



Australian Oil Company Limited

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OPERATIONS UPDATE

Patience#1-19 Exploration Well
San Joaquin Basin, California

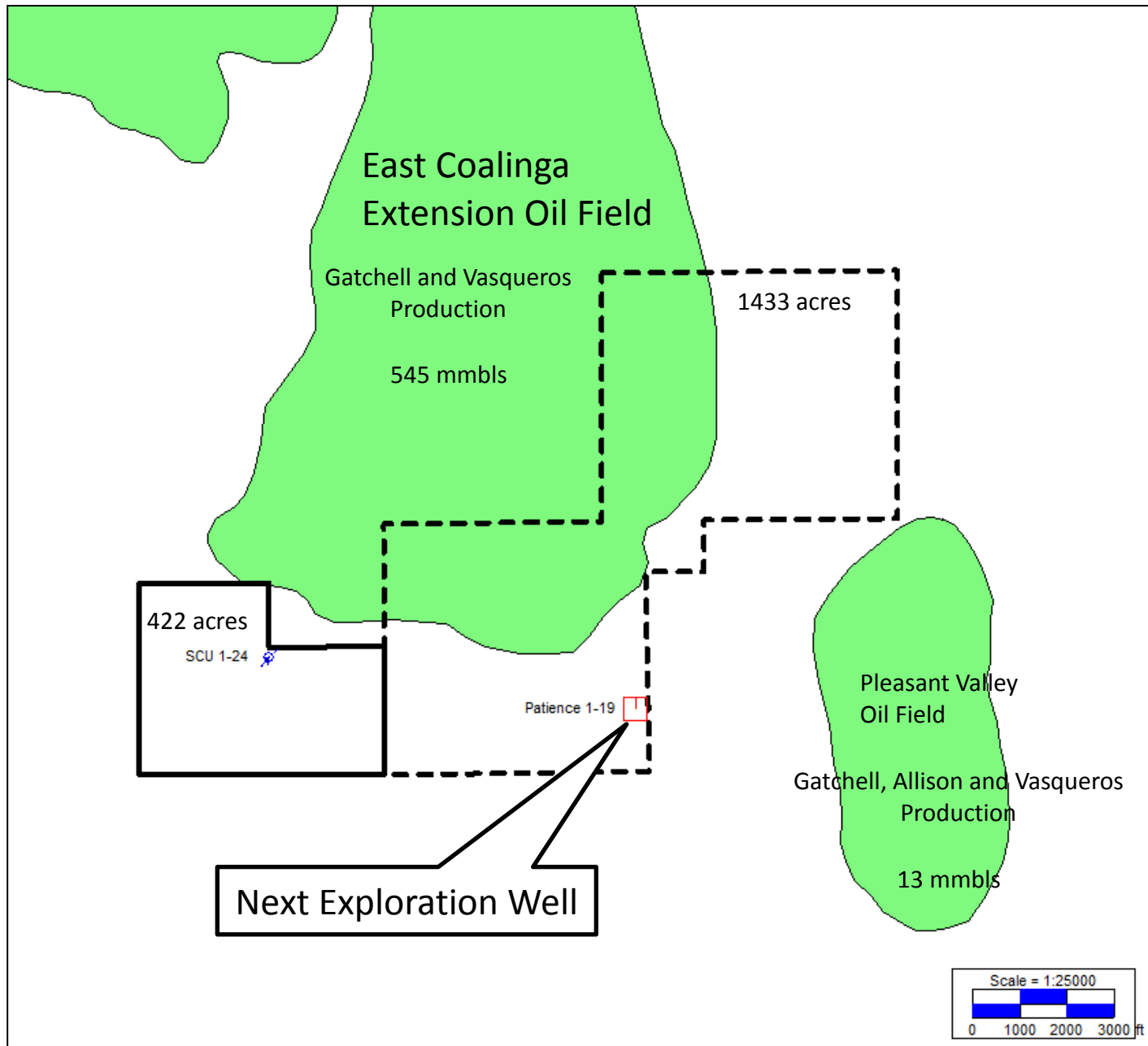
The Australian Oil Company (AOC) wishes to advise that the drilling of Patience#1-19 has been delayed due to the company only recently being advised by the Farmor that Chevron, as the surface rights owner must approve any conveyance of the Farmors interest to a third party. This contractual requirement was not previously disclosed to AOC and the Joint Venture. The Farmor has advised that this is considered a formality and therefore it is unlikely Chevrons consent will be withheld.

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.

Patience#1-19 is a 10 day well that will be drilled to a total depth of 7,000ft and 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.

Mark Ohlsson
Company Secretary