



AUSTIN EXPLORATION

Listed on the Australian Securities Exchange ("AKK") and the OTC in the USA (AUN-XY)
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ASX ANNOUNCEMENT

17 November 2016

Strong gas flows at Marco Polo & Columbus

- High gas encountered at Marco Polo and Columbus wells in Colorado
- Gas is being flared on both wells to relieve pressure
- Presence of a "gas cap" with very high pressures indicates potential for meaningful oil discovery, flow testing will commence shortly
- Pierre formation in this region is approximately 1,000ft thicker than adjacent oil field to the east which has produced 15 million barrels, comprehensive analysis of geology is underway
- Pathfinder positions AKK to potentially be one of the lowest cost oil producers in North America

Austin Exploration Limited (**ASX: AKK**) ("**Austin**" or "**the Company**") is pleased to announce that there is significant volumes of natural gas emanating from the recently drilled Marco Polo and Columbus wells at the Pathfinder Project in Colorado, USA. The strong gas flows were evident as the Company prepared for flow testing these wells for oil production. Austin's engineers are currently flaring the gas to bleed off the high gas pressures. The Company will continue to bleed down the gas until it is safe to allow for oil flow testing operations to commence.

The gas volumes emanating from Marco Polo and Columbus is highly encouraging and potentially an early indication that oil reserves remain in virgin territory. Under initial reservoir conditions in a formation, gas is found in solution in crude oil. As reservoir pressure decreases, less gas can be contained in solution in the oil, and the gas bubbles out as a separate phase in the reservoir formation.

This gas phase flows more easily than the oil because of its low viscosity. The presence of gas in the Pierre formation at the Pathfinder Project, which is to the west of the current oil production, supports higher reservoir pressures and a lack of oil depletion or drainage.

The drilling of the current three well program has confirmed geologically, that the Pierre formation is approximately 1,000ft thicker than the Pierre formation to Austin's east where more than 15 million barrels of oil has been produced

in Florence Oil Field. The Company is conducting a comprehensive analysis of the geology of the Pierre formation using logging data obtained during the drilling program which will be used to maximise production potential as field development progresses.



Marco Polo # 1 well – gas being flared ahead of flow tests for oil

Austin’s Executive Chairman Guy Goudy commented: “While it is still early days at Pathfinder, we are very pleased with the amount of oil and gas we have encountered in this section of the property and to hit hydrocarbons on all three wells is a very encouraging result. We are seeing an immense amount of energy that is coming out of these well bores and this is a very exciting time for the Company as we transition to production.

“2016 has been a challenging year for the oil and gas industry, however, we are very fortunate to be one of the few companies that is capable of executing an aggressive growth strategy with an excellent property to drive value for shareholders. We drilled these wells for about half the cost of previous wells in the field and for our first three wells, our team continues to achieve outstanding results.

“The discovery of commercial oil volumes and confirming an extension of the 15 million barrel Florence oil field was significant step forward for the Company. We can now move into a production and development phase at Pathfinder which positions Austin to become one of the lowest cost oil and gas producers in North America. The Company looks forward to updating the market on flow testing operations on these two wells.”

For video footage of the Marco Polo #1 & Columbus #1 wells, please visit www.austinexploration.com

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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. 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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