

# Austin Exploration Limited (AKK)

Based in Adelaide, Australia: listed on ASX Limited



# SHARE PURCHASE PLAN

This is an important document offering Eligible Shareholders the opportunity to buy up to \$5,000 of AKK ordinary shares without brokerage or transaction costs and should be read in its entirety. If you are unsure about what to do, please contact your stockbroker, accountant, solicitor or other professional adviser.

If you have any questions about the Share Purchase Plan after reading this booklet, please call the Share Purchase Plan information line on +61 (0)419 035 297.

Austin Exploration Limited  
ACN 114 198 471  
Level 25 Peel Street  
Adelaide SA 5000  
Phone: +61 (0)419 035 297  
Fax: +61 8 8339 7909

9 May 2008

Dear Shareholder

On behalf of the Directors of Austin Exploration Limited (**AKK**), I am pleased to offer you the opportunity to participate in a Share Purchase Plan (**SPP**), allowing you to buy up to \$5,000 of AKK ordinary shares (**Shares**) (ranking equally with existing fully paid ordinary shares) without brokerage and transaction costs and at a discount to the current market price.

AKK has recently concluded a participation agreement with a group of Australian investors, which provides for USD\$5 million in funding for the initial continuous drilling program at the Company's flagship Park City gas project in the state of Kentucky, USA.

Much progress has been made at Park City. The delivery pipeline, gas processing plant and sales agreements for the oil and the gas are all now in place. AKK's drilling program has produced 10 successful gas wells of which four have oil shows and two additional wells are currently being drilled. With the completed infrastructure now in place, AKK is confident that a continued long term drilling program is in the best interest of the Company and its Shareholders.

We would like to take this growth occasion to thank our current Shareholders by giving each of you the opportunity to purchase discounted Shares to help the company continue to fund the ongoing drilling program at Park City.

Funds raised through the SPP will be used to further facilitate the continuing development of the Park City gas project and for general administrative purposes. You can read more about the Park City project by visiting our website [www.austinexploration.com](http://www.austinexploration.com) and from the announcements lodged with ASX Limited (**ASX**).

The subscription price will be \$0.31 per Share. In determining the SPP Issue Price the Board has considered the closing market price of existing fully paid ordinary shares over the five trading days immediately prior to the date of the announcement of the SPP on 9 May 2008. When compared with the average closing market price over these days, the SPP provides an approximate 10% discount as an incentive to shareholders.

Participation in the SPP is entirely voluntary. If you are an Eligible Shareholder and decide to participate, you may apply for one of four different parcels of Shares as set out below.

Application amount at Issue Price of \$0.31	Number of Shares*
\$5,000	16,130
\$3,000	9,678
\$2,000	6,452
\$1,000	3,226

\*Shares are rounded up to the next whole number.

The right to participate in the SPP is available only to Australian and New Zealand Shareholders who are registered as holders of fully paid ordinary Shares in AKK at 5pm (ACST) on 9 May 2008. The Offer is non-renounceable and will open on 14 May 2008 and will close at 5pm (ACST) on 30 May 2008.

This document sets out the terms and conditions of the SPP and I urge you to read it in its entirety before you decide whether to participate. If you have any doubts as to what you should do, you should seek advice from your stockbroker, accountant, solicitor or other professional adviser.

On behalf of the Board, I invite you to consider this opportunity to increase your investment in AKK.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Teisseire', written in a cursive style.

Paul Teisseire  
Chairman

# KEY DATES\*

**9 May 2008**

**Record Date 5.00pm (ACST)**

The date on which AKK determines who are Eligible Shareholders.

**14 May 2008**

**Opening Date**

The date on which the SPP opens.

**30 May 2008**

**Closing Date**

The date on which the SPP closes. Applications must be received by 5.00pm (ACST).

**4 June 2008**

**Allotment Date**

The date on which Shares are allotted.

**6 June 2008**

**Despatch Date**

The date on which transaction confirmations are sent to shareholders.

**11 June 2008**

**Share Trading Date**

The date on which Shares issued under the SPP begin trading on ASX.

\*AKK has the discretion to alter Key Dates without prior notice to shareholders.

## INSTRUCTIONS

- If you would like to participate in the SPP, please follow the step-by-step instructions on the enclosed Application Form.
- To participate, please complete the Application Form and provide a cheque or money order in accordance with the instructions on the Application Form.
- Cheques and money orders should be made payable to "Austin Exploration Limited – SPP Account" and sent with an Application Form in the reply paid envelope enclosed, or may be delivered in person, to AKK's registered office at 25 Peel Street, Adelaide, South Australia 5000. New Zealand Shareholders will need to affix the appropriate postage.
- All payments and applications must be received no later than **5.00pm (ACST) on 30 May 2008**.
- You will not be able to withdraw or revoke your application payment once you have sent it in.

# TERMS AND CONDITIONS

**IMPORTANT NOTICE:** If you apply to participate in the SPP by completing and returning the Application Form, you are accepting the risk that the market price of Shares may change between the Record Date, the date on which you send in an Application Form and the Allotment Date. This means it is possible that, up to or after the Allotment Date, you may be able to buy Shares at a lower price than the Issue Price of \$0.31 under the SPP.

We encourage you to seek your own professional advice regarding your participation in the SPP.

## 1 Offer timetable

- 1.1 This Offer is dated and opens on 14 May 2008.
- 1.2 The Offer closes at 5.00pm (ACST) on 30 May 2008.
- 1.3 Application Forms and cheques or money orders may not be processed or may not be valid if they have not been received by AKK by this time.
- 1.4 The Shares are proposed to be allotted on 4 June 2008. AKK expects to send a transaction confirmation on or around 6 June 2008.
- 1.5 AKK expects the Shares will commence trading on ASX on 11 June 2008.
- 1.6 AKK can change, at any time, the Opening Date, Closing Date, Allotment Date, Despatch Date and the Share Trading Date (even if the Offer has opened or Application Forms have been received), by lodging a revised timetable with ASX.

## 2 Eligible Shareholders

- 2.1 You are an Eligible Shareholder and may participate in the SPP if you were a registered holder of Shares with an address in Australia or New Zealand at 5.00pm (ACST) on 9 May 2008.
- 2.2 For the purposes of determining eligibility, joint holders of Shares are taken to be a single registered holder of Shares and the certification on the Application Form is taken to have been given by all joint holders.
- 2.3 To the extent that an Eligible Shareholder holds Shares on behalf of another person registered outside Australia or New Zealand, it is the responsibility of the registered holder to ensure that any acceptance complies with all foreign laws.
- 2.4 Where a trustee or nominee is a registered holder of Shares but is not expressly noted on the register as holding Shares on account of a beneficiary, the trustee or nominee may only participate as a single registered holder of Shares.
- 2.5 This document will not constitute an offer in any jurisdiction in which it would not be lawful to make such an offer or to any person to whom it would not be lawful to make such an offer.
- 2.6 If you are an Eligible Shareholder, your rights under this Offer are personal to you and non-renounceable, so you may not transfer them.

## 3 Applications for Shares

### Limitations on applications

- 3.1 The amount an Eligible Shareholder may invest under the SPP is limited. An Eligible Shareholder may only apply for a parcel of shares with a value of:

Application amount at Issue Price of \$0.31	Number of Shares*
\$5,000	16,130
\$3,000	9,678
\$2,000	6,452
\$1,000	3,226

\*Shares are rounded up to the next whole number.

- 3.2 If you are an Eligible Shareholder, you may apply to buy the number of Shares you select on the Application Form in accordance with the SPP.
  - 3.3 If an Eligible Shareholder receives more than one copy of this booklet, or if an Eligible Shareholder holds Shares in more than one capacity (e.g. because they are both a sole and joint holder of Shares), the Eligible Shareholder may apply on different Application Forms for more than one parcel of Shares, but may not apply for Shares with an aggregate value of more than \$5,000.
  - 3.4 However, if an Eligible Shareholder acts as a trustee or nominee and is expressly noted on the share register as holding Shares on account of a named beneficiary, the application for Shares, certification or issue of Shares to the trustee or nominee will be taken to be an application or certification by or an issue to the named beneficiary.
- ### Completing the Application Form and paying for Shares
- 3.5 If an Eligible Shareholder would like to participate in the SPP, they must complete the Application Form and provide a cheque or money order, in accordance with the instructions on the Application Form.
  - 3.6 The completed Application Form together with a cheque or money order made payable to "Austin Exploration Limited – SPP Account" must be sent in the reply paid envelope so that it is received by AKK's registered office at 25 Peel Street, Adelaide, South Australia 5000 by no later than 5.00pm (ACST) on 30 May 2008, unless the Closing Date is otherwise extended by AKK.
  - 3.7 Application Forms may not be withdrawn once they have been received by AKK.
  - 3.8 Please refer to the lodgement instructions on the Application Form.

### AKK's discretion regarding applications

3.9 AKK may accept or reject applications to buy Shares under the SPP, including (but not limited to) cases where:

- a) an Application Form is incorrectly completed, incomplete or otherwise determined by AKK to be invalid;
- b) a cheque is dishonoured or has not been completed correctly;
- c) a cheque or money order is not made out for the exact amount of the parcel of Shares selected on the Application Form;
- d) an Applicant appears to be buying more than \$5,000 of Shares (in aggregate) at the Issue Price;
- e) an Application Form is received after the Closing Date (while AKK has a discretion to accept late Application Forms and cheques or money orders, there is no assurance that it will do so and late Application Forms and cheques or money orders, if not processed, will be returned to you at your registered address or refunded); or
- f) if AKK believes an Applicant is not an Eligible Shareholder (subject to compliance with any applicable ASIC or ASX requirements).

## 4 Interest

4.1 No interest will be paid on any Application Money returned to you.

## 5 Significance of sending in an Application

- 5.1 If you apply to participate in the SPP by completing and returning the Application Form:
- a) you acknowledge that you are an Eligible Shareholder;
  - b) you accept the Offer in accordance with the terms and conditions of the SPP and the constitution of AKK;
  - c) you confirm that you have not applied for more than \$5,000 of Shares under the SPP and any similar arrangement in the 12 months prior to your application, even though you may have received more than one Offer under the SPP or received offers in more than one capacity under the SPP;
  - d) you agree that your application is made on the Terms and Conditions of the SPP set out in this booklet and the Application Form;
  - e) you accept that you will not be able to withdraw or revoke your Application once you have sent it in;
  - f) you authorise AKK (and its officers or agents) to correct any error or omission in your Application Form and to complete the Application Form by the insertion of any missing details;
  - g) you acknowledge that AKK may at any time determine that your Application Form is valid, in accordance with the Terms and Conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;
  - h) you accept the risk associated with any refund that may be sent to you by cheque to your address shown on AKK's register;
  - i) you are responsible for, and agree to pay within five business days of demand, any dishonour fees or other costs AKK may incur in presenting a cheque for payment which is dishonoured;
  - j) you acknowledge that AKK has not provided you with investment advice or financial product advice, and it does not have any obligation to provide this

advice concerning your decision to apply for and buy Shares;

- k) you acknowledge that AKK is not liable for any exercise of its discretions referred to in these Terms and Conditions; and
- l) you irrevocably and unconditionally agree to the Terms and Conditions and agree not to do any act or thing which would be contrary to the spirit, intention or purpose of the SPP.

5.2 If the full amount is not tendered with the Application Form by the closing time for the Offer, AKK reserves the right to return the relevant cheque or money order and Application Form and not allot any Shares to the Shareholder.

## 6 Issue Price

6.1 You agree to pay the Issue Price per Share for the number of Shares you have selected on the Application Form.

6.2 The Issue Price is \$0.31 per Share.

6.3 In determining the SPP Issue Price, AKK has considered the closing market price of existing fully paid ordinary shares over the five trading days immediately prior to the announcement of the SPP on 9 May 2008.

6.4 As an incentive to Shareholders, the Issue Price of the Shares being offered under the SPP has been set at \$0.31 per Share. This represents a discount on the average closing market price of AKK Shares traded on the ASX during the five trading days prior to the public announcement of the SPP on 9 May 2008.

6.5 The share price of AKK's ordinary Shares may rise or fall between the date of this Offer and the date the SPP Shares are issued to you.

## 7 Number of Shares issued

7.1 The number of Shares to be issued will be in accordance with the subscriber's application under the SPP.

7.2 Approximately 22,033,580 Shares will be available for purchase via the SPP. This equates to approximately 20 per cent of the number of fully paid Shares on issue. It is not possible to predict the take up of this SPP, however the SPP is designed to raise a maximum sum of approximately \$6.83 million.

## 8 Rights attaching to Shares

8.1 Shares issued under the SPP will rank equally with existing Shares and will carry the same voting rights, dividend rights and other entitlements as at the issue date.

## 9 Administration of SPP

9.1 AKK reserves the right to withdraw the Offer or suspend or terminate the SPP at any time up to the Allotment Date.

9.2 AKK reserves the right to waive compliance with any provision of these Terms and Conditions. AKK may amend the Terms and Conditions and, where there is any uncertainty as to the operation of the SPP, may make determinations about the operation, and may do so in each case generally or in relation to

any participant or application. Any amendment or determination that is made by AKK will be conclusive and binding on all Eligible Shareholders and other persons to whom the determination relates.

## 10 Governing Law

These Terms and Conditions are governed by the laws in force in South Australia and are to be interpreted in accordance with their spirit, intention and purpose.

## 11 Underwriting

The SPP will not be underwritten.

## 12 Non-Renounceable Offer

The Offer under the SPP is non-renounceable. Eligible Shareholders cannot transfer their right to acquire Shares under the SPP to another person.

## 13 Termination

AKK may change or terminate the SPP, or the Terms and Conditions, at any time whether because of a change of law, ASIC requirements or policy or any other circumstance relevant to the SPP or AKK. If AKK terminates the SPP, it will notify ASX and refund any Application Moneys (without interest).

## 14 Disputes

The Board of AKK may settle any dispute in relation to the SPP or the Terms and Conditions in any manner it thinks fit, whether generally or in relation to any Application or Shares. The AKK Board's decision will be conclusive and binding.

## 15 New Zealand Shareholders

The Offer made under this document is being made to New Zealand resident shareholders under the Securities Act (Overseas Companies) Exemption Notice 2002 (**Exemption Notice**). Pursuant to the Exemption Notice, AKK is not required to comply with certain provisions of the *Securities*

*Act 1978* and the *Securities Regulations 1983* in respect of the Offer. In particular, AKK is not required to register a New Zealand prospectus or prepare and distribute a New Zealand investment statement to New Zealand resident shareholders in respect of the Offer.

## 16 Glossary

**ACST** means Australian Central Standard Time.

**AKK** means Austin Exploration Limited ACN 114 198 471.

**Allotment Date** means the date on which Shares are allotted.

**Application Form** means the application form attached to, or accompanying, the SPP.

**Application Money** means the money received from persons applying for Shares pursuant to the terms of the Offer.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691.

**Board** means the board of directors of AKK.

**Closing Date** means the date on which the SPP closes.

**Company** means Austin Exploration Limited ACN 114 198 471.

**Despatch Date** means the date on which transaction confirmations are sent to shareholders.

**Eligible Shareholder** means a person who is a Shareholder at 5.00pm (ACST) on the Record Date and meets the criteria in Part 2 of this SPP.

**Existing Shares** means Shares on issue on the Record Date.

**Issue Price** means the issue price of \$0.31 per Share.

**Offer** means the offer of Shares under this SPP.

**Opening Date** means the date on which the SPP opens.

**Record Date** means the date on which AKK decides who are Eligible Shareholders.

**Share Trading Date** means the date on which Shares issued pursuant to the SPP begin trading on ASX.

**SPP** means the issue of Shares under this document.

**Shareholder** means a holder of Shares.

**Shares** means ordinary shares in AKK.

**Terms and Conditions** means the terms and conditions contained in this document.

**USD\$** means the dollars of the currency of the United States of America.

In this document, unless specifically otherwise stated, all amounts expressed in dollars are Australian dollar amounts.

**If you have any questions, please contact AKK's registered office:**

25 Peel Street  
Adelaide SA 5000

Information line (Australia) +61 (0)419 035 297





If you have any enquiries concerning this Application Form, please contact the Share Purchase Plan information line on +61 (0)419 035 297.

**Mailing and delivery address**

Austin Exploration Limited

25 Peel Street

Adelaide SA 5000

AUSTRALIA