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ASX ANNOUNCEMENT

14 July 2016

## Multi-well program making good progress in Colorado

- **Drilling of the Marco Polo #1 well targeting oil production from the Pierre Shale has commenced**
- **The Marco Polo #1 well is the third in a back-to-back three well program**
- **The Columbus #1 well vertical section has been successfully drilled in preparation for deviated drilling**
- **Three well program designed to maximise operational efficiencies, reduce well costs and boost cash flows**

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The Board and Management of Austin Exploration Limited (**ASX: AKK**) (**Austin or the Company**) are pleased to announce that the Company's three well program at Austin's flagship 100% owned Pathfinder project in Fremont County, Colorado is progressing well and that drilling operations are on track and on budget.

The Company has successfully completed drilling the vertical section of the Columbus #1 well and drilling operations at the Marco Polo #1 well are now underway.

On completion of the Marco Polo #1 well, Austin will have completed the vertical sections of three wells – the Magellan #1 well, the Columbus #1 well and the Marco Polo #1 well.

Following this, the Company will immediately begin its high-impact deviated drilling program where three deviated well bores will be drilled back-to-back. The deviated well bores have been designed in conjunction with high definition 3D seismic to intersect multiple fracture networks and to maximize the pay-zone thickness of the reservoir. The deviated well bores will be drilled down to the Sharon Springs formation, which is a sub-formation of the Pierre and the source rock of the oil that has migrated up into this formation.

The multi-well program follows the drilling of the first well in May, the Magellan #1 well that intersected a 790ft column of oil in the Pierre formation (ASX 26 May 2016). It is important that all three wells be drilled to the bottom section of the Pierre formation in order to maximise production potential.

Importantly, the oil in the Pierre formation is found within naturally formed fractures and therefore these wells do not require expensive hydraulic stimulation techniques.

This sequential three well program has been designed to maximise operational efficiencies and significantly reduce costs while providing a significant boost to the Company's cash flows.

Mr Guy Goudy, Austin's CEO & MD, commented that, "I am extremely proud of our small but dynamic team and the progress that has been made. We are being deliberately different in how we operate and production success at Pathfinder will lead to Austin becoming one of the lowest cost producers in the industry. Our team, that is drilling these wells internally, is working extremely hard and is very passionate about the potential of this project. The fact that we saw so much oil in the vertical section of the Magellan #1 well leads us to believe we are on the verge of something special that could take this Company to the next level."

The Company looks forward to sequentially flow testing the three wells and updates of the drilling program will be released to the market as they occur.

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**Released through Ben Jarvis, Six Degrees Investor Relations: +61 413 150 448**

#### **ABOUT AUSTIN EXPLORATION:**

Austin Exploration is an Oil and Gas Company with a portfolio of oil and gas assets in the United States. The Company has now established a major presence in two of America's most prolific oil and gas basins. Austin controls more than 15,000 acres in Colorado in the DJ Basin (Niobrara and Pierre Shale) and 4000 acres in the Illinois Basin in Kentucky. Austin has interests in producing oil and gas wells in Colorado, Kentucky and Texas. 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 in the United States (AUN-XY).

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