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Dear Fellow Austin Exploration, Limited Shareholders,

Austin Exploration Limited announces the Statement of Environmental Objectives for the PEL 73 Prospect has been approved and gazetted. The drilling contract has been signed and construction of the drilling location has now commenced. It is anticipated drilling will start in the next 2 to 3 weeks.

The Directors of Austin Exploration Limited (ASX code: AKK) are pleased to announce that construction of the drilling location for the PEL 73 prospect has commenced and should be completed by early next week and that drilling will commence shortly thereafter. We are excited to be involved in proceeding with what could be a major development for the Australian oil and gas industry.

PEL 73 Prospect –Yorke Peninsula South Australia

Independent geological assessment of the PEL 73 licence area estimates a range of potential recovery from 197 million barrels of oil and 78 billion cubic feet of gas to 788 million barrels of oil and 315 billion cubic feet of gas with the best potential recoverable being 394 million barrels of oil and 157 billion cubic feet of gas.

While this prospect represents drilling in a relatively unexplored area it is potentially the most significant oil and gas project in Australia in a long time and, should it be successful, could cause a major re-evaluation of the oil and gas prospectivity of onshore Australia.

There is undoubted presence of hydrocarbons in the region which has been established over a long period of time. With the use of leading edge technologies surveying over 4 million acres, the Company, along with its partners formed the view that the PEL 73 licence area represents a highly prospective oil and gas region. Austin Exploration Limited has the right to acquire a 1/6th interest by paying 1/3rd of the cost of the first well.

Yours faithfully

AUSTIN EXPLORATION LIMITED



David Max Schuette

Managing Director