

Australian Oil Company Limited

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Company Announcements
Australian Securities Exchange

Hood-Franklin Gas Project Sacramento, California

The Permit to conduct drilling operations has been granted and the drilling contract signed for the re-entry and sidetrack of the Archer-Whitney F-1 gas well.

A workover rig will move onto the site in next few days to prepare the well for sidetrack. In early August, a drilling rig will sidetrack from the original wellbore and drill to an estimated total depth of 10,350 feet.

The original Archer-Whitney F1 was drilled in 2006 as an updip Cretaceous Forbes Sand play to the gas shows in Wurster #2 some 2 miles to the southwest. The well encountered 235 feet of gas shows in the anticipated updip position which were 10 times background. High pressure and hole condition concerns forced the operator to abandon the well before wirelogs or testing could be done.

The sidetrack takes advantage of the upper cased hole and allows the zone with gas shows to be drilled safely and efficiently.

The well is located below an existing gas field and if successful can be tied in immediately.

Australian Oil Company Limited (AOC) previously announced on October 6th, 2010, the farmin of this project which comprised 640 acres. Additional adjacent acreage is presently being leased which would cover the entire mapped sand. If this well is successful additional wells could be drilled in this project.

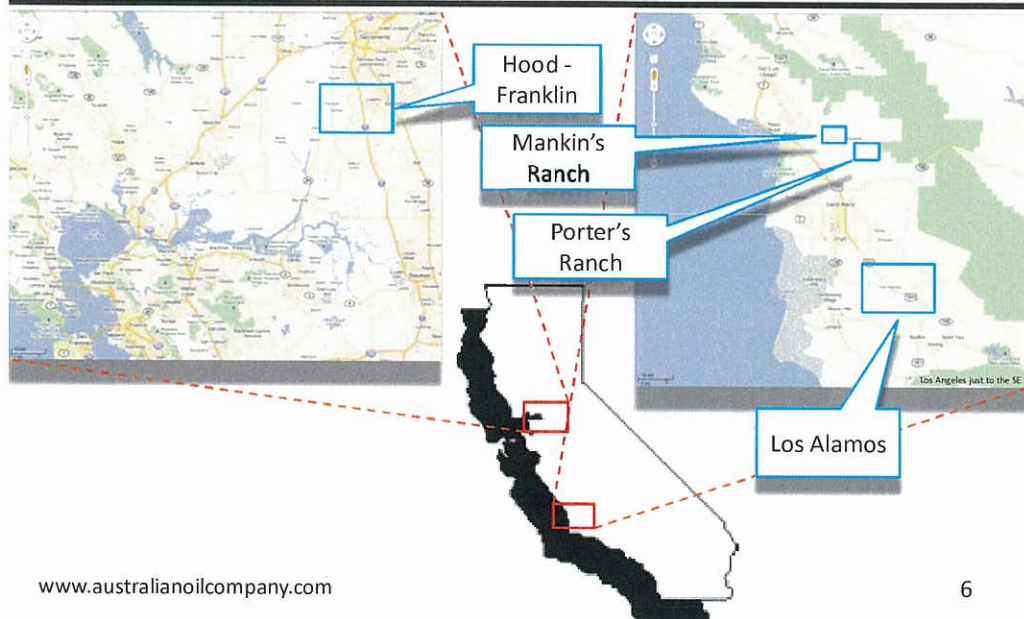
Mankins Ranch Oil Project San Luis Obispo, California

The Draft Enviromental Report for this project has now been released by the County of San Luis Obispo and is currently being reviewed by all the parties involved. It is hoped that the permit hearings will take place by the end of the year.

Mark Ohlsson
Company Secretary



California Projects

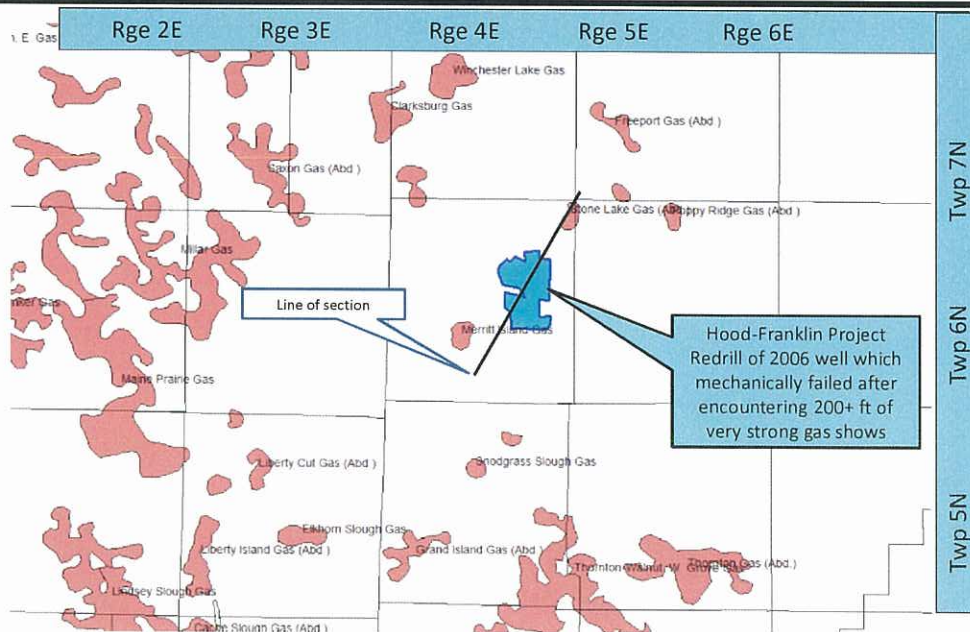


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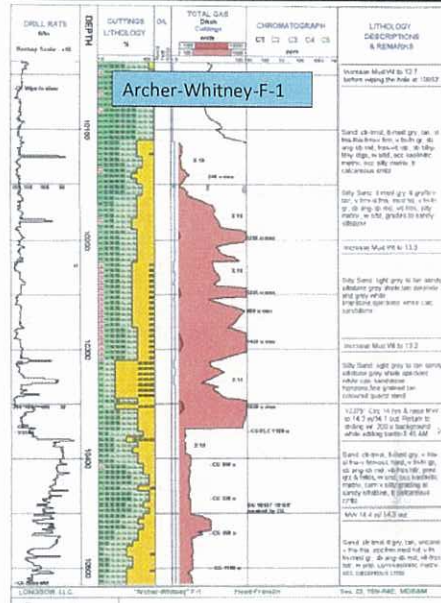


Hood-Franklin Project Numerous Nearby Gas Fields





Strong Gas Show on Mud Log



Well was abandoned due to pressure and hole concerns

Sand and show is in the lightly drilled Forbes Sandstone below the more thoroughly drilled Winters Sandstone

~235 feet of Forbes sandstone with gas reading at least 10 times background

Sands are believed to be turbite fans and trap stratigraphically – as is common in the area

It is planned to use the upper casing and redrill the gas show section – wireline log, case and then test the zone