



# Austin Exploration Limited ACN 114 198 471

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

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**ASX ANNOUNCEMENT**

**11<sup>TH</sup> January 2011**

**For Immediate Release**

The Manager  
Companies Announcements Officer  
Australian Stock Exchange  
Electronic Lodgement

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## **ANOTHER U.S.A. ACQUISITION TO PROVIDE BUSY START TO THE YEAR FOR FOR AUSTIN**

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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:-

- A further expansion of its United States oil and gas interests with the acquisition of a 50% working interest in The **Commencement Prospect**, marking Austin's second major oil project in Mississippi, USA, and
- A drilling program update for its recently-acquired **Bombing Range Prospect** located in Vernon Parish, Louisiana.

The latest acquisition will result in an early and busy exploration start to the New Year for Austin with wells expected to be drilled on both the Commencement and Bombing Range projects in coming weeks.

### **BOMBING RANGE PROSPECT**

This high impact USA oil target was acquired in November, with Austin taking a 34% working interest.

Drilling was scheduled to commence at Bombing Range in December but due to a mechanical issue with the drilling rig at its previous location, spudding of the well has been deferred and will now follow the completion of drilling of the first well on Austin's newly acquired The Commencement Prospect.

Recoverable reserves of this well are estimated at 505,000 barrels of oil.

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## **THE COMMENCEMENT PROSPECT**

The Company is pleased to advise that drilling of the first well on the Commencement Prospect – located in Adams County, Mississippi – will be underway shortly, after the Company was able to expedite the acquisition of the prospect. Engineering has been completed and the site was staked on the 8<sup>th</sup> January 2011.

Austin Director and Aus-Tex President, Guy Goudy, said the new team of reservoir engineers and geologists had spent considerable time undertaking a period of Due Diligence over the prospect.

“The scientific and geological characteristics of the Commencement Prospect meet all of Aus-Tex’s set criteria and requirements for acquiring a new project and allowed the Company to move ahead with this project quicker than it had originally planned,” Mr Goudy said.

“Due to the Company’s success in 2010, with solid cash flow now in place, rising oil prices and a strong Australian dollar, Austin now finds itself in a position to aggressively acquire new projects in 2011,” he said.

“With the minor delay experienced in our Louisiana prospect, the Board decided to expedite the Commencement Prospect. Following the completion of this well the operator will immediately begin preparations to spud the Bombing Range prospect.

“To be in the position to drill back- to-back wells in quick time is truly an exciting period for this Company and our shareholders.”

The operator on the Commencement Prospect is the same Mississippi-based operator that Aus-Tex joint ventured with on the successful Armstrong oil project. Aus-Tex will participate in the Commencement project at a 50% working interest for a net revenue interest of 37.5%. As was the case for the Armstrong well, the operator is the only other partner in the project and carries the remaining 50% working interest.

Aus-Tex Exploration will spend approximately US\$500,000 on drilling and completing the Commencement Well . The Company expects the capital investment to be returned in approximately 12 months with the bulk of the wells oil production occurring in the first 4 years.

## **ABOUT THE COMMENCEMENT PROSPECT**

The Commencement prospect is located in Adams County, Mississippi and is along the banks of the Homochitto River. Operations can be conducted all year round.

The well will be re-drilled to a depth of 6,650’ feet and produce the Baker and Ratcliff Sands formations that were previously produced in the Serio-Calto No. 1 Armstrong formation. The

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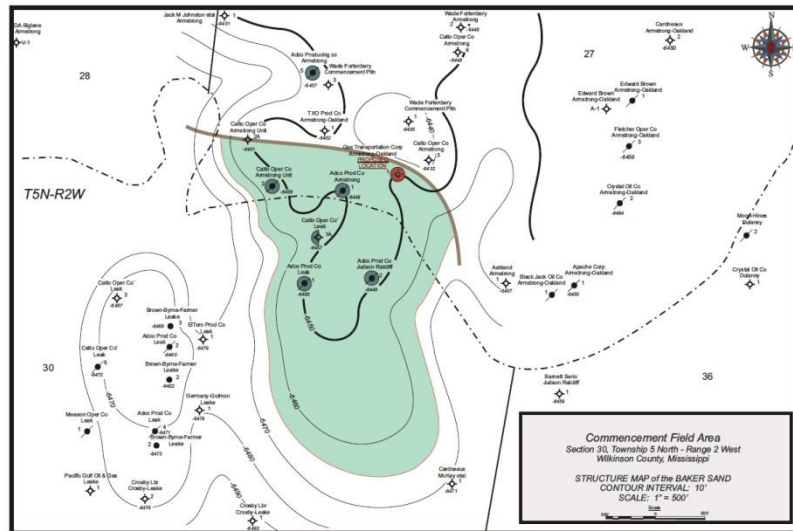
estimated recoverable reserves from this well are calculated to be between a minimum of 55,000 to 78,000 barrels of oil.

## FORMATION OVERVIEW

The Baker Sand reservoir is trapped by a shale just out to the north of the Serio-Calto No. 1 Armstrong. This shale out is evident in the Calto Armstrong No. 2-A, to the west and slightly north of the proposed location. From that point it trends to the east. The Baker reservoir has produced 610,000 BO.

## SECONDARY OBJECTIVES

The Ratcliff Sand also produced in the Serio-Calto No. 1 Armstrong. It was not cored in the Gas Transmission Corp. Armstrong-Oakland No. 1 but is present and oil bearing. Our model predicts that this zone should add an additional 7,500 BO to total reserves.



The Company looks forward to updating the market as to the progress of these projects once drilling operations commence.

## COMPETENT PERSONS STATEMENT

In accordance with ASX and AIM rules, the information in this release has been reviewed and approved by Mr. David T. Greene, Sr. Reservoir Engineer, Fidelity Exploration and Production Company. Mr. Greene holds a Bachelor of Science Degree in Earth Science and a Master of Science Degree in Petroleum Engineering and has over 30 years of oil and gas experience including exploration,

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drilling, completion and production. His background also includes evaluation, design and implementation of improved and enhanced oil recovery projects as well as pressure transient analysis, fluid properties and petrophysics. He is a member of the Society of Petroleum Engineers and the American Association of Petroleum Geologists. Mr. Greene has the relevant experience within the industry and consents to the information in the form and context in which it appears.

**MEDIA INVESTOR CONTACT:**

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