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ACN 114 198 471

ASX ANNOUNCEMENT

26 May 2016

Austin Strikes Oil in Colorado

- **Drilling intersects 790ft column of crude oil**
- **Testing of the well to begin imminently**
- **Production facilities have been ordered**
- **Early signs at newly named Magellan #1 Well promising**

The Board and Management of Austin Exploration Limited (**ASX:AKK**) (**The Company**) are very pleased to announce that drilling has intersected a significant 790ft column of oil in the Pierre formation at the Company's flagship Pathfinder project in Colorado. This was evidenced through both the drill cuttings and on the drill string which, when returned to surface, was saturated and dripping in crude oil.

The crude oil has a green coloration which is the same colour/type of oil that has been evidenced in neighbouring oil fields, which have produced more than 15 million barrels of oil from the Pierre formation (see following image of the oil covered drill string on page 2).

Production facilities, which include a pump-jack, tank batteries and flow lines, have now been ordered and testing of the well will begin shortly to analyse its production capabilities. The Company plans test the well for approximately one month.

The well has been named the Magellan #1 Well, which has been officially recorded with the Colorado Oil and Gas Conservation Commission.

Mr. Tim Hart, Austin's COO, who is the drilling operator and is directly managing all well-site operations, commented: "We have been methodically de-risking our exploration which led us to the location to drill this well. To see this much oil at this early stage is a great sign and indicates that a significant hydrocarbon system is present and certainly gives us a great deal to be optimistic about."

The Company looks forward to further updating shareholders on its drilling and well testing activities at Pathfinder in the near future.

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The drill string is covered in a green coloured crude oil as it is brought back to the surface

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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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.