



AUSTIN EXPLORATION

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

ASX ANNOUNCEMENT

28 July 2016

Colorado Multi-Well Drilling Program Update

- **Multiple oil shows evident during drilling of Magellan # 1 Well**
- **Drilling operations are on budget and on schedule**

The Board and Management of Austin Exploration Limited (**ASX: AKK**) (**Austin or the Company**) are pleased to announce that drilling of the Company's Magellan #1 well is proceeding well, and multiple oil shows have been evident during drilling operations at the Company's 100% owned and operated 15,282 acre oil and gas property in Fremont County, Colorado. These encouraging oil shows confirm that the drilling of this well has intersected an oil filled fracture.

Importantly, this confirms that Austin's highly advanced well-site selection process has been accurate in detecting sub-surface fractures that contain oil. Austin's team has applied a highly technical process involving a combination of high definition 3D seismic, surface-geochemistry studies and satellite imagery to define several high grade exploration targets. The property, which lies over the DJ Basin (one of North America's most prolific oil and gas producing basins), is large enough to accommodate more than 350 wells in the Pierre formation.



Crude oil in the drilling pits at the Magellan #1 well

The Company is currently progressing a back-to-back, three well program that has been designed to maximise operational efficiencies, significantly reduce well costs and provide a material boost to production and cash flows in the near term.

Austin has now successfully completed the upper vertical sections of three wells – the Magellan #1 well, the Columbus #1 well and the Marco Polo #1 well.

As a result, the Company has now commenced its high-impact deviated drilling program where three deviated well bores will be drilled back-to-back. The Magellan #1 well is the first of the three wells.

The well bores have been designed by Austin’s engineers to intersect multiple fracture networks and to maximise the pay-zone thickness of the reservoir. Upon drilling completion, the three wells will be sequentially flow tested with a view to simultaneously bringing them on to production.

In response to the severe downturn in the price of oil, Austin’s focus has been to transform into one of the lowest cost producers in the industry. This has been made possible due to the strategic rental agreement with Math Energy Drilling LLC where the Company was able to secure an entire drill rig and machinery fleet and by conducting drilling operations internally with Austin’s management team which enables the Company to have complete control over operational costs.

Austin and Math Energy Drilling agreed to a flat monthly fee for an initial term of 12 months for the exclusive use of an Atlas Copco RD20 Range 3 drill rig at a rate that is significantly under market. This material agreement has been designed to significantly decrease costs, increase operational efficiencies and offers optionality over the ongoing development of Austin’s highly prospective Pathfinder oil and gas project.

Mr Tim Hart, Austin’s CEO & MD, commented that, “We are greatly encouraged by the continual oil shows on this well. Our operations are proceeding safely and on budget, and we are proud of the hard work of our team who are passionate about the success of this project.”

The Company looks forward to sequentially flow testing the three wells and updates of the drilling program will be released to the market as they occur.



The Math Energy drill rig drilling ahead on the Magellan#1 well

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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).

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