

ASX-RNS Announcement

29 January 2020

ASX: OEX
AIM: OEX

Sale of Cooper Eromanga Basin Assets

Oilex Limited (Oilex or the Company) is pleased to announce that it has signed a binding Heads of Agreement (HOA) with Doriemus plc (Doriemus), an ASX-listed company, for the proposed sale of all of its interests in the Cooper-Eromanga Basin to Doriemus.

Subject to the terms of the HOA, it is intended that Doriemus will acquire 100% of the issued capital of CoEra Limited (CoEra), a wholly owned subsidiary of Oilex (Proposed Transaction). At completion, CoEra will own all of Oilex's direct and indirect interests in the Cooper-Eromanga Basin including:

- 79.33% direct interest in two Petroleum Exploration Licences (PEL 112 and PEL 444) (with an option, as previously announced, to acquire the remaining 20.66%); and
- right to acquire 27 Petroleum Retention Licences from Senex Limited (Northern Fairway PRLs).

As consideration for the Proposed Transaction, Doriemus will issue 28,301,887 CHESS Depositary Interests (CDIs) (representing 28,301,887 shares in Doriemus) to Oilex (or its nominee(s)) upon completion of the Proposed Transaction. The Company will nominate 2,830,188 CDI's of the abovementioned consideration to Orthogonal Enterprises Pty Ltd (Orthogonal) for past and future services rendered in building the Cooper-Eromanga portfolio.

The Doriemus' closing share price of A\$0.03 on 28 January 2019 values the net consideration payable to Oilex at A\$764,000. Alternatively, based on Doriemus HY2019 financial statements, the Net Asset Value is over A\$0.09 per Doriemus share valuing the net consideration payable at A\$2.4 million. In addition, Doriemus will also irrevocably and finally assume the obligations of Oilex under the Senex Agreement to acquire the Northern Fairway PRLs, namely the assumption of existing abandonment liabilities, estimated at \$1.1 million, payment of future PRL annual fees and work programme obligations including exploration well commitments in PEL 112 and PEL 444.

The CDIs to be issued as consideration for the Proposed Transaction are subject voluntary escrow conditions and will only be able to be disposed of by Oilex and Orthogonal in certain limited circumstances for a 2-year period following their issue.

The Proposed Transaction is subject to the satisfaction of various conditions precedent, including in particular, Doriemus obtaining shareholder approvals for the issue of various securities, the completion of a minimum \$3.5 million capital raising by Doriemus, completion of due diligence by each party on the other and execution of definitive transaction documentation between Doriemus and Oilex in respect of the Proposed Transaction. The HOA sets out that these conditions precedent need to be satisfied by 30 June 2020 or discussions will be discontinued. Accordingly, whilst both the Board of Directors of Oilex and Doriemus are confident that the conditions precedent will be satisfied, there can be no guarantee that they will be, and therefore no guarantee that the Proposed Transaction will complete.

The ASX has confirmed that Listing Rule 11.1.3 does not apply to Doriemus in regard to the proposed acquisition and associated transactions by Doriemus.

CoEra and its subsidiaries were acquired by Oilex after 30 June 2019 and 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 instead will be focused on further developing its asset base in India and the UK Continental Shelf (UKCS).

Proposed Board Changes

Subject to completion of the Proposed Transaction, Doriemus proposes to appoint Oilex's Chairman, Mr Brad Lingo as the new Managing Director of Doriemus. In this event, Mr Lingo would also step down as the Chairman of Oilex following the appointment of a new Oilex Chairman. It is also proposed that Oilex's Managing Director, Joe Salomon, will be appointed as a Director of Doriemus. The independent directors of Oilex are currently conducting a formal process to appoint a new Oilex Chairman.

Proposed Doriemus Capital Raising

As part of the Proposed Transaction, Doriemus intends to undertake a capital raising at a price expected to be \$0.035 per CDI to raise a minimum of \$3.5 million and a current proposed maximum of \$5 million (Capital Raising).

It is proposed, subject to agreeing legalities and structuring mechanics, to include a priority offer to eligible existing Doriemus and Oilex shareholders (being those Doriemus CDI holders or Oilex shareholders (whether through Common Shares or depository interests) with a registered address in the United Kingdom, Singapore, Australia and New Zealand on the record date, which date is yet to be determined) for up to \$1.5 million ("Priority Offer"). At this stage, the Priority Offer is expected to be made under a disclosure document prepared by Doriemus in accordance with Chapter 6D of the *Corporations Act 2001* (Cth).

It is proposed that participants in the Capital Raising will also receive one (1) free option for every three (3) CDIs / shares subscribed for in the Capital Raising. It is further proposed that the options will be exercisable at A\$0.08 on or before four years from the date of completion of the Proposed Transaction (Attaching Options). It is currently intended that the Attaching Options will be listed on the ASX by Doriemus, subject to meeting certain ASX listing requirements.

Further details of the proposed Capital Raising will be provided in due course.

Commenting on the transaction, Managing Director, Joe Salomon, said:

"The Board has assessed many options to maximise value for our shareholders and the proposed sale of the Cooper-Eromanga Basin assets to Doriemus ensures that Oilex retains material leverage to the Cooper-Eromanga Basin assets without the associated funding burden and consequential dilution. The decision also reflects Oilex's dominant European shareholder base and trading volumes on the London AIM.

Importantly, it allows the Company to focus on its core assets in India and expand its portfolio in the UKCS which we look forward to progressing. In any event, it is anticipated that eligible Oilex shareholders will also have the opportunity to increase their exposure to the Cooper Basin portfolio via the priority offer in the proposed Doriemus capital raising. We will update shareholders in due course with further details in this regard."

For and on behalf of Oilex Ltd



Joe Salomon
Managing Director

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