



AUSTIN EXPLORATION

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

ASX ANNOUNCEMENT

10th December 2013

Austin's largest ever drilling campaign set to commence this month

- **Halcon Resources Corporation to start Eagle Ford drilling in coming weeks**
- **Austin to spud its fourth Mississippi well, in January**
- **Low cost drilling program continues in Kentucky adding essential cash flow**

Austin Exploration (ASX:AKK) today announced its largest ever drilling campaign will commence in coming weeks in the United States, following the completion of all pre-drill planning work for its multi-state program in Texas, Mississippi and Kentucky.

Austin's Management and Engineering teams have worked tirelessly this year to set this program up which, if successful, has the potential to re-rate the Company into a mid-tier oil and gas producer.

Austin CEO & Managing Director, Dr Mark Hart, said the Company was now positioned for a period of growth on the back of production, bankable reserves, land value, substantial cash flows and profitability.

Austin COO and Executive Director Guy Goudy said, "Austin has positioned itself to capitalise on the shale boom that is predicted to drive North America to become a self-sufficient energy producer by 2020."

OPERATIONS UPDATE:

Texas:

5,000 acre, four-well farm-out program with Halcon Resources Corporation & PetroMax Operating Company, Inc

Austin's largest ever drilling campaign is scheduled to begin this month.

As announced to the ASX on the 30th of July, Austin successfully closed two farm-out deals on a four-well drill-to-earn Eagle Ford program at the Company's Birch property in Texas. Halcon and PetroMax were chosen for this project due to their historical success in the Eagle Ford Shale. Austin will be free-carried on the drilling costs of the three-well program with Halcon, and on one well with PetroMax. The total cost of each well is expected to be US\$8-10 million per well bringing the total cost of the four-well Texas farm-out program to US\$32-40 million (8,000' to 10,000' laterals).

Austin's Eagle Ford properties are included in Halcon's El Halcon project where initial production rates as high as 1,262 BOEPD were announced in Halcon's Third Quarter 2013 Report.

This is a significant milestone for both Austin and Halcon, as the Operator of the well, which holds high expectations in view of the productivity of surrounding fields.

The PetroMax drilling operations are expected to commence immediately following Halcon.

Mississippi:

Final preparations are underway to drill Austin’s fourth well in Mississippi.

The Bourke #5 well will be the second well drilled on the HiLo Prospect and will be drilled as an offset well to the Bourke #4 well, which had initial production rates of 248 BOPD and has produced more than 15,000 barrels since going into production in late 2012.

The Company received the final drilling permits on the 9th of December and drilling is expected to commence in the next two to four weeks. As was the case for the previous wells drilled in Mississippi, Austin will have a 50% interest in the well, with the Operator carrying the remaining 50% interest.

The decision to drill the new well follows the Company’s 100% success rate in Mississippi, where oil production has increased with every well drilled and the production from an adjacent well produced 109,529 barrels from the Parker and Baker sands.

Well Name	IP	Depth	Formation
Ellislie No. 1	82 BOPD Drilled 2010	6,445’ – 6,450’ TVD: 6,585’	Armstrong Sands
Armstrong No. 1A (Commencement)	135 BOPD Drilled 2011	6,445’ – 6,450’ TVD: 6,650’	Baker Sands
Bourke No. 4 (MS #3)	248 BOPD Drilled 2012	6,108’ – 6,111’ TVD: 6,410’	Parker Sands
<i>Bourke No. 5 (MS #4)</i>	<i>Proposed</i>	<i>6,500’</i>	<i>Parker & Campbell Sands</i>

Austin has already invested the capital for the battery production facilities and will connect the Bourke #5 well into these facilities. In addition to this investment, the Company has already invested the capital into roads, pads and civil construction. As such, the Company expects to invest approximately \$350,000 - \$400,000 into this well.

Kentucky

Progress continues at Austin’s shallow, lost cost, high impact drilling program in Kentucky. Daily production as high as 28 BOPD has been achieved providing a further boost to the Company’s cash flows.

Austin is operating four oil fields that cover approximately 3000 acres in Kentucky. The Company is bringing the most advanced engineering and drilling technologies, stimulation methods and engineering principles to capitalise on the underexplored and underdeveloped potential of the Kentucky oilfields. The Company expects continued success in Kentucky in 2014 with a production goal of 40 BOPD being set.

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).

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.