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**ASX ANNOUNCEMENT**

**28<sup>th</sup> January 2014**

## **Seismic program completed at Austin's Pathfinder project in Colorado**

- **Studies conducted comprised satellite imaging, surface iodine studies, and 2D seismic to locate fracture networks in the lithology of Austin Exploration's Pathfinder project**
- **The studies to guide in the Pierre and Niobrara formation drilling program**
- **Results confirm significant fracture networks on Austin Exploration's leases**

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Austin Exploration (ASX:AKK) today announced the completion of exploration studies at its 11,560 acre Pathfinder Project in Fremont county, Colorado. The results of the Company's three-stage approach, which comprised satellite imaging, surface geochemical studies and 2D seismic, confirm significant fracture networks on Austin's leases and identifies primary targets for drilling in 2014.

Austin Exploration conducted several exploration studies to better understand the fracture systems in the Pierre and Niobrara formations under its leases. The complex natural fractures systems, particularly in the shallow Pierre shale formation, are critical for production in this gravity drainage drive reservoir. Those fractures are responsible for over 15,000,000 bbls of oil produced from the Pierre shale in the Florence field to date.

These exploration studies were completed with Austin's 15% partner in the Niobrara Colorado project, Thomasson Partners & Associates, Inc. (TPA) and Austin's engineering department. TPA is a group of geological and geophysical experts with over 1000 years combined experience in oil and gas exploration. Over more than 20 years of successful operation, TPA has gained a covetable track record of an 83% success rate on all wells and a remarkable 36% on exploratory wells.

The first step of the Company's exploration technique was to conduct satellite imaging analysis while integrating geological structure analysis and subsurface geology. This Pierre satellite study has identified 8 anomalies located over the 11,560 acres of leases that Austin Exploration has acquired. Those 8 anomalies are believed to be areas with high fracture density.

The second step in finding the fractures in the lower Pierre formation is the detection of hydrocarbon leakage to the surface using a surface geochemical technique. This technique detects hydrocarbon seepage by measuring the surface Iodine. The Iodine study was conducted on all the highly fractured areas that were identified by the satellite imaging. The Company then selected a promising target in which to shoot 2D seismic.

After detecting high fracture density areas using the satellite imaging, and confirming those areas using the surface Iodine Geochemical techniques, results from the 2D seismic lines are now being used to help with selection of future drilling locations.

Dr Mark Hart, Chief Executive Officer, Austin Exploration said the engineering and geotechnical work has been conducted in preparation for Austin's upcoming Pierre/Niobrara well program planned for this year.

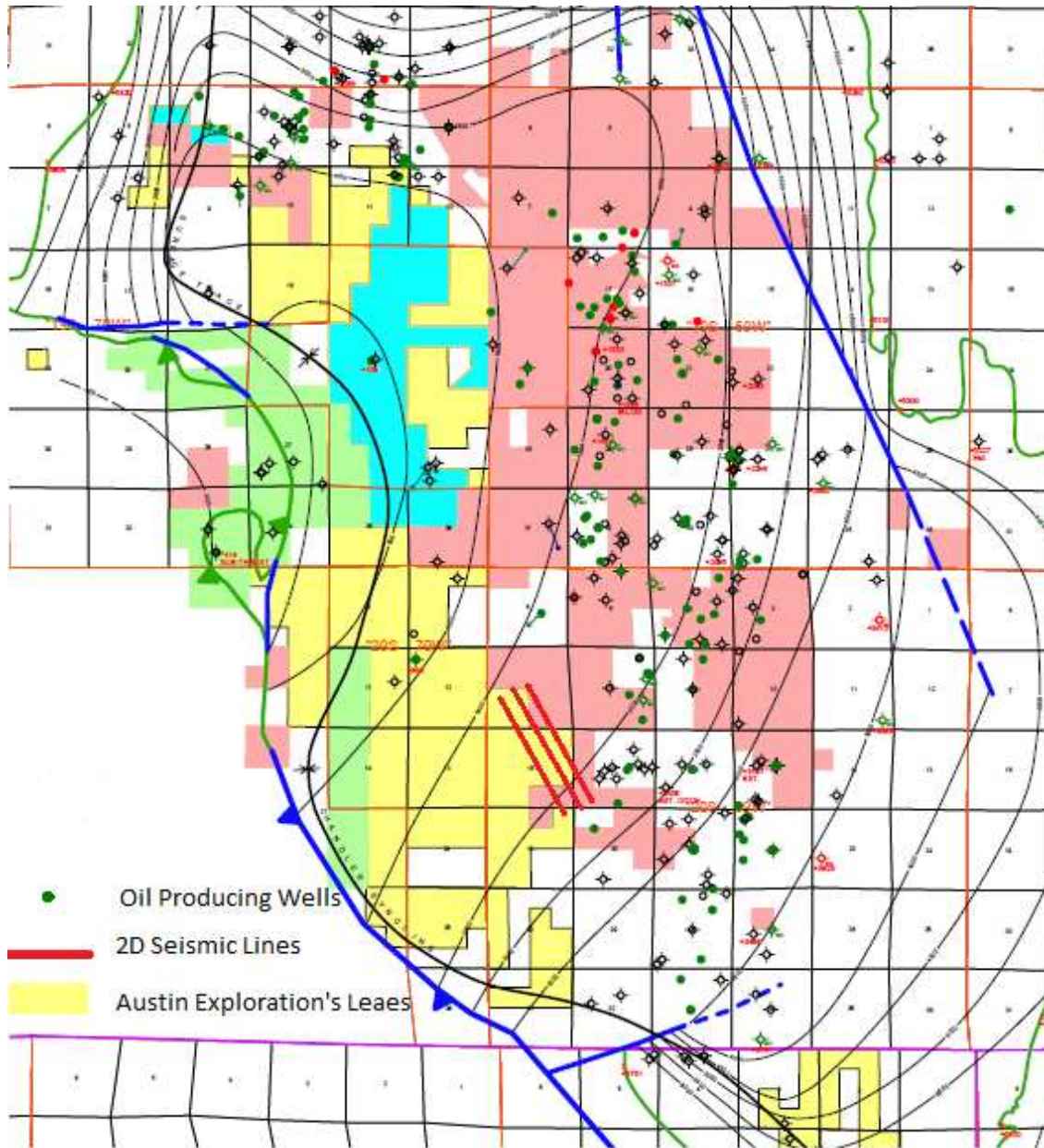
"Three lines of 2D seismic were shot over one of the best anomalies found using the satellite imaging and surface geochemistry. The results from the 2D seismic data were very encouraging and showed two anomalous areas that indicate the presence of natural fractures. Each one of those anomalous areas cover approximately 200 acres and drilling targets can be identified on each one of those anomalies," said Dr Hart.

Ms Ola Akrad, Austin's VP for Engineering and Technology, said that the exploration technique employed by Austin Exploration would help develop the Pierre and Niobrara formations.

"We believe this 3-pronged approach to drill site selection is a prudent way to enhance production recovery," Ms Akrad said.

Mr Juan Carlos Carratu, VP for Austin's Colorado Business Unit said that Austin Exploration's acreage sits directly adjacent to the prolific Florence oil field.

"These early results confirm the significant, and largely untapped, potential we see for oil and gas development in this field," Mr Carratu said.



Map showing Austin Exploration's Pathfinder project in Colorado. Austin Exploration's leases are just left of the historic Florence field.

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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).

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