



Australian Oil Company Limited

ACN 114 061 433

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24 September 2015

ASX LIMITED

Electronic Lodgement

ASX Code: AOC

DISPATCH OF NOTICE OF GENERAL MEETING

Attached is a copy of a Notice of General Meeting, Explanatory Memorandum and Proxy Form for a General Meeting of shareholders to be held on Monday 26 October 2015. This information has been dispatched to shareholders today.

On Behalf of the Board of Directors.



AUSTRALIAN OIL COMPANY LIMITED

ACN 114 061 433

NOTICE OF GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

Date of Meeting

Monday 26 October 2015

Time of Meeting

10.00 am (WST)

Place of Meeting

**Level 2, 55 Carrington Street
Nedlands, Western Australia 6009**

AUSTRALIAN OIL COMPANY LIMITED

ACN 114 061 433

NOTICE OF GENERAL MEETING

Notice is hereby given that a Meeting of Shareholders of Australian Oil Company Limited ("**Company**") will be held at 10.00 am (WST) on Monday 26 October 2015, at Level 2, 55 Carrington Street, Nedlands, Western Australia 6009.

An Explanatory Memorandum containing information in relation to each of the Resolutions to be put to the meeting accompanies this Notice.

AGENDA

To consider and, if thought fit, to pass the following Resolutions.

Special Resolution 1: Change of Name

To consider, and if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

“That, for the purposes of Section 157(1) of the Corporations Act and for all other purposes, approval is given for the name of the Company be changed to “Sacgasco Limited”.

Ordinary Resolution 2: Ratification of Issue of Shares – Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 12,764,175 fully paid ordinary Shares on the terms set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 2 by any persons who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form or is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Ordinary Resolution 3: Issue of Options to Related Party – Gary Jeffery

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 3,000,000 Director Options to Mr Gary Jeffery (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Jeffery, his nominee or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
 - (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
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Ordinary Resolution 4: Issue of Options to Related Party – Andrew Childs

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 3,000,000 Director Options to Mr Andrew Childs (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Childs, his nominee or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
 - (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
-

Ordinary Resolution 5: Issue of Options to Related Party – Keith Martens

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 3,000,000 Director Options to Mr Keith Martens (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Martens, his nominee or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
 - (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
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Ordinary Resolution 6: Issue of Options to Related Party – Aqeel Virk

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 1,000,000 Director Options to Mr Aqeel Virk (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Mr Virk, his nominee or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (e) the proxy is either:
 - (iii) a member of the Key Management Personnel; or
 - (iv) a Closely Related Party of such a member; and
-

(f) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

(g) the proxy is the Chair of the Meeting; and

(h) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Ordinary Resolution 7: Approval of Issue of Shares to Director under Incentive Share Plan – Mr Aqeel Virk

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue Plan Shares to Mr Aqeel Virk (or his nominee) pursuant to the Company’s Incentive Share Plan, on terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by a Director of the Company (except one who is ineligible to participate in any incentive scheme of the Company) and any associate of that person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

(a) the proxy is either:

(i) a member of the Key Management Personnel; or

(ii) a Closely Related Party of such a member; and

(b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

(c) the proxy is the Chair of the Meeting; and

(d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

By Order of the Board



D M McARTHUR
Company Secretary

Dated: 15 September 2015

ENTITLEMENT TO ATTEND AND VOTE

The Company may specify a time, not more than 48 hours before the Meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the General Meeting.

The Company’s Directors have determined that all Shares of the Company that are quoted on ASX at 5:00pm (Sydney Time) on Sunday 25 October 2015 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

PROXIES

Please note that:

- (a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

CORPORATE REPRESENTATIVE

A Shareholder that is a corporation may appoint an individual to act as its corporate representative to vote at the Meeting in accordance with section 250D of the Corporations Act. Any corporation wishing to appoint an individual to act as its representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company and/or Share Registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. A ‘Certificate of Appointment of Corporate Representative’ is enclosed if required.

ENQUIRIES

Shareholders are invited to contact the Company Secretary, David McArthur on +61 8 9423 3200 if they have any queries in respect of the matters set out in this document.

AUSTRALIAN OIL COMPANY LIMITED

ACN 114 061 433

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of General Meeting (“**Notice**”) of the Company.

The Directors of the Company (“**Directors**”) recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice.

SPECIAL RESOLUTION 1: Change of Name

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 1 seeks shareholder approval to change the name of the Company to Saccasco Limited. The Directors of the Company feel that the current operational focus of the Company warrants the Company changing its name to reflect the geographic region in which it operates.

If Resolution 1 is passed the change of name will take effect when ASIC alters the details of the Company’s registration.

The proposed name has been reserved by the Company and if Resolution 1 is passed, the Company will lodge a copy of the special resolution with ASIC following the Meeting in order to effect the change.

ORDINARY RESOLUTION 2: Ratification of Issue of Shares - Placement

As announced to ASX on 16 June 2015, the Company issued 12,764,175 Shares at an issue price of \$0.05 per Share to raise \$638,200 (**Placement**).

ASX Listing Rule 7.1 provides that the Company must not issue or agree to issue, subject to specified exceptions, during any 12 month period any equity securities which, when aggregated with the number of other securities issued within that 12 month period exceeds 15% of the number of ordinary shares on issue at the beginning of that 12 month period, unless the issue falls within one of the nominated exceptions, or the prior approval of members of the Company at a general meeting is obtained.

ASX Listing Rule 7.4 provides an issue made within the 15% limit will be treated as having been made with the approval of shareholders under Listing Rule 7.1 if subsequently approved by shareholders, thereby ‘refreshing’ the company’s ability to issue shares within the 15% limit, and restoring the Company’s ability to make placements within that limit (if that is thought desirable) without the need for shareholder approval.

While the Shares described in this Resolution 1 have been issued within the 15% limit, the Company seeks Shareholder ratification of the issue of those Shares for the purpose of ASX Listing Rule 7.4 so that the Company’s ability to issue securities will be refreshed and it will have the flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of ASX Listing Rule 7.5, the following information is provided to Shareholders to allow them to assess the ratification of the issue of the Shares the subject of this Resolution 2:

- (a) the total number of Shares issued by the Company was 12,764,175;

- (b) the Shares were issued for \$0.05 per Share;
 - (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
 - (d) the Shares were issued to sophisticated investors eligible under S708 of the Corporations Act. None of these subscribers are related parties of the Company; and
 - (e) the funds raised under the Placement were used for working capital, 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..
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ORDINARY RESOLUTIONS 3, 4, 5 and 6: Grant of Options to Directors

On 18 August 2015, the Board resolved, subject to obtaining Shareholder approval, to issue a total of 10,000,000 Options (**Director Options**) to its Directors as set out below:

- (a) Gary Jeffery– 3,000,000 Director Options;
 - (b) Andrew Childs– 3,000,000 Director Options;
 - (c) Keith Martens – 3,000,000 Director Options, and
 - (d) Aqeel Virk- 1,000,000 Director Options,
- (together, the **Related Parties**) on the terms and conditions set out in Appendix 1.

For a public company to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of the Director Options to the Related Parties requires the Company to obtain Shareholder approval because the grant of Director Options constitutes giving a financial benefit, and as such Messrs Jeffery, Childs, Martens and Virk are Related Parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Director Options to the Related Parties.

Section 195 of the Corporations Act

Section 195(1) of the Corporations Act provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered.

If there is not a quorum of directors who are eligible to vote on a matter because of the operation of Section 195(1) of the Corporations Act, one or more directors may call a general meeting and the general meeting may deal with the matter.

Each of the Directors, being Gary Jeffery, Andrew Childs, Keith Martens and Aqeel Virk have a material personal interest in the outcome of Resolutions 3 to 6 because they will be receiving Director Options.

The Directors have exercised their right under section 195(4) of the Corporations Act to call the Meeting and put the matters the subject of Resolutions 3 to 6 to Shareholders to vote on at the Meeting.

Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to, and in accordance with, the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Director Options:

- (a) the Related Parties are Gary Jeffery, Andrew Childs, Keith Martens and Aqeel Virk by virtue of being Directors;
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be issued to the Related Parties in the aggregate is 10,000,000 Director Options;
- (c) The Director Options will be exercisable at \$0.10 each on or before 30 September 2019. The Options vest if the share price has a 5 day VWAP equal to or in excess of \$0.10.

All Director Options will vest in the event of a takeover event or a change in control as defined by section 50AA of the Corporations Act;

- (d) the Director Options will otherwise be issued on the terms and conditions outlined in Appendix 1;
- (e) the Director Options will be issued to the Related Parties no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;
- (f) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (g) the value of the Director Options for each Director are:
 - (i) Gary Jeffery - \$83,100;
 - (ii) Andrew Childs - \$83,100;
 - (iii) Keith Martins - \$83,100; and
 - (iv) Aqeel Virk - \$27,700,

and the pricing methodology is set out in Appendix 2;

- (h) the relevant interest of the Related Parties in securities of the Company is set out below:

Director	Shares ¹	Options
Gary Jeffery	2,731,004	5,000,000
Andrew Childs	4,499,676	2,000,000
Keith Martens	2,551,859	3,500,000
Aqeel Virk	-	-

- (i) the Related Parties receive remuneration for the current and previous financial year as follows:

Director	Current	2015
Gary Jeffery	\$200,000	\$133,334
Andrew Childs	\$40,000	\$40,000
Keith Martens	\$30,000	\$30,000
Aqeel Virk	\$30,000	-

- (j) if the Director Options issued to the Related Parties are exercised, a total of 10,000,000 Shares would be issued. This will increase the number of Shares on issue from 106,407,007 to 116,407,007 (assuming no other options are exercised) with the effect that the share holding of existing shareholders would be diluted by 8.6%.

The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time, any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company;

- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	PRICE	DATE
HIGHEST	\$ 0.21	8 OCTOBER 2014
LOWEST	\$ 0.035	24 AUGUST 2015
LATEST	\$ 0.05	15 SEPTEMBER 2015

- (l) the primary purpose of the issue of the Director Options is to provide a market linked incentive to the Related Parties to motivate and reward their performance in their respective roles as Directors;
- (m) the Board acknowledges the issue of Related Party Options to Messrs Childs, Martens and Virk (Non- Executive Directors) is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations as published by The ASX Corporate Governance Council. However, the Board considers the issue of Related Party Options to Messrs Childs, Martens and Virk reasonable in the circumstances for the reason set out in paragraph (n);
- (n) Mr Jeffery declines to make a recommendation to Shareholders in relation to Resolution 3 due to Mr Jeffery's material personal interest in the outcome of Resolution 3 on the basis that Mr Jeffery is to be issued Director Options in the Company if Resolution 3 is passed at the Meeting. However, in respect of Resolutions 4, 5 and 6, Mr Jeffery recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the issue of Director Options to the Related Parties will align the interests of the Related Parties with those of Shareholders;
 - (ii) the issue of the Director Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or opportunities foregone by the Company in issuing the Director Options upon the terms proposed;
- (o) Mr Childs declines to make a recommendation to Shareholders in relation to Resolution 4 due to Mr Child's material personal interest in the outcome of the Resolution on the basis that Mr Childs is to be issued Director Options in the Company should Resolution 4 be passed. However, in respect of Resolutions 3,5 and 6, Mr Childs recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (n) above;
- (p) Mr Martens declines to make a recommendation to Shareholders in relation to Resolution 5 due to Mr Marten's material personal interest in the outcome of the Resolution on the basis that Mr Martens is to be issued Director Options in the Company should Resolution 5 be passed. However, in respect of Resolutions 3, 4 and 6, Mr Martens recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (n) above;
- (q) Mr Virk declines to make a recommendation to Shareholders in relation to Resolution 6 due to Mr Virk's material personal interest in the outcome of the Resolution on the basis that Mr Virk is to be issued Director Options in the Company should Resolution 6 be passed. However, in respect of Resolutions 3, 4 and 5, Mr Virk recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (n) above;

- (r) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Director Options to be issued as well as the exercise prices and expiry dates of those Director Options; and
- (s) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolutions.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Director Options to the Related Parties as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

ORDINARY RESOLUTIONS 7: Approval to Issue Shares to a Director pursuant to Share Plan

ASX Listing Rule 10.11 requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

An exception to ASX Listing Rule 10.11 is set out in ASX Listing Rule 10.12 (exception 4) which provides that ASX Listing Rule 10.11 does not apply to issue made with the approval of Shareholders under ASX Listing Rule 10.14.

ASX Listing Rule 10.14 provides that an entity must only allow a Director or their associates to acquire securities with approval of Shareholders and provided the Notice of Meeting complies with ASX Listing Rules 10.15 or 10.15A.

The Company is able to issue Shares under its existing Share Plan (**Plan Shares**) to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period. The ASX Listing Rules require, however, that specific approval be obtained for the issue of shares to directors.

With effect from 8 July 2015 Mr Aqeel Virk, a non executive director of the Company, agreed, subject to Shareholder approval, to receive Shares for 50% of his non-executive Director's fees. Based on fees of \$30,000 per annum, Mr Virk agrees to receive shares for \$15,000 of fees per annum.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of shares under this Resolution constitutes giving a financial benefit and Mr Virk is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Virk who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of shares under this Resolution because the issue of the shares is considered reasonable remuneration in light of the offset against fees that would otherwise be payable to Mr Virk.

The Shares are to be issued to the above related party on a quarterly basis, with the issue price to be determined based on the mathematical average of the 5 day VWAP at the commencement and the 5 day VWAP at the end of the respective quarter. The Company has, however, set a minimum cap on the deemed issue price, being not less than \$0.025 per Share. Therefore, the maximum number of Plan Shares the related parties could receive in aggregate in the period up to 12 months from the date of this Meeting would be no more than 600,000 Plan Shares (that is the equivalent of \$15,000 worth of Shares at \$0.025 each).

The approval to issue Shares to the related party will be for a period of 12 months from the date of the Meeting.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required as the issue of Plan Shares forms part of the reasonable remuneration of the related party pursuant to section 211 of the Corporations Act.

For the purposes of ASX Listing Rule 10.15, the following information is provided to Shareholders:

- (a) the Shares will be granted to Mr Aqeel Virk (a Director of the Company), or his nominee;
- (b) the maximum number of Plan Shares Mr Virk could receive in aggregate in the period up to 12 months from the date of this Meeting would be no more than 600,000 Plan Shares (that is the equivalent of \$15,000 worth of Shares at \$0.025 each);
- (c) 2,176,994 shares have been issued to date under the share plan;
- (d) the person covered under ASX Listing Rule 10.14 entitled to participate in the Share Plan are Messrs Jeffery, Martens, Childs and Virk;
- (e) the shares will rank equally with Shares currently on issue;
- (f) a voting exclusion statement has been included;
- (g) there are no loans provided to related parties in relation to the acquisition of Shares under the Share Plan; and
- (h) the Shares will be issued to Mr Virk (or his nominee) on a quarterly basis and no later than 12 months after the date of the General Meeting.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of Directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Australian Oil Company Limited (ACN 114 061 433).

Directors means the current directors of the Company.

Director Options means options exercisable at \$0.10 by 30 September 2019.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by this Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** or **Notice of General Meeting** means this notice of General Meeting including the Explanatory Statement and the Proxy Form.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

VWAP means volume-weighted average price.

WST means Australian Western Standard Time (Perth, Western Australia).

AUSTRALIAN OIL COMPANY LIMITED

ACN 114 061 433

APPENDIX 1

The material terms and conditions of the Director Options referred to in Resolutions 3, 4, 5 and 6 are as follows:

- (a) The Director Options will be issued in one tranche with an exercise price of \$0.10 cents (“Exercise Price”):
- (b) The Director Options are exercisable at any time on or before 30 September 2019 (“Expiry Date”).
- (c) The Director Options vest if the 5 day VWAP equals or exceeds \$0.10.
- (d) Each Director Option exercised will entitle the holder to one Share in the capital of the Company.
- (e) The notice attached to the certificate has to be completed when exercising the Director Options (“Notice of Exercise”).
- (f) Director Options may be exercised by the holder completing and forwarding to the Company a Notice of Exercise and payment of the exercise price for each Director Option being exercised prior to the Expiry Date.
- (g) All Shares issued upon exercise of the Director Options will rank pari passu in all respects with the Company’s then existing Shares.
- (h) Shares issued pursuant to the exercise of Director Options will be issued not more than 15 Business Days after the receipt of a properly executed Notice of Exercise and payment for the Exercise Price of each Director Option being exercised. The Company will apply for official quotation on ASX of Shares issued pursuant to the exercise of Director Options.
- (i) The holder of Director Options cannot participate in new issues of securities to holders of Shares unless the Director Options have been exercised and the Shares have been issued and registered in respect of the Director Options before the record date for determining entitlements to the issue. The Company must give notice to the holder of the Director Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules. Director Options can only be exercised in accordance with these terms and conditions.
- (j) If the Company makes a pro rata bonus issue of Shares to holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been issued and registered in respect of the exercise of Director Options before the record date for determining entitlements to the bonus issue, then the number of Shares or other securities for which the holder of the Director Options is entitled to subscribe on exercise of the Director Options is increased by the number of Shares or other securities that the holder of the Director Options would have received if the Director Options had been exercised before the record date for the bonus issue. No change will be made to the Exercise Price.
- (k) If at any time the capital of the Company is reconstructed, all rights of a Director Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

AUSTRALIAN OIL COMPANY LIMITED

ACN 114 061 433

APPENDIX 2

Valuation of Director Options to be issued to the Related Parties

The Company has valued the Director Options to be issued to the Related Parties using the Black-Scholes option model and based on the assumptions as set out in the table below, with the Director Options ascribed a value as follows:

Assumptions:

Value date	31 August 2015
Share price	\$0.035
Exercise price	\$0.10
Term	4 years
Volatility	150%
Risk free interest rate	2.53%
Indicative value per Option (cents)	2.77

CERTIFICATE OF APPOINTMENT OF CORPORATE REPRESENTATIVE

Shareholder Details

This is to certify that by a resolution of the directors of:

..... (Company),
Insert name of Shareholder Company
the Company has appointed:

.....
Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that Company at a General meeting of the members of Australian Oil Company Limited (ACN 114 061 433) to be held on Monday 26 October 2015 commencing at 10.00 am (WST) and at any adjournments of that meeting.

DATED

Please sign here

Executed by the Company)
in accordance with its constituent documents)
)

.....
Signed by authorised representative

.....
Signed by authorised representative

.....
Name of authorised representative (print)

.....
Name of authorised representative (print)

.....
Position of authorised representative (print)

.....
Position of authorised representative (print)

Instructions for Completion

- Insert name of appointing Shareholder Company and the name or position of the appointee corporate representative (eg “John Smith” or “each director of the Company”).
- Execute the Certificate following the procedure required by your Constitution or other constituent documents.
- Print the name and position (eg director) of each authorised company officer who signs this Certificate on behalf of the Company.
- Insert the date of execution where indicated.
- Prior to the Meeting, send or deliver the Certificate to the registered office of Australian Oil Company Limited at Level 2, 55 Carrington Street, Nedlands WA 6009 or fax the Certificate to the registered office at +61 8 9389 8327