



ASX ANNOUNCEMENT

20th October 2011

HIGH IMPACT COOPER BASIN PROJECT READY TO GO AS FLOODING PROBLEMS SUBSIDE

- **Cooper Basin flooding problems have cleared**
 - **Rig selection process now underway for PEL 105 drilling**
 - **P10,P50 and P90 estimates provide significant potential upside for shareholders in the short term**
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The Board of Austin Exploration Limited (ASX: "AKK") is pleased to inform shareholders that preparations are underway for the start of the oil drilling program on the highly-prospective Cooper Basin PEL 105 licence area in South Australia.

News of a start to the Cooper Basin drilling program follows an incredibly frustrating period for the Company, its PEL 105 joint venture partner, Adelaide Energy (ASX: “ADE”), and shareholders.

“We are very pleased to advise that following a recent field trip to the site, the licence area has dried out sufficiently from prolonged flooding to allow for rig access and the commencement of drilling,” Austin’s Chief Executive Officer, Mr Guy Goudy, said today.

“This project has certainly been a true test of patience for us all, especially considering its potential and the fact that our technical work to date has led us to believe that we have a reasonable chance of discovering more than one million barrels of oil from our first well on PEL 105,” he said.

“Collectively, both Austin and Adelaide Energy have always seen a tremendous amount of potential in this prospect - a view which is shared by many in the industry. The frustrating problem has been the massive floods in the region which has prevented us from getting to work on the licence area.

Austin Exploration Limited ACN 114 198 471

Listed on the Australian Securities Exchange (“AKK”)

“All of Austin’s action in the past year has been on the dramatic expansion of our USA oil and gas operations, while our Australian interests have been put on the backburner due to the massive outback floods in South Australia.

“The Austin team could not be happier that preparations for drilling of our first Australian oil well have begun.”

Mr Goudy said the go-ahead for the commencement of preparatory work on the drilling program followed a recent site visit to the licence area by Adelaide Energy, Austin’s Joint Venture Partner and Operator of the project.

“Adelaide Energy’s Managing Director, Mr Carl Dorsch, returned from the site visit with the decision that the risks associated with flooding were sufficiently reduced such that the rig selection process should begin immediately. It is expected that drilling will commence 1st quarter 2012,” Mr Goudy said.

In mid 2009, Austin and Adelaide Energy agreed to Joint Operating terms whereby, inter alia, Adelaide Energy would fund the first \$1.75 Million towards the first well, to be named Pirie #1. Following the first well, costs will be shared 50/50 for all future work.

About the prospect:

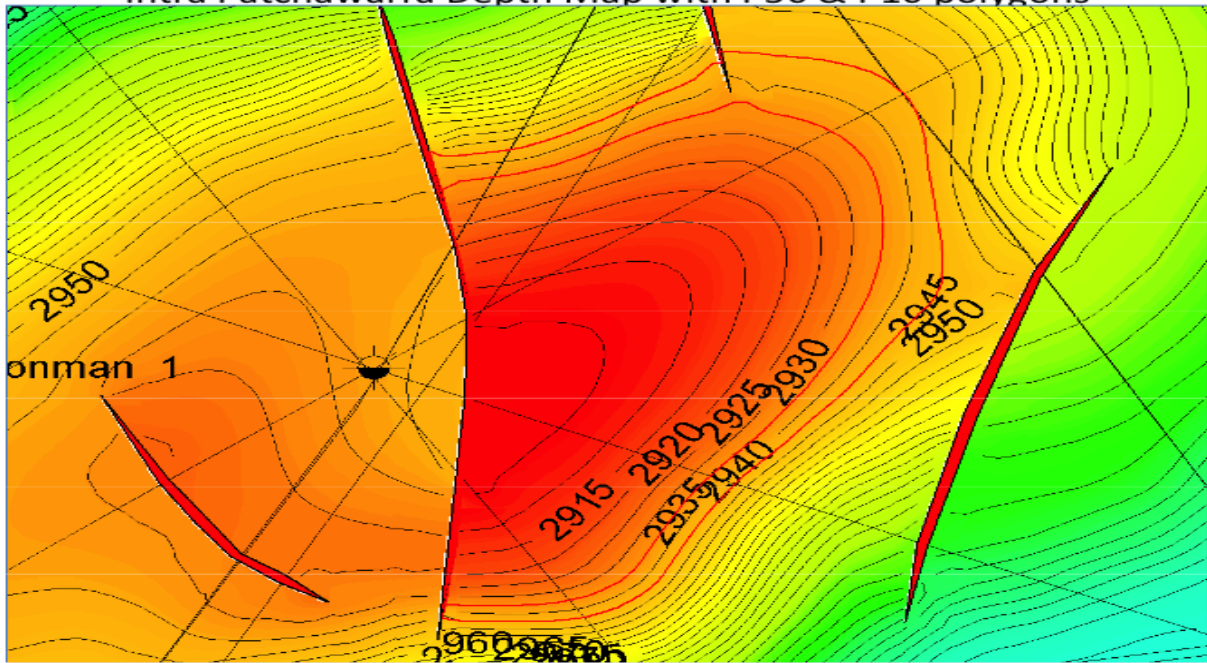
The northern Cooper Basin province hosts the massive 100MMbbl Tirrawarra Oil Field in the liquids rich Patchawarra Trough. ADE acquired 93 km of 2D seismic in 2008 to high grade drilling targets in this proven hydrocarbon province. PEL 105 spans the central Patchawarra Trough from the permits western limit between the Moorari and Kudrieke fields east to the huge Santos–operated Bookabourdie Field.

Re-interpretation of geophysical data has allowed ADE to identify a massive hydrocarbon target between the producing Moorari and Kudrieke Fields. The Pirie-1 exploration well will be drilled in Q1 2012 on a significant closure above the abandoned 1983 Toonman -1 well. The Toonman well intersected tight hydrocarbon saturated sand in an era when fracture stimulation was in its infancy. Austin and Adelaide will fracture the tight sands to access un-risked P10 OOIP of 23 MMbbl and P50 OOIP 2MMbbl.

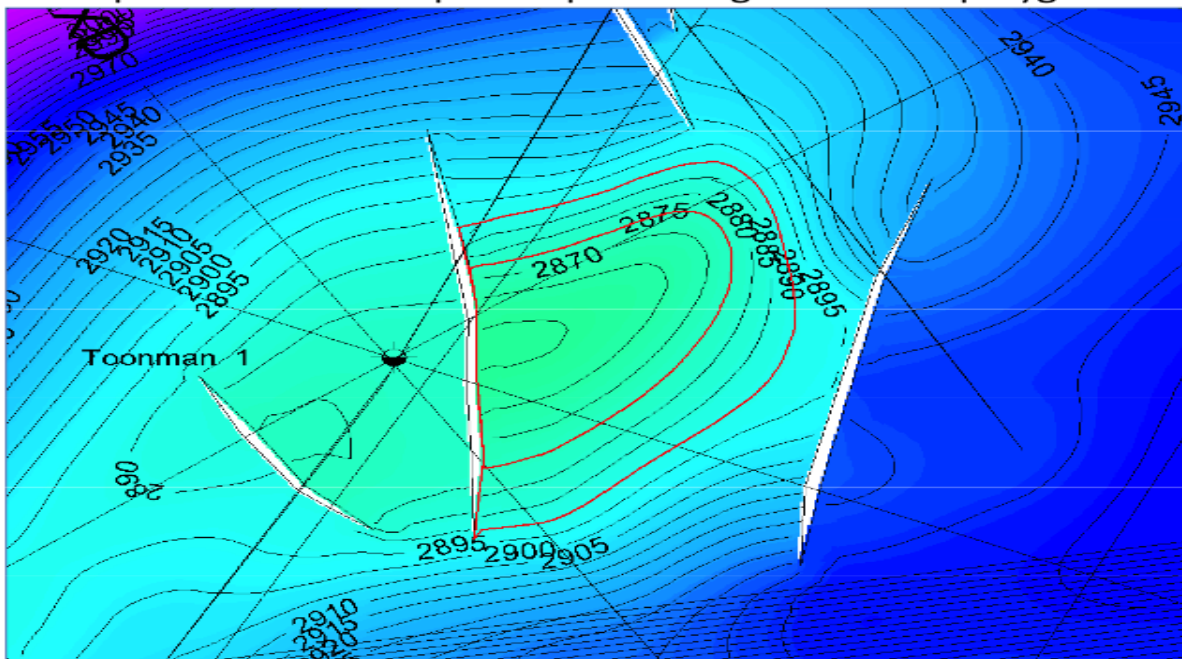
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Intra Patchawarra Depth Map with P50 & P10 polygons



Top Patchawarra Depth Map showing P50 & P10 polygons



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Pirie 1 - Predicted depths for mapped horizons

Formation Top	Two-way-time (secs)	Depth sub-sea (m)
Cadna-owie	1.546	1769
Namur	1.622	1892
Birkhead	1.748	2140
Hutton	1.786	2222
Toolachee	2.043	2778
Epsilon	2.066	2817
Patchawarra	2.091	2861
Intra Patchawarra	2.111	2900
Tirrawarra	2.164	2952

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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)