

ASX-RNS Announcement

9 September 2019

ASX: OEX
AIM: OEX

Dispute Resolution with GSPC

Oilex Ltd (Oilex or the Company) is pleased to announce it has reached an agreement with Gujarat State Petroleum Corporation (GSPC) which, upon completion, will resolve the ongoing Cambay PSC dispute (Agreement). Significantly, the Indian Directorate General of Hydrocarbons is a signatory to the Agreement.

As previously announced, the State Government of Gujarat and the GSPC Board of Directors' have approved a sales process for many of GSPC's Indian E&P assets. Oilex and GSPC have now agreed to include GSPC's 55% Participating Interest (PI) in Cambay PSC in this sale process. GSPC has also undertaken to use its best endeavours to complete the sale process within 90 days from commencement, which is anticipated to occur on or about 24 September 2019.

Pursuant to the Agreement, the Event of Default (EoD) declared by Oilex pursuant to the Cambay Field Joint Operating Agreement (JOA) has been withdrawn and GSPC will formally terminate arbitration proceedings lodged with the Singapore International Arbitration Centre (SIAC) and remove the stay order granted in the High Court of Gujarat.

Pursuant to the JOA, Oilex holds a first right of refusal where GSPC disposes of its 55% interest in the Cambay PSC.

Background

By way of background, on 29 May 2018, the Company issued an EoD Notice to GSPC in accordance with the JOA for the equivalent amount of US\$3,054,832. The EoD Notice was issued as a result of GSPC's ongoing failure to pay its Participating Interest (PI) share of Cambay PSC expenses. GSPC failed to remedy its default within 60 days and, in accordance with the JOA, Oilex formally requested the DGH and the MoPNG in India to transfer GSPC's PI to the Company. This was announced by Oilex on 30 July 2018.

On 13 August 2018, GSPC served an ex-parte interim stay order (IAAP No. 130 of 2018) from the High Court of Gujarat (Court) directing the Company not to take any coercive steps against GSPC (Order) with regard to the EoD Notice. As disclosed in the announcement of 13 August 2018, the Order was awarded on an interim basis to delay the transfer of GSPC's PI in the Cambay PSC to Oilex.

On 5 November 2018, the Company announced the Court had issued the Order and passed judgement further delaying the implementation of the EoD Notice and Notice of Withdrawal of Participating Interest dated 29 July 2018, subject to certain conditions. These conditions were subsequently attained by GSPC, including the requirement to commence arbitration proceedings. Notably, the transfer of the PI is currently subject to vacation of the Order.

In accordance with the Agreement, the arbitration proceedings which GSPC commenced in the SIAC on 19 November, 2018 will be terminated.

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Chief Financial Officer, Mark Bolton, said: "We are pleased to support GSPC's initiatives to restructure its business and provide a path forward to potential development of Cambay with a potential new joint venture partner. The resolution of this dispute reflects the valued contribution of the DGH and the MoPNG in their efforts to promote investment in the sector. Oilex is committed to meeting its undertakings to the Gol and contributing to India's energy security."

For and on behalf of Oilex Ltd



Mark Bolton
Chief Financial Officer

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