



Australian Oil Company Limited

208 Bagot Road, Subiaco WA 6008 Australia

Tel: (08) 6380 1410 Fax: (08) 93819386

ACN 114 061 433

6 December 2012

OPERATIONS UPDATE

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

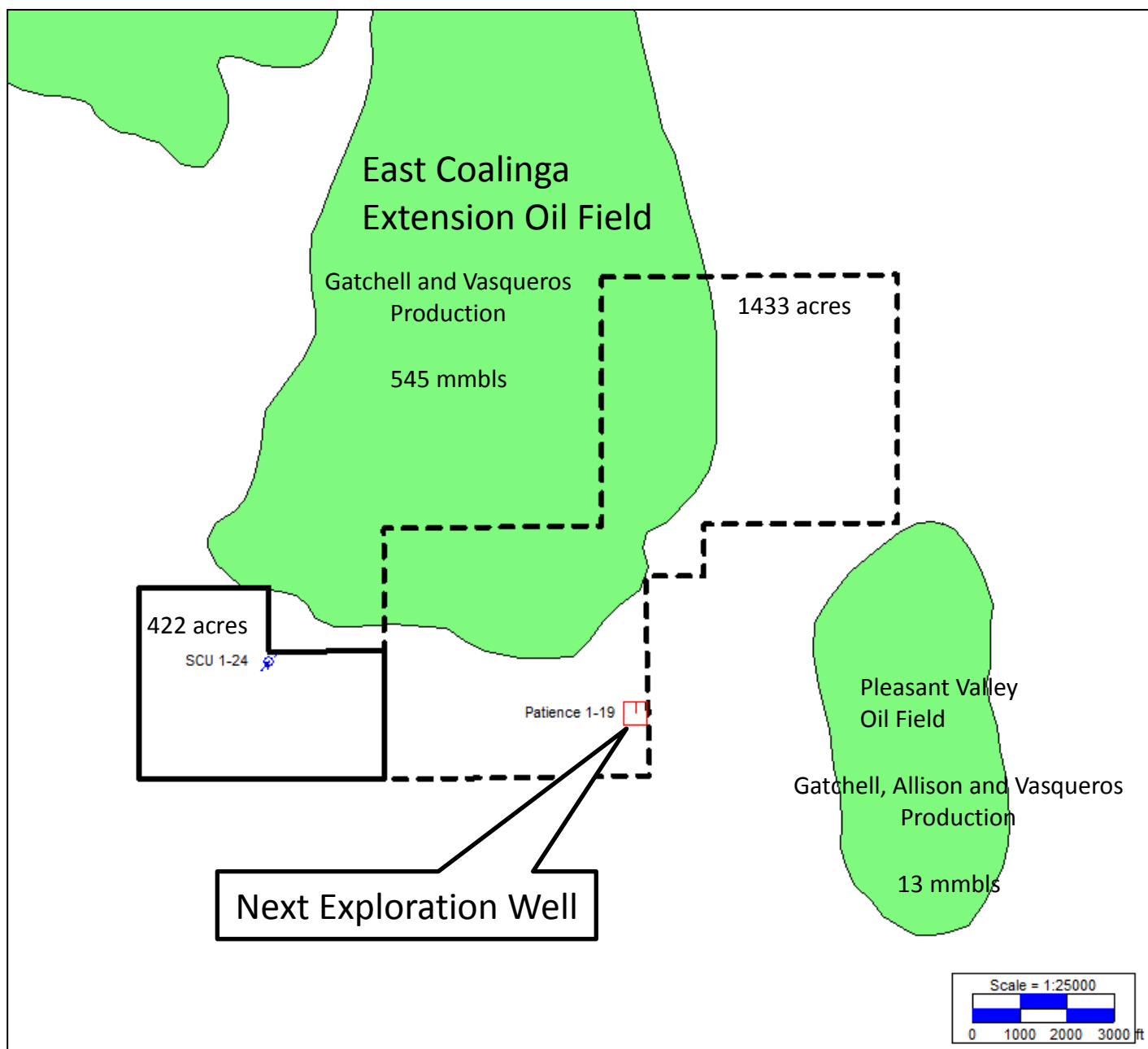
The Australian Oil Company (AOC) wishes to advise that its drilling contractor Paul Graham Drilling has been delayed completing operations for its current client and expects to mobilise Rig 4 to the Patience#1-19 well site after December 18th 2012. Due to the logistical problems and potential cost overruns drilling over the Christmas period the Joint Venture has decided to spud the well on Wednesday 2nd January 2013.

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