



Austin Exploration Limited

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

ASX Announcement

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The Manager
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Chairman's Address to the Annual General Meeting

Dear Sir/Madam,

I would like to take this opportunity, as Chairman of your company, to address you about the operations of this year just past.

Operations

All of the activity in the United States of America is undertaken by the company's fully owned subsidiary – Aus-Tex Exploration Inc.

Park City – Kentucky, USA

You may recall that at this time last year, I advised that three of the 17 wells that had been drilled have been flowing oil to sales. No gas sales are possible until the Atmos gas plant is again in operation.

Active discussions are continuing with Atmos..

Despite this unsatisfactory position, in a continuing effort to more clearly identify and prioritize the development and exploration investment opportunities at the Park City project, the company has been working with third party geologists and have further evaluated and validated the underlying oil and gas reserve assumptions for this field. We look forward to seeing the ATMOS gas processing plant again coming online so that we can immediately commence selling our gas and begin testing several newly devised and patented New Albany shale completion processes.

Since August 2009 the project has consistently generated between 65-to-114 barrels of oil per month from the three shallow oils wells. The company anticipates these wells will stay on production at the current flow rates for the next 15 to 20 years.

Sebree Lease – Kentucky USA

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In December 2009 the company entered into a joint venture to re-enter previously drilled wells at Sebree, Kentucky.

The Joint Venture completed the Russell 1A oil well. This well is being used as a salt water injection well for 3 – 4 nearby wells..

The saltwater disposal well is now permitted and being readied for initial testing. The operator anticipates having the disposal well in full operation by December 2010 at which time the currently completed oil wells will be connected and infrastructure testing will begin. Produced oil will be moved to storage tanks for sale and produced saltwater will be disposed of by pumping it back into the ground.

Aus-Tex will then complete the three remaining wells on the Russell lease. Other producing wells will utilize the saltwater injection well for disposal and a common tank battery for oil storage to sales.

Armstrong Prospect – Mississippi USA

In February 2010 the company announced a further expansion of its US oil and gas interests with the acquisition of a 50% interest in what will be Austin's largest new oil prospect.

The Armstrong prospect area is located in the city of Natchez and the State of Mississippi.

The first well to be drilled on the prospect is the Ellislie Plantation #1, which was placed on production in April 2010. Currently the well is producing at an average of approximately 60 barrels of oil per day.

The Company has negotiated an option to drill two additional wells on the same geologic trend.

The North Carrizo Prospect – Texas USA

In May 2010, the company farmed in to the North Carrizo Prospect in Texas US to drill a single well.

This well's initial production flowed at 243 barrels per day.

Current oil production is 50 – 60 barrels of oil per day emanating from natural pressure only. After the well pressure has stabilized, the operator will put the well on pump. Daily production rates are expected to then re-settle to the original initial flow rate. The company has a 27.36% Net Revenue Interest in the project.

PEL 105 – Cooper Basin, South Australia

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In November 2009 Austin was able to secure a joint venture with Adelaide Energy, Adelaide Energy having completed extensive additional seismic surveys to further define the location at which the partners now intend to drill the Pirie #1 well.

The drilling of PEL 105 represents an exciting period in our company's history. The Cooper Basin region is home to many of Australia's most prolific on-shore Oil & Gas wells. Coupled with the extensive seismic work undertaken by Adelaide Energy to identify a highly prospective target, the company is encouraged with the significant opportunity this presents for our shareholders.

Unfortunately, the Cooper Basin area has seen unprecedented rainfall in what is normally the 'dry' season. This has prevented not only the deployment of a rig to the chosen site, but also has made all roads impassable to the area.

It is now hoped to begin drilling after the normal summer 'wet' season and therefore in the second quarter of 2011.

Capital Raising

The additional activity as I have described above has been made possible because of the successful capital raising in the latter half of 2009. Altogether in the 2009-2010 financial year, \$7.5 million was raised and which has placed the company in a strong financial position to move forward into the future.

People

This last year, too, has seen an enhancement of the board's skill base with the June 2010 appointment of Dr William Mark Hart as a director of Austin Exploration Limited and then his further appointment as Chief Executive Officer of the company and Chairman of Aus-Tex Exploration Inc in October of this year.

Mark is a prominent US based energy and gas production expert with more than 30 years of executive experience across the world in a number of major mining and energy corporations.

His experience augurs well for the development of the company as it progresses to the next level.

The Path Forward

The board will continue to stringently review its expenditure levels with a view to ensuring that exploration and development of oil and gas resources receive the financial focus.

The company will focus on the following:

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- Development of the Park City oil and gas operation as soon as the Atmos gas plant comes back on line;
- Supporting the joint venture with Adelaide Energy Limited for the drilling of the first well in PEL105 in the Cooper basin with infrastructure and completion costs to bring the well to production when this eventuates.
- The partnership also has a commitment to drill a second well following the completion of the first. Funds will be allocated to ensure that future commitments in PEL 105 can be met by the company; and
- The company will also search for highly prospective exploration areas both in Australia and America, but with a view to minimize risk in what is inevitably a risky environment.

Re-Location of US Offices

As from the end November 2010 the offices of the company's subsidiary in America, Aus-Tex Exploration Inc will be relocated from Austin Texas, to Denver Colorado.

The services of the current staff in Austin Texas will no longer be required at that location.

Acknowledgements

I acknowledge the considerable efforts of our small team during the year. Their commitment and dedication has been and will be pivotal in driving our business forward. I also acknowledge my fellow Board members and our company secretary for their valuable contributions during the year. We are confident about the company's potential and the opportunities we have before us.



Dominic Pellicano

Chairman