



Australian Oil Company Limited

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Operations Update

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

Australian Oil Company (ASX:AOC) is pleased to advise that the oil exploration well SCU #1-24 has intersected the targeted Gatchell Sandstone reservoir per prognoses.

The well is still drilling and evaluation of results to date is ongoing, however oil shows have been encountered from the top Gatchell Sandstone to the current depth, representing an interval of over 180'. Current operations are tripping out of the hole for a drill bit change prior to running back in hole and drilling to a planned total depth (TD) of ~8,500'.

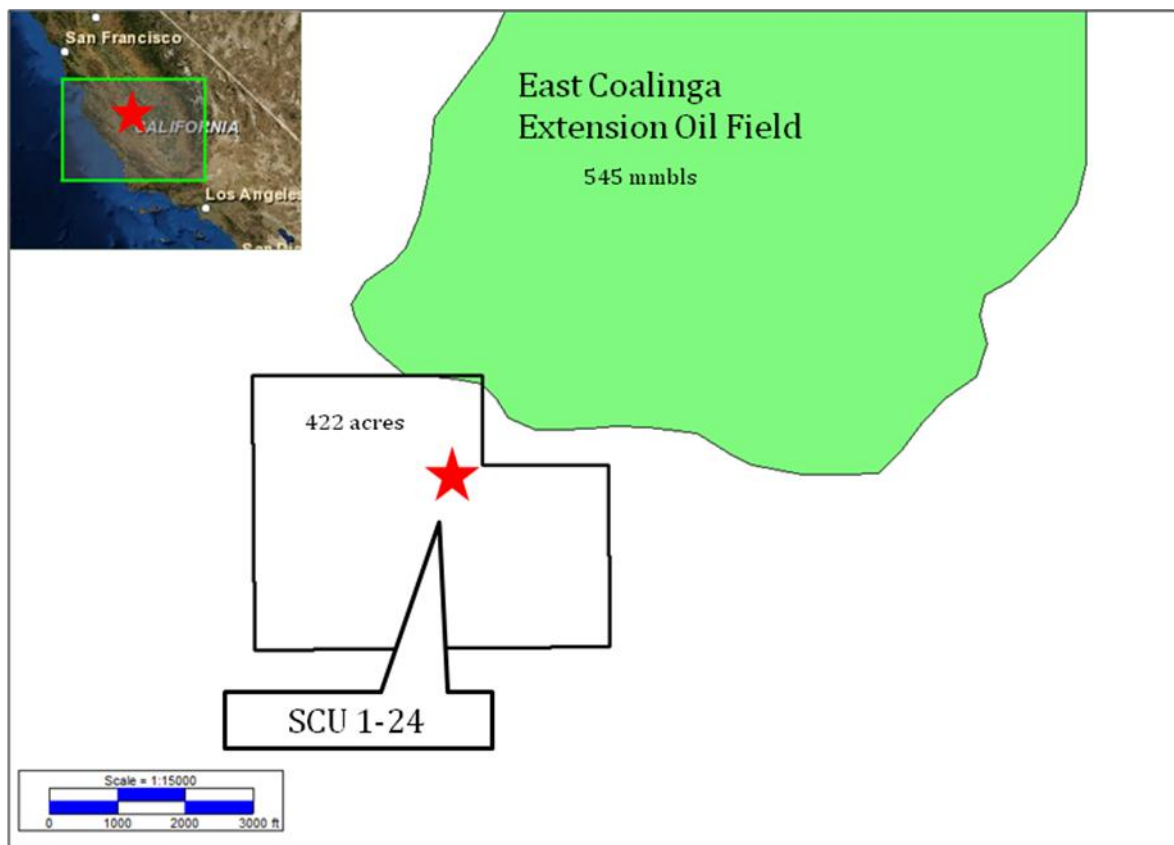
While the initial results are encouraging it is not possible at this stage to predict whether the oil shows are representative of producible hydrocarbons. In order to further evaluate the significance of these oil shows wireline logs will be run after TD is reached. This is expected to occur over the next few days. A further announcement will be made as soon as possible after the logs have been run and evaluated.



Graham Drilling Rig #5 looking west

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AOC, through its wholly owned subsidiary SAGASCO LLC, will earn a 32.81% working interest in 422 acres in the Coalinga area by paying its share of the SCU #1-24 well costs.

Mark Ohlsson
Company Secretary
7 August 2012