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ASX ANNOUNCEMENT

1 February 2016

## High Impact Pierre Drilling Program Underway in Colorado

- **C18#2 well spudded at flagship Colorado project**

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### **Colorado Pathfinder Project Update:**

15,282 acres, Fremont County, Colorado. 100% Working Interest and Austin is the operator

**Austin Exploration Limited ("Austin", ASX: AKK)** is pleased to announce that drilling operations have commenced at its C18#2 well targeting oil production from the Pierre formation. Drilling of the initial 100ft conductor section of the well is progressing well and has been halted in observance of Colorado State Wildlife regulations which prohibit ground disturbance due to elk breeding in the winter months.

Drilling will recommence in April and the Company looks forward to providing updates on drilling progress at that time. Target depth of the Pierre formation is shallow, at approximately 4000 ft., and drilling is targeting naturally oil filled fractures. As such, expensive horizontal drilling and fracking is not required for oil liberation and production.

Guy Goudy, Austin CEO & MD commented: "I am extremely proud of our team who are putting in the hard yards and saving the Company significant amounts of money by doing so. Dr Mark Hart, Chairman, Mr. Aaron Goss, VP/GM of Colorado, and Mr Tim Hart, COO have single handedly mobilized an entire drill rig fleet and machinery, built the drill pad and now drilling this well internally. This type of effort and attitude not only will re-define the cost of drilling oil wells in this area, but will set Austin aside as one of the few oil and gas companies that can continue to add value in this once in a generation down-turn in the oil industry"

This well is targeting the oil rich Pierre Shale formation, following an extensive high definition geophysical 3D seismic survey undertaken by Austin in section 18 of this highly prospective project. The property, consisting of 15,282 acres sits directly over the DJ Basin (one of North America's most prolific oil and gas producing basins), is large enough to accommodate more than 350 wells in the Pierre formation.

Austin's strategic low cost drilling program at Pathfinder has been considerably advanced through the Company recently securing a comprehensive drill rig fleet agreement from Math Energy Drilling LLC (ASX 9 November 2015).

Under this ongoing agreement, Austin has exclusive use of the equipment, including an Atlas Copco RD20 Range 3 drill rig, for a flat monthly rate for an initial 12 month period.

With this agreement in place, Austin is in the unique position of being able to economically drill and complete a Pierre well for approximately \$500k. An oil discovery in the Pierre formation would provide a significant boost to cash flows and unlock a significant amount of untapped value in this world class oil and gas property, while considerably de-risking Austin's strategic investment here.



**Math Energy Atlas Copco RD 20 Range 3 drill rig on location drilling Austin's C18#2 well**



**Austin's COO, Mr Tim Hart, Chairman Dr. Wm. Mark Hart, VP/GM Colorado Mr Aaron Goss on location for the drilling of the C18#2 well**

**ENDS:**

**Guy Goudy**  
**Managing Director and Chief Executive Officer**  
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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 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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