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The Company Announcements Office
Australian Stock Exchange Limited
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Dear Sirs

Polecat Creek Prospect: Ezell #4-H Drilling Update

Newly ASX listed oil and gas company Austin Exploration Limited (**AKK**) is pleased to announce that work has commenced on the second phase of drilling of the Polecat Creek Prospect in Limestone County, Texas.

Initially a significant amount of work was performed by a workover rig which opened up an abandoned well, the Ezell #3 in the Denny Field, removed production tubing, cut a window in the casing, and prepared the borehole for the larger drilling rig. The larger rig is now set up and has begun drilling of the sidetrack hole.

This is the first major exploration and development program initiated by Austin since its listing on the ASX last month after a successful \$10 million capital raising. The Company has scheduled the drilling of four wells during 2006-2007 on its acreage in Texas and Louisiana in the US and in South Australia's Cooper Basin and on Yorke Peninsula, directly west of Adelaide.

Well Details:

License Location:	Falls and Limestone Counties, Texas, USA
Well Name:	Ezell #4-H
Target Reservoir:	Georgetown Limestone
Total Depth:	Vertical: 4000 ft (1219 meters) Horizontal: 3000 ft (914 meters)
Current Status:	Drilling

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Commentary:

The Ezell #4-H well is a re-entry of the abandoned Ezell #3 well, having a surface location in Falls County, Texas. The Ezell #4-H will utilize the exiting borehole of the original well. Plans are to cut a window in the casing at 3,054 feet, drill down to 4,000 feet at an angle and continue drilling horizontally in a northeasterly direction for 3000 ft. The surface location of the well is in Falls County and the horizontal portion of the well will be in Limestone County.

Timing:

The aim is to complete the Ezell #4-H Well as a producing oil well from the Georgetown Limestone formation. The drilling prognosis is that the sidetrack hole will be completed in two to three weeks.

Infrastructure:

Described as excellent; there are numerous pipelines located in the vicinity for the sale of gas and oil purchasers are readily available for the purchase of oil.

Yours faithfully

AUSTIN EXPLORATION LIMITED

K M Grey
Company Secretary