



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

3 May 2013

Agreement for sale of PEL 105 interest for \$1.25m

Austin to focus on development of US oil and gas interests

Austin Exploration Limited ("Austin" or "the Company") (ASX:AKK) announced that it has entered into an agreement to sell its 50% undivided interest in petroleum exploration licence PEL 105 to PNC AUST Pty Ltd (PNC) for \$1.25 million.

Licence area PEL 105 covers 5,000 acres in Australia's Cooper Basin.

Under the terms of the agreement, payment of \$1.25 million is due to Austin on 30 September 2013. As an alternative Austin may receive shares in a PNC-related ASX-listed company to the value of \$1.75 million.

Austin Exploration Chairman, Richard Cottee, said the sale of the Company's stake in PEL 105 was part of a continuing process to concentrate its efforts on advancing the proven potential of its Eagle Ford and Niobrara acreage.

"Whilst Austin has every confidence in PEL 105, Austin's future lies in the development of our United States unconventional oil and gas discoveries in the highly prospective Niobrara and Eagle Ford", Mr Cottee said.

"The money received from the sale will be used towards funding surface infrastructure such as the initial gas gathering systems at both Niobrara and Eagle Ford. This will advance project development and enhance cash flow ahead of farm-out opportunities currently under consideration. It also removes from Austin the obligation for additional exploration spending in the Cooper Basin at a time when the money is better spent on our core assets in the US.

"As another option, Austin may receive payment in the form of scrip in the acquiring company and so retain an interest in Australia's Cooper Basin through PNC Australia or its expanded successor company led by Carl Dorsch, one of the more experienced Cooper Basin operators", Mr Cottee said.

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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 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 (AUNXY).

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.