

**AUSTIN EXPLORATION LIMITED**  
**ACN 114 198 471**

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**CLEANSING PROSPECTUS**

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For an offer of up to 6,250 Shares at an issue price of \$0.016 per Share to raise up to \$100 (before expenses) (**Offer**).

**This Prospectus has been prepared primarily for the purpose of Section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date.**

**IMPORTANT INFORMATION**

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. **The Shares offered by this Prospectus should be considered highly speculative.**

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## 1. CORPORATE DIRECTORY

### Directors

Dr William Mark Hart – Executive Chairman and CEO

Mr Guy Goudy – Managing Director

Mr Stuart Middleton – Non-Executive Director

Mr Dominic Pellicano – Non-Executive Director

### Registered Office

Suite 605, Level 6  
50 Clarence Street  
Sydney NSW 2000

Telephone: + 61 2 9299 9580

Facsimile: +61 2 9299 9501

Email: robert@coysec.com.au

Website: www.austinexploration.com

### Company Secretary

Mr Robert Lees

### ASX Code

AKK

### OTCQX Code

AUNXY

### Auditor

Grant Thornton  
The Rialto, Level 30  
525 Collins Street  
Melbourne VIC 3000

### Share Registry\*

Boardroom Pty Limited  
Level 12  
225 George Street  
Sydney NSW 2000

Telephone: +61 2 9290 9600

Facsimile: +61 2 9279 0664

### Solicitors

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

\* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Its name is included for information purposes only.

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## 2. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

### 2.1 Indicative Timetable

Action	Date
Lodgement of Prospectus with the ASIC and ASX	3 February 2016
Opening Date	3 February 2016
Closing Date*	29 February 2016
Expected date for quotation of Shares issued under the Offer on ASX*	29 February 2016

*\* The above dates are indicative only and may change without notice. The Directors reserve the right to vary these dates, including the Closing Date, without notice. The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to applicants.*

### 2.2 Important Notes

This Prospectus is dated 3 February 2016 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Offer is only available to those who are personally invited to accept the Offer. Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

### 2.3 Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Shares under this Prospectus.

### 2.4 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in the Section 6 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors

should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

## **2.5 Applicants outside Australia**

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue in this Prospectus.

## **2.6 Disclaimer**

No person is authorised to give information or to make any representation in connection with the Offer described in this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer. You should rely only on information in this Prospectus.

## **2.7 Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and our management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6 of this Prospectus.

## **2.8 Website**

No document or information included on the Company's website is incorporated by reference into this Prospectus.

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### **3. DETAILS OF THE OFFER**

#### **3.1 The Offer**

Pursuant to this Prospectus, the Company invites investors identified by the Directors to apply for up to 6,250 Shares at an issue price of \$0.016 per Share, to raise up to \$100 (before expenses).

The Offer will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue. A high-level summary of the material rights and liabilities attaching to the Shares is set out in Section 5 of this Prospectus.

#### **3.2 Minimum subscription**

There is no minimum subscription.

#### **3.3 Oversubscriptions**

No oversubscriptions will be accepted by the Company.

#### **3.4 Purpose of the Offer**

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus).

Relevantly, Section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
  - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
  - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

#### **3.5 Applications**

Applications for Shares under the Offer must only be made by investors at the direction of the Company and using the Application Form accompanying this Prospectus. By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the Application Form together with a complete and unaltered copy of the Prospectus.

Payment for Shares must be made in full at the issue price of \$0.016 per Share.

Completed Application Forms and accompanying cheques, made payable to "**Austin Exploration Limited**" and crossed "**Not Negotiable**", must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date.

The Company reserves the right to close the Offer early.

### **3.6 Not underwritten**

The Offer is not underwritten.

### **3.7 ASX listing**

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

### **3.8 Issue**

The issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date. Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Directors will determine the recipients of all the Shares. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date. Interest will not be paid on moneys refunded.

The Company's decision on the number of Shares to be allocated to an Applicant will be final.

### **3.9 Defects in Applications**

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

### **3.10 Applicants outside Australia**

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

### **3.11 Enquiries**

Any questions concerning the Offer should be directed to Mr Robert Lees, Company Secretary, on + 61 2 9299 9580.



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## 4. UPDATE ON ACTIVITIES AND PURPOSE AND EFFECT OF THE OFFER

### 4.1 Update on Activities

#### Magna funding

As announced on 1 February 2016, the Company has secured a funding facility from Magna Equities II, LLC (**Magna**). The funding will be provided by way of a loan of up to US\$1,350,000. Subject to the satisfaction of certain conditions precedent, the Company expects to receive the first tranche of the loan, being US\$275,000, this week.

The Company has also entered into a subscription deed with Magna pursuant to which Magna may subscribe for Shares in respect of that part of the principal outstanding under the loan. The subscription amount to be paid by Magna for the Shares will be applied against the principal outstanding owed by the Company to Magna under the loan.

A summary of the key terms of the Loan Agreement and Subscription Deed with Magna is set out in Section 7.

#### Sale of Texas and Mississippi properties

As announced on 1 February 2016, the Company has taken the decision to divest its non-core assets in Texas and Mississippi where it is not the operator and has a minority interest in the properties.

The Company has agreed to the sale of its interest in the Birch Eagle Ford property in Burleson County Texas for US\$1.05 million (A\$1.5 million) before costs.

The Company is in the process of seeking a buyer to purchase its interest in the Mississippi property. As at the date of this prospectus, the Company has not entered into any negotiations or agreements with any potential buyer for the sale of the Mississippi property.

### 4.2 Purpose of the Offer

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date, (including prior to the date of this Prospectus).

Under the Offer, an amount of approximately \$100 (before expenses) will be raised. All of the funds raised from the Offer will be applied towards the expenses of the Offer. Refer to Section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

### 4.3 Effect on capital structure

The effect of the Offer on the capital structure of the Company is set out below.

Shares <sup>1</sup>	Number
Shares currently on issue	374,158,355
Shares offered pursuant to the Offer	6,250
<b>Total Shares on completion of the Offer<sup>2</sup></b>	<b>374,164,605</b>

Options	Number
Options currently on issue (Exercisable at \$0.03 on or before 18 September 2017) <sup>3</sup>	20,775,339
Options offered pursuant to the Offer	Nil
<b>Total Options on completion of the Offer</b>	<b>20,775,339</b>

**Note:**

1. The rights attaching to the Shares are summarised in Section 5 of this Prospectus.
2. Pursuant to the Subscription Deed between the Company and Magna Equities II, LLC (**Magna**), Magna may subscribe for Shares in the Company. As at the date of this Prospectus, the Company has not received a Share issue notice from Magna under the Subscription Deed summarised in Section 7.2. Accordingly, the table above does not include any potential Shares that may be issued to Magna under the Subscription Deed. Please refer to Section 7.2 for further details of the Subscription Deed.
3. The Company has applied for quotation of these Options.

#### 4.4 Financial effect of the Offer

After paying for the expenses of the Offer of approximately \$12,000, there will be no proceeds from the Offer. The expenses of the Offer (exceeding \$100) will be met from the Company's existing cash reserves. The Offer will have an effect on the Company's financial position, being receipt of funds of \$100 less expenses of the Offer of \$12,000.

The audited balance sheet as at 30 June 2015 and the unaudited pro forma balance sheet for the Company as at 30 June 2015 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all of the Shares offered pursuant to this Prospectus are issued, no Options are exercised and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro forma financial information is presented in abbreviated form, insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports.

	AUDITED 30 June 2015	PROFORMA 30 June 2015
<b>CURRENT ASSETS</b>		
Cash	1,870,086	1,858,186
Trade and other receivables	133,846	133,846
Available for sale financial asset	38,577	38,577
Other current assets	11,961	11,961
<b>TOTAL CURRENT ASSETS</b>	<b>2,054,470</b>	<b>2,042,570</b>
<b>NON-CURRENT ASSETS</b>		
Investments accounted for using the equity method	1,636,569	1,636,569

	AUDITED 30 June 2015	PROFORMA 30 June 2015
Property, plant and equipment	352,216	352,216
Development and producing assets	3,688,047	3,688,047
Exploration and evaluation assets	6,331,552	6,331,552
Related party receivables	1,674,147	1,674,147
<b>TOTAL NON-CURRENT ASSETS</b>	<b>13,682,531</b>	<b>13,682,531</b>
<b>TOTAL ASSETS</b>	<b>15,737,001</b>	<b>15,725,101</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	523,776	523,776
Interest bearing liabilities	1,958,850	1,958,850
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,482,626</b>	<b>2,482,626</b>
<b>NON-CURRENT LIABILITIES</b>		
Other long term liabilities	73,740	73,740
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>73,740</b>	<b>73,740</b>
<b>TOTAL LIABILITIES</b>	<b>2,556,366</b>	<b>2,556,366</b>
<b>NET ASSETS (LIABILITIES)</b>	<b>13,180,635</b>	<b>13,168,735</b>
<b>EQUITY</b>		
Share capital	69,510,026	69,003,225
Options Reserve	9,596,741	9,596,741
Retained earnings/ (Accumulated losses)	(65,926,132)	(65,318,731)
<b>TOTAL EQUITY</b>	<b>13,180,635</b>	<b>13,168,735</b>

**Notes:**

1. Column 1 represents the audited consolidated financial position of the Company at 30 June 2015, as released to the market on 30 September 2015.
2. Column 2 represents the pro forma consolidated statement of financial position of the Company at 30 June 2015 assuming:
  - (a) the Offer is taken raising \$100; and
  - (b) estimated costs of \$12,000 associated with the Prospectus are taken to contributed equity.
3. As at the date of this Prospectus:
  - (a) no funds have been received by the Company pursuant to the Loan Agreement summarised in Section 7.1; and
  - (b) the Company has not received a Share issue notice from Magna under the Subscription Deed summarised in Section 7.2.

Accordingly, the transactions contemplated by the Loan Agreement and Subscription Deed have not been included in the pro forma consolidated statement of financial position of the Company at 30 June 2015.

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## **5. RIGHTS ATTACHING TO SHARES**

The following is a summary of the more significant rights attaching to Shares to being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

### **5.1 General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

### **5.2 Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

### **5.3 Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

#### **5.4 Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

#### **5.5 Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

#### **5.6 Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

#### **5.7 Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

#### **5.8 Variation of rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

## **5.9 Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

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## **6. RISK FACTORS**

### **6.1 Introduction**

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **6.2 Specific Risks**

#### **(a) Oil & Gas Exploration**

The prospects in which the Company has an interest are at various stages of pre-exploration due diligence, exploration or production, and potential investors should understand that exploration and development are high-risk undertakings.

Oil and gas exploration is a high risk, speculative activity that requires a large amount of expenditure over extended periods of time. There is no guarantee that exploration will result in commercial discoveries.

Technical conclusions during exploration, appraisal and production are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geophysical, drilling and other data.

#### **(b) Loss of land holding**

The Company does not expect to retain all of its current land holding. Given the current economic conditions, the Company intends to concentrate its exploration on its 100% owned Pathfinder Project in Colorado as it is of the opinion that this will provide the quickest returns on its capital.

#### **(c) Commercialisation**

Even if the Company recovers potentially commercial quantities of oil and gas, there is no guarantee that the Company will be able to successfully transport the oil and gas to commercially viable markets or sell the oil and gas to customers to achieve a commercial return.

#### **(d) Funding**

The Company's ability to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet

any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds. The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Further, the Company, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issue and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.

The Company is exposed to risks associated with its financial instruments (consisting of cash, receivables, accounts payable and accrued liabilities due to third parties from time to time). This includes the risk that a third party to a financial instrument fails to meet its contractual obligations; the risk that the Company will not be able to meet its financial obligations as they fall due; and the risk that market prices may vary which will affect the Company's income.

(e) **Oil and gas reserves and commercial law**

Oil and gas reserves are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may change significantly when new information or techniques becomes available. In addition, by their nature, oil and gas reserves are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and commercial flow plans which may, in turn, either benefit or adversely affect the Company's operations.

(f) **Operations**

The operations of the Company may be affected by various factors, including failure to locate or identify oil and gas reserves, failure to achieve predicted well production flow rates, operational and technical difficulties encountered in production, difficulties in commissioning and operating plant and equipment, mechanical failure



or plant breakdown, unanticipated reservoir problems which may affect field production performance, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or production of the Birch Prospect.

(g) **Contractual risk**

The Company's ability to efficiently conduct its operations in a number of respects depends upon a number of contracts. As in any contractual relationship, the ability for the Company to ultimately receive the benefit of the contract is dependent upon the relevant third party complying with its contractual obligations. To the extent that such third parties default in their obligations, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms.

(h) **Oil and gas volatility and exchange rates**

If the Company achieves success leading to oil and gas production, the revenue it will derive through the sale of oil and gas exposes the potential income of the Company to oil and gas price and exchange rate risks. Oil and gas prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of oil and gas are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(i) **Environmental**

The operations and proposed activities of the Company will be subject to US laws and regulations concerning the environment. As with most exploration projects and production operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or field development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. Nevertheless, there are certain risks inherent in the Company's activities such as accidental leakages or spills, or other unforeseen circumstances which could subject the Company to extensive liability.

(j) **Sovereign**

The Company's projects outside Australia are subject to the risks associated in operating in a foreign country. These risks may include

economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Any future material adverse changes in government policies or legislation in foreign jurisdictions in which the Company has projects that affect foreign ownership, exploration, development or activities of companies involved in oil and gas exploration and production, may affect the viability and profitability of the Company.

(k) **Title**

The system for obtaining development rights to oil and gas leases in Colorado, Kentucky and Mississippi can be complex given that numerous parties may hold the undivided mineral estate to a particular tract of land. Securing the leases to those mineral estates often requires lengthy negotiation with the various parties.

In order to independently verify that the parties with whom a company is dealing are the correct and sole holders of the mineral estate and to analyse the full rights and restrictions applying to the interest held by those parties requires that a company obtain detailed title opinions from appropriately qualified and experienced lawyers in Colorado, Kentucky and Mississippi. This can be a lengthy and expensive process and the final opinions are often the subject of numerous qualifications and requirements.

### 6.3 **General risks**

(a) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and

- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(d) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(e) **Managing Growth**

The Company's success will depend on its ability to expand its operations. If the Company is unable to successfully manage the expansion of its business, its financial condition and results of operations could be materially adversely affected.

## **6.4 Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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## 7. MATERIAL CONTRACTS

### 7.1 Loan Agreement

On 28 January 2016, the Company entered into a loan agreement with Magna Equities II, LLC (**Magna**) pursuant to which Magna has agreed to make available up to US\$1,350,000 to the Company (**Loan Agreement**).

The key terms of the Loan Agreement are summarised below.

- (a) (**Tranche A Facility**): Subject to the satisfaction (or waiver by Magna) of the following conditions, Magna will advance a loan of US\$275,000 (**Tranche A Facility**) to the Company:
  - (i) Magna having received the following in a form and substance satisfactory to Magna:
    - (A) a counterpart of each Transaction Document (as that term is defined in the Loan Agreement) executed by the Company;
    - (B) a copy of an extract of resolutions of the board of directors of the Company:
      - (I) approving the terms of, and the transactions contemplated by, the Transaction Documents to which it is a party and resolving that it execute the Transaction Documents;
      - (II) authorising a specified person or persons to execute on their behalf; and
      - (III) authorising a specified person or persons, on its behalf, to sign and/or dispatch all other documents and notices to be signed and/or dispatched by it under or in connection with the Transaction Documents;
    - (C) two directors or any director and the company secretary of the Company have certified to Magna in writing that the representations and warranties made by the Company in the Transaction Documents are true and correct and not misleading as at the date loan is advanced (**Utilisation Date**) as though they had been made at that date in respect of the facts and circumstances then subsisting; and
    - (D) if applicable, the original of each power of attorney under which a person signs and delivers a Transaction Document for the Company and, if required by Magna, evidence of its stamping and registration;
  - (ii) payment by the Company of \$20,000 on account of legal fees incurred by Magna in connection with the negotiation, preparation and execution of the Transaction Documents;

- (iii) the Utilisation Date is a date within the availability period for the Tranche A Facility, being the period commencing on the date of the Loan Agreement and ending on the date being one month thereafter;
- (iv) no event of default has occurred or would result from the proposed loan;
- (v) none of the following events have occurred:
  - (A) the average daily trading value for any period over 15 consecutive trading days is less than US\$10,000 (converted into AUD) provided that, if the Shares are subject to a trading halt or are suspended from quotation pending the making by the Company of a material announcement, the first 3 consecutive trading days following the making of that announcement shall not be taken into account;
  - (B) the closing price of the Shares (as quoted on the ASX or any other stock exchange on which the Company is, or becomes, listed) on any trading day is below \$0.012;
  - (C) unless the parties agree otherwise, the Company's Shares are suspended from quotation at any time between the date of the Loan Agreement and the expiry date of the last loan that continues for a period of 5 or more consecutive trading days (but excluding any such suspension event as a result of any equity capital raising disclosed by the Company to Magna in writing prior to entering into the Loan Agreement);
  - (D) the Company fails to report any annual or quarterly reports as required by the listing rules of a the ASX (or any other stock exchange on which the Company is, or becomes, listed);
  - (E) the Company is unable to issue Shares to Magna in accordance with the terms of the Subscription Deed or otherwise for any reason;
  - (F) the closing price of the Shares (as quoted on the ASX or any other stock exchange on which the Company is, or becomes, listed) on any trading day is less than 50% of the closing price on the day that is 5 trading days prior to that day;
  - (G) an event or series of events has occurred and is continuing which has resulted in a material adverse effect; or
  - (H) an event of default occurs,

(each a **Termination Event**);

- (vi) the Company has complied with all its regulatory obligations and has complied with the terms of the Subscription Deed; and
- (vii) all other information, documents, searches or enquiries as reasonably requested by Magna subject to Magna giving the Company reasonable notice of such requests.

If the loan under the Tranche A Facility is not provided due to the non-fulfilment of a condition above, Magna is not obliged to provide any further loan to the Company under any other facility.

(b) **(Tranche B Facility):** Subject to the satisfaction (or waiver by Magna) of the following conditions, Magna will advance a further loan of US\$75,000 (**Tranche B Facility**) to the Company:

- (i) two directors or any director and the company secretary of the Company have certified to Magna in writing that the representations and warranties made by the Company in the Transaction Documents are true and correct and not misleading as at the relevant Utilisation Date as though they had been made at that date in respect of the facts and circumstances then subsisting;
- (ii) the Utilisation Date is a date within the availability period for the Tranche B Facility, being the period commencing on the date being 30 calendar days after the initial advance date and ending on the date being one month thereafter;
- (iii) no event of default has occurred or would result from the proposed loan;
- (iv) no Termination Event (other than an event described in paragraph (a)(v)(B) above) has occurred;
- (v) the closing price of the Shares (as quoted on the ASX or any other stock exchange on which the Company is, or becomes, listed) on the relevant Utilisation Date is not below \$0.006;
- (vi) the Company has complied with all its regulatory obligations and has complied with the terms of the Subscription Deed; and
- (vii) all other information, documents, searches or enquiries as reasonably requested by Magna.

If the loan under the Tranche B Facility is not provided due to the non-fulfilment of a condition above, Magna is not obliged to provide any further loan to the Company under any other facility.

(c) **(Tranche C Facility):** If the Company has delivered notice to Magna, and subject to the satisfaction (or waiver by Magna) of the following conditions, Magna will advance to the Company a further loan of US\$250,000 on the date that is 90 calendar days after the initial advance date, and reoccurring every 90 calendar days the facility limit of US\$1,000,000 is reached (**Tranche C Facility**):

- (i) the proposed Utilisation Date in the notice is a date within the availability period for the Tranche C Facility, being the period commencing on the date being 90 calendar days after the

date of the Loan Agreement and ending on the date being 12 months thereafter;

- (ii) two directors or any director and the company secretary of the Company have certified to Magna in writing that the representations and warranties made by the Company in the Transaction Documents are true and correct and not misleading as at the relevant Utilisation Date as though they had been made at that date in respect of the facts and circumstances then subsisting;
  - (iii) no event of default has occurred or would result from the proposed loan;
  - (iv) no Termination Event has occurred;
  - (v) the Company has complied with all its regulatory obligations and has complied with the terms of the Subscription Deed; and
  - (vi) all other information, documents, searches or enquiries as reasonably requested by Magna.
- (d) **(Repayment):** Unless Magna otherwise agrees:
- (i) on the date that is 12 months from the Utilisation Date of a loan (**Expiry Date**) the Company must pay to Magna the principal outstanding in respect of that loan together with any other accrued but unpaid amounts owing under that loan; and
  - (ii) on the Expiry Date of the last loan made under the Loan Agreement, the Company must pay all outstanding moneys owed to Magna.
- (e) **(Prepayment):** In addition to any deemed voluntary prepayment pursuant to the Subscription Deed, the Company may make prepayments of the principal outstanding of any loans by giving not less than 10 Business Days' prior written notice to Magna. If a loan is prepaid (other than pursuant to a deemed prepayment in accordance with the Subscription Deed), the Company must pay to Magna:
- (i) if the prepayment occurs on or before 30 calendar days from the Utilisation Date of that loan, 100% of the principal outstanding (which shall include any deferred establishment fee);
  - (ii) if the prepayment occurs after 30 calendar days from the Utilisation Date for the loan and on or before 90 calendar days from the Utilisation Date of that loan, 110% of the principal outstanding (which shall include any deferred establishment fee); and
  - (iii) if the prepayment occurs after 90 calendar days from the Utilisation Date for the loan and before the Expiry Date, 120% of the principal outstanding (which shall include any deferred establishment fee).

- (f) **(Deferred establishment fee):** In consideration of Magna entering into the Loan Agreement, the Company must pay a deferred establishment fee to Magna in respect of each loan. The deferred establishment fee will be an amount equal to 10% of the principal amount outstanding of the relevant loan, with such fee being capitalised on the Utilisation Date and from the Utilisation Date, the principal outstanding for the loan shall include the deferred establishment fee.
- (g) **(First right of refusal):** Until the date that outstanding moneys owing by the Company to Magna under the Transaction Documents has been reduced by more than 90% of the aggregate principal amount of each loan, the Company must not, and it shall ensure that no other member of the group shall, announce, enter into discussions to raise, raise or attempt to raise any other finance (whether in the international or domestic syndicated loan, debt, bank, capital or equity markets (including, but not limited to, any bilateral or syndicated facility, bond or note issuance or private placement)) that is convertible into Shares without the prior written consent of Magna unless the Company or such other member of the group has first provided Magna with not less than 3 business days written notice and Magna has had the first opportunity to provide such finance to the Company, other than any debt or equity financing transaction under which the number of shares to be issued, or that the Company may be required to issue, (including shares to be issued pursuant to options, rights or any other instrument) does not vary after the date on which the capital raising is undertaken.
- (h) **(Default Fee):** If an event of default occurs and is continuing on the 11<sup>th</sup> business days following occurrence of the event of default, the Company must immediately pay to Magna a default fee equal to 15% of the principal outstanding on all loans (**Default Fee**). If more than two events of default have occurred, the Company must immediately pay to Magna the Default Fee.
- (i) **(Other):** The agreement otherwise contains standard representations and warranties and events of default for an agreement of this nature.

## 7.2 Subscription Deed

On 28 January 2016, the Company entered into a subscription deed with Magna Equities II, LLC (**Magna**) pursuant to which Magna may from time to time request that the Company issue Shares to it in lieu of payment of the principal outstanding under the Loan Agreement (**Subscription Deed**).

The key terms of the Subscription Deed are summarised below.

- (a) **(Subscription):** Subject to the Company obtaining any necessary Shareholder approvals (as set out in paragraph (c) below), Magna may at any time after the first Utilisation Date and prior to 5 business days before the Expiry Date give the Company an irrevocable Share issue notice in respect of all or part of the principal outstanding under the Loan Agreement.
- (b) **(Number of Shares):** When calculating the number of Shares to be issued pursuant to a Share issue notice, each nominated amount must:
  - (i) first be converted to Australian dollars using the spot rate of exchange displayed at or about 11.00am (New York time) for that day on the Reserve Bank of Australia website; and



- (ii) then divided by the issue price of the Shares. Shares will be issued at an issue price of the lower of:
  - (A) a 20% discount to the 5 trading day volume weighted average price of Shares; and
  - (B) \$0.02,per Share.

(c) **(Shareholder approval):**

- (i) No later than 60 calendar days after the date of the Subscription Deed (or such later date as agreed between the Company and Magna), the Company must:
  - (A) call and hold a general meeting of its Shareholders to approve the issue to Magna of the maximum number of Shares that may be issued to it pursuant to the Subscription Deed, for the purposes of ASX Listing Rules 7.1 and 7.4 and for all other purposes; and
  - (B) seek a waiver from ASX of the 3-month expiry under ASX Listing Rule 7.3.2 of the Shareholder approval referred to in clause (i)(A) above.

In the event that the Company does not obtain the Shareholder approvals or the ASX waiver contemplated in (i) above, the principal outstanding under the Loan Agreement will be repayable by the Company in accordance with the Loan Agreement by the date that is 60 days after the date of the Subscription Deed

- (ii) If Magna notifies the Company in writing that it reasonably believes a Share issue notice will result in Magna (or any of its associates) acquiring a relevant interest in 20% or more of the issued capital in the Company, the Company must, within 45 business days of receipt of the notice convene a general meeting of its Shareholders to pass a resolution approving the issue to Magna of all Shares that may be issued to it pursuant to the Subscription Deed for the purposes of section 611, item 7 of the Corporations Act and for all other purposes.

If the resolution is not passed by Shareholders of the Company at the meeting, the principal outstanding will be repayable by the Company in accordance with the Loan Agreement. Failure of the Company to make payment within 3 trading days will be deemed to be an event of default under the Loan Agreement.

(d) **(Repayment of principal outstanding):** On each date the Company issues Shares to Magna (**Issue Date**) pursuant to a Share issue notice:

- (i) Magna directs the Company to apply the repayment of the principal outstanding in respect of any Share issue notice to the subscription amount required to be paid by Magna for Shares the subject of any Share issue notice; and

- (ii) notwithstanding any provision of the Loan Agreement, the Company and Magna agree that the Company will be deemed to have given notice to Magna to voluntarily prepay an amount of the principal outstanding equal to the subscription amount under the Loan Agreement on the Issue Date in an amount equal to the subscription amount.

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## **8. ADDITIONAL INFORMATION**

### **8.1 Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### **8.2 Continuous Disclosure Obligations**

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
02/02/2016	Change of Director's Interest Notice
01/02/2016	High Impact drilling program begins in Colorado
01/02/2016	Secures \$1.9 million funding package to drive growth
01/02/2016	Reinstatement to Official Quotation
01/02/2016	Austin to divest of non-core assets in Texas and Mississippi
29/01/2016	Appendix 3B
29/01/2016	Quarterly Activities Report
29/01/2016	Quarterly Cashflow Report
28/01/2016	Final Director's Interest Notice
28/01/2016	Director Appointment/Resignation
07/01/2016	Becoming a substantial holder
07/01/2016	Ceasing to be a substantial holder
14/12/2015	Update on Suspension
14/12/2015	Share Registry changed - new address
09/12/2015	Suspension from Official Quotation
07/12/2015	Trading Halt
30/11/2015	Investor Presentation - Re-Tuned for Low Cost Production
27/11/2015	Results of Meeting
24/11/2015	Austin mobilises drilling equipment at Pathfinder
20/11/2015	Austin maintains 100% Strike Rate in Mississippi
09/11/2015	Austin enters into Strategic Drilling Rental Agreement
05/11/2015	Change of Director's Interest Notice

05/11/2015	Change of Director's Interest Notice
05/11/2015	Change of Director's Interest Notice
05/11/2015	Change of Director's Interest Notice
05/11/2015	Change in substantial holding
30/10/2015	Quarterly Cashflow Report
30/10/2015	Quarterly Activities Report
30/10/2015	Notice of Annual General Meeting/Proxy Form
21/10/2015	Closure of non-renounceable rights issue
19/10/2015	High Impact Oil Target Identified in Colorado
14/10/2015	Mississippi Operational Update
08/10/2015	Mail out of Prospectus completed 7 October 2015
06/10/2015	Replacement Prospectus
01/10/2015	Appendix 4G - Corporate Governance Statement

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website at [www.austinexploration.com](http://www.austinexploration.com).

### 8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	(\$)	Date
Highest	\$0.017	20 to 24 November 2015
Lowest	\$0.013	2, 3 and 5 to 10 November 2015
Last	\$0.011	2 February 2016

### 8.4 Substantial Shareholders

Based on substantial shareholder notices lodged prior to the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Lanstead III LLC	58,597,088	15.63%

## 8.5 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

### **Security Holdings**

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director. The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below:

Director	Shares	Options <sup>1</sup>
Dr William Mark Hart	3,240,015	648,003
Mr Guy Goudy	3,725,333	706,667
Mr Stuart Middleton	Nil	Nil
Mr Dominic Pellicano	3,819,029	987,166

#### **Notes:**

1. Each Option is unquoted and exercisable at \$0.03 each on or before 18 September 2017.

No Director or any of their associates intend to participate in the Offer.

### **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is determined by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company

of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors:

Director	Year ended 30 June 2014	Year ended 30 June 2015	Year ended 30 June 2016 (Proposed) <sup>1</sup>
Dr William Mark Hart	\$451,581 <sup>2</sup> US\$240,000 Salary US\$40,000 Director fees	\$317,810 <sup>2</sup> US\$125,000 Salary US\$24,000 Director fees	\$12,000 Director fees
Mr Guy Goudy	\$435,644 <sup>3</sup> US\$200,000 Salary \$40,000 Director fees	\$261,215 <sup>3</sup> US\$180,000 salary \$24,000 Director Fees	\$12,000 Director fees \$130,000 salary
Mr Stuart Middleton	N/A	\$5,000	\$12,000 Director fees
Mr Dominic Pellicano	\$86,431	\$24,000	\$24,000 Director fees

**Notes:**

1. Remuneration is being reviewed monthly due to difficult market conditions.
2. Consists of \$371,581 in salary and fees and \$80,000 in accrued performance rights in 2014 and \$371,581 in salary and fees in 2015.
3. Consists of \$348,938 in salary and fees and \$80,000 in accrued performance rights in 2014 and 261,215 in salary and fees in 2015.

## 8.6 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Steinepreis Paganin has acted as the Australian solicitors to the Company in respect of the Prospectus. The Company estimates it will pay Steinepreis Paganin \$5,000 (excluding GST and disbursements) for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

## **8.7 Consents**

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Grant Thornton has given its written consent to being named as the auditors to the Company in this Prospectus and the inclusion in Section 4.4 of the audited consolidated statement of financial position as at 30 June 2015. Grant Thornton has not withdrawn its consent before lodgement of this Prospectus with the ASIC.

## **8.8 Expenses of the Offer**

The total expenses of the Offer are estimated to be approximately \$12,000 (excluding GST) and are expected to comprise legal fees, printing and other administrative expenses, including ASIC fees. The estimated expenses will be paid out of the Company's existing working capital.

## **8.9 Electronic Prospectus**

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application



Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at [www.gmetex.com.au](http://www.gmetex.com.au).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

#### **8.10 Financial forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

#### **8.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **8.12 Privacy statement**

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

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**9. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

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**Mr Guy Goudy**  
**Managing Director**  
**For and on behalf of**  
**AUSTIN EXPLORATION LIMITED**

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## 10. GLOSSARY

**\$** means an Australian dollar.

**Applicant** means an investor that applies for Shares under the Offer using an Application Form pursuant to this Prospectus.

**Application Form** means the application form attached to or accompanying this Prospectus relating to the Offer.

**ASIC** means Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the official listing rules of ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHES.

**Board** means the board of Directors as constituted from time to time.

**Closing Date** means the closing date of the Offer as set out in the indicative timetable in the Section 2.1 (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

**Company** means Austin Exploration Limited (ACN 114 198 471).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company at the date of this Prospectus.

**Offer** means the offer of Shares referred to in Section 3.

**Official Quotation** means official quotation by ASX in accordance with the ASX Listing Rules.

**Opening Date** means the opening date of the Offer as set out in the indicative timetable in the Section 2.1.

**Option** means an option to acquire a Share.

**Prospectus** means this prospectus.

**Section** means a section of this Prospectus.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of Shares.

**WST** means Western Standard Time as observed in Perth, Western Australia.