

HIGHLIGHTS

MARCH
QUARTERLY
REPORT

2018

CAMBAY FIELD, ONSHORE GUJARAT, INDIA

- » As anticipated, the Ministry of Petroleum and Natural Gas (MoPNG) approved the proposal for the grant of a ten-year extension to the Cambay PSC on 3 April 2018.
- » In support of the PSC extension application process, the Field Development Plan (FDP) was approved by the Joint Venture Management Committee (MC) in January 2018.
- » The amended Cambay PSC contract, reflecting the new expiry date of 2029, is now pending finalisation.
- » A revised 2018-19 work programme and budget is being prepared inclusive of two vertical wells. Upon the approval by the MC and securing adequate financing, the Company will proceed to order the long lead items.
- » Gas production continues from C-73 at the Cambay Field.
- » The Joint Venture had approximately 3,160 bbls of oil (gross) on hand as at 31 March 2018.
- » During the quarter, the Joint Venture partner, GSPC, made no payments towards outstanding cash calls. The Company continues to maintain a dialogue with GSPC to resolve the payment of the outstanding cash calls.

BHANDUT FIELD, ONSHORE GUJARAT, INDIA

- » As anticipated, the Ministry of Petroleum and Natural Gas approved the proposal for the grant of a ten-year extension to the Bhandut PSC on 3 April 2018.
- » In support of the PSC extension application process, the FDP was approved by the MC in January 2018.
- » Potential opportunities for the sale of the PSC continue to be advanced.
- » During the quarter, the Joint Venture partner, GSPC, made no payments towards outstanding cash calls.

CORPORATE

- » Cash resources at 31 March 2018 were approximately \$0.7 million.
- » General Meeting of Shareholders in March 2018 approved the conditional Tranche 2 capital raising to secure funding of up to \$1.75 million (£0.99 million) and ratified Tranche 1 which raised \$0.6 million (£0.34 million) in January 2018.
- » As at 30 April 2018, the substantial majority of subscribers have agreed to extend the date for extension of the Tranche 2 conditions precedent to 31 July 2018. The Company anticipates that the remaining subscribers will consent to the extension shortly.
- » Managing Director's contract extended to March 2019.
- » Continue to review new opportunities to create value by expanding the Company's project portfolio.
- » Subsequent to the end of the quarter, the Company entered into placement agreements to raise \$500,000.

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OVERVIEW

The Company's primary objective is to maximise shareholder value from its principal asset in the Cambay Basin, located onshore Gujarat State in India, whilst also continuing to review other opportunities to create value and diversify risk by adding new assets to the Company's project portfolio.

To that end, Oilex continues to evaluate and implement a range of technical programme options to progress the main objective of accessing the significant gas resource present in siltstones in the EP-IV reservoir at the Company's Cambay PSC. North American unconventional drilling, completion and stimulation technologies have been applied by the Joint Venture over the last six years with positive but commercially modest results and work is underway to optimise results for future work programmes. The current work programmes are focused on:

- Formalising the ten-year extension of the Cambay PSC granted by the MoPNG (incorporating the approved Field Development Programme). The FDP and application for an extension of the PSC term was lodged in the September 2017 quarter, with the proposal for the PSC extension being approved in April 2018.
- Preparing detailed work programmes including new wells for implementation under a revised 2018/19 budget and the approved FDP;
- Resolution of outstanding cash calls payable by the Company's Joint Venture partner GSPC; and
- The Company continues to evaluate new opportunities to add to the Company's project portfolio.

HEALTH, SAFETY, SECURITY AND ENVIRONMENT

No lost time incidents recorded during the quarter.

CAMBAY FIELD, GUJARAT, INDIA

(Oilex: Operator and 45% interest)

On 4 April 2018, the Company announced that it had received notice that the Ministry of Petroleum and Natural Gas (MoPNG) has approved the proposal for the grant of ten-year extension to the Cambay Production Sharing Contract (PSC).

The Director General of Hydrocarbons has been requested by the MoPNG to hold a Management Committee Meeting (which was held on 23 April 2018) and take the necessary action, in accordance with the March 2016 Government of India policy on the extension of small and medium sized discovered fields, to formally amend the PSC.

The Company's plans for the 2018-19 work programmes at Cambay are well advanced. Upon the approval of a revised work programme and budget (WP&B), inclusive of drilling two vertical wells, by the Joint Venture Management Committee (MC), the Company will proceed to order the long lead items for the planned work programme. The targeted work programme will draw upon the FDP which includes two vertical wells targeting the EP-IV level, subject to having the necessary finance. The priority for the revised 2018-19 work programme will be to test the drilling and stimulation recommendations from Baker Hughes-GE in the EP-IV zone. Any early production will utilise existing processing and storage facilities upgraded as required to provide a low-cost path to commercialisation. Given success, a larger drilling programme will follow, with the aim of aggregating sufficient production volumes to connect to the high-pressure pipelines which offer greater offtake stability and improved gas prices.

An updated timetable, cost estimate and funding strategy is anticipated to be finalised in the June quarter. The Company continues to engage with GSPC and other stakeholders to ensure the revised 2018-19 WP&B, inclusive of drilling two vertical wells, is approved and equitably funded. In addition, the Company has received approaches from a number of industry participants expressing an interest in the project. The Company cautions that the failure of the MC to approve the revised 2018-19 WP&B, inclusive of drilling two vertical wells, or its Joint Venture Partner to contribute its share of the revised 2018-19 WP&B may result in the delay in commencing the work programme.

During the previous quarter gas production at the Cambay Field cycled from C-77H to C-73 as part of the reservoir management. Production during the current quarter averaged 72 mscfd with 3 bopd oil and associated liquids (16 boepd);

Oilex net 7 boepd). The current gas sales agreements were renegotiated to take any additional produced volumes as and when required.

Joint Venture Management

During the March 2018 quarter, the operator received no payments towards outstanding cash calls from its joint venture partner.

As at 31 March 2018, gross unpaid cash calls remaining outstanding from GSPC totalled approximately US\$5.7 million. The Company continues to maintain a dialogue with its joint venture partner to resolve the payment of these remaining outstanding cash call balances. Oilex as Operator, has continued to bear the ongoing costs of the Joint Venture.

BHANDUT FIELD, GUJARAT, INDIA

(Oilex: Operator and 40% interest)

Oilex holds a 40% equity in the Bhandut Field, with GSPC holding the remaining participating interest. Previous drilling in the Bhandut Field intersected a number of hydrocarbon zones, some of which have been produced and are now shut-in.

On 4 April 2018, the Company announced that it had received notice that the Ministry of Petroleum and Natural Gas has approved the proposal for the grant of ten-year extension to the Bhandut PSC.

The Director General of Hydrocarbons has been requested by the MoPNG to hold the Management Committee Meeting (which was held on 23 April 2018) and take the necessary action in accordance with the Government of India policy on the extension of small and medium sized discovered fields dated 28 March 2016 to formally amend the PSC.

The field is currently on care and maintenance, however, the field has ongoing production and exploration potential, coupled with existing production facilities. The Company continues discussions with several parties for the possible sale of its participating interest in the PSC.

During the quarter Oilex received no payments towards outstanding cash calls for Bhandut.

At the end of the quarter, total unpaid cash calls by GSPC was US\$93,521 gross.

WALLAL GRABEN, WESTERN AUSTRALIA (CANNING BASIN)

(Oilex: Preferred Applicant 100% interest)

The Wallal Graben asset is located adjacent to the Pilbara, a global resource centre for iron ore and LNG in Western Australia. The Wallal Graben blocks are currently under application with the Department of Mines and Petroleum (DMP) with the final award subject to entering into Heritage Agreements with the Nyangumarta and Njamal People.

JPDA 06-103, TIMOR SEA

(Oilex: PSC Terminated 15 July 2015 - Operator and 10% interest)

Oilex as operator, and on behalf of the JPDA 06-103 Joint Venture participants, continues to seek a resolution to the dispute with Autoridade Nacional do Petroleo e Minerais (ANPM) in relation to matters associated with the termination of JPDA 06-103 PSC. In July 2015, the ANPM rejected the Joint Venture request to terminate the PSC by mutual agreement in good standing and without penalty, and the ANPM sought to impose a penalty of approximately US\$17 million upon the Joint Venture and the ANPM terminated the PSC on 15 July 2015. The Joint Venture undertook significantly more exploration expenditure than required during the PSC term and believes the excess was not properly accounted for in accordance with the terms of the PSC.

The Joint Venture continues its dialogue with the ANPM and remains hopeful an amicable settlement will be reached. If the parties are unable to reach an amicable settlement, any party may refer the matter to arbitration. If this occurs, the obligations and liabilities of the Joint Venture participants under the PSC are joint and several, with parent company guarantees provided by all Joint Venture participants. Oilex has a 10% participating interest in the Joint Venture.

WEST KAMPAR PSC, CENTRAL SUMATRA, INDONESIA

(Oilex: 45% interest and further 22.5% secured ⁽¹⁾)

The Company remains in dispute with the operating company, PT Sumatera Persada Energi (SPE) which was declared bankrupt. The Indonesian Government regulator, SKK Migas, has confirmed that Oilex continues to retain a 45% participating interest in the PSC. In the absence of a commercial settlement, the Company intends to preserve its rights. Oilex continues to pursue enforcement of the Arbitration Award and a commercial settlement.

CORPORATE

At the end of the quarter Oilex retained cash resources of \$0.7 million.

Shareholders Approve Capital Raising

At the 14 March 2018 General Meeting, Shareholders:

Ratified tranche one, the issue of 157,894,737 shares on 29 January 2018 at an issue price of \$0.0038 (0.215 pence) raising \$0.6 million (£0.34 million); and

Approved the conditional issue of 349,240,000 tranche two shares at an issue price of \$0.005 (0.283 pence) to raise a further \$1.75 million (£0.99 million).

The completion of tranche two was subject to the successful extension of the Cambay PSC by the Government of India for a further ten years on or before 31 March 2018. As at 30 April 2018, the substantial majority of subscribers have agreed to extend the date for extension of the Tranche 2 conditions precedent to 31 July 2018. The Company anticipates that the remaining subscribers will consent to the extension shortly.

Managing Director Contract Extension

During the Quarter the Company announced that Mr Jonathan Salomon's term as Managing Director of the Company had been extended by a further year to March 2019.

Issue of Shares

During the March 2018 quarter the Company issued the following shares.

Tranche One	157,894,737
In lieu of Non-Executive Directors Fees	2,759,844
Consideration for consulting services	<u>1,485,000</u>
Total	162,139,581

Subsequent to the end of the quarter the Company entered into placement agreements to issue 125,000,000 new ordinary shares at an issue price of \$0.004, raising \$500,000 (Placement). The Placement, which is under LR7.1, is anticipated to be completed in May 2018. Funds raised from the placement are intended to be applied towards the working capital requirements of the Company.

Capital Structure as at 31 March 2018

Ordinary Shares	1,874,197,579
Unlisted Options	77,166,666

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, Managing Director employed by Oilex Ltd. Mr Salomon has over 30 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.

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Board of Directors

Brad Lingo	Non-Executive Chairman
Paul Haywood	Non-Executive Director
Joe Salomon	Managing Director

Company Secretary

Mark Bolton	CFO & Company Secretary
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Stock Exchange Listing

Australian Securities Exchange	Code: OEX
AIM London Stock Exchange	Code: OEX

AIM Nominated Adviser

Strand Hanson Limited

AIM Broker

Cornhill Capital Limited

Share Registry

Australia

Link Market Services Limited
Level 12
250 St. Georges Terrace
Perth WA 6000 Australia
Telephone: 1300 554 474
Website:
<http://investorcentre.linkmarketservices.com.au>

United Kingdom

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE United Kingdom
Telephone: +44 (0) 870 703 6149
Website:
www.computershare.com

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PERMIT SCHEDULE

PERMIT SCHEDULE – 31 MARCH 2018

ASSET	LOCATION	ENTITY	EQUITY %	OPERATOR
Cambay Field PSC	Gujarat, India	Oilex Ltd	30.0	Oilex Ltd
		Oilex N.L. Holdings (India) Limited	15.0	
Bhandut Field PSC	Gujarat, India	Oilex N.L. Holdings (India) Limited	40.0	Oilex N.L. Holdings (India) Limited
West Kampar PSC	Sumatra, Indonesia	Oilex (West Kampar) Limited	67.5 ⁽¹⁾	PT Sumatera Persada Energi
JPDA 06-103 PSC ⁽²⁾	Joint Petroleum Development Area Timor Leste and Australia	Oilex (JPDA 06-103) Ltd	10.0	Oilex (JPDA 06-103) Ltd
STP-EPA-0131 Application	Western Australia	Admiral Oil Pty Ltd ⁽³⁾	100.0	Admiral Oil Pty Ltd ⁽⁴⁾
STP-EPA-0106 Application	Western Australia	Admiral Oil and Gas (106) Pty Ltd ⁽³⁾	100.0	Admiral Oil and Gas (106) Pty Ltd ⁽⁴⁾
STP-EPA-0107 Application	Western Australia	Admiral Oil and Gas (107) Pty Ltd ⁽³⁾	100.0	Admiral Oil and Gas (107) Pty Ltd ⁽⁴⁾

⁽¹⁾ Oilex (West Kampar) Limited is entitled to have assigned an additional 22.5% to its holding through the exercise of its rights under a Power of Attorney granted by PT Sumatera Persada Energi (SPE) following the failure of SPE to repay funds due. The assignment request has been provided to BPMigas (now SKK Migas) but has not yet been approved or rejected. If Oilex is paid the funds due it will not be entitled to pursue this assignment.

⁽²⁾ PSC terminated 15 July 2015

⁽³⁾ Ultimate parent entity is Oilex Ltd.

⁽⁴⁾ Current status is a Preferred Applicant

LIST OF ABBREVIATIONS AND DEFINITIONS

Barrel/bbl	Standard unit of measurement for all oil and condensate production. One barrel is equal to 159 litres or 35 imperial gallons.
MMBO	Million standard barrels of oil or condensate
SCFD	Standard cubic feet (of gas) per day
MSCFD	Thousand standard cubic feet (of gas) per day
MMSCFD	Million standard cubic feet (of gas) per day
BBO	Billion standard barrels of oil or condensate
BCF	Billion Cubic Feet of gas at standard temperature and pressure conditions
TCF	Trillion Cubic Feet of gas at standard temperature and pressure conditions
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
Undiscovered in place volume	Is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered
PSC	Production Sharing Contract
Prospective Resources	Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.
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.
Reserves	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. 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. 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. 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). Probabilistic methods 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.

APPENDIX 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

OILEX LTD

ABN

50 078 652 632

Quarter ended (current quarter)

31 MARCH 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	23	87
1.2 Payments for		
(a) exploration & evaluation	(300)	(1,141)
(b) development	-	-
(c) production	(30)	(129)
(d) staff costs	(208)	(697)
(e) administration and corporate costs	(336)	(974)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
Litigation Legal Fees - Final Payment	-	(265)
1.9 Net cash from / (used in) operating activities	(849)	(3,113)

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	600	643
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(26)	(36)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	574	607

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	975	3,216
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(849)	(3,113)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	574	607
4.5	Effect of movement in exchange rates on cash held	9	(1)
4.6	Cash and cash equivalents at end of period	709	709

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	709	975
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	709	975

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Director's fees & superannuation

Current quarter \$A'000
79
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

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8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

The Company announced on 30 April 2018 that it had entered into placement agreements to raise \$500,000.
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9. Estimated cash outflows for next quarter

- 9.1 Exploration and evaluation
- 9.2 Development
- 9.3 Production
- 9.4 Staff costs
- 9.5 Administration and corporate costs
- 9.6 Other (provide details if material)

	\$A'000
9.1 Exploration and evaluation	200
9.2 Development	-
9.3 Production	140
9.4 Staff costs	160
9.5 Administration and corporate costs	450
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	950

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Refer to Permit Schedule in Quarterly Report		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		Refer to Permit Schedule in Quarterly Report		

COMPLIANCE STATEMENT

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 30 April 2018

CFO & Company Secretary

Print name:

Mark Bolton

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