



AUSTIN
EXPLORATION

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

ASX ANNOUNCEMENT

1 September 2016

Deviated Drilling Operations Completed on Marco Polo # 1 Well

- Hydrocarbons evidenced on drill cuttings from the Pierre formation
 - Pierre formation was highly fractured throughout drilling
 - Well completed on budget
 - Perforated production casing has been run in preparation for flow testing
 - Math Energy Drill Rig being mobilised to the Columbus #1 Well
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The Board and Management of Austin Exploration Limited (**ASX:AKK**) (**Austin or the Company**) are pleased to announce that deviated drilling operations on the Company's Marco Polo # 1 Well have now been completed and perforated production casing has been run in preparation for flow testing.

Austin is encouraged that hydrocarbons were evidenced in the drill cuttings (an indication of crude oil) whilst drilling through the Pierre Shale. This was confirmed by the on-site independent geologist. Drilling intersected several zones of intense natural fracturing, which was confirmed by the drill cuttings analysis where high levels of calcite were observed.

Austin's team, who drilled this well internally and managed all on-site operations, drilled the well on budget for approximately USD\$500k. The extensive amount of natural fracturing in the Pierre formation, including large caverns in some spots, created a difficult environment for drilling. However, Austin's hands on approach to its drilling operations, where strict cost control measures have been implemented, ensured that there were no cost overruns which is paramount in the current low price oil environment.

The Company is progressing a back-to-back drilling program at its flagship Pathfinder property with the drilling of three wells: the Magellan #1 Well, the Marco Polo #1 Well and the Columbus #1 Well. These three wells are targeting oil production from the Pierre Shale formation, with Marco Polo #1 Well being the second in this program.

Importantly, hydrocarbons have now been intersected in both the Magellan # 1 Well and the Marco Polo # 1 Well. This confirms significant potential for the large scale development of the Pathfinder project as more than 15 million barrels of oil has been produced from the Pierre formation directly adjacent to Austin's property. Following Austin's recent land acquisition, the property is now large enough to accommodate more than 390 wells in the Pierre formation. Prior to Austin's acquisition of the 15,773 acre Pathfinder project, the property was held for mining. Therefore, the Company that believes the oil reserves in Pathfinder remain untapped.

The multi-well program has been designed to significantly reduce drilling costs and maximise operational efficiencies. The Company is able to achieve this due to its strategic and comprehensive Atlas Copco RD20 drill rig fleet rental agreement with Math Energy Drilling, where high daily rig rates and standby rates are not being incurred.

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's MD & CEO, Tim Hart, commented: "To hit hydrocarbons on our first two wells coupled with drilling the wells on time and on budget is an accomplishment we are very proud of and a great start to the project. Our team has worked extremely hard to achieve this and I take this opportunity to thank Aaron Goss, our COO, for his leadership and management of the drilling operations of the Marco Polo Well."

"We have immediately begun mobilising the drill rig to the Columbus Well site and expect to begin drilling the deviated section of this well next week. We remain on track to begin flow back operations of the three wells at the end of September."

For further information on Austin' current drilling program, please see Austin's August Investor Presentation that was released to the ASX on August 11, 2016. A copy of the presentation can be found at www.austinexploration.com/investors/presentations/

– ENDS –

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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 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).

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