

# AUSTIN EXPLORATION

Listed on the Australian Securities Exchange ("AKK") and the OTC-QX International in the USA (AUN-XY)  
ACN 114 198 471

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ASX ANNOUNCEMENT

June 13 2012

## Major Horizontal drilling campaign to begin in June

- **Drilling of the "Pathfinder C 11-12 #1 Well" to spud this month**
  - **All drilling permits and approvals received by the State of Colorado**
  - **Road and pad site preparations nearing completion**
  - **19 miles of seismic acquired from ConocoPhillips**
  - **Austin on-track to meet drilling schedule previously announced**
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Austin Exploration today announced its horizontal oil shale drilling program at the Niobrara Shale Pathfinder project in Fremont County, Colorado will begin as planned this month.

Austin Exploration Chief Operating Officer Guy Goudy said the Pathfinder C 11-12 #1 well, targeting the Niobrara shale formation, will be Austin Exploration's first horizontal shale well following an extensive period of engineering and due-diligence undertaken by the Company that began early in 2011.

"Pre-drill preparations and Engineering plans are now substantially completed and all relevant regulatory permits and approvals received. Final road and well site pad construction are currently underway and the Les Wilson Drilling rig #30 has been contracted for the well", he said.

"Horizontal wells have proved to be a game-changer in shale exploration and we have high hopes that the Pathfinder C 11-12 #1 well will provide a strong confirmation of the potential that the Company sees in this project. Importantly our Company controls 85% of this project meaning a commercial discovery would certainly be a significant event for a company of this size", Mr Goudy said.

Austin Exploration considers the Niobrara shale in the DJ Basin to be highly prospective as it lies within a proven oil-producing area. The Company notes acreage in Fremont County is now being sold for more than 4-5 times more than when Austin purchased its acreage for in 2011.

The commencement of drilling the Pathfinder C 11-12 #1 horizontal well keeps Austin on track to meet the announced drilling schedule as outlined in the Company's most recent quarterly activities report.

The company will communicate all results from its current drilling programme as they become available.

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## **PATHFINDER C 11-12 #1 WELL PREPARATIONS**

- Drilling permits from the Colorado Oil & Gas Conservation Commission for horizontal drilling in the Niobrara shale were received on May 31st for Pathfinder C 11-12 #1.
- A storm water management plan was prepared and a storm water permit has been approved by the state of Colorado. Fremont county road permit application was submitted, and a road permit was granted by Fremont County in order to access county roads to get to the well site.
- Aus-Tex has contracted the Les Wilson Drilling rig #30, a top drive 2200 hp drill rig for this well
- Road and pad site construction for the well site is currently underway.
- A license to use an existing 19 miles of seismic was purchased from ConocoPhillips.



**Les Wilson Drilling rig #30**

Austin continues to reduce all non-essential and non-operational costs in line with the 500-Squared project that was launched by the Company Chairman Mr Richard Cottee. The Company is pleased to report that it has reduced these costs by approx AUD \$914,000. Exploration is being funded from the recent capital raising with all recurrent expenditure being funded from current production revenue.

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## **ABOUT COLORADO PATHFINDER NIOBRARA PROJECT**

Austin Exploration holds an 85% interest in the 11,560 acre Pathfinder Project in the Niobrara shale province of Fremont and Custer County, South Colorado. Austin’s Primary Objective for the company’s appraisal program is the Niobrara Shale, sitting between 5,000 feet and 7,000 feet below the surface, in the Denver-Julesburg (DJ) Basin. Secondary objectives include the Pierre shale and Codell sandstone. Independent reserve estimates state in place prospective resource of approx 200,000 – 500,000 BO per horizontal well. The company believes its properties could hold the potential for approximately 16 horizontal well pads and up to 100 - 200 wells. AKK’s acreage is surrounded by proven oil production emanating from the Niobrara shale. Majors in the Niobrara play include EOG Resources, Noble Energy and SM Energy. Austin’s General Manager for Colorado is Mr. Ola Akrad.

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***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)*