

Doriemus Plc

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Corporate Information:
ASX Code: DOR



ASX / Media Announcement

19 February 2019

Portland Oil Production Resumes at Horse Hill Oil Field

Weald Basin, Onshore UK

Doriemus Plc (ASX: DOR) (“Doriemus” or the “Company”), today announces the resumption of continuous Portland dry oil flow (i.e. oil with zero water content), at a stable daily rate of between 208 to 218 barrels per day (“bopd”). This resumption of flowing from the Portland forms a key part of the schedule of works and data collection required to finalise the Portland field development plan and to the targeted establishment of permanent long-term Portland production, planned by end 2019.

On 18 February 2019, The operator of Horse Hill, Horse Hill Development’s Limited, have advised the following:

“Further details of extended well test (“EWT”) results to date are summarised below.

Horse Hill 2018-19 EWT Oil Production Milestones:

- Over 30,200 barrels (“bbl”) aggregate Kimmeridge and Portland oil production to date.
- Over 25,000 bbl total Kimmeridge oil production.
- Over 5,100 bbl total Portland production to date, flow continues.
- 142 tankers of crude successfully exported primarily to Perenco’s Hamble oil terminal. The KL’s 40° API Brent quality crude containing no produced water, continues to be sold at prevailing Brent crude oil prices, less a small deduction for handling and marketing.

Portland Test Production and Future Plans

For prudent reservoir management purposes, the average test production rate from the 114 ft vertical perforated Portland section will be maintained at below the previously reported 362 bopd calculated optimised sustainable rate. This HH-1 test production is planned to continue until the drilling and completion of the new HH-2 Portland horizontal well, scheduled to start in spring 2019, for which planning and environmental permits are in place. Portland test production will then be switched over to HH-2.

As detailed in UKOG’s 23 January 2019 Strategic Review¹, the HH-2 Portland flow rate target of 720-1,080 bopd targeted from the HH-2 horizontal well, which has been externally verified as a realistic and viable expectation by Xodus Group Ltd (“Xodus”), is designed to position Horse Hill as the Weald Basin’s leading oil producing field by year end. Subsequent planned horizontal wells in 2020 are designed to further boost gross Portland production and to position UKOG as one of the current top three oil producing companies in the UK onshore sector.

¹ UK Oil and Gas Investments Plc – London Stock Exchange news release date 23 January 2019 - <https://www.londonstockexchange.com/exchange/news/market-news/market-news-detail/UKOG/13944257.html>

Kimmeridge Future Test Production Plans

In tandem with Portland operations, the Kimmeridge oil pool was shut-in to conduct a further long-term pressure build up test. Pressure gauges, set within the Kimmeridge reservoir, will monitor the Kimmeridge reservoir pressure whilst the Portland is flowed.

Resumption of continuous Kimmeridge test production is now planned to follow directly after the drilling of HH-2. Production will be initially via a short flow test period from the existing HH-1 wellbore, then by further long term production testing of the planned new drill HH-1z Kimmeridge sidetrack (for which planning and environmental consent are in place). As the HH-1z Kimmeridge horizontal has similar flow rate targets as the Portland, there is significant potential to increase aggregate production towards the 3,500 bopd envisaged maximum detailed in the recent planning application."

David Lenigas, Doriemus Executive Chairman, commented:

"The Horse Hill -1 well continues to perform to expectations, and the oil field remains on course to commence drilling of the first two horizontals in the 2nd Quarter of 2019, with long term production testing of both wells planned to follow directly afterwards. The flow test results to date, combined with the prospect of further near term drilling, place Horse Hill in a strong position to deliver positive "free" cash flow to Horse Hill's development partners in the near and foreseeable future."

Doriemus Plc interest in Horse Hill:

Doriemus currently owns 10% of Horse Hill Developments Limited ("HHDL"), which owns 65% of the two UK onshore petroleum exploration and development licences being PEDL 137 and PEDL 246, which hosts the Horse Hill oil discovery in the UK's onshore Weald Basin, or a 6.5% attributable interest in the licences. (See Figure 1 for location). On xx February, Doriemus announced that it had signed a binding agreement to sell 60% of its HHDL interest to UK Oil and Gas Investments Plc and on completion of this transaction, Doriemus' interest in HHDL will reduce to 4%.

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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Glossary

°API	a measure of the density of crude oil, as defined by the American Petroleum Institute
oil field	an accumulation, pool or group of pools of oil in the subsurface that produces oil to surface.
extended well test (EWT) or production test	a well test, as per the permission granted by the Oil and Gas Authority, with an aggregate flow period duration over all zones of greater than 96 hours and generally up to 90 days maximum flowing time per productive horizon. The objective being to establish whether a discovery is commercially viable and the best methods of future production and recovery
flow test	a flow test or well test involves testing a well by flowing hydrocarbons to surface, typically through a test separator. Key measured parameters are oil and gas flow rates, downhole pressure and surface pressure. The overall objective is to identify the well's capacity to produce hydrocarbons at a commercial flow rate.
horizontal well	a well that during drilling is steered so as to follow and remain within a particular geological stratum or reservoir unit having a trajectory that runs approximately parallel to the top and or base of the target horizon
positive "free" cash flow	Revenues that have paid back the full capital cost of the activity, in this case the cost of the well. If the prognosed target rates are met, and at current oil prices, the planned horizontal wells are expected to pay-back capital costs in under 6 months.
sidetrack	re-entry of a well from the well's surface location with drilling equipment for deviating from the existing well bore to achieve production or well data from an alternative zone or bottom hole location

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.