



ASX ANNOUNCEMENT

13th February 2012

- **Austin to drill third Mississippi well**
 - **Mississippi well targeting production in Second quarter 2012**
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Austin Exploration Limited ("Austin" or "the Company") (ASX: AKK), on behalf its wholly owned US subsidiary Aus-Tex Exploration Inc., is pleased to announce the go-ahead for a new well to be drilled on the Company's Mississippi oil-producing fields.

Austin Directors said that the decision to drill a third well in Mississippi, to be called the Bourke #4 well, had been expedited following the Company's recent successful share placement.

Austin's Chief Executive Officer, Mr Guy Goudy, said the Bourke #4 well would provide a further boost to the Company's USA oil production operations in Mississippi, Texas and Kentucky and is targeted to come on line during the second calendar quarter of 2012.

"The Company is pleased to advise that the drilling of Bourke #4, our third major project in Mississippi and the first well on the HiLo Prospect (Austin 50% working interest) in Adams County, will be underway shortly, with engineering already completed and the staking of the drill site underway," he said.

"The operator on the HiLo Prospect is the same Mississippi-based operator that Aus-Tex joint ventured with on the successful Armstrong and Commencement oil projects. Aus-Tex will participate in the HiLo Prospect at a 50% working interest for a net revenue interest of 36%," he said.

"As was the case for our Armstrong and Commencement wells, the operator is the only other partner in the project and carries the remaining 50% working interest."

Mr Goudy said Aus-Tex will spend approximately US\$560,000 on drilling and completing the Bourke #4 well.

ABOUT THE HILO PROSPECT

The HiLo prospect is located in Adams County, Mississippi. The purpose of this well is to re-drill the last producing, structurally high well, in the Parker and Campbell Sands Formations. Secondary objectives that will be tested by the Bourke #4 well include the Wilson, Baker, and Benbrook Sands that have produced or have shows of oil in the surrounding wells.

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Both the Parker and Campbell Sands produced in the Channel O&G Bourke No. 3 well. The Parker produced 9,127 barrels of oil before being recompleted in the Campbell Sand. The Campbell produced 100,402 barrels of oil before being plugged as an orphan well.

The well will be drilled to a depth of 6,400 feet producing from the Campbell and Parker Sands formations if successful. The estimated recoverable reserves from this well are calculated to be between a minimum of 140,000 to 190,000 barrels of oil.

FORMATION OVERVIEW

The Parker Sand in this prospect is a fluvial channel sand that has a maximum thickness of 133'. The structure map indicates the oil is trapped in a low relief structural closure (Figure 1). A well drilled at the proposed location should encounter the Parker Sand 7' high to the Channel O&G Bourke No. 3. Initial production is expected to be about 80 BOPD.

The Campbell Sand is also a fluvial channel sand that cut the regional Campbell Sand, a shallow marine, blanket or sheet sand. As depicted on the Campbell Structure Map, there are numerous preserved meander loops that trap the oil stratigraphically on low relief structural closures, (Figure 2). A well drilled at the proposed location should encounter the Campbell Channel Sand 11' high to the Channel O&G Bourke No. 3.

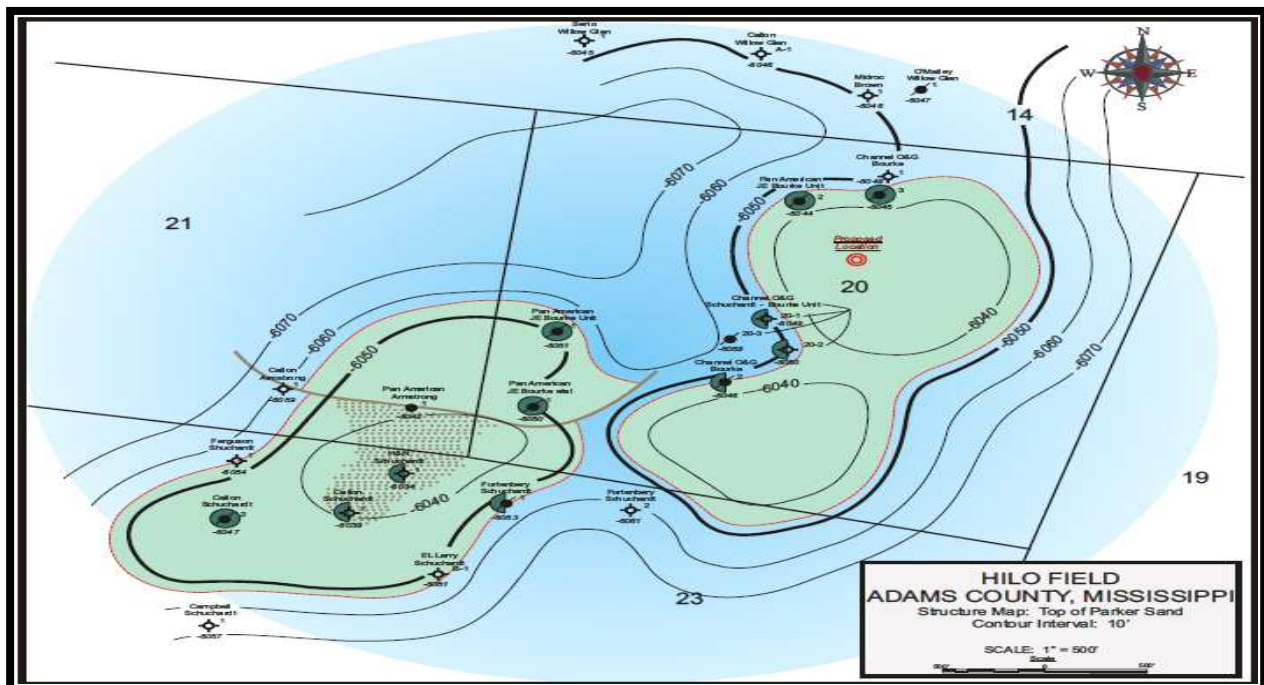


Figure 1: Structure Map: Top of Parker Sand

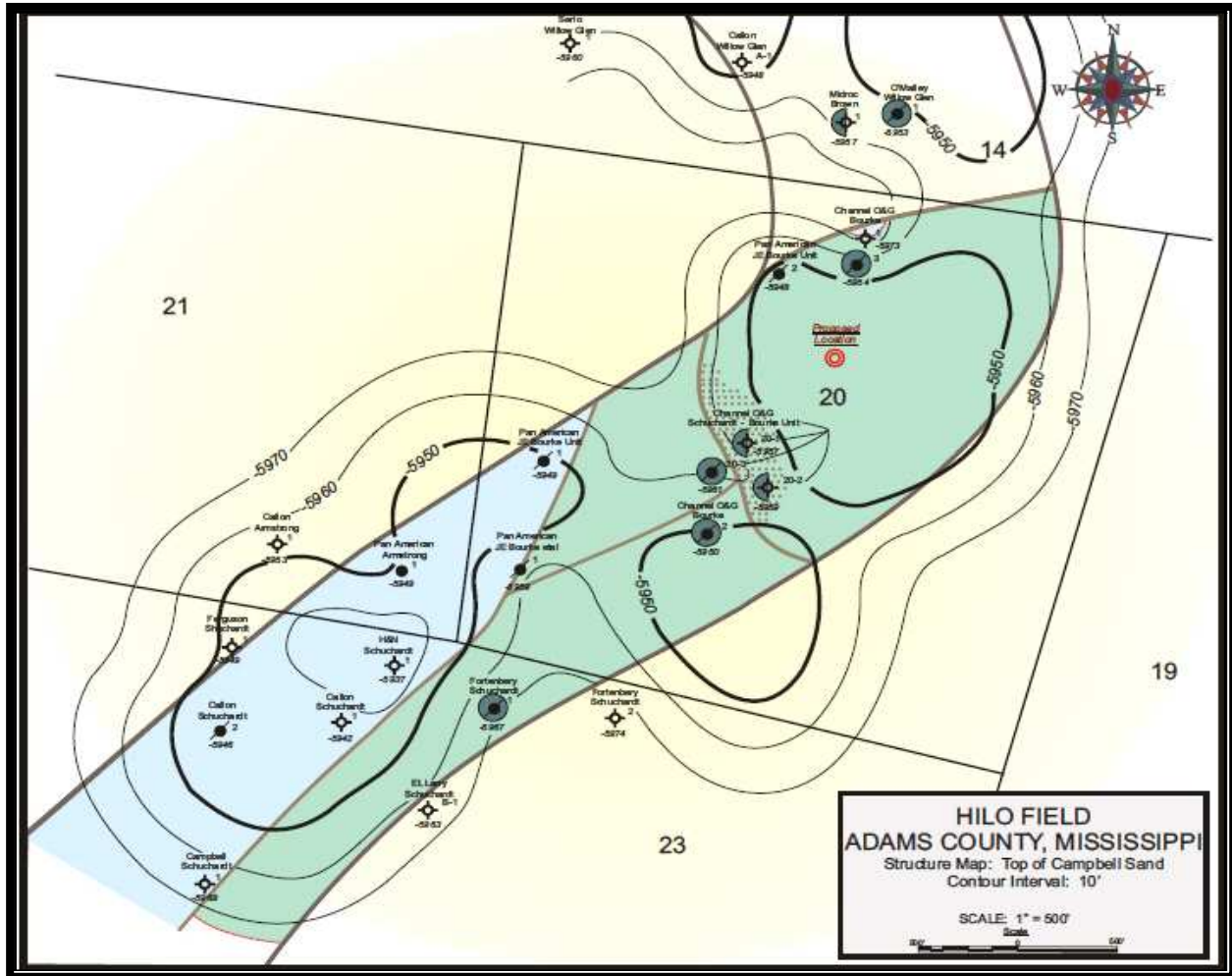


Figure 2: Structure Map: Top of Campbell Sand

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, drilling, completion and production. His background also includes evaluation, design and implementation of

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improved and enhanced 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

Guy Goudy

Chief Executive Officer

Austin Exploration Limited

GuyG@AustinExploration.com

[Phone: c/o HLB Mann Judd 03 9606 3888](tel:0396063888)

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) and on the OTC-QX International in the United States (AUN-XY)