

ASX & AIM Announcement

14 August 2019

ASX: OEX
AIM: OEX

Further Acquisition in Cooper-Eromanga Basins

Oilex Ltd ("Oilex" or "the Company") is pleased to announce that it has entered into an agreement with Perseville Investing Inc and Terra Nova Energy (Australia) Pty Ltd (TNA) (collectively, TNP) to acquire up to a further 51.4997% interest in the Petroleum Exploration Licenses (PELs) 112 and 444 licenses (the Licenses) in the world class Cooper-Eromanga Basins in South Australia.

Pursuant to the share purchase agreement entered into with TNP today, the Company will acquire a further participating interest of 30.833% in the Licenses for consideration of 9,166,333 ordinary shares in the Company at a deemed price of 0.3 cents and A\$65,000 in cash for a total consideration of A\$92,499. The Company has today issued 9,166,333 ordinary shares and paid A\$18,750 in cash as initial consideration (T1) with the final balance of A\$46,250 cash payable at completion, which is to occur on or before 30 September 2019 (T2).

In addition, the Company has been granted an Option by TNP for up to 15 months to acquire a further 20.6667% participating interest in the Licenses (Option). The Option can be exercised for consideration of 20,666,700 ordinary shares in the Company at a deemed price of 0.3 cents for a total consideration of A\$62,000 (Option Exercise Shares). Further information on the terms and conditions of the Option is detailed in this announcement below.

The issue of the 9,166,333 ordinary shares as part of the T1 consideration has been made pursuant to the Company's ASX Listing Rule 7.1 capacity. The issue of the Option Exercise Shares is subject to shareholder approval under ASX Listing Rule 7.1. The applicable Appendix 3B for the issue of the T1 shares will be released shortly.

Background on PEL 112 and PEL 444

On 7 August 2019, the Company announced it had entered into an agreement with Holloman Energy Corporation to acquire an initial 48.5003% interest in the Licenses which is anticipated to be completed on or before 30 September 2019.

The Licenses are located in the South Australia section of the Cooper-Eromanga Basins. Both Licenses are located on extensions of the Western Flank oil fairway, the most important recent contributor to oil production in the Cooper Basin. This fairway hosts over 30% of the Cooper Basin oil reserves and has been a major industry focus for new drilling and field development over the last 10 to 15 years. PEL 112 covers 1,086 square kilometres and PEL 444 covers 1166 square kilometres. Each PEL is currently in temporary suspension at the request of the current License holders (a provision with the South Australian government where work obligations are suspended for a fixed period) expiring on 31 July 2019 and for which the Company understands that a further extension will be sought. The PEL's carry an obligation to drill one well each before January 2021 (PEL 112) and January 2022 (PEL 444) respectively.

Both blocks have modern 3D seismic surveys acquired by Holloman and its partners; 127 square kilometre in PEL 112 and 80 square kilometres in PEL 444. Subsequent to the 3D surveys, one exploration well was drilled in each 3D area however neither well was successful with the structural integrity of the prospects drilled in question.

 +61 (8) 9485 3200

 oilex@oilex.com.au

ABN 50 078 652 632

[illegible]

Key terms of the TNP Agreement

- *T1 Non-refundable deposit:* The issue of the 9,166,333 T1 shares and A\$18,750 in cash is a non-refundable deposit.
- *T2 Consideration:* At completion, the Company will be required to make a final cash payment of \$46,250 together with a cash payment of \$30,833 in consideration for its portion of the bonds held by the applicable governmental agencies in respect of the Licenses.
- *T2 Conditions Precedent:* T2 Completion remains subject to the receipt of any consent, approval or signed document that is required to be obtained from any third-party or governmental agency in connection with the transaction. These conditions must be satisfied (or where permitted, waived) by no later than 30 September 2019. The necessary waivers and consents under the Joint Operating Agreement (JOA) have been obtained.
- *Option:* The Option to acquire a 20.6667% participating interest in the Licenses may be exercised for a period of three months commencing from the earlier of 12 months and, a notice issued by TNA. The Option exercise consideration shall comprise the issue of 20,666,700 Oilex shares and a cash payment of \$20,667 in consideration for its portion of the bonds held by the applicable governmental agencies in respect of the Licenses. Where the Option is exercised, Oilex shall also refund any cash calls paid by TNA commencing from the date of execution of this Option agreement and the exercise of the Option. Aggregate cash calls in excess of A\$50,000 paid by TNA prior to the exercise or expiry of the Option shall be payable by Oilex.
- *Options Exercise Conditions Precedent:* Exercise remains subject to and conditional on the receipt of shareholder approval for the issue of the 20,666,700 Oilex shares pursuant to the exercise of the Option; and the receipt of any consent, approval or signed document that is required to be obtained from any third-party or governmental agency in connection with the transaction. The necessary waivers and consents under the JOA have been obtained.
- *Top-Up Cash Consideration:* If, before completion of T2 or the exercise of the Option, as applicable, the Company undertakes an equity raising in excess of A\$1 million by an issue of shares at an issue price per share of less than the deemed price of A\$0.003, then at completion of T2 or the exercise of the Option, the Company must pay the vendor such cash consideration as is equal to the difference in value of the T1, T2 and Option Exercise Shares at the deemed price calculated at the average issue price of the equity raising.

Managing Director, Joe Salomon, said: "We are pleased to increase our exposure to the world class Cooper-Eromanga Basins. Our recent review of the Cooper Eromanga basins has led us to focus on two specific play types. This acquisition provides good exposure to the very successful Jurassic hosted oil fairway. 3D seismic has been the key to the very high success rate in this play and we look forward to applying our access to specialised advanced technologies to the two existing surveys searching for new hydrocarbon pools. Another added attraction is the low-cost associated with discovery and development in this area given that target depths occur at around 1,500 metres. The Company continues to consider further opportunities in the basin."

The Company remains committed to unlocking the potential of its Cambay Project in India and delivering value to its shareholders. The Cooper-Eromanga Basins provides an opportunity for shareholder value accretion while preserving substantial exposure to the significant potential at Cambay."

Further information will be provided as it becomes available.

For and on behalf of Oilex Ltd



Joe Salomon
Managing Director

For further information, please contact:

Investor Enquires
Oilex Ltd
Joe Salomon
Managing Director
Email:
oilex@oilex.com.au
Tel: +61 8 9485 3200
Australia

AIM Broker
Novum Securities
Broker
Colin Rowbury
Email:
crowbury@novumsecurities.com
Tel: +44 20 7399 9427
UK

AIM Nominated Adviser
Strand Hanson Limited
Nominated Adviser
Rory Murphy/Ritchie Balmer
Email:
oilex@strandhanson.co.uk
Tel: +44 20 7409 3494
UK

Media Enquires (UK)
Vigo Communications
Public Relations
Patrick d'Ancona/Chris McMahon
Email:
patrick.dancona@vigocomms.com
chris.mcmahon@vigocomms.com
Tel: +44 20 7390 0230
UK

Media Enquiries (Aus)
Citadel-MAGNUS
Michael Weir
Email:
mweir@citadelmagnus.com
Tel: +618 6160 4900
Australia