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TSX Venture: AUL

Austin Announces Potential Gas Discovery In Morgan Highpoint “John Bowen” #2 Well

Austin Developments Corp. (TSX Venture Exchange Symbol “AUL”) (“Austin”) has been informed by Montello Resources Ltd. (“Montello”) as Operator of the Morgan Highpoint Project that the analysis and interpretation work has now been finished with respect to the cased hole logs that were recently run by Schlumberger on the John Bowen # 1 and Morgan Highpoint “John Bowen” #2 Wells.

The Morgan Highpoint “John Bowen’ # 2 logs confirm that there is a potential gas zone at 8,275 feet in the Rome formation that has approximately 17 feet of interpreted net pay. This potential gas zone has never been produced in the State of Tennessee as no wells have been cased for production to this depth in Tennessee prior to the drilling of the John Bowen #2 Well. The logs on Morgan Highpoint “John Bowen’ # 2 Well confirm the presence of gas which is consistent with what was seen in samples as well as what was recorded on the gas detector at the 8,275 foot level when the well was drilling. Although it is premature to say what kind of reserves there may be attributable to the John Bowen #2 Well or what production rates may be achieved, it is anticipated that there may be significant pressures and flow rates encountered based upon how deep the zone is. Montello is preparing a completion program for the JV Partners to approve that includes perforating the potential gas bearing zone of interest and then stimulating it, depending on the flow rates achieved. Preliminary discussions have been held with field personnel with respect to delivering gas from the John Bowen #2 Well into Spectra’s East Tennessee pipeline system that is located approximately 1 mile away from the John Bowen #2 Well. Montello has been informed that there is significant excess capacity available and that the pipeline is part of the main gas transmission system that runs across the United States. Completion work on the oil zone identified on the logs in the John Bowen #2 Well, which is the same zone from which the Morgan Highpoint #3 Discovery Well is currently producing, will be addressed after the completion work is conducted on the deep potential gas bearing zone at 8,275 feet.

The cased hole logs (recently completed by Schlumberger) on the John Bowen #1 Well have been analyzed and interpreted. The JV Partnership is reviewing potential re-completion options in the fractured interval identified and never previously perforated. Based on the interpretation of the logs that Montello now has on both of the John Bowen Wells and the Morgan Highpoint #3, #4 and #5 Wells, it is believed that the John Bowen #1 and the other wells are in close proximity to a high pressure fracture regime. The Partnership is therefore reviewing directional drilling methods to better identify the fracturing in an effort to extract higher volumes than have been previously encountered in the area.

To avoid the potential for any competitive drainage issues amongst the JV Partners going forward, Montello and Austin have agreed to grant to Blackrock Petroleum (“Blackrock”) a right of first refusal to acquire at fair market value a 5% interest from Montello and a 10% interest from Austin in the Bowen Assets after the oil and gas zones identified on the John Bowen #1 & #2 Well logs have been tested. The fair market value of this interest will be based on a complete engineering evaluation. Austin has a 40% interest in the John Bowen #1 and # 2 Wells including the surface rights and mineral rights underlying the 110 acres comprising the Bowen Lands as well as the lease applicable to the 50 acres which comprise the spacing unit for the John Bowen #2 deep well-bore (hereinafter, collectively referred to as the “Bowen Assets”). In the event that Blackrock exercise this right and acquire the additional interests from Montello and Austin then the ownership in the Bowen Assets would be Montello 35%, Austin 30%, Blackrock 30%, and Park Place 5%. Having a mechanism in place for the eventual common ownership throughout the Morgan Highpoint Project will be beneficial to all parties in order to minimize the potential issues relating to the timing of drilling or completing wells or allocation of costs pertaining to the various land holdings and production facilities.

The JV Partners have also agreed to enter into a 10 mile Area of Mutual Interest (AMI) outside of the Bowen Assets, where the participation rights will be Montello 35%, Austin 30%, Blackrock 30%, and Park Place 5%. The JV Partners are encouraged with all of the results achieved to date on the Morgan Highpoint Project and look forward to announcing completion plans in due course.

For further information on this or any of Austin’s other projects, please visit the website at www.austindevelopments.com.

On behalf of the Board of Directors

Austin Developments Corp.

Per:

“Patrick Power”

Patrick Power
President and Director

Statements Regarding Forward-Looking Information: *Some statements contained in this news release are forward-looking statements. Investors are cautioned that forward-looking statements are inherently uncertain and involve risks and uncertainties that could cause actual results to differ materially. There can be no assurances that future developments affecting Austin will be those anticipated by management.*

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.