



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

7th March 2013

STRONG OIL & GAS FLOWS CONTINUE IN COLORADO

- Well flows naturally at 341.7 BOE on a 12 HOUR TEST
- Result de-risks asset and adds significant value to the Pathfinder project
- Strong gas flows will be commercialised through gas compression and sales

Pathfinder Prospect, Fremont County, Colorado (85% of 11,500 acres)

Pathfinder C 11 – 12 No. 1 HZ Well:

Austin Exploration is pleased to advise that its Pathfinder C11-12 No.1 Hz well is flowing large volumes oil and gas naturally to the surface under high pressure.

During a 12 hour test the well produced 341.7 BOE on a 1/64 choke under natural flow to the surface. The 341.7 barrels comprised a combination of 210.4 barrels of crude oil and total gas equivalent of 131.3 barrels (gas equivalent). The oil is a high quality light sweet crude with an API of 37 – 41. The GOR (Gas to oil ratio) is 3702 SCF/ STB (Standard Cubic Feet/ Standard barrels of oil).

As was announced to the ASX on the 21st of January, the volume of gas produced by the well is beyond the Company's expectations. In order to analyse the well's behavior and obtain a reliable initial production value, Austin Exploration's engineering team has been adjusting the surface facilities to ensure consistent and sustainable production.

By installing two separators, isolating casing and tubing flow, the well performed naturally for a 12 hour consistent period. In order to deliver fluids (oil) consistently, gas production has to be released freely in order for the oil to flow, as the gas holds back oil production. Allowing this gas to flare off is not financially prudent and is a waste of a source of income. Therefore, the Company immediately began preparations to compress and sell this gas to the local market. When this process is complete the Company will begin full time production on a 24 hour basis, and expects to receive revenue from the sales of both oil and gas to ensure maximum profitability.

During this 12 hour test period the well flowed at 1.5 Million standard cubic feet at a 24 hour rate. At today's current NYMEX natural gas price of USD\$3.51 MMBtu this equates to approximately \$5,000 per day to the 100% interest. Royalties, transportation and processing costs are deducted from this figure.

Richard Cottee, Chairman of Austin Exploration said that the results further validate the Company's investment in the Pathfinder project, and highlight the strength and capabilities of Austin's engineering team.

"The oil and gas flow from Pathfinder is another substantial step towards achieving the production target set in our 500-squared program.

"Upon certification of these reserves, Austin Exploration will have entered the next phase of the Company's development to become an oil and gas producer in the Niobrara.

"A discovery of this nature adds significant value to Austin's Pathfinder Project, its Colorado acreage and the Company as a whole."

Mr Cottee said this result has the potential to open the Company to future debt funding of its North American assets.

The Company will update the market as to Pathfinder's average daily production over a week once this becomes available.

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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).

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