



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

1 May 2014

Drilling operations underway for 1st Pierre oil well in Colorado

- **Austin spuds first high impact Pierre well at Pathfinder Project**
- **Company acquires 100% of flagship Pathfinder project in Colorado**
- **Austin's Pathfinder property directly adjacent to the Florence Oil Field that has produced more than 15 million barrels of oil**
- **Austin currently involved in its largest ever drilling campaign in Colorado, Texas, Mississippi and Kentucky**

Austin Exploration Limited (ASX:AKK) today announced drilling operations were underway at the Company's Pathfinder project in Colorado. The C-18#1 well will be Austin's first well targeting the Pierre shale formations.

The Pierre shale has produced more 15 million barrels of oil on the adjoining acreage to Austin's Pathfinder property. Prior to Austin acquiring the Pathfinder project in 2011, this property was held by mining companies and as such Austin believes that the oil and gas reserves remain in virgin territory.

The decision to drill the new well follows the Company's combination of geochemical prospecting (figure 1) and exploration geophysics (figure 2). This process identified areas that would show indirect oil potential as well as dense natural fracture zones (figure 3). A comprehensive offset field production history analysis was also completed. This complex study covered an area of approximately 640 acres and resulted in the identification of 5 – 10 high impact drill targets within this single area.

Wells drilled into the Pierre formation are shallow, with a target depth of 3000 ft to 4000 ft, and do not require horizontal drilling. As Austin's drilling program is targeting large natural fracture networks, fracing is not required. Generally, a successful Pierre well can be drilled, completed and put onto production for less than US\$1 million.

Gustavson & Associates has been commissioned to complete a reserves study of the Pierre Shale at the Pathfinder property. With the surrounding oil production history in this area, Austin believes that it will add a significant amount of "bankable" reserves and resources to its already existing base of 47 million + barrels of oil equivalent. These reports can be accessed via the Company's website at:

<http://austinexploration.com/resources/>

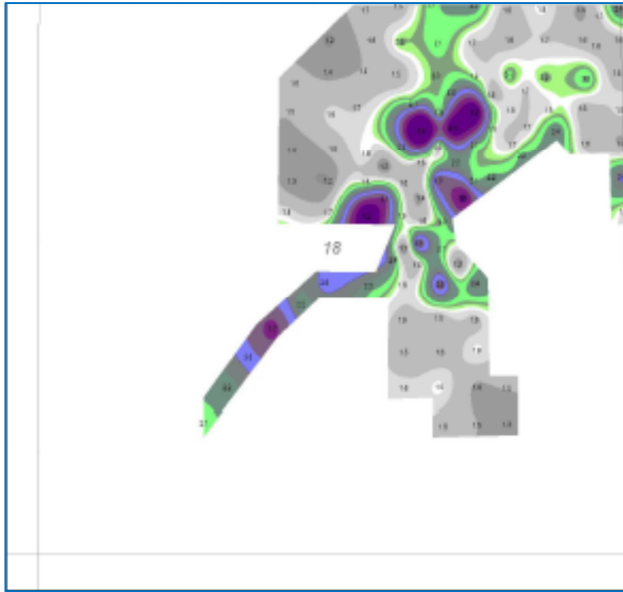


Figure 1 Section 18 Geomechanical Prospecting

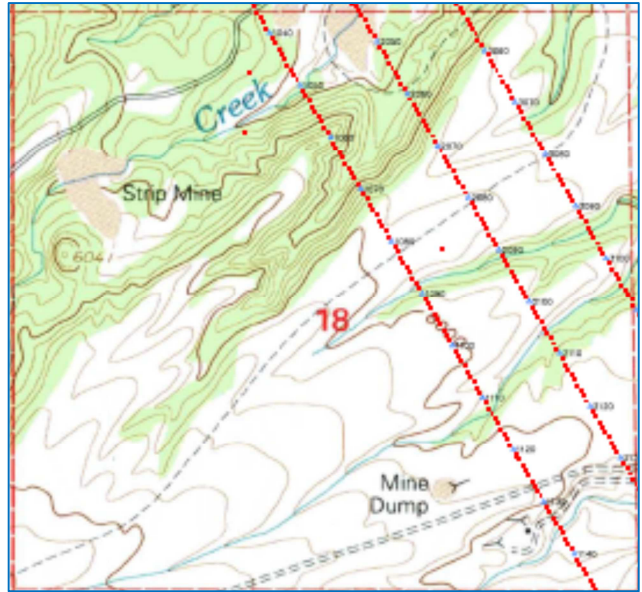


Figure 2 Section 18 Exploration Geophysics

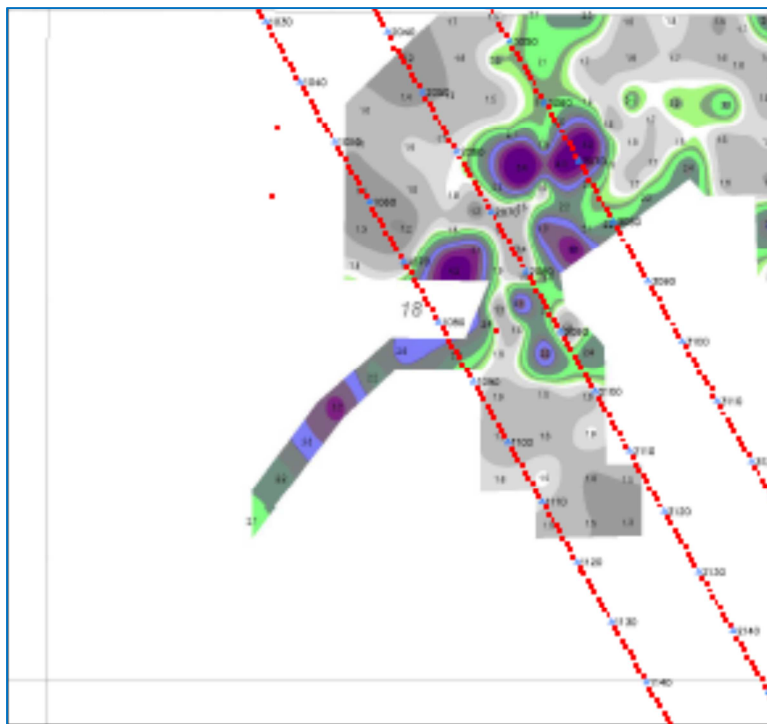


Figure 3 Combination of Geochemical Prospecting with Exploration Geophysics

PATHFINDER PROJECT OWNERSHIP

Austin also reports that it has successfully negotiated a buy-out of the remaining 15% Working Interest in the Pathfinder project, with no cash component included in the transaction. Austin traded a 1.55% Overriding Royalty (ORRI) for the 15% Working Interest that was previously held by a private company. As a result of this transaction Austin now has a 100% Working Interest and a 75% Net Revenue Interest in this project. This transaction provides Austin complete control and optionality over the project's future development. Further, it significantly improves the economics behind the project should the Company pursue debt funding for the future development of this property.

ABOUT THE PIERRE FORMATION

In the 1870's the town of Florence was rich in natural resources, and due to oil seeps, it is the 2nd oldest oil field in US. In 1862, the first deep well was drilled. The Oil discovered is good API quality with low water production. The Pierre formation is from the Cretaceous age 15.5 million barrels of oil have been produced in the Pierre formation from over 1,000 wells.

Notably, ASX-listed Comet Ridge Resources (ASX: COI) drilled 25 wells in the adjoining field from 2008 -2012. Of these 25 wells, 22 were commercial producers and the average production from these 22 wells has been approximately 31,700 barrels of oil per well. The best well had a 30 day average initial production rate of 523 bopd, has produced over 180,000 barrels of oil, and is still producing. The 22 wells averaged 112 bopd for an initial 30 day period. This data is publicly available. Drilling areas that are known to be naturally fractured have proved to be highly successful.

Hydrocarbon production from the Pierre formation is believed to be from natural fractures in the Upper Cretaceous. The fractures are irregular in shape and sizes, in the 200 ft in width and the 1000 ft in length, and the drive mechanism is known to be gravity drainage.

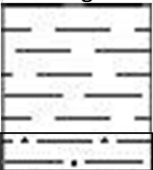
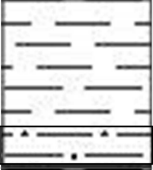
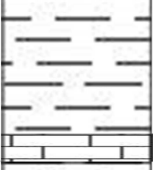
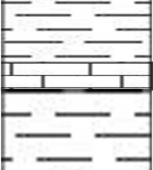

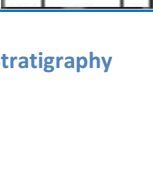
Top	Bottom	Thickness	Formation	Drawing	Lithology
950	1215	265	Pierre		Shale 92% Siltstone 8%
1215	1695	480	Pierre Cone in Cone		Shale 95% Siltstone 4% Limestone 1%
1695	2080	385	Pierre Tee Pee Butte		Shale 96% Siltstone 1% Limestone 3%
2080	2350	270	Bentonite Marker		Shale 97% Limestone 3%
2350	3700	1350	Pierre Rusty		Shale 95% Limestone 5%
3700	3760	60	Pierre Sharon Springs		Shale 95% Limestone 5%

Figure 4 Pierre formation Stratigraphy

The Company looks forward to reporting material progress as it comes to hand.

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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-QX International 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 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.