

ASX – RNS Announcement

27 May 2020

ASX: OEX

AIM: OEX

Re: Sale of Cooper Eromanga Basin Assets

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

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

- 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, Armour will issue up to 34.5 million Armour shares to Oilex (or its nominees) upon completion of the Proposed Transaction as follows (Consideration Shares):

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| Tranche 1 | 24,500,000 fully paid ordinary shares in Armour upon completion; and |
| Tranche 2 | Where the value of the Tranche 1 consideration is below A\$906,500 based upon the volume weighted average share price of Armour on the ASX for a period of 90 days following the date of this announcement to the ASX (VWAP), a further tranche of Armour shares. The maximum number of the Tranche 2 shares shall be the lower of: <ul style="list-style-type: none">• 10 million Armour shares; and• Using the VWAP, the share equivalent value of A\$906,500 comprising the aggregate of Tranche 1 and Tranche 2. |

The issue of the Consideration Shares will be subject to any necessary Armour shareholder and/or regulatory approvals and a 12 month voluntary escrow from completion. Based on the closing price of an Armour ordinary share on 26 May 2020, Tranche 1 is worth A\$710,000 and Tranche 2 is worth up to A\$290,000.

In addition, within 60 days from completion of the Proposed Transaction, Armour will reimburse Oilex, in cash, for past costs of A\$125,000.

The Company will nominate up to 3.45 million shares (10%) of the abovementioned Share Consideration to Orthogonal Enterprises Pty Ltd (Orthogonal) for past and future services rendered in building the Cooper-Eromanga portfolio.

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).

The Proposed Transaction is subject to the satisfaction of various conditions precedent, including completion of due diligence by Armour and execution of definitive transaction documentation between Armour and Oilex in respect of the Proposed Transaction. The HOA sets out that these conditions precedent need to be satisfied by 31 May 2020 unless extended by agreement. Accordingly, whilst both the Board of Directors of Oilex and Armour 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.

Managing Director and incoming Executive Chairman of Oilex, Joe Salomon, said;

"The Board has pursued many options to achieve value for our shareholders without the associated funding burden and consequential dilution during these difficult industry conditions. 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."

JB Advisory Partners is acting as corporate advisor to this transaction

For and on behalf of Oilex Ltd



Joe Salomon
Executive Chairman

For further information, please contact:

Investor Enquires
Oilex Ltd
Joe Salomon
Managing Director
Email: oilex@oilex.com.au
Tel: +61 8 9485 3200
Australia

AIM Broker
Novum Securities
Broker
Colin Rowbury
Email:
crowbury@novumsecurities.com
Tel: +44 20 7399 9427
UK

AIM Nominated Adviser
Strand Hanson Limited
Nominated Adviser
Rory Murphy/Ritchie Balmer
Email: oilex@strandhanson.co.uk
Tel: +44 20 7409 3494
UK

Media Enquires (UK)
Vigo Communications
Public Relations
Patrick d'Ancona/Chris McMahon
Email:
patrick.dancona@vigocomms.com
chris.mcmahon@vigocomms.com
Tel: +44 20 7390 0230
UK