



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

19th March 2014

Pathfinder Gas Infrastructure Agreement Completed

- Gas Processing Agreement for sale of heavy gases
- Major advance in the development of Pathfinder Project

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

Further to the Company's announcement to the ASX on February 12, 2014, the Board of Austin Exploration today announced it had finalised terms and executed a Gas Processing Agreement with Gas Processing of America, Inc. (GPA) for the development of infrastructure and sale of heavy gases.

Under the terms of the agreement, GPA will process and sell the heavy liquid gases (propane, hexane, ethane and butane) allowing the methane to be sold as pipeline quality gas and optimizing development of the Company's oil and gas project in Fremont County, Colorado. Revenue from the sale of the heavy gases will be shared, providing a boost to the Company's cash flows.

GPA will provide the capital to install the processing plant, compression plant and the associated infrastructure, act as 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 90 - 120 days, with first heavy gas sales anticipated to commence shortly thereafter.

Previously, the Company had supplied lower value non-pipeline quality gas to an industrial market. The new infrastructure will allow for maximum economic benefit over the entire 11,560 acre property. The Pathfinder property is capable of more than 200 wells. Importantly, this program will provide for more valuable gas sales and eliminate the need for uneconomic and prolonged flaring when a new well is brought into production.

Austin Exploration Chief Executive Officer and Managing Director, Dr Mark Hart, said: "This is a significant step forward for the Company's flag ship 11,560 acre property in Colorado and our ability to unlock the 76 billion cubic feet of natural gas resources estimated by the Gustavson Independent Resources report, to be contained below within the Niobrara Shale.

"These agreements are complex and take time. We have enjoyed working with our partners and GPA and their team to bring this agreement to closure so construction of the processing plant can begin.

“We are committed to a strategic Partnership with GPA and both companies are progressing discussions to install a main North-South gas pipeline to connect the Pathfinder field to the main Colorado Interstate Gas Pipeline. This will allow for maximum profitability for the field with more than 200 potential drilling locations. We are also working with GPA on a program for our gas wells in Kentucky”, Dr Hart said.

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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).

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