



Australian Oil Company Limited

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ACN 114 061 433

3rd May 2013

Mr Anthony Ingegneri
Adviser, Listings (Sydney)
Australian Stock Exchange
Sydney NSW

By email anthony.ingegneri@asx.com.au

Mr Ingegneri,

Appendix 5B – March 2013 – ASX Query

We refer to your letter of 30 April 2013 and address your queries therein as follows:-

1/2/3. The Company does have negative operating cash flows and these will continue until such time as production revenue exceeds exploration and administration expenses. The Company manages the negative cash flow by minimising its administration expenses and committing only to exploration expenditure which is within its capabilities.

As required, the Company has raised additional working capital either by rights issue or share placements and under the right conditions will continue to use these mechanisms to fund activities.

4. We confirm that the Company is in compliance with the Listing Rules, and in particular, Listing Rule 3.1. As announced to the market on 26 April 2013 the Shea-Dividend #1-8 Exploration well is currently being drilled at West Brentwood, Contra Costa County, California and the market will be kept fully informed of the results of that drilling as it proceeds.

5. The Company believes that it is in compliance with respect to Listing Rule 12.2. The Company has significant assets and minimal liabilities. The Company is also firmly of the belief that it will be able to raise additional funding as and when required to fund operations.

Yours sincerely

M T Ohlsson
Company Secretary

For personal use only



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30 April 2013

Mark Ohlsson
Company Secretary
Australian Oil Company Limited
208 Bagot Road
Subiaco WA 6008

Dear Mark,

Australian Oil Company Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 March 2013, released to ASX Limited ("ASX") on 30 April 2013 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales and related debtors of \$55,000.
2. Net negative operating cash flows for the quarter of \$273,000.
3. Cash at end of quarter of \$139,000.

In light of the information contained in the Appendix 5B please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me **via email to anthony.ingegneri@asx.com.au**. It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **9:30 am A.E.S.T. on Monday, 6 May 2013**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me.

Yours sincerely,

{Sent electronically without signature}

Anthony Ingegneri
Adviser, Listings Compliance (Sydney)