OILEX LTD

HIGHLIGHTS

JUNE QUARTERLY REPORT 2018

CAMBAY FIELD, ONSHORE GUJARAT, INDIA

- The Ministry of Petroleum and Natural Gas (MoPNG) approved the proposal for the grant of a ten-year extension to the Cambay PSC in April 2018.
- The amended Cambay PSC contract, reflecting the new expiry date of 2029, is now pending finalisation by the Directorate General of Hydrocarbons.
- During the quarter, an Event of Default (EoD) Notice was issued by the Company to GSPC regarding the Cambay PSC (Cambay) cash calls in the amount of equivalent US$3,054,832.
- No payments were made by GSPC during the quarter towards the outstanding cash calls. Subsequent to the end of the 30 June 2018 quarter, GSPC paid equivalent of US$172,000 towards outstanding cash calls.
- The Company continues to advance the preparations for the work programme, which is inclusive of two vertical wells. Upon resolution of the EoD, approval of the revised work programme and budget, and securing the requisite 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 2,113 bbls of oil (gross) on hand as at 30 June 2018. Subsequent to the end of the quarter, the majority of this inventory has been disposed with proceeds anticipated shortly.

BHANDUT FIELD, ONSHORE GUJARAT, INDIA

- The Ministry of Petroleum and Natural Gas approved the proposal for the grant of a ten-year extension to the Bhandut PSC in April 2018.
- During the quarter, the Joint Venture partner, GSPC, made no payments towards outstanding cash calls.

CORPORATE

- On 30 April 2018, all subscribers agreed to extend the date for extension of the Tranche 2 conditions precedent to 31 July 2018. The Company does not anticipate that the conditions for Tranche 2 will be met by 31 July 2018.
- On 15 May 2018, the Company completed a $500,000 equity capital raising through the issue of 125,000,000 shares.
- Cash resources at 30 June 2018 were approximately $0.37 million.
- Subsequent to the end of the 30 June 2018 quarter, the Company secured loan financing of $300,000.
- Continue to review new opportunities to create value by expanding the Company's project portfolio.

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 its 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:

- Resolution of outstanding cash calls payable by the Company's Joint Venture partner GSPC;
- Preparing detailed work programmes, including new wells for implementation under the approved FDP,
- Arranging the necessary funding to implement the planned work programme; 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)

Oilex holds a 45% equity in the Cambay Field, with GSPC holding the remaining participating interest (PI).

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 Company's plans for the 2018-19 work programmes at Cambay are well advanced inclusive of drilling two vertical wells. Upon the approval of a revised work programme and budget (WP&B) by the Joint Venture Management Committee (MC) and subject to securing the necessary funding, the Company will proceed to order the long lead items for the planned work programme. The priority 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.

During the quarter, the Company actively engaged with GSPC and other key stakeholders for approval of the revised 2018-19 WP&B, inclusive of drilling two vertical wells. To date GSPC has not agreed, resulting in the current approved budget only covering general administration and maintenance of field operations and production. To ensure that the joint venture has met and continues to meet its obligations and expectations of the national government of India, Oilex has met the full cost of many of the joint ventures activities including the recent FDP and application for extension of the PSC.

After exhausting all reasonable efforts over an extended period, on 29 May 2018, Oilex issued an EoD Notice in the amount of equivalent US$3,054,832 to GSPC because of their ongoing failure to pay their share of the participating interest of the expenses of Cambay. Pursuant to the Joint Operating Agreement (JOA), GSPC can remedy its default by settling the outstanding amounts. If this does not occur within 60 days, on or before 28 July 2018, the Company may issue a notice whereby GSPC shall be deemed to have transferred all its participating interest in the PSC to the non-defaulting parties, ie. Oilex.

Following the end of the quarter on 29 July, the Company exercised its option to require the transfer of GSPC's interest in Cambay as it had not remedied the EOD Notice within the 60 days. Accordingly, GSPC shall be deemed to have transferred all of its right, title and beneficial interest in the Cambay project. Furthermore, the Company has formally requested the

Directorate General of Hydrocarbons and the Ministry of Petroleum and Natural Gas, India to affect the transfer of GSPC's participating interest (PI) in the Cambay PSC to Oilex. While the Company is confident in its position, should GSPC fail to comply with the EoD Notice and a legal and or regulatory challenge occurs, it may be necessary for Oilex to consider other remedial strategies.

The transfer of GSPC's interest in Cambay would greatly assist the Company in strategic farm-in discussions with third parties. The Company has received several informal expressions of interest from parties to participate in the ongoing work programme and looks forward to updating the market when appropriate.

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 102.4 mscfd with 6.2 bopd oil and associated liquids (23.8 boepd; Oilex net 10.7 boepd). The current gas sales agreements were renegotiated to take any additional produced volumes as and when required. Unless and until the default is remedied, GSPC does not have rights to its share of production.

The Joint Venture had approximately 2,113 bbls of oil (gross) on hand as at 30 June 2018. Subsequent to the end of the quarter, the Company commenced shipping its oil stock piles for sale with proceeds to be substantially received in the September 2018 quarter.

Joint Venture Management

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

As at 30 June 2018, gross unpaid cash calls remaining outstanding from GSPC totalled approximately US$5.76 million. During and subsequent to the end of the quarter, the Company continued to maintain a dialogue with its joint venture partner to resolve the payment of these remaining outstanding cash call balances. The Company may consider issuing further notices to GSPC as this matter unfolds.

Oilex as Operator, has continued to bear the ongoing costs of the Joint Venture.

Subsequent to the end of the 30 June 2018 quarter, GSPC paid equivalent US$172,000 towards outstanding cash calls.

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 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 from GSPC towards outstanding cash calls for Bhandut.

At the end of the quarter, total unpaid cash calls by GSPC was US$106,685 gross.

WALLAL GRABEN, WESTERN AUSTRALIA (CANNING BASIN)

(Oilex: Preferred Applicant 100% interest)

The Wallal Graben asset is located adjacent to the Pilbara. Following an extended unsuccessful farm-out marketing effort, and given that the primary term involves significant expenditure, the Company withdrew its application for the licence subsequent to the end of the quarter.

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 $0.37 million. Subsequent to the end of the quarter, the Company secured loan funding of A$300,000 million.

Loan Agreement

Subsequent to the end of the quarter, the Company entered into unsecured loan agreements with a principal of A$300,000. The loan, including interest of 5%, is repayable on or before 26 July 2019. Pursuant to the loan agreement, and subject to shareholders approval, the lenders are entitled to the issue of 83,333,333 options convertible to ordinary shares at A$0.0036 with an expiry date on or about 26 July 2019. Funds raised will be applied towards the working capital requirements of the Company.

Equity Capital Raising

On 30 April 2018, 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, was completed on 15 May 2018. Funds raised from the placement were applied towards the working capital requirements of the Company.

Tranche 2 Conditions Precedent

At the 12 December 2017, the Company entered into subscription agreements to complete an equity capital raising in two tranches. Tranche 1 was completed on 28 January 2018 with the A$1.75 million Tranche 2 subject to certain conditions precedent being met. On 30 April 2018, the subscribers agreed to extend the date for the Tranche 2 conditions precedent to 31 July 2018.

While the amendment to the Cambay Production Sharing Contract documentation is underway in the ordinary course, the Company does not consider that the conditions precedent for Tranche 2 are capable of being met by the requisite date per the placing agreement, 31 July 2018. Accordingly, Tranche 2 of the Placement is not anticipated to be completed.

Issue of Shares

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

In lieu of Non-Executive Directors Fees	2,770,800
Placement	125,000,000
Total	127,770,800

Capital Structure as at 30 June 2018

Ordinary Shares	2,001,968,379
Unlisted Options	77,441,666

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 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.

Board of Directors

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

Company Secretary

Mark Bolton	CFO & Company Secretary

Stock Exchange Listing

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

AIM Nominated Adviser	**AIM Broker**
Strand Hanson Limited	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

PERMIT SCHEDULE

PERMIT SCHEDULE – 30 JUNE 2018				
ASSET	**LOCATION**	**ENTITY**	**EQUITY %**	**OPERATOR**
Cambay Field PSC	Gujarat, India	Oilex Ltd Oilex N.L. Holdings (India) Limited	30.0 15.0	Oilex Ltd
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)] The Company withdrew its application for the licences subsequent to the end of the quarter.

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.

Rule 5.5

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	Quarter ended (current quarter)
50 078 652 632	**30 JUNE 2018**

Consolidated statement of cash flows			Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**			
1.1	Receipts from customers		21	102
1.2	Payments for			
	(a)	exploration & evaluation	(231)	(1,364)
	(b)	development	-	-
	(c)	production	(80)	(209)
	(d)	staff costs	(204)	(900)
	(e)	administration and corporate costs	(333)	(1,310)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		-	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**		**(827)**	**(3,940)**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 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	500	1,143
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	(11)	(47)
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**	**489**	**1,096**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 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	709	3,216
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(827)	(3,940)
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)	489	1,096
4.5	Effect of movement in exchange rates on cash held	5	4
4.6	**Cash and cash equivalents at end of period**	**376**	**376**

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	376	709
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)**	**376**	**709**

6.	**Payments to directors of the entity and their associates**	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	71
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
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

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

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.

Subsequent to the end of the quarter:
- the Company entered into loan agreements for $300,000;
- received the equivalent of US$172,000 in cash call payments from its JV partner; and
- has substantially disposed of its stockpiled oil inventory with proceeds anticipated during the September 2018 quarter.

9.	**Estimated cash outflows for next quarter**	$A'000
9.1	Exploration and evaluation	180
9.2	Development	-
9.3	Production	80
9.4	Staff costs	160
9.5	Administration and corporate costs	380
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**800**

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: 31 July 2018

CFO & Company Secretary

Print name: Mark Bolton