



Austin Exploration Limited

Based in Adelaide Australia: listed on the Australian Securities Exchange ("AKK")

ASX Announcement

19th September 2008

Production, Development and Exploration Update

Australian-based oil and gas developer, Austin Exploration Limited (ASX code: "AKK"), is pleased to provide the first of what will be regular updates on the Company's active production, development and exploration projects.

Austin's current exploration and production portfolio covers more than 1,098 km² in Australia and the United States. Production revenue continues to come from the Park City project located just northwest of the city of Bowling Green, Kentucky and the Polecat Creek well located in central Texas. The company anticipates an increase in production from the Polecat Creek well following a planned September stimulation procedure by the operator.

Exploration efforts continue at the Australian licences of PEL105 and PEL73, however the most recent addition of the Moses Austin project located in Burleson County, Texas provides the company with its best new opportunity this calendar year for an increase of oil and gas production revenue. The company anticipates an October spudding of its first well on acreage within the Moses Austin project area. An expansion of the Moses Austin mineral lease acreage is currently being assessed.

Project / Prospect	Focus	Current Status
PEL 105 Licence (Cooper Basin, Australia)	Oil	<ol style="list-style-type: none">1. A targeted hydrocarbon trap location has been selected for exploration2. To help accurately determine the drill site, a 2D Seismic survey has been scheduled3. A tentative spud target date for the first well is planned for Jan – Feb 20094. Possible reserves (P10) of up to 6200 MMscf (6.2 billion cubic feet) of gas and 1040 kstb (1.04 million barrels) of oil/condensate
PEL 73 Licence (Stansbury Basin, South Australia)	Oil	<ol style="list-style-type: none">1. The permit has been issued for the commencement of a Direct Hydrocarbon Sensing and Detection study2. Testing crews and equipment are currently being deployed

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<p>PEL 73 (continued)</p>		<ol style="list-style-type: none"> 3. Identification of multiple drill site locations is anticipated as a result of this study 4. A thorough evaluation of the study data will then determine the drilling and capital requirements for the next phase 5. Anticipated drilling is expected to commence during calendar year 2009.
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<p>Park City</p> <p>Project Area (Kentucky, USA)</p>	<p>Natural Gas with some Oil</p>	<ol style="list-style-type: none"> 1. 18 wells have been drilled to date 2. 6 wells are currently delivering gas to sales 3. Gross gas production from these wells since July 1st 2008 has been 23,889 mcf giving Austin a net production interest of 7,555 mcf. Each of the six wells began delivering gas to sales at varying dates during this period 4. One oil well has been taken off its pumping system and is now scheduled for a down-hole acid treatment designed to stimulate the oil producing formation. The operator has not set a date for the stimulation at this time 5. The operator has been removing water and sand from a well that underwent a New Albany shale fracture procedures some 16 days ago. Field staff observations of a gas flow increase from these fractures have been communicated. No measured flow rate will be determined until the post fracture well cleanup is completed by the operator 6. Two additional wells are now being scheduled for New Albany shale fracture procedures 7. Total well count completion forecasts for this fiscal year will be adjusted and announced pending the completion results of the 18 wells that have currently been drilled 8. Austin is working to improve the operator's well completion and timeline commitments within the guidelines of the in-place industry standard Model 89 Operating Agreement 9. The Operator also maintains an operating agreement with Atmos Gathering for the delivery pipeline and Atmos Marketing for the processing plant.
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Moses Austin Project Area (Texas, USA)	Natural Gas and Oil	<ol style="list-style-type: none">1. The company has contracted with Bruington Operating, LLC to be the operator of record for all drilling programs in this project area2. Additional mineral rights are currently being assessed in the Moses Austin, Giddings Field project area3. The company anticipates that a drilling program will be underway in October4. Although a potential reserve number is not available, typical oil wells in this field produce 50 to 150 barrels of oil per day from the Eagleford shale, Georgetown and Buda formations. Typical gas wells in this field produce 500 to 1.5 MMCF of gas per day from the Georgetown formation.
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Polecat Creek Well (Texas, USA)	Natural Gas	<ol style="list-style-type: none">1. This well has been in production since October 20062. Initial production of 400-600 Mcf of natural gas per day and an average of 100 barrels of oil per day were achieved. Production has slowly decreased over time3. Well stimulation via acidization has been scheduled by the operator and should be completed in October4. The company is anticipating that the daily production of gas and oil will increase after acidization.
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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%	Farmin agreement provides Adelaide Energy Limited the opportunity to earn a 50% NRI after the first well is completed
PEL 73 Oil and Gas Licence	Stansbury Basin, South Australia	16.670%	12.500%	Proprietary "Direct Hydrocarbon Sensing and Detection" study to begin September 2008
Park City Gas Field	Kentucky, USA	75.000%	65.625% for wells drilled for AKK and 33.33% for wells acquired by AKK	NRI decrease to 56.25% on Jan 1, 2009, 18 wells currently drilled
Moses Austin Mineral Lease	Texas, USA	100.000%	78.300%	First oil well spudding being scheduled
Polecat Creek Well	Texas, USA	35.000%	26.250%	Schedule for acid stimulation Sept. 2008

About Austin Exploration Limited

Austin Exploration (Austin) is an oil and gas development company with assets in Australia and the United States. Utilizing a broad industry network developed from over 30 years of noteworthy investment and acquisition experience by its executive team, Austin seeks to identify suitable development prospects, conduct thorough geological and engineering evaluations and then identify suitable farm-in partners for long-term development of these prospects. Austin is listed on the Australian Securities Exchange (ASX code: AKK). For more information, visit www.austinexploration.com

Other Shareholder Resources

For more information regarding the types of drilling techniques and well stimulation methods used to increase gas flow from wells at Park City, [please visit our oil and gas learning center](#). The company has also provided a [Glossary of Terms](#) that may be helpful to some of our readers. Austin's website hosts a number of data sources and video that provide valuable learning tools for those interested in increasing their understanding of this sector.

Competent Persons Statement:

In accordance with ASX and AIM rules, the information in this release has been reviewed and approved by Mr. Stanley L. Lindsey, Chief Geologist, Austin Exploration Limited. Mr. Lindsey holds a Bachelor of Science Degree in Geology with a minor in Chemistry. Mr. Lindsey has over 28 years of experience including prospect generation, operations, deal appraisal and recommendation, economics, and development. His background also includes mapping, utilizing integration of 2-D and 3-D seismic with subsurface data and reserve calculations. He is a Certified Petroleum Geologist and has been a member of the American Association of Petroleum Geologists and the Houston Geological Society since 1979. Mr. Lindsey also belongs to the Society of Independent Professional Earth Scientists (SIPES). Mr. Lindsey has relevant experience within the industry and consents to the information in the form and context in which it appears.

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