



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

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ASX ANNOUNCEMENT

2 July 2012

## Drilling Commenced at Austin Exploration's largest oil well – Niobrara Pathfinder Project

- **Pathfinder C 11-12 #1 well in Colorado spudded on 30<sup>th</sup> June, with multi-fracture stages planned**
- **Drilling operations currently underway in Colorado, Texas, Mississippi & Kentucky, including second Eagle Ford vertical well and Bourke #4 well**
- **Strong cash position with \$22M+ in the bank**
- **Austin on-track to meet announced quarterly drilling schedule**

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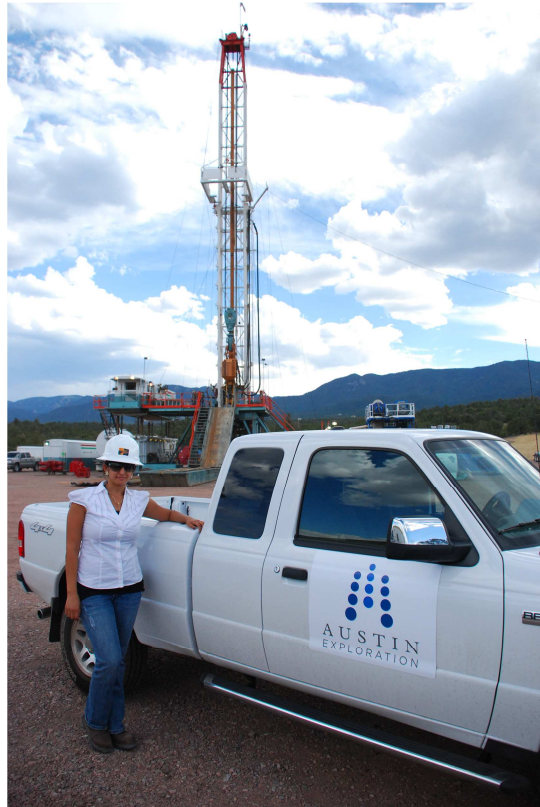
Austin Exploration ("Austin"; ASX:AKK) commenced drilling its first horizontal shale oil well on June 30<sup>th</sup> at the Niobrara Pathfinder Project in Fremont County, Colorado. Targeting the Niobrara shale formation, Pathfinder C 11-12 #1 is the largest oil well Austin has drilled since it listed on the ASX in 2006. The well will be drilled to a total Measured Depth (MD) of approximately 9100 feet, including a 4000 ft horizontal leg with multiple frac stages planned.

Chief Operating Officer Guy Goudy said this was a significant event for the Company, given its location in the prolific Niobrara shale region.

"The Niobrara shale formation, spanning the Rocky Mountains region, is increasingly commanding industry attention as a significant shale oil play in the US", said Mr Goudy.

The company controls 85% of the Pathfinder Project, covering 11,560 acres in the Denver-Julesberg Basin. Drilling of the Pathfinder C 11-12 #1 well follows an extensive period of engineering and due diligence undertaken by Austin's team which began early in 2011. Importantly, in a first for the Company, Austin will be the operator of record for this project.

The Niobrara formation is approximately 500 feet thick within the project area. Surface lineaments suggest the presence of fractures west of Florence Field.



AUSTIN’S GENERAL MANAGER FOR COLORADO, MS OLA AKRAD,  
ON-SITE AS THE LES WILSON RIG #30 PREPARES TO SPUD

### **Drilling Schedule Update**

Austin Exploration remains on-track to meet the drilling schedule outlined in the Company’s recent Quarterly Activities report. The Company looks forward to reporting the results of the drilling operations as they become available. A more extensive update will be reported in the Company’s Quarterly Activities report.

Of particular note are the following developments:

#### **Texas Birch Project – Eagle Ford Shale:**

Drilling is currently underway at Austin’s second vertical well in its Eagle Ford three well drilling program. Once all three vertical wells have been drilled, the well showing the strongest geologic potential will be selected for horizontal drilling with multiple fracture stages.

The Company controls more than 93.5% of over 5000 acres in the Austin Chalk/Eagle Ford belt in Burleson County, Texas.



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### **Bourke #4 well – Mississippi:**

Drilling of Austin’s third well in Adams County, Mississippi, the Bourke #4 well, is underway. The Company is hopeful that it can replicate the success of its first two Mississippi wells that produced initially at rates of 135 BOPD and 82 BOPD. Both of these wells continue to produce at economic levels and are expected to last for several more years. Austin has a 50% working interest in this project.

### **Kentucky Exploration Inc:**

Drilling operations have recommenced in Kentucky with the Company identifying 4 shallow lost-cost oil wells to re-enter. These wells were shut-in in the 1950’s and 60’s as low oil prices made it uneconomical to continue operations. With increased engineering expertise combined with modern day advancements in drilling technologies, the Company is confident that it can further boost its daily production as it continues towards its targeted daily production of 40BOPD in 2012. Austin is in a 50% joint venture in this project.

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### **ABOUT AUSTIN EXPLORATION:**

*Austin Exploration is an Oil and Gas Company with assets in Australia and the United States. 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. Austin has producing oil and gas wells in Texas, Mississippi and Kentucky. Austin also has a highly prospective Oil and Gas Licence, PEL 105, in the Cooper Basin of South Australia. The company’s wholly owned US Subsidiary, Aus-Tex Exploration Inc, turned cash flow positive in January 2011. 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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