

ASX-RNS Announcement

14 December 2020

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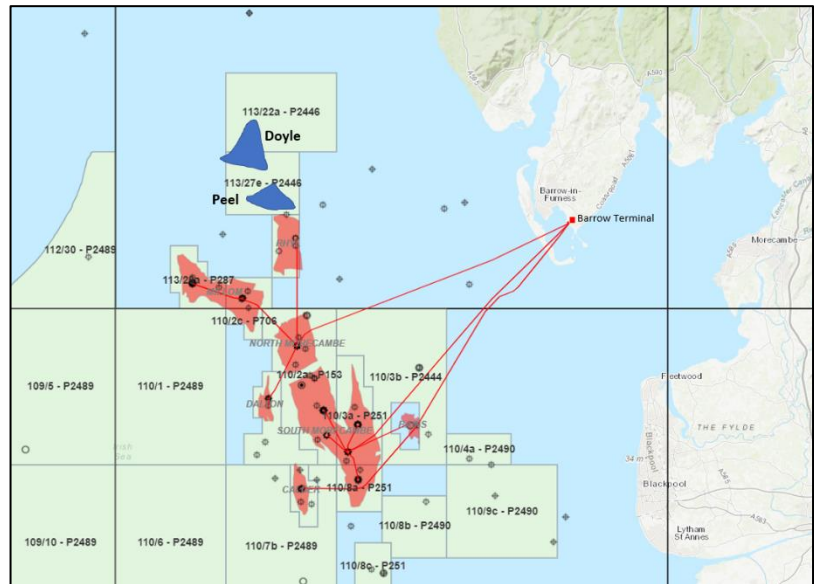
Completion of East Irish Sea Transaction P2446

The Board of Oilex Limited (the “Company”) is very pleased to announce that it has completed the agreement with Burgate Exploration and Production Ltd (“Burgate”), to acquire a 100% participating interest in the Doyle-Peel licence (P2446) in the East Irish Sea (EIS), offshore the United Kingdom (“Agreement”).

The EIS licences provide an attractive entry into a proven gas fairway in the centre of the East Irish Sea Basin. The licence is in shallow water near existing infrastructure reducing the complexity, risk and cost of development. The EIS is a prolific basin which has produced around 8 TCF of gas to date with considerable existing gas production, gathering, processing and transportation infrastructure. The depth to the target reservoirs is less than 2,000 metres thus meaning modest drilling costs.

Project Overview

The license lies on the west dipping graben edge of the Tynwald Fault Zone on the structural trend with the Rhyl and North Morecambe producing gas fields. Historical production from the primary Triassic Ormskirk reservoirs on this trend show excellent deliverability characteristics. A very effective regional seal is provided by the evaporites and mudstones of the Mercia Mudstone group which attains a thickness in excess of 1,000m across the basin. Gas charge comes from the Carboniferous Coal Measures which underlie much of the basin. A secondary reservoir-seal pair is provided by the Permian Collyhurst sandstone and overlying evaporites.



Doyle-Peel Prospects

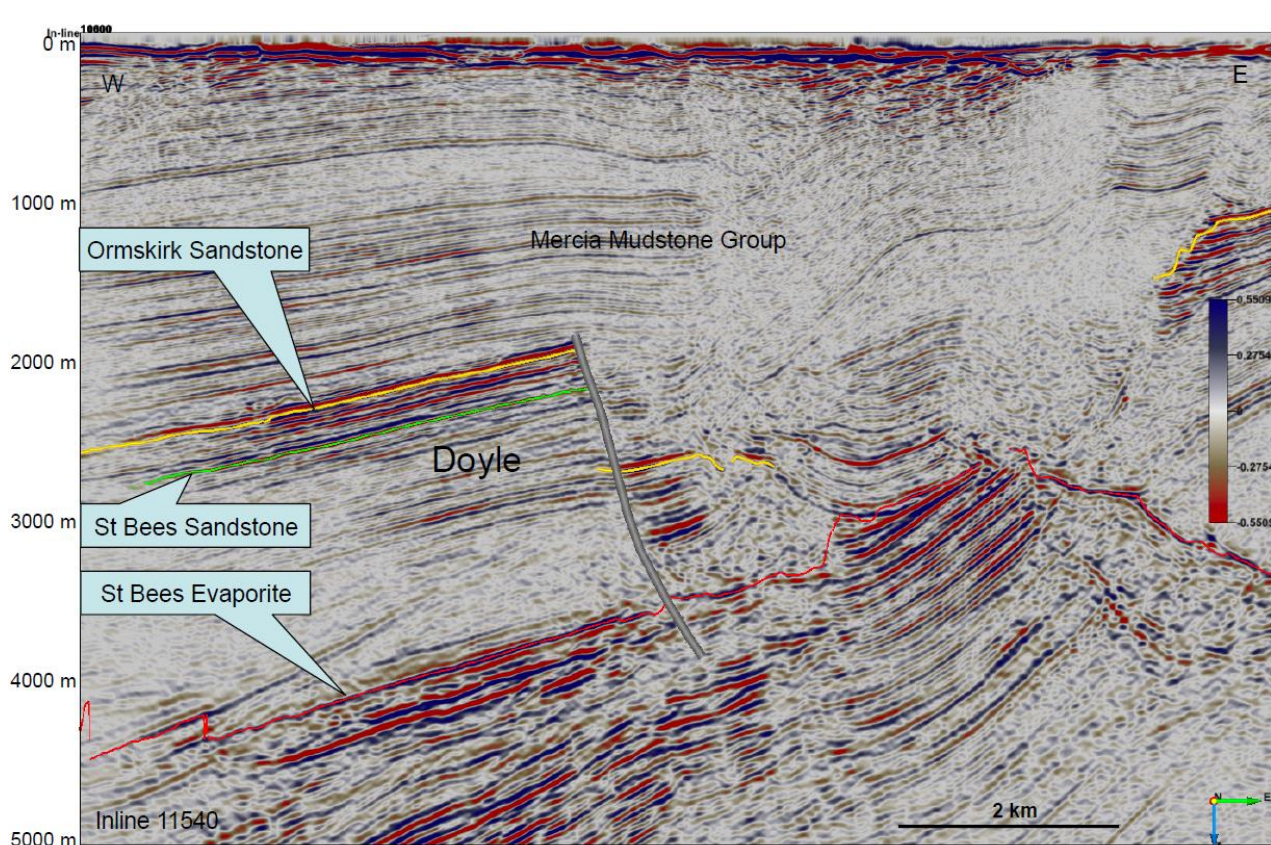
The Doyle and Peel prospects are tilted fault blocks closed on the up dip east side by the north-south trending boundary fault of the Tynwald Fault Zone, which juxtaposes the reservoir against the Mercia Mudstone salts and shales forming a very effective cross fault seal. There is a clearly defined east-west fault bounding the southern extent enhanced by igneous dykes providing the seal mechanism. The prospects both display seismic amplitude responses with similarities to the surrounding fields.

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Blocks 113/22a (Doyle) and 113/27e (Doyle and Peel) have been merged into a single licence being P2446 ("P2446 Licence"). Block 113/22a was awarded in the UK Offshore 31st licensing round whereas block 113/27e was awarded in the 30th round.

The remaining committed work programme, which is estimated to cost approximately £25,000, and which Oilex will need to secure funding for, required by October 2021 includes reprocessing of 50 sq kms 3D seismic data, and obtaining 2,500 kms Aeromagnetic data. Following this the Licence has a three-year drill or drop election.

Transaction Overview

The transaction to acquire a 100% participating interest in the licence has a consideration of:

- a) payment of a total of £60,000 in four equal quarterly instalments with the first due no later than January 31st, 2021;
- b) the issue of 42,500,000 fully paid ordinary shares in Oilex Ltd, subject to shareholder approval at the AGM on 16th December 2020; and
- c) an overriding royalty to be paid to Burgate on the following basis:
 - i. 0.5% of actual gross revenue from commercial production up to the point when gross capital expenditures related to the development of the licence have been fully recovered from net cash flows ("Payback"); and
 - ii. following Payback, the royalty to be paid shall be 2.25% of actual gross revenues.

Managing Director of Oilex, Joe Salomon, said;

"The EIS licences provide an attractive entry particularly as they lie adjacent to existing producing fields in a proven gas fairway in the centre of the East Irish Sea Basin. The Doyle-Peel prospects have been of interest to us for some time as they have the potential to host substantial prospective resources and this acquisition and this transaction gives us a foothold in the prolific UK Continental Shelf.

The Company continues to make solid progress with its plans in India and Indonesia although delays related to COVID are still occurring.”

For and on behalf of Oilex Ltd



**Joe Salomon
Managing Director**

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