

HIGHLIGHTSJUNE
QUARTERLY
REPORT

2017

CAMBAY FIELD, ONSHORE GUJARAT, INDIA

- » During the quarter, the Joint Venture partner, GSPC, paid the equivalent of US\$1.43 million (gross) against outstanding cash calls.
- » EP-IV core analysis and modelling of optimal drilling and stimulation parameters is underway by Schlumberger and Baker Hughes - results anticipated shortly.
- » During the quarter, gas production re-started from the C-77H well at the Cambay Field.
- » Preparation of the application for an extension of the PSC is in its final stage. The application is required to be lodged by late September 2017 ahead of PSC expiry date of September 2019.
- » The field programme involving the workover of wells C-70 and C-23z was completed in June 2017 and did not return commercial volumes of oil and or gas.

BHANDUT FIELD, ONSHORE GUJARAT, INDIA

- » During the quarter, the Joint Venture partner, GSPC, paid the equivalent of US\$109,000 (gross) against outstanding cash calls.
- » Preparation of the application for an extension of the PSC is in final stages. The application is required to be lodged by September 2017.
- » In May 2017 gas production re-started at Bhandut-3 however the well was shut-in following increased water production.
- » Potential opportunities for sale of the PSC continue to be explored.

CORPORATE

- » Shareholders approved Tranche 2 of the capital raising, announced in March 2017, at a General Meeting held on 3 May 2017.
- » Mr Paul Haywood appointed as Non-Executive Director.
- » Cash resources at 30 June 2017 were \$3.2 million.
- » Actively reviewing new opportunities to create value by expanding the Company's project portfolio.

OVERVIEW

The Company's primary objective is to maximise shareholder value from its principal asset in the Cambay Basin, located onshore Gujarat State in India, whilst also continuing to review other opportunities to create value by adding new assets to the Company's portfolio.

To that end, Oilex continues to evaluate and implement a range of technical programme options to progress the main objective of accessing the significant gas resource present in siltstones in the EP-IV reservoir. North American unconventional drilling, completion and stimulation technologies have been applied by the Joint Venture over the last six years with positive but commercially modest results and work is underway to optimise results for future work programmes. The current technical work programmes are focused on:

- Extracting geological and engineering information from core data analysis with associated studies to match advanced North American drilling and completion technologies with the local basin geology of the EP-IV;
- The preparation of the application for an extension of the Cambay PSC (incorporating a proposed Field Development Program). The application for an extension of the PSC term beyond September 2019 is required to be lodged by September 2017; and
- Resolution of outstanding cash calls payable by the Company's Joint Venture partner GSPC.

HEALTH, SAFETY, SECURITY AND ENVIRONMENT

No lost time incidents recorded during the quarter.

CAMBAY FIELD, GUJARAT, INDIA

(Oilex: Operator and 45% interest)

During the quarter gas production re-started from the C-77H well at the Cambay Field. Production from the C-77H well averaged 209 mscfd with 13.8 bpd associated liquids (49.8 boepd; Oilex net 22.4 boepd) during the quarter. The current gas sales agreements were renegotiated to take any additional produced volumes as and when required. The Company plans to cycle production between C-77 and C-73 as part of its reservoir management.

The preparation of the Field Development Plan, in support of the application for an extension of the PSC, is in its final stages. The application for an extension of the PSC term beyond September 2019 is required to be lodged by September 2017.

During the March 2017 quarter, historical core samples from C-23z were provided to Schlumberger for detailed analysis and testing with completion of the work and delivery of results anticipated shortly. Baker Hughes is currently completing an initial desk study on EP-IV wells in the PSC in advance of undertaking evaluation work on the geomechanical model and to provide direction on the optimal stimulation methodologies for future drilling and testing. The results of the evaluation work by Baker Hughes are anticipated in August.

The Company has a significant gas resource at the Cambay PSC in the EP-IV tight siltstones that requires drilling optimisation and stimulation technologies to achieve commercial flow rates. The analysis of the core from C-23z is essential in the planning and design of future wells and the stimulation process at the Cambay PSC. Both Schlumberger and Baker Hughes are global leaders in the stimulation of tight gas reservoirs.

The recent field programme involving the workover of two older wells C-70 and C-23z to test potential production flow rates from the OS-II reservoir was completed in June. The results of these wells did not return commercial volumes of oil and or gas. The Company is considering whether further stimulation is warranted. The workovers targeted potential production from the OS-II reservoir whilst the Company's primary objective remains the development of the potential of the EP-IV reservoir.

The Company is currently in discussions with several potential partners who are undertaking data room reviews of the EP-IV tight gas potential at Cambay. Should any change in the structure of the joint venture eventuate, a restructure of the Company's ongoing funding commitment to the Cambay Project may ensue.

In December 2016, Oilex participated in a formal tender process initiated by Gujarat State Petroleum Corporation Limited (GSPC), its Joint Venture partner, by submitting a conditional offer for a possible additional 55% interest in the Cambay PSC (Cambay). The Company has received informal advice that the sale process is unlikely to proceed in the near term.

Joint Venture Management

During the quarter the Company made material progress in the resolution of the outstanding cash calls owing to the Cambay Joint Venture by GSPC. The Cambay joint venture have received the equivalent of US\$1.4 million in regards to outstanding cash calls from its joint venture partner.

As at 30 June 2017, gross unpaid cash calls issued to GSPC totalled approximately US\$5.5 million. The Company continues to maintain a constructive dialogue with its joint venture partner to resolve the remaining outstanding cash call balances. Oilex as Operator, has continued to bear the ongoing costs of the Joint Venture. It is anticipated that GSPC will commence regular contributions to ongoing operating cash calls going forward.

BHANDUT FIELD, GUJARAT, INDIA

(Oilex: Operator and 40% interest)

Oilex holds a 40% equity in the Bhandut Field, with GSPC holding the remaining participating interest. Previous drilling in the Bhandut Field intersected a number of hydrocarbon zones, some of which have been produced and are now shut-in.

During the June 2017 quarter production recommenced from the Bhandut Field having previously ceased on 6 October 2016. Production from the Bhandut-3 well averaged 148 mscfd (25.2 boepd; Oilex net 10.2 boepd) during the quarter. In June 2017, the Bhandut-3 well was shut-in following increased water production.

The preparation of the Field Development Plan, in support of the application for an extension of the PSC, is underway. The application for an extension of the PSC term beyond September 2019 is required to be lodged by late September 2017.

The field has ongoing production and exploration potential, coupled with existing production facilities. The Company is currently in discussion with several parties, seeking expressions of interest in a possible sale of its participating interest in the PSC.

During the quarter Oilex received gross US\$109,000 from GSPC against outstanding cash calls for Bhandut.

At the end of the quarter, total unpaid cash calls by GSPC had been reduced to US\$63,000 (gross).

SABARMATI FIELD, GUJARAT, INDIA

(Relinquished)

During the current quarter, Oilex received gross US\$23,000 owing by the Joint Venture partner, GSPC.

The Sabarmati PSC was relinquished in 2016.

WALLAL GRABEN, WESTERN AUSTRALIA (CANNING BASIN)

(Oilex: Operator and 100% interest)

The Wallal Graben asset is located adjacent to the Pilbara, a global resource centre for iron ore and LNG in Western Australia.

The Wallal Graben blocks are currently under application with the Department of Mines and Petroleum (DMP). They are frontier exploration blocks that represent a potential low cost entry to an underexplored area.

Final award of the blocks requires signing of Heritage Agreements with the Nyangumarta and Njama People and is linked to a request to the DMP that all three blocks be awarded simultaneously. Consultations on the Heritage Agreements are nearly complete following which it is anticipated that the DMP will make an offer to grant a Petroleum Exploration Permit for each of the three blocks to Oilex for its final acceptance. Oilex can review its interest in pursuing these applications at any time.

JPDA 06-103, TIMOR SEA

(Oilex: Operator and 10% interest)

Oilex as operator, and on behalf of the JPDA 06-103 Joint Venture participants, continues to seek a resolution to the dispute with Autoridade Nacional do Petroleo e Minerais (ANPM) in relation to matters associated with the termination of JPDA 06-103 PSC. In July 2015, the ANPM rejected the Joint Venture request to terminate the PSC by mutual agreement in good standing and without penalty, and the ANPM sought to impose a penalty of approximately US\$17 million upon the Joint Venture. The Joint Venture undertook significantly more exploration expenditure than required during the PSC term and believes the excess was not properly accounted for in accordance with the terms of the PSC.

The Joint Venture continues its discussions with the ANPM and remains hopeful an amicable settlement will be reached. If the parties are unable to reach an amicable settlement, any party may refer the matter to arbitration. If this occurs, the obligations and liabilities of the Joint Venture participants under the PSC are joint and several, with parent company guarantees provided by all Joint Venture participants. Oilex has a 10% participating interest in the Joint Venture.

WEST KAMPAR PSC, CENTRAL SUMATRA, INDONESIA

(Oilex: 45% interest and further 22.5% secured ⁽¹⁾)

At the end of 2016 the Indonesian Operator applied to the Indonesian courts for a debt payment obligation suspension. This was denied and the operating company, PT Sumatera Persada Energi (SPE) was declared bankrupt. A number of creditors meetings were held during the quarter. Oilex has instructed its Indonesian based lawyers to pursue its claim in the courts covering refund of monies provided by Oilex to the Operator, accrued interest, arbitration and legal costs and loss of profits.

During the March 2017 quarter, Oilex received confirmation from the Indonesian Government regulator, SKK Migas that Oilex continues to retain a 45% participating interest in the PSC. In the absence of a commercial settlement, the Company intends to preserve its rights. Oilex continues to pursue enforcement of the Arbitration Award and a commercial settlement.

CORPORATE

At the end of the quarter Oilex retained cash resources of \$3.2 million.

New Non-Executive Director Appointed

During the quarter the Company appointed Mr Paul Haywood as a Non-Executive Director. Mr Haywood has a wealth of experience in capital markets, investment advisory, corporate affairs and the operational management of early stage and growth companies including six years in the Middle East. More recently, Mr Haywood has held senior management positions with UK and Australian public companies in the natural resource and energy sectors, with International experience in the UK, Middle East and Eurasia. Mr Haywood is currently Executive Director of Block Energy Plc and resource focussed advisory firm, Plutus Strategies Ltd and resides in the United Kingdom.

General Meeting of Shareholders

On 3 May 2017, the Company held a General Meeting of Shareholders. All resolutions put to Shareholders, including the approval of the issue of the shares and options pursuant to the March 2017 Placement, were passed by a show of hands.

Placement to Fund Cambay Work Programme

On 16 March 2017, the Company agreed to a capital raising (Placement) to secure funding of approximately £1.1 million (A\$1.78 million) to support its 2017 work programme and working capital requirements. The Placement, part of which required shareholder approval, secured approximately £1.1 million before expenses through the issue of 488,888,888 new fully paid ordinary shares at an average price of 0.225 pence (A\$0.0036) per share and 190,353,386 options in the issued capital of the Company.

The Placement was in two tranches with the issue of the first tranche of 298,353,502 shares issued for £0.67 million (approximately A\$1.07 million) completed during the March 2017 quarter. Following shareholder approval, on 10 May 2017 the Company issued the second tranche of 190,535,386 shares for £0.43 million (approximately A\$0.76 million).

On 22 May 2017, pursuant to the second tranche, the Company also issued 190,535,386 unlisted options exercisable at 0.35 pence (A\$0.0062) per share on or before 22 November 2017. In addition, pursuant to the capital raising mandate with Cornhill Capital Limited, the Company issued 88,888,888 unlisted options exercisable at 0.225 pence (A\$0.0040) per share exercisable within 3 years of grant.

Capital Structure as at 30 June 2017

Ordinary Shares	1,684,302,899
Unlisted Options	286,974,273

Qualified Petroleum Reserves and Resources Evaluator Statement

Pursuant to the requirements of Chapter 5 of the ASX Listing Rules, the information in this report relating to petroleum reserves and resources is based on and fairly represents information and supporting documentation prepared by or under the supervision of Mr Jonathan Salomon, Managing Director employed by Oilex Ltd. Mr Salomon has over 30 years' experience in petroleum geology and is a member of the Society of Petroleum Engineers and AAPG. Mr Salomon meets the requirements of a qualified petroleum reserve and resource evaluator under Chapter 5 of the ASX Listing Rules and consents to the inclusion of this information in this report in the form and context in which it appears. Mr Salomon also meets the requirements of a qualified person under the AIM Note for Mining, Oil and Gas Companies and consents to the inclusion of this information in this report in the form and context in which it appears.

Board of Directors

Brad Lingo	Non-Executive Chairman
Max Cozijn	Non-Executive Director
Paul Haywood	Non-Executive Director
Joe Salomon	Managing Director

Company Secretary

Mark Bolton	CFO & Company Secretary
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Stock Exchange Listing

Australian Securities Exchange	Code: OEX
AIM London Stock Exchange	Code: OEX

AIM Nomad

Strand Hanson Limited

AIM Broker

Cornhill Capital Limited

Share Registry

Australia

Link Market Services Limited
Level 12
250 St. Georges Terrace
Perth WA 6000 Australia
Telephone: 1300 554 474
Website:
<http://investorcentre.linkmarketservices.com.au>

United Kingdom

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE United Kingdom
Telephone: +44 (0) 870 703 6149
Website:
www.computershare.com

PERMIT SCHEDULE

PERMIT SCHEDULE – 30 JUNE 2017				
ASSET	LOCATION	ENTITY	EQUITY %	OPERATOR
Cambay Field PSC	Gujarat, India	Oilex Ltd	30.0	Oilex Ltd
		Oilex N.L. Holdings (India) Limited	15.0	
Bhandut Field PSC	Gujarat, India	Oilex N.L. Holdings (India) Limited	40.0	Oilex N.L. Holdings (India) Limited
West Kampar PSC	Sumatra, Indonesia	Oilex (West Kampar) Limited	67.5 ⁽¹⁾	PT Sumatera Persada Energi
JPDA 06-103 PSC ⁽²⁾	Joint Petroleum Development Area Timor Leste and Australia	Oilex (JPDA 06-103) Ltd	10.0	Oilex (JPDA 06-103) Ltd
STP-EPA-0131	Western Australia	Admiral Oil Pty Ltd ⁽³⁾	100.0	Admiral Oil Pty Ltd ⁽³⁾
STP-EPA-0106	Western Australia	Admiral Oil and Gas (106) Pty Ltd ⁽³⁾	100.0 ⁽⁴⁾	Admiral Oil and Gas (106) Pty Ltd ⁽³⁾
STP-EPA-0107	Western Australia	Admiral Oil and Gas (107) Pty Ltd ⁽³⁾	100.0 ⁽⁴⁾	Admiral Oil and Gas (107) Pty Ltd ⁽³⁾

⁽¹⁾ Oilex (West Kampar) Limited is entitled to have assigned an additional 22.5% to its holding through the exercise of its rights under a Power of Attorney granted by PT Sumatera Persada Energi (SPE) following the failure of SPE to repay funds due. The assignment request has been provided to BPMigas (now SKK Migas) but has not yet been approved or rejected. If Oilex is paid the funds due it will not be entitled to pursue this assignment.

⁽²⁾ PSC terminated 15 July 2015

⁽³⁾ Ultimate parent entity is Oilex Ltd.

⁽⁴⁾ Current status is a Preferred Applicant

LIST OF ABBREVIATIONS AND DEFINITIONS

Barrel/bbl	Standard unit of measurement for all oil and condensate production. One barrel is equal to 159 litres or 35 imperial gallons.
MMBO	Million standard barrels of oil or condensate
SCFD	Standard cubic feet (of gas) per day
MSCFD	Thousand standard cubic feet (of gas) per day
MMSCFD	Million standard cubic feet (of gas) per day
BBO	Billion standard barrels of oil or condensate
BCF	Billion Cubic Feet of gas at standard temperature and pressure conditions
TCF	Trillion Cubic Feet of gas at standard temperature and pressure conditions
Discovered in place volume	Is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production
Undiscovered in place volume	Is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered
PSC	Production Sharing Contract
Prospective Resources	Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by their economic status.
Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations. Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves. Reserves are designated as 1P (Proved), 2P (Proved plus Probable) and 3P (Proved plus Probable plus Possible). Probabilistic methods P90 refers to the quantity for which it is estimated there is at least a 90% probability the actual quantity recovered will equal or exceed. P50 refers to the quantity for which it is estimated there is at least a 50% probability the actual quantity recovered will equal or exceed. P10 refers to the quantity for which it is estimated there is at least a 10% probability the actual quantity recovered will equal or exceed.

APPENDIX 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

OILEX LTD

ABN

50 078 652 632

Quarter ended (current quarter)

30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	26	131
1.2 Payments for		
(a) exploration & evaluation	(242)	(1,113)
(b) development	-	(2)
(c) production	(336)	(666)
(d) staff costs	(262)	(1,185)
(e) administration and corporate costs	(321)	(1,604)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	56
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
Litigation legal fees	-	(726)
Recovery of prior year outstanding cash calls	1,856	1,856
Recovery of prior year Indian tax refunds	-	348
Redundancy and entitlement costs	-	(464)
1.9 Net cash from / (used in) operating activities	723	(3,369)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(24)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	(24)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	762	1,836
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(108)	(250)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	654	1,586

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,834	5,158
4.2	Net cash from / (used in) operating activities (item 1.9 above)	723	(3,369)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(24)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	654	1,586
4.5	Effect of movement in exchange rates on cash held	5	(135)
4.6	Cash and cash equivalents at end of period	3,216	3,216

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,216	1,834
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,216	1,834

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

Current quarter \$A'000
103
-

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

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7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	300
9.2 Development	-
9.3 Production	191
9.4 Staff costs	314
9.5 Administration and corporate costs	350
9.6 Other (provide details if material)	265
9.7 Total estimated cash outflows	1,420

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Refer to Permit Schedule in Quarterly Report		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		Refer to Permit Schedule in Quarterly Report		

COMPLIANCE STATEMENT

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 31 July 2017

CFO & Company Secretary

Print name:

Mark Bolton