



# **Australian Oil Company Limited**

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## **PRODUCTION ACQUISITION**

### **Sacramento Valley, California**

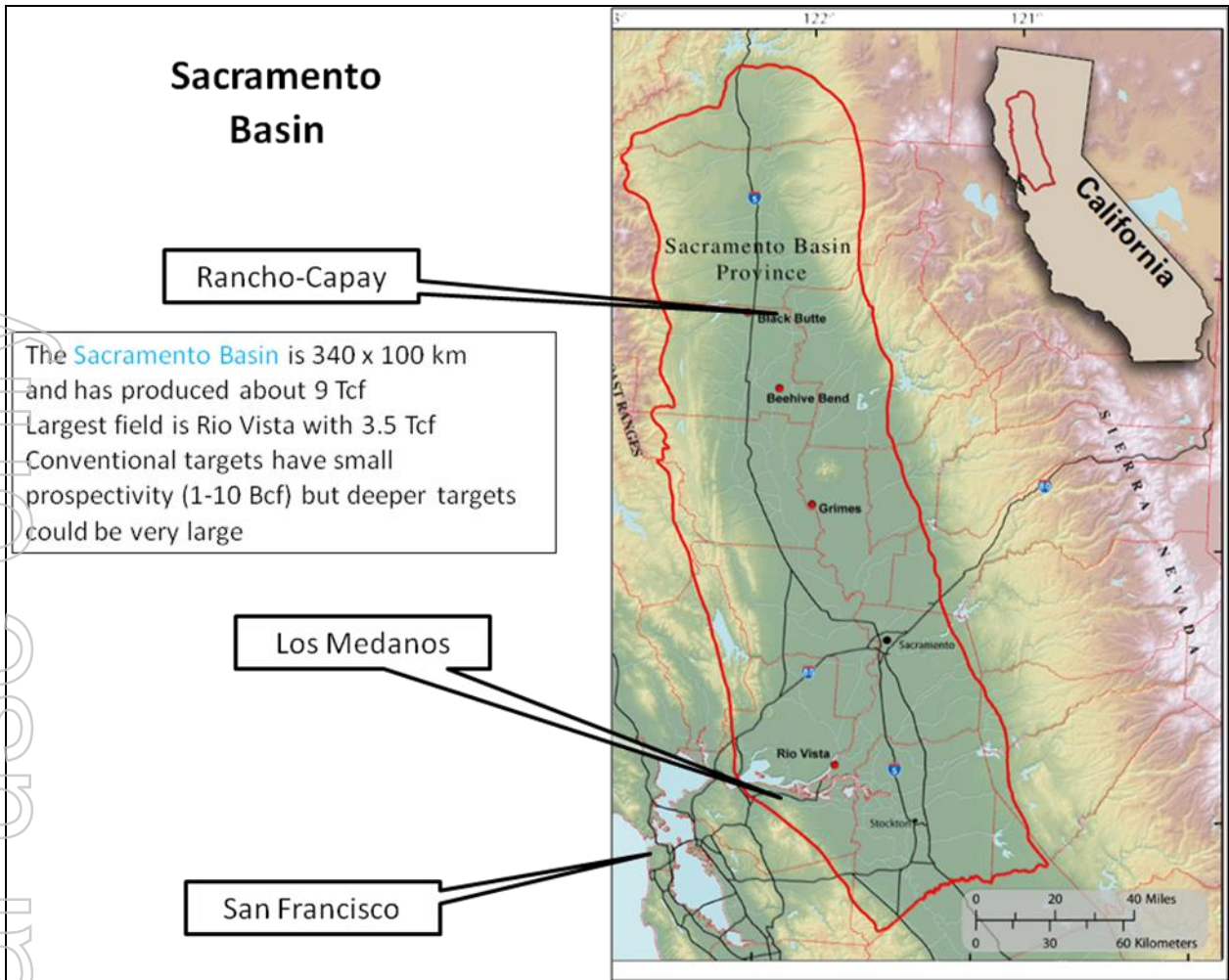
The Directors of Australian Oil Company Ltd (AOC) are pleased to advise that AOC has acquired through its wholly owned subsidiary SACGASCO LLC a 40% working interest (WI) in 6 producing gas wells in the Sacramento Basin, California.

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

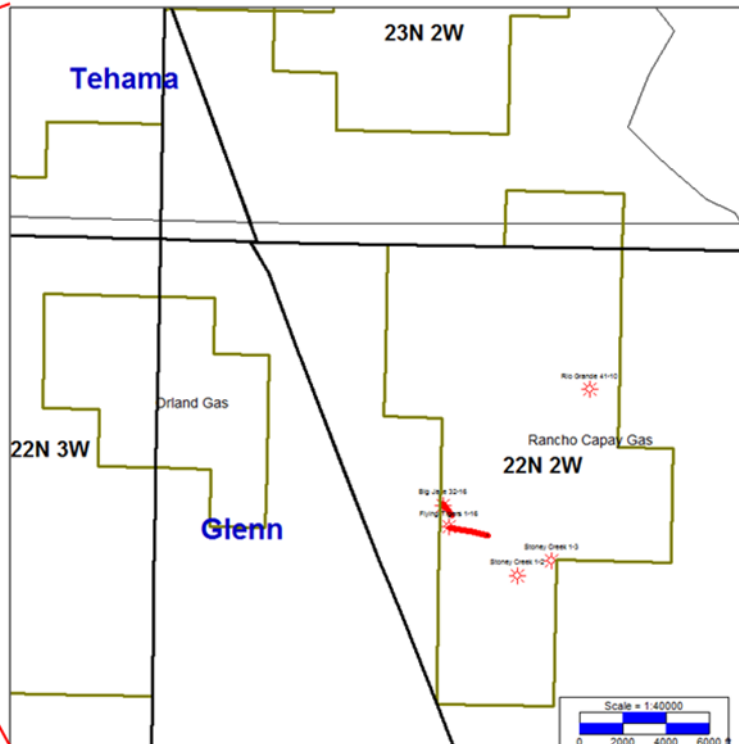
The current total gas production for the 6 wells is 880 mcf/day and is generating approximately \$US35,000/month net revenue after operating costs and royalties. Existing gas reserves are estimated to be in the order of 1bcf. AOC in conjunction with its partners has identified a number of well rejuvenation 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 which AOC intends to pursue.

AOC is paying a total of \$US140,000 for its 40% WI for these assets. This modest acquisition represents an important milestone for the Company providing cash flow continuity, production infrastructure and more importantly access to exploration opportunities in AOC's chosen area of operations. AOC has developed strong, well aligned operational relationships on the ground which enables the identification, purchase and enhancement of such opportunities. We look forward to reporting further progress on these assets in the near future.



## Rancho – Capay Gas Fields Sacramento Basin



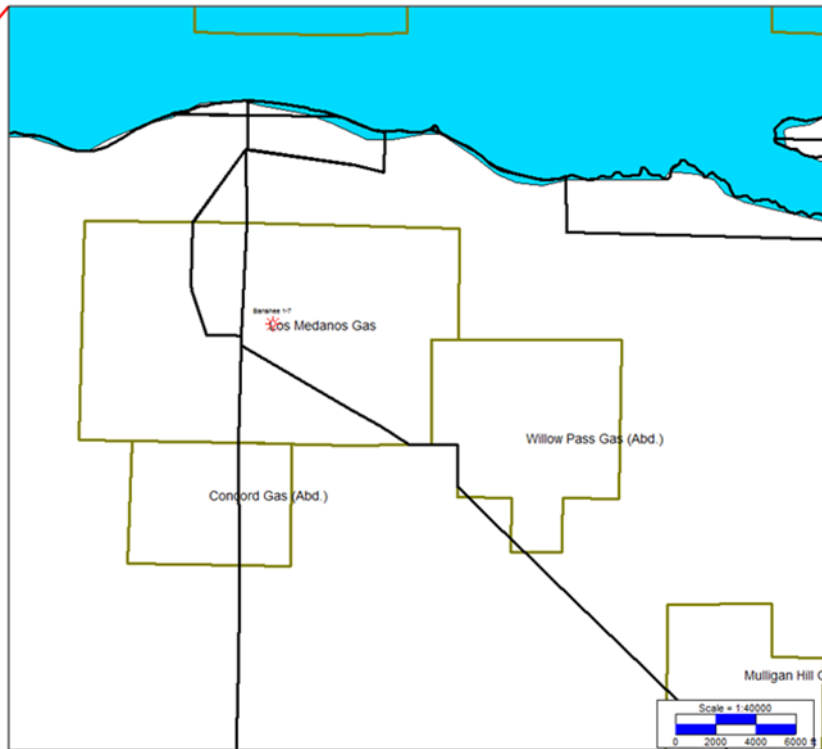
5 producing gas wells on 3D seismic with perforation and drilling opportunities

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# Los Medanos Gas Field Sacramento Basin



1 producing gas well on 3D seismic with further acquisition and drilling opportunities



AOC Chairman, Andrew Childs, said “this acquisition sees AOC transition from explorer to producer which augurs well for the future. Other gas production opportunities in the Sacramento Basin are also being evaluated.

## HBP FARMIN

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

Mark Ohlsson  
Company Secretary  
25 October 2012

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