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ASX ANNOUNCEMENT

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Austin Exploration turns cash flow positive

- **Production increases across the entire company contribute to this major milestone**

Austin Exploration ("Austin" or "the Company") (ASX:AKK) is pleased to advise shareholders that the Company is now cash flow positive on a monthly basis.

This significant achievement marks the success of Austin's development strategy of simultaneously advancing multiple projects. Oil production and monthly cash flow has increased as the Red Bud well in Texas was put into production. The Curington well in Texas is now in flow back testing and is expected to begin generating monthly cash flow shortly. The Seaducer well is also currently being drilled in Texas. Austin met all required cash calls for these three wells. As a result, the Company will be receiving the maximum possible cash flow as each well goes into production.

Whilst the production performance from the Company's assets in Texas is extremely encouraging, other factors are contributing to the positive cash flow. Production from the Kentucky wells is at its highest level ever. Oil production has increased in Colorado and the sale of heavy gases in Colorado is now occurring. Strong production continues from Austin's Mississippi wells. The cash flow milestone is also a result of the internal control of operating expenses and costs following the recent drop in oil price.

Austin's Chief Financial Officer, Lonny Haugen said, "We are extremely pleased with this significant milestone. Excess positive cash flow on a monthly basis will now be utilized to further increase production and cash flow. This represents a proud moment for the entire company."

Austin's CEO and Managing Director, Dr. Mark Hart, said, "This accomplishment is a reflection of the focus, dedication, and capabilities of the entire Austin team – from the executive management team through all operations. Austin is now very well placed to significantly ramp up production for its diverse portfolio of oil and gas assets in Texas, Colorado, Mississippi, and Kentucky. We have significant untapped potential in our portfolio. By covering all operating and administrative expenses on a monthly basis, excess cash flow will now be used to drill further wells and further increase production and cash flow", Dr. Hart said.

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Media Contact

Martin DeBelle, Citadel

+61 2 9290 3033

+61 409 911 189

mdebelle@citadelpr.com.au

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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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.