



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

15 April 2016

## Austin Completes Sale of Mississippi Interests for AUD\$1.21M

- Remaining bank debt of USD\$350k has been fully extinguished
- The sale significantly strengthens Company's cash position and balance sheet
- Drilling Operations in Colorado on track to resume in April
- Recently announced Rights Issue to raise AUD\$1.733M will provide funding certainty

Austin Exploration ("Austin" or "the Company") (ASX:AKK) is pleased to advise that as part of executing on its strategy of developing low cost oil fields with conventional oil targets, the Company has completed the sale of its 50% interest in 5 wells in Mississippi for AUD\$1.21 million (~USD\$925,000).

The Company has now fully repaid the outstanding USD\$350k balance of its USD\$1.5 million ANB Bank loan facility.

Details of the buyer are confidential. The Company was able to sell the property directly through its deep network of industry contacts and as such there are no fees associated with this transaction.

As previously reported, the Company made the decision to divest of its non-core assets in Texas and Mississippi where it was not the operator and had a minority interest in these properties. At both of these properties Austin has had limited control over operational expenditures and, in the current low oil price environment, the Company considers that complete control over well and lease operating expenditures is paramount.

The Company is further pleased to advise that Operations for Austin's high impact drilling program in Colorado are on track to resume in April. The Company is targeting oil production from the Pierre formation and a commercial discovery will unlock significant untapped value in this field. 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.

Due to Austin's strategic low cost drill rig fleet rental agreement the Company can drill and complete a Pierre well for approximately USD\$500k. This strategic agreement has been designed to significantly decrease costs, increase operational efficiencies and offers optionality over the ongoing development over Austin's highly prospective 15,282 acre Pathfinder oil and gas project.

Mr. Tim Hart, Austin's Chief Operating Officer, who led the sales process commented: "This is a great outcome for Austin and is the culmination of our strategy of divesting non-core assets, which has been executed in an orderly and methodical manner to achieve the best possible price."

"Through this strategy, and after a sustained effort to streamline operations and lower our cost base, the Company is now well positioned with a strong balance sheet and world class oil & gas assets in Colorado and Kentucky that are owned and operated by Austin."

"The Rights Issue that was recently announced (ASX 11 April 2016) to raise over \$1.7 million, will provide us with the financial flexibility and certainty that we need to further progress our low cost drilling and development program, particularly at the flagship Pathfinder project where we see significant unlocked value."

Mr. Guy Goudy, Austin's CEO and MD commented: "I take this opportunity to thank our loyal shareholders for their continued loyalty and support during what has been one of the most severe downturns in the oil & gas industry for some 75 years."

"I also encourage shareholders to carefully read the prospectus that will be lodged with ASIC today and sent to them and to participate in this Rights Issue. I reiterate that every Director of the Company will be taking part in the Rights Issue, as they have in the past, which highlights the confidence we have in Austin and its future."

– ENDS –

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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 with the Niobrara and Pierre Shales as the primary objectives. Austin also has interests 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 in the United States (AUN-XY).

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