



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

29 May, 2014

MAJOR UPGRADE OF OIL AND GAS RESERVES AND RESOURCES AT AUSTIN'S BIRCH PROJECT IN TEXAS

- Independent consultant Gustavson Associates estimates P₅₀ oil up 87% to 22.41 Million barrels of oil and P₅₀ gas up 34% to 67.02 Billion cubic feet of gas at Birch project, Texas
- Oil and Gas reserves now proven at Birch project allowing Company to access debt funding for large scale development of core oil projects in Colorado and Texas

Austin Exploration (ASX:AKK) announces a material uplift in its Reserve and Resource for its Texas Birch Project following an independent evaluation as at May 28, 2014 by Gustavson & Associates, Inc. a worldwide leader in independent oil and gas Reserve and resource evaluations.

On a P50 Contingent Resources basis(50% probability), the Gustavson report estimates that Austin's 5000+ acre property contains gross amounts of 22.41million barrels of oil and 67.02 billion cubic feet of gas.

In a significant step forward for the Company, the oil and gas reserves contained with Austin's Birch property have now been classified as proven and therefore bankable. Importantly, this enables Austin to progress its \$40mil debt facility which was announced to the ASX on the 8th of May 2014.

The upgraded contingent resources for oil and gas at the Birch property in Texas are as follows:

Contingent Resources	Project/ Percentile	Oil EUR, MMbbbls			Oil Resources, MMbbl			Solution Gas Resources, BSCF		
		P90	P50	P10	P90	P50	P10	P90	P50	P10
	Previous	6.14	11.98	22.4	5.94	11.79	22.2	24.55	50.06	101.22
	May Update	16.9	22.41	31.7	16.71	22.21	31.51	40.16	67.02	116.24
	% increase	175%	87%	42%	181%	88%	42%	64%	34%	15%

Net proved reserves to Austin for the Birch Eagle Ford project were limited to the number of wells included in Austin’s budget which currently stands at 27 horizontal Eagle Ford wells. There is significant scope for further upgrades as Austin demonstrates the ability to fund and drill additional wells on the Birch project. Additional acreage in the lease position was assigned Contingent resources. Gustavson’s estimates were based on probability distribution of expected ultimate recovery (EUR) based on the performance of the two wells drilled on this property and the likely number of locations to be drilled on the prospect area.

Proved developed producing reserves were estimated for the vertical Krueger unit Eagle Ford well, drilled by Austin in 2012, and the carried Stifflemire #1H well drilled by Halcon Resources in 2014.

Summary of Reserves and Projected Before Tax Cash Flow:

	Reserves Category	Proved Developed Producing	Proved Undeveloped	Total
	Number of Wells / Locations	2	25	27
Gross Reserves (8/8ths)	Oil (BBL)	304,888	9,145,556	9,450,444
	Gas (MCF)	365,073	9,145,556	9,510,629
	Natural Gas Liquids (MCF)	54,761	1,371,834	1,426,595
Austin Net Reserves	Oil (BBL)	43,368	1,533,245	1,576,613
	Gas (MCF)	36,575	633,613	670,188
	Natural Gas Liquids (MCF)	13,276	229,987	243,263
Net Present Value, thousands of US\$ Discounted at	0%	3,132	61,576	\$64.7 mil
	10%	1,454	20,867	\$22.32 mil

Austin Exploration C.E.O. and M.D. Dr Mark Hart said the Gustavson Report update is a major mile stone event for the Company with the Company’s reserves at its Birch project now being classified as proven.

“We knew we had something special on our hands when our vertical test well into the Eagle Ford produced at 95 barrels during initial testing in 2012. This has now set the stage for our transition to debt financing to fund the future development of our properties. With more than 300 potential horizontal drilling locations at our two core properties in Colorado and Texas, we believe that Austin is poised for sustainable growth and an exciting future”, Dr Hart said.

About Gustavson Associates

Gustavson Associates is an oil, gas, and mining consulting firm with over 30 years of extensive international experience. The Company consists of geologists, engineers, economists, and appraisers who serve organizations and individuals around the world — including mining companies, major oil and gas companies, governments, international banks and financial institutions, project financiers, stock exchanges, international law firms, and individual property owners.

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).

Media Contact

Martin Debelle, Citadel

+61 2 9290 3033

+61 409 911 189

mdebelle@citadelpr.com.au

Competent Person Statement

In accordance with ASX and AIM rules, the information in this release has been reviewed and approved by Mr. David T. Greene, Sr. Mr Greene holds a Bachelor of Science Degree in Earth Science and a Master of Science Degree in Petroleum Engineering and has over 30 years of oil and gas experience including exploration drilling, completion and production. His background also includes evaluation, design and implementation of improved and enhanced oil recovery projects as well as pressure transient analysis, fluid properties and petro physics. He is a member of the Society of Petroleum Engineers and the American Association of Petroleum Geologists. Mr. Greene has the relevant experience within the industry and consents to the information in the form and context in which it appears.

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.