



# 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

11 August 2014

## Pathfinder Gas Processing Plant Operational in Colorado

- Production commenced 9 August – heavy gas sales to provide short term boost to cash flows
- Processing plant allows for pipeline quality gas to be produced from the Niobrara formation
- Management progressing plans to install north-south pipeline to connect Pathfinder to main Colorado Interstate Gas Pipeline
- Independent report estimates 11,560 acre Pathfinder property contains 21.76 million barrels of oil and 24.52 billion cubic feet of gas (P50)
- Flow back operations underway on 3 Eagle Ford wells in Texas

Austin Exploration ("Austin" or "the Company" (ASX: AKK) today announced that the Company's gas processing plant has commenced production at its 100% owned 11,560 acre Pathfinder property in Colorado.

The Colorado Pathfinder Processing plant started producing product on August 9, 2014. This plant will extract heavy liquids from the gaseous product and also ready the wells to produce pipeline quality methane gas. The Niobrara #1 Horizontal well produces approximately 8% to 10% heavy gases.



Austin's Pathfinder Gas Processing Plant. Fremont County, Colorado

As communicated to shareholders on March 19, 2014, Austin executed a gas processing agreement with Gas Processing of America, Inc (GPA). Under the terms of the agreement, GPA will process and sell heavy liquid gases (propane, hexane, ethane, and butane) allowing the methane to be sold as pipeline quality gas and optimizing development of the Company's Pathfinder property. GPA outlaid the capital to install the processing plant, compression plant and the associated infrastructure, and will act as owner/operator, gather and transport the gas, maintain the plant, and market and sell the gas.

Austin will receive an equitable share of proceeds from the sale of gas from Pathfinder by GPA. The details of this agreement between Austin and GPA remain confidential.

Discussions are also progressing to install a main north-south gas pipeline to connect the Pathfinder field to the main Colorado Interstate Gas Pipeline. This will unlock maximum profitability for the field, which has more than 200 potential drilling locations.

Austin's Chief Executive Officer and Managing Director, Dr Mark Hart, commented: "This is a significant milestone in the large scale development of our flagship Pathfinder property in Colorado, as it delivers early stage revenue from the project.

"The successful installation of our processing plant is a critical component for the commercialization of the significant amount of gas reserves contained within this property. I want to thank Gas Processing of America and Mr Juan Carlos Carratu, VP and GM of our Colorado Business unit, and his team for the excellent effort.

"Austin remains focused on delivering stable revenue streams from its operations, and the proceeds of gas sales from Pathfinder will be a significant contribution towards this", Dr Hart said.

### **Texas Update**

The Company is pleased to report that flow-back operations are progressing well on its three Eagle Ford Wells at the Company's Birch project in Texas. As has been announced to the market, The Kaiser 2H, The Nemo 1H and the Red Bud 1H were successfully drilled and stimulated. Results will be communicated to the market once the flow-back process has been completed and initial production rates have been established.

- Ends -

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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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