



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

12th Feb 2014

Pathfinder Gas Infrastructure Agreement

- **Austin signs Letter Of Intent to process and sell heavy gases in Colorado**
- **Near finalizing the owner operator and sales agreements**

Pathfinder Prospect, Fremont County, Colorado (85% of 11,500 acres)

Austin today announced the signing of a Letter of Intent with Texas-based Gas Processing of America, Inc, (GPA) for the processing and sale of the heavy liquid gases (propane, hexane, ethane and butane) following the successful completion of the Company's first two Niobrara wells. The definitive Gas Processing Agreement is expected to be completed in coming days.

Under the terms of the agreement, Gas Processing Of America will provide the capital to install the processing plant, compression plant and the associated infrastructure required for gathering and processing. An equitable arrangement has been worked out to share the proceeds from the sale of the heavy gases. GPA will be the owner/operator, gather and transport the gas, maintain the plant, and market and sell the gas. The Company believes construction of these facilities will take approximately 180 days with first heavy gas sales to commence shortly thereafter.

This is a major step forward for the Colorado Pathfinder project as it strips out the heavy gases and allows the remaining methane to be sold as pipeline quality gas.

Austin MD & CEO, Dr. Mark Hart said: "This is a significant development for the Company's flagship property in Colorado as it will move us to gas sales and revenue without the immediate capital burden of the infrastructure required. We are also in advanced discussions with GPA, to provide the capital to install, own and operate, and maintain a main North-South gas pipeline to the Colorado Interstate Gas (CIG) pipeline. In due course, this would allow for all gas from the Pathfinder project to be sold", Dr. Hart said.

Previously, the focus was on supplying limited non-pipeline quality gas to an industrial market. This new robust program will allow for maximum economic benefit over the entire 11,560 acre property. The Pathfinder

property is capable of 200 + wells. Importantly, this program will allow for gas sales and eliminate the need for uneconomic and prolonged flaring when a new well is brought into production.

Austin COO, Guy Goudy said: “We hope to develop a long term strategic partnership with Gas Processing Of America. They have proven their expertise in gas gathering and gas processing across North America and we are very pleased to be working with GPA on our flagship asset in Colorado. We can also inform shareholders that we are in the preliminary stages of working with GPA on the Park City and Magnolia gas projects in Kentucky”, Mr Goudy said.

Media Contact

Martin Debelle, Citadel

+61 2 9290 3033

+61 409 911 189

mdebelle@citadelpr.com.au

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.