



30 October 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: 107 M
Market Cap: \$5.1 M
52 week high: 17.3 cents
52 week low: 3.5 cents

Directors

Andrew Childs
(Chairman)

Gary Jeffery
(Managing Director)

Keith Martens
(Technical Director)

Aqeel Virk
(California Director)

David McArthur
(Company Secretary)

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SEPTEMBER 2015 QUARTERLY ACTIVITY REPORT

Summary

- **Targeting development of potential multi-reservoir, 1+Tcf Dempsey conventional gas prospect in Sacramento Gas Basin, onshore California.**
- **Discussions progressing with a number of potential funding partners for drilling of Dempsey prospect in early 2016.**
- **Increased daily cash flow to AOC from well workover further underpins growth strategy aimed at increasing conventional gas production and strengthening revenue profile.**
- **Shareholders approve name change to Sacgasco Limited.**
- **Appointment of Mr. Aqeel Virk as Californian-based Non-Executive Director.**
- **Alternative methods to test Alvares prospect under investigation.**

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 September 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 unrisked 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%.

During the quarter, AOC’s management team continued to progress a number of corporate and operational objectives towards the anticipated drilling of the Company’s flagship Dempsey conventional gas prospect in early 2016.

Positively, the Company strengthened its cash flow from an existing conventional gas well located in the Rancho-Capay Gas Field during the quarter.

Furthermore, AOC solidified its management base in California through the appointment of Aqeel Virk as a Non-Executive Director in July.

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 early 2016.

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\$5.3 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). Alternative methods of evaluating the gas flow potential using the existing Alvares well bore are being investigated further.

PRODUCTION UPDATE

Rancho - Capay Gas Field (AOC 55% WI in 5 wells) & Los Medanos Gas Field (AOC 55% WI in 3 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.

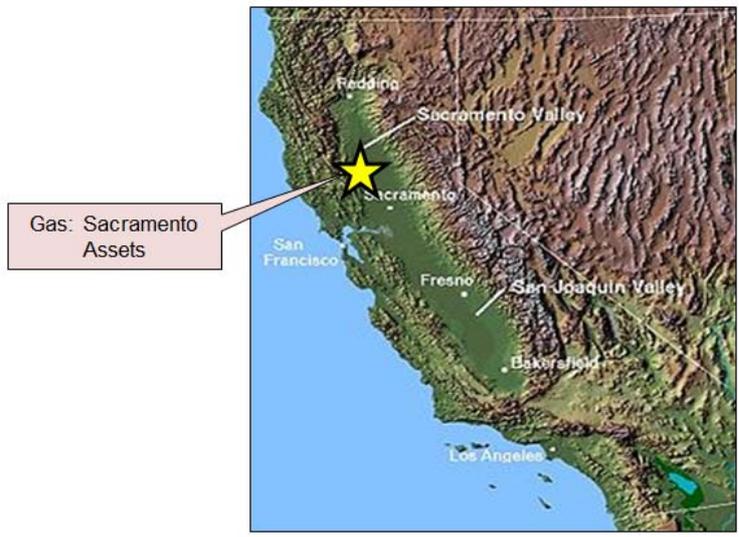
During planned gas field operations on a joint venture owned well located near the Company’s flagship Dempsey prospect, the Californian Operator and 20% working interest (WI) owner identified a gas reservoir covered by produced sand in the well bore.

The well bore was subsequently cleared and gas flow was established from a Forbes Reservoir zone at stable rates of 425 mcf/day with 550 psi flowing tubing pressures.

The flow rate and shut in pressure of 1,200 psi indicate the well bore is accessing remaining producible quantities of gas. Sale of gas from the well commenced subsequent to the end of the reporting period.

Based on current gas prices and an average flow rate of 350 mcf/day, gross sales revenue is estimated to be approximately \$A 1,200 /day. AOC has a working interest of 55% in the well.

<i>Production</i>	<i>September 2015 Quarter</i>	<i>June 2015 Quarter</i>
Gross mcf * (100%)	31,675	41,744
Net AOC mcf (after Royalty)	12,108	15,613
<i>*mcf – Thousand Cubic feet gas</i>		



AOC’s Sacramento 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 prospect.

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 material changes in the Projects or Working Interests in the reporting quarter. Projects are continuously reviewed for their strategic fit and are expected to be modified over time to reflect industry conditions.		

CORPORATE ACTIVITY

The AOC June 2015 Interim Financial Report was issued on 2 September, 2015 and a copy is available on our website www.australianoilcompany.com.

In addition, AOC Managing Director Gary Jeffery presented to shareholders and investors at the annual Good Oil Conference held in Fremantle, Western Australia (refer ASX release dated 15 September 2015).

Subsequent to the end of the reporting period, AOC held a General Meeting of shareholders on Monday 26 October 2015.

Change Of Name

The General Meeting resulted in shareholders approving a name change to Sacgasco Limited.

The name change will be effective from the commencement of trading on Wednesday 4 November 2015 and the new ASX code will be SGC.

The Directors of the company were of the view that the current operational focus of the company warrants the company changing its name to reflect the geographic region in which it operates. AOC's California gas subsidiary is named Sacgasco LLC.

ISSUED CAPITAL at 31 October 2015

Ordinary Shares	107,095,783
Unlisted Options exercisable @ 25 cents 31 Dec 2015	11,500,000
Unlisted Options exercisable @ 25 cents 31 Dec 2016	500,000
Unlisted Options exercisable @ 10 cents 30 September 2019	10,000,000

Note:

On 27 May 2015 shareholders approved the issuing of AOC ordinary shares in lieu of director and consulting fees. A total of 636,793 ordinary shares were issued in July 2015 in lieu of director and consulting fees for the June 2015 quarter. Subsequent to the end of the September quarter 688,776 ordinary shares were issued on 5 October 2015 as part payment of directors and consulting fees. On 26 October 2015 shareholders approved the issuing of 10,000,000 unlisted options to Directors.

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 in early 2016.

The Board remains steadfast in its 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.

Further emphasising our commitment towards developing a conventional gas production company in the Sacramento Basin California, AOC's name will be changed to Sacgasco Limited.

We continue to be encouraged by interest shown by other companies in the AOC assets and we are continuing to progress discussions with a number of potential investors regarding the strategic development of Dempsey and we look forward to providing our shareholders with further updates in the near term."

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

Gary Jeffery
Managing Director
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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 SEPTEMBER 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 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	(123)	(291)
(b) development	-	-
(c) production	-	-
(d) administration	(82)	(192)
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	(205)	(484)
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)
Net investing cash flows	-	(2)
1.13 Total operating and investing cash flows (carried forward)	(205)	(486)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(205)	(486)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	638
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	155
1.17	Repayment of borrowings	(160)	(160)
1.18	Dividends paid	-	-
1.19	Other – capital raising & other borrowing costs	(2)	(12)
	Net financing cash flows	(162)	621
	Net increase (decrease) in cash held	(367)	502
1.20	Cash at beginning of quarter/year to date	622	119
1.21	Exchange rate adjustments to item 1.20	3	1
1.22	Cash at end of quarter	258	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	15
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.17 – Loan facilities repaid to 2 directors
1.23 - Includes salaries and fees paid to directors.

Non-cash financing and investing activities

2.1

636,793 fully paid ordinary shares at 6 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	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	56
4.2 Development	-
4.3 Production	-
4.4 Administration	64
Total	120

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	258	622
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	258	622

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 **	106,407,007	106,407,007	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	636,793	636,793	6 cents	6 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: 30 October 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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