

## ASX Announcement

25 November 2015

ASX: OEX  
AIM: OEX

### Chairman's Address to Shareholders

---

Good morning ladies and gentlemen, and welcome to the 2015 Oilex Annual General Meeting.

We regret to advise that, as previously announced, Mr Sundeep Bhandari has withdrawn his nomination for re-election as a director pursuant to Resolution 3 of the Notice of Annual General Meeting. In addition, there has been a large negative vote recorded against all of the resolutions covering the remuneration report (Resolution 1), replacement of the Constitution (Resolution 2) and the re-election of Jeffrey Auld as an Independent Non-Executive Director (Resolution 4), all of which will be decided by a poll. Should Resolution 4 not be carried at this meeting, this will necessitate the appointment of an additional director following this AGM to ensure the Company complies with Australian Corporations Law requirements.

The remaining Board members recognise the dissatisfaction demonstrated by these votes, and we are setting in train the following measures to address some of those concerns;

- The Company is reviewing its strategic plan and financing of our core asset at Cambay.
- Progress negotiation of a commercial resolution of the Cambay Joint Venture program, cash calls and potential joint venture restructure.
- Defending the Zeta litigation with the assistance of external counsel.
- Review existing board structure and participants, and appoint suitably qualified and experienced directors.
- Reviewing Executive management and staffing levels appropriate to the current amended development timetable, including review of ongoing operating costs.


The current year has seen a continuation in the softening of the global resources and energy markets. During this challenging time the Board and management has continued the transformation of the Company into an emerging energy supplier in the Cambay Basin located in Gujarat State, India.

2014/15 has been a landmark year for your company with the delivery of the proof-of-concept well, Cambay 77-H, and the reporting of significant independently certified reserves. Oilex is the first company to successfully apply proven North American drilling and completion technology to tight oil and gas in India in the Cambay Basin, India. The success of this step-change technology has resulted in an upgrade to the reserves and contingent resources of our Cambay Field.

Alongside this technological success at Cambay, the Company has made significant progress on the work-over component of the approved 2015/16 work programme.

The Cambay Field is located adjacent to an existing gas pipeline grid with surplus capacity in the State of Gujarat and this should facilitate cost-effective commercialisation of Cambay natural gas. While global energy markets are experiencing significant price constraints, being close to existing infrastructure and growing local energy demand should ensure that domestic prices will be somewhat resilient to external price pressures.

With delivery of the proof of concept well at Cambay, Oilex is now progressing the transition from junior explorer to producer. This transition will not be without its challenges. Having achieved the technical proof of concept and

 +61 (8) 9485 3200

 [oilex@oilex.com.au](mailto:oilex@oilex.com.au)

ABN 50 078 652 632

For personal use only

independently certified reserves, the focus and priorities of the Board and management are increasingly concentrated on the commercial, regulatory and funding challenges that commencing the next phase of production from Cambay will bring. In addition to addressing the structural joint venture funding issues that have arisen.

In July 2015, we announced a capital funding programme to raise A\$30 million (before expenses) to fund the approved 2015/16 work programme in India, estimated minimum work commitments in the Canning Basin and working capital requirements. This included a A\$9.4 million deferred settlement component with Zeta Resources Limited, who currently have a 10.3% shareholding in Oilex.

Earlier this month we advised that Zeta had failed to settle the subscription for the deferred settlement portion of its placement and convertible note and was pursuing legal action against Oilex. With the assistance of external legal counsel, we are presently considering the remedies available to us and we will act in the best interests of all shareholders to defend any legal action.

This development has obviously had a significant impact on the company's share price, however in the short term our focus is to complete the current Cambay work-overs and the Bhandut-3 production facilities to increase our net revenue stream. Both programmes are in progress at present and completion of these activities is an important step in transforming Oilex into a sustainable business based upon production, cash flow and reserves growth.

In the medium to longer term our focus remains the commercialisation of significant hydrocarbon reserves located in an energy market with strong fundamentals. While the schedule for the approved 2015/16 drilling campaign at Cambay is currently being reconsidered with our Joint Venture partner, in addition to their outstanding cash calls, we anticipate that these wells will be commercially viable and the first steps in the field development plan, and should ultimately create significant value for all shareholders and stakeholders through delivering domestically sourced energy to the India market offsetting imported LNG. The Board is also actively reviewing alternative funding opportunities to assist in realising these goals.

Your Board believes that India offers a compelling investment proposition as the world's fourth largest energy consumer with a large unsatisfied gas demand. India is forecast to be the world's fastest growing large economy over the next two years. Strong growth, combined with a growing middle class forecast to be ~475 million people by 2030 is anticipated to result in significant growth in energy and natural gas consumption.

On behalf of the Board I wish to record our appreciation for the support and dedication of our Executive Management, staff, Joint Venture partners, contractors, local communities, shareholders and stakeholders during the year and look forward to the successful restructuring of the Board, capital structure and commercialisation of the Cambay Field.

In addition, I would like to record mine and the Board's appreciation for the significant contribution made by Mr Sundeep Bhandari who has decided to retire as a non-executive director from the close of this Annual General Meeting.

Yours Sincerely,



**MDJ Cozijn**  
Chairman

For further information, please contact:

<b>Investor Enquiries</b> <b>Oilex Ltd</b> Ron Miller Managing Director Email: oilex@oilex.com.au Tel: +61 8 9485 3200 Australia	<b>Nominated Adviser</b> <b>Strand Hanson Limited</b> Nominated Adviser Rory Murphy / Ritchie Balmer Email: oilex@strandhanson.co.uk Tel: +44 20 7409 3494 UK	<b>Media Enquires</b> <b>Vigo Communications</b> Public Relations UK Patrick d'Ancona / Chris McMahon Email: patrick.dancona@vigocomms.com chris.mcmahon@vigocomms.com Tel: +44 20 7016 9570 UK
--	---	--

For personal use only