

The following pages include press coverage of the settlement.  
For more information and background, see  
<http://www.laohamutuk.org/Oil/PSCs/10PSCs.htm#06-103>



## 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

<b>Settlement Payment Schedule</b>	<p>Payment schedule as per Deed:</p> <ul style="list-style-type: none"><li>• FY2020-21 US\$50,000</li><li>• FY2021-22 US\$500,000</li><li>• FY2022-23 US\$250,000</li></ul> <p>Amended repayment schedule with JV partner loan facility, should it be utilised:</p> <ul style="list-style-type: none"><li>• FY2020-21 Nil</li><li>• FY2021-22 US\$250,000</li><li>• FY2022-23 US\$300,000</li><li>• FY2023-24 US\$250,000</li></ul>
<b>Other JV Loan Terms</b>	<p>Negative pledge is provided by Company in relation to the creation of security without Lender consent.</p> <p>Events of Default: Non payment by due date, misrepresentation, insolvency event and if Company incurs financial indebtedness in excess of USD5MM without Lender consent.</p> <p>Interest rate of 11% on drawn funds. No arrangement fee.</p>

## Oilex resolves Timor dispute

Oil & Gas Today      10 August 2020

Oilex, as operator of the joint petroleum development area (JPDA) 06-103 production sharing contract (PSC) in East Timor, has executed a deed of settlement and release with the Autoridade Nacional Do Petroleo E Minerais (ANPM).

As a result, the ongoing arbitration proceedings arising from the termination of the PSC by the ANPM in 2015 have been discontinued and all claims and counterclaims between the parties are settled.

JPDA 06-103 covers an area of 1870km<sup>2</sup>, and is located in the Flamingo Trough portion of the Northern Bonaparte Basin, Timor Sea.

The execution of the deed sees an amicable conclusion to the arbitration proceedings, where Oilex (10 per cent) and its joint venture partners (Pan Pacific Petroleum 15 per cent, Japan Energy 15 per cent, Gujarat State Petroleum 20 per cent, Bharat Petroleum Resources 20 per cent, Videocon 20 per cent) in the PSC were subject to a penalty claim of \$US17 million (\$23 million) on a joint and several basis.

Under the terms of the deed, Oilex has committed to a settlement of \$US800,000, which is to be paid in the 2021 and 2022 financial years.

In November 2006, Oilex and its joint venture partners entered into a PSC with the designated authority for JPDA 06-103 with an effective date of January 15, 2007.

However, in July 2013 the company, on behalf of the JV, submitted to the ANPM, a request to terminate the PSC by mutual agreement in accordance with its terms and without penalty or claim, which the ANPM issued a notice of termination and demand for payment in 2015.

In addition, the company has entered into an unsecured loan facility agreement with two of its joint venture partners which further provides it with the option to extend the settlement payments into the 2023-24 financial year.

Oilex managing director Joe Salomon said it was an “excellent outcome for all parties involved” who has worked over a prolonged period of time to secure this outcome.

“The repayment schedule which is deferred for a significant period is insiders with the lifting of the escrow period of the shares anticipated to be received from the sale of our Cooper Basin assets to Armour Energy,” Salomon said.

## Oilex settles East Timor dispute

Oil&Gas Journal, 10 August 2020. By Rick Wilkinson

Oilex Ltd., Perth, has executed a deed of settlement and release with East Timor national company Autoridade Nacional Do Petroleo E Minerals (ANPM) to end lengthy arbitration proceedings arising from the termination of a production sharing contract in the Timor Sea by ANPM in 2015 ([OGJ Online, May 15, 2015](#)).

The settlement includes all claims and counterclaims between the parties.

Oilex said the permit referred to is in the joint petroleum development area between East Timor and Australia (the former JDPA 06-103) and execution of the deed provides an amicable conclusion to the proceedings.

The company has committed to a settlement of \$800,000 payable in the 2021 and 2022 financial years.

In addition, Oilex has entered into an unsecured loan facility agreement with two of its JV partners which further provides the company with the option, at its sole discretion, to extend the settlement payments into the 2023-24 financial year.

Originally Oilex and its JV partners in the PSC were subject to a penalty claim of \$17 million plus interest on a joint and several basis. The company subsequently lodged a counterclaim against the ANPM for \$23.3 million plus interest for damages arising from what the JV claimed was the wrongful termination of the PSC ([Aug. 21, 2019](#)).

## Excellent outcome for Oilex as Timor dispute settles

AUSTRALIAN-headquartered oil and gas explorer Oilex has reached a settlement with its joint venture partners and the Timor Leste government over a disputed interest and alleged finances owed as operator in an offshore block.



### Markets > Finance-and-legal

10 August 2020

### Paul Hunt

Senior Journalist:  
Oil & Gas, Policy.



Oilex held a 10% stake in a highly prospective offshore block called JPDA 06-103 in the Flamingo Trough portion of the Northern Bonaparte Basin, in the Timor Sea.

The company was operator of the project alongside Pan Pacific Petroleum (15%), Japan Energy (15%), GSPC (20%), Videocon (20%), and Bharat Petro Resources (20%).

Videocon is itself insolvent and the chairman is under investigation for corrupt financial dealings unrelated to this matter.

The venture was formed over a decade ago in 2009. At the time, the managing director Bruce McCarthy said the block represented a "highly attractive offshore oil exploration opportunity" and held "significant oil resources."

However, in 2015 the Timor Leste state oil and gas authority Autoridade Nacional do Petroleo terminated the Production Sharing Agreement between the venture for the block claiming the partners had not met the minimum exploration work program commitments, including some legal content obligations.

Oilex was to drill one remaining exploration well, which was nominally selected as Bazartete-1.

The government body said due to Oilex not meeting its commitments, it was subsequently owed US\$17 million (A\$23M) to meet the estimated cost of exploration activities not carried out.

The joint venture contested this and submitted its own counter claim against the government body in August last year.

The counter claim against the department sought damages of US\$23.3 million, plus interests, for "wrongful termination" of the PSC.

Today Oilex announced the venture had reached a settlement with the department, and would pay US\$800,000 over two years.

Further details of the amount to be paid by all venture partners was not made public.

"This is an excellent outcome for all parties involved who have worked diligently over a prolonged period to secure this sensible and amicable outcome," Oilex managing director Joe Salomon told the share market this morning.

According to the company's latest quarterly report the business had just \$160,000 cash in the bank. However it expects cash proceeds from the sale of its Cooper Basin portfolio of \$125,000 in September.

"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."

Oilex sold its subsidiary CoEra which holds a 79.33% direct interest in two permits in the Cooper Basin to Armour in May after an earlier deal with Doreimus fell through.

The two permits were PEL 112 and PEL 444. CoEra also had an option to take the remaining 20.66% interest from a trio of North American companies.

In June, Oilex moved its attention overseas and bought a 50% interest into the West Kampar PSC in Indonesia .It also moved to the East Irish Sea.

It is not the first time Oilex has held a stake in the PSC which holds the Pandalian oilfield. It had previously held a 45% interest under a historic agreement dating back to 2007.

Oilex shares were worth 0.2 cents each at noon. The company has a market cap of \$7.6 million.

