



29<sup>th</sup> January 2007

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Dear Fellow Austin Exploration, Limited Shareholders,

**Austin Exploration Limited announces commencement of drilling at our St Gabriel I prospect in Louisiana**

The Directors of Austin Exploration Limited (ASX code: AKK) are pleased to announce that the spudding in of our St Gabriel I prospect occurred at 11:30 am Louisiana time on January 25<sup>th</sup>.

**St. Gabriel I Prospect**

The St Gabriel I prospect has a potential recoverable resource range from a low case of 1.82 million barrels of oil and 13.6 billion cubic feet of gas to a high case of 5 million barrels of oil and 36 billion cubic feet of gas based on independent geological assessment.

The full drilling program is expected to last 4 weeks. We will provide the market with meaningful updates as the program proceeds. The projected date to have an "intermediate" full suite of open hole logs for analysis is February 14<sup>th</sup> at an estimated depth of 9,900 feet. This should assist with correlation and determination of hydrocarbon potential of the upper pay horizons, the "P" & "T" sands. The plan is then to set production casing and drill on to the target "U" & "W" sands at a total estimated depth of 10,800 feet and then run a final full suite of logs for analysis.

The well is currently at a depth of 2885' and surface casing is being set and then drilling will proceed.

This program represents a major step in the Company's development and is one of five prospects we expect to drill within the next three months, all of which are fully funded.

Yours faithfully

**AUSTIN EXPLORATION LIMITED**

A handwritten signature in black ink, appearing to read "D.M. Schuette", with a long horizontal flourish extending to the right.

**David M. Schuette**

**Managing Director**