AUSTIN EXPLORATION LIMITED

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FOR IMMEDIATE RELEASE

Dear Sirs

Austin Exploration Acquires Second St. Gabriel Oil-Gas Prospect in US

Newly listed Australian petroleum explorer, Austin Exploration Limited (AKK) today announced the acquisition of an 80% interest in a second oil and gas prospect - St. Gabriel II – in the US state of Louisiana.

Agreements for the acquisition - an existing well developed within the St. Gabriel Area - were signed last Friday in Houston, Texas.

Austin's agreement for the first prospect, described in the Prospectus (St.Gabriel I), included the rights to all new prospects developed from the newly acquired 30 square mile 3-D Seismic Survey over the St. Gabriel Dome, a well known prolific oil and gas producing area located on the Gulf Coast of the US.

The newly acquired prospect, the St. Gabriel Prospect II, located immediately north of the St. Gabriel Prospect I, has a development resource potential of 8 billion cubic feet of gas and 250,000 barrels of oil from one well.

This resource was determined based on electric log analysis, drill stem, and production tests conducted by Shell Oil Company of the existing well. The resource should be recovered from 3 zones which were tested and are present behind pipe in this well.

Austin has acquired the rights to this well and plans to re-enter it and establish production from:

1. the W Sand which produced on drill stem test at a rate of 5.8 million cubic feet a day;

2. the T Sand which production tested at a rate of 1 million cubic feet of gas per day;

3. the P Sand which produced on drill stem test at a rate of 47 barrels of oil per day.

This new block also has exploration potential from 2 lower horizons.

Austin Exploration's 80% interest has been acquired on the basis that it will pay 100% of the costs to develop production and will receive 100% of the revenue until its investment is recouped.

After Austin Exploration has recouped its investment from production, revenue and costs will be split 80% /20% between Austin and its partner.

This is a further step in Austin Exploration's ongoing commitment to produce early cashflows from drill ready prospects.

Austin only listed on the ASX this month after successfully raising more than A$10 million in an oversubscribed Initial Public Offer.

For further information, contact Mr Paul J. Davies (advisor to Austin Exploration Limited) on **(03) 9225 5295** o **0419 363 630** or by e-mail at PaulD@austinexploration.com.au

Yours faithfully
AUSTIN EXPLORATION LIMITED

K M Grey
Company Secretary