



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

9 April 2013

PROGRESS, PLACEMENT AND SHARE PURCHASE PLAN

Austin Exploration (“Austin” or the “Company”) today launched a Share Purchase Plan (“SPP”) to raise up to a total of \$8 million at 1.6 cents per share. The SPP will be available to registered holders of fully paid ordinary shares at 7pm AEST 8 April 2013. Included in the SPP raising, the company announces it has just completed a placement to professional and sophisticated investors of \$1.471 mil, also at 1.6 cents per share. The fund raising is to cover commitments of approx \$2.7 mil in the Niobrara, Eagle Ford and Mississippi.

Discussions are also underway with the leaseholders in the Niobrara on a plan for Austin to concentrate on gas gathering from the existing well instead of an obligation to drill an additional well. In addition the Company is discussing the most economic way in which it can secure its acreage in Texas over the next two years to avoid the necessity to fundraise for commitment drilling. If both of those negotiations are successful, and depending on the amount raised, then a well at Birch is planned to be drilled in July to become the first horizontal well targeting the Eagle Ford with multiple frac stages at Austin’s Birch project in Texas, USA.

This horizontal well targeting the Eagle Ford is considered to be a low risk, high impact well with large upside potential based on the success of earlier drilling. The Company has begun its engineering work to drill an Eagle Ford horizontal well with 15 - 20 frac stages. As it will be drilled at the Krueger lease cost savings associated with roads and tank batteries will be significant.

Farm-out process underway

The horizontal Eagle Ford well will complete the Company’s horizontal exploration and appraisal program in the US. The Company will have drilled an Eagle Ford horizontal, an Austin Chalk horizontal and a Niobrara horizontal well. As was announced to the ASX on the 29th of August 2012, Gustavson and Associates have estimated that at a 50% probability these 3 formations combined hold approximately 42 million barrels of recoverable oil equivalent (BOE).

The proposed completion of the horizontal well program will allow the Company to certify and upgrade its reserves at the Company's two core properties to Proven. The Company believes this will achieve the most value accretive farm-out opportunity and allow the Company to use bankable reserves to access debt financing as a further option to develop these properties.

The Company is also in discussions with oil companies with regard to farm out opportunities for its Eagle Ford and Niobrara properties. The recent success of the exploration drilling at Pathfinder has created the opportunity to accelerate this process and high level discussions are underway for the Pathfinder project. Should the Company achieve similar success on its Eagle Ford Horizontal well, we anticipate a similar strategy will be applied.

The Company looks forward to securing a solid long term partner to develop both of its two core properties in the US and will report material progress as it occurs.

Pathfinder C11-12 Horizontal well

The Company is pleased to report the well continues to flow oil and gas under natural pressure. The well has naturally produced a total of 3924 BOE of which 2437.44 barrels has been crude oil. The well continued to surge oil and gas in pulses which is a common occurrence when bringing a horizontal oil and gas well with multiple frac stages into production.

The Company is highly encouraged by the large surges of oil and gas that this well is producing naturally and expects to have this well in full time production after it has completed negotiations on the delivery and sale of the gas to market.

The Company can also confirm that it is working on a solution with a Colorado-based company to market and sell the gas from this property. Under the plan being formulated, this gas marketing company will provide the infrastructure and associated equipment, including the laying of gas lines, separation equipment, metering stations and valving for the entire field. Austin would enter into a long term gas sales contract in exchange for the gas marketing company providing the upfront capital required to access the gas for sale.

On the back of the hydrocarbon discovery at the Pathfinder project the Company is confident of securing a farm-in partner to push ahead with an aggressive development strategy for this oil field.

Birch 3 Austin Chalk Horizontal well

This well continues to unload the drilling fluids that were used whilst drilling the horizontal leg of this well. The well has produced 1044.31 barrels of oil and 10,557 barrels of drilling fluids. The Company believes that a further 10,000 barrels of drilling fluid will need to be unloaded from the well-bore before it achieves its targeted production rates. Live oil and gas was still flowing freely to the surface and as such the Company remains confident that this well will be a good producer once the drilling fluids are removed. The company has halted production on this well pending a solution to the marketing of the gas similar to the one being negotiated for the Niobarra.

Kentucky & Mississippi

These two properties continue to meet the Company's expectations and are performing well with a further new Mississippi well targeted to spud this quarter.

Comment from Austin Chairman Richard Cottee:

"Austin has passed important milestones on the road to sustainable exploration and development. Production from our two major horizontal wells provides a high level of confidence in our two flagship properties at Niobrara and Eagle Ford. We haven't drilled a dry well and by confirming marketable quantities of oil and gas our local teams have systematically de-risked our assets in both these fields. We have a highly talented US based technical team and I remain confident that we will have our major horizontal wells in production. Based on these successes the Board made the decision to raise the required funds and aggressively seek a suitable farm-in partner to execute the long term production plan for the Company", Mr Cottee said.

Media Contact

Martin DeBelle, Citadel

+61 2 9290 3033

+61 409 911 189

mdebelle@citadelpr.com.au

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 and the Austin Chalk. 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).

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 above production rates will continue indefinitely.