



AUSTIN EXPLORATION

Listed on the Australian Securities Exchange ("AKK") and the OTC-QX International in the USA (AUN-XY)
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ASX ANNOUNCEMENT

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Austin forms Joint Venture with Colorado drilling company to develop Austin's Pierre shale prospects in Colorado

- Austin forms JV with Pierre Energy Partners to develop the Company's Pierre Shale prospects at its Pathfinder Property in Fremont County, Colorado
- Pierre Energy will fund the drilling costs on two Pierre wells to commence in April with production to be shared on a 50/50 basis
- A longer term 10 well program & on-going partnership with Pierre Energy is being negotiated
- Austin to focus on high impact and low cost conventional wells to drive growth

Pathfinder Prospect, Fremont County, Colorado (100% of 11,560 acres)

Austin Exploration ("Austin" or "the Company") (ASX:AKK) has formed a Joint Venture with Pierre Energy Partners ("Pierre Energy") to develop its Pierre Shale prospects at the Company's 100% controlled 11,560 acre oil and gas property in Fremont County, Colorado.

Austin and Pierre Energy have agreed to terms for two Pierre wells to be drilled back-to-back in April and May. Pierre Energy will carry Austin on the drilling costs to earn 50% of the oil production from C18#3 and C18#4 exploration wells. Austin will pay for the completion costs of the wells in the event of a discovery. In connection with the development of the Pathfinder Pierre Prospect Denver-based Craig Energy has been engaged to provide drilling services to the Joint Venture. Founded in 1981, Craig Energy provides construction, drilling, and water management services to its customers across basins including the Niobrara in Colorado, and the Bakken in North Dakota.

"This agreement effectively advances the development of our Pierre shale opportunity without up-front cost or risk to Austin. We have worked with several companies on our Colorado property and this company drilled the last Pierre well on our Colorado property and performed a safe, efficient, cost effective and overall outstanding job and this provides us with great confidence that they are an efficient and superior partner to other interested parties," said Guy Goudy, COO of Austin Exploration.

The Company is further pleased to advise that both companies, Austin and Pierre Energy, are in advanced negotiations for a long-term partnership with the objective of a continuous drilling program for the property. This next phase of this program would see Pierre Energy drilling ten wells in exchange for a 50% ownership of the Pierre formation over the 11,560 acre property. Pierre Energy would earn this 50% upon drilling completion of the tenth well and until then would earn 50% of Austin's NRI for each well bore.

After the ten wells are completed in phase two, Pierre LLC, will drill a minimum of two wells per year and Austin will complete the wells for production cash flow.

Dr Mark Hart, Austin's Managing Director & CEO, commented that "This is a great deal for Austin and a win-win for all involved. We now have a highly experienced and high calibre drilling partner for our Pathfinder Pierre property – which lies in the second oldest producing oil region in the United States. This partnership means we can drill more wells and significantly ramp up production when oil prices return to normal status and continue the Company's growth. We are focused on growing shareholder value and doing so without raising equity in this depressed oil price environment."

Notably, ASX-listed Comet Ridge Resources (ASX: COI) drilled 25 wells in the directly adjoining field from 2008-2012. Of these 25 wells, 22 were commercial producers and the average production from these 22 wells has been approximately 40,000 barrels of oil per well (EUR). The best well had a 30 day average initial production rate of 523 BOPD, has produced over 180,000 barrels of oil, and is still producing. The 22 wells averaged 112 BOPD for an initial 30 day period. This data is publicly available. The Pierre formation is a highly naturally fractured shale that is found at shallow depths of approximately 4000ft. These wells do not require fracking or horizontal drilling, and therefore the costs to drill and complete these wells are generally less than \$1 million per well.

This program is consistent with Austin's growth strategy of drilling lower cost vertical wells that do not require fracking or expensive horizontal drilling. Austin is in a strong position having non-conventional prospects in Colorado, Mississippi and Kentucky which remain economical in the current low oil price environment.

Drilling results will be communicated to the market when they become available.

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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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