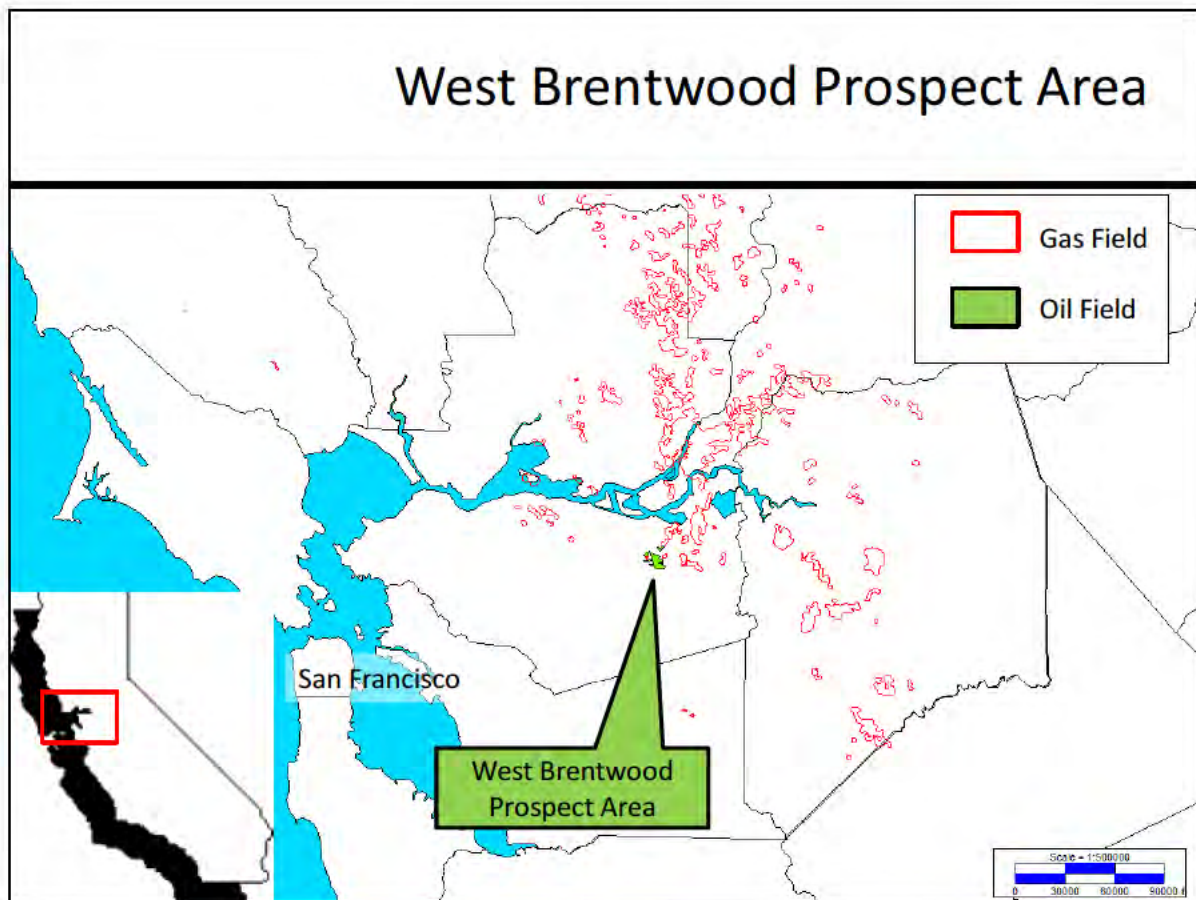




21 March 2013

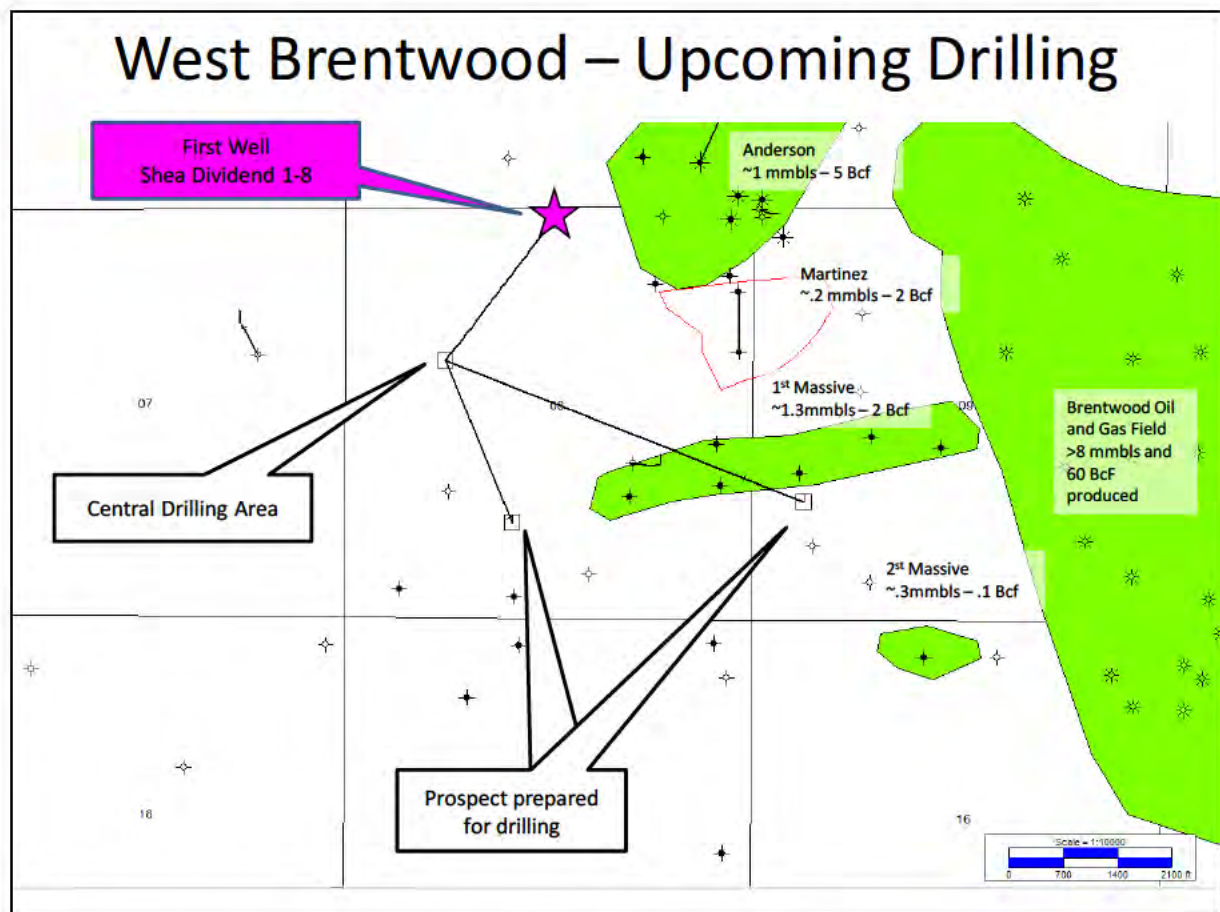
WEST BRENTWOOD FARMIN
CONTRA COSTA COUNTY, CALIFORNIA
DRILLING TO COMMENCE EARLY APRIL 2013

- **AOC, through its wholly owned subsidiary SACGASCO LLC, has signed a Farmin Agreement to earn a 26.67% working interest in 340 acres in Contra Costa County, California.**
- **The first well “Shea-Dividend #1-8” targets a prospect mapped on 3D seismic with 200,000 to 500,000 barrels of recoverable oil.**
- **Approx 3,000 acres of high quality 3D seismic data included in an Area of Mutual Interest.**
- **Over 10 drillable prospects identified on 3D seismic with three permitted and ready to drill.**
- **Drilling to commence early April 2013.**



Australian Oil Company (ASX:AOC) has signed a formal farmin agreement to acquire a 26.67% working interest (WI) in the 340 acre West Brentwood prospect area in Contra Costa County in California. Under the terms of the farmin agreement AOC will pay 40% of the first US\$1,000,000 spent on drilling activity (i.e. US\$400,000) and thereafter pay it's earned working interest share of 26.67%.

The first well to be drilled is the Shea-Dividend #1-8 exploration well which is scheduled to spud in early April 2013 and has an estimated dry hole cost of US\$700,000 (AOC share - US\$280,000). An additional \$US263,000 (AOC share - US\$105,200) will be required for completion and tie-in costs in the case of drilling success.



The Shea-Dividend #1-8 exploration well will be directionally drilled to a true vertical depth of 1,220m from a central drilling area and should only take 8 days to determine if hydrocarbons are present. The highly productive Anderson Sandstone will be targeted in this well with two other locations also permitted to drill from the same central location.

All three prospects are estimated to contain up to 500,000 barrels of recoverable oil each, with natural flow rates of (without stimulation) 200-500 barrels of oil per day per well.

The farmin also includes an Area of Mutual Interest (AMI) which covers approximately 3,000 acres of high quality seismic data. An additional 7 drillable prospects have been identified on this data set.

The West Brentwood Prospect Area is located 50km east of San Francisco and just west of the Brentwood oil and gas field which has produced over 8 million barrels (MMbbl) of oil and 60 billion cubic feet (Bcf) of gas and adjacent to the West Brentwood fields which have produced approximately 3 MMbbl of oil and 9 Bcf of gas.

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.