

AUSTIN EXPLORATION LIMITED

ACN 114 198 471

ENTITLEMENT ISSUE PROSPECTUS

For a fully underwritten renounceable entitlement issue of one (1) Share for every one (1) Share held by Eligible Shareholders registered at the Record Date at an issue price of \$0.004 per Share to raise approximately \$1,733,433 (based on the number of Shares on issue as at the date of this Prospectus), together with one (1) free attaching New Option for every two (2) Shares subscribed for and issued (**Offer**).

The Offer is fully underwritten by Patersons Securities Limited (**Underwriter**). Refer to Section 9.1 for details regarding the terms of the Underwriting Agreement.

This Prospectus also contains:

- an offer of up to 18,793,487 free New Options on the basis of one (1) free New Option for every two (2) Shares subscribed for by Investors in the Placement (**Placement Options Offer**); and
- an offer of up to 216,679,179 free New Options on the basis of one (1) free New Option for every two (2) Shares subscribed for and issued to Sub-Underwriters (or their nominees) under the Shortfall Offer, as part consideration for services provided by the Sub-Underwriters in connection with the Offer (**Sub-Underwriter Offer**),

(together the **Additional Offers**).

The Additional Offers are conditional upon Shareholder approval at the General Meeting.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

CONTENTS

1.	CORPORATE DIRECTORY	3
2.	TIMETABLE	4
3.	IMPORTANT NOTES	5
4.	CHAIRMAN AND MANAGING DIRECTOR'S LETTER	7
5.	DETAILS OF THE OFFERS	9
6.	PURPOSE AND EFFECT OF THE OFFERS	18
7.	RIGHTS AND LIABILITIES ATTACHING TO SECURITIES	22
8.	RISK FACTORS	27
9.	MATERIAL CONTRACTS	33
10.	ADDITIONAL INFORMATION	41
11.	DIRECTORS' AUTHORISATION	49
12.	GLOSSARY	50

1. CORPORATE DIRECTORY

Directors

Dr William Hart
Non-Executive Chairman

Mr Guy Goudy
Managing Director and CEO

Mr Stuart Middleton
Non-Executive Director

Mr Dominic Pellicano
Non-Executive Director

Registered Office

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

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

Auditor*

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

Underwriter and Lead Manager

Patersons Securities Limited
Level 23, Exchange Tower
2 The Esplanade
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.

2. TIMETABLE

Event	Date
Lodgement of Prospectus with the ASIC	15 April 2016
Lodgement of Prospectus & Appendix 3B with ASX	15 April 2016
Notice sent to Optionholders	15 April 2016
Notice sent to Shareholders	19 April 2016
Ex date	20 April 2016
Rights start trading	20 April 2016
Record Date for determining Entitlements	5:00pm (WST) on 21 April 2016
Prospectus sent out to Shareholders	27 April 2016
Rights trading ceases*	29 April 2016
Securities quoted on a deferred settlement basis	2 May 2016
Last day to extend Offer	3 May 2016
Closing Date of Offers*	5:00pm (WST) on 6 May 2016
ASX notified of under subscriptions	11 May 2016
Issue date of Securities under the Offer Securities entered into Shareholders' security holdings	13 May 2016
Commencement of quotation on a normal (T+2) settlement basis*	16 May 2016
General Meeting	Late May 2016
Grant of Options under Placement Options Offer and Sub-Underwriter Offer	Late May 2016

*The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the Shares are expected to commence trading on ASX may vary.

3. IMPORTANT NOTES

This Prospectus is dated 15 April 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.

No person is authorised to give information or to make any representation in connection with 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 this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form or Shortfall Application Form.

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.

3.1 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 Section 8 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.

3.2 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 our Company, the Directors and our management.

We cannot and do 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.

We have 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 8 of this Prospectus.

4. CHAIRMAN AND MANAGING DIRECTOR'S LETTER

Dear Fellow Shareholders,

It is our pleasure to present this renounceable rights issue (**Rights Issue**) of Shares to eligible Shareholders by which Austin Exploration Limited (**Austin** or the **Company**) is seeking to raise up to AUD\$1,773,433 before costs to fund the Company's future growth and development.

Eligible Shareholders have the opportunity to subscribe for one (1) fully paid ordinary share (**Share**) in the Company for every one (1) Share held on the Record Date, at an issue price of \$0.004 per Share, together with one (1) free attaching Option exercisable at \$0.006 each on or before 30 June 2019 for every two (2) Shares subscribed for and issued (**New Option**).

Your Board is absolutely committed to Austin's future and all Directors will be participating in the Rights Issue, as they have in the past.

The Board has been keenly aware of its fiduciary duty to Shareholders in terms of prudently managing the Company's finances and balance sheet during what has been one of the most challenging downturns in the oil and gas industry in 75 years.

Accordingly, the Board and management have taken the following steps to ensure that the Company has been able to survive this downturn:

- significantly reduced costs at a corporate and operational level – G&A expenses reduced by approximately 75%;
- strategically and judiciously divested non-core assets in Texas and Mississippi to realise a combined AUD\$2.78 million;
- elimination of debt completely upon closure of the sale of the Company's Mississippi interests and completion of the Rights Issue; and
- secured a strategic low cost drilling rig rental agreement enabling Austin to drill and complete an oil well for <USD\$500K.

The elimination of the Company's bank debt with ANB Bank was a critical step forward for the Company. Recent reports suggest that 175 North American oil and gas companies have now filed for bankruptcy and since the start of 2016 North American lenders have cut oil and gas credit lines by more than USD\$5.6 billion. This has been primarily due to the rapid decline in the price of oil which has caused companies to default on their debt covenants. Austin's USD\$1.5 million debt facility with ANB Bank was due for review in April 2016. Following closure of the sale of Austin's Mississippi interest, Austin will pay down its remaining small levels of bank debt thereby eliminating all risks associated with being in default of the debt covenants.

The divestment of Austin's non-core assets, where the Company was not the sole operator and did not have complete control over expenditure, has been a key strategy in strengthening our balance sheet. Through this and the initiatives outlined above, Austin has emerged as a Company that will soon be debt free and as a low cost producer that can operate profitably with an oil price of circa USD\$30 p/bbl.

We are extremely proud of the way the Company has responded to the rapid fall in the oil price over the last 18 months and that Austin will be one of the companies who survives this once in a generation down-turn in the oil sector.

This fully underwritten Rights Issue will provide the Company with funding certainty for the next 12 months, and deliver the financial flexibility required to maintain and develop its world class oil and gas assets in Colorado and Kentucky, where there is significant unlocked value.

We are confident that with our well-defined focus on low cost development in some of the most prolific oil and gas bearing regions in North America, Austin has a very promising future.

Thank you for considering this Offer and we are grateful for your continued support.

Yours sincerely,

Dr Wm. Mark Hart
Chairman of the Board

Guy Goudy
Managing Director and Chief
Executive Officer

5. DETAILS OF THE OFFERS

5.1 The Offer

The Offer is being made as a renounceable entitlement issue of one (1) Share for every one (1) Share held by Eligible Shareholders registered at the Record Date at an issue price of \$0.004 per Share (based on the number of Shares on issue as at the date of this Prospectus) together with one (1) free attaching New Option for every two (2) Shares subscribed for and issued (**Offer**). Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus (and assuming no existing Options are exercised prior to the Record Date), a maximum of 433,358,358 Shares will be issued pursuant to the Offer to raise approximately \$1,733,433. No funds will be raised from the issue of the attaching New Options.

As at the date of this Prospectus the Company has 20,775,339 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to Section 0 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

The Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 7.1 for further information regarding the rights and liabilities attaching to the Shares.

The New Options offered under this Prospectus will be issued on the terms and conditions set out in Section 7.2.

All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

The Company will apply to the ASX for the Shares and New Options offered pursuant to this Prospectus to be granted Official Quotation on ASX.

The purpose of the Offer and the intended use of funds raised are set out in Section 6.1 of this Prospectus.

5.2 Placement Options Offer and Sub-Underwriter Offer

This Prospectus also includes an offer of:

- (a) up to 18,793,487 free New Options, on the basis of one (1) free New Option for every two (2) Shares subscribed for by Investors in the Placement (**Placement Options Offer**); and
- (b) an offer of up to 216,679,179 free New Options on the basis of one (1) free New Option for every two (2) Shares subscribed for and issued to Sub-Underwriters (or their nominees) under the Shortfall Offer, as part consideration for services provided by the Sub-Underwriters in connection with the Offer (**Sub-Underwriter Offer**),

(together the **Additional Offers**).

The Additional Offers are subject to Shareholder approval, which is being sought at the General Meeting to be held on or about 23 May 2016. In the event that Shareholder approval is not obtained, the Additional Offers will not proceed and no New Options will be issued pursuant to the Additional Offers.

Only Investors may accept the Placement Options Offer, by using the relevant Application Form in relation to the Placement Options Offer.

Only the Sub-Underwriters (or their nominees) may accept the Sub-Underwriter Offer, by using the relevant Application Form in relation to the Sub-Underwriter Offer.

5.3 What Eligible Shareholders may do

The number of Shares to which Eligible Shareholders are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) take up all of their Entitlement (refer to Section 5.4);
- (b) sell all of their Entitlement on ASX (refer to Section 5.5);
- (c) take up a proportion of their Entitlement and sell the balance on ASX (refer to Section 5.6);
- (d) take up a proportion of their Entitlement and allow the balance to lapse (refer to Section 5.7);
- (e) sell all or a proportion of their Entitlement other than on ASX (refer to Section 5.8); or
- (f) allow all or part of their Entitlement lapse (refer to Section 5.9).

5.4 Taking up all of your Entitlement

Should you wish to accept all of your Entitlement, then applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Entitlement and Acceptance Form.

If you wish to pay via BPAY®, payment may be made in accordance with Section 5.12.

5.5 Selling all your Entitlement on ASX

The Entitlements under the Offer are renounceable which means that all or part of an Eligible Shareholder's rights to subscribe for Shares under the Offer may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement you wish to sell on ASX. Trading of Entitlements will commence on ASX on 20 April 2016 and will cease on 29 April 2016. In the event that the Closing Date is extended, the period in which rights may be traded will also be extended.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

5.6 Taking up a proportion of your Entitlement and selling the balance on ASX

If you wish to take up only part of your Entitlement, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in Section 5.4, or make a payment by BPAY® in accordance with Section 5.12.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX and follow the steps in Section 5.5.

5.7 Taking up a proportion of your Entitlement and allowing the balance to lapse

If you wish to take up only part of your Entitlement and allow the balance to lapse, complete the accompanying personalised Entitlement and Acceptance Form for the number of Shares you wish to take up and follow the steps in Section 5.4, or make a payment by BPAY® in accordance with Section 5.12. If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.

5.8 Selling all or a proportion of your Entitlement other than on ASX

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder if they were a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a Shareholder on the issuer sponsored subregister and you wish to transfer all or a proportion of your Entitlement to another person other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) and the applicable transferee's cheque for the Shares they wish to subscribe for payable to "**Austin Exploration Limited - April 2016 Rights Issue Account**" and crossed "Not Negotiable" to the Share Registry (by delivery or by post at any time after the issue of this Prospectus and on or before the Closing Date) at the following address:

By delivery Boardroom Pty Limited
 Level 12
 225 George Street
 Sydney NSW 2000

By Post Boardroom Pty Limited
 GPO Box 3993
 Sydney NSW 2001

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS subregister you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by Share Registry in accordance with Section 5.4.

5.9 Allow all or part of your Entitlement to lapse

Shareholders should be aware that their Entitlement may have value. Entitlement are renounceable, which enable Eligible Shareholders who do not

wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX.

If you do not wish to accept or trade any part of your Entitlement, you are not obliged to do anything. If you do not take up your Entitlement or dispose of your Entitlement by the Closing Date, the Offer to you will lapse.

5.10 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application Monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

5.11 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "**Austin Exploration Limited - April 2016 Rights Issue Account**" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00 pm (WST) on the Closing Date.

If you wish to pay via BPAY®, payment may be made in accordance with Section 5.12.

5.12 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form and the representations outlined in Section 5.10; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application Monies.

Make sure that you use the specific Biller Code and unique Customer Reference Number (CRN) on your personalised Entitlement and Acceptance Form. If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the CRN specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same CRN for more than one of your shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one

of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be valid).

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00 pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

5.13 Minimum subscription

There is no minimum subscription to the Offers.

5.14 Underwriting and sub-underwriting

The Offer is fully underwritten by the Underwriter. Refer to Section 9.1 of this Prospectus for details of the terms of the underwriting.

The Company will pay to the Underwriter an underwriting fee equal to 6% of the amount underwritten (being \$104,106).

Pursuant to the Underwriting Agreement, the Company agreed, subject to receipt of Shareholder approval, to issue up to 216,679,179 Options to sub-underwriters of the Offer on the basis of one (1) free New Option for every two (2) Shares subscribed for and issued to Sub-Underwriters (or their nominees) under the Shortfall Offer. The issue of these Options is the subject of the Sub-Underwriter Offer and is conditional upon Shareholder approval.

5.15 Effect on control of the Company and potential dilution to Shareholders

The Underwriter is not presently a shareholder of the Company and the extent to which shares are issued pursuant to the underwriting will increase the Underwriters' voting power in the Company. The Underwriter is not a related party of the Company for the purpose of the Corporations Act.

The Underwriter has agreed to use its best endeavours to allocate the Shortfall Securities to sub-underwriters such that neither the Underwriter nor any of its sub-underwriters will individually have a voting power in the Company in excess of 20%.

Notwithstanding that the Offer is fully sub-underwritten, the number of Shares that may be held by the Underwriter and its voting power under several scenarios are set out in the table below.

Event	Shares held by Underwriter	Voting power of Underwriter
Date of Prospectus	Nil	0.00%
Completion of Entitlement Issue:		
Fully subscribed	Nil	0.00%
75% subscribed	108,339,590	12.50%
50% subscribed	216,679,179	25.00%

25% subscribed	325,018,769	37.50%
0% subscribed	433,358,358	50.00%

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders will take up Entitlements under the Offer. The underwriting obligation and therefore voting power of the Underwriter will reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by Shareholders.

Further, the Underwriting Agreement gives the Underwriter the right to enter into sub-underwriting agreements to pass on some or all of its obligations to subscribe for the Shortfall under the Underwriting Agreement. The Underwriter has advised the Company that it has entered sub-underwriting agreements for the total number of Entitlements being offered under the Offer. Accordingly, it is unlikely that the Underwriter will be obliged to subscribe for the Shortfall, as these obligations are likely to be passed on to the sub-underwriters.

The Underwriter has advised the Company that it is not aware of any sub-underwriters who may potentially hold voting power of 5% or more in the Company as a result of their respective sub-underwriting agreements.

In the event that the Underwriting Agreement is terminated and not all Shareholders accept their full Entitlement, the Shortfall procedure set out in Section 5.16 may apply.

5.16 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.004 being the price at which Shares have been offered under the Offer.

Eligible Shareholders who wish to subscribe for Securities above their Entitlement are invited to apply for additional Securities under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form.

Investors who are not Shareholders of the Company can apply for Shortfall Shares by completing the Shortfall Application Form accompanying this Prospectus at the direction of the Underwriter.

The Shortfall to the Offer is to be issued at the absolute discretion of the Directors in consultation with the Underwriter and as such there is no guarantee that any Shortfall Shares applied for will be issued to Eligible Shareholders. No Shareholder will be issued any Shortfall Securities if, as a result of such issue, their voting power in the Company would increase from 20% or below to more than 20% or from a starting point that is above 20% and below 90%.

5.17 ASX listing

Application for Official Quotation of the Shares and New Options offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares and New Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or

such period as varied by the ASIC), the Company will not issue any Shares or New Options 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 and New Options is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

5.18 Issue

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Securities issued pursuant to the Shortfall Offer will be issued on a progressive basis. Where the number of Securities 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 of the Shortfall Offer.

Pending the issue of the Securities 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.

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

5.19 Overseas shareholders

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.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand except to officers and directors of the Company resident in the United States.

New Zealand

The Securities are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of these Securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United States

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Nominees and custodians

Nominees and custodians may not submit an Entitlement and Acceptance Form on behalf of any Shareholder resident outside Australia and New Zealand without the prior consent of the Company, taking into account relevant securities law restrictions. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

5.20 Ineligible Shareholder nominee

Pursuant to ASX Listing Rule 7.7, the Company has appointed a nominee, Patersons Securities Limited, to sell the Entitlements to which Ineligible Shareholders are entitled. The nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the nominee may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

Neither the Company nor the nominee will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of the nominee, there is no viable market for the Entitlements of the Ineligible Shareholders, or a surplus over the expenses of the sale cannot be obtained the Entitlements that would have been offered to the Ineligible Shareholders, then those Entitlements will be allowed to lapse. The Shares not taken up will form part of the Shares to be taken up by the Underwriter pursuant to the Underwriting Agreement.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident outside Australia and New Zealand may not take up an Entitlement under the Offer without the prior consent of the Company, taking into account applicable securities laws. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of foreign securities laws.

The Company will pay the nominee a brokerage fee of 1.5% on the total gross dollar value of all Shares sold or \$1,500 (plus applicable GST), whichever is the greater.

5.21 Enquiries

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

6. PURPOSE AND EFFECT OF THE OFFERS

6.1 Purpose of the Offer

The purpose of the Offer is to raise up to \$1,733,433. No funds will be raised from the issue of the New Options.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Repayment of Magna Equities II, LLC loans	\$450,547	25.99%
2.	Development of Pathfinder Project	\$1,000,000	57.69%
3.	Expenses of the Offer ¹	\$222,173	12.82%
4.	Working capital	\$60,713	3.50%
	Total	\$1,733,433	100.00%

Notes:

1. As at the date of this announcement, the principal outstanding under the loans is US\$324,500. In accordance with the terms of the Loan Agreement, the Company expects that it will incur an early repayment fee on repayment of the loans, which will result in a total of US\$345,750 which is repayable to Magna Equities II, LLC. Based on an exchange rate of US\$1: A\$0.7674, as quoted on the Reserve Bank of Australia website on 13 April 2016, the Company anticipates that it will be required to repay A\$450,548 to Magna Equities II, LLC.
2. Refer to Section 10.7 for further details relating to the estimated expenses of the Offer.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

6.2 Effect of the Offers

The principal effect of the Offers, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$1,511,261 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 433,358,358 as at the date of this Prospectus to 866,716,716 Shares; and
- (c) increase the number of Options on issue from 20,775,339 as at the date of this Prospectus to 472,927,184 Options following completion of the Offers (comprising 216,679,179 New Options under the Offer, 18,793,487 New Options under the Placement Options Offer and 216,679,179 New Options under the Sub-Underwriter Offer).

6.3 Pro-forma balance sheet

The unaudited balance sheet as at 31 March 2016 and the unaudited pro-forma balance sheet as at 31 March 2016 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:

- (a) all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer; and
- (b) all New Options pursuant to the Placement Options Offer and Sub-Underwriter Offer are issued.

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 an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	UNAUDITED 31 March 2016	ADJUSTMENTS 31 March 2016	PROFORMA 31 March 2016
CURRENT ASSETS			
Cash	786,475	1,266,392 ⁽¹⁾	3,564,127
Trade and other receivables	49,841	32,705	82,546
Other current assets	2,990		2,990
TOTAL CURRENT ASSETS	839,306		3,649,663
NON-CURRENT ASSETS			
Investment accounted for using the equity method	1,523,769		1,523,769
Property, plant and equipment	207,631		207,631
Development and producing assets	1,187,489	(1,126,776)	60,713
Exploration and evaluation assets	7,041,225		7,041,225
Other non-current assets	51,393		51,393
TOTAL NON-CURRENT ASSETS	10,011,507		8,884,731
TOTAL ASSETS	10,850,813		12,543,394
CURRENT LIABILITIES			
Trade and other payables	504,446		504,446
Creditors and borrowings	885,811		885,811
TOTAL CURRENT LIABILITIES	1,390,257		1,390,257

	UNAUDITED 31 March 2016	ADJUSTMENTS 31 March 2016	PROFORMA 31 March 2016
NON-CURRENT LIABILITIES			
Other long term liabilities	77,523		77,523
TOTAL NON-CURRENT LIABILITIES	77,523		77,523
TOTAL LIABILITIES	1,467,780		1,467,780
NET ASSETS (LIABILITIES)	9,383,033		11,066,614
EQUITY			
Share capital	70,245,774	150,347	72,129,554
Options Reserve	10,392,137		10,392,137
Retained Earnings/ (Accumulated loss)	(71,254,878)	21,974	(71,455,077)
TOTAL EQUITY	9,383,033		11,066,614

Notes:

1. Post 31 March 2016 adjustments reflect completion of the sale of the Company's 50% interest in 5 wells in Mississippi and raising of \$150,347 under the Placement, including costs of the Placement of \$9,021. The sale of the Mississippi assets resulted in \$1.125m receivable in cash and \$0.083m in receivables and expenses with \$1.127m in assets disposed.

6.4 Effect on capital structure

The effect of the Offers on the capital structure of the Company, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date, is set out below.

Shares¹

	Number
Shares currently on issue	433,358,358
Shares offered pursuant to the Offer	433,358,358
Total Shares on issue after completion of the Offer	866,716,716

Options

	Number
Options currently on issue ²	20,775,339
New Options offered pursuant to the Offer ³	216,679,179
New Options offered pursuant to the Placement Options Offer ^{3,4}	18,793,487
New Options offered pursuant to the Sub-Underwriter Offer ^{3,4}	216,679,179
Total Options on issue after completion of the Offer	472,927,184

Notes:

1. The rights attaching to the Shares are summarised in Section 7.1.
2. Quoted Options exercisable at \$0.03 on or before 18 September 2017.
3. Quoted Options exercisable at \$0.006 on or before 30 June 2019. The terms and conditions of the Options are set out in Section 7.2.
4. The issue of New Options pursuant to the Additional Offers is subject to Shareholder approval which is being sought at the General Meeting. The Company is seeking Shareholder approval for the maximum number of Options which may be issued to Sub-Underwriters pursuant to the Sub-Underwriter Offer, however the actual number of Options issued will be determined based on the number of Shortfall Securities subscribed for by Sub-Underwriters pursuant to the Shortfall Offer.

The capital structure on a fully diluted basis as at the date of this Prospectus would be 454,133,697 Shares and on completion of the Offers (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 1,339,643,900 Shares.

No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

6.5 Details of substantial holders

Based on publicly available information as at 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 Capital L.P.	56,297,088	12.99

In the event all Entitlements are accepted there will be no change to the substantial holders on completion of the Offer.

7. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

7.1 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares 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.

(a) 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 of the Company.

(b) 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:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) 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
- (iii) 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).

(c) 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.

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.

(d) **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.

(e) **Shareholder liability**

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

(f) **Transfer of shares**

Generally, shares in the Company 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 and the ASX Listing Rules.

(g) **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.

(h) **Variation of rights**

Under 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.

(i) **Alteration of constitution**

In accordance with the Corporations Act, 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.

7.2 New Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.006 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 June 2019 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Quotation**

The Options are unlisted, however, the Company intends to apply for quotation of the Options on ASX, subject to the requirements of ASX Listing Rule 2.5.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

8. RISK FACTORS

8.1 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 to 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.

8.2 Company specific

(a) Potential for significant dilution

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 433,358,358 currently on issue to 866,716,716. This means that each Share will represent a significantly lower proportion of the ownership of the Company. In addition, upon exercise of the New Options offered pursuant to the Offer and the Additional Offers, a further 452,151,845 Shares will be issued.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the Company's business and projects.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus is not a reliable indicator as to the potential trading price of Shares after completion of the Offer.

(b) Going concern risk

The Company's financial report for the half-year ended 31 December 2015 (released to ASX on 15 March 2016) includes a note on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.

Notwithstanding the 'going concern' paragraph included in the half-year financial report, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short term working capital requirements. However, it is highly likely

that further funding will be required to meet the medium to long term working capital costs of the Company. Please refer to Section 8.2(d) below for further details.

In the event that the Offer is not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern, and which is likely to have a material adverse effect on the Company's activities.

(c) **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.

(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) **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.

8.3 Industry specific

(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) **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.

(c) **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.

(d) **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 Pathfinder and Kentucky Prospects.

(e) **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.

(f) **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.

(g) **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.

(h) **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.

8.4 General risks

(a) **Economic**

General economic conditions, 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.

8.5 Speculative investment

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 speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

9. MATERIAL CONTRACTS

9.1 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**), the Underwriter has agreed to underwrite the Offer for 433,358,358 Shares (**Underwritten Securities**). Consistent with the terms of the Offer, the Underwriter will receive one (1) free attaching New Option for every two (2) Underwritten Securities subscribed for an issued.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6% of the value of the Underwritten Securities. In addition, the Underwriter will receive:

- (a) a fee of 6% of the gross amount raised under the Placement (**Placement Fee**); and
- (b) a corporate advisory fee of \$62,500 (plus GST) (**Corporate Advisory Fee**).

In addition, the Company agreed, subject to receipt of Shareholder approval, to issue up to 216,679,179 New Options to Sub-Underwriters to the Offer on the basis of one (1) free New Option for every two (2) Shares subscribed for and issued to a Sub-Underwriter (or their nominee) as a sub-underwriter of the Shortfall Offer (**Sub-Underwriters**).

The Underwriting Agreement is conditional upon the Underwriter having the right to nominate a director to the Board of the Company upon successful completion of the Offer. As at the date of this Prospectus, the Underwriter has not yet advised the Company of the identities of its nominee. The person to be appointed to the Board upon completion of the Offer will be announced to the ASX in due course.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement upon or at any time prior to completion terminate its obligations under the Underwriting Agreement if:

- (a) (**Indices fall**): any of the All Ordinaries Index or the Standard and Poors / ASX 200 Index as published by ASX is at any time after the date of the Underwriting Agreement 7.5% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement;
- (b) (**Share Price**): the Shares of the Company finish trading on the ASX under the ASX code of "AKK" on any trading day with a closing price that is less than \$0.004 per Share;
- (c) (**Prospectus**): the Company does not lodge the Prospectus on the 15 April 2016 or the Prospectus or the Offer is withdrawn by the Company;
- (d) (**Copies of Prospectus**): the Company fails to provide copies of the Prospectus to the Underwriter in accordance with the terms of the Underwriting Agreement and such failure is not remedied within 2 days;
- (e) (**No Official Quotation**): Official Quotation has not been granted by the shortfall notice deadline date or, having been granted, is subsequently withdrawn, withheld or qualified;

- (f) **(Supplementary prospectus):**
- (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in Section 9.1 (q) (vi) below, forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter;
- (g) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information required by the Corporations Act;
- (h) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (i) **(Restriction on allotment):** the Company is prevented from allotting the Shares the subject of the Offer or New Options within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (j) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (k) **(ASIC application):** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the shortfall notice deadline date has arrived, and that application has not been dismissed or withdrawn;
- (l) **(ASIC hearing):** ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act;
- (m) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;

- (n) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, the United Kingdom, the United States of America, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (o) **(Authorisation)** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (p) **(Indictable offence)**: a director or senior manager of the Company or any of its subsidiaries is charged with an indictable offence;
- (q) **(Termination Events)**: subject always to the Material Adverse Effect (as defined in the Underwriting Agreement) qualification described below, any of the following events occurs:
- (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
 - (iii) **(Contravention of constitution or Act)**: a contravention by the Company or a subsidiary of the Company of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (iv) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect (as defined in the Underwriting Agreement) or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
 - (v) **(Error in Due Diligence Results)**: it transpires that any of the due diligence results or any part of the verification material was false, misleading or deceptive or that there was an omission from them;
 - (vi) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
 - (vii) **(Public statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the issue of Shares and New Options under the Offer or the Prospectus;

- (viii) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the issue of Shares and New Options under the Offer or the affairs of the Company or any of its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **(Official Quotation qualified)**: the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation" (as defined in the Underwriting Agreement);
- (x) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xi) **(Prescribed Occurrence)**: a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs;
- (xii) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xiii) **(Event of Insolvency)**: an Event of Insolvency (as defined in the Underwriting Agreement) occurs in respect of the Company or any of its subsidiaries
- (xiv) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$25,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 7 days;
- (xv) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company or any of its subsidiaries, other than any claims foreshadowed in the Prospectus;
- (xvi) **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before completion without the prior written consent of the Underwriter;
- (xvii) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of the Company or any subsidiaries of the Company or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or any subsidiaries of the Company;
- (xviii) **(Timetable)**: there is a delay in any specified date in the indicative timetable agreed between the Company and the Underwriter which is greater than 7 Business Days;
- (xix) **(Force Majeure)**: a Force Majeure (as defined in the Underwriting Agreement) affecting the Company's business or

any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;

- (xx) **(Certain resolutions passed)**: the Company or a subsidiaries of the Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxi) **(Capital Structure)**: the Company or a subsidiary of the Company alters its capital structure in any manner not contemplated by the Prospectus;
- (xxii) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a subsidiary of the Company; or
- (xxiii) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriter may not exercise its rights under paragraph (q) above unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a termination event has or is likely to have, or two or more termination events together have or are likely to have:

- (a) a Material Adverse Effect (as defined in the Underwriting Agreement); or
- (b) could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

In the event that the Underwriting Agreement is terminated, other than by the Company, the Company must pay the Underwriter a termination fee equal to the Corporate Advisory Fee.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

9.2 **Mandate letter**

On 28 March 2016, the Company entered into a mandate letter with the Underwriter (**Mandate**) under which the Underwriter agreed to act as lead manager to the Placement and the Offer in consideration for:

- (a) the Placement Fee (as described in the Underwriting Agreement summarised in Section 9.1);
- (b) the Corporate Advisory Fee (as described in the Underwriting Agreement summarised in Section 9.1); and
- (c) a retainer of \$10,000 per month for the 12 months following the date of completion of the Placement and Offer (together the **Capital Raising**).

The Underwriter's appointment pursuant to the Mandate may only be terminated by the Company:

- (a) if the Underwriter fails to rectify a material breach of the Mandate having been given 10 business days' notice in writing by the Company of such a breach; or
- (b) on a no fault basis within 10 business days' notice in writing by the Company, provided that in circumstances where the Company considers withdrawing from the Placement or terminating the Mandate as a result of dissatisfaction with the execution of the Mandate by the Underwriter, the Company first provides the Underwriter with reasonable verbal and written notice and an opportunity to rectify, to the Company's satisfaction, the quality of service to be provided under the Mandate.

The Underwriter may terminate the Mandate at any time by giving 2 business days' notice of its intention to do so, or if one or more of the following events occur in its sole and absolute opinion:

- (a) the Australian equity capital market conditions and/or ASX trading conditions are such that they are not, in the bona fide judgement of Patersons, conducive to the successful completion of this Mandate or other events beyond the control of the Underwriter are so material and adverse as to make it impracticable or inadvisable to proceed with the new equity issue on the terms and in the manner contemplated in the Mandate;
- (b) any of the All Ordinaries Index or the Small Ordinaries Index as published by ASX is at any time after the date of the Mandate 7.5% or more below its level as at the close of business on the business day prior to the date of execution of the Mandate;
- (c) there is a material adverse effect including any adverse change in the assets, liabilities, financial position or prospects of the Company as disclosed publicly and/or to the Underwriter, other than for the costs incurred by the Company in relation to the Placement and Offer;
- (d) there is a false or misleading statement in the material or information supplied to the Underwriter or included in the presentation materials or a material omission in the material supplied to the Underwriter or included in the presentation materials;
- (e) any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or the international financial markets or any material adverse change occurs in national or international political, financial or economic conditions, in each case the effect of which is that, it is impracticable to market the new issue or to enforce any contract to issue and allot the new shares or that the success of the new issue is likely to be adversely affected;
- (f) there is introduced, or there is a public announcement of a proposal to introduce, into the parliament of Australia or any state of Australia, a new law, or the Reserve Bank of Australia, any federal or state authority of Australia adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date

of this Mandate), any of which does or is likely to prohibit or regulate financial institutions or credit providers, capital issues or stock markets;

- (g) ASX gives formal or informal notice that the new shares of the Company will not be admitted to trading on the Official List of ASX;
- (h) ASX announces that the fully paid ordinary shares in the Company will be delisted, removed from quotation, withdrawn from admission to trading status or suspended from trading;
- (i) default by the Company of any term of the Mandate;
- (j) any of the warranties or representations by the Company in the Mandate are or become materially untrue;
- (k) a director or proposed director of the Company is charged with an indictable offence or any director or proposed director of the Company is disqualified from managing a corporation under the Corporations Act;
- (l) ASIC issues, or threatens to issue, a proceeding, hearing or investigation in relation to the Offer;
- (m) any government agency (including ASIC) commences any public action, hearing or investigation against the Company or any of its directors in their capacity as a director of the Company or announces that it intends to take such action; and
- (n) all of the conditions to the Mandate have not been, or will not in the Underwriter's sole and absolute opinion be, satisfied, or waived by the Underwriter, prior to 9 May 2016 or such later date agreed by the Underwriter in writing.

The Company acknowledges and agrees that prior to the closing date of the Offer:

- (a) the Underwriter will have the benefit of a clear market in that no other equity or debt financing of any type in the Company will be made without prior consultation with and the written consent of the Underwriter; and
- (b) it will not enter into any agreement or commitment which is material in the context of the Company and which contains a substantial or onerous obligation without the prior written consent of the Underwriter.

The Company has also agreed not to offer, sell or market, contract to sell, otherwise dispose of or announce the sale, directly or indirectly, of any Shares or other securities which are convertible into or exchangeable or contain the right to acquire Shares, without the prior written consent of the Underwriter for a period of 6 months commencing on the closing date of the Offer.

The Company will use its reasonable endeavours to ensure that during the period of 6 months commencing on the Closing Date, no current Director or proposed director of the Company or any related body corporate or their respective associates will sell, dispose or transfer any securities in the Company held by them as at the date of the Prospectus without the prior consent of the Underwriter.

The Company has agreed to offer the Underwriter the lead manager role in any further equity capital raisings undertaken in connection with the Company within 12 months of completion of the Capital Raising, subject to competitive terms in respect of pricing, fees and timing relative to market practices at that time.

10. ADDITIONAL INFORMATION

10.1 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.

10.2 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
15/04/2016	Austin Completes Sale of Mississippi Interests for AUD1.21m
15/04/2016	Change of Director's Interest Notice
15/04/2016	Change of Director's Interest Notice
11/04/2016	Renounceable Rights issue and placement to fund growth
07/04/2016	Prospectus Closed
07/04/2016	Trading Halt
22/03/2016	Appendix 3B
15/03/2016	Half Yearly Report and Accounts
14/03/2016	Disclosure Document
29/02/2016	Appendix 3B
29/02/2016	Austin Secures Sale of Mississippi Property for AUD\$1.28M
24/02/2016	Change in substantial holding
19/02/2016	Appendix 3B
18/02/2016	Disclosure Document – Supplementary Prospectus
15/02/2016	Austin sells Texas Birch property for \$1.5million
12/02/2016	Becoming a substantial holder
12/02/2016	Ceasing to be a substantial holder
04/02/2016	Appendix 3B
03/02/2016	Disclosure Document – cleansing Prospectus
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

Date	Description of Announcement
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 www.austinexploration.com.

10.3 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	\$0.016	13 to 29 January 2016
Lowest	\$0.005	11, 12 and 14 April 2016
Last	\$0.006	14 April 2016

10.4 Interests of Directors

Other than as set out 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

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Options ¹	Entitlement	\$
Dr William Mark Hart	3,690,015	648,003	3,690,015	\$14,760
Mr Guy Goudy	4,175,333	706,667	4,175,333	\$16,701
Mr Stuart Middleton	Nil	Nil	Nil	\$Nil
Mr Dominic Pellicano	3,819,029	987,166	3,819,029	\$15,276

Notes:

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

The Board recommends all Shareholders take up their Entitlement and advises that all Directors intend to take up their respective Entitlements.

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

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.

10.5 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.

Patersons Securities Limited will be paid an underwriting fee of approximately \$104,006 in respect of this Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Patersons Securities Limited has been paid fees totalling \$9,021 by the Company (being fees in connection with Patersons Securities Limited acting as lead manager to the Placement).

Patersons Securities Limited has also been appointed as the nominee under ASX Listing Rule 7.7.1(c). Patersons Securities Limited will be paid for this service on standard industry terms and conditions.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$20,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$63,169 (excluding GST and disbursements) for legal services provided to the Company.

10.6 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.

Patersons Securities Limited has given and has not withdrawn its written consent to being named as underwriter and Lead Manger to the Offer in this Prospectus, in the form and context in which it is named. Patersons Securities Limited (including its related entities) is not a Shareholder of the Company and currently has no relevant interest in any of the Company's securities. Patersons Securities Limited has also given and has not withdrawn its consent to be named as the Company's nominee under ASX Listing Rule 7.7.

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.

10.7 Expenses of the offer

In the event that all Entitlements are accepted, the total expenses of the Offer are estimated to be approximately \$222,172 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,320
ASX fees	21,846
Underwriting and Lead Manager fees	166,506
Nominee fees	1,500
Legal fees	20,000
Printing and distribution	10,000
Total	222,173

10.8 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.austinexploration.com.

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.

10.9 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.

10.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share or option certificates. The Company is a participant 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. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets 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.

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.

10.11 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, 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 Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (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.

11. 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.

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

12. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Additional Offers means the Placement Options Offer and the Sub-Underwriter Offer.

Applicant means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

Application means an application to subscribe for Shares under this Prospectus.

Application Form means an Entitlement and Acceptance Form or Shortfall Application Form as the context requires.

Application Monies means money submitted by Applicants in respect of Applications.

ASIC means the Australian Securities and 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 listing rules of the ASX.

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

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

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 as at the date of this Prospectus.

Eligible Shareholder means a Shareholder of the Company as at the Record Date other than an Ineligible Shareholder.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

General Meeting means the general meeting of Shareholders to be held in or around late May 2016 which, amongst other things, seeks Shareholder approval for the issue of the New Options the subject of the Additional Offers.

Ineligible Shareholder means a Shareholder as at the Record Date whose registered address is not situated in Australia or New Zealand.

Investors means investors who subscribed for, and were issued Shares, under the Placement.

New Option means an Option granted with the terms and conditions set out in Section 7.2.

Offer means the renounceable entitlement issue of one (1) Share for every one (1) Share held by Eligible Shareholders registered at the Record Date at an issue price of \$0.004 per Share to raise approximately \$1,733,433 (based on the number of Shares on issue as at the date of this Prospectus), together with one (1) free attaching New Option for every two (2) Shares subscribed for and issued, pursuant to this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Placement means the capital raising of \$150,347 through the issue of 37,586,973 Shares at an issue price of \$0.004 per Share together with one (1) free attaching New Option for every two (2) Shares subscribed for and issued, as announced by the Company on 11 April 2016.

Placement Options Offer means the offer of up 18,793,487 free New Options, on the basis of one (1) free New Option for every two (2) Shares subscribed for by Investors in the Placement (or their nominee) under this Prospectus, as set out in Section 5.2.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Section means a section of this Prospectus.

Security means an Option, a Share or both of them (as applicable).

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

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Offer (if any).

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 5.16 of this Prospectus.

Shortfall Securities means those Securities issued pursuant to the Shortfall.

Sub-Underwriters has the meaning given to the term in Section 9.1.

Sub-Underwriter Offer means the offer of up to 216,000,000 free New Options to the Sub-Underwriters (or their nominees) under this Prospectus, as set out in Section 5.2.

Underwriter means Patersons Securities Limited (ACN 008 896 311).

Underwritten Securities has the meaning given to the term in Section 9.1 .

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