

ASX Announcement

29 May 2018

ASX: OEX
AIM: OEX

Issue of Event of Default Notice – Cambay PSC

Oilex Ltd (the Company) advises that it has today issued an Event of Default Notice (EoD Notice) to GSPC regarding the Cambay PSC (Cambay) in the amount of equivalent US\$3,054,832. The EoD Notice, issued pursuant to the Joint Operating Agreement (JOA), is a consequence of GSPC's ongoing failure to pay its participating interest share of the expenses of the Cambay PSC.

In accordance with the JOA, GSPC can remedy its default by settling the outstanding amounts. If this does not occur within 60 days, the Company may issue a notice whereby GSPC shall be immediately deemed to have transferred all its participating interest in the PSC to the non-defaulting parties, ie. Oilex.


An increase in Oilex's participating interest in Cambay from 45% to 100% would greatly assist the Company in strategic farm-in discussions with third parties. The Company has received several informal expressions of interest from parties to participate in the ongoing work programme and looks forward to updating the market when appropriate.

Oilex remains committed to unlocking the significant resource potential at Cambay by achieving commercial gas flow rates in the EP-IV formation. The development of new oil and gas fields such as Cambay is essential to meeting the Government of India's policy to reduce reliance on imports. To ensure that the joint venture has met and continues to meet the obligations and expectations of the national government and its industry regulator, Oilex has borne the full cost of many activities including the recent work to prepare a Field Development Plan and securing government approval of the proposal for a 10-year extension to the PSC.

While the Company is confident in its position, should GSPC fail to comply with the EoD Notice and a legal or regulatory challenge occurs, it may be necessary for Oilex to consider other remedial strategies.

Managing Director, Joe Salomon said: "Securing government approval for the application for the extension of Cambay PSC has been a significant event for the Company, demanding a considerable effort from our team. Whilst embarking on this new chapter towards the development of Cambay, it is imperative the Company and its partners are aligned and committed to unlocking Cambay's significant value potential for all stakeholders. After exhausting all reasonable efforts over an extended period, the issue of the EoD Notice is both timely and necessary to move Cambay closer to development. The Company has sought and will continue to seek constructive resolution of all matters that obstruct the development of Cambay. We remain appreciative of the continuing support of our major shareholders in our efforts to remove impediments and drive the project forward.

Reflecting the positive E&P investment climate fostered by the Government of India, our confidence in India as a country of immense potential remains unyielding."

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For and on behalf of Oilex Ltd



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