



Australian Oil Company Limited

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AUSTRALIAN OIL COMPANY

TO DRILL AN OIL TEST IN THE SAN JOAQUIN BASIN OF CALIFORNIA

DRILLING TO COMMENCE IN EARLY JULY

8th June 2012

HIGHLIGHTS:

- AOC, through its wholly owned subsidiary Sacgasco LLC, has executed a farm-in agreement to earn 32.81% working interest in 422 acres in the Coalinga area of the San Joaquin basin of California.
- NNG-Coalinga 1-24 exploration well will commence in early July and targets in excess of 20 mmbbls recoverable Prospective Resource.

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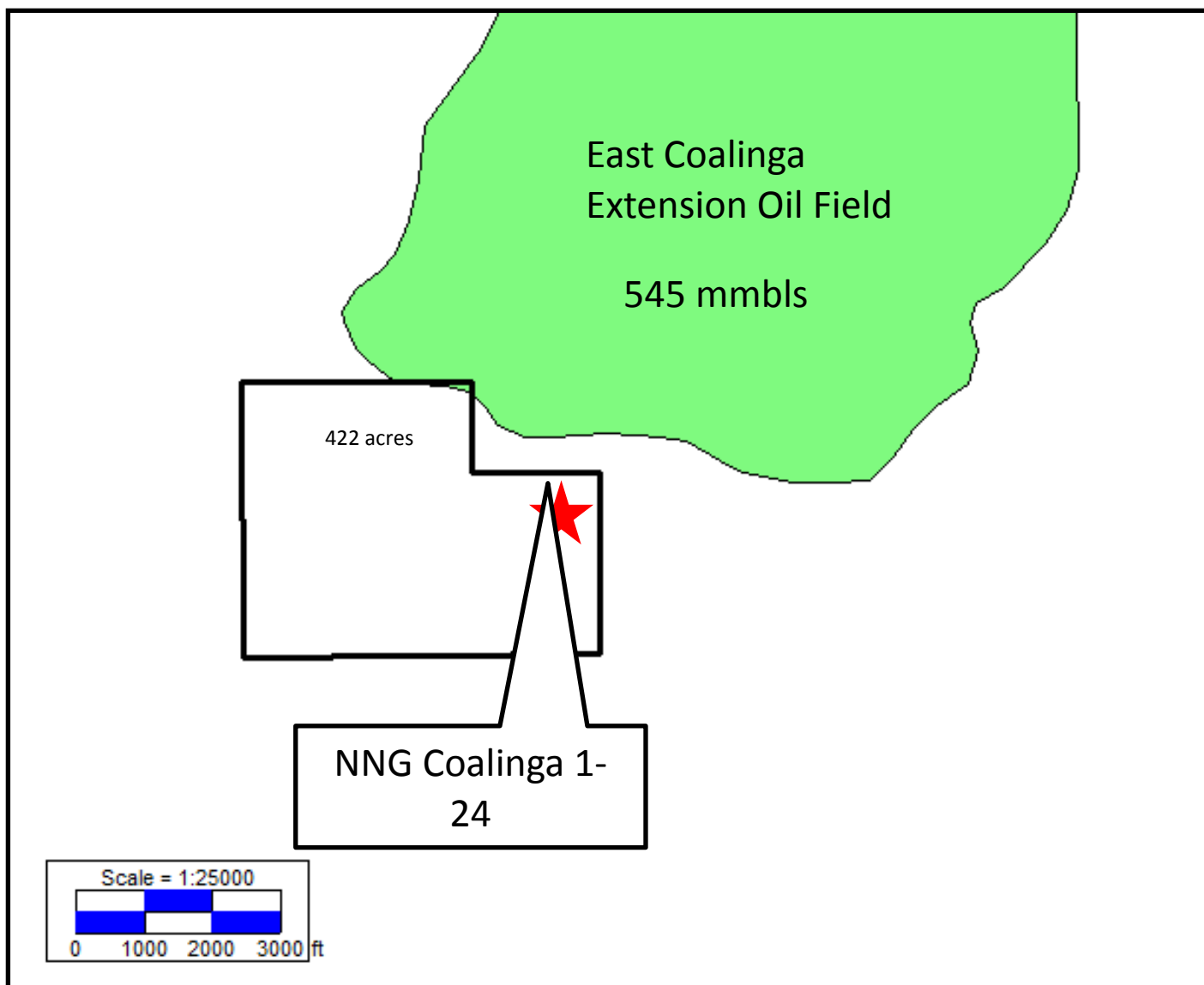


Australian Oil Company (ASX:AOC) is pleased to announce they have signed a farm-in agreement to drill an earning well in the San Joaquin basin of California. The prospect is situated just to the south of the Chevron owned and operated East Coalinga Extension oil field which has produced over a half billion barrels of oil from the Gatchell Sandstone. The block contains the Gatchell zone rights and is mapped as a separate field.

AOC will pay their ground floor earning share of the well plus their share of the prospecting fee to earn 32.81% of the prospect.

NNG-Coalinga 1-24 is a 8,500 foot (2,600m) test and will commence drilling early next month. This well will evaluate the Gatchell sand prospect immediately south of the East Coalinga Extension oil field which has proven reserves in the Gatchell of over 500 mmbbls. 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.

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AOC Chairman, Andrew Childs, commented:

“We are delighted to secure this high impact oil prospect in a proven oil province,”

“This gives us almost immediate drilling activity at a near ground floor basis.”

“The conventional oil target is not only is of significant size but has the potential to flow at very profitable rates.”

Mark Ohlsson
Company Secretary

The information in this document that relates to oil exploration results and reserves is based on information compiled by Mr Keith Martens who is a Director of Australian Oil Company Limited. Mr Martens has a BSc. In Geophysics and Geology and has sufficient experience which is relevant to oil exploration and to the specific activity in California to qualify as competent to verify the above statements.