

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

**ANNUAL REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

(Mark One)

- ☒ ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2014

- ☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 000-55165

NEXT FUEL, INC.

(Name of registrant in its charter)

NEVADA

(State or other jurisdiction of
incorporation or organization)

35-2305768

(IRS Employer
Identification No.)

**821 Frank Street
Sheridan, Wyoming**

(Address of principal executive offices)

82801

(Zip Code)

(307) 674-2145

(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act:

Title of each class registered:

None

Name of each exchange on which registered:

None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, par value \$0.0001

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d)

of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted in its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-X is not contained in this form, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act. Yes ☐ No ☒

Aggregate market value of the voting and non-voting common stock held by non-affiliates computed by reference to the price at which the common stock was last sold, or the average bid and asked price of such common stock, as of the last business day of the registrant's most recently completed second quarter, March 31, 2014, was \$7,320,453.

Number of shares of the registrant's common stock outstanding as of January 5, 2015 was 15,047,500

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CERTAIN TERMS USED IN THIS REPORT

When this report uses the words “we,” “us,” “our,” “Next Fuel,” “NXFI,” and the “Company,” they refer to Next Fuel, Inc. “SEC” and the “Commission” refers to the Securities and Exchange Commission.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Our History

We were organized in the State of Nevada in August 2007 under the name Clinical Trials of the Americas, Inc. Our stock began trading on the Over-the-Counter Bulletin Board (“OTCBB”) on June 11, 2008 under the trading symbol “CLLL”. We were not successful in raising sufficient capital to support a clinical trials business. On May 21, 2009, we changed our name to Next Fuel, Inc. and changed our trading symbol to NXFI.

On March 31, 2011, we purchased certain technology and intellectual property, which we used as the first step toward building a business that provides a range of technology and services to the oil and gas industry.

Our principal office and mailing address is located at 821 Frank Street, Sheridan, Wyoming 82801 and our telephone number is (307) 674-2145.

Description of Business and Plan of Operation

We are investigating opportunities to develop or acquire advanced technologies with a focus on clean renewable energy. We will focus on identifying and acquiring or developing a portfolio of growth opportunities with compelling market values and clean energy and environment stewardship, including collaborations with leading research institutes in the United States and other countries.

INTEGRA Disc Filtration System

On April 29, 2014, the Company entered into the Integra Test and Intellectual Property Option Agreement with Layne Christensen Company (“Layne”) to purchase the Integra Disc Filtration Units and Technology (the “*INTEGRA* Disc Filtration System”) for a total of \$900,000. An initial deposit of \$100,000 had been made on November 14, 2013, in connection with the signing of a non-binding letter of intent with Layne on October 30, 2013. This left a balance of \$800,000 which was payable without interest to Layne over a period of 135 days after April 29, 2014. Layne retained title to the *INTEGRA* Disc Filtration System until the commitment was satisfied. The Company completed the purchase with the payment of \$800,000 to Layne on September 5, 2014. The Company provided \$650,000 and refinanced the remaining balance of \$150,000 with a note.

The *INTEGRA* Disc Filtration System is a robust water treatment technology that is designed to remove high concentrations of suspended solids with particle sizes ranging 200 microns down to 5 microns from the most difficult industrial water streams. The design operates and back flushes automatically without filter cartridge or media changing, significantly reducing operating costs. Some features and benefits of the *INTEGRA* Disc Filtration System include:

- The highest filtration density, providing the smallest footprint
- The *INTEGRA* Disc Filtration System has the lowest pressure requirements (and associated energy use) of the industry
- The lowest back-flush volume of the industry at an expected 1.5%
- No back-flush pumps
- Highest flushing energy of industry employing short (low volume) compressed air entrained and propelled filtrate charges

- : Robust, stainless steel construction
- : No high maintenance 3 way valves, all valving is internally ported or simple 2 way diaphragm
- *INTEGRA* maintenance can be performed while operating
- Corrosion and chemical resistant materials of construction

- Fully Automatic self-cleaning operation employing the highest flushing flux in the industry
- Internal porting of the *INTEGRA* Disc Filtration System eliminates failure prone and flow constraining check valves
- The *INTEGRA* Disc Filtration System has no sliding seals in contact with abrasive feed water solids
- The stainless steel external housing of *INTEGRA* Disc Filtration System is not prone to ultraviolet damage
- No disposal cartridges, elements, or media
- Low maintenance and operational cost

The *INTEGRA* Disc Filtration System is a high flow density design substantially reducing the required system footprint to less than other comparable systems. The *INTEGRA* Disc Filtration System employs compressed, cylindrical stacks of surface textured rings (discs), encompassed within an inlet ported vessel, with each stack being supported vertically by 4 back flush nozzle imbued sparger tubes. Each module consists of 3 disk stack columns in a feedwater receiving, cyclonic filtration plenum, a filtrate and porting plenum and a compressed air receiving back-flush reaction plenum. One of the *INTEGRA* Disc Filtration System's important aspects is its unique automatic high power, low energy flushing capability. This provides the highest back flush cleaning efficiency of the industry. Unlike other disk filter systems, flushing employs compressed air entrained filtrate, propelled by a compressed air charge, proffering very high flushing efficiency, in very short cycle, without use of auxiliary back flush pumps. The *INTEGRA* flushing process lasts approximately 5 seconds having conveyed filtrate at 470 gpm (gallons per minute) and compressed air at 371 cfm (cubic feet per minute), conveying 125 pneumatic hp (horse power) of flushing power.

Water Treatment Services

Next Fuel provides water treatment solutions related to new and existing systems. The primary services provided by Next Fuel includes:

- **“Stand-Alone” Filtration:** This applies to new projects as well as existing systems in which only total suspended solids (TSS) removal is desired, designing the system to separate and capture solids down to 5 micron in size. Such effluent can be reused or disposed of (e.g., back injection).
- **Pre-Filtration:** For most all new and existing treatment systems or trains, effective solids removal is key to cost effective running of nano-filtration or similar membrane technologies.
- **Retrofitting Existing Sites:** This service offers customers the opportunity to retrofit and upgrade current systems that are using competitor equipment. Our patented disc design is significantly more effective and resistant to many chemical conditions (e.g., extreme pH, oil and grease) than our competition. This offers the client the ability to upgrade their system and treatment performance by installing our disc in existing disc-filtration vessels without having to purchase all new equipment.

Market Analysis

Our marketing strategy is based on developing an awareness regarding Next Fuel's technology to both engineering companies and the end use businesses. Next Fuel will strongly use networking as a means to develop relationships with as many of the potential customers as possible, both domestically and internationally. Although the market is very large, we are confident we can make inroads quickly. By developing these relationships, Next Fuel will allow potential clients to become familiar with not only the technology and services offered by Next Fuel, but also the personalities involved, recognizing that much of business is transacted by word of mouth and who you know.

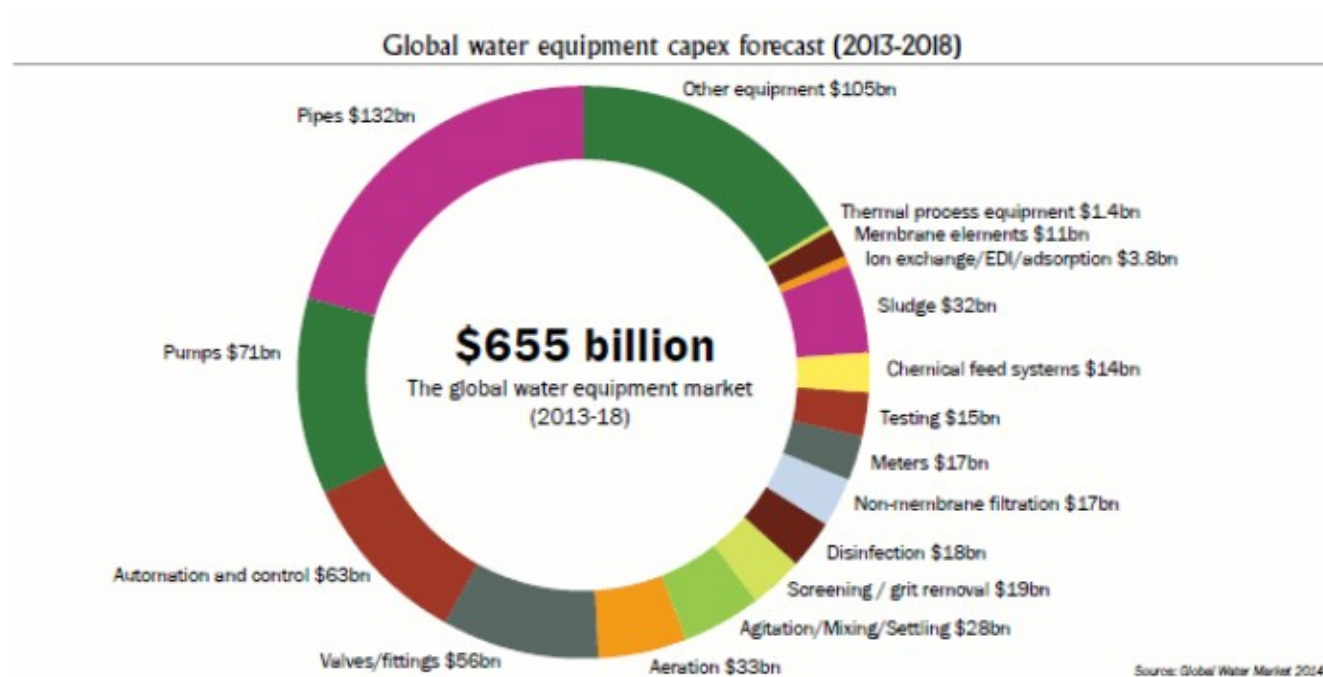
To reach the end user customers, Next Fuel will use its strong network of contacts in the engineering community, consultants and personal contacts. As a means of increasing visibility, Next Fuel will participate in many domestic and international trade shows and conferences. Next Fuel believes that participating in the conferences will be an effective way of meeting many of the potential customers and allowing them to become familiar with our technology and expertise.

Market Trends

There is increasing demand for filtration technologies with smaller footprints, especially in the oil and gas industry, where mobile water treatment systems are desired to save on transportation costs. Therefore, disc filtration technologies such as *INTEGRA* are expected to be in high demand due to the advantage of smaller space requirements relative to conventional media filtration technologies.

Target Market

Our target markets include power plants, tomato packing plants, PVC pipe manufacturers, oil and gas companies, computer chip manufacturers, and breweries.



Other Technologies

Low Energy-input Pervaporation (LPV) Technology

The LPV technology we acquired in February 2012 brings an opportunity to expand our energy related technology to clean up water used in oil and natural gas production, including hydraulic fracturing, aka “frack”, drilling. We believe this technology will allow us to treat water that contains the most challenging, high salt- and total dissolved solids used or produced in U. S. oil and gas operations. This technology could provide the oil and gas industry with a new cost-effective method for treating this type of waste water and dealing with environmental restrictions on their operations. If the federal and state governments continue to strengthen environmental regulations for the oil and gas industry, we believe demand for new water treatment technologies is likely to increase. Bench scale tests have been completed in the lab and we have been testing a larger scale prototype. There can be no assurance field tests will be successful or that we will enter into a license agreement or generate license revenues.

Coal to Gas (CTG) Technology

On February 21, 2014 the Company sold its CTG technology to Star Holding (U. K.) Ltd., which is controlled by Mr. Guangwei Guo, a member of our Board of Directors (the “Board”). Mr. Guo also controls the Company's China licensee. The primary terms of the sale were that Mr. Guo transferred back to the Company 600,000 shares of the common stock of the Company, par value \$0.0001 per share (the “Common Stock”) that Mr. Guo previously owned. Mr. Guo terminated the Company's obligation to maintain a registration statement for resale of the remaining 1,851,666 shares of Common Stock Mr. Guo and his business associates still own. The Company retains an exclusive license to rights in the United States to the CTG technology that was sold. Although the Company retains a license in the United States, the Company lacks financial resources to begin any United States CTG projects and is not currently in negotiations with any prospective partners or sub-licensees.

Carbon Dioxide to Product (CTP) Technology

The CTP technology we acquired in February 2012 targets the emerging market of carbon footprint elimination. After development, our CTP technology will convert carbon dioxide from sources such as power plants and other fossil fuel burning industries into value added organic compounds. This process will also close the carbon loop by returning carbon to solid form instead of releasing it into the air. We expect that our CTP Technology will have minimum energy input and the feedstock is the waste gas from stack emissions. If we develop this technology into a commercial process, we expect to derive revenue both from the operators of power plants for cleaning the feedstock (carbon dioxide) and from selling the products the CTP Technology produces. We currently do not have a plan or schedule for commercialization of this very early stage technology.

Intellectual Property Protection

We have the following patents and trademark registrations associated with the *INTEGRA* Disc Filtration System:

1. U.S. Patent No. 7.288.186 entitled "Filtrate immersed activation assembly for disc filters" issued October 3, 2007 and any and all foreign counterpart patent applications currently existing or filed in the future.
2. U.S. Patent No. 8.114.287 entitled "Surface purveyed filtration device" issued February 14, 2012 and any and all foreign counterpart patent applications currently existing or filed in the future.
3. U.S. Patent No. 6.752.920 entitled "Integral valved filter" issued June 22, 2004 and any and all foreign counterpart patent applications currently existing or filed in the future.
4. U.S. Patent No. 8.33.825 entitled "Surface purveyed filtration process" issued November 6, 2012 and any and all foreign counterpart patent applications currently existing or filed in the future.
5. U.S. Trademark Registration No. 4134263, "I"
6. U.S. Trademark Registration No. 4134264, "INTEGRA"

Management

Our management team is led by individuals who have experience building both domestic and international business relationships. Our implementation team is led by professionals with decades of experienced in R&D and putting technology to work to produce results. See Item 1A "Risk Factors" of this Report related to our management.

At January 13, 2015, we employed four people. We currently outsource much of our accounting and other administrative functions, but we expect to employ additional staff for administrative functions.

Environmental

Many environmental laws, rules and regulations cover the energy business in general. The laws, rules and regulations cover a range of issues, including groundwater, air emissions, and carbon emissions. See Item 1A "Risk Factors" of this Report for a discussion of environmental risks to our business.

Leased Property

Our principal office is located at, and our mailing address is, 821 Frank Street, Sheridan, Wyoming, 82801 in approximately 400 square feet of office and 2,500 square foot of shop/warehouse space, which we lease for \$1,120 per month. We currently rent this space on a month to month basis.

We also rent an equipment yard in Corpus Christi, Texas for a large portion of our *INTEGRA* Disc Filtration System modules and parts inventory for which we pay \$500 per month.

Legal Proceedings

See Item 3 for a description of legal proceedings. See Item 1A "Risk Factors" of this Report for a description of issues that we have identified as having the highest risks for our becoming involved in litigation or regulatory proceedings.

ITEM 1A RISK FACTORS

The description of our business in Item 1 and in other parts of this Report contain forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those described below.

You should carefully consider the risk factors listed below, together with all of the other information included in this Report, before investing in our Common Stock. The risks and uncertainties described below encompass many of the risks that could affect our business and the value of our stock. Not all risks and uncertainties are described below. Risks that we do not know about could arise and issues we now view as minor could become more important. If any of the following risks actually occur, our business, financial condition or results of operations could be materially and adversely affected. In that case, the trading price of our Common Stock could decline and you may lose all or part of your investment.

We have organized these risk factors into the following categories below.

- our financial condition;
- our technology and services;
- our market, customers and partners;
- our shareholders, officers, directors and employees;
- regulatory matters that affect our business; and
- our securities.

I. Risks associated with our financial condition.

We do not expect our cash and cash equivalents will be sufficient to fund operations for the next twelve (12) months. We expect we will need to obtain funds from additional financings or other sources for our business activities. If we do not receive these funds, we would need to reduce, delay or eliminate some of our expenditures.

Our September 30, 2014 financial statements have been prepared on a going concern basis. As of September 30, 2014, we had approximately \$192,044 in cash and cash equivalents and approximately \$945,717 of liabilities as well as a net loss of \$4,493,727 as shown in Financial Note 1 part (B). We do not expect our cash resources will be sufficient to fund operations for the next twelve months, and we will continue to seek capital raising opportunities during that year to fund operations.

If we obtain additional funds by issuing equity securities, dilution to stockholders may occur. In addition, preferred stock could be issued without stockholder approval and the terms could include dividend, liquidation, conversion, voting and other rights more favorable than the rights of the holders of our Common Stock. If we obtain funds through debt financing, it may involve agreements that include covenants limiting or restricting our ability to take certain actions, such as incurring additional debt, making capital expenditures or declaring dividends.

There can be no assurance that we will be able to raise the additional capital from third parties on terms acceptable to us or to fund the additional capital requirements internally.

If adequate funds are not available, we may be required to reduce, delay or eliminate expenditures for our marketing and R&D development and other activities, or seek to enter into a business combination transaction with or sell assets to another company. We could also be forced to license to third parties the rights to commercialize additional products or technologies that we would otherwise seek to develop ourselves. The transactions outlined above may not be available to us when needed or on terms acceptable or favorable to us.

We have only limited operating history that can be used to evaluate an investment in us, and the likelihood of

our success must be considered in light of the problems, expenses, difficulties, complications and delays that we may encounter because we are a small company. As a result, we may not be profitable and we may not be able to generate sufficient revenue to develop as we have planned.

We began to conduct our business operations in April 2011 and have not yet generated enough revenue to fully fund our operations. If we cannot generate more revenue, we may have to alter or delay implementing our plan of operations.

We may not be successful in enforcing the long-term payment obligations we seek.

Our revenue generation model is to enter into agreements that provide for long-term revenues from operations in the oil and gas, wastewater, and agricultural industries in which customers deploy our technology. Customers may employ a variety of strategies to eliminate or reduce the revenue we generate.

II. Risks associated with our technology and services.

We expect that commercial development and operations of projects of our clients will be subject to risks of delay and cost overruns, which will delay and decrease our revenue.

We anticipate our revenue will be primarily derived from water treatment as we assist operators and developers. Many factors beyond our control affect the development and operation of projects by our clients. Development and operations of projects will be subject to substantial risks of delay or cost overruns. Delays in development or operation of the projects could directly adversely impact both the timing and amount of revenue we generate.

Our technology has been tested in only a limited number of projects. We might not successfully develop and implement our technology in wider scale commercial-scale operations.

Commercial operations may involve factors of which we are not aware that impede implementation of our technology.

We may not have enough insurance to cover all of the risks we face.

We cannot insure fully against pollution, environmental and intellectual property infringement risks. The occurrence of an event not fully covered by insurance could have a material adverse effect on our financial condition and results of operations.

We may not be able to develop a market for our technology, which will most likely cause our stock price to decline.

The demand and price for our technology will be based upon the existence of markets for their utilization. The extent to which we may gain a share of our intended markets will depend, in part, upon the cost effectiveness and performance of our technology when compared to alternative products and services, which may be conventional or heretofore unknown. If the products and services of other companies provide more cost-effective alternatives or otherwise outperform our technology, the demand for our technology may be reduced resulting in lower revenue than we expect. Our success will depend upon market acceptance of our technology. Failure of our technology to achieve and maintain meaningful levels of market acceptance would materially and adversely affect our business, financial condition, results of operations and market penetration. This would likely cause our stock price to decline.

Our business, including results of operations and reputation, could be adversely affected by process safety and product stewardship issues.

Failure to appropriately manage safety, human health and environmental risks associated with our technology and processes could adversely impact employees, communities, stakeholders, our reputation and results of operations. Public perception of the risks associated with our technology could impact its acceptance and influence the regulatory environment in which we operate. Issues could be created by events outside of our control, including natural disasters, severe weather events and acts of sabotage.

Our lack of diversification will increase the risk of an investment in us.

Our current business focus is on marketing and implementation of the Integra Disc Filter system. Larger companies have the ability to manage their risks by diversification. However, we currently lack significant diversification, in terms of

both the nature and geographic scope of our business. As a result, we will likely be impacted more acutely by factors affecting our industry than we would if our business was more diversified, increasing our risk profile. Such factors include fluctuations in prices of oil and natural gas, natural disasters, restrictive governmental regulations, transportation capacity constraints, weather, curtailment of production or interruption of transportation.

III. Risks associated with our market, customers and partners.

Many of our competitors have significantly more resources than we do, and technologies developed by competitors could become more commercially successful than ours or render our technologies obsolete.

As our competitors continue to develop competing technologies, one or more of our current technologies could become obsolete. Our ability to create and maintain technological advantages is critical to our future success. As new technologies develop, we may be placed at a competitive disadvantage forcing us to implement new technologies at a substantial cost. We may not be able to successfully develop or expend the financial resources necessary to acquire or develop new technology.

We will depend on strategic relationships with site owners, engineering companies, and other industry participants. If we are not successful in entering into and achieving the benefits of these relationships, this could negatively impact our business.

We believe that the establishment of strategic partnerships will greatly benefit the growth of our business, and we intend to seek out and enter into strategic alliances. We may not be able to enter into these strategic partnerships on commercially reasonable terms, or at all. Even if we enter into strategic alliances, our partners may not fulfill their obligations or otherwise prove advantageous to our business. Our inability to enter into new relationships or strategic alliances could have a material and adverse effect on our business.

Historically, the markets for energy products have been volatile. These markets will likely continue to be volatile in the future. The payments we expect to receive from licensees are likely to depend on numerous factors beyond our control. These factors include the following:

- changes in global supply and demand for oil and natural gas;
- the actions of the Organization of Petroleum Exporting Countries, or OPEC;
- the price and quantity of imports of foreign oil and natural gas;
- acts of war or terrorism;
- political conditions and events, including embargoes, affecting oil-producing activity;
- the level of global oil and natural gas exploration and production activity;
- the level of global oil and natural gas inventories;
- weather conditions;
- technological advances affecting energy consumption; and
- the price and availability of alternative fuels; and market concerns about global warming or changes in governmental policies and regulations due to climate change initiatives.

IV. Risks associated with our shareholders, officers, directors and employees

Our success depends on the performance of our executive officers and key personnel, the loss of who would disrupt our business operations.

We depend to a large extent on the performance of our executive officers, Robert H. Craig, our Chief Executive Officer, Mr. Song Jin, our President and Chief Operating Officer, Mr. Robin Kindle, our Vice President and Chief Financial Officer, and certain key personnel. Our ability to implement our business strategy may be constrained and the timing of implementation may be impacted if we are unable to attract and retain sufficient personnel. At January 13, 2015, we had four full-time employees. We do not maintain “key person” life insurance policies on any of our employees.

We have limited management and staff and will be dependent upon partnering arrangements.

We had four full-time employees as of January 13, 2015. We intend to use the services of independent consultants and contractors to perform various professional services, including legal, environmental, book keeping, accounting and tax services. We will also pursue alliances with partners to conduct field operations. Our dependence on third party consultants and service providers and partners creates a number of risks, including but not limited to:

- the possibility that such third parties may not be available to us as and when needed; and
- the risk that we may not be able to properly control the timing and quality of work conducted with respect to our projects.

If we experience significant delays in obtaining the services of such third parties or poor performance by such parties, our results of operations and stock price could be materially adversely affected.

We will need additional specialized personnel to implement our business plan. As energy demand grows, these personnel may become more difficult to recruit and retain.

As energy demand grows, these personnel may become more difficult to recruit and retain. It is possible that we will not be able to hire and retain such specialized personnel on acceptable terms. We will make every effort to recruit executives with proven experience and expertise as needed to achieve our plan.

Insiders have substantial control over the company and could delay or prevent a change in corporate control, including a transaction in which the company's stockholders could sell or exchange their shares for a premium.

At January 13, 2015, directors and executive officers beneficially owned, in the aggregate, 6,865,570 shares (including vested stock options and unvested stock options that become exercisable when they vest within sixty (60) days after January 13, 2015), but does not include 813,000 shares owned by investors who are business associates of one of the members of our Board or were otherwise introduced to the Company by that director. At January 13, 2015, the Company had 15,047,500 issued shares of Common Stock. In addition, the Company's officers and directors have stock options to purchase 815,000 shares of Common Stock, of which 565,000 options have been vested or will vest within sixty (60) days after January 13, 2015 and 250,000 options are subject to vesting over time more than sixty (60) days after January 13, 2015. See Item 11 "Executive Compensation" of this Report for information about option plans and vesting terms.

As a result, our directors and executive officers, together with their affiliates, if acting together, have the ability to affect the outcome of matters submitted to stockholders for approval, including the election and removal of directors and any merger, consolidation or sale of all or substantially all of our assets. In addition, these persons, acting together, will have the ability to control our management and affairs. Accordingly, this concentration of ownership may harm the value of our Common Stock by: delaying, deferring or preventing a change in control; impeding a merger, consolidation, takeover or other business combination; or discouraging a potential acquirer from making an acquisition proposal or otherwise attempting to obtain control.

V. Risks associated with Regulatory Matters that affect our business.

We and our prospective clients are subject to extensive laws relating to the protecting the environment. These laws may increase the cost of operating projects that utilize our technology or affect demand for the gas these projects will produce.

If we, or our licensees, violate any of the laws and regulations relating to the protection of the environment, we may be subject to substantial fines, criminal sanctions or third party lawsuits and may be required to incur substantial expenses or, in some extreme cases, curtail operations. Compliance with environmental laws and regulations, as well as with any

requisite environmental permits, may cause delays and otherwise increase the costs of our licensees operating gas development projects, and as a result, our business, financial condition and results of operations could be materially adversely affected.

Changes in environmental laws and regulations occur frequently. Any changes may have a material adverse effect on our results of operations, competitive position, or financial condition. For instance, in response to studies suggesting that emissions of certain gases, commonly referred to as greenhouse gases and including carbon dioxide and methane, may be contributing to warming of the Earth's atmosphere, the U.S. Congress is actively considering legislation, the U. S. Environmental Protection Agency is considering proposed regulations, and more than a dozen states have already taken legal measures to reduce emission of these gases, primarily through the planned development of greenhouse gas emission inventories and/or regional greenhouse gas cap and trade programs. Other countries already have enacted such legislation or regulations or are considering such legislation or regulations.

Terrorist threats and U.S. military actions could result in a material adverse effect on our business.

Further acts of terrorism in the United States or elsewhere could occur. These developments and similar future events may cause instability in the world's financial and insurance markets and could significantly increase political and economic instability in the geographic areas in which we may wish to operate. These developments could also lead to increased volatility in prices for crude oil, natural gas and the cost and availability of insurance. In addition, these developments could adversely affect our ability to access capital and to successfully implement projects currently under development.

United States government regulations effectively preclude us from actively engaging in business activities in certain countries. These regulations could be expanded to cover countries where we may wish to operate in the future. These developments could subject the operations of our company to increased risks and, depending on their magnitude, could have a material adverse effect on our business.

If we are unable to obtain and maintain protection for the intellectual property relating to our technology and services, the value of our technology and services will be adversely affected.

Our success will depend in part on our ability to obtain and maintain protection for the intellectual property covering or incorporated into our technology and services. We may not be able to obtain patent rights relating to our technology or services. Even if issued, patents issued to us or licensed to us in the future may be challenged, narrowed, invalidated, held to be unenforceable or circumvented, which could limit our ability to stop competitors from marketing similar services or limit the length of term of patent protection we may have for our technology and services. Changes in either patent laws or in interpretations of patent laws in the United States and other countries may diminish the value of our intellectual property or narrow the scope of our patent protection.

Our patents also may not afford us protection against competitors with similar technology. Because patent applications in the United States and many other jurisdictions are typically not published until 18 months after filing, or in some cases not at all, and because publications of discoveries in the scientific literature often lag behind actual discoveries, neither we nor our licensors can be certain that we or they were the first to make the inventions claimed in our or their issued patents or pending patent applications, or that we or they were the first to file for protection of the inventions set forth in these patent applications. If a third party has also filed a U.S. patent application covering our product candidates or a similar invention, we may have to participate in an adversarial proceeding, known as an interference, declared by the U.S. Patent and Trademark Office to determine priority of invention in the United States. The costs of these proceedings could be substantial and it is possible that our efforts could be unsuccessful, resulting in a loss of our U.S. patent position. In addition, patents generally expire, regardless of the date of issue, 20 years from the earliest claimed non-provisional filing date.

If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and services could be adversely affected.

Our trade secrets may otherwise become known or be independently developed by competitors. If we are unable to protect the confidentiality of our proprietary information and know-how, competitors may be able to use this information to develop technologies that compete with our technology, which could adversely impact our business.

If we infringe or are alleged to infringe intellectual property rights of third parties, it will adversely affect our business.

Our development and commercialization activities, as well as any technology candidates or services resulting from these activities, may infringe or be claimed to infringe one or more claims of an issued patent or may fall within the scope of one or more claims in a published patent application that may be subsequently issued and to which we do not hold a license or other rights. Third parties may own or control these patents or patent applications in the United States and abroad. These third parties could bring claims against us or our collaborators that would cause us to incur substantial expenses and, if successful against us, could cause us to pay substantial damages. Further, if a patent infringement suit were brought against us or our collaborators, we or they could be forced to stop or delay providing services or using the technology that is the subject of the suit.

As a result of patent infringement or other similar claims or to avoid potential claims, we or our potential future collaborators may choose or be required to seek a license from a third party and be required to pay license fees or royalties or both. These licenses may not be available on acceptable terms, or at all. Even if we or our collaborators were able to obtain a license, the rights may be nonexclusive, which could result in our competitors gaining access to the same intellectual property. Ultimately, we could be prevented from commercializing our technology, or be forced to cease some aspect of our business operations, if, as a result of actual or threatened patent infringement claims, we or our collaborators are unable to enter into licenses on acceptable terms. This could harm our business significantly.

There has been substantial litigation and other proceedings regarding patent and other intellectual property rights in the energy industries. In addition to infringement claims against us, we may become a party to other patent litigation and other proceedings. The cost to us of any patent litigation or other proceeding, even if resolved in our favor, could be substantial. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their substantially greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. Patent litigation and other proceedings may also absorb significant management time.

Many of our employees were previously employed at other energy companies, including our competitors or potential competitors. We try to ensure that our employees do not use the proprietary information or know-how of others in their work for us. However, we may be subject to claims that we or these employees have inadvertently or otherwise used or disclosed intellectual property, trade secrets or other proprietary information of any such employee's former employer. Litigation may be necessary to defend against these claims and, even if we are successful in defending ourselves, could result in substantial costs to us or be distracting to our management. If we fail to defend any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel.

Changes in government policies and laws could adversely affect our financial results.

We expect that sales outside the U.S. may constitute a portion of our revenue. Our financial results could be affected by changes in trade, monetary and fiscal policies, laws and regulations, or other activities of U.S. and non-U.S. governments, agencies and similar organizations. These conditions include, but are not limited to, changes in a country's or region's economic or political conditions, trade regulations affecting production, pricing and marketing of products, local labor conditions and regulations, reduced protection of intellectual property rights in some countries, changes in the regulatory or legal environment, restrictions on currency exchange activities, burdensome taxes and tariffs and other trade barriers. International risks and uncertainties, including changing social and economic conditions as well as terrorism, political hostilities and war, could lead to reduced sales and profitability.

Legislative and regulatory initiatives related to global warming and climate change could have an adverse effect on our operations and the demand for oil and natural gas.

In December 2009, the EPA determined that emissions of carbon dioxide, methane and other "greenhouse gases" present an endangerment to public health and the environment because emissions of such gases are, according to the

EPA, contributing to warming of the earth's atmosphere and other climatic changes. Based on these findings, the EPA has begun adopting and implementing regulations to restrict emissions of greenhouse gases under existing provisions of the Clean Air Act, or CAA. The EPA recently adopted two sets of rules regulating greenhouse gas emissions under the CAA, one of which requires a reduction in emissions of greenhouse gases from motor vehicles and the other of which regulates emissions of greenhouse gases from certain large stationary sources, effective January 2, 2011. The EPA has also adopted rules requiring the reporting of greenhouse gas emissions from specified large greenhouse gas emission sources in the United States, including petroleum refineries, on an annual basis, beginning in 2011 for emissions occurring after January 1, 2010, as well as certain onshore oil and natural gas production facilities, on an annual basis, beginning in 2012 for emissions occurring in 2011.

In addition, the United States Congress has from time to time considered adopting legislation to reduce emissions of greenhouse gases and almost one-half of the states have already taken legal measures to reduce emissions of greenhouse gases, primarily through the planned development of greenhouse gas emission inventories and/or regional greenhouse gas cap and trade programs. Most of these cap and trade programs work by requiring major sources of emissions, such as electric power plants, or major producers of fuels, such as refineries and gas processing plants, to acquire and surrender emission allowances. The number of allowances available for purchase is reduced each year in an effort to achieve the overall greenhouse gas emission reduction goal.

The adoption of legislation or regulatory programs to reduce emissions of greenhouse gases could require us to incur increased operating costs, such as costs to purchase and operate emissions control systems, to acquire emissions allowances or comply with new regulatory or reporting requirements. Any such legislation or regulatory programs could also increase the cost of consuming, and thereby reduce demand for oil, NGLs, and natural gas. Consequently, legislation and regulatory programs to reduce emissions of greenhouse gases could have an adverse effect on our business, financial condition and results of operations. Finally, it should be noted that some scientists have concluded that increasing concentrations of greenhouse gases in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, and floods and other climatic events. If any such effects were to occur, they could have an adverse effect on our financial condition and results of operations.

We are subject to numerous laws and regulations that can adversely affect the cost, manner or feasibility of doing business.

Our operations, and operations of licensees on which we expect our revenues will depend, are subject to extensive federal, state and local laws and regulations relating to the exploration, production and sale of oil and natural gas, and operating safety. Future laws or regulations, any adverse change in the interpretation of existing laws and regulations or our failure to comply with existing legal requirements may result in substantial penalties and harm to our business, results of operations and financial condition. We or our licensees may be required to make large and unanticipated capital expenditures to comply with governmental regulations, such as:

- land use restrictions;
- lease permit restrictions;
- drilling bonds and other financial responsibility requirements, such as plugging and abandonment bonds;
- spacing of wells;
- unitization and pooling of properties;
- safety precautions;
- operational reporting; and
- taxation.

Under these laws and regulations, we could be liable for:

- personal injuries;
- property and natural resource damages;
- well reclamation cost; and
- governmental sanctions, such as fines and penalties.

Our operations could be significantly delayed or curtailed and our cost of operations could significantly increase as a result of regulatory requirements or restrictions. We are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations.

Our operations may incur substantial expenses and resulting liabilities from compliance with environmental laws and regulations.

Oil and gas operations are subject to stringent federal, state and local laws and regulations relating to the release or disposal of materials into the environment or otherwise relating to environmental protection. These laws and regulations:

- require the acquisition of a permit before drilling commences;
- restrict the types, quantities and concentration of substances that can be released into the environment in connection with drilling and production activities;
- limit or prohibit drilling activities on certain lands lying within wilderness, wetlands and other protected areas; and
- impose substantial liabilities for pollution resulting from our operations.

Our failure or our licensees' failure to comply with these laws and regulations may result in:

- the assessment of administrative, civil and criminal penalties;
- incurrence of investigatory or remedial obligations; and
- the imposition of injunctive relief.

Changes in environmental laws and regulations occur frequently and any changes that result in more stringent or costly waste handling, storage, transport, disposal or cleanup requirements could require us to make significant expenditures to reach and maintain compliance and may otherwise have a material adverse effect on our industry in general and on our own results of operations, competitive position or financial condition. Under these environmental laws and regulations, we could be held strictly liable for the removal or remediation of previously released materials or property contamination regardless of whether we were responsible for the release or contamination or if our operations met previous standards in the industry at the time they were performed. Our permits require that we report any incidents that cause or could cause environmental damages.

VI. Risks associated with our securities.

Compliance with regulations governing public company corporate governance and reporting is uncertain and expensive. Recent changes in our business are likely to increase our compliance costs and the amount of management time required.

As a public company, we are required to file with the SEC annual and quarterly information and other reports that are specified in Section 13 of the Securities Exchange Act of 1934, as amended, ("the Exchange Act"). We have incurred and will continue to incur significant legal, accounting, and other expenses that private companies do not incur. We incur costs associated with our public company reporting requirements and with corporate governance and disclosure requirements, including requirements under the Sarbanes-Oxley Act of 2002 (or Sarbanes-Oxley) and rules implemented by the SEC and the Financial Industry Regulatory Authority. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time consuming and costly.

As a result of being a public company, we are obligated to develop and maintain proper and effective internal control over financial reporting and are subject to other requirements that will be burdensome and costly. We may not timely complete our analysis of our internal control over financial reporting, or these internal controls may not be determined to be effective, which could adversely affect investor confidence in our company and, as a result, the value of our Common Stock.

We are required to file with the SEC annual and quarterly reports and other information that are specified in Section 13 of the Exchange Act. We will also be required to ensure that we have the ability to prepare financial statements that are fully compliant with all SEC reporting requirements on a timely basis. In addition, we are subject to other reporting and

corporate governance requirements, including the requirements of listing on the OTCQB, and if listed for continuing to remain listed on the OTCQB, and certain provisions of the Sarbanes-Oxley Act of 2002 and the regulations promulgated there under, which impose significant compliance obligations upon us. As a public company, we will be required to:

- Prepare and distribute periodic public reports and other stockholder communications in compliance with our obligations under the federal securities laws and OTCQB rules;
- create or expand the roles and duties of our board of directors and committees of the board;
- maintain a more comprehensive financial reporting and disclosure compliance functions;

- maintain an accounting and financial reporting department, including personnel with expertise in accounting and reporting for a public company;
- enhance and formalize closing procedures at the end of our accounting periods;
- maintain an internal audit function;
- enhance our investor relations function;
- establish and maintain new internal policies, including those relating to disclosure controls and procedures; and
- involve and retain to a greater degree outside counsel and accountants in the activities listed above.

These requirements entail a significant commitment of additional resources. We may not be successful in implementing these requirements and implementing them could adversely affect our business or results of operations. In addition, if we fail to implement the requirements with respect to our internal accounting and audit functions, our ability to report our results of operations on a timely and accurate basis could be impaired.

We expect to incur substantially greater expenses and diversion of management's time and attention from the daily operations of the business, which is likely to increase our operating expenses and impair our ability to achieve profitability.

To comply with these requirements, we have evaluated and tested and intend to continue to evaluate and test our internal controls. Where necessary, we have taken and will continue taking remedial actions, to allow management to report on (and when and as required, our independent auditors to attest to), our internal control over financial reporting. As of September 30, 2014, we have a material weakness in our internal controls over financial reporting, as described further in Item 9A.

As our business continues to change, our principal executive officer and principal financial officer will continue to reassess our internal control over financial reporting and make additional changes to allow management to report on our internal control over financial reporting.

Any failure to develop or maintain effective internal control over financial reporting or difficulties encountered in implementing or improving our internal control over financial reporting could harm our operating results and prevent us from meeting our reporting obligations. As discussed above, as of September 30, 2014, we have a material weakness in our internal controls over financial reporting. Ineffective internal controls also could cause our stockholders and potential investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our Common Stock. In addition, investors relying upon this misinformation could make an uninformed investment decision, and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, or to stockholder class action securities litigation.

Any issuance of shares of our Common Stock or senior securities in the future could have a dilutive effect on the value of our existing stockholders' shares.

If we raise additional funds through the issuance of equity securities or debt convertible into equity securities, the percentage of stock ownership by our existing stockholders would be reduced. In addition, such securities could have rights, preferences, and privileges senior to those of our current stockholders, which could substantially decrease the value of our securities owned by them. Depending on the share price we are able to obtain, we may have to sell a significant number of shares in order to raise the necessary amount of capital. Our stockholders may experience dilution in the value of their shares as a result.

Future sales of restricted shares could decrease the price a willing buyer would pay for shares of our Common Stock and impair our ability to raise capital.

Our stock historically has been very thinly traded. Future sales of substantial amounts of our shares in the public market, or the appearance that a large number of our shares are available for sale, could adversely affect market prices prevailing from time to time and could impair our ability to raise capital through the sale of our securities.

At January 13, 2015, 15,047,500 shares of our Common Stock were issued and outstanding, and an additional 5,350,000 shares are reserved for issuance pursuant to three compensation plans of which a total of 976,666 shares are subject to outstanding options and 2,810,000 reserved shares are available for future grants. Addition information about stock options can be found in the Item 11 "Executive Compensation" of this Report.

We have contractual obligations to register for re-sale 1,800,000 shares of our Common Stock which we completed selling on September 19, 2014. We expect other investors will require registration rights as well.

Some of our outstanding shares are "restricted securities" (as defined in Rule 144) that can only be re-sold under an applicable exemption from registration (including Rule 144), or pursuant to a registration statement.

Rule 144 provides, in essence, that our affiliates and persons who have been affiliates in the last three months, are subject to volume limitations and certain other restrictions, including that we are current in our SEC filings. In general, Rule 144 provides that any of our non-affiliates, who have held restricted common stock for at least six-months, are entitled to sell their restricted stock freely, provided that we are current in our SEC filings. After one year, a non-affiliate may sell without any restrictions. Investors should be aware that sales under Rule 144, or pursuant to a Registration Statement filed under the Act, may have a depressive effect on the market price of our securities in any market that may develop for such shares.

State securities laws may limit secondary trading, which may restrict the states in which and conditions under which you can sell your shares.

Secondary trading in Common Stock registered for re-sale will not be possible in any state until the Common Stock is qualified for sale under the applicable securities laws of the state or there is confirmation that an exemption, such as listing in certain recognized securities manuals, is available for secondary trading in the state. If we fail to register or qualify, or to obtain or verify an exemption for the secondary trading of, the Common Stock in any particular state, the Common Stock could not be offered or sold to, or purchased by, a resident of that state. In the event that a significant number of states refuse to permit secondary trading in our Common Stock, the liquidity for the Common Stock could be significantly impacted thus causing you to realize a loss on your investment.

Our Common Stock is a "penny stock," and compliance with requirements for dealing in penny stocks may make it difficult for holders of our Common Stock to resell their shares.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00 per share (other than securities registered on certain national securities exchanges or quotation systems).

Penny stocks are also stocks which are issued by companies with: net tangible assets of less than \$2.0 million (if the issuer has been in continuous operation for at least three years); or \$5.0 million (if in continuous operation for less than three years); or average revenue of less than \$6.0 million for the last three years.

Currently and at least for the foreseeable future, our Common Stock will be deemed to be a "penny stock" as that term is defined in Rule 3a51-1 under the Exchange Act. Rule 15c-2 under the Exchange Act requires a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document prescribed by the SEC and certain other information related to the penny stock, the broker-dealer's compensation in the transaction, and the other penny stocks in the customer's account.

In addition, the penny stock rules require that, prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement related to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. These disclosure requirements could have the effect of reducing the trading activity in the secondary market for our stock, because it will be subject to these penny stock rules. Therefore, stockholders may have difficulty selling their securities.

Compliance with these requirements may make it more difficult for holders of our Common Stock to resell their shares to third Parties or otherwise, which could have a material adverse effect on the liquidity and market price of our Common Stock.

If the estimates that we make, or the assumptions upon which we rely, in preparing our financial statements

prove inaccurate, our future financial results may vary from expectations. Failure to meet expectations may decrease the market price of our securities

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of our assets, liabilities, stockholders' equity, revenues and expenses, the amounts of charges accrued by us and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual performance may be higher or lower than our estimates for a variety of reasons, including unanticipated competition, regulatory actions or changes in one or more of our contractual relationships. We cannot assure you, therefore, that any of our estimates, or the assumptions underlying them, will be correct.

If significant business or product announcements by us or our competitors cause fluctuations in our stock price, an investment in our stock may suffer a decline in value.

The market price of our Common Stock may be subject to substantial volatility as a result of announcements by us or other companies in our industry, including our collaborators and competitors. Announcements that may subject the price of our Common Stock to substantial volatility include announcements regarding:

- our operating results, including the amount and timing of revenue generation;
- significant acquisitions, strategic partnerships, joint ventures or capital commitments by us or our competitors.

As a result, we believe that period-to-period comparisons of our results of operations are not meaningful and should not be relied upon as any indication of future performance. Due to all of the foregoing factors, it may be that in some future year or quarter our operating results will be below the expectations of public market analysts and investors. In that event, the price of our Common Stock would likely be materially adversely affected.

There is a low trading volume of our Common Stock in the public market for our shares and we cannot assure you that an active trading market or a specific share price will be established or maintained.

Our Common Stock trades on the OTCQB trading system. The OTCQB tends to be highly illiquid, in part because there is no national quotation system by which potential investors can track the market price of shares except through information received or generated by a limited number of broker-dealers that make markets in particular stocks. There is a greater chance of market volatility for securities that trade on the OTCQB as opposed to a national exchange or quotation system. This volatility may be caused by a variety of factors including:

- the lack of readily available price quotations;
- the absence of consistent administrative supervision of “bid” and “ask” quotations;
- lower trading volume; and
- market conditions.

In addition, the value of our Common Stock could be affected by:

- actual or anticipated variations in our operating results;
- changes in the market valuations of other oil and gas companies;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- adoption of new accounting standards affecting our industry;
- additions or departures of key personnel;
- sales of our Common Stock or other securities in the open market;
- changes in financial estimates by securities analysts;
- conditions or trends in the market in which we operate;
- changes in earnings estimates and recommendations by financial analysts;
- our failure to meet financial analysts’ performance expectations; and
- other events or factors, many of which are beyond our control.

In a volatile market, you may experience wide fluctuations in the market price of our securities. These fluctuations may have an extremely negative effect on the market price of our securities and may prevent you from obtaining a market price equal to your purchase price when you attempt to sell our securities in the open market. In these situations, you may be required either to sell our securities at a market price which is lower than your purchase price, or to hold our securities for a longer period of time than you planned. An inactive market may also impair our ability to raise capital by selling shares of capital stock and may impair our ability to acquire other companies by using common stock as consideration.

Securities analysts may not initiate coverage of our shares or may issue negative reports, which may adversely affect the trading price of the shares.

We cannot assure you that securities analysts will cover our company. If securities analysts do not cover our company, this lack of coverage may adversely affect the trading price of our shares. The trading market for our shares will rely in part on the research and reports that securities analysts publish about us and our business. If one or more of the analysts who cover our company downgrades our shares, the trading price of our shares may decline. If one or more of these analysts ceases to cover our company, we could lose visibility in the market, which, in turn, could also cause the trading price of our shares to decline. Further, because of our small market capitalization, it may be difficult for us to attract securities analysts to cover our company, which could significantly and adversely affect the trading price of our shares.

Because our stock is thinly traded and our market capitalization is low, we may not be able to attract the attention of major brokerage firms or institutional investors.

Additional risks to our investors may exist because security analysts of major brokerage firms generally do not provide coverage for thinly traded securities or companies that have low market caps. Likewise, institutional investors generally do not invest in companies with low market capitalization. In addition, because of past abuses and fraud concerns stemming primarily from a lack of public information about new public businesses, there are many people in the securities industry and business in general who view companies that have been public shells with suspicion. Without brokerage firm and analyst coverage and institutional investor interest, there may be fewer people aware of our stock and our business, resulting in fewer potential buyers of our securities, less liquidity, and depressed stock prices for our investors.

Because we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.

We have not declared or paid cash dividends on our capital stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. In addition, the terms of any future debt agreements may preclude us from paying dividends. As a result, capital appreciation, if any, of our Common Stock will be your sole source of gain for the foreseeable future.

FORWARD-LOOKING STATEMENTS

Some of the information in this Report constitutes forward-looking statements. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed in this Report, particularly in Item 1A "Risk Factors." You can identify these statements by forward-looking words such as "might," "expect," "plan," "anticipate," "contemplate," "believe," "estimate," "intends," and "continue" or similar words. You should read statements that contain these words carefully, because they:

- discuss future expectations;
- contain projections of future results of operations or financial condition; or
- state other "forward-looking" information.

We believe it is important to communicate our expectations to our stockholders. However, there may be events in the future that we are not able to predict accurately or over which we have no control. The risk factors and cautionary language discussed in this Report provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described by us in our forward-looking statements.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Report.

All forward-looking statements included herein attributable to us, or any person acting on our behalf, are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable laws, rules and regulations, we undertake no obligations to update these forward-looking statements to reflect events or circumstances after the date of this Report or to reflect the occurrence of unanticipated events.

ITEM 1B.UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 2. PROPERTIES

We incorporate by reference the information included in Item 1 "Business – Leased Property" of this Report.

ITEM 3. LEGAL PROCEEDINGS

None. See Item 1A "Risk Factors" of this Report for a description of issues that we have identified as having the highest risks for our becoming involved in litigation or regulatory proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our stock began trading on the OTCBB on June 11, 2008 under the trading symbol "CLLL." On May 21, 2009, we changed our name to Next Fuel, Inc. We then changed our trading symbol to "NXFI."

The following table shows the high and low reported closing prices of our Common Stock for the periods indicated. Because our stock trades infrequently, we do not believe that these prices are an accurate reflection of the value of our stock.

Period	High		Low	
FY 2014				
Fourth Quarter (7/1/2014 – 9/30/14)	\$	0.80	\$	0.36
Third Quarter (4/1/14 – 6/30/14)	\$	1.35	\$	0.51
Second Quarter (1/1/2014 – 3/31/2014)	\$	1.40	\$	1.00
First Quarter (10/1/2013 – 12/31/2013)	\$	1.95	\$	0.79
FY 2013				
Fourth Quarter (7/1/2013 - 9/30/2013)	\$	1.34	\$	1.26
Third Quarter (4/1/2013 - 6/30/2013)	\$	1.99	\$	1.25
Second Quarter (1/1/2013 - 3/31/2013)	\$	2.99	\$	1.71
First Quarter (10/1/2012 - 12/31/2012)	\$	3.05	\$	1.66

On January 13, 2015, there were approximately 105 owners of record of our Common Stock.

We have not paid any cash dividends since our inception and do not contemplate paying dividends in the foreseeable future. It is anticipated that earnings, if any, will be retained for the operation of our business.

We have reserved 5,350,000 shares of Common Stock pursuant to three compensation plans of which options to purchase 976,666 shares were outstanding at January 13, 2015 and 2,810,000 reserved shares are available for future grants. Additional information about stock options can be found in the Item 11 "Executive Compensation" of this Report, which is incorporated herein.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. Actual results may materially differ from those projected in the forward-looking statements as a result of certain risks and uncertainties set forth in this discussion. Although management believes that the assumptions made and expectations reflected in the forward-looking statements are reasonable, there is no assurance that the underlying assumptions will, in fact, prove to be correct or that actual results will not be different from expectations expressed in this report. Factors that might cause such a difference include, but are not limited to, those set forth in Item 1A "Risk Factors" of this Report and elsewhere in this report.

Recent Events

Recent events you should be aware of about our business include the following events:

On February 26, 2014 Next Fuel, Inc. issued a press release announcing that it has sold the Company's Coal to Gas technology to Star Holding (U. K.) Ltd., which is controlled by Mr. Guangwei Guo, a member of the Board of Directors of the Company who also controls the Company's China licensee. The transaction was approved by the Company's Board of Directors at a meeting held on February 21, 2014.

The primary terms of the sale were that Mr. Guo is transferred back to the Company 600,000 shares of Common Stock of the Company and terminated the Company's obligation to maintain a registration statement for resale of the remaining 1,851,666 shares of the Company Mr. Guo and his business associates own. The Company retained an exclusive license to rights in the United States to the CTG technology being sold. The Company and the buyer will negotiate a royalty to be paid by the Company for contracts in the United States entered into by the Company after August 1, 2014. The Company also agreed to nominate Mr. Guo to continue as a member of the Company's Board of Directors at the next annual meeting of the shareholders of the Company.

As discussed in previous Reports filed by the Company, delays in producing commercial volumes of natural gas at drill sites have delayed the Company's ability to generate revenue. The Company's Board of Directors approved this transaction so that financial resources required to support efforts to commercialize the Company's Coal to Gas Technology can be reallocated to other business opportunities described in previous Reports filed by the Company. Although The Company's remaining financial resources may not be sufficient to finance commercialization of the other technology the Company has, the Company took this step to improve its ability to raise capital by reducing its expenses and concentrate its existing resources on lines of business that require less capital.

On April 29, 2014, the Company entered into the Integra Test and Intellectual Property Option Agreement with Layne Christensen Company ("Layne") to purchase the *INTEGRA* Disc Filtration System for a total of \$900,000. An initial deposit of \$100,000 had been made on November 14, 2013, in connection with the signing of a non-binding letter of intent with Layne on October 30, 2013. This left a balance of \$800,000 which was payable without interest to Layne over a period of 135 days after April 29, 2014. Layne retained title to the *INTEGRA* Disc Filtration System until the commitment was satisfied. The Company completed the purchase with the payment of \$800,000 to Layne on September 5, 2014. The Company provided \$650,000 and refinanced the remaining balance of \$150,000 with a note.

Pursuant to subscription agreements dated August 4, 2014, the Company sold One Million Eight Hundred Thousand (1,800,000) shares of the Company's Common Stock for \$0.556 per share for an aggregate amount of One Million Dollars (\$1,000,000) to two individuals (the "Investors") who are residents of the People's Republic of China. The Company received the \$1,000,000 from the Investors on September 19, 2014.

See Item 1A "Risk Factors" in this Report, for factors that could cause actual results to differ from the forward looking statements we have made about our agreements and possible future agreements and revenue.

Plan of Operation

Next Fuel is a provider of water consulting, filtration technology and services to the oil and gas industry, as well as other industrial water users in agriculture and food processing. Through its *INTEGRA* Disc Filtration System, Next Fuel offers solutions for low cost, high volume commercial water treatment. Next Fuel aims to be the leader and standard in disc filtration technology by continued innovation in enhancing the *INTEGRA* Disc Filtration System and developing new technologies. The Company believes the *INTEGRA* offers reduced maintenance expenses, longer run time and reduced labor expenses when compared to other filtration systems currently being used by industry. After a successful pilot test of the *INTEGRA* agricultural facility in Oregon, the Company is negotiating with operators in the Permian Basin in Texas to initiate a pilot program for oil and gas produced waters.

We are examining and testing various other technologies and services that are in various stages of development or are being investigated by us as targets for acquisition. None has generated substantial revenue for us to date and we face substantial challenges in completing development or acquisition of these technologies and services businesses. These technology and services include:

- Low Energy Input Pervaporation (LPV) technology to clean up water used in oil and natural gas production, including Frack drilling.
- Carbon Dioxide to Product (CTP) technology that targets the emerging market of carbon footprint elimination.

Raising capital to introduce the *INTEGRA* Disc Filtration System to various markets and operators will be a primary objective of the company for 2015.

Results of Operations

Year ended September 30, 2014

For the year ended September 30, 2014, we had no revenue from continuing operations as the Company moved out of the Coal-to-Gas business and focused its attention on water filtration utilizing the *INTEGRA* Disc Filtration System. Operations in the water filtration core business consisted of purchasing the *INTEGRA* Disc Filtration System, meeting and negotiating with potential customers and conducting preliminary field pilot tests, thus there were no revenues from continuing operations for the year.

Operating expenses from continuing operations for the year ended September 30, 2014 totaled \$4,346,481. During the year ended September 30, 2014, we had net interest expense of \$375.

We had a net loss from continuing operations of \$4,346,856 during the year ended September 30, 2014.

We had a net loss from discontinued operations of \$146,871 during the year ended September 30, 2014. The primary expenditures included travel to Coal-to-Gas operation sites and mitigating natural gas production issues at those sites.

This resulted in a net loss of \$4,493,727 during the year ended September 30, 2014.

Operating expenses from continuing operations for the year ended September 30, 2014 included \$511,017 for salary expense, \$1,563 for research and development costs, \$2,599,807 for professional fees which consisted primarily of utilizing shares of the Company's stock for an accounting consultant, a business development consultant, and an investment banking consultant, as well as \$1,234,094 for general and administrative expenses which was primarily stock compensation for arranging financing for the *INTEGRA* purchase and completing the water lease agreement. Additional fees and expenses related to financing activities and securities disclosure compliance. Travel to our water filtration field test sites also constituted a substantial expense. As the Company had little cash on hand, utilization of stock, warrants and options was necessary to maintain continuation of the business and to secure funding for the purchase of the *INTEGRA* system. These very necessary financial obligations, of which a good portion were one-time expenses, created significantly higher operating expenses than that incurred in 2013 when the Company had significantly more cash on hand.

Year ended September 30, 2013

For the year ended September 30, 2013, we had no revenue from continuing operations.

Operating expenses from continuing operations for the year ended September 30, 2013 totaled \$2,162,204. During the year ended September 30, 2013, net interest income totaled \$3,057.

We had a net loss from continuing operations of \$2,159,147 during the year ended September 30, 2013.

For the year ended September 30, 2013, we had \$115,557 in revenues from discontinued operations which consisted of license fees and sales of nutrients utilized in the Coal-to-Gas technology which the company sold in February, 2014.

We had a net loss from discontinued operations of \$598,472 during the year ended September 30, 2013 which was related to the Coal-to-Gas technology as well.

This resulted in a net loss of \$2,757,619 during the year ended September 30, 2013.

Operating expenses from continuing operations for the year ended September 30, 2013 included \$836,427 for salary expense, \$8,328 for research and development costs, \$412,043 for professional fees which was primarily outside consultants and \$905,406 for general and administrative expenses. Most of these fees and expenses related to financing activities and securities disclosure compliance and a portion was attributable to stock options for employees and officers of the Company. As they were located in Asia, travel to our field test sites also constituted a very substantial expense.

Capital Resources and Liquidity

As of September 30, 2014, we had \$192,044 in cash and cash equivalents and \$945,717 of liabilities as well as a net loss of \$4,493,727 as shown in Financial Note 1 part (B). Cash and cash equivalents from inception to date have been sufficient to cover expenses involved in starting our business. However, because of the business activities described elsewhere in this Report we will require substantially more funds to implement our new business during the next twelve months than we previously required.

We do not have enough cash to satisfy our expected minimum cash requirements to operate our business for the next

twelve months and will be required to generate revenue through the sale of stock or debt financing. We also expect our operating expenses to increase before our revenues increase. Therefore, we will continue to depend on sales of capital stock or debt financing until we generate sufficient revenue.

Cash flows for Years Ended September 30, 2014 and 2013

Net cash used in operating activities during the year ended September 30, 2014 was \$1,058,615, compared to \$2,063,750 used in the year ended September 30, 2013 as the Company had significantly less cash in 2014 and was required to utilize stock, options or warrants to meet obligations. This includes more than \$3.3 million in stock and option expenses as compared to \$570,072 used in 2013. Net cash flow used in investing activities during the year ended September 30, 2014 was \$121,283, attributable to the cash portion of the purchase of the *INTEGRA* water system, compared to \$77,214 attributable to the deposit utilized for Company credit cards for the year ended September 30, 2013. Financing activities during the year ended September 30, 2014 provided \$350,000 net to us after completing the *INTEGRA* purchase, compared to \$55,500 from the exercise of warrants during the year ended September 30, 2013. The cash provided by financing activities was primarily attributable to the proceeds from issuances of our common stock. The following table summarizes our cash flows for the most two recent fiscal years:

	For the Years Ended September 30,	
	2014	2013
Net Cash Used In Operating Activities	\$ (1,058,615)	\$ (2,063,750)
Net Cash Used In Investing Activities	\$ (121,283)	\$ (77,214)
Net Cash Provided by Financing Activities	\$ 350,000	\$ 55,500
Net Decrease in Cash	\$ (829,898)	\$ (2,085,464)

Critical Accounting Policies

Revenue Recognition

The Company recognizes revenue on arrangements only when the price is fixed and determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured.

Certain revenues were recognized, and are presented within discontinued operations, during the year ended September 30, 2013.

The Company recognizes revenue from royalty agreements as the royalties are earned. The Company recognizes revenue from the sale of additives at the time the products are delivered. The price is fixed and collection is reasonably assured. The Company recognizes revenue under service agreements when the services are complete and the Company has no remaining obligations under the agreements.

Cash Equivalents

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents. At September 30, 2014 and September 30, 2013, the Company had no cash equivalents.

Loss Per Share

Basic and diluted net loss per common share is computed based upon the weighted average common shares outstanding.

Diluted income per share includes the dilutive effects of stock options, warrants, and stock equivalents. To the extent stock options, stock equivalents and warrants are anti-dilutive, they are excluded from the calculation of diluted income per share. For the years ended September 30, 2014 and 2013 respectively, 250,000 and 0 shares issuable upon the exercise of warrants were not included in the computation of loss per share because their inclusion is anti-dilutive. For the years ended September 30, 2014 and 2013, respectively, 976,666 and 2,540,000 shares issuable upon the

exercise of stock options were not included in the computation of income per share because their inclusion is anti-dilutive.

Stock-Based Compensation

The Company measures the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognizes the costs in the financial statements over the period during which employees are required to provide services. Share-based compensation arrangements include stock options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant. The Company applies this statement prospectively.

Equity instruments ("instruments") issued to persons other than employees are recorded on the basis of the fair value of the instruments. In general, the measurement date for shares issued to non-employees is (a) when a performance commitment, as defined, is reached or (b) when the earlier of (i) the non-employee performance is complete or (ii) the instruments are vested. The measured value related to the instruments is recognized over a period based on the facts and circumstances of each particular grant.

Income Taxes

Deferred assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Recent Accounting Pronouncements

ASU No. 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern. In August, 2014, the FASB issued ASU No. 2014-15. The amendments in this ASU provide guidance in GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures in order to reduce diversity in the timing and content of footnote disclosure. The amendments in this ASU are effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. Early application is permitted. The Company will adopt the methodologies prescribed by this ASU by the date required, and does not anticipate that the ASU will have a material effect on its financial position or results of operations.

ASU No. 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation. In June, 2014, the FASB issued ASU No. 2014-10. The amendments in this ASU remove all incremental financial reporting requirements for development stage entities. The guidance in this ASU is effective for the first interim or annual period beginning on or after December 15, 2014. Early adoption is permitted. The Company is adopting the amendments prescribed by this ASU beginning with this reporting period. The Company has determined that early adoption of this ASU does not have a material effect on its financial position or results of operations.

ASU No. 2014-09, Revenue from Contracts with Customers. In May, 2014, the FASB and IFRS jointly issued ASU No. 2014-09. The amendments in this ASU provide substantial enhancements to the quality and consistency of how revenue is reported. The new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. For public entities, the ASU is effective for the first interim or annual period beginning on or after December 15, 2016. Early adoption by public entities is not permitted. The Company is still analyzing the revenue recognition standard and related potential impact.

ASU No. 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. In April, 2014, the FASB issued ASU No. 2014-08. The amendments in this ASU change the requirements for reporting discontinued operations including disposals of components of an entity. For public entities, the ASU is effective for the first interim or annual period beginning on or after December 15, 2014 and are to be applied prospectively. Early adoption is only permitted for disposals that have not been reported in financial statements previously issued or available for issuance. The Company will adopt the methodologies prescribed by this ASU by the date required, and does not anticipate that the ASU will have a material effect on its financial position or results of operations.

Off Balance Sheet Arrangements

We have no off-balance sheet arrangements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not Applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

NEXT FUEL, INC.

**FINANCIAL STATEMENTS
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Next Fuel, Inc.

We have audited the accompanying balance sheets of Next Fuel, Inc. as of September 30, 2014 and 2013, and the related statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Next Fuel, Inc. as of September 30, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred recurring net losses from operations and recognized minimal revenues since inception. This raises substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Hein & Associates LLP

Denver, Colorado
January 13, 2015

Next Fuel, Inc.
Balance Sheets

	<u>September 30, 2014</u>	<u>September 30, 2013</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 192,044	\$ 1,021,942
Prepaid Expenses	12,017	15,293
Security Deposit	75,352	-
Total Current Assets	<u>279,413</u>	<u>1,037,235</u>
Equipment, net	624,522	19,402
Intangibles (Notes 1(G) and 2(B))	295,000	-
Lease Acquisition Costs, net	145,833	
Security Deposit	-	75,069
Total Assets	<u>\$ 1,344,768</u>	<u>\$ 1,131,706</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities		
Accounts payable and accrued expenses - continuing operations	\$ 88,613	\$ 27,634
Accounts payable and accrued expenses - discontinued operations	-	23,185
Accounts payable and accrued expenses - related party	32,104	17,588
Accrued Lease origination costs, including \$50,000 due to a related party	150,000	-
Accrued stock award due to an executive officer	525,000	-
Current portion of lease payable (Note 5)	48,650	-
Total Current Liabilities	<u>844,367</u>	<u>68,407</u>
Lease Payable (Note 5)	<u>101,350</u>	<u>-</u>
Total Liabilities	<u>945,717</u>	<u>68,407</u>
Commitments and Contingencies (Note 5)		
Stockholders' Equity		
Preferred stock, \$0.0001 par value; 100,000,000 shares authorized, none issued and outstanding	-	-
Common stock, \$0.0001 par value; 100,000,000 shares authorized, 13,997,500 and 11,172,500 issued and outstanding as of September 30, 2014 and 2013, respectively	1,400	1,117
Additional paid-in capital	29,590,617	25,761,421
Accumulated deficit	(29,192,966)	(24,699,239)
Total Stockholders' Equity	<u>399,051</u>	<u>1,063,299</u>
Total Liabilities and Stockholders' Equity	<u>\$ 1,344,768</u>	<u>\$ 1,131,706</u>

See accompanying notes to financial statements

Next Fuel, Inc.
Statements of Operations

	For the Year Ended September 30,	
	2014	2013
Revenues	\$ -	\$ -
Operating Expenses		
Professional fees	\$ 2,599,807	\$ 412,043
Research and development costs	1,563	8,328
Salary Expense	511,017	836,427
General and administrative	1,234,094	905,406
Total Operating Expenses	4,346,481	2,162,204
Loss from Operations	(4,346,481)	(2,162,204)
Other Expenses		
Interest Income	551	3,057
Interest Expense	(926)	-
Total Other Income/(Expense)	(375)	3,057
LOSS FROM CONTINUING OPERATIONS	(4,346,856)	(2,159,147)
LOSS FROM DISCONTINUED OPERATIONS	(146,871)	(598,472)
NET LOSS	\$ (4,493,727)	\$ (2,757,619)
Net Loss Per Share - Basic and Diluted		
Continuing Operations	\$ (0.38)	\$ (0.20)
Discontinued Operations	(0.01)	(0.05)
Net Loss	\$ (0.39)	\$ (0.25)
Weighted average number of shares outstanding during the year - Basic and Diluted	11,375,103	11,076,966

See accompanying notes to financial statements

Next Fuel, Inc.
Statement of Changes in Stockholders' Equity
For the period from October 1, 2012 to September 30, 2014

	<u>Common Stock</u>		<u>Additional</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>paid-in</u>	<u>Deficit</u>	<u>Stockholder's</u>
			<u>capital</u>		<u>Equity</u>
Balance, October 1, 2012	10,972,500	\$ 1,098	\$ 25,091,018	\$(21,941,620)	\$ 3,150,496
Common stock issued for services	15,000	1	44,849		44,850
Share based compensation expense			570,072		570,072
Exercise of warrants	185,000	18	55,482		55,500
Net loss for the year ended September 30, 2013	-	-	-	(2,757,619)	(2,757,619)
Balance, September 30, 2013	11,172,500	1,117	25,761,421	(24,699,239)	1,063,299
Share based compensation expense			398,784		398,784
Common stock issued for services	1,625,000	163	2,170,087		2,170,250
Common stock issued for cash	1,800,000	180	999,820		1,000,000
Cancellation of common stock	(600,000)	(60)	60		-
Warrants issued for services			260,445		260,445
Net loss for the year ended September 30, 2014	-	-	-	(4,493,727)	(4,493,727)
Balance, September 30, 2014	13,997,500	\$ 1,400	\$ 29,590,617	\$(29,192,966)	\$ 399,051

See accompanying notes to financial statements

Next Fuel, Inc.
Statements of Cash Flows

	For the Years Ended September 30,	
	2014	2013
Cash Flows Used In Operating Activities:		
Net Loss from continuing operations	\$ (4,346,856)	\$ (2,159,147)
Net Loss from discontinued operations	(146,871)	(598,472)
Adjustments to reconcile net loss to net cash used in operations		
Common stock issued for services	2,695,250	44,850
Warrants issued for services	260,445	-
Share based compensation - stock options	398,784	570,072
Depreciation and amortization expense	25,047	5,947
Changes in operating assets and liabilities:		
Decrease (increase) in prepaid expenses	3,276	16,169
Increase (decrease) in accounts payable and accrued expenses	60,979	14,871
(Decrease) increase in accounts payable - related parties	14,516	(2,344)
Cash flows from operating activities of discontinued operations	(23,185)	44,304
Net Cash Used In Operating Activities	(1,058,615)	(2,063,750)
Cash Flows Used in Investing Activities:		
Purchase of Fixed Assets	(121,000)	(2,145)
Security deposit	(283)	(75,069)
Net Cash Used In Investing Activities	(121,283)	(77,214)
Cash Flows From Financing Activities:		
Payment on equipment financing	(650,000)	-
Proceeds from issuance of common stock, net of offering costs	1,000,000	55,500
Net Cash Provided by Financing Activities	350,000	55,500
Net Decrease in Cash	(829,898)	(2,085,464)
Cash at Beginning of Year	1,021,942	3,107,406
Cash at End of Year	\$ 192,044	\$ 1,021,942

Supplemental disclosure of non-cash investing and financing activities:

On April 29, 2014, the Company financed the purchase of equipment and intangible assets in the amount of \$800,000 (Note 5). On September 15, 2014, the Company paid \$650,000 and refinanced the remaining \$150,000. In addition, the Company awarded 300,000 shares of common stock to the lessor with a fair value of \$150,000, as lease acquisition costs.

See accompanying notes to financial statements

NEXT FUEL, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2014

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION**

(A) Basis of Presentation

Next Fuel, Inc. (the "Company") was incorporated under the laws of the State of Nevada on August 14, 2007. Next Fuel, Inc. is a service-based firm that has developed and will continue to develop and commercialize innovative technologies, such as water treatment technologies.

We are also investigating opportunities to develop or acquire other advanced technologies with focus on clean renewable energy, such as novel systems for energy-related water treatment, and processes for carbon dioxide conversion and carbon loop closure, and biological fuel cells. Collaborations with leading research institutes, such as the University of Colorado and the University of Wyoming will allow the Company to focus on identifying and acquiring or developing a portfolio of growth opportunities with compelling market values and clean energy and environmental stewardship.

We are a technology provider and service company that assist owners of natural gas & oil production resources to increase the efficiency of their operations. We do not plan to own or develop natural gas or oil production projects.

The Company continues to develop and market the new technologies discussed above.

(B) Liquidity and Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The Company has incurred recurring net losses from operations and earned minimal revenues since inception. The Company has a net loss of \$4,493,727, and net cash used in operations of \$1,058,615 for the year ended September 30, 2014. Additionally, as of September 30, 2014, the Company had \$192,044 in cash and cash equivalents and \$945,717 in liabilities. As of December 16, 2014, our cash balance was approximately \$32,000. These conditions raise substantial doubt as to the Company's ability to continue as a going concern. Due to the nature of current operations, and new license agreements and business activities (as described throughout the annual report and financial statements), the Company will require substantial funding to implement its new business operations, and it will need more financing than was previously required. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might be different should the Company be unable to continue as a going concern. The Company's ability to continue as a going concern is dependent on the ability to obtain additional operating capital through equity or debt financing, and attain profitability. There can be no assurances that the Company will be able to obtain financing or achieve profitability.

NEXT FUEL, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2014

(C) Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Significant estimates include the allowance for doubtful accounts, valuation of inventory, valuation of equity based compensation and valuation of deferred tax assets. Actual results could differ from those estimates.

(D) Cash and Cash Equivalents

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents. At September 30, 2014 and 2013, respectively, the Company had no cash equivalents.

(E) Loss Per Share

Basic net loss per common share is calculated by dividing the income (loss) available to common stockholders by the weighted average number of common shares outstanding for the period.

Diluted net loss per common share reflects the potential dilutive effects of stock options, warrants, and stock equivalents. To the extent stock options, stock equivalents and warrants are anti-dilutive; they are excluded from the calculation of diluted loss per share. For the years ended September 30, 2014 and 2013 respectively, 250,000 and 0, shares issuable upon the exercise of warrants were not included in the computation of loss per share because their inclusion is anti-dilutive. For the years ended September 30, 2014 and 2013 respectively, 976,666 and 2,540,000 shares issuable upon the exercise of stock options were not included in the computation of loss per share because their inclusion is anti-dilutive.

(F) Equipment

The Company values property and equipment at cost and depreciates these assets using the straight-line method over their expected useful life. The Company uses a five year life for furniture and equipment and expects a five-year useful life for the Integra Disk Filtration Units described below.

NEXT FUEL, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2014

On October 30, 2013, the Company made an initial deposit of \$100,000 in connection with a non-binding letter of intent for the purchase of Integra Disk Filtration Units and Technology. This system and technology will allow for the removal of solids from waste water streams and has applications across a multitude of industries. On April 29, 2014, the Company entered into an agreement to purchase the Integra Disk Filtration Units and Technology and has capitalized the deposit of \$100,000 together with the remaining purchase price of \$800,000 for a total cost of \$900,000, of which \$600,000 has been allocated to the physical assets and \$300,000 to the intangible assets. \$650,000 of the remaining purchase price was paid in cash on September 5, 2014. The balance of \$150,000 was financed in the form of a three-year equipment lease (See Note 5).

(G) Intangible Assets

The Company amortizes intangible assets with a finite life over their life and reviews goodwill and intangible assets for impairment annually or more frequently if impairment indicators arise. Any other intangible assets deemed to have indefinite lives are not subject to amortization (See Note 2(B)).

(H) Stock-Based Compensation

The Company measures the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognizes the costs in the financial statements over the period during which employees are required to provide services. Share-based compensation arrangements include stock options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. Compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant.

Equity instruments ("instruments") issued to persons other than employees are recorded on the basis of the fair value of the instruments. In general, the measurement date for shares issued to non-employees is (a) when a performance commitment, as defined, is reached or (b) when the earlier of (i) the non-employee performance is complete or (ii) the instruments are vested. The measured value related to the instruments is recognized over a period based on the facts and circumstances of each particular grant.

(I) Income Taxes

Deferred income taxes are provided using the liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of the changes in tax laws and rates as of the date of enactment.

NEXT FUEL, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2014

The Company has no significant uncertain tax positions as of any date in the years ended September 30, 2014 or 2013, respectively. The Company's policy is to recognize accrued interest related to uncertain tax positions in interest expense, and to recognize tax penalties in operating expense. The Company made no provision for interest or penalties related to uncertain tax positions as of September 30, 2014. The Company files income tax returns in the U.S. federal jurisdiction. There are currently no federal or state income tax examinations underway, including all open tax years (2011 – 2014) for these jurisdictions.

	<u>September 30, 2014</u>	<u>September 30, 2013</u>
Expected income tax benefit at the U.S. statutory rate of 34%	\$ (1,527,867)	\$ (920,590)
Permanent Differences:		
Stock Option Expense	152,956	183,183
Meals & Entertainment	4,045	3,822
Other	(16,506)	-
Effect of change in valuation allowance	1,387,372	733,585
Provision for income taxes	\$ -	\$ -
Deferred assets (liabilities):		
Tax effect of net operating loss carryforward	\$ 4,661,800	\$ 2,845,234
Charitable contribution carryforward	34,566	34,235
Intellectual property/Intangible	4,611,645	5,016,756
Property and equipment	(10,420)	(3,373)
Stock compensation expense related to NQSO	17,736	35,105
Valuation allowance	(9,315,327)	(7,927,957)
Net deferred income tax assets	\$ -	\$ -

NEXT FUEL, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2014

As of September 30, 2014 and 2013 the Company has a net operating loss carry forward of \$13,711,000 and \$8,369,000, respectively, available to offset future taxable income through 2034. The valuation allowance at September 30, 2014 was \$9,315,327. The valuation allowance at September 30, 2013 was \$7,927,957. The net change in the valuation allowance for the years ended September 30, 2014 and 2013 was an increase of \$1,387,370 and \$733,585, respectively.

(J) Revenue Recognition

Revenue is recognized only when the price is fixed and determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured.

The Company's revenue transactions include, which are presented within discontinued operations, the following: additives, consulting services, royalties, and intellectual property licensing. The Company recognizes revenue when it is realized or realizable and earned. The timing and the amount of revenue recognized from the licensing of intellectual property depend upon a variety of factors, including the specific terms of each agreement and the nature of the deliverables and obligations. For the sale of multiple-element arrangements, including whereby additives, consulting or intellectual property is combined in a revenue generating transaction with other elements, the Company allocates to, and recognizes revenue from, the various elements based on their relative selling price. The Company allocates to, and recognizes revenue from, the various elements of multiple-element arrangements based on relative selling price of a deliverable, using: vendor-specific objective evidence, third-party evidence, and best estimated selling price in accordance with the selling price hierarchy.

(K) Fair Value of Financial Instruments

The carrying amounts reported in the balance sheet for prepaid expenses and accounts payable approximate fair value based on the short-term maturity of these instruments as of September 30, 2014 and 2013.

(L) Concentration of Credit Risk

Although all of the Company's assets are in the United States of America, substantially all of the revenue for the year ended September 30, 2013 was from one related party licensee in the People's Republic of China and two unrelated parties in Indonesia and India.

NEXT FUEL, INC.
NOTES TO FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2014

(M) Recent Accounting Pronouncements

ASU No. 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern. In August, 2014, the FASB issued ASU No. 2014-15. The amendments in this ASU provide guidance in GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures in order to reduce diversity in the timing and content of footnote disclosure. The amendments in this ASU are effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. Early application is permitted. The Company will adopt the methodologies prescribed by this ASU by the date required, and does not anticipate that the ASU will have a material effect on its financial position or results of operations.

ASU No. 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation. In June, 2014, the FASB issued ASU No. 2014-10. The amendments in this ASU remove all incremental financial reporting requirements for development stage entities. The guidance in this ASU is effective for the first interim or annual period beginning on or after December 15, 2014. Early adoption is permitted. The Company has adopted the amendments prescribed by this ASU beginning with this reporting period.

ASU No. 2014-09, Revenue from Contracts with Customers. In May, 2014, the FASB and IFRS jointly issued ASU No. 2014-09. The amendments in this ASU provide substantial enhancements to the quality and consistency of how revenue is reported. The new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. For public entities, the ASU is effective for the first interim or annual period beginning on or after December 15, 2016. Early adoption by public entities is not permitted. The Company is still analyzing the revenue recognition standard and related potential impact.

ASU No. 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. In April, 2014, the FASB issued ASU No. 2014-08. The amendments in this ASU change the requirements for reporting discontinued operations including disposals of components of an entity. For public entities, the ASU is effective for the first interim or annual period beginning on or after December 15, 2014 and are to be applied prospectively. Early adoption is only permitted for disposals that have not been reported in financial statements previously issued or available for issuance. The Company will adopt the methodologies prescribed by this ASU by the date required, and does not anticipate that the ASU will have a material effect on its financial position or results of operations.

NEXT FUEL, INC.
NOTES TO FINANCIAL STATEMENTS
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(N) Discontinued Operations

In February 2014, the Company sold its CTG Technology to a related party and discontinued its operations outside the United States with respect to that technology. The technology was previously expensed as research and development and, therefore, there are no assets associated with the discontinued operations. Liabilities associated with the discontinued operations consist of accounts payable related to the CTG Technology in the amount of \$0 as of September 30, 2014 and \$23,185 as of September 30, 2013. Loss from discontinued operations for the years ended September 30, 2014 and 2013 was \$146,871 and \$598,472, respectively. For the year ended September 30, 2013, there was \$115,557 in revenues from discontinued operations.

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation for discontinued operations. These reclassifications have no effect on previously reported net loss.

NOTE 2 EQUIPMENT, INTANGIBLES AND OTHER ASSETS

(A) Equipment

At September 30, 2014 and 2013, equipment is as follows:

	<u>September 30, 2014</u>	<u>September 30, 2013</u>
Computer Equipment	\$ 15,755	\$ 15,755
Furniture & Equipment	15,153	15,153
Integra Disk Filtration Units	600,000	-
Vehicles	21,000	-
Website Costs	-	1,500
Less accumulated depreciation	<u>(27,386)</u>	<u>(13,006)</u>
	<u>\$ 624,522</u>	<u>\$ 19,402</u>

Depreciation expense for the years ended September 30, 2014 and 2013 was \$15,880 and \$5,947 respectively.

NEXT FUEL, INC.
NOTES TO FINANCIAL STATEMENTS
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(B) Intangibles

On April 29, 2014, the Company entered into an agreement to purchase existing patents and trademarks related to the Integra Disk Filtration Units previously described. On September 5, 2014, the purchase was completed. The acquisition of the patents and trademarks will allow the Company to produce additional units should the future need arise. The patents and trademarks have been valued at \$300,000 and have been capitalized as intangible assets with a useful life of five years. Amortization expense for the year ended September 30, 2014 was \$5,000. Future amortization expense is as follows:

Fiscal year ending September 30	
2015	\$ 60,000
2016	60,000
2017	60,000
2018	60,000
2019	55,000
	<u>\$ 295,000</u>

On April 20, 2012, Next Fuel acquired the rights to certain intellectual property, as further described below. These rights were acquired with cash (see Note 7). The intellectual property rights that were acquired were in the form of rights to new technologies and assignment of U.S. Provisional Patent Application No. 61624313 entitled "Transition Metals Enhancement of Biogenic Natural Gas Production", filed on April 15, 2012. Due to early stage and requirement for further development of these technologies, the fact that Next Fuel was a development stage company at the time of acquisition, and the significant uncertainty of recoverability in the future; the Company has expensed the costs of these transactions to research and development at the time of the acquisitions. The CTG Technology in China was sold in February 2014 to a company owned by a shareholder/director of the Company in exchange for the return of 600,000 shares of the Company's common stock (See Note 3(E)). The Company retained the rights to the CTG Technology for the United States.

NEXT FUEL, INC.
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In February 2012, Next Fuel acquired the rights to two new technologies from individual inventors (LPV Technology and CTP Technology described below). Both technologies are early stage and will require further development before we understand their full commercial potential. Provisional U. S. patent applications were filed for each. In February 2014, as described below, the Company sold its CTG Technology.

Coal-to-Gas (CTG) Technology

Next Fuel, Inc. is a technology provider and service company that assists owners of natural gas and oil production resources to increase the efficiency of their operations. In February 2014, the Company sold its Coal-to-Gas technology to Star Holding (U.K.) Ltd., which is controlled by Mr. Guangwei Guo, a member of the Board of Directors of the Company who also controls the Company's China licensee. The primary terms of the sale were that Mr. Guo transferred 600,000 shares of common stock of the Company back to the Company and terminated the Company's obligation to maintain a registration statement for resale of the remaining 1,851,666 shares of the Company's common stock owned by Mr. Guo and his business associates. Due to the related party nature of this transaction, no gain was recorded related to the sale, and the transaction was accounted for as an equity transaction. Although the Company retains a license in the United States, the Company lacks financial resources to begin any United States Coal-to-Gas projects and is not currently in negotiations with any prospective partners or sub-licensees.

Low Energy-input Pervaporation (LPV) Technology

The Company expects to launch its LPV water treatment technology after completing tests later this calendar year. This LPV technology will provide the oil and gas industry with a new cost-effective method for treating waste water that contains the most challenging, high-salt and total dissolved solids used or produced in U.S. oil & gas operations to help the industry deal with environmental restrictions on operations.

Although the company has expensed the costs of the CTG and LPV technologies, it is the company's belief that this intellectual property and associated patent applications may provide growth opportunities for the company in the highly competitive markets associated with oil & gas produced water and carbon dioxide sequestration. Given the early stage of the acquired technologies, the company believes they will not make significant contributions to the company's business for several years.

NEXT FUEL, INC.
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(C) Other Current Assets

On November 6, 2012, the Company purchased a two-year Certificate of Deposit in the amount of \$75,000 to be held as security for the issuance of Company credit cards. The Certificate of Deposit bears a current interest rate of .35% and a maturity date of November 6, 2014. Interest earned and accumulated for the years ended September 30, 2014 and 2013 was \$282 and \$69, respectively. As of September 30, 2014, the balance owed on the Company credit cards secured by the Certificate of Deposit was \$54,443.

(D) Lease Acquisition Costs

On October 30, 2013, the Company made an initial deposit of \$100,000 in connection with a non-binding letter of intent for the purchase of Integra Water Filtration Units and Technology. On April 29, 2014, the Company entered into an agreement to purchase the Integra Water Filtration Units and Technology and has capitalized the deposit of \$100,000 together with the remaining purchase price of \$800,000 for a total cost of \$900,000. The purchase was completed on September 5, 2014 for cash of \$650,000 and a new Equipment Lease for the remaining \$150,000. The Equipment Lease called for the issuance of 300,000 shares of the Company's common stock valued at \$.50 per share, which is being capitalized as Lease Acquisition Costs to be amortized over the life of the lease, which is three years. See Note 5 for a description of the lease.

NOTE 3 STOCKHOLDERS' EQUITY

(A) Common Stock Issued for Cash

On September 12, 2014, the Company issued 1,800,000 shares of common stock for \$1,000,000 (\$.556/share).

On March 31, 2013, the Company issued 185,000 shares of common stock for \$55,500 (\$.30/share) for exercise of stock warrants.

(B) Stock Issued for Services and Intellectual Property

On September 15, 2014, the Company granted 300,000 restricted shares of common stock (\$.50/share) in connection with the Equipment Lease entered into on September 15, 2014. On October 1, 2014, the Company issued these shares.

NEXT FUEL, INC.
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On August 25, 2014, the Company granted 750,000 restricted shares of common stock (\$.70/share) for services to an employee. On October 1, 2014, the Company issued these shares. The stock award was associated with acquiring a lease payment to complete the purchase of the *Integra* Disc Filtration System.

On April 1, 2014, the Company granted 1,475,000 restricted shares of the Company's common stock, having a fair value of \$1,991,250 (\$1.35/share) on the grant date, for consulting services. On June 20, 2014, the Company issued these shares.

On April 1, 2014, the Company issued 150,000 restricted shares of the Company's common stock, having a fair value of \$202,500 (\$1.35/share) on the grant date, for compensation of directors.

On December 19, 2012, the Company agreed to issue 15,000 restricted shares of the Company's common stock, having a fair value of \$44,850 (\$2.99/share) on the grant date.

(C) Stock Warrants Issued for Services

On April 4, 2014, the Company granted 250,000 five year warrants having an exercise price of \$0.90 per share. The warrants vest immediately. The Company valued these warrants at their fair value using the Black-Scholes option pricing method. The assumptions used were as follows:

Expected life:	5 years
Expected volatility:	118%
Risk free interest rate:	2.55%
Expected dividends:	0%

The following table summarizes all warrant grants as of September 30, 2014, and the related changes during the year then ended:

	Number of Warrants	Weighted Average Exercise Price
Stock Warrants		
Balance at September 30, 2013	-	\$ -
Granted	250,000	0.90
Exercised	-	-
Expired	-	-
Balance at September 30, 2014	250,000	\$ 0.90
Warrants Exercisable at September 30, 2014	250,000	\$ 0.90
Weighted Average Fair Value of Warrants Granted During 2014		\$ 1.04

NEXT FUEL, INC.
NOTES TO FINANCIAL STATEMENTS
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The following tables summarize information about stock warrants for the Company as of September 30, 2014:

September 30, 2014 Warrants Outstanding				Warrants Exercisable		
Range of Exercise Price	Number Outstanding at September 30, 2014	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at September 30, 2014	Weighted Average Exercise Price	
\$ 0.90	250,000	4.50	\$ 0.90	250,000	\$ 0.90	

There were no warrants as of September 30, 2013.

(D) Cancellation of Shares

During the year ended September 30, 2014, 600,000 shares of the Company's common stock was returned to the Company in exchange for the sale of its CTG Technology in China (See Note 2(B)).

NOTE 4 STOCK OPTIONS

On August 23, 2014, the Company granted options to a director to purchase 250,000 shares of common stock at an exercise price of \$.70 per share. 50,000 shares are to be vested annually at the end of each year of the five-year term of the option agreement.

On April 1, 2014, the Company granted options to directors to purchase 100,000 shares of common stock at an exercise price of \$1.10 per share. All shares vested immediately.

On January 23, 2013, the Company granted options to employees to purchase 475,000 shares of common stock at an exercise price of \$1.71 per share. 237,500 shares were vested immediately, 118,750 shares will be vested after one year of employment, and 118,750 shares will be vested after two years of employment. During the year ended September 30, 2014, 180,000 shares were forfeited and canceled due to the separation of three employees.

On January 23, 2013, the Company granted options to non-employees to purchase 45,000 shares of common stock at an exercise price of \$1.71 per share. 22,500 shares were vested immediately, 11,250 shares will be vested after one year of service, and 11,250 shares will be vested after two years of service.

NEXT FUEL, INC.
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The Company has valued the above options at their fair value using the Black-Scholes option pricing method. In addition to the exercise and grant date prices of the options, certain assumptions that were used to estimate the fair value of the stock option grants are listed in the following tables:

	Fiscal 2013 Employee Stock Options	Fiscal 2013 Non-Employee Stock Options	Fiscal 2014 Non-Employee Stock Options
Expected term (years)	3	8.8	5
Expected volatility	89.43%	89.43%	118% - 166%
Risk-free interest rate	.37%	1.55%	1.68% - 2.55%
Expected dividends	0	0	0

During the years ended September 30, 2014 and 2013, the Company recognized compensation expense related to stock options of \$398,784 and \$570,073, respectively.

For the year ended September 30, 2014, the Company recorded stock-based compensation expense of \$134,099 related to vested employee stock options, \$119,545 related to unvested employee stock options, \$118,262 related to vested non-employee stock options, and \$26,878 related to unvested non-employee stock options.

For the year ended September 30, 2013, the Company recorded stock-based compensation expense of \$281,267 related to vested employee stock options, \$198,253 related to unvested employee stock options, \$36,669 related to vested non-employee stock options, and \$53,884 related to unvested non-employee stock options.

Stock options and warrants issued to consultants and other non-employees as compensation for services provided to the Company are accounted for based on the fair value of the services provided or the estimated fair market value of the option or warrant, whichever is more reliably measurable. The related expense is recognized when the performance commitment is reached.

A summary of the Company's stock option plans as of September 30, 2014 and 2013, and changes during the years then ended is presented below:

	Year Ended September 30, 2014		
	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value Per Share
Options outstanding at September 30, 2013	2,540,000	\$ 3.64	
Options granted	350,000	0.81	
Options expired	-	-	
Options cancelled	(1,913,334)	3.88	
Options outstanding at September 30, 2014	976,666	\$ 2.16	\$ (1.66)
Options exercisable at September 30, 2014	551,664	\$ 2.54	\$ (2.04)

	Year Ended September 30, 2013		
		Weighted Average	Aggregate Intrinsic

	Number of Options	Exercise Price	Value Per Share
Options outstanding at September 30, 2012	3,220,000	\$ 4.12	
Options granted	520,000	1.71	
Options expired	-	-	
Options cancelled	(1,200,000)	4.09	
Options outstanding at September 30, 2013	<u>2,540,000</u>	<u>\$ 3.64</u>	<u>\$ (2.38)</u>
Options exercisable at September 30, 2013	<u>499,996</u>	<u>\$ 2.95</u>	<u>\$ (1.69)</u>

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Changes in the Company's unvested options for the years ended September 30, 2014 and 2013 are summarized as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Non-vested options at September 30, 2012	3,103,334	\$ 4.12	\$.25
Options granted	520,000	1.71	1.00
Options vested	(383,330)	2.55	1.25
Options cancelled	(1,200,000)	4.09	-
Non-vested options at September 30, 2013	2,040,004	\$.82	\$.39
Options granted	350,000	0.81	0.79
Options vested	(338,334)	2.49	1.33
Options cancelled	(1,626,668)	4.01	0.14
Non-vested options at September 30, 2014	<u>425,002</u>	<u>\$ 1.68</u>	<u>\$ 0.97</u>

NEXT FUEL, INC.
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Options Outstanding at September 30, 2014				Options Exercisable at September 30, 2014	
Range of Exercise Price	Number Outstanding	Remaining Average Contractual Life (In Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ 4.68	75,000	2.13	\$ 4.68	50,000	\$ 4.68
4.25	185,000	7.14	4.25	123,332	4.25
4.20	10,000	7.14	4.20	6,666	4.20
4.09	16,666	7.38	4.09	16,666	4.09
1.71	340,000	7.14	1.71	255,000	1.71
1.10	100,000	4.48	1.10	100,000	1.10
.70	250,000	4.90	.70	-	.70
Totals	976,666	6.78	\$ 2.16	551,664	\$ 2.54

Options Outstanding at September 30, 2013				Options Exercisable at September 30, 2013	
Range of Exercise Price	Number Outstanding	Remaining Average Contractual Life (In Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ 4.68	75,000	3.13	\$ 4.68	25,000	\$ 4.68
4.25	385,000	8.14	4.25	194,997	4.25
4.20	10,000	8.14	4.20	3,333	4.20
4.09	1,550,000	8.38	4.09	16,666	4.09
1.71	520,000	8.14	1.71	260,000	1.71
Totals	2,540,000	8.13	\$ 3.64	499,996	\$ 2.95

NOTE 5 COMMITMENTS

On September 15, 2014, the Company entered into an agreement to lease equipment for a total of \$150,000 plus 300,000 shares of the Company's common stock. The lease calls for monthly payments of \$4,900 for a period of three years with interest at a rate of 10.86% per annum. In lieu of cash payments, the Lessor will accept 15,000 shares of the Company's common stock per month. On December 16, 2014, the agreement was amended to clarify the frequency of the stock grants in lieu of cash payments. It was agreed that the stock grants will be made on a semiannual basis with the first grant due by March 15, 2015. During the term of the lease, the lessor will retain title to the equipment. Title will transfer to the Company upon completion of the lease payments. Future minimum principal payments on the lease as of September 30, 2014 are as follows:

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Fiscal year ending September 30	
2015	\$ 48,650
2016	50,256
2017	<u>51,094</u>
	<u>\$ 150,000</u>

On April 15, 2014, the Company entered into an agreement for consulting services. As an initial retainer fee, the Company issued 25,000 restricted shares of the Company's common stock. Additionally, for any financing or capital brought to the Company by the Consultant, the Company will pay a 6% fee based on the net amount of funding, within 30 days of actual closing of the financing transaction. At such time as the Company has the financial resources, compensation will be at an hourly rate or fixed daily rate depending on the nature of the project. This Agreement shall remain in effect until April 15, 2015.

On October 7, 2013, the Company entered into an agreement for underwriting/brokerage services related to a proposed public offering. An initial, non-refundable, advisory fee was paid upon the signing of the engagement letter. The agreement calls for an underwriting fee of six percent (6%) of the amount raised in the public offering as well as warrants to purchase the aggregate number of shares as would be equal to three percent (3%) of the total number of shares sold pursuant to the public offering. The agreement also calls for payment of a success-based non-accountable expense allowance in the amount of two percent (2%) of the gross proceeds of the offering and reimbursement for incurred expenses.

On October 1, 2013, the Company entered into an agreement for exclusive financial advisory services related to potential acquisitions. The agreement calls for a placement success fee of eight percent (8%) of the gross proceeds of the placement as well as issuance of stock equal to three percent (3%) of the fully diluted shares outstanding, post-merger, including the shares from the capital raise. The agreement expired on December 31, 2013, but continues thereafter on a month to month basis unless cancelled by 30 days written notice.

On March 1, 2013, the Company entered into a 48 month operating lease agreement for office equipment beginning on April 1, 2013. The agreement calls for a monthly rental fee of \$234. Lease expense related to this operating lease for the year ended September 30, 2014 was \$2,805. Future minimum lease payments as of September 30, 2014 are as follows:

Fiscal year ending September 30	
2015	\$ 2,805
2016	2,805
2017	<u>1,403</u>
	<u>\$ 7,013</u>

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NOTE 6 **REVENUE AND LICENSE AGREEMENTS**

The Company entered into a License Agreement effective March 31, 2012 (as amended by Amendment No. 1 effective April 1, 2012 and Amendment No. 2 effective May 12, 2013) with Future Fuel Limited, a British Virgin Islands limited liability company ("Licensee"), which is affiliated with Mr. Guangwei Guo, a member of our Board of Directors and a shareholder who has purchased a substantial number of shares of our Common Stock. This Agreement has terminated with the Company's sale of the Coal to Gas Technology to Star Holding, Ltd (See Note 2(B)).

NOTE 7 **RELATED PARTY TRANSACTIONS**

On September 15, 2014, the Company entered into an Equipment Lease Agreement with a lessor that is partially owned by a director of the Company. In connection with the Equipment Lease Agreement, 100,000 shares of the Company's common stock with a face value of \$50,000 (\$.50/share) was granted to the director (Notes 5 & 2(D)).

On May 1, 2014, the Company began renting office space on a month-to-month basis from a shareholder/employee for \$1,120 per month. The total rent paid to the shareholder/employee during the year ended September 30, 2014 was \$6,720.

On February 15, 2014, the Company entered into an agreement with a shareholder/director and his associated company for the sale of the CTG Technology outside of the United States in exchange for return of 600,000 shares of the Company's common stock (See Notes 2(B) and 3(E)).

On December 13, 2013, the Company paid its Board of Directors an aggregate amount of \$15,000 for services.

On November 1, 2013, the Company entered into a month to month rental agreement with a director/shareholder for the use of a 5th Wheel Trailer by an employee for temporary lodging during field work. The rental agreement called for monthly rental payments of \$1,200. The total amount paid to the related party for the year ended September 30, 2014 was \$3,600. This agreement terminated on January 31, 2014.

NEXT FUEL, INC.
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On November 1, 2013, the Company entered into an agreement with a related party for consulting services. The agreement calls for a monthly retainer fee to be paid to the consultant of \$5,000 and a monthly expense allowance of \$500. The agreement shall terminate upon the completion of the services of the consultant or by either party upon 30 days' notice. This agreement was terminated effective December 31, 2013 and a new agreement was entered into with this related party on March 15, 2014. In April, 2014, the Company issued 250,000 restricted shares of the Company's common stock and 250,000 warrants as compensation for the consulting services. Additionally, at such time as the Company is in the financial position to do so, the Company shall pay a monthly retainer of \$5,000 and a monthly expense allowance of \$1,200. The total amount paid to the related party for the year ended September 30, 2014 was \$3,500.

On March 31, 2012, the Company entered into a license agreement with another company which is owned by one of its director/shareholders. During the year ended September 30, 2013, the Company received contract fees of \$60,000 in connection with that license agreement. This agreement has been terminated (See Note 6).

On March 28, 2012, the Company entered into a one year lease agreement with a director for the lease of office space. The lease calls for a monthly rental fee in the amount of \$1,160 beginning on April 1, 2012. Since termination at the end of March 2013, the Company had continued to lease this space on the same terms on a month to month basis. Effective March 1, 2014, the monthly rental rate was reduced to \$500 and subsequently terminated effective June 30, 2014. The total paid under this agreement during the year ended September 30, 2014 was \$6,640.

NOTE 8 **RETIREMENT PLANS**

In January 2012, the Company established the Next Fuel, Inc. 401(k) Plan. On January 23, 2013, the Company approved a one-time Company contribution to the 401(k) Plan totaling \$100,000 for the calendar year 2012. The Company has terminated the 401(k) Plan effective April 29, 2014.

NOTE 9 **SUBSEQUENT EVENTS**

There are no subsequent events requiring disclosure.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM CONTROLS AND PROCEDURES

9A:

(a) Evaluation of Disclosure Controls and Procedures. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Exchange Act, as of September 30, 2014. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer determined that our controls to ensure that the accounting department has adequate training and experience for public company external reporting was not adequate. On April 23, 2013, the Company formed an Audit Committee to oversee the financial reporting process, but the Audit Committee does not have a charter and not all members meet regulatory standards for independence and financial expert experience. Accordingly, based on these material weaknesses, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this Report, September 30, 2014, to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules.

The Company's management is addressing these weaknesses by starting the process of seeking to recruit independent Directors so that the Company's Audit Committee that meets regulatory requirements for independence and financial expert experience. The Company also started the process of retaining additional staff to assist its internal staff with compliance issues. However, budgetary constraints make it unlikely that we will increase our internal staff until after we raise additional capital.

(b) Management's Annual Report on Internal Control Over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with generally accepted accounting principles in the United States of America. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of inherent limitations, a system of internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to change in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the effectiveness of the Company's internal control over financial reporting as of September 30, 2014, utilizing the framework established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 1992. Based on its evaluation, our management concluded that, as of September 30, 2014, our internal control over financial reporting was not effective for the reasons described under "Evaluation of Disclosure Controls and Procedures."

This annual report does not include an attestation report of the Company's registered public accounting firm regarding

internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm as we are a smaller reporting company and not required to provide the report.

(c) Changes in internal control over financial reporting. We made no modifications in our internal control over financial reporting during the quarter ended September 30, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting as additional staffing has been added,

As our business continues to change, our principal executive officer and principal financial officer will continue to reassess our internal control over financial reporting and make additional changes to allow management to report on our internal control over financial reporting.

ITEM 9B.OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Our officers and directors are listed below. Our directors are generally elected at our annual shareholders' meeting and hold office until the next annual stockholders' meeting or until their successors are elected and qualified.

Directors and Executive Officers

The executive officers and members of the Board of Directors of the Company are as follows:

NAME	POSITION(S)
Robert H. Craig (Age 52)	Chief Executive Officer, Secretary and Chairman and Member of the Board of Directors
Dr. Song Jin (Age 45)	President, Chief Operating Officer, and Chief Technology Officer
Robin Kindle (Age 61)	Vice President and Chief Financial Officer
Guangwei Guo (Age 53)	Member of the Board of Directors
Paul Kostecki (1) (Age 65)	Member of the Board of Directors
R. Scott Williams (2) (Age 63)	Member of the Board of Directors

(1) Mr. Kostecki is the Chairman of the Audit Committee and is a member of the Compensation Committee.

(2) Mr. Williams is the Chairman of the Compensation Committee and is a member of the Audit Committee.

Mr. Robert H. Craig (52 years old) became the CEO of the Company and Chairman of the Company's Board on March 28, 2011. From January 2003 until December 2010, he was a founder and owner of WYTEX Ventures, LLC, a coal bed methane exploration and production company based in Wyoming. From May 1998 until December 2002, Mr. Craig was the Vice President of JP Morgan Chase, a commercial banking firm in which Mr. Craig managed a commercial banking sales force of seven bankers. Mr. Craig was awarded a BBA in 1998 and an MBA in 2001 from the University of Houston.

Mr. Song Jin (45 years old) became the President, Chief Operating Officer and Chief Technology Officer of the Company and a member of the Company's Board on April 1, 2011. From August 2009 until February 2011, he was the Research Director of Ciris Energy Inc. (a natural gas company). From June 2008 until July 2009, he was the Principal Scientist of MWH Americas (a multi-national full-service environmental engineering company). From July 2006 until May 2008, he was the Principal Scientist of Western Research Institute (a non-profit research and development company with focus on development and commercialization of energy and environmental technologies). Since January 2005, Song Jin has been an Adjunct Professor at the University of Wyoming. Mr. Jin received a B.S. degree in Biochemistry from Anhui University (China). He received a M.S. degree in Plant Physiology (plant molecular biology) from the University of Wyoming. He received a Ph.D. degree in Zoology and Physiology (environmental microbiology) from the University of Wyoming. Mr. Jin resigned from the Board on August 23, 2014 as the company entered into a new line of operations and to allow the company to pursue additional independent directors.

Mr. Robin Kindle (61 years old) became Vice President and Chief Financial Officer of the Company on March 28, 2011. From January 2003 until December 2010 he was an owner of WYTEX Ventures, LLC and Loral Operating, LLC, both coalbed methane exploration and production companies. Mr. Kindle was the Director of Investor Relations for U.S. Energy Corp. from April 1998 until December 2003. U.S. Energy Corp. is a public company that engages in both oil and gas operations and various other mineral developments. Mr. Kindle was awarded a Bachelor of Science Degree in Biology from the University of Wyoming.

Mr. Guangwei Guo (53 years old) is the Managing Director of San Ding Jiu Yuan (Beijing) Venture Capital Co. Ltd. (an investment company) since January 2011. He was the General Manager of Ordos Huigu Industrial Design Park Co. Ltd. (an organization with a mission to attract companies with advanced technologies to the city of Ordos) between November 2008 and May 2011. From May 2006 to October 2008, he was the General Manager of Inner Mongolia Lepuweiye Energy Saving Co. Ltd. (a company that focuses on commercialization of technologies with energy-saving benefits in industrial applications). From September 2005 to April 2006, he was the General Manager of Qinghai Soda Industry Co. Ltd. (a manufacturer of various chemicals such as sodium carbonate). Mr. Guo graduated from Inner Mongolia Industrial University (China) with a Bachelor's degree in engineering.

Mr. Paul Kostecki (65 years old) has over thirty years of experience in the assessment and remediation of environmental contamination in the academic and private sectors. He has worked at the University of Massachusetts Amherst since 1980 where he has served as Professor; Associate Director for the *Northeast Regional Environmental and Public Health Center* (1996 – present); Vice Chancellor for Research and Engagement (VCRE) (2003 – 2009); and Special Assistant to the Vice President of Academic Affairs and Internal Relations (2009 -2011). Working in the University's President's office he led the Clean Energy China initiative which sought Chinese investment funds for University intellectual property development. Dr. Kostecki has authored/co-authored over 150 journal articles, book chapters and reports as well as co-authored two books and co-edited over 30 books. Dr. Kostecki has created three companies, two for profit, the *Association for the Environmental Health and Sciences* (AEHS) (1990 –present) and *Amherst Scientific Publishers* (1995 – present), and one non-profit, AEHS Foundation (2008 – present). In addition to the international organization AEHS, he created the *International Society for Environmental Forensics* (ISEF) (2000 – present). Dr. Kostecki serves as President of the AEHS Foundation. He received his Ph.D. in Natural Resources from the University of Michigan

R. Scott Williams (63 years old) Since August 2001 Mr. Williams has been a partner in Penntex Petroleum, and Nestex Energy which are Oil and Gas production companies with oil and gas wells located outside of Austin, Texas. Mr. Williams and his partner formed Penntex Petroleum in September 2001 to acquire oil and gas production in Lee and Burleson Counties, Texas. Subsequently, they acquired additional acreage in the same field and formed Nestex Energy to drill additional wells in 2007. Since 2005, Mr. Williams has been a partner and portfolio manager of Hawk Opportunity Fund LP, a distressed public and private debt and equity fund. The fund currently has over \$35,000,000 in assets under management. In addition, Mr. Williams and his partner in the Fund, were instrumental in the formation and funding of the Company. Mr. Williams holds a B.A. from the University of Oklahoma in Political Science with a minor in economics.

Board of Directors

Director Independence

See Item 13 "Certain Relationships and Related Transactions, Director Independence," of this Report.

Committees of the Board

On April 23, 2013, our Board established an Audit Committee and a Compensation Committee. R. Scott Williams and Paul Kostecki are the members of both committees. Mr. Williams is Chairman of the Compensation Committee. Mr. Kostecki is Chairman of the Audit Committee. Neither committee has a charter.

Our Board has not established a nominating committee or other permanent committee, because the Board believes that it is unnecessary in light of the Board's small size.

Meetings

Our Board held two (2) meetings in the year ended September 30, 2014, and the Board acted by unanimous written consent one (1) time during that period. Our policy regarding directors' attendance at the annual meetings of

stockholders is that all directors are expected to attend, absent extenuating circumstances.

The Audit Committee held one meeting in the year ended September 30, 2014.

The Compensation Committee held one meetings in the year ended September 30, 2014.

Our Board has not established a nominating committee or other permanent committee because the Board believes that it is unnecessary in light of the Board's small size.

Communications with the Board of Directors

Stockholders may communicate with our Board or any of the directors by sending written communications addressed to the Board or any individual director at:

Next Fuel, Inc.
Attention: Corporate Secretary
821 Frank Street
Sheridan, WY 82801.

All communications are compiled by the corporate secretary and forwarded to the Board or the individual director(s) accordingly.

Nomination of directors

Three (3) of our incumbent directors were appointed pursuant to agreements in which stockholders acquired shares of our stock. We have not received any other director nominations from shareholders.

On August 23, 2014 Mr. Song Jin resigned from the Board as the Company has taken on a new technology, the Integra Disc Filter, and to open the board seat to a new director.

In the event that vacancies on our Board arise, the Board considers potential candidates for director, which may come to the attention of the Board through current directors, professional executive search firms, stockholders or other persons. The Board will consider candidates recommended by stockholders if the names and qualifications of such candidates are submitted in writing in accordance with the notice provisions for stockholder proposals set forth below to our corporate secretary, Next Fuel, Inc., 821 Frank Street, Sheridan, WY 82801 Attention: Corporate Secretary.

Our fiscal year end was September 30, 2014. We held our last meeting of stockholders in February of 2013. We expect we will hold our next annual meeting of stockholders in the first half of 2015. We have not considered nominees for the Annual Meeting of Shareholders we will hold in 2015. We believe that the size of our Board is appropriate for the size and complexity of our business.

The Board will consider properly submitted stockholder nominations received on or before February 15, 2015 for candidates for the Board for the Annual Meeting to be held in 2015 in the same manner as it evaluates other nominees. Following verification of the stockholder status of persons proposing candidates, recommendations will be aggregated and considered by the Board and the material provided by a stockholder to the corporate secretary for consideration of a nominee for director will be forwarded to the Board. All candidates will be evaluated at meetings of the Board. In evaluating such nominations, the Board will seek to achieve the appropriate balance of industry and business knowledge and experience in light of the function and needs of the Board. The Board will consider candidates with excellent decision-making ability, business experience, personal integrity and reputation. The Board does not have a policy regarding diversity of directors.

Code of conduct

Our Board has adopted a code of conduct that applies to all of our officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Our code of conduct codifies the business and ethical principles that govern all aspects of our business. The code of conduct was previously filed as an exhibit to the Form 10K/A filed with the SEC on August 21, 2009. We undertake to provide a copy of our code of conduct to any person, at no charge, upon a written request. All written requests should be directed to Next Fuel, Inc., 821 Frank Street, Sheridan, WY 82801 Attention: Corporate Secretary.

Board leadership structure

The Board's current leadership structure does not separate the positions of chairman and chief executive officer. The Board has determined our leadership structure based on factors such as the experience of the applicable individuals, the current business and financial environment we face, particularly in view of its financial condition and industry conditions generally and other relevant factors. After considering these factors, we determined that not separating the positions of chairman of the Board and chief executive officer is the appropriate leadership structure at this time. The Board, through the chairman and the chief executive officer, are currently responsible for the strategic direction of our company. The chairman and the chief executive officer is currently responsible for the day to day operation and performance of our company. The Board feels that this provides an appropriate balance of strategic direction, operational focus, flexibility and oversight.

The Board's role in risk oversight

It is management's responsibility to manage risk and bring to the Board's attention any material risks to the company. The Board has oversight responsibility for our risk policies and processes relating to the financial statements and financial reporting processes and the guidelines, policies and processes for mitigating those risks.

Compliance with Section 16(a) of the Exchange Act

Under Section 16(a) of the Exchange Act, our directors and certain of our officers, and persons holding more than 10 percent of our common stock are required to file forms reporting their beneficial ownership of our common stock and subsequent changes in that ownership with the United States Securities and Exchange Commission.

Based solely upon a review of copies of such forms filed on Forms 3, 4, and 5, and amendments thereto furnished to us, we believe that as of the date of this Report, our executive officers, directors and greater than 10 percent beneficial owners have complied on a timely basis with all Section 16(a) filing requirements, with the exception of our officers, directors and greater than 10 percent beneficial owners listed in the table below:

Name	Number of Late Reports	Number and Description of Transactions Not Reported on a Timely Basis
R. Scott Williams	3	A Form 3 was not filed on a timely basis following the March 27, 2014 effective date of the Company's Form 8-A registration statement which registered the common stock of the Company for the first time under Section 12 of the Exchange Act (the "Form 8-A Effective Date"). Two Form 4s were not filed on a timely basis following the acquisition of shares.
Robert H. Craig	3	A Form 3 was not filed on a timely basis following the Form 8-A Effective Date. Two Form 4s were not filed on a timely basis following the acquisition of shares.
David Callan	2	A Form 3 was not filed on a timely basis following the Form 8-A Effective Date. A Form 4 was not filed on a timely basis following the acquisition of shares.
Robin Kindle	1	A Form 3 was not filed on a timely basis following the Form 8-A Effective Date.
Song Jin	1	A Form 3 has not yet been filed following the Form 8-A Effective Date.
Guangwei Guo	1	A Form 3 has not yet been filed following the Form 8-A Effective Date.
Paul Kostecki	1	A Form 3 has not yet been filed following the Form 8-A Effective Date.

ITEM 11. EXECUTIVE COMPENSATION

Executive compensation is reported pursuant to rules applicable to "smaller reporting companies" as provided in Rule 402 (I) of Regulation S-K.

The following table summarizes the compensation paid to certain of our executive officers for the years ended September 30 2014 and September 30, 2013:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards (1)	All Other Compensation (2)	Total
Robert H. Craig (3) Chief Executive Officer	2014	\$ 84,339	\$ 10,000	\$ 0	\$ 54,479	\$ 556,091	\$704,909
	2013	\$159,907	\$ 0	\$ 0	\$ 77,128	\$ 47,132	\$284,167
Dr. Song Jin, (4) President, Chief Operating Officer, Chief Technology Officer	2014	\$ 82,289	\$ 2,500	\$ 0	\$ 110,584	\$ 17,142	\$212,515
	2013	\$159,907	\$ 0	\$ 0	\$ 77,128	\$ 38,029	\$275,064
				\$			
Robin Kindle (5) Vice President and Chief Financial Officer	2014	\$ 66,431	\$ 0	\$ 0	\$ 42,219	\$ 27,794	\$136,444
	2013	\$127,926	\$ 0	\$ 0	\$ 72,307	\$ 38,521	\$238,754

- (1) Pursuant to SEC rules, the values reported in the Option Award Value Column of the table reflect the aggregate grant date fair value of stock options for each listed officer and director. We calculate grant date fair value of stock options using the Black-Scholes option pricing model. The assumptions used to calculate the aggregate grant date fair value of options are described in Note 4 of Notes to Financial Statements for the year ended September 30, 2014 which are included in Item 8 of this Report. We ascribed an Award Value for options granted under the 2011 Equity Compensation Plan, because these options have vesting provisions that are based on the passage of time.
- (2) Other Compensation for each named officer consists of group health insurance premiums paid by the Company for each officer under a plan that is available to all full-time employees of the Company; a \$50,000 life insurance policy that is paid for all employees; and an accident insurance policy that is paid for all employees. Other compensation for 2014 for Mr. Craig also includes \$525,000 for the fair value of 750,000 shares granted on August 25, 2014 for services in connection with obtaining financing on equipment and \$6,000 for serving on our Board. The Company did not make any stock awards during 2013. Other compensation for 2014 for Mr. Jin also included \$6,000 for serving on our Board. Stock option awards for each named officer are reported in another table. Additionally, a one-time contribution to the officer's 401K plan was made on February 27, 2013.

Employment Agreements

The Company entered into Employment Agreements, effective April 1, 2011, with the following officers: Messrs. Craig, Jin, and Kindle. These agreements all expired on March 31, 2013. Employment continues on an at-will basis since the agreement expired.

Except for salary differences, the Employment Agreements for all officers are the same.

The Employment Agreements had an initial annual salary of \$120,000 for Messrs. Craig, Jin and Kindle. Effective May 1, 2011, our Board approved \$30,000 salary increases to \$150,000 for Robert Craig and Song Jin. Effective January 1, 2013 our Board approved salary increases to the following annual levels: \$159,907 for Mr. Craig, \$159,907 for Mr. Jin, and \$127,906 for Mr. Kindle. On January 1, 2014, salaries were decreased to \$129,168 for Mr. Craig and Mr. Jin, and \$103,334 for Mr. Kindle. From May through August, 2014, salaries were temporarily suspended. Effective September 1, 2014, new monthly salaries were established at \$6,300 for Mr. Craig, \$4,250 for Mr. Jin, and \$4,000 for Mr. Kindle.

The Technology Purchase Agreement, which is described under the caption "Certain Relationships and Related Transactions," contains non-competition provisions for each of the above named officers. The non-competition restrictions last until the later of March 31, 2015 or one year after termination of employment.

We have not paid any bonuses and we did not grant any stock options or shares of common stock to any officer, director or employee as compensation for services during the two-year period ended September 30, 2014 or thereafter except as described herein.

2011 Equity Compensation Plan

On November 17, 2011, we granted stock options pursuant to our 2011 Equity Compensation Plan (the "2011 Plan") to the officers in the table as follows: (1) Mr. Robert Craig - five-year options for 75,000 shares of Common Stock with an exercise price of \$4.68 per share that vest in three equal annual installments on November 17 of 2012, 2013 and 2014; (2) Mr. Song Jin - ten-year options for 75,000 shares of Common Stock with an exercise price of \$4.25 per share that vest in three equal annual installments on November 17th of 2012, 2013 and 2014; and (3) Mr. Robin Kindle - ten-year options for 50,000 shares of Common Stock with an exercise price of \$4.25 per share that vest in three equal annual installments on November 17 of 2012, 2013 and 2014.

On January 23, 2013 we granted a total of 520,000 ten-year options under the 2011 Plan, of which 255,000 options were granted to executive officers and directors listed in the Table below. All the options have an exercise price of \$1.71 per share. Half the options were vested on the grant date. 25% will vest on January 23, 2014 and 25% will vest on January 23, 2015.

The 2011 Plan was approved by our Board on November 17, 2011 and by our shareholders on February 15, 2012. The 2011 plan includes rights of the Company to cause participants to forfeit the benefits of grants made under the 2011 Plan in the event the participants commit any breaches of specified duties to the Company. These provisions are commonly referred to as "claw-back" provisions. "claw-back" triggers specified in the 2011 Plan include: misappropriation or unauthorized disclosure of the Company's intellectual property; material breaches of contracts; certain willful or reckless failure to comply with Company policies or lawful directives of the Board of Company officers in material respects; certain willful or reckless falsification of financial information the participant is aware could mislead the Board or potential investors or certain failures to report the same after discovery; certain violations of fiduciary duties, certain unlawful trading in securities of the Company; felony convictions; willful or reckless misconduct that adversely affect the Company; dishonesty, fraud, embezzlement, deceit or other unlawful acts, violations of no-competition, non-solicitation or other covenants.

The 2011 Plan provides that any participant who accepts an award agrees to comply with any plan, policy or other

document of the Company approved from time to time by the Board of the Company to ensure compliance with securities laws, rules and regulations both during the term of employment of participant and for one (1) year thereafter. The Company is authorized to impose stop transfer restrictions to enforce this provision

Next Fuel Three Year Goals and 2012 Performance Bonus Equity Plan

On February 12, 2012, our Board approved a comprehensive 2012 Performance Bonus Equity Plan (the "2012 Performance Bonus Plan") which reserves options to purchase 4 million shares of our Common Stock, of which the Board granted awards of 2,900,000 options to four executive officers and two key employees having an exercise price of \$4.09 per share. The options cannot be exercised unless the Company achieves key value milestones each year for fiscal years 2012, 2013 and 2014. The options all expire if these value milestones are not achieved within the stated time periods. If the value milestones are achieved within the stated time periods, the option terms will be extended to February 12, 2022, subject to earlier termination upon termination of service by the officer or employee. Options that are associated with a value milestone that is achieved are then subject to vesting in three equal annual installments on the anniversary date of the value milestone being achieved while the officer or employee remains employed. Vesting can be accelerated using a double trigger for acceleration that requires both sale of the Company and termination of employment without cause within six months of the sale. The value milestones that are required to be achieved each fiscal year to prevent termination of the options are based on key strategic objectives our Board has determined are important to building shareholder value:

(1) for up to 500,000 option shares, on or before September 30, 2012, the Company shall have raised after February 12, 2012, an aggregate of \$5 million gross proceeds from sales of securities (the "2012 Value Milestone");

(2) for up to 1,200,000 option shares, on or before March 31, 2013, the Company shall have **either** (a) achieved greater than thirty (30) million cubic feet per day gas production from at least twenty production pumps or (b) after the date hereof, the Company shall have collected at least \$1 million (USD) from licensees and other customers (the "2013 Value Milestone"); and

(3) for up to 1,200,000 option shares, on or before March 31, 2014, the Company shall have **both** (a) achieved for any period consisting of four consecutive fiscal quarters aggregate gross revenue per share of at least Twenty (\$0.20) Cents, or (b) the Company's shares shall have been listed /quoted for trading on NASDAQ's Capital market (the "2014 Value Milestone").

The value milestones described above are objectives. There is no assurance these objectives will be achieved. Our actual results could differ materially from these objectives. Factors that could cause or contribute to these differences include those discussed in this Report, particularly in "Risk Factors" and "Forward Looking Statements."

Of these grants under the Performance Bonus Plan, (i) Mr. Robert Craig, or Chief Executive Officer received a total of 900,000 options, of which 100,000 were associated with the 2012 Value Milestone, 400,000 were associated with the 2013 Value Milestone and 400,000 were associated with the 2014 Value Milestone; (2) Mr. Song Jin, our President received a total of 900,000 options, of which 100,000 were associated with the 2012 Value Milestone, 400,000 were associated with the 2013 Value Milestone and 400,000 were associated with the 2014 Value Milestone; and (3) Mr. Robin Kindle, our Chief Financial Officer received a total of 275,000 options, of which 75,000 were associated with the 2012 Value Milestone, 100,000 were associated with the 2013 Value Milestone and 100,000 were associated with the 2014 Value Milestone.

The Company did not achieve the 2012 Value Milestone by the September 30, 2012 target date and all 500,000 stock options of the officers and other employees related to the 2012 Value Milestone terminated on September 30, 2012. The terminated options were returned to the Plan and are available to be re-granted in the future. Likewise, the Company did not achieve the 2013 Value Milestone by the March 31, 2013 target date and all 1,200,000 stock options of the officers and other employees related to the 2013 Value Milestone terminated on March 31, 2013. The terminated options were returned to the Plan and are available to be re-granted in the future. Likewise, the Company did not achieve the milestones for 2014 and the options were terminated and returned to the plan.

2012 Technology Acquisition Equity Plan

On February 12, 2012 our Board approved a 2012 Technology Acquisition Equity Performance Plan (the "2012 Acquisition Plan") which reserves options to purchase 350,000 shares of our Common Stock, of which the Board granted awards of all 350,000 options to two executive officers and a consultant. The options, plus \$42,500 of cash, were consideration to inventors to compensate them for services related to assisting the Company to secure patent protection for Company's Low Energy- input Pervaporation Technology (LPV Technology) and Carbon Dioxide to Product (CPV) Technology they assigned to the Company. These nonqualified stock options have an exercise price of \$4.09 per share and a term of ten years. 150,000 of these options were granted to our Chief Executive Officer, Mr. Robert Craig and 150,000 of these options were granted to our President, Mr. Song Jin for contributions to the CPV Technology. The options for Messrs. Craig and Jin do not vest unless a majority of the members of the Board of the Company who are not officers or employees of the Company determines by any reasonable means that the acquired CPV technology will be commercialized by the Company. The remaining 50,000 stock options were granted to an unrelated inventor who contributed to the LPV Technology. One third of these 50,000 options vested by reason of filing a provisional U. S. patent application for the LPV Technology on January 3, 2012. Another one third of these stock options vested upon filing when the Company filed a Definitive Patent Application and the Chief Executive Officer of the Company determined the inventor fulfilled his obligation to assist the Company in such endeavor. One third of the 50,000 stock options was to vest when the Chief Executive Officer of the Company determined the inventor fulfilled his obligation to assist the Company obtain patent protection for the acquired LPV Technology. This remaining one third of the 50,000 stock options has been cancelled as the patent has been abandoned.

Options Vested or Exercised since September 30, 2012

One third of the 2011 Equity Compensation Plan options that were granted on November 17, 2011, became vested on November 17, 2012, another one third vested on November 17, 2013, and the last third vested on November 17, 2014. Half of the options granted on January 23, 2013 were vested on the date the options were granted. One-half of the remaining shares vested on January 23, 2014 and the balance will vest on January 23, 2015. Options granted on April 1, 2014 vested immediately. The options granted on August 23, 2014 will vest over five years beginning on August 23, 2015. Our officers and directors did not exercise any options during this period.

Value of Award Grants under the Plans since September 30, 2012

The following tables provide information regarding the grants of stock options that has been authorized for executive officers and directors since the end of the fiscal year ended September 30, 2012 under the three plans described above. All such option grants were made pursuant to the 2011 Equity Compensation Plan of the Company.

Option Awards Under Plans – Year Ended September 30, 2014

Name and Position	Grant Date	Number Stock Options	Exercise Price(1)	Option Awards Value(2)
Mr. Robert Craig Chief Executive Officer, Secretary and Chairman and Member of the Board of Directors	1/23/13	80,000	\$ 1.71	\$ 77,128
Dr. Song Jin President and Chief Operating, Chief Technology Officer and Member of the Board of Directors	1/23/13 4/1/14 8/23/14	80,000 50,000 250,000	\$ 1.71 \$ 1.10 \$.70	\$ 77,128 \$ 56,778 \$164,325
Mr. Guangwei Guo Member of the Board of Directors	1/23/13	20,000	\$ 1.71	\$ 28,304
Mr. Robin Kindle Vice President and Chief Financial Officer	1/23/13	75,000	\$ 1.71	\$ 72,307
Mr. Paul Kostecki Member of the Board of Directors	4/1/14	50,000	\$ 1.10	\$ 56,778
TOTAL (for Five Officers and Directors)		605,000		\$532,748

(1) Exercise Price is equal to the fair market value of the Common stock of the Company on the grant date.

(2) Pursuant to SEC rules, the values reported in the Option Award Value Column of the tables reflect the aggregate grant date fair value of stock options for each listed officer and director. We calculate grant date fair value of stock options using the Black-Scholes option pricing model. The assumptions used to calculate the aggregate grant date fair value of options are described in Note 4 of Notes to Financial Statements included in this Report. We ascribed an Award Value for options granted under the 2011 Equity Compensation Plan, because these options have vesting provisions that are based on the passage of time. Half of the options granted were fully vested on the grant date. 25% of the options granted vested on January 23, 2014 and 25% will vest on January 23, 2015.

Outstanding Option Grants under the Plans

The following table provides information regarding grants of stock options that remain outstanding at the end of the fiscal year ended September 30, 2014. No compensation related stock grants were outstanding at that time. All the grants reported in the table were authorized during the fiscal years ended September 30, 2013 and September 30, 2012 pursuant to Plans described in this Report.

Name	Grant Date	Number shares Underlying Unexercised Options # Exercisable	Number Shares Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Termination Date
Robert Craig CEO & Director	11/17/2011	75,000(1)	—(1)	4.68	11/17/2021
		—	—		
	01/23/2013	60,000(2)	20,000	1.71	01/23/2023
Mr. Song Jim President & COO &	11/17/2011	75,000(1)	—(1)	4.25	11/17/2021
		—	—		
	01/23/13	60,000(2)	20,000	1.71	01/23/2023
	04/01/14	50,000(3)	—	1.10	04/01/2024
	08/23/14	—	250,000	.70	08/23/2024
Mr. Robin Kindle VP & CFO	11/17/2011	50,000(1)	—(1)	4.25	11/17/2021
		—	—		
	01/23/13	56,250(2)	18,750	1.71	01/23/2023
Mr. Paul Kostecki Director	04/01/14	50,000(3)	—	1.10	04/01/2024
Mr. Guangwei Guo Director	11/17/2011	10,000(1)	—(1)	4.25	11/17/2021
	01/23/13	15,000(2)	5,000	1.71	01/23/2023

- (1) Options were granted pursuant to 2011 Equity Compensation Plan (described in the narrative description of our Plans) and are subject to time based vesting on November 12, 2012, 2013 and 2014. Options become exercisable when the options vest. Options that are shown as vested include those that vested on November 17, 2014.

- (2) Options were granted pursuant to 2011 Equity Compensation Plan (described in the narrative description of our Plans) and are subject to time based vesting on January 23, 2013 and January 23, 2014. Options become exercisable when the options vest. Options that are shown as vested include the ones that became vested on the January 23, 2013 grant date as well as the ones that vested on January 23, 2014.
- (3) Options were granted pursuant to 2011 Equity Compensation Plan (described in the narrative description of our Plans) and were vested on the grant date of April 1, 2014.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth securities authorized for issuance under any equity compensation plans approved by our shareholders as well as any equity compensation plans not approved by our shareholders as of January 13, 2015.

<i>Plan Category</i>	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c)) (a) (c)
Plans Approved by Our Shareholders			
2011 Equity Compensation Plan	990,000	\$ 2.25	10,000
Plans Not Approved by Our Shareholders			
2012 Equity Bonus Performance Plan	none	\$ 4.09	none
2012 Technology Acquisition Equity Plan	none	\$ 4.09	None

Narrative Disclosure of Compensation Policies and Practices as They Relate to Risk Management

We believe our compensation policies and practices for our employees do not create risks that are reasonably likely to have a material adverse effect on the company. We intend to review our compensation policies from time to time to reflect changes in our risk profile. The three equity compensation plans described above include "clawback" provisions that can cause an employee to forfeit option or stock grants even after the grant has vested. The types of actions that can trigger clawbacks include: misappropriate or unauthorized disclosure of the company's intellectual property; material breaches of contracts; certain willful or reckless failure to comply with company policies or lawful directives of the Board of company officers in material respects; certain willful or reckless falsification of financial information the participant is aware could mislead the Board or potential investors or certain failures to report the same after discovery; certain violations of fiduciary duties, certain unlawful trading in securities of the company; felony convictions; willful or reckless misconduct that adversely affect the company; dishonesty, fraud, embezzlement, deceit or other unlawful acts, violations of no-competition, non-solicitation or other covenants.

Golden Parachute Compensation

We do not have any type of compensation, whether present, deferred or contingent that is based on or otherwise relates to an acquisition, merger, consolidation, sale or other disposition of all or substantially all our assets. Our stock option award grants described above do not include accelerated vesting on account of a sale transaction, except for grants pursuant to the 2012 Performance Equity Plan. We have not reported the value of such options here, because the market price of our shares on September 30, 2013 was less than the \$4.09 exercise price of these options. See "Executive Compensation - Next Fuel Three Year Goals and 2012 Performance Equity Plan". We have severance provisions in employment agreements with certain officers as described above, which are triggered by termination of employment, whether in connection with a sale transaction or otherwise. See "Executive Compensation - Employment Agreements."

Director Compensation

Our directors currently received no cash compensation for their service as directors during the year ended September 30, 2014. We changed our Board compensation policy on October 3, 2013. This change, which was made retroactive to January 1, 2013, compensates our Board members \$1,500 for each Board or committee meeting they attend in person and \$500 for each Board or committee meeting that attend via telephone conference call. Each non-executive Board member was paid \$3,000 on December 13, 2013, retroactive to the fiscal year ended September 30, 2013.

The following table summarizes the compensation paid to members of our Board of Directors who are not also executive officers of the Company for the year ended September 30, 2014.

SUMMARY COMPENSATION TABLE FOR MEMBERS OF BOARD OF DIRECTORS

Name and Principal Position	Fees Earned Paid in Cash	Stock Awards	Option Awards	All Other Compensation	Total
Mr. Guangwei Guo	\$ 0	\$ 55,000	\$ 0	\$ 0	\$ 55,000
Paul Kostecki	\$ 0	\$ 0	\$ 55,000	\$ 0	\$ 55,000
R. Scott Williams	\$ 0	\$ 55,000	\$ 0	\$ 0	\$ 55,000

Each Director identified above received compensation of 50,000 shares of our common stock in the fiscal year ended September 30, 2014. The price of the stock at the time of issuance was \$1.10. Messrs. Guo and Williams chose to accept shares and Mr. Kostecki chose to accept options exercisable at \$1.10 per share.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information with respect to beneficial ownership of our common stock as of January 13, 2015 by each of our executive officers and directors and each person known to be the beneficial owner of 5% or more of the outstanding common stock. Unless otherwise indicated, the persons and entities named in the table have sole voting and sole investment power with respect to the shares set forth opposite the stockholder's name, subject to community property laws, where applicable. Unless otherwise indicated, the address of each stockholder listed in the table is c/o Next Fuel, Inc., 821 Frank Street, Sheridan, WY 82801.

Security Ownership of Certain Beneficial Owners and Management.

The following table describes, as of January 13, 2015, the beneficial ownership of our Common Stock by each person (other than officers and directors of the Company) known by the Company to beneficially own five (5%) percent or more of our outstanding shares of Common Stock.

Shareholder Name and Address	Amount and Nature of Beneficial Ownership (1)	Percentage of Class (2)
David S. Callan (3)(4) c/o Hawk Opportunity Fund, LP 159 North State Street Newtown PA, 18949	1,547,666	10.3%
HWC, LLC (5) c/o Hawk Opportunity Fund, L. P. 159 North State Street Newtown, PA 18989	822,666	5.5%
Hawk Management L.P. (6) c/o Hawk Opportunity Fund, L. P. 159 North State Street Newtown, PA 18989	713,988	4.7%
Hawk Opportunity Fund, L.P. (7) 159 North State Street Newtown PA, 18949	713,988	4.7%

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- (1) Shares are reported in the table as currently beneficially owned if the person currently has the right to acquire the shares or the right to acquire the shares within sixty (60) days. Shares are also reported as beneficially owned if the person has sole power, or shares the power, to vote or sell the shares.
- (2) Based on 15,047,500 shares of our Common Stock outstanding at January 13, 2015. Any securities not currently outstanding which are subject to options, warrants, rights to purchase or conversion privileges are deemed to be outstanding for the purpose of computing the percentage of outstanding securities of the class owned by such person but are not deemed to be outstanding for the purpose of computing the percentage of the class by any other person.
- (3) David Callan and Scott Williams (a member of our Board) are the sole managing members of HWC, LLC ("HWC"). They each beneficially own all securities that HWC, LLC beneficially owns. HWC, LLC is the sole general partner of Hawk Management, L. P. ("Hawk Management"). HWC beneficially owns all securities that Hawk Management beneficially owns. Hawk Management is the sole general partner of Hawk Opportunity Fund, L. P. ("Hawk Opportunity"). Hawk Management beneficially owns all securities that Hawk Opportunity Fund beneficially owns. Collectively, Callan and Williams (see below) and these three entities beneficially own 2,763,570 shares of our Common Stock, which constitutes approximately 18% of the Company's outstanding shares of Common Stock.
- (4) Mr. Callan may be deemed to possess direct beneficial ownership of, and sole voting and dispositive power over, the 725,000 shares held in his name – these shares consist of 462,500 shares held in his name and 262,500 shares currently held by another shareholder which Mr. Callan has the right to receive upon request.

Mr. Callan may be deemed to possess indirect beneficial ownership of, and shared voting and dispositive power

over, the following shares adding up to 822,666 shares: (a) 108,678 shares held by HWC (of which Mr. Callan is a managing member); and (b) 713,988 shares held by Hawk Opportunity (of which Mr. Callan is a managing member of the general partner (HWC) of Hawk Opportunity's general partner (Hawk Management)).

- (5) HWC may be deemed to possess direct beneficial ownership of, and sole voting and dispositive power over, the following shares adding up to 822,666 shares: (a) 108,678 shares held by HWC; and (b) 713,988 shares held by Hawk Opportunity (of which HWC is the general partner of Hawk Opportunity's general partner (Hawk Management)).
- (6) Hawk Management may be deemed to possess direct beneficial ownership of, and sole voting and dispositive power over, the 713,988 shares held by Hawk Opportunity, an entity for which it serves as general partner.
- (7) Hawk Opportunity may be deemed to possess direct beneficial ownership of, and sole voting and dispositive power over, the 713,988 shares held by it.

The following table describes, as of January 13, 2015, the beneficial ownership of our Common Stock by (i) each of our current directors, (ii) each of our executive officers and (iii) all of our current directors and executive officers as a group.

Shareholder	Amount and Nature of Beneficial Ownership (1)	Percentage of Class (2)
Robert H. Craig(3)	1,550,000	10.2%
Song Jin (4)	1,525,000	9.8%
Robin Kindle (5)	605,000	4.0%
Guangwei Guo (6)	1,097,000	7.3%
Paul Kostecki (7)	50,000	0.3%
R. Scott Williams (8)	2,038,570	13.3%
All executive officers and directors as a group (six persons) (3) (4)	6,865,570	42.6%

- (1) Shares are reported in the table as currently beneficially owned, if the person currently has the right to acquire the shares or the right to acquire the shares within sixty (60) days. Shares are also reported as beneficially owned, if the person has sole power, or shares the power, to vote or sell the shares.
- (2) Based on 15,047,500 shares of our Common Stock outstanding at January 13, 2015. Any securities not currently outstanding which are subject to options, warrants, rights to purchase or conversion privileges are deemed to be outstanding for the purpose of computing the percentage of outstanding securities of the class owned by such person but are not deemed to be outstanding for the purpose of computing the percentage of the class by any other person.
- (3) Mr. Craig may be deemed to possess direct beneficial ownership of, and sole voting and dispositive power over, the 1,395,000 shares held in his name and the 155,000 shares Mr. Craig has the right to acquire at any time pursuant to outstanding vested options. The amount listed does not include 555,000 shares subject to outstanding unvested options of Mr. Craig which cannot be exercised within sixty (60) days after January 13, 2015.
- (4) Mr. Song Jin may be deemed to possess direct beneficial ownership of, and sole voting and dispositive power over, the 1,070,000 shares held in his name and the 455,000 shares Mr. Song Jin has the right to acquire at any time pursuant to outstanding vested options. The amount listed does not include 555,000 shares subject to outstanding unvested options of Mr. Song Jin which cannot be exercised within sixty (60) days after January 13, 2015.
- (5) Mr. Kindle may be deemed to possess direct beneficial ownership of, and sole voting and dispositive power over, the 480,000 shares held in his name and the 125,000 shares Mr. Kindle has the right to acquire at any time pursuant to outstanding vested options. The amount listed does not include 100,000 shares subject to outstanding unvested options of Mr. Kindle which cannot be exercised within sixty (60) days after January 13, 2015.

- (6) Mr. Guo may be deemed to possess direct beneficial ownership of, and sole voting and dispositive power over, the 1,067,000 shares held in his name and the 30,000 shares Mr. Guo has the right to acquire at any time pursuant to outstanding vested options. The amount listed does not include 813,000 shares of Common Stock owned by business associates of Mr. Guo, to which Mr. Guo disclaims beneficial ownership.
- (7) Mr. Kostecki has the right to acquire 50,000 shares at any time pursuant to outstanding vested options.
- (8) Mr. Williams may be deemed to possess direct beneficial ownership of, and sole voting and dispositive power over, the following shares adding up to 670,904 shares: (a) 627,500 shares held in his name – these shares consist of 365,000 shares held in his name and 262,500 shares currently held by another shareholder which Mr. Williams has the right to receive upon request; and (b) 43,404 shares held in the IRA of Mr. Williams.

Mr. Williams may be deemed to possess indirect beneficial ownership of, and shared voting and dispositive power over, the following shares adding up to 1,367,666 shares: (a) a warrant held by Jomada Partners, LP (“Jomada”) (for which Mr. Williams serves as general partner) to purchase 250,000 shares for \$0.90 per share; (b) 250,000 shares held in the name of Jomada; (c) 108,678 shares held by HWC (of which Mr. Williams is a managing member); (d) 713,988 shares held by Hawk Opportunity (of which Mr. Williams is a managing member of the general partner (HWC) of Hawk Opportunity’s general partner (Hawk Management)); (e) 40,000 shares held in the name of his wife, Claudie Williams; and (f) 5,000 shares held in the IRA of Claudie Williams.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Since October 1, 2012, there have been no related party transactions in which the amount involved exceeded the lesser of \$120,000 or one percent of the average of our total assets at year end for the last two completed fiscal years except as listed in this Item 13.

Exercises of Warrants.

On March 31, 2013, the Company received the exercise price of \$0.30 per warrant for 125,000 warrants from Mr. Song Jin, currently our President and, at the time, a member of our Board.

Sale of Coal to Gas (CTG) Technology

On February 21, 2014 the Company sold its CTG technology to Star Holding (U. K.) Ltd., which is controlled by Mr. Guangwei Guo, a member of our Board. Mr. Guo also controls the Company's China licensee. The primary terms of the sale were that Mr. Guo transferred back to the Company 600,000 shares of the common stock of the Company, par value \$0.0001 per share (the "Common Stock") that Mr. Guo previously owned. Mr. Guo terminated the Company's obligation to maintain a registration statement for resale of the remaining 1,851,666 shares of Common Stock Mr. Guo and his business associates still own. The Company retains an exclusive license to rights in the United States to the CTG technology that was sold. Although the Company retains a license in the United States, the Company lacks financial resources to begin any United States CTG projects and is not currently in negotiations with any prospective partners or sub-licensees.

Lease of Office from Director.

Starting in May 2014, the Company has rented approximately 2,900 square feet of office space in Sheridan, WY from Mr. Robin Kindle, one of our officers, on a month to month basis, for \$1,120 per month.

Consulting Services Agreement with Director

On March 15, 2014, the Company entered into a consulting agreement with Jomada (for which Scott Williams serves as general partner). In April 2014, the Company issued 250,000 restricted shares of the Company's common stock and a warrant for 250,000 shares as compensation for the consulting services. Additionally, at such time as the Company is in the financial position to do so, the Company shall pay a monthly retainer of \$5,000 and a monthly expense allowance of \$1,200.

Equipment Lease Agreement with Director

On September 15, 2014, the Company entered into an Equipment Lease Agreement with Water Equipment Leasing, LLC, an entity partially owned by Scott Williams, a member of our Board. In connection with the Equipment Lease Agreement, 100,000 shares of the Company's common stock with a face value of \$50,000 (\$.50/share) were granted to each of Mr. Williams and Mr. Callan. Mr. Callan is a related party to the Company and is also an owner of Water Equipment Leasing, LLC. The Equipment Lease Agreement calls for monthly payments of \$4,900 for a period of three years with interest at a rate of 10.86% per annum. In lieu of cash payments, the Lessor will accept 15,000 shares of the Company's common stock per month. On December 16, 2014, the Equipment Lease Agreement was amended to clarify the frequency of the stock grants in lieu of cash payments. It was agreed that the stock grants will be made on a semiannual basis with the first grant due by March 15, 2015. During the term of the lease, the lessor will retain title to the equipment. Title will transfer to the Company upon completion of the lease payments.

Director Independence

Except for Paul Kostecki, all the current members of our Board are either officers or major shareholders of the

Company or both. Our Board follows the standards of independence established under the NASDAQ rules. Mr. Kostecki is the only current Member of our Board that is independent. There were no transactions, relationships or arrangements not otherwise disclosed that were considered by the Board in determining whether any directors are independent.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees

For the Company's fiscal year ended September 30, 2014 and 2013, audit fees were approximately \$56,852 and \$61,449, respectively, for professional services rendered for the audit and review of our financial statements .

Audit Related Fees

There were no fees for audit related services for the year ended September 30, 2014 and 2013.

Tax Fees

For the Company's fiscal year ended September 30, 2014 and 2013, we paid approximately \$3,900 and \$3,950, respectively, to the Company's auditors for preparation and review of the Company's tax returns.

All Other Fees

The Company did not incur any other fees related to services rendered by our principal accountant for the fiscal years ended September 30, 2014 and 2013.

Effective May 6, 2003, the Securities and Exchange Commission adopted rules that require that before our auditor is engaged by us to render any auditing or permitted non-audit related service, the engagement be:

- approved by our audit committee; or
- entered into pursuant to pre-approval policies and procedures established by the audit committee, provided the policies and procedures are detailed as to the particular service, the audit committee is informed of each service, and such policies and procedures do not include delegation of the audit committee's responsibilities to management.

We did not have an audit committee until April 23, 2013. Prior to that date, our entire Board pre-approved all services provided by our independent auditors. All of the above services and fees were reviewed and approved by the entire Board or the audit committee after it was formed. No services were performed before or without approval.

See Item 10 "Directors, Executive Officers, and Governance" of this Report for a description of our Audit Committee.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

Exhibit No.	Description
3.1	Articles of Incorporation incorporated herein by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 filed with the Commission on July 28, 2008.
3.1.2	Amendment to Articles of Incorporation incorporated by reference to Exhibit 3.1.2 to the Company's Current Report on Form 8-K filed with the Commission on June 3, 2009.
3.2	Amended and Restated Bylaws (as of March 28, 2011) incorporated by reference to Exhibit 99.10 to the Company's Current Report on Form 8-K filed with the Commission on April 1, 2011 ("the April 2011 8-K").
4.1	Warrant to Purchase Common Stock dated December 11, 2009 incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the Commission on December 17, 2009.
10.1	Technology and Intellectual Property Purchase Agreement dated as of March 28, 2011 by and between Robert H. Craig, Song Jin, Robin Kindle, Jon Larsen and Anhui Lu; and the Company incorporated by reference to Exhibit 99.1 to the April 2011 8-K.
10.2	Warrant for One Million Shares of Common Stock of the Company, dated as of March 28, 2011, issued to Robert H. Craig incorporated by reference to Exhibit 99.2 to the April 2011 8-K.
10.3	Lock-Up and Installment Re-Sales Restriction Agreement dated as of March 28, 2011 between and among Company and Robert H. Craig, Song Jin, Robin J. Kindle, Jon Larsen and Anhui Lu incorporated by reference to Exhibit 99.3 to the April 2011 8-K.
10.4	Employment and Non-Competition Agreement dated as of April 1, 2011 between the Company and Robert H. Craig incorporated by reference to Exhibit 99.4 to the April 2011 8-K.
10.5	Employment and Non-Competition Agreement dated as of April 1, 2011 between the Company and Song Jin incorporated by reference to Exhibit 99.5 to the April 2011 8-K.
10.6	Employment and Non-Competition Agreement dated as of April 1, 2011 between the Company and Robin Kindle incorporated by reference to Exhibit 99.6 to the April 2011 8-K.
10.7	Employment and Non-Competition Agreement dated as of April 1, 2011 between the Company and Jon Larsen incorporated by reference to Exhibit 99.7 to the April 2011 8-K.
10.8	Subscription Agreement between the Company and San Ding Jiu Yuan Beijing Venture Investment Company and its General Partner Peng Min incorporated by reference to Exhibit 99.8 to the April 2011 8-K.
10.9	Lock-Up And Installment Re-Sales Restriction Agreement as of March 28, 2011 between and among the Company and San Ding Jiu Yuan Beijing Venture Investment Company and its General Partner Peng Min incorporated by reference to Exhibit 99.9 to the April 2011 8-K.

- 10.10 Subscription Agreement dated as of May 13, 2011 between and among the Company and Peng Min, Guangwei Guo and Zhiqiang Siu incorporated by reference to Exhibit 99.11 to the Company's Quarterly Report on Form 10-Q for the Quarter ended March 31, 2011 filed with the Securities and Exchange Commission on May 16, 2011 (the "March 2011 10-Q").
- 10.11 Lock-Up And Installment Re-Sales Restriction Agreement dated as of May 13, 2011 between and among the Company and Peng Min, Guangwei Guo and Zhiqiang Siu incorporated by reference to Exhibit 99.12 to the March 2011 10-Q.
- 10.12 Registration Rights Agreement dated as of May 13, 2011 between and among the Company and Peng Min, Guangwei Guo and Zhiqiang Siu incorporated by reference from Exhibit 99.13 to the Company's Quarterly Report on Form 10-Q for the Quarter ended March 31, 2011 filed with the Securities and Exchange Commission on May 16, 2011.
- 10.13 2011 Equity Compensation Plan of the Company effective November 1, 2011 incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the Year Ended September 30, 2011 filed with the Securities and Exchange Commission on December 22, 2011 (the "2011 10-K").
- 10.14 Stock Option Award Agreement dated November 17, 2011 for Robert Craig incorporated by reference to Exhibit 10.15 to the 2011 10-K.
- 10.15 Stock Option Award Agreement dated November 17, 2011 for Song Jin incorporated by reference to Exhibit 10.16 to the 2011 10-K.
- 10.16 Stock Option Award Agreement dated November 17, 2011 for Robin Kindle incorporated by reference to Exhibit 10.17 to the 2011 10-K.
- 10.17 Stock Option Award Agreement dated November 17, 2011 for Guangwei Guo incorporated by reference to Exhibit 10.18 to the 2011 10-K.
- 10.18 Stock Option Award Agreement for 900,000 option shares dated February 12, 2011 for Robert Craig pursuant to 2012 to 2014 Performance Bonus Equity Plan incorporated by reference to Exhibit 10.19 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2011 filed with the Commission on February 14, 2012 (the "December 2011 10-Q").
- 10.19 Stock Option Award Agreement for 150,000 option shares dated February 12, 2011 for Robert Craig pursuant to 2012 Technology Acquisition Equity Plan incorporated by reference to Exhibit 10.20 to the December 2011 10-Q.
- 10.20 Stock Option Award Agreement for 900,000 option shares dated February 12, 2011 for Song Jin pursuant to 2012 to 2014 Performance Bonus Equity Plan incorporated by reference to Exhibit 10.21 to the December 2011 10-Q.

- 10.21 Stock Option Award Agreement for 150,000 option shares dated February 12, 2011 for Song Jin pursuant to 2012 Technology Acquisition Equity Plan incorporated by reference to Exhibit 10.22 to the December 2011 10-Q.
- 10.22 Stock Option Award Agreement for 275,000 option shares dated February 12, 2011 for Robin Kindle pursuant to 2012 to 2014 Performance Bonus Equity Plan incorporated by reference to Exhibit 10.23 to the December 2011 10-Q.
- 10.23 License Agreement effective April 2, 2012 between Next Fuel, Inc. and PT Enviro Energy, an Indonesian limited liability company incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Commission on April 20, 2012 (the "April 2012 8-K").
- 10.25 Lock-up and Installment Re-Sale Restriction Agreements dated as of March 28, 2012 between the Company and Mr. Guangwei Guo incorporated by reference to Exhibit 99.4 to the April 2012 8-K.
- 10.26 Lock-up and Installment Re-Sale Restriction Agreements dated as of May 25, 2012 between the Company and seven individuals incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Commission on June 8, 2012.
- 10.27 Registration Rights Agreement dated May 25, 2012 between the Company and seven individuals incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed with the Commission on June 8, 2012.
- 10.28 CTG Technology and Intellectual Property Transfer Agreement dated as of February 15, 2014 incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed with the Commission on February 26, 2014.
- 10.29 Integra Test and Intellectual Property Option Agreement dated as of April 29, 2014, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on September 11, 2014.
- 10.30 Consulting Agreement with Jomada Partners, LLC, effective as of March 15, 2014. *
- 10.31 Subscription Agreement dated as of August 4, 2014, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on October 14, 2014.
- 10.32 Equipment Lease Agreement with Water Equipment Leasing, LLC, dated as of September 15, 2014, as amended December 16, 2014. *
- 14.1 Code of Ethics, incorporated by reference to Exhibit 14.1 to the Company's Amendment No.1 to its Annual Report on Form 10-K/A filed with the Commission on August 21, 2009.
- 31.1 Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
- 31.2 Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
- 32.1 Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **
- 32.2 Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to

Section 906 of the Sarbanes-Oxley Act of 2002. **

101.1INS XBRL Instance Document *

101.SCH XBRL Taxonomy Extension Schema Document *

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document *

101.LAB XBRL Taxonomy Extension Label Linkbase Document *

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document *

101.DEF XBRL Taxonomy Extension Presentation Linkbase Document *

* Filed herewith.

** In accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are being furnished and not filed.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Next Fuel, Inc.

Dated: January 13, 2015

By: /s/ Robert H. Craig

Robert H. Craig

Chief Executive Officer

(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Robert H. Craig</u> Robert H. Craig	Chief Executive Officer and Chairman (principal executive officer)	January 13, 2015
<u>/s/ Guangwei Guo</u> Guangwei Guo	Director	January 13, 2015
<u>/s/ Paul Kostecki</u> Paul Kostecki	Director	January 13, 2015
<u>/s/ R. Scott Williams</u> R. Scott Williams	Director	January 13, 2015
<u>/s/ Robin Kindle</u> Robin Kindle	Chief Financial Officer (principal financial and principal accounting officer)	January 13, 2015