyExploration, LLC- 50% JV with Private Australian Investment group	Pierre Energy Partners (JV in Pierre formation only)
Objective / Focus	Drill vertical wells Well targeting conventional Wilcox formation	Primary objective- Eagle Ford Shale. Secondary objectives Austin Chalk, Taylor Gas Sand	Jackson Formation, Cyprus Formation Secondary Targets: Palestine, McCloskey, Fort Payne, New Albany Shale, Hardensburg	Primary targets = Niobrara and Pierre Shales. Secondary targets = Grenaraos, Greenhorn, Codell, Dakota
Independent Evaluations	Gustavson Reserves Report 2012	Gustavson Associates LLC 2014 Ameritex, San Antonio Texas	- CNI 51:101 Richard Braun Mike Mitchell Gustavson Reserves Report 2012/2013	Gustavson Associates LLC 2013 & Mitchell Geological Associates 2012
Current Status	In production -4 wells On pump	7 Eagle Ford wells in production 1 Austin Chalk well in production	Oil production from multiple leases. Currently producing at 30-40 barrels/day	1 Niobrara well in production 3 Pierre exploration wells currently under evaluation with natural gas hydrocarbons present in two wells
Next Steps	Monitor daily production. Board of Education lease drilling and completion program underway. Board of Education #1 well has intersected hydrocarbons and the operator is preparing to complete a salt water disposal well to economically dispose produced water from the well	Monitor daily production. Austin's Texas partners have indicated that drilling is not expected to recommence until the price of oil recovers to $60+/barrel	Continue to build production from drilling low cost wells	Continue on-going field development and de-risking program of Niobrara and Pierre targets. Two Pierre wells to be drilled this year and planning continues to install a North-South pipeline

The Group has accumulated acreage in a number of oil and gas projects comprising mineral leases in the USA. The mineral leases that have producing wells drilled on them during the primary lease term will be held as producing leases. Mineral leases that are drilled and produce a dry hole, or not drilled at all, will expire at the end of the primary term unless re-leased for a further term. The exploration of the leases is managed by operators who make cash calls, hire contractors and pay all accounts. The Company decided to not renew approximately 1,000 gross acres/300 net acres in Texas as capital is being deployed towards cash flow generating projects. And at the current oil price, there is no sign that drilling will commence in Texas in the near future.

2016 Remuneration

As part of the ongoing austerity measures, the following reduced annual compensation, excluding performance based remuneration, has been implemented by the Company.

Directors and KMP	**2016 $**
Dr. William Mark Hart, Non-Executive Director and Chairman of the Board	$24,000 USD
Mr. Guy Goudy, Executive Director and CEO (CEO effective 1 July 2015)	$164,000 USD
Mr. Dominic Pellicano	$24,000 AUD
Mr. Stuart Middleton, Non-Executive Director	$24,000 AUD
Mr. Phillip McCarthy, Non-Executive Director	$24,000 AUD
Mr. Lonny Haugen, CFO	$42,000 USD
Mr. Robert Lees, Corporate Secretary	$36,000 AUD

CORPORATE GOVERNANCE STATEMENT

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

The Board of Austin has considered the 3rd Edition of the Corporate Governance Principles and Recommendations as published by the ASX Corporate Governance Council (ASXCGC) on 27 March 2014. ASX Listing Rule 4.10.3 requires the Group to disclose the extent to which it follows or diverges from these best practice recommendations in its Annual Report.

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

The Role of the Board and Management

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

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

Management is responsible for implementing the strategic and management plan and operating within the risk appetite set by the board and for all other aspects of the day to day running of the company. Management is also responsible for providing the board with accurate, timely and clear information to enable the board to perform its duties. Full details of the matters reserved to the board and to senior management are available on the Group's web site at www.austinexploration.com.au.

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

The Board is responsible for:

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

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

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

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

Directors in Office

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

Name	Position	Independent	Service
Dr. William Mark Hart	Chief Executive Officer and Chairman of the Board (both roles only held during management transition from 21 April 2015 to 30 June 2015)	No	5
Mr. Guy Goudy	Executive Director and Chief Operating Officer	No	6
Mr. Dominic Pellicano	Non-Executive Director	No	7
Mr. Stuart Middleton	Non-Executive Director	Yes	1
Mr. Phillip McCarthy	Non-Executive Director	Yes	1

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

Director Independence

Dominic Pellicano, Guy Goudy and Mark Hart are not considered independent.

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

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

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

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

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

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

Chairman

Dr. Mark Hart, the Chairman, is not considered independent by the board under the guidelines as set out above.

The roles of Chairman and Chief Executive Officer are not exercised by the same individual except during the management transition period between Mr Richard Cottee's resignation on 21 April 2015 and Mr Guy Goudy's designation as Chief Executive Officer 1 July 2015.

Appointment to the Board

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

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

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

Company Secretary

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

Evaluation of Senior Executives

Senior executives, including the Chief Executive Officer, have a formal job description and letter of appointment describing their term of office, duties, rights, responsibilities and entitlements upon termination. There are no retirement schemes or retirement benefits other than statutory benefits for non-executive directors.

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

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

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

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

Ethical Business Practices

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

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

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

Shareholding and Trading

The Board encourages directors and senior executives to own shares in the Group to further link their interests with the interests of all shareholders. Trading of shares by directors or senior executives is prohibited under certain circumstances and as described in the ASX Listing Rules and during certain periods of the financial year. A director or senior executive must not deal in the Group shares at any time when he or she has unpublished information which, if generally available, might affect the share price. Directors are required to notify the Chairman and the Company Secretary prior to any dealing. Key Management Personnel (KMP) and their closely related parties of the Group are prohibited from hedging their exposure to incentive remuneration for arrangements entered into on or after 1 July 2011.

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

Insurance

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

Safeguard Integrity

The Board has established an Audit Committee comprising of two Board members. This committee operates under a charter to enable it to perform its role and responsibilities. The Charter is available at the Group's web site at www.austinexploration.com.au.

Where considered appropriate, the Group's external auditors and the Group's management are invited to attend meetings. The current members of the Audit Committee are:

Chair: Mr. Dominic Pellicano
Members: Mr. Phillip McCarthy and Dr Mark Hart.

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

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

- Adequacy of the company's financial reporting process;

- Whether the financial statements provide a true and fair view of the financial position and performance of the Group;
- Compliance with laws and regulations in respect to financial reporting;
- Provision of effective and efficient audits;
- Meeting with external auditors on a twice-yearly basis and informally as circumstances require; and
- Recommending to the Board the appointment, rotation, removal and remuneration of the external auditors, and review their terms of engagement, and the scope and quality of the audit.

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

The Committee would also receive from the Chief Executive Officer, Chief Financial Officer and the Company Secretary a signed statement that in their opinion the Financial Statements and notes to the Accounts within the Annual Report are in accordance with the Corporations Act 2001, comply with the Accounting Standards and the Corporations Regulations 2001 and give a true and fair view of the financial position of the Group and are based upon a sound system of risk management and internal compliance and control. The statement is provided to the board prior to the signing of the Directors' Declaration in the Annual Report.

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

Performance of Directors

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

Independent Advice

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

Timely and Balanced Disclosure

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

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

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

Communication with Shareholders

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

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

- The Annual Report is available to all shareholders;
- The Half Yearly Report which is available on the Group's web site;
- The Annual General Meeting and other meetings called to obtain shareholder approval for board action as appropriate. Shareholders are encouraged to attend and participate at the Group's Annual General Meeting and other General Meetings;

- Letters to shareholders when considered to be appropriate and informative;
- Announcements to the Australian Securities Exchange; and
- Investor information through the Group's web page at www.austinexploration.com.au.

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

Shareholders' Role

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

All directors, other than the Guy Goudy (appointed CEO 1 July 2015), are subject to re-election by rotation, no later than every three years.

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

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

Diversity

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

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

Risk Management

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

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

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

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

Internal Risk Management System Compliance

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

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

- Fluctuations in commodity prices;
- Fluctuations in exchange rates; and
- Increasing costs of operations.

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

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

Monitoring Performance

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

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

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

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

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

The performance evaluation was undertaken using the process disclosed above.

Nomination and Remuneration

The Board Remuneration and Nomination Committee comprises:
Chair: Stuart Middleton
Members: Phillip McCarthy and Guy Goudy

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

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

The committee did not meet formally during the year.

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

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.

This Corporate Governance Statement sets out Austin Exploration Limited's current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition (**the ASX Principles and Recommendations**). The ASX Principles and Recommendations require the Company to provide a statement in its annual report disclosing the extent to which the Company has followed the ASX Principles and Recommendations.

ASX Principles and Recommendations	Comply (Yes/No)	Explanation
1. Lay solid foundations for management and oversight		
1.1. A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes	Austin's board of directors (**the Board**) is responsible for the overall corporate governance of the company, including its ethical behaviour, strategic direction, establishing goals for management and monitoring the achievement of those goals with a view to optimising Group performance and maximising shareholder value. Management is responsible for implementing the strategic and management plan and operating within the risk appetite set by the Board and for all other aspects of the day to day running of the company. Management is also responsible for providing the Board with accurate, timely and clear information to enable the Board to perform its duties. Full details of the matters reserved to the Board and to senior management are available on the Group's web site at www.austinexploration.com.
1.2. A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes	The Board undertakes appropriate background checks through ASIC and various other websites as well as reference checks and discussion with prior employers before making any appointment. A summary of the director's experience and qualifications is included in the Notice of Meeting's Explanatory Statement for each director standing for re-election.
1.3. A listed entity should have a written agreement with each director and senior executive setting out the terms	Yes	There is a letter of appointment for each director and an employment contract for each senior executive which sets out the

of their appointment.		terms of their appointment.
1.4. The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The Company Secretary is accountable to the Board and performs all the tasks related to corporate governance. All the directors are able to communicate directly with the Company Secretary.
1.5. A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	No	The Company is committed to diversity and recognises the benefits arising from employee and board diversity. A copy of the Company's diversity policy is available at the Company's website at www.austinexploration.com The Company will annually monitor the progress and effectiveness of objectives developed in the policy. Given the size and nature of the Company's workforce the Company has chosen not to implement measurable objectives on which the Company will report.
1.6. A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	The Board undertakes a self-evaluation covering the directors, the chairman and the committees once a year. The recommendations for improvement are discussed and implemented by the Board. This performance evaluation was undertaken in the current year.
1.7. A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation	Yes	The Company performs a performance evaluation of all senior management once a year and develops an annual plan for the following year as part of the process. This performance evaluation was undertaken in the current year.

was undertaken in the reporting period in accordance with that process.		
2. Structure the board to add value		
2.1 The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Yes	The Company has a Nomination and Remuneration Committee comprising Stuart Middleton, who is Chairman Phillip McCarthy and Guy Goudy. The charter of the committee is available from the Company's web site at www.austinexploration.com and it has responsibility for nominating new directors to the Board. The committee did not formally meet during this financial year.
2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	Skills matrix developed and current directors assessed themselves against the matrix. A summary of this information has been included in the Directors' Report.
2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Yes	The Company has three non-executive directors – Dominic Pellicano, Phillip McCarthy and Stuart Middleton. Phillip McCarthy and Stuart Middleton are independent as defined under the Guidelines of the ASX Corporate Governance Council but Dominic Pelicano is not considered independent because of his financial interest in Newtak Pty Ltd which has a joint venture with Ausco Petroleum Inc. (wholly owned subsidiary of Austin Exploration Limited). Their length of service is shown in the Remuneration Report contained in the Directors' Report.

2.4 A majority of the board of a listed entity should be independent directors.	No	The Company presently has five directors, two of whom are considered independent. The Board believes that it has the right numbers and skills 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.
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No	The Chairman up to his retirement on 21 April 2015 was Richard Cottee, an independent non-executive director. From then to 30 June 2015 Mark Hart, the CEO took the role of Chairman because of his knowledge and experience. From 1 July 2015 COO, Guy Goudy has taken over as CEO. Mark Hart has become a non-executive director and continued as Chairman. The Board felt that having Mark Hart as Chairman and CEO was the most appropriate option for the Company during the management transition.
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	The Company provides an induction for all new directors including a one on one sessions with members of the senior management team. Relevant courses offered by the Australian Institute of Company Directors are bought to the attention of the Board throughout the year to assist them to maintain their skills.
3 Act ethically and responsibly		
3.3 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it	Yes	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 achieve the best outcomes for shareholders. A copy of the code is available from the Company's web site – www.austinexploration.com .
4 Safeguard integrity in corporate reporting		
4.1 The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of	Yes	The Company has established an Audit Committee comprising Dominic Pellicano as Chairman, Phillip McCarthy and Mark Hart. Dominic Pellicano is not the chairman of the Company. The Charter of the Committee is available from the Company's web site –

	whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.		www.austinexploration.com . The qualifications of members of the committee together with their attendance at committee meetings, is disclosed in the Directors' Report in the Annual Report.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively	Yes	Before they approve the annual financial statements, the Board receives a declaration each year from the CEO and CFO that, in their opinion, the financial records of the Company have been properly maintained and the financial statements of the Company comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The Company's auditor attends each AGM and is available to answer questions from shareholders relevant to the audit.
5	**Make timely and balanced disclosure**		
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and	Yes	The Company has a Continuous Disclosure Policy which is available from the Company's web site – www.austinexploration.com . At each meeting of the Board, consideration is given as to whether any item covered during the meeting impacts on its continuous disclosure requirements and ensures that all material information concerning the

	(b) disclose that policy or a summary of it		Company relating to its financial position, performance, ownership and governance has been made available to all investors.

6	**Respect the rights of shareholders**		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes	The Company's web site provides all the relevant information on the Company and its operations that an investor would require. It includes all the policies adopted by the Company as well as copies of all the ASX market releases and the financial reports.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors	Yes	Investors can communicate with the Company through the web site, email or by calling the phone numbers listed on the Company's web site. The Company also distributes information which is available to investors such as the Annual Report and the announcements to the ASX. Investors are encouraged to attend the Company's Annual General Meeting where they will receive an update on the Company's operations and be able to discuss these with the Directors and Senior Management.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	All shareholders receive the Notice of Meeting and Explanatory Statement for the Company's Annual General Meeting. They are able to send in questions they would like addressed at the Meeting and also by attending the meeting will have the ability to talk to any of the resolutions and have their questions answered. They will also have the opportunity to ask questions of management once the formal part of the meeting has been completed.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	Shareholders can send communications to the Company via email and all emails will be responded to. Discussions are continuing with the Share Registry to enable the shareholders to maintain their communications with the Share Registry electronically.
7	**Recognise and manage risk**		

7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	No	The Board is responsible for the oversight and management of all material business risks. The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings. The risk profile can be expected to change and procedures adapted as the Company develops and it grows in size and complexity. The Board believes that the following operational risks are inherent in the industry in which we operate: Changed operating, market or regulatory environments; Fluctuations in demand volumes; Fluctuations in commodity prices; Fluctuations in exchange rates; and Increasing costs of operations.
7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes	Management is accountable to the CEO and through him to the Board, to ensure that operating efficiency, effectiveness of the risk management procedures, internal compliance control systems and policies and that they are all being monitored. Management have designed and implemented a risk management and internal control system to manage the Company's material business risks and reports to the Board annually on the effective management of those risks.
7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	No	Due to the size of the Company there is no internal audit function. The Board receives an annual report from Management reviewing the risk management procedures of the Company and is able to provide commentary on the report as well as identify any new risks that have emerged and not previously been recorded by the system.
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	All the Company's operating activities are conducted in America and are subject to the environmental and social sustainability risks related to operating there. The annual report from management covering risk management identifies these risks and how they are being managed and is subject to critical review by the Board.

8 Remunerate fairly and responsibly		9
8.1 The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Yes	The Company has a Nomination and Remuneration Committee comprising Stuart Middleton Chair of the Committee, Phillip McCarthy and Guy Goudy The Charter of the Committee is available from the Company's web site www.austinexploration.com . The Committee did not meet formally during the year.
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	The policies and practices regarding remuneration of non-executive directors, executive directors and senior management is set out in the Remuneration Report contained in the Directors' Report.
8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Yes	The Company requires Directors and Executives who participate in the Company's Performance Rights Plan to ensure they do not enter into any transaction which limits the economic risk of participating in the Plan.

DIRECTORS' REPORT

The Directors of Austin Exploration Limited ("Austin") present their report, together with the financial statements of the Group, being the Group and its controlled entities, for the financial year ended 30 June 2015.

Directors

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

Mr Dominic Pellicano

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

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

Other current or former listed directorships: Nil

Mr Guy Thomas Goudy

Executive Director and Chief Operating Officer (Appointed a director on 13 July 2009; became CEO effective 1 July 2015)

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

Other current or former listed directorships: Nil

Dr. William Mark Hart

Chief Executive Officer and Chairman of the Board (Appointed Chairman of the Board on 21 April 2015; relinquished CEO title on 30 June 2015 and became a non-executive director on 1 July 2015)

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

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

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

Other current or former listed directorships: Nil

Mr Richard Cottee

Non-Executive Chairman of the Board (Appointed 24 March 2012 and resigned 21 April 2015)

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

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

Mr Stuart Middleton

Non-Executive Chairman of the Board (Appointed 15 April 2015)

Mr Middleton has recently returned to Australia from a 10 year assignment in China as the Group Executive for TDS, Banpu Plc, Asian Energy Company with assignments in China, Mongolia, Indonesia, Australia and Thailand. Mr. Middleton has also worked in the USA, Indonesia and Columbia. During his time in China he was highly involved with oil and gas, in both conventional and unconventional drilling for CBM and oil/gas; he advised both government and a major Asian Energy group relating to Asian American Gas Company, extensive JV vertical and multi-lateral directional wells as well as technology transfer from oil/gas to underground degas directional drilling and degas to mitigate dangerous outburst challenges. Australian by background, Stuart has a Bachelor's degree in engineering and a Master's Commerce degree with double majors in Finance and Technology Management from The University of Sydney. He is a chartered professional engineer. Mr Middleton was the general manager of the Baal Bone operation in Lithgow, Australia and served on the Oakbridge board in Sydney and the Queensland North Goonyella Pty. Ltd board in Mackay. Mr. Middleton also has a strong background in strategic planning and financial strategy. In addition he has been engaged as a "Specialist Expert" for major companies and has prepared, or had input into, many Due Diligence and Valuation reports. A particular strength being acutely tuned to operations, technical and developing the underlying fundamental value of resources with 37 years of hands-on planning, operating / improvement and management experience.

Other current or former listed directorships: Nil.

Mr Phillip McCarthy

Non-Executive Chairman of the Board (Appointed 15 April 2015)

Mr. McCarthy has had an outstanding career in the energy business and has excellent commercial credentials. Mr. McCarthy is a professional CEO in the mining industry and completes advisory work in a variety of industrial companies. Mr McCarthy has seven years of experience as a director of ASX listed public companies and being a Fellow of AICD has provided much exposure to ASX Corporate Governance standards and USA GAAP Accounting Standards. He has been a member of three public company Audit Committees. Further, Mr. McCarthy has advised on two enterprises leading up to their successful IPO on the ASX including WDS Limited, an oil and gas services contractor and a mining exploration company. Mr. McCarthy is currently the Chairman of Mine Site Technologies Pty Ltd a privately owned global communications and digital wireless technology company specialising in the global mining sectors (2001-current) and he is also a Non-Executive Director of Custom Fluidpower Pty Ltd, an Australia-wide private company providing end to end fluid power designs, equipment, services and repairs to mining and transport (2004-current). Some of his former roles include non-executive director Mechel Mining, a large Russian Iron Ore and Coal producer; a subsidiary of Mechel OAO, a NYSE listed US$12.5b revenue company; non-executive Chairman Endocoal Limited, an ASX listed coal exploration company operating in the Bowen Basin Queensland; and the CEO & Managing Director Powercoal Pty Limited, a large underground coal mining enterprise in NSW, operating 7 mines at 10 mtpa, now Centennial Coal.

Other current or former listed directorships: Endocal Limited

Company Secretary

Mr David John Nairn (Appointed on 31 January 2011 and resigned 30 June 2015)

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

Mr Robert Edward Lees (Appointed on 30 June 2015)

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

Directors' Meetings

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

Director	Director's Meetings		Audit Committee Meetings	
	A	**B**	**A**	**B**
Dominic Pellicano	9	9	2	2
Richard Cottee	7	7	2	2
Stuart Middleton	2	2	-	-
Phillip McCarthy	2	2	-	-
Guy Goudy	9	9	-	-
William Hart	9	9	-	-

A Number of Meetings attended

B Number of Meetings held while the director was in office

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

Principal Activities

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

Financial Position

The net loss after income tax of the Consolidated Entity for the year ended 30 June 2015 was $44,230,560. (2014: $2,021,943).

Dividends Paid or Recommended

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

Review of Operations

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

a) Exploration, Development and Production

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

b) Corporate Matters

Capital Raising

- On 4 July 2014 the Company issued 171,790,241 Listed Ordinary shares at $0.01 per share, as a placement of the balance of the SPP. This was to raise funds for the drilling program and working capital.
- On 19 November 2014 the Company consolidated the shares on issue by 10 to 1. The shares on issue of 2,629,623,278 were reduced by 2,366,660,488 to 262,962,790.
- On 5 December 2014, the Company issued 64,900,000 shares to Lanstead Capital LP to raise additional working capital via an equity swap arrangement.
- On 19 January 2015 the Company issued 4,745,000 Listed Ordinary shares to Directors and management under the performance rights plan.

Changes of Officers and Directors

Mr Stuart Middleton and Mr Phillip McCarthy were appointed as non-executive Directors 15 April 2015. The Chairman Richard Cottee retired 21 April 2015. The CEO Dr Mark Hart replaced Richard Cottee as Chairman of the Board on 21 April 2015. Mr Guy Goudy became CEO effective 1 July 2015.

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 $69,015,125 (2014: $63,070,136) as a result of the following:

- Issue of 171,666,666 pre-consolidation fully paid ordinary shares at $0.01 per share to raise $1,717,902.
- Cancellation of 2,366,660,488 to consolidate by 10 to 1 the issued shares of the company.
- Issue of 64,900,000 post consolidation fully paid ordinary shares to raise $1,397,857 by way of an equity swap arrangement.
- Issue of 4,745,000 post consolidation fully paid ordinary shares to Directors and management under the performance rights plan.

Likely Developments

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

Environmental Regulations

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

Proceedings on Behalf of Group

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

Events arising since the end of the Reporting Period

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

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

REMUNERATION REPORT - AUDITED

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

Remuneration policy

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

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

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

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

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

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

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

Performance of shareholders wealth

Consequences of performance on shareholder wealth

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

	2015	2014	2013	2012	2011
EPS	($0.1464)	($0.0010)	($0.0019)	($0.0029)	($0.0021)
Net profit/loss	(44,230,560)	(2,021,943)	(2,901,950)	(2,298,119)	(655,008)
Share Price	0.02	0.0120	0.011	0.02	0.03

Remuneration Details

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

Directors	Position held at 30 June 2015 and any changes during the year	Contract Details (Duration and Termination)	Proportions of elements of remuneration not related to performance
Mr. Dominic Pellicano	Non–Executive Director	Retirement by Rotation	100%
Mr. Guy Goudy (became CEO effective 1 July 2015)	Executive Director and Chief Operating Officer	Retirement by Rotation	80%
Dr. William Mark Hart (became Chairman of Board effective 21 April 2015; resigned as CEO 1 July 2015 and became Non-Executive Director)	Chief Executive Officer and Chairman of the Board (held both roles only during management transition from 21 April 2015 to 30 June 2015)	No fixed term	80%
Mr. Richard Cottee (resigned 21 April 2015)	Non-Executive Director and Chairman of the Board	Retirement by Rotation	100%

Group Key Management Personnel	Position held at 30 June 2015 and any changes during the year	Contract Details (Duration & Termination)	Proportions of elements of remuneration not related to performance
Mr. Stuart Middleton (appointed 15 April 2015)	Non–Executive Director	Retirement by Rotation	100%
Mr. Phillip McCarthy (appointed 15 April 2015)	Non–Executive Director	Retirement by Rotation	100%
Mr. David Nairn (resigned 30 June 2015)	Company Secretary	No fixed term	100%
Mr. Robert Lees (appointed 30 June 2015)	Company Secretary	No fixed term	100%
Mr. Lonny Haugen	Chief Financial Officer	Two year contract	80%

The Group utilises the following service contracts:

- Consulting services retainer is paid to Freestone Energy Partners in relation to the services of Mr Richard Cottee. This was paid up to September 2013 and no further payments of this retainer will be paid till the Company's cash flow improves.
- Drilling services of Math Energy Drilling LLC. Mr Mark Hart is a director of Math Energy Drilling LLC.
- Rental services of Math Energy 1 LLC. Mr Mark Hart is a director of Math Energy 1 LLC.
- Accounting and taxation services of HLB Mann Judd. Mr David Nairn is a Partner at HLB Mann Judd to 30 June 2015.
- Accounting and taxation services of CFO Today. Mr Lonny Haugen is an owner of CFO Today.

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

* Accrual for 2015 Performance Rights

2014	Short-term benefits: Salary and Fees Paid	Short-term benefits: Non–Monetary Benefits	Post employment: Super-annuation Contributions	Equity-settled share-based payments: Performance Rights Accrued	Equity-settled share-based payments: Options	Equity-settled share-based payments: Shares	Total	% of Performance Based
	$	$	$	$	$	$	$	
Directors								
Mr. Dominic Pellicano	42,500	-	3,931	40,000	-	-	86,431	46%
Mr. Guy Goudy	348,938	-	6,706	80,000	-	-	435,644	18%
Mr. Richard Cottee[1]	143,526	-	7,400	-	-	-	150,926	-%
Dr. William Mark Hart	371,581	-	-	80,000	-	-	451,581	18%
Key Management Personnel								
Mr. David Nairn[4]	39,950	-	-	-	-	-	39,950	-%
Mr. Lonny Haugen[5]	202,653	-	-	-	-	10,000	212,653	-%
	1,149,148	**-**	**18,037**	****200,000**	**-**	**10,000**	**1,377,185**	

**Accrual for 2014 Performance Rights

[1] $0 (2014: $30,002) was paid as a consulting fee to Freestone Energy Partners who employ Mr Richard Cottee. Resigned 21 April 2015.
[2] $5,000 (2014: $nil). Appointed as a Director 15 April 2015.
[3] $5,000 (2014: $nil). Appointed as a Director 15 April 2015.
[4] HLB Mann Judd has received $79,880 (2014: $39,950) in respect of Mr David Nairn's secretarial fees.
[5] CFO Colorado has received $30,072 (2014: $8,116) in respect of their Accounting & Tax Services.

Share-based Compensation

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

Shares Provided on Exercise of Remuneration Options

No options were exercised during the year ended 30 June 2015.

Directors Interests in Shares and Options

KMP Shareholdings

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

Post Consolidation Shareholdings

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

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

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

Pre-Consolidation Shareholdings

2014	Balance 30.6.2013	Share Consolidation	Granted	Purchased	Vested	Other Changes	Balance 30.6.2014
Mr. Dominic Pellicano	10,446,966	-	-	3,000,000	-	-	13,446,966
Mr. Guy Goudy	7,950,000	-	-	1,000,000	-	-	8,950,000
Dr. William Mark Hart	5,748,138	-	-	1,505,000	-	-	7,253,138
Mr. Richard Cottee	10,974,138	-	-	1,700,000	-	-	12,674,138
Mr. Lonny Haugen	525,000	-	-	1,000,000	-	-	1,525,000
Mr. David Nairn	-	-	-	-	-	-	-
Total	36,644,242	-	-	8,205,000	-	-	43,849,242

* Resigned on 21 April 2015

KMP Options Holdings

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

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

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

2014	Balance 01.07.2013	Options Exercised	Options Granted	Options Purchased	Expired	Other Changes	Balance 30.6.2014
Mr. Dominic Pellicano	15,500,000	-	-	-	(15,500,000)	-	-
Mr. Guy Goudy	25,862,500	-	-	-	(25,862,500)	-	-
Dr. William Mark Hart	25,362,069	-	-	-	(25,362,069)	-	-
Mr. Richard Cottee	15,862,069	-	-	-	(15,862,069)	-	-
Mr. Lonny Haugen	500,000	-	-	-	(500,000)	-	-
Mr. David Nairn	-	-	-	-	-	-	-
Total	83,086,638	-	-	-	(83,086,638)	-	-

All options are vested and exercisable on issue date.

* Resigned on 21 April 2015

Information on directors' interest in shares and options as at 10 September 2015 is set out in the following table:

Directors	Ordinary Shares Held	Options Held	Performance Rights
	10 September 2015	10 September 2015	10 September 2015
Mr. Dominic Pellicano	1,844,697	Nil	225,000
Mr. Guy Goudy	2,120,000	Nil	450,000
Dr. William Mark Hart	1,944,009	Nil	450,000
Mr. Stuart Middleton	Nil	Nil	Nil
Mr. Phillip McCarthy	40,000	Nil	Nil
Secretary			
Mr. Robert Lees	Nil	Nil	Nil

Performance Rights Plan

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

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

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

2014	Balance 01.07.2013	Performance Rights Accrued	Issued	Balance 30.6.2014
Mr. Dominic Pellicano	-	4,000,000	-	4,000,000
Mr. Guy Goudy	-	8,000,000	-	8,000,000
Dr. William Mark Hart	-	8,000,000	-	8,000,000
Mr. Richard Cottee	-	-	-	-
Mr. Lonny Haugen	-	-	-	-
Mr. David Nairn	-	-	-	-
Total	-	20,000,000	-	20,000,000

Please note that the Company's Performance Rights Plan ("Plan") was approved by shareholders at the General Meeting held on 28 November 2012. The Plan enables the Company to grant entitlements to shares ("Performance Rights") and issue shares on conversion of Performance Rights, without impacting on the Company's ability to issue up to 15% of its total ordinary securities without shareholder approval in any 3 year period. The Company granted Performance Rights to the Directors of the Company in 2014. Based on the details contained in the Notice released to the market on 24th February 2014 performance rights were established for three of the Directors. The company is required to accrue for these performance rights during the year despite the rights requiring Shareholder approval. The 2014 accrual was based on the likelihood of achieving target 1, 3 and 4 in the notice and has been calculated at the then current share price. The 2014 performance rights reserve was eliminated in 2015 when shares were issued. The value of the shares issued was $500,000. An additional accrual was recorded in 2015 based on the likelihood of achieving targets 3 and 4 and has been calculated at the then current share price.

2015 Targets

1. Class 1 Performance Rights – will vest if the volume weighted average price of the Company's shares as traded on ASX over 10 consecutive trading days in the 2015 calendar is equal to or greater than AUD $0.04 per share (being double of the 2014 Share price KPI)
2. Class 2 Performance Rights – will vest if the Company's wholly owned subsidiary, AusCo Petroleum ("US Subsidiary"), sustains total production of 4000 BOEPD for at least 30 consecutive days in 2015 (being double the total well production as of 1 September 2014)
3. Class 3 Performance Rights - will vest if, for the period from 1 January 2015 to 31 December 2015, the US Subsidiary has no lost time SAFETY accidents.
4. Class 4 Performance Rights - will vest if, for the period from 1 January 2015 to 31 December 2015, the US Subsidiary does not have any Phase 1 ENVIRONMENTAL incidents.

2014 Targets

1. Class 1 Performance Rights – will vest if the volume weighted average price of the Company's shares as traded on ASX over 10 consecutive trading days in the 2014 calendar year is equal to or greater

than AUD $0.02 per share (being 20% above the 1.6c Share April 2013 Placement and 82% above the 2013 low of 1.1cps)

2. Class 2 Performance Rights – will vest if the Company's wholly owned subsidiary, Ausco Petroleum ("US Subsidiary"), sustains total production of 600 BOEPD for at least 30 consecutive days in 2014
3. Class 3 Performance Rights – will vest if, for the period from 1 January 2014 to 31 December 2014, the US Subsidiary has no lost time SAFETY accidents.
4. Class 4 Performance Rights – will vest if, for the period 1 January 2014 to 31 December 2014, the US Subsidiary does not have any Phase 1 ENVIRONMENTAL incidents.

END OF AUDITED REMUNERATION REPORT

Retirement, Election and Continuation in Office of Directors

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

Indemnifying Officers and Auditors

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

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

Shares under Option

As at the date of this report, there were no unissued ordinary shares of Austin Exploration Limited under an option. No ordinary shares of Austin Exploration Limited were issued on the exercise of options during the reporting year ended 30 June 2015. No amounts are unpaid on any of the shares.

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

Non-Audit Services

No Non-Audit Services were performed by the auditor during the financial year ended 30 June 2015.

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:

Dr William Mark Hart
Chairman

Dated this 30th day of September 2015

The Rialto, Level 30 525
Collins St
Melbourne Victoria 3000

Correspondence to: GPO
Box 4736
Melbourne Victoria 3001

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

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Austin Exploration Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B. L. Taylor
Partner - Audit & Assurance

Melbourne, 30 September 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Austin Exploration Ltd and Controlled Entities ABN 98 114 198 471
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

	Note	Consolidated Group 2015 $	2014 $
Revenues from continuing operations	4	2,354,270	1,408,082
Gain on disposal of exploration asset	5	-	1,731,574
Lease operating expense		(548,766)	(545,899)
Share based payments		(502,300)	(279,250)
Employee benefits expense		(1,620,532)	(2,004,545)
Depreciation and amortisation expense	6	(2,119,668)	(428,663)
Professional fees		(853,836)	(710,148)
Other expenses from ordinary activities	6	(674,765)	(1,080,254)
Travel and accommodation expense		(220,465)	(278,199)
Exploration expenditure write off	17	(18,210,493)	-
Impairment charge	16, 19	(20,125,707)	-
Share of profit/loss from equity accounted investments	15	(1,708,298)	165,359
Loss before income tax		**(44,230,560)**	**(2,021,943)**
Income tax expense	7	-	**-**
Loss for the year		**(44,230,560)**	**(2,021,943)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Movement in fair value of financial assets		662,319	(662,319)
Exchange rate differences on translation of foreign operation		6,853,874	(1,325,987)
Other comprehensive income for year Net of tax		**7,516,193**	**(1,988,306)**
Total comprehensive loss for year		**(36,714,367)**	**(4,010,249)**
Loss for the year attributable to:			
Members of the parent entity		(44,230,560)	(2,021,943)
		(44,230,560)	**(2,021,943)**
Total comprehensive loss attributed to:			
Members of the parent entity		(36,714,367)	(4,010,249)
		(36,714,367)	**(4,010,249)**
Earnings per share for loss from continuing operations:			
Basic earnings per share	10	($0.1464)	($0.0010)
Diluted earnings per share	10	($0.1464)	($0.0010)

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

Austin Exploration Ltd and Controlled Entities ABN 98 114 198 471
Consolidated Statement of Financial Positions as at 30 June 2015

	Note	Consolidated Group 2015 $	2014 $
Current Assets			
Cash and cash equivalents	11	1,870,086	3,328,397
Trade and other receivables	12	133,846	131,240
Available for sale financial asset	19	38,577	1,087,681
Other current assets	13	11,961	88,915
Total Current Assets		**2,054,470**	**4,636,233**
Non-Current Assets			
Investments accounted for using the equity method	15	1,636,569	2,834,800
Property, plant and equipment	14	352,216	250,183
Development and producing assets	16	3,688,047	1,594,272
Exploration and evaluation assets	17	6,331,552	34,488,359
Related party receivables	18	1,674,147	396,472
Total Non-Current Assets		**13,682,531**	**39,564,086**
Total Assets		**15,737,001**	**44,200,319**
Current Liabilities			
Trade and other payables	20	523,776	603,172
Interest bearing liabilities	21	1,958,850	-
Total Current Liabilities		**2,482,626**	**603,172**
Non-Current Liabilities			
Other long term liabilities		73,740	54,535
Total Non-Current Liabilities		**73,740**	**54,535**
Total Liabilities		**2,556,366**	**657,707**
Net Assets		**13,180,635**	**43,542,612**
Equity			
Issued Capital	22	69,510,026	63,070,136
Reserves	23	9,596,741	2,168,048
Retained earnings / (Accumulated losses)		(65,926,132)	(21,695,572)
Total Equity		**13,180,635**	**43,542,612**

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

Austin Exploration Ltd and Controlled Entities ABN 98 114 198 471
Consolidated Statement of Changes in Equity
For the year ended 30 June 2015

CONSOLIDATED GROUP	Issued Capital	Share Option Reserve	AFS Financial Asset Reserve	Performance Rights Reserve	Foreign Currency Reserve	Retained Profits/ (losses)	Total
	$				$	$	$
Balance at 1 July 2013	54,529,606	4,172,826	-	-	3,956,354	(23,846,455)	38,812,331
Share issued during the year	8,989,709	-	-	-	-	-	8,989,709
Performance rights accrued	-	-	-	200,000	-	-	200,000
Transaction costs	(449,179)	-	-	-	-	-	(449,179)
Share Options expired during the period	-	(4,172,826)	-	-	-	4,172,826	-
Profit or Loss	-	-	-	-	-	(2,021,943)	(2,021,943)
Movement in FX Reserve	-	-	-	-	(1,325,987)	-	(1,325,987)
Unrealised gain/loss in AFS			(662,319)	-	-	-	(662,319)
Balance at 30 June 2014	63,070,136	-	(662,319)	200,000	2,630,367	(21,695,572)	43,542,612
Share issued during the year	6,321,156	-	-	-	-	-	6,321,156
Performance rights	500,000	-	-	(87,500)	-	-	412,500
Transaction costs	(381,266)	-	-	-	-	-	(381,266)
Profit or Loss	-	-	-	-	-	(44,230,560)	(44,230,560)
Movement in FX Reserve	-	-	-	-	6,853,874	-	6,853,874
Write off investment	-	-	662,319	-	-	-	662,319
Balance at 30 June 2015	69,510,026	-	-	112,500	9,484,241	(65,926,132)	13,180,635

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

Austin Exploration Ltd and Controlled Entities ABN 98 114 198 471
Consolidated Statement of Cash Flows
For the year ended 30 June 2015

	Note	Consolidated Group 2015 $	2014 $
Cash Flow from Operating Activities			
Receipts from customers		2,366,124	1,491,601
Payments to suppliers and employees		(3,472,831)	(3,492,575)
Interest received		5,257	11,724
Interest paid		(33,105)	-
Net cash used in operating activities	26	(1,134,555)	(1,989,250)
Cash Flow from Investing Activities			
Payments for plant and equipment		(135,314)	(87,939)
Loans to joint venture investment		(1,098,435)	(1,052,091)
Payments for development activities		(1,868,777)	(375,191)
Payments for explorations activities		(2,136,411)	(4,678,334)
Cash received from farm out agreement		-	1,673,725
Net cash used in investing activities		(5,238,937)	(4,519,830)
Cash Flow from Financing Activities			
Proceeds from borrowings		3,240,179	54,270
Repayment of borrowings		(1,457,190)	(54,270)
Proceeds of issue of shares		3,115,712	8,910,459
Share issue costs		(670,573)	(449,179)
Net cash provided by financing activities		4,228,128	8,461,280
Net increase (decrease) in cash held		(2,145,364)	1,952,200
Cash at the beginning of the year		3,328,397	1,144,870
Effects of exchange rate changes on cash and cash equivalents		687,053	231,327
Cash at the end of the year	11	1,870,086	3,328,397

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

The financial report of Austin Exploration Limited for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 23 September 2015.

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

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

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

Adoption of new and revised Accounting Standards

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

Standards and interpretation issued not yet effective

The Group has also reviewed all new standards and interpretations that have been issued but are not yet effective for the year ended 30 June 2015. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and, therefore, no change will be necessary to Group accounting policies.

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

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

AASB 9 Financial Instruments (effective from 1 January 2018)

The AASB aims to replace AASB 139 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (AASB 9) is being issued in phases and is effective for annual periods beginning 1 January 2018. Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes. No material impact is expected based on preliminary assessment.

AASB 15 Revenue from Contracts with Customers

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

(b) Principles of consolidation

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

A list of controlled entities is contained in Note 25 to the financial statements. All controlled entities have a June financial year end.

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

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

(c) Revenue

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

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

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

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

Revenue from interest is recognized using the effective interest method.

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

(d) Income tax

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

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

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

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

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

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

(e) Trade receivables

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

(f) Impairment of assets

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

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

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

(g) Interests in joint arrangements

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

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

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

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

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

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

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

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

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

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

(i) Property, plant and equipment

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

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

(j) Depreciation

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

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

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

(k) Leases

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

(l) Foreign currency transactions and balances

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

(iii) Group companies

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

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

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

(m) Employee benefits

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

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

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

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

(n) Equity-settled compensation

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

(o) Trade and Other Payables

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

(p) Financial assets and liabilities

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for sale-financial assets

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

(v) Classification and subsequent measurement of financial liabilities

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

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

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

Recognition and derecognition

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

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

Subsequent measurement

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

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

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

Impairment

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

(q) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalent includes cash on hand and at call in banks net of overdrafts.

(r) Borrowing Costs

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

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

(s) Issued Capital

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

(t) Goods and Services Tax (GST)

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

(u) Critical Accounting Estimates and Judgments

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

Key Estimates — Impairment

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

Exploration and evaluation

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

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

Useful lives of depreciable assets

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

(v) Comparative Figures

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

(w) Segment Reporting

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

(x) Parent Entity Financial Information

The financial information for the parent entity, Austin Exploration Limited, disclosed in Note 3 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

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

NOTE 2: GOING CONCERN

The financial report has been prepared on the basis of a going concern. The Group had net operating cash outflows for the year of $1,134,555 and a closing net debt position of $88,764.

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. No allowance for such circumstances has been made in the financial report. Significant, proactive progress has been made by management related to implementation of austerity measures throughout the company. Since the price of oil began dropping, costs have been reduced by as much as 70%. As a result, incoming monthly cash flow appears to be sufficient to meet monthly ongoing expenditures/needs, including lease operating costs and general and administrative costs.

NOTE 3: PARENT ENTITY FINANCIAL INFORMATION

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

	2015 $	2014 $
Statement of financial position		
Total current assets	58,267,687	46,494,968
Total non-current assets	88,577	1,137,681
Total assets	**58,356,264**	**47,632,649**
Total current liabilities	83,949	26,760
Total liabilities	**83,949**	**26,760**
Share capital	69,510,026	63,070,136
Reserve	112,500	(462,319)
Accumulated losses	(11,350,211)	(15,001,928)
Total Equity	**58,272,315**	**47,605,889**
Statement of profit or loss and other comprehensive income		
Profit/(Loss) for the year after tax	(6,067,764)	(65,836)
Total comprehensive income/loss	**(5,405,445)**	**(728,155)**

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

The parent entity accounts for Joint Ventures at cost.

The parent entity did not have any contingent liabilities as at 30 June 2015 (2014: Nil).

The parent entity had no contractual commitments as at 30 June 2015 (2014: Nil).

NOTE 4: REVENUE

From continuing operations:

	2015 $	2014 $
Gas and Oil Sales	2,349,012	1,398,033
Interest received from other parties	5,258	10,049
Total Revenue	**2,354,270**	**1,408,082**

NOTE 5: GAIN ON DISPOSAL

	2015 $	2014 $
Carrying Value – 50% Interest in PEL105	-	(18,426)
Shares received in Tellus Resources	-	1,750,000
Profit on sale of interest in PEL105	**-**	**1,731,574**

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

NOTE 6: LOSS FOR THE YEAR

Losses before income tax have been determined after:

	2015 $	2014 $
Depreciation expense	103,358	63,240
Amortisation expense	2,016,310	365,423

	2015 $	2014 $
Other Expenses:		
Engineering Costs	-	603,600
Insurance	242,215	127,878
Telephone	43,822	37,256
Rent on land & buildings	57,904	34,155
Marketing	93,872	111,461
Other Expenses	151,426	108,872
Subscriptions	7,119	5,308
Office Supplies	22,943	29,019
Interest expense	33,106	-
Due diligence costs	22,358	22,705
	674,765	**1,080,254**

NOTE 7: INCOME TAX EXPENSE

	2015 $	2014 $
(a) The components of income tax expense comprise:		
Current Tax	-	-
Deferred Tax	-	-
	-	-
(b) The prima facie tax benefit on loss from ordinary activities is reconciled to the income tax as follows:		
Net Loss	(44,230,560)	(2,021,943)
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(13,269,168)	(606,583)
Add/(less) the tax effect of:		
- Differences in tax rate for US controlled entities	(131,868)	(112,650)
- Other allowable / (non-allowable) items		
- Impairment and write down	10,052,740	
- Amortisation	604,894	109,627
- Unrealised market revaluation	(198,696)	198,696
- Share based payment	150,690	83,775
Tax effect of tax losses and temporary differences not brought to account as they do not meet the recognition criteria	2,791,408	327,135
Income tax attributable to operating loss	-	-
(c) Unused tax losses and temporary differences for which no deferred tax asset has been recognised:		
- In Australia at 30%	11,615,433	5,387,650
- In USA at 35%	6,591,756	3,954,404
	18,207,189	9,342,054

NOTE 8: 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 2015.

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

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

	2015	2014
	$	$
Short term employee benefits	949,081	1,149,148
Post-employment benefits	11,689	18,037
Share based payments	124,500	210,000
	1,085,270	1,377,185

NOTE 9: AUDITORS' REMUNERATION

		2015	2014
		$	$
Remuneration of auditor of the consolidated Group for:			
Auditing or reviewing the financial report	- Australia	48,000	35,000
	- America	64,723	46,850
		112,723	81,850

NOTE 10: EARNINGS PER SHARE & DILUTED EARNINGS PER SHARE

	2015	2014
	$	$
Net loss attributed to ordinary equity holders	(44,230,560)	(2,021,943)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	302,219,790	1,994,241,771
Basic Earnings per share	($0.1464)	($0.0010)
Diluted Earnings per share	($0.1464)	($0.0010)

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

On 19 November 2014, there was a 10:1 share consolidation that resulted in shares decreasing from 2,629,623,278 to 262,962,790. No adjustment was made to the previous year EPS calculation.

Consolidated Group

NOTE 11: CASH AND CASH EQUIVALENTS

	2015 $	2014 $
Cash at bank and in hand	1,870,086	3,328,397

The effective interest rate on cash at bank was 1.00% pa (2014; 1.00% pa.).

NOTE 12: TRADE AND OTHER RECEIVABLES

	2015 $	2014 $
Current Assets		
Trade and Other receivables*	126,779	117,945
GST Receivable	7,067	13,295
	133,846	**131,240**

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

NOTE 13: OTHER CURRENT ASSETS

	2015 $	2014 $
Prepayments	11,961	88,915

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	2015 $	2014 $
Plant and equipment:		
- At cost	617,778	371,074
- Less: Accumulated depreciation	(265,562)	(120,891)
	352,216	**250,183**

Movement in Property, Plant and Equipment at Cost

	2015 $	2014 $
Plant and equipment:		
- At cost	371,074	288,668
- Add: Additions	246,704	82,406
- Less: Assets written off during the period	-	-
	617,778	**371,074**

Movement in Property, Plant and Equipment Accumulated Depreciation

	2015 $	2014 $
Plant and equipment:		
- Opening: Accumulated Depreciation	(120,891)	(57,651)
- Add: Depreciation	(144,671)	(63,240)
- Less: Assets written off during the period	-	-
	(265,562)	**(120,891)**

NOTE 15: INTERESTS IN JOINT VENTURES

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

	2015 $	2014 $
Sales and other operating revenues	599,976	425,728
Finance costs and other finance expense	(4,016,572)	(699,212)
Profit/(Loss) before taxation	**(3,416,596)**	**(273,484)**
Taxation	-	**-**
Profit/(Loss) for the year	**(3,416,596)**	**(273,484)**
50% interest profit/(loss) for the year	**(1,708,298)**	**(136,742)**
Non-current assets	4,735,638	5,916,228
Current assets	138,316	81,228
Total assets	**4,873,954**	**5,997,456**
Non-current liabilities	2,079,113	718,507
Current liabilities	42,495	31,836
Total liabilities	**2,121,608**	**750,343**

Movement in Investment Amounts

	2015	2014
	$	$
Opening Investment	2,834,800	2,580,546
Profit/(Loss) for the year (50% share)	(1,708,298)	(136,472)
Adjustment to equity	-	301,800
Profit/(Loss) for the year	**(1,708,298)**	**165,328**
FX Movement	510,067	88,926
Closing Investment	**1,636,569**	**2,834,800**

NOTE 16: DEVELOPMENT AND PRODUCING ASSETS

	2015	2014
	$	$
Development and producing assets at cost	24,305,757	3,044,069
Accumulated amortisation	(3,979,938)	(1,449,797)
Impairment provision	(16,637,772)	-
	3,688,047	**1,594,272**

Movement in Carrying Amounts

	2015	2014
	$	$
Balance at beginning of year	1,594,272	1,634,584
Transfers from exploration and evaluation assets	17,385,186	-
Additions	2,033,253	368,318
Exchange rate difference	(9,713)	(50,670)
Disposals	-	-
Amortisation expense	(2,016,310)	(357,960)
Impairment	(15,298,641)	-
	3,688,047	**1,594,272**

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

At June 30 2015, the Directors' reviewed the carrying values of its development and producing assets to determine whether there is any indication that those assets have been impaired. For those prospects where the Directors believed such an indication existed at June 30, 2015, they compared the asset's fair value less costs to sell and value in use to the asset's carrying value. Where it was not possible to estimate the recoverable amount of an individual asset, the Directors' estimated the recoverable amount of the cash-generating unit to which the asset belongs. The Group has impaired its development and producing assets at June 30, 2015.

NOTE 17: EXPLORATION AND EVALUATION EXPENDITURE

	2015 $	2014 $
Exploration and evaluation assets at cost	6,331,552	34,488,359

Movement in Carrying Amounts:

	2015 $	2014 $
Balance at beginning of year	34,488,359	32,614,713
Additions	2,154,679	4,531,716
Exchange rate difference	5,284,193	(908,665)
Disposals	-	(18,426)
Amortisation expense	-	-
Transfers to development and producing assets	(17,385,186)	-
Write down	(18,210,493)	-
Proceeds from Farm Out Agreements	-	(1,730,979)
	6,331,552	**34,488,359**

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

Management undertook an analysis of its exploration assets in view of the drop in the oil price resulting in the write off of exploration expenditure of $18,210,493 relating to wells where the recoupment of costs has become doubtful and management have decided not to continue with exploration work in the short-medium term. The ultimate recoupment of costs carried forward is dependent on the successful development and commercial exploration or sale of the respective areas.

NOTE 18: RELATED PARTY RECEIVABLES

	2015 $	2014 $
Related party receivables	1,674,147	396,472

Receivables are due from the Company’s joint venture with Kentucky Exploration, LLC.

NOTE 19: AVAILABLE FOR SALE FINANCIAL ASSETS

	2015	2014
	$	$
Tellus Resources Limited (now Crestal Petroleum)		
Investment at acquisition date	1,750,000	1,750,000
Movement in fair value	-	(662,319)
Impairment loss	(1,750,000)	-
Closing Investment	**-**	**1,087,681**
Lanstead Capital LLC		
Investment at acquisition date	3,836,487	-
Movement in fair value	-	-
Converted to cash	(720,844)	-
Impairment loss	(3,077,066)	-
Closing Investment	**38,577**	**-**
Total	**38,577**	**1,087,681**

Austin Exploration Limited received 19,776,020 shares in Tellus Resources, now Crestal Petroleum, which were valued on the Australian Securities Exchange (ASX) at $0.088491, in consideration for its 50% interest in the license area in the Cooper Basin. These shares are held as an available for sale finance asset with subsequent movements in fair value recognised in a revaluation reserve unless impaired. The investment was fully impaired in 2015 due to Crestal Petroleum going into administration.

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

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

NOTE 20: TRADE AND OTHER PAYABLES

	2015	2014
	$	$
Unsecured:		

- Trade payables	523,776	603,172

NOTE 21: INTEREST BEARING LIABILITIES

	2015 $	2014 $
Line of credit	1,958,850	-

The Group obtained a line of credit from ANB Bank in May 2015. The line of credit allows for short term borrowings of $1,500,000 USD, of which $1,500,000 USD was drawn at 30 June 2015. Interest only monthly payments are required under the line of credit agreement and interest is accrued at Wall Street Journal Prime plus 1.25% floating with a floor rate of 4.50%. The interest rate at 30 June 2015 was 4.5%. Any borrowings under the line of credit must be repaid as of 23 April 2016. The line of credit is secured by oil and gas wells.

NOTE 22: ISSUED CAPITAL

332,607,790 (2014: 2,457,833,037) fully paid ordinary shares

a. Ordinary shares

	2015 $	2014 $
At the beginning of reporting period	63,070,136	54,529,606
Shares issued during the year		
- Issued 12 August 2013	-	1,700,000
- Issued 10 December 2013	-	79,250
- Issued 13 February 2014	-	2,860,000
- Issued 10 June 2014	-	4,350,459
- Issued 4 July 2014	1,717,855	-
- Issued 5 December 2014	4,513,500	-
- Issued 19 January 2015	589,801	-
	69,891,292	63,519,315
- Less: Cost of capital raising	(381,266)	(449,179)
	69,510,026	**63,070,136**

	2015 Number	2014 Number
At the beginning of reporting period	2,457,833,037	1,613,195,471
Shares issued during the year		
- Issued 12 August 2013	-	141,666,666
- Issued 10 December 2013	-	7,925,000
- Issued 13 February 2014	-	260,000,000
- Issued 10 June 2014	-	435,045,900
- Issued 4 July 2014	171,790,241	-
- Share consolidation (10:1)	(2,366,660,488)	-
- Issued 5 December 2014	64,900,000	-
- Issued 19 January 2015	4,745,000	-
At the end of the reporting period	**332,607,790**	**2,457,833,037**

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	2015 Number	2014 Number
At the beginning of the reporting period		-	966,612,322
Options expired during the year			
- Unlisted Options	K	-	(2,000,000)
- Listed Options	AKKOA	-	(87)
- Listed Options	I	-	(964,612,235)
At the end of the reporting period		-	-

During the year ending 30 June 2014, all issued options expired. No new options were issued in 2015.

c. Capital Risk management

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

The Group's debt and capital includes ordinary share capital, share options and drilling advances payable and bank debt. Management effectively manages the Group's capital by assessing the financial risks and adjusting the capital structure in response to those risks. These responses include share issues.

	2015	2014
	$	$
Total Borrowings	1,958,850	-
Less: Cash and cash equivalents	1,870,086	3,328,397
Net Debt	**88,764**	**-**
Total Equity	13,180,635	43,542,612
Total Capital	69,420,226	63,070,136
Gearing Ratio	**-%**	**-%**

NOTE 23: RESERVES

	2015	2014
	$	$
- Share Option Reserve	-	-
- Foreign Currency Reserve	9,484,241	2,630,367
- Asset Revaluation Reserve	-	(662,319)
- Performance Rights Reserve	112,500	200,000
	9,596,741	**2,168,048**

NOTE 24: 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 2015 $	US Sub 2015 $	US JV 2015 $	Total 2015 $
Total segment revenue	3,431	2,350,839	-	2,354,270
Segment net profit/loss before tax	(6,067,764)	(36,454,498)	(1,708,298)	(44,230,560)

	Australia 2014 $	US Sub 2014 $	US JV 2014	Total 2014 $
Total segment revenue	1,738,321	1,401,355	-	3,139,656
Segment net loss before tax	596,483	(2,783,785)	165,359	(2,021,943)

(ii) Segment assets

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

	Australia 2014 $	USA 2014 $	Total 2014 $
Segment assets	47,632,649	42,732,245	90,364,894
Inter-segment elimination	(46,164,575)	-	(46,164,575)
	1,468,074	42,732,245	44,200,319

(iii) Segment liabilities	Australia	USA	Total
	2015	2015	2015
	$	$	$
Segment liabilities	83,949	75,782,802	75,866,751
Inter-segment elimination	-	(73,310,385)	(73,310,385)
	83,949	2,472,417	2,556,366
	Australia	USA	Total
	2014	2014	2014
	$	$	$
Segment liabilities	26,760	46,795,522	48,822,282
Inter-segment elimination	-	(46,164,575)	(46,164,575)
	26,760	630,947	657,707

NOTE 25: CONTROLLED ENTITIES

Controlled Entities	Country of incorporation	Equity Holding	
		2015	2014
Parent Entity:			
Austin Exploration Limited	Australia		
Subsidiaries of Austin Exploration Limited:			
Ausco Petroleum Inc (Formerly Aus-Tex Exploration Inc)	USA	100%	100%

NOTE 26: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Loss from Ordinary Activities after Income Tax	**2015**	**2014**
	$	**$**
Loss from ordinary activities after income tax	(44,230,560)	(2,021,943)
Non-cash flows in loss from ordinary activities		
Share based payments	89,800	79,250
Share of Profit/(Loss) in equity investments	1,708,297	(165,359)
Accrual of Performance Rights	412,500	200,000
Profit on disposal of non-current asset held for sale	-	(1,731,574)
Depreciation	103,358	63,240
Amortisation	2,016,310	365,423
Accretion	8,938	-
Prepayments	(148,417)	(28,679)
Exploration activities	664,224	1,379,783
Accrued expenses	-	(9,240)
Impairment and write down	38,336,200	-
Changes in assets and liabilities		
(Increase)/decrease in receivables	17,112	93,730
(Increase)/decrease in other assets	(34,706)	10,380
Increase/(decrease) in trade payables	(77,611)	(224,261)
Cash flow from operations	**(1,134,555)**	**(1,989,250)**

NOTE 27: FINANCIAL INSTRUMENTS

Financial Risk Management Policies

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

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

The Group holds the following financial instruments:

	2015	2014
	$	$
Financial Assets		
Cash and cash equivalents	1,870,086	3,328,397
Trade and other receivables	133,846	131,240
Investments	38,577	1,087,681
	2,042,509	**4,547,318**
Financial Liabilities		
Trade and other payables	523,776	603,172
Line of credit	1,958,850	-
Other long term liabilities	73,740	54,535
	2,556,366	**657,707**

(a) Market Risk

Foreign currency risk

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

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

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

	2015	2014
	USD	USD
	$	$
Cash and cash equivalents	1,312,885	2,856,300
Trade Receivables	97,082	310,732
Trade Payables	327,683	212,340

Foreign Currency Sensitivity

Based on the financial instruments held at 30 June 2015, 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:

	2015 $	2014 $
Change in profit		
Improvement in AUD to USD by 10%	(9,165,112)	(570,571)
Decline in AUD to USD by 10%	9,165,112	570,571
Change in equity		
Improvement in AUD to USD by 10%	(9,165,112)	(570,571)
Decline in AUD to USD by 10%	9,165,112	570,571

Interest Rate Sensitivity Analysis

At 30 June 2015, 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:

	2015 $	2014 $
Change in profit		
Increase in interest rate by 2%	10,516	20,098
Decrease in interest rate by 2%	-	-
Change in equity		
Increase in interest rate by 2%	10,516	20,098
Decrease in interest rate by 2%	-	-

(b) Credit risk

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

Oil and gas wells are held as security on the line of credit, see Note 21, at 30 June 2015 (2014: Nil).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. At the end of the reporting period the Group held deposits at call of $1,870,086 (2014: $3,328,397) that are expected to readily meet operational cash flow requirements to manage liquidity risk. The Company entered into a 12 month $1,500,000 USD revolving line of credit with ANB Bank. This is an interest only payable loan that is reviewed every 12 months. The Company also has announced a "Rights Issue" in September 2015 to raise up to a maximum of $3,300,000 AUD. The Company is also considering mezzanine financing in USD to fund further development.

Management monitors rolling forecasts of the Group's cash flow position on the basis of expected cash flows. This is generally carried out at local level in accordance with the practice and limits set by the Group. These limits vary by location to take into account liquidity of the market in which the entity operates. Trade and other liabilities are expected to be paid in 30 days. The line of credit is due on 23 April 2016.

(d) Fair Value Measurements

The carrying value monetary financial assets and financial liabilities of the Group approximate their fair value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

NOTE 28: RELATED PARTIES

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

Transactions with related parties:

i. Directors and executives

Disclosures relating to key management personnel are set out in Note 8.

ii. Transactions with Director-related Entities

- During the year the Group utilised the services of HLB Mann Judd for the provision of accounting, secretarial and taxation services at commercial rates. To the reporting date the costs of these services was $100,778 (excluding GST). Mr David Nairn is a partner at HLB Mann Judd.
- During the year the Group utilised the services of Math Energy 1 LLC for the provision of rental services below commercial rates. To the reporting date the costs of these services was $14,409 (excluding GST). Mr Mark Hart is a director of Math Energy 1 LLC.
- During the year the Group utilised the services of Math Energy Drilling LLC for the provision of drilling services below commercial rates. To the reporting date the costs of these services was $59,033 (excluding GST). Mr Mark Hart is a director of Math Energy Drilling LLC.
- During the year the Group utilised the services of CFO Colorado Accounting & Tax Services for the provision of accounting and taxation services at commercial rates. To the reporting date the costs of these services was $36,111 (excluding GST). Mr Lonny Haugen is a director of CFO Colorado Accounting & Tax Services.

NOTE 29: CAPITAL COMMITMENTS RELATING TO JOINT VENTURES AND TENEMENTS

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

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

	2015 $	2014 $
- Due within one year	1,436,490	1,589,100
- Due within 1 — 5 years	5,745,960	6,356,400
	7,182,450	**7,945,500**

NOTE 30: SHARE BASED PAYMENTS

Options

	2015		2014	
	Number of Options	Strike Price cents	Number of Options	Strike Price cents
Balance at beginning of year	-	-	88,000,000	0.06
Granted	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	(88,000,000)	-
Outstanding at year end	-	-	-	-
Exercisable at year end	-	-	-	-

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

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

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

Performance Rights

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

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

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

2014	Balance 01.07.2013	Performance Rights Accrued	Issued	Balance 30.6.2014
Mr. Dominic Pellicano	-	4,000,000	-	4,000,000
Mr. Guy Goudy	-	8,000,000	-	8,000,000
Dr. William Mark Hart	-	8,000,000	-	8,000,000
Mr. Richard Cottee	-	-	-	-
Mr. Lonny Haugen	-	-	-	-
Mr. David Nairn	-	-	-	-
Total	-	20,000,000	-	20,000,000

Included under employee benefits expense and share based payments in the statement of profit and loss and other comprehensive income is $502,300 (2014: $279,250) and relates, in full, to the equity-settled share-based payment transactions.

Please note that the Company's Performance Rights Plan ("Plan") was approved by shareholders at the General Meeting held on 28 November 2012. The Plan enables the Company to grant entitlements to shares ("Performance Rights") and issue shares on conversion of Performance Rights, without impacting on the Company's ability to issue up to 15% of its total ordinary securities without shareholder approval in any 3 year period. The Company granted Performance Rights to the Directors of the Company in 2014. Based on the details contained in the Notice released to the market on 24th February 2014 performance rights were established for three of the Directors. The company is required to accrue for these performance rights during the year despite the rights requiring Shareholder approval. The 2014 accrual was based on the likelihood of achieving target 1, 3 and 4 in the notice and has been calculated at the then current share price. The 2014 performance rights reserve was eliminated in 2015 when shares were issued. The value of the shares issued was $500,000. An additional accrual was recorded in 2015 based on the likelihood of achieving targets 3 and 4 and has been calculated at the then current share price.

2015 Targets

5. Class 1 Performance Rights – will vest if the volume weighted average price of the Company's shares as traded on ASX over 10 consecutive trading days in the 2015 calendar is equal to or greater than AUD $0.04 per share (being double of the 2014 Share price KPI)
6. Class 2 Performance Rights – will vest if the Company's wholly owned subsidiary, AusCo Petroleum ("US Subsidiary"), sustains total production of 4000 BOEPD for at least 30 consecutive days in 2015 (being double the total well production as of 1 September 2014)
7. Class 3 Performance Rights - will vest if, for the period from 1 January 2015 to 31 December 2015, the US Subsidiary has no lost time SAFETY accidents.
8. Class 4 Performance Rights - will vest if, for the period from 1 January 2015 to 31 December 2015, the US Subsidiary does not have any Phase 1 ENVIRONMENTAL incidents.

2014 Targets

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

NOTE 31: CONTINGENT LIABILITIES

There are no material contingent liabilities that exist at reporting date (2014: Nil).

NOTE 32: POST-REPORTING DATE EVENTS

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

The Board decided not to sell Texas as the offer was too low. The Company is working with Meagher Energy Advisors out of Colorado to sell the property which is still on the market.

The Company launched a 2:3 "Rights Issue" at $0.015/share with a free attaching option that will be listed at $0.03/share with a two year expiry date. That maximum that can be raised under this issue is $3,300,000 AUD and the Company retains the rights to raise the shortfall for this issue for 3 months after the Rights Issue is completed.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 41 to 75 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 2015 and of the performance for the year ended on that date; and
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The directors have been given the declarations by the Chief Executive Officer, Chief Financial Officer and Company Secretary required by Sec 295(a) of the Corporations Act 2001.
4. The consolidated financial statements comply with International Financial Reporting Standards as stated in Note 2.

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

Dr William Mark Hart
Chairman

Dated this 30th day of September 2015

The Rialto, Level 30
525 Collins St
Melbourne Victoria 3000

Correspondence to:
GPO Box 4736
Melbourne Victoria 3001

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

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

Report on the financial report

We have audited the accompanying financial report of Austin Exploration Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

In our opinion:

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

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

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

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

Emphasis of matter

Without qualification to the conclusion expressed above, we draw attention to Note 2 to the financial statements, which notes net operating cash outflows of $1,134,555 and a closing net debt position of $88,764 for the year ended 30 June 2015. This condition, along with other matters set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Austin Exploration Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B. L. Taylor
Partner - Audit & Assurance

Melbourne, 30 September 2015

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

Shareholdings as at 28 September 2015

a. Distribution of Shareholders

Category	Holders of Ordinary Shares	% of Issued Capital	Listed options	Unlisted options
1 – 1000	483	0.06	0	0
1,001 – 5,000	746	0.67	0	0
5,001 – 10,000	497	1.26	0	0
10,001 – 100,000	1,424	17.19	0	0
100,001 – and over	583	80.82	0	0
Total number of security holders	**3,733**	**100.00**	**0**	**0**

b. Unmarketable Parcels

	Minimum Parcel Size	Number of Holders	Units
Ordinary Shares	33334	2496	22737426

c. Substantial shareholders

There are no substantial shareholders listed in the holding Group’s register as at 28 September 2015.

d. Voting Rights

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

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

e. Twenty largest shareholders

The names of the 20 largest holders of fully paid ordinary shares constituting a class of quoted equity securities on the Australian Securities Exchange Limited including the number and percentage held by those at 25 September 2015 are as follows:

Name	Number of fully paid ordinary shares held	% held
CITICORP NOMINEES PTY LIMITED	44,202,892	13.29
BNP PARIBAS NOMINEES PTY LTD <GLOBAL PRIME OMNI DRP>	14,649,272	4.40
MR WILLIAM CAVANAGH	4,625,000	1.39
MR JOHN MACQUARIE CAPP + MS SUSAN STRICKLAND CAPP <THE CAPP SUPER FUND A/C>	3,550,000	1.07
BRANGLEBAR PTY LTD <BRANGLEBAR S/F A/C>	3,025,000	0.91
VISON PTY LTD <PHILIP GARRATT FAMILY A/C>	2,900,000	0.87
NATIONAL NOMINEES LIMITED	2,660,670	0.80
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	2,520,000	0.76
FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	2,454,369	0.74
QGAS PTY LTD	2,300,000	0.69
MR TROY WILLIAM BENTLEY	2,000,568	0.60
DR PETER KENCH	2,000,000	0.60
DR WILLIAM MARK HART	1,944,009	0.58
MR CHARLES NICHOLAS MORRIS + MS SUSAN MARGARET JAFFER <MORRIS EXEC SUPER FUND A/C>	1,813,213	0.55
ADMARK INVESTMENTS PTY LTD <JS PINTO SUPER FUND A/C>	1,800,000	0.54
MR ANTHONIUS BERNARDUS BRUNING	1,500,000	0.45
MRS ESTHER THANGARANI EBENEZER	1,419,636	0.43
MR NICHOLAS PAUL BURGESS	1,384,000	0.42
MR JOHN CRESSWELL LEIGH + MRS DULCIE LYNETTE LEIGH <JAD SUPER FUND NO 2 A/C>	1,350,000	0.41
MR CORNELIU PLAIASU	1,308,464	0.39
TOTAL	**99,407,093**	**29.89**

Option holders

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

f. Unquoted Securities

Options over Unissued Shares

Twenty largest option holders – Unquoted ordinary options

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

Tenements

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

CORPORATE DIRECTORY

DIRECTORS

Dr William Mark Hart	Non-Executive Director and Chairman of the Board
Mr Dominic Pellicano	Non-Executive Director
Mr Guy Goudy	Executive Director and Chief Executive Officer
Mr Stuart Middleton	Non-Executive Director
Mr Phil McCarthy	Non-Executive Director

COMPANY SECRETARY

Mr Robert Lees

REGISTERED OFFICE

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

Phone : 61 (03) 9606 3888
Fax : 61 (03) 9606 3800
Website: **www.austinexploration.com.au**

PRINCIPAL ADMINISTRATIVE OFFICES

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

Ausco Petroleum Inc,
7985 W 16th Ave,
Lakewood, CO 80214

SHARE REGISTRY

Computershare Investor Services Pty. Ltd.
Level 5, 115 Grenfell Street
ADELAIDE, SA 500
Phone (inside Australia) : 1300 556 161
Phone (outside Australia): 61 3 9615 4000

AUDITORS

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

AUSTRALIAN LEGAL ADVISORS

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

AUSTRALIAN SECURITIES EXCHANGE

The company is listed on the Australian Securities Exchange. The home exchange is Sydney.

ASX Codes: Shares: AKK