



AUSTIN EXPLORATION

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

ASX ANNOUNCEMENT

11 April 2016

RENOUNCEABLE RIGHTS ISSUE & PLACEMENT TO FUND GROWTH

- Rights Issue to raise AUD\$1,733,433
- The Company is finalizing arrangements with Patersons and anticipates that the offer will be fully underwritten
- Rights to one share for every one share held at issue price of 0.4c per share
- Free attaching option for every two shares subscribed exercisable at 0.6c per share expiring 30 June 2019
- Placement to raise a further AUD\$150,347
- All Austin directors will participate in Rights Issue
- Company well placed after sustained period of consolidation, streamlining operations and significantly lowering cost base
- Outstanding balance on existing convertible note will be paid out

The Directors of Austin Exploration Limited (**ASX:AKK**) (**The Company**) are pleased to announce a renounceable rights issue of shares (**Rights Issue**) and placement of shares (**Placement Shares**) to raise a total of up to AUD\$1,883,780 before costs. Patersons Securities Limited is acting as Lead Manager to the Placement and Rights Issue. The Company is finalizing underwriting arrangements with Patersons and anticipates that the offer will be fully underwritten with formal documents to be completed in coming days.

Eligible shareholders have the opportunity to subscribe for one (1) fully paid ordinary share (**Share**) in the Company for every one (1) Share held on the Record Date, at an issue price of 0.4c per Share, together with one (1) free attaching option exercisable at 0.6c on or before 30 June 2019 for every two (2) Shares subscribed for and issued (**New Option**). The Company intends to apply for quotation of the New Options subject to the requirements of ASX Listing Rule 2.5.

As noted above, the Company will also be making a placement of 37,586,973 shares (**Placement Shares**) to an Institutional Investor at an issue price of \$0.04 per Share, utilising the available placement capacity pursuant to ASX listing rule 7.1 to raise up to AUD\$150,347 (**Placement**), together with a one (1) for two (2) free attaching New Option (**Attaching Options**). The record date of the Rights Issue will be post the issue of Placement Shares enabling the Placement participants to take part in the Rights Issue.

Further, subject to the Company entering into an underwriting agreement with Patersons, the Company will issue up to 216 million New Options on the basis of one (1) free New Option for every two (2) shares of sub-underwriting subscriptions committed by the sub- underwriters.

Partial proceeds from this capital raise will be used to pay out the balance of Austin's convertible note facility and no further shares will be issued under this facility.

The issue of New Options under the Placement and to sub-underwriters is subject to shareholder approval which will be sought at an upcoming general meeting to be held during May 2016. **Austin's Managing Director Guy Goudy commented:** "We are pleased to offer our existing and loyal shareholders the opportunity to be a part of an exciting new phase in Austin's future growth and development by participating in this Rights Issue."

"Austin's management team has worked hard to significantly lower the Company's cost base, streamline its operations and divest non-core assets and interests so that it can continue to grow and prosper in an environment of lower oil prices."

"The Board has been keenly aware of its fiduciary duty to shareholders during the current challenging economic climate, and as a consequence has had a sustained focus on prudently managing the Company's finances and balance sheet in order to survive one of the most challenging downturns in the sector in the last 75 years."

"Austin is now one of the few junior oil companies that has not only survived this prolonged downturn, but more critically is now set to become one of the lowest cost oil and gas producers on the ASX that can operate profitably with an oil price of USD\$30 p/bbl."

"This Right Issue and Placement will not only provide financial certainty and adequate funding for the next 12 months, it will deliver the financial flexibility required to maintain and develop our world class oil and gas assets in Colorado and Kentucky."

"Through Austin's strategic low cost drill rig rental agreement, we are confident that we can drill and complete an oil well for less than USD\$500k. With our flagship 15,282 acre Pathfinder Project able to accommodate more than 350 wells, a commercial discovery here would potentially deliver significant value for shareholders."

"The Company has judiciously divested its non-core assets in Texas and Mississippi for a combined total of AUD\$2.78 million. The divestment strategy has been very successful for the Company in a time when a great number of Companies are having to relinquish their properties for no value. "

"I take this opportunity to thank Magna Equities for their steadfast support which has enabled the Company to come through this challenging period."

"I thank our shareholders for their ongoing loyalty and support, and highlight that as in every such capital raising in the past, the Directors of Austin intend to take up their rights in this issue."

"I am confident that with our clear focus on low cost development in some of the most prolific oil bearing regions in North America, Austin Exploration has a very promising future. Our Team is committed to the future success and growth of Austin Exploration"

The Directors have indicated their intention to take up their full entitlements under the Rights Issue.

The Directors have determined that the Record Date for the offer of Shares under the rights issue is 5:00 pm (WST) on Tuesday 19 April 2016. Accordingly, those persons who are registered as a Shareholder on the Record Date and are otherwise considered to be an Eligible Shareholder will be eligible to participate in the offer pursuant to the rights issue (**Offer**). Shareholders whose address is outside Australia or New Zealand will not be eligible to participate in the rights issue.

Funds raised by the Company from the rights issue will be applied as follows:

1.	Repayment of Magna Management LLC convertible facility	\$312,000	18%
2.	Development of Pathfinder Project	\$1,000,000	58%
3.	Expenses of the Offer ¹	\$152,500	9%
4.	Working capital	\$268,933	15%
	Total	\$1,733,433	100.00%

Full details of the application of funds are contained in the Prospectus to be released in accordance with the timetable below.

A prospectus will be issued for the Rights Issue which will be dispatched to shareholders including an Entitlement and Acceptance Form which will entitle eligible shareholders to take up their respective entitlements on 22 April 2016.

The indicative timetable for the Rights Issue is as follows:

Lodgement of Prospectus with the ASIC	13 April 2016
Lodgement of Prospectus & Appendix 3B with ASX	13 April 2016
Notice sent to Option holders	13 April 2016
Notice sent to Shareholders	15 April 2016
Ex-date	18 April 2016
Rights start trading	18 April 2016
Record Date for determining Entitlements	19 April 2016
Prospectus sent out to Shareholders	22 April 2016
Rights trading ceases*	27 April 2016
Securities quoted on a deferred settlement basis	28 April 2016
Last day to extend Offer	29 April 2016
Closing Date of Offers*	4 May 2016
ASX notified of under subscriptions	9 May 2016
Issue date of Securities under the Offer Deferred settlement trading ends Securities entered into Shareholders' security holdings	11 May 2016
Quotation of Securities issued under the Offer*	12 May 2016
General Meeting	18 May 2016
Grant of New Options under Placement Options Offer and Sub-Underwriter Offer	19 May 2016

If you have any queries about the rights issue, please contact either the Company's Share Registry, Boardroom Pty Ltd, on 1300 737 760 or Austin's Corporate Secretary, Mr Robert Lee's on 02 9299 9580

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 Niobrara Shale and has interests 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 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.