



## Summary

### **CAMBAY PSC (45% & OPERATOR), ONSHORE GUJARAT, INDIA**

- Cambay 77-H 4 ½ inch casing set and cemented, well secure for fracture stimulation
- Stage 1 fracture stimulation successfully completed
- Gas detected at surface shortly after Stage 1 fracture stimulation with overpressure of ~5000 psi measured indicating pressure increase of 670 psi
- Sale and Purchase Agreement unwind process triggered, Oilex retains 45% direct interest in the Cambay PSC with Magna Energy Ltd (“Magna”) becoming cornerstone investor in Oilex. Unwind process was then followed by on-market purchases by Magna, resulting in Magna holding a 19.1% interest.

#### Post end of quarter:

- Remaining fracture stimulation stages 2-4 successfully completed
- All plugs successfully milled out
- Strong clean-up hydrocarbon flow encountered following mill-out operations
- Light oil/condensate flows to surface during flow-back and recovered for sale
- Higher than expected light/condensate flows particularly encouraging
- Gas Sales Agreement for Cambay-73 endorsed by the relevant Government of India authorities
- The Cambay Joint Venture has made an insurance claim associated with the failure of the frac tree components at Cambay-77H. The order of magnitude estimate is approximately USD 1 million subject to finalising the costs and discussions with underwriters.

### **SPA 17 AO (100% & OPERATOR), ONSHORE CANNING BASIN, WESTERN AUSTRALIA**

- CGG has completed preliminary interpretation of recent 4,060 line km gravity gradiometry/magnetic survey data
- Structural model of the Wallal Graben extension into adjacent Oilex acreage confirmed
- Seismic interpretation in Oilex (100%) permits highlights key elements of structure, thick sedimentary section and appropriate depth of burial for a valid petroleum generating system

### **JPDA 06-103 PSC (10% & OPERATOR), OFFSHORE TIMOR SEA**

- Further extension of PSC suspension to 15 October 2014 while awaiting outcome of termination application

### **WEST KAMPAR**

- Oilex received further good faith payments from PT Sumatera Persada Energi towards US\$4.8m arbitration award in favour of Oilex

## CORPORATE

- Subsequent to the end of the quarter raised £1.17 million or AUD\$2.13 million (gross) via a drawdown on its Equity Financing Facility with Darwin Strategic Limited

# Operations review

## HEALTH, SAFETY, SECURITY AND ENVIRONMENT

No Lost Time Incident recorded on Cambay-77H drilling operations.

**TOTAL NET OIL PRODUCTION – 665 BBLs (589 BBLs FROM CAMBAY-77H FLOW-BACK POST QUARTER END – GROSS OIL PRODUCTION)**

## CAMBAY FIELD, GUJARAT, INDIA

**(Oilex: Operator and 45% interest)**

During the reporting period:

- The Cambay Field produced 789 barrels of oil (355 barrels net to Oilex).
- The Cambay 77-H horizontal production well reached target depth at 2370 MD.
- A comprehensive suite of logs was acquired and preliminary interpretation confirms the wellbore intersected a significant sequence of hydrocarbon-bearing reservoir similar to Cambay 76-H. The Cambay 77-H logs also compare favorably to Cambay-73 vertical well which produced from the Y zone at ~1 MMscfd plus condensate and is located approximately 1km from Cambay 77-H.
- 4 ½ inch casing was set and cemented with the well secure for fracture stimulation.
- Stage 1 Fracture stimulation successfully completed with subsequent gas detected at surface and elevated overpressure of ~ 5000 psi was measured indicating a pressure increase of 670psi.
- The original reservoir pressure of ~4,330 psi was interpreted from the micro frac programme. This is consistent with Cambay 76-H pressure.
- Pursuant to the Sale and Purchase Agreement (“SPA”) entered into with Magna on 9 August 2013, the SPA unwind process was triggered. The unwind process was triggered as Government of India consent for the sale of a 15% participating interest in the Cambay PSC was not received before the due date of 1 May 2014.
- Under the unwind trigger provisions payments received by Oilex from Magna were converted to shares in Oilex with Magna becoming a cornerstone investor in Oilex. Unwind process was then followed by on-market purchases by Magna, resulting in Magna holding a 19.1% interest.
- Oilex retains 45% interest in the Cambay PSC with Magna having no rights under the SPA to acquire an interest.

Subsequent to the reporting period:

- During the system wide pressure test to 9300 psi prior to the Stage 2 frac a leak developed in the “frac tree”. Faulty components were replaced with spare components pre-positioned at the well site, before proceeding further with the fracture stimulation.
- Remaining Fracture stimulation stages 2-4 were completed. There was no decrease in the elevated overpressure noted from Stage 1 and the reservoir section responded to all fracs in a similar manner.
- Plug milling operations were completed with gas flowing to surface during the milling operations.
- Strong clean-up hydrocarbon flow encountered following mill out operations.
- Gas flaring operations have commenced to ensure well safety.
- Light oil/condensate flows to surface during flow-back and recovered for sale.
- The recovery of ~API 50 light crude during flow-back operations has been particularly encouraging indicating higher than expected liquid hydrocarbon production.

- ~40% of frac water has been recovered.
- Flow-back, Clean up and Production testing equipment positioned and commissioned.
- The Gas Sales Agreement for the sale of Cambay-73 gas was endorsed from the relevant Government of India authorities, a critical milestone for increasing production from the field and supplying gas to the local market.
- The Cambay Joint Venture has made an insurance claim associated with the failure of the frac tree components at Cambay-77H. The order of magnitude estimate is approximately USD 1 million, subject to finalising the cost and discussions with underwriters.

### **BHANDUT FIELD, GUJARAT, INDIA**

**(Oilex: Operator and 40% interest)**

- Tender evaluation results for Bhandut-3 future gas sales remain with the Government of India for endorsement.

### **SABARMATI FIELD, GUJARAT, INDIA**

**(Oilex: Operator and 40% interest)**

- The Sabarmati Field produced 775 barrels of oil (310 barrels net to Oilex) during the reporting period.

### **SPA 17 AO Wallal Graben, CANNING BASIN, WESTERN AUSTRALIA**

**(Oilex: Operator and 100% interest)**

During the reporting period:

- Oilex confirmed that the postulated extension of the rift basin, known as the Wallal Graben, into Oilex's SPA 17 AO acreage. The confirmation was an outcome of interpreting the recently acquired gravity gradiometry/magnetic survey (Survey) data.
- CGG Aviation (Australia) Pty Ltd (CGG) has provided a preliminary interpretation of the aerial Survey data within SPA 17 AO covering approximately 11,400 km<sup>2</sup> (~2.8 million acres).

The interpretation integrates regional gravity, magnetic, 2D seismic, regional surface geological and well data in adjacent areas with the newly acquired Survey data. Preliminary interpretation confirms Oilex's structural model that the Wallal Graben, which is clearly imaged by 2D seismic data in Oilex's adjacent permits, extends into SPA 17 AO.

- The Wallal Graben appears to contain the important elements of a working petroleum system including source rocks, structure, thick sedimentary section and sufficient depth of burial to generate hydrocarbons. The graben is now shown to be present in exploration areas encompassing approximately 17,900 km<sup>2</sup> (~4.4 million acres) held 100% by Oilex.
- Pilbara area mining activity near Oilex's Wallal Graben acreage has led to the development of a significant amount of infrastructure. The Telfer Gas pipeline traverses the SPA 17 AO acreage and any future pipelines from the Canning Basin to the main export terminals at Port Hedland and Karratha would have to pass through the acreage.
- Oilex will proceed to finalise the Survey and Interpretation report for submission to the DMP and commence negotiations to convert the prospective areas of SPA 017 AO into a formal exploration permit.

## **STP-EPA-0106, STP-EPA-0107 CANNING BASIN, WESTERN AUSTRALIA**

**(Oilex: Operator and 100% interest)**

- Oilex has completed an initial interpretation of the available 2D seismic data in STP-EPA-0106 and STP-EPA-0107 and compiled an extensive well log dataset for the greater Canning Basin. This effort has identified a range of large structural and stratigraphic leads. These play-types are expected to continue into SPA 17 A0.

## **JPDA 06-103, TIMOR SEA**

**(Oilex: Operator and 10% interest)**

- During the quarter the Autoridade Nacional do Petroleo (“ANP”) with prior consent of the Joint Commission for the Joint Petroleum Development Area under the Timor Sea Treaty extended the PSC expiry date from 15 April 2014 to 15 July 2014.
- Subsequent to the end of the quarter the ANP extended the PSC expiry date for a further 3 months to 15 October 2014.

## **WEST KAMPAR PSC, CENTRAL SUMATRA, INDONESIA**

**(Oilex: 45% interest and further 22.5% secured\*)**

- During the quarter Oilex received further good faith payments from SPE. This represents a significant step forward in the ongoing negotiations to reach an amicable commercial settlement to the International Court of Arbitration Award of US\$4.8m in favour of Oilex and for other associated matters.

## **NEW OPPORTUNITIES**

- The Company continued to review and evaluate suitable projects that are consistent with its Indian Ocean Rim strategy and onshore focus. A number of opportunities have been identified and will be pursued at the appropriate time relative to the Company’s priority focus on Cambay 77-H well.

## **CORPORATE**

- Subsequent to the end of the quarter raised £1.17 million or AUD\$2.13 million (gross) via a drawdown on its Equity Financing Facility with Darwin Strategic Limited.
- At the end of the quarter the Company retained a cash position of AUD\$7.5 million.

The Company’s website [www.oilex.com.au](http://www.oilex.com.au) is regularly updated with current information.

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## CORPORATE DETAILS

### Board of Directors

Max Cozijn	Non-Executive Chairman
Sundeep Bhandari	Non-Executive Vice Chairman
Ron Miller	Managing Director
Bruce McCarthy	Non-Executive Director

### Share Registry

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Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233  
Email: registrar@securitytransfer.com.au

### Company Secretary

Robert Ierace	Company Secretary & Chief Financial Officer
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Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol BS13 8AE  
United Kingdom  
Telephone: +44 (0) 870 703 6149  
Facsimile: +44 (0) 870 703 6116

### Capital Structure as at 30 June 2014

Ordinary Shares	591,034,789
Listed Options	195,892,111
Unlisted Options	37,462,500

### Stock Exchange Listing

Australian Stock Exchange  
Code: OEX  
AIM Market of London Stock Exchange Code: OEX

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**ASSET SCHEDULE – 30 JUNE 2014**

<b>ASSET</b>	<b>BASIN / STATE / COUNTRY</b>	<b>JOINT OPERATIONS PARTIES</b>	<b>EQUITY %</b>	<b>OPERATOR</b>
Cambay Field PSC	Cambay/ Gujarat/ India	Oilex Ltd	30.0	Oilex Ltd
		Oilex NL Holdings (India) Limited	15.0	
		Gujarat State Petroleum Corp. Ltd	55.0	
Bhandut Field PSC	Cambay/ Gujarat/ India	Oilex NL Holdings (India) Limited	40.0	Oilex NL Holdings (India) Limited
		Gujarat State Petroleum Corp. Ltd	60.0	
Sabarmati Field PSC	Cambay/ Gujarat/ India	Oilex NL Holdings (India) Limited	40.0	Oilex NL Holdings (India) Limited
		Gujarat State Petroleum Corp. Ltd	60.0	
West Kampar PSC	Central Sumatra/ Indonesia	Oilex (West Kampar) Limited	67.5 <sup>(1)</sup>	PT Sumatera Persada Energi
		PT Sumatera Persada Energi	32.5	
JPDA 06-103 PSC	Flamingo/ Joint Petroleum Development Area/ Timor-Leste & Australia	Oilex (JPDA 06-103) Ltd	10.0	Oilex (JPDA 06-103) Ltd
		Japan Energy E&P JPDA Pty Ltd	15.0	
		GSPC (JPDA) Limited	20.0	
		Videocon JPDA 06-103 Limited	20.0	
		Bharat PetroResources JPDA Ltd	20.0	
		Pan Pacific Petroleum (JPDA 06-103) Pty Ltd	15.0	
SPA 17 AO (formerly STP-SPA-0055)	Canning	Admiral Oil Pty Ltd (Previously Admiral Oil NL)	100.0	Admiral Oil Pty Ltd (Previously Admiral Oil NL)
STP-EPA-0106	Canning	Admiral Oil and Gas (106) Pty Ltd	100.0	Admiral Oil and Gas (106) Pty Ltd
STP-EPA-0107	Canning	Admiral Oil and Gas (107) Pty Ltd	100.0	Admiral Oil and Gas (107) Pty Ltd

(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 SPE following the failure of SPE to repay funds due. The assignment 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 pursue this assignment.

## LIST OF ABBREVIATIONS AND DEFINITIONS

MMBO	Million standard barrels of oil or condensate
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
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 by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development.
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development 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.
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. Reserves must satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied.

For further information, please contact:

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### **RFC Ambrian Limited**

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### **Tavistock Communications**

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UK

### **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. Peter Bekkers, Chief Geoscientist employed by Oilex Ltd. Mr. Bekkers has over 17 years' experience in petroleum geology and is a member of the Society of Petroleum Engineers and AAPG. Mr. Bekkers 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. Bekkers 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.

## APPENDIX 5B

### Mining exploration entity quarterly report

*Introduced 1/07/96. Origin: Appendix 8. Amended 1/07/97, 1/07/98, 30/09/01, 1/06/10, 17/12/10, 01/05/13.*

Name of entity

**OILEX LTD**

ABN

**50 078 652 632**

Quarter ended ("current quarter")

**30 June 2014**

<b>1 Consolidated statement of cash flows</b>		
	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	73	246
1.2 Payments for (a) exploration and evaluation	(3,231)	(6,957)
(b) development	-	-
(c) production	(144)	(415)
(d) administration (net)	(819)	(2,996)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	27	68
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	338
<b>Net Operating Cash Flows</b>	<b>(4,094)</b>	<b>(9,716)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(10)	(65)
1.9 Proceeds from sale of:		
(a) prospects (refer 2.2 below)	(4,147)	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(5)	34
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(4,162)</b>	<b>(31)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(8,256)</b>	<b>(9,747)</b>



**Appendix 5B**  
**Mining exploration entity quarterly report**

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.13 Total operating and investing cash flows (brought forward)	(8,256)	(9,747)
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc (net)	4,462	13,696
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings (net)	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	<b>4,462</b>	<b>13,696</b>
<b>Net increase (decrease) in cash held</b>		
1.20 Cash at beginning of quarter/year to date	(3,794)	3,949
1.21 Exchange rate adjustments to item 1.20	11,292	3,599
1.22 <b>Cash at end of quarter</b>	<b>(42)</b>	<b>(92)</b>
	7,456	7,456

<b>Payments to directors of the entity and associates of the directors</b>	Current quarter \$A'000
<b>Payments to related entities of the entity and associates of the related entities</b>	
1.23 Aggregate amount of payments to the parties included in item 1.2	193
1.24 Aggregate amount of loans to the parties included in item 1.10	
1.25 Explanation necessary for an understanding of the transactions	

<b>2 Non-cash financing and investing activities</b>
2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows N/A
2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest Funds received from Magna Energy Limited previously allocated towards the partial sale of the Cambay Asset, have now been allocated to the issue of shares in accordance with the Sale and Purchase Agreement. Full details were announced on 2 May 2014.

<b>3 Financing facilities available</b>	Amount available \$A'000	Amount used \$A'000
<i>Add notes as necessary for an understanding of the position.</i>		
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

<b>4 Estimated cash outflows for next quarter</b>	\$A'000
4.1 Exploration and evaluation	4,765
4.2 Development	536
4.3 Production	140
4.4 Administration	650
<b>Total</b>	<b>6,091</b>

<b>5 Reconciliation of cash</b>		
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	6,079	4,442
5.2 Deposits at call	1,377	6,850
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	7,456	11,292

<b>6 Changes in interests in mining tenements and petroleum tenements</b>				
	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed		Refer to Permit/Asset Schedule in Quarterly Report		
6.2 Interests in mining tenements and petroleum tenements acquired or increased		Refer to Permit/Asset Schedule in Quarterly Report		

<b>7 Issued and quoted securities at end of current quarter</b>				
<i>Description includes rate of interest and any redemption or conversion rights together with prices and dates.</i>				
	Total number	Number quoted	Issue price per security	Amount paid up per security
7.1 <b>Preference +securities (description)</b>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	591,034,789	591,034,789	Various	-
7.4 Changes during quarter				
(a) Increases through rights issue or placement	1,750,000 73,505,090	1,750,000 73,505,090	\$0.07 \$0.06	- -
(b) Increases through employee performance rights issues	-	-	-	-
(c) Increases through issues (options exercised)	-	-	-	-
(d) Decreases through returns of capital, buy-backs	-	-	-	-

**Appendix 5B**  
**Mining exploration entity quarterly report**

	Total number	Number quoted	Issue price per security	Amount paid up per security
7.5 <b>+Convertible debt securities</b> (description)	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> (description and conversion factor)			Exercise price	Expiry date
	195,892,111	195,892,111	\$0.15	07/09/2015
	4,150,000	-	\$0.30	01/07/2014
	8,737,500	-	\$0.37	10/11/2014
	75,000	-	\$0.63	01/08/2015
	3,000,000	-	\$0.15	17/12/2015
	1,000,000	-	\$0.15	30/01/2016
	5,000,000	-	\$0.25	08/03/2016
	500,000	-	\$0.15	27/06/2016
	2,000,000	-	\$0.15	04/11/2016
	2,000,000	-	\$0.15	11/11/2016
	3,000,000	-	\$0.15	05/12/2016
	1,000,000	-	\$0.25	30/01/2017
	250,000	-	\$0.15	10/03/2017
	500,000	-	\$0.25	27/06/2017
	2,000,000	-	\$0.25	11/11/2017
	250,000	-	\$0.25	10/03/2018
	4,000,000	-	\$0.15	29/04/2019
Total	233,354,611	195,892,111		
7.8 Issued during quarter	4,000,000		\$0.15	29/04/2019
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	250,000	-	\$0.25	27/06/2016
7.11 <b>Debentures</b> (totals only)	Nil	Nil		
7.12 <b>Unsecured notes</b> (totals only)	Nil	Nil		

## **COMPLIANCE STATEMENT**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

Date: 24 July 2014

A handwritten signature in black ink, appearing to read 'R. Ierace', written in a cursive style.

CFO & Company Secretary

Print name: Robert Ierace