

AUSTIN EXPLORATION LIMITED

ACN 114 198 471

For a non renounceable rights issue to Eligible Shareholders of 1 New Share for every 1 Share held on 30 October 2009 at an issue price of \$0.05 per New Share to raise approximately \$7,151,000 before costs of the Offer.

Eligible Shareholders will also receive 1 attaching New Option, with an exercise price of \$0.10 and an expiry date of 19 November 2011, for every 2 New Shares subscribed for under the Offer.

The Issue is fully underwritten by Allegra Capital Pty Ltd, ACN 119 502 984.

SHARE RIGHTS ISSUE PROSPECTUS

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IMPORTANT NOTICE

This Prospectus is important and requires your immediate attention.

You should read the entirety of this Prospectus carefully before deciding whether to invest in New Shares. In particular, you should consider the key risks that could affect the performance of Austin Exploration or the value of an investment in Austin Exploration, some of which are outlined in Section 8 of this Prospectus. Note, however, that the information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation, tax position or particular needs of individual investors.

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading this Prospectus, you have any questions about the Offer, you should contact your stockbroker, accountant or other professional adviser.

The potential tax effects of the Offer will vary between investors. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers.

Investors should note that the past share price performance of Austin Exploration provides no guidance as to its future share price performance.

This Prospectus is dated 22 October 2009. A copy of this Prospectus was lodged with the Australian Investments Securities Commission (ASIC) on 22 October 2009. The ASIC and the Australian Securities Exchange (ASX) take no responsibility for the contents of this Prospectus.

No Securities will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus. Application has been made to ASX for admission of the Securities offered by this Prospectus to Official Quotation.

This Prospectus contains an offer to Eligible Shareholders of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act. As a disclosing entity, the Company is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

In making this offer to Eligible Shareholders in New Zealand, the Company is relying on the Securities Act (Overseas Companies) Exemption Notice 2002 (NZ), by virtue of which this Prospectus is not required to be registered in New Zealand.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

The Offer is made only to those Eligible Shareholders with registered addresses in Australia and New Zealand and only those Eligible Shareholders will be offered New Shares and New Options.

The Company has not made investigations as to the regulatory requirements that may prevail in the countries outside of Australia and New Zealand, in which the Company's Shareholders may reside. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand does not constitute an offer to subscribe for shares and may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisers before deciding whether to apply for Securities. There are risks associated with an investment in the Company and the Securities offered under this Prospectus must be regarded as a speculative investment. The Securities offered under this Prospectus carry no guarantee with respect to return on capital investment or the future value of the Securities.

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in Section 11 of this Prospectus.

This Prospectus will be issued in paper form and as an electronic Prospectus which may be accessed on the Internet at www.austinexploration.com. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. The electronic version of this Prospectus on the Company's website will not include an Entitlement and Acceptance Form.

The Corporations Act prohibits any person passing on to another person the application forms in relation to this prospectus unless they are attached to, or accompanied by, the complete and unaltered version of the Prospectus. Any person may obtain a hardcopy of this Prospectus by contacting the Company.

Future performance and forward looking statements

Neither Austin Exploration nor any other person warrants or guarantees the future performance of New Shares or New Options or any return on any investment made pursuant to this Prospectus.

The pro forma financial information provided in this Prospectus is for illustrative purposes only and is not represented as being indicative of Austin Exploration's view on its future financial condition and/or performance.

The forward looking statements in this Prospectus are based on Austin Exploration's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Austin Exploration and its Board, which could cause

actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Prospectus.

Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Offer that is not contained in this Prospectus.

Any information or representation that is not in this Prospectus may not be relied on as having been authorized by Austin Exploration in connection with the Offer. Except as required by law, and only to the extent so required, none of Austin Exploration, or any other person, warrants or guarantees the future performance of Austin Exploration or any return on any investment made pursuant to this Prospectus.

1. CORPORATE DIRECTORY

DIRECTORS

Dominic Pellicano
Dr James Edwards
Guy Goudy
William Kefalianos

COMPANY SECRETARY

Graham Seppelt

REGISTERED OFFICE

25 Peel Street
ADELAIDE SA 5000

CONTACT DETAILS

Facsimile: (08) 8339 7909
Website: www.austinexploration.com.au
Email: seppelt@bold.net.au

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 5,
115 Grenfell Street
ADELAIDE SA 5000
Telephone: 1300 556 161
Facsimile: (08) 8236 2305
E: web.queries@computershare.com.au

AUDITORS Grant Thornton South Australian Partnership

Level 1
67 Greenhill Road
Wayville SA 5034

SOLICITORS

Kelly & Co.
Level 21,
Westpac House
91 King William Street
ADELAIDE SA 5000

UNDERWRITER

Allegra Capital Pty Ltd
Level 1, 173 Mounts Bay Road
Perth WA 6000
Telephone: +61 8 9321 9888
Facsimile: +61 8 9321 6666
Attention: Mr Mark Rowbottam

2. CHAIRMAN'S LETTER

22 October 2009

Dear Shareholder

It is my pleasure to introduce this Prospectus and invite you to participate in the continued growth of your Company and take up your Entitlement to New Shares and New Options in Austin Exploration Limited.

Your Directors wish to provide the opportunity for Eligible Shareholders to invest in New Shares and New Options under an entitlement offer. The offer is a non-renounceable rights issue of 1 New Share at \$0.05 per share for every 1 Share held at the Record Date, to raise up to \$7,151,293 before costs of the Offer (**Offer**).

In addition, for every 2 New Shares taken up under the Offer, Austin Exploration will issue 1 New Option which may be exercised at a price of \$0.10 on or before 19 November 2011 (**New Options**).

The proceeds of the New Shares and New Options issued pursuant to this Offer together with existing cash reserves will be utilized in providing funding towards:

- Debt reduction under existing loan facilities;
- Capital expenditure associated with the exploration program at the Company's PEL 105 lease in the Cooper Basin of South Australia;
- Capital expenditure in respect of the Park City, Kentucky, USA, oil and gas developments of the Company;
- Capital expenditure for other exploration opportunities as selected; and
- Other corporate and offer costs as well as working capital requirements.

This Offer is fully underwritten. In accordance with the provisions of the Underwriting Agreement shareholders should also note that the Company has granted 75,000,000 Options to the Underwriter at an issue price of \$0.002 each Option, exercisable at \$0.10 per option on or before 19 November 2011. This offering will be subject to shareholder approval. Failure to obtain shareholder approval will expose the Company to a substantial payment to the Underwriter based upon the VWAP of the Listed Options on the date of the meeting of shareholders.

All Eligible Shareholders registered as at 5.00 pm CST on 30 October 2009 are entitled to participate in the entitlement issue of Shares, on the basis of 1 New Share for every 1 Share held. The Closing Date for acceptances of applications from Eligible Shareholders is 5.00 pm CST on 18 November 2009 (unless the Offer to Eligible Shareholders is extended).

The Company has applied to ASX for Official Quotation of the New Shares and New Options.

The Board takes this opportunity to thank Shareholders for their support and looks forward to your continued support in the future.

Yours faithfully



Dominic Pellicano
Chairman

3. TIMETABLE AND IMPORTANT DATES

EVENT	DATE
Prospectus lodged with ASIC and ASX	22 October 2009
Notice in relation to the Issue dispatched to Shareholders	23 October 2009
"Ex" date	26 October 2009
Record date for determining Entitlements	30 October 2009
Opening Date	4 November 2009
Dispatch Date	4 November 2009
Closing Date*	18 November 2009
Securities quoted on a deferred settlement basis	19 November 2009
Deferred settlement trading ends and dispatch date	26 November 2009
Normal trading commences*	27 November 2009

*The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such, the date the Shares and Options are expected to commence trading on ASX may vary with any change to the Closing Date.

The dates set out in this table are indicative only. The Company reserves the right to alter this timetable at any time.

4. DETAILS OF THE ISSUE

4.1 The Issue

The Directors have approved a pro-rata non-renounceable entitlement issue to Eligible Shareholders who are registered as at 5.00 pm EST on 30 October 2009 (Record Date) of 1 New Share at an issue price of \$0.05 each for every share held, to raise approximately \$7,151,000 (before costs of the Issue).

In addition, the Directors have approved the issue of 1 New Option for every two (2) New Shares taken up under the Offer. New Options will have an exercise price of \$0.10 and an expiration date of 19 November 2011 and will otherwise be issued with the terms and conditions set out in section 4.10.

This Offer is made on a non-renounceable basis such that Shareholders who are registered as at the Record Date may not sell or transfer all or part of their Entitlement.

When fractions arise in the calculation of Entitlements, they will be rounded to the nearest whole number of New Shares and New Options.

Austin Exploration has applied to ASX for Official Quotation of the New Shares and New Options. Official quotation is expected to occur on or about 19 November 2009.

4.2 Purpose of the Issue

The funds raised by the Offer of approximately A\$7,151,000 will be used as follows:

- Debt reduction under existing loan facilities (A\$2,000,000);
- Capital expenditure associated with the exploration program at the Company's PEL 105 lease in the Cooper Basin of South Australia (A\$1,500,000);
- Capital expenditure in respect of the Park City, Kentucky, USA, oil and gas developments of the Company (A\$1,000,000);
- Capital expenditure for other exploration opportunities as selected (A\$1,000,000); and
- Other corporate and offer costs of approximately \$608,266 as well as working capital requirements (A\$1,042,734 in total).

4.3 Entitlement

The number of New Shares and New Options to which each Shareholder is entitled is shown on the enclosed Entitlement and Acceptance Form.

4.4 Action Required

If you wish to take up all or part of your Entitlement, complete the enclosed Entitlement and Acceptance Form in accordance with the instructions set out on the back of the form and lodge it with the appropriate payment no later than 5.00pm CST on the Closing Date at:

Computershare Investor Services Pty Ltd
Austin Exploration Limited Rights Issue
GPO Box 2987
Adelaide SA 5001

or

Computershare Investor Services Pty Ltd
Level 5
115 Grenfell Street
ADELAIDE SA 5000
Telephone: 1300 556 161
Facsimile: 1300 534 987

Cheques and drafts (drawn on and payable at any Australian bank) should be made payable to "Austin Exploration Limited – Rights Issue" and crossed "Not Negotiable". Payment can also be made by money order.

If you request more than your Entitlement, you will be deemed to have applied for your Entitlement and the difference will be refunded to you, without interest. If you wish to apply for Shortfall Shares and Options in excess of your Entitlement, please complete the Shortfall Application Form attached to this Prospectus.

If you do not wish to take up any of your Entitlement, you do not need to take any action and your Entitlement to New Shares and New Options will lapse on the Closing Date.

4.5 Closing Date

The Closing Date for the Issue is 5.00pm CST on 18 November 2009. The Directors may extend the Closing Date by giving at least 6 Business Days notice to ASX prior to the Closing Date. As such, the date that New Shares and New Options are expected to commence trading on ASX may vary with any change to the Closing Date.

4.6 Issue of New Shares and New Options

New Shares and New Options will be issued and holding statements dispatched as soon as practicable after the Closing Date.

No Shares or Options will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus.

4.7 Minimum Overall Subscription

Given that the Offer is fully underwritten, the minimum overall subscription is the maximum subscription, being \$7,151,293.

4.8 Shortfall Securities

Any Entitlement not taken up pursuant to the Offer will form the Shortfall and will be dealt with in accordance with the Underwriting Agreement.

If you wish to participate in acquiring Shortfall Shares and Options in the event of a Shortfall, please complete the Shortfall Application Form attached to this Prospectus. If you are a Shareholder, you must take up your Entitlement in full before you may apply for Shortfall Shares and Options.

The issue price of New Shares pursuant to an application for Shortfall Shares and Options will be \$0.05 per New Share, being the price at which the Entitlement has been offered to Shareholders pursuant to this Prospectus. Applicants who apply for Shortfall Shares and Options under the Shortfall will receive one (1) New Option for every two (2) New Shares issued in the event of a Shortfall. The terms and conditions of the New Options are set out in section 4.10.

The Directors cannot guarantee that any application for Shortfall Shares and Options will be successful and such applicants are not assured of receiving any Shortfall Shares and Options.

In relation to the offer of Shortfall Shares and Options, the Directors reserve the right to allot to an applicant a lesser number of Shortfall Shares and Options than the number for which the application applies, or to reject an application or to not proceed with the placing of the Shortfall. If the number of Shortfall Shares and Options allotted is fewer than the number applied for, surplus application monies will be refunded in full. Interest will not be paid on monies refunded.

4.9 Terms and Conditions of New Shares

Upon allotment, the New Shares will rank equally in every respect with the existing Ordinary Shares of the Company.

4.10 Terms and Conditions of New Options

The terms and conditions of the New Options are as follows:

- (a) Each Option entitles the holder ('Optionholder') to subscribe for one fully paid ordinary share in the Company.
- (b) Each Option is exercisable at any time from the date the Option is granted until 5.00pm on 19 November 2011 ('Expiry Date'). Reminder notices will be forwarded to the Optionholder prior to the Expiry Date. Options not exercised before the Expiry Date will lapse.
- (c) The Options will be recorded on the Company's Register of Optionholders in Adelaide. The Register will be open for inspection by Optionholders free of charge. Shares to be allotted on the exercise of Options will be recorded on the Company's share registry.
- (d) The Exercise Price of each Option is 10 cents. Application has been made to the ASX for Official Quotation of the Options.
- (e) Optionholders may exercise Options by completing and signing a Notice of Exercise of Options ('Notice') in a form approved by Directors and lodging it at the registered office of the Company together with payment of the exercise price. A Notice will only be effective when the Company has received the full amount of the exercise price in cleared funds.
- (f) Shares issued pursuant to the exercise of any Option will rank in all respects on equal terms with the existing fully paid ordinary shares in the Company, and will qualify for dividends declared after the date of their allotment. Options do not carry any dividend entitlement.
- (g) No adjustment will be made to the number of shares which each Option entitles the Optionholder to subscribe for except in accordance with paragraph (j) of these Terms.
- (h) An Option will not entitle the holder to participate in any new issue of shares by the Company unless the Option has been duly exercised prior to the relevant record date. However, the Company will send a notice to each Optionholder at least five business days before the record date in accordance with the ASX Listing Rules. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (i) Optionholders appearing on the Company's Register of Optionholders at the relevant date will be entitled to receive and will be sent all reports and accounts required to be laid before shareholders in general meeting and all notices of general meetings. Optionholders will have the right to attend but shall have no right to vote at such meetings.
- (j) If there is a reconstruction or reorganisation (including consolidation, sub-division, reduction or return) of the capital of the Company, the rights of the Optionholder will

be changed to the extent necessary to comply with the applicable Listing Rules at the time of the restructure or reorganisation. Any changes to the terms of the Options will not result in any benefit being conferred on the Optionholders which is not conferred on the shareholders of the Company.

- (k) Application will be made by the Company to the ASX for quotation of the shares issued upon the exercise of any of the Options in the manner required by the Listing Rules.
- (l) The Options will be fully transferable in accordance with the constitution of the Company and, for such time as the Company is listed, the Listing Rules and the ASTC Settlement Rules.
- (m) Shares issued pursuant to the exercise of an Option will be issued on a date which will not be more than ten days after the receipt of a properly executed Notice and the Exercise Price in respect of the exercise of the Option.

4.11 Underwriting

The Offer has been fully underwritten by Allegra Capital Pty Ltd (**Underwriter**). The Underwriter will receive an underwriting fee of 5% of the underwritten amount, (\$357,565) together with a success fee of \$125,000. The Underwriter will also receive a management fee of 1% of the underwritten amount (\$71,513) for management services of the issue.

In addition, but subject to shareholder approval, the Underwriter will be granted 75,000,000 Listed Options at an issue price of \$0.002 per Listed Option (\$150,000) with an exercise price of \$0.10 per Listed Option and an expiry date of 19 November 2011. Failure to obtain shareholder approval will expose the Company to a substantial payment to the Underwriter based upon the VWAP of the Listed Options on the date of the meeting of shareholders.

The material terms of the Underwriting Agreement are set out in Section 6 of this Prospectus.

As the Offer is fully underwritten, Shareholders should be aware that the Offer could theoretically result in the Underwriter holding a 50% controlling stake in the Company. This would only result if no Shareholders accepted their Entitlements and applied for New Shares. The greater the number of Shareholders accepting Entitlements and applying for New Shares, the lesser the number of New Shares and New Options to be issued to the Underwriter.

In the event that all Shareholders accept their Entitlements in full, or in the event that there are sufficient applications for Shortfall Shares and Options, no New Shares would be issued to the Underwriter on the basis of this Prospectus and the Underwriting Agreement.

The Board considers that the risk of the Underwriter having control is mitigated by the following factors:

- a) A 1-for-1 rights issue allows all Shareholders an opportunity to participate in the Offer and to increase the number of Shares they hold in the Company;
- b) The Underwriter is not a related party and the Underwriting Agreement was entered into on arms' length terms;
- c) Shareholders subscribing for their full Entitlement are also entitled to apply for Shortfall Shares and Options, thereby reducing the possibility that the Offer will result in the Underwriter holding a controlling stake in the Company.

4.12 ASX Quotation

Application to ASX for admission of the New Shares, New Options, Shortfall Shares and Options and Listed Options to Official Quotation has been made by the Company. If the New Shares, New Options and Listed Options are not admitted to Official Quotation on ASX within three (3) months after the date of this Prospectus, or such longer period as is permitted by the

Corporations Act, none of the Securities offered by this Prospectus will be granted. In that circumstance, all applications will be dealt with in accordance with Section 724 of the Corporations Act.

4.13 Overseas Shareholders

Only Shareholders who are registered as at 5.00 pm CST on the Record Date with registered addresses in Australia and New Zealand will be able to participate in the Offer. To make the Offer in any other jurisdiction may constitute a violation of applicable securities laws. The Directors believe that it is unreasonable to make the Offer to Foreign Shareholders, having had regard to the number of Shareholders in the relevant jurisdictions, the number and value of New Shares and New Options those Shareholders would be offered and the cost of complying with the securities legislation of those jurisdictions.

Accordingly, the Offer is not being made, and no New Shares or New Options will be issued to any Shareholders whose registered address is in a country other than Australia or New Zealand. This Prospectus is being sent to Foreign Shareholders for information purposes only. No Entitlement and Acceptance Form will be sent to Foreign Shareholders.

4.14 Enquiries

If you have any questions concerning your entitlement, please contact the Company by telephone on 0419 035 297, or facsimile (08) 8339 7909, or contact your professional adviser.

4.15 Privacy Statement

If you complete an application for New Shares and New Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your need as a shareholder and to facilitate distribution payments and corporate communications to you as a shareholder.

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

You can access, correct and update the personal information that is held about you. If you wish to do so please contact the Company's share registry at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if the information required on the application for New Shares and New Options is not provided, the Company may not be able to accept or process your application.

5. AUSTIN EXPLORATION PROJECTS

Austin Exploration has two major exploration projects for further development and towards which the major use of the capital raised under this Prospectus will be put.

5.1 Oil and Gas prospects in USA

Project Overview – Park City Kentucky

- Austin's wholly-owned subsidiary, Aus-Tex Exploration Inc. is the Operator of record and controls a 100% working interest in more than 857.82 acres of mineral leases at Park City.
- Austin has increased its Net Revenue Interest from 56.25% to 78.125% in this project.
- As the Operator of record for the project, Aus-Tex manages every aspect of the oil and gas field. This includes, but is not limited to: well selection, drilling, management, operations, regulatory reporting, service suppliers, land owner relationships, hydrocarbon storage and sales and income distribution to interest holders.
- The Company has now mapped the geologic structures of the area, selected the best available completion technique and successfully completed its first four oil wells.
- Well operations became the responsibility of Aus-Tex on July 1, 2009.
- Ten mineral leases that encompass over 857.82 acres of land are currently controlled and managed by Aus-Tex. Additional mineral lease acreage will be acquired as qualified opportunities present themselves.
- These ten leases provide adequate drilling opportunities for an additional 60 wells. Well selection for any new drilling will be initiated based on the completion results of the current 17 wells.
- To increase the likelihood of a successful new drilling program the Company will drill additional wells very near to already producing oil wells.

Moving Forward - 17 wells already drilled

- The combination of proper oil formation geologic structure mapping and the selection of the most appropriate well completion technique have proven successful. This combination will be used on future wells.
- Based on the original wells logs Austin believes that many of the 17 in place wells have corniferous zones of adequate thickness to deploy the radial drilling (SRS) procedure.
- This drilling procedure can also be used for gas pay zones such as the shale formation that is found in all 17 of Austin's wells. Other completion procedures have also been identified.
- Additional off-set wells can be drilled on these same leases in 4 acre increments thus giving Austin space to drill and complete new wells.
- All 17 wells contain New Albany Shale of adequate thickness to produce natural gas.
- All of the wells will be completed by the operator Aus-Tex Exploration, Inc.

Oil will be the primary focus of each completion.

Low cost, long life drilling – Austin is very encouraged by the initial results of the first four completed wells utilizing the Short Radius Stimulation (SRS) procedure. Based on current economic analysis, the Company can now complete a well at costs that are low enough to return initial investment capital in less than 4 months. The long life potential of these corniferous wells also makes them economically attractive.

Phase two drilling program being prepared – With the success of these first four test wells the Company can now move forward with plans to increase the rate of drilling and completions.

The Company intends to utilize its geologist, KOS Energy and other technical resources available to it to develop and finalize the 12 month plan for this area of Kentucky in the next few weeks.

5.2 Oil and Gas prospects in Australia

Pirie-1 Well Prospect – PEL 105

Drill Ready and waiting on a rig.

The northern Cooper Basin province hosts the massive 100 MMbbl Tirrawarra Oil Field in the liquids-rich Patchawarra Trough. Austin Exploration through its farmin partner acquired 93 km 2D seismic in 2008 to high-grade drilling targets in this proven hydrocarbon province.

- PEL 105 spans the central Patchawarra Trough from the Permit's western limit between the Moorari and Kudrieke fields east to the Santos-operated Bookabourdie Field.
- Re-interpretation of geophysical data has identified a large hydrocarbon target between the producing Moorari and Kudrieke fields.
- The Pirie-1 exploration well will be drilled as soon as a rig is available on a significant closure above the 1983 Toonman-1 well.
- Toonman intersected tight hydrocarbon saturated sand in an era when fracture stimulation was in its infancy – The operator will fracture the tight sands to access un-risked P10 OOIP of 23 MMbbl and P50 OOIP 2 MMbbl.
- The 2008 Wakefield Seismic Survey acquired 93 km 2D seismic to identify and mature a range of drilling targets including around the flanks of the Bookabourdie structure.
- Proximity to pipeline infrastructure and processing facilities high-grades all discoveries in PEL 105.

Cooper Basin Highlights

The Cooper Basin contains approximately 160 gas fields and 75 oil fields currently on production. These fields contain approximately 630 producing gas wells and more than 340 producing oil wells which feed into production facilities at Moomba in South Australia and Ballera in Queensland through approximately 5,600 kilometres of pipelines and flow lines via 15 major satellite facilities incorporating field boost compression (65 satellite compressors, 15 nodal compressors).

The Moomba facility also incorporates substantial underground storage for processed sales of gas and ethane, while Ballera has a smaller underground storage system for processed sales gas.

Natural gas liquids are recovered via a refrigeration process in the Moomba plant and sent together with stabilised crude oil and condensate via pipeline to Port Bonython near Whyalla, South Australia.

Ethane is sent to Qenos in Sydney via a dedicated pipeline. Sales gas is sent to Adelaide and Sydney via pipelines from Moomba and sales gas is sent to Mt Isa and to Brisbane via pipeline.

6. FURTHER INFORMATION

6.1 Listing on ASX and Escrow of Securities

The Company listed on the Official List of ASX on 20 July 2006.

There are no Shares or Options under escrow as at the date of this Prospectus.

6.2 Information Available to Shareholders

The Company will provide a copy of each of the following documents free of charge, to any Shareholder who so requests during the application period under this Prospectus:

- (a) the 2009 Annual Report of the Company which contains the financial statements for the 2008/9 financial year; and
- (b) the announcements lodged by the Company with ASX since release of the 2009 Annual Report, listed below:

Document Date	Headline
08/10/2009	Intention for Non-Renounceable Rights Issue
12/10/2009	Appendix 3B issue to sophisticated investors
12/10/2009	Amended Appendix 3B to clarify total number of shares on issue

6.3 Capital Structure

The capital structure of the Company following completion of the Issue is summarised below:

Shares Number

Shares on issue at date of the Prospectus	143,025,859
Total Shares on issue at completion of the Issue	<u>286,051,718</u>

Options

Total Unlisted Options on issue at the date of the Prospectus	31,975,000
Total Listed Options on issue at the date of this Prospectus	0
Total Unlisted Options on issue at completion of the Issue	31,975,000
Total Listed Options on issue at the completion of the Issue*	<u>146,512,930</u>
Total Listed and Unlisted Options at the completion of the Issue*	<u>178,487,930</u>

* Figures include the Allegra Options

6.4 Pro-Forma Balance Sheet

The audited Balance Sheet as at 30 June 2009 and the unaudited Pro Forma Balance Sheet as at 30 June 2009 shown on the following page have been prepared on the basis of accounting policies normally adopted by the Company and reflect the changes to its financial position as a result of the Offer.

The unaudited Pro Forma Balance Sheet has been prepared on the assumption that a total of 143,025,859 New Shares and 71,512,930 New Options were issued pursuant to this Prospectus

and that a further 75,000,000 Listed Options are approved for issue at the Annual General Meeting to be held on 30 November 2009. The estimated cash expenses of the Offer of \$608,266 have been recognised directly against the Share capital, as a reduction of the proceeds of the Issue.

The fair value of the Options issued to the Underwriter (subject to shareholder approval prior to 31 January 2010) have been calculated using the Black-Scholes methodology. The value (\$2,642,929) has been debited to Issued Capital account and credited to the Share Option Reserve.

Pro Forma Balance Sheet

	30 June 2009 Audited	Pro Forma 30 June 2009 Unaudited
CURRENT ASSETS		
Cash assets	296,580	6,989,607
Other Current Assets	25,693	25,693
Total Current Assets	<u>322,273</u>	<u>7,015,300</u>
NON-CURRENT ASSETS		
Plant Equipment and Other	83,864	83,864
Exploration and evaluation	4,574,682	4,574,682
Total Non-Current Assets	<u>4,658,546</u>	<u>4,658,546</u>
TOTAL ASSETS	<u>4,980,819</u>	<u>11,673,846</u>
CURRENT LIABILITIES		
Payables	311,845	311,845
Borrowings	<u>2,796,750</u>	<u>2,796,750</u>
Short Term Provisions	-	-
Total Current Liabilities	<u>3,108,595</u>	<u>3,108,595</u>
NON CURRENT LIABILITIES		
Borrowings	<u>1,325,312</u>	<u>1,325,312</u>
Long term Provisions	-	-
Total Non Current Liabilities	<u>1,325,312</u>	<u>1,325,312</u>
TOTAL LIABILITIES	<u>4,433,907</u>	<u>4,433,907</u>
NET ASSETS	<u>546,912</u>	<u>7,239,939</u>
EQUITY		
Contributed Equity	13,993,049	18,043,147
Reserve	67,245	2,710,174
Accumulated losses	<u>(13,513,382)</u>	<u>(13,513,382)</u>
TOTAL EQUITY	<u>546,912</u>	<u>7,239,939</u>

6.5 Rights attaching to Shares upon Conversion of Options

Full details of the rights attaching to Shares are set out in the Company's Constitution a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

All Shares issued pursuant to the exercise of Options issued under this Prospectus will, from the time they are issued, rank *pari passu* with the Company's existing Shares.

The following are the more important rights, privileges and restrictions attaching to the Shares:

- (a) at any meeting, each shareholder present in person or by proxy, attorney or representative has one vote for each ordinary fully paid share held on a poll, or one vote upon a show of hands. Holders of partly paid shares shall have on a poll a fraction of a vote for each partly paid share held with the fractional vote of each share being equivalent to the proportion which the amount actually paid (not credited) for that share is of the total amounts paid and payable (excluding amounts credited) for that share. Amounts paid in advance of a call are ignored when calculating proportions.

The holder of a partly paid share shall not be entitled to vote at a meeting in respect of those shares on which calls are outstanding.

- (b) each ordinary shareholder in the Company will be entitled to receive notice of and attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution of the Company or the Corporations Act. The directors may whenever they think fit, convene a general meeting of the members of the Company and the directors will convene a general meeting whenever requisitioned by the members in accordance with the Corporations Act.
- (c) the profits of the Company, which the directors may from time to time determine to distribute to the members by way of dividend, shall be apportioned and paid proportionately to the amounts paid on the Shares subject to the rights attached to any shares issued upon special terms.

Where a call has been made on a share but remains unpaid, that the Directors are entitled to retain the dividend in respect of which the call is unpaid.

No dividend is currently declared or proposed.

- (d) if the Company is wound up the liquidator may with the sanction of a special resolution of the Company divide amongst the members in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between members or different classes of members.
- (e) subject to the Constitution, the Corporations Act and the Listing Rules of the ASX, Shares are freely transferable.
- (f) the rights, privileges and restrictions attaching to shares of a class, can be altered, with the approval of a special resolution passed at a separate general meeting of the holders of shares of that class (being a three quarters majority of those holders who, being entitled to do so, vote at that meeting) or with the written consent of the holders

of at least three quarters of that class of shares on issue. Any variation is subject to the provisions of the Corporations Act.

- (g) the issue and allotment of any additional shares is under the control of the directors, and, subject to any restriction on the issue and allotment of shares imposed by the Constitution of the Company, the Corporations Act, the Listing Rules of the ASX or as may be directed by the members of the Company at a general meeting when authorising the issue of any new shares, the directors may issue and allot such shares on such terms and conditions and with such rights and privileges as they deem fit.
- (h) although shares are forfeited if they remain unpaid after a call there is no contractual obligation on the shareholders to pay calls.

6.7 Market Prices of Shares

Official Quotation of the Company's Shares commenced on 20 July 2006 and consequently, the trading history on ASX as at the date of this Prospectus is limited to that period.

The highest and lowest recorded closing market sale prices of the Company's Shares quoted on ASX during the three month period before the date of this Prospectus were 10.0 cents on 10 August 2009 and 5.0 cents on 2 September 2009 respectively.

The last market sale price of the Company's Shares on ASX on the last day that trading took place in these Shares prior to the date of this Prospectus was 5.4 cents on 21 October 2009.

6.8 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers before investing in the New Shares and New Options. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the New Shares and New Options in the Company or dealing with an Entitlement in this Issue.

6.9 Legal Proceedings

As at the date of this Prospectus, the Company is a co-defendant in a lawsuit in the State of Texas brought by former Managing Director, Mr David Schuette. Mr Schuette alleges wrongful dismissal and that the Company owes it money against loans made.

The Company believes the case is without merit and is vigorously defending its position in this matter and is making a counter claim against Mr Schuette. It is the Company's belief the case will be settled without any additional costs to the Company.

The Company is not aware of any other litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

6.10 Nature of this Prospectus

This Prospectus is a prospectus to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to offers of securities in a class which has been continuously quoted by ASX for the three months prior to the date of the prospectus. Shares and New Shares in the Company meet these criteria.

This Prospectus is a prospectus for continuously quoted securities. The information in this Prospectus principally concerns the terms and conditions of the Offer and information necessary for investors to make an informed assessment of:

- The effect of the Offer on the Company; and

- The rights and liabilities attaching to New Shares and New Options.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offering of shares.

As an ASX listed company, the Company has provided ASX with a substantial amount of information regarding its activities and that information is publicly available. This Prospectus is intended to be read in conjunction with that publicly available information. Therefore, Eligible Shareholders who are considering subscribing for New Shares and New Options should also have regard to that publicly available information before making any investment decision.

6.11 Continuous Disclosure and Documents Available for Inspection

The Company is listed on ASX and its Shares are quoted on ASX.

The Company is a “disclosing entity” for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from or inspected at, an office of the ASIC, and are also available on the Company’s website www.austinexploration.com.

The Company will provide a copy of all documents used to notify ASX of information relating to the Company under the provisions of the Listing Rules since Official Quotation of its Shares on 19 July 2006. Documents notified to ASX since the release of the 2009 Annual report are listed in Section 6.2 above.

6.12 Interests of Directors

Details of Directors as at the date of this Prospectus are as follows:

Dominic Pellicano

Non-executive director and Chairman

Appointed as Director on 25 July 2008. Appointed Chairman on 10 February 2009

Dr. James Michael Edwards

Non-executive director

Appointed as Director on 14 March 2006

Guy Thomas Goudy

Non-executive director

Appointed as Director on 13 July 2009

William Kefalianos

Non-executive director

Appointed as Director on 30 July 2009

The biographical information concerning each of these Directors set out on page 23 of the Company’s 2009 Annual Report. Shareholders have the right to obtain a copy of the 2009 Annual Report from the Company free of charge during the Offer Period.

Other than as set out below and elsewhere in this Prospectus, no Director or proposed director of the Company has, or during the last two years has had, an interest in:

- the formation or promotion of the Company;

- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer;
- the Offer other than in their capacity as a Shareholder,

and no amounts (whether in cash or shares or otherwise) have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to any Director or proposed Director of the Company, either:

- to induce him or her to become, or to qualify him or her as, a director, or;
- otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

The interests of the Directors and their related parties in the securities of the Company at the date of this Prospectus are as follows:

Directors	Shares	Unlisted Options
Dominic Pellicano	737,198	Nil
Dr James Edwards	Nil	350,000
Guy Goudy	Nil	Nil
William Kefalianos	Nil	Nil

To the extent that the Directors are Shareholders registered as at the Record Date, they will subscribe for their full entitlement of New Shares and New Options pursuant to this Prospectus. However, as Directors are not permitted to be issued Shares and Options in excess of their Entitlements without shareholder approval, they will not be applying for Shortfall Shares and Options.

The total annual remuneration currently payable to each of the Directors is as follows:

Directors	Remuneration
Dominic Pellicano	\$70,000
Dr James Edwards	\$40,000
Guy Goudy	\$40,000
William Kefalianos	\$40,000

In addition to these directors' fees, Guy Goudy receives a consulting fee of \$60,000 per annum.

Remuneration paid or payable to the above directors during 2008/2009 is as follows:

	Short-term benefits		Post employment	Equity-settled share-based payments	
2009	Salary, Fees and Commissions Paid	Salary, Fees and Commissions Accrued & Payable	Super-annuation Contributions	Options	Total
	\$	\$	\$	\$	\$
Directors					
Dominic Pellicano	13,333	43,334	-	-	56,667
Dr. James Edwards	8,502	25,507	-	-	34,009
Guy Goudy	-	-	-	-	-
William Kefalianos	-	-	-	-	-
	21,833	68,841	-	-	90,674

Other than as set out below and elsewhere in this Prospectus, all other persons named in this Prospectus as having performed services in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus do not have and have not had during the last two years before the date of this Prospectus, an interest in:

- the formation or promotion of the Company; or
- any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- the Offer; or

otherwise for services rendered by them in connection with the formation or promotion of the Company or the Offer.

Kelly & Co. have acted as Solicitor to the Company in relation to the Offer. The Company estimates it will pay Kelly & Co. \$10,000 (exclusive of goods and services tax and disbursements) for these services.

Allegra Capital Pty Ltd has acted as Underwriter to the Offer and the Issue has been fully underwritten. The Underwriter will receive an underwriting fee of 5% of the underwritten amount, (\$357,565) together with a success fee of \$125,000. The Underwriter will also receive a management fee of 1% of the underwritten amount (\$71,513) for management services of the issue. Subject to shareholder approval, the Underwriter will also receive 75,000,000 options at \$0.002 each, exercisable on or before 19 November 2011 at \$0.10 per option.

Allegra Capital Pty Ltd has not acted in any other capacity for the Company.

Computershare Investor Services Pty Ltd has been appointed as the Share Registry of the Company and will be paid for these services on normal commercial terms.

6.13 Expenses of the Issue

The total cash expenses of the Issue are estimated to be \$608,266 comprising the following:

Underwriting Fee	\$357,565
Underwriter's Success Fee	\$125,000
Underwriter's Management Fee	\$71,513
Legal Fees	\$10,000
Printing	\$2,000
ASIC Fees	\$2,000
ASX Listing Fees	\$20,188
Other Expenses	\$20,000
Total	<u>\$608,266</u>

The non-cash expenses of the Issue are the fair value of the Underwriter Options which have been calculated using the Black Scholes methodology and amount to \$2,642,929.

7. MATERIAL CONTRACT

On 8 October 2009, the Company entered into an underwriting agreement with Allegra Capital Pty Ltd (**Underwriter**) under which the Underwriter agreed to fully underwrite the Offer (**Underwriting Agreement**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting commission of 5% of the underwritten amount, (\$357,565) together with a success fee of \$125,000. The Underwriter will also receive a management fee of 1% of the underwritten amount (\$71,513) for management services of the issue. All costs are exclusive of GST.

The Underwriter will also receive, subject to shareholder approval, 75,000,000 Listed Options over unissued fully paid ordinary Shares in the Company (**Allegra Options**). The issue price of the Allegra Options will be \$0.002 per option. The Allegra Options will be exercisable on or before 19 November 2011 at \$0.10 per option. Shareholder approval is required for the purposes of ASX Listing Rule 7.1, and will be sought at the Company's Annual General Meeting (expected to be held on 30 November 2009) and / or a subsequent General Meeting.

If shareholder approval is not given prior to 31 January 2010, the Company will be required to pay to the Underwriter a cash payment of 75,000,000 multiplied by the volume weighted average price of Listed Options over the five (5) trading days prior to 31 January 2010.

The Company has also agreed to reimburse the Underwriter for all reasonable costs and expenses incurred in connection with the underwriting to a maximum amount of \$5,000.

The Underwriter may also enter into sub-underwriting agreements with various third parties.

Conditions Precedent of the Underwriting Agreement

The obligations of the Underwriter are conditional on the following:

- (a) (**PEL 105 Agreement**): on or before 31 October 2009, the Company entering into a binding agreement with Adelaide Energy Limited to drill PEL 105 with a view to commencing drilling before 30 April 2010 (subject to rig availability); and
- (b) (**Shareholder approval**): prior to the Closing Date, the Company dispatching a notice of general meeting to its shareholders seeking approval to issue the Allegra Options in accordance with the requirements of the Listing Rules and the Corporations Act.

The Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of certain standard events including:

- (a) (**Indices fall**): the S&P ASX 200 Index is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of this Agreement; or
- (b) (**Withdrawal**): the Prospectus or the Offer is withdrawn by the Company; or
- (c) (**No Quotation Approval**): the Company fails to lodge an Appendix 3B in relation to the Underwritten Securities with ASX within 7 days of the date of this Prospectus; or
- (d) (**Supplementary prospectus**):
 - a. the Underwriter, having elected not to exercise its right to terminate, forms the view on reasonable grounds that a Supplementary Prospectus should be lodged with ASIC for any of the reasons referred to in Section 719 of the Corporations Act and the Company fails to lodge a Supplementary Prospectus

in such form and content and within such time as the Underwriter may reasonably require; or

b. the Company lodges a Supplementary Prospectus without the prior written agreement of the Underwriter; or

(e) **(Non-compliance with disclosure requirements):** this Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:

a. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and

b. the rights and liabilities attaching to the Shares and Options, and

the Company does not lodge a Supplementary Prospectus in such form and content, and within such time, as the Underwriter may reasonably require;

(f) **(Misleading Prospectus):** there is a statement in this Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from this Prospectus (having regard to the provisions of Sections 711, 713 and 716 of the Corporations Act) or if any statement in this Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of this Prospectus is or becomes misleading or deceptive or likely to mislead or deceive and the Company does not lodge a Supplementary Prospectus in such form and content, and within such time, as the Underwriter may reasonably require;

(g) **(Restriction on allotment):** the Company is prevented from allotting the New Shares and New Options within the time required by the Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;

(h) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in this Prospectus or to be named in this Prospectus, withdraws that consent;

(i) **(ASIC application):** an order is made under Section 1324B or any other provision of the Corporations Act in relation to this Prospectus;

(j) **(ASIC hearing):** ASIC makes a final stop order in relation to this Prospectus under Section 739 of the Corporations Act;

(k) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a material adverse effect;

(l) **(Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China or any member of the European Union (Specified Countries) other than hostilities involving Afghanistan, Iraq, Iran, Syria, Lebanon or Israel and the Underwriter believes (on reasonable grounds) that the outbreak or escalation is likely to result in the S&P ASX 200 Index falling by 10%;

(m) **(Authorisation):** any authorisation which is material to anything referred to in this Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably;

- (n) **(Indictable offence):** a director of the Company is charged with an indictable offence; or
- (o) **(Termination Events):** any of the following events occurs:
- a. **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - b. **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
 - c. **(Contravention of constitution or Act):** a contravention by the Company or its subsidiaries of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - d. **(Adverse change):** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any the Company or its subsidiaries including, without limitation, if any forecast in this Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
 - e. **(Error in Due Diligence Results):** any of the due diligence or verification conducted by the Underwriter is materially false, misleading or deceptive or that there was a material omission from them;
 - f. **(Significant change):** a "new circumstance" as referred to in Section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
 - g. **(Public statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer or this Prospectus;
 - h. **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of the Company or its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive;
 - i. **(Official Quotation qualified):** the official quotation is qualified or conditional;
 - j. **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
 - k. **(Prescribed Occurrence):** a Prescribed Occurrence occurs, other than as disclosed in this Prospectus;
 - l. **(Suspension of debt payments):** the Company suspends payment of its debts generally;
 - m. **(Event of Insolvency):** an Event of Insolvency occurs in respect of the Company or its subsidiaries;

- n. **(Judgment against the Company or its subsidiaries)**: a judgment in an amount exceeding \$100,000.00 is obtained against the Company or its subsidiaries and is not set aside or satisfied within 7 days;
- o. **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against any Relevant Company, other than any claims foreshadowed in this Prospectus;
- p. **(Board and senior management composition)**: there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Shares and Options without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- q. **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 5 Business Days;
- r. **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- s. **(Certain resolutions passed)**: the Company or its subsidiaries passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- t. **(Capital Structure)**: any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus;
- u. **(Breach of Material Contracts)**: any of the Company's material contracts is terminated or substantially modified; or
- v. **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriting Agreement also contains certain indemnities, representations, warranties and undertakings by the Company, which are standard for an agreement of this nature.

8. RISK FACTORS

This Section 8 discusses some of the key risks associated with the Offer and with an investment in the Company. The risks set out below are not listed in order of importance and do not necessarily constitute an exhaustive list of all the risks involved with an investment in the Company, and many of them are outside the control of the Company and its Board.

Investing in New Shares and New Options involves a degree of risk. Some of these risks are specific to an investment in Austin Exploration, while others relate generally to any investment in the equity markets. The occurrence of these risks may have an adverse impact on the Company's business, results of operations or financial condition and performance, or Share price.

The New Shares and New Options offered under this Prospectus should be regarded as speculative. Oil, Gas and Mineral exploration, development and production have inherent risks, which may have a material effect on the Company's future performance and the value of the Options and Shares. Investors should consider whether the New Shares and New Options offered by this Prospectus are a suitable investment having regard to their own individual investment objectives, financial circumstances and the risk factors set out below. This list is not exhaustive and, if in any doubt, investors should consult their professional advisors before deciding whether to apply for New Shares and New Options pursuant to this Prospectus.

8.1 Share Market Conditions

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

- Australian and global economic conditions and general economic outlook;
- changes in Australian and global stock markets;
- interest rates and inflation rates;
- currency fluctuations;
- commodity price fluctuation;
- changes in investor sentiment towards particular market sectors;
- taxation, government and monetary policies;
- the demand for, and supply of capital; and
- war, terrorism or other hostilities.

Any of these or other fluctuations may result in Shareholders receiving a market price for their New Shares that is less or more than the price that Shareholders paid. No assurances can be given that the New Shares will trade at or above the Application Price. None of the Company, its Board or any other person guarantees the market performance of the New Shares or New Options.

8.2 Commodity and Currency Price Volatility

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market prices. The

Company's future possible profitability and the market price of its quoted securities can be affected by these factors, which are beyond the control of the Company and its Directors.

8.3 Economic Factors

Changes in Government, monetary policies, taxation and other laws and actions (including such matters as access to lands and infrastructure and compliance with environmental regulations) can have a significant influence on the outlook for companies and the returns to investors.

8.4 Government Policy

Changes in Government, monetary policies, taxation and other laws and actions (including such matters as access to lands and infrastructure and compliance with environmental regulations) can have a significant influence on the outlook for companies and the returns to investors.

8.5 Exploration

Exploration, by its nature, contains elements of significant risk. Ultimate success depends on the discovery and delineation of economically recoverable mineral resources, establishment of an efficient exploratory operation and obtainment of necessary government, statutory and other approvals. The exploration activities of the Company may be affected by a number of factors including, but not limited to, geological conditions, seasonal weather patterns, technical difficulties and failures, availability of the necessary technical equipment and appropriately skilled and experienced technicians, adverse changes in government policy or legislation and access to the required level of funding. There can be no assurance that the Company's exploration activities, or any other projects, tenements or databases that the Company may acquire in the future, will result in the discovery of a significant mineral resource. Even if a significant mineral resource is identified, there can be no guarantee that it can be economically exploited.

8.6 Operational Risk

Exploration activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of rigs and/or other equipment. The occurrence of any of these risks could result in legal proceedings being instituted against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources, or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation, and penalties or suspension of operations. Damages occurring to third parties as a result of such risks may give rise to claims against the Company.

8.7 Tenure and Access

There is no guarantee that current or future applications, conversions or renewals of the mineral tenements in which the Company has an interest or potential interest will be approved. Tenement applications may result in a requirement for the Company to commence negotiations with the relevant landholders and/or indigenous representative bodies to gain access to the underlying land. There is no guarantee that such negotiations will be successful.

Tenements are subject to a number of State-specific legislative conditions including payment of rent and meeting minimum annual expenditure commitments. The renewal of the term of a granted tenement may also be subject to the discretion of the relevant Minister and may trigger native title negotiation rights. The inability to meet these conditions or trigger negotiation procedures at any of the tenements comprising the Company's projects could affect the standing of a tenement or restrict its ability to be renewed, adversely affecting the operations, financial position and performance of the Company.

8.8 Environmental

The Company's projects are subject to State and Commonwealth laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which compromise its environmental performance and have financial implications.

8.9 Native Title, Aboriginal Heritage and Sacred Sites

The existence of native title over land in which the Company has an interest can potentially affect the Company's performance. Similarly, the existence of Aboriginal Heritage and Sacred Sites can have an adverse effect on the activities of the Company.

8.10 Financing

The future capital requirements of the Company will depend on many factors including the results of the proposed exploration programs. The Company, in order to meet any work programs, may be required to raise additional capital. Any inability to obtain additional funding (if required) would have a material adverse effect on the Company's business and the price of its securities.

8.11 Insurance

Insurance of all risks associated with mineral exploration and development is not always available and, where available, the cost can be high. The Company will have insurance in place considered by the Directors as appropriate for the Company's needs. The Company will not be insured against all possible losses, whether because of the unavailability of cover or because the premiums may be excessive relative to the benefits that would accrue. All insurance relating to any joint venture activities may be affected through the operator of the joint ventures. The Directors will continue to review the insurance cover in place for any joint ventures to ensure that it is adequate and to ascertain whether the Company should take out its own insurance to further protect its interest in the joint ventures.

8.12 Regulatory Approvals

The Company will require government regulatory approvals for its operations and must comply with those approvals and other applicable laws, regulations and policies. This may from time to time affect timing and scope of work to be undertaken, and the cost of undertaking that work.

9. CONSENTS

The following persons have each consented to the inclusion of the following statements and statements identified in this Prospectus as being based on statements made by those persons, in the form and context in which they are included or referred, and have not withdrawn that consent before lodgement of this Prospectus with the ASIC. None of the parties have had any involvement in the preparation of any part of this Prospectus, nor have they authorized or caused the issue of, and expressly disclaim and take no responsibility for, any part of the Prospectus:

- (a) Kelly & Co have given their written consent to being named in this Prospectus as Solicitor to the Company in the form and context in which it is named;
- (b) Grant Thornton South Australian Partnership has given its written consent to being named as auditor to the Company in the form and context in which it is named;

- (c) Computershare Investor Services Pty Limited has given, and at the date hereof, has not withdrawn its written consent to being named as Share Registrar in the form and context in which it is named. Computershare Investor Services has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Computershare Investor Services Pty Ltd has not authorized or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.; and
- (d) Allegra Capital Pty Ltd has given its written consent to being named as the Underwriter in this Prospectus in the form and context in which it is named.

10. AUTHORITY OF DIRECTORS

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

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



DOMINIC PELLICANO
Signed for and on behalf of
AUSTIN EXPLORATION LIMITED

11. DEFINITIONS

Application Price means \$0.05 per New Share.

Allegra Options means Listed Options issued to the Underwriter pursuant to the Underwriting Agreement.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691).

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

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

Business Day has the meaning given to that term in the ASX Listing Rules.

CHESS means ASX Clearing House Electronic Subregistry System.

Closing Date means 5.00 pm CST on 18 November 2009.

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

Corporations Act means the Corporations Act 2001 (Cth).

CST means Central Standard Time, Adelaide, South Australia.

Directors means the directors of the Company.

Dollars or **\$** means Australian dollars unless otherwise stated.

Entitlement means the maximum number of New Shares and New Options you are entitled to apply for under this Prospectus as noted on the Entitlement and Acceptance Form.

Entitlement and Acceptance Form means the entitlement and acceptance form enclosed with this Prospectus.

Foreign Shareholder means a person registered as a Shareholder as at the Record Date whose registered address is outside Australia or New Zealand.

Issue means the issue of New Shares and New Options pursuant to this Prospectus.

Listed Options means options quoted on ASX.

New Option means an option to subscribe for a Share in the Company, issued on the terms and conditions set out in Section 4.10 of this Prospectus.

New Share means a fully paid ordinary share in the capital of the Company offered pursuant to this Prospectus.

Offer means the offer of New Shares and New Options pursuant to this Prospectus.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Official List means the Official List of ASX.

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

Opening Date means 4 November 2009.

Prescribed Occurrence means any of the following:

- a) a Relevant Company converting all or any of its shares into a larger or smaller number of shares;
- b) a Relevant Company resolving to reduce its share capital in any way;
- c) a Relevant Company:
 - entering into a buy back agreement; or
 - resolving to approve the terms of a buy back agreement under Section 257D or 257E of the Corporations Act;
 - a Relevant Company making an issue of, or granting an option to subscribe for, any of its shares or any other securities, or agreeing to make such an issue or grant such an option (other than pursuant to the Offer);
- d) a Relevant Company issuing, or agreeing to issue, convertible notes;
- e) a Relevant Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- f) a Relevant Company charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- g) a Relevant Company resolving that it be wound up;
- h) the appointment of a liquidator or provisional liquidator of a Relevant Company;
- i) the making of an order by a court for the winding up of a Relevant Company;
- j) an administrator of a Relevant Company, being appointed under Section 436A, 436B or 436C of the Corporations Act;
- k) a Relevant Company executing a deed of company arrangement; or
- l) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Relevant Company.

Prospectus means this Prospectus dated 22 October 2009 for the issue of 143,025,859 New Shares and 71,512,930 New Options and 75,000,000 Listed Options to the Underwriter.

Record Date means the record date for determining entitlements to New Shares and New Options offered under this Prospectus, which is 5.00 pm CST on 30 October 2009.

Relevant Company means the Company or any of its subsidiaries.

Securities means Shares and/or Options.

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

Shareholder means a holder of a Share.

Shortfall means the number of New Shares and New Options for which valid applications in response to Entitlements under this Prospectus have not been received by the Closing Date.

Shortfall Shares and Options means, subject to any Shortfall, the number of Shares and Options for which persons other than Foreign Shareholders may apply for in addition to the Entitlement.

Shortfall Application Form means the form to apply for Shortfall Shares and Options accompanying the Prospectus.

Underwriter means Allegra Capital Pty Ltd (ACN 119 502 984).

Underwritten Securities means the Shares and Options to be issued to the Underwriter in the event that there is a Shortfall not accounted for by Shares and Options issued pursuant to applications for Shortfall Shares and Options.

Unlisted Options means options issued to directors and other parties which are not listed on ASX.

This document is important. You should read it and the accompanying Prospectus carefully. If you do not understand how to deal with them you should consult your sharebroker or financial adviser without delay.

To meet the requirements of the Corporations Act, this Application Form must not be handed on unless attached to the Prospectus.

AUSTIN EXPLORATION LIMITED SHORTFALL APPLICATION FORM

ACN 114 198 471
GPO Box 2987, ADELAIDE SA 5001
Registered Office: 25 Peel Street, ADELAIDE SA 5000
Telephone: 1300 556 161; Facsimile: (08) 8339 7909

Broker Reference – Stamp Only	Broker Code
	Adviser Code

THE ABILITY TO APPLY FOR SHORTFALL SHARES IS IN ADDITION TO YOUR ENTITLEMENT UNDER THE OFFER
YOU DO NOT NEED TO BE A SHAREHOLDER TO APPLY FOR SHORTFALL SHARES

For items A to J refer to the guide on reverse. Please use BLOCK LETTERS.

A I/We apply for Shortfall Shares (minimum 10,000).

B I/We lodge full application monies \$ (minimum \$500.00)

C Complete Full name Details
Applicant 1 Given Name, or Surname
 Joint Applicant #2 or <designated account> Surname
 Joint Applicant #3 or <designated account> Surname
 Postal Address (PLEASE PRINT)
 Street Number Street

D

 Suburb/Town State Post Code

E Contact Name Telephone Number - Business Hours ()
 Email Address Telephone Number - After Hours ()
 CHESS HIN (where applicable)

F

G Tax File Number/Exemption Details Joint Applicant #2 Joint Applicant #3

H ABN Joint Applicant #2 Joint Applicant #3

I Cheque Details
 Drawer Bank Branch BSB Amount of Cheque A\$

J I/We declare that this application is completed according to the declarations/statements overleaf and agree to be bound by the Constitution of Austin Exploration Limited.

Returning the Shortfall Application Form with your cheque for the application monies will constitute your offer to subscribe for New Shares.

NO SIGNATURE IS REQUIRED.

Austin Exploration Limited

Your Guide to the Shortfall Application Form

Subject to sufficient New Shares being available out of any Shortfall from the Issue, any person may take up Shortfall Shares and Options by completing all relevant sections of the Shortfall Application Form using BLOCK LETTERS. Applications are not restricted to Shareholders of Austin Exploration Limited.

Applicants are not assured of receiving any Shortfall Shares or Options. If there is no Shortfall from the issue, then no Shortfall Shares and Options will be allotted. Applications for Shortfall Shares will be accepted at the discretion of the Directors. Application money for Shortfall Shares not allotted will be refunded without interest.

If you are an existing Shareholder also making an Entitlement Application, you may attach one cheque for the amounts due under both your Entitlement Application and your Shortfall Application.

If you are not a Shareholder making an Entitlement Application, you must attach a cheque or bank draft for the exact amount payable.

- A. The application must be for at least 10,000 Shortfall Shares. You may apply for any number of Shortfall Shares above this. Your application may be accepted either in full or in part, subject to there being a Shortfall.
- B. Insert the Application Money for the parcel of Shortfall Shares for which you are applying (i.e. \$0.05 per Shortfall Share).
- C. Write the full name you wish to appear on your statement of shareholdings. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable name. Applications using the wrong form of name may be rejected. Clearing House Electronic Sub-Register System (CHESS) participants should complete their name and address in the same format as they are presently registered in the CHESS system.
- D. Please enter your postal address for all correspondence. All communications to you from the Austin Exploration Limited Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered. All Applicants must provide an address in Australia.

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated space(s) at Section C on the Application Form.

- E. Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- F. Austin Exploration Limited will apply to the ASX to participate in CHESS. If you are already a participant in CHESS, you may complete this section. Otherwise leave the section blank.
- G. Enter your Tax File Number (TFN) or exemption category or ABN. Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- H. Your cheque must be drawn on an Australian bank, made payable to "**Austin Exploration Limited**" in Australian currency and crossed **Not Negotiable**.
 - The amount should agree with the amount shown in B.
 - Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.
 - Pin (do not staple) your cheque(s) to the Application.
- I. By completing and submitting this Application you (or your attorney) will be taken to have declared that:
 - Before completing the Shortfall Application Form, you have read the Prospectus;
 - All details and statements made by you are complete and accurate; and
 - No notice of revocation of any power of attorney has been received.

Lodgement of Applications

Return your completed Shortfall Application Form with cheque(s) attached to:

GPO Box 2987, ADELAIDE SA 5001

Application Forms must be received no later than 5.00pm (CST) time on 18 November 2009.

Applications must be in the name(s) of a natural person(s), a company or other legal entity acceptable to Austin Exploration Limited. At least one full given name and a surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as illustrated in the examples of correct forms of registrable title set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual Use given name in full, not initials.	John Alfred Smith	J A Smith
Company Use company title, not abbreviations	ABC Pty Ltd	ABC R/L ABC Co
Trusts Use trustee(s) personal name(s), do not use the name of the trust.	Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use executor(s) personal name(s) do not use the name of the deceased.	Jane Smith <Est John Smith A/C>	Estate of the late John Smith
Partnerships Use partners' personal names, do not use the name of the partnership.	John Smith and Michael Smith <John Smith and Son A/C>	John Smith & Son
Clubs/Incorporated Bodies/Business Names Use office bearer(s) personal name(s), do not use the name of the clubs etc.	Michael Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use the name of trustee of fund, do not use the name of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

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How to complete the Entitlement and Acceptance Form

Note that photocopies will not be accepted. These instructions are cross-referenced to each section of the Entitlement and Acceptance Form.

A	Details of your Entitlement based on your Securityholding at 5:00pm (Adelaide time) on 30 October 2009 are shown in box A on the front of this Entitlement Form.	D	Payment Details You can apply for shares utilising the payment options detailed below. Please note that funds are unable to be directly debited from your bank account. By making your payment using either electronic means or by cheque, bank draft or money order, you confirm that you: <ul style="list-style-type: none">agree to all of the terms and conditions as detailed in the Prospectus dated 22 October 2009 Your cheque, money order or bank draft must be made in Australian currency and drawn on an Australian branch of a financial institution. Such payment must be made payable to Austin Exploration – Rights Issue and crossed “Not Negotiable”. Payments not properly drawn may be rejected. Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Acceptance form being rejected. Paperclip (do not staple) your cheque(s) to the form where indicated. Cash will not be accepted. Receipt of payment will not be forwarded.
B	New Securities Accepted You can apply to accept either all or part of your Entitlement. Enter in box B the number of New Shares you wish to accept from your Entitlement. Please ensure you complete Section B on the bottom of the form.	E	Contact Details Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding the slip below.
C	Acceptance Monies Enter the amount of Acceptance Monies. To calculate the amount payable, multiply the number of New Shares applied for by A\$0.05. Please ensure you complete Section C on the bottom of the form.		

The directors reserve the right to make amendments to this form where appropriate.

Lodgement of Acceptance

If you are applying for shares and your payment is being made by BPAY®, you do not need to return the slip below. Your payment must be received by no later than 5:00pm (Adelaide time) on **Wednesday 18 November 2009**.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order the slip below must be received by Computershare Investor Services Pty Limited (CIS) Adelaide by no later than 5:00pm (Adelaide time) on **Wednesday 18 November 2009**. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for security holders in Australia. New Zealand holders will need to affix the appropriate postage. Return the slip below with cheque attached.

Neither CIS nor the Company accepts any responsibility if you lodge the slip below at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers (“the issuer”), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning this form or your entitlement, please contact CIS on 1300 556 161.

This form may not be used to notify your change of address. For information please contact CIS on 1300 556 161 or visit the share registry at www.computershare.com (Certificated/Issuer Sponsored Holders only).

CHES holders must contact their Controlling Participant to notify a change of address.

039869_00S.J1A
06/01/09



Payment Options:



Biller Code: 123456

Ref No: 123412341234123412

Telephone & Internet Banking – BPAY

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: www.bpay.com.au



**Austin Exploration Limited
Computershare Investor
Services Pty Limited
GPO Box 2987
Adelaide, South Australia, 5001
AUSTRALIA**