



Austin Exploration Limited

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

ASX Announcement

3 June, 2010

For Immediate Release

The Manager
Companies Announcements Officer
Australian Stock Exchange
Electronic Lodgement

Largest USA based oil well drilling program now underway

- Well site location build-out for the North Carrizo well has begun
- Precision rig #305 now scheduled to move to well location
- Anticipated Spud date late next week
- Targeted daily production rates of 250 BOPD to 950 BOPD

Dear Sir/Madam,

The Board of Austin Exploration Limited (ASX: "AKK") is pleased to provide the following information regarding the commencement of the oil well drilling program at the recently acquired North Carrizo prospect in Dimmitt County, Texas, USA.

As announced on 13 May 2010, this prospect was acquired by Austin's 100% owned USA subsidiary, Aus-Tex Exploration, Inc.

The maiden drilling program now underway includes the largest oil well – Yolanda Villarreal #1 - to be drilled by Aus-Tex since the Austin subsidiary was recapitalized in October last year.

Since the May 13th acquisition of the North Carrizo prospect, Aus-Tex has been working closely with the operator to coordinate the drilling and completion program that is expected to last nearly 45 days. During this 45 day period the company plans to release regular market announcements regarding the work progress at the well.

The Yolanda Villarreal #1 well will be drilled to a target depth of approximately 5,000 vertical feet at which time two horizontal laterals will be completed at lengths of 2,000 to 2,500 feet each. Drilling will be performed utilizing an under-balanced technique that will allow for oil to be produced as the well is being drilled.

Build-out of the well site location and platform is anticipated to take approximately seven to 10 days followed by the arrival of the Precision Rig #305 at which time the rig will be raised and set for spud.

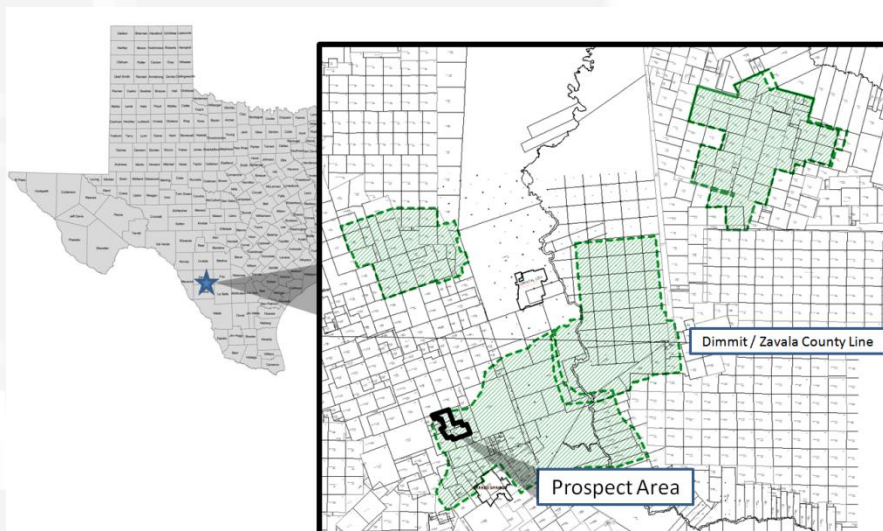
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About the North Carrizo, Yolanda Villarreal #1

The North Carrizo Prospect is an Austin Chalk formation, 3D seismic supported prospect. There are two target zones, the B Zone (Upper Austin Chalk) & the E Zone (Lower Austin Chalk).

- The North Carrizo Prospect is an Austin Chalk formation prospect which has been identified on proprietary 3D seismic data set, comprising two target zones, the B Zone (Upper Austin Chalk) & the E Zone (Lower Austin Chalk).
- The prospect will have a single well that is to be drilled as a dual lateral horizontal. Vertical target depth is estimated at 5,000 feet. Two horizontal laterals are anticipated to be completed each at lengths between 2,000 and 2,500 feet.
- By comparison, a structural analog that is adjacent to the North Carrizo prospect is contained within this same proprietary 3D seismic data set. This adjacent analogous well has produced from E Zone (Lower Austin Chalk), current cumulative production: 338,000 BO & 1.2 BCFG and is still in production today.
- Based on studies conducted from the 3D seismic interpretation and data collected from adjacent leases and analogous wells on trend, reservoir engineers have calculated a reserve potential of approx 200,000-250,000 barrels of oil.
- The operator on the North Carrizo prospect 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 in adjacent and surrounding areas. That program has produced 15 drilled locations of which 14 are in production. Lowest production from any single well is 250 barrels of oil per day and the highest 950 barrels per day.
- Aus-Tex will control a 45% WI through casing point, a 36% WI after casing point and a 27.36% NRI
- Total drilling costs to the 100% Working Interest of all parties is estimated at USD\$1,933,290



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HELD INTEREST

Interest Holder	WI BCP	WI ACP	Net Revenue Interest
Aus-Tex Exploration, Inc.	45%	36%	27.36%
Other Investors	55%	60%	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). 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/>

ENDS