



ASX ANNOUNCEMENT

21st November 2011

Drilling update - Austin's Eagle Ford shale project, USA

- Gas shows in mud-logs from Taylor Sand formation

The Board of Austin Exploration Limited (ASX: "AKK") - on behalf its wholly owned US subsidiary Aus-Tex Exploration Inc- provides the following update on drilling of the Krueger #1 well, the first well on the Company's Eagle Ford Shale project at the Birch Prospect in Burleson County, Texas, USA.

Since last week's update, drilling has intersected the Taylor Sand formation - the first of the potential hydrocarbon bearing formations outlined by Austin its pre-drilling report.

The Company is pleased to report that encouraging gas shows have been identified in mud-logs from drilling of the Taylor Sands between 6594 feet and 6615 feet.

"To encounter hydrocarbon shows in our first formation of interest is most encouraging as we drill down towards our primary objective, the Eagle Ford Shale," Austin's Chief Executive Officer, Mr Guy Goudy, said today.

"Significantly, these gas shows are consistent with productive Taylor gas sand wells in the vicinity of our Krueger #1 well, and we look forward to the results of electric logging and sidewall core analysis from this formation when drilling of the well is completed," he said.

Drilling of the Krueger #1 well is expected to reach total depth of 9200 feet by next weekend.

As previously advised, drilling of the Krueger #1 well by Coastal Rig #7 is the first well to be drilled on the Eagle Ford prospect in which Austin has a 93.5% interest.

Primary targets are the Eagle Ford formation, a hydrocarbon bearing sequence expected to be intersected at ~8,700 feet, and the Austin Chalk, which is expected to be intersected at ~8,300 feet. As well as the Taylor Sand formation just intersected, other potential hydrocarbon bearing formations that are expected to be intersected include the Buda lime formation (~9,000 feet) and the Georgetown Lime formation (~9,100 feet)."

The Krueger #1 well will be completed and fraced as a vertical well. Initially, three vertical wells will be drilled at which time the formation characteristics will be analysed by the Aus-Tex geological and engineering teams. The well demonstrating the strongest hydrocarbon potential will be the first well to be re-entered for a multi-stage horizontal "hiway" frac.

Austin Exploration Limited ACN 114 198 471

Listed on the Australian Securities Exchange (“AKK”)

The Eagle Ford Shale, with an interpreted thickness of 300 feet, is the source rock for the Austin Chalk, and is a hydrocarbon producing formation of significant importance due to its ability to produce both gas and higher levels of oil than other traditional shale plays. It contains a much higher carbonate shale percentage which can total upwards of 70% in south Texas. In addition, the brittle nature of the hydrocarbon bearing sequence makes the Eagle Ford shale more amenable to fracturing, improving the potential flow rates from wells drilled into this formation.

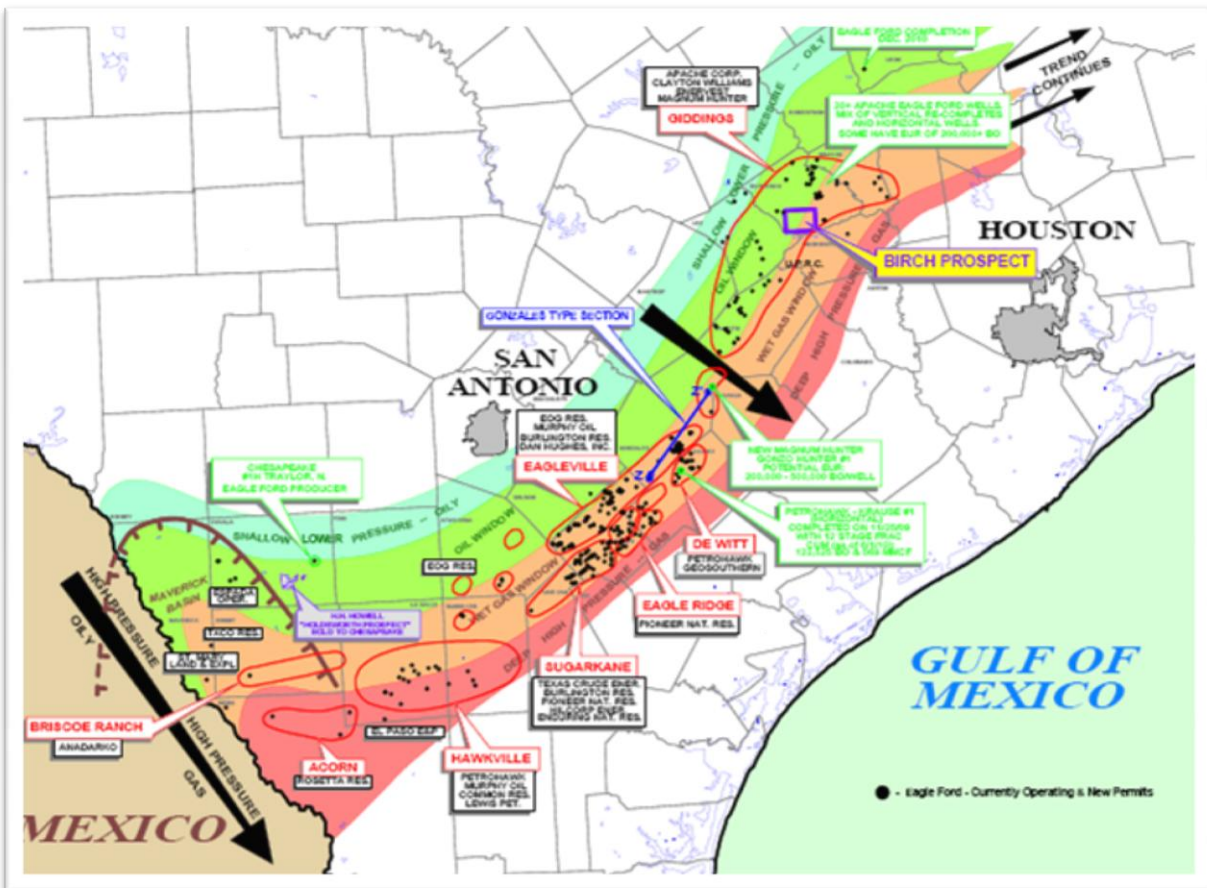


Figure 2: Project location, demonstrating location in oil/wet gas window of the play

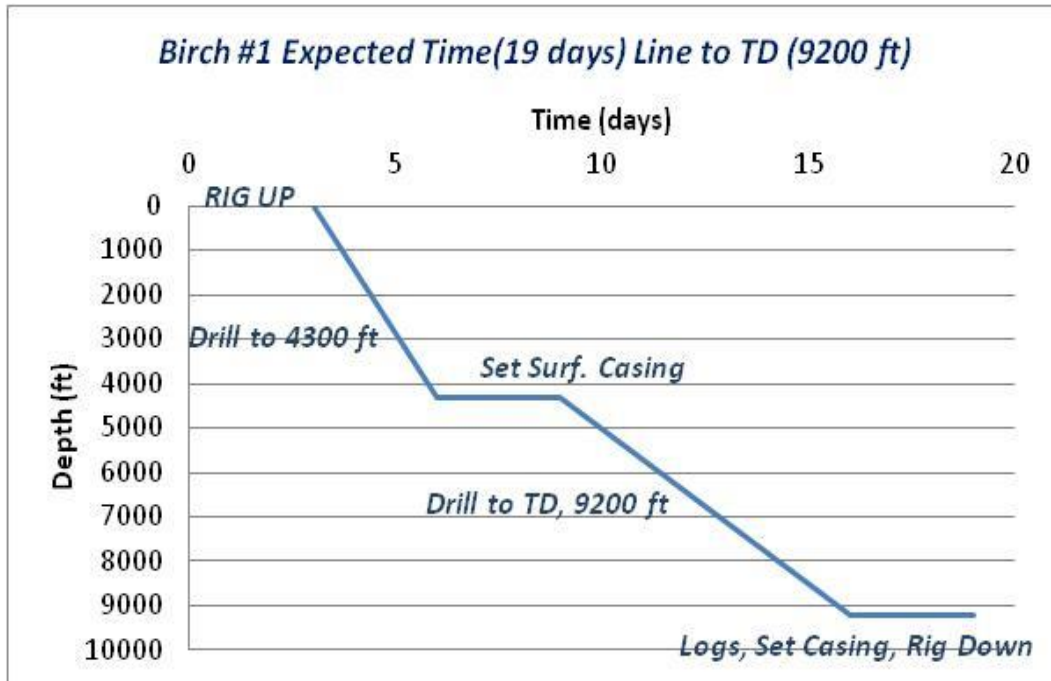


Figure 3: [Krueger #1 Expected Vertical Well Time Line]

About Austin’s Eagle Ford Shale Project

The Eagle Ford Shale 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.

MEDIA INVESTOR CONTACT

Guy Goudy
Chief Executive Officer

Austin Exploration Limited ACN 114 198 471

Listed on the Australian Securities Exchange (“AKK”)

Austin Exploration Limited

GuyG@AustinExploration.com

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)