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NEWS RELEASE

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FOR IMMEDIATE RELEASE

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***Precision Optics Corporation, Inc. Announces a 22.5% Increase
in Quarterly Revenue Over Last Year and Operating Results for
the Fourth Quarter and Fiscal Year Ended June 30, 2012***

GARDNER, MA, October 17, 2012 – Precision Optics Corporation, Inc. (OTCQB: PEYE) (the “Company”) announces operating results for the fourth quarter and fiscal year ended June 30, 2012.

Operating Results

Revenues for the quarter ended June 30, 2012, were \$771,609 compared to \$630,041 for the same period last year, representing an increase of 22.5% and the highest quarterly revenue in the last eight quarters. Net loss for the quarter ended June 30, 2012, was \$220,445, compared to \$261,504, for the same period last year, representing a 15.7% decrease in the quarterly net loss.

Revenues for the year ended June 30, 2012, were \$2,152,396 compared to \$2,245,137 for the same period last year, a decrease of 4.1%. Net income for the year ended June 30, 2012, was \$960,972, or \$.78 per fully-diluted share, compared to a net loss of \$1,052,613, or \$1.06 per fully-diluted share, for the year ended June 30, 2011. Net income in fiscal year 2012 includes a non-recurring gain on the sale of patents of \$2,276,286, which when removed, leaves a pro forma net loss in fiscal 2012 of \$1,315,314. The increase in the net loss in fiscal 2012 as adjusted for the removal of the non-recurring gain, is primarily attributable to lower sales in fiscal 2012, as well as lower gross margins caused by new product start-up manufacturing costs expected to be non-recurring in future periods.

Corporate Accomplishments

Fiscal year 2012 fourth quarter sales were the highest in two years, driven in part by initial shipments of newly developed products, including a custom endoscope and custom surgical illuminator.

Research and development efforts over the last two years have yielded significant advancements in the Company’s capabilities and intellectual property rights in the areas of Microprecision™ optics, micro medical camera systems, and 3D endoscopy. During the last six months, these development efforts have resulted in the receipt of two new production orders, one representing approximately \$1 million of net revenue, and the other approximately \$250,000. The products underlying these orders make use of the Company’s proprietary Microprecision™ optics technology for the manufacture of very small endoscopes and micro medical cameras with diameters on the order of 1 millimeter and smaller.

Cash and cash equivalents were \$145,923 at June 30, 2012. In September 2012, the Company completed a private offering to accredited investors of units of common stock and common stock purchase warrants generating gross proceeds of approximately \$2.5 million with net proceeds of approximately \$2.2 million available immediately for the Company’s general working capital needs.

Commenting on these accomplishments, Company President and CEO, Joseph Forkey said, “We are pleased by the progress we have made over the last 18 months, particularly in translating new proprietary technologies into new product offerings that we believe represent significant opportunities for future growth. We have also bolstered our balance sheet by raising capital to support our ongoing efforts, and have obtained new orders for products that rely on our proprietary Microprecision™ technology. We look forward to building upon these successes by executing on the scheduled deliveries underlying the new orders, and by actively pursuing new sales opportunities for products that utilize our Microprecision™ and 3D endoscope technologies. We appreciate the confidence our shareholders have placed in our efforts, and believe we are well positioned for future growth.”

About Precision Optics Corporation

Precision Optics Corporation has been a leading developer and manufacturer of advanced optical instruments since 1982. The Company designs and produces next generation medical instruments, Microprecision™ micro-optics with characteristic dimensions less than 1 millimeter, and other advanced optical systems based on the Company’s proprietary optical technologies. The Company’s innovative medical instrumentation line includes state-of-the-art endoscopes and endocouplers as well as custom illumination and imaging products for use in minimally invasive surgical procedures. The Company’s website is www.poci.com. Investors can find Real-Time quotes and market information for the Company on www.otcmarkets.com/stock/PEYE/quote.

About Forward-Looking Statements

This press release contains forward-looking statements. Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements related to our future activities or future events or conditions. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by our management. These statements are not guarantees of future performances and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those risks discussed in our annual report on Form 10-K and in other documents that we file from time to time with the SEC. Any forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this report, except as required by law.