



ABN 50 078 652 632

INTERIM REPORT

31 December 2021

INTERIM REPORT 31 DECEMBER 2021

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DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

The directors present their report together with the condensed interim financial report of the Group (Oilex) comprising of Oilex Ltd (the Company) and its subsidiaries for the half-year ended 31 December 2021 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 Roland Wessel | Chief Executive Officer ("CEO") and Executive Director |
| Mr Colin Judd | Chief Financial Officer ("CFO") and Executive Director (appointed 27 January 2022) |
| Mr Jonathan Salomon | Executive Chairman |
| Mr Mark Bolton | Non-Executive Director (appointed 1 July 2021) (Executive Director and Chief Financial Officer until 1 July 2021) |
| Mr Paul Haywood | Independent Non-Executive Director |
| Mr Peter Schwarz | Independent Non-Executive Director |

FINANCIAL

The Group incurred a consolidated loss after income tax of \$2,235,196 for the half-year (31 December 2020: profit of \$418,881, which included a profit after tax for the period from discontinued operations of \$354,424).

Following the voluntary shut in of the Cambay Field since calendar quarter Q1 2019 resulting in the cessation of production, no revenue was recognised during the current and previous half-year periods. There was some increase in activity in the Cambay Field, due to the Group starting the initial stages of its refracing program and consultation for well C-77H. This contributed to an increase of care and maintenance costs to \$187,908 (31 December 2020: \$44,966).

In the absence of a repayment schedule for outstanding cash calls from Gujarat State Petroleum Corporation (GSPC), the Company has continued to provide in full the amounts owing from its previous Joint Venture partner as well as amounts owing from the Cambay Joint Venture. This has resulted in an increase in the expected credit losses related to Cambay cash calls and recharges of \$337,027 (31 December 2020: reversal of expected credit losses of \$674,979). This reversal has been partially offset by a reversal of expected credit losses of \$98,513 for the Group's share of JPDA cash call and for other receivables (31 December 2020: increase of expected credit losses of \$176,996). As a result, operating results include an expected credit loss expense of \$238,514 (31 December 2020: reversal of expected credit losses of \$497,983).

The Group also accrued an additional \$129,613 of exploration expenditure as at 31 December 2021 (31 December 2020: \$nil additional exploration expenditure accrued) to cover GSPC's share of the Cambay Joint Venture third party liabilities. The increase in exploration costs to \$493,111 (31 December 2020: \$250,661) reflects this additional accrual for GSPC's share of the Cambay Joint Venture third party liabilities, as well as initial Carbon Capture and Storage (CCS) related activities undertaken during the period.

The increase in employee benefits expenses to \$470,694 (31 December 2020: \$236,927) reflects increases to employee benefits expenses since the appointment of Roland Wessel and Colin Judd as CEO and CFO respectively. The administrative expenses also included net debit adjustments in accrued recoveries of prior period operating costs from external parties to \$117,991 (31 December 2020: net credit recoveries of \$211,077), an increase in bank charges to \$69,340 (31 December 2020: \$4,714) and an increase in other administrative expenses to \$492,728 (31 December 2020: \$393,733). The increase in bank charges is attributable to the bank charges incurred and relating to the bank guarantee for the Group's acquisition of GSPC's 55% participating interest in the Cambay project. The increase in other administration expenses is mainly due to the Group's increased expenditure on external consultants during the period. These increases collectively resulted in the increase of total administration expenses to \$1,150,753 (31 December 2020: \$424,297).

Net finance costs of \$129,509 (31 December 2020: net finance income of \$371,989) includes a loss of \$93,492 (31 December 2020: income of \$463,050) resulting from the fair value revaluation of listed shares held in Armour Energy Limited.

Cash and cash equivalents held by the Group as at 31 December 2021 has decreased to \$1,425,414 (30 June 2021: \$4,310,767).

OILEX LTD
ABN 50 078 652 632
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

REVIEW OF OPERATIONS

Consistent with the Company's new strategy to focus on gas production and Carbon Capture and Storage (CCS), Oilex's activities have centred on the Company's Cambay field in India and on CCS opportunities in the UK.

The global increased demand for natural gas supplies and the associated strengthening of gas prices underpins the Company's new strategy. Oilex believes that natural gas will be the dominant transition fuel for the foreseeable future and that the Company is well placed to benefit from this trend. With c. 927 BCF of contingent gas resources, the Cambay field represents a significant opportunity to increase shareholder value.

Oilex has initiated a search for gas production opportunities in the UK Continental Shelf area with emphasis on existing (late life) producing gas fields that may be suitable for CCS projects in the future.

Cambay Field, Onshore Gujarat, India (Oilex: 100% interest at 4 February 2022)

Oilex holds a 100% Participating Interest (PI) in the Cambay Field Production Sharing Contract (PSC), approval of which was obtained from the Government of India on 4 February 2022.

During the reporting period, Oilex changed its development strategy for the Cambay field. The previous plan was to drill two vertical fracked wells implementing revised fracing methodologies resulting from extensive analysis of the previous two fracked C-76H and C-77H wells.

The new strategy is to re-frac the C-77H well in an un-fracked section of the horizontal wellbore to prove up a robust fracing methodology to be implemented on future horizontal wells. One new horizontal well is planned for calendar H2 2022 once the revised fracing methodology has been proven. A second well will be drilled in 2023.

Since the Company has demonstrated its ability to efficiently drill horizontal wells, the re-frac of C-77H is a cost-effective way to demonstrate that future horizontal wells will provide commercial gas production rates and volumes.

There was no production from the Cambay Field during the six-month period to 31 December 2021.

In December 2021, Oilex arranged for funding via an equity capital raising of £2.0 million (\$3.7 million) before costs ("December Placement"). Of the December Placement funds, £0.80 million (\$1.48 million) before costs were received before 31 December 2021, and £1.19 million (\$2.20 million) before costs were received in January 2022. The total £2.0 million (\$3.7 million) will be used, inter alia, to fund the C-77H re-frac operations.

Environmental Clearance

The long-delayed public hearing which is an integral part of the approval for the new Environment Certificate (EC) required for future drilling operations took place in late October and the Company announced receipt of the EC on 7 February 2022.

Production Re-start

The final court approval to remove an injunction preventing production was received in December clearing the way for the Company to bring the C-73 and C-77H wells back on production

United Kingdom Continental Shelf

Potential Mature Producing Gas Field Acquisitions

Oilex have retained LAB Energy Advisors to identify opportunities to purchase mature producing gas assets in the UKCS. The strategy is to acquire existing late field life production with a view to potentially convert fields into CCS projects after depletion.

Carbon Capture and Storage (CCS)

Oilex's personnel have extensive gas storage experience and expertise. CCS and gas storage share common technical traits and the Company seeks to leverage its technical and commercial experience.

Oilex have applied for a CCS licence on the UKCS Esmond and Forbes depleted gas fields via the OGA CCS nomination process. Oilex personnel have extensive previous knowledge of these two structures and believe they are eminently suitable for CCS activities. Both structures comprise Bunter Sandstone reservoirs and have the storage potential for over 150 million tonnes of CO₂.

In addition, Oilex has been developing a CCS "hub" concept ("Medway Hub") to capture and transport CO₂ emissions from three of the UK's larger CCGT power stations.

Axis Well Technology has undertaken a pre-FEED study of Oilex's CCS project, the results of which were made available in February 2022.

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

JPDA 06-103, Timor Sea (Oilex: PSC Terminated 15 July 2015 - Operator and 10% interest)

In August 2020, under the terms of a Deed of Settlement with the Timor Leste government regulatory body for petroleum activities i.e. Autoridade Nacional Do Petroleo E Mineraias (ANPM), Oilex committed to a settlement of US\$800,000 payable from the 2021 financial year up to the 2024 financial year, resolving a long standing historical dispute related to this now defunct exploration permit.

In order to fund the settlement, the Company entered into an unsecured US\$800k loan facility agreement with two of its joint venture partners. To date, a total of US\$300k has been drawn down on the loan facility to fund the settlement, leaving an undrawn balance of US\$500k on the loan facility. The joint venture partners providing the loan facility are Japan Energy E&P JPDA Pty Ltd ("JX") and Pan Pacific Petroleum (JPDA 06 103) Pty Ltd ("PPP"). The draw downs (and settlement payments) to date included a US\$250k draw down (and settlement payment) which occurred in December 2021.

At the beginning of the half-year, the loan facility had a credit of US\$162k, which was used to partially offset the liability incurred from the US\$250k draw down made in December 2021. In addition, a further US\$17k was paid in December into the loan facility to fully repay the portion of the loan owing to PPP. After interest charges, the balance of the loan facility at half-year end was US\$72k.

The interest rate of the loan facility is 11% and the balance of the loan, plus interest, is to be repaid to JX in four instalments (in February 2022, August 2022, February 2023 and August 2023), prior to the loan's maturity on 17 August 2023.

West Kampar PSC, Central Sumatra, Indonesia

The Company continues to work on its strategic objective to regain a participating interest in the West Kampar PSC in Indonesia, which is expected to lead, subject to financing, to recommencing production from the Pandalian Oilfield. In this respect Oilex and its Indonesian partner have been in discussions with both the Indonesian national government and the local provincial government.

Technical work carried out by Oilex and its advisors estimate that the field can be quickly brought back online at 350 to 400 bopd and that significant additional production potential may be possible from infill drilling and also water injection support. The return to production will require careful execution in the field given that it has been shut in since 2016. The oil occurs in five good quality, stacked reservoirs with some stratigraphic complexity, and the application of 3D seismic data which has been acquired but not interpreted should provide a significant improvement in the understanding of the reservoir distribution and future development planning. Access to the data is to be negotiated with the seismic company that acquired it. The oil is of good quality with no or little gas. It is believed that previous production costs can be reduced. A number of exploration opportunities are present both close to the Pandalian field and in the more distant parts of the block, these require further review evaluation.

Qualified Petroleum Reserves and Resources Evaluator Statement

Pursuant to the requirements of Chapter 5 of the ASX Listing Rules, the information in this report relating to petroleum reserves and resources is based on and fairly represents information and supporting documentation prepared by or under the supervision of Mr Joe Salomon, Executive Chairman employed by Oilex Ltd. Mr Salomon has over 32 years experience in petroleum geology and is a member of the Society of Petroleum Engineers and AAPG. Mr Salomon meets the requirements of a qualified petroleum reserve and resource evaluator under Chapter 5 of the ASX Listing Rules and consents to the inclusion of this information in this report in the form and context in which it appears. Mr Salomon also meets the requirements of a qualified person under the AIM Note for Mining, Oil and Gas Companies, and consents to the inclusion of this information in this report in the form and context in which it appears.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The auditor's review report contains a statement of material uncertainty regarding the Company's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business. The Group will require funding to continue its exploration activities and progress the Cambay Field drilling programme.

The funding requirements of the Group are reviewed on a regular basis by the Group's Executive Directors and are reported to the Board at each board meeting to ensure the Group can meet its financial obligations as and when they fall due. Until sufficient operating cash flows are generated from its operations, the Group remains reliant on equity raisings, joint venture contributions or debt funding, as well as asset divestitures or farmouts to fund its expenditure commitments.

The Company continues to actively develop funding options in order that it can meet its expenditure commitments and its planned future discretionary expenditure, as well as any contingent liabilities that may arise.

Further information is provided in Note 2(c) of the consolidated financial statements.

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

CORPORATE

In December 2021, the Company arranged the funding required for the re-fracking of the Cambay 77H well in India via an equity capital raising of £2.0 million (\$3.7 million) before costs, to be raised via the issue of 1,422,590,303 new fully paid ordinary shares ("Placement Shares") at £0.0014 (\$0.00259) per share ("December Placement").

Of the December Placement funds, the Company received approximately £0.80 million (\$1.48 million) before costs before 31 December 2021, via the issue of

- 349,512,978 Placement Shares on 17 December 2021 ("Tranche 1 Shares"); and
- 222,005,826 Placement Shares on 24 December 2021 ("Tranche 2 Shares").

The remaining £1.19 million (\$2.20 million) of the December Placement funds were settled after the half-year, via the issue of 851,071,499 Placement Shares on 12 January 2022 ("Tranche 3 Shares").

As at 31 December 2021 the Company had:

- Available cash resources of \$1,425,414;
- Borrowings of US\$72,158 (\$100,767); and
- Issued capital of 6,261,880,020 fully paid ordinary shares and unlisted options of 603,403,361.

SIGNIFICANT EVENTS AFTER BALANCE DATE

The impact of the COVID-19 pandemic is ongoing and while it has been financially negative for the consolidated entity up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian and Indian Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 12 January 2022, the Company issued 851,071,499 Placement Shares at £0.0014 (\$0.00259) per share, being Tranche 3 of the December Placement for the funding required for, inter alia, the re-fracking of the Cambay 77H well in India.

On 19 January 2022, five inactive entities of the Group (being Independence Oil and Gas Limited, Admiral Oil and Gas Holdings Pty Ltd, Admiral Oil and Gas (106) Pty Ltd, Admiral Oil and Gas (107) Pty Ltd, and Admiral Oil Pty Ltd) were deregistered. These entities had no assets at the time of deregistration.

On 19 January 2022, the Company issued 25,210,084 unquoted options ("Advisor Options") to Novum Securities Limited ("Novum"), pursuant to the placing agreement the Company had with Novum on or about 21 April 2021, as part of the Company's equity raising which was completed in the previous reporting period in June 2021. The options were approved by shareholders during the current reporting period at the Annual General Meeting on 26 November 2021. The options are exercisable at £0.0024 and expires on 31 May 2024.

On 27 January 2022, Mr Colin Judd, who was appointed during the current period as the Company's Chief Financial Officer on 1 July 2021, was appointed to the Company's Board as Executive Director.

On 4 February 2022, the Government of India gave its approval and ratified the Acquisition of GSPC's 55% participating interest in the Cambay Production Sharing Contract, thereby completing the Acquisition of the Cambay PSC. Following this, the transfer of the balance of the bank guarantee to GSPC is expected to occur in the coming weeks.

On 7 February 2022, the Government of India Ministry of Environment, Forest and Climate Change granted a new Environmental Clearance for the Cambay field.

On 17 February 2022, the issue of 711,295,152 unquoted options for subscribers to the December Placement subscribers ("Placement Options") were approved by shareholders at a general meeting of Oilex shareholders held on 17 February 2022. At the same general meeting, shareholders also approved the issue of 65,874,899 unquoted options for participating brokers of the December Placement ("Broker Fee Options"). The issue of the Placement Options and Broker Fee Options are expected to occur no later than 17 May 2022.

There were no other significant subsequent events occurring after the interim reporting date.

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)


LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' Report for the half-year ended 31 December 2021.

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



Roland Wessel
Chief Executive Officer and Director


Mr Jonathan Salomon
Executive Chairman

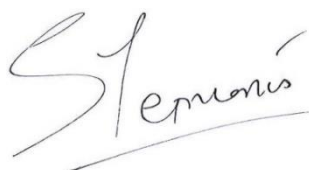
West Perth, Western Australia
11 March 2022

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF OILEX LTD

In relation to our review of the financial report of Oilex Ltd for the half year ended 31 December 2021, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Perth

PKF PERTH



SIMON FERMANIS
PARTNER

11 MARCH 2022,
WEST PERTH,
WESTERN AUSTRALIA

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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 2021**

| | Note | 31 December 2021 \$ | 31 December 2020 \$ |
|--|------|------------------------|------------------------|
| Revenue | | - | - |
| Cost of sales | | - | - |
| Gross Profit | | - | - |
| Other income | 6(a) | - | 102,500 |
| Exploration expenditure | | (493,111) | (250,661) |
| Care and maintenance expenditure | 6(b) | (187,908) | (44,966) |
| Administration expense | 6(c) | (1,150,753) | (424,297) |
| (Provision for) / Reversal of expected credit losses | | (238,514) | 497,983 |
| Share-based payments expense | 19 | (19,489) | (174,244) |
| Other expenses | 6(d) | (15,912) | (13,847) |
| Results from Operating Activities | | (2,105,687) | (307,532) |
| Finance income | 6(e) | 189 | 463,321 |
| Finance costs | 6(f) | (123,466) | (55,037) |
| Net foreign exchange loss | 6(g) | (6,232) | (36,295) |
| Net finance (costs)/income | | (129,509) | 371,989 |
| (Loss)/Profit Before Tax from Continuing Operations | | (2,235,196) | 64,457 |
| Income tax expense | | - | - |
| (Loss)/Profit for the Period from Continuing Operations | | (2,235,196) | 64,457 |
| Profit after tax for the period from discontinued operations | 7(a) | - | 354,424 |
| (Loss)/Profit for the Period | | (2,235,196) | 418,881 |
| Other Comprehensive Loss | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign exchange differences on translation of foreign operations | | 129,406 | (316,539) |
| Other Comprehensive Loss for the Period, Net of Income Tax | | 129,406 | (316,539) |
| Total Comprehensive (Loss)/Profit for the Period | | (2,105,790) | 102,342 |
| (Loss)/Earnings per Share from Continuing Operations | | | |
| Basic (loss)/profit per share (cents per share) | | (0.04) | 0.00 |
| Diluted (loss)/profit per share (cents per share) | | (0.04) | 0.00 |
| (Loss)/Earnings per Share from Continuing and Discontinued Operations | | | |
| Basic (loss)/profit per share (cents per share) | | (0.04) | 0.01 |
| Diluted (loss)/profit per share (cents per share) | | (0.04) | 0.01 |

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
ABN 50 078 652 632

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

| | Note | 31 December 2021 \$ | 30 June 2021 \$ |
|--------------------------------------|------|------------------------|--------------------|
| Assets | | | |
| Cash and cash equivalents | | 1,425,414 | 4,310,767 |
| Trade and other receivables | 8 | 256,400 | 931,721 |
| Prepayments | | 13,663 | 16,386 |
| Inventories | | 103,836 | 102,917 |
| Investments | 9 | 230,617 | 442,802 |
| Other assets | 10 | 2,903,141 | - |
| Total Current Assets | | 4,933,071 | 5,804,593 |
| Exploration and evaluation | 11 | 577,045 | 549,778 |
| Development assets | 12 | 9,025,019 | 8,710,490 |
| Property, plant and equipment | | 91,912 | 78,905 |
| Total Non-Current Assets | | 9,693,976 | 9,339,173 |
| Total Assets | | 14,627,047 | 15,143,766 |
| Liabilities | | | |
| Trade and other payables | 13 | 2,296,962 | 2,311,266 |
| Employee benefits | | 159,170 | 209,388 |
| Borrowings | 15 | 100,767 | (215,274) |
| Total Current Liabilities | | 2,556,899 | 2,305,380 |
| Provisions | 14 | 4,020,063 | 3,855,483 |
| Total Non-Current Liabilities | | 4,020,063 | 3,855,483 |
| Total Liabilities | | 6,576,962 | 6,160,863 |
| Net Assets | | 8,050,085 | 8,982,903 |
| Equity | | | |
| Issued capital | 18 | 186,475,764 | 185,355,925 |
| Reserves | | 7,279,291 | 7,096,752 |
| Accumulated losses | | (185,704,970) | (183,469,774) |
| Total Equity | | 8,050,085 | 8,982,903 |

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

OILEX LTD
ABN 50 078 652 632

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| Note | Attributable to Owners of the Company | | | | | Total Equity \$ |
|---|---------------------------------------|-------------------------|-----------------------------------|---|-----------------------------|--------------------|
| | Issued Capital \$ | Option Reserve \$ | Loans Options Reserve \$ | Foreign Currency Translation Reserve \$ | Accumulated Losses \$ | |
| Balance at 1 July 2020 | 179,254,814 | 69,202 | 35,404 | 7,341,214 | (182,980,810) | 3,719,824 |
| Comprehensive Income/(Loss) for the Period | | | | | | |
| Profit for the period | - | - | - | - | 418,881 | 418,881 |
| Other Comprehensive Losses | | | | | | |
| Foreign exchange differences on translation of foreign operations | - | - | - | (316,539) | - | (316,539) |
| Total Other Comprehensive Losses | - | - | - | (316,539) | - | (316,539) |
| Total Comprehensive Income/(Loss) for the Period | - | - | - | (316,539) | 418,881 | 102,342 |
| Transactions with Owners of the Company | | | | | | |
| Contributions and Distributions | | | | | | |
| Shares issued | 18 607,050 | - | - | - | - | 607,050 |
| Capital raising costs | 18 (52,339) | - | - | - | - | (52,339) |
| Transfers on forfeited options | - | (27,791) | (5,045) | - | 32,836 | - |
| Recognition of equity component of loans | - | - | 9,284 | - | - | 9,284 |
| Share-based payment transactions | 19 174,244 | 11,490 | - | - | - | 185,734 |
| Total Transactions with Owners of the Company | 728,955 | (16,301) | 4,239 | - | 32,836 | 749,729 |
| Balance at 31 December 2020 | 179,983,769 | 52,901 | 39,643 | 7,024,675 | (182,529,093) | 4,571,895 |
| Balance at 1 July 2021 | 185,355,925 | - | - | 7,096,752 | (183,469,774) | 8,982,903 |
| Comprehensive Income/(Loss) for the Period | | | | | | |
| Loss for the period | - | - | - | - | (2,235,196) | (2,235,196) |
| Other Comprehensive Income | | | | | | |
| Foreign exchange differences on translation of foreign operations | - | - | - | 129,406 | - | 129,406 |
| Total Other Comprehensive Income | - | - | - | 129,406 | - | 129,406 |
| Total Comprehensive Income/(Loss) for the Period | - | - | - | 129,406 | (2,235,196) | (2,105,790) |
| Transactions with Owners of the Company | | | | | | |
| Contributions and Distributions | | | | | | |
| Shares issued | 18 1,485,195 | - | - | - | - | 1,485,195 |
| Capital raising costs | 18 (384,845) | - | - | - | - | (384,845) |
| Share-based payment transactions | 19 19,489 | 53,133 | - | - | - | 72,622 |
| Total Transactions with Owners of the Company | 1,119,839 | 53,133 | - | - | - | 1,172,972 |
| Balance at 31 December 2021 | 186,475,764 | 53,133 | - | 7,226,158 | (185,704,970) | 8,050,085 |

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

OILEX LTD
ABN 50 078 652 632

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | 31 December 2021 | 31 December 2020 |
|---|--------------------|------------------|
| | \$ | \$ |
| Cash Flows from Operating Activities | | |
| Cash receipts from customers | - | - |
| Recovery of prior period operating costs | 510,644 | 511,375 |
| Payments to suppliers and employees | (1,543,727) | (719,182) |
| Partial repayment of JPDA 06-103 PSC termination penalty | (348,481) | - |
| Cash outflows from operations | (1,381,564) | (207,807) |
| Payments for exploration and evaluation expenses | (349,347) | (182,815) |
| Proceeds from government assistance arrangements | - | 119,200 |
| Interest received | 189 | 271 |
| Interest paid | (3,931) | (25,120) |
| Net Cash Used in Operating Activities | (1,734,653) | (296,271) |
| Cash Flows from Investing Activities | | |
| Payments for capitalised exploration and evaluation | (7,352) | - |
| Acquisition of property, plant and equipment | (26,621) | (7,345) |
| Payment for deposit for 55% participating interest of Cambay PSC (paid via bank guarantee) | (2,903,141) | - |
| Proceeds from sale of other investments | 118,694 | - |
| Net Cash Used in Investing Activities | (2,818,420) | (7,345) |
| Cash Flows from Financing Activities | | |
| Proceeds from issue of share capital | 1,485,195 | 455,346 |
| Proceeds from 55,555,556 shares to be issued at 30 June 2020 (issued during July 2020) | - | 90,449 |
| Payment for share issue costs | (141,361) | (38,266) |
| Proceeds from borrowings | 348,481 | - |
| Repayment of borrowings | (23,404) | (250,000) |
| Net Cash from Financing Activities | 1,668,911 | 257,529 |
| Net Decrease in Cash and Cash Equivalents | (2,884,162) | (46,087) |
| Cash and Cash Equivalents at 1 July | 4,310,767 | 173,816 |
| Effect of exchange rate fluctuations on cash and cash equivalents | (1,191) | (24,828) |
| Cash and Cash Equivalents at 31 December | 1,425,414 | 102,901 |

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 2021

1. REPORTING ENTITY

Oilex Ltd (the Company) is a for-profit entity domiciled in Australia. The condensed consolidated interim financial report of the Group as at and for the half-year ended 31 December 2021 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 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 2021 is available upon request from the Company's registered office at Level 1, 11 Lucknow Place, West Perth, Western Australia 6005 or at www.oilex.com.au.

2. BASIS OF PREPARATION

(a) Presentation Currency

The condensed consolidated interim financial report is presented in Australian Dollars ("A\$"), unless otherwise stated.

(b) 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 2021.

This condensed consolidated interim financial report was authorised for issue by the Board of Directors on 11 March 2022.

(c) Going Concern Basis

The Directors believe it is appropriate to prepare the consolidated financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group made a loss of \$2,235,196 and had cash outflows from operating activities of \$1,734,653. At 31 December 2021, the Group had cash and cash equivalents of \$1,425,414.

On 12 January 2022, the Company received £1.19 million (\$2.20 million) from the issue of 851,071,499 shares at £0.0014 (\$0.00259) per ordinary share for Tranche 3 of its equity capital raising conducted in December 2021.

The Group requires further funding within the next twelve months in order to repay its loan facility balance related to the Company's termination penalty settlement payable, progress the Cambay development and drilling programme, to meet its ongoing administrative expenses, and for any new business opportunities that the Group may pursue.

The Directors believe that the Group will be able to secure sufficient funding to meet the requirements to continue as a going concern, due to its history of previous capital raisings, acknowledging that the structure and timing of any capital raising is dependent upon investor support, prevailing capital markets, shareholder participation, oil and gas prices and the outcome of planned exploration and evaluation activities, which creates uncertainty.

The Directors consider the going concern basis of preparation to be appropriate based on its forecast cash flows for the next twelve months and that the Group will be in a position to continue to meet its minimum administrative, evaluation and development expenditures and commitments for at least twelve months from the date of this report.

If further funds are not able to be raised or realised, then it may be necessary for the Group to sell or farmout its exploration and development assets and to reduce discretionary administrative expenditure.

The ability of the Group to achieve its forecast cash flows, particularly the raising of additional funds, represents a material uncertainty that may cast significant doubt about whether the Group can continue as a going concern, in which case it may not be able to realise its assets and extinguish its liabilities in the normal course of business and at the stated amounts in the financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

3. SIGNIFICANT ACCOUNTING POLICIES

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 2021.

All new accounting standards for this financial reporting period have been adopted.

There have been no new accounting standards that are mandatory for this financial reporting period that have had a material impact on the financial reporting 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 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

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 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 2021 annual consolidated financial report.

| | India | | India (Discontinued) | | Australia (Discontinued) | | JPDA ⁽¹⁾ | | Indonesia | | United Kingdom | | Corporate ⁽²⁾ | | Consolidated | | |
|---|------------------|-----------------|-------------------------|----------------|-----------------------------|----------------|---------------------|-----------------|-----------------|-----------------|----------------|-----------------|--------------------------|-----------------|--------------------|--------------------|----------------|
| | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 | |
| Six months ended 31 December | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Revenue | | | | | | | | | | | | | | | | | |
| External revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Gross Profit | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Reportable Segment | | | | | | | | | | | | | | | | | |
| (Loss)/Profit Before Income Tax | (925,413) | (79,904) | - | 10,257 | - | 344,167 | (23,513) | (52,026) | (11,904) | (91,047) | (7,468) | (17,585) | (1,137,389) | (66,970) | (2,105,687) | 46,892 | |
| Net finance (costs)/income | | | | | | | | | | | | | | | | (123,277) | 408,284 |
| Foreign exchange loss | | | | | | | | | | | | | | | | (6,232) | (36,295) |
| Income tax expense | | | | | | | | | | | | | | | | - | - |
| Net (Loss)/Profit for the Period | | | | | | | | | | | | | | | | (2,235,196) | 418,881 |

| | India | | India (Discontinued) | | Australia (Discontinued) | | JPDA ⁽¹⁾ | | Indonesia | | United Kingdom | | Corporate ⁽²⁾ | | Consolidated | |
|----------------------------|------------------|-----------------|-------------------------|-----------------|-----------------------------|-----------------|---------------------|-----------------|----------------|-----------------|----------------|-----------------|--------------------------|-----------------|-------------------|-----------------|
| | 31 Dec 2021 | 30 June 2021 | 31 Dec 2021 | 30 June 2021 | 31 Dec 2021 | 30 June 2021 | 31 Dec 2021 | 30 June 2021 | 31 Dec 2021 | 30 June 2021 | 31 Dec 2021 | 30 June 2021 | 31 Dec 2021 | 30 June 2021 | 31 Dec 2021 | 30 June 2021 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Segment Assets | 9,971,467 | 10,669,093 | - | - | - | - | 16,753 | 18,901 | - | - | - | - | 4,638,827 | 4,455,772 | 14,627,047 | 15,143,766 |
| Segment Liabilities | 5,162,975 | 4,649,701 | - | - | - | - | 697,854 | 785,979 | 105,801 | 90,524 | - | 27,629 | 610,332 | 607,030 | 6,576,962 | 6,160,863 |

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

6. REVENUE AND EXPENSES

| | 31 December 2021 | 31 December 2020 |
|--|--------------------|------------------|
| | \$ | \$ |
| (a) Other income | | |
| Government assistance arrangements ⁽¹⁾ | - | 102,500 |
| | <u>-</u> | <u>102,500</u> |
| (b) Care and maintenance expenditure | | |
| Care and maintenance costs | (185,134) | (49,669) |
| Movement in oil stocks inventory | (2,774) | 4,703 |
| | <u>(187,908)</u> | <u>(44,966)</u> |
| (c) Administration expenses | | |
| Employee benefits expense | (470,694) | (236,927) |
| Administration expense | (680,059) | (187,370) |
| | <u>(1,150,753)</u> | <u>(424,297)</u> |
| (d) Other expenses | | |
| Depreciation expense | (11,385) | (13,847) |
| Loss on disposal of plant and equipment | (4,527) | - |
| | <u>(15,912)</u> | <u>(13,847)</u> |
| (e) Finance income | | |
| Interest income | 189 | 271 |
| Equity securities designated at FVTPL – net change in fair value | - | 463,050 |
| | <u>189</u> | <u>463,321</u> |
| (f) Finance costs | | |
| Interest expense – borrowings | (4,827) | (44,554) |
| Unwinding of discount on site restoration provision | (25,147) | (10,483) |
| Equity securities designated at FVTPL – net change in fair value | (93,492) | - |
| | <u>(123,466)</u> | <u>(55,037)</u> |
| (g) Foreign exchange loss – net | | |
| Foreign exchange loss – realised | - | (19,844) |
| Foreign exchange loss – unrealised | (6,232) | (16,451) |
| | <u>(6,232)</u> | <u>(36,295)</u> |

¹⁾ Assistance packages provided by the Federal and State governments to businesses and employers in response to the impact of the COVID-19 pandemic upon the Australian and Western Australian economies.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

7. DISCONTINUED OPERATIONS

On 15 October 2020, the Group announced the completion of the sale of its interests in the Cooper-Eromanga Basins to Armour Energy Limited (Armour). Pursuant to a Share Purchase Agreement, Armour acquired 100% of the issued capital of CoEra Limited (including its interest in its two subsidiaries Holloman Petroleum Pty Ltd and Cordillo Energy Pty Ltd) which held all the Group's interests in the Cooper-Eromanga Basins.

As consideration for the acquisition of the Group's interests in Cooper-Eromanga Basins, Armour issued 22,050,000 Armour shares to Oilex Ltd.

In addition, on 28 May 2021, the Group announced the completion of the sale of its 40% participating interest (PI) in the Bhandut Production Sharing Contract (Bhandut PSC) following the receipt of US\$290,000 from the buyer, Kiri and Company Logistics Private Limited (Kiri).

The Group's interest in the Cooper-Eromanga Basins up to 15 October 2020, and the Group's 40% participating interest in the Bhandut PSC joint venture up to 22 March 2021 has been reported as discontinued operations, as shown in the consolidated annual financial report of the Group as at and for the year ended 30 June 2021. Financial information relating to the discontinued operations for the period to 31 December or for the period to their dates of disposal are set out below:

(a) Financial Performance Information

| | Bhandut Joint Venture | | CoEra Limited Group | | Total Discontinued Operations | |
|--|-----------------------|----------|---------------------|---------|-------------------------------|----------|
| | 31 Dec | 31 Dec | 31 Dec | 31 Dec | 31 Dec | 31 Dec |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Care and Maintenance Expenditure | | | | | | |
| Care and maintenance costs | - | (19,076) | - | - | - | (19,076) |
| Movement in oil stocks inventory | - | 277 | - | - | - | 277 |
| Total Care and Maintenance Expenditure | - | (18,799) | - | - | - | (18,799) |
| Exploration expenditure | - | (6,256) | - | - | - | (6,256) |
| Reversal of expected credit losses | - | 36,026 | - | - | - | 36,026 |
| Depreciation expense | - | (714) | - | - | - | (714) |
| Profit Before Sale of Discontinued Operations | - | 10,257 | - | - | - | 10,257 |
| Gain on sale of the CoEra Limited group after tax (see note (c) below) | - | - | - | 344,167 | - | 344,167 |
| Profit After Tax for the Period from Discontinued Operations | - | 10,257 | - | 344,167 | - | 354,424 |

(b) Cash Flow Information

| | Bhandut Joint Venture | | CoEra Limited Group | | Total Discontinued Operations | |
|--|-----------------------|----------|---------------------|--------|-------------------------------|----------|
| | 31 Dec | 31 Dec | 31 Dec | 31 Dec | 31 Dec | 31 Dec |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Cash Flows from Operating Activities | | | | | | |
| Payments to suppliers and employees | - | (19,076) | - | - | - | (19,076) |
| Cash outflows from operations | - | (19,076) | - | - | - | (19,076) |
| Payments for exploration and evaluation expenses | - | (6,256) | - | - | - | (6,256) |
| Net Cash Used in Operating Activities | - | (25,332) | - | - | - | (25,332) |
| Net Decrease in Cash and Cash Equivalents from Discontinued Operations for the Period | - | (25,332) | - | - | - | (25,332) |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

7. DISCONTINUED OPERATIONS (CONTINUED)

(c) Details of the Disposal of Discontinued Operations During the Period

| | Bhandut Joint Venture | | CoEra Limited Group | | Total Discontinued Operations | |
|--|-----------------------|--------|---------------------|-----------|-------------------------------|-----------|
| | 31 Dec | 31 Dec | 31 Dec | 31 Dec | 31 Dec | 31 Dec |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Fair value of consideration received (22,050,000 Armour shares) | - | - | - | 661,500 | - | 661,500 |
| Add/(Less): Carrying amount of net liabilities/(assets) disposed (see note (d) below) | - | - | - | (317,333) | - | (317,333) |
| Gain on Sale of Discontinued Operations Before Income Tax | - | - | - | 344,167 | - | 344,167 |
| Less: Income tax expense on gain on sale | - | - | - | - | - | - |
| Gain on Sale of Discontinued Operations After Income Tax | - | - | - | 344,167 | - | 344,167 |

(d) Carrying Amounts of Assets and Liabilities Disposed During the Period

| | Bhandut Joint Venture | | CoEra Limited Group | | Total Discontinued Operations | |
|---|-----------------------|--------|---------------------|---------|-------------------------------|---------|
| | 31 Dec | 31 Dec | 31 Dec | 31 Dec | 31 Dec | 31 Dec |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Assets Disposed | | | | | | |
| Trade and other receivables | - | - | - | 79,333 | - | 79,333 |
| Exploration and evaluation | - | - | - | 238,000 | - | 238,000 |
| Total Assets Disposed | - | - | - | 317,333 | - | 317,333 |
| Carrying Amount of Investments and Net Assets Disposed During the Period | - | - | - | 317,333 | - | 317,333 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

8. TRADE AND OTHER RECEIVABLES

| | 31 December 2021 | 30 June 2021 |
|--|------------------|----------------|
| | \$ | \$ |
| Current | | |
| Allocation of Receivables | | |
| Joint venture receivables | 177,925 | 845,187 |
| Other receivables | 78,475 | 86,534 |
| | <u>256,400</u> | <u>931,721</u> |
| Joint Venture Receivables | | |
| Joint venture receivables | 5,501,592 | 5,763,268 |
| Provision for expected credited losses | (5,323,667) | (4,918,081) |
| | <u>177,925</u> | <u>845,187</u> |
| Other Receivables | | |
| Corporate receivables | 102,605 | 109,464 |
| Provision for expected credited losses | (24,130) | (22,930) |
| | <u>78,475</u> | <u>86,534</u> |

Joint venture receivables include the Group's share of outstanding cash calls and recharges owing from the joint venture partners, as well as other minor receivables.

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 amounts owing and default or delinquency in payment (more than one year old).

Whilst the Group was in ongoing discussions with its previous joint venture partner Gujarat State Petroleum Corporation (GSPC), for repayment of disputed and other amounts owing, in line with identified impairment indicators, an assessment has been made of the recoverable balance as at 31 December 2021. Each receivable has been assessed individually for recovery, and those deemed to have a low chance of recovery have been fully provided for in the current year. Accordingly, the Indian cash calls and recharges receivable have been fully provided for.

The carrying value of trade and other receivables approximates its fair value due to the assessment of recoverability.

| | 31 December 2021 | Year Ended 30 June 2021 |
|---|--------------------|----------------------------|
| | \$ | \$ |
| Movement in Provision for Expected Credit Losses | | |
| Balance at 1 July | (4,941,011) | (6,080,888) |
| Expected credit losses reversed during the period | (238,514) | 534,714 |
| Bad debt written off against expected credit losses | - | 117,887 |
| Effect of movements in exchange rates | (168,272) | 487,276 |
| Balance at 31 December / 30 June | <u>(5,347,797)</u> | <u>(4,941,011)</u> |
| | | |
| | 31 December 2021 | 30 June 2021 |
| | \$ | \$ |
| Allocation of Provision for Expected Credit Losses | | |
| Joint venture receivables | (5,323,667) | (4,918,081) |
| Other receivables | (24,130) | (22,930) |
| | <u>(5,347,797)</u> | <u>(4,941,011)</u> |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

9. INVESTMENTS, INCLUDING DERIVATIVES

| | 31 December 2021 | 30 June 2021 |
|---|-------------------------|---------------------|
| | \$ | \$ |
| Current Investments | | |
| Equity securities – designated at FVTPL | 230,617 | 442,802 |
| | 230,617 | 442,802 |

As referenced in Note 7, the Group received 22,050,000 shares from Armour as consideration for the acquisition of the Group's interests in Cooper-Eromanga Basins, which the Group sold on 15 October 2020. At 31 December 2021, the Group had 11,530,847 Armour shares on hand following the sale of 5,500,000 Armour shares during November and December 2021 (at 30 June 2021: 17,030,847 Armour shares on hand).

The Armour shares were subject to a 12-month voluntary escrow, which ended on 15 October 2021.

Fair Value Measurement

The fair value measurement of the equity securities has been determined using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3: Unobservable inputs for the asset.

Equity securities – designated as at FVTPL have been valued using quoted market rates (Level 1). This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Dividends

Dividends received are recognised as other income by the Company when the right to receive payment is established.

10. OTHER ASSETS

On 11 June 2021, the Company announced the execution of the conditional binding sale and purchase agreement (SPA) to acquire GSPC's 55% participating interest in the Cambay Production Sharing Contract (Acquisition). Following completion of the Company's equity raising in June 2021, and shareholder approval provided on 8 June 2021, the Company secured a bank guarantee on 31 July 2021 for the US\$2.2 million consideration payable for the Acquisition.

The Government of India's approval of the Acquisition and its ratification of the SPA was provided subsequent to the half-year reporting date on 4 February 2022. Following this recent approval, the balance of the US\$2.2 million will be transferred to GSPC in exchange for the 55% participating interest in the Cambay Production Sharing Contract. This is expected to occur in the coming weeks.

The carrying value of the US\$2.2 million bank guarantee deposit is considered to approximate its fair value due to the short-term nature of this balance.

| | Half-Year Ended 31 December 2021 | Year Ended 30 June 2021 |
|--|---|------------------------------------|
| | \$ | \$ |
| <i>Movement in Bank Guarantee Deposit</i> | | |
| Balance at 1 July | - | - |
| Bank guarantee secured by deposit | 3,005,785 | - |
| Effect of movements in exchange rates | (102,644) | - |
| Balance at 31 December / 30 June | 2,903,141 | - |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

11. EXPLORATION AND EVALUATION

| | 31 December 2021 | Year Ended 30 June 2021 |
|---|------------------|----------------------------|
| | \$ | \$ |
| Balance at 1 July | 549,778 | 581,322 |
| Acquisition of exploration licence interests | - | 260,331 |
| Capitalised exploration and evaluation expenditure, net of recovery | 7,352 | 68,264 |
| Write-off of exploration and evaluation asset | - | (309,703) |
| Effect of movements in foreign exchange rates | 19,915 | (50,436) |
| Balance at 31 December / 30 June | 577,045 | 549,778 |

The carrying value of exploration and evaluation assets are assessed at each reporting date to determine if any of the following indicators of impairment exist:

- The exploration licence term in the specific area of interest has expired during the reporting period or will expire in the near future and it is not anticipated that this will be renewed;
- Expenditure on further exploration and evaluation of specific areas is not budgeted or planned;
- Exploration for and evaluation of oil and gas assets in the specific area has not led to the successful discovery of potentially economically recoverable commercial reserves; or
- Sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full, either by development or sale.

If any of the above indicators of impairment exist, the exploration and evaluation assets are impaired.

As at 31 December 2021, the balance of exploration and evaluation assets relates to the Cambay Field, for which no impairment has been provided. When producing, the Cambay Field production is sold to a third party. Further development of the Cambay field was on hold pending the ratification by the Government of India of the sale and purchase agreement for the Group's acquisition of GSPC's 55% participating interest in the Cambay Production Sharing Contract and the government approval of new environmental clearances, which occurred subsequent to half-year end. The acquisition from GSPC was secured during the current half-year period ended 31 December 2021, via a US\$2.2 million bank guarantee on 31 July 2021 (refer to Note 10). As referred to in Note 10, the acquisition from GSPC was approved and ratified by the Government of India on 4 February 2022.

There are no minimum exploration work commitments in the Cambay PSC.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

12. DEVELOPMENT ASSETS

| | 31 December 2021 | 30 June 2021 |
|---|-------------------------|-------------------|
| | \$ | \$ |
| Non-Current | | |
| Allocation of Development Assets | | |
| Cambay development asset | 5,030,323 | 4,855,007 |
| Cambay restoration asset | 3,994,696 | 3,855,483 |
| | 9,025,019 | 8,710,490 |
| | Half-Year Ended | Year Ended |
| | 31 December 2021 | 30 June 2021 |
| | \$ | \$ |
| <i>Cost – Cambay Development Assets</i> | | |
| Balance at 1 July | 15,974,727 | 17,421,776 |
| Effect of movements in foreign exchange rates | 547,469 | (1,447,049) |
| Balance at 31 December / 30 June | 16,522,196 | 15,974,727 |
| <i>Amortisation and Impairment Losses – Cambay Development Assets</i> | | |
| Balance at 1 July | 11,119,720 | 12,103,412 |
| Effect of movements in foreign exchange rates | 372,153 | (983,692) |
| Balance at 31 December / 30 June | 11,491,873 | 11,119,720 |
| Carrying Amount – Cambay Development Assets | 5,030,323 | 4,855,007 |
| <i>Cost – Cambay Restoration Asset</i> | | |
| Balance at 1 July | 3,855,483 | 4,505,601 |
| Reduction due to reassessment of restoration asset and provision | - | (259,296) |
| Effect of movements in foreign exchange rates | 139,213 | (390,822) |
| Balance at 31 December / 30 June | 3,994,696 | 3,855,483 |
| <i>Amortisation and Impairment Losses – Cambay Restoration Asset</i> | | |
| Balance at 31 December / 30 June | - | - |
| Carrying Amount – Cambay Restoration Asset | 3,994,696 | 3,855,483 |
| Carrying Amounts – Total | | |
| At 1 July | 8,710,490 | 9,823,965 |
| At 31 December / 30 June | 9,025,019 | 8,710,490 |

Cambay Field Development Assets

Development assets are reviewed at each reporting date to determine whether there is any indication of impairment or reversal of impairment. Indicators of impairment can include changes in market conditions, future oil and gas prices and future costs. An indicator of impairment which was previously identified in the 2020 financial year is the ongoing COVID-19 pandemic, which has seen reduced global demand for energy products and caused delays to the implementation of the dispute resolution with GSPC. An impairment charge of \$1,348,458 was applied to the Cambay Field development assets for the financial year ended 30 June 2020.

Based on a review of key assumptions, other than the ongoing COVID-19 pandemic, no other impairment indicators were identified as at 30 June 2021 or as at 31 December 2021 and as such no further impairment charges were applied to the Cambay Field development assets during the financial year ended 30 June 2021 and during the financial half-year ended 31 December 2021.

During the financial year ended 30 June 2021, a reassessment was made of the restoration asset and provision, resulting in the reduction of the restoration asset and provision by \$259,296. No further reassessment was made of the restoration asset and provision during the half-year ended 31 December 2021.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

13. TRADE AND OTHER PAYABLES

| | 31 December 2021 | 30 June 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| Current | | |
| Trade creditors | 758,747 | 629,369 |
| Accruals | 849,130 | 684,292 |
| Termination penalty payable (JPDA 06-103 PSC) | 689,085 | 997,605 |
| | 2,296,962 | 2,311,266 |

Trade and Other Payables

Due to the Company's assessment of the recoverability of outstanding cash call amounts owing from its previous joint venture partner (GSPC) in Note 8, the Company is of the opinion that the Cambay Joint Venture will be unable to meet its third party liabilities, without financial support from the Company as Operator, due to non-payment of outstanding cash calls by GSPC. As a result, the trade creditors and accruals balances above include an additional \$380,893 at 31 December 2021 (30 June 2021: \$241,433) to cover the Cambay PSC third party liabilities.

The carrying value of trade and other payables is considered to approximate its fair value due to the short-term nature of these financial liabilities.

Termination Penalty Payable (JPDA 06-103 PSC)

| | Half-Year Ended 31 December 2021 | Year Ended 30 June 2021 |
|--|-------------------------------------|----------------------------|
| | \$ | \$ |
| Movement in Termination Penalty Payable Balance | | |
| Balance at 1 July | 997,605 | - |
| Realisation of termination penalty | - | 1,165,671 |
| Partial repayment of termination penalty | (348,481) | (66,952) |
| Effect of movements in exchange rates | 39,961 | (101,114) |
| Balance at 31 December / 30 June | 689,085 | 997,605 |

The termination penalty payable relates to a settlement of US\$800,000, which was previously included as a provision of the Company. This provision was realised during the previous financial year ended 30 June 2021, when Oilex committed to the termination penalty under the terms of a Deed of Settlement and Release, which was executed on 7 August 2020, as detailed in the consolidated annual financial report of the Group as at and for the year ended 30 June 2021.

At the beginning of the period, the termination penalty balance was US\$750,000 (\$997,605). In December 2021, the Group settled a further US\$250,000 (\$348,481) of the termination penalty, resulting in the remaining balance payable being US\$500,000 (\$689,085) at 31 December 2021. The remaining balance is payable by 30 June 2022. The Deed further provided the Company with the option, at its sole discretion, to extend the settlement payments into the 2023-24 financial year.

14. PROVISIONS

| | 31 December 2021 | 30 June 2021 |
|---|-------------------------------------|----------------------------|
| | \$ | \$ |
| Allocation of Provisions | | |
| Non-Current - Restoration | 4,020,063 | 3,855,483 |
| | 4,020,063 | 3,855,483 |
| | Half-Year Ended 31 December 2021 | Year Ended 30 June 2021 |
| | \$ | \$ |
| Non-Current – Site Restoration, Well Abandonment and Other Provisions | | |
| Balance at 1 July | 3,855,483 | 4,505,601 |
| Unwinding of discount on site restoration provision | 25,147 | - |
| Reduction of provision due to reassessment of restoration asset and provision (refer Note 12) | - | (259,296) |
| Effect of movements in exchange rates | 139,433 | (390,822) |
| Balance at 31 December / 30 June | 4,020,063 | 3,855,483 |

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

15. BORROWINGS

| | 31 December 2021 \$ | 30 June 2021 \$ |
|-----------------|------------------------|--------------------|
| Unsecured loans | 100,767 | (215,274) |
| | 100,767 | (215,274) |

Terms and Repayment Schedule of US\$800,000 Loan Facility

As detailed in Note 13, Oilex committed to the termination penalty settlement of US\$800,000 under terms of a Deed of Settlement and Release relating to the JPDA 06-103 PSC. During the financial year ended 30 June 2021, the Company entered into an unsecured loan facility agreement for US\$800,000 with two of its JPDA joint venture partners (Japan Energy E&P JPDA Pty Ltd (“**JX**”) and Pan Pacific Petroleum (JPDA 06 103) Pty Ltd (“**PPP**”) to fund the settlement.

At 31 December 2021, the terms and conditions of the US\$800,000 loan facility is as follows:

| | | | | 31 December 2021 \$ | | 30 June 2021 \$ | |
|---------------------------|-----|-------|------|------------------------|-----------------|--------------------|-----------------|
| | | | | Face Value | Carrying Amount | Face Value | Carrying Amount |
| US\$800,000 loan facility | USD | 11.0% | 2023 | 100,767 | 100,767 | (215,274) | (215,274) |
| | | | | 100,767 | 100,767 | (215,274) | (215,274) |

The loan facility is restricted to fund Oilex’s liability with ANPM

The movement of the loan facility balance during the period was as follows:

| | Half-Year Ended 31 December 2021 \$ | Year Ended 30 June 2021 \$ |
|---|---|----------------------------------|
| Movement in US\$800,000 Loan Facility | | |
| Balance at 1 July | (215,274) | - |
| Amounts drawn down to pay termination penalty | 348,481 | 66,952 |
| Repayments made to lenders | (23,404) | (283,668) |
| Interest on facility balance | 896 | - |
| Effect of movements in exchange rates | (9,931) | 1,442 |
| Balance at 31 December / 30 June | 100,767 | (215,274) |

At 30 June 2021, US\$161,843 (\$215,274) of the amounts paid to lenders were not paid towards the settlement of the termination penalty, and as such, resulted in a credit balance in the loan facility at 30 June 2021. This credit was reversed upon the drawdown of another US\$250,000 in December 2021. In addition, a further US\$16,654 was paid in December into the loan facility to fully repay the portion of the loan owing to PPP. After interest charges, the balance of the loan facility at half-year end was US\$72,158.

The interest rate of the loan facility is 11% and the balance of the loan, plus interest, is to be repaid to JX in four instalments (in February 2022, August 2022, February 2023 and August 2023), prior to the loan’s maturity on 17 August 2023.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

16. EXPENDITURE COMMITMENTS

Exploration Expenditure Commitments

In order to maintain rights of tenure to exploration permits, the Group is required to perform exploration work to meet the minimum expenditure requirements specified by various state and national governments. These obligations are subject to renegotiation when an 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 \$nil (30 June 2021: \$nil).

There are no minimum exploration work commitments in the Cambay Production Sharing Contract (refer to Note 11).

When obligations expire, are renegotiated, 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 the expiry of the existing exploration leases.

Capital Expenditure Commitments

The Group had no capital expenditure commitments as at 31 December 2021 (30 June 2021: \$nil).

17. CONTINGENT ASSETS, CONTINGENT LIABILITIES AND GUARANTEES

Contingent Assets and Contingent Liabilities at Reporting Date

The Directors are of the opinion that there were no contingent assets or contingent liabilities as at 31 December 2021 and as at 30 June 2021.

Guarantees

Oilex Ltd has issued guarantees in relation to corporate credit cards. The bank guarantees amount to \$50,000 (30 June 2021: \$50,000).

Oilex Ltd also secured the Group's Acquisition of GSPC's 55% participating interest in the Cambay Production Sharing Contract via the payment of US\$2.2 million into a bank guarantee on 31 July 2021 (refer Note 10). Following the Government of India's approval of the Acquisition and ratification of the SPA, the transfer of the balance of the bank guarantee to GSPC is expected to occur in the coming weeks.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

18. ISSUED CAPITAL

| | Half-Year Ended 31 December 2021 Number of Shares | Half-Year Ended 31 December 2021 \$ Issued Capital | Year Ended 30 June 2021 Number of Shares | Year Ended 30 June 2021 \$ Issued Capital |
|---|--|---|---|--|
| Shares | | | | |
| On issue 1 July – fully paid | 5,685,971,571 | 185,355,925 | 3,704,096,666 | 179,254,814 |
| Issue of share capital | | | | |
| Shares issued for cash ⁽³⁾ | 571,518,804 | 1,485,195 | 1,570,903,361 | 5,451,042 |
| Shares issued for non-cash ^{(1) (2)} | 4,389,645 | 19,489 | 176,623,458 | 405,675 |
| Exercise of unlisted options | - | - | 234,348,086 | 475,867 |
| Capital raising costs ⁽⁴⁾ | - | (384,845) | - | (231,473) |
| Balance at 31 December / 30 June – fully paid | 6,261,880,020 | 186,475,764 | 5,685,971,571 | 185,355,925 |

The issue of shares in lieu of non-executive director remuneration were approved by shareholders at the Annual General Meeting held on 16 December 2020 for the period from 1 November 2020 to 31 October 2021. The shares were issued at a price based upon the 10-day Volume Weighted Average Price up to the applicable quarter end of each period.

In accordance with the ASX waiver granted on 6 November 2020, the Company advises that the number of remuneration shares that were issued to directors totalled 4,389,645 for the period ended 31 December 2021, which was equivalent to 0.07% of the Company's issued capital as at 31 December 2021.

Additional information of the issue of ordinary shares:

- 1) On 12 August 2021, the Company announced the issue of 2,458,785 shares in lieu of non-executive director remuneration for the period from 1 May 2021 through to 31 July 2021 at an issue price of \$0.004 per ordinary share.
- 2) On 11 November 2021, the Company announced the issue of 1,930,860 shares in lieu of non-executive director remuneration for the period from 1 August 2021 through to 31 October 2021 at an issue price of \$0.005 per ordinary share.
- 3) In December 2021 the Company arranged an equity capital raising ("December Placement") of £2.0 million (\$3.7 million), before costs, to be raised via the issue of 1,422,590,303 new fully paid ordinary shares ("Placement Shares") at £0.0014 (\$0.00259) per share. The December Placement was completed in three tranches as follows:
 - 349,512,978 shares ("Tranche 1") which were issued on 17 December 2021;
 - 222,005,826 shares ("Tranche 2") which were issued on 24 December 2021; and
 - 851,071,499 shares ("Tranche 3") which were issued subsequent to the half-year reporting period on 12 January 2022.

Of the December Placement funds, £0.80 million (\$1.48 million) before costs were received before 31 December 2021, via the issue of Tranche 1 and Tranche 2 Shares. The remaining £1.19 million (\$2.20 million) before costs were received after the half-year via the issue of Tranche 3 Shares.

- 4) Included in capital raising costs is an amount of \$53,133, being the fair value of 25,210,084 unlisted Advisor Options approved by shareholders and granted to Novum at a general meeting of Oilex shareholders held on 26 November 2021. The Advisor Options were issued pursuant to the placing agreement the Company had with Novum on or about 21 April 2021 as part of the Company's equity raising which was completed in the previous reporting period in June 2021; the options were issued after the half-year on 19 January 2022. Refer to Note 19 (footnote (2)) for further details of the unlisted Advisor Options including the factors and assumptions used to determine the fair value of the Advisor Options.

The Company does not have authorised capital or par value in respect of its issued shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Subsequent Event

As noted above, on 12 January 2022, the Company issued 851,071,499 shares at £0.0014 (\$0.00259) per ordinary share for Tranche 3 of the December Placement.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

19. SHARE-BASED PAYMENTS

| | Half-Year Ended 31 December 2021 \$ | Half-Year Ended 31 December 2020 \$ |
|---|---|---|
| Shares - Equity Settled | | |
| Non-Executive Directors – remuneration shares ⁽¹⁾ | 19,489 | - |
| Technical and administrative contractors | - | 174,244 |
| Total share-based payments expense and amount recognised in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income | 19,489 | 174,244 |
| Share-Based Payments Recognised Directly in Equity | | |
| Options granted to brokers and financiers during the period ⁽²⁾ | 53,133 | 11,490 |
| Total share-based payments recognised directly in equity | 53,133 | 11,490 |
| Total Share-Based Payment Transactions | 72,622 | 185,734 |

Additional information on share-based payment transactions during the period:

- 1) Relates to the issue of shares in lieu of non-executive director remuneration, which was approved by shareholders at the Annual General Meeting held on 16 December 2020 for the period from 1 November 2020 to 31 October 2021. The shares were issued at a price based upon the 10-day Volume Weighted Average Price up to the applicable quarter end of each period.

In accordance with the ASX waiver granted on 6 November 2020, the Company advises that the number of remuneration shares that were issued to directors totalled 4,389,645 for the period ended 31 December 2021, which was equivalent to 0.07% of the Company's issued capital as at 31 December 2021.

The remuneration shares were issued on the following dates:

- 2,458,785 shares on 12 August 2021, in lieu of non-executive director remuneration for the period from 1 May 2021 through to 31 July 2021 at an issue price of \$0.004 per ordinary share; and
- 1,930,860 shares on 11 November 2021, in lieu of non-executive director remuneration for the period from 1 August 2021 through to 31 October 2021 at an issue price of \$0.005 per ordinary share.

- 2) On 26 November 2021, at the Company's Annual General Meeting held on that date, 25,210,084 unlisted Advisor Options was approved by shareholders and granted to Novum, pursuant to the placing agreement the Company had with Novum on or about 21 April 2021 as part of the Company's equity raising which was completed in the previous reporting period in June 2021.

The options are exercisable at £0.0024 (\$0.0044) and expires on 31 May 2024. The fair value of the unlisted options was calculated at the grant date of 26 November 2021 using the Black-Scholes Model. Expected volatility was estimated by considering historical volatility of the Company's share price over the period commensurate with the expected term.

The following factors and assumptions were used to determine the fair value of the 25,210,084 unlisted Advisor Options granted to Novum during the period:

| 2021 Grant Date | Vesting Date | Expiry Date | Fair Value Per Option | Exercise Price | Price of Shares on Grant Date | Expected Volatility | Risk Free Interest Rate | Dividend Yield |
|--------------------|------------------|-------------|--------------------------|-----------------------|----------------------------------|------------------------|-------------------------------|-------------------|
| 26 November 2021 | 26 November 2021 | 31 May 2024 | £0.0011 (\$0.0021) | £0.0024 (\$0.0044) | £0.00175 (\$0.00326) | 129.35% | 0.10% | - |

The options were issued after the half-year on 19 January 2022 and have not been exercised at the half-year report date.

As noted above, the 25,210,084 unlisted Advisor Options, exercisable at £0.0024 (\$0.0044) and expiring on 31 May 2024, were issued after the half-year on 19 January 2022. No other options were issued during the half-year ended 31 December 2021. The balance of unlisted options at 31 December 2021 remained at 603,403,361 (30 June 2021: 603,403,361 options). The 603,403,361 are exercisable at £0.00476 per share on or before 30 June 2022.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**

19. SHARE-BASED PAYMENTS (CONTINUED)

Subsequent Event

As noted in footnote (2) above, 25,210,084 unlisted Advisor Options exercisable at £0.0024 (\$0.0044) and expiring on 31 May 2024 were issued after the half-year on 19 January 2022.

In addition, as part of the December Placement (refer to footnote (3) in Note 18), subscribers to the December Placement were offered one free attaching unquoted option for every two Placement shares subscribed for, which will result in the issue of an aggregate of 711,295,152 unquoted options ("Placement Options"). The Placement Options are exercisable at £0.0028 (\$0.00518) per share on or before 31 December 2022. In addition, a portion of the capital raising fees from participating brokers of the December Placement is to be paid by way of the issue of 65,874,899 unquoted options, exercisable at £0.0014 (\$0.00259) on or before 31 December 2023 ("Broker Fee Options"). The issue of the Placement Options and Broker Fee Options were approved by shareholders at a general meeting of Oilex shareholders held on 17 February 2022. The issue of the Placement Options and the Broker Fee Options are expected to occur no later than 17 May 2022.

20. RELATED PARTIES AND SHARE-BASED PAYMENTS

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 2021.

In addition, during the half-year, 4,389,645 shares valued at a total of \$19,489 were issued to non-executive directors Paul Haywood and Peter Schwarz in lieu of non-executive director remuneration for the quarters ended 31 July 2021 and 31 October 2021 (refer to Note 18, footnotes (1) and (2) and also Note 19, footnote (1)). These shares were approved by shareholders at the Annual General Meeting held on 16 December 2020 for the period from 1 November 2020 to 31 October 2021. The shares were issued at a price based upon the 10-day Volume Weighted Average Price up to the applicable quarter end of each period.

No further related party arrangements were made during the period to 31 December 2021.

21. CHANGE IN THE COMPOSITION OF THE GROUP

Since the last annual reporting date, changes in the composition of the Group are included in the following table:

| | Country of Incorporation | Ownership Interest % | |
|---|--------------------------|----------------------|--------------|
| | | 31 December 2021 | 30 June 2021 |
| Parent Entity | | | |
| Oilex Ltd | Australia | | |
| Subsidiaries | | | |
| Independence Oil and Gas Limited ⁽¹⁾ | Australia | 100 | 100 |
| Admiral Oil and Gas Holdings Pty Ltd ⁽¹⁾ | Australia | 100 | 100 |
| Admiral Oil and Gas (106) Pty Ltd ⁽¹⁾ | Australia | 100 | 100 |
| Admiral Oil and Gas (107) Pty Ltd ⁽¹⁾ | Australia | 100 | 100 |
| Admiral Oil Pty Ltd ⁽¹⁾ | Australia | 100 | 100 |
| Oilex (JPDA 06-103) Ltd | Australia | 100 | 100 |
| Merlion Energy Resources Private Limited | India | 100 | 100 |
| Oilex N.L. Holdings (India) Limited | Cyprus | 100 | 100 |
| Oilex (West Kampar) Limited | Cyprus | 100 | 100 |
| Oilex EIS Limited (incorporated 12 December 2019) | United Kingdom | 100 | 100 |
| Oilex Services UK Limited ⁽²⁾ | United Kingdom | 100 | - |

Additional information regarding the changes in the composition of the Group:

- 1) These inactive entities were deregistered subsequent to half-year end on 19 January 2022. These entities had no assets at the time of deregistration.
- 2) Oilex Services UK Limited was incorporated as an England and Wales company under the UK *Companies Act 2006* on 21 July 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

22. SUBSEQUENT EVENTS

The impact of the COVID-19 pandemic is ongoing and while it has been financially negative for the consolidated entity up to 31 December 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian and Indian Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 12 January 2022, the Company issued 851,071,499 shares at £0.0014 (\$0.00259) per ordinary share for Tranche 3 of the December Placement for the funding required for, inter alia, the re-fracking of the Cambay 77H well in India (refer to Note 18, footnote (3), for further details).

On 19 January 2022, five inactive entities of the Group (being Independence Oil and Gas Limited, Admiral Oil and Gas Holdings Pty Ltd, Admiral Oil and Gas (106) Pty Ltd, Admiral Oil and Gas (107) Pty Ltd, and Admiral Oil Pty Ltd) were deregistered. These entities had no assets at the time of deregistration.

On 19 January 2022, the Company issued 25,210,084 unquoted options ("Advisor Options") to Novum Securities Limited ("Novum"), pursuant to the placing agreement the Company had with Novum on or about 21 April 2021, as part of the Company's equity raising which was completed in the previous reporting period in June 2021. The options were approved by shareholders during the current reporting period at the Annual General Meeting on 26 November 2021. The options are exercisable at £0.0024 and expires on 31 May 2024. Refer to Note 19 (footnote (2)) for further details of the Advisor Options.

On 27 January 2022, Mr Colin Judd, who was appointed during the current period as the Company's Chief Financial Officer on 1 July 2021, was appointed to the Company's Board as Executive Director.

On 4 February 2022, the Government of India gave its approval and ratified the Group's Acquisition of GSPC's 55% participating interest in the Cambay Production Sharing Contract, thereby completing the Acquisition of the Cambay PSC (refer to Note 10 for further details). Following this, the transfer of the balance of the bank guarantee to GSPC is expected to occur in the coming weeks.

On 7 February 2022, the Government of India Ministry of Environment, Forest and Climate Change granted a new Environmental Clearance for the Cambay field.

On 17 February 2022, the issue of 711,295,152 unquoted Placement Options and 65,874,899 unquoted Broker Fee Options were approved by shareholders at a general meeting of Oilex shareholders held on 17 February 2022. The issue of the Placement Options and Broker Fee Options are expected to occur no later than 17 May 2022. Refer to Note 19 for further details on the Placement Options and Broker Fee Options.

Other than the above disclosures, there has not arisen in the interval between the end of the financial period and the date of this report an item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

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 7 to 27, 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 2021 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 Group and 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 Roland Wessel
Chief Executive Officer and Director



Mr Colin Judd
Chief Financial Officer and Director

West Perth
Western Australia
11 March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF OILEX LTD

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Oilex Ltd (the company) and controlled entities (consolidated entity) which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2021, or during the half year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report.

Material Uncertainty related to Going Concern

Without qualifying our conclusion, we draw attention to Note 2(b) in the financial report in which indicates that the consolidated entity incurred a loss of (\$2,235,196) (31 December 2020: (\$418,881)) during the half year ended 31 December 2021, it incurred negative operating cashflow of (\$1,734,653) (31 December 2020: (\$296,271)). These conditions, along with other matters as set forth in Note 2(b) indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report

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Independence

We are independent of the company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibility for the Half-Year Financial Report

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

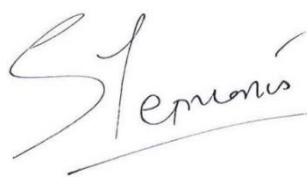
Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

A review of a half-year 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.



PKF PERTH

SIMON FERMANIS
PARTNER11 MARCH 2022
WEST PERTH,
WESTERN AUSTRALIA

DEFINITIONS (CONTINUED)

| | |
|----------------------------|---|
| Associated Gas | Natural gas found in contact with or dissolved in crude oil in the reservoir. It can be further categorised as Gas-Cap Gas or Solution Gas. |
| Barrels/Bbls | Barrels of oil or condensate - standard unit of measurement for all oil and condensate production. One barrel is equal to 159 litres or 35 imperial gallons. |
| BBO | Billion standard barrels of oil or condensate |
| BCF | Billion cubic feet of gas at standard temperature and pressure conditions. |
| BCFE | Billion cubic feet equivalent of gas at standard temperature and pressure conditions. |
| BOE | Barrels of Oil Equivalent. Converting gas volumes to the oil equivalent is customarily done on the basis of the nominal heating content or calorific value of the fuel. Common industry gas conversion factors usually range between 1 barrel of oil equivalent (BOE) = 5,600 standard cubic feet (scf) of gas to 1 BOE = 6,000 scf. (Many operators use 1 BOE = 5,620 scf derived from the metric unit equivalent 1 m ³ crude oil = 1,000 m ³ natural gas). |
| BOEPD | Barrels of oil equivalent per day. |
| BOPD | Barrels of oil per day. |
| Contingent Resources | Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by their economic status. |
| Discovered in place volume | Is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. |
| FEED | Front End Engineering Design |
| GOR | Gas to oil ratio in an oil field, calculated using measured natural gas and crude oil volumes at stated conditions. The gas/oil ratio may be the solution gas/oil, symbol <i>R_s</i> ; produced gas/oil ratio, symbol <i>R_p</i> ; or another suitably defined ratio of gas production to oil production. Volumes measured in scf/bbl. |
| MMBO | Million standard barrels of oil or condensate. |
| mD | Millidarcy – unit of permeability. |
| MD | Measured Depth. |
| MMbbls | Million barrels of oil or condensate. |
| MMscfd | Million standard cubic feet (of gas) per day. |
| MSCFD | Thousand standard cubic feet (of gas) per day. |
| PI | Participating Interest. |
| Prospective Resources | Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. |
| PSC | Production Sharing Contract. |

DEFINITIONS (CONTINUED)

| | |
|------------------------------|---|
| Reserves | <p>Reserves are 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.</p> <p>Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations.</p> <p>Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.</p> <p>Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves. Reserves are designated as 1P (Proved), 2P (Proved plus Probable) and 3P (Proved plus Probable plus Possible).</p> <p>Probabilistic methods:</p> <ul style="list-style-type: none"> • P90 refers to the quantity for which it is estimated there is at least a 90% probability the actual quantity recovered will equal or exceed. • P50 refers to the quantity for which it is estimated there is at least a 50% probability the actual quantity recovered will equal or exceed. • P10 refers to the quantity for which it is estimated there is at least a 10% probability the actual quantity recovered will equal or exceed. |
| SCF/BBL | Standard cubic feet (of gas) per barrel (of oil). |
| SCFD | Standard cubic feet (of gas) per day. |
| TCF | Trillion cubic feet of gas at standard temperature and pressure conditions. |
| Tight Gas Reservoir | The reservoir cannot be produced at economic flow rates or recover economic volumes of natural gas unless the well is stimulated by a large hydraulic fracture treatment, a horizontal wellbore, or by using multilateral wellbores. |
| Undiscovered in place volume | Is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered. |

CORPORATE INFORMATION

Directors

Roland Wessel
Chief Executive Officer and Executive Director

Colin Judd
Chief Financial Officer and Executive Director

Joe Salomon (B APP SC (Geology), GAICD)
Executive Chairman

Mark Bolton (B Business)
Non-Executive Director

Paul Haywood
Independent Non-Executive Director

Peter Schwarz
(B Sc (Geology), M Sc (Petroleum Geology))
Independent Non-Executive Director

Company Secretary

Suzie Foreman (FGIA, CA, BComm)

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Oilex Ltd

ACN 078 652 632
ABN 50 078 652 632

Stock Exchange Listings

Oilex Ltd's shares are listed under the code OEX on the Australian Securities Exchange and on the Alternative Investment Market of the London Stock Exchange (AIM)

AIM Nominated Adviser

Strand Hanson Limited
26 Mount Row
London W1K 3SQ
United Kingdom

AIM Broker

Novum Securities Limited
2nd Floor
Lansdowne House
57 Berkeley Square
London W1J 6ER
United Kingdom

Share Registries

Link Market Services Limited (for ASX)
Level 12
250 St Georges Terrace
Perth Western Australia 6000
Australia

Computershare Investor Services PLC (for AIM)

The Pavilions
Bridgwater Road
Bristol BS13 8AE
United Kingdom

Auditors

PKF Perth
Level 5, 35 Havelock Street
West Perth Western Australia 6005
Australia