



## **Australian Oil Company Limited**

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### **OPERATIONS UPDATE & PRODUCTION ACQUISITION**

#### **HBP FARMIN**

The Australian Oil Company (AOC) is pleased to advise that the final signature has been obtained on the Farmin document and planning is now almost complete for the drilling of the oil exploration well Patience#1-19 (previously named HBP#1)

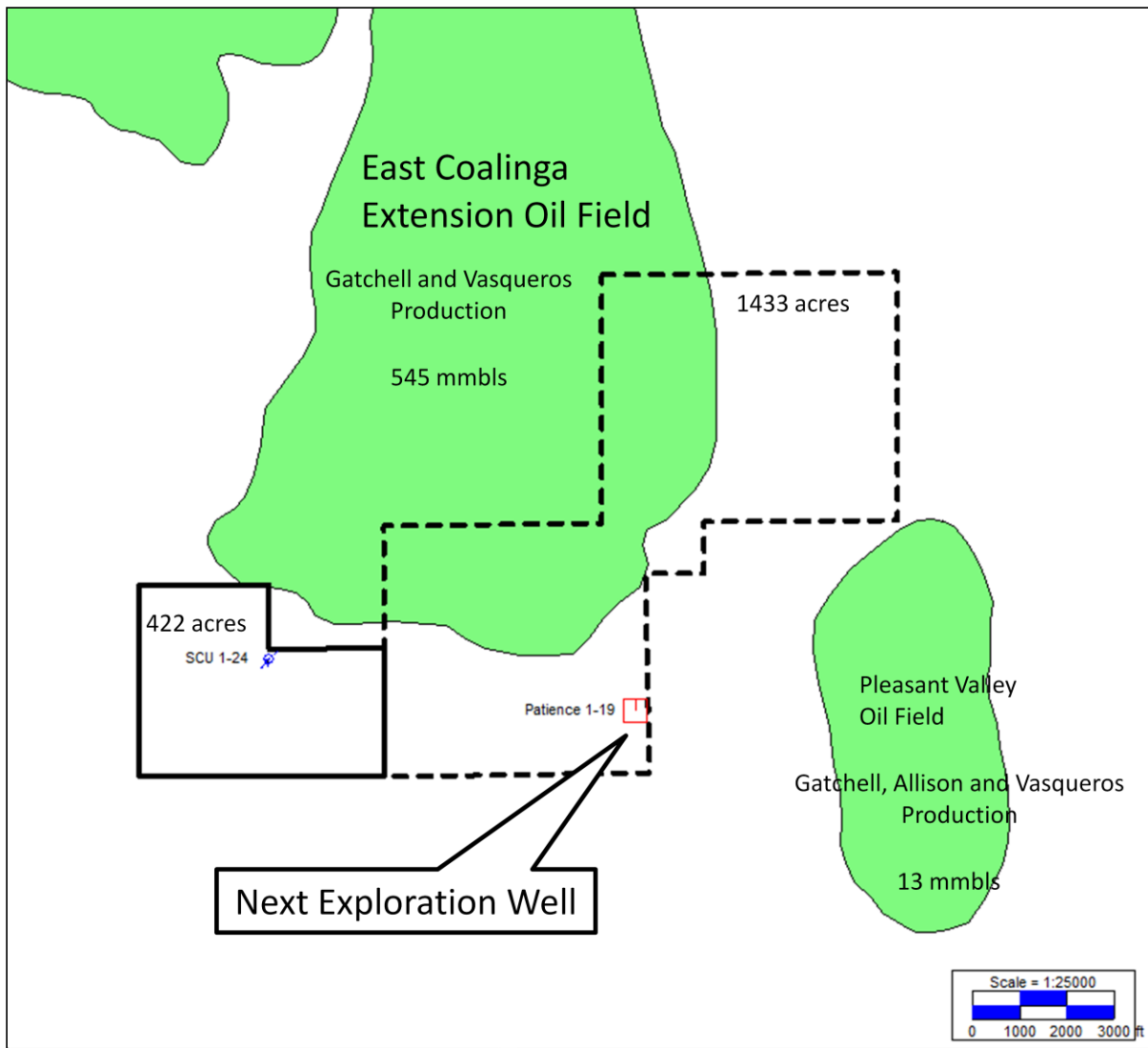
AOC through its wholly owned subsidiary SACGASCO LLC will earn a 30% working interest (WI) in Patience #1-19 by paying a 40% share of well costs and will have an option to drill a second well on the same terms to earn a 30% WI in 1433 acres in the Coalinga area.

The anticipated spud date for the well is the second week of December 2012. Patience#1-19 is a 10 day well that will be drilled to a total depth of 7,000ft. Total cost exposure to AOC is approximately \$US315,000 based on the estimated dry hole cost of drilling one well.

Patience#1-19 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.

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

## PRODUCTION ACQUISITION

AOC has purchased through its wholly owned subsidiary SACGASCO LLC a 40% WI in an additional gas production well (Neely#1) which is adjacent to its recently acquired Banshee#1 located in Contra Costa County in the San Francisco Bay Area.

Neely#1 was purchased for US\$10,000 net share to AOC and is currently producing 95 mcf/day.

With this latest acquisition AOC now has a 40% share in 7 gas producers in the Sacramento Valley with total production of over 900mcf/day. Since the purchase of these wells last month gas prices in California have risen by over 30%.

Andrew Childs  
Chairman