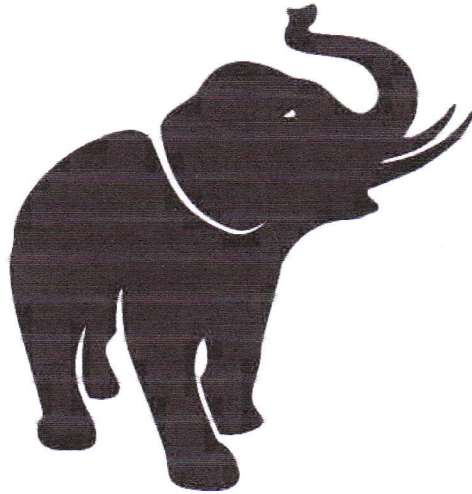


AUSTIN EXPLORATION LIMITED



A.B.N. 98 114 198 471

INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2009

CONTENTS

Page

DIRECTORS' REPORT	1
AUDITOR'S INDEPENDENCE DECLARATION	6
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	7
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8
CONSOLIDATED STATEMENT OF CASH FLOWS	9
CONSOLIDATED STATEMENT OF CHANGE IN EQUITY	10
NOTES TO THE FINANCIAL STATEMENTS	11
DIRECTORS' DECLARATION	17
INDEPENDENT AUDITOR'S REVIEW REPORT	18

AUSTIN EXPLORATION LTD

DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated entity for the half-year ended 31 December 2009.

Directors

The names of each person who has been a Director during the half-year and to the date of this report are:

- Dominic Pellicano
 - Dr. James Michael Edwards
 - Guy Thomas Goudy
 - William Kefalianos
 - David Max Schuette
- Appointed 13 July 2009
Appointed 23 July 2009
Resigned 5 August 2009

Company Secretary

Graham A Seppelt was the Company Secretary during this period.

Review of Operations

THE COMPANY

After a very turbulent calendar year 2009 we are excited to have finally gained some momentum moving into the new year. Since the August departure of our former managing director the company has focused its efforts toward recapitalizing the company, rebuilding the management team and beginning the acquisition of new noteworthy prospects. The October infusion of roughly \$7M of new capital into the company coupled with an additional opportunity of \$14M via the exercise of options, will provide the company with multiyear support for our growth needs. With this capital we will continue to utilise our broad set of industry contacts to bring additional high value assets into the company. Our initial asset acquisition focus will be toward low risk, immediate cash flow opportunities with a primary goal of putting Austin Exploration in a cash flow positive position by midyear. The upside potential of the massive PEL105 Cooper Basin prospect provides the company a 50% interest in a P10 23M barrel oil well. Our joint venture partner Adelaide Energy is anticipating a near June spud date for this exciting prospect.

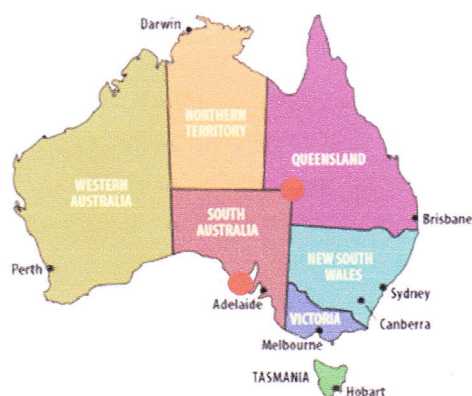
FOUR NOTEWORTHY PROPERTIES NOW IN THE PORTFOLIO

- **PEL105 (Cooper basin Australia)** – initial well prospect to begin drilling early June. P10 reserves of 23 million B/O, P50 reserves of 2 million B/O. Estimated recovery from initial well is 1M B/O with nearly 60% occurring during first four years. With success, five additional wells may be drilled on the license.
- **Armstrong (Natchez, Mississippi)** - three well drilling programs to commence near March 1, 2010. Single well production forecast of 3,000 B/O per month thus generating a cumulative forecast of 9,000 B/O per month. All three wells planned for completion in CY2010. Estimated recoverable reserves of 216,000 B/O.
- **Sebree (Northwest Kentucky)** - shallow well oil production. This property is holding an estimated 132,000 barrels of recoverable reserves. Two wells have been

completed and three others are on plan for completion through April. The first two wells produced first oil sales in late December and January. Three more wells are scheduled for completion by end of April. Total estimated monthly production from all wells is 1,500 – 2,500 B/O.

- **Park City (Southwest Kentucky)** - oil and gas development / production. This property is holding 879,110 Mcf of probable gas reserves and 290,180 barrels of proven oil reserves. Austin is currently awaiting a resolution to the ongoing litigation between several Atmos Energy companies and a group of mineral owners in the area. The nearby Atmos Gathering infrastructure and processing plant are fully operational and have been for several months. Upon settlement of the third party litigation, the plant will reopen.

PROSPECT DIVERSIFICATION

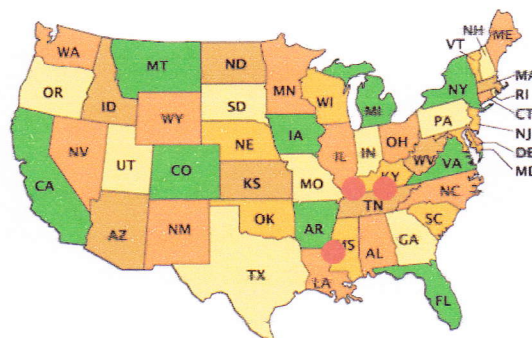


Geologic & Geographic Diversification

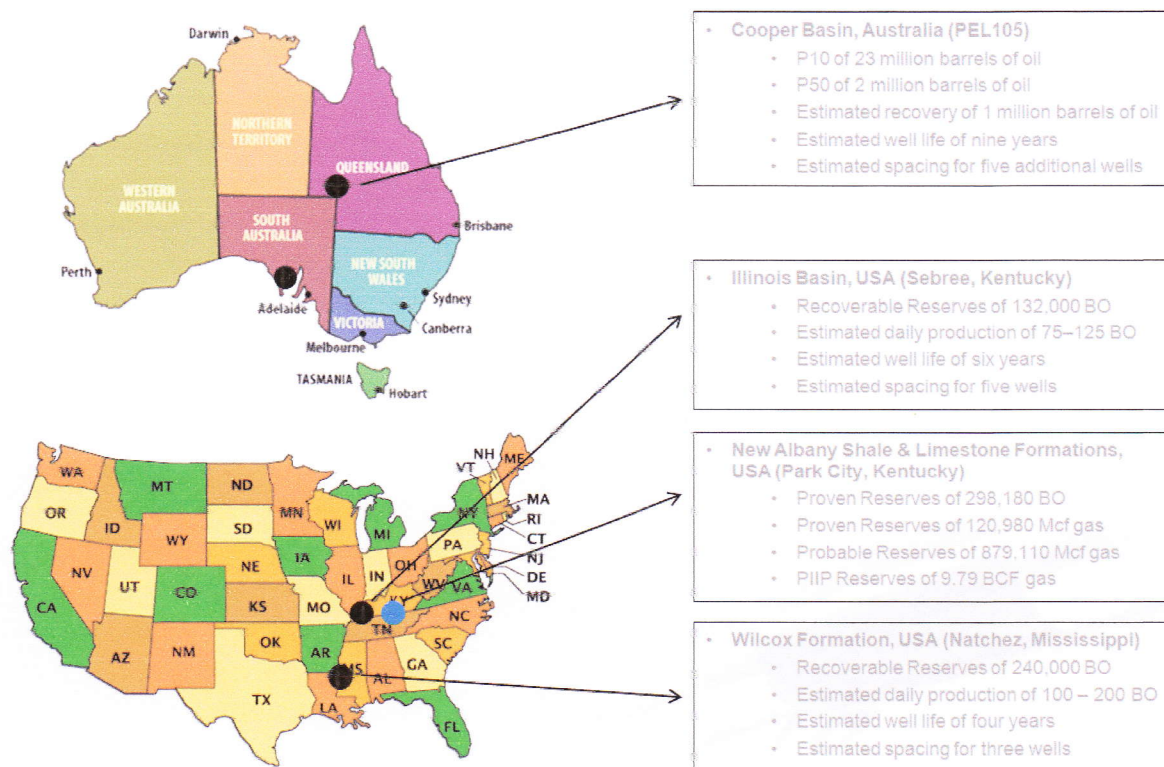
- Cooper Basin, Australia (PEL105)
- Stansbury Basin, Australia (PEL73)
- Illinois Basin, USA (Sebree, Northwest Kentucky)
- Wilcox Formation, USA (Armstrong, Natchez Mississippi)
- New Albany Shale, USA (Park City, Southwest Kentucky)

Risk Diversification

- Deep Exploration (9,000 ft or more)
 - Cooper Basin, Australia (PEL105)
 - Stansbury Basin, Australia (PEL73)
- Re-drill Development (6,500 ft)
 - Wilcox Formation, USA (Armstrong, Natchez Mississippi)
- Shallow Development (3,000 ft or less)
 - Illinois Basin, USA (Sebree, Western Kentucky)
 - New Albany Shale, USA (Park City, Southwest Kentucky)



STRONG UPSIDE RESERVES



THE MARKET

Although the global economic crisis continues, most market sentiment toward oil and gas commodities have somewhat stabilized with most forecasters calling for oil prices between \$70 and \$84 while gas prices are estimated to average \$5 or more for the year. The most recent February 10, 2010 short term energy outlook data from the U.S. Energy Information Administration is as follows.

- The West Texas Intermediate (WTI) spot price increased from \$69.48 per barrel on December 14 to \$83.12 on January 6 and then fell to \$72.85 on January 29. EIA expects the crude oil market to strengthen again this spring with WTI rising to an average of about \$81 per barrel over the second half of this year and \$84 per barrel in 2011. The crude oil price forecast is unchanged from last month's *Outlook*. EIA's forecast assumes that U.S. real gross domestic product (GDP) grows by 2.3 percent in 2010 and by 2.5 percent in 2011, while world oil-consumption-weighted real GDP grows by 2.7 percent and 3.6 percent in 2010 and 2011, respectively.
- EIA expects this year's annual average natural gas Henry Hub spot price to be \$5.37 per million Btu (MMBtu), a \$1.42-per-MMBtu increase over the 2009 average of \$3.95. EIA projects continuing price increases in 2011, averaging \$5.86 per MMBtu for the year. EIA expects working gas inventories to end the first quarter at about 1,644 billion cubic feet (Bcf) compared with 1,734 Bcf in the previous *Outlook*, because of colder-than-normal weather in early January.

Carrying value of development and exploration assets

At December 31, 2009, the Directors' reviewed the carrying values of the Development and Exploration prospects above to determine whether there is any indication that those assets have been impaired. For each of the prospects above, they compared the asset's fair value less costs to sell and value in use to the asset's carrying value. Where it was not possible to estimate the recoverable amount of an individual asset, the Directors' estimated the recoverable amount of the cash-generating unit to which the asset belongs.

The directors noted that the world economy had seen a drop in both oil and gas prices to the point where some of the company's assets could not produce oil and gas at economic value to the company in the short term.

The directors believe that the current prices for oil and gas are subject to movements both downwards and upwards and that economic sale prices may well be experienced in the medium future.

Applying these principles, the Company has impaired its exploration or development assets at 31 December 2009 by \$219,213 and will further review the assets for impairment at 30 June 2010.

Non-audit Services

The board of the directors is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by Corporations Act 2001. The directors are satisfied that the service disclosed below did not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement APES 320: Professional Practice.

The following non-audit services were provided by the external auditors during the period ended 31 December 2009: Provision of taxation services - \$18,410.

Subsequent Events

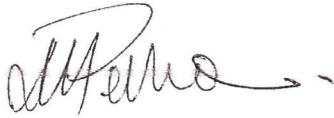
Since 31 December 2009 the following activity has taken place in the company's exploration program:

- On 11 January 2010 the company announced that it had completed the Russell 1A oil well located near Sebree, Kentucky, USA. The well was swabbing at a rate of one barrel of oil per hour prior to being shut-in and readied for completion. On 2 February 2010, the company advised that the well was now on production;
- On 29 January 2010 the company announced that it had acquired an additional 779.58 acres of mineral leases at its Park City oil and gas project in Kentucky;
- On 18 February 2010 the company announced the acquisition of a 50% interest in the Armstrong prospect area –located in the city of Natchez and the State of Mississippi. On 10 March 2010 the company advised that site preparation at the company's Ellislie Plantation #1 well is complete and drilling was about to commence. On 10 March 2010 the company confirmed that the target sands were oil bearing, and with the well casing in place, a work-over rig was awaited to complete the production process.

Auditor's Declaration

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6 for the half year ended 31 December, 2009.

Signed in accordance with a resolution of the Board of Directors



.....
Dominic Pellicano
Director

Adelaide
Dated this 16th day of March 2010

Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info@gtsa.com.au
W www.grantthornton.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF AUSTIN EXPLORATION LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Austin Exploration Limited for the half-year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



S J Gray
Partner

Signed at Adelaide on this 16th day of March 2010

AUSTIN EXPLORATION LTD
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 31 December 2009

		Consolidated Group	
		31 Dec	31 Dec
	Note	2009	2008
		\$	\$
Revenues	3	39,561	60,712
Expenses			
Employee benefits expense		(241,841)	(425,092)
Depreciation and amortisation expense		(25,752)	(28,298)
Other expenses from ordinary activities		(870,527)	(785,729)
Impairment expense – exploration assets	5	(219,213)	(601,594)
Finance costs		(559,606)	(562,369)
Travel and accommodation expense		(19,666)	(116,512)
Lease operating expenses		(45,423)	(62,964)
		<u>(1,982,028)</u>	<u>(2,582,558)</u>
Proceeds from sale of joint venture		250,000	-
(Loss) before income tax expense		(1,692,467)	(2,521,846)
Income tax expense		(185,136)	-
Loss from continuing operations		<u>(1,877,603)</u>	<u>(2,521,846)</u>
Loss for the period		<u>(1,877,603)</u>	<u>(2,521,846)</u>
Other comprehensive income:			
Exchange differences on translating foreign operations		54,088	210,148
Total comprehensive income for the period		<u>(1,823,515)</u>	<u>(2,311,698)</u>
Basic earnings per share (cents per share)		(1.12)	(2.07)

Notes to the financial statements are included on pages 11 to 16

AUSTIN EXPLORATION LTD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the half year ended 31 December 2009

	Note	Consolidated Group	
		31 Dec 2009 \$	30 June 2009 \$
CURRENT ASSETS			
Cash and cash equivalents		6,260,192	296,580
Trade and other receivables		91,199	4,737
Other current assets		64,854	20,956
TOTAL CURRENT ASSETS		6,416,245	322,273
NON-CURRENT ASSETS			
Other non-current assets		30,904	8,582
Property, plant and equipment		42,907	75,282
Exploration and evaluation expenditure	4	4,748,412	4,574,682
TOTAL NON-CURRENT ASSETS		4,822,223	4,658,546
TOTAL ASSETS		11,238,468	4,980,819
CURRENT LIABILITIES			
Trade and other payables		352,912	311,845
Financial Liabilities	4	2,759,268	2,796,750
TOTAL CURRENT LIABILITIES		3,112,180	3,108,595
NON-CURRENT LIABILITIES			
Long-term financial liabilities	4	1,498,580	1,325,312
TOTAL NON-CURRENT LIABILITIES		1,498,580	1,325,312
TOTAL LIABILITIES		4,610,760	4,433,907
NET ASSETS		6,627,708	546,912
EQUITY			
Issued capital		21,897,360	13,993,049
Reserves		105,990	67,245
Retained earnings		(15,375,642)	(13,513,382)
TOTAL EQUITY		6,627,708	546,912

Notes to the financial statements are included on pages 11 to 16

AUSTIN EXPLORATION LTD

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 31 December 2009

	Consolidated Group	
	31 Dec 2009	31 Dec 2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	259,367	38,487
Payments to suppliers and employees	(795,861)	(1,462,723)
Interest received	14,326	30,167
	<u>(522,168)</u>	<u>(1,394,069)</u>
NET CASH USED IN OPERATING ACTIVITIES		
	(522,168)	(1,394,069)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(757,707)	(335,859)
Payments for development expenditure	-	(64,162)
Payments for property, plant and equipment	-	(39,428)
	<u>(757,707)</u>	<u>(439,449)</u>
NET CASH USED IN INVESTING ACTIVITIES		
	(757,707)	(439,449)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the Issue of Ordinary Shares	7,257,984	201,382
	<u>7,257,984</u>	<u>201,382</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		
	7,257,984	201,382
Net increase (decrease) in cash held	5,978,109	(1,632,136)
Cash at beginning of period	296,580	2,339,987
Foreign Currency movement	(14,497)	130,949
	<u>6,260,192</u>	<u>838,800</u>
Cash at end of period	<u>6,260,192</u>	<u>838,800</u>

Notes to the financial statements are included on pages 11 to 16

AUSTIN EXPLORATION LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2009

CONSOLIDATED GROUP

	Issued Capital \$	Share Based Payments Reserve \$	Currency Translation Reserve \$	Retained Earnings \$	Total \$
BALANCE AT 1 JULY 2008	12,993,049	55,492	(294,978)	(9,253,959)	3,499,604
Issue of share capital	1,000,000	-	-	-	1,000,000
Total comprehensive income for the period	-	-	210,148	(2,521,846)	(2,311,698)
BALANCE AT 31 DECEMBER 2008	13,993,049	55,492	(84,830)	(11,775,805)	2,187,906

	Issued Capital \$	Share Based Payments Reserve \$	Currency Translation Reserve \$	Retained Earnings \$	Total \$
BALANCE AT 1 JULY 2009	13,993,049	67,245	(15,343)	(13,498,039)	546,912
Issue of share capital	8,336,293	-	-	-	8,336,293
Transaction costs	(431,982)	-	-	-	(431,982)
Total comprehensive income for the period	-	-	54,088	(1,877,603)	(1,823,515)
BALANCE AT 31 DECEMBER 2009	21,897,360	67,245	38,745	(15,375,642)	6,627,708

Notes to the financial statements are included on pages 11 to 16

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009

NOTE 1 – BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Austin Exploration Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2009, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

The Company is a company domiciled in Australia. The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2009 is available at www.austinexploration.com.

Accounting Standards not Previously Applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the separate income statement/single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard; and
- presentation of a third Statement of Financial Position as at the beginning of a comparative financial year where relevant amounts have been affected by a retrospective change in accounting policy or material reclassification of items.

Operating Segments

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are provided to, or reviewed by, the group's chief operating decision maker which, for the Group, is the board of directors.

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009

NOTE 2 - SIGNIFICANT EVENTS AND TRANSACTIONS

The world economy has worsened since the end of the last annual reporting period. As with all businesses, the Group is affected by the economic strains this is putting on investments in developing exploration assets. The Group's objectives and policies for managing capital, credit risk and liquidity risk is described in its recent annual financial statements.

The Group's management believe that the Group is in a stable position in the current economic circumstances. Factors contributing to the Group's position are:

- A reduction in the exploration activity across all business segments and in particular the larger projects.
- The Group has raised additional capital during the last 6 months months, as a result of a fully underwritten rights issue which has improved the Company's financial resources.

Overall, the Group is in a stable position despite the current economic environment, and has sufficient capital and liquidity to service its operating activities and debt.

NOTE 3 - LOSS FOR THE PERIOD

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

	CONSOLIDATED GROUP	
	31 December 2009	31 December 2008
	\$	\$
Sale of oil and gas	25,235	30,545
Interest received	14,326	30,167
Total	39,561	60,712

NOTE 4 - DEVELOPMENT AND EVALUATION ASSETS

At 31 December 2009 the company had development and evaluation assets at Park City, Kentucky against which it is carrying a liability for the repayment of borrowings to fund the purchase of those assets.

The loans are non-recourse loans against the sale of oil and gas from the Park City gas field. The Participation Agreement in relation to Park City had been superceded by a Settlement Agreement with Newtak Pty Ltd, that was announced to the market on 30 October 2009 in relation to a dispute with Newtak Pty Ltd. As detailed in that announcement, the cash payment and share issue contemplated by the settlement agreement were both subject to obtaining shareholder approval by 31 January 2010. As shareholder approval was not obtained by that date, the terms of the settlement agreement required the company and Newtak Pty Ltd to negotiate in good faith an alternative settlement. Negotiations with Newtak have commenced to reach a mutually agreed settlement. In the absence of a new agreement, the liability is now being accounted for under the terms of the original agreement.

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009

NOTE 5 – IMPAIRMENT CHARGE

At December 31, 2009, the Directors' reviewed the carrying values of its development and exploration assets to determine whether there is any indication that those assets have been impaired. For those prospects where the Directors believed such an indication existed at December 31, 2009, they compared the asset's fair value less costs to sell and value in use to the asset's carrying value. Where it was not possible to estimate the recoverable amount of an individual asset, the Directors' estimated the recoverable amount of the cash-generating unit to which the asset belongs.

The directors noted that the world economy had seen both a drop in both oil and gas prices and a recovery to the point where some of the company's assets could again produce oil and gas at economic value to the company. The directors believe that the current prices for oil and gas are subject to movements both downwards and upwards. Applying these principles, the Company has impaired its exploration or development assets at 31 December 2009 and will further review the assets for impairment at 30 June 2010.

	CONSOLIDATED GROUP	
	31 December 2009	31 December 2008
	\$	\$
Impairment – Exploration Expenditure	(219,213)	(601,594)

NOTE 6 – OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of geographical location since the diversification of the Group's operations have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment.

Comparative information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been restated to conform to the requirements of the Standard.

(i) Segment Performance

	6 months to 31 December 2009	6 months to 31 December 2009	Total
	Australia	US	
	\$	\$	\$
Total segment revenue	14,325	25,236	39,561
Segment net loss before tax	(485,493)	(1,206,974)	(1,692,467)

	6 months to 31 December 2008	6 months to 31 December 2008	Total
	Australia	US	
	\$	\$	\$
Total segment revenue	28,481	32,231	60,712
Segment net loss before tax	(789,444)	(1,732,402)	(2,521,846)

(ii) Segment assets

	Australia	USA	Total
31 December 2009	\$	\$	\$
Segment assets	7,195,854	4,042,614	11,238,468

Segment asset increases for the period:

• capital expenditure	-	-	-
• exploration expenditure	-	735,387	735,387
	-	735,387	735,387

	Australia	USA	Total
30 June 2009	\$	\$	\$
Segment assets			
Segment asset increases for the period:	1,158,697	3,822,122	4,980,819
• capital expenditure	-	47,206	47,206
• exploration expenditure	40,017	297,436	337,453
	40,017	344,642	384,659

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009

(iii) Segment liabilities

	Australia	USA	Total
31 December 2009	\$	\$	\$
Total liabilities from continuing operations	178,108	4,432,652	4,610,760
30 June 2009	\$	\$	\$
Total liabilities from continuing operations	92,897	4,341,010	4,433,907

NOTE 7 – SHARE ISSUE

During the six months period to 31 December 2009 143,025,859 shares were issued at \$0.05 per share pursuant to a fully underwritten 1:1 rights issue together with a 1:2 free attaching option. 9,000,000 shares were issued to directors, employees and contractors as approved at the Annual General Meeting held on 30 November 2009 with a deemed value of \$0.05 per share. Shares issued and authorised for the period to 31 December 2009 are as follows:

	Number	\$
6 months to 31 December 2009		
As at 1 July 2009	125,125,859	13,993,049
Issue of Shares for cash	160,925,859	7,886,293
Issue of shares at a deemed value of \$0.05 per share	9,000,000	450,000
Transaction costs	-	(431,982)
At 31 December 2009	295,051,718	21,897,360

The share issue pursuant to the rights issue yielded \$7,151,293 in cash and increased equity by \$6,719,311 after \$431,982 expenses of the issue.

	Number	\$
6 months to 31 December 2008		
As at 1 July 2008	120,125,859	12,993,049
Issue of Shares	5,000,000	1,000,000
At 31 December 2008	125,125,859	13,993,049

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2009

NOTE 8 – OPTION ISSUE

During the six months period to 31 December 2009, 146,512,930 listed options were issued pursuant to the 1:2 rights issue to shareholders with an exercise price of \$0.10 per option on or before 19 November 2011. During the period, 500,000 options were issued for services rendered by contractors with an exercise price of \$0.20 on or before 15 October 2011. 9,000,000 options were issued to directors, employees and contractors as approved at the Annual General Meeting held on 30 November 2009 with an exercise price of \$0.10 per option on or before 30 November 2011. Options issued and authorised for the period to 31 December 2009 are as follows:

	Number
6 months to 31 December 2009	
As at 1 July 2009	31,600,000
Issue of Options – unlisted	9,500,000
Issue of Options – listed	<u>146,512,930</u>
At 31 December 2009	<u>188,112,930</u>

NOTE 9 – CONTINGENT LIABILITIES

As announced on 2 November 2009, Under the Joint Venture Agreement with Adelaide Energy Limited to drill the Pirie #1 well in PEL 105 in the Cooper Basin, South Australia, Austin will reimburse Adelaide Energy a total of \$400,000 if the Pirie #1 well does not result in a discovery in commercial quantities, and is subsequently plugged and abandoned.

NOTE 10 – EVENTS OCCURRING AFTER THE REPORTING DATE

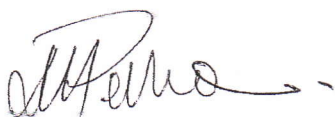
Subsequent to 31 December 2009, the Company issued 75,000,000 listed options to the underwriters of the Rights Issue (or their nominees) at an issue price of \$0.002 per option and with an exercise price of \$0.10 per option on or before 19 November 2011. The issue raised \$150,000.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The Financial Statements and Notes, as set out on pages 7 to 16 are in accordance with the Corporations Act 2001, including
 - a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009, and of its performance for the half-year ended on that date; and
 - b) complying with Accounting Standard AASB 134 "Interim Financial Reporting"; and
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



.....
Dominic Pellicano
Director

Adelaide

Dated this 16th day of March 2010

Level 1,
67 Greenhill Rd
Wayville SA 5034
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info@gtsa.com.au
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AUSTIN EXPLORATION LIMITED

We have reviewed the accompanying half-year financial report of Austin Exploration Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Grant Thornton South Australian Partnership ABN 27 244 906 724
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Grant Thornton Australia Limited is a member firm within Grant Thornton International Ltd. Grant Thornton International Ltd and the member firms are not a worldwide partnership. Grant Thornton Australia Limited, together with its subsidiaries and related entities, delivers its services independently in Australia.

Liability limited by a scheme approved under Professional Standards Legislation

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF AUSTIN EXPLORATION LIMITED Cont**

Auditor's responsibility Cont

As the auditor of Austin Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Austin Exploration Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



S J Gray
Partner

Signed at Adelaide on this 16th day of March 2010