

# **AUSTIN EXPLORATION LIMITED**

ABN 35 116 249 060



## **Fourth Quarter Report**

FY2009

## **For the Period Ended**

June 30, 2009

+ See chapter 19 for defined terms.

## OVERVIEW OF OPERATIONS AND ACTIVITIES

### *Exploration and Production*

The company currently maintains working interest and net revenue interests in five key oil and gas assets. There were no operational activities associated with those assets during the quarter ended 30 June 2009.

### SUBSEQUENT DEVELOPMENTS AT PRINCIPAL OIL AND GAS PROJECTS

#### **PARK CITY GAS PROJECT (State of Kentucky, USA)**

On 14 July 2009 Austin announced that all litigation concerning the company's Park City, Kentucky oil and natural gas project have been concluded. Austin and Resource Energy Technologies (RET) have agreed to a series of confidential settlement terms that effectively eliminate all previous agreements between the parties. Settlement allows Austin immediate access and complete control of all wells drilled to date. This outcome is material for the company in moving towards a phase of oil and gas production.

The company also announced a share placement to sophisticated investors of 16,000,000 shares at 4 cents per share to raise \$640,000. This new capital will enable the commencement of further activity in the Park City lease acreage. Payment for the shares is to be received in two tranches with \$320,000 having been received on application and the remaining half being received within 45 days.

Under the settlement agreement with RET:

- ✓ All litigation complaints between the two parties have been settled.
- ✓ Operatorship of the 17 wells has been transferred to Aus-Tex Exploration Inc., (a wholly owned subsidiary of Austin).
- ✓ No area of mutual interest or area of non compete shall exist between the parties.
- ✓ Aus-Tex has purchased the interest previously held by Park City Gas, LLC (PCG) in 12 oil and gas leases in Western Kentucky. As a result of this purchase, Aus-Tex will own a 100% working interest and an 87.5% net revenue interest in all hydrocarbons derived from the current 17 wells and any future wells drilled on the leases.
- ✓ Beginning July 1, 2009, income from hydrocarbon production emanating from the 17 wells within these leases will belong to Aus-Tex Exploration, Inc.
- ✓ Landowner interest does not change.
- ✓ Gas sales agreements between Atmos Energy Gathering LLC and Aus-Tex Exploration Inc. are being finalized.

Over the coming weeks, Austin will begin assessing existing oil and gas flows from the 17 wells.

#### **Summary of Interest Holdings as from 1 July 2009**

NAME	WI	NRI
<b>Aus-Tex (Operator)</b>	100.000%	78.125%
<b>Landowner</b>		12.200%
<b>Newtak Pty Ltd</b>		5.000%
<b>California Service Pty Ltd</b>		4.375%

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**PEL 105 OIL AND GAS PROSPECT (Cooper Basin, South Australia)**

Petroleum Exploration Licence 105 (PEL 105) is an area of 437 square kilometres, located approximately 60 kilometres north of Moomba in South Australia.

The prospect is surrounded by producing oil and gas fields, some of which are the largest in the Cooper Basin. Within the boundaries of PEL 105, but excised from it, are the Bimbaya Field (19 BCF of gas), the Bookabourdie Field (80 BCF of gas), and the Merupa Field (1.5 BCF of gas).

Austin owns 100% of the PEL 105 licence. As the result of an October 10<sup>th</sup> 2007 farm-in agreement, Austin and Adelaide Energy (ASX: "ADE") have determined the first drill site for the respective companies on the licence. The farm-in agreement names Adelaide Energy as the official operator and the company has a right to earn 50% of Austin's 100% interest by funding the first well through to completion in 2009.

In October 2008, Adelaide Energy carried out a 2D seismic survey and identified a new hydrocarbon trap location. Well planning is now underway. A drilling rig with availability in 2009 has been tentatively queued, and drilling may start in the second half of calendar year 2009.

**ADDITIONAL DIRECTORS**

Subsequent to the end of the quarter, Austin announced the appointment of Mr Guy Goudy and Mr William Kefalianos as directors of Austin.

Guy Goudy trained at the University of Technology, Sydney (UTS) where he holds various formal qualifications in Business Studies.

For the last three years Guy has been employed in the financial services sector and has been an authorised representative with a leading stock broking and financial advisory firm.

William Kefalianos graduated in 1975 from Monash University with a Bachelor of Economics degree. He is a Fellow of the Taxation Institute of Australia, a registered tax agent and a member of the National Institute of Accountants.

William is currently the principal of accounting firm MMI Financial Partners Pty Ltd. Over the last 20 years, he has held many and varied management consultancy roles including commercial systems development, dispute resolution and corporate and private planning.

+ See chapter 19 for defined terms.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Austin Exploration Limited

ABN

98 114 198 471

Quarter ended ("current quarter")

30 June 2009

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A	Year to date (.12 months) \$A
1.1	Receipts from product sales and related debtors	0	43,625
1.2	Payments for (a) exploration and Evaluation (b) development (c) production (d) administration	(3,660) (347,058)	(41,575) (2,286,550)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	1,549	35,536
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(349,168)	(2,248,964)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) development (c) equity investments (d) other fixed assets	(1,663) (317)	(348,877) (66,657) (51,999)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	870	3,685
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material) Deposit		(1,936)
	Net investing cash flows	(1,110)	(465,784)
1.13	Total operating and investing cash flows (carried forward)	(350,278)	(2,714,748)

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1.13	Total operating and investing cash flows (brought forward)	(350,278)	(2,714,748)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	81,542	479,947
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	81,542	479,947
	Net increase (decrease) in cash held	(268,737)	(2,234,801)
1.20	Cash at beginning of quarter/year to date	560,046	2,340,001
1.21	Exchange rate adjustments to item 1.20	44,729	141,380
1.22	Cash at end of quarter	\$246,580	\$246,580

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter
		\$A
1.23	Aggregate amount of payments to the parties included in item 1.2	Nil
1.24	Aggregate amount of loans to the parties included in item 1.10	
1.25	Explanation necessary for an understanding of the transactions	

Consulting and Directors fees to Directors

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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### Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available	Amount used
		\$A	\$A
3.1	Loan facilities		

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3.2	Credit standby arrangements		
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### Estimated cash outflows for next quarter

		\$A
4.1	Exploration and evaluation	285
4.2	Development	30
4.3	Production	
4.4	Administration	192
Total		507

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A	Previous quarter \$A
5.1 Cash on hand and at bank	246,580	560,046
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	246,580	560,046

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

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**Issued and quoted securities at end of current quarter**

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	125,125,859	125,125,859		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> (description and conversion factor)	5,400,000 "2011 A Class Options" 12,600,000 "2011 B Class Options" 12,600,000 "2011 C Class Options" 541,667 "2012 D Class Options" 333,333 "2013 E Class Options" 500,000 "2011 F Class Options"		Exercise price \$.30 \$.50 \$.75 \$.24 \$.24 \$.20	

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7.8	Issued during quarter	333,333 "2013 E Class Options 500,000 "2011 F Class Options		\$.24 \$.20	
7.9	Exercised during quarter	Nil			
7.10	Expired during quarter	Nil			
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

### Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.



31 July 2009

Sign here: ..... Date: .....

(Secretary)

Print name: Graham Seppelt

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