

HIGHLIGHTS

MARCH
QUARTERLY
REPORT

2019

CAMBAY FIELD, ONSHORE GUJARAT, INDIA

- » The Company's plans for the 2019-20 work programme and budget (WP&B) to drill up to two vertical wells are well advanced. Amongst other conditions, these wells are pending resolution of the dispute with GSPC and necessary funding.
- » During the December 2018 quarter, the Company announced that GSPC and the Company had entered into commercial negotiations in order to avoid the matter going to arbitration.
- » The discussions between Oilex and GSPC regarding a potential commercial settlement, and to enable a drilling programme to proceed remain ongoing however progress has been recently impacted by the Indian national elections currently underway.
- » In view of the significant period since these discussions commenced, the Company continues to follow the arbitration process with SIAC where it seeks to fully enforce its rights under the Joint Operating Agreement.
- » In the March 2019 quarter, GSPC made no payments towards outstanding cash calls to Cambay JV.
- » During the quarter, gas production from the Cambay Field was voluntarily shut-in. Prior to the shut-in, cumulative gas production from the field was 4.85 MMscf and 207 bbls of condensate.

BHANDUT FIELD, ONSHORE GUJARAT, INDIA

- » The Bhandut Field remains on care and maintenance.
- » During the quarter, GSPC commenced a sale process for their participating interest in Bhandut. The company has a right of first refusal in regard to sale of GSPC's participating interest. The Company is also in discussion with potential buyers for its participating interest.
- » A care and maintenance budget for FY-2019-20 has been approved by Operating Committee (OC) and has now been submitted to Management Committee. For approval.
- » During the quarter, the Joint Venture partner, GSPC, made no payments towards outstanding cash calls.

CORPORATE

- » During the quarter, the Company issued no shares or options.
- » The Company continues to review new opportunities to create value for shareholders.
- » Cash resources at 31 March 2019 were approximately \$1.275 million.

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 and diversify risk by adding new assets to the Company's project portfolio.

To that end, Oilex continues to evaluate and implement a range of technical programme options to progress its main objective of accessing the significant gas resource present in siltstones in the EP-IV reservoir at the Company's Cambay PSC. 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 work programmes are focused on:

- Reaching a resolution for the outstanding cash calls payable by the Company's Joint Venture partner GSPC;
- Preparing detailed work programmes, including new wells for implementation under the approved Field Development Plan (FDP),
- Arranging the necessary funding to implement the planned work programme; and
- Continuing to evaluate new opportunities to add to the Company's project portfolio.

HEALTH, SAFETY, SECURITY AND ENVIRONMENT

No lost time incidents recorded during the quarter.

CAMBAY FIELD, GUJARAT, INDIA (Oilex: Operator and 45% interest)

Oilex holds a 45% equity in the Cambay Field, with GSPC holding the remaining 55% Participating Interest (PI).

The Company's plans for the 2019-20 work programme and budget (2020 WP&B) at Cambay are well advanced inclusive of drilling up to two vertical wells. The priority will be to test the drilling and stimulation recommendations from a recent Baker Hughes-GE study in the EP-IV zone. Any early production will utilise existing processing and storage facilities upgraded as required to provide a low-cost path to commercialisation. Given success, a larger drilling programme will follow, with the aim of aggregating sufficient production volumes to connect to the high-pressure pipelines which offer greater offtake stability and improved gas prices.

Importantly, GSPC will not commit to an active work programme inclusive of drilling with the Operating Committee approving a care and maintenance budget at this time. Pending a settlement agreement with GSPC on the Event of Default Notice (EoD Notice) or a successful arbitration decision, and subject to securing the necessary funding, the Company will proceed to implement the planned well programme.

During the quarter the Company was notified by the Gujarat Pollution Control Board (GPCB) contending that the joint venture had contravened water pollution requirements. The Company disputes the GPCB notice and in any event, production from the gas facilities was nominal and had voluntarily ceased. In addition, the Company is required to update its environmental licenses to implement its Field Development Plan pursuant to the 10-year license extension. The application for the new environmental licenses are now substantially complete and will to be submitted shortly.

During the quarter, gas production was shut-in at the Cambay Field. Prior to the shut-in cumulative gas production in the quarter was 4.85 MMscf and 207 bbls of condensate.

Joint Venture Dispute

During the March 2019 quarter, the Company continued to pursue resolution of its dispute with Gujarat State Petroleum Corporation (GSPC). The resolution of dispute is essential to potential development of Cambay and the recovery of the funds owed by GSPC for the joint venture activity at Cambay.

On 29 November 2018, the Company announced that it was in discussions with GSPC and the Government of India (GoI) to seek a commercial resolution to avoid arbitration and if possible, allow a drilling programme at Cambay to proceed. During the subsequent period, the Company has actively engaged with key stakeholders, including GSPC, with a view to resolving the dispute incorporating a clear path forward for the potential development of Cambay.

Oilex has worked tirelessly in seeking a resolution and in recent months has submitted several proposals to GSPC for consideration, with the most recent draft proposal tabled on 20 March 2019.

The negotiations have been challenging given the commercial drivers for all parties and the regulatory and administrative hurdles, including GSPC's internal financial constraints, and, at this time, a conclusion has not been reached, although discussions continue. In recent days, the progress of these discussions has slowed while India undertakes its national elections and GSPC undertakes changes to its senior management personnel.

Parallel to the discussions referenced above, Oilex and GSPC have been working to resolve unpaid past cash calls. In the event that an agreement on the current proposal cannot be achieved in the very near future, including the unpaid cash calls, the Company intends to fully enforce its rights under the Cambay Joint Operating Agreement (JOA).

The Directorate General of Hydrocarbons of India (DGH) and Ministry of Petroleum and Natural Gas (MoPNG) are actively monitoring the progress of the Event of Default (EoD) dispute and are supportive of the present negotiations. Furthermore, GSPC is reportedly under pressure to meet obligations in several of its joint ventures.

Concurrent with the ongoing discussions with GSPC, the Company continues to progress with the SIAC arbitration process. In this regard, both GSPC and Oilex have each paid their respective initial arbitration fee deposit (50%) and nominated their respective arbitrator on the arbitration panel.

Commencement of GSPC Sale Process

More recently, it is Oilex's understanding that the State Government of Gujarat and the GSPC board of directors' have approved a sales process for a number of its Indian joint venture participating interests. At present, Cambay is not formally part of this sale process, however, GSPC have previously informally indicated their willingness to divest their interest. Pursuant to the Cambay and Bhandut JOAs, Oilex holds pre-emptive rights to acquire GSPC's interests in both assets.

Background to GSPC Cash Call Dispute

By way of background, on 29 May 2018, the Company issued an EoD Notice to GSPC in accordance with the JOA for the equivalent amount of US\$3,054,832. The EoD Notice was issued as a result of GSPC's ongoing failure to pay its participating interest (PI) share of Cambay PSC expenses. GSPC failed to remedy its default within 60 days and, in accordance with the JOA, Oilex formally requested the DGH and the MoPNG in India to transfer GSPC's PI in the Cambay PSC to the Company. This was announced by Oilex on 30 July 2018.

On 13 August 2018, GSPC served an ex-parte interim stay order (IAAP No. 130 of 2018) from the High Court of Gujarat (Court) directing the Company not to take any coercive steps against GSPC (Order) with regard to the EoD Notice. As disclosed in the announcement of 13 August 2018, the Order was awarded on an interim basis to delay the transfer of GSPC's PI in the Cambay PSC to Oilex.

Following various hearings in the Court, on 5 November 2018, the Company announced that the Court had decided on all applications pending regarding the Order obtained by GSPC. The Court issued and passed judgement further delaying the implementation of the EoD Notice and Notice of Withdrawal of Participating Interest dated 29 July 2018, subject to certain conditions. The conditions were subsequently attained by GSPC, including the requirement to commence arbitration proceedings. It is important to note that in practice, the transfer of the PI is currently subject to vacation of the Order.

As required by the order of the Court on 19 November 2018, GSPC had invoked the dispute resolution provisions of the JOA and commenced arbitration proceedings through the Singapore International Arbitration Centre (SIAC).

The Order also requires that GSPC performs its duties and obligations under the JOA and Oilex continues to work to ensure that this occurs. In the case that it does not, Oilex will vigorously pursue its legal rights.

Joint Venture Management

During the March 2019 quarter, Oilex received no payments towards outstanding cash calls from its Joint Venture partner. Total outstanding cash calls from GSPC - Est. USD 5.62 MM (inclusive of the Est. USD 3.05 MM pursuant to the EoD).

BHANDUT FIELD, GUJARAT, INDIA

(Oilex: Operator and 40% interest)

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

The field is currently on care and maintenance, however, the field has ongoing nominal production and exploration potential, coupled with existing production facilities. During the quarter, Oilex received no payments from GSPC towards outstanding cash calls for Bhandut.

GSPC has commenced a formal process to dispose of its participating interest in Bhandut. Oilex has a right of first refusal in the event that GSPC disposes of its participating interest. Oilex is also in discussions with potential buyers in respect of its interest in Bhandut.

At the end of the quarter, total unpaid cash calls by GSPC was E US\$0.149 million gross.

JPDA 06-103, TIMOR SEA

(Oilex: PSC Terminated 15 July 2015 - Operator and 10% interest)

On 17 October 2018, the Company received formal notice from the ANPM, the body responsible for managing and regulating petroleum and mining activities in the Timor-Leste area, advising that it has commenced arbitration through the International Chamber of Commerce in Singapore.

The obligations and liabilities of the Joint Venture participants under the PSC are joint and several and all participants have provided parent company guarantees. The equity interest of the Joint Venture participants are as follows:

Oilex (JPDA 06-103) Ltd (Operator)	10%
Pan Pacific Petroleum (JPDA 06-103) Pty Ltd	15%
Japan Energy E&P JPDA Pty Ltd	15%
GSPC (JPDA) Limited	20%
Videocon JPDA 06-103 Limited *	20%
Bharat PetroResources JPDA Ltd	20%
Total	100%

* The Company understands that the parent company Videocon Industries Ltd is subject to corporate insolvency proceedings and continues to trade under the supervision of an insolvency professional. The Joint Venture has requested but is yet to receive formal documentation and or clarification as to the position of Videocon JPDA 06-103 Limited.

Videocon has not paid cash calls of USD\$0.191 million. GSPC has not paid cash calls of USD\$0.191 million. The JV is currently taking advice on its rights to require that GSPC and Videocon to meet their obligations.

WEST KAMPAR PSC, CENTRAL SUMATRA, INDONESIA

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

The Company remains in dispute with the operating company, PT Sumatera Persada Energi (SPE), which was declared bankrupt.

During the previous quarter, the Company was advised by the Indonesian Government regulator, SKK Migas, that the West Kampar PSC had been terminated following SPE's failure to meet its obligations under the PSC.

The Company is currently engaging with the Indonesia regulators with a view to returning its interest in West Kampar.

CORPORATE

Cash Balance

At the end of the quarter Oilex retained cash resources of \$1.275 million.

Broker

Subsequent to the end of the quarter, and as announced earlier today, the Company appointed Novum Securities Ltd as its AIM broker.

Capital Structure

During the quarter no shares or options were issued. The shares and options on issue as at 31 March 2019 were as follows:

Ordinary Shares	2,576,987,999
Unlisted Options	161,220,442

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 Joe Salomon, Managing Director employed by Oilex Ltd. Mr Salomon has over 32 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
Paul Haywood	Non-Executive Director
Joe Salomon	Managing Director

Company Secretary

Mark Bolton	CFO & Company Secretary
-------------	-------------------------

Stock Exchange Listing

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

AIM Nominated Adviser

Strand Hanson Limited

AIM Broker

Novum securities 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 – 31 MARCH 2019				
ASSET	LOCATION	ENTITY	EQUITY %	OPERATOR
Cambay Field PSC ⁽¹⁾	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
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

⁽¹⁾ On 29 July 2018, the Company issued a notice to exercise its option to require GSPC to completely withdraw its 55% Participating Interest in the Cambay PSC following GSPC's failure to completely remedy the Event of Default issued on 29 May 2019. Both during the quarter, and subsequent to quarter end, the Company made several appearances in the Court in order to secure the vacation of the Order. On 5 November 2018 the Court issued judgement to further delay the implementation of the EOD notice subject to certain conditions being fulfilled by GSPC. GSPC subsequently met the conditions and invoked the JOA dispute resolutions in the Singapore International Arbitration Centre. Commercial discussions between the parties are also currently underway.

⁽²⁾ PSC terminated 15 July 2015.

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.
BOEPD	Barrels of oil equivalent per day
BOPD	Barrels of oil per day
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.

Rule 5.5

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)

31 MARCH 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	19	260
1.2 Payments for		
(a) exploration & evaluation	(209)	(453)
(b) development	-	-
(c) production	(38)	(275)
(d) staff costs	(214)	(750)
(e) administration and corporate costs	(320)	(820)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	(7)	(17)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(768)	(2,052)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(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	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	810	2,127
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	395
3.4 Transaction costs related to issues of shares, convertible notes or options	(38)	(131)
3.5 Proceeds from borrowings	-	645
3.6 Repayment of borrowings	-	(65)
3.7 Transaction costs related to loans and borrowings	-	(13)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	772	2,958

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	1,283	376
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(768)	(2,052)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	772	2,958
4.5	Effect of movement in exchange rates on cash held	(12)	(7)
4.6	Cash and cash equivalents at end of period	1,275	1,275

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	1,275	1,283
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)	1,275	1,283

6. Payments to directors of the entity and their associates

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

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

Director's fees & superannuation

Current quarter
\$A'000

72

-

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
-

8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
580	580
-	-
-	-

- 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.

1. Loan facility details

- a) \$300,000: Lender- Republic Investment Management Pte Ltd, drawn 27 July 2018, interest rate 5%, unsecured, term- 12 months or earlier by notice;
- b) \$30,000: Lender- Lombard Bank Malta p.l.c., drawn 4 September 2018, interest rate 5%, unsecured, term- to 26 July 2019 or earlier by notice;
- c) \$250,000: Lender- Republic Investment Management Pte Ltd, drawn 26 September 2018, interest rate 5%, unsecured, term- to 1 October 2019 or earlier by notice.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	192
9.2 Development	-
9.3 Production	103
9.4 Staff costs	219
9.5 Administration and corporate costs	232
9.6 Other (provide details if material) – SIAC Arbitration Fees	202
9.7 Total estimated cash outflows	948

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:

Print name: Mark Bolton - CFO & Company Secretary

Date: 30 April 2019