



Austin Exploration Limited

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

ASX Announcement

8 July, 2010

For Immediate Release

The Manager
Companies Announcements Officer
Australian Stock Exchange
Electronic Lodgement

North Carrizo, Yolanda Villarreal #1 – (Day 21 market update)

Significant oil shows from secondary target

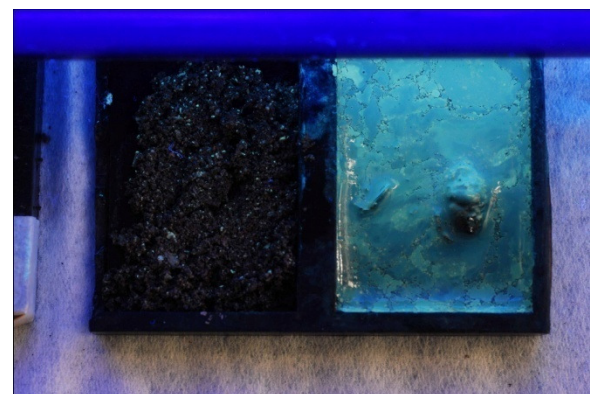
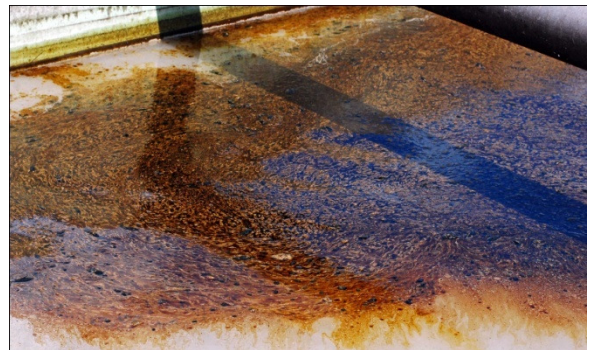
- Vertical target depth has been achieved
- First horizontal leg (of 2000 feet) now nearing completion in Upper B zone
- Two horizontal oil shows of 85 feet and 100 feet encountered in the Upper B zone secondary target
- Oil show circulated into the skimmer tank, gas pressure increasing through show intervals

Dear Sir/Madam,

The Board of Austin Exploration Limited (ASX: "AKK") is pleased to provide the following progress report on drilling of the North Carrizo, Yolanda Villarreal #1 oil well located in Dimmitt County, Texas. Aus-Tex Exploration, Inc, Austin's 100% owned USA subsidiary acquired this prospect in May and the well was spud on June 16, 2010.

Updates since the June 28 market release

- The operator has drilled to 6,300' measured depth with no issues to date. Drilling remains on schedule.
- Drilling is now under way through the first of two horizontal legs for this well, with the secondary objective B Zone of the Upper Austin Chalk already approximately 70% completed.
- Two oil shows were encountered in drilling through the more porous fractures of this B zone which began last night
- The first oil show (85') was encountered from 5,880' to 5,965'. This show circulated oil to the surface skimmer tanks. The mudlogger recorded a maximum of 1100 units of gas from a background of 200 units. This oil show had bright yellow-green



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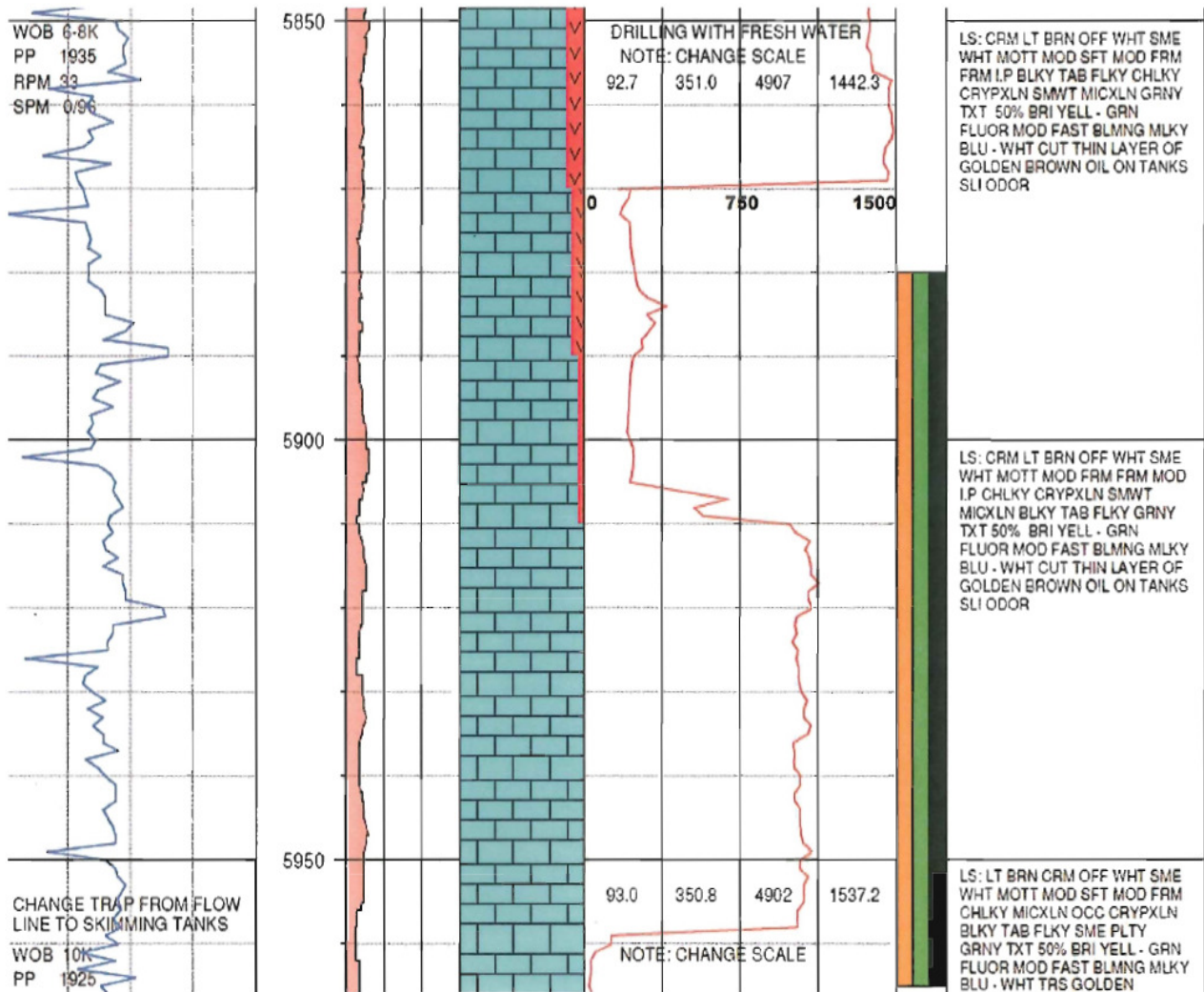
fluorescence with a moderate fast blooming milky blue-white cut.

The second oil show (100') was encountered from 6,110' to 6,210'. After a scale change, this show had a maximum 200 units of gas with 50 units of background gas. This zone has yellow-green fluorescence with a fast blooming milky blue-white cut.

- The primary Austin Chalk objective for this well is the "E Zone" horizontal leg. Drilling of this leg will commence immediately following drilling of the Upper "B Zone" lateral.
- Drilling through completion of both target zones is expected to take another 15 days.

Mud Log Sample from today:

Wednesday, July 07, 2010 1:40:16 PM



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Anticipated Post Drilling Next Steps

After completion of both the B and E zones a retrievable packer will be set above the Austin Chalk with a wireline. The hole will then be filled with 2-3% KCL water so that the drilling rig can be moved off location. A workover rig will then be brought in for completion operations. The packer will be removed and the KCL fluid swabbed. Swabbing will continue until oil is recovered at which time the oil will flow on production or a pumpjack will be installed and the well will be placed on production. A pumpjack is already on standby.

There is a gas pipeline immediately adjacent to the location. The operator has already negotiated a price for a hot tap into the gas line. Gas could be flared while the well is producing oil until the hot tap is installed.

About the North Carrizo, Yolanda Villarreal #1

This well represents the largest oil well to be drilled to date by Aus-Tex since the company was recapitalized in October last year.

- Daily production estimates for this well have been calculated by the third party reservoir engineer to range between 250 to 950 BOPD
- As previously announced, Reservoir engineers have calculated the North Carrizo prospect reserve potential at 200,000 to 250,000 barrels of oil
- Aus-Tex will control a 45% WI through casing point, a 36% WI after casing point and a 27.36% NRI
- The operator 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. The program has produced 15 drilled locations, 14 are currently producing with an additional 14 Proven undeveloped locations identified. Lowest production from any single well is 250 barrels of oil per day.



HELD INTEREST

Interest Holder	WI BCP	WI ACP	Net Revenue Interest
Aus-Tex Exploration, Inc.	45%	36%	27.36%
Other Investors	55%	64%	48.64%
Prior Mineral Owners	0%	0%	24.00

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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). He is a Certified Petroleum Geologist by The American Institute of Professional Geologists (CPG #11331) and The American Association of Petroleum Geologists (CPG# 4005). 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