



ASX ANNOUNCEMENT

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For Immediate Release

The Manager
Companies Announcements Officer
Australian Stock Exchange
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Eagle Ford Shale Project - Update ***Drilling of first well imminent***

- **Rig arrival and spud of first well imminent**
- **Site preparations are advanced, with flow lines being laid to well site**
- **Water well successfully installed due to severe drought conditions in Texas**
- **Water flowing at 60 gallons of water per minute to provide ample water for drilling and frac fluids for Austin’s Eagle Ford wells**

The Board of Austin Exploration Limited (“Austin” or “the Company”) (ASX: “AKK”) is pleased to provide an update on its ~5,000 acre (93.5% working interest) Eagle Ford Shale Project, Burelson County, Texas, USA.

With severe drought conditions throughout Texas, Austin’s management team took the decision to drill a water well prior to the spud of the Company’s first Eagle Ford Shale exploration well. The water well has been successfully completed, and is flowing at 60 gallons of water per minute (13,627 litres per hour) , providing ample water for drilling and frac fluids for Austin’s three Eagle Ford Shale wells.

Drilling site preparations have been completed and flow lines from the water well are being laid to the well site. The Cooper 1000HP rig has been contracted from Coastal Drilling Land Company, and is expected to arrive at site in coming days. Construction of the rig is expected to take 4 days at which time drilling into Austin’s first Eagle Ford prospect will begin.

Krueger #1 will be the first of an initial multi-well programme for Austin on its Eagle Ford Shale project. The 3 vertical well drilling campaign will be the foundation for key data to accurately develop the Birch prospect. A number of known tools/techniques (traditional mud log, triple combo logs interpretation, cores) will be run/used for conventional parameters that will be combined with new unconventional tools/techniques, (Total Organic Carbon -TOC, Hydrocarbon maturity, Geomechanics) that will be key for the best development of the acquired acreage, and maximize its potential.

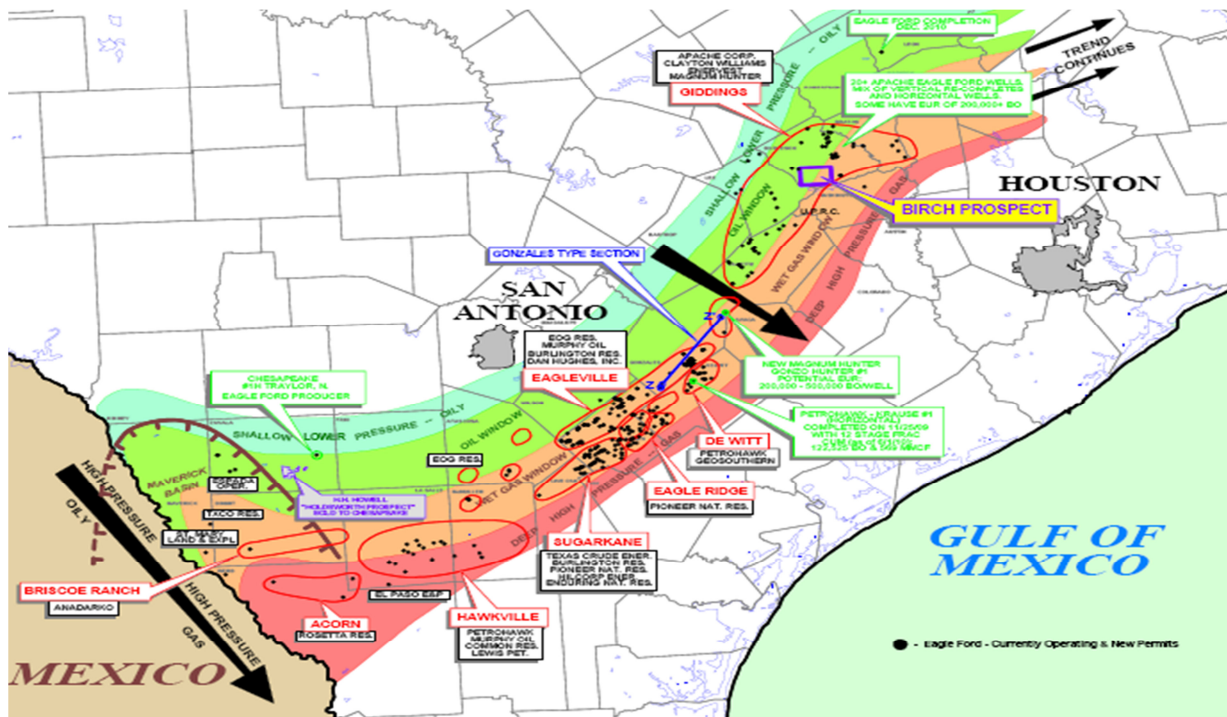
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Further, the Aus-Tex geophysical and engineering teams will also apply the following analytical methods:

1. Youngs modulus of elasticity
2. Maximum principle stress direction
3. Minimum principle stress direction
4. Proppant embedment
5. Natural fracture size consist
6. Clay content percentage in order to design optimal fracking fluids

The findings from these analytical studies of the Eagle Ford Shale formation will highlight the natural fracture orientations and ultimately decide the path forward for the first multi-stage horizontal frac to be drilled at the Birch Prospect.



Project location, demonstrating location in oil/wet gas window of the play

About Austin's Eagle Ford Shale Project

The Eagle Ford Shale is a hydrocarbon producing formation of significant importance due to its capability of producing both gas and more oil than other traditional shale plays. It contains a much higher carbonate shale percentage, upwards to 70% in south Texas, and the shale content increases as

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it moves to the northwest. The high percentage of carbonate makes it more brittle and “fracable”. The shale play trends across Texas from the Mexican border to East Texas, roughly 50 miles wide and 400 miles long with an average thickness of 250 feet. It rests between the Austin Chalk and the Buda Lime at a depth of approximately 8,000 to 10,000 feet in the project area. It is the source rock for the Austin Chalk and the giant East Texas Giddings Field – 6 counties: Bastrop, Burleson, Fayette, Lee, Brazos, and Washington.

Austin’s Eagle Ford Shale project is located in the oil/wet gas window of the play, which has proven to be the most productive area of the play, with an interpreted thickness of ~300 feet. Austin acquired its Eagle Ford Shale interests for an average of only ~\$400 per acre, well below industry peers, following a detailed due diligence including an independent technical report and analysis of 12 nearby wells, all with production. The independent technical report prepared for Austin as part of its due diligence suggested potential initial production rates of >800 bopd and NPV per well of up to \$7 million, with potential for 31 wells.



Krueger #1 – Drill site Location (Pad Work)



Krueger #1 – Pits being dug out



Krueger #1 – Staked Drill site Location

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ABOUT AUSTIN EXPLORATION:

Austin Exploration is an Oil and Gas Company with assets in Australia and the United States. Austin has strategically shifted its core focus towards non –conventional shale exploration in the United States. The Company has now established a major presence in two of Americas most prolific oil and gas basins. Austin controls more than 11,000 acres in Colorado in the Niobrara Shale and over 5000 acres in Texas in the Eagle Ford Shale. Austin has producing oil and gas wells in Texas, Mississippi and Kentucky. Austin also has a highly prospective Oil and Gas Licence, PEL 105, in the Cooper Basin of South Australia. The company’s wholly owned US Subsidiary, Aus-Tex Exploration Inc, turned cash flow positive in January 2011. To face future opportunities, Austin has strengthened its board and management teams. Austin is listed on the Australian Securities Exchange (ASX code: AKK)