

ASX-RNS Announcement

1 October 2019

ASX: OEX
AIM: OEX

Extension of Exclusivity Agreement

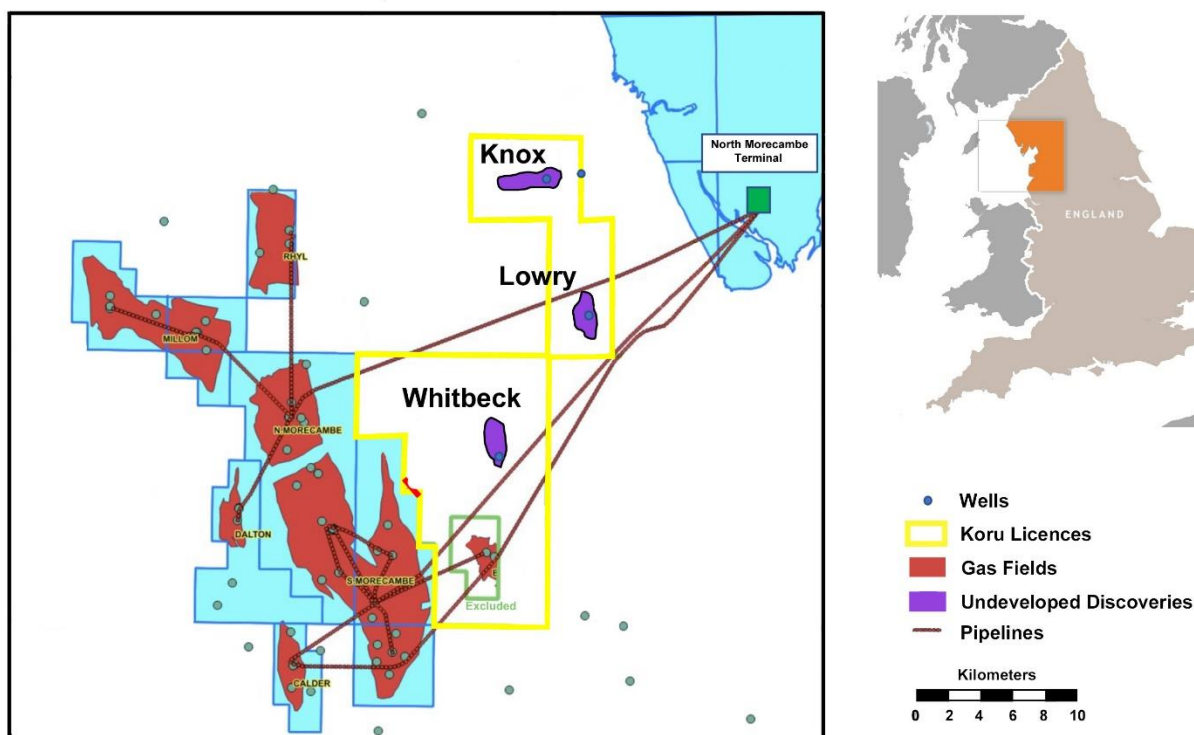
The Board of Oilex Limited (the "Company") is pleased to announce that it has entered into an amendment agreement (Amendment) in regard to the exclusivity agreement with Koru Energy (KLW) Ltd ("Koru") as announced on 15 September 2019.

Pursuant to the Amendment, the exclusivity agreement with Koru has been extended from 30 September 2019 to 31 October 2019. The extension has been sought while the Company seeks confirmation from ASX that Listing Rules 11.1.2 and 11.1.3 will not apply to the proposed transaction.

Background

On 15 September 2019, a subsidiary of Koru Energy Limited, for a potential acquisition of up to a 50% relevant interest in the Knox and Lowry, and Whitbeck gas discoveries (the "KLW Gas Discoveries") in the East Irish Sea (EIS), offshore the United Kingdom ("Exclusivity Agreement").

The KLW Gas Discoveries are a series of shallow water gas accumulations that were discovered between 1992 and 2009 by the then operators and successfully drill-stem tested confirming discovered volumes that the Company and Koru would seek to bring into production, should the acquisition complete. The KLW Gas Discoveries are ideally located very close to a subsea tie-back pipeline which delivers gas to the nearby and recently refurbished North Morecambe Gas Production Platform and Terminal.



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The EIS is a prolific basin which has produced more than 6TCF of gas to date with considerable existing gas production, gathering, processing and transportation infrastructure. The K LW Gas Discoveries are located in known conventional shallow reservoirs in shallow water near existing EIS gathering and production infrastructure reducing the complexity, risk and cost of development.

Project Overview

The Knox and Lowry gas discovery projects are well advanced having successfully flowed gas when drill stem tested with reported raw gas flows of 12.3MMCFD and 22MMCFD, respectively. These well tests have demonstrated good quality reservoirs similar to nearby analogous fields that have been successfully developed and have delivered attractive production rates and gas recoveries.

The main reservoir interval in the EIS and in each of the K LW Gas Discoveries is the prolific Lower Triassic Ormskirk Sandstone Formation.

	Reservoir	Porosity %	Reservoir Depth		Gas Column Height		Trap Style	Raw Gas Test Rate MMCFD	Gas Quality %	
			ft	m	ft	m			N ₂	CO ₂
Knox	Ormskirk	18	1347	411	200	61	Segmented fault block	12.3	18	0.4
Lowry	Ormskirk	19	2100	640	208	63	Tilted fault block	22	31	0.2
Whitbeck	Ormskirk	12	5383	1641	120	37	3-way faulted closure	Not tested	14	0.1

Spirit Energy Limited ("Spirit"), a joint stock company owned by Centrica Plc and Bayern Gas Norge AS, is the owner and operator of the tie-back pipeline and North Morecambe gas processing terminal and has indicated strong support for the development of the K LW Gas Discoveries. Spirit also has certain back-in rights with respect to the K LW Gas Discoveries.

For and on behalf of Oilex Ltd

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