



AUSTRALIAN OIL COMPANY



29 July 2015

Australian Oil Company Limited
ASX: AOC

**Onshore assets
Sacramento Basin,
California**

- Conventional gas development
- Gas Producer
- Portfolio of exploration and appraisal stage projects
- Exposure to huge local demand for gas

Corporate Structure

Shares on issue: 106.4 M
Market Cap: \$5.1 M
52 week high: 21 cents
52 week low: 4.8 cents

Directors

Andrew Childs
(Chairman)

Gary Jeffery
(Managing Director)

Keith Martens
(Technical Director)

Aqeel Virk
(California Director)

David McArthur
(Company Secretary)



AOC 3 month Share Price Chart
Compared with ASX Energy Index

Perth Office:
Level 2 , 210 Bagot Road,
Subiaco WA 6008 Australia

California Office:
17822 East 17th Street, Suite 408
Tustin, California
92780 USA

www.australianoilcompany.com
Twitter: @AusOilCompany

RE-RELEASE OF JUNE 2015 QUARTERLY ACTIVITY REPORT

Australian Oil Company Limited attaches a re-release of the June 2015 Quarterly Activity and Cash Flow Report.

The re-released announcement has been corrected on page 6 to show the new contact telephone number for Gary Jeffery which is +61 8 9388 2654.

For and on behalf of the Board of Australian Oil Company Limited



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JUNE 2015 QUARTERLY ACTIVITY REPORT

Summary

- Targeting development of potential multi- reservoir, 1Tcf Dempsey conventional gas prospect in Sacramento Gas Basin, onshore California.
- Successfully completed \$638,200 capital raising – strongly supported by a number of highly regarded oil and gas professionals.
- Planned conventional gas production from Dempsey prospect to supply 2.5 Tcf per year Californian domestic gas market.
- Short-term focus on farming out conventional gas production opportunity at Dempsey prospect located close to existing critical infrastructure.
- Approvals for drilling of Dempsey prospect progressing on schedule.
- Discussions underway with a number of potential funding partners for drilling of Dempsey prospect in calendar 2015.

Californian-focused conventional gas developer Australian Oil Company Limited (ASX: AOC) (“the Company”) is pleased to provide shareholders with its quarterly activity report for the period ended 30 June 2015.

During the quarter, AOC’s experienced management team continued to progress towards the scheduled drilling of the Company’s flagship Dempsey conventional gas prospect in calendar 2015.

AOC has established a robust portfolio of large-scale conventional gas prospects in the Sacramento Basin, located close to under-filled gas trunklines connecting to the Californian gas market.

The Company’s key assets are the Dempsey and Alvares conventional gas prospects, which have gross unrisks best estimate recoverable prospective resources of 1 TCF and 2.4 TCF respectively.

AOC’s development strategy in the Sacramento Basin represents an opportunity to achieve near-term gas supply to a domestic market with a significant energy supply deficit.

California’s gas demand is approximately 7 billion cubic feet per day, with local production figures amounting to 410 million cubic feet per day or less than 6%.

AOC is working diligently to secure the required funding to drill the Dempsey prospect and is continuing discussions with potential funding partners who have demonstrated a strong interest.

SACRAMENTO BASIN - Onshore Northern California

EXPLORATION, APPRAISAL AND NEW VENTURES

Exploration leases have continued to be maintained within the Sacramento Basin during the quarter. AOC has a working interest (WI) of between 40% and 70% in these leased lands which cover conventional gas prospects.

Reprocessed seismic and additional geologic information has reinforced AOC's belief that both Dempsey and Alvares are potentially world-class, multi-Tcf prospects, and the improved technical data has also been used to identify additional prospects for exploration drilling.

Mapping completed to date has resulted in the identification of a portfolio of additional gas prospects, with best estimate recoverable prospective resources of gas ranging from 50 Bcf to over 2 Tcf.

Dempsey Conventional Gas Prospect – Appraisal / Exploration stage (AOC 55% WI)

The Dempsey conventional gas prospect is AOC's flagship prospect and remains the focus of the Company's near-term development plans. The Dempsey prospect has the potential for near-term, conventional gas production because it is located below existing AOC production facilities. Permitting activities are being finalised in preparation for commencement of drilling in 2015.

The Dempsey prospect has a Proposed Total Depth ('PTD') of 3,200 metres and is anticipated to take around 50-60 days to drill with costs estimated to be between US\$4.5 and US\$5.5 million.

The total (100%) unrisks recoverable prospective resource, from seven interpreted reservoir zones, on a best estimate deterministic basis in the Dempsey prospect is over 1 Tcf (i.e. over 167 million barrels of oil equivalent (boe) – using an industry standard energy based conversion factor of 6 mcf per boe).

The Dempsey #1 well will be located within a proven gas field area with existing joint venture owned pipeline and meter station infrastructure, easily accessible. Should commercial quantities of gas be found, these existing production facilities with capacity of up to 20 mmcfd, which are connected to the interstate pipeline networks, would be used to sell the gas with minimum delay. Such potential flows, if achieved could result in up to US\$60,000 per day of gross well production revenue if gas prices were similar to today's prices.

Alvares Conventional Gas Prospect – Appraisal stage (AOC 40% WI)

The Alvares conventional gas prospect is located close to large natural gas pipelines and on trend 35 miles from the similarly structured multi-Tcf Tulainyo Project (based on the James well drilled in 1947), mapped by Cirque Resources and involving California Resources Corporation (NYSE: CRC).

The Alvares prospect contains a total (100%) unrisks recoverable prospective conventional gas resource on a best estimate deterministic basis of approximately 2.4 Tcf (400 million boe).

PRODUCTION UPDATE

Rancho - Capay Gas Field (AOC 55% WI in 5 wells) & Los Medanos Gas Field (AOC 55% WI in 2 wells)

AOC acquired a 40% working interest in gas production rights in the above fields in the Sacramento Basin onshore California in late 2012 primarily as a means to acquire leases for further exploration and access an extensive 3D seismic database to generate new exploration opportunities. AOC acquired an additional 15% WI in these wells effective 1 January 2014.

AOC continues to evaluate production acquisition opportunities that provide short term cash flow and strategic longer term access to exploration leases, and production facilities and pipelines connected to the premium California gas market.

| <i>Production</i> | <i>June 2015 Quarter</i> | <i>March 2015 Quarter</i> |
|------------------------------------|--------------------------|---------------------------|
| Gross mcf * (100%) | 41,744 | 48,996 |
| Net AOC mcf (after Royalty) | 15,613 | 18,349 |

**mcf – Thousand Cubic feet gas*



AOC's oil and gas assets, onshore California

PROSPECT PORTFOLIO

As outlined above, AOC's current focus is unlocking the underlying value from its conventional gas prospects in the Sacramento Basin. At this point, the Company believes shareholders' interests are best suited to a singular focus on the largest value adding projects in the Sacramento Basin, particularly the early monetisation of the Dempsey Project.

| AUSTRALIAN OIL COMPANY LIMITED | | |
|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|------------------|
| Tenement / Project List | | |
| Project name | Location | Working Interest |
| Alvares Prospect | Sacramento Basin Onshore Northern California | 40% |
| Dempsey Prospect | Sacramento Basin Onshore Northern California | 55% |
| Arnaudo Prospect | Sacramento Basin Onshore Northern California | 55% |
| California AMI Prospects | Sacramento Basin Onshore Northern California | 70% |
| Rancho-Capay Gas Field | Sacramento Basin Onshore Northern California | 55% |
| Los Medanos Gas Field | Sacramento Basin Onshore Northern California | 55% |
| Porter Ranch Oil Prospect | Santa Maria Basin- Onshore Southern California | 45% |
| Mankins Ranch Oil Project | Santa Maria Basin (Huasna Sub-Basin) Onshore Southern California | 35% |
| SCU #1-24 Water Disposal Well | San Joaquin Basin Onshore Southern California | 32.81% |
| Changes in Reporting Period: There have been no changes in the Projects or Working Interests in the reporting quarter | | |

CORPORATE ACTIVITY

During the June quarter, AOC completed a placement to sophisticated investors of 12,764,000 new fully paid ordinary shares at \$0.05 per share to raise \$638,200.

The funds raised will be used for working capital requirements, leasing mineral rights of additional prospects, and funding initial permitting costs for the drilling of the Dempsey #1 exploration/appraisal conventional gas well in the Sacramento Basin.

The AOC 2014 Annual Report was issued on 27 April and a copy is available on our website www.australianoilcompany.com.

The Annual General Meeting was held on 27 May 2015. Results of the meeting were published during the quarter and are also available on our website.

Subsequent to the end of the June Quarter AOC announced the appointment of Aqeel Virk as a non-executive director resident in California.

Mr Virk is an oil and gas professional who has worked for oil and gas companies with assets in Indonesia, Canada and the United States. His experience includes business development, operations, legal affairs, compliance, contract negotiations, and acquisitions.

As part of Mr Virk's appointment, AOC has established an office in Los Angeles sharing costs with one of its Californian Joint Venture partners and significant shareholder.

ISSUED CAPITAL at 13 July 2015

| | |
|-----------------------------------------------------|-------------|
| Ordinary Shares | 106,407,007 |
| Unlisted Options exercisable @ 25 cents 31 Dec 2015 | 11,500,000 |
| Unlisted Options exercisable @ 25 cents 31 Dec 2016 | 500,000 |

Note: On 25 July 2014 and 27 May 2015 shareholders approved the issuing of AOC ordinary shares in lieu of director and consulting fees. A total of 504,385 ordinary shares were issued in April 2015 in lieu of director and consulting fees for the March 2015 quarter. Subsequent to the end of the June quarter, 636,793 ordinary shares were issued on 13 July 2015 in lieu of directors and consulting fees for the June 2015 quarter.

AOC Managing Director Gary Jeffery commented:

"We are continuing to work diligently towards the commencement of drilling at our Dempsey conventional gas prospect in the Sacramento Basin during calendar 2015.

During the June quarter, the Company completed a capital raising for \$638,200 which was strongly supported by new and existing shareholders. Significantly, a number of well-known oil and gas professionals participated in the capital raising which further validates our development pathway towards conventional gas production in the Sacramento Basin.

Furthermore, AOC is of the view that we have a number of distinct competitive advantages as an onshore, conventional-gas exploration company, which will be further realised through the proposed low-cost vertical well development program at Dempsey.

We are continuing to progress discussions with a number of parties who have expressed a strong interest in the development of Dempsey and we look forward to providing our shareholders with further updates in the near future."

For and on behalf of the Board of Australian Oil Company Limited.

Gary Jeffery
Managing Director
+61 8 9388 2654

Sam Burns
Six Degrees Investor Relations
+61 400 164 067

Australian Oil Company Background

Australian Oil Company Limited (ASX: AOC) is an Australian-based energy company focused on conventional gas exploration in the Sacramento Basin, onshore California. AOC has an extensive portfolio of oil and gas prospects at both exploration and appraisal stages, including a number of multi-Tcf opportunities. The Company is targeting gas supply to the local Californian gas market and burgeoning LNG market on the west coast of North America. AOC is of the view that the size of the prospects in California have the potential to supply both the domestic Californian gas market and export LNG markets.

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Leases:

US exploration is conducted on leases grant by Mineral Right owners, in AOC's case primarily private individuals or groups. Leases can vary in size from very small parcels (part of an acre) to large landholdings (covering a few square miles). Leases generally are for 5 years and rentals are paid annually. There are no work commitments associated with the leases. Some leases are 'Held By Production' and royalties, are paid to mineral right owners in lieu of rentals. AOC has not listed all it leases as it is impractical and not meaningful for potential project value assessment in a conventional gas play. A detailed listing of leases may also lead to a loss of competitive advantage and consequent reduced value to AOC shareholders.

Competent Persons

This document contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a many variables which could cause actual results or trends to differ materially. The technical information provided has been reviewed by Mr Gary Jeffery, Managing Director of Australian Oil Company Limited. He is a qualified geophysicist with over 43 years technical, commercial and management experience in exploration for, appraisal and development, and transportation of oil and gas. Mr Jeffery consents to the inclusion of the information in the form and context in which it appears.

In accordance with ASX Listing Rules, any new hydrocarbon resource information in this document has been reviewed by Australian Oil Company's Technical Director, Mr Keith Martens, who has over 35 years of experience in the sector, with 15 years of experience in working in North America. Mr Martens is a qualified resources evaluator and consents to that information being included in the form and context in which it appears. Past ASX releases contain the basis for the resource estimates in this report.

Before investing it is recommended that you conduct your own due diligence and consult financial and technical advisors.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/01, 01/06/10, 17/12/10

Name of entity

AUSTRALIAN OIL COMPANY LIMITED

ABN

83 114 061 433

Quarter ended ("current quarter")

30 JUNE 2015

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------------------------------------|----------------------------|---------------------------------------|
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for | | |
| (a) exploration and evaluation | (84) | (168) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (81) | (110) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | - | - |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes received / (paid) | - | (1) |
| 1.7 Other – | - | - |
| Net Operating Cash Flows | (165) | (279) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.9 Proceeds from sale of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.10 Loans to other entities | - | - |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other – payments to associate companies | (2) | (2) |
| Net investing cash flows | (2) | (2) |
| 1.13 Total operating and investing cash flows (carried forward) | (167) | (281) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|------------------------------------------------------------|------------|------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (167) | (281) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 638 | 638 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | 105 | 155 |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other – capital raising costs | (8) | (10) |
| | Net financing cash flows | 735 | 783 |
| | Net increase (decrease) in cash held | 568 | 502 |
| 1.20 | Cash at beginning of quarter/year to date | 54 | 119 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | 1 |
| 1.22 | Cash at end of quarter | 622 | 622 |

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

| | Current quarter \$A'000 | |
|------|------------------------------------------------------------------|----|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 13 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

1.16 & 3.1 – Loan facilities from 2 directors
1.23 - Includes salaries and fees paid to directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

504,385 fully paid ordinary shares at 10 cents each were issued to directors of the company in lieu of director fees

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | 155 | 155 |
| 3.2 Credit standby arrangements | - | - |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 100 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 92 |
| Total | 192 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current quarter \$A'000 | Previous quarter \$A'000 |
|--------------------------------------------------|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 622 | 54 |
| 5.2 Deposits at call | - | - |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 622 | 54 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|---------------------------------------------------------------|----------------------------------|----------------------------------------|----------------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | | | |
| 6.2 | Interests in mining tenements acquired or increased | | | |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter


Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------|-----------------------------------------------|------------------------------------------------------------|
| 7.1 Preference +securities <i>(description)</i> | Nil | N/A | N/A | N/A |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | N/A | N/A | N/A | N/A |
| 7.3 +Ordinary securities ** | 105,770,214 | 105,770,214 | N/A | N/A |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | 504,385 | 504,385 | 10 cents | 10 cents |
| 7.5 +Convertible debt securities <i>(description)</i> | Nil | N/A | N/A | N/A |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | N/A | N/A | N/A | N/A |
| 7.7 Options <i>(description and conversion factor)</i> | 11,500,000 500,000 | - - | <i>Exercise price</i> 25 cents 25 cents | <i>Expiry date</i> 31 December 2015 31 December 2016 |
| 7.8 Issued during quarter | - | - | | |
| 7.9 Exercised during quarter | N/A | N/A | N/A | N/A |
| 7.10 Expired during quarter | | | | |
| 7.11 Debentures <i>(totals only)</i> | Nil | N/A | | |
| 7.12 Unsecured notes <i>(totals only)</i> | Nil | N/A | | |

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 29 July 2015
Company Secretary

Print name: David M McArthur

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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