



Austin Exploration Limited ACN 114 198 471

Listed on the Australian Securities Exchange ("AKK")

ASX ANNOUNCEMENT

2nd June 2011

For Immediate Release

The Manager
Companies Announcements Officer
Australian Stock Exchange
Electronic Lodgement

KENTUCKY OIL FIELDS UPDATE

- **RESULTS ALREADY FLOWING FROM NEW OPERATING PROCEDURES**
- **TESTING BEGINS WITH NEW COMPLETION TECHNOLOGY**
- **MORE THAN 300 BO PRODUCED FOR MONTH OF MAY**

Dear Sir/Madam,

The Board of Austin Exploration Limited (ASX: "AKK") - on behalf its wholly owned US subsidiary Aus-Tex Exploration Inc - is pleased to announce that new completion techniques are being engineered and tested at its Kentucky Exploration Oil and Gas programme in the USA.

The Company's wells at the Kentucky operation have been undergoing engineering, testing, and pre-completion efforts over the last 90 days. This work is now starting to produce results, including the wells producing in excess of 300 barrels of oil for the month of May, 2011. The wells – which averaged less than 0.7 Bbls/d during 2010 – have been engineered, tested and re-worked to the extent that they are now producing at approximately 12 to 15 Bbls/day. The goal by the end of the year is to have this Kentucky operation up to 40Bbls/d to 50 Bbls/day with a view to the operations producing over 100 Bbls/d during 2012. A Salt Water Disposal (SWD) well has been successfully completed and tested at the Sebree County project, and the formations are successfully absorbing the re-injected salt water.

In what is a first for these regions of Kentucky, the focus has been on applying nitrogen foam and sand fracing techniques to significantly enhance the oil production within Austin's Kentucky-based assets.

With current high oil prices, coupled with the strong Australian dollar, the economics for this project will be favorable for the Company and significantly add to its existing oil production and cash flows.

As announced to the market on the 14th January 2011 and subject to shareholder approval, the Company intends to form a Joint Venture with a private Australian Investment Group, Newtak Pty Ltd. Austin's existing Park City and Sebree projects will be combined to create the newly-formed Kentucky Exploration Inc. The combined acreage of this new project now totals 1149.71 acres.

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The Company is pleased to report that Aus-Tex is in advanced negotiations to acquire a further 50 % working interest (W.I) in its 157 acres mineral lease located in Sebree County, Kentucky. This would increase Aus-Tex's interest in the project to a 100% W.I. and a 75% net revenue interest (NRI). Aus-Tex controls a 100% W.I. and a 87.5% NRI over its 992.71 acre Park City project.

Aus-Tex Exploration Inc is pleased to announce the appointment of Mr Jamie Garcia, a full-time Petroleum Engineer to be the Kentucky Unit Business Manger. This experienced Engineer is based in Bowling Green, Kentucky, and will be in charge and oversee the application of the new extraction techniques as well as managing and supervising the day to day operations of this project.

The Company also continues to maintain contact with ATMOS Energy with regards to its Park City gas gathering system. ATMOS Energy is currently involved in litigation that has no links or connections with Aus-Tex. As a result the plant has been non-operational for approximately two years. Aus-Tex remains hopeful for a resolution for this dispute. Previous drilling campaigns have proved the presence of natural gas reserves contained within the Fort Payne and New Albany Shales over Aus-Tex's acreage.

Further results from these completion techniques will be communicated to the market as they come to hand.

ONSITE IMAGES



WEATHERFORD WIRE SERVICE LOGGING THE WELLS WITH GAMMA RAY, DENSITY PEROSITY, NEUTRON DENSITY, TEMPERATURE LOG, PE EFFECT & DEEP AND MEDIUM INDUCTION



UNIVERSAL WELL SERVICES- NITORGEN TANK TRUCK ON SITE

MEDIA INVESTOR CONTACT:

Guy Goudy
Company Director
Austin Exploration Limited
GuyG@AustinExploration.com

7985 W. 16th Ave, Lakewood • Denver, Colorado 80214
Level 1, 160 Queen Street • Melbourne, VIC 3000
GPO Box 2850 • Melbourne, VIC 3001