



Listed on the Australian Securities Exchange ("AKK") and the OTC-QX International in the USA (AUN-XY)
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ASX ANNOUNCEMENT

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The Manager
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Chairman's Address

The Chairman of Austin Exploration Limited, Mr Richard Cottee, made the following address to the Annual General Meeting of Shareholders held today.

Dear Fellow Shareholders,

In the 12 months since the last AGM Austin Exploration has been through a thorough transformation. Your board has been revamped, with the Company particularly lucky in attracting Nigel Hartley to the board, given his long experience as a successful financial executive in the Oil and Gas sector. During the year the Company endeavored to ensure that its corporate governance became best-in-class, with our company secretary David Nairn guiding the board to adopt a number of new policies and committees. To help navigate through this transformation I was grateful for the continuity which Dominic Pellicano represented and his dedication to duty as Chairman of the audit committee.

The establishment of the Denver Head office energise an already dedicated and professional team in the USA and the company was fortunate to have Guy Goudy re-locate to Denver. The company could not be better placed by having Professor Mark Hart as leader. Mark's unbounded energy and expertise enabled the Company to carry out a demanding exploration effort. Since March the company has drilled 8 vertical wells, 2 horizontal wells, 11 work overs, and completed a 16 stage frac all on a shoestring budget. This work was done with no major environmental incidences and no safety incidents. What a team we have!

As one can see, this year has been a year of frenetic activity following the capital raising in early March. To ensure that these valuable cash reserves were not frittered away, we launched the '500 squared Programme'. This involved management pledging to take \$500,000 out of the Company's then annualised cash burn rate, with a focus on non-exploration costs.



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I am pleased to report that, at present count, over \$1 million has been saved despite increased activity - money that can now be spent on exploration. Austin Exploration is now in an enviable position where our overheads are more than covered by revenue from production.

The company offers a tremendous investment proposition – access to the exploration potential of two of the oldest discovered hydrocarbon provinces in the United States: the Niobrara and the Eagle Ford. This access is enhanced by the fact that the Company is now headquartered in Denver and managed by Americans, predominantly graduates of the world renowned Colorado School of Mines. There is no substitute for local knowledge and experience, especially when the company's business case is to take advantage of the knowledge revolution in the unconventional oil and gas space.

This time last year the company's total oil production was 50 BOPD primarily centered around Kentucky. I am pleased to report that presently our net oil production is now 110 BOPD, which is twice that of last year. Further, B1 and B3 in Texas are about to come on stream along with Niobrara 2. As horizontal drilling takes over 100 days after fracking is completed before stabilised production commences, we expect a true assessment of our exploration activity will be able to be made in the 1st Quarter of next year. It should be borne in mind that the increased activity only began in June after engineering was completed and so the velocity of Austin's spend really only gathered pace from June onwards. Like all shareholders, I also am keen for results. But we need to be patient, and confident that the signs are still extremely positive.

The activity in Texas has been particularly encouraging given the results have been obtained in the Taylor formation which overlays the Eagle Ford - the subject of much commentary and excitement. The result in the Taylor Formation is not inconsistent with our hypothesis of the Eagle Ford being the ultimate oil source for our discoveries. The hype surrounding the Eagle Ford in the last 12 months has increased the price of exploration acreage causing the company to design its drilling programme to ensure that we retain the acreage procured by Dr Hart and his team before the land rush.

The Texan campaign has been at significant depths with B3 alone reaching 14000 feet - the deepest well yet for the company.

If I were required to state the highlight of the year I would nominate the company's cracking of the code in the Niobrara. An experienced American company had drilled 6 wells trying to reach the Niobrara in our neighbourhood and were unsuccessful each time due to the horizontal stress encountered on the way through. After significant engineering analysis Austin's team used cutting edge technology known as casing drilling to counter the horizontal stress to reach a Target Depth of 10000 feet successfully. This engineering feat is a credit to the Team of Experts we have assembled. Well done.



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Even though Niobrara 1 was only a vertical well the results were sufficiently encouraging to embolden the company to immediately drill Niobrara 2 as a horizontal well with a 16 stage fracc. Whilst it has already recovered 200 barrels, I look forward to the day when the requisite 100 days are up to see what the Niobrara can really do.

As I hope is evident from what I have said, the company has turned the corner and laid very solid foundations for future growth. Testimony to this is shown by the independent reserve assessment conducted by Gustavson and Associates and announced in September this year giving Austin a potential reserve base of 42BOe (31 million Barrels of Oil and 11 million Barrels Oil equivalent of Gas or 66 Billion Cubic Feet of gas) - a tidy sum indeed.

The next 12 months will see the company focus on the Niobrara and the Eagle Ford unconventional plays in an endeavor to increase production with the aim of ensuring it has the funds necessary to reach its potential. The board will consider all options available to it to advance the time at which the company can attain this goal.

With the significant de-risking of our acreage that occurred this year, the confidence of the market in the unconventional space and the recent near doubling of US gas prices, the time may well be right to consider a number of farm-out options as they become available to the company.

It has been my privilege to serve as your Chairman and I will use my very best to make the company a rewarding investment to you - our owners.

ABOUT AUSTIN EXPLORATION:

Austin Exploration is an Oil and Gas Company with assets in Australia and the United States. Austin has strategically shifted its core focus towards non-conventional shale exploration 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 11,000 acres in Colorado in the Niobrara Shale and over 5,000 acres in Texas in the Eagle Ford Shale. Austin has producing oil and gas wells in Texas, Mississippi and Kentucky. Austin also has a highly prospective Oil and Gas Licence, PEL 105, in the Cooper Basin of South Australia. The company’s wholly owned US Subsidiary, Aus-Tex Exploration Inc, turned cash flow positive in January 2011. To face future opportunities, Austin has strengthened its board and management teams. Austin is listed on the Australian Securities Exchange (ASX code: AKK) and on the OTC-QX International in the United States (AUN-XY).