

ASX-RNS Announcement

15 March 2020

ASX: OEX
AIM: OEX

Business and Financial Restructure

The Board of Oilex Limited (the Company) announces that it has undertaken a number of decisive steps to proactively position the Company in response to the challenging trading conditions in the upstream oil and gas sector together with volatile capital markets in general.

These steps are focussed on bolstering the Company's balance sheet through curtailing cash commitments, deferring debt obligations and increasing cash on hand. Further updates on additional steps will be announced when available.

Amendment to Series B Loan Funding Agreement (A\$250,000)

The Company is pleased to advise that it has entered into an amendment agreement to vary the terms of its loan funding facility of A\$250,000 (Amendment) entered into on 11 September 2018 and further extended on 30 September 2019 (Series B Loan).

Pursuant to the Amendment, the loan repayment date has been extended from 1 April 2020 to 31 July 2020. All other terms remain the same and are extended to 31 July 2020 except for the issue of new options on different terms and condition. A summary of key terms after the amendment are outlined below:

Term:	31 July 2020
Interest Rate:	5%
Repayments	100% payable at maturity
Options Issued:	96,903,846 options over ordinary shares
Option Exercise Price:	GBP£0.0013 per option
Option Expiry Date:	On 31 July 2020
Security:	Unsecured
Key Undertakings:	Not to dispose of assets having an aggregate value more than A\$1 million Not to incur any financial indebtedness more than A\$50,000 Not to incur any aggregate payment or outgoing exceeding A\$1 million (except for wages)

Customary additional provisions regarding events of default, undertakings, covenants and representations and warranties remain unchanged.

The options, which if exercised in their entirety, will result in a cash inflow to the Company of £125,975 (A\$250,000). The proceeds from the conversion of options will be applied to the outstanding Series B Loan balance, which is fully drawn down.

The issue of the new options is subject to shareholder approval under ASX Listing Rule 7.1 on or before 30 June 2020. Failure to secure shareholder approval will require immediate repayment of the loan principal and accrued interest.

Republic Investment Management Pte Ltd (Republic) makes up all of the Series B Loan balance of \$250,000. Republic has a shareholding in the Company of 12.66% and is therefore categorised as a Substantial Shareholder of the Company pursuant to the AIM Rules for Companies (AIM Rules). Accordingly, the entering into the Amendment with Republic is classified as a related party transaction pursuant to the AIM Rules.

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The Directors of the Company, having consulted with Strand Hanson Limited, the Company's Nominated Adviser, consider that the terms of the Amendment with Republic are fair and reasonable insofar as the Company's shareholders are concerned.

Amendment to Series C Loan Funding Agreement (GBP £350,000)

The Company) is pleased to advise that it has entered into an amendment agreement to vary the terms of its loan funding facility of £350,000 announced on 4 February 2020 (Series C Loan). Pursuant to the amendment, £225,000 of existing Series C Loan facility will be rolled into a new £225,000 loan facility (Series D Loan). The terms and conditions of the remaining £125,000 under the Series C facility will remain unchanged.

Under the new Series D Loan, the loan repayment date has been extended from 1 August 2020 to 31 March 2021. Furthermore, in the event GSPC has not transferred their 55% participating interest in the Cambay PSC by 6 November 2020 to a new joint venture partner, Lombard may elect that the loan is repayable within 14 days. All other terms and conditions remain the same except for the issue of new options reflecting the revised loan repayment date. A summary of key terms of the Series D Loan after the amendment are outlined below:

Term:	31 March 2021
Interest Rate:	5%
Repayments	100% payable at maturity
Options Issued:	173,076,923 options over ordinary shares
Option Exercise Price:	GBP£0.0013 per option
Option Expiry Date:	On 30 June 2021
Security:	Unsecured
Key Undertakings:	Not to dispose of assets having an aggregate value more than A\$1 million Not to incur any financial indebtedness more than A\$50,000 Not to incur any aggregate payment or outgoing exceeding A\$1 million (except for wages)

Customary additional provisions regarding events of default, undertakings, covenants and representations and warranties remain unchanged.

The options, which if exercised in their entirety, will result in a cash inflow to the Company of £225,000 (A\$447,939). The proceeds from the conversion of options will be applied to the outstanding Series D Loan balance, which is currently drawn down by £50,000.

The issue of the new options is subject to shareholder approval under ASX Listing Rule 7.1 on or before 30 June 2020. Failure to secure shareholder approval will require immediate repayment of the loan principal and accrued interest.

Republic Investment Management Pte Ltd (Republic) makes up all of the Series C Loan after its restructure with the loan currently drawn down by £60,000.

Equity Capital Raising

The Company has arranged an equity capital raising to secure further funding of £0.25 million (A\$0.5 million) through the placing of 227,272,727 new shares at GBP 0.11 pence (0.2190 AUD cents) per share (Placing).

Funds raised from the Placing are intended to be applied towards the working capital and corporate requirements of the Company. Completion of the Placing is anticipated on or before 31 March 2020 and is conditional, inter alia, upon admission of the shares the subject of the Placing to trading on AIM.

The shares, the subject of the Placing, will rank pari passu in all respects with the existing shares. Application will be made in due course to the London Stock Exchange for the shares (Placing Shares) to be admitted to trading on AIM with a further announcement at that time. The issue of the Placing shares is under Listing Rule 7.1 with the applicable Appendix 3B to be submitted shortly.

The Company notes that it is awaiting the receipt of executed subscription agreements for the placement in the capital raising which it anticipates to receive shortly.

Following admission of the Placing shares, the Company's share capital and total voting rights will comprise 3,653,591,615 shares. The Company does not hold any shares in treasury. Consequently, 3,653,591,615 is the figure which may be used by shareholders as the denominator for the calculation by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure and Transparency Rules.

Republic Investment Management Pte Ltd ("Republic") has subscribed for £250,000 (A\$497,710) of the Placing. As a result of Republic's 12.66% interest in the Company, it is categorised as a Substantial Shareholder of the Company pursuant to the AIM Rules for Companies (AIM Rules). Accordingly, the participation of Republic in the Placing is classified as related party transaction pursuant to the AIM Rules.

The Directors of the Company, having consulted with Strand Hanson Limited, the Company's Nominated Adviser, consider that the terms of the Placing with Republic are fair and reasonable insofar as the Company's shareholders are concerned.

East Irish Sea

On 23 December 2019, the Company announced that it had entered into a binding term sheet to acquire a 100% participating interest in the Doyle-Peel licence (P2447) in the East Irish Sea (EIS), offshore the United Kingdom. In addition, the Company has entered into an exclusivity agreement for the potential acquisition of a 100% participating interest in the Castletown licence (P2076) in the EIS. Further information on the terms of the agreements relating to P2447 and P2076 are detailed in the announcement made by the Company on 23 December 2019.

The Company today advises that it will not be exercising its rights to acquire the Castletown licence (P2076) under the exclusivity agreement that will lapse in any event on 31 March 2020. Furthermore, the Company has agreed to the following amendments to the agreement with Burgate Exploration and Production Ltd ("Burgate") regarding the acquisition of the Doyle-Peel licence (P2447):

- the completion of the acquisition of the P2447 licence, subject to the applicable conditions precedent, has been extended from 30 June 2020 to 31 December 2020; and
- the issue of the share consideration for the acquisition of Doyle-Peel is subject to shareholder approval under Listing Rule 7.1.

Managing Director of Oilex, Joe Salomon, said;

"The current investment climate is highly volatile with limited availability of risk capital. Accordingly, it is imperative that the Company acts decisively to strengthen its balance sheet and curtail its commitments.

The proposed restructure of our UKCS acquisitions reduces our commitments while retaining our focus on our principal asset, the Cambay Project. The Company remains committed to the settlement of the Cambay dispute as agreed with its joint venture partner, currently anticipated to be completed in the June 2020 quarter.

We thank our cornerstone shareholders for their ongoing support of the Company during this challenging period while the Company implements the Cambay settlement."

For and on behalf of Oilex Ltd



**Joe Salomon
Managing Director**

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