

27 September 2019

ASX: OEX

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Acquisition of Major Cooper-Eromanga Acreage Position

Oilex Ltd ("Oilex" or "the Company") is pleased to announce that it has entered into a binding term sheet with Senex Energy Limited (ASX:SXY) and certain of its related entities (together referred to as "Senex") to acquire all of Senex's interest as operator in 27 Petroleum Retention Licenses in the Northern Oil and West Gas Fairway in the world class Cooper-Eromanga Basins in South Australia (the "Northern Fairway PRLs"), subject to satisfaction of conditions (including government approvals) (see map in Annexure 1).

The Company has been actively reviewing the basin for more than two years. The Cooper-Eromanga basin is recognised as a global super-basin and as number one for above ground development by IHS Markit. The basin has a high exploration success rate, low cost development pathways, and remains under-explored and under-developed. The introduction of proven technologies is expanding known play fairways. The Company sees this transaction as a major step forward; it provides a material position in an established play fairway. The Company's access to advanced IP will form a major part of future activity throughout this area. The basin is well endowed with infrastructure providing for attractive low-cost discovery and development for Oilex. Equally, robust gas pricing in Eastern Australia provides a great basis for commercialisation of any discoveries.

Acquisition of Northern Fairway PRLs – The Northern Fairway PRLs cover 2,445 km² (~604,000 acres) and include permits covered by the 792 km² Cordillo 3D seismic survey acquired by Senex in 2012. Senex is the operator of each of the Northern PRLs and has agreed to transfer 100% of its interest in the permits subject to satisfaction of conditions (including government approvals). The PRLs are part of the 15-year tenure retention agreement between the South Australian Government and Senex announced in August 2013.

Historically, technical data available from the South Australian Department for Energy & Mining reflects that the Northern Fairway PRLs contain a portfolio of shallow Jurassic oil and deeper Triassic and Permian oil and wet gas leads and prospects as well as an undeveloped tight gas discovery. The Company considers the Northern Fairway PRLs as highly prospective for both structural and stratigraphic conventional oil and wet gas potential with significant potential for oil prospectivity in Namur and Birkhead channel systems and stratigraphic traps which have been preliminarily identified through use of Advanced IP technologies.

The Company has identified the presence of undrilled structural prospects and leads in the Northern Fairway PRLs (see map in Annexure 1). Oilex's intention is to re-evaluate the 3D seismic data using advanced IP which is designed to fast track the identification of stratigraphic features and geobodies. Importantly the Western Flank and Northern Flank oil discoveries include many fluvial channel features and the stratigraphic section lends itself to the development of many more stratigraphically trapped hydrocarbon pools. Additional technologies available to Oilex include rapid, low cost reconnaissance tools aimed at testing the presence of hydrocarbon signatures in the atmosphere and in the soils overlying hydrocarbon accumulations.

The Northern Fairway PRLs are favourably situated given the proven northward migration of oil from the Patchawarra Trough to multiple oil fields surrounded by the Northern Fairway PRLs including the Acrasia, Cuisinier, and Inland Oil Fields and particularly the presence of oil shows in multiple wells across the area. Oilex believes that the existing high-quality 3D data coupled with advanced evaluation tools will result in the identification of new targets for stratigraphic oil pools within these licenses.

Acquisition of Paning Tight Gas Discovery - The Northern PRLs also include a 100% interest in the Paning Tight Gas Discovery made by the Paning-2 exploration well (see map in Annexure 1). The Paning Tight Discovery was made in February 2013 intersecting 117 meters of net gas pay comprised of 47 meters of net pay in Permian tight sands and 70 meters of net gas pay in the deep coals in the Patchawarra Trough. The Paning-2 exploration well was spudded in December 2012 and drilled to a total depth of 3,144 meters and was drilled following up on the Paning-1 exploration well drilled by Delhi Petroleum in 1980 which encountered significant gas in the Permian section. Paning-2 was the first exploration well drilled by Senex designed specifically to test the potential of the Permian tight sands sequence that exists across the entire Patchawarra Trough. (see 21 February 2013 ASX announcement by Senex)

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Terms of the Transaction - The Company will acquire 100% of Senex's interest in the Northern Fairway PRLs for nominal consideration and assumption of existing abandonment liabilities, PRL fees and PRL expenditure targets. The material terms and conditions of the term sheet with Senex are further summarised in Annexure 2 to this announcement.

The existing abandonment liabilities relate to previous exploration drilling activities (including the cased and suspended Paning-2 tight gas discovery well) and associated with the Cordillo 3D seismic acquisition operating camp. The existing rehabilitation liabilities are estimated at approximately \$1.1m. However, the rehabilitation does not require immediate rectification.

The total annual amount of the Northern Fairway PRL renewal fees is approximately \$1 million. The Company also assumes the expenditure targets under the PRLs. Failure to achieve the expenditure target will result in pro-rata relinquishment of the permits. The Company notes that the Northern Fairway PRLs are currently suspended by the South Australian Government, suspending the annual license fees and work obligations. Oilex intends to continue this suspension for a period.

The agreement with Senex is subject to various conditions (summarised in the annexure to this announcement) including the approval of Oilex as operator of the Northern Fairway PRLs by the South Australian Government. Hartleys Limited, a leading Australian corporate advisory and stockbroking financial services firm, has been appointed to lead the arrangement of funding for the acquisition. Subject to the receipt of regulatory approvals, Oilex anticipates completion of the acquisition by the end of Calendar Year 2019.

Managing Director, Joe Salomon, said: "We are pleased to announce this new acquisition in the world class Cooper-Eromanga Basins. The Company has been actively reviewing the basin for more than two years. We see this transaction as taking a major step forward in the Cooper Basin. In acquiring the Paning Tight Gas Discovery, this provides the Company with operatorship and 100% ownership of this discovery and fits the Company's knowledge and experience in drilling and appraising tight gas. Equally, the robust gas pricing in Eastern Australia provide a great basis for the commercial potential for the Paning Discovery. The basin is well endowed with infrastructure providing for attractive low-cost discovery and development for Oilex.

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 significant 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

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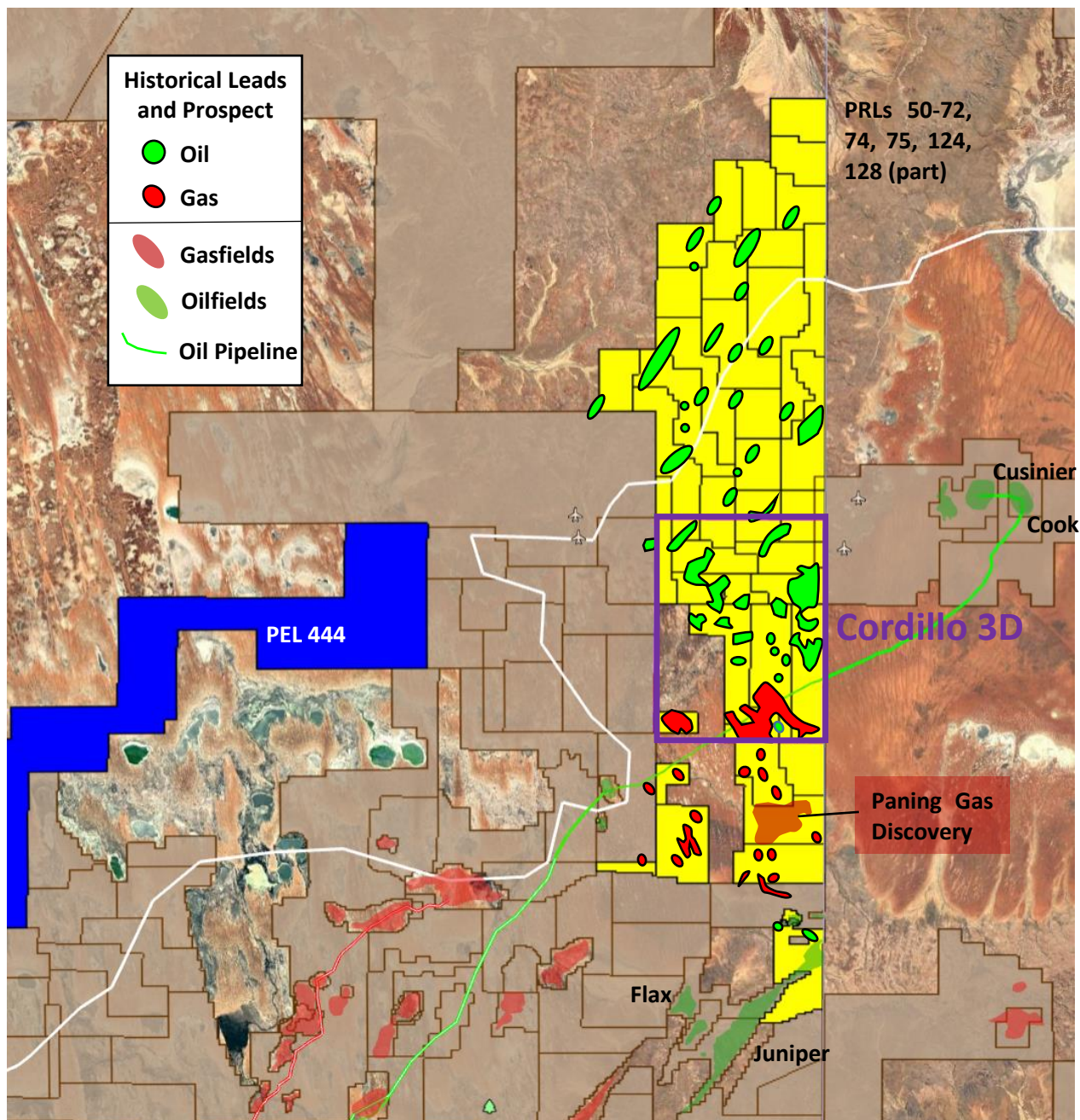
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ANNEXURE 1 – Map of Northern Fairway PRLs



ANNEXURE 2 - Summary of the material terms and conditions

Vendors	Victoria Oil Exploration (1977) Pty Ltd as the holder of PRLs 50-67 Stuart Petroleum Pty Ltd as the holder of PRLs 68-72, 74 and 75 Stuart Petroleum Cooper Basin Oil Pty Ltd as holder of PRLs 124 and 128 Senex Energy Limited
Assets to be acquired	- PRLs 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 74, 75, 124 and PRL 128 (but only to the portion that is contiguous with the other PRLs within the Assets) (Area); and - all infrastructure, facilities, plant or other assets owned by the relevant Vendor within the Area,
Consideration	\$1 per PRL acquired.
Conditions subsequent	Oilex will acquire an AEM-PTP passive transient airborne survey over the Area within 12 months from the transfer of the PRLs from the Vendors to Oilex (Survey). Where Oilex has not performed the Survey on a PRL within the Area within the 12 month period, the Vendors may elect to transfer back that PRL from Oilex to the relevant Vendor (or an entity nominated by it) for \$1.
Conditions precedent	- Applicable government and regulatory approvals to the transfer of the PRLs in the Area by no later than 31 December 2019. - The minister responsible for administering the <i>Petroleum and Geothermal Energy Act 2000</i> (SA) (PGEA) granting a suspension of the PRLs in the Area for such period acceptable to the Vendors acting reasonably. - Oilex and the minister responsible for administering the PGEA executing an 'Equivalent Expenditure and Relinquishment Undertaking' to separate the PRLs from Senex's existing PRL scheme, in a form satisfactory to Oilex and the Vendors each acting reasonably. - The execution of necessary deeds of assignment and assumption in relation to native title and land access. - The receipt of financier consent by the Vendors. - With respect to the transfer of PRL 124 and PRL 128 only, obtaining third party transfers of their 20% interests in each of PRL 124 and PRL 128. - With respect to the transfer of PRL 128 only, the excise of areas of PRL 128 not included in the transaction. The parties must do all things necessary to procure that these conditions precedent are satisfied by 31 December 2019.
Assumption of liability	Oilex assumes all P&A/rehab costs in the PRLs, regardless of whether they relate to activities carried out before or after completion. Oilex also assume responsibility for all PRL fees, expenditure targets and other liabilities related to the permits.
Vendor back-in right	Senex retains a right to be reassigned a 20% interest in any PRL. Senex may exercise this back-in right in relation to a PRL before the earlier of six months following the drilling of a well on the PRL; or if no well is drilled within three years following the transfer of the applicable PRL to Oilex. In exercising this back-in right following the drilling of a well Senex will reimburse Oilex for 20% of the cost of drilling the well. If the back-in right is exercised, Senex will contribute to the on-going joint venture expenditure on a pro-rata basis, in other words 20% of the costs going forward from that time. The terms of the joint venture will be agreed following the exercise of the back-in right.