

The ASX-AIM Announcement

23 April 2021
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AIM: OEX

Indian Government Approval of Cambay PSC Work Program and Budget

Oilex Ltd (Oilex or the Company) is pleased to announce that the Government of India (GoI) has approved the Cambay PSC Work Program and Budget (WP&B) for Indian financial year 2021-22 (April to March). GSPC as the current holder of 55% Participating Interest (PI) has also approved the (WP&B).

The WP&B, implementation of which is subject to financing being secured, includes two key items being i) an appraisal/development drilling program, and ii) the restart of low-rate production at the currently shut-in Cambay production facility.

Background

On 6th April 2021, Oilex announced the details of its intention to acquire GPSC's 55% PI for US\$2.2 million, and additionally that the transaction has received the approval of the state government of Gujarat. Following completion of the Transaction, which is subject to the finalisation of a binding sales and purchase agreement with GSPC, and the Government of India's approval for the transfer of GSPC's PI, Oilex will hold a 100% participating interest in the Cambay PSC.

On 21st April 2021, Oilex announced that the funding required to complete the above acquisition has been arranged via a conditional equity capital raising with existing sophisticated shareholders and clients of Novum Securities Limited, of £2.4 million (A\$4.3 million).

In early 2019 Oilex announced that the low-rate production cycled between two wells producing from the EP-IV reservoir was shut-in due to approval for only care & maintenance activities by JV partner and regulator. The last reported production levels were in Oilex's December 2018 quarterly report where production during the quarter averaged 0.107 MMscfd with 3.36 bpd of condensate and 0.57 bopd. Given the elapsed time since the shut-in, some initial improved performance is expected on re-starting production. This will be quantified after operations re-commence. While the production rate is low, it adds useful income to the Company and provides data on the main gas bearing reservoir which is the target of the proposed development program.

Oilex's Managing Director Mr Joe Salomon said:

"This approval from the Indian government is another positive step in re-establishing the Cambay PSC work program which is directed at establishing gas production from the substantial resource base in the EP-IV reservoir. As previously reported, Oilex has undertaken detailed studies which have outlined the most effective drilling, stimulation and flow testing programs to develop the discovered gas accumulation, and importantly which identified no impediments to potentially building a significant production base from the known EP-IV gas resource."

For and on behalf of Oilex Ltd



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