



# **Austin Exploration Limited**

**Headquartered in Adelaide, Australia**

## **A Bright Future in Gas**

**The Rebirth of Austin into a Gas development  
and production company**



## **Disclaimer: forward looking statements**

This presentation may contain forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable but they may be affected by variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates. All references to dollars, cents or \$ in this presentation are to Australian currency unless otherwise stated. The views expressed within this document are solely those of Austin Exploration Limited and do not necessarily reflect the opinions of its joint venture participants.



# Discussion Topics

- ▶ Welcome
- ▶ Introduction to the new Austin
- ▶ Strategy
- ▶ Directors
- ▶ Park City Gas Field



# Directors



**Paul Desmond Teisseire LLB (Director - Non-Executive Chairman)**

Mr. Teisseire is Non-Executive Chairman of a number of public listed companies including Auspine Ltd, Legend Corporation, and Broadcast Services Australia Ltd, and several non-listed companies.



**David Max Schuette (Managing Director)**

David Schuette is founder of DMS Exploration, an independent Texas oil and gas operator. Prior to founding DMS Exploration, he held executive positions with French Petroleum and Torch Energy Advisors in Houston, Texas.



**Neville Wayne Martin LLB (Director)**

N W Martin is a partner in the Australian Law firm, Minter Ellison with 35 years experience in corporate law and mining oil and gas law. He is a former director of Stuart Petroleum Limited and a former State President of the Australian Mining & Petroleum Law Association.



**Dr. James Edwards PhD (Geology) Rice University, MS (Geology) University of Georgia, BS University of Wisconsin (Director)**

Dr. Edwards has been actively engaged in the USA and international oil exploration for more than 30 years and participated in oil and gas discoveries in Australia, Columbia, Equatorial Guinea, France, Norway, Trinidad, Thailand, the United Kingdom and the USA



# Market Summary

- ▶ Listed on the Australian Stock Exchange (ASX code; AKK)
- ▶ Current Share Price AU \$.17
- ▶ Shares Listed 52,028,125
- ▶ Shares Fully Diluted 112,193,125
- ▶ 52 Week Price Range AU \$.83 - \$.17



# New Strategy – Rebuild AEL

- ▶ Move Austin from a prodomotalty exploration focused company into a development focused company
- ▶ Fund and develop the newly acquired Park City Gas field, Kentucky, USA
- ▶ Leverage our existing lease interests by selling or creating farm-outs that generate cash flow
- ▶ Develop PEL 73 and PEL 105
  - Investment in 2D and 3D Seismic
  - Drill at earliest possible date



# Introducing

## The Park City Gas Field, Kentucky, USA

39BCF U.S. Gas Field Development Underway

Forecasted Company Impact to exceed US\$100m



# The Park City Opportunity

- ▶ The drill schedule is expected to deliver approximately 44 producing wells by the end of calendar year 2008. The RET agreement also gives Austin the opportunity to drill more than 200 wells in total on the field before the end of calendar year 2011.
- ▶ The initial 24 month drilling focus is within a proven production field that includes over 60 existing gas wells operated by RET that are currently being connected to a delivery pipeline owned by Atmos Gathering Company a wholly owned subsidiary of Atmos Energy, America's largest gas only utility company, and to a gas processing facility, operated by RET. This initial focus area encompasses approximately 8,000 acres and has estimated recoverable reserves from the New Albany Shale of 15 billion cubic feet (BCF) and an additional 24 BCF from the Fort Payne Limestone formation. An expansion plan into an adjacent 25,000 acres of mineral leases on the same geologic structure is also now underway.





# Significant Impact For Austin

**Estimated Ultimate Recovery - \$196,000,000 in six yrs**

- ▶ **Summary** - The initial 24 month drilling focus is within a proven production field that includes over 60 existing gas wells operated by the operator (RET) that are currently being connected to a delivery pipeline and processing facility owned by Atmos Gathering Company, a wholly owned subsidiary of Atmos Energy, Americas largest gas only utility company. This initial focus area encompasses approximately 8,000 acres and has estimated recoverable reserves from the New Albany Shale of 15 BCF and an additional 24 BCF from the Fort Payne Limestone formation. An expansion plan into an adjacent 25,000 acres of mineral leases on the same geologic structure is also now underway.
- ▶ **Tests samples** - of these wells and others in the same geologic area have concluded that each well from the field will produce varying volume but can be defined to a range. A low, medium and high gas recovery rate per well has been used.



# Tested Gas in Place Well Forecasts

## Low Case - Single Well Flow

<b>Shale</b>	<b>171.5 MMCFG</b>
Carbonate	200 MMCFG
Total	371.5

**\$ 114,137,200**

## Medium Case - Single Well Flow

<b>Shale</b>	<b>250 MMCFG</b>
Carbonate	381 MMCFG
Total	631

**\$ 196,451,200**

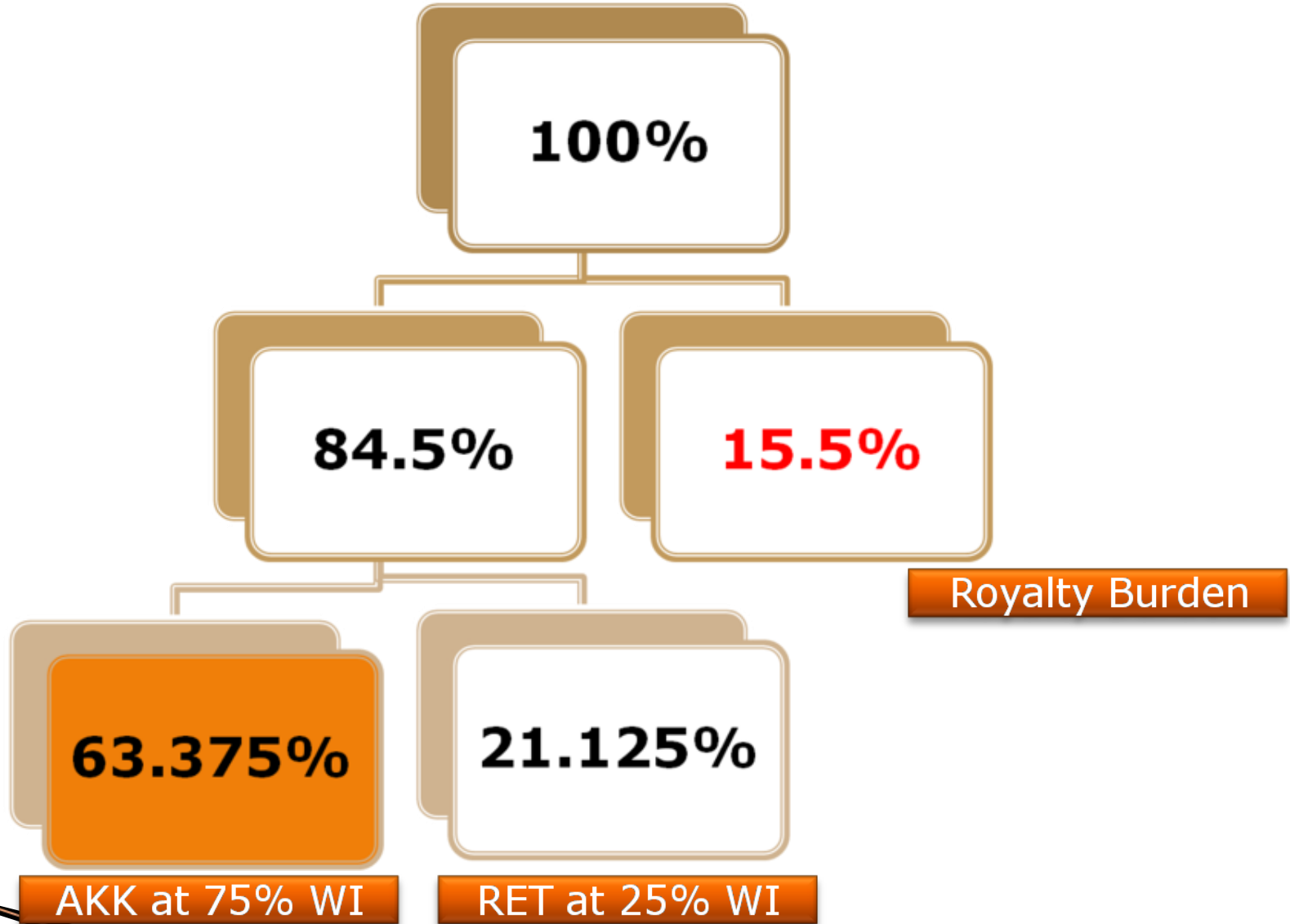
## High Case - Single Well Flow

<b>Shale</b>	<b>320 MMCFG</b>
Carbonate	500 MMCFG
Total	820

**\$ 262,067,760**



# AEL Interest Earned





# First well validates data

## **Wilkerson #2A Operations Report (Jan. 20, 2008)**

- ▶ The Wilkerson #2A has estimated recoverable reserves of about 600 MMCFG from the Fort Payne Formation and the New Albany Shale. The drilling and completion costs were \$150,000 and the current price for the gas is \$4.2 after Nitrogen extraction and processing. The well is close to a pipeline gathering system that is scheduled to be completed shortly and the processing facility is also nearly complete.



# Gas Quality is Very Good

Molecular Component and Percentage				
N2	CO2	H2S	O2	He
16.316	0.110	0.000	0.000	0.000
H2	Ar	C1	C2	C3
0.000	0.000	75.638	4.956	1.986
iC4	nC4	iC5	nC5	C6+
0.190	0.551	0.096	0.114	0.142
Heating Value(Gross Btu / CF)				
Water Vapor Saturated				925.4
Dry				940.7
Testing performed by Pantechs Laboratories Inc.				



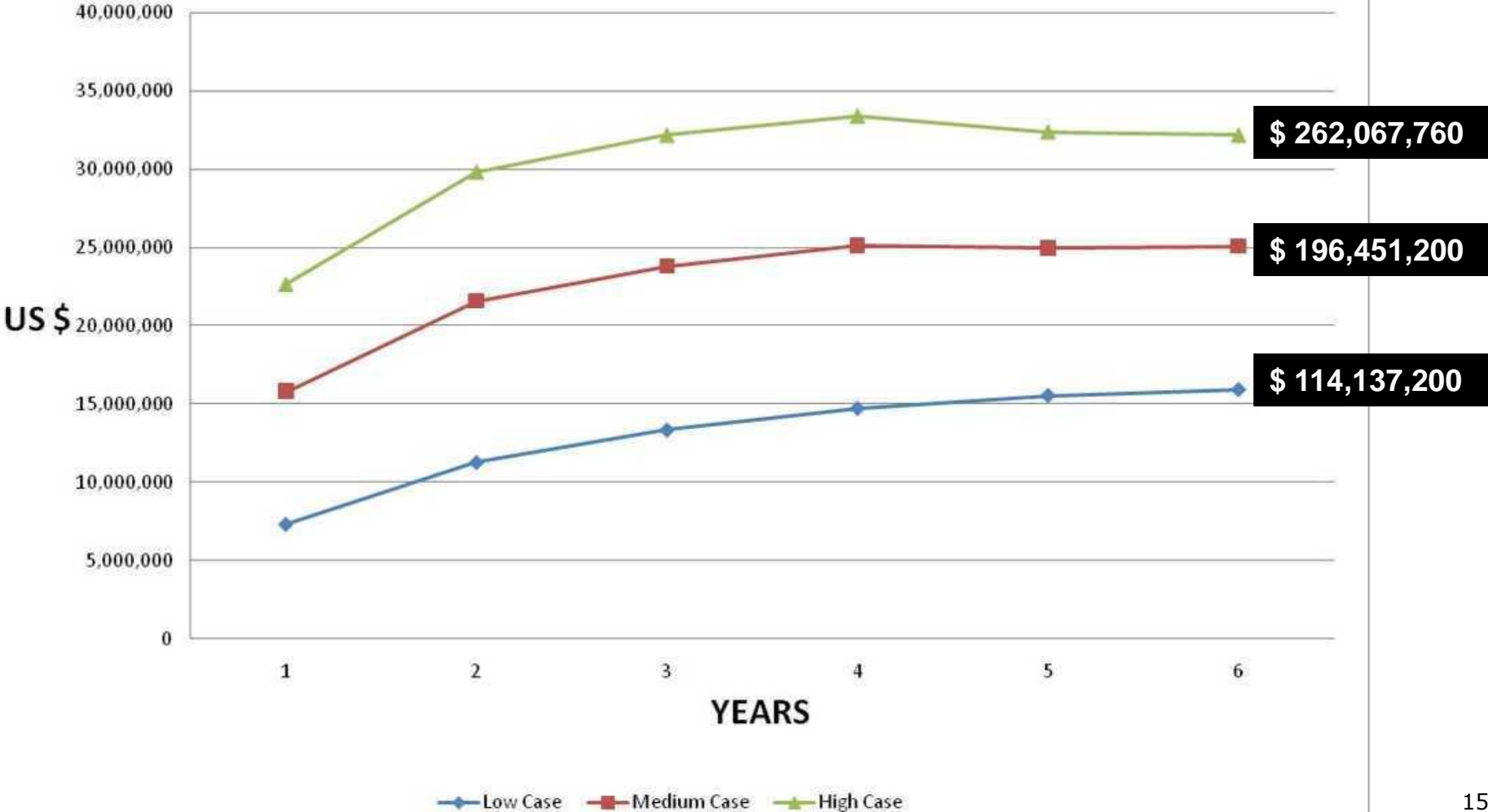
# Gas flare of first well





# Financial Impact on Austin

## Cash Flow Profiles in Low, Medium and High Cases



# Medium Case Projection Detail

Gas Sales Gross Income	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6
50 Wells	\$35,910,000	\$13,656,250	\$8,682,500	\$7,992,500	\$7,360,000	\$6,612,500
100 Wells		\$35,910,000	\$13,656,250	\$8,682,500	\$7,992,500	\$7,360,000
150 Wells			\$35,910,000	\$13,656,250	\$8,682,500	\$7,992,500
200 Wells				\$35,910,000	\$13,656,250	\$8,682,500
250 Wells					\$35,910,000	\$13,656,250
300 Wells						\$35,910,000
<b>AKK Interests Less Expenses</b>	<b>\$17,357,400</b>	<b>\$26,097,400</b>	<b>\$31,654,200</b>	<b>\$36,763,400</b>	<b>\$40,173,400</b>	<b>\$44,405,400</b>

**\$196,451,200**





# US Natural Gas Market Analysis

**ENERGY INFORMATION ADMINISTRATION**  
*Official Energy Statistics from the US Government*

- ▶ **Consumption.** Total natural gas consumption for 2007 is expected to rise by 4.5 percent primarily because of increases in the residential, commercial, and electric power sectors that occurred in the early part of the year ([Total U.S. Natural Gas Consumption Growth](#)). In 2008, total consumption is projected to grow by 0.9 percent. In the residential sector, consumption is expected to increase by 2.0 percent in 2008, with 0.9 and 1.3 percent growth expected in the commercial and electric power sectors, respectively. Consumption in the industrial sector is projected to decline by 0.7 percent in 2007 and remain relatively unchanged in 2008.
- ▶ **Production.** Total U.S. natural gas production is expected to rise by 1.4 percent in 2007 and by 1.3 percent in 2008. In 2007, rising natural gas production in the Lower-48 onshore region has been partially offset by lower production in the Gulf of Mexico. Ongoing efforts to develop unconventional reserves are expected to increase Lower-48 onshore production by 2.2 percent this year and by 0.3 percent in 2008. Although production in the Gulf is expected to decline by 2.8 percent in 2007, the development of deepwater supply sources is expected to lead to production growth of 7.4 percent in 2008.
- ▶ **Prices.** The Henry Hub spot price averaged \$6.94 per mcf in October and is projected to reach a winter peak monthly average price of about \$8.65 per mcf in January 2008. **On an annual basis, Henry Hub spot prices are expected to average \$7.30 per mcf in 2007 and \$8.01 per mcf in 2008.**



**Austin Exploration  
Drilling Operations**



**Gas Purchased by  
ATMOS and Delivered  
via ATMOS Pipeline**

Largest Gas Only Utility  
In the USA. Publicly traded on  
the NYSE as ATO



**ATMOS Processes the  
gas and HNNG  
removes the Nitrogen**



**ATMOS Pipeline  
delivers the gas to  
major hubs**

Provides transport and  
storage services to the  
U.S. Gulf Coast

Over 100 interconnects  
covering U.S. MW, NE &  
SE is available for  
growth



**Texas Gas Pipeline  
delivers gas to the  
market**

**Tennessee Gas  
Pipeline delivers gas  
to market**

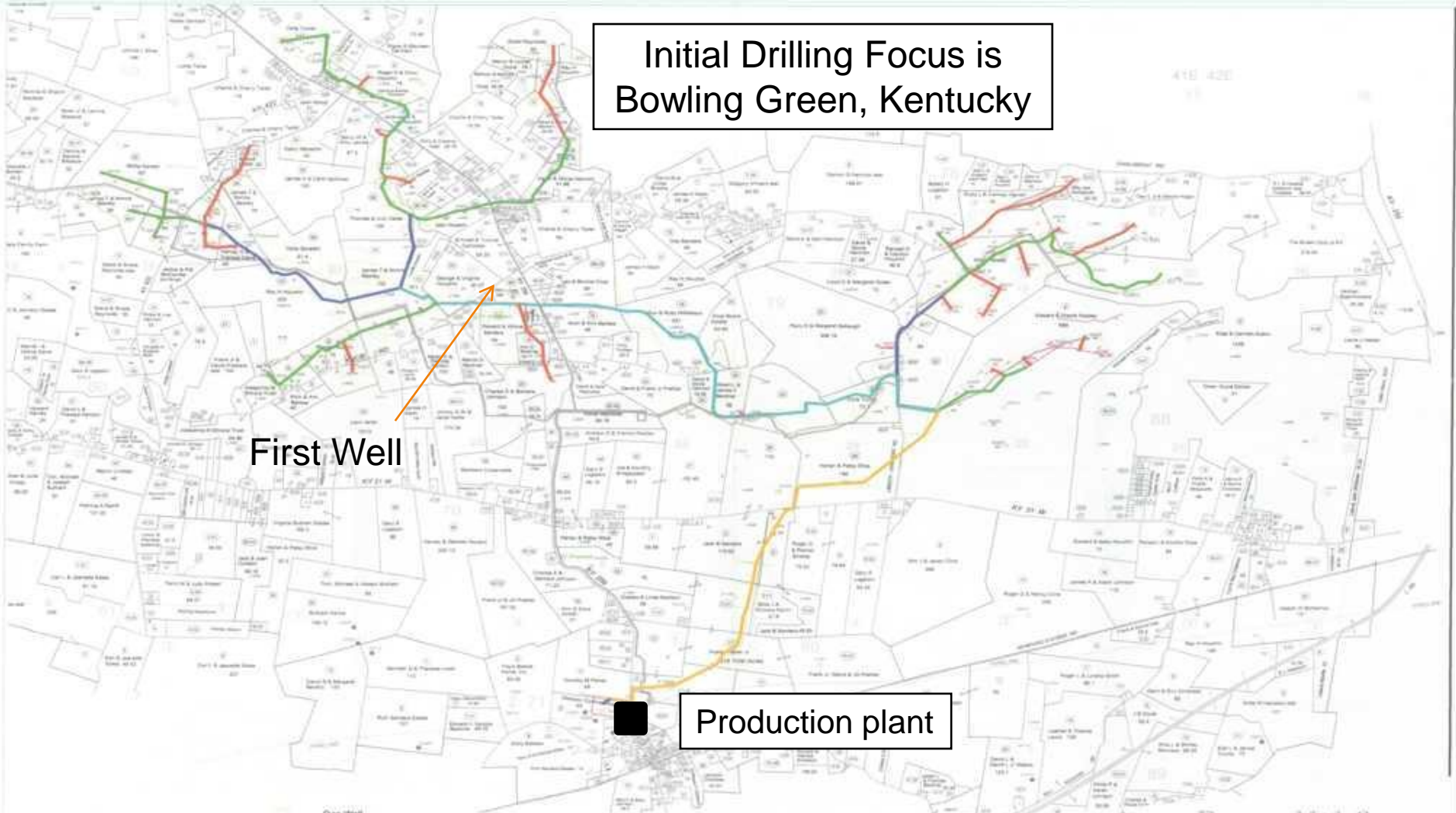


# Pipeline and Plant are Ready

Initial Drilling Focus is  
Bowling Green, Kentucky

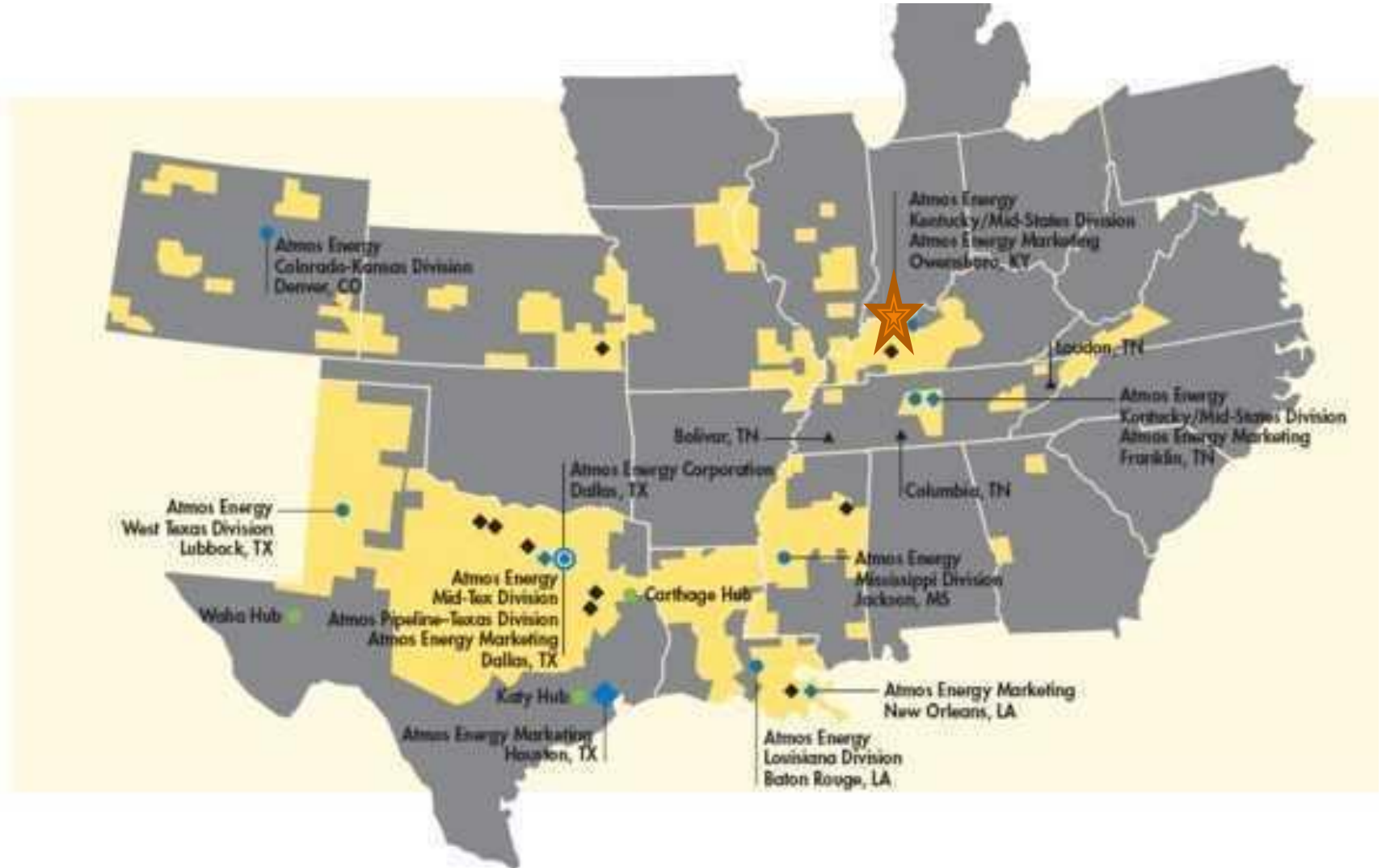
First Well

Production plant





# Atmos Energy Coverage Area





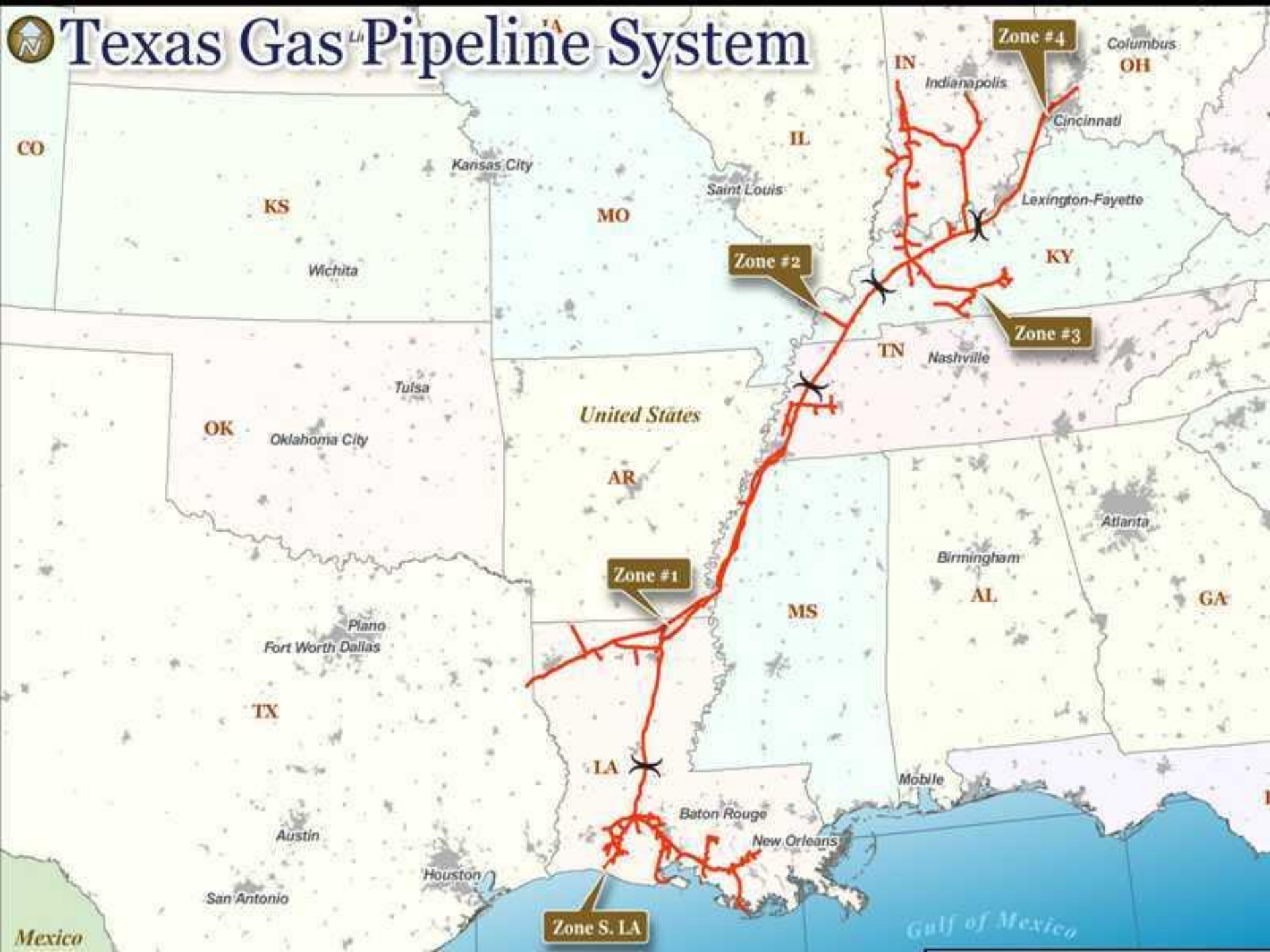
# Texas & Tennessee Pipelines Contracted for Delivery

**Park City Project Focus Area**



**Texas Gas Pipeline Hub**

# Texas Gas Pipeline System





# Contact Details

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Thank You