

AUSTIN EXPLORATION LIMITED

ABN 35 116 249 060



Third Quarter Report

FY2009

For the Period Ended

March 31, 2009

+ See chapter 19 for defined terms.

Managing Director Report

By David Max Schuette, Managing Director, Austin Exploration



In our last quarterly report I used this space to outline some of the ramifications and opportunities that the recent downturn in major world economies and the dramatic six month, 72% drop in crude oil prices have created for Austin Exploration.

I had predicted that companies holding exploration and resource properties based on October 2007 through June 2008 energy prices would quickly see those same properties financially under-performing by as much as 100% below their original production forecasts and that many of these companies would begin selling those properties at discounted prices.

This prediction has come true and in turn many of these properties are now being viewed as “toxic assets” by the U.S. lending community and are poised to be placed for sale at distressed prices. Many others have entered the US Bankruptcy courts and will be sold as part of forced company reorganizations. Much of this is the result of these properties being overly debt leveraged.

Based on current market conditions, energy forecasts and the current oil and gas market pricing, we have the time we need to continue our discussions with private U.S. investors regarding the acquisition of properties with proven oil production, proven reserves and positive cash flow. Several U.S. properties are currently being reviewed and analysed as candidates for the initial acquisition.

These property reviews and the private U.S. investor discussions have been encouraging and will continue as we act in the best interests of the company and our shareholders.

Additional information regarding these confidential private investor discussions will be provided to the market when and if the first partnership and investment fund closes.

Our existing exploration and production assets will continue to move forward individually at a pace that reflects the new realities of lower energy market pricing and the corresponding but lagging decrease in exploration and development expenses.

Thank you for your continued support.

A handwritten signature in blue ink that reads "David M. Schuette".

David M. Schuette

Managing Director

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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.

U.S. Assets

No changes of significance have taken place since the last quarterly report.

Australian Assets

No changes of significance have taken place since the last quarterly report.

Austin Exploration Limited Summary of Oil and Gas Holdings				
ACTIVE PROJECTS				
Licence / Lease	Location	Working Interest	Net Revenue Interest	Commentary
PEL 105 Oil and Gas Licence	Cooper Basin, South Australia	100.000%	100.000%	A Farmin agreement provides Adelaide Energy Limited the opportunity to earn a 50% NRI after the first well is completed. Drilling is anticipated for mid CY2009.
PEL 73 Oil and Gas Licence	Stansbury Basin, South Australia	16.670%	12.500%	Proprietary "Direct Hydrocarbon Sensing and Detection" study was completed in October 2008. The company hopes to drill this prospect in CY2009.
Park City Gas Field	Kentucky, USA	75.000%	65.625% for wells drilled for AKK and 33.33% for wells acquired by AKK	18 wells currently drilled
Moses Austin Project				
<i>The Rhodes Family lease</i>	Texas, USA	70.000%	52.500%	A 731.88 acre area acquired on July 31st, 2008. Austin acquired no less than a 75% Net Revenue Interest & Newtak Pty LTD has agreed to take 30% of this interest, representing a 22.5% NRI
Polecat Creek Well	Texas, USA	35.000%	26.250%	Located in Texas and originally drilled in 2007. The well was recently recompleted with an Acid stimulation procedure and has seen a significant daily production increase.

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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")

31 March 2009

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A	Year to date (9 months) \$A
1.1	Receipts from product sales and related debtors	3,678	44,055
1.2	Payments for (a) exploration and Evaluation (b) development (c) production (d) administration	(16,375) (478,179)	(81,002) (1,903,036)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	3,801	34,001
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	(487,075)	(1,905,982)
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) (10,877)	(350,646) (67,315) (51,292)
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		2,815
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	(12,540)	(468,374)
1.13	Total operating and investing cash flows (carried forward)	(499,615)	(2,374,356)

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1.13	Total operating and investing cash flows (brought forward)	(499,615)	(2,374,356)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	197,024	398,406
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	197,024	398,406
	Net increase (decrease) in cash held	(302,591)	(1,975,950)
1.20	Cash at beginning of quarter/year to date	838,800	2,340,001
1.21	Exchange rate adjustments to item 1.20	23,837	195,995
1.22	Cash at end of quarter	\$560,046	\$560,046

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	118,000
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	2,943,742	2,943,742

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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	
4.2 Development	
4.3 Production	
4.4 Administration	254,000
Total	

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	560,046	838,800
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	560,046	838,800

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 Options (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"	Exercise price \$.30 \$.50 \$.75 \$.24	Expiry date 30 June 2011 30 June 2011 30 June 2011 28 February 2013
7.8 Issued during quarter		333,333 "2012 E Class Options" 500,000 "2011 F Class Options"	\$.24 \$.20	28 February 2012 15 October 2011

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7.9	Exercised during quarter				
7.10	Expired during quarter				
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.



24 April 2009

Sign here: Date:

(Company Secretary)

Print name: Graham Seppelt

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