



Austin Exploration Limited

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

ASX Announcement

18 June, 2010

For Immediate Release

The Manager
Companies Announcements Officer
Australian Stock Exchange
Electronic Lodgement

North Carrizo, Yolanda Villarreal #1 Drilling Has Commenced

Dear Sir/Madam,

The Board of Austin Exploration Limited (ASX: "AKK") is pleased to provide the following progress report on drilling of the North Carrizo, Yolanda Villarreal #1 oil well located in Dimmitt County, Texas.

Aus-Tex Exploration, Inc, Austin's 100% owned USA subsidiary which acquired this prospect in May, advises that it commenced drilling the Yolanda Villarreal #1 well on Wednesday June 16th, US time.

The # 1 well has two target zones, the B Zone (Upper Austin Chalk) & the E Zone (Lower Austin Chalk). A 2500 foot lateral is planned in the B Zone to a measured depth of 7499 feet (4865 feet of total vertical depth) and a second 2500 foot lateral is planned for the E Zone to a measured depth of 8237 feet (5440 feet of total vertical depth).

Drilling is expected to take 30 days.



Since the Company's June 3rd market release, the operator has:

- Reported that all location work had been completed June 9, 2010
- Access roads are now in place
- Drilling rig assembly is complete
- A water well to supply water for the mixture of drilling fluids is complete
- The rig arrived on site June 14th

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- Set generator, diesel tanks and frac tanks
- Rugged up back yard, mud tanks and rig floor.
- Picked up and made swivel and Kelly
- Spud the well at approximately 3pm US Central Standard Time June 16, 2010

About the Yolanda Villarreal #1 Well

This well represents the largest oil well to be drilled to date by Aus-Tex since the company was recapitalized in October last year.

- As previously announced, Reservoir engineers have calculated the North Carrizo prospect reserve potential at 200,000 to 250,000 barrels of oil
- Aus-Tex will control a 45% WI through casing point, a 36% WI after casing point and a 27.36% NRI
- The operator has extensive experience with drilling in Austin Chalk formations and an excellent success record. They have been involved in a continuous drilling program since 2004. The program has produced 15 drilled locations, 14 are currently producing with an additional 14 Proven undeveloped locations identified. Lowest production from any single well is 250 barrels of oil per day.

HELD INTEREST

| Interest Holder | WI BCP | WI ACP | Net Revenue Interest |
|---------------------------|--------|--------|----------------------|
| Aus-Tex Exploration, Inc. | 45% | 36% | 27.36% |
| Other Investors | 55% | 64% | 48.64% |
| Prior Mineral Owners | 0% | 0% | 24.00 |

COMPETENT PERSON'S 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 30 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). He is a Certified Petroleum Geologist by The American Institute of Professional Geologists (CPG #11331) and The American Association of Petroleum Geologists (CPG# 4005). Mr. Lindsey has the relevant experience within the industry and consents to the information in the form and context in which it appears.

MEDIA AND INVESTOR CONTACT:

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Please visit the company web site for more information on this property and other projects that the company maintains an interest in. <http://www.austinexploration.com/>

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