

Doriemus Plc

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Corporate Information:
ASX Code: DOR



ASX / Media Announcement

29 April 2020

Quarterly Activity Report to 31st March 2020

Highlights

Australia:

- **Proposed Acquisition of Coera Limited**

- Doriemus announced on 30 January 2020 that it had executed a binding conditional Heads of Agreement with ASX Listed Oilex Limited for the proposed acquisition by Doriemus of Coera Limited which holds a portfolio of oil and gas assets within the proven onshore South Australian Cooper-Eromanga Basin ("**Proposed Acquisition**").
- Doriemus subsequently announced that, given the events of COVID-19 and unprecedented market and global conditions, the Board had taken the view that it is in the best interests of the Company, its shareholders and other stakeholders to not proceed with the capital raising element of the Proposed Acquisition.

As the Proposed Acquisition was conditional upon the successful capital raising, the Company was unable to proceed.

- **WA onshore block L15**

- Doriemus announced on 6 February 2020 that it had filed a Notice of Withdrawal from the farm-out agreement for L15. The relevant farmout agreement is now deemed terminated and Doriemus has not earned any interest in the L15 asset.

United Kingdom:

- **Horse Hill-2Z ("HH-2Z")**

- Operations commenced with well intervention activities in an attempt to identify and isolate the unexpected water production from the horizontal section of HH-2Z in the Portland Sandstone formation.
- The water ingress was successfully isolated and the well was placed back on production to monitor the wells performance and to ensure no water.

- **Horse Hill 1 ("HH-1") Extended Well testing**

- Ongoing Extended Well testing and oil production continues from the Kimmeridge during the HH-2Z EWT.

- **Brockham License**

- The company is still awaiting the operator of this licence, Angus Energy Plc, to give an update since their last announcement stating that they had entered into preliminary discussions with a third party regarding a proposed sale of the Operator's 65% interest in the Brockham license.

Doriemus Plc (ASX: DOR) (“Doriemus” or the “Company”), is pleased to provide the Quarterly Activities for the period representing the 3 months to 31 March 2020 (the “Period”) and material events post the end of the Period.

OPERATIONAL ACTIVITIES FOR THE QUARTER TO 31 MARCH 2020

PROPOSED ACQUISITION OF COERA LIMITED:

Doriemus announced on 30 January 2020 that a binding conditional Heads of Agreement has been executed between Doriemus and Oilex Limited for the proposed acquisition by Doriemus of Coera Limited which holds a portfolio of oil and gas assets within the proven onshore South Australian Cooper-Eromanga Basin (“Proposed Acquisition”). The completion of the Proposed Acquisition, was subject to a number of conditions precedent being satisfied including, in particular, a successful capital raising of at least \$3.5m (“Bookbuild”), as well as other conditions that were specified in the announcement of 30 January 2020.

After providing a series of updates during the quarter, Doriemus announced on 24 March 2020 that:

- The raising of a minimum of \$3.5m million in funds that was required to satisfy the capital raising condition precedent for the Proposed Acquisition had not been achieved.
- In light of the above, and in these unprecedented times of market and global uncertainty, the Board took the view that it was in the best interests of the Company, its shareholders and other stakeholders to not proceed with the capital raising element of the Proposed Acquisition (which included the Bookbuild) at the time.
- In addition to withdrawing the Bookbuild, the Company also withdrew the priority and shortfall offer, as well as the bonus option issue, both of which were announced on 5 March 2020 (such offers have been subsequently withdrawn in consultation with ASIC).

ONSHORE WESTERN AUSTRALIAN ASSET BLOCK L15:

Doriemus announced on 6 February 2020 that it had filed a Notice of Withdrawal from the farm-out agreement for L15 with Rey Resources. The relevant farmout agreement is now deemed terminated and Doriemus has not earned any interest in the L15 asset.

UK OIL PRODUCTION AND EXPLORATION:

HORSE HILL (“HH”) PETROLEUM EXPLORATION AND DEVELOPMENT LICENSE:

Doriemus currently owns 4% of Horse Hill Developments Limited (“HHDL”), which owns 65% of two Petroleum Exploration and Development Licences (“PEDL”) PEDL137 and PEDL246 in the northern Weald Basin between Gatwick Airport and London. The PEDL137 licence covers 99.29 km² to the north of Gatwick Airport in Surrey and contains the Horse Hill-1 (“HH-1”) discovery well. PEDL246 covers an area of 43.58 km² and lies immediately adjacent and to the east of PEDL137 which hosts the HH-1 oil discovery well located in PEDL137 in the UK’s onshore Weald Basin. This equates to a 2.6% attributable interest in the licences. (See Figure 2 for location.) HHDL is the nominated operator (“Operator”) of the Horse Hill License.

Horse Hill-Field

On 16 March 2020 Doriemus announced that:

- It had been informed by the operator of Horse Hill licenses that the Oil and Gas Authority had approved the Horse Hill Field Development Plan and consented to the start of long-term production (“Production”) from the field.
- This key consent will enable net recoverable reserves to be allocated to all partners, a prerequisite for any potential future debt-based funding. It will also permit the operator to enter into long-term field operations contracts which can help reduce operating costs below \$19 per barrel, making the field profitable even at current low oil prices.
- Portland oil pool “Production” will commence via Horse Hill-1 (“HH-1”), a well intervention program is planned to install a dual completion that will allow simultaneous production from both the Kimmeridge and the Portland in late spring.
- Production from HH-2z is planned to follow upon completion of the current extended well testing campaign.

Horse Hill-2Z (“HH-2Z”)

On 20 February 2020, the Company announced that the operator had commenced well intervention activities in an attempt to identify and isolate the unexpected water production from the horizontal section of HH-2Z in the Portland Sandstone formation.

On 10 March 2020 the Company announced that:

- The operator had commenced well intervention activities in an attempt to identify and isolate the unexpected water production from the horizontal section of HH-2Z in the Portland Sandstone formation. The operator confirmed that the intervention operation to shut off significant formation water ingress into its Horse Hill-2z (“HH-2z”) horizontal production well with a plug was successful.
- Dry oil flow rates during the initial 48-hour period to date are encouraging, with metered daily rates averaging 223 barrels of oil per day (“bopd”). However, as is to be expected in the very early “clean-up” stage of such a horizontal wellbore, both oil and associated gas rates have been very variable. Half hourly rates have thus ranged from a high of 778 bopd to a low of around 10 bopd during intermittent short periods of “slugging”.
- It was expected that the full clean-up process was likely to take a number of weeks of aggregate flow. As part of the clean-up process, to ensure the full remaining horizontal section contributes towards aggregate oil flow, further interventions are planned to help fine-tune and optimise flow from the well.
- HH-2z clean-up operations were planned to continue over the coming week, after which essential maintenance and a planned upgrade of well test and production facilities will occur. These operations, designed primarily to enable simultaneous production from HH-1 and HH-2z, required both HH-1 and HH-2 to be shut-in for a period of up to ten days. Full extended well test operations with simultaneous multi-well production were planned to resume directly after the shut-in.

Horse Hill 1 (“HH-1”) Extended Well testing

Ongoing extended well testing operations are continuing.

BROCKHAM PRODUCTION LICENSE:

The Brockham Licence is 8.9km² in size and is located in the north portion of the onshore UK Weald Basin in Surrey south of London's Gatwick International Airport (See Figure 2). Doriemus owns a 10% direct interest in the Brockham Oil Field which is held under UK Production Licence PL235 and operated by Angus Energy Plc (the "Operator").

Angus Energy Plc ('the Operator') has not updated the company in relation to their previous announcement noting their intention as the Operator to possibly dispose of its own interest in Brockham.

Doriemus is still awaiting an update from the operator and is still reviewing all of its options in connection with its interest in the Brockham asset and the work programme. The Company will provide a further update upon any material developments occurring.

ISLE OF WIGHT PEDL331 (ARRETON OIL DISCOVERY)

Doriemus has a 5% participating interest in a 200km² onshore Isle of Wight Petroleum Exploration and Development License ("PEDL 331").

The Isle of Wight PEDL331 Arreton license contains a discovery well, Arreton, plus several geologically similar prospects, Arreton South and North prospects.

On 24 March 2020, the Company announced that it had been informed by UK Oil & Gas Plc ("UKOG"), who is the operator of the onshore Isle of Wight Petroleum Exploration and Development License ("PEDL 331") of the following:

- The operator had filed a planning application ("Application") with the Isle of Wight Council for the appraisal drilling and flow testing of the Arreton oil discovery. Following a one-week statutory notice period, the application was expected to go "live" on 27 March 2020.
- The Application details the planned construction, operation and eventual decommissioning of a well site for the appraisal of hydrocarbons via a deviated borehole (Arreton-3 or "A-3") plus a possible horizontal sidetrack off the "mother" borehole (Arreton-3z or "A-3z"), all to be undertaken within a temporary period of three years.
- The operator will minimise the potential noise and visual impact of the site, which will be largely screened from public view. The operator has chosen a site adjacent to land which already supports non-agricultural commercial uses. The land immediately to the east supports the Wight Farm Anaerobic Digestion Energy Power Station and to the west supports the Blackwater Quarry and ancillary operations connected to the working of aggregates.
- As reported in the UKOG's July 2018 AIM admission document, the Arreton conventional oil discovery, a geological analogue of the Horse Hill oil field contains three stacked Jurassic oil pools containing an estimated third party (Xodus) calculated aggregate gross P50 oil in place of 127 million barrels ("mmbbl"). Doriemus has a 5% participating interest.
- The A-3 well is envisaged to duplicate or "twin" the A-1 and A-2 discovery wells drilled by BP and the Gas Council (now Spirit Energy) in 1952 and 1974, respectively. Should short term flow testing of A-3 indicate likely commercial viability, it is envisaged that an A-3z horizontal sidetrack would be drilled and put on extended well test to assess longer-term flow performance.

GREENLAND GAS & OIL PLC

The Company has a small shareholding in the English registered company Greenland Gas and Oil Plc (“GGO”), which is an early stage oil and gas exploration company focused on acquiring oil and gas exploration assets in Greenland. There were no material updates over the quarter.

MAP OF UK OPERATIONS:

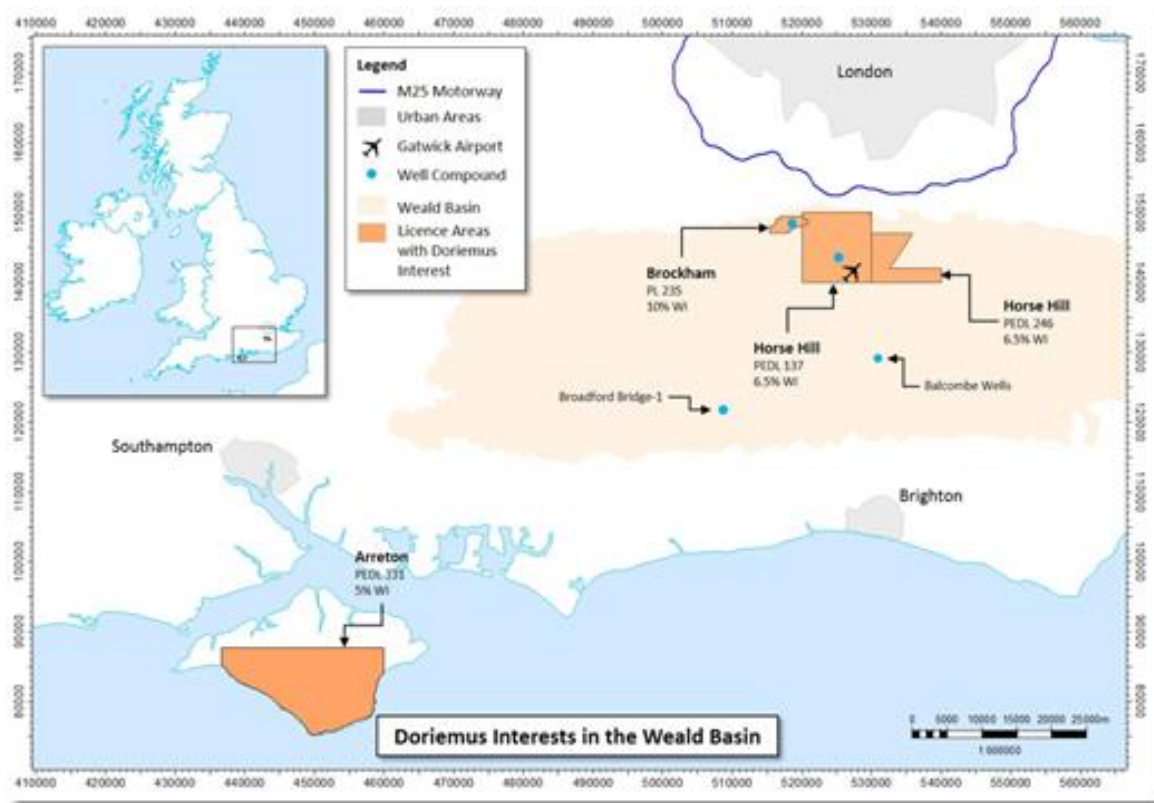


Figure 2: Doriemus Plc's UK based Oil and Gas Assets

POST PERIOD ACTIVITY

The Company announced on 29 April 2020 that it had concluded the ongoing negotiations with Oilex in respect of a revised deal structure for the acquisition of Coera Limited and that the parties mutually agreed to terminate the term sheet dated 29 January 2020 (and announced on 30 January 2020).

CORPORATE ACTIVITY

Nothing material noted during the quarter other than as reported above.

CONTACT:

For further information on this update or the Company generally, please visit our website at www.doriemus.co.uk or contact:

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FORWARD LOOKING STATEMENTS AND IMPORTANT NOTICE:

This announcement may contain forecasts, projections and forward-looking information. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions it can give no assurance that these will be achieved. Expectations, estimates, projections and information provided by the Company are not a guarantee of future performance and involve unknown risks and uncertainties, many of which are out of the Company's control. In respect to its UK operations, Doriemus is reliant on the information provided by the operators of those assets and does not control the day to day operations of these projects and is not always able to independently verify the information provided by such operators. Actual results and developments may differ materially from those expressed or implied. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by many variables which could cause actual results or trends to differ materially. To the maximum extent permitted by applicable laws, the Company makes no representation and can give no assurance, guarantee or warranty, express or implied, as to, and takes no responsibility and assumes no liability for (1) the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omission from, any information, statement or opinion contained in this announcement and (2) without prejudice to the generality of the foregoing, the achievement or accuracy of any forecasts, projections or other forward looking information contained or referred to in this announcement.

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

QUALIFIED PETROLEUM RESERVES AND RESOURCES ESTIMATOR STATEMENT:

Unless otherwise specified or referenced, the technical information and resource reporting contained in this announcement was prepared by, or 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.