



**27 October 2014**

**Australian Oil Company Limited**  
ASX: AOC

**Onshore assets  
Sacramento Basin,  
California**

- Conventional oil & gas
- Extensive portfolio of exploration and appraisal stage projects
- Exposure to huge local demand for gas
- LNG export potential

**Corporate Structure**

Shares on issue: 92.1 M  
Market Cap: \$16 M  
52 week high: 21 cents  
52 week low: 7.6 cents

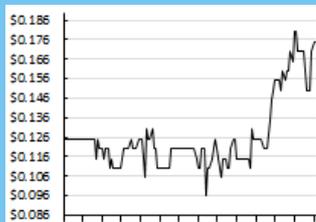
**Directors**

**Andrew Childs**  
(Chairman)

**Gary Jeffery**  
(Managing Director)

**Keith Martens**  
(Technical Director)

**David McAuthur**  
(Company Secretary)



**AOC 6 month Share Price Chart**

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**CORPORATE UPDATE**

**Summary:**

- **Potential investor withdraws from funding commitments**
- **Discussions progressing well with potential funding partners in North America**
- **Dempsey Prospect drilling application proceeding as planned**
- **AOC exploring options to commence drilling at Dempsey and Alvares Prospects earlier than anticipated**

Californian-focused oil and gas developer Australian Oil Company Limited (ASX: AOC) (“the Company”) advises that Northern Gulf Petroleum Pte Ltd (“NGP”) has withdrawn from its share placement and other commitments announced to shareholders on 8 October 2014.

As reported, AOC entered into a Heads of Agreement (HOA) to fund the drilling of the Alvares and Dempsey Prospects in the Sacramento Basin, California.

A share placement to raise \$1.6 million was to be executed under the agreement. The placement was not subject to any conditions and a relevant signed subscription agreement was received by the Company, however NGP has in effect withdrawn from its commitments.

While actively progressing discussions on the drilling of AOC’s other Californian prospects and future funding needs with a number of potential funding partners in North America, a number of parties have expressed a strong interest in the development of the Dempsey and Alvares Prospects.

In pursuing these alternatives, the Company is now working to potentially commence drilling at the Dempsey and Alvares Prospects earlier than indicated under the previous proposal.

The Alvares and Dempsey prospects have gross unrisks best estimate recoverable prospective resources of 2.4 TCF and 1 TCF respectively.



AUSTRALIAN OIL COMPANY

**AOC Chairman Andrew Childs commented:** *“Whilst the Company is obviously disappointed with this situation, the underlying value and growth potential of our onshore oil and gas tenements in California remains extremely robust and entirely unaffected.*

*As part of its normal business operations AOC has been progressing positive discussions with a number of potential funding partners in North America.*

*AOC will provide shareholders with a further update of funding discussions and actions in due course.”*

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

**Gary Jeffery**  
Managing Director  
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**Sam Burns**  
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**Australian Oil Company Background**

***Australian Oil Company Limited (ASX: AOC) is an Australian-based energy company focused on conventional oil and 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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**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 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.

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