



Australian Oil Company Limited

208 Bagot Road, Subiaco, WA 6008
Tel: (08) 6380 1410 Fax: (08) 9381 9386
ACN 114 061 433

QUARTERLY ACTIVITIES REPORT QUARTER ENDED 31 DECEMBER 2012

SACRAMENTO VALLEY CALIFORNIA

Production Aquisition

During the quarter AOC acquired through its wholly owned subsidiary SACGASCO LLC a 40% working interest (WI) in 7 producing gas wells in the Sacramento Basin, California. Five wells are located in Glenn County, Northern Sacramento Valley and two wells in Contra Costa County in the San Francisco Bay Area.

AOC in conjunction with its partners has also identified a number of well rejuvenation opportunities that can significantly enhance production with minimal capital expenditure. Planning is underway to rejuvenate a number of wells in the first quarter of 2013.

The acquisition includes access to over 200 square miles of 3D seismic data which is included in this purchase and provides a number of attractive drillable prospects.

A total of \$US150,000 was paid by AOC for a 40% WI in these assets.

Fourth Quarter Production Figures – 100%

Total MMBTU Sales	71,948
Total Gross Sales	\$US 259,480
Total Royalty Share	\$US 53,787
Total Gross/Net WI Value	\$US 205,692

AOC's 40% share of fourth quarter production before operating costs was \$US 82,277

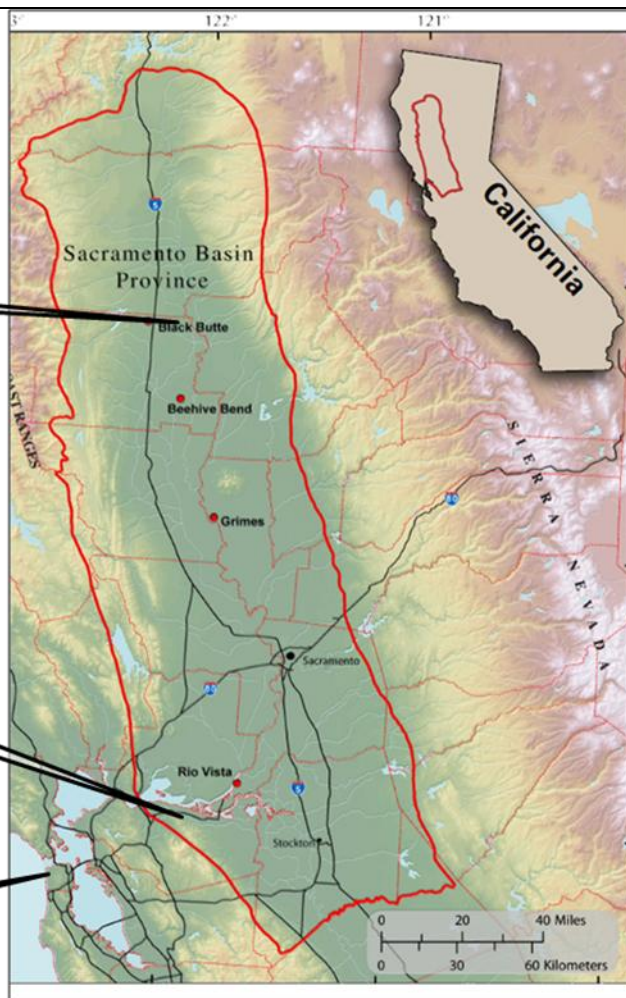
Sacramento Basin

Rancho-Capay

The Sacramento Basin is 340 x 100 km and has produced about 9 Tcf
Largest field is Rio Vista with 3.5 Tcf
Conventional targets have small prospectivity (1-10 Bcf) but deeper targets could be very large

Los Medanos

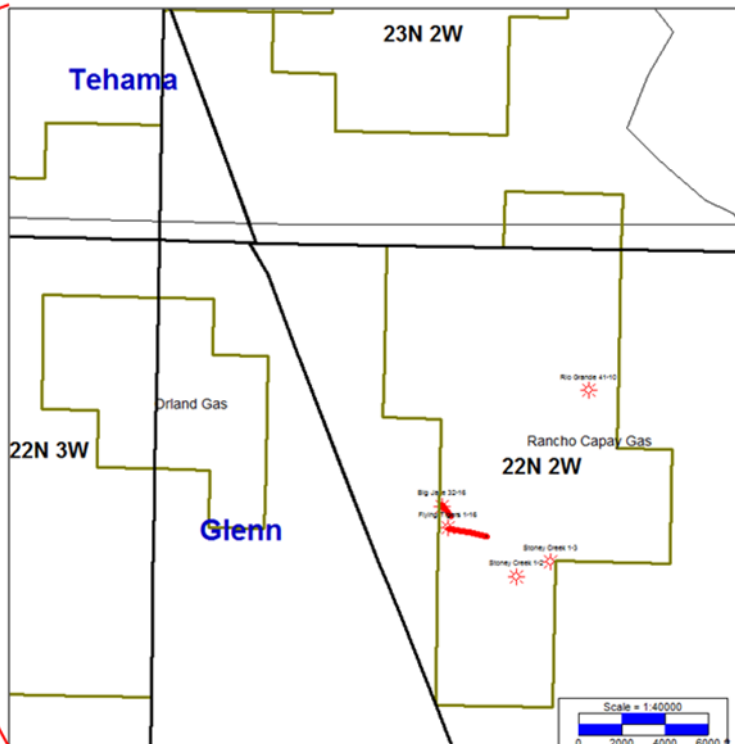
San Francisco

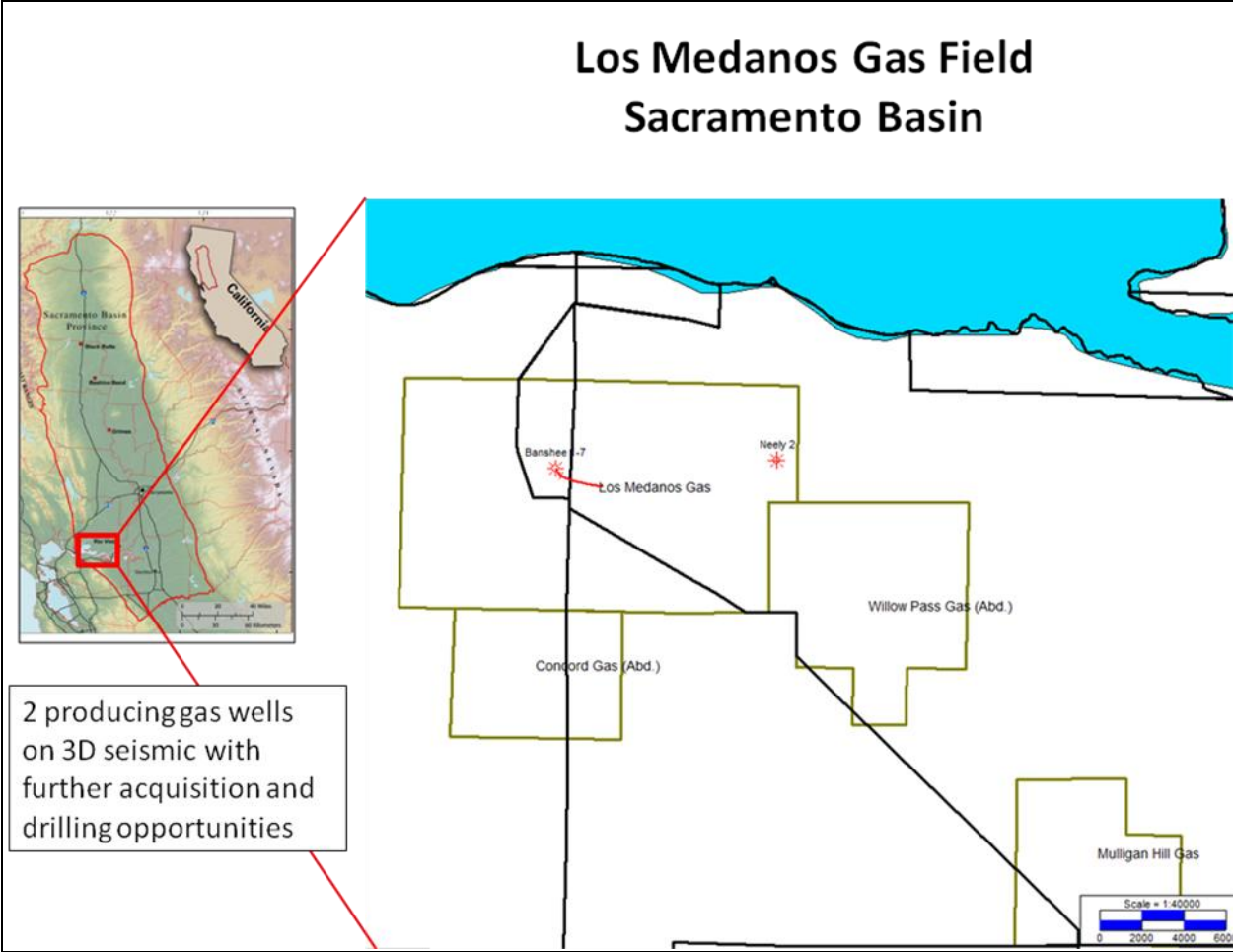


Rancho – Capay Gas Fields Sacramento Basin



5 producing gas wells
on 3D seismic with
perforation and
drilling opportunities





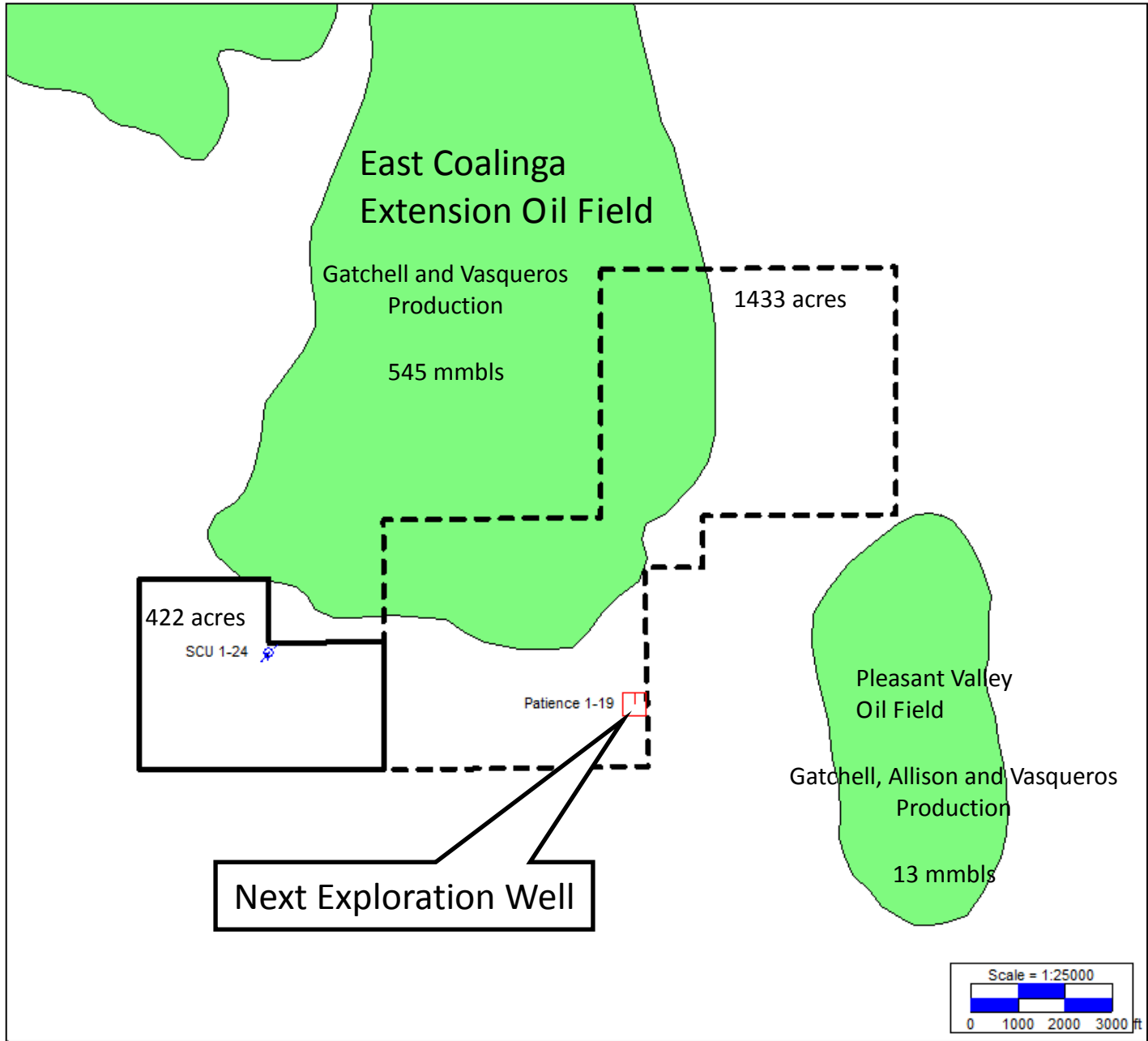
SAN JUAQUIN BASIN CALIFORNIA

Patience#1-19 Oil Exploration Well

The drilling of Patience#1-19 has been delayed due to the company only recently being advised by the Farmor that Chevron, as the surface rights owner must approve any conveyance of the Farmers interest to a third party. This contractual requirement was not previously disclosed to AOC and the Joint Venture. The Farmor has advised that this is considered a formality and therefore it is unlikely Chevrons consent will be withheld.

AOC through its wholly owned subsidiary SACGASCO LLC will earn a 30% WI in Patience #1-19 by paying a 40% share of well costs and will have an option to drill a second well on the same terms to earn a 30% WI in 1433 acres in the Coalinga area.

Patience#1-19 is a 10 day well that will be drilled to a total depth of 7,000ft and will test two sands, the Allison and the Vaqueros just southeast of the East Coalinga Extension oil field. The prospective oil traps are mapped on 3D seismic as isolated sand bodies. Each of these sands has a potential of 2 mmbbls of recoverable, prospective oil.



Note: East Coalinga Extension Oil Field Gatchell Sand production is not included in Farm-in Rights.

For personal use only

SCU # 1-24 Water Disposal Well

This well has been suspended and subject to permitting approvals, will be used as a commercial water injection well. Planning is underway to perforate a much larger section of the Gatchell Sandstone in order to increase water injection rates to 10,000 to 15,000 bbls/day. The current commercial rates for water injection in the region are up to \$1.75/bbl of water.

MANKINS RANCH OIL PROJECT CALIFORNIA

On 19th November 2012 Excelaron LLC (AOC 35%) filed a lawsuit against the County of San Luis Obispo, California. Legal proceedings was seen as the only course of action due to the County effecting a regulatory taking of Excelaron's property while failing to follow laws that require just compensation for that taking. The lawsuit requests that the San Luis Obispo County Board of Supervisors follow existing laws and set aside its decision denying the project, or compensate the Company for its damages and legal fees.

PORTER RANCH OIL PROJECT CALIFORNIA

A full technical review and prospect ranking prior to lodging applications for the drilling of 2 exploration wells.

HOOD - FRANKLIN GAS PROJECT SACRAMENTO VALLEY CALIFORNIA

Ongoing review of the economics of drilling a follow up well.

CALIFORNIAN NEW VENTURES

Ongoing evaluation of a number of low cost, high impact oil and gas appraisal and production opportunities.

**PEL 182
COOPER BASIN SOUTH AUSTRALIA**

AOC's 7.5% interest is subject to a farmout and assignment to Dome Petroleum however there are unresolved issues with Dome which is preventing the completion of this transaction which when finalized will result in AOC having no ongoing interest in this permit.

**EP 435
EXMOUTH SUB BASIN WESTERN AUSTRALIA**

No activity during the quarter.

ONSHORE EAST TIMOR

At this time there is no legislation in place in East Timor regarding onshore oil exploration and it is not possible to predict when any application for licenses may take place.

Chairman
Andrew Childs
31 January 2013

For personal use only