



Listed on the Australian Securities Exchange ("AKK") and the OTC in the USA (AUN-XY)  
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ASX ANNOUNCEMENT

10 June 2016

## Austin Raises \$1.7mil to fast track high impact drilling program

- **Austin to drill two further high impact wells in June and July targeting oil production from the Pierre shale**
- **Magellan #1 well has proved the presence of a significant hydrocarbon system at Austin's Pathfinder property**
- **Multi-well drilling program provides for maximum operational efficiencies and significantly reduces costs**
- **Wells will be flow tested back-to-back on completion of drilling program**
- **Production success will have a material impact on revenues and bankable in-ground reserves**
- **Placement completed at a 75% premium to the previous rights issue**

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The Board of Austin Exploration Limited (**ASX:AKK**) (**The Company**) is pleased to announce that it has resolved to complete a two-tranche Placement of its securities to raise AUD\$1.7mil to fast track its drilling program at the Company's 100% owned 15, 282 acre Pathfinder project in Colorado. This injection of capital follows the Company's recent success where drilling intersected a 790ft column of oil in the Pierre formation. Significantly, this proved the presence of oil in the Pierre formation to the west of the Florence field which has produced more than 15 million barrels of oil.

The \$1.7mil Placement, which had strong demand, has been priced at 0.7c which represents a 75% increase to the Company's Rights issue that was completed in May. The placement will see 200 million shares issued and be completed in two tranches. Paterson's Securities Limited is acting as lead manager for the Placement.

The issue of the new placement shares under tranche 1 is scheduled for 17 June 2016 and will fall within the Company's placement capacity pursuant to ASX Listing Rule 7.1 and 7.1A. The Company will call for a general meeting of shareholders shortly to approve the issue of the tranche 2 placement shares by subsequently approving the 17 June 2016 issue. This is expected to be held in mid July 2016.

Preparations to drill two back-to-back wells are advancing with drilling operations to recommence this month. The Company will announce material results of the drilling as they occur. Flow testing of the three wells is expected to take place following completion of the drilling program. This sequential three well program has been designed to maximise operational and drilling efficiencies, minimise costs and maximise production potential.

Austin's recent discovery in the Pierre proved that the Company's methodical de-risking program in section 18 of the property was successful in identifying natural fractures in the Pierre formation that are filled with crude oil. The Company applied a combination of state-of-the art 3D seismic technology, surface geochemistry studies, satellite imagery studies and exploration drilling. This program identified several high-impact drilling targets.

The capital raised from this Placement will be allocated to drilling two more high impact targets that the Company has identified through this highly advanced exploration program.

Through the Company's strategic drill rig fleet rental agreement with Math Energy Drilling, coupled with the Company's internal management of its operations, the Company can drill and complete a Pierre well for approximately USD\$500k which represents a 50% reduction in costs for what similar wells have been drilled for in the same area.

Austin's current 15,282 acreage position is large enough to accommodate at least 350 wells and the Company is encouraged by the success of the Magellan#1 well and the potential that it has uncovered for the future of this project.

Austin's CEO and MD Guy Goudy commented: "It is clear from the Magellan #1 discovery that Pathfinder could be a project of significant scale and value, and it is prudent that we undertake a more extensive exploration and development program that unlocks the value of this field more fully.

"Our focus now is drilling the next two wells in quick succession then moving to flow testing on all three wells. With the potential for approximately 350 wells at Pathfinder, AKK's true value is only just being realised."

Material results will be communicated to the market as they occur.

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#### **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

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