

ASX ANNOUNCEMENT

11th August 2009

For Immediate Release

The Manager
Companies Announcements Officer
Australian Stock Exchange
Electronic Lodgement

Dear Sir/Madam

Park City Oil & Gas Field Update

- **First oil well completion successful. Initial oil flow tested on pump at a rate of 12 BOPD**
- **15 of 17 previously drilled wells identified to contain oil producing pay zones**
- **Revenue from first oil sales imminent**
- **Company's focus strategically changed from natural gas to crude oil production**
- **The company now controls a 100% working interest over its 857.82 acre lease area and is now the sole operator of record for the project.**
- **The board of Austin Exploration Limited (ASX: "AKK") is pleased to announce the successful completion of its first oil well at the Company's Park City oil and gas field in Kentucky USA.**

The board of Austin Exploration Limited (ASX: "AKK") is pleased to announce the successful completion of its first oil well at the Company's Park City oil and gas field in Kentucky USA. The company expects first oil sales from the Park City field will be in August 2009. Austin - through its wholly owned American subsidiary, Aus-Tex Exploration Inc (Aus-Tex) - has employed the services of KOS Energy of Kentucky to complete the wells that were drilled some 12 months ago.

The initial drilling program consists of 4 oil well completions and will be completed by mid September 2009. KOS Energy Limited specializes in the completion and stimulation of shallow oil and gas wells in the Kentucky area. Austin has worked closely with KOS over recent months, reviewing the drilling logs from the Company's already drilled 17 wells.

When Austin began the drilling program for natural gas it became evident that many of the Company's wells contained a geologic structure known as the Corniferous formation. This Corniferous formation found in Kentucky has historically contained and produced crude oil for many years. This particular formation is generally found at a depth between 1000 to 1300 feet below the earth's surface.

Following a thorough review and due diligence by the Company's Management & Chief Geologist, it was decided that it was financially prudent for the company to shift its focus from natural gas to oil production, until such time as natural gas prices recover.

Austin is encouraged by recent success and looks forward to completing its existing wells. Upon completion of the first 4 wells, the company's Chief Geologist, in consultation with KOS, will review the drilling logs and determine the next wells for completion. The Company can also confirm that it is in discussion with several land owners regarding acquisition of additional leases that have been identified to contain the oil producing coniferous formation.

DETAILED OPERATIONAL UPDATE

Four Well Completion Program Underway - Spillman #1 Flowing Oil

- The Spillman #1 well was tested on pump at a rate of 12 barrels per day. Subsequent to the initial flows a modest decline in daily production is anticipated.
- Oil wells producing from the coniferous formation generally have a life span of 20 years.
- Over 24 barrels of oil has now been collected and pumped to storage.
- Completion work at the second well, the James Spillman #2 is currently underway.
- Two other wells are also on schedule for completion by early September.
- Oil sold in the month of August will deliver income to Austin in the month of September.

Images from the Completion of Spillman #1



Project Overview - Austin in Control

- Austin's wholly-owned subsidiary, Aus-Tex, is now the operator of record and controls a 100% working interest over the 857.82 acre lease at Park City.
- Austin has increased its Net Revenue Interest from 56.25% to 78.125% in this project.
- As the Operator of record for the project, Aus-Tex manages every aspect of the oil and gas field. This includes, but is not limited to: well selection, drilling, management, operations, regulatory reporting, service suppliers, land owner relationships, hydrocarbon storage and sales and income distribution to interest holders.
- The company has now mapped the geologic structures of the area, selected the best available completion technique and successfully completed its first oil well.
- Well operations became the responsibility of Aus-Tex on July 1, 2009.
- Ten mineral leases that encompass over 857.82 acres of land are currently controlled and managed by Aus-Tex. Additional mineral lease acreage will be acquired as qualified opportunities present themselves.
- These ten leases provide adequate drilling opportunities for an additional 60 wells. Well selection for any new drilling will be initiated based on the completion results of the current 17 wells.
- To increase the likelihood of a successful new drilling program the company will drill additional wells very near to already producing oil wells.

Moving Forward

- Austin can now say with confidence that the combination of proper oil formation geologic structure mapping and the selection of the most appropriate well completion technique have proven successful. This combination will be used on future wells.
- Based on the original wells logs Austin believes that 15 of the 17 in place wells have corniferous zones of adequate thickness to deploy the radial drilling (SRS) procedure.
- This drilling procedure can also be used for gas pay zones such as the shale formation that is found in all 17 of Austin's wells. Other completion procedures have also been identified.
- Additional off-set wells can be drilled on these same leases in 4 acres increments thus giving Austin space to drill and complete new wells.
- A combination of immediate income from oil sales and new infusions of investment capital are now both achievable near term.

Oil Storage and Transport

- Aus-Tex intends to maintain oil storage tank clusters on each lease that produces oil.
- The oil will be picked up at the storage site by an authorized transport company and transferred to the local refinery.
- Area infrastructure for oil sales has been in place for many years.
- The state of Kentucky currently has two refineries in operation and each is capable of taking a pickup order on just 24 hours of notice.
- Income from oil sales in one month are paid in the middle of the following month. (Example - A total of 210 barrels sold on August 10th and 17th will both be paid to Aus-Tex in mid September).

Austin Exploration Limited ACN 114 198 471

Based in Adelaide Australia: listed on the Australian Securities Exchange ("AKK")

Sales - Transporting Oil from the Wells to the Refinery(example only)

How the process works

1. Each lease will have its own storage tank(s) and the individual wells on that lease will feed oil to a central storage area.
2. Each of the ten leases will hold a storage tank no smaller than 210 barrels.
3. Aus-Tex currently maintains a transportation relationship with a local company.
4. Within 24 hours of a request the transport truck will arrive at the designated property to retrieve the oil.
5. One truck can handle a single 210 barrel storage tank.
6. During the retrieval process a BS&W grinder will remove sediment and water from the oil.
7. The clean oil will then be transported to the processing plant

Gross price is determined by the WTI Area 1 market monthly average. Please visit the following web site to view the current WTI Area 1 price.

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- <http://www.paalp.com/fw/main/Crude-Oil-Price-Bulletins-1363.html>
- Sales Price Example – a pickup in the month of August would pay out on the July monthly contract average. Current July average is \$65.71. Current market is \$71. September prices will be based on the August monthly average and so on. Oil prices vary both upwards and downwards.

Single Well at 12 Barrels per day		
Gross Barrels with 100% uptime per month		360
Less Basic Sediment and Water Removal (est.)		2%
	lost barrels	7
Net Barrels of Oil to Market		353.00
Current August average WTI Area 1 market price		\$65.00
Less the State of Kentucky Severance Tax (4%)		(\$2.60)
Less \$3.60 transport fee		(\$3.60)
Net Value Per Barrel		\$58.80
Net Income Per Month		\$20,756.40
Net Production Per Week		\$5,189.10

The Gas Gathering and Processing System

- Whilst Aus-Tex will currently focus on oil gathering, gas gathering is still an additional active option for these wells.
- During plant up-time, capacity constraints have not been an issue.
- When the plant is operational it handles gas flows from the field favorably.
- Atmos Gathering has indicated that the plant should be back on line and in operation no later than



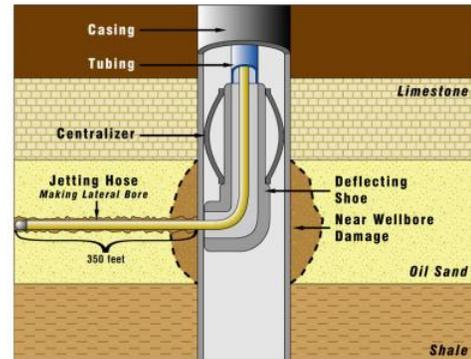
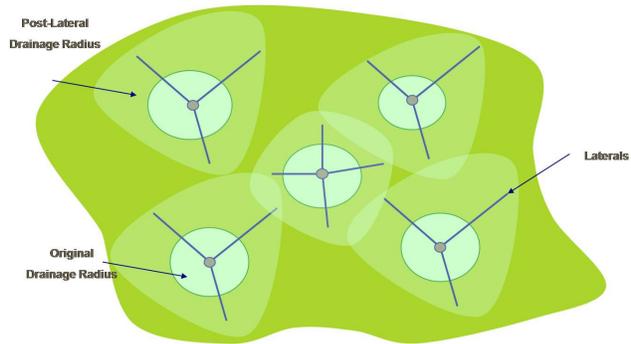
mid September 2009.

About The Radial Drilling Technique

The company has subcontracted the drilling services to KOS Energy Services, LLC of Lancaster, Kentucky, a licensee of Buckman Jet Drilling Inc. KOS has extensive experience with the radial drilling procedure that Aus-Tex has chosen to use for the completion of these wells.

Although radial drilling has been used in the oil and gas industry for many years, KOS brings a unique set of value added services and proven oil well drilling success to the work program. KOS has recently completed several successful oil wells in a nearby area of Kentucky with similar geologic characteristic as the 17 wells now being operated by Aus-Tex. KOS will be providing one of the most efficient and U.S. Patented drilling nozzles available on the market today.

Radial drilling, lateral drilling or "SRS" as it is sometimes called is designed to enhance daily production of existing oil and gas wells. This technology is ideal for the types of shallow well formations found in many parts of Kentucky and has shown success both in gas producing formations and oil producing formations. It has been used worldwide for many years. This drilling technique has shown success in formations with low permeability such as depleted wells that are ready to be plugged because they are no longer economically viable.



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Competent Persons Statement

In accordance with ASX and AIM rules, the information in this release has been reviewed and approved by Mr. Stanley L. Lindsey, Chief Geologist, Austin Exploration Limited.

Mr. Lindsey holds a Bachelor of Science Degree in Geology with a minor in Chemistry and has over 28 years of oil and gas experience including exploration, development, operations, acquisitions and divestitures. His background also includes mapping, utilizing integration of 2-D and 3-D seismic with subsurface data and reserve calculations. He is a Certified Petroleum Geologist and has been a member of the American Association of Petroleum Geologists and the Houston Geological Society since 1979. He also belongs to the Society of Independent Professional Earth Scientists (SIPES).

Mr. Lindsey has the relevant experience within the industry and consents to the information in the form and context in which it appears.