



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

26 September 2016

Austin Completes \$1.65M Placement to Advance Pathfinder Project

- **Funds will be deployed to significantly increase the value of Austin's Pathfinder project through further drilling and 3D seismic acquisition**
- **Drilling of the Columbus #1 Well imminent**
- **Flow testing of three wells to commence on completion of Columbus #1 Well**

The Board of Austin Exploration Limited (ASX: AKK) (the **Company** or **Austin**) is pleased to announce that it has resolved to complete a placement of its securities (**Placement**) to raise AUD\$1.65 million to advance the development of its flagship oil and gas program at the Company's 100% owned 15,773 acre Pathfinder project in Colorado.

The Placement will comprise the issue of 276,000,000 shares to sophisticated and professional investors at an issue price of \$0.006 per share, together with one free attaching options for every three shares subscribed for and issued under the Placement. The options will be quoted options exercisable at \$0.006 each on or before 30 June 2019.

Patersons Securities Limited is acting as lead manager to the Placement.

The issue of the new shares and options under the Placement shares will fall within the Company's placement capacities pursuant to ASX Listing Rule 7.1 and 7.1A. The Company will also utilise its capacity to issue 125,000,000 shares, which was previously approved by shareholders at its August 2016 Extraordinary General Meeting.

The funds raised from the Placement will be allocated to further advancing development at Austin's flagship Pathfinder asset in Colorado, including further drilling and expanding the Company's 3D seismic program by two square miles.

Upon completion, this would mean that a total of three square mile sections of the Pathfinder property will have 3D seismic coverage, significantly increasing the value of Austin's property. The Company's current 15,773 acre position is large enough to accommodate 390 wells in the Pierre formation alone.

The property is located in the hydrocarbon rich DJ Basin and has several deeper oil and gas bearing formations, including the Niobrara, the Greenhorn, Grenaros and Codell formations, which will be evaluated when oil prices strengthen.

The Company is currently completing a three well program at Pathfinder. Drilling of the Magellan #1 Well and the Marco Polo #1 Well has now been completed, with both wells intersecting hydrocarbons during drilling. The final phase of drilling of the Columbus #1 Well will commence this week. This final phase includes the drilling of a deviated well bore that has been designed to intersect multiple oil bearing fracture networks, identified through high definition 3D seismic. Upon conclusion of drilling, the Company will commence flow testing operations of all three wells to test for oil production.

Austin’s Executive Chairman Guy Goudy commented: “We are very grateful for the support shown by Paterson’s and the investment community for the Company and our Pathfinder property. It is a very unique property that remains highly economic at low oil prices and with a great deal of upside when energy prices recover.”

“We look forward to soon completing drilling on the Columbus #1 Well and then moving to flow test all three wells for commercial oil production. Following that we will begin planning on our next series of wells, including a new 3D seismic program to identify additional high grade drilling targets, thereby further de-risking the property.”

Material results will be communicated to the market as they occur.

In accordance with listing rule 3.10.5A in relation to shares issued under the company’s 7.1A capacity details of the placement are:

Effect of raising

The effect of the announced raising on the capital structure of the Company is set out below.

Shares

	Number	Dilution
Shares currently on issue	1,119,094,044	
Placement		
Shares to be issued under shareholder approval at 9 August 2016 General Meeting – Resolution 5	125,000,000	8.96%
Shares to be issued under LR7.1 placement capacity	40,000,000	2.87%
Shares to be issued under LR7.1A placement capacity	111,000,000	7.96%
Total Shares on issue after completion of the Placement	1,395,094,044	19.79%

Options

	Number
Options currently on issue - exercisable at \$0.03 on or before 18 September 2017	20,711,839
Options currently on issue - exercisable at \$0.01 on or before 30 June 2019	48,400,000
Options currently on issue - exercisable at \$0.006 on or before 30 June 2019	456,525,290
Options issued pursuant to the Placement under LR7.1 placement capacity	92,000,000
Broker Options subject to approval at the AGM to be held in November 2016	53,120,000
Total Options on issue after completion of the Placement	670,757,129

The Company completed a 1 for 1 renounceable rights issue in May 2016 at \$0.004 per share. The Board believe the benefits flowing from funds raised in this placement at a 50% premium to the May 2016 rights issue outweigh the inability of shareholders to participate. The additional funds will allow further development and drilling at the Company's 100% owned 15,773 acre Pathfinder project in Colorado.

The issue is not underwritten and direct costs of the raising are a \$50,000 (plus GST) management fee and 6% (plus GST) commission on funds raised under the Placement.

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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).

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.