

ASX – RNS Announcement

15 June 2020

ASX: OEX
AIM: OEX

Re: Armour Share Purchase Agreement

Oilex Limited (Oilex or the Company) is pleased to announce it has entered into a conditional binding Share Purchase Agreement (SPA) with Armour Energy Limited (Armour: ASX:AJQ) for the proposed sale of all of its interests in the Cooper-Eromanga Basin (Proposed Transaction).

Pursuant to the SPA, Armour will acquire 100% of the issued capital of CoEra Limited (CoEra), a wholly owned Company subsidiary which holds all of Oilex's interests in the Cooper-Eromanga Basin.

Background

On 27 May 2020, the Company announced it had entered into a binding Heads of Agreement with Armour to sell all of its interests in the Cooper-Eromanga Basin including a:

- 79.33% direct interest in two Petroleum Exploration Licences (PEL 112 and PEL 444) with an option to acquire the remaining 20.67%; and
- right to acquire 27 Petroleum Retention Licences from Senex Limited (Northern Fairway PRLs).

As consideration for the Proposed Transaction, at completion Armour will issue up to 34.5 million Armour shares to Oilex (or its nominees) as follows:

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|-----------|--|
| Tranche 1 | 24,500,000 fully paid ordinary shares in Armour upon completion of the Proposed Transaction (Consideration Shares); and |
| Tranche 2 | If, at any time within 90 days from completion, the closing volume weighted average price of Consideration Shares trading on the ASX falls below \$0.037 then Armour shall be required to issue such additional shares in itself to the Company, or its nominee, to ensure the Company receives a consideration value of A\$906,500 (Adjustment Shares). Any such Adjustment Shares issued shall: <ul style="list-style-type: none">• not exceed an amount of ten (10) million Armour shares;• be subject to any required shareholder or regulatory approval. |

The Consideration Shares issued will be subject to a twelve (12) month voluntary escrow from completion. Any Adjustment Shares issued will be held on escrow for a period of nine (9) months from the date of issue.

In addition, at the completion of the Proposed Transaction, Armour will pay reimburse Oilex A\$125,000 for past costs incurred.

The Company will nominate Orthogonal Enterprises Pty Ltd to receive up to 3.45 million shares (10%) of the Consideration Shares as payment for services rendered in assisting the Company to build its Cooper-Eromanga portfolio.

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Conditions Precedent

Pursuant to the SPA, completion is subject to the satisfaction of various conditions precedent on or before 15 September 2020 including the successful:

- assignment of the option to acquire the remaining 20.67% interest in PEL 112 and PEL 444;
- novation of the agreement with Senex Energy Limited including the execution of various deeds of assignment of assumption to enable Armour to acquire the Northern Fairway PRLs; and
- receipt of Armour shareholder approval to issue the Consideration Shares.

CoEra and each of its subsidiaries were incorporated by Oilex after 30 June 2019. Accordingly, there was no revenue or earnings attributable to Oilex for the year ended 30 June 2019. As at 31 December 2019, the Cooper-Eromanga Basin assets being disposed of by Oilex had an unaudited carrying value of A\$331,000.

Assuming completion of the Proposed Transaction, Oilex will no longer have any oil and gas asset interests in Australia and will be focused on further developing its asset base in India and the UK Continental Shelf (UKCS).

Managing Director and incoming Executive Chairman of Oilex, Joe Salomon, said;

"The Company is pleased this transaction has progressed quickly, with a definitive agreement now executed. We will continue to work closely with Armour in coming weeks to finalise the sale of our Cooper-Eromanga assets."

For and on behalf of Oilex Ltd

Joe Salomon
Executive Chairman

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