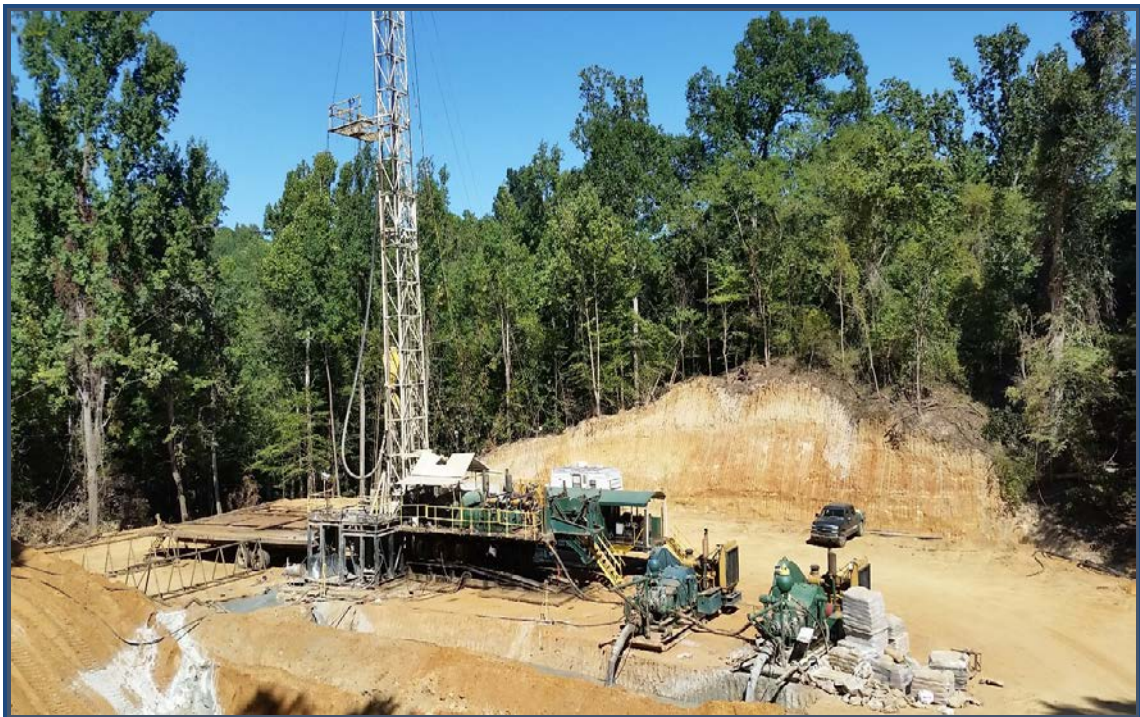




AUSTIN EXPLORATION

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



Austin's Board Of Education well in Mississippi is successfully drilled to its targeted depth and intersects a 28 foot oil column

First Quarter Report FY2016

For the three months ended 30 September 2015

With additional information on subsequently completed activities

For personal use only

REVIEW OF OPERATIONS AND ACTIVITIES

Quarterly Highlights

- **Company focuses on low cost development through conventional exploration and economic drilling in Colorado, Kentucky and Mississippi**
- **A 2 for 3 Rights Issue was offered to existing shareholders to strengthen the Company's balance sheet and to progress further exploration and growth**
- **The Rights issue had a 19.6% take-up from existing shareholders and raised AUD\$635,573.47(before costs)**
- **Company identifies a series of high impact oil exploration targets in the Pierre formation at its flagship 15,282 acre Pathfinder project in Colorado**
- **Austin will drill the C18#2 Pathfinder exploration well in December targeting production from the Pierre Shale**
- **The Company was successful in Kentucky with its Robards Lauenstein #4 well flowing oil under natural pressure. This well was drilled and put into production for under USD\$75k**
- **Austin's Board Of Education well in Mississippi was successfully drilled and intersected a 28 ft. oil column. The well is expected to go into production in November**
- **Austin continues its 100% strike rate in Mississippi with all 5 wells drilled intersecting oil**
- **Company's continues to aggressively strip out costs in response to falling oil prices which fell below USD\$40 per barrel in August**

REVIEW OF OPERATIONS AND ACTIVITIES

Austin Exploration Limited ("Austin" or "the Company") (ASX:AKK) is an oil and gas explorer and producer with working interests and net revenue interests in four proven US oil and gas provinces, being Colorado, Kentucky Mississippi and Texas. Austin is the operator of its Colorado and Kentucky projects.

Austin is fortunate to have a diversified asset base that affords lower cost, yet highly economical exploration targets in Colorado, Kentucky and Mississippi. These shallower formations do not require expensive long horizontal drilling or fracking.

In response to the fall in the price of oil Austin's focus is to drive Company growth through increasing low cost production and aggressively reducing costs that are unessential across all facets of the business.

Austin maintains, and is proud of, its outstanding safety and environmental record, with no lost time accidents or environmental incidents ever.

The Board wishes to thank its loyal shareholders for its support of the Company's Rights Issue that was completed in October and raised \$635,537.47. These funds will be allocated to "in-ground" investment through further exploration designed to increase production and asset growth and ultimately shareholder value.



Map Showing Austin's North American Oil and Gas assets

BUSINESS UNIT REPORTS

COLORADO BUSINESS UNIT

VP & General Manager:

Mr. Aaron Goss

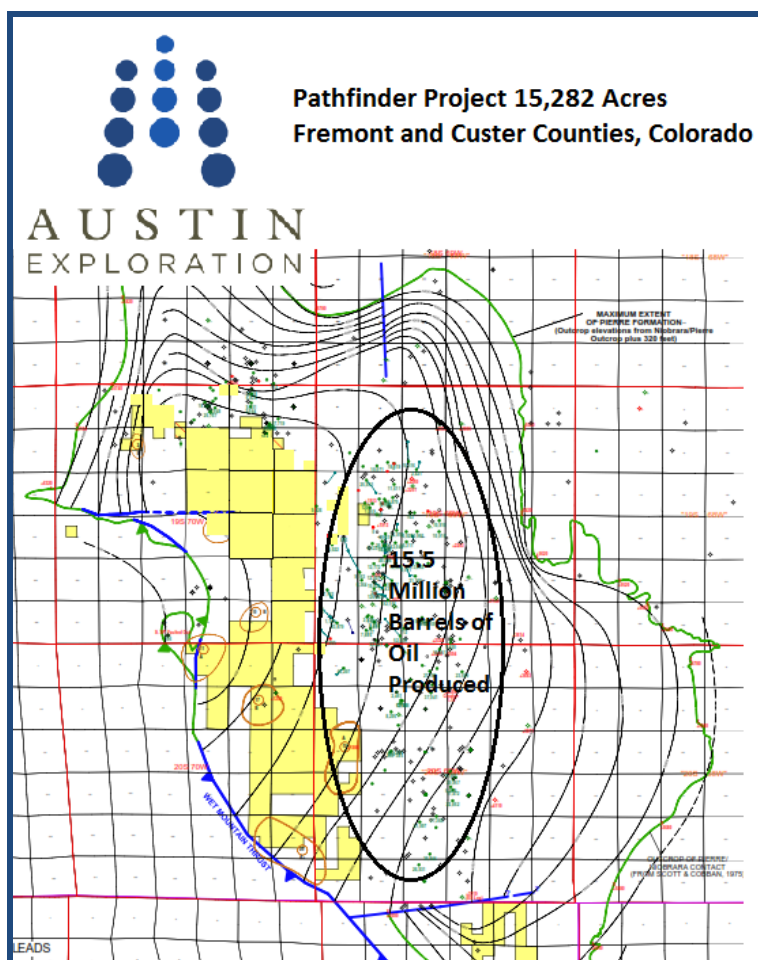
Austin is the Operator

- Pathfinder Project, Fremont County, Colorado
- 100% Working Interest in 15,282 acre property in the DJ Basin
- Primary hydrocarbon targets: Niobrara Shale & Pierre Shale
- Secondary Targets: Codell, Greenhorn, Grenaros and Dakota
- Two Pierre wells scheduled to be drilled prior to the end of calendar year 2015
- First Company to successfully drill and complete a Niobrara Horizontal in Fremont County with 403 BOEPD IP in 2012

Colorado Business Unit Highlights:

- Successful exploration and high definition 3D seismic uncovers highly prospective oil targets in the Pierre Shale formation
- Drilling to commence in December – preparations already well advanced
- Funds raised from Rights Issue will be allocated towards this drilling program
- Well satisfies lease commitments for full acreage retention
- State-of-the-art “zig-zag” high definition 3D seismic program was successfully completed which has identified several high grade exploration targets and further de-risked Austin’s property
- Austin’s property is directly adjacent to the Florence oil field which has produced approx. 16 million barrels of oil from the Pierre formation
- Pierre wells remain highly economic in the current low oil price environment
- The Pierre formation is a naturally fractured shale that is found at shallow depths of approximately 4000ft – wells drilled into the formation do not require hydraulic fracturing, therefore the cost to drill and complete them is generally less than \$1 million per well

For personal use only



The above map illustrates Austin's 15,282 acre property highlighted in yellow. The Pathfinder property sits directly adjacent to approx. 16 million barrels of oil that has been produced in Fremont County from the Pierre formation. Austin's acreage was previously held by coal and gold mining Companies and Austin believes its oil and gas reserves remain in virgin territory.

EASTERN BUSINESS UNIT (KENTUCKY & MISSISSIPPI)

VP & General Manager

Mr. Timothy B. Hart

Austin is the Operator in Kentucky

Mississippi Oil Properties: Austin has a 50% interest in 4 producing wells in Adams County, Mississippi

- **Mississippi primary hydrocarbon targets: Wilcox Formation**
- **Conventional reservoir objectives and vertical drilling**
- **Austin has a 100% success rate in Mississippi with all five wells drilled intersecting oil. Four of these wells are now in production with a fifth expected to go in to production in November 2015**

Mississippi Highlights

- **Drilling on the Board Of Education lease in Mississippi has intersected crude oil**
- **Electronic logs and side wall core analysis have been run on the Artman & Pearline Oil Sands which indicates two zones totaling 28 feet of pay and oil saturated sands**
- **The Company is waiting on state production permits and expects the well to go in to production in November**
- **Oil production will provide a boost to cash flows**
- **Logs confirmed 28 feet of oil saturated sands are present in the well**
- **Austin has now struck oil on 5 out of 5 wells drilled in Mississippi**
- **Preparations to put the well into production are underway**

PICTURES FROM AUSTIN'S BOARD OF EDUCATION LEASE IN MISSISSIPPI:



OIL AND GAS HEATER TREATER BEING TESTED



BOARD OF EDUCATION #2 WELL HEAD



WORK-OVER RIG INSTALLING THE INJECTION SYSTEM IN THE BOARD OF EDUCATION SALT WATER DISPOSAL WELL



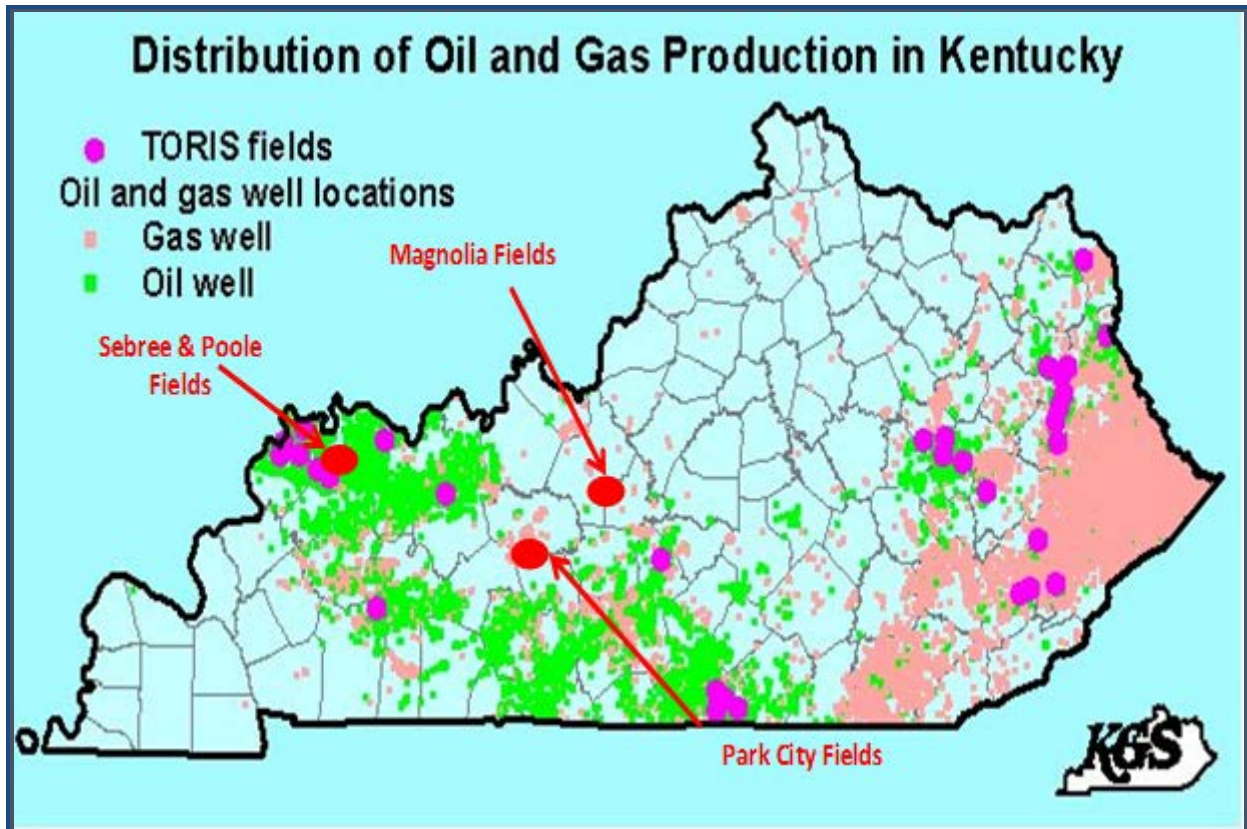
SITE CONSTRUCTION OPERATIONS PREPARE THE LOCATION FOR OIL COLLECTION & HAULAGE

Kentucky Exploration LLC. Approx. 4000 acre 50/50 Joint Venture with private Australian Investment Company

- **Primary Hydrocarbon targets: Jackson Formation, Cyprus Formation and McCloskey Formation**
- **Secondary Targets: Palestine, McCloskey, Fort Payne, New Albany Shale, Hardensburg**
- **Conventional reservoir objectives and vertical drilling**
- **Continual engineering program underway designed to maximise production and operating efficiencies**
- **The Company's low cost, high impact drilling program in Kentucky provides an excellent source cash flow while minimizing the costs of all of Austin's operations**
- **Leases with high operational expenses and high water haulage, electricity and chemical programs have been put on idle until the price of oil recovers**
- **Low cost, shallow, high impact drilling program in Kentucky provides an excellent source of low risk and long life production, and cash flow, for the Company**

Kentucky highlights:

- Kentucky wells continue to provide essential operating cash flows with daily production averaging 30 + BOPD
- Robards Lauenstein #4 well successfully drilled and producing oil under natural pressure
- Well was drilled and completed for less than USD\$75,000
- Drilled internally by Austin's team with no contractors saving significant costs
- Well expected to produce oil profitably for 20+ years



The map illustrates Austin Exploration's leases in Kentucky. Kentucky Exploration LLC (Austin Exploration's wholly owned subsidiary) is operating approximately 4000 acres in Kentucky.

TEXAS BUSINESS UNIT

VP & General Manager:

Mr. Aaron J. Goss

- Birch Eagle Ford Project, Burtleson County, Texas
- Position reduced to 4,000 gross acres due to uneconomic leasing costs
- ~30% Working Interest in its farm-out program with Halcon Resources
- Drilling has been idled due to low oil prices
- The Company has engaged Meagher Energy Advisors of Colorado to conduct and sales process of the property and the Board will review and consider any offers of substance and that are capable of closing on a transaction
- Yolanda Dual Austin Chalk Well. Dimmitt County, Texas
- Working Interest 36%, NRI = 27.6%
- Well drilled and completed in 2010. Initial Production rate = 300 BOPD

WORKPLACE AND ENVIRONMENTAL SAFETY

The Board of Austin is pleased to report that there were no safety or phase one environmental incidents over the past year. With drilling operations taking place in the US, the Board commends its US team on this achievement. The Company places a large emphasis on the safety of all people, from its own employees to external contractors at its well sites. It is mandatory that the Company's staff attend quarterly safety sessions at its headquarters in Denver Colorado, as well as several OSHA safety programs that are held throughout the year.

INDEPENDENT CONSULTANT'S ANALYSIS

The independent oil and gas reserves and resources report below was completed and updated in 2014 by Gustavson Associates Inc., a worldwide leader in independent oil and gas reserve and resource evaluations. (It should be noted that this evaluation does not include additional acreage that has subsequently been acquired at Austin's Pathfinder Project in Colorado.)

A summary of the Company's oil and gas reserves and resources is listed below:

Austin Exploration's Net Contingent Resources						
Projects	Oil Resources			Solution Gas Resources		
	MMBbl (Million Barrels)			BSCF(Billion cubic feet)		
	P ₉₀	P ₅₀	P ₁₀	P ₉₀	P ₅₀	P ₁₀
Texas	0.780	1.606	3.250	4.470	9.209	18.590
Colorado	15.453	20.255	26.614	14.909	19.236	25.124
Kentucky	0.138	0.210	0.305	0.224	0.482	0.981
Mississippi	-	-	-	-	-	-
TOTAL –Contingent Resources	16.371	22.071	30.169	19.603	28.927	44.695

Austin Exploration's Net Reserves			
Reserve Category	Area	Net Oil Reserves (BBL)	Net Gas Reserves (Mscf)
Proved Developed Producing	Colorado-Niobrara	5,060	-
	Kentucky	38,737	-
	Mississippi	34,577	-
	Texas EF and Yolanda	191,470	116,420
Proved Developed Non-Producing	Mississippi	78,629	-
Proved Undeveloped	Texas EF	1,533,200	633,600
Probable Undeveloped	Texas EF	3,553,200	1,468,300
	Colorado-Pierre	31,100	6,700
Possible Undeveloped	Texas EF	5,271,100	2,178,300
	Colorado-Pierre	311,010	66,960
Austin Exploration's Total Net Reserves		11,048,083	4,470,280