

16 December 2019

ASX: OEX

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Extension for Acquisition of Cooper-Eromanga Licences

Oilex Ltd ("Oilex" or "the Company") is pleased to announce that the date for the satisfaction of the conditions precedent in regard to the acquisition of 27 Petroleum Retention Licences (PRLs) in the Cooper-Eromanga Basins from Senex Energy Limited and certain of its related entities (collectively "Senex") has been extended by two months to 29 February 2019. The Company advises that it is well advanced in the negotiations to secure the completion of the acquisition of the PRLs with the extension providing further time to finalise these negotiations and obtain the applicable regulatory approvals.

Background

On 27 September 2019, the Company announced that it entered into a legally binding term sheet with Senex in 27 PRLs 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 by 31 December 2019, now extended to 29 February 2019.

The Company has been actively reviewing the Cooper-Eromanga 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.

The Senex acquisition, comprising 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.

The PRLs include a 100% interest in the Paning Tight Gas Discovery made by the Paning-2 exploration well. 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.

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 legally binding term sheet with Senex are further summarised in Annexure 2 of the 27 September 2019 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 agreement with Senex is subject to various conditions 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, is advising the Company in relation to the acquisition.

Subject to the receipt of regulatory approvals, Oilex now anticipates completion of the acquisition by the end of February 2020.

Further information will be provided as it becomes available.

For and on behalf of Oilex Ltd



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