



Austin Exploration Limited

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

ASX Announcement

5 August, 2010

For Immediate Release

The Manager
Companies Announcements Officer
Australian Stock Exchange
Electronic Lodgement

Substantial initial oil flow from North Carrizo, Yolanda Villarreal well

- **Current oil flow into production at 243 barrels of oil per day (near 3,000 BOPD per month)**
- **Return of investment capital expected within next six months**
- **Austin now cash flow positive**

Dear Sir/Madam,

The Board of Austin Exploration Limited (ASX: "AKK") is pleased to announce yet another oil drilling success with positive outcomes for the company and its shareholders.

The North Carrizo, Yolanda Villarreal #1 oil well located in Dimmitt County, Texas is now on production at daily flow rates that are expected to return 100% of investment capital within the next six months.

Current oil production is averaging 243 barrels per day and the well has been on production since August 1, 2001 (USA). Current oil production is emanating from natural pressure only. After the well pressure has stabilized, the operator will put the well on pump. Daily productions rates are expected to then settle back to the original 300 BOPD initial flow rate.

This oil flow success has been achieved just weeks after Aus-Tex Exploration, Inc - AKK's 100% owned USA subsidiary - acquired the North Carrizo prospect in May 2010 and spudded the Yolanda Villarreal #1 well on June 16, 2010.

"This is a very rewarding and positive time for AKK and its shareholders, with the prudence and diligence of our new board and management team now visibly starting to deliver financial value to the company," AKK Director and Aus-Tex Exploration Inc. President, Mr. Guy Goudy, said today."

"It is most pleasing that - after promising our shareholders in October last year that we intended to turn this company around - our team and its business processes has achieved that goal in less than one year," Mr Goudy said.

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"We now have a strong foundation underpinning our plans to build a steady flow of income producing assets for our shareholders, including company-wide oil sales from in-place production that now exceed operating costs for the first time since the company was founded in 2006," he said.

"Austin Exploration Limited is now cash flow positive and holds significant investment capital for the continued growth of the company."

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

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/>

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