



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

14th August 2013

Austin closes 645 acre Eagle Ford farm-out deal

- **PetroMax Operating to carry Austin on 100% of one Eagle Ford Horizontal well**
- **Total Birch farm-out drilling program valued at US\$32 -36mil (\$8m – \$9m per well)**

Birch Property, Burleson County, Texas USA.

Austin Exploration (“Austin” or “the Company”) today announced the closing of an agreement with Texas based, PetroMax Operating. PetroMax is an unlisted oil and gas Operating company based out of Garland, Texas that has been highly successful drilling horizontal Woodbine and Eagle Ford Wells in East Texas where Austin’s Birch project is located.

Under the agreement reached between the two companies, PetroMax will fund 100% of the costs on the first horizontal Eagle Ford well drilled at the Company’s 645 acre Birch Loan-Oak Block. The expected cost of this well is USD \$8 – 9 mil. From wells number 2 onwards, the capital, production and profit will be shared on a 30% Austin / 70% PetroMax basis. Drilling operations are expected to commence in the first half of 2014.

Austin and PetroMax have agreed to mutually extend the 645 acre Loan Oak block lease by a further two years on a 70% PetroMax / 30% Austin basis with a cost to Austin of USD \$251,550 (\$1300 per acre).

The successful closing of this agreement with PetroMax completes Austin’s Eagle farm-out program in Texas. As was announced to the ASX on the 29th of July, the Company was successful in closing a three well farm-out program with Halcon Resources Corporation with an approximate drilling value of USD \$24 - \$27 million.

Under the two deals combined Austin will be free carried on 4 Eagle Ford Horizontal wells with a total drilling value estimated to be between \$32 - \$36 million.

The total expected economic benefit of the Texas farm-outs equates to over USD \$ 50 million to Austin (at \$85 per barrel).

Austin Executive Guy Goudy said the success of these two deals could be attributed to the foresight of Austin’s US based management team and its deep industry contacts in the United States.

“The geological expertise of our team gave Austin the confidence and foresight to acquire a sizeable property in Burleson County, Texas in 2011 when very few Eagle Ford wells had been drilled in this part of Texas,” Mr Goudy said.

“Now the Eagle Ford is widely recognised as one of the most prolific, liquids-rich hydrocarbon regions in the United States.

“We received substantial interest from major oil companies wishing to farm-in to our Birch project, and have now partnered with two companies with significant expertise in the Eagle Ford and particular success in drilling horizontal wells into this highly productive formation.”

About the Birch Project

In 2012 Austin successfully drilled a vertical exploration well, its first of three Birch wells, that confirmed a 270 ft thick section of the Eagle Ford that flowed at 95 BOEPD.

In 2013 Austin secured its 100% ownership of the project which enabled the Company to have complete control of the farm-out process.

About PetroMax

PetroMax is a fully integrated exploration and production company with an experienced management team that has drilled over 30 horizontal wells in the East Texas area in the last 3 years. In 2010 PetroMax was ranked the 3rd highest oil producer in the State of Texas with regards to average daily production of oil per operated 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. 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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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.