

Doriemus Plc

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ASX Code: DOR

ASX / Media Announcement

15 June 2018

Approval for Extended Flow Test Programme at Horse Hill

Highlights:

- **Planned 150-day production EWT set to commence on Horse Hill oil discovery.**
- **All EWT regulatory permissions now in place and EWT operations are fully funded.**
- **The EWT follows the successful short-term 2016 flow tests which achieved an aggregate stable rate of 1,688 barrels of oil per day ("bopd") over three 30-90 hour test periods.**
- **EWT comprises 3 separate long-term flow periods of the oil productive Portland, Kimmeridge Limestone 4 ("KL4") and Kimmeridge Limestone 3 ("KL3") zones.**
- **Programme aims to confirm commerciality of Portland and Kimmeridge Limestone oil discoveries and gear-up for first permanent oil production targeted in 2019.**
- **Targeted drilling of HH-2 appraisal well as future producer to follow a successful EWT outcome. Planning approval and environmental permits for drilling are in place.**

Doriemus Plc (ASX: DOR) ("Doriemus" or the "Company"), is pleased to announce that it has been informed by Horse Hill Developments Ltd ("HHDL"), the operator of the Horse Hill-1 ("HH-1") KL3, KL4 and Portland oil discovery, that the OGA has granted its consent for the forthcoming HH-1 EWT programme. All other necessary regulatory consents from Surrey County Council ("SCC"), the Environment Agency ("EA") and the Health and Safety Executive are in place. The Company has funded its full share of operational EWT costs. Commencement of the EWT, expected shortly, will be announced in due course.

David Lenigas, Doriemus's Executive Chairman, commented:

"It has taken a long time to get all of the necessary approvals in place to finally conduct these long awaited extended well tests of the Horse Hill -1 well's Portland and Kimmeridge oil discoveries near London's Gatwick airport. This is a very significant event for the Horse Hill oil discovery in the Weald Basin and will hopefully prove to be significant for Doriemus and its Horse Hill partners."

Horse Hill Oil Discovery

The HH-1 Portland sandstone and KL3 and KL4 oil discoveries lie within onshore Weald Basin licences PEDL137 and PEDL246, covering an area of 55 square miles (143 km²) north of Gatwick Airport. As reported by the operator on 21 March 2016, HH-1 flow tested at a significant commercial aggregate estimated stable dry oil rate of 1,688 barrels of oil per day ("bopd") from the Portland, KL3 and KL4 reservoir horizons.



The 3 individual reservoir horizons were independently tested at stabilised flow rates of approximately 323 bopd, 464 bopd and 901 bopd respectively, the combined total aggregated to 1,688 bopd. During the flow periods of each individual zone (ranging from 4.5 to 11 hrs to get stabilised flow) no clear indications of any reservoir pressure depletion were observed.

Doriemus Plc interest in HH-1

Doriemus owns 10% of HHDL, which owns 65% of the Horse Hill Licences which hosts the HH-1 oil discovery well, or a 6.5% attributable interest in the licences. (See Figure 1 for location)

EWT Overview

The EWT will comprise a series of three separate test sequences commencing in the Portland followed by the KL4 and finally, the deeper KL3. If time permits a test combining the KL4 and KL3 (a commingled test) may be undertaken. Each test will utilise existing perforated zones as per the 2016 test programme. The expected duration of the full flow programme is around 150 days.

As the 2016 short flow test campaign established commercially viable initial flow rates for each of the Portland, KL4 and KL3 zones, the 2018 long-term testing programme's goal is to determine commerciality by confirming that HH-1's reservoirs are each connected to a commercially viable oil volume.

It is expected that, should the minimum commercial volume threshold be met or exceeded, a declaration of commerciality for each horizon could be made in a timely manner after the completion of each testing sequence.

Given a positive Portland and Kimmeridge test outcome at Horse Hill, it is expected that a Competent Person's Report covering Kimmeridge resources and an updated Portland recoverable resources/reserves will be undertaken in due course.

Portland Test

As per the 2016 test, which flowed oil from the Portland at a stable metered rate of 323 bopd over an 8.5 hour period, a linear rod-pump will be utilised to flow Portland oil from around 35 metres of existing perforations located at around 615 metres below surface. As the 2016 test rates were constrained by the pump's capacity, the new test will use a larger pump with a capacity of around 475 bopd.

Given the currently estimated low Portland production costs of around \$20-25 per barrel, the 32 million barrels most likely Portland oil in place calculated by Xodus in 2017, together with the good flow rates recorded in 2016, the Company believes that the Portland is a strong candidate for commercial viability. Consequently, subject to a successful test outcome, the Company is targeting an assessment of Portland commerciality in Q3 2018.

KL3 and KL4 Tests

The planned Kimmeridge programme is designed to build upon the short stabilised natural flow periods of the 2016 test campaign, which tested at an aggregate stable dry oil rate of 1,365 bopd, comprised of 901 bopd and 464 bopd from the KL4 and KL3 zones respectively. The 2016 dry oil rates were recorded over 4-7.5 hour stabilised flow periods through restricted choke settings of 1" and ½" respectively.

The two 2018 long term Kimmeridge tests will utilise existing perforations and will access around a 30 metre gross reservoir zone in each of the KL3 and KL4 zones, located at around 840 and 900 metres below surface respectively. As well as determining the volume of Kimmeridge oil in contact with the wellbore, the testing programme is designed to assess whether the Kimmeridge is one large single reservoir where both KL3 and KL4 are connected by natural fractures within the encasing oil generative shales.

Furthermore, the long term Kimmeridge reservoir performance data is expected to provide the necessary data to enable, for the first time, Petroleum Resources Management System compliant Kimmeridge limestone reserve and resource figures to be estimated at Horse Hill and, by analogy, for the wider Kimmeridge play.

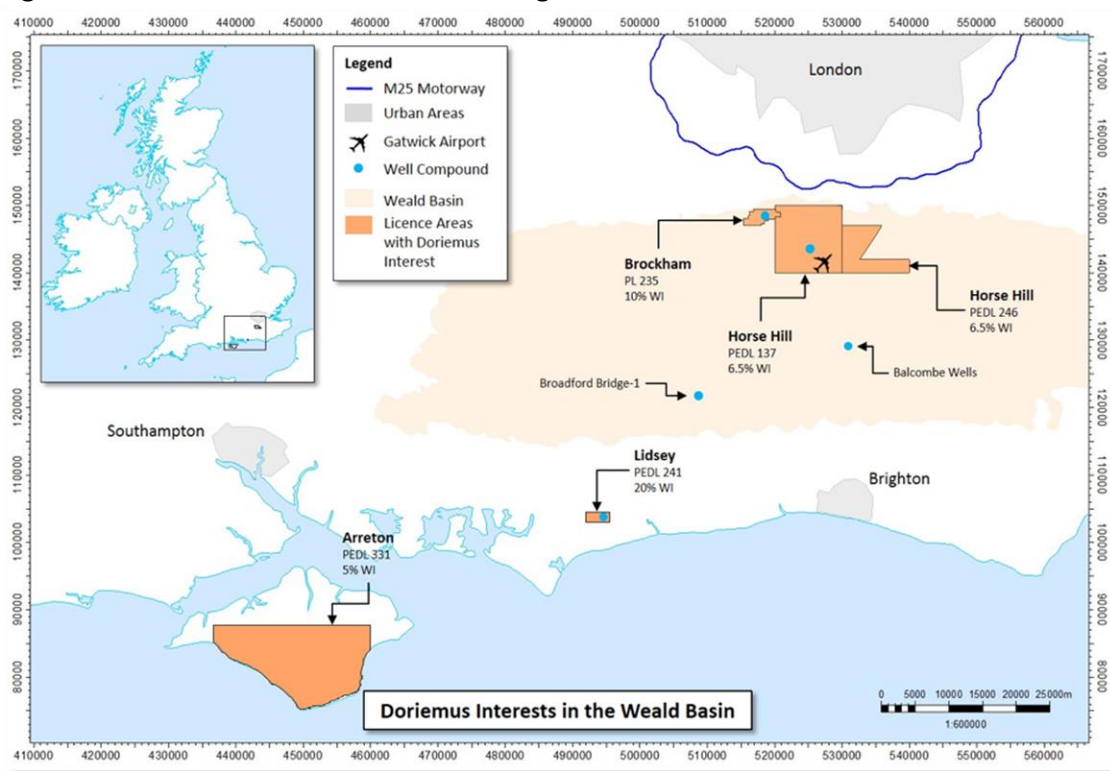
Future Drilling and Production Plans

Subject to a successful testing outcome in the Kimmeridge and Portland, the HH-2 appraisal well is planned to immediately follow the EWT in late 2018/early 2019. The well will be drilled as a future Portland production well. Drilling plans include optionality to deepen HH-2 into the Kimmeridge to gather core and image log data, together with a possible northwards deviation to access the adjacent oil bearing Collendean Farm fault block's significant Portland oil resources.

Similarly, contingent upon EWT success, an HH-1z Kimmeridge sidetrack spud is planned in 2019 following integration of HH-1 Kimmeridge production data into a reservoir model and data from any future HH-2 Kimmeridge core. Necessary Planning and EA permits for HH-2 and HH-1z are in place.

To achieve its goal of stable, long-term Horse Hill oil production during 2019, HHDL now plans to submit a further production planning application to SCC in summer 2018. This application will seek consent to produce oil initially from HH-1 & 1z, and HH-2, together with further production wells in a second contingent drilling phase.

Figure 1: Doriemus Plc's UK onshore oil and gas assets:



QUALIFIED PETROLEUM RESERVES AND RESOURCES EVALUATOR STATEMENT:

Pursuant to the requirements of the ASX Listing Rules, the technical information and resource reporting contained in this announcement was prepared under the supervision of Mr. Gregory Lee, who is the Technical Director of the Company. Mr. Lee has more than 30 years' diversified experience in the petroleum industry. Mr. Lee is a chartered professional Engineer (CPEng) and a member of the society of petroleum engineers (MSPE) and has been an independent consultant Petroleum Engineer since 1992 and has sufficient experience in exploration for, appraisal and development, operations of oil and gas resources.

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FORWARD LOOKING STATEMENTS AND IMPORTANT NOTICE:

This document may contain forward looking statements that are subject to risk factors associated with the oil and gas industry. Forward looking statements include but are not necessarily limited to statements concerning Doriemus's planned operations and other statements that are historic facts, when used in this announcement, the words such "could", "plan", "estimate", "expect", "intend" "may", "potential", "should" and similar expressions are forward looking statements. Although the expectations reflected in these statements are reasonable, they involve risks and uncertainties, and may be affected by many variables which could cause actual results or trends to differ materially. No assurance can be given that actual results will be consistent with these forward looking statements.

Investors should make and rely upon their own enquiries before deciding to acquire or deal in the Company's securities.

GLOSSARY:

discovery	a discovery is a petroleum accumulation for which one or several exploratory wells have established through testing, sampling and/or logging the existence of a significant quantity of potentially moveable hydrocarbons.
limestone	a sedimentary rock predominantly composed of calcite (a crystalline mineral form of calcium carbonate) of organic, chemical or detrital origin. Minor amounts of dolomite, chert and clay are common in limestones. Chalk is a form of fine-grained limestone.
oil field	an accumulation, pool or group of pools of oil in the subsurface. An oil field consists of a reservoir in a shape that will trap hydrocarbons and that is covered by an impermeable or sealing rock.
pump stroke capacity	in a rod pump the product of the rod cross-sectional area, maximum distance between the top and bottom of the rod stroke movement and the pump stroking speed.
recoverable volumes or resources	those quantities of petroleum (oil in this case) estimated, as of a given date, to be potentially recoverable from known accumulations.
reserves	those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by development and production status.
sandstone	a clastic sedimentary rock whose grains are predominantly sand-sized. The term is commonly used to imply consolidated sand, or a rock made of predominantly quartz sand.