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ASX ANNOUNCEMENT

13 February 2017

Weatherford Source Rock Analysis indicates Austin's Pierre formation is in the onset of petroleum generation window

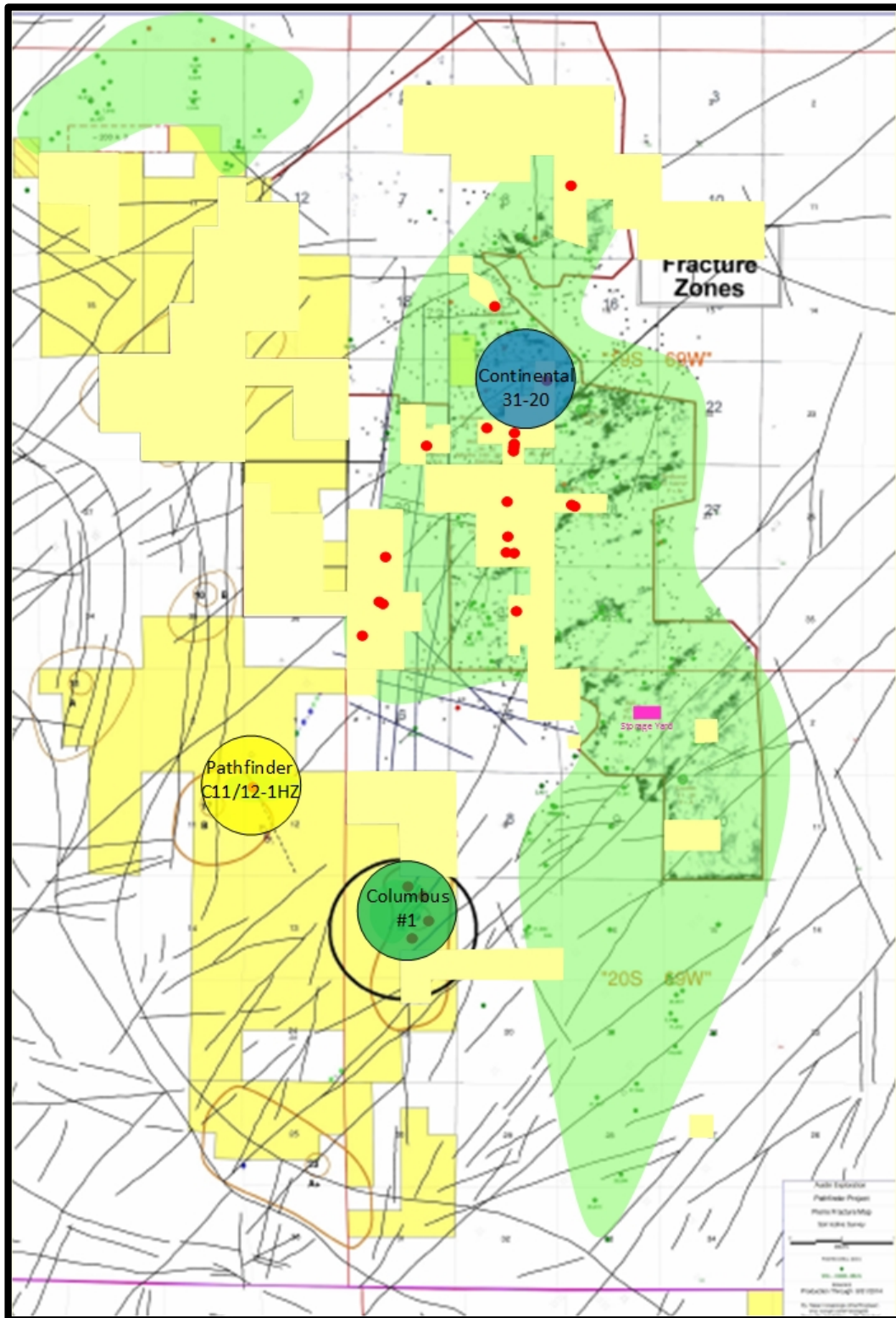
- **Program pyrolysis analysis confirm that Austin's Pathfinder property is more thermally mature than the Eastern side of the field**
- **Greater maturity levels in the formation point to larger recoverable oil reserves than the area which has produced 16.4 million barrels of oil**
- **Independent Analysis supports the early gas being produced from the Pierre formation is "in-solution" gas emanating from an oil reservoir**
- **The Source Rock Analysis trending shows positive results and significant potential for this field to be much larger than initially understood.**

The Board and Management of Austin Exploration Limited (**ASX: AKK**) (**Austin or the Company**) are pleased to announce that the Weatherford Laboratories Source Rock Analyzer program pyrolysis has been concluded and the results show a strong correlation between the Austin acreage to the West and the acreage at the heart of the existing oil field, which has produced 16.4 Million Barrels.

Austin contracted Weatherford Laboratories to independently analyze the drill cuttings from the Magellan, Columbus, Marco Polo and Pathfinder C11/12#1 (Niobrara) wells. The comprehensive analysis also included a well to the East which was drilled in the middle of the existing Florence Oil Field (not by Austin) so the progression can be seen from East to West across the area.

The geochemical analysis, which studied 100 samples of cuttings that were collected during drilling operations on the Magellan #1, The Marco Polo# 1 and Columbus #1 wells, conclude that the Pierre formation in section 18 has reached the onset of petroleum generation, and the maturity values are increasing as the field moves towards the west. This indicates a higher likelihood of increased oil production as the field moves westwards towards the Pathfinder project.

In the process of oil creation, the concept of maturity is paramount to understanding the likelihood of a particular area to be productive or not. Advanced engineering techniques exist to evaluate the maturity within these source rocks during the evaluation and development periods of the exploration cycle.

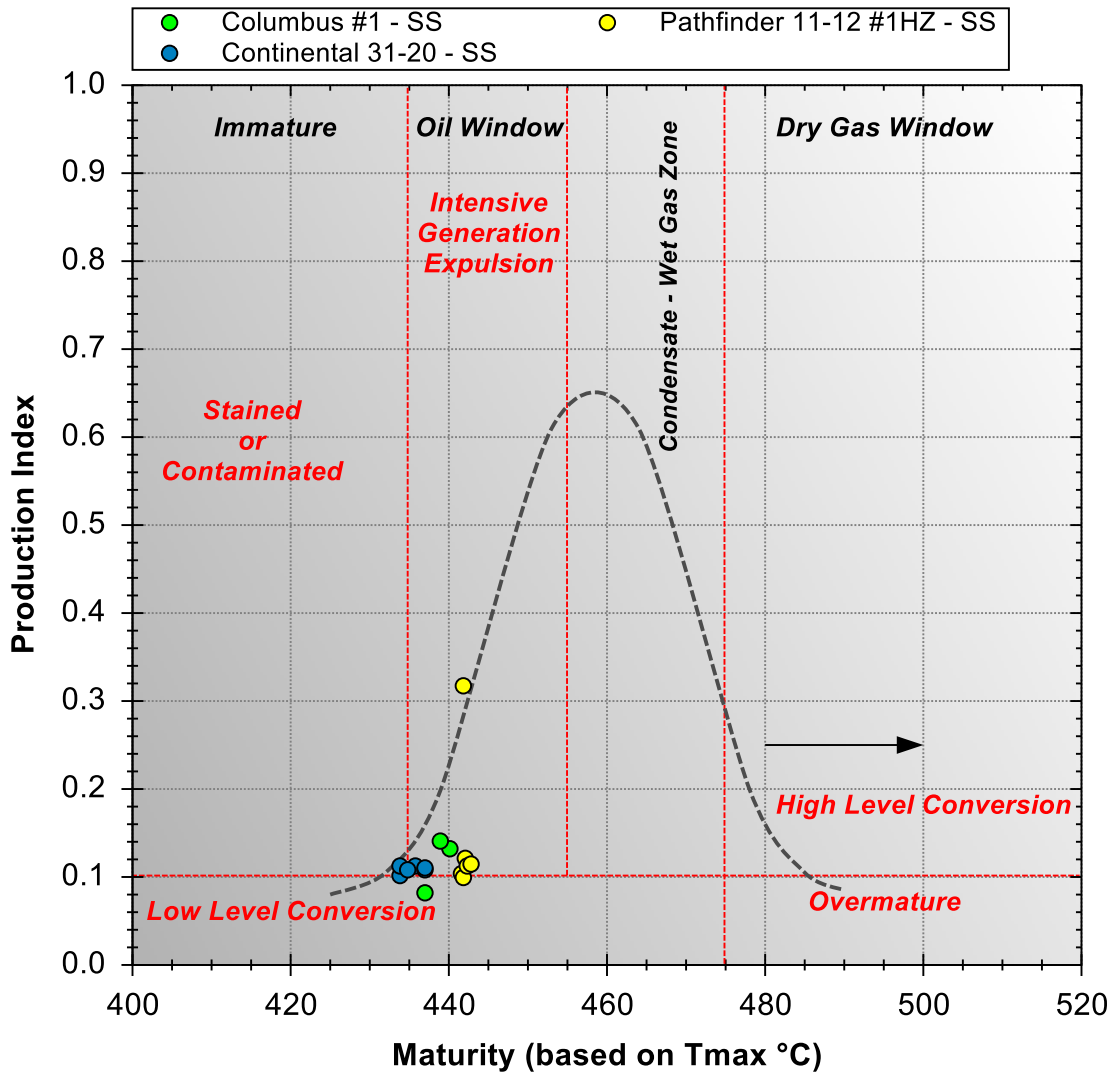


Green area represents the existing Florence Oil Field that has produced 16.4 Million Barrels of oil.
Colored circles represent the locations where the samples were taken for the Source Rock Analysis.

- Continental 31-20
- Columbus #1
- Pathfinder C11/12 #1HZ

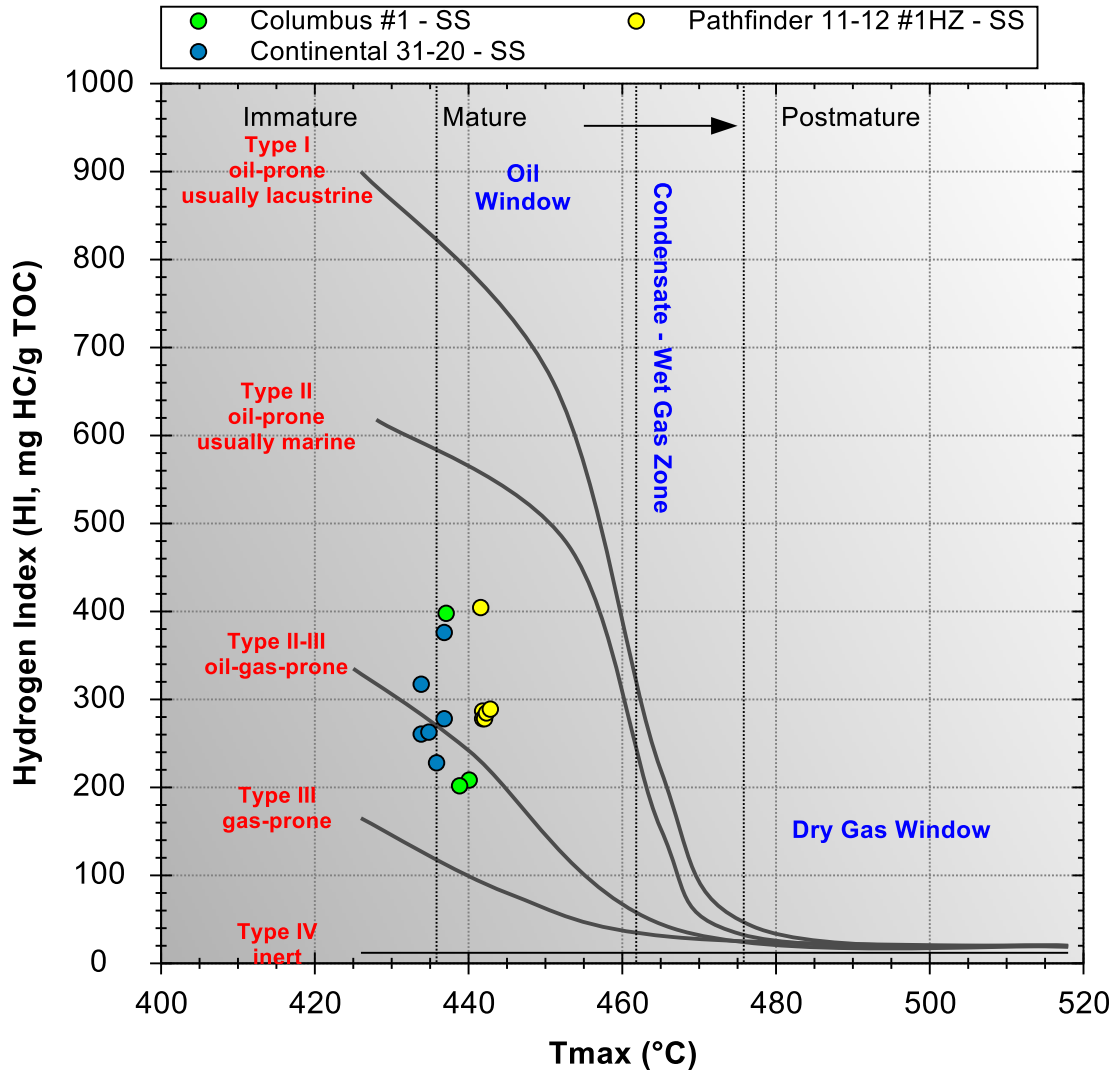
Yellow shaded area shows the acreage held by Austin Exploration.

Kerogen Conversion & Maturity – Tmax Based



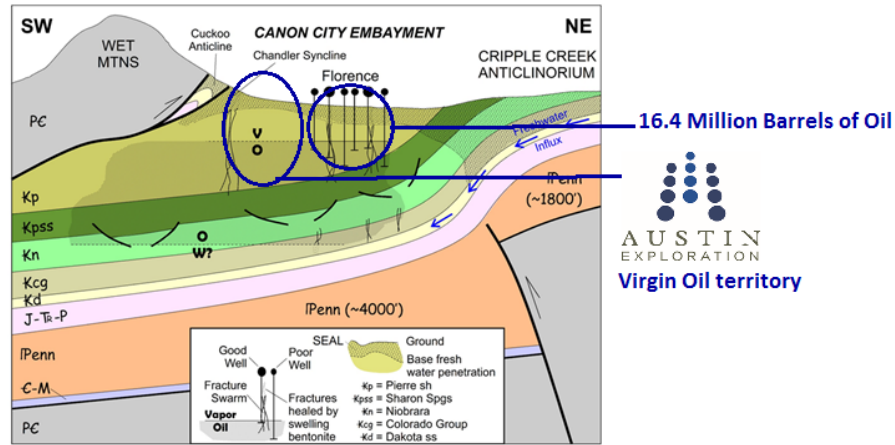
The maturity curve data above corresponds to the 3 well locations on the previous map. The sample clusters represented in the graphs above move from 'Immature' to 'Oil Window' as you move from East to West. The Continental 31-20 well to the East is located right in the center of the highly prolific Florence field and it can be seen that these maturity samples are the least attractive of all samples tested. It is reasonable to conclude that as the Kerogen Conversion Maturity increases to the West, the oil production would be greater.

Kerogen Type & Maturity – Tmax



This comprehensive and detailed breakdown of the Pierre formation supports the Companies reservoir prognosis that the formation is predominately an oil producing formation and the high levels of gas that is being produced on the Columbus and Marco Polo wells is an “in-solution” gas from crude oil. This gas needs to be bled down to relieve virgin reservoir pressures to allow for oil liberation and production.

The graphic below shows how the sub surface formations dip from North East to South West in the Florence field. The formations are deeper in the West/Southwest which creates higher pressure conditions on the Kerogens due to additional over burden from above.



The Source Rock Analysis trending shows positive results and significant potential for this field to be much larger than initially understood.

Brian Hankins, Weatherford Laboratories Geoscientist commented: “Analyzing the rocks in the laboratory enables us to evaluate the likelihood of a particular subsurface area to be a prolific oil and gas producer. The rocks analyzed from the wells drilled on the Pathfinder property certainly have all of the characteristics that are necessary to be a producer and when you compare the values across the field from East to West it appears that Austin is well on their way to proving that the Florence Oil Field does indeed improve to the West.”

Austin’s Executive Chairman, Guy Goudy, commented: “This is one more very important piece of the puzzle and provides further knowledge and understanding of how the petroleum system is working in the Pierre formation at Pathfinder. The more we dig in to the geology and geochemistry, the more excited we are becoming about the future of this field. The Weatherford geochemical cuttings analysis is an incredibly advanced method of learning about the rocks at the property and further validates that Pathfinder is capable of holding more oil than the 16 million barrel oil filed across the road from us.”

– 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. 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).

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