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ABN 50 078 652 632

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2014



ABN 50 078 652 632

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DIRECTORS' REPORT

The Directors of Oilex Ltd present their report together with the condensed consolidated interim financial report of the Group comprising of Oilex Ltd (the "Company") and its subsidiaries for the half-year ended 31 December 2014 and the auditor's review report thereon.

Directors

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

Mr Max Dirk Jan Cozijn	Non-Executive Chairman
Mr Sundeep Bhandari	Non-Executive Vice Chairman
Mr Jeffrey Auld	Non-Executive Director (Appointed 28 January 2015)
Mr Ronald Miller	Managing Director
Dr Bruce Henry McCarthy	Non-Executive Director (Resigned 18 November 2014)

Review of Operations

Oilex is continuing its transition to an early mover unconventional energy producer, focusing on assets around the Indian Ocean Rim. The Company is evaluating and commercialising the extensive Eocene low permeability ("tight") reservoirs in its onshore Cambay Field project located in the state of Gujarat, India, where energy market fundamentals are attractive. Oilex is applying tight reservoir evaluation, drilling and production techniques which have been developed in recent years in the rapidly expanding shale gas and tight oil ("SGTO") industry in North America. Oilex also has a large acreage position in the onshore Canning Basin, Western Australia, which is anticipated to be prospective for conventional and SGTO resources. The interest in the exploration asset offshore Timor Sea is currently under temporary suspension of the PSC for a further 3 month period to April 2015 to enable the completion of the ANP legal assessment and continued discussion between the parties to address the way forward. Oilex is pursuing enforcement of the Arbitration Award with respect to its interest in the West Kampar PSC, onshore Sumatra, Indonesia.

Cambay Field

Significant progress was achieved during the period on the Cambay Field development. The Company successfully completed the Cambay-77H production test. The test was focused on acquiring long term performance data which is essential for assessment of reservoir properties and will supplement surface data collected during flowback. A 5 day shut-in period preceded the test to allow the well to stabilise after ~ 85 days of flowback production. Cambay-77H produced 3,372 bbls (net to Oilex 1,517 bbls) of light oil which was sold to a local refinery and 43 MMscf of gas which was flared for the safety of personnel and equipment at site.

Delivering the Proof of Concept

Proof of Concept objectives are critical to demonstrating that the Cambay Field can be commercially developed using multi-stage fracture treatments (fracs) in horizontal wells. Key objectives achieved include:

- Efficient drilling operations demonstrating the repeatability of targeting the Y zone
- Y zone reservoir properties are laterally consistent, having variability within expectations
- Successful completion of 8 fracture treatments
- Successfully demonstrated "Plug and Perf" completion technique in India
- First horizontal well in the Cambay Basin with multiple fracture treatments to achieve flowback
- Flowback data used to calibrate horizontal well model for the first time
- Future well designs may have wider frac spacing, leading to significant cost savings

Gas sales agreements

Oilex has concluded two gas sale agreements ("GSA") to date. GSAs are conducted via a bid system, with buyers submitting offers to purchase via a tender process. Given the demand for gas by nearby industrial users, strong pricing is secured, above the floor price recently established by the Indian Government.

During the period Oilex received the endorsement from the relevant Government of India authorities for the Gas Sales Agreement for the sale of Cambay-73 gas, a critical milestone for increasing production from the field and supplying gas to the local market. With Cambay-73, gas production from the Cambay Field will recommence for the first time since the early 1990's.

DIRECTORS' REPORT

Bhandut Field

During the period Oilex received endorsement from the Government of India for the sale of gas from the Bhandut-3 well, located within the Bhandut Field. This is a critical milestone for returning the field to production, supplying gas to the local market and generating positive cash flow for the Company from a previously idle asset.

Now that endorsement of the gas sales agreement has been received, the Bhandut Joint Venture will proceed to establish the appropriate production facilities for Bhandut-3. This will include a compressed natural gas ("CNG") loading facility that will enable CNG "bullet" trucks to be loaded at site for transportation of the gas to end users. Bhandut-3 gas is "lean" and therefore no material condensate production is expected.

Sabarmati Field

During the period the Joint Venture finalised cost estimates for the plug and abandonment of the Sabarmati-1 well and commenced the process to obtain Government of India approval to relinquish the Sabarmati Field. Plug and abandonment activities are expected to be completed during the remainder of Q1 2015. As part of the relinquishment of the Sabarmati Field, Oilex plans to transfer equipment from Sabarmati EPS facility for possible future use at Cambay Field.

Canning Basin

During the period the WA Department of Mines and Petroleum (DMP) approved Oilex's application to convert the Special Prospecting Authority (SPA) (SPA 17 AO) to Exploration Permit Application (STP-EPA-0131).

The committed work program for SPA 17 AO was fulfilled by the acquisition, processing and interpretation of a 4,060 line km gravity gradiometry/magnetic survey ("Survey"). Under the terms of the SPA, Oilex had exclusive rights to negotiate a formal exploration permit with the Government of Western Australia. The terms of the SPA state that the area retained as an exploration permit from within the SPA is limited to 30-50% of the total area.

The final report for SPA 17 AO incorporating the newly acquired Survey data with 2D seismic, regional gravity, magnetic, surface geological and well data, confirmed Oilex's structural model of the Wallal Graben and its extension into SPA 17 AO.

The graben is present in Oilex's three, 100%-owned, exploration areas encompassing approximately 11,900 km² (~3 million acres). The acreage is in a unique position in the Canning Basin as it is adjacent to many world class mining projects in the Pilbara region. This activity has led to the development of a significant amount of infrastructure in the area with the Great Northern Highway, numerous sealed roads, good quality graded roads and multiple airstrips being present within the Oilex acreage.

Oilex continues to negotiate Native Title agreements with Traditional Owners. Upon finalisation of the agreements the regulatory process of conversion of STP-EPA-0106 and STP-EPA-0107 to formal exploration permits will commence.

Financial

The Group incurred a consolidated loss after income tax of \$3,118,088 for the half-year (31 December 2013: loss of \$2,776,134). Revenue for the period has increased due to increased production from the Cambay Field. The loss includes \$1,040,131 (31 December 2013: \$1,058,838) incurred on exploration expenditure and \$1,718,780 (31 December 2013: \$1,637,860) incurred on employee and administrative expenditure. The Company's focus on reducing costs, which do not impact its technical and commercial capabilities, is continuing. Cash and cash equivalents held by the Group as at 31 December 2014 totalled \$5,426,328 (30 June 2014: cash and cash equivalents \$7,455,572).

Significant Events After Balance Date

Oilex received approval from the Government of India for the grant of an extension of the Petroleum Mining Lease for the Cambay Field to 22 September 2019.

The receipt of endorsement from the relevant authorities of the Government of India for the sale of gas from Cambay Field, specifically from the Cambay-77H well.

The Autoridade Nacional do Petroleo ("ANP") with prior consent of the Joint Commission for the Joint Petroleum Development Area under the Timor Sea Treaty, advised on 16 January 2015 that it had further extended the expiry date of the PSC from 15 January 2015 to 15 April 2015 for the purpose of completing an assessment and to continue discussions with the Joint Venture partners.

DIRECTORS' REPORT

Significant Events After Balance Date (Continued)

On 28 January 2015 Oilex announced the appointment of Mr Jeffrey D Auld as a Non-Executive Director. The appointment of a UK based independent non-executive director, with significant experience in the London Capital markets and upstream oil and gas industry is in line with the Company's decision to appoint additional directors to achieve the right mix of skills, experience and diversity which reflects the Company's strategy and increase the balance of independence on the Board.

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

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 4 and forms part of the Directors' Report for the half-year ended 31 December 2014.

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



Mr Max Cozijn
Chairman



Mr Ronald Miller
Managing Director

Leederville
Western Australia
10 February 2015



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

To: the directors of Oilex Ltd

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Brent Steedman

Partner

Perth

10 February 2015

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Note	31 December 2014 \$	31 December 2013 \$
Revenue	6(a)	232,992	121,927
Cost of sales	6(b)	(272,005)	(197,596)
Gross loss		(39,013)	(75,669)
Other income	6(c)	6,573	336,514
Exploration expenditure		(1,040,131)	(1,058,838)
Administration expense	6(d)	(1,718,780)	(1,637,860)
Share-based payments expense		(407,152)	(289,549)
Other expenses	6(e)	(35,625)	(42,920)
Results from operating activities		(3,234,128)	(2,768,322)
Finance income		33,959	21,447
Finance costs		(41)	(5)
Foreign exchange gain/(loss)	6(f)	82,122	(19,254)
Net finance income		116,040	2,188
Loss before income tax		(3,118,088)	(2,766,134)
Tax expense		-	-
Loss for the period		(3,118,088)	(2,766,134)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference		4,250,375	507,701
Other comprehensive (loss)/income for the period, net of income tax		4,250,375	507,701
Total comprehensive income/(loss) for the period		1,132,287	(2,258,433)
Earnings per share			
Basic loss per share (cents per share)		0.48	0.66
Diluted loss per share (cents per share)		0.48	0.66

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	31 December 2014 \$	30 June 2014 \$
Assets			
Cash and cash equivalents		5,426,328	7,455,572
Trade and other receivables		5,987,480	3,684,488
Prepayments		576,259	733,654
Inventories		1,200,540	1,047,630
Total current assets		13,190,607	12,921,344
Trade and other receivables		92,887	80,585
Exploration and evaluation	7	33,841,997	26,320,952
Property, plant and equipment		265,414	254,741
Total non-current assets		34,200,298	26,656,278
Total assets		47,390,905	39,577,622
Liabilities			
Trade and other payables		3,474,923	2,776,075
Employee benefits		442,422	386,198
Provisions		153,263	132,966
Total current liabilities		4,070,608	3,295,239
Provisions		3,375,128	2,928,141
Total non-current liabilities		3,375,128	2,928,141
Total liabilities		7,445,736	6,223,380
Net assets		39,945,169	33,354,242
Equity			
Issued capital	9	154,154,028	149,250,072
Reserves		7,624,280	5,179,638
Accumulated losses		(121,833,139)	(121,075,468)
Total equity		39,945,169	33,354,242

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Attributable to Owners of the Company				Total Equity \$
	Issued Capital \$	Option Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	
Balance at 1 July 2013	135,371,619	3,663,824	2,644,735	(117,416,789)	24,263,389
Total Comprehensive (loss)/income for the period					
Loss	-	-	-	(2,766,134)	(2,766,134)
Other comprehensive income					
Foreign currency translation differences	-	-	507,701	-	507,701
Total other comprehensive income	-	-	507,701	-	507,701
Total comprehensive (loss)/ income for the period	-	-	507,701	(2,766,134)	(2,258,433)
Transactions with owners of the Company					
Contributions and distributions					
Shares issued	3,394,957	-	-	-	3,394,957
Capital raising costs	(357,765)	-	-	-	(357,765)
Shares issued on exercise of listed options	120	-	-	-	120
Transfers on forfeited options	-	(93,932)	-	93,932	-
Share-based payment transactions	-	289,549	-	-	289,549
Total transactions with owners of the Company	3,037,312	195,617	-	93,932	3,326,861
Balance at 31 December 2013	138,408,931	3,859,441	3,152,436	(120,088,991)	25,331,817
Balance at 1 July 2014	149,250,072	4,089,004	1,090,634	(121,075,468)	33,354,242
Total Comprehensive (loss)/income for the period					
Loss	-	-	-	(3,118,088)	(3,118,088)
Other comprehensive income					
Foreign currency translation differences	-	-	4,250,375	-	4,250,375
Total other comprehensive income	-	-	4,250,375	-	4,250,375
Total comprehensive (loss)/ income for the period	-	-	4,250,375	(3,118,088)	1,132,287
Transactions with owners of the Company					
Contributions and distributions					
Shares issued	4,362,379	-	-	-	4,362,379
Capital raising costs ⁽¹⁾	(552,676)	147,532	-	-	(405,144)
Shares issued on exercise of listed options	1,094,253	-	-	-	1,094,253
Transfers on forfeited options	-	(2,360,417)	-	2,360,417	-
Share-based payment transactions	-	407,152	-	-	407,152
Total transactions with owners of the Company	4,903,956	(1,805,733)	-	2,360,417	5,458,640
Balance at 31 December 2014	154,154,028	2,283,271	5,341,009	(121,833,139)	39,945,169

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

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	31 December 2014	31 December 2013
	\$	\$
Cash flows from operating activities		
Cash receipts from customers	241,668	89,084
Payments to suppliers and employees	(1,995,279)	(1,745,293)
Cash outflows from operations	(1,753,611)	(1,656,209)
Payments for exploration and evaluation expenses	(879,195)	(1,827,686)
Cash receipts from government grants	358,517	198,148
Interest received	33,925	20,855
Interest paid	(41)	(5)
Net cash used in operating activities	(2,240,405)	(3,264,897)
Cash flows from investing activities		
Advances (to)/from joint ventures	(25,202)	33,071
Advance from sale of petroleum interests (refer Note 10)	-	4,272,013
Payments for capitalised exploration and evaluation	(5,204,371)	(565,611)
Proceeds from sale of assets	600	-
Acquisition of property, plant and equipment	(30,900)	(44,557)
Net cash (used in)/from investing activities	(5,259,873)	3,694,916
Cash flows from financing activities		
Proceeds from issue of share capital	5,725,960	3,395,077
Payment for share issue costs	(323,261)	(357,765)
Net cash from financing activities	5,402,699	3,037,312
Net (decrease)/increase in cash held	(2,097,579)	3,467,331
Cash and cash equivalents at 1 July	7,455,572	3,598,640
Effect of exchange rate fluctuations	68,335	118,776
Cash and cash equivalents at 31 December	5,426,328	7,184,747

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 2014

1. REPORTING ENTITY

Oilex Ltd (the "Company") is domiciled in Australia. The condensed consolidated interim financial report of the Group as at and for the half-year ended 31 December 2014 comprise the Company and its subsidiaries (collectively the "Group" and individually "Group Entities"). Oilex Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX") and on the Alternative Investment Market ("AIM") of the London Stock Exchange. The Group is a for-profit entity and is primarily involved in the exploration, evaluation, development and production of hydrocarbons.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2014 is available upon request from the Company's registered office at Level One, 660 Newcastle Street, Leederville, Western Australia 6007 or at www.oilex.com.au.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The condensed consolidated interim financial report is a general purpose condensed financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and IAS 34 *Interim Financial Reporting*. The condensed consolidated interim financial report does not include all of the notes and information included in an annual financial report and accordingly this report should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2014.

This condensed consolidated interim financial report was authorised for issue by the Board of Directors on 10 February 2015.

(b) Going Concern

The Directors believe it is appropriate to prepare the consolidated financial report on a going concern basis, which contemplates realisation of assets and settlement of liabilities in the normal course of business. The Group has incurred a loss of \$3,118,088, and had cash outflows from operating and investing activities of \$2,240,405 and \$5,259,873 respectively. As at 31 December 2014, the Group's current assets exceeded current liabilities by \$9,119,999 and the Group had cash and cash equivalents of \$5,426,328.

The Company has in place a £7,500,000 three year equity financing facility with a UK company, Darwin Strategic Limited ("Darwin"). Under the terms of the facility, the Company may (at its discretion) issue placement shares to Darwin at any time until December 2016. Any drawdown of the facility and resultant issue of shares on the AIM of the London Stock Exchange is limited to the Company's equity placement capacity under ASX Listing Rules. £6,300,000 is available in financing as at 31 December 2014.

The Group will continue to manage its expenditure to ensure that it has sufficient cash reserves for at least the next twelve months. The Group will require funds within the next twelve months in order to meet planned expenditures for its projects, noting that the timing and amount of discretionary expenditures may be able to be varied if required although some commitments exist in the medium term as per note 14.

The Directors believe it is appropriate to prepare the consolidated financial report on a going concern basis as, and in the opinion of the Directors, the Company has adequate plans in place to meet its minimum administrative, evaluation and development expenditures for at least twelve months from the date of this report. If further funds are not able to be raised or realised, possible funding options available to the Group include the sale of interests in the Group's assets, farm out opportunities or a future capital raising, including but not limited to the Darwin facility.



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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

3. SIGNIFICANT ACCOUNTING POLICIES

Except as disclosed below, the accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2014.

The Group has adopted the following new and revised accounting standards that are mandatory for entities with an annual reporting period beginning on 1 July 2014:

Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132);

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to AASB 136);

Annual Improvements to Australian Accounting Standards 2010-2012 and 2011-2013 Cycles: and

IFRIC 21 Levies.

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

4. ESTIMATES AND JUDGEMENTS

The preparation of an 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 2014.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

6. REVENUE AND EXPENSES

	31 December 2014 \$	31 December 2013 \$
(a) Revenue		
Oil sales	232,992	121,927
(b) Cost of Sales		
Production costs	(251,731)	(211,134)
Movement in oil stocks inventory	(20,274)	13,538
	<u>(272,005)</u>	<u>(197,596)</u>
(c) Other Income		
Government Grants - research and development	-	336,514
Insurance proceeds	6,573	-
	<u>6,573</u>	<u>336,514</u>
(d) Administrative Expenses		
Employee benefits expense	(662,875)	(489,886)
Administration expense	(1,055,905)	(1,147,974)
	<u>(1,718,780)</u>	<u>(1,637,860)</u>
(e) Other Expenses		
Depreciation expense	(33,500)	(42,285)
Loss on disposal of assets	(2,125)	(635)
	<u>(35,625)</u>	<u>(42,920)</u>
(f) Foreign Exchange Gain/(Loss)		
Foreign exchange gain/(loss) - realised	3,473	(28,446)
Foreign exchange gain - unrealised	78,649	9,192
	<u>82,122</u>	<u>(19,254)</u>

7. EXPLORATION AND EVALUATION

	31 December 2014 \$	Year Ended 30 June 2014 \$
Opening balance	26,320,952	22,553,085
Expenditure capitalised	3,188,884	4,521,508
Effect of movements in foreign exchange rates	4,332,161	(753,641)
Closing balance	<u>33,841,997</u>	<u>26,320,952</u>

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

3. SHARE-BASED PAYMENTS

The Company has an established share option program that entitles directors, key management personnel and advisors to purchase shares in the Company. The terms and conditions of the share option program are disclosed in the consolidated financial report as at and for the year ended 30 June 2014. During the half-year ended 31 December 2014 further grants on similar terms were made to key management personnel, employees and financiers and advisors. All options are to be settled by the physical delivery of shares.

The basis of measuring fair value of options is consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2014. The terms and conditions of the grants made during the half-year ended 31 December 2014 are as follows:

Option Grant Date	Number of Instruments	Vesting Conditions	Exercise Price	Contractual Life of Options
Key Management Personnel				
5 August 2014	500,000	Vest immediately	\$0.25	3 years
5 August 2014	500,000	One year of service	\$0.35	4 years
25 August 2014	1,500,000	Vest immediately	\$0.25	3 years
25 August 2014	1,500,000	One year of service	\$0.35	5 years
Employees				
5 August 2014	825,000	Vest immediately	\$0.25	3 years
5 August 2014	825,000	One year of service	\$0.35	4 years
Financiers and Advisors				
22 December 2014	5,000,000	Vest immediately	\$0.10	3 years
Total Options	<u>10,650,000</u>			

During the half-year ended 31 December 2014, the following options lapsed unexercised:

Option Grant Date	Number of Instruments	Expiry Date	Exercise Price
Key Management Personnel			
17 August 2009	300,000	1 July 2014	\$0.30
26 November 2009	750,000	1 July 2014	\$0.30
10 November 2010	3,250,000	10 November 2014	\$0.37
7 February 2011	2,000,000	10 November 2014	\$0.37
Employees			
17 August 2009	1,500,000	1 July 2014	\$0.30
24 August 2009	100,000	1 July 2014	\$0.30
26 November 2009	1,500,000	1 July 2014	\$0.30
10 November 2010	3,162,500	10 November 2014	\$0.37
16 November 2010	325,000	10 November 2014	\$0.37
Total Options	<u>12,887,500</u>		

Fair value of options granted during the half-year ended 31 December 2014 has been determined using the following assumptions:

Option Grant Date	5/8/2014	5/8/2014	25/08/2014	25/08/2014	22/12/2014
Assumptions					
Fair value per option at measurement date	\$0.10	\$0.11	\$0.10	\$0.12	\$0.03
Share price at grant date	\$0.18	\$0.18	\$0.17	\$0.17	\$0.05
Exercise price	\$0.25	\$0.35	\$0.25	\$0.35	\$0.10
Expected volatility	106.59%	106.59%	108.62%	108.62%	114.71%
Option life	3 years	4 years	3 years	5 years	3 years
Expected dividends	-	-	-	-	-
Risk-free interest rate	2.50%	2.50%	2.50%	2.50%	2.50%

The fair value of the options is calculated at the date of grant using the Black-Scholes Model.

As at 31 December 2014 Oilex Ltd had 35,225,000 unlisted options on issue exercisable at prices of between \$0.10 and \$0.63.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

9. ISSUED CAPITAL

	31 December 2014 Number of Shares	31 December 2014 \$ Issued Capital	30 June 2014 Number of Shares	30 June 2014 \$ Issued Capital
Shares				
On issue 1 July - fully paid	591,034,789	148,980,743	354,778,499	135,371,619
Shares contracted to be issued - not fully paid ⁽¹⁾	2,350,000	269,329	-	-
Balance at the start of the period	593,384,789	149,250,072	354,778,499	135,371,619
Issue of share capital				
Shares issued for cash	-	-	236,255,090	14,646,441
Shares issued for cash ⁽¹⁾	16,250,000	1,862,379	-	-
Shares issued for cash ⁽²⁾	60,975,610	2,500,000	-	-
Exercise of listed options ⁽³⁾	7,295,020	1,094,253	1,200	180
Capital raising costs		(405,144)		(917,497)
Underwriter and sub-underwriter options		(147,532)		(120,000)
On issue at the end of the period - fully paid	677,905,419		591,034,789	
Issued Capital as at the end of the period		154,154,028		148,980,743
Shares contracted to be issued - not fully paid ⁽¹⁾	-	-	2,350,000	269,329
Balance at the end of the period	677,905,419	154,154,028	593,384,789	149,250,072

Listed Options (ASX)	Number of Listed Options	
	31 December 2014	30 June 2014
On issue at 1 July	195,892,111	151,893,311
Issue of listed options	-	34,000,000
Issue of listed underwriter and sub-underwriter options	-	10,000,000
Exercise of listed options ⁽³⁾	(7,295,020)	(1,200)
Total listed options	188,597,091	195,892,111

All listed options are exercisable at \$0.15 per share and expire 7 September 2015.

(1) On 15 July 2014, the Company issued 18,600,000 shares at an issue price of 6.3 pence per share (AUD\$0.1146) via a draw down on its Equity Financing Facility with Darwin Strategic Limited raising £1,171,800 (AUD\$2,131,708) before expenses. Of the total issued shares, 2,350,000 shares were contracted to be issued prior to 30 June 2014. All shares were issued and fully paid in July 2014.

(2) On 22 December 2014, the Company issued 60,975,610 new ordinary shares under the fully underwritten Share Purchase Plan announced 26 November 2014. This placement was priced at \$0.041 per share.

(3) 7,295,020 listed options with an exercise price of \$0.15 were exercised during the period.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

10. ADVANCES RECEIVED FROM FARMOUT

On 9 August 2013 the Company announced that it had entered into a Sale and Purchase Agreement ("SPA") to sell up to a 15% participating interest in the Cambay Production Sharing Contract ("PSC") to Magna. Under the terms of the transaction, the Company had agreed to sell a 10% participating interest (gross) in the Cambay PSC for US\$4 million, ("sale interest"), and an additional 5% participating interest, if Magna exercised an option to acquire an additional 5% participating interest (gross) for US\$2 million, ("option interest"). The sale of the Cambay asset was conditional upon a number of conditions, including obtaining a waiver of the pre-emptive rights from GSPC, the Company's non-operating joint venture partner, and the consent of the Government of India. In the event that certain conditions, including the approval of the Government of India, had not been satisfied or, waived prior to 1 May 2014, the parties agreed that any payments made by Magna to the Company, to the extent practicable, would be converted into shares in the Company. The issue of shares, under the unwind provisions, was limited to 19.9% of the enlarged issued capital of the Company at the time of issue, with any balance of the investment not satisfied in shares repayable in cash. Shareholders approved the unwind provisions at the General Meeting held 4 October 2013. The consent of the Government of India was not received by the cut-off date, and Magna on 1 May 2014 requested that the Company issue US\$4 million unwind shares in accordance with the SPA. The number of unwind shares was determined in accordance with the SPA formula at the contracted foreign exchange rate of US\$0.91 to AUD\$1.00.

Funds for the 10% sale interest were received from Magna during the half year ended 31 December 2013. As the transaction could not be completed until the Government of India advised of the approval or rejection of the potential sale of the Cambay asset, the funds were classified as an advance received from the farmout.

On 2 May 2014 the Company announced the issue of 73,505,090 new ordinary shares to Magna Energy Limited ("Magna") under the terms of the unwind provisions approved by shareholders on 4 October 2013 at a deemed price of \$0.0598 per share and the funds received were subsequently disclosed as proceeds from issue of share capital as at 30 June 2014.

11. CONTINGENCIES

On 12 July 2013 Oilex (JPDA 06-103) Ltd, on behalf of the Joint Venture participants, submitted to the Autoridade Nacional do Petroleo ("ANP"), a request to terminate the PSC by mutual agreement in accordance with its terms and without penalty or claim due to the ongoing uncertainty in relation to security of tenure. This request requires the consent of the Timor Sea Designated Authority. Should this consent not be forthcoming, then the Company would need to assess the consequences. Refer note 15 for details of the extension by the ANP with prior consent of the Joint Commission for the Joint Petroleum Development Area under the Timor Sea Treaty, of the extension of the expiry date of the PSC to 15 April 2015.

12. RELATED PARTIES

Arrangements with related parties continue to be in place. For details of these arrangements, refer to the consolidated annual financial report of the Group as at and for the year ended 30 June 2014.

13. CHANGE IN THE COMPOSITION OF THE GROUP

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

14. EXPENDITURE COMMITMENTS

Exploration and Evaluation Expenditure Commitments

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

	31 December 2014	30 June 2014
	\$	\$
Within one year	2,206,821	4,094,433
One year or later and no later than five years	12,930,000	10,250,000
	15,136,821	14,344,433

The commitments include the Canning Basin Exploration Permit Applications. The formal exploration permit period commences once Native Title is granted.

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

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

Capital Expenditure Commitments

The Group had no capital expenditure commitments as at 31 December 2014 (30 June 2014: Nil).

15. SUBSEQUENT EVENTS

Oilex received approval from the Government of India for the grant of an extension of the Petroleum Mining Lease for the Cambay Field to 22 September 2019.

The receipt of endorsement from the relevant authorities of the Government of India for the sale of gas from Cambay Field, specifically from the Cambay-77H well.

The Autoridade Nacional do Petroleo with prior consent of the Joint Commission for the Joint Petroleum Development Area under the Timor Sea Treaty, advised on 16 January 2015 that it had further extended the expiry date of the PSC from 15 January 2015 to 15 April 2015 for the purpose of completing an assessment and to continue discussions with the Joint Venture partners.

On 28 January 2015 Oilex announced the appointment of Mr Jeffrey D Auld as a Non-Executive Director. The appointment of a UK based independent non-executive director, with significant experience in the London capital markets and upstream oil and gas industry is in line with the Company's decision to appoint additional directors to achieve the right mix of skills, experience and diversity which reflects the Company's strategy and increase the balance of independence on the Board.

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

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 5 to 16, 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 2014 and of its performance for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Mr Max Cozijn
Chairman



Mr Ronald Miller
Managing Director

Leederville
Western Australia
10 February 2015



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

Report on the financial report

We have reviewed the accompanying interim financial report of Oilex Ltd, which comprises the condensed consolidated statement of financial position as at 31 December 2014, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Oilex Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

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

KPMG

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Brent Steedman
Partner

Perth

10 February 2015