

ASX-RNS Announcement

7 August 2020

ASX: OEX
AIM: OEX

Termination of JPDA Arbitration Proceedings

Oilex Ltd ("Oilex or the Company"), in its capacity as Operator, on behalf of the Joint Venture Participants in Joint Petroleum Development Area ("JPDA") 06-103 Production Sharing Contract ("PSC") in East Timor is pleased to announce it has executed a Deed of Settlement and Release (**Deed**) with the Autoridade Nacional Do Petroleo E Minerais ("ANPM") to terminate the ongoing arbitration proceedings arising from the termination of the PSC by the ANPM in 2015 and settle all claims and counterclaims between the parties.

The execution of the Deed sees an amicable conclusion to the arbitration proceedings, as announced in October 2018, where Oilex and its joint venture partners in the PSC were subject to a penalty claim of US\$17 million (plus interest) on a joint and several basis. Oilex is the Operator of the PSC on behalf of the joint venture.

Under the terms of the Deed, Oilex has committed to a settlement of US\$800,000 payable in the 2021 and 2022 financial years. The settlement was fully provided in the Company's annual financial statements to 30 June 2019. In addition, the Company has entered into an unsecured loan facility agreement with two of its joint venture partners which further provides the Company with the option, at its sole discretion, to extend the settlement payments into the 2023-24 financial year. Please see below for further detail on the facility.

Managing Director Mr Joe Salomon said that:

"This is an excellent outcome for all parties involved who have worked diligently over a prolonged period to secure this sensible and amicable outcome. Furthermore, the repayment schedule which is deferred for a significant period, is consistent with the lifting of the escrow period on the shares anticipated to be received from the sale of our Cooper Basin assets to Armour Energy.

The Company wishes the ANPM the best moving forward and Oilex can now ensure its attentions are focussed on optimising current opportunities."

For and on behalf of Oilex Ltd



Joe Salomon
Managing Director

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Loan Facility Agreement

Summary of Key Terms

Settlement Payment Schedule

Payment schedule as per Deed:

- FY2020-21 US\$50,000
- FY2021-22 US\$500,000
- FY2022-23 US\$250,000

Amended repayment schedule with JV partner loan facility, should it be utilised:

- FY2020-21 Nil
- FY2021-22 US\$250,000
- FY2022-23 US\$300,000
- FY2023-24 US\$250,000

Other JV Loan Terms

Negative pledge is provided by Company in relation to the creation of security without Lender consent.

Events of Default: Non payment by due date, misrepresentation, insolvency event and if Company incurs financial indebtedness in excess of USD5MM without Lender consent.

Interest rate of 11% on drawn funds. No arrangement fee.