



ASX ANNOUNCEMENT

19th October 2011

Drilling start imminent on Eagle Ford (USA) shale project

- Austin's largest ever USA drilling campaign to commence next week
- First well - Krueger #1 – set to spud before the end of October

The Board of Austin Exploration Limited (ASX: "AKK") - on behalf its wholly owned US subsidiary Aus-Tex Exploration Inc- is pleased to provide another positive update on its ~5,000 acre (93.5% working interest) Eagle Ford Shale Project, Burelson County, Texas, USA.

Austin has been advised that the Cooper 1000HP rig # 11 is expected to arrive on location next week, following a minor delay due to contractor commitments.

Krueger #1- the first well to be drilled by the rig - will be completed and fraced as a vertical well. Initially, three vertical wells will be drilled at which time the formation characteristics will be thoroughly analysed by the Aus-Tex geological and engineering teams. The well demonstrating the strongest hydrocarbon potential will be the first well to be re-entered for a multi-stage horizontal "highway" frac.

Austin's Chief Executive Officer, Guy Goudy, said drilling site preparations, including the water well, and the mouse and rat holes, had been completed with assembling of the rig expected to take approximately four days at which time drilling into the Company's first Eagle Ford shale prospect will begin.

"Drilling to total depth is expected to take approximately 10-12 days and the Company will keep the market continually informed as to the status of the program, including any significant events that may be encountered whilst drilling towards target depth," he said.

"Our primary targets are the Eagle Ford formation, a hydrocarbon bearing sequence expected to be intersected at ~8,700 feet, and the Austin Chalk, which is expected to be intersected at ~8,300 feet.

"Other potential hydrocarbon bearing formations that are expected to be intersected include the Taylor Sand formation (~6,500 feet), the Buda lime formation (~9,000 feet) and the Georgetown Lime formation (~9,100 feet)."

The Eagle Ford Shale, with an interpreted thickness of 300 feet, is the source rock for the Austin Chalk, and is a hydrocarbon producing formation of significant importance due to its ability to produce both

Austin Exploration Limited ACN 114 198 471

Listed on the Australian Securities Exchange (“AKK”)

gas and higher levels of oil than other traditional shale plays. It contains a much higher carbonate shale percentage which can total upwards of 70% in south Texas. In addition, the brittle nature of the hydrocarbon bearing sequence makes the Eagle Ford shale more amenable to fracking, improving the potential flow rates from wells drilled into this formation.

Mr Goudy said that while the minor delays to timing of the drill start had been frustrating, Austin is enthusiastic about the imminent arrival of the drill rig and the company-making potential that the upcoming drill program holds.

“The results of 12 nearby wells, all with production, were analysed as part of acquisition due diligence undertaken by Austin, and has provided our team with confidence that initial production rates of in excess of 800 bopd from horizontal wells drilled into the Eagle Ford formation can be achieved,” he said.

“An independent expert has concluded that each well could carry an NPV of up to ~US\$7 million with the potential for in excess of 30 wells across Austin’s Eagle Ford acreage.”

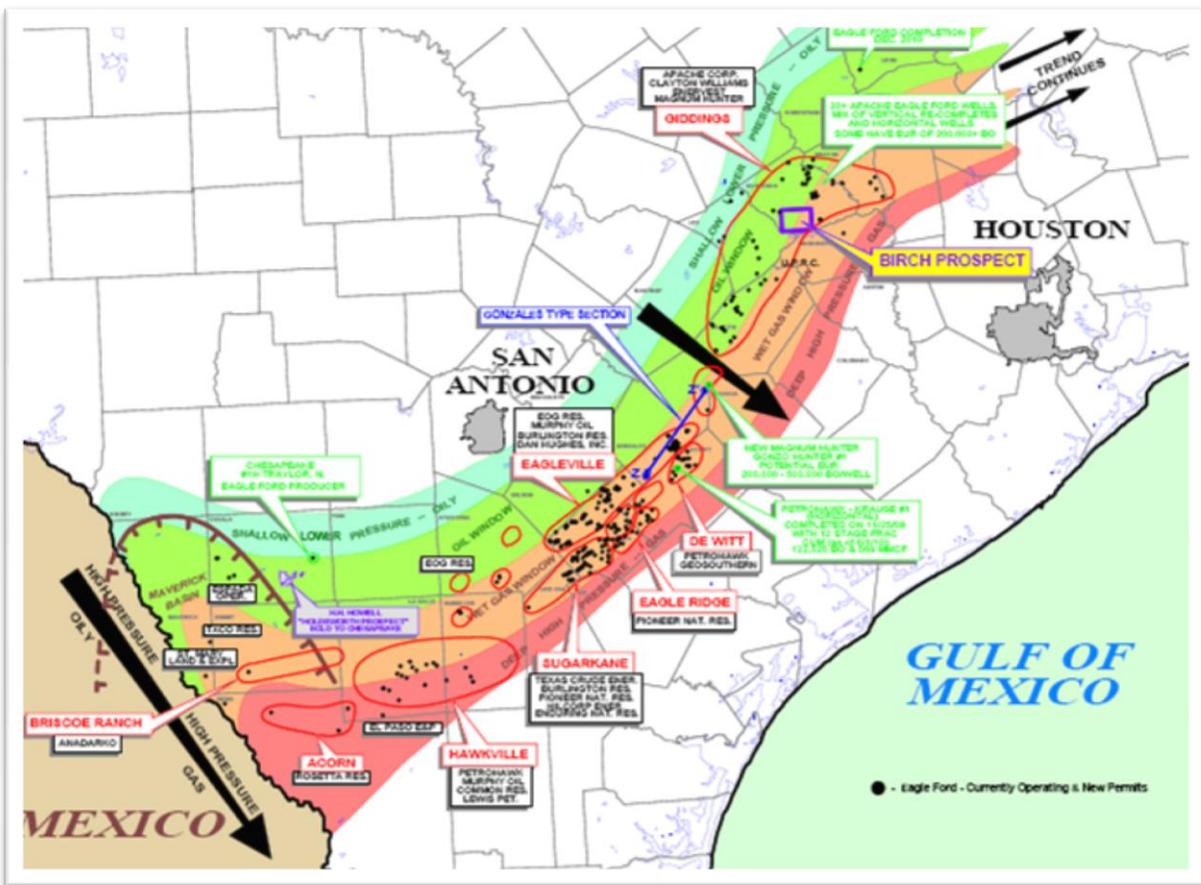


Figure 2: Project location, demonstrating location in oil/wet gas window of the play

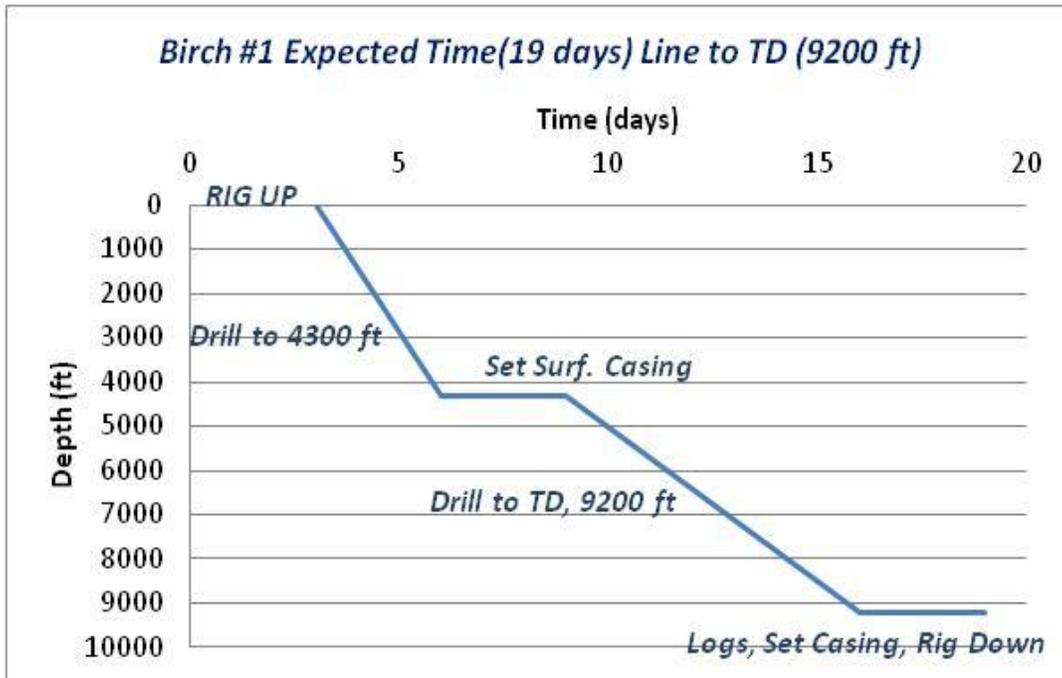


Figure 3: [Krueger #1 Expected Vertical Well Time Line]

About Austin’s Eagle Ford Shale Project

The Eagle Ford Shale trends across Texas from the Mexican border to East Texas, roughly 50 miles wide and 400 miles long with an average thickness of 250 feet. It rests between the Austin Chalk and the Buda Lime at a depth of approximately 8,000 to 10,000 feet in the project area. It is the source rock for the Austin Chalk and the giant East Texas Giddings Field – 6 counties: Bastrop, Burleson, Fayette, Lee, Brazos, and Washington.

Austin’s Eagle Ford Shale project is located in the oil/wet gas window of the play, which has proven to be the most productive area of the play, with an interpreted thickness of ~300 feet. Austin acquired its Eagle Ford Shale interests for an average of only ~\$400 per acre, well below industry peers, following a detailed due diligence including an independent technical report and analysis of 12 nearby wells, all with production. The independent technical report prepared for Austin as part of its due diligence suggested potential initial production rates of >800 bopd and NPV per well of up to \$7 million, with potential for 31 wells.

Austin Exploration Limited ACN 114 198 471

Listed on the Australian Securities Exchange (“AKK”)

MEDIA INVESTOR CONTACT

Guy Goudy

Chief Executive Officer

Austin Exploration Limited

GuyG@AustinExploration.com

[Phone: c/o HLB Mann Judd 03 9606 3888](tel:0396063888)

ABOUT AUSTIN EXPLORATION:

Austin Exploration is an Oil and Gas Company with assets in Australia and the United States. Austin has strategically shifted its core focus towards non –conventional shale exploration in the United States. The Company has now established a major presence in two of Americas most prolific oil and gas basins. Austin controls more than 11,000 acres in Colorado in the Niobrara Shale and over 5000 acres in Texas in the Eagle Ford Shale. Austin has producing oil and gas wells in Texas, Mississippi and Kentucky. Austin also has a highly prospective Oil and Gas Licence, PEL 105, in the Cooper Basin of South Australia. The company’s wholly owned US Subsidiary, Aus-Tex Exploration Inc, turned cash flow positive in January 2011. To face future opportunities, Austin has strengthened its board and management teams. Austin is listed on the Australian Securities Exchange (ASX code: AKK)