
ASX ANNOUNCEMENT

11 August 2016

Drilling Underway on the Marco Polo #1 well

- The deviated drilling phase designed to intersect multiple fracture networks has commenced
- The Marco Polo #1 well is the second in a three well back-to-back drilling campaign targeting oil production from the Pierre Shale formation
- The first well, the Magellan #1 well, has successfully been drilled and cased in preparation for flow testing

The Board and Management of Austin Exploration Limited (**ASX: AKK**) (**Austin or the Company**) are pleased to announce that the Math Energy Drill rig has been successfully mobilised to the Marco Polo well site and the second phase of drilling on the Marco Polo #1 well has commenced.

The second phase of drilling involves drilling a deviated well bore that has been designed by Austin’s engineers to intersect multiple fracture networks and to maximise the oil pay-zone thickness of the reservoir. Upon drilling completion, the three wells will be sequentially flow tested with a view to simultaneously bringing them on to production.



Drilling Operations Underway on the Marco Polo #1 well targeting oil production from the Pierre Shale Formation

The multi-well program has been designed to significantly reduce drilling costs and maximise operational efficiencies.

The three well program is being conducted in three phases:

Phase 1 – Sequentially drilling the upper vertical sections on the three wells – *SUCCESSFULLY COMPLETED*

Phase 2 – Sequentially drilling the deviated well bore sections on the three wells – *UNDERWAY*

Phase 3 – Sequentially flow testing the three wells – *NEXT PHASE*

Austin is the operator of the Pathfinder project and controls a 100% working interest that covers 15,282 gross acres. The property lies over the DJ Basin which is one of North America's most prolific oil and gas basins.

The Company looks forward to providing material updates on the drilling program as they occur.

– ENDS –

Released through Ben Jarvis, Six Degrees Investor Relations: +61 413 150 448

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).

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.