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ASX ANNOUNCEMENT

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The Manager

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## INDEPENDENT EXPERT REPORT CONFIRMS SIGNIFICANT NIOBRARA SHALE PROSPECTIVITY

- Independent Expert Report estimates production per well from the Niobrara Shale of between 200,000 and 500,000 barrels of oil and 280mmcf – 654mmcf of gas
- Forecast oil recovery of 63 million barrels of oil across Austin’s ~11,000 acre Niobrara Shale project based on 5,788 barrels per acre
- Net cash flow per well in the range of US\$2.4 million - US\$15.2 million
- Internal Rate of Return potential per well in the range of 19% - 140%
- The potential highlighted in the Independent Expert Report, in addition to recent transactions such as the US\$28.5 million sale of nearby interests by Comet Ridge Resources LLC, validate Austin’s low entry (~US\$2.5 million) acquisition of its Niobrara Shale Project

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The Board of Austin Exploration Limited (“Austin” or “the Company”) (ASX: “AKK”), on behalf of its wholly owned US subsidiary Aus-Tex Exploration Inc (“Aus-Tex”), is pleased to announce receipt of the Independent Expert Report (“IER”) over the Company’s recently acquired Niobrara Shale acreage in Fremont County and Custer County, Colorado USA. Austin holds an 85% Working Interest and a 65% Net Revenue Interest in its 11,000 acres of Niobrara acreage.

The report, compiled by Mr William M Mitchell, provides an assessment and evaluation of Austin’s 11,000 acres which overlie the Niobrara formation within the Denver Julesburg (D.J) Basin.

The independent expert has concluded that successful wells drilled into the Niobrara Shale are forecast to produce between 200,000 and 500,000 barrels of oil per well over a 10 year well life. Significant gas is also forecast to be produced from these wells, with cumulative production in the order of 280mmcf – 654mmcf per well.

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Based on these cumulative production numbers and the typical production decline profile of a single horizontal Niobrara well, net cash flow per well (US\$80 oil and US\$4 gas) was estimated by the Independent Expert of US\$2.4 million - \$15.2 million per well, with an internal rate of return per well of between 19% and 140% based on the range of initial flow rates forecast.

The probability of achieving various initial production profiles were assessed as follows.

Ave Initial Production (bbl/day)	Probability of Achieving Flow Rate
>233	90%
>300	50%
>500	10%

When considering well spacing used by its peers based in the region, Austin believes that up to 64 horizontal wells could be completed over the Company’s Niobrara acreage, resulting in 16 well pads with 4 horizontal wells per pad.

Commenting on the release of the IER, Austin Exploration CEO Mr Guy Goudy said: “These robust economics are highly encouraging as the Company moves towards the commencement of its initial drilling campaign at the Niobrara project”.

“Importantly, the receipt of this report validates Austin’s decision to acquire its expansive Niobrara shale portfolio, with a primary focus on oil,” Mr Goudy said.

“Combined with the recent success of horizontal wells drilled into the Niobrara formation, the content of this independent assessment provides us with great confidence in the success of our upcoming drilling campaign and the significant oil and gas production potential that exists within our project area,” he said.

Following a multi-well drill program which is due to commence in the coming weeks at the Company’s Eagle Ford Shale Project, Austin will commence drilling at its Niobrara project early in 2012.

## About the Niobrara Shale

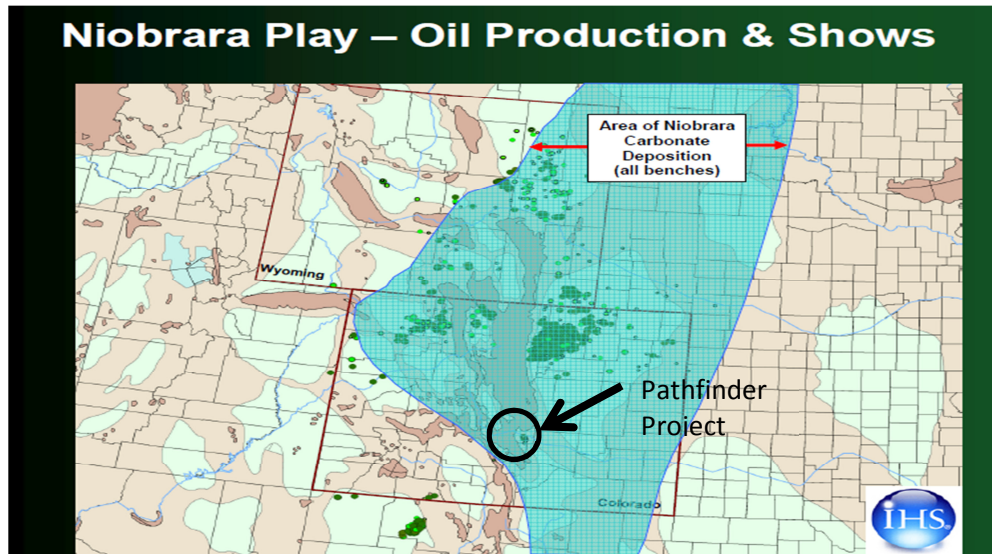
The Niobrara is an unconventional resource play that has produced for over a century. Recent use of horizontal drilling and advance fracture completion technologies has significantly improved the production profile of the Niobrara play type with initial flow rates in to range of 400 to 1,100 bbls of oil per day being achieved.

The Niobrara formation is estimated to be approximately 500 feet thick across the project area. Whilst the primary production target is oil, it is anticipated that considerable gas may also be produced from

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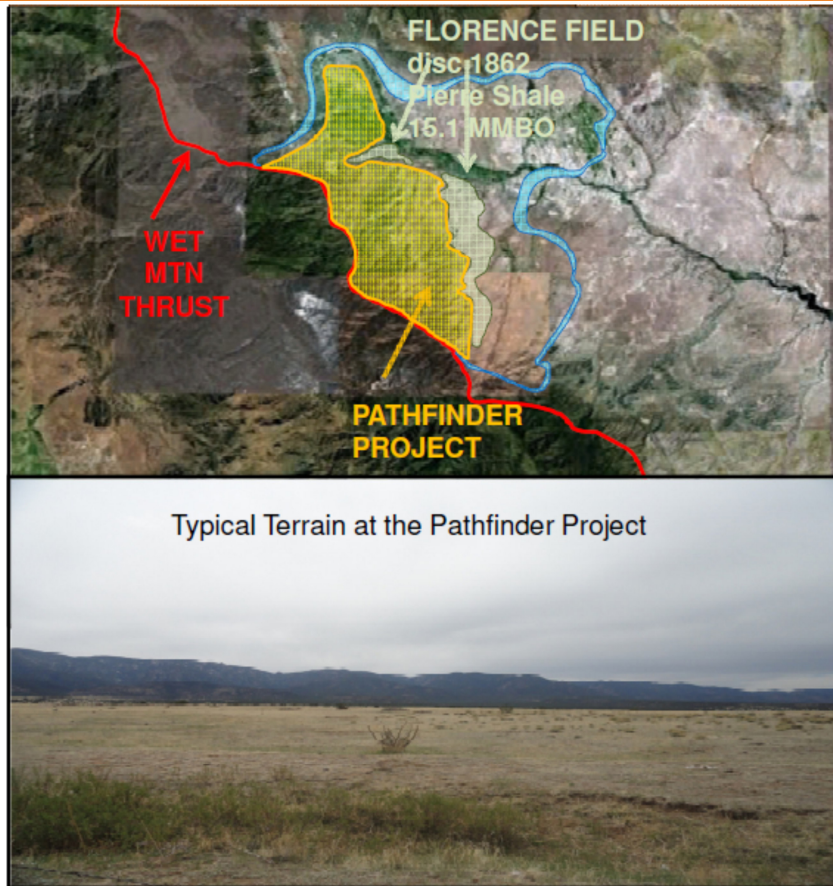
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successful wells. Within Austin’s project area there is known faulting discernable at surface and basement faulting beneath the project area all of which provide confidence in the potential that exists within the project area.



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## ***Pathfinder Project Area and Typical Terrain***

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### **ABOUT AUSTIN EXPLORATION:**

*Austin Exploration is an Oil and Gas Company with assets in Australia and the United States. Austin has strategically shifted its core focus towards non-conventional shale exploration 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 11,000 acres in Colorado in the Niobrara Shale and over 5000 acres in Texas in the Eagle Ford Shale. Austin has producing oil and gas wells in Texas, Mississippi and Kentucky. Austin also has a highly prospective Oil and Gas Licence, PEL 105, in the Cooper Basin of South Australia. The company's wholly owned US Subsidiary, Aus-Tex Exploration Inc, turned cash flow positive in January 2011. To face future opportunities, Austin has strengthened its board and management teams. Austin is listed on the Australian Securities Exchange (ASX code: AKK).*

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