



ASX ANNOUNCEMENT

11 January 2010

For Immediate Release

The Manager
Companies Announcements Officer
Australian Stock Exchange
Electronic Lodgement

Austin's Second Illinois Basin Well Now Pumping Oil at Sebree

Dear Sir/Madam,

The board of Austin Exploration Limited (ASX: "AKK") is pleased to announce that its U.S. subsidiary, Aus-Tex Exploration Inc., has completed the Russell 1A oil well located near Sebree, Kentucky, USA. The well was swabbing at a rate of one barrel of oil per hour prior to being shut-in and readied for completion. The company expects this well to be on production shortly.

Guy Goudy, President of Aus-Tex Exploration said, "With the recent increase in oil prices and the already in place infrastructure to store and sell the oil, the anticipated oil production from this single well reinforces our geologic assumptions and supports the extensive research and due-diligence that was undertaken prior to acquiring this exciting project. We are encouraged by the success of this oil well and we look forward completing three more by the end of March."



Daily transport services will be used to remove the excess water until a nearby water injection well candidate is completed to support the entire field.

THE SEBREE WORK PROGRAM

The Russell 1A oil well represents the first completion performed under the recently announced joint development agreement between KOS energy of Canada and Aus-Tex Exploration. A second well, the Russell 2 well is already on production and averaging 8.5 barrels of oil

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per day. The company anticipates that daily oil production from the number 2 will increase significantly after a planned water remediation program is completed later this month.



On Monday, December 28, 2009, KOS Energy and Aus-Tex began completion work on the Russell 1A well. This 2,700 foot well was originally drilled by a prior company in October 2009, cased and then left for later completion. A Carman Cable Tool completion rig was utilized for the job. The rig has capabilities to 3500 feet. It is a self-contained work-over rig with hydraulic tongs, power swivel, and mud pump. The planned completion targeted three separate pay zones, two in the McClosky limestone formation and another in the Tar Springs formation that is currently producing at the number 2 well. The initial perforations were performed at 2561-2564 feet. This zone flowed both oil and water, however the oil cut was not significant and consequently a bridge plug was set to close off this zone. The second McClosky target located at 2486-2493 feet was then perforated and did have an economic oil show. The zone was then acid stimulated and later swabbed. The well swabbed at a rate of one barrel of oil per hour before being shut-in. Tubing and pump have been installed and we expect the well to be on production shortly.

Infrastructure to bring this well into production is already present at the location.

The McClosky formation is known to give good long-term production periods with typical decline rates near 25% during the initial twelve months. Stabilized rates then follow.

ABOUT THE ASSET

The leases are located in northwest Kentucky. The initial focus area comprises three leases located in a prime oil producing region in the Illinois Basin. Aus-Tex and KOS Energy have identified a geologic fault on the southern edge of the acreage that indicates a large volume of oil is potentially trapped and recoverable. Historical well production also supports this belief. A significant amount of data has been collected about the oil trap and has been sent to an independent geologist for the development of a reserve report.



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The McClosky formation is the focal point of the research which, if successful, would support additional drilling of 2,700 foot wells similar to the Russell 1A. Five wells on the property all produced oil prior to being shut-in several years ago.

This held acreage is a small part of a much larger, well established oil field commonly referred to as the "Sebree Field" which contains hundreds of oil and gas wells and includes major transport and delivery infrastructure. The availability of this infrastructure reduces operating costs and drives more reliable and competitive delivery of services.

HELD INTEREST

- Working Interest of 100%
 - 50% to Aus-Tex
 - 50% to KOS Energy
- Net Revenue Interest of 75%
 - 50% to Aus-Tex (37.5%)
 - 50% to KOS Energy (37.5%)
- Remaining Revenue Interest
 - 25% to seven individual interest holders



MEDIA AND INVESTOR CONTACT:

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COMPETENT PERSONS 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.

Please visit the company web site for more information on this project and others that Austin is involved with.

<http://www.austinexploration.com/>
