



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

12 May 2014

Share Purchase Plan to fund accelerated development of Eagle Ford drilling with Halcón Resources Corporation

- Funding allows Austin participation in accelerated drilling program in Texas
- Eagle Ford drilling program accelerated due to the success of the Stifflemire #1H well that had an initial production test rate 1,066 BOEPD
- Austin is progressing a significant debt program for the development of its proven Niobrara and Eagle Ford properties

Austin Exploration's ("Austin" or "the Company") (ASX:AKK) recent drilling success in the Eagle Ford Joint Venture with Halcón Resources (Halcón) has created new opportunities to accelerate the Company's development as an oil and gas producer. Halcón has now confirmed that Austin's Birch property is in the 'sweet-spot' of its 'El Halcón' Eagle Ford Shale play.

The Stifflemire #1H well has been a major success and has flowed consistently at rates over 1000 BOEPD during initial testing.

The success of this first well caused Halcón to accelerate development of this field and, as such, Austin urgently requires additional capital to ensure its short-term participation and benefit from this prolific oil field. As a result of this success the second and third Halcón-carried wells are now being drilled. Additionally, Austin is being carried on a fourth well later in the year with PetroMax Operating of Texas.

Last week Austin announced it had engaged Mizuho Securities USA Inc. to raise US\$40 million in debt financing to fund the ongoing development of its two major oil and gas properties in Colorado and Texas which have been de-risked through successful exploration over the past three to four years.

Under the terms of the Texas Eagle Ford farm-out, Halcón committed approx. US\$24-30 million to a three-well program with Austin benefiting from a free-carry whilst retaining an ongoing 30% working interest post drilling of the third well. After the third well Austin is required to contribute 30% to the drilling costs for participation in additional wells.

Accordingly, Austin is undertaking a Share Purchase Plan to strengthen its balance sheet and provide sufficient working capital for participation in the next (fourth) Eagle Ford well to be drilled in its partnership with Halcón Resources, and the resulting revenue stream. Austin's share of this well is expected to cost US\$2.4-\$2.7million with pay-back in less than a year. The funds raised from the SPP will serve as a bridge until the debt package is completed.

The Board and Management are participating in the Share Purchase Plan.

The Share Purchase Plan (or "the Plan") will be offered to existing shareholders who will have the opportunity to subscribe for up to \$15,000 worth of new shares in the Company at a price of 1.0 cent per share. Registered shareholders as of the 9th May 2014 will be eligible to participate in the Plan. The Share Purchase Plan will close on the 2nd of June and shareholders will be mailed the relevant paperwork over coming days.

Austin Exploration Managing Director and Chief Executive Officer, Dr. Mark Hart, said the continuing strong oil flows at the Stifflemire #1H well provide the clearest justification for the rapid development of the Birch field.

"The new capital will pay for our continued role in the fast-growing Birch oil field, while the revenue generated will both underpin the drilling program and debt facilities required for Austin to develop the much larger Niobrara Pathfinder Project in Colorado. The Sifflemire well is continuing to perform above our expectations.

"The Birch field provides a 'stepping-stone' to the independent development of Austin's flagship Niobrara 'Pathfinder' Prospect which is more than twice the size of the Texas Birch Eagle Ford property", Dr Hart said.

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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. 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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