



# AUSTRALIAN OIL CO.

Announcement to ASX

30 August 2024

## Red Earth Assets Divestment & Update on Nido Transaction

### HIGHLIGHTS

- Agreement reached with Blue Sky Resources for cash payment of A\$3m to resolve outstanding Nido divestment transaction and divest Red Earth;
- Up front, non-refundable consideration received of A\$750k, with residual funds to be received on or before 30 November 2024;
- Red Earth divested by way of share sale agreement of Sacgasco AB Ltd, the Company's Canadian subsidiary; and
- Funds received to enable continuation of existing exploration operations and pursue asset acquisitions to diversify the exploration portfolio.

Australian Oil Company Limited (**ASX:AOK**)(**Australian Oil** or **the Company**) advises that it has reached an agreement with Blue Sky Resources Limited (**Blue Sky**) by which AOK will receive A\$3,000,000 from Blue Sky in full satisfaction of all amounts due to AOK by Blue Sky, and including the sale of the Red Earth assets held by the Company's Canadian subsidiary, Sacgasco AB Ltd.

Australian Oil has been in communication and negotiation with Blue Sky for several months regarding US\$900,000 of unpaid consideration from the Nido divestment (originally announced 13 December 2023), payment of C\$853,000 due in relation to production from the Red Earth assets, and seeking to divest the Company's 30% working interest (**WI**) in the Red Earth assets in Alberta, Canada.

A non-refundable up-front payment of A\$750,000 has been received as part of the two-tranche payment, with the remainder of the funds due on or before 30 November 2024, at which point the transaction will settle.

The terms of the omnibus settlement agreement are summarised below:

#### Consideration

Total consideration of A\$3,000,000 cash to be paid as follows:

- A\$750,000 has been paid on execution of the agreement; and
- A\$2,250,000 to be paid on or before 30 November 2024 (**second tranche payment**).

**Effective Date and Conditions Precedent / Subsequent**

- The effective date of the disposal transaction is upon receipt of the second tranche payment, on or before 30 November 2024. Following receipt of this payment:
  - o the outstanding Nido consideration of US\$900,000 is considered to be paid in full and the Nido transaction is concluded;
  - o Blue Sky shall be deemed to have reconveyed to Australian Oil 100% of the issued capital of Yilgarn Petroleum Philippines Pty Ltd, a company domiciled in Australia; and
  - o Australian Oil will convey upon Blue Sky 100% of the issued capital of Sacgasco AB Ltd, a company domiciled in Canada;
- Australian Oil will ensure all matters pertaining to income tax obligations of Sacgasco AB Ltd are settled for the income tax year ending 31 December 2023; and
- Upon completion of the transaction, all further contingent payment and royalty obligations of Blue Sky previously considered in the Nido Divestment Transaction are forever waived and extinguished.

The divestment of Sacgasco AB Ltd is noted as not being subject to shareholder or ASX approval.

**Future activities**

Having completed the disposal and ensuring the Company is adequately capitalised for future operations, the Board intends also to now perform a thorough review of operations and management conduct for the period of operations from and including calendar years 2021 through 2023.

The Company continues to hold working interests in Californian exploration leases and the funds to be realised from this divestment agreement will be deployed for continued exploration and evaluation of these assets, in addition to being utilised in pursuing further project acquisitions to build and diversify Australian Oil's exploration portfolio.

**Managing Director Kane Marshall commented on the transaction:**

*"With all this behind us, we intend to conduct a thorough investigation of previous decisions made to ascertain what we can learn and implement moving forward. Importantly, we can now start the refresh of AOK with a new strategy diversifying the project portfolio to include domestic opportunities and appropriately capitalised to pursue the Company's objectives".*

**This announcement has been authorised by the Board of Directors of the Company.**

**Contacts**

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**About Australian Oil Company Limited (ASX:AOK)**

*Australian Oil is an Australian-based energy company focused on under-explored, recently over-looked, world class oil and gas opportunities near under-supplied markets.*

*The Company is currently focussed on conventional oil and gas exploration and production in the Sacramento Basin in California. Australian Oil has a portfolio of natural gas and oil producing wells in addition to prospects and discoveries at various exploration and appraisal stages.*

*AOK is in the process of evaluating the acquisition of oil and gas producing and exploration assets to enhance the Company's strategic needs and deliver shareholder value.*

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