



AUSTIN EXPLORATION

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

ASX ANNOUNCEMENT

22nd January 2014

Drilling operations underway for 4th Mississippi oil well

- Austin spuds fourth oil well in Adams County, Mississippi
- Austin has achieved 100% economic and production success in Mississippi
- Further success will provide a material boost to cash flow

Austin Exploration Limited (ASX:AKK) today announced drilling operations were underway at the Company's fourth well targeting oil in Mississippi, USA. The Mississippi #4 well (M4) is the second well on the HiLo Prospect (Austin 50% Working Interest) in Adams County and the fourth well the Company has drilled in Mississippi.

Austin has achieved 100% economic and production success in Mississippi to date, where the Company has increased oil production with each new well drilled.

Well Name	IP	Depth	Formation
Ellislie No. 1	82 BOPD Drilled 2010	6,445' – 6,450' TVD: 6,585'	Armstrong Sands
Armstrong No. 1A (Commencement)	135 BOPD Drilled 2011	6,445' – 6,450' TVD: 6,650'	Baker Sands
Bourke No. 4 (MS #3)	248 BOPD Drilled 2012	6,108' – 6,111' TVD: 6,410'	Parker Sands
Mississippi #4 well (M4)	<i>Commenced</i>	<i>6,500'</i>	<i>Parker & Campbell Sands</i>

Austin Exploration executive, Guy Goudy said the Mississippi #4 drilling program aims to complete the well by the first quarter of 2014.

"Once completed, the Mississippi #4 well can be immediately moved into production as the associated production facilities are already in place. We are looking at an immediate boost to revenue," Mr Goudy said.

Austin has already invested in the battery production facilities which are readily available for the Mississippi #4 well, along with existing roads, pads and civil construction. Austin will participate in the HiLo Prospect at a 50% working interest for a net revenue interest of 36%.

As with previous wells in Mississippi, Austin's partner in the project holds the remaining 50% working interest.

Austin's Chief Executive Officer Dr Mark Hart said it was an exciting start to the year for Austin Exploration.

"Drilling operations are now underway at four sites around the US with Mississippi #4, the Eagle Ford Shale in Texas with operator Halcon Resources Corporation, and the Company's low cost, high impact drilling program in Kentucky. We are also happy to advise that preparations to drill the Company's first Pierre Shale oil well in Colorado have begun," Mr Hart said.

ABOUT THE HILO PROSPECT

The HiLo prospect is located in Adams County, Mississippi. The purpose of this well is to drill a structurally high well, in the Parker and Campbell Sands Formations. Secondary objectives include the Wilson, Baker, and Benbrook Sands that have produced or have had shows of oil in the surrounding wells.

The well will be drilled to a target depth of 6,500 feet and produce the Campbell and Parker Sands formations. The estimated recoverable reserves from this well are calculated to be between a minimum of 140,000 to 190,000 barrels of oil. Currently, Austin's Bourke #4 well, which is located in the HiLo Prospect, has produced approximately 15,000 barrels of oil since it went in to production.

FORMATION OVERVIEW

The Parker Sand in this prospect is a fluvial channel sand that has a maximum thickness of 133'. As the structure map indicates, the oil is trapped in a low relief structural closure, (Figure 1). A well drilled at the proposed location should encounter the Parker Sand 7' high to the Channel O&G Bourke No. 3.

The Campbell Sand is also a fluvial channel sand that cuts the regional Campbell Sand, a shallow marine, blanket or sheet sand. As depicted on the Campbell Structure Map, there are numerous preserved meander loops that trap the oil stratigraphically on low relief structural closures, (Figure 2). A well drilled at the proposed location should encounter the Campbell Channel Sand 11' high to the Channel O&G Bourke No. 3.

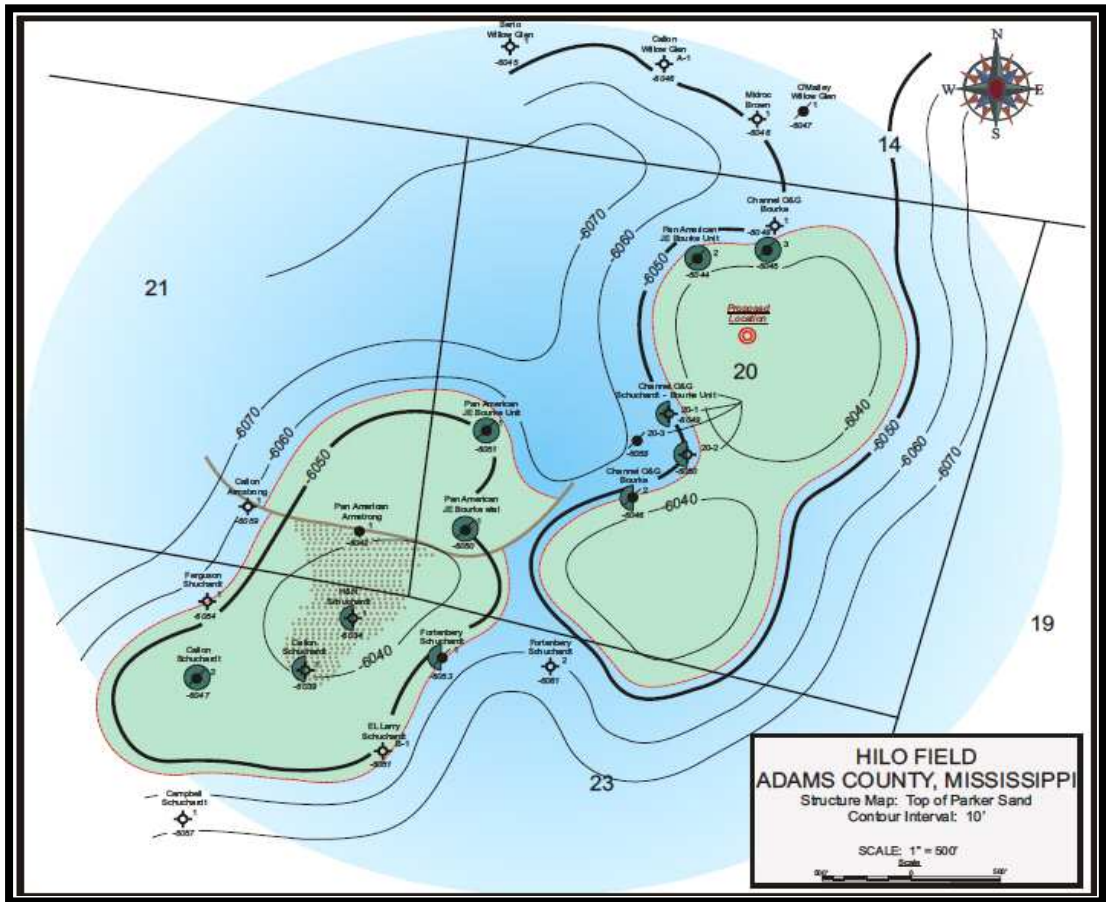


Figure 1: Structure Map: Top of Parker Sand

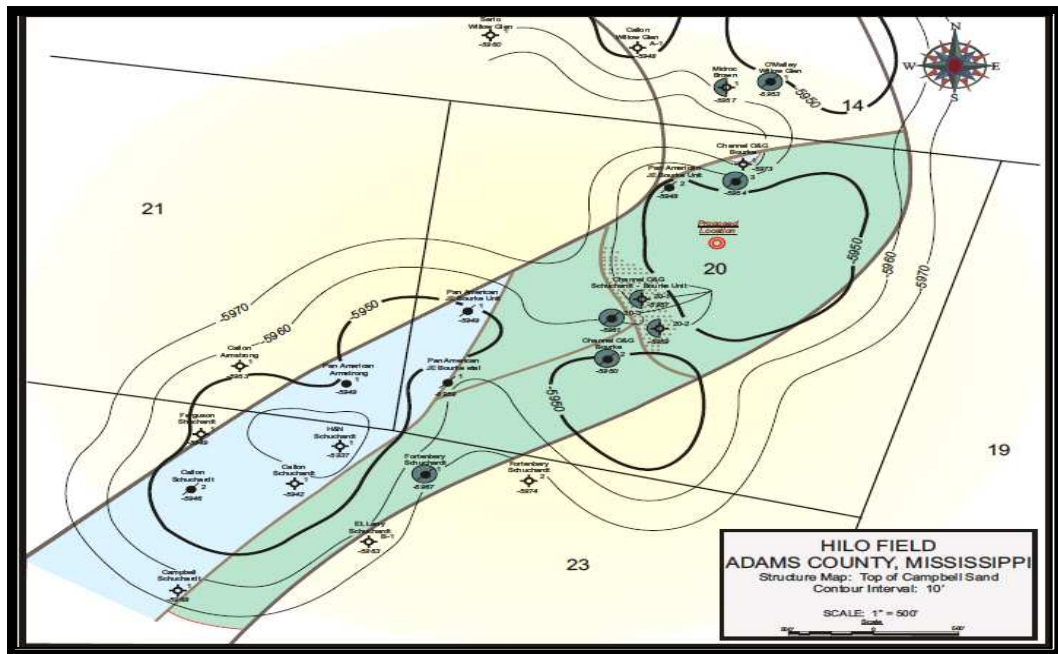


Figure 2: Structure Map: Top of Campbell Sand

The Company looks forward to updating the market as material results come to hand.

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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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