

17 July 2015

Dear Shareholder

Oilex Ltd - Renounceable Rights Issue

Background

As announced on 7 July 2015, Oilex Ltd (**Oilex**) is undertaking a capital raising to raise approximately A\$30 million. As part of the capital raising Oilex is undertaking a renounceable pro-rata offer of new ordinary shares in Oilex (**New Shares**) at an offer price of A\$0.041 (or £0.02 for Depository Interest holders) per New Share to raise approximately A\$7 million (before costs) (**Rights Issue**). The Rights Issue is being made on the basis of 1 New Share for every 4 Oilex shares held at 5.00pm (AWST) (or in the case of Depository Interest holders, 5.00pm (GMT)) on 14 July 2015 (the **Record Date**). The Rights Issue is being fully underwritten by Patersons Securities Limited.

The net proceeds of the Rights Issue will be used primarily to fund part of the Cambay and Bhandut Field work programmes for the 2015/16 year, minimum work commitments in the Canning Basin and general working capital purposes.

This letter is to inform you about the Rights Issue, and to explain why you will not be able to subscribe for New Shares under the Rights Issue. This is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

Eligibility criteria


The Rights Issue is only open to “**Eligible Shareholders**” being Oilex shareholders who:

- are registered as a holder of Oilex’s ordinary shares or Depository Interests as at the Record Date;
- have a registered address on the Oilex securities register in Australia, New Zealand or the United Kingdom;
- are not in the United States and not ‘US Persons’ (as defined in Regulation 5 under the Securities Act of 1933) or acting for the account or benefit of US Persons; and
- are eligible under all applicable securities laws to receive an offer under the Rights Issue.

These restrictions arise because of the legal and regulatory requirements in countries other than Australia, New Zealand and the United Kingdom and the potential costs to Oilex of complying with these requirements compared with the small number of Shareholders in those countries, the relatively small number of existing Oilex shares they hold, and relatively low value of New Shares to which they would otherwise be entitled.

Oilex has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the *Corporations Act 2001* (Cth), that it would be unreasonable to make or extend offers to shareholders who are not Eligible Shareholders (**Ineligible Shareholders**).

According to our records you do not satisfy the criteria to qualify as an Eligible Shareholder. Therefore, Oilex is unfortunately unable to extend to you the opportunity to participate in the Rights Issue.

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Sale of Ineligible Shareholders' entitlements

However, as the Rights Issue is renounceable, Oilex will undertake the following steps to provide you with an opportunity to potentially realise some value from the rights you would have received had you been an Eligible Shareholder:

- Oilex will appoint a nominee to receive all rights that Ineligible Shareholders would otherwise have been entitled to apply for (**Nominee**);
- the Nominee will attempt to sell those rights on behalf of Ineligible Shareholders; and
- Oilex will arrange for any proceeds in excess of the offer price for the sale of your rights, to be distributed to you as soon as is practicable after completion of the Rights Issue and in accordance with payment instructions recorded with the share registry.

Neither Oilex nor the Nominee acts as agent for Ineligible Shareholders and there is no guarantee of receiving any proceeds on the sale of rights. The Nominee's ability to sell the rights will be dependent on various factors, including market conditions. Neither Oilex nor the Nominee will be liable, including for negligence, for any failure to sell those rights or to sell those rights at a particular price.

The rights will be tradeable only on the ASX. However, the assignment, transfer and take up of any rights trading on market will be restricted to persons meeting the eligibility criteria (i.e. Eligible Shareholders). There will be no entitlement to trade rights on AIM. If you are an Eligible Shareholder and you wish to trade your rights, you will be required to transfer these rights to a registered Australian broker who is able to trade securities on the ASX. In particular, Ineligible Shareholders will not be eligible to purchase or trade the rights on the ASX, or to take up rights purchased on the ASX or transferred from another person.

Note that any proceeds received may have Australian and overseas tax consequences. You should seek professional tax advice regarding the taxation of any proceeds received.

If you have any queries, please contact the Offer Information Line on 1300 912 776 (within Australia) between 8.30am and 5.00pm (AWST) from Monday to Friday. If you are a Depository Interest Holder, please call +44 (0) 870 707 1210 between 9.00am and 5.00pm (GMT) on any London business day.

Yours faithfully



Chris Bath
Chief Financial Officer and Company Secretary

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