



Austin Exploration Limited

Building a balanced portfolio of hydrocarbon prospects

Australian Office

Level 50, 120 Collins St
Melbourne 3000 Victoria
Ph +61 3 9225 5295
Fax +61 3 9225 5050

USA Office

111 Congress Ave, 4th
Floor
Austin, Tx. 78701
Ph. +1 800 951 9411
Fax +1 866 234 9806

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ASX Announcement

Well Name: St. Gabriel #1 (VUA: Bourque #1)

St. Gabriel #1 farm-out agreement finalised

Austin Exploration Limited ("Austin") (ASX code: AKK) today announced that it will maintain a working interest in the drilling at the St. Gabriel #1 well in Louisiana, US, under a farm-out agreement with oil and gas explorer and producer, Drillmar Oil and Gas.

In March 2007, drilling was halted 500 feet short of target depth of 10,800 feet due to an abnormally high pressure formation. Estimated high drilling costs and drilling risk due to the high pressure saw Austin opt for a farm-out agreement with Drillmar.

David Schuette, Austin Managing Director, said that Austin welcomes Drillmar into the project and looks forward to any opportunities that this well may bring.

"I am excited to be working with Drillmar to continue drilling of St Gabriel #1," Mr Schuette said.

Under the agreement Austin and its private investors will maintain a cumulative 20% Working Interest After Payout (WIAPO) reserve while Drillmar will assume 100% of the ownership, rights and obligations related to the well, the unit leases and the adjoining leases. The agreement does not impact Austin's ability to drill new wells in this area.

"Under the farm-out agreement, Drillmar will pursue the re-entry and deepening of the well in an attempt to reach the targeted depth and we'll maintain a 20 per cent working interest."

"This gives Austin a nice balance of cost exposure and income potential for the next phase of the well," he said.

Drillmar intends to reprocess the 3D Seismic data at its own expense and subsequently will present Aus-Tex, Austin's wholly owned subsidiary, with a subsurface map delineating the seismic anomaly related to the proposed deepening of the well and any unleased acreage within the outline of the anomaly.

The St. Gabriel #1 prospect has a potential recoverable resource range from a low case of 1.82 million barrels of oil and 13.6 billion cubic feet of gas to a high case of 5 million barrels of oil and 36 billion cubic feet of gas. This range is based on an independent geological assessment.

Ends...

For further information:

<p>Austin Exploration Limited Kenneth Hill Chief Information Officer Tel: +1 -800-951-9411 Email: kenny@austinexploration.com</p>	<p>To subscribe to our electronic news service: http://www.austinexploration.com.au/newsletter.asp www.austinexploration.com</p>
<p>Drillmar Oil and Gas 801 Travis Suite 2100 Houston, TX 77002 PHONE: (713) 221-1768 FAX: (713) 227-7626 E-mail us: hstrommen@drillmar.com</p>	<p>http://www.drillmar.com/</p>

Statement of Working Interests

DRILLMAR OIL AND GAS FARM-OUT AGREEMENT			WELL NUMBER 1			
Note: 25% of NRI belongs to other entities						
Before Payout			After Drillmar Recovers Costs		Final After Payout NRI	
Party	Cost Bearing %	NRI %	Party	NRI %	Party	NRI %
Drillmar	100.000%	75.000%	Drillmar	80.000%	Drillmar	80.000%
Aus-Tex	0.000%	0.000%	Aus-Tex	16.000%	Aus-Tex	13.000%
Verus Investments	0.000%	0.000%	Verus Investments	2.000%	Verus Investments	2.000%
Private Investors	0.000%	0.000%	Private Investors	2.000%	Private Investors	2.000%
Rio Bravo	0.000%	0.000%	Rio Bravo	0.000%	Rio Bravo	3.000%
TOTAL	100%	75%	TOTAL	100%	TOTAL	100%

About Austin Exploration Limited

Austin Exploration (Austin) is an oil and gas exploration company with a balanced portfolio of hydrocarbon prospects in Australia and the United States.

Austin’s business model is to develop a portfolio of hydrocarbon assets with a balance of low-risk prospects combined with a prudent mix of high risk, higher return opportunities based on its capital availability. Utilising its technical competence and extensive industry network, Austin seeks to identify suitable risk profile prospects, conduct an evaluation and then identify suitable farm-in partners.

Austin is listed on the Australian Securities Exchange (ASX code: AKK).

Competent Persons Statement:

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr. David M. Schuette (Managing Director), Mr. Donald F. Reck Jr. M.S (Chief Technology Officer) of the company, and Mr. Phillip T. Lelande (CEO Flex Energy). All individuals are full-time employees, officers and/or are leading the company's drilling and operations. Mr. Reck has been a member of the American Association of Petroleum Geologists since 1976. Mr. Lelande is a member of the Society of Petroleum Engineers and served on the API Board of Directors.

Austin Exploration has sufficient experience of relevance to the styles of hydrocarbon entrapment and the types of deposits under consideration, and to the activities undertaken to qualify as a Competent Person(s) as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

For more detailed information on these executives please visit the Austin Exploration Limited website at <http://www.austinexploration.com/OurTeam.asp>