



Listed on the Australian Securities Exchange ("AKK") and the OTC in the USA (AUN-XY)
ACN 114 198 471

ASX ANNOUNCEMENT

28 August 2015

Austin Commences Drilling in Mississippi, USA

- **Drilling is underway on the Board Of Education Well**
- **Austin has hit on 4 out of 4 wells in Mississippi**
- **Project is economical at \$30+ p/bbl**

Austin Exploration ("Austin" or "the Company") (ASX: AKK) is pleased to announce that its low cost, high impact drilling program is underway in Mississippi. This follows Austin's previous successes in Mississippi where the Company has hit oil on all four wells that have been drilled which continue to provide strong cash flows for the business.

This program is consistent with Austin's strategy of drilling low cost, low risk and high impact wells that remain economic in the current low oil price environment.

Austin has a 50% Working Interest and a 37% Net Revenue Interest in the Board Of Education (BOE) well. The well is being drilled by the same private Company that successfully drilled the first four wells in Mississippi.

The primary objective of the Board Of Education project is to drill, test and produce the Artman Sand formation which is a sub-formation of the prolific Wilcox formation in Mississippi. The injection system was installed for water disposal in the fourth quarter of 2014.

The well is being funded through the Company's reserves based lending facility with ANB Bank.

The Company is focused on returning to positive cash flows. In response to the oil price at \$40 a barrel, the Company is implementing further cost reductions to bring its costs in line with its revenues. Austin has reduced its G&A costs by approx. 60% and has reduced its workforce from 30 employees in 2014 to 8 as of August 2015. To offset naturally declining production the Company is drilling low cost and low risk wells that do not require horizontal drilling and expensive hydraulic stimulation.

Austin's CEO and MD Guy Goudy stated that "We continue to be encouraged by the potential of this project and we are starting to capitalize on opportunities that are becoming available as a result of low oil prices. This is an ideal project in current market conditions. We are looking forward to seeing the results of the Board Of Education well"

The Company will report the results of this well when available.

Released through Ben Jarvis, Six Degrees Investor Relations: +61 413150448

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 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.