



Monday 2 November 2009

The Manager
Companies Announcements Office
Australian Stock Exchange
Electronic Lodgement

Dear Sir/Madam

**JOINT VENTURE WITH ADELAIDE ENERGY LIMITED
FOR 50% INTEREST IN PEL 105 IN COOPER BASIN, SA**

Austin Exploration Limited (ASX code: AKK) is pleased to announce that it has reached agreement with Adelaide Energy Limited (ASX code: ADE) for the accelerated acquisition by Adelaide Energy of a 50% undivided participating interest in the PEL 105 oil and gas licence, in the Cooper Basin in South Australia.

The parties have agreed to vary and update their existing 2007 farm-in agreement for PEL 105, under which Adelaide Energy had the right to earn a 50% interest in the licence upon completion of a farm-in work program, which included the drilling of one exploratory well.

Under the revised agreement, Austin and Adelaide Energy have agreed that the work program under the farm-in agreement has been satisfactorily completed by Adelaide Energy, which has undertaken extensive seismic surveys on PEL 105. Those surveys have identified the location in which the partners now intend to drill the Pirie #1 well.

In addition, Adelaide Energy has agreed to make a further cash payment of \$250,000 to Austin Exploration to acquire its 50% interest in PEL 105.

This transaction clears the way for the joint venture parties to drill the Pirie #1 well within PEL 105, and to carry out all future activities on PEL 105. Under the JV agreement:

- Adelaide Energy will be the operator of the Pirie #1 well (and any other oil and gas programs);
- Adelaide Energy has agreed to free-carry Austin Exploration for the first A\$1.75m of well costs on Pirie #1, following which the two parties will contribute proportionally to well costs, up to an agreed \$3.5m cap;
- Adelaide Energy is entitled to the first \$1.5m of net proceeds from the sale of petroleum products, in the event that the Pirie #1 well results in a discovery in commercial quantities; and
- Austin will reimburse Adelaide Energy a total of \$400,000 if the Pirie #1 well does not result in a discovery in commercial quantities, and is subsequently plugged and abandoned.

These transactions are conditional upon SA Government approval, and upon the agreement of various overriding royalty interest holders to the assumption by Adelaide Energy of a proportional liability for royalty obligations applying to PEL 105, which are currently held by Austin Exploration.



This agreement will allow Austin to progress the development of PEL 105 and maintain its presence in the Cooper Basin, which remains one of the most prospective oil and gas provinces in onshore Australia. The Company believes that the Pirie #1 well represents an exciting opportunity for its shareholders, and looks forward to a commercially beneficial relationship with our joint venture partner.

For further information contact:

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About PEL 105

Petroleum Exploration Licence 105 (PEL 105) is an area of 215 sq km approximately 60 km north of Moomba in South Australia. The prospect area is surrounded by producing oil and gas fields, including some of the largest in the Cooper Basin. Within the boundaries of PEL 105, but excised from it, are the Bimbaya Field (19 BCF of gas), the Bookabourdie Field (80 BCF of gas), and the Merupa Field (1.5 BCF of gas). There are large structures and multiple unconformities present within PEL 105, making for significant potential for accumulations of oil and gas to exist on the flanks of these regional structures.

Adelaide Energy Limited has calculated a P10 (3P) reserves potential of some 20 million barrels of oil equivalent in place in the Pirie Structure.

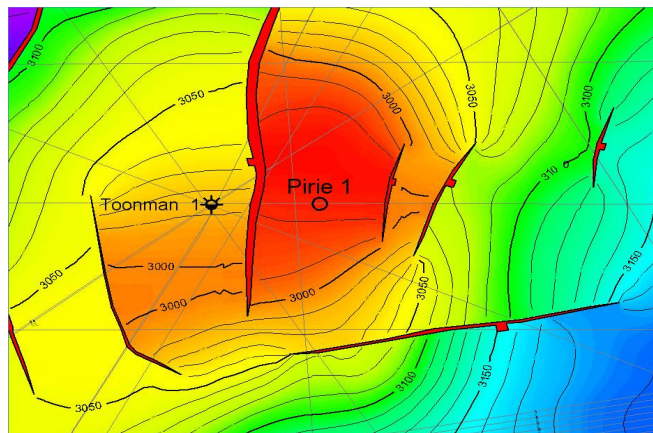


Figure 1: Top Tirrawarra Depth Map – Toonman/Pirie Structure: PEL 105