



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

29 February 2016

Austin Secures Sale of Mississippi Property for AUD\$1.28M

- Company negotiates sale of Mississippi wells in all cash deal for AUD\$1.28M
- Remaining debt of USD\$350k to be fully extinguished and Austin will be debt free
- Sale process well advanced with closing set to occur within 45 days
- The sale significantly strengthens Company's cash position and balance sheet
- Austin well placed to leverage low cost advantage – upcoming Pierre well in Colorado will be fully funded through existing cash reserves
- A discovery in Colorado will be a game changer for Austin, unlocking significant value in Company's 100% controlled 15, 282 acre property here

Austin Exploration ("Austin" or "the Company") (ASX:AKK) is pleased to advise that as part of executing on its strategy of developing low cost oil fields with conventional oil targets and eliminating the risk of the Company's debt burden, the Company has negotiated the sale of its 50% interest in its Mississippi wells for AUD\$1.28 million (USD\$925,000).

The buyer is a private Company and the details of the potential buyer are confidential. The Company was able to sell the property directly through its deep network of industry contacts and as such there are no fees associated with this transaction. Both Companies have agreed to close the transaction and for settlement to occur within 45 days.

As previously reported, the Company made the decision to divest of its non-core assets in Texas and Mississippi where it is not the operator and has a minority interest in these properties and to eliminate the debt risk posed by one of the most severe downturns in the oil industry witnessed in the last 75 years. At both of these properties Austin has had limited control over operational expenditures and, in the current low oil price environment, the Company considers that complete control over well and lease operating expenditures is paramount. The Company is now in control of and operates more than 19,000 acres in two prolific oil producing basins in Colorado and Kentucky, USA.

The Company has worked diligently to place the Company in a financially secure position during a once in a generation down turn in the oil sector. In the first two months of 2016 the Company has successfully secured an AUD\$1.9 million (US\$1.35 million) financing package and divested of its two non-core and non-operated assets.

Upon the closing of this sale in Mississippi, the Company will have fully extinguished all of its debt. Through its existing cash reserves Austin is now fully funded for its drilling program in Colorado, which is scheduled to re-commence in April.

The Company has also reduced its general and administrative costs by 75%. The Board and Management have taken significant salary reductions and have taken a disciplined and focused approach to minimising costs across all facets of the business. All operational tasks are being performed internally by Austin's team and the Company is on the verge of becoming a low-cost and profitable oil producer that will create significant shareholder value.

Austin is the operator of its 100% controlled 15,282 acre Pathfinder project in Colorado that lies directly over the hydrocarbon rich DJ Basin. The Company has embarked on a low cost and high impact drilling development program that is targeting oil production from the Pierre Shale. This is one of the few fields in North America that can be highly economic in the current low oil price environment. A discovery will be a game changer for the Company and will unlock a significant amount of value for Austin's shareholders, with the property large enough to accommodate more than 350 wells.

Mr. Tim Hart, Austin's Chief Operating Officer, commented: "We're very pleased that we have been able to promptly execute on our strategy of divesting our non-operated properties where we have limited control over expenditures and more critically, eliminating our debt."

"We now have a leaner, but high performance team in place to drive our Pathfinder project forward and I'm confident we're on the verge of something special in Colorado. If we can make this work at \$30 a barrel, you can imagine the profitability of this field when oil prices recover."

"It's not every day you can secure a 15,000 acre oil property that has not been drilled, that sits across the road from a field that has produced more than 16 million barrels of oil."

"We want to thank our loyal shareholders for their support and I can assure them our team is putting in the hard yards to making this next well a success. A strike here will truly be a game changer for Austin."

– ENDS –

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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. In 2010, Austin strategically shifted its core focus towards non-conventional shale exploration and production. 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 has an interest in over 5,000 acres in Texas in the Eagle Ford Shale and the Austin Chalk. Austin has producing oil and gas wells in Colorado, Texas, Mississippi and Kentucky. 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).

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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.