

ASX Announcement

7 July 2015

ASX: OEX

AIM: OEX

Placement and Rights Issue to Fund 2015/16 Work Programme

- Two tranche placement and underwritten rights issue to raise US\$23 million (A\$30 million) (**Capital Raising**)*
- Fully funded to deliver the Cambay Field 2015/16 work programme, a transformational event for the Company
- First tranche placement completed to raise US\$1.4 million (A\$1.8 million)
- Second tranche placement completed to raise US\$16.3 million (A\$21.2 million), subject to shareholder approval
- Fully underwritten rights issue to raise US\$5.3 million (A\$7.0 million)
- Funds will be used for:
 - the Cambay and Bhandut Field work programmes for 2015/16 year
 - minimum work commitments in the Canning Basin and working capital
- Zeta Resources Limited (**Zeta**) to acquire approximately 19.6% interest in Oilex

Oilex Ltd (the **Company**) will, under its ASX Listing Rule 7.1 capacity, issue 45,393,466 new ordinary shares at an issue price of A\$0.041 to sophisticated investors to raise A\$1.8 million (US\$ 1.4 million) (before issue costs) (**First Tranche Placement**). The Company will seek shareholder approval for the issue of a further 287,303,319 new ordinary shares at an issue price of A\$0.041 (2 pence) and 225,490,196 new ordinary shares to be issued at A\$0.0418 (2.04 pence), to raise A\$21.2 million (US\$16.3 million) (before issue costs) (**Second Tranche Placement**).

Under the Second Tranche Placement, 225,490,196 new ordinary shares will be placed with Zeta (**Zeta Deferred Shares**) and will be purchased at a higher price of A\$0.0418 (2.04 pence). The higher price being paid by Zeta is in consideration of a deferred settlement date for the Zeta Deferred Shares of up to a maximum of 5 months following the holding of the General Meeting to seek shareholder approval of the Second Tranche Placement (subject to receipt of a waiver from ASX, otherwise settlement will occur within 3 months from the date of the General Meeting). This deferred settlement is not expected to impact the timing of the Cambay and Bhandut Field 2015/16 work programmes. Further information on Zeta is included in the "Details of the Capital Raising" section of this announcement.

On completion of the Capital Raising, Zeta will hold approximately 19.6% of the expanded shares on issue.

The price of A\$0.041 represents a 32.7% discount to the mid-market ASX closing price of A\$0.061 on 30 June 2015, being the date prior to the trading halt requested by the Company pending the release of this announcement. The price of 2.0 pence represents a 33.3% discount to the mid-market AIM closing price of 3.0 pence on 30 June 2015 and an 11.1% discount to the mid-market AIM closing price of 2.25 pence on 6 July 2015, the last business day date prior to the issue of this announcement.

*Using an exchange rate of A\$1.3074 per US\$ and A\$2.0555 per GBP, as at 29 June 2015

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The Company is also separately undertaking a renounceable rights issue (**Rights Issue**) to all eligible shareholders to enable eligible shareholders to have the opportunity to participate in the capital raising process at the same price as the First Tranche Placement. It is proposed that the Rights Issue, which has been fully underwritten, will raise US\$5.3 million (A\$7.0 million) (before expenses), in addition and separate to the funds raised pursuant to the First Tranche Placement and Second Tranche Placement (**Placement**), through the issue of 169,476,510 new ordinary shares (**Rights Issue Shares**) at a price of A\$0.041 per share on the following basis:

1 new ordinary share at A\$0.041 for every 4 ordinary shares held on the record date for the Rights Issue

The Rights Issue has been fully underwritten by Patersons Securities Limited.

Participants in the Placement will not be able to participate in the Rights Issue in respect of any new ordinary shares to be issued to them under the Placement.

The Second Tranche Placement is subject to shareholder approval at a General Meeting of the Company's shareholders, expected to be held on 12 August 2015. A Notice of Meeting will be dispatched to all shareholders shortly. The First Tranche Placement and the Rights Issue are not conditional on each other or the Second Tranche Placement. The shares to be issued pursuant to the Second Tranche Placement pursuant to the Placing Agreement (as defined below) are however conditional upon completion of the First Tranche Placement and the Rights Issue.

The funds raised from the Placement and Rights Issue will be applied towards the 2015/16 work programme in India, minimum work commitments in the Canning Basin and working capital. The 2015/16 work programme in India includes 2 horizontal multistage fracture stimulated production wells and 5 workovers of legacy wells in the Cambay Field, designed to start production of the previously announced independently classified Reserves. This programme is expected to significantly increase Oilex's production and cash flow after the 2 production wells, Cambay-78H and Cambay-80H, are brought online.

Use of funds	Amount (AUD)	Amount (USD)
Completion of the Company's 2015/2016 work programme for its Cambay Field (which includes a firm 2 well drilling campaign and 5 firm workovers to enhance production) and for the Bhandut Field	22.1m	16.9m
Canning Basin work programme	1.7m	1.3m
Working capital and Capital Raising fees	6.2m	4.8m
Total	30.0m	23.0m

In the event the full amount of A\$30.0m is not raised as a result of either the Second Tranche Placement or the Rights Issue not being completed, Oilex would review other debt/equity options as appropriate given its net share of independently classified Reserves and increasing production from Cambay and Bhandut and it would consider reducing other expenditure to ensure key parts of the work programme could be completed.

Oilex Directors are encouraged by the strong support of institutional investors in both the UK and Australia and the entry onto the register of Zeta, together with a number of other prominent investors.

Managing Director of Oilex, Ron Miller, said;

“We are very pleased with the strong support for the Placement and welcome a number of new institutional and sophisticated investors to the Company. Successful delivery of the Cambay Field 2015/16 work programme will be a transformational event for Oilex and India. These wells will continue to demonstrate the potential of the Cambay Basin to deliver indigenous natural gas and oil to India’s fast growing economy by using horizontal wells and multistage fracture stimulation technology.

For Oilex, it means increased production and cash flow to build a strong foundation for future growth in shareholder value and returns.”

For and on behalf of Oilex Ltd



Ron Miller
Managing Director

For further information, please contact the Company or its advisors listed below:

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Details of the Capital Raising

Placement

The Placement, which has been undertaken by Westhouse Securities Limited, PAC Partners Limited and Patersons Securities Limited, is being made in two tranches. Under the First Tranche Placement, 45,393,466 new ordinary shares will be issued at a price of A\$0.041. This price represents a 31.7 % discount to the ASX mid-market closing price of A\$0.060 on 30 June 2015. Completion of the First Tranche Placement is not conditional on the completion of the Second Tranche Placement.

Under the Second Tranche Placement, 512,793,515 new ordinary shares (**Second Tranche Placement Shares**) have been placed with institutional and other investors. Of the Second Tranche Placement, 275,490,196 new ordinary shares have been placed with Zeta. Of these new ordinary shares, 225,490,196 Zeta Deferred Shares will be purchased at a higher price of A\$0.0418, or 2.04 pence. The higher price for these shares being paid by Zeta is in consideration of a deferred settlement date for the Zeta Deferred Shares of up to a maximum of 5 months following the General Meeting (subject to obtaining a waiver from ASX, otherwise the Zeta Deferred Shares will be issued within 3 months of the date of General Meeting). This deferred settlement is not expected to impact the timing of the Cambay and Bhandut Fields 2015/16 work programme. The remaining 287,303,319 new ordinary shares in the Second Tranche Placement will be purchased at a price of A\$0.041, or 2 pence. The price of A\$0.041 represents a 31.7 % discount to the mid-market ASX closing price on of A\$0.060 on 30 June 2015, being the date prior to the trading halt requested by the Company pending the release of this announcement. The price of 2.0 pence represents a 33.3 % discount to the mid-market AIM closing price on of 3.0 pence on 30 June 2015 and an 11.1% discount to the mid-market AIM closing price of 2.25 pence on 6 July 2015, the last business day date prior to the issue of this announcement.

The Second Tranche Placement is conditional upon the passing of the requisite resolutions to be proposed at a General Meeting of the Company. The issue of 449,665,606 shares in the Second Tranche Placement is also conditional upon the placing agreement dated 7 July 2015 (**Placing Agreement**) between the Company and Westhouse Securities Limited (**Westhouse**) becoming unconditional and not having been terminated, which will among other things, depend on no material adverse changes having occurred and the admission of the First Tranche Placement Shares, the Second Tranche Placement Shares and the Rights Issue Shares to trading on ASX and AIM. The Placement is not underwritten.

A Notice of Meeting will be sent shortly to shareholders outlining the terms of the Second Tranche Placement and seeking the necessary approval of shareholders to issue the Second Tranche Placement Shares.

The new ordinary shares, issued pursuant to the Placement will, when issued and fully paid, rank pari passu in all respects with the existing ordinary shares, including the right to receive all dividends or other distributions declared, made or paid after the date of their issue.

Settlement of the First Tranche Placement is expected to take place on 14 July 2015. Application will be made for admission of the First Tranche Shares to trading on the ASX and AIM, with trading expected to commence on AIM on or around 14 July 2015.

Settlement of the Second Tranche Placement Shares, excluding the Zeta Deferred Shares, is expected to take place on 13 August 2015. Application will be made for admission of the Second Tranche Placement Shares

(excluding the Zeta Deferred Shares) to trading on the ASX and AIM, with trading in the second tranche expected to commence on AIM on 13 August 2015.

The issue and receipt of consideration in respect of the Zeta Deferred Shares will not be settled until up to a maximum of 5 months following the General Meeting (subject to obtaining a waiver from ASX, otherwise the Zeta Deferred Shares will be issued within 3 months of the date of the General Meeting).

Following completion of the Placement and Rights Issue, Zeta will hold approximately 19.6% of the Company's then issued share capital.

Upon the issue of all the First Tranche Placement Shares, the Second Tranche Placement Shares (together **Placement Shares**) and the Rights Issue Shares, the issued share capital of the Company will be increased by 107%.

The Company has undertaken, that for so long as Westhouse remains its broker, that it will not use or issue any further shares pursuant to the equity draw down facility with Darwin Strategic Limited.

Timetable - Placement

The expected timetable of principal events in connection with the Placement is as follows:

Dispatch of Notice of Meeting/Circular and proxy form	8 July 2015
Admission and commencement of trading in the First Tranche Placement Shares on AIM and ASX	14 July 2015
Latest time and date for receipt of Forms of Proxy for the General Meeting	10am on 10 August 2015
Date and time of the General Meeting	10am on 12 August 2015
Admission and commencement of trading in the Second Tranche Placement Shares on AIM and ASX (excluding the Zeta Deferred Shares)	13 August 2015
CREST accounts credited with the Second Tranche Placement Shares	13 August 2015
Zeta Deferred Shares issued by no later than (subject to receipt of ASX waiver)	31 December 2015

New Strategic Shareholder

As mentioned above, as part of the proposed Placement, Zeta will invest US\$8.8 million (approximately A\$11.5 million) by subscribing for shares in the Second Tranche Placement, resulting in a shareholding of 19.6% of the Company's issued share capital following completion of the Placement and Rights Issue.

Zeta is an active, resources focussed holding and development company, incorporated under the Bermuda Companies Act on 13 August 2012. Zeta was listed on the ASX on 12 June 2013. The company invests in resources globally, in listed and unlisted entities, and is advised by its investment manager, ICM Limited. Zeta is 85% owned by Utilico Investments Limited (Utilico). Utilico owns 50% of Westhouse's parent, Somers Limited. For further information refer to www.zetaresources.co.

Underwritten Rights Issue

The Company considers it important that shareholders have an opportunity (where it is practical for them to do so) to participate in the Capital Raising and accordingly, the Company is undertaking a fully underwritten Rights Issue to eligible shareholders at the same time and at the same price as the First Tranche Placement, issuing 169,476,510 new ordinary shares at a price of A\$0.041 per share. The Rights Issue is not conditional on completion of the Second Tranche Placement. Please refer to the section above on Use of Funds for alternative options should the Second Tranche Placement not complete.

Eligible shareholders will have an entitlement to subscribe for 1 new ordinary share (**Rights Issue Share**) for every 4 ordinary shares held. However, each eligible shareholder may, in addition to their entitlement, apply for such number of Rights Issue Shares as they wish up to the full number of 169,476,510 Rights Issue Shares available in the Rights Issue, subject always to the Company's right to scale back applications for additional shares and the total consideration of the Rights Issue being no more than US\$5.3 million, or A\$7.0 million (before expenses). The directors of the Company reserve the right to issue any shortfall under the Rights Issue at their absolute discretion.

The Rights Issue has been fully underwritten by Patersons Securities Limited.

The underwriting agreement is on standard terms and subject to customary termination events including if, prior to completion of the Rights Issue, there is a fall in the All Ordinaries Index or the Standard and Poors /ASX 200 Index of more than 7.5% from their respective closing levels on 6 July 2015. A summary of the underwriting agreement will be included in the offer documents for the Rights Issue to be sent to eligible shareholders.

Certain of the directors of the Company have also agreed to sub-underwrite the Rights Issue as follows:

<i>Director</i>	<i>Sub-underwriting commitment (shares)</i>
Mr Max Cozijn	365,853
Mr Jeffrey Auld	1,219,512
Mr Ronald Miller	365,853

The Rights Issue Shares will, when issued and fully paid, rank pari passu in all respects with the existing ordinary shares and the Placement Shares, including the right to receive all dividends or other distributions declared, made or paid after the date of their issue.

In order to apply for Rights Issue Shares, qualifying shareholders should complete the Application Form in accordance with the instructions set out in it.

The Rights Issue is expected to close on 28 July 2015. Application will be made for admission of the 169,476,510 Rights Issue Shares to trading on the ASX and AIM, with trading expected to commence on AIM on or around 6 August 2015.

Indicative Timetable

Event	Date
Rights Issue announced	7 July 2015
Shares trade on 'ex' entitlement basis, rights trading commences	10 July 2015
Record date for determining AIM Depository Interest holders' entitlements to participate in Rights Issue	13 July 2015 5pm (WST)
Record date for determining ASX shareholders' entitlements to participate in Rights Issue	14 July 2015 at 5pm (WST)
Completion of dispatch of offer documents and entitlement and acceptance form to shareholders	17 July 2015
Opening date	17 July 2015
Rights trading ends	21 July 2015
Closing date for acceptance and payment for ASX shareholders and AIM Depository Interest holders	28 July 2015 at 5pm (WST)
New shares trade on a deferred settlement basis	29 July 2015
Notification of shortfall	31 July 2015
Allotment of new shares and issue of Depository Interests and dispatch of holding statements to shareholders and Depository Interest holders	5 August 2015
Normal trading for new shares commences	6 August 2015

Note that all times are indicative only. The Company reserves the right to change these dates subject to the *Corporations Act 2001* (Cth), ASX Listing Rules, the AIM Rules and the Placement Agreement. All times are Australian Western Standard Time unless otherwise indicated.

IMPORTANT NOTICE

This announcement (**Announcement**), and the information contained herein, is not for publication, release or distribution, in whole or in part, directly or indirectly, in or into the United States, Canada or Japan or any other jurisdiction in which such publication or distribution would be unlawful. This announcement is for information purposes only and does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire shares in the capital of the Company in the United States, Canada or Japan or any other jurisdiction in which such an offer or solicitation is unlawful.

The shares in the Company referred to in this announcement have not been and will not be registered under the United States Securities Act of 1933, as amended (Securities Act) and may not be offered, sold or transferred, directly or indirectly, except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and the securities laws of any state or other jurisdiction of the United States. There will be no public offer of securities of the Company in the United Kingdom, the United States or elsewhere.

The offer and sale of the shares under the Placement and Rights Issue referred to herein has not been and will not be registered under the applicable securities laws of any state, province or territory of Canada, South Africa, New Zealand or Japan. Subject to certain exceptions, the Placement Shares referred to herein may not be offered or sold in Canada, South Africa or Japan or to, or for the account or benefit of, any national, resident or citizen of Canada, South Africa, New Zealand or Japan.

The Placement and Rights Issue timetables may be influenced by a range of circumstances such as market conditions. The Second Tranche Placement is subject to shareholder approval and a number of conditions being satisfied under the Placing Agreement. Therefore, there is no guarantee that the Second Tranche Placement will

occur and prospective investors should not base their financial decisions on the Company's intentions in relation to the Second Tranche Placement or the information contained in this announcement.

Westhouse is authorised and regulated in the United Kingdom by the FCA. Westhouse is acting exclusively for the Company and no one else in connection with the Placement and will not regard any other person as a client in relation the Placement and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Westhouse or for providing advice in relation to the Placement or any matters referred to in this announcement.

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