



Austin Exploration Limited ACN 114 198 471

Listed on the Australian Securities Exchange ("AKK")

ASX ANNOUNCEMENT

12th May 2011

For Immediate Release

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NEW OIL DISCOVERY UPDATE - COMMENCEMENT PROSPECT, USA

- **Oil flow tests exceed expectations**
- **Rate of oil flows increasing daily**

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 the Company's oil discovery well located in Adams County, Mississippi, has exceeded all expectations to date and is currently flowing at 135.4 barrels of oil to storage per day.

The well - named by the operator as the Armstrong number #1 well - is currently in day five of production. Oil flows from the well are continuing to increase daily.

The well began producing oil on Friday the 6th May and daily production rates are as follows:

6 th May 2011:	73.36 BO
7 th May 2011:	98.2 BO
8 th May 2011:	112 BO
9 th May 2011:	134 BO
10 th May 2011:	135.4 BO

These results are highly encouraging for the Company. The operator continues to monitor the well daily which is expected to stabilize over coming weeks and be producing at economic levels for several years to come. As is the case with all oil discoveries, once the well stabilizes, usual decline rates for production will occur during the well's productive life.

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Guy Goudy, President of Aus-Tex commented " This is an outstanding result. There is no other way to say it. With a 37.5% Net Revenue Interest to our wholly-owned Aus-Tex subsidiary, the financial impact of this result is material for Austin.

"Current flows from this well have exceeded our expectations and we have the added bonus of having the flows increasing. At these levels our investment will be recouped in less than 6 months," Mr Goudy said.

The Company is pleased to confirm that it has began discussions with the Operator with regards to a further project in what will be the third in Mississippi for Austin.

Austin, in conjunction with its Mississippi-based operator, is on site and monitoring the well daily. Any significant changes to production will be reported to the market as they occur.

HELD INTEREST

Interest Holder	Working Interest	Net Revenue Interest
Aus-Tex Exploration, Inc.	50%	37.5%
Operator	50%	37.5%

MEDIA AND INVESTOR CONTACT:

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