



## *Pathfinder – An Iconic Oil Opportunity*

Investor Presentation – August 2016

# Investment Highlights

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- Virgin acreage in the world's second oldest oil basin – 15,282 acres with significant expansion potential
- Operator and full controller of two 100% owned, world class oil and gas properties in Colorado and Kentucky
- Fully funded three well program is underway – oil discovered on the first of the three wells
- Austin is debt free
- Management team performing operations internally and navigating the Company through a generational down-turn in the price of oil
- Production success will lead to Austin becoming one of the lowest cost producers in the industry



# High Impact, Three Well Program Underway



Three phase drilling program designed to significantly reduce costs and increase operational efficiencies:

<b>Phase 1</b> – Sequentially drilling the upper vertical sections on the three wells	<b>Successfully completed</b>
<b>Phase 2</b> – Sequentially drilling the deviated well bore sections on the three wells	<b>Currently progressing well</b>
<b>Phase 3</b> – Sequentially flow testing the three wells	<b>Next phase</b>

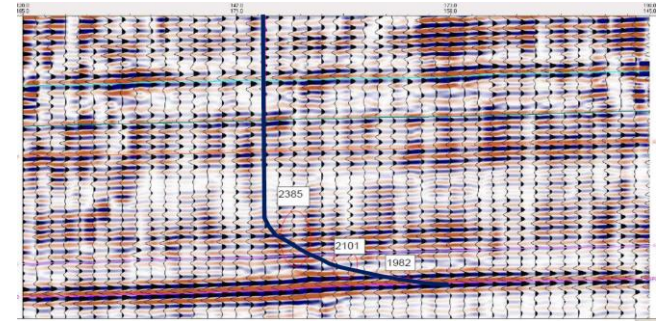
**Production success leads to AKK becoming one of the lowest cost producers in the industry**

# High Impact Three Well Program Underway

## Wells designed to intersect multiple fractures identified by 3D seismic data:

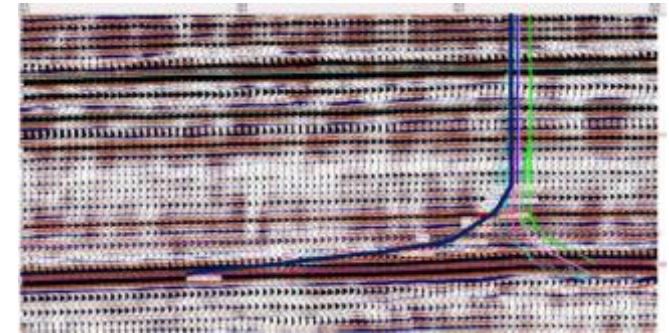
### Magellan # 1 well:

- Upper vertical section complete
- Lower deviated section complete
- Oil shows seen throughout drilling
- Perforated production casing has successfully run
- Target Fractures: 4



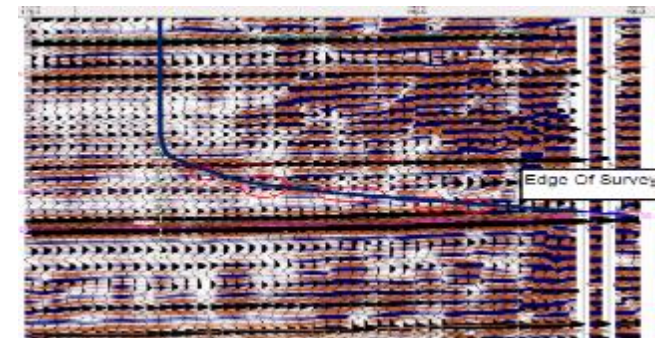
### Marco Polo # 1 well:

- Upper vertical section complete
- Lower deviated section drilling – underway
- Target Fractures: 7



### Columbus # 1 well:

- Upper vertical section complete
- Deviated drilling operations to follow Marco Polo # 1 well
- Target Fractures: 5



# Magellan Well Drilling



CEO Tim Hart manages drilling activity for the Magellan well



Drilling equipment layout during drilling of Magellan



Green Pierre Oil seen exiting the blooie line into the pit



Drilling equipment layout during drilling of Magellan

# Marco Polo Well Drilling



Preparing the Marco Polo well pad



Drilling equipment mobilized in preparation for the drilling of Marco Polo



Nitrogen membrane unit generates 94% Nitrogen at 1500psi

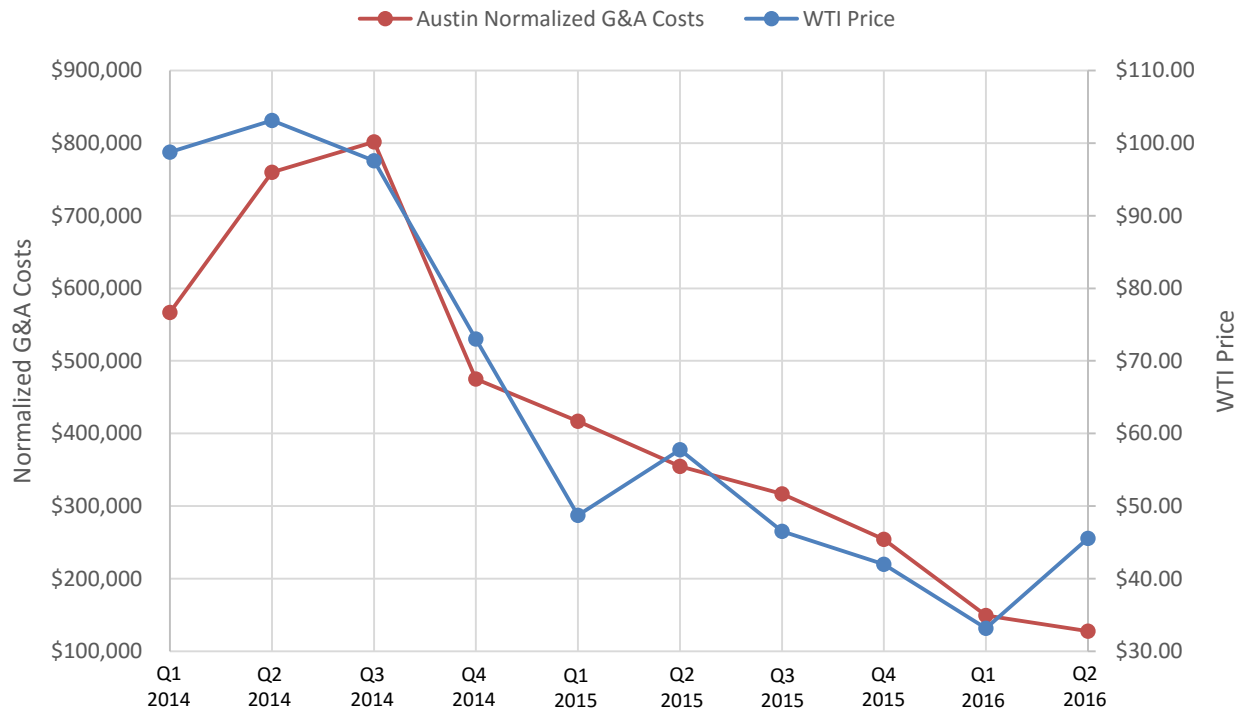


Final Rig preparations are made, and the drill steel is moved in to position

# Becoming one of the Lowest Cost Oil Producers in Industry

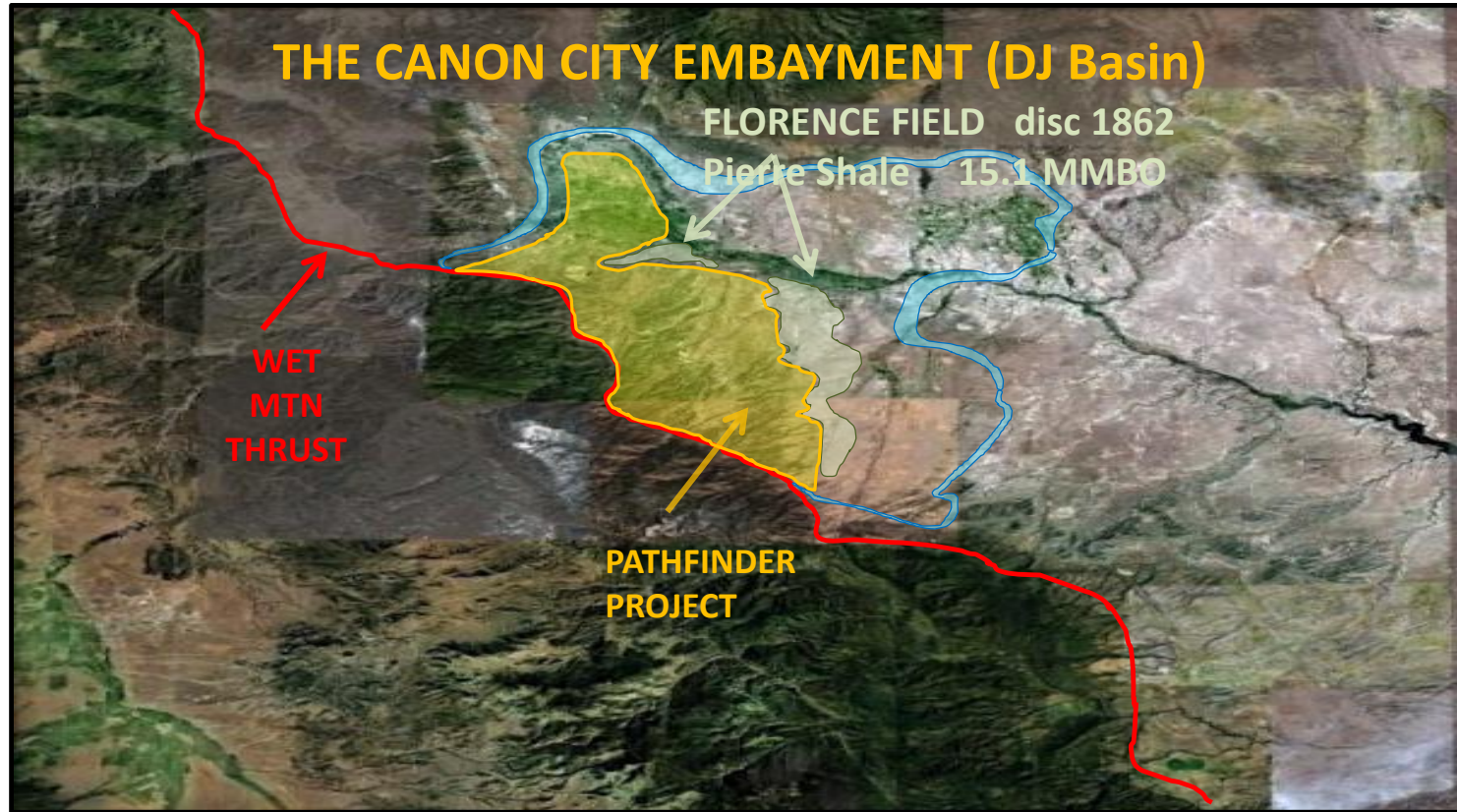


## Cost Control Measures & WTI Crude Price By Quarter



- Well positioned to succeed in current market conditions
- Continual focus on effective cost control measures and streamlined production methods implemented
- Substantial headcount reduction – 25 employees reduced to 8 employees
- Significantly reduced US corporate overheads – salaries reduced from US\$1.98m to ~US\$500,000 per annum

# Where is Austin's Pathfinder Project?

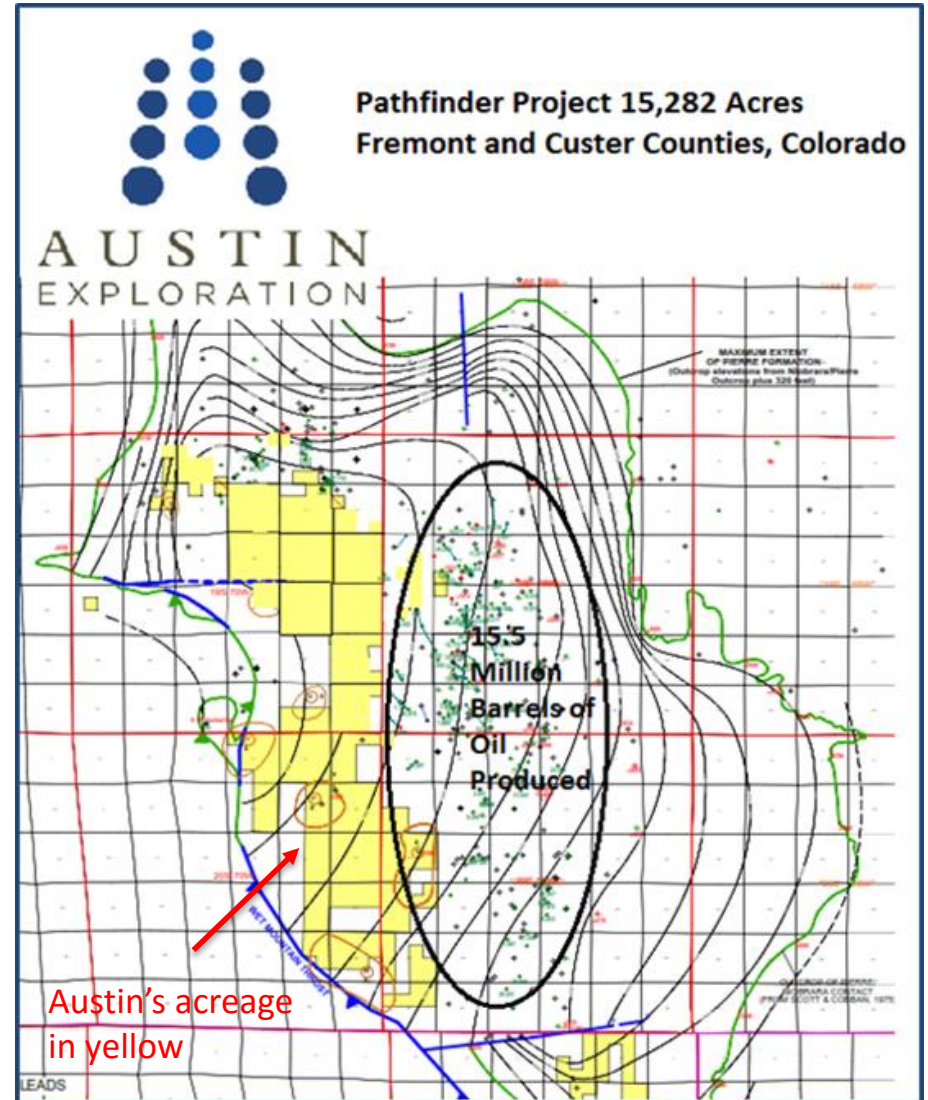


- Florence, Fremont County, Colorado
- 100% Working Interest in 15,282 acres
- Austin is the Operator of the Project and is in full control of all aspects of operations
- Austin is headquartered in Florence – Management is on location every day



# Pathfinder – A Golden Ticket

- Austin's Pathfinder Project lies in the Western section of the Florence Oil Field which has produced more than **15 million barrels of oil**
- The entire Western region in this oilfield has been largely undrilled due to the fact that it was **tyed up for mining for the last 150 years**
- We have **leased the overwhelming majority of the Western section of the field** due to our deep rooted industry contacts
- The last oil company to drill in the area was able to **build a production stream of 1200 BOPD in just a few short years** – we are duplicating this success
- Our acreage to the West looks much better than that to the East due to the fact that the **Pierre formation increases in thickness as it slopes West**



# Virgin Acreage Next to the World's Second Oldest Oil Field

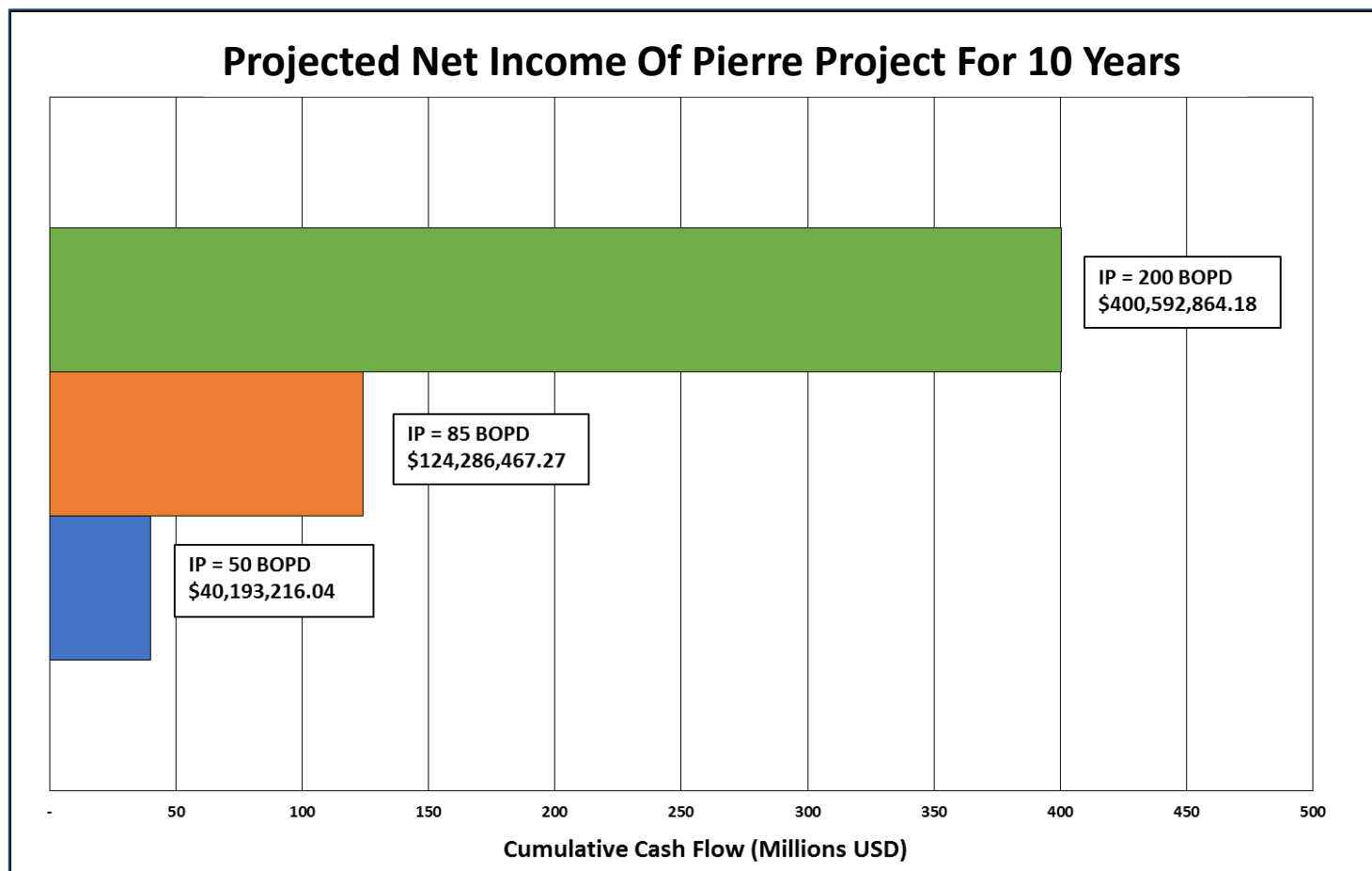
- Florence is second oldest oil field in the world
- Oil discovered in a seep north of Canon City in Oil Creek in 1862
- First deep well drilled in 1876
- 15.5 million barrels of oil from over 1,000 wells
- Wells have produced from 1,800 - 3,500 feet
- High quality oil is produced from fractures in shale
- Cretaceous aged Pierre Formation is the producing formation



<b>Drilling Plan For Pierre Project</b>		
<b>Year:</b>	<b>Wells Drilled:</b>	<b>Cumulative Wells Drilled:</b>
1	3	3
2	6	9
3	8	17
4	8	25
5	16	41
6	16	57
7	16	73
8	16	89
9	16	105
10	16	121

\*\* Assumes capital is available for drilling

\*\* Assumes two drill rigs on location beginning of year 5



#### Assumptions:

- \*\*Continual drilling program – personnel would have to be increased
- \*\*Capital is available for drilling
- \*\* Assumes two drill rigs on location beginning of year 5
- \*\* Oil price p/bbl WTI - Yr 1 = \$40, Yr 2 = \$50, Yr 3 = \$55, Yr 4 = \$60, Yrs 5 -10 = \$65
- \*\* Assumes all wells are productive

# Recent Production Statistics – Directly Adjacent Pathfinder



Our neighbour, directly adjacent, has hit 21 consecutive oil wells in the Pierre Formation:

21 Adjacent Pierre Wells - 2015 Production Data					
Well	Well Type	IP Date	Initial Production	Cumulative Production (2015)	Years
Apache	Vertical	Oct-08	46	10,030	5.49
Dolly Varden	Vertical	May-10	30	14,995	4.84
Elliot Ness	Vertical	May-11	248	27,325	3.96
	<b>Averages</b>		<b>108.00</b>	<b>17,450</b>	<b>4.76</b>
Well	Well Type	IP Date	Initial Production	Cumulative Production (2015)	Years
Liberty	Horizontal	Jun-10	171	56,635	4.90
Buck Garrett	Horizontal	May-11	35	12,343	3.99
Swordfish	Horizontal	Nov-11	70	7,820	3.15
Blue Marlin	Horizontal	Nov-11	48	11,903	3.57
Oilfish	Horizontal	Dec-11	204	38,928	3.31
	<b>Averages</b>		<b>105.60</b>	<b>25,525.80</b>	<b>3.78</b>
Well	Well Type	IP Date	Initial Production	Cumulative Production (2015)	Years
Golden	Deviated	Oct-08	60	69,683	6
Rainbow	Deviated	Oct-08	20	9,922	6
Flathead	Deviated	Sep-09	95	40,807	5
Apache Gold	Deviated	Jun-10	90	18,867	5
Lake	Deviated	Jul-10	321	193,933	5
Patti	Deviated	Jul-10	158	16,885	1
Woolly Bugger	Deviated	Jul-10	98	29,969	5
Greenback	Deviated	May-11	176	16,678	4
Mackinaw	Deviated	Apr-11	200	23,088	4
Triggerfish	Deviated	May-11	98	24,289	3
Paiute	Deviated	Nov-11	360	130,701	4
Trumpetfish	Deviated	Dec-11	20	2,079	2
King	Deviated	Nov-11	70	9,897	3
	<b>Averages</b>		<b>135.85</b>	<b>45,138.31</b>	<b>4.07</b>
			<b>124.67</b>	<b>766,777.00</b>	<b>4.21</b>
			<b>Avg IP</b>	<b>Total Cum Production</b>	<b>Years</b>

# Several High Impact Targets Identified – How?

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## High Definition ‘Zig Zag’ 3D seismic program:

- State of the art 3D seismic accurately locates high density fracture networks

## Surface Geochemistry Studies:

- Applying surface geochemistry techniques to detect hydrocarbon leakage to the surface by measuring the iodine levels at surface

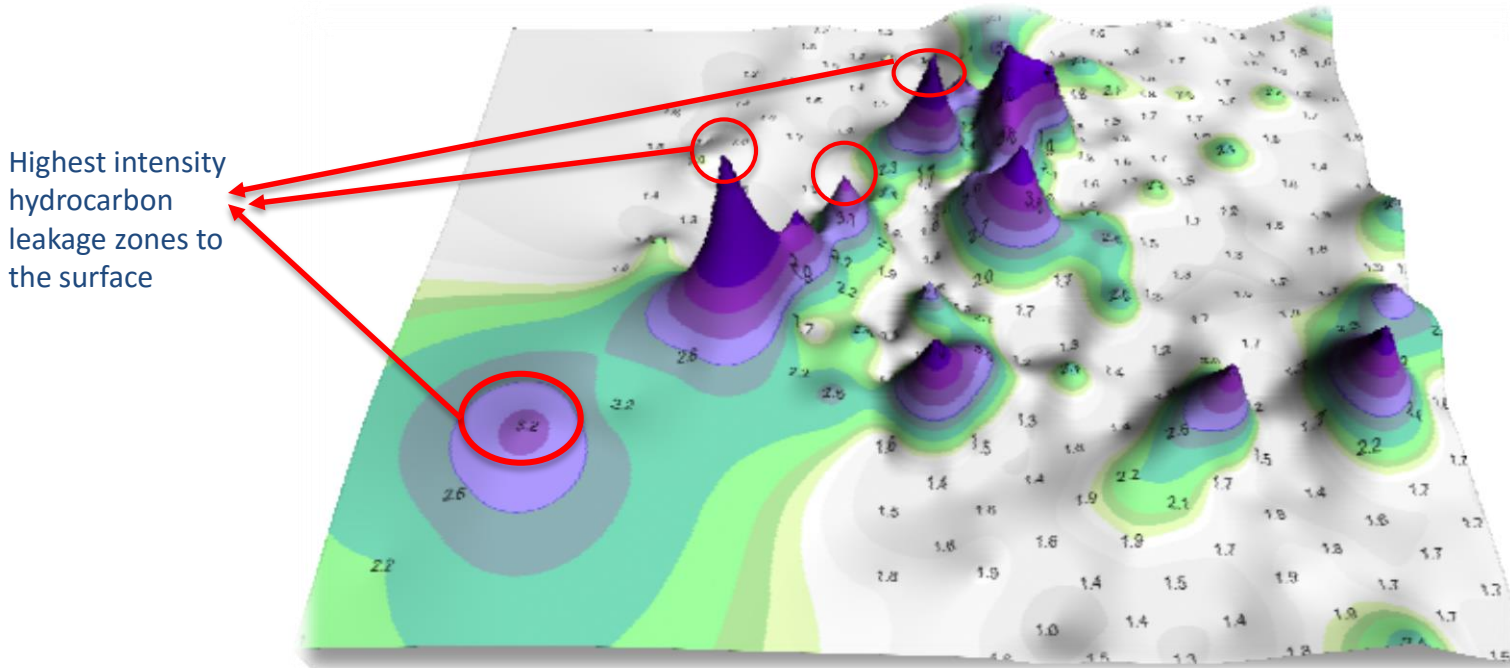
## Satellite Imaging Analysis:

- The Pierre satellite study located multiple anomalies over Austin’s Pathfinder Project and confirmed extensive natural fracturing has occurred with the Pierre formation



3D seismic vibroseis trucks on location at Pathfinder

# Surface Geochemistry Studies Confirm Hydrocarbon Seepage to Surface

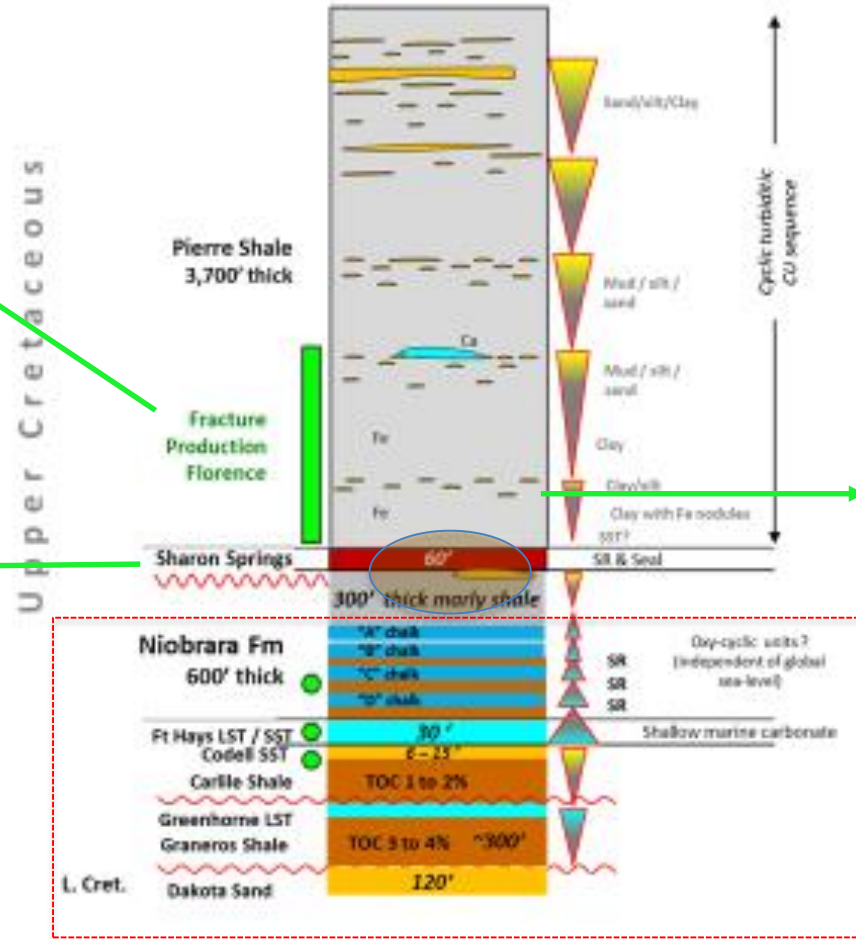


- Surface Geochemical studies indicate a presence of hydrocarbon accumulations in section 18 of Pathfinder
- The purple zones indicate a high intensity iodine readings that have been detected
- Iodine is used to detect hydrocarbon seepage at the surface

# What is the Pierre formation?

Natural fracturing in the Pierre Shale is unique to the Florence field

The Sharon Springs is the source rock for the oil in Pierre and acts as a bottom seal



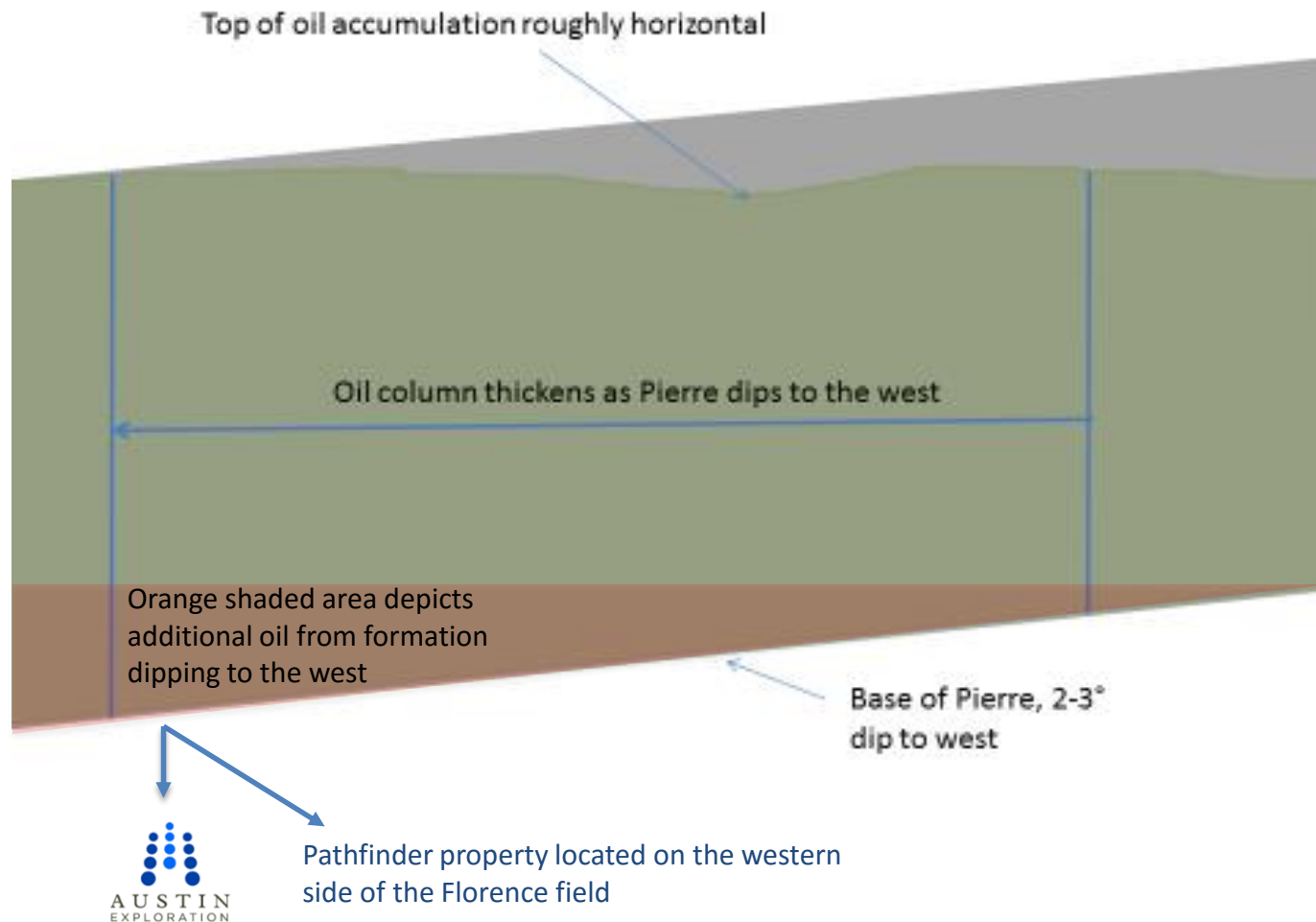
Oil accumulations located in the lower section of the Pierre formation

Significant deeper potential in the Niobrara, Codell, Greenhorn etc.



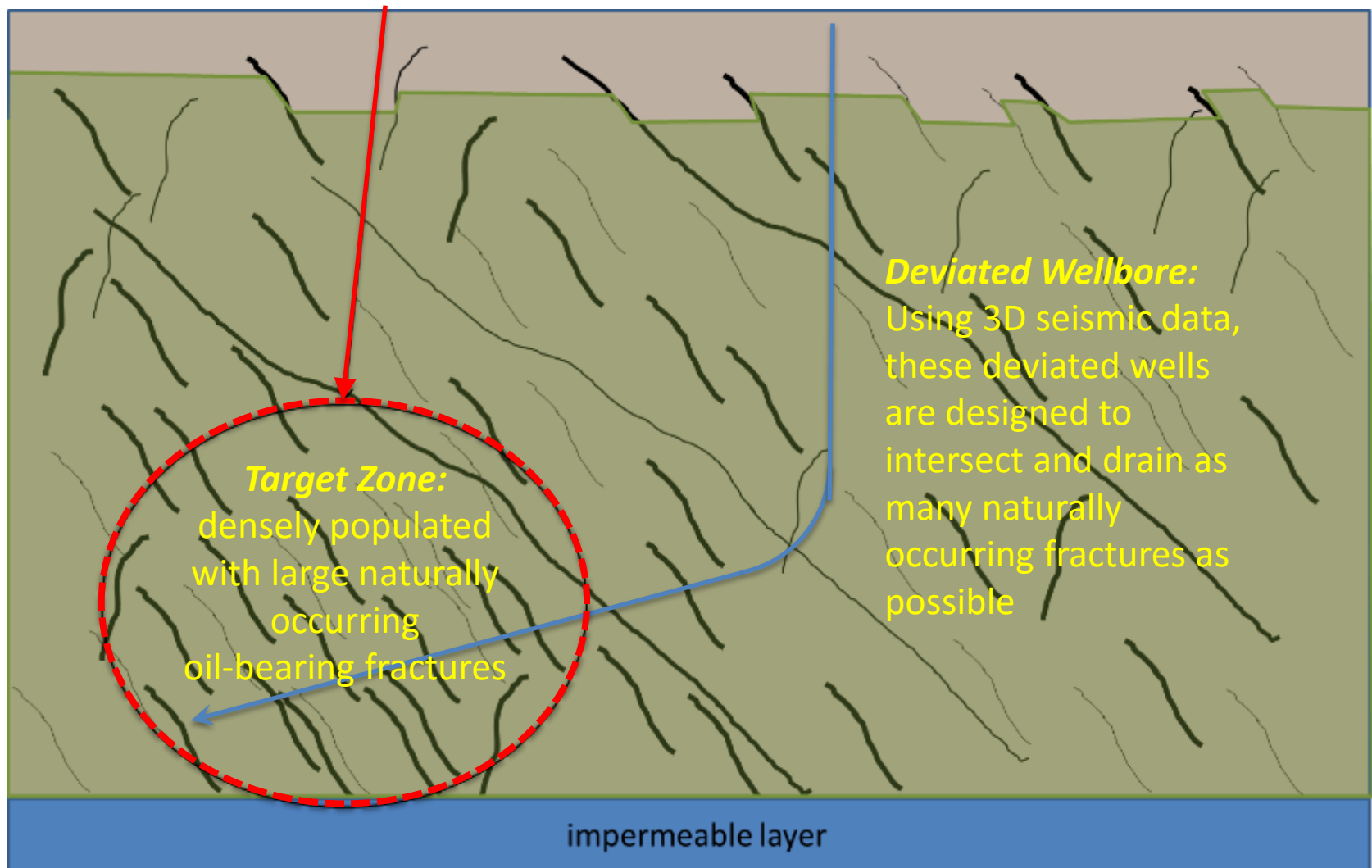
# Greater Oil Reserves Potential at Pathfinder

The Pierre formation thickens to the west and Austin believes the pay section is thicker with potential for greater oil reserves



# Pierre Formation Ideally Suited for Low Cost Drilling

Targeting the field's naturally occurring, gravity feed, oil-bearing fractures allows for the lowest cost oil exploration and production possible – no high cost fracing

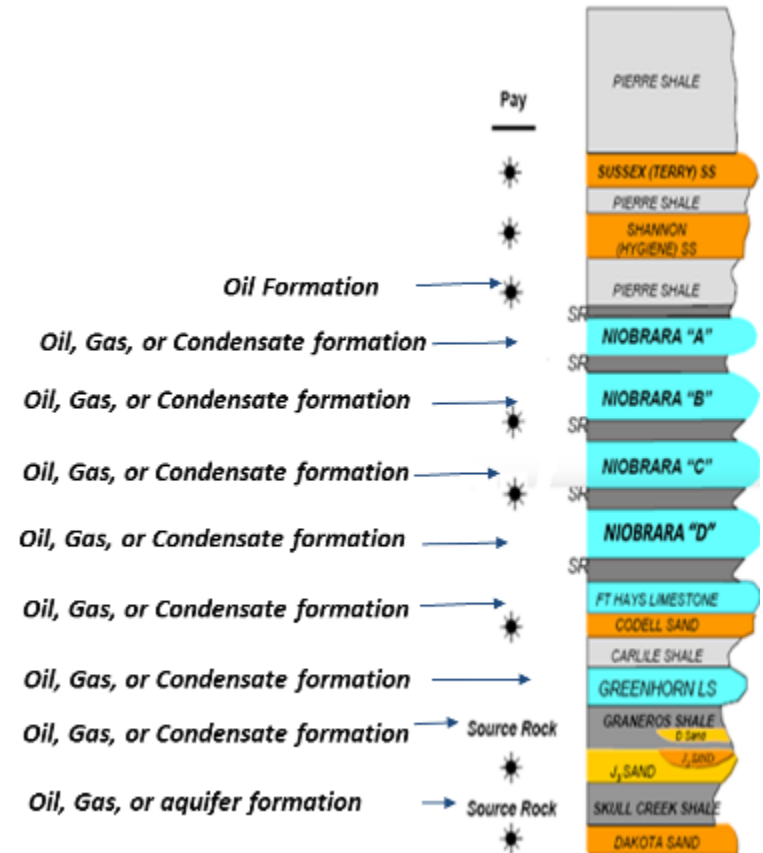


# Pathfinder Property – A Hydrocarbon Rich Basin



## Proven targets (in order of depth):

- Pierre Shale
- Niobrara Shale
- Codell formation
- Greenhorn formation
- Grenaros formation
- Dakota formation
  
- Pierre wells shallow and highly economic at low oil prices
- Deeper formations with large oil and gas reserves that will be reviewed at higher oil prices
- Multiple zones at multiple depths – optionality for AKK



# Our US Based Team



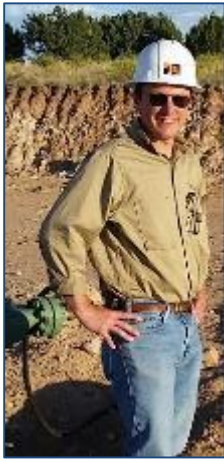
***Guy Goudy***  
***Executive Chairman***



***Dr. W. Mark Hart***  
***Non –Executive Vice  
Chairman***



***Timothy Hart***  
***MD & CEO***



***Aaron Goss***  
***COO***



***Lonny Haugen***  
***CFO***

# Pierre Drilling – Highly Economic at Low Oil Prices

## We do it all ourselves:

- ✓ Drilling and field operations managed directly by Executive Management
- ✓ Formation is naturally fractured – no fracking required
- ✓ Strategic Drill rig rental agreement in place with Math Energy Drilling
- ✓ Shallow drilling – approx. 4000 ft



Vice – Chairman Dr. M Hart



Executive Chairman G. Goudy



MD & CEO T. Hart



Executive VP – A Goss

# Strategic Drilling Agreement in Place

## Full Operational control drives costs down:

- A low cost, long-term complete drill rig and machinery package has been secured with Math Energy Drilling
- Drill rig fleet rental agreement significantly reduces ongoing development costs and increases operational efficiencies
- Long-term rental agreement eliminates high day rates, high stand by charges and high mobilisation fees



# Extensive Drill Rig Fleet and Machinery at the Ready



## Extensive Drill Rig Fleet & Machinery:

- Atlas Copco RD20 Range III Drilling Rig
- Drilling Rig Substructure 43' x 8' x 16"
- 3500' Horizontal 3 1/2" Drill String
- 3700' Vertical 4 1/2" Drill String
- 2 x Kenworth T800 Truck
- Kenworth K900 Winch Truck
- 3000 gallon Water Trailer
- 2 x 30' Pipe Trailer
- 42' Substructure Trailer
- Lowboy Trailer
- 35' Gooseneck Trailer
- 3000 # Reagan K BOP
- Doghouse Trailer & Misc Drilling Tools
- 11KW Light Plant
- 28' Office/Engineering Trailer
- D6M LGP CAT Bulldozer
- 420E-IT CAT Backhoe
- 1200 gallon fuel storage tank
- 1200 gallon fuel storage tank
- 1200 gallon fuel storage tank
- Atlas Copco QL60 Hammer & Bit
- 17 1/2" TriCone Drill Bit
- 2 x 6 1/4" TriCone Drill Bit
- 2 x 8 3/4" TriCone Drill Bit
- 250 Barrel Mud Tank

# Pierre Wells – Potential Single Well Economics



## \$40 /bbl WTI

Production and Economic Data For Single Well Over Pierre Project For 10 Years			
Oil Price (USD/BBL)	Initial Production Rate (IP)	Initial Production Rate (IP)	Initial Production Rate (IP)
<b>\$ 40.00</b>	50	85	200
Oil Production (BBL)	32751.6	55677.7	131006.5
Net Cash Flow (USD)	\$ 932,589.14	\$ 1,487,401.54	\$ 3,310,356.57
Payback (Years)	0.689	0.550	0.331
IRR (%)	68.3%	114.7%	248.1%

## \$50 /bbl WTI

Production and Economic Data For Single Well Over Pierre Project For 10 Years			
Oil Price (USD/BBL)	Initial Production Rate (IP)	Initial Production Rate (IP)	Initial Production Rate (IP)
<b>\$ 50.00</b>	50	85	200
Oil Production (BBL)	32751.6	55677.7	131006.5
Net Cash Flow (USD)	\$ 1,171,675.95	\$ 1,893,849.11	\$ 4,266,703.79
Payback (Years)	0.622	0.479	0.274
IRR (%)	89.2%	145.9%	314.6%

## \$60 /bbl WTI

Production and Economic Data For Single Well Over Pierre Project For 10 Years			
Oil Price (USD/BBL)	Initial Production Rate (IP)	Initial Production Rate (IP)	Initial Production Rate (IP)
<b>\$ 60.00</b>	50	85	200
Oil Production (BBL)	32751.6	55677.7	131006.5
Net Cash Flow (USD)	\$ 1,410,762.76	\$ 2,300,296.68	\$ 5,223,051.02
Payback (Years)	0.566	0.425	0.233
IRR (%)	108.7%	176.0%	380.1%

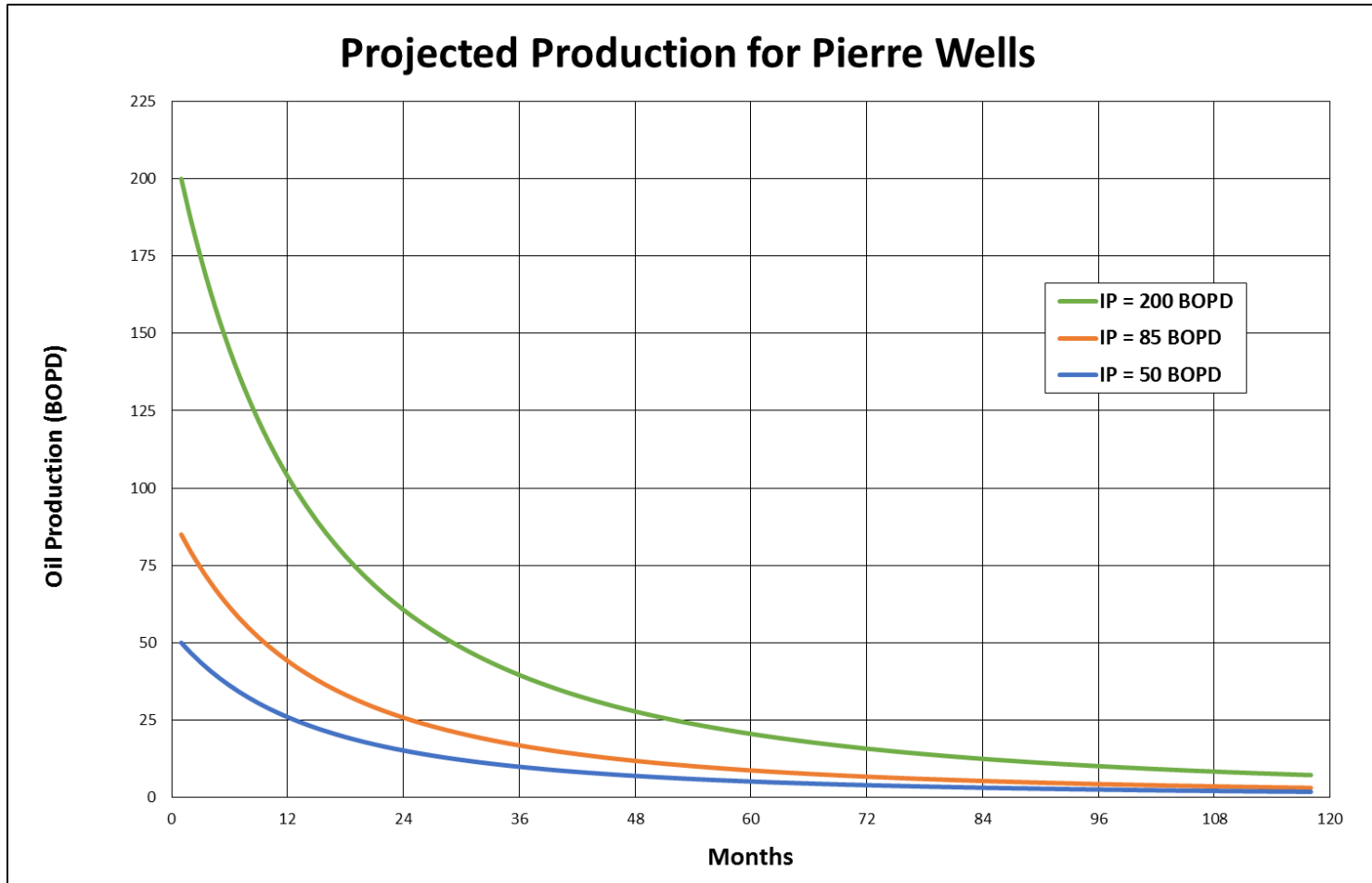
- \*\* Potential Economics based on nearby oil production
- \*\* Assumed Drilling costs = USD\$500k/well
- \*\* Projected production declines illustrated on the next slide
- \*\* Royalty = 25%, Severance Tax = 2%, Well Operating Costs = \$3k/month



# 10 Year Projected Decline Curve



- Bulk production occurs in first three years and steadies for long-term production
- There are wells in Florence that have been producing oil and gas for more than 100 years



## Kentucky continues to provide AKK with a solid boost to cashflows

### Kentucky

#### ~4000 acres in the oil and gas rich Illinois Basin

- Kentucky Exploration LLC. Approx. 4000 acre 50/50 Joint Venture with private Australian Investment Company
- Achieved a record production day rate of 50 BO in 2015
- Robards Lauenstein #4 well successfully drilled in 2015 and continues to produce under natural pressure
- Well was drilled for \$30k and will pay back in less than one year
- Drilled internally by Austin's team with no contractors saving significant costs
- Kentucky wells expected to produce oil profitably for 20+ years



Corporate Snapshot	
ASX Code:	AKK
Cash (as at June 30 2016):	\$2mil
Market Cap	\$8mil
52 week high (\$/share):	\$2c
52 week low (\$/share):	0.4c
Shares on issue:	1.07bil

Major Shareholders	
Lanstead Partners Ltd	4.95%
1215 Capital Ltd	3.77%
Board and Management	2%
Admark Investments Pty Ltd	1.86%
Starcat Investments Pty Ltd	1.39%
Mr. J Rosenthal	1.34%
<b>Top 20 Shareholders</b>	<b>29.01%</b>

**Top 20 Shareholders represent ~30%**

# Austin's Board of Directors – Proven Company Builders



## **Mr. Guy Goudy, Executive Chairman**

Guy joined Austin Exploration in 2009 and has served the Company in various roles including Chief Operating Officer, Managing Director and Chief Executive Officer and was promoted to the role of Executive Chairman in July 2016. Guy has been instrumental in navigating the Company through the current severe downturn in oil prices and the elimination of the Company's debt. Guy has over 10 years of oil and gas investment experience and has extensive network of global industry, financial and political contacts. Prior to his appointment at Austin, Mr. Goudy was employed in the financial services sector and was an authorized representative with a leading stock broking and financial advisory firm in Sydney.

Mr. Goudy was trained at the University of Technology, Sydney (UTS) where he holds various formal qualifications in Business. He has also completed Mineral Economics course work at the Colorado School of Mines.



## **Mr. Timothy Hart, Managing Director and Chief Executive Officer**

Tim joined Austin Explorations Management team in 2011 as VP/GM of Austin's Kentucky Business Unit and responsible for transitioning the Business unit from a gas exploration business into a cash flow positive oil and gas producer. In 2015 Tim was promoted to Austin's Chief Operating Officer where he was responsible for the performance and development of Austin's oil and gas portfolio spanning across Colorado, Kentucky, Texas and Mississippi. After his significant contribution to the successful transformation of our company into a very low cost, highly productive, "do it yourself" drilling & exploration company, in 2016 Mr. Hart was promoted to Managing Director and CEO.

Mr. Hart has a Bachelor of Science in Engineering from Penn State University (PSU) with an extensive professional history in business and technology. He has held numerous senior level management positions with expertise in Electrical Engineering, Information Technology, Technical Project Management, Vendor Management, Contract Negotiation, Operational Efficiency, Process Development, and Budget Development & Compliance.

Mr. Hart brings a strong management, engineering and technology background to the Oil and Gas Industry and has worked with numerous local vendors to improve their processes and service offerings to accommodate the enhanced technical, safety and environmental requirements of our business.



## **Dr. W. Mark Hart, Non-Executive Vice Chairman**

Dr. Hart has led Austin to success since joining the Company in 2010 and has served as Austin's Chairman and, prior to that, Chief Executive Officer and Managing Director. Under Dr. Hart's successful leadership the Company was transferred from a Kentucky focused gas explorer to a cash-flow positive, multi-state oil and gas producer. Dr. Hart was responsible for the company's early entry and successful acquisition into Eagle Ford play in Texas and the DJ Basin in Colorado USA. Dr. Hart has more than 35 years of executive experience across the world in a number of major mining and energy companies, including Standard Oil Minerals, Newmont Mining Company, Cyprus AMAX Minerals Company, Consol Energy, NRG Energy Inc. and American Electric Power Fuel Supply Company.

Dr. Hart has successfully led organizations of between 200 and 10,000 employees in a variety of executive capacities in the United States, Australia, Italy, Canada, Latin America, Europe and the Middle East. Dr. Hart is on the President's council of CSM and also serves as an Adjunct Professor at the Colorado School of Mines (CSM), where he teaches course work in carbeneous fuels-to-liquids, gas and power. Dr. Hart has a PhD from the CSM, an MS from WVU, 2 BS/BE in MechEng/MineEng Tech, AS Electrical EngTech from Fairmont State University, and an MBA from UOP. The Company uses the lab facilities of CSM and has used consulting help from various professors at the CSM.



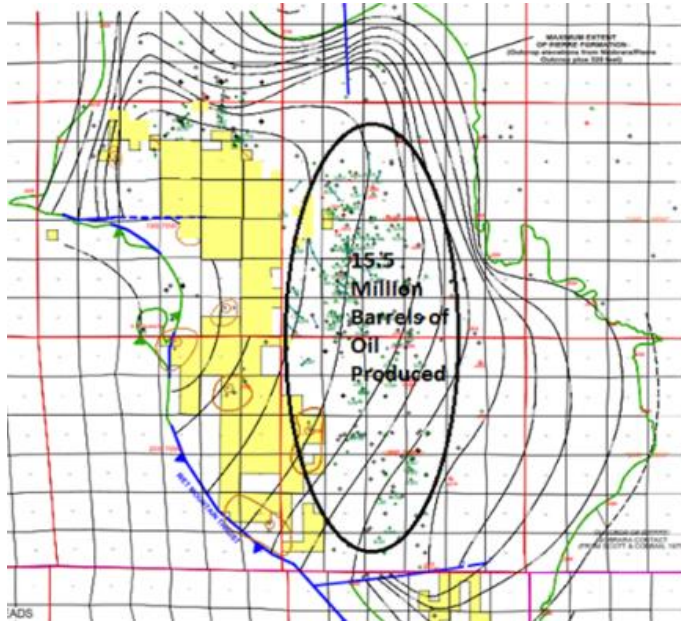
**Mr. Stuart Middleton – Non-Executive Director**

Mr. Middleton has joined the Austin Exploration board of directors as a non-executive director based in Sydney. Stuart has recently returned to Australia from a 10 year assignment in China where he lived and was the Group Executive for TDS, Banpu Plc, Asian Energy Company with assignments in China, Mongolia, Indonesia, Australia and Thailand living in the Henan and Shanxi provinces of the Peoples' Republic of China. Mr. Middleton has also worked in the USA, Indonesia and Columbia. During his time in China he was highly involved with oil and gas, in both conventional and unconventional drilling for CBM and oil/gas; he advised both government and a major Asian Energy group relating to Asian American Gas Company, extensive JV vertical and multi-lateral directional wells as well as technology transfer from oil/gas to underground degas directional drilling and degas to mitigate dangerous outburst challenges.

Australian by background, Stuart has a Bachelor's degree in engineering and a Master's Commerce degree with double majors in Finance and Technology Management from The University of Sydney. He is a chartered professional engineer. Stuart was the general manager of the Baal Bone operation in Lithgow, Australia and served on the Oakbridge board in Sydney and the Queensland North Goonyella Pty. Ltd board in Mackay.

# A Great Investment !

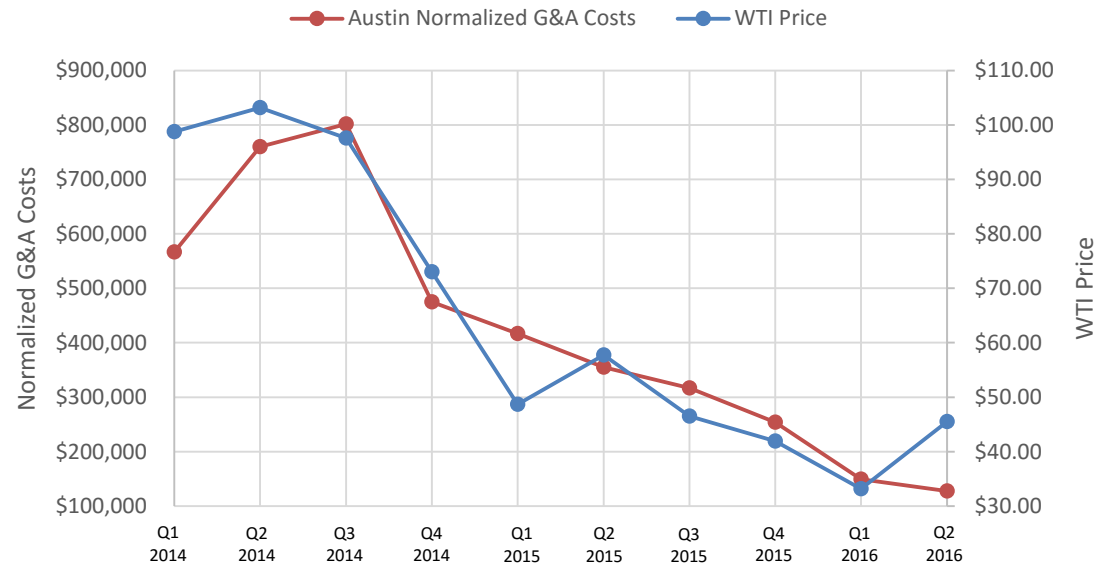
## The RIGHT Property



- 15 million barrels of oil produced in this field
- Property tied up for mining for the last 150 years. We have it now and we need to act NOW!
- In 2010 21 newly drilled wells produced of 1200 BOPD. Our acreage is better!

## The RIGHT Team

Cost Control Measures & WTI Crude Price  
By Quarter



- Our team has managed successfully through the biggest downturn in oil and gas history
- We have complete control over our property and our operations
- We couldn't be any more hands on  
= RESPECTING YOUR INVESTMENT

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