OILEX LTD

ABN 50 078 652 632

INTERIM REPORT

31 December 2015

OILEX LTD

ABN 50 078 652 632

CONTENTS

DIRECTORS' REPORT

The directors present their report together with the condensed interim financial report of the Group comprising of Oilex Ltd (the Company) and its subsidiaries for the half year ended 31 December 2015 and the auditor's review report thereon.

Directors

The directors of the Company at any time during the interim period and until the date of this report are detailed below. All directors were in office for this entire period unless otherwise stated.

Mr Max Dirk Jan Cozijn	Non-Executive Chairman
Mr Jonathan Salomon	Non-Executive Director - Appointed 29 November 2015
Mr Bradley Lingo	Non-Executive Director - Appointed 11 February 2016
Mr Ronald Miller	Managing Director
Mr Sundeep Bhandari	Non-Executive Vice Chairman - Ceased 25 November 2015
Mr Jeffrey Auld	Non-Executive Director - Ceased 25 November 2015

Financial

The Group incurred a consolidated loss after income tax of $23,307,742 for the half year (31 December 2014: loss of $3,118,088). Revenue for the period has decreased due to the decline in the oil price combined with a decrease in production in the current period. The increase in the loss was primarily due to $11,572,740 for the non-cash impairment of exploration and evaluation assets, $3,466,892 for the non-cash impairment of development assets and the increase in exploration and evaluation expense due to the accrual of the Joint Venture Partner's share of Cambay Joint Venture creditors totalling $1,723,200 (refer note 10) in the current period (31 December 2014: nil). Higher administrative expenditure $2,272,774 (31 December 2014: $1,718,780) includes significant legal fees incurred due to the Zeta Resources Limited litigation. Cash and cash equivalents held by the Group as at 31 December 2015 totalled $11,546,688 (30 June 2015: cash and cash equivalents $1,187,158).

Review of Operations

Oilex is focused on assets around the Indian Ocean Rim. The Company is evaluating and commercialising the extensive Eocene low permeability (tight) reservoirs in its onshore Cambay Field project located in the state of Gujarat, India, where energy market fundamentals are relatively attractive. Oilex is applying tight reservoir evaluation, drilling and production techniques which have been developed and widely used by the shale gas and tight oil (SGTO) industry in North America. Oilex also has a large frontier acreage position in the onshore Canning Basin, Western Australia, which is anticipated to be prospective for conventional and SGTO resources.

Cambay Field

Production for the period was 3,112 boe. Oil production for the period was net 1,104 bbl (prior period 2,588 bbl) and gas production was 2,008 boe (nil for the prior period). The lower production during the current period was a result of C-77H production only recommencing in December 2015. C-73 and various workovers also contributed to production during the period. Production for the half year ended December 2014 included C-77H well test production which was completed in November 2014.

Sales from the Cambay Field for the half year to December 2015 included oil and gas and amounted to net 2,598 boe (prior period 2,009 boe).

During the period a number of workovers were completed.

Cambay-19z

During the period a workover was successfully completed on Cambay-19z, which produced oil within expectations at ~12 bopd plus associated gas from the Eocene (EP-IV) formation. Cambay-19z is located approximately 1.4 km to the west of Cambay-77H.

Cambay-20

Additional workover activity was undertaken at Cambay-20 to improve production performance. This workover activity involved the installation of a hydraulic lift pump unit and downhole pump. Cambay-20 has previously been an intermittent oil and gas producer without using a downhole pump. Upon completion and pumping out of the brine gas was detected at surface in a similar manner to Cambay-19z and influx of liquids from the reservoir to the well bore was being assessed during the period to determine the overall production potential of the well.

Cambay-77H

The Company completed the workover of Cambay-77H which included replacement of the frac tree with a production tree and installation of production tubing. Since restarting production in December 2015, Cambay-77H production has gradually increased from 51 boepd. The initial average production rate for 10 days (IP10) was ~71.5 boepd and average IP10 condensate gas ratio (CGR) was ~92.5 bbls/MMscf. Production for 30 days was achieved on 4 January 2016 and Cambay-77H averaged ~70 boepd, meeting the buyer's demand, with an average tubing head pressure of 1,851 psig and the CGR remained stable averaging ~90 bbls/MMscf. With further production, it is expected that the CGR may decrease to the anticipated 40-50 bbls/MMscf as the tubing head pressure decreases.

Cambay Gas Market

Cambay-77H gas continues to be sold into the low-pressure gas market in the immediate vicinity of the field partially serviced by the gas buyer and has a peak demand rate of ~0.57 MMscfd. The Company has been monitoring the licensing process by the Government of India (GOI) for expansion of a City Gas Distribution Network for the Anand Geographical Area (Area) which is ~1,900 km^2. The Cambay Field is located within the Area and has a natural competitive advantage to imported LNG, which is currently used to supplement domestic gas within the Area.

Cambay-78H and Cambay-80H

During the period the joint venture partner had formally indicated to the Company that it wished to vary the approved 2015/16 work programme, by flowing Cambay-77H for a period of six continuous months before embarking on the approved 2 well drilling campaign which included Cambay-78H and 80-H. In light of this and a change in the Company's funding arrangements resulting from non-receipt in November 2015 of the deferred settlement portion of the capital raising from Zeta Resources Limited, which was approved by Shareholders on 12 August 2015, the commencement of the approved two well drilling programme, including tendering, has been delayed. Any change to the approved work programme for the Joint Venture agreed between the parties requires subsequent approval by the GOI, under the terms of the Cambay Production Sharing Contract.

Production Sharing Contract (PSC) Term

The PSC primary term expires in September 2019, provides for two five year extensions, such that the PSC could be extended to 2029, subject to a field development plan being submitted. The GOI has recently issued a policy proposal to extend the term of the PSC to the economic life of the field. The GOI proposal is anticipated to be finalised in 2016.

Cambay Joint Venture Management

The Company has had a number of constructive meetings with its joint venture partner to resolve the outstanding joint venture receivable amounts, the workover campaign, rescheduling the drilling of Cambay-78H and Cambay-80H wells, and the joint venture partner's participation in these wells. While these negotiations continue, various activities for the Cambay project will be delayed. As at 31 December 2015 Indian joint venture third party creditors totalled US$2.3 million, and creditor payments are being managed by the Operator pending receipt of outstanding cash calls. As at 31 December 2015 the joint venture partner owed ~US$7.3 million to the Cambay Joint Venture.

A draft budget for the 2016/17 year has been submitted to the Joint Venture for review and consideration.

Oilex has engaged the services of Mr Vijay Misra to provide strategic advice for its Indian business. Mr Vijay Misra has over 25 years' experience in the oil and gas industry in India, including senior positions with ONGC and Oil India Ltd including Staff Officer to the Chairman, Country Head for the Sapura Group (Malaysia). Mr Misra has been Chairman of Interlink Petroleum Limited since October 2012.

Bhandut Field

During the period Oilex progressed the establishment of production facilities for Bhandut-3. The Bhandut-3 well and the associated gas production facilities were ready for start-up in December 2015. The gas buyer is responsible for construction of a pipeline to deliver the gas for further processing and had undertaken to have the pipeline completed no later than 31 December 2015. The Company anticipates that this will now be completed in March 2016 to allow commercial production to commence. Bhandut gas is delivered to a third party operated gas processing plant where the gas is further treated to the required pipeline specification and subsequently compressed for entry into the gas network.

The Bhandut-3 production test results have been further analysed and the internal deterministic estimate of 2C Contingent Resource has been upgraded to ~425MMscf (~170MMscf Oilex net) as at 21 August 2015.

Wallal Graben - Western Australia (Canning Basin)

The Goldwyer Formation, a potential resource play, is interpreted to exist within the Wallal Graben. The Wallal Graben may be a relative sweet spot for these organic-rich source rocks as geologically it appears to have been a restricted basin.

The Company has identified and evaluated a suite of 14 conventional leads within three application permits. The leads and prospects inventory comprises multiple play-types ranging from simple structural traps to well-defined fan systems. An evaluation of the unconventional prospectivity was also undertaken which highlighted that unconventional plays are interpreted to exist.

The signing of Heritage Agreements with the Nyangumarta people in relation to the two northern blocks is linked to a request to the Department of Mines and Petroleum (DMP) that all three blocks be awarded simultaneously. Consultations on the Heritage Agreements for all blocks are ongoing. Subsequent to finalising Heritage Agreements with the Native Title parties, the DPM will make an offer to grant a Petroleum Exploration Permit for each of the three blocks to the Company for acceptance.

Farmout efforts are still underway and the Company continues to review how to best market and fund this project given the current difficult economic climate for the oil and gas industry.

JPDA 06-103

The interest in the exploration asset offshore Timor Sea was terminated on 15 July 2015 by the Autoridade Nacional do Petroleo. The Joint Venture has disputed the claim of US$17,018,790 and is attempting to reach an amicable settlement.

West Kampar

Oilex continues to pursue the enforcement of the Arbitration Award with respect to its interest in the West Kampar PSC, onshore Sumatra, Indonesia.

Going Concern

The consolidated financial statements have been prepared on a going concern basis which contemplates that the Group will continue to meet its commitments and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Group to meet both contractual and forecast expenditure will require additional funds through asset sales or new share issues. Further information is provided in Note 2 (b) of the consolidated financial statements.

Corporate

In July 2015, Oilex announced a two tranche placement and underwritten rights issue to raise $30 million (Capital Raising). The Capital Raising comprised the following components:

- First tranche placement raising $1.8 million, completed in July
- Fully underwritten rights issue raising $7.0 million, completed in August
- Second tranche placement raising $11.8 million, completed in August
- Zeta Resources Limited deferred shares and convertible notes to raise $9.4 million to be settled by 12 November 2015

Zeta Resources Limited (Zeta) subscribed for rights issue shortfall shares and second tranche shares totalling 112,011,067 and paid $4,592,454 to increase their interest in the Company to 10.3%. Zeta defaulted on its deferred funding commitment of $9.4 million and commenced legal action against the Company. The Company filed its defence and counterclaim on 16 December 2015. The parties had agreed to a standstill on legal action until 1 March 2016 to explore a possible commercial resolution. A resolution was unable to be agreed and as a result, and in accordance with consent orders made with the Federal Court on 29 February 2016, Zeta must now file and serve any reply and defence to Oilex's cross claim by 29 March 2016. The parties are continuing discussions.

Significant Events After Balance Date

On 15 January 2016 the ANP advised it was willing to accept US$13,585,790 as full and final settlement. This offer was open to acceptance until 12 February 2016. Oilex (JPDA 06-103) Limited's share of the revised demand for payment is US$1,358,579. On 11 February 2016, the Joint Venture rejected this offer on the basis that the Joint Venture considers a nil penalty should be imposed, and a much lower settlement figure is applicable. As at the date of this report the ANP has not responded to the Joint Venture.

The Company has not provided for a monetary settlement in its financial statements. As the Joint Venture has made significant overpayments in the work programme, it is of the opinion that the excess expenditure should be included as part of any financial assessment incorporated in the termination process.

The Joint Venture continues to discuss the financial liability of the Contractor upon termination with the ANP. Whilst negotiations continue the Contractor has not reached a conclusion with the ANP.

Significant Events After Balance Date (continued)

On 11 February 2016 Oilex announced the appointment of Mr Bradley Lingo as a Non-Executive Director. The appointment of a new independent non-executive director, with significant experience in the oil and gas industry, including business development, new ventures, mergers and acquisitions and corporate finance is in line with the Company's decision to appoint additional directors to achieve the right mix of skills, experience and diversity which reflects the Company's strategy and increase the balance of independence on the Board.

There are no other significant subsequent events occurring after balance date.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' Report for the half year ended 31 December 2015.

Signed in accordance with a resolution of the Board of Directors.

Mr Max Cozijn Chairman	Mr Ronald Miller Managing Director

West Perth
Western Australia
14 March 2016

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Oilex Ltd

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Graham Hogg
Partner

Perth

14 March 2016

OILEX LTD
ABN 50 078 652 632

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Note	31 December 2015 $	31 December 2014 $
Revenue	6(a)	**166,459**	232,992
Cost of sales	6(b)	**(538,387)**	(272,005)
Gross loss		**(371,928)**	(39,013)
Other income		**758**	6,573
Exploration expenditure		**(4,116,721)**	(1,040,131)
Impairment of exploration and evaluation assets		**(11,572,740)**	-
Impairment of development assets		**(3,466,892)**	-
Administration expense	6(c)	**(2,272,774)**	(1,718,780)
Share-based payments expense		**(42,627)**	(407,152)
Other expenses	6(d)	**(1,385,762)**	(35,625)
Results from operating activities		**(23,228,686)**	(3,234,128)
Finance income		**35,611**	33,959
Finance costs		**(258)**	(41)
Foreign exchange gain/(loss), net	6(e)	**(114,409)**	82,122
Net finance income		**(79,056)**	116,040
Loss before income tax		**(23,307,742)**	(3,118,088)
Tax expense		**-**	-
Loss for the period		**(23,307,742)**	(3,118,088)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference		**1,297,283**	4,250,375
Other comprehensive income for the period, net of income tax		**1,297,283**	4,250,375
Total comprehensive income/(loss) for the period		**(22,010,459)**	1,132,287
Earnings per share			
Basic loss per share (cents per share)		**(2.07)**	(0.48)
Diluted loss per share (cents per share)		**(2.07)**	(0.48)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

OILEX LTD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	31 December 2015 $	30 June 2015 $
Assets			
Cash and cash equivalents		**11,546,688**	1,187,158
Trade and other receivables	7	**4,330,179**	3,575,545
Prepayments		**460,228**	595,587
Inventories		**1,313,004**	1,249,482
Total current assets		**17,650,099**	6,607,772
Trade and other receivables	7	**104,024**	98,958
Exploration and evaluation	8	**1,068,202**	11,644,674
Development assets	9	**12,773,253**	15,647,996
Property, plant and equipment		**280,312**	280,151
Total non-current assets		**14,225,791**	27,671,779
Total assets		**31,875,890**	34,279,551
Liabilities			
Trade and other payables	10	**5,421,863**	3,673,015
Employee benefits		**452,383**	406,843
Total current liabilities		**5,874,246**	4,079,858
Provisions		**3,779,811**	3,595,742
Total non-current liabilities		**3,779,811**	3,595,742
Total liabilities		**9,654,057**	7,675,600
Net assets		**22,221,833**	26,603,951
Equity			
Issued capital	11	**171,513,760**	153,928,046
Reserves		**8,613,491**	8,693,281
Accumulated losses		**(157,905,418)**	(136,017,376)
Total equity		**22,221,833**	26,603,951

The above Condensed Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Attributable to Owners of the Company				
	Issued Capital $	Option Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2014	149,250,072	4,089,004	1,090,634	(121,075,468)	33,354,242
Total Comprehensive (loss)/income for the period					
Loss	-	-	-	(3,118,088)	(3,118,088)
Other comprehensive income					
Foreign currency translation differences	-	-	4,250,375	-	4,250,375
Total other comprehensive income	-	-	4,250,375	-	4,250,375
Total comprehensive (loss)/ income for the period	-	-	4,250,375	(3,118,088)	1,132,287
Transactions with owners of the Company					
Contributions and distributions					
Shares issued	4,362,379	-	-	-	4,362,379
Capital raising costs[(1)]	(552,676)	147,532	-	-	(405,144)
Shares issued on exercise of listed options	1,094,253	-	-	-	1,094,253
Transfers on forfeited options	-	(2,360,417)	-	2,360,417	-
Share-based payment transactions	-	407,152	-	-	407,152
Total transactions with owners of the Company	4,903,956	(1,805,733)	-	2,360,417	5,458,640
Balance at 31 December 2014	154,154,028	2,283,271	5,341,009	(121,833,139)	39,945,169
Balance at 1 July 2015	153,928,046	2,342,059	6,351,222	(136,017,376)	26,603,951
Total Comprehensive (loss)/income for the period					
Loss	-	-	-	(23,307,742)	(23,307,742)
Other comprehensive income					
Foreign currency translation differences	-	-	1,297,283	-	1,297,283
Total other comprehensive income	-	-	1,297,283	-	1,297,283
Total comprehensive (loss)/ income for the period	-	-	1,297,283	(23,307,742)	(22,010,459)
Transactions with owners of the Company					
Contributions and distributions					
Shares issued	20,641,249	-	-	-	20,641,249
Capital raising costs	(3,055,535)	-	-	-	(3,055,535)
Shares issued on exercise of listed options	-	-	-	-	-
Transfers on forfeited options	-	(1,419,700)	-	1,419,700	-
Share-based payment transactions	-	42,627	-	-	42,627
Total transactions with owners of the Company	17,585,714	(1,377,073)	-	1,419,700	17,628,341
Balance at 31 December 2015	171,513,760	964,986	7,648,505	(157,905,418)	22,221,833

(1) Capital raising costs include unlisted options granted to the underwriter and sub-underwriters.

The above Condensed Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

OILEX LTD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	31 December 2015 $	31 December 2014 $
Cash flows from operating activities		
Cash receipts from customers	**162,402**	241,668
Payments to suppliers and employees	**(2,304,685)**	(1,995,279)
Cash outflows from operations	**(2,142,283)**	(1,753,611)
Payments for exploration and evaluation expenses	**(3,551,448)**	(879,195)
Cash receipts from government grants	**-**	358,517
Interest received	**28,291**	33,925
Interest paid	**(258)**	(41)
Net cash used in operating activities	**(5,665,698)**	(2,240,405)
Cash flows from investing activities		
Advances to joint ventures	**-**	(25,202)
Payments for capitalised exploration and evaluation	**(857,776)**	(5,204,371)
Proceeds from sale of assets	**2,566**	600
Acquisition of development assets	**(197,728)**	-
Acquisition of property, plant and equipment	**(24,655)**	(30,900)
Net cash used in investing activities	**(1,077,593)**	(5,259,873)
Cash flows from financing activities		
Proceeds from issue of share capital	**20,821,334**	5,725,960
Payment for share issue costs	**(3,643,264)**	(323,261)
Net cash from financing activities	**17,178,070**	5,402,699
Net (decrease)/increase in cash held	**10,434,779**	(2,097,579)
Cash and cash equivalents at 1 July	**1,187,158**	7,455,572
Effect of exchange rate fluctuations	**(75,249)**	68,335
Cash and cash equivalents at 31 December	**11,546,688**	5,426,328

The above Condensed Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

1. REPORTING ENTITY

Oilex Ltd (the Company) is domiciled in Australia. The condensed consolidated interim financial report of the Group as at and for the half year ended 31 December 2015 comprise the Company and its subsidiaries (collectively the Group and individually Group Entities). Oilex Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX) and on the Alternative Investment Market (AIM) of the London Stock Exchange. The Group is a for-profit entity and is primarily involved in the exploration, evaluation, development and production of hydrocarbons.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2015 is available upon request from the Company's registered office at Ground Floor, 44a Kings Park Road, West Perth, Western Australia 6005 or at www.oilex.com.au.

2. BASIS OF PREPARATION

(a) **Statement of Compliance**

The condensed consolidated interim financial report is a general purpose condensed financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001,* and IAS 34 *Interim Financial Reporting*. The condensed consolidated interim financial report does not include all of the notes and information included in an annual financial report and accordingly this report should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2015.

This condensed consolidated interim financial report was authorised for issue by the Board of Directors on 14 March 2016.

(b) **Going Concern**

The Directors believe it is appropriate to prepare the consolidated financial report on a going concern basis, which contemplates realisation of assets and settlement of liabilities in the normal course of business. The Group has incurred a loss of $23,307,742, which includes $15,039,632 for the impairment of exploration, evaluation and development assets, and had cash outflows from operating and investing activities of $5,665,698 and $1,077,593 respectively. As at 31 December 2015, the Group's current assets exceeded current liabilities by $11,775,853 and the Group had cash and cash equivalents of $11,546,688.

The Group will continue to manage its expenditure to ensure that it has sufficient cash reserves for at least the next twelve months. The Group will require funds within the next twelve months in order to meet planned expenditures for its projects, noting that the timing and amount of discretionary expenditures may be able to be varied if required although some commitments exist in the medium term as per note 16.

The Directors believe it is appropriate to prepare the consolidated financial report on a going concern basis as, and in the opinion of the Directors, the Company has adequate plans in place to meet its minimum administrative, evaluation and development expenditures for at least twelve months from the date of this report. In forming their view on going concern, the Directors had regard to the matters disclosed in notes 12 and 13. The Directors believe that there is a low probability of outflow of cash reserves in relation to the claim. Possible funding options available to the Group include capital raisings, the sale of interests in the Group's assets or farm out opportunities.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as disclosed below, the accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2015.

The Group has adopted the following new and revised accounting standards that are mandatory for entities with an annual reporting period beginning on 1 July 2015:

Presentation of Financial Statements (AASB 101) - AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

The adoption of these newly effective standards have no material effect on the financial position or the consolidated financial statements of the Group.

4. ESTIMATES AND JUDGEMENTS

The preparation of a condensed consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2015.

5. OPERATING SEGMENTS

The Group has identified its operating segments based upon the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and that are used to allocate the Group's resources. There has been no change in the basis of segmentation from the Group's 30 June 2015 annual consolidate financial report.

	India		Australia		JPDA [1]		Indonesia		Corporate [2]		Consolidated	
Six months ended 31 December	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$	$	**$**	$	**$**	$	**$**	$	**$**	$	**$**	$
Revenue												
Revenue - Oil Sales	**166,459**	232,992	**-**	-	**-**	-	**-**	-	**-**	-	**166,459**	232,992
Reportable segment profit/(loss) before income tax	**(20,208,513)**	(733,220)	**(313,574)**	(398,316)	**(279,298)**	(40,141)	**(47,401)**	(25,399)	**(2,379,900)**	(2,037,052)	**(23,228,686)**	(3,234,128)
Net finance income											**35,353**	33,918
Foreign exchange gain/(loss)											**(114,409)**	82,122
Loss for the period											**(23,307,742)**	(3,118,088)

	India		Australia		JPDA [1]		Indonesia		Corporate [2]		Consolidated	
	31 Dec 2015	30 June 2015	**31 Dec 2015**	30 June 2015	**31 Dec 2015**	30 June 2015	**31 Dec 2015**	30 June 2015	**31 Dec 2015**	30 June 2015	**31 Dec 2015**	30 June 2015
	$	$	**$**	$	**$**	$	**$**	$	**$**	$	**$**	$
Segment assets	**18,891,936**	31,017,658	**373,926**	383,582	**34,913**	294,264	**-**	-	**12,575,115**	2,584,047	**31,875,890**	34,279,551
Segment liabilities	**7,218,371**	5,525,769	**15,214**	-	**10,169**	7,900	**239,295**	285,530	**2,171,008**	1,856,401	**9,654,057**	7,675,600

There were no significant inter-segment transactions during the half year.

(1) Joint Petroleum Development Area.

(2) Corporate represents a reconciliation of reportable segment revenues, profit or loss and assets to the consolidated figure.

6. REVENUE AND EXPENSES

	31 December 2015 $	31 December 2014 $
(a) Revenue		
Oil sales	**166,459**	232,992
(b) Cost of Sales		
Production costs	**(546,316)**	(251,731)
Amortisation of development assets	**(4,984)**	-
Movement in oil stocks inventory	**12,913**	(20,274)
	(538,387)	(272,005)
(c) Administration Expenses		
Employee benefits expense	**(458,127)**	(662,875)
Administration expense	**(1,814,647)**	(1,055,905)
	(2,272,774)	(1,718,780)
(d) Other Expenses		
Depreciation expense	**(32,610)**	(33,500)
Loss on disposal of assets	**-**	(2,125)
Doubtful debts expense	**(1,353,152)**	-
	(1,385,762)	(35,625)
(e) Foreign Exchange Gain/(Loss), net		
Foreign exchange (loss)/gain - realised	**(32,437)**	3,473
Foreign exchange (loss)/gain - unrealised	**(81,972)**	78,649
	(114,409)	82,122

7. TRADE AND OTHER RECEIVABLES

	31 December 2015 $	Year Ended 30 June 2015 $
Current		
Joint venture receivables	**7,698,617**	6,061,381
Accumulated transfer to development assets	**(2,466,409)**	(2,819,139)
Effect of movements in foreign exchange rates	**(102,709)**	-
Provision for doubtful debts	**(2,147,346)**	(782,919)
Other receivables	**1,348,026**	1,116,222
	4,330,179	3,575,545
Non-current		
Other receivables - India TDS (tax deducted at source)	**104,024**	98,958

Joint venture receivables include the Group's share of outstanding cash calls and recharges owing from the joint venture partners. Other receivables include research and development grant income and GST refunds owing from the Australian Tax Office.

The Group considers that there is evidence of impairment if any of the following indicators are present: financial difficulties of the debtor, probability that the debtor will dispute the amounts owing and default or delinquency in payment (more than one year old). Whilst the Group has been in discussions with its joint venture partner, for repayment of disputed and other amounts owing, in line with identified impairment indicators, the balance of Cambay cash calls receivable relating to the 2014/2015 work programme, as well as prior periods, has been fully provided for in the current period.

The Group is continuing discussions in order to resolve the outstanding issues and recover payment of the outstanding amounts.

	31 December 2015 $	Year Ended 30 June 2015 $
Movement in the provision for doubtful debts		
Opening balance	**(782,919)**	-
Provisions made during the year	**(1,353,152)**	(743,383)
Effect of movements in foreign exchange rates	**(11,275)**	(39,536)
Closing balance	**(2,147,346)**	(782,919)

8. EXPLORATION AND EVALUATION

	31 December 2015 $	Year Ended 30 June 2015 $
Opening balance	**11,644,674**	26,320,952
Expenditure capitalised	**424,459**	3,503,305
Transfer to development assets	**-**	(12,828,857)
Impairment of exploration and evaluation expenditure	**(11,572,740)**	(11,870,051)
Effect of movements in foreign exchange rates	**571,809**	6,519,325
Closing balance	**1,068,202**	11,644,674

Exploration and evaluation assets are reviewed at each reporting date to determine whether there is any indication of impairment or reversal of impairment. When a well does not result in the successful discovery of potentially economically recoverable reserves, or if sufficient data exists to indicate the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full, either by development or sale, it is impaired.

At 31 December 2015 Cambay-72, Cambay-19z and the initial acquisition cost of the Indian assets were fully impaired following an internal evaluation which showed that these assets are unlikely to fully recover costs capitalised to date.

9. DEVELOPMENT ASSETS

	31 December 2015 $	Year Ended 30 June 2015 $
Cost		
Opening balance	**15,647,996**	-
Transfer from exploration	**-**	12,828,857
Transfer (to)/from joint venture receivables	**(352,729)**	2,819,139
Acquisition of development assets	**194,119**	-
Effect of movements in foreign exchange rates	**755,695**	-
Closing balance	**16,245,081**	15,647,996
Amortisation and Impairment Losses		
Opening balance	**-**	-
Impairment of development assets	**3,466,892**	-
Amortisation charge for the year	**4,984**	-
Effect of movements in foreign exchange rates	**(48)**	-
Closing balance	**3,471,828**	-
Carrying Amounts		
Opening balance	**15,647,996**	-
Closing balance	**12,773,253**	15,647,996

Development assets are reviewed at each reporting date to determine whether there is any indication of impairment or reversal of impairment. Indicators of impairment include changes in: market conditions, future oil and gas prices and future costs. Where an indicator of impairment exists, the assets recoverable amount is estimated. Development assets are assessed for impairment on a cash generating unit (CGU) basis. The CGU is the Cambay Field, India.

Impairment is recognised when the carrying value exceeds the recoverable amount of the asset or CGU. The recoverability of the Cambay Field development assets was estimated using a value in use model. Value in use is determined by estimating future cash flows after taking into account the risks specific to the asset, then discounting it to its present value using an appropriate discount rate. If the carrying value exceeds its recoverable amount, the asset is written down and the impairment loss recognised in the income statement.

9. DEVELOPMENT ASSETS (CONTINUED)

Significant judgements and assumptions are required by management in estimating the present value of future cash flows. This is particularly so in the assessment of long life development assets. It should be noted that value in use calculations are subject to variability in key assumptions including, but not limited to, long-term oil and gas prices, currency exchange rates, discount rates, production profiles and operating costs. An adverse change in one or more of the assumptions used to estimate value in use could result in a reduction in the development asset's recoverable amount.

The key assumptions used for the determination of the value in use assessment were based upon the 1P reserves, an inflation rate of 2.2% and a pre-tax discount rate of 17.1%. Oil prices, derived from independent forward price curves (US$/bbl) used were $40 to June 2016, $45 to December 2016, increasing by $10 each calendar year until December 2018, then increasing to $70 from January 2019 and to $80 from January 2021. Natural gas prices are based upon existing contracts and long term forecasts.

The PSC primary term which expires in September 2019, provides for two five year extensions, such that the PSC could be extended to 2029, subject to a field development plan being submitted. The Government of India (GOI) has recently issued a policy proposal to extend the term of the PSC to the economic life of the field. The GOI proposal is anticipated to be finalised in 2016.

The decline in forecasted oil and gas prices resulted in a non-cash impairment loss of $3,466,892 for the Cambay Field Development Assets.

10. TRADE AND OTHER PAYABLES

	31 December 2015 $	Year Ended 30 June 2015 $
Trade creditors	**3,949,695**	2,034,964
Accruals	**1,472,168**	1,638,051
	5,421,863	3,673,015

The Company's assessment of the recoverability of outstanding cash call amounts owing from its joint venture partner has resulted in an additional impairment (refer note 7) and consequently the Company is of the opinion that the Joint Venture will be unable to meet its third party liabilities without financial support from the Operator, pending receipt of outstanding cash calls. As a result, the Group has accrued $1,723,200 as at 31 December 2015 to cover Cambay Joint Venture third party liabilities.

11. ISSUED CAPITAL

	31 December 2015 Number of Shares	31 December 2015 $ Issued Capital	30 June 2015 Number of Shares	30 June 2015 $ Issued Capital
Shares				
On issue 1 July - fully paid	**677,906,039**	**153,928,046**	591,034,789	148,980,743
Shares contracted to be issued - not fully paid	**-**	**-**	2,350,000	269,329
Balance at the start of the period	**677,906,039**	**153,928,046**	593,384,789	149,250,072
Issue of share capital				
Shares issued for cash	**-**	**-**	84,521,250	5,456,725
Shares issued for cash(1)	**45,393,463**	**1,861,132**	-	-
Shares issued for cash(2)	**169,476,565**	**6,948,539**	-	-
Shares issued for cash(3)	**287,303,319**	**11,779,436**	-	-
Exercise of listed options(4)	**347,613**	**52,142**	-	-
Capital raising costs		**(3,055,535)**		(631,219)
Underwriter and sub-underwriter options		**-**		(147,532)
On issue at the end of the period - fully paid	**1,180,426,999**		677,906,039	
Issued Capital as at the end of the period		**171,513,760**		153,928,046
Shares contracted to be issued - not fully paid(3)	**-**	**-**	-	-
Balance at the end of the period	**1,180,426,999**	**171,513,760**	677,906,039	153,928,046

	Number of Listed Options	
Listed Options (ASX)	**31 December 2015**	30 June 2015
On issue at 1 July	**188,596,471**	195,892,111
Exercise of listed options(4)	**(347,613)**	(7,295,640)
Expiry of listed options as at 7 September 2015	**(188,248,858)**	-
Total listed options	**-**	188,596,471

All listed options exercisable at $0.15 per share expired 7 September 2015.

On 7July 2015 the Company announced a two tranche placement and underwritten rights issue placement to raise $30 million

(1) On 15 July 2015, the Company issued 45,393,463 new ordinary shares under Tranche One of the Placement at an issue price of $0.041 per share.

(2) On 5 August 2015, the Company issued 169,476,565 new ordinary shares under the fully underwritten Rights Issue at an issue price of $0.041 per share.

(3) On 18 August 2015, the Company issued 287,303,319 new ordinary shares under Tranche Two of the Placement at an issue price of $0.041 per share.

(4) 347,613 listed options with an exercise price of $0.15 were exercised prior to expiry date of 7 September 2015.

12. CONVERTIBLE NOTE AND SHARE SUBCRIPTION

In July 2015, Oilex announced a two tranche placement and underwritten rights issue to raise $30 million (Capital Raising). The Capital Raising comprised the following components:

- First tranche placement raising $1,861,132, completed in July
- Fully underwritten rights issue raising $6,948,539, completed in August
- Second tranche placement raising $11,779,436, completed in August
- Zeta Resources Limited deferred shares and convertible notes to raise $9,427,520 to be settled by 12 November 2015

Zeta Resources Limited (Zeta) subscribed for rights issue shortfall shares and second tranche shares totalling 112,011,067 and paid $4,592,454 to increase their interest in the Company to 10.3%.

As a result of Zeta's take up of the Rights Issue shortfall shares and in order to ensure that Zeta and its associates did not breach Australian takeovers laws, the Zeta second tranche investment was re-structured as follows:

- 124 million (previously 225.5 million) new ordinary shares to be placed with Zeta at $0.0418 (Zeta Deferred Shares) to be settled by no later than 12 November 2015; and
- The issue of $4,243,500 20 year, zero coupon unsecured convertible loan notes to Zeta, convertible into shares at Zeta's option at any time, subject to compliance with Australian law, at a conversion price of $0.0418 per share.

Shareholders approved the issue of shares and convertible notes on 12 August 2015. The Completion Date for the convertible notes was to be no later than 11 November 2015.

On 12 November 2015 Zeta announced that it had commenced proceedings in the Federal Court against Oilex in which it seeks orders that it be paid damages and compensation, or in the alternative that all the funding agreements (comprising the second tranche shares, the rights issue shortfall, the Zeta Deferred Shares and the convertible loan note agreement) be rescinded and declared void by the Court to enable Zeta to effectively claim a refund of the $4,592,454 it paid to subscribe for shares in Oilex, and further that it be excused from any outstanding obligations to Oilex under the funding agreements which required payment of $9,427,520 which was due to be paid by Zeta on 12 November 2015. On 2 December 2015 Oilex notified the Federal Court and Zeta that it would file a defence and cross claim. Oilex and Zeta agreed to explore a commercial resolution of the dispute until 1 March 2016.

On 16 December 2015 Oilex filed its defence in the Federal Court proceedings initiated by Zeta. Oilex also filed a cross claim against Zeta seeking orders of specific performance requiring Zeta to perform its obligations and complete the relevant share subscription and convertible note agreements.

As at 1 March 2016 a resolution was unable to be agreed and as a result, and in accordance with consent orders made with the Federal Court on 29 February 2016, Zeta must now file and serve any reply and defence to Oilex's cross claim by 29 March 2016. The parties are continuing discussions.

Due to the litigation still being at an early stage and the uncertainty of the final outcome of the litigation and any potential commercial resolution with Zeta, no value has been attributed to the financial instrument the Company holds as at 31 December 2015 in relation to the share subscription and convertible note agreement.

For similar reasons, the Board has not recognised a liability to refund Zeta, or pay damages or compensation in the financial statements.

13. CONTINGENCIES

In November 2006, Oilex (JPDA 06-103) Ltd (Operator) and the Joint Venture parties entered into a Production Sharing Contract (PSC) with the Designated Authority for JPDA 06-103 and the PSC was signed in January 2007 (effective date 15 January 2007). In January 2011 after the completion of the first two wells, the Autoridade Nacional do Petroleo (ANP) approved the JPDA 06-103 Joint Venture's proposal to vary the PSC work programme. Under the approved variation the decision to drill the fourth commitment well on the JPDA 06-103 PSC would be at the discretion of the Joint Venture if the third well was unsuccessful. The ANP had also agreed that the PSC may be relinquished if the Operator and the Joint Venture parties decided not to proceed with any further exploration after the third well. On 12 July 2013 the Operator, on behalf of the Joint Venture participants, submitted to the ANP, a request to terminate the PSC by mutual agreement in accordance with its terms and without penalty or claim due to the ongoing uncertainty in relation to security of tenure. This request required the consent of the Timor Sea Designated Authority.

The ANP with prior consent of the Joint Commission for the Joint Petroleum Development Area under the Timor Sea Treaty, initially advised on 15 January 2014 that it had suspended the expiry date of the PSC from 15 January 2014 to 15 April 2014 for the purpose of completing an assessment and to continue discussions with the Joint Venture partners. The ANP subsequently granted successive three months extensions to the PSC.

On 15 May 2015 the ANP issued a Notice of Intention to Terminate and on 15 July 2015 issued a Notice of Termination and Demand for Payment (Notice). The demand for payment of the monetary claim of US$17,018,790 is the ANP's estimate of the cost of exploration activities not undertaken in 2013, as well as certain local content obligations set out in the PSC. Since Oilex (JPDA 06-103) Limited has a 10% equity interest in the PSC, its share of the monetary claim is US$1,701,879. In addition the ANP asserts that the Joint Venture Partners are liable to interest on the monetary claim at a rate of 5.2% compounded monthly.

As disclosed in note 17, on 15 January 2016 the ANP advised it was willing to accept US$13,585,790 as full and final settlement. This offer was open to acceptance until 12 February 2016. Oilex (JPDA 06-103) Limited's share of the revised demand for payment is US$1,358,579. On 11 February 2016, the Joint Venture rejected this offer on the basis that the Joint Venture considers a nil penalty should be imposed, and a much lower settlement figure is applicable. As at the date of this report the ANP has not responded to the Joint Venture.

The Company has not provided for a monetary settlement in its financial statements. As the Joint Venture has made significant overpayments in the work programme, it is of the opinion that the excess expenditure should be included as part of any financial assessment incorporated in the termination process.

The Joint Venture continues to discuss the financial liability of the Contractor upon termination with the ANP. Whilst negotiations continue the Contractor has not reached a conclusion with the ANP.

Additional contingent liability disclosure related to the Federal Court Case between Oilex and Zeta Resources Limited is set out in note 12.

14. RELATED PARTIES

Arrangements with related parties continue to be in place. For details of these arrangements, refer to the consolidated annual financial report of the Group as at and for the year ended 30 June 2015.

15. CHANGE IN THE COMPOSITION OF THE GROUP

Since the last annual reporting date, there have been no significant changes in the composition of the Group.

16. EXPENDITURE COMMITMENTS

Exploration and Evaluation Expenditure Commitments

In order to maintain rights of tenure to exploration permits, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various state and national governments. These obligations are subject to renegotiation when application for an exploration permit is made and at other times. These obligations are not provided for in the financial report. The expenditure commitments are currently estimated to be payable as follows:

	31 December 2015 $	30 June 2015 $
Within one year	**880,000**	880,000
One year or later and no later than five years	**12,050,000**	12,050,000
	12,930,000	12,930,000

The commitments include the Canning Basin Exploration Permit Applications. The formal exploration permit period commences once Oilex accepts an offer of a Petroleum Exploration Permit from the Government of Western Australia, Department of Mines and Petroleum.

There are no minimum exploration work commitments in the Cambay and Bhandut Production Sharing Contracts.

When obligations expire, are re-negotiated or cease to be contractually or practically enforceable, they are no longer considered to be a commitment.

Further expenditure commitments for subsequent permit periods are contingent upon future exploration results. These cannot be estimated and are subject to renegotiation upon expiry of the exploration leases.

Capital Expenditure Commitments

The Group had no capital expenditure commitments as at 31 December 2015 (30 June 2015: Nil).

17. SUBSEQUENT EVENTS

On 15 January 2016 the ANP advised it was willing to accept US$13,585,790 as full and final settlement. This offer was open to acceptance until 12 February 2016. Oilex (JPDA 06-103) Limited's share of the revised demand for payment is US$1,358,579. On 11 February 2016, the Joint Venture rejected this offer on the basis that the Joint Venture considers a nil penalty should be imposed, and a much lower settlement figure is applicable. As at the date of this report the ANP has not responded to the Joint Venture.

The Company has not provided for a monetary settlement in its financial statements. As the Joint Venture has made significant overpayments in the work programme, it is of the opinion that the excess expenditure should be included as part of any financial assessment incorporated in the termination process.

The Joint Venture continues to discuss the financial liability of the Contractor upon termination with the ANP. Whilst negotiations continue the Contractor has not reached a conclusion with the ANP.

On 11 February 2016 Oilex announced the appointment of Mr Bradley Lingo as a Non-Executive Director.

There are no other significant subsequent events occurring after balance date.

OILEX LTD

ABN 50 078 652 632

DIRECTORS' DECLARATION

In the opinion of the Directors of Oilex Ltd (the Company):

1. the condensed consolidated financial statements and notes set out on pages 6 to 20, are in accordance with the *Corporations Act 2001* including:

   (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half year ended on that date; and

   (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Mr Max Cozijn
Chairman

Mr Ronald Miller
Managing Director

West Perth
Western Australia
14 March 2016

Independent auditor's review report to the members of Oilex Ltd

We have reviewed the accompanying condensed consolidated interim financial report of Oilex Ltd, which comprises the condensed consolidated statement of financial position as at 31 December 2015, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Oilex Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Oilex Ltd is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

G-T Hogg

Graham Hogg
Partner

Perth

14 March 2016