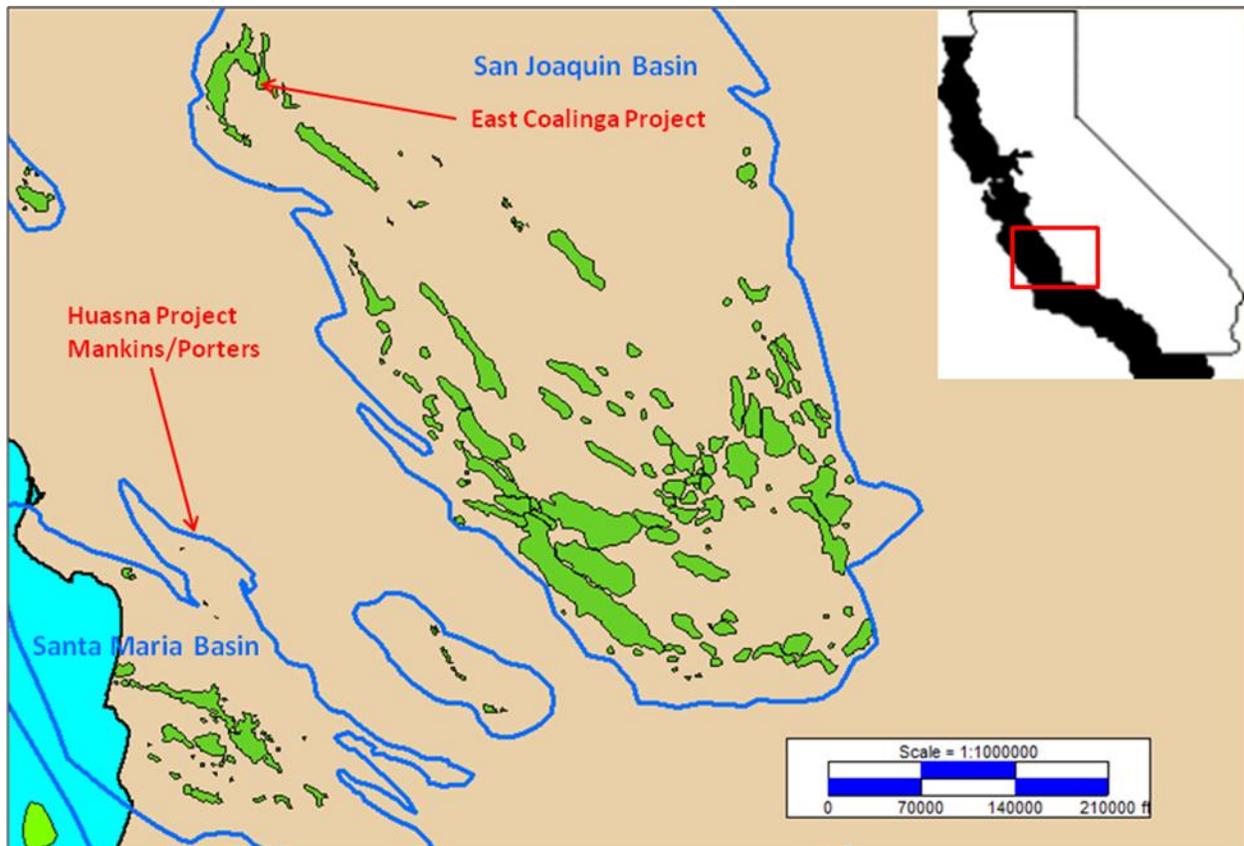




Australian Oil Company Limited

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QUARTERLY ACTIVITIES REPORT QUARTER ENDED 30 SEPTEMBER 2012



AOC Operations - Central California

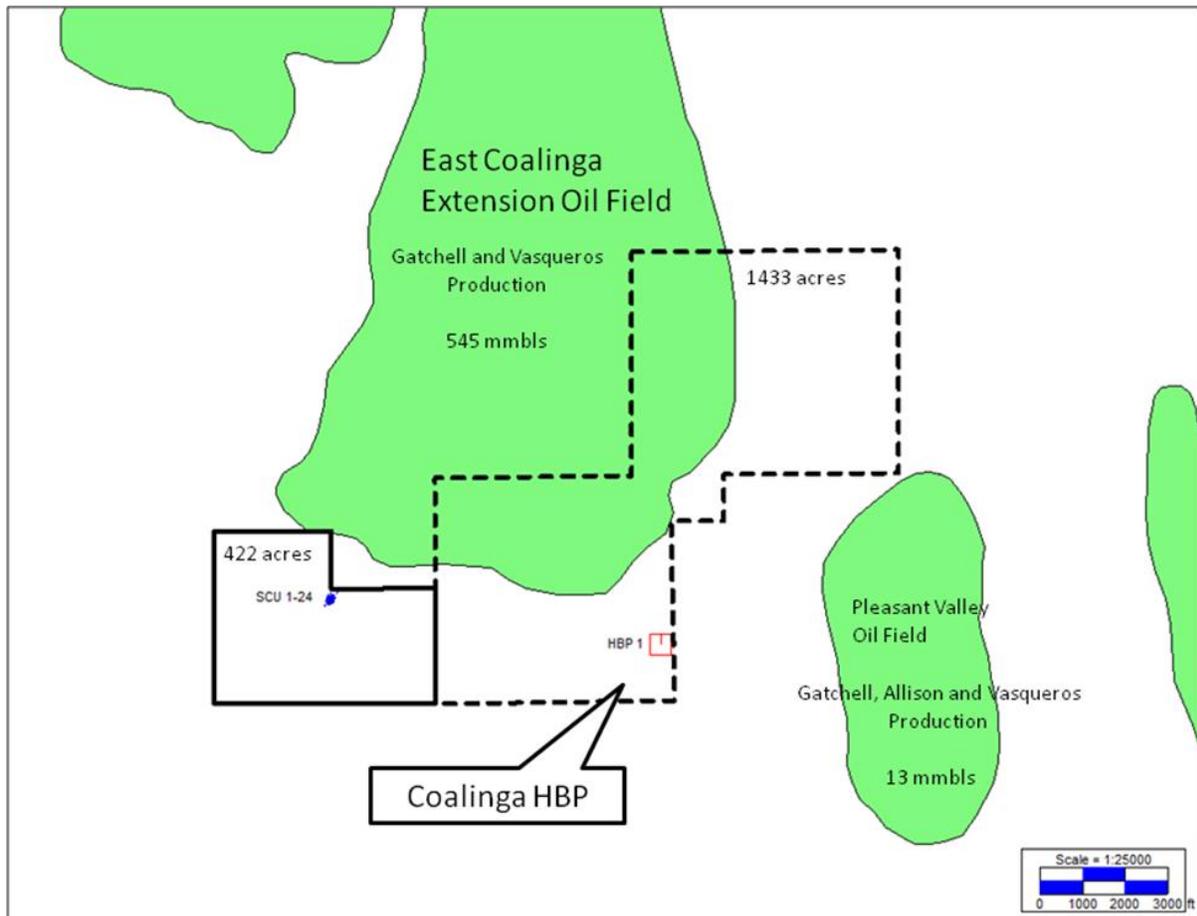
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SAN JUAQUIN BASIN - OIL PLAY CALIFORNIA

HBP Farmin

AOC will participate in the drilling of one well and have an option to drill a second well to earn approximately 25% interest in 1433 acres. Total cost exposure to AOC is approximately \$US 280,000 based on the estimated dry hole cost for drilling one well.

The first exploration well ('Coalinga HBP') is a test of 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.

SCU # 1-24 Exploration Well

This well was spudded on the 26th July and reached total depth on the 8th August. Due to the presence of oil shows over a 180' interval and combined with encouraging wireline log analysis the decision was made to run production casing in order to test for moveable hydrocarbons.

The primary objective the Gatchell Sandstone was perforated and after a number of days of swabbing only produced drilling mud and formation fluid. A subsequent test of the shallower Domengine zone produced similar results.

A water injection test was carried out on the Gatchell Sandstone which took over 4,000 bbls of water per day. Accordingly the well has been suspended and subject to permitting approvals, will be used as a commercial water injection well. The current commercial rates for water injection in the region are in the order of \$1/bbl of water.

**MANKINS RANCH OIL PROJECT
CALIFORNIA**

After a five year application process the San Luis Obispo County Board of Supervisors denied access to drill at Mankins Ranch. Legal recourse against this decision is currently being considered.

**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
CALIFORNIA**

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

**LOS ALAMOS OIL PROJECT
CALIFORNIA**

The Los Alamos farmin has been terminated by vendor due to Los Alamos Oil LLC's (wholly owned subsidiary of AOC) inability to drill a well in the time frame required.

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.

SUBSEQUENT EVENTS

Production Aquisition Sacramento Valley, California

AOC acquired through its wholly owned subsidiary SACGASCO LLC a 40% working interest (WI) in 6 producing gas wells in the Sacramento Basin, California.

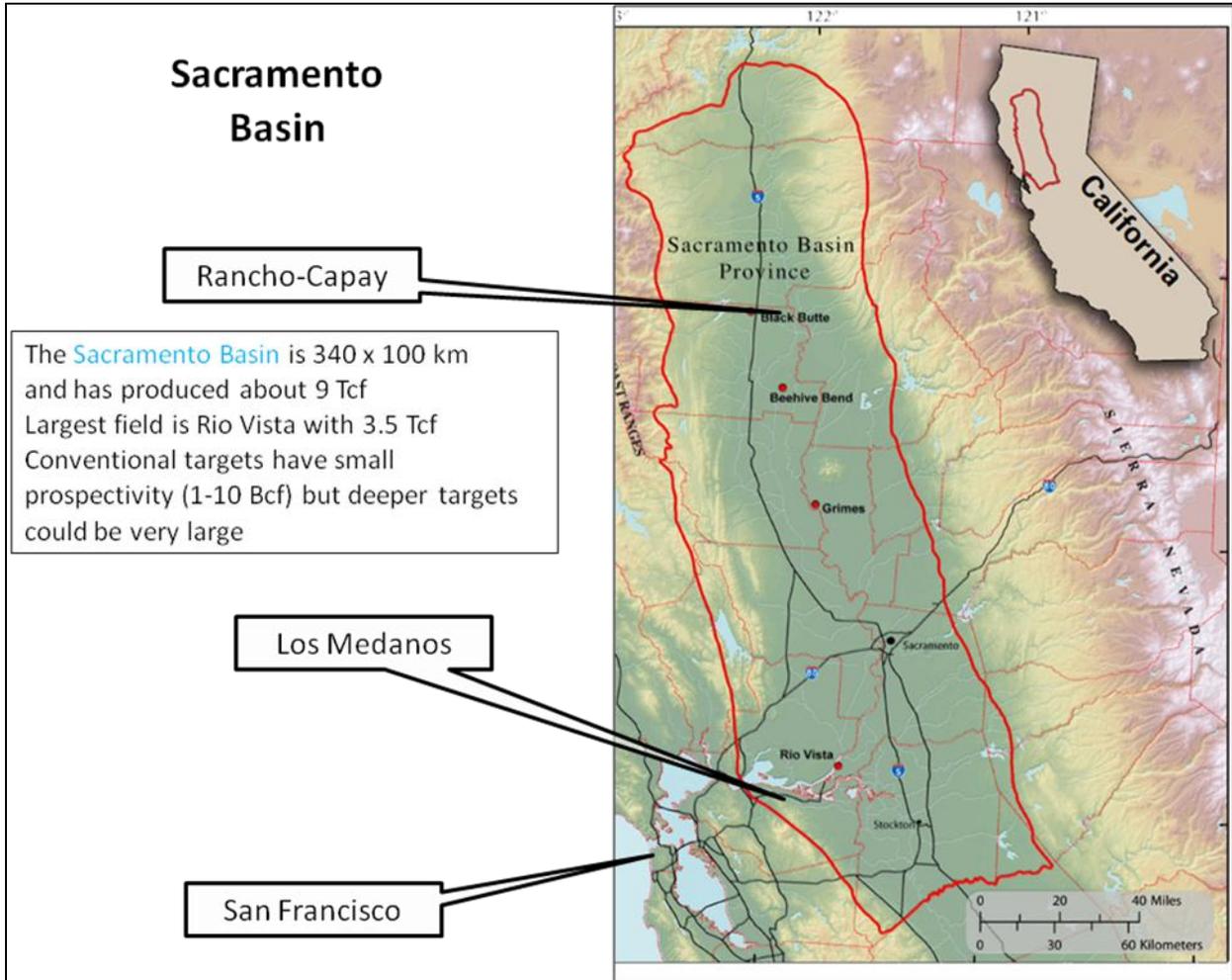
Five wells are located in Glenn County, Northern Sacramento Valley and one well in Contra Costa County in the San Francisco Bay Area.

The current total gas production for the 6 wells is 880 mcf/day and is generating approximately \$US35,000 /month net revenue after operating costs and royalties. Existing gas reserves are estimated to be in the order of 1bcf.

AOC in conjunction with its partners has identified a number of well rejuvenation opportunities that can significantly enhance production with minimal capital expenditure. It is anticipated that production rate will be doubled in the near future.

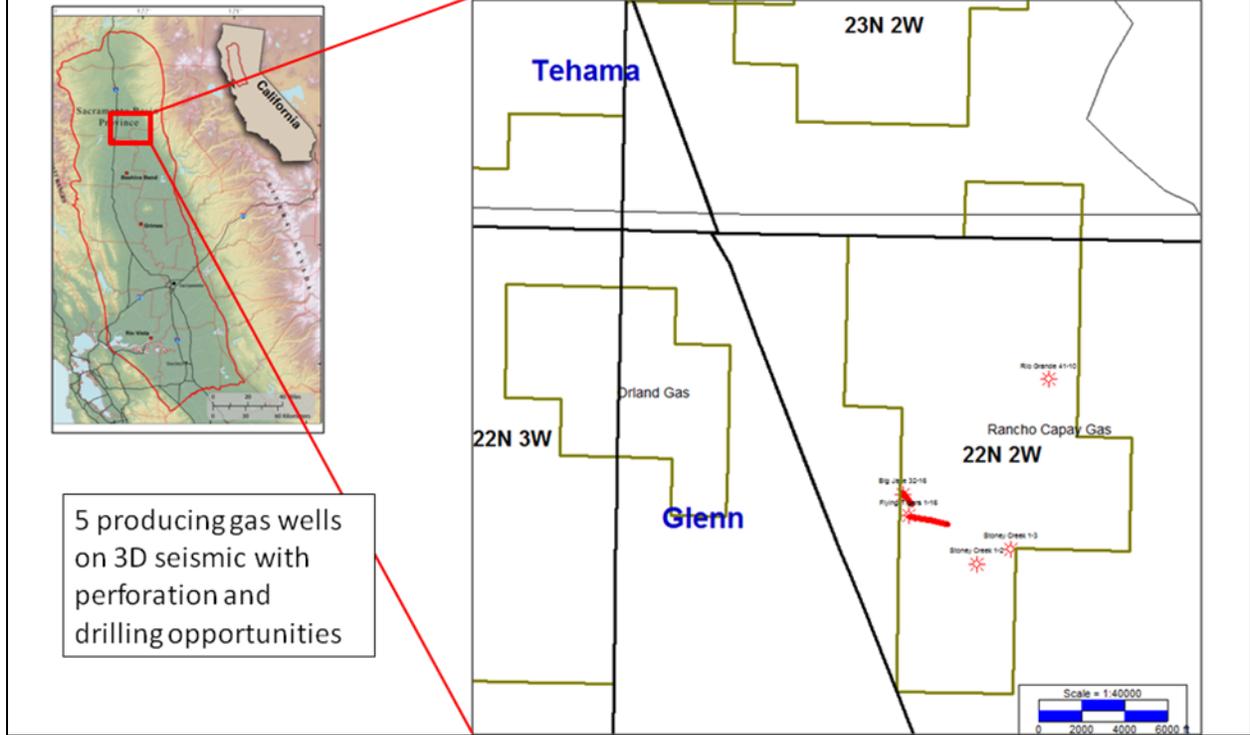
The acquisition includes access to over 200 square miles of 3D seismic data which is included in this purchase and provides a number of attractive drillable prospects.

AOC has paid a total of \$US140,000 for its 40% WI for these assets.



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Rancho – Capay Gas Fields Sacramento Basin



HBP Farmin

Due to a delay in signing the final farmin document by one joint venture farmer, the drilling of this well is currently on hold. All efforts to date have been made to expedite this process.

Chairman
Andrew Childs
31 October 2012