

ASX ANNOUNCEMENT

14 September 2016

Drill Rig & Equipment Mobilised to Columbus #1 Well Site

- High Impact deviated drilling program on Columbus #1 Well to commence in coming days
- Drilling of Pierre formation already showing evidence of hydrocarbons and intense natural fracture zones
- 3D seismic has identified a major fracture network capable of holding significant oil reserves
- Austin to begin flow testing operations on three wells when drilling of Columbus #1 Well completed

The Board and Management of **Austin Exploration Limited (ASX: AKK) (Austin or the Company)** are pleased to announce that mobilisation of the Math Energy Drill Rig to the Columbus #1 Well pad site, along with the extensive amount of necessary machinery and equipment, has been successfully completed.

The Company expects that drilling of the deviated portion of well bore, targeting production from the Pierre formation, will commence shortly. Austin is encouraged that hydrocarbons have already been evident in drilling of the Pierre, with drilling also having encountered several zones of intense natural fracturing, all of which has been confirmed by an independent on-site geologist.



The Atlas Copco RD20 range 3 drill rig and equipment at the Columbus #1 Well site

The Atlas Copco RD20 range 3 drill rig is currently undergoing routine maintenance and servicing following the drilling of the Magellan # 1 Well and the Marco Polo #1 Well. This is an important aspect of operations as it significantly mitigates the risk of mechanical failure during drilling, which can cause significant cost overruns and operational issues if not managed correctly.

The well bore has been designed to intersect an intensive network of natural fractures that can be clearly seen from the 3D seismic data on the Columbus #1 Well. All of the geologic attributes that are required for commercial production in the Pierre are present in this well, and these have been identified by an independent geophysicist.

The Company is currently progressing a back-to-back drilling program with the drilling of three wells: the Magellan #1 Well, the Marco Polo #1 Well and the Columbus #1 Well. Drilling operations have now been completed on the Magellan #1 Well and the Marco Polo # 1 Well.



The Math Energy Drill Rig prepares for the drilling of the Columbus #1 Well

The multi-well program has been designed to significantly reduce drilling costs and maximise operational efficiencies. The Company is able to achieve this due to its strategic and comprehensive Atlas Copco RD20 drill rig fleet rental agreement with Math Energy Drilling, where high daily rig rates and standby rates are not being incurred.

The three well program is being conducted in three phases:

Phase 1 – Sequentially drilling the upper vertical sections on the three wells – *SUCCESSFULLY COMPLETED*

Phase 2 – Sequentially drilling the deviated well bore sections on the three wells – *UNDERWAY*

Phase 3 – Sequentially flow testing the three wells – *NEXT PHASE*

Austin is the operator of the Pathfinder project and controls a 100% working interest that covers 15,773 acres. The property lies over the DJ Basin which is one of North America's most prolific oil and gas basins.

The Company looks forward to sequentially flow testing the three wells and updates of the drilling program will be released to the market as they occur.

– ENDS –

Released through Ben Jarvis, Six Degrees Investor Relations: +61 413 150 448

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 in the DJ Basin (Niobrara and Pierre Shale) and 4000 acres in the Illinois Basin in Kentucky. Austin has interests in producing oil and gas wells in Colorado, Kentucky and Texas. 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).

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.