

ASX Announcement

19 November 2018

ASX: OEX
AIM: OEX

Update on Cambay Dispute

Oilex Ltd (Oilex or the Company) advises that it has received notice from the Singapore International Arbitration Centre (SAIC) that Gujarat State Petroleum Corporation (GSPC) has invoked the dispute resolution provisions of the Cambay Joint Operating Agreement (JOA). Pursuant to the order issued by the High Court of Gujarat, India (the Court), as announced by the Company on 5 November 2018, GSPC was required to commence arbitration proceedings on or before 1 December 2018.

Background

By way of background, on 30 July 2018 Oilex announced that it had formally requested the Government of India (GoI) to transfer GSPC's participating interest (PI) in the Cambay PSC to the Company. The request was made strictly in accordance with the JOA and follows GSPC's failure to remedy the Event of Default Notice (EoD Notice) within the required 60-day period. The EoD Notice was a result of GSPC's ongoing failure to pay its PI share of Cambay PSC expenses.


GSPC subsequently served an *ex-parte* interim stay order (Order) from the Court directing the Company not to take any coercive steps against GSPC. The Order was awarded on an interim basis to delay the Company transferring GSPC's PI in the Cambay PSC.

On 5 November 2018, the Company announced that the Court had decided on all applications pending regarding the Order obtained by GSPC. In summary, the Court issued and passed judgement further delaying the implementation of the EoD Notice dated 29 May 2018 and also Notice of Withdrawal of Participating Interest (NoW) dated 29 July 2018, subject to the fulfilment of all of the following conditions:

- a) GSPC is directed to deposit a sum of Rs.8.25 crores rupees (US\$1.1 million approx) before the Court in the name Registrar of the High Court on or before by 15 November 2015#;
- b) GSPC is directed to submit a bank guarantee for Rs.21.75 crores rupees (US\$3.0 million approx) in the name of Registrar of High Court of Gujarat latest by 15 November 2015#; and
- c) GSPC shall commence arbitration proceedings on or before 1 December 2018.

Following receipt of today's SAIC notice, the abovementioned conditions have now been met. The Court has directed that these conditions remain valid for the duration of the arbitration and that the Cambay Joint Operating Agreement (JOA) will continue to operate during this same period. GSPC is also be required to pay its current and ongoing 55% share of the Cambay Joint Venture expenditure while seeking that the EoD Notice is rescinded through the arbitration proceedings.

The Company's legal advisors are currently considering the SAIC notice and will advise of any further actions that it may choose to take, if any.

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Managing Director, Joe Salomon, said: "We are confident that the Company has followed the correct legal process and acted in good faith with both our joint venture partners and the Government of India. Notwithstanding today's announcement, the Company remains committed to develop Cambay work. Accordingly, we will fully enforce our rights as necessary to facilitate the successful development of the project."

For and on behalf of Oilex Ltd



Joe Salomon
Managing Director

We are advised by our Indian legal counsel that the applicable date should read 2018

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