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ASX ANNOUNCEMENT

8 May 2017

Independent Reserves and Resources Report values Colorado Oil and Gas Reserves at AUD\$20.54 Million

- Valuation based on 21% of Austin's Colorado only as a small number of wells have been drilled on a property that is large enough to accommodate 450 + wells
- Represents a 126% increase in NPV from February 2017 report.
- Reserves are bankable and Austin is currently in discussions regarding a senior debt facility to fund full field development.
- P90 Resource over full 17,698 acre property = 34.9 million barrels of oil & 220 billion cubic feet of natural gas (90% probability)
- The Pathfinder project at Colorado remains highly economic in low oil price environment

Austin Exploration Limited (ASX:AKK) ("Austin" or "the Company") is pleased to announce a 126% increase to the Net Present Value (NPV10) of its 100% owned and operated 17,698 acre property in Fremont County, Colorado.

This increase follows an upgrade of an independent Reserves and Resources report completed by respected engineering firm Gustavson Associates. This independent report confirms the Company is sitting on a major oil and gas deposit at its Pathfinder project in Florence, Colorado.

Importantly, the confirmation of proved and probable reserves affords the Company the ability to pursue modestly priced project financing to accelerate its development plan and to monetise the in-ground oil and gas reserves.

This material increase in the Net Present Value of the Pathfinder project is due to the successful execution of a number of key value-adding initiatives by AKK:

1. Acquiring Incremental Oil and Gas (Florence) LLC, including production of approximately 55 BOPD
2. Renegotiating its oil haulage contract with Suncor Refinery from \$11.50/barrel to \$5.50/barrel

- Operating the Pathfinder project internally to significantly reduce operating costs of the field. The Company is headquartered in Florence, and Austin's small team are "hands on" and manage all operations internally. This avoids the high cost of external contractors. The Company's current and prior field operating costs were thoroughly assessed by Gustavson Associates.

Due to only a small number of wells being drilled, reserves were assigned to approximately 3,700 acres, or 21% of the Company's total acreage position. As more drilling occurs and oil and gas is produced from different sections of the field, the contingent in-ground resources will convert to P1, P2 and P3 reserves which have lendable value.

Gustavson Associates Summary Table:

Summary of All Reserves and Resources

Summary of Reserves and Projected Cash Flow

Reserves Category	Net Oil, Mbl	Net Gas, MMCF	Net Present Value, thousands of US\$	
			0%	10%
Original Austin Acreage				
Proved Developed Producing	33.28	0.00	574.14	440.91
Proved Developed Non-Producing	5.87	0.00	143.16	128.76
Total Proved (1P)	39.15	0.00	717.30	569.67
Probable Developed Non-Producing	24.54	464.01	1,820.13	985.71
Probable Undeveloped	1,152.84	0.00	23,278.44	9,685.07
Total Probable	1,177.38	464.01	25,098.57	10,670.78
Total Proved + Probable (2P)	1,216.53	464.01	25,815.87	11,240.45
Possible Developed Non-Producing	55.57	0.00	1,969.52	1,450.93
Total Proved + Probable + Possible (3P)	1,272.10	464.01	27,785.39	12,691.38
Incremental Acquisition				
Proved Developed Producing	119.19	0.00	2,891.28	1,773.95
Proved Undeveloped	168.93	0.00	3,433.40	1,382.56
Total Proved	288.12	0.00	6,324.68	3,156.51
Combined Acreage				
Proved Developed Producing	152.47	0.00	3,465.42	2,214.86
Proved Developed Non-Producing	5.87	0.00	143.16	128.76
Proved Undeveloped	168.93	0.00	3,433.40	1,382.56
Total Proved (1P)	327.27	0.00	7,041.98	3,726.18
Probable Developed Non-Producing	24.54	464.01	1,820.13	985.71
Probable Undeveloped	1,152.84	0.00	23,278.44	9,685.07
Total Probable	1,177.38	464.01	25,098.57	10,670.78
Total Proved + Probable (2P)	1,504.65	464.01	32,140.55	14,396.96
Possible Developed Non-Producing	55.57	0.00	1,969.52	1,450.93
Total Proved + Probable + Possible (3P)	1,560.22	464.01	34,110.07	15,847.89

Austin's Managing Director & CEO Tim Hart commented: "We are pleased to receive the Gustavson report which clearly reflects the size and potential scale of our Pathfinder property. It is evident that we are sitting on a very large oil and gas deposit and our job now is to extract, monetise and return this value to our shareholders.

"This report has been a key catalyst to pursue a competitive financing package to move forward with a development drilling program where we are looking to drill 3 – 5 more wells this year. Financing terms for quality United States oil & gas companies are being signed on competitive terms, and securing such a facility will also be a key value driver for shareholders. Negotiations are progressing well."

The Executive Summaries of the Gustavson Associates has been posted to Austin's web-site at:

www.austinexploration.com

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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 17,698 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.