



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

30th October 2013

Colorado Update

- **Austin to focus on the long term development of its flagship 11,560 acre Pathfinder project in Colorado**
- **Plans underway to drill Austin's first Pierre shale well in early 2014**
- **Austin's Pathfinder project is located in the Florence Oil field, the second oldest oil field in the US which began producing oil in 1862**

Pathfinder Prospect, Fremont County, Colorado (85% of 11,560 acres)

Austin Exploration (ASX:AKK) is in discussions with several US-based energy companies to provide long term development capital for its Pathfinder project in Colorado. These opportunities have been developed following the successful closure of an agreement for the farm-out program at Austin's Eagle Ford project in Texas.

The discussions anticipate the development of an agreement that would provide Austin with a long term investment partner with capital to fund the accelerated exploration and development of the Pathfinder Project in the highly prospective Niobrara shale in Colorado.

To facilitate this opportunity Austin has cancelled the letter of intent to farm-out 30% of the Pathfinder project announced on the 29th of April. This uncompleted farm-out was designed for a two well "drill to earn" drilling program. With more than 200 drilling locations at this property the Company felt that securing a long term strategic funding partner was an economically prudent solution for the longer term development of this project.

As previously announced, Austin was the first company to successfully drill a horizontal well and produce from the Niobrara Shale in Fremont County. This was significant for two major reasons:

1. Austin's drilling confirmed a new productive Niobrara region in the DJ Basin
2. The electronic and mud logs of the Niobrara are comparable if not better to some of the most prolific producing Niobrara oil wells in Colorado

Austin has begun planning and preparation to drill the Company's first Pierre shale well in 2014, in the Florence field. The Florence field has produced more than 15 million barrels of oil since production was first recorded in

1862. Austin's Pathfinder property was held by mining companies until Austin was able to acquire the oil and gas rights in late 2011. As such, this portion of the field has not been drilled for oil and therefore the Company believes the oil reserves are in virgin territory.

As an extension to the Niobrara Resources Report completed by Gustavson & Associates, Austin intends to commission an independent evaluation of the resources and reserves contained within the Pierre formation. On a P50 (50% probability) basis, Gustavson estimates the oil and gas resources contained in the Niobrara formation within the Pathfinder project to be 21.76 million barrels of oil and 28.36 BCF of gas.

Notably, ASX-listed Comet Ridge Resources (ASX: COI) drilled 25 wells in the adjoining field from 2008 -2012. Of these 25 wells, 22 were commercial producers and the average production from these 22 wells has been approximately 31,700 barrels of oil per well. The best well had a 30 day average initial production rate of 523 bopd, has produced over 180,000 barrels of oil, and is still producing. The 22 wells averaged 112 bopd for an initial 30 day period. This data is publicly available. The Pierre formation is a highly naturally fractured shale that is found at shallow depths of approximately 4000ft. These wells are drilled tangentially into the formation and do not require hydraulic fracturing or horizontal drilling, therefore the cost to drill and complete these wells is generally less than \$1 million per well.

Austin's first horizontal Niobrara well has produced volumes of gas up to 1.65MMCF/day and, as previously announced to the market, the Company is working on an industrial gas gathering solution. The Company's engineering team is currently working on right of ways, surveying, engineering, construction and an industrial marketing contract with Mercator Energy.

Based on this program, and the Texas farm-out program, the Company does not have any major capital commitments that it cannot meet.

Austin is very encouraged with these current developments and will update the market regarding material progress as it occurs.

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.