



19th February 2007

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Dear Fellow Austin Exploration, Limited Shareholders,

Austin Exploration Limited provides drilling update on our St Gabriel 1 prospect in Louisiana and announces commencement of drilling at the PEL 73 prospect in Yorketown South Australia.

Update-St. Gabriel I Prospect

The Directors of Austin Exploration Limited (ASX code: AKK) are pleased to announce that drilling of our St Gabriel 1 prospect has reached a depth of 9,472 feet where a “**gas kick**” was encountered. The well circulated “**gas cut**” mud to surface. We have now run and cemented intermediate casing to 9,350 feet. Drilling will continue to a total depth of 10,800 feet or to a depth sufficient to test the target sands. It is anticipated that we will reach target depth within 20 days.

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 based on independent geological assessment. On completion of this well and after payout Austin Exploration Limited will own a 65% working interest in this prospect. Australian listed investment company Verus Investments Limited will own a 10% working interest in this prospect after payout.

PEL 73 Prospect Yorketown South Australia

Last week Hunt Rig No.3 moved onto the PEL 73 location , has rigged up and drilling operations have commenced. Further updates will be advised to the market.

Developments in relation to both of these prospects underline the Company's commitment to the establishment of early cashflow from drill ready prospects and represent significant steps in pursuing the Company's stated business plan.

Yours faithfully

AUSTIN EXPLORATION LIMITED

A handwritten signature in black ink, appearing to read 'Neville Martin', written over the company name.

Neville Martin
Director