

ASX-AIM Announcement

6 April 2021

ASX: OEX
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Update Regarding Cambay Settlement

Oilex Ltd (Oilex or the Company) is pleased to announce that GSPC has provided notification that it has approved the sale of its 55% participating interest (PI) in the Cambay PSC to Oilex for the purchase price of US\$2.2 million ('Purchase Price') (the 'Transaction'). The Transaction has also received the approval of the state government of Gujarat. Following completion of the Transaction, Oilex will hold a 100% participating interest in the Cambay PSC. This will provide Oilex with the ability, subject to sourcing the necessary funding, to restart field work including a work program consisting of the drilling of two vertical wells to appraise the Eocene gas accumulation which is confirmed by historical flow tests and up until recently, low-rate cyclic production from two wells from the same reservoir section.

Completion of the Transaction will require the finalisation of a binding sales and purchase agreement, and finalisation of funding arrangements, both of which are expected to occur within Q2 2021. The completion and transfer of GSPC's PI to Oilex is also subject to the approval of the Government of India (GoI). The GoI has been kept appropriately informed at all stages of discussions with the aim of securing approvals for the PI transfer in a favourable time frame.

The Company's drilling plans in relation to the pilot program are well advanced and are aimed at establishing flow rates after hydraulic stimulation of the Eocene siltstone reservoir. The pilot program will implement the recommendations from a 2017/18 Baker Hughes-GE study focussed on drilling and stimulation best practice. Any hydrocarbon production from these wells will utilise the existing Cambay processing and storage facilities and the connection to a local low pressure gas pipeline. Given success, the production facilities will be upgraded on an as required basis to provide a low-cost path to commercialise increased gas flows resulting from additional production wells. The greater project aim is to aggregate sufficient production volumes from multiple wells to connect to the high-pressure pipeline system which will offer greater offtake stability and improved gas prices. It is anticipated that the results of the pilot program will provide data needed to determine whether horizontal wells can provide an estimated 3 to 5 times increase on well productivity, thereby offering the highest commercial returns for the project, and a final field development plan which, given success, would involve batch drilling of many wells.

Oilex's Managing Director Mr Joe Salomon said:

"We are pleased that Oilex and GSPC have been able to work together to agree this outcome and in doing so a major milestone has been achieved by the Company in the face of many challenges. The long-awaited resolution provides the Company with a pathway to evaluate the significant gas resource potential identified at Cambay. Oilex and GSPC continue to work together to finalise past pending costs related to certain field costs and regulatory spending prior to 2018."

Reaching this point is a credit to the focus, perseverance and capital discipline of the whole Oilex team. As a result of their efforts a pathway has been laid out which re-gains control over the Company's destiny as we now set about restarting operations with a 100% PI and focus on unlocking the significant potential value throughout our Cambay asset. Special thanks go to all of our shareholders in the UK and Australia for their continued

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support and belief in the Company. We also express our thanks to GSPC officials and staff within their exploration, finance and legal departments for their time, attention and support whilst resolving this matter. The Company's attention will now be focused on delivering on our short and medium term objectives and updating the market on our next steps."

As part of the Transaction, Oilex will benefit through receipt of GSPC's share of the historic cost recovery pool, the total (100%) being approximately US\$125 million. Oilex also expects to assume GSPC's US\$2.8 million share of the historic abandonment liabilities. For the year ended 30 June 2020, the Company recorded a loss of US\$0.3 million in respect of its 45% interest in Cambay. Accordingly, the additional 55% share of the Cambay losses to be assumed by the Company in respect of the year ended 30 June 2020 would be US\$0.4 million. Following the acquisition of the 55% interest in Cambay, the additional proforma gross assets to be recorded in Oilex balance sheet for the year ended 30 June 2020 would be approximately US\$5 million.

Further announcements will be made as and when appropriate, including on the binding terms of the sales agreement and any impact of Covid-19 restrictions in India on the timing of completion of the Transaction.

For and on behalf of Oilex Ltd



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Managing Director

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