

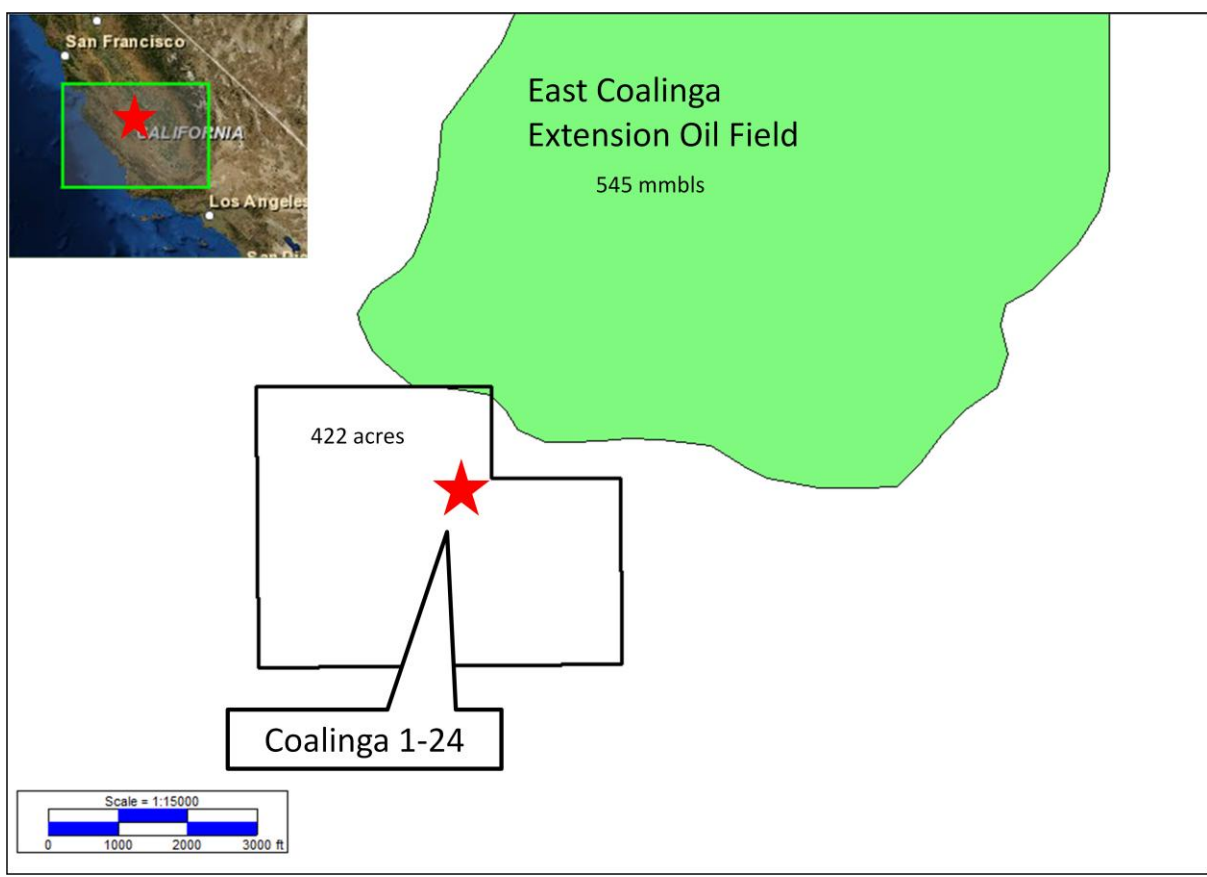
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SCU #1-24 Exploration Well Spuds
San Joaquin Basin, California

Australian Oil Company Limited (AOC) wishes to advise that the SCU #1-24 well at Coalinga, California commenced drilling at 6AM California time.



AOC, through its wholly owned subsidiary SACGASCO LLC, will earn a 32.81% working interest in 422 acres in the Coalinga area by paying its share of SCU #1-24 well costs which are estimated on a dry hole basis to be \$US380,000.

The well is expected to take 12-14 days to reach a total depth of 8,500 feet (2,600m).

SCU 1-24 will evaluate the Gatchell sand prospect immediately south of the East Coalinga Extension oil field which has produced over 500 mmbbls from the Gatchell. The prospect is mapped as a separate field and could contain over 20 mmbbls of recoverable oil. Wells in the East Coalinga Extension initially flowed in excess of 4,000 bopd.



Graham Drilling Rig 5 looking west

Mark Ohlsson
Company Secretary
26 July 2012

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