



Austin Exploration Limited

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

ASX Announcement

3rd of October, 2008

Week of September 29th Production, Development and Exploration Update

Australian-based oil and gas developer, Austin Exploration Limited (ASX code: "AKK"), is pleased to provide an update for 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 be generated 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 remains on schedule for an October spudding of its first well on acreage within the Moses Austin project area. The high quality of nearby, very recent drilling efforts into the Georgetown formation and the strength of the proposed well bore location have provided Austin with enough data to begin acquiring additional acreage in this large producing field.

Exploration efforts carry on at the Australian licences of PEL105 and PEL73, however the company continues to believe that the most significant new net income opportunities this calendar year will come from additional drilling efforts within the Moses Austin project area and from the fracture and stimulation of the Polecat Creek well.

Project / Prospect	Focus	Current Status
PEL 105 Licence (Cooper Basin, Australia)	Oil	<ol style="list-style-type: none">1. Adelaide Energy Limited has discovered a new targeted hydrocarbon trap location2. To help more accurately determine the drill site location, a new set of 2D Seismic line surveys has been scheduled to begin in October.3. A drilling rig with availability between January and March of 2009 has been tentatively queued4. 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

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<p>PEL 73</p> <p>Licence (Stansbury Basin, South Australia)</p>	<p>Oil</p>	<ol style="list-style-type: none"> 1. Testing crews and equipment were deployed to the licence area in September 2. The Direct Hydrocarbon Sensing and Detection study field-work was completed by the science team some 24hrs ago. 3. The data will now be studied and correlated into a formal recommendation for a new drilling program. 4. Initial interpretation of the raw data is encouraging 5. Identification of multiple drill site locations is anticipated as a result of this study 6. 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. New Albany shale formations of adequate thickness to produce gas are present in all 18 wells. 3. Fort Payne formations of adequate thickness to produce gas are present in 1 well. 4. The Corniferous formation is producing oil to storage at one well, while two others had oil in the well-bore but have not been completed by the Operator (RET) 5. Gas production to the plant from July 1st 2008 to present was reported at 8,446.1018 mcf to the interest of AKK. Naturally producing wells began delivering gas to sales at varying rates during this period. 6. Oil production to storage at the James Spillman #1 well is averaging 40 barrels per month. Plans for a down-hole acid treatment designed to stimulate the oil producing formation is being coordinated with the Operator (RET). The operator has not set a date for the stimulation at this time. 7. After a May pause in drilling by Austin, Bruington Engineering of Texas was hired to review the completion procedures of the Operator (RET) and to enhance the skill sets of the RET field personal and local service teams. 8. A thorough review of the well geologic data has determined that the primary focus for long term gas production should shift from the Fort Payne formation to the longer lasting New Albany shale formation. The New Albany shale is present in all of Austin's 18 wells and the 46 RET wells drilled prior to Austin joining the project.
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<p>Park City (continued)</p>		<ol style="list-style-type: none"> 9. To date, the Operator (RET) has been unable to accomplish New Albany Shale fracture and completion procedures in a timely enough manner to achieve 50 connected wells per year as originally planned. Additional technical knowledge and skills sets at the Park City local level will be required before Austin can reach that desired rate of completion. 10. The company is working diligently with the operator to initiate and complete three New Albany shale fracture procedures at three separate wells. 11. Two additional wells have been selected by Austin for New Albany shale fracture procedures but the operator has not yet put them on schedule. 12. Completion of this testing is required to more accurately forecast production and decline rates for the field and to determine the best method for extracting the most gas from the shale. 13. Upon completion of the individual three well fracture procedures, Austin will adjust the company's previously announced annual well completion and gas production forecasts accordingly. 14. The Operator has yet to flow test and connect the Malcolm Doyle 2A New Albany shale fracture performed some 24 days ago. Field staff observations of a gas flow increase caused by the fracture procedure was communicated to Austin, however no measured flow rate can be determined until the post fracture well-bore cleanup is completed by the operator 15. The Operator also maintains operating agreements with Atmos Energy Gathering Company to manage the in place gas delivery pipeline and processing plan and maintains a gas sales agreement with Atmos Energy Marketing Company.
<p>Moses Austin Project Area (Texas, USA)</p>	<p>Natural Gas and Oil</p>	<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 area 2. Additional mineral rights are currently being acquired in the Moses Austin, Giddings Field project area 3. The company anticipates that a drilling program will be underway in October 4. Although a potential reserve number is not available, typical oil wells in this field initially test 50 to 150 barrels of oil per day from the Eagleford shale, Georgetown and Buda formations. Typical gas wells in this field initially test 500 to 1.5 MMCF of gas per day from the Georgetown formation.

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<p>Polecat</p> <p>Creek Well (Texas, USA)</p>	<p>Natural Gas</p>	<ol style="list-style-type: none"> 1. This well has been in production since October 2006 2. 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 time 3. Well stimulation via acidization has been re-scheduled by the operator to begin and conclude in October. 4. The company expects 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

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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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