



Australian Oil Company Limited

ACN 114 061 433

9th April 2014

ASX Limited

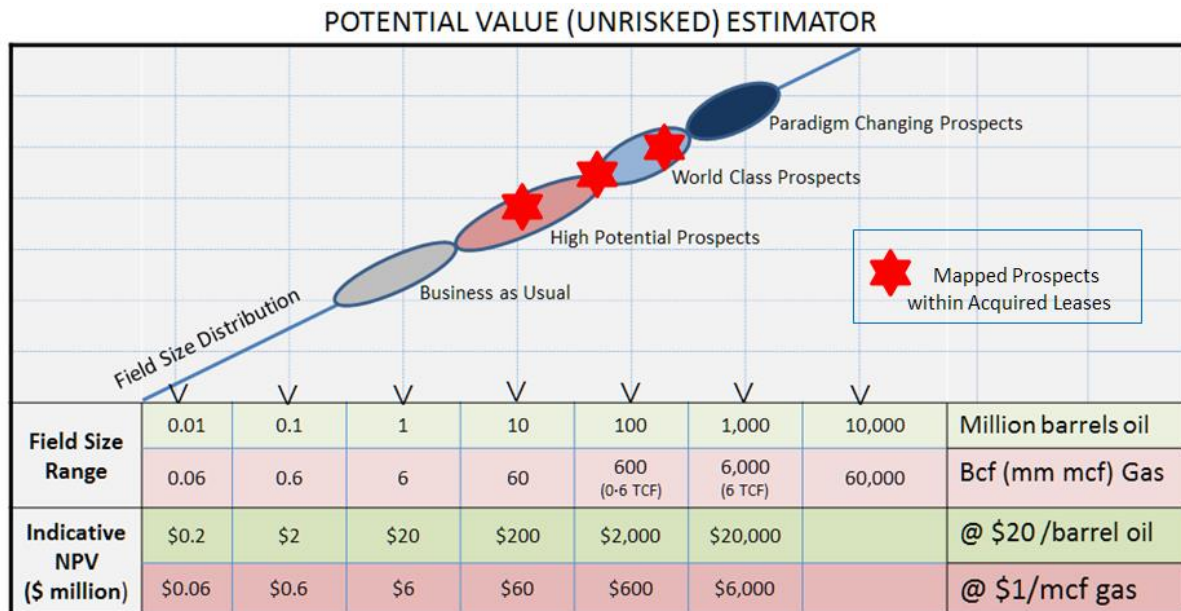
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AOC ACQUISITION OF ADDITIONAL INTEREST IN CALIFORNIA

Australian Oil Company (AOC) has signed a binding Heads of Agreement with Blue Sky Energy and Power, Inc (“Blue Sky”) to acquire a Working Interest of 15% in 8 gas wells and associated leases and equipment in the onshore Sacramento Basin in Northern California at a cost of approximately US\$220,000. The acquisition will be effective 1 January 2014.

This acquisition increases AOC’s working interest in the acquired assets to 55%.

The acquisition was made primarily to increase AOC’s interests in exploration prospects mapped within the acquired lease interests. At least three separate geologically-independent, High Potential to World Class Prospects have been mapped within the acquired leases.



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In addition, the gas wells provide modest cash flow. Spot gas prices in California are currently around US\$5 / mcf. The operator of these wells estimates the gas remaining to be producible from these wells to be approximately 1 Bcf (Gross). At current gas prices the Net present value of this gas is estimated to be in excess of \$1/mcf, or US\$1 million (Gross).

Managing Director Gary Jeffery stated:

“This acquisition significantly increases AOC’s interest in very prospective gas leases in Northern California. It is consistent with our strategy to increase the exposure of our shareholders to the interpreted potential for discovering vast quantities of natural gas in conventional sandstone reservoirs in the Sacramento Basin.”

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

Gary Jeffery
Managing Director

Competent Person

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 40 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.