



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

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AUSTIN ADVANCES DEVELOPMENT PROGRAM SHARE PURCHASE PLAN CLOSES

Austin Exploration (“Austin” or “the Company”) has closed its Share Purchase Plan (“SPP”) and capital placement as planned, having raised additional capital of \$1.5 million at 1.6 cents per share. Combined with the recently announced farm-out, gas infrastructure and sale agreement and Australian asset sale, the Company has secured its key US properties and a program for their commercialisation.

The objectives were to raise sufficient capital to ensure the full retention of its Eagle Ford acreage and/or optimize the terms of a joint venture, to accelerate the commercialisation of that acreage, and provide for the ongoing financial viability of the Company.

In the year since the Company’s capital raising in March 2012, Austin Exploration Chairman, Richard Cottee, has overseen a sweeping reorganisation of Company activity to maximise exploration drilling and de-risk opportunities to lower the cost of commercialising its oil and gas assets.

The most significant of these developments include:

- 1) Cutting non-exploration costs by over \$1 million per annum, ensuring more of the Company’s available funds are directed towards value creation;
- 2) Through strategic exploration efforts, achieving a gross proven potential production of the acreage under its operatorship to well over 500 Barrels of Oil Equivalent Per Day;
- 3) In the last 2 months, negotiating arrangements that substantially reduce forward expenditure requirements (on completion of those arrangements) including:
 - a) The leaseholder of Austin’s Niobrara acreage agreeing to the replacement of its June commitment well with expenditure of \$250,000.
 - b) The negotiation with Mercator Energy for Mercator to design, finance and construct the gas delivery network, providing a relatively risk-free commercialisation path for the gas discovered in the Niobrara Project.
 - c) The re-negotiation of the drilling of two commitment wells on its Texas Birch holdings to be replaced by the payment of \$1.25 million, of which \$838,000 was paid in the last quarter.

- d) The Letter of Intent announced for the Niobrara, whereby a third party has agreed, in principle, to drill the next 2 horizontal wells in exchange for a 30% interest in the Pathfinder acreage.
 - e) The sale of the Company's 50% interest in the non-core PEL105 tenement, thereby obviating the necessity of spending \$1.8million on drilling there, in exchange for either \$1.25 million cash or \$1.75million scrip; and
- 4) Planning for an exciting forward drilling program over the next 12 months, consisting of 2 horizontal wells in the Niobrara and 2 horizontal wells in the Eagle Ford, which Austin anticipates will be fully funded once the respective farm-out arrangements have been completed.

Mr Cottee said the strategic objective of this program was to provide for the accelerated development of Austin's premier US assets, to the point where further commercialisation would become self-funded.

"The combination of these savings amount to over 150% of the Company's present market capitalisation, and was done without compromising the Company's ability to keep operating its acreage on the cashflow generated from its economic interest in retained acreage and participate in the rapid commercialisation of the Eagle Ford & Niobrara.

"The Company now aims to progress negotiations on its Texan holdings so as to garner from its future joint venture partner the capital required to expeditiously develop its Eagle Ford holdings, as well as to replicate the deal it has agreed on the gas delivery system with Mercator Energy in the Niobrara. If this is achieved, the undoubted potential of the Eagle Ford may be unlocked.

"As can be deduced from the above, in the last 12 months the Company's exploration has very successfully confirmed both oil and gas from each new well, placing it on the cusp of major cashflow once the surface infrastructure is installed. Unfortunately for shareholders, investor sentiment appears to reflect the short term spending requirement on surface infrastructure rather than the exploration successes and the positive outlook for oil and gas sales that should follow," Mr Cottee said.

Mr Cottee said the Company was now well placed to take advantage of the ongoing high oil prices and a doubling of US gas prices over the last 18 months, positioning Austin Exploration as both an early stage and low-cost producer in the exciting US oil/gas shale revolution.

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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 (AUN-XY).

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