



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

30th May 2013

Farm-out terms agreed to develop Eagle Ford Shale assets

- **Multi-billion dollar US Energy company to fund 100% of the next 3 Eagle Ford Horizontal wells**
- **Estimated costs of three wells to be approximately USD\$24m**
- **Additional upfront Cash Payment**

Austin Exploration Limited ("Austin") has agreed with a major US Oil and Gas company (Farm-in Partner") to fund a three well farm-in at Austin's 100% owned Birch Prospect in Burleson County Texas.

The two companies expect to finalise documentation by June 30, at which time the Farm-in Partner will be announced.

Under the agreement the Farm-in Partner will fund 100% of the costs on the next three Eagle Ford wells that it drills and will earn a 70% interest in the Birch Project in return. The estimated well costs of the three horizontal wells are projected to be USD \$24mil (\$8 mil per well).

The three well farm-out agreement covers approximately 4295 acres with Austin retaining 100% of a 645 parcel of acreage.

From well number 4 onwards the capital, production and profit will be shared on a 70% (Farm-in Partner) and 30% (Austin) basis.

Additionally, Austin will receive a \$1.95 million upfront one off payment for an 18 month exclusivity option over the block during which it must complete the three well drilling program and for the sale of 70% of Austin's Krueger and Schwartz Glabreath wells contained in that acreage.

Austin Exploration Chairman, Mr. Richard Cottee said Austin had received a significant amount of interest from major companies looking to acquire an interest in the highly prospective Eagle Ford Shale project.

“Austin selected a Farm-in Partner of high commercial standing with a proven track of drilling successful wells in this area of Texas.

“We are proud of the success of our US based team which has enabled us to attract a huge partner to our Eagle Ford acreage and look forward to jointly developing this world class asset.”

In March 2011 Austin adopted a growth strategy via acquisitions in 2 of the most prolific oil and gas producing shale areas in the US (Eagle-Ford and Niobrara). This approach provided:

- 1) High Working/Net Revenue Interests and Operatorship so as to be in control of farm-out/sale process;
- 2) Low entry (price per acre) costs due to perceived “frontier” or underexplored areas that were on trend to current “hot spots” in the shale oil/ gas window; and
- 3) Establish a world-class team able to “work-up” assets to provide significant shareholder returns.

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ABOUT AUSTIN EXPLORATION:

Austin Exploration is an Australian Oil and Gas Exploration and Production Company that is headquartered in Denver Colorado. 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 America’s most prolific oil and gas basins. Austin controls more than 11,000 acres in Colorado in the Niobrara Shale and over 5,000 acres in Texas in the Eagle Ford Shale and the Austin Chalk. Austin has producing oil and gas wells in Texas, Mississippi and Kentucky. To face future opportunities, Austin has strengthened its board and management teams. Austin is listed on the Australian Securities Exchange (ASX code: AKK) and on the OTC-QX International in the United States (AUN-XY).

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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.