



AUSTIN EXPLORATION

Listed on the Australian Securities Exchange ("AKK") and the OTC-QX International in the USA (AUN-XY)
ACN 114 198 471

ASX ANNOUNCEMENT

8th May 2014

Austin working with Mizuho Securities USA on \$40million debt financing

- **Austin planning transition from exploration to development**
- **Exploration success at Niobrara and Eagle Ford is de-risking properties allowing access to debt capital for large-scale ongoing development**
- **Potential for more than 300 horizontal wells at Austin's Colorado and Texas properties**
- **Facility will allow Austin ongoing participation in highly prolific Eagle Ford drilling campaign in Texas**

Austin Exploration (ASX: AKK) has engaged Mizuho Securities USA Inc. to raise \$40 million in debt financing to fund the ongoing development of its two major oil and gas properties in Colorado and Texas.

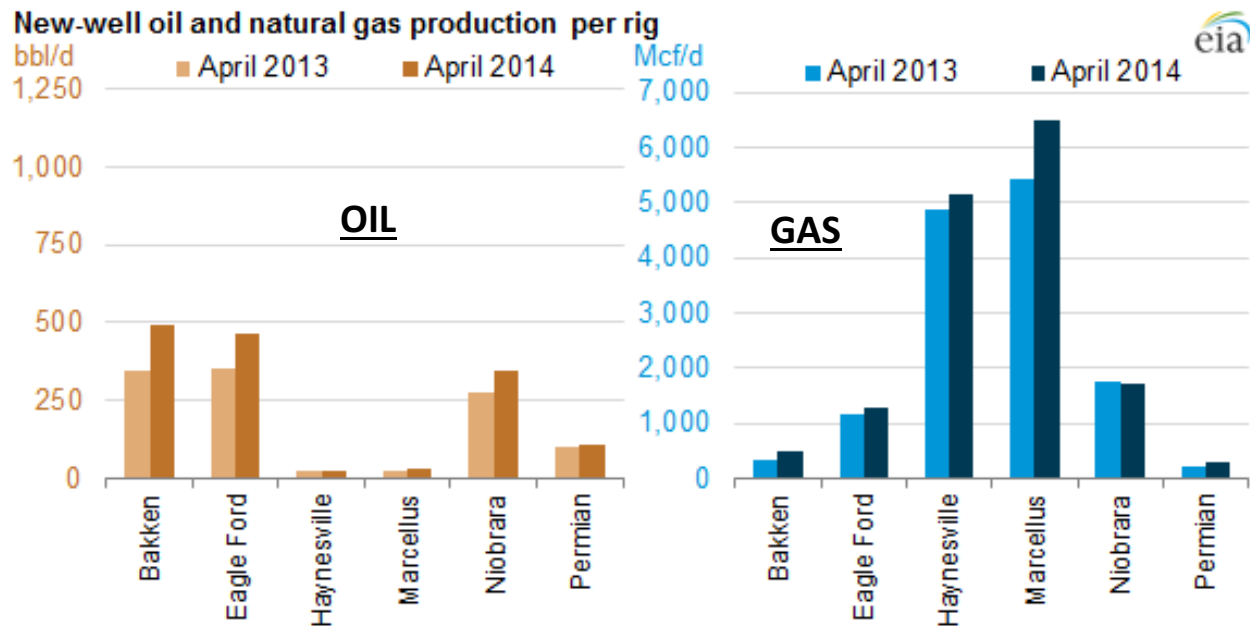
Mizuho Securities will act as an introducing broker to assemble a consortium of investors.

The funding package will be used to develop the potential of Austin's Eagle Ford and Niobrara assets following the Company's successful exploration program where every well drilled intersected oil and gas. The presence of significant hydrocarbon systems in both these properties has also been confirmed in well flow testing. While Austin's exploration has been funded from shareholder equity, now that the significant presence of oil and gas has been confirmed and the development opportunity de-risked, the Company can justify debt-funding the development of its core properties in Colorado and Texas. Accordingly the Company is now transitioning to debt for the ongoing development of these two properties.

The Company has begun an extensive formal due-diligence with Mizuho on the \$40 mil debt program. The Company expects to close on this within 90 – 120 days and will update the market as to the details of the debt program at this time.

Further, the Company's high confidence in its two core properties has been reinforced with the release of a report on the productivity of oil and natural gas wells in the US by the Energy Information Administration in the US (E.I.A.) released on March 11, 2014. This report demonstrated that Austin's Niobrara and Eagle Ford properties are in two of the three largest oil basins in the US. The report also points to a steady increase in the

size of many basins across the United States because of the increasing precision and efficiency of horizontal drilling and hydraulic fracturing in oil and natural gas extraction. Many resource-producing basins are experiencing an increasing yield over time in either oil (**Eagle Ford, Niobrara, Bakken**) or natural gas Marcellus, Haynesville). The findings are outlined in the following diagram:



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ABOUT AUSTIN EXPLORATION:

Austin Exploration is an Oil and Gas Company with a portfolio of oil and gas assets in the United States. In 2010, Austin strategically shifted its core focus towards non-conventional shale exploration and production. The Company has now established a major presence in two of America’s most prolific oil and gas basins. Austin controls more than 11,000 acres in Colorado in the Niobrara Shale and has an interest in over 5,000 acres in Texas in the Eagle Ford Shale and the Austin Chalk. Austin has producing oil and gas wells in Colorado, Texas, Mississippi and Kentucky. Austin has built a world class Board and Management team with proven company builders to derive maximum value from its oil and gas properties. Austin is listed on the Australian Securities Exchange (ASX code: AKK) and on the OTC-QX International in the United States (AUN-XY).

DISCLAIMER:

This announcement contains or may contain “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21B of the Securities Exchange Act of 1934. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance are not statements of historical fact and may be “forward looking statements.” Forward looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. Forward looking statements in this action may be identified through the use of words such as “expects”, “will,” “anticipates,” “estimates,” “believes,” or statements indicating certain actions “may,” “could,” or “might” occur. Oil production rates fluctuate over time due to reservoir pressures, depletion or down time for maintenance. The Company does not represent that quoted production rates will continue indefinitely.