OILEX LTD



# ANNUAL REPORT 2015

# FOUNDATIONS FOR **VALUE AND GROWTH**

Oilex has a diversified oil and gas portfolio, focused on Indian Ocean rim countries with proven onshore hydrocarbon provinces.

## STRATEGIC FOCUS

- Assets with deep markets, existing infrastructure & good geology
- Production, cash flow and reserves
- Targeting cash positive operations in India[1]

## PORTFOLIO

- India – Cambay asset in Gujarat State, a leading industrialised state in India
- Partnered with Gujarat State Petroleum Corporation
- Australia – low cost entry into 3 million acres in Canning Basin

## VALUE CATALYSTS

- Assets in a premium market, with a low cost structure
- Experienced executive team focused on delivery
- Building a sustainable business

**2P**
~20MMBoe

**3P**
~37MMBoe

**2C**
~80MMBoe

[1] Excluding Cambay Field capex

# CONTENTS



OILEX LTD

# CHAIRMAN'S REVIEW

Dear Shareholder,

The 2014/15 Financial Year was a landmark year for Oilex, with significant progress achieved at our Cambay Field Project, successfully delivering the proof-of-concept well Cambay-77H. Oilex is the first company to successfully apply proven North American drilling and completion technology to develop and produce oil and gas within the Cambay Basin, by completing a long term production test of a multi stage fracture stimulated horizontal tight oil/gas well in India. Following this success, Oilex obtained Joint Venture and Government of India approval for a comprehensive 2015/16 work programme and delivered a significant upgrade to Reserves and Contingent Resources.

Subsequent to the upgrade of Reserves and Contingent Resources, Oilex has successfully raised, after the end of the year, $30 million (before expenses) from new institutional, sophisticated, strategic and existing shareholders. Oilex is pleased to welcome a new strategic investor Zeta Resources Limited following completion of this capital raising.

Oilex is focused on executing the 2015/16 work programme to deliver production growth and cash flow, underpinned by gross 2P Reserves of 206 Bcf plus 8 MMbbl of liquids independently assessed by RISC Operations Pty Ltd (RISC).

Your Board believes that India offers a compelling investment proposition as the world's fourth largest energy consumer with a large unsatisfied gas demand. India is forecast to be the world's fastest growing large economy over the next two years. Strong growth, combined with a growing middle class forecast to be ~475 million people by 2030 results in significant growth in energy and natural gas consumption.

The Cambay Field is located at the hub of India's large gas distribution network close to the existing gas pipeline grid in the State of Gujarat. This position adjacent to an existing gas pipeline grid with spare capacity should facilitate the rapid commercialisation of Cambay Field gas on a cost-effective basis to bring Reserves into production and unlock value for all stakeholders.

It is anticipated that while the global energy markets are experiencing significant price constraints, with our unique position to supply onshore gas close to infrastructure in Gujarat State, the growing demand for energy should ensure that domestic prices will be insulated from external price pressures.

On behalf of the Board I wish to record our appreciation for the support and dedication of our Executive Management, staff, Joint Venture partners, contractors, local communities, shareholders and stakeholders during the year and look forward to the successful commercialisation of the Cambay Field and moving into production in 2016 and beyond.

**Mr MDJ Cozijn**
Chairman

24 September 2015


*Rig workers during drilling operations Cambay*

# BUSINESS REVIEW

## STRATEGY

Oilex's strategy is to become a leading "tight" oil and gas producer in India by utilising North American drilling and completion technology to develop and produce tight resources in the Cambay Basin. Significant advancements in drilling and stimulation techniques have been extensively proven in North America in recent years, yet they have not been applied widely in India.

The Oilex strategy is focused on proven onshore hydrocarbon provinces demonstrating three key qualities essential to deliver sustainable value for Shareholders:

» Markets
» Infrastructure
» Geology

### INDIA

During the year Oilex remained firmly focused on developing the major tight hydrocarbon potential at the Company's Cambay Project, onshore Gujarat, India. This focus is driven by the large independently assessed Reserves and Contingent Resource within the Cambay PSC located within a fast growing energy market. India is the world's fourth largest energy consumer with a significant unsatisfied gas demand and relatively high sustainable gas prices. The International Energy Agency forecasts India's gas demand to increase by over 5% per annum over the next 15 years and to continue to outpace domestic gas supplies.

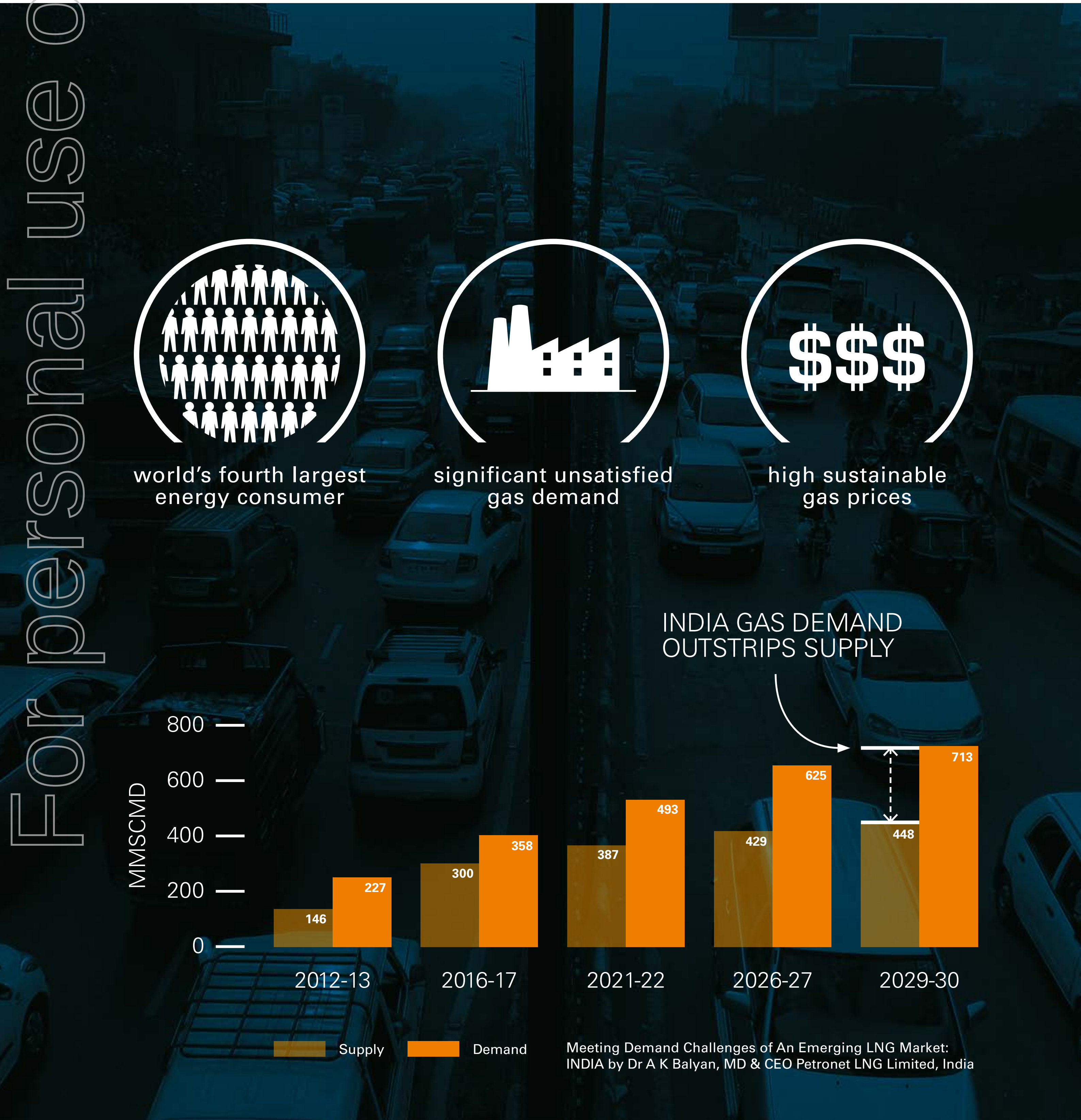
India's global middle class is small, at around 50 million people, or 5% of its population. India's middle class is projected to grow steadily over the next decade, reaching 200 million by 2020[1] after which, India's middle class growth is expected to accelerate, reaching 475 million people by 2030[1] and adding more people than the Chinese to the global middle class worldwide after 2027. As the middle class expands, the energy consumption per capita represents significant growth potential for consumption of hydrocarbon energy.

Importantly, the Cambay Project is ideally located at a hub of India's large gas distribution network and approximately 10 km from the existing gas pipeline grid and well-positioned to rapidly commercialise production in the fast-growing, demand-driven domestic energy market.

[1] Ernst & Young, Hitting the Sweet Spot, the growth of the middle class in emerging markets

## BUSINESS REVIEW





**BUSINESS**
REVIEW



# CAMBAY FIELD

## Onshore Gujarat, India

OILEX INTEREST | **45%**

**OPERATOR**

### Background

Oilex operates the Cambay Field Production Sharing Contract (PSC) in the Cambay Basin onshore Gujarat, India on behalf of its Joint Venture with Gujarat State Petroleum Corporation Limited.

The Cambay Basin lies in the heart of Gujarat's industrial corridor which is India's largest centre of heavy industry. There is extensive existing infrastructure of oil and gas pipelines connecting the Cambay Basin fields to local industries and other major centres as far north as Delhi.

The 161 km$^2$ Cambay Contract Area contains thick, low permeability Eocene reservoirs. The Contract Area was previously explored and developed by Oil and Natural Gas Corporation (ONGC), India's largest state-owned oil and gas company in the period from 1957 through to the 1980's. However it was developed as a gas field mainly from the shallower Oligocene (OSII) reservoirs in the southern part of the Contract Area. Since its inception, the Cambay Field has produced about 52 billion cubic feet of gas until it was shut-in in the early 1990's due to water and sand production issues in the OSII.

ONGC drilled over 30 wells to variable total depths through the Eocene "tight" siltstone reservoirs, using conventional drilling and completion technology. The deepest well, Cambay-40, was drilled in 1963 to a depth of more than 3,200 metres with gas shows at the total depth of the well. The flow rates from conventional tests in the Eocene section of the various historical, conventional wells were in the range of 0.3 - 4.2 MMscfd.

In 2009 the sophisticated "tight" reservoir drilling and production technology which has driven the North American "shale" revolution became more widely accessible and Oilex sought to acquire access to those technologies to facilitate the evaluation and commercialisation of the Eocene reservoirs. Oilex was well placed to exploit these technologies on behalf of the Cambay Joint Venture given the existing comprehensive technical data base, its international industry contacts and operating experience in India.

In 2014 significant progress was achieved on the Cambay Field development. The Company successfully completed the Cambay-77H production test. The test objective was acquiring long term performance data from the Eocene Y zone, which is essential for the assessment of reservoir properties.

### Delivering the Proof of Concept

Proof of Concept objectives are critical to demonstrating that the Cambay Field can be commercially developed using multi-stage fracture treatments (fracs) in horizontal wells. Key objectives achieved include:

- Efficient horizontal drilling operations demonstrating the repeatability of targeting the Y zone
- Y zone reservoir properties are laterally consistent, having variability within expectations
- Successful completion of 24 fracture treatments in 2 wells
- Successful acquisition and deployment of fracture data using micro-seismic
- Successfully demonstrated "Plug and Perf" completion technique in India
- First horizontal well in the Cambay Basin with multiple fracture treatments to achieve flowback
- Flowback data used to calibrate horizontal well model for the first time
- Future well designs may have wider frac spacing, leading to significant cost savings

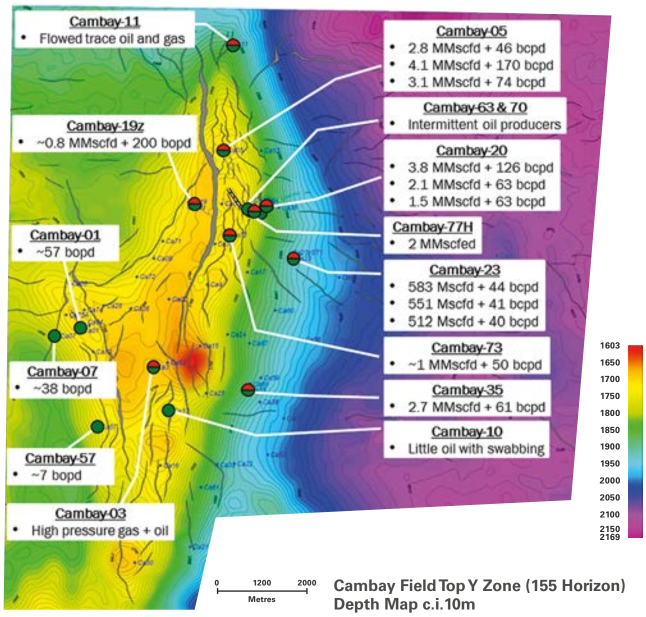



*Figure 1: Cambay Field – recorded hydrocarbon flowrates from Y zone reservoir*

**Work Programme and Budget 2015/16**

The work programme and budget for the 2015/16 year has been approved by both the Joint Venture and the Government of India. Oilex has commenced work on schedule critical tendering activities and expects to take advantage of the recent decrease in global oil & gas activity to achieve a reduction in drilling and other costs.

The work programme consists of a firm 2 well drilling campaign and 2 contingent wells. Tenders are currently being evaluated and it is anticipated that spudding of the first well will commence late in H2 2015. Full diameter core across the Y zone will be collected in each firm well. Special analysis will be conducted on each core and the data obtained from the analysis will be used to finalise the frac design for each well. Core analysis is widely undertaken in North America and it is anticipated that core data will enable a better frac efficiency to be achieved compared to Cambay-77H.

Also forming part of the approved work programme are 5 well work-overs to boost oil and possibly gas production from existing wells. This work-over campaign is integral to achieving the Company's target of cash flow positive operations (excluding exploration and field development costs) in India during 2015. A number of existing wells are able to deliver gas for the local low pressure market that exists within the immediate vicinity of the field and serviced by a low pressure gas reticulation network.

Engineering studies for permanent production and gas treatment facilities have commenced. These studies will examine the cost and schedule parameters of a range of throughput sizes as part of the development planning for the field. The work includes conceptual design of a small throughput plant that would enable pipeline quality gas to be sold into the gas grid relatively quickly and thus tapping into a larger market.

Oilex has concluded two gas sale agreements (GSAs) to date. GSAs are conducted via a bid system, with buyers submitting offers to purchase via a tender process. Given the demand for gas by nearby industrial users, strong pricing has been secured.

Existing industry located within 15 km of the Cambay Field also means very low capital cost is associated with sales of gas to the local market and the tie-in to the existing gas transmission pipeline network. The network has excess capacity for additional gas that can be used for gas from the Cambay Field.

Oilex is working towards putting three wells in two separate fields into production in the 2015/16 year:

- Cambay-73 (production commenced in June 2015)
- Cambay-77H
- Bhandut-3

Oilex recommenced gas production in the Cambay Field in June 2015 for the first time since the early 1990's. Production from the three historical wells will be a substantial step towards cash positive operations in India for the Company as a result of the strong gas demand and associated robust gas price structure in Gujarat State.

### CAMBAY-77H WELL

During the financial year Oilex successfully completed the fracture stimulation of four stages (8 fractures) in the 350 metre lateral section. Milling operations were successfully completed with the commencement of a controlled flow-back of fluids with light oil/condensate being recovered to surface and separated for sale along with associated reservoir gas.

### CAMBAY-73 WELL

Cambay-73 is located about 1 km to the south of Cambay-77H. Cambay-73 and Cambay-77H have intersected the same Y zone reservoir and both have produced gas and light oil/condensate. Gas composition analyses conclude that gas from Cambay-77H and Cambay-73 is almost identical with minimal processing required to reach pipeline specification.

In April 2013 Oilex announced a GSA was signed for "offspec" gas from Cambay-73 and was submitted to the Government for endorsement. The initial term was for two years and additional wells can be added to the contract if potential production exists. In July 2014, the relevant authorities within the Government endorsed the GSA. This was a critical milestone for increasing production from the field and supplying gas to the local market.

Construction of production facilities at Cambay-73 was completed during May 2015, with tie-in of the low pressure pipeline subsequently completed in June 2015. Cambay-73 will supply gas to a low pressure gas market in the vicinity of the Cambay Field and commenced production at 50 boepd of gas and condensate. The condensate will be separated at the field and trucked to a nearby refinery together with other Cambay crude oil.

# BUSINESS REVIEW

*Figure 2: Cambay-73 production facility*

## RESERVES AND CONTINGENT RESOURCES

In April 2015 RISC, an Australian based, internationally recognised independent petroleum advisory group, completed an independent Resource Report of the Eocene Formation of the Cambay Field. This work follows on from its evaluation of Cambay-77H flowback and test data in December 2014. RISC has evaluated 2 of 6 potential Eocene reservoirs, the X and Y zones, and the results for Reserves and Contingent Resources are summarised below.

**Table 1: Reserves**

| | Estimated Cambay Field Reserves | | | | | |
|---|---|---|---|---|---|---|
| | 1P* | | 2P | | 3P | |
| Y Zone | Gas Bcf | C5+ MMbbls | Gas Bcf | C5+ MMbbls | Gas Bcf | C5+ MMbbls |
| Total - Gross | Nil | Nil | 206 | 8.0 | 377 | 17.3 |
| Oilex net working interest | Nil | Nil | 93 | 3.6 | 170 | 7.8 |

*Gross 90 Bcf of gas and 2.9 MMbbls of C5+ (Oilex net working interest of 40.5 Bcf of gas and 1.3 MMbbls of C5+) would be categorised as 1P subject to securing finance for the development, according to the PRMS guidelines. These quantities are included in the 1C Contingent Resources in Table 2.

**Table 2: Contingent Resources**

| | Unrisked Cambay Field Contingent Resource Estimates | | | | | |
|---|---|---|---|---|---|---|
| | 1C | | 2C | | 3C | |
| X and Y Zones | Gas Bcf | C5+ MMbbls | Gas Bcf | C5+ MMbbls | Gas Bcf | C5+ MMbbls |
| Total - Gross | 388 | 23.7 | 720 | 52.8 | 1239 | 104.0 |
| Oilex net working interest | 215** | 12** | 324 | 23.8 | 557.6 | 46.8 |

**Includes Oilex net working interest of 40.5 Bcf of gas and 1.3 MMbbls of C5+ that would be categorised as 1P subject to securing finance for the development.

**Notes to Tables**

(1) The Reserves and Contingent Resources estimates prepared by RISC as of 1 April 2015, and stated in the tables above, have been prepared in accordance with the definitions and guidelines set forth in Petroleum Resources Management System, 2007 (PRMS) approved by the Society of Petroleum Engineers (SPE).

(2) The Reserves and Contingent Resources shown in the above tables have been estimated using probabilistic methods. The total in Table 2 is the statistical aggregate of the relevant volumes.

(3) The estimates included in Table 2 Contingent Resources have not been adjusted for the chance of development due to one or more contingencies.

(4) These estimates have not been endorsed by the Government of India or the Directorate General of Hydrocarbons, India.

(5) Oilex is operator of, and has a 45% net working interest in, the Cambay Field Production Sharing Contract (PSC). Net working interest is not the same as the net economic entitlement under the Cambay PSC and the net economic entitlement varies with development strategy and size. For reference, Oilex's net economic entitlement for the 2P volumes is estimated to be 94.4% of its net working interest.

(6) Cambay Field covers 161 $km^2$ and environmental approvals have been granted for 60 wells and modernisation and expansion of the Gas Gathering Station (GGS). 34 new wells are estimated to be required for recovery of the Reserves. The actual well count may vary.

(7) Contingent Resources were previously announced on 11 October 2011 and there has been no revision until this announcement.

## BUSINESS REVIEW



**Reserves and Contingent Resources Reconciliation by Period**

**Table 3: Reserves**

| Cambay India | Estimated Cambay Field Reserves | | | | | |
|---|---|---|---|---|---|---|
| | 1P* Undeveloped | | 2P Undeveloped | | 3P | |
| Y Zone | Gas Bcf | C5+ MMbbls | Gas Bcf | C5+ MMbbls | Gas Bcf | C5+ MMbbls |
| Total - Gross 30/06/2014 | Nil | Nil | Nil | Nil | Nil | Nil |
| Recognition of new reserves April 2015 | Nil* | Nil* | 206 | 8.0 | 377 | 17.3 |
| Revision, extension and discoveries | - | - | - | - | - | - |
| Acquisitions and divestments | - | - | - | - | - | - |
| Production | -** | -** | -** | -** | -** | -** |
| Total - Gross 30/06/2015 | Nil | Nil | 206 | 8.0 | 377 | 17.3 |
| Oilex net working interest | **Nil** | **Nil** | **93** | **3.6** | **170** | **7.8** |

*Gross 90 Bcf of gas and 2.9 MMbbls of C5+ (Oilex net working interest of 40.5 Bcf of gas and 1.3 MMbbls of C5+) would be categorised as 1P subject to securing finance for the development, according to the PRMS guidelines. These quantities are included in the 1C Contingent Resources in Table 4.

**Actual Cambay Field production in the quarter ended 30 June 2015 was 669 Bbls and 1,082 Mscf (gross), net to Oilex 301 Bbls and 487 Mscf. Production for the period 1 April to 30 June 2015 has been excluded from the table above as these amounts are immaterial relative to total Reserves and Oilex net working interest.

**Table 4: Contingent Resources**

| Cambay India | Unrisked Cambay Field Contingent Resource Estimates | | | | | |
|---|---|---|---|---|---|---|
| | 1C | | 2C | | 3C | |
| X and Y Zones | Gas Bcf | C5+ MMbbls | Gas Bcf | C5+ MMbbls | Gas Bcf | C5+ MMbbls |
| Total - Gross 30/06/2014 | Nil | Nil | Nil | Nil | Nil | Nil |
| Recognition of contingent resources April 2015 | 388 | 23.7 | 720 | 52.8 | 1239 | 104.0 |
| Total - X and Y Zones Gross 30/06/2015 | 388 | 23.7 | 720 | 52.8 | 1239 | 104.0 |
| Oilex net working interest | **215**** | **12**** | **324** | **23.8** | **557.6** | **46.8** |

**Includes Oilex net working interest of 40.5 Bcf of gas and 1.3 MMbbls of C5+ that would be categorised as 1P subject to securing finance for the development.

**Infrastructure**

The Cambay Field is located approximately 10 km from the gas pipeline network with spare capacity. The pipeline connection to the high pressure grid will be constructed and owned by a third party, which is likely to be an affiliate of Oilex's Joint Venture partner, Gujarat State Petroleum Corporation (GSPC). Timing of construction has yet to be determined.

The 2P Reserves are anticipated to support a plateau gas production rate of ~50 MMscfd, whilst the 2P + 2C combined volumes may support a plateau gas production rate of 125 - 250 MMscfd. Studies, yet to be completed, will determine an optimum field gas production profile and incorporate data from wells drilled as part of the 2015/16 budget.

The establishment of reserves provides a strong foundation for the expedited development of the Cambay Field and achievement of our key corporate goals of increasing production, cash flow and reserves. Oilex's first-mover advantage in opening the Cambay Basin (and India) to development of its significant tight oil and gas resources, places the Company on a strong growth trajectory in a robust energy market.

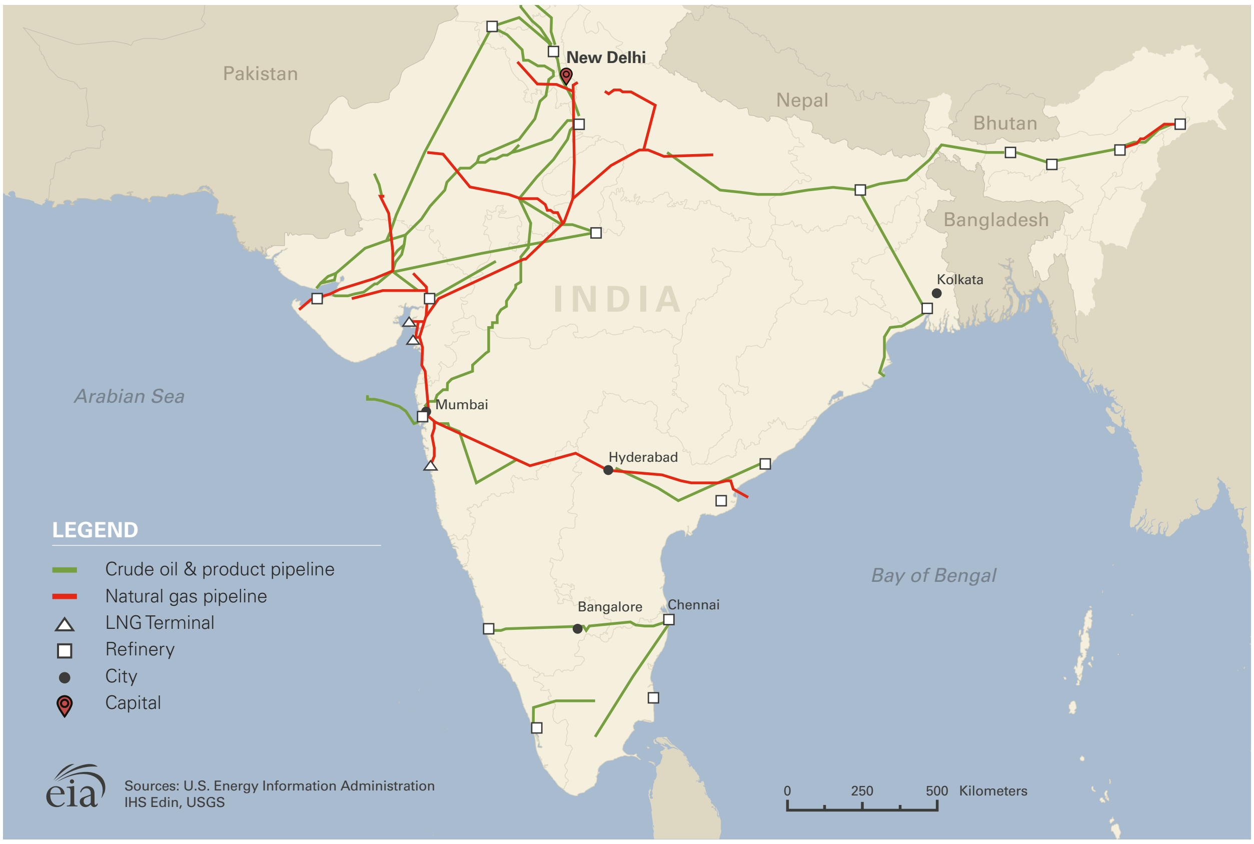



*Figure 3: Gujarat Gas Pipeline Network to the Nation*

## BUSINESS REVIEW



# BHANDUT FIELD

## Onshore Gujarat, India

OILEX INTEREST | 40%

OPERATOR

The field was discovered and developed initially by ONGC. The field has produced 17,572 bbls of oil since acquisition.

Bhandut-3 has previously flowed at a maximum rate of 6.5 MMscfd through a 10mm choke with a flowing tubing head pressure of 1,190 psia during an isochronal test. The test confirmed the reservoir sand has a permeability of 124mD, making it a conventional reservoir. It is planned to deliver approximately 0.5-1MMscfd from the Bhandut-3 well. The Company anticipates the cost of the production facilities payback in seven months from commencement of production based upon the contracted gas price.

Bhandut-3 is a lean gas composition with 98.9% hydrocarbons, of which 94% is methane, and 1.1% is inert gases (Nitrogen and Carbon Dioxide). As such minimal treatment is required.

Having received endorsement of the gas sales agreement, the Bhandut Joint Venture has commenced the process to establish the appropriate production facilities for Bhandut-3. This will include a compressed natural gas (CNG) loading facility that will enable CNG "bullet" trucks to be loaded at site for transportation of the gas to end users. Bhandut-3 gas is "lean" and therefore no material condensate production is expected.

Design engineering work for the gas production facilities required for Bhandut-3 has been completed. Scope of work and materials requirements have been completed. The production facility is expected to be completed during Q3 2015.

*Bhandut Field*

# SABARMATI FIELD

## Onshore Gujarat, India

OILEX INTEREST | 40%

OPERATOR

The Sabarmati Field Petroleum Mining Lease expired on 22 September 2014. On 28 February 2015 the Joint Venture and the Government of India approved the plug & abandonment of Sabarmati-1(SMT-1), the removal & transfer of equipment to Cambay Field and a site restoration plan. Plug & abandonment work-over for well SMT-1 was completed in early March 2015 and site restoration works were subsequently completed. In May 2015 the regulator, the Directorate General Hydrocarbons completed a site visit and Oilex is now awaiting their report to finalise the relinquishment of the field.

# CANNING BASIN

## Western Australia

Oilex acquired a large SPA 17 AO (Special Prospecting Authority), now converted to exploration permit STP-EPA-0131, and two adjacent exploration areas, STP-EPA-0106 and STP-EPA-0107 in the onshore Canning Basin, Western Australia. The combined total area is ~3 million acres.

The Canning Basin asset is located adjacent to the Pilbara, a global resource centre for iron ore and LNG. Oilex has a low cost entry into a province with the key determinates for success being:

» Markets
» Infrastructure
» Geology

The acreage is in a unique position in the Canning Basin as it is adjacent to many world class mining projects in the Pilbara region. There has been development of a significant amount of infrastructure in the area with the Great Northern Highway, numerous sealed roads, good quality graded roads and multiple airstrips being present within the Oilex acreage. The Telfer Gas pipeline traverses STP-EPA-0131 and any future pipelines from the Canning Basin to the export terminals at Port Hedland and Karratha would have to pass through the acreage (Figure 4).

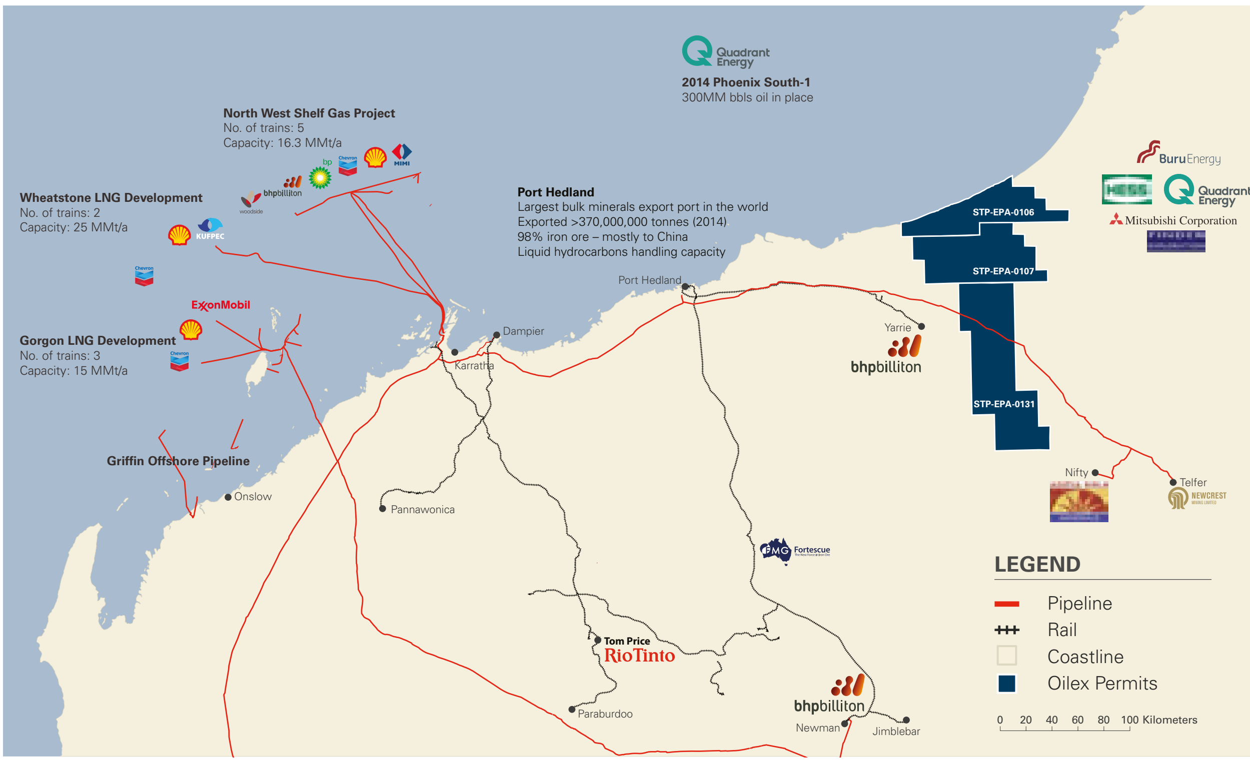



*Figure 4: Significant infrastructure within and adjacent to Oilex's Wallal Graben permits – a unique situation in the Canning Basin*

# **BUSINESS**
# REVIEW



Oilex acquired this acreage as it is contained within a unique setting. The Canning Basin has sometimes been considered to be low prospectivity due to the diluted nature of the key source rock intervals. However, the U.S. EIA identified the Canning Basin as having the largest unconventional potential in Australia. The primary attraction of the narrow, restricted Wallal Graben is its interpreted potential for the deposition of source rocks which have not endured dilution from more oxygen-rich oceanic circulation. Also, being located directly adjacent to the large Archaean Pilbara Craton protects this area from significant uplift and erosion which has sometimes occurred in the Canning Basin resulting in either the stripping-off of key source intervals or the inability for the source-rocks to achieve suitable depth of burial.

**Prospectivity**

A review of prospective onshore basins in Australia resulted in the identification of a deep, undrilled half graben (Wallal Graben) in the south-west Canning Basin. Only low resolution gravity/magnetic data and sparse vintage 2D seismic data of variable quality have been acquired over this area. No wells have been drilled sufficiently deep to penetrate the graben-fill. Comparing interpretations of the different geophysical surveys revealed possible discrepancies. While the gravity/magnetic data interpretation defined a relatively shallow graben feature, the 2D seismic data and subsequent depth conversion facilitated the interpretation of an extensive half graben up to 5.5 km deep, which is viewed positively for the generation of hydrocarbons.

Numerous identified play-types are expected to continue along the length of the Wallal Graben beyond the area covered by 2D seismic grid resulting in potentially substantial hydrocarbon volumes being present within all three permits. This assumption has been demonstrated by a new 2D seismic line in 2014 by Geological Survey of Western Australia in collaboration with Geoscience Australia within the northern STP-EPA-0106 permit. This new line is located 9 km north of the vintage 2D seismic. The identified prospectivity on the vintage dataset is clearly imaged on the new 2D seismic line supporting that the prospectivity is laterally extensive along the graben.

The leads and prospects inventory comprises multiple play-types ranging from simple structural traps (Figure 5) to well-defined fan systems (Figure 6). Due to the concentrated prospectivity, a range of play-types and reservoir targets can be tested by a single vertical well resulting in the evaluation of potentially substantial hydrocarbon volumes at numerous intervals.

The Goldwyer Formation, a well acknowledged tight (shale) play, is interpreted to exist which is a focus objective for Oilex. Significant, high value farmin activity by industry majors targeting the Goldwyer Formation has occurred elsewhere in the Canning Basin. The Wallal Graben may be a relative sweet spot for these organic-rich source rocks due to the geological history of this area of the Canning Basin. Also numerous conventional plays are interpreted to exist within the Wallal Graben, enhancing the attractiveness of the acreage.

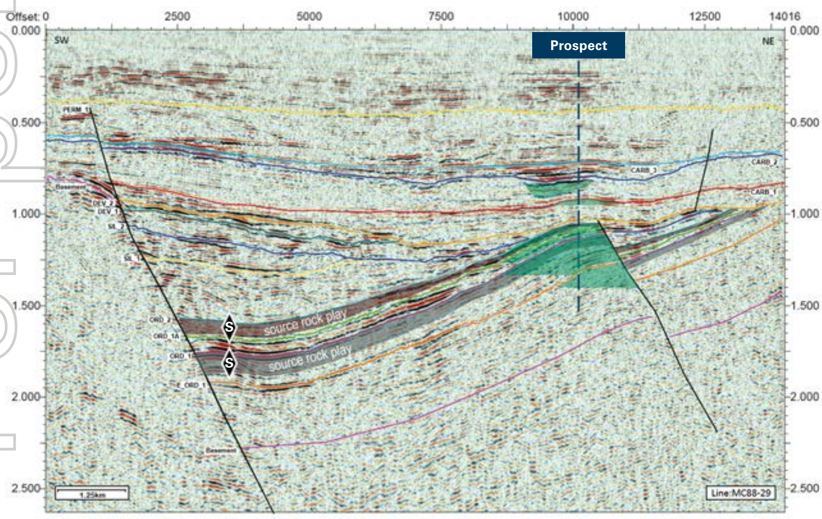
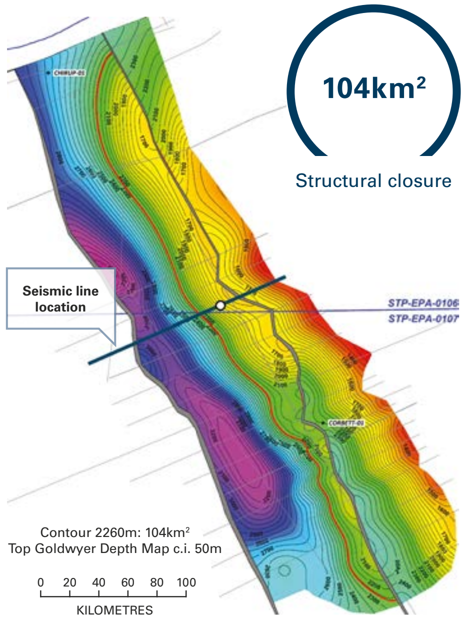
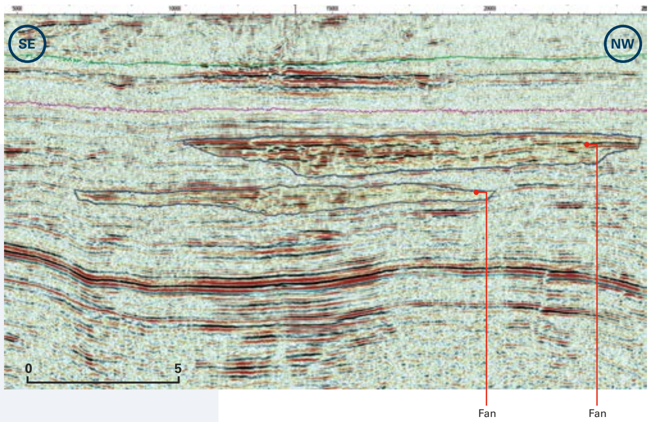



*Figure 5: Example of structural lead - simple tilted fault block with overlying channel. Note the two interpreted unconventional plays.*



Based upon the sparse information the Goldwyer Formation is interpreted to be favourably located in the oil/condensate maturity window and within normal drilling depths (2,000 - 3,000m). Horizontal wells with multi-stage fracture stimulation programmes may enable the economic extraction of hydrocarbons from this interval. Oilex has significant experience in unconventional plays as this is the main focus of Oilex's flagship project in Cambay, India.

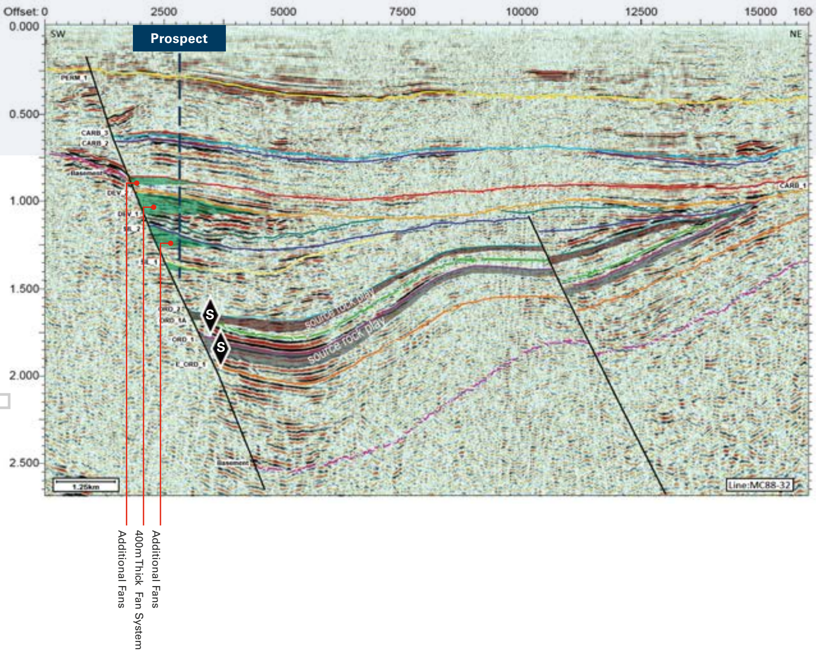



## EXTENSIVE FAN SYSTEMS

Clearly-defined & ~400m thick

### Located along rift-bounding fault system

» Basal incision, differential compaction and internal channel bodies
» 3 way dip-closure against basin margin fault (~20 km long)
» Large stratigraphic upside



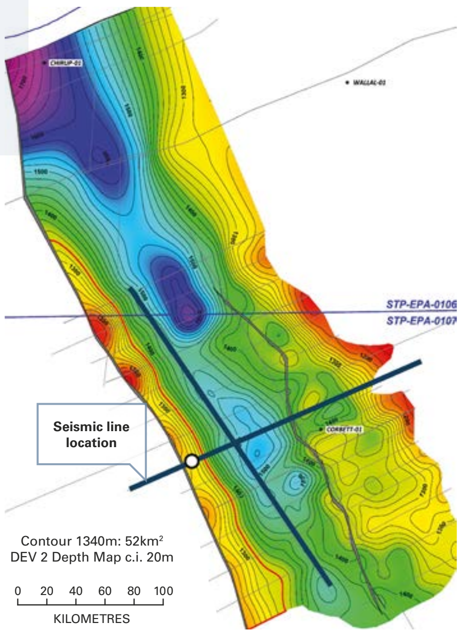




*Figure 6: Example of combination lead - fan systems within dip closure along basin margin fault with larger stratigraphic trapping element. Note the clearly defined, extensive fan systems interpreted on 2D seismic (strike line).*

**400km**
Single fan thickness

**127km²**
Areal extent

**Stacked**
Multiple systems

# BUSINESS REVIEW

There has been some significant progress made on the Canning Project during the financial year, including:

- Detailed interpretation of the airborne gravity gradiometry and magnetics survey
- Negotiating a formal exploration permit with the Government of Western Australia following the submission of the final report and other documentation to the Department of Minerals and Petroleum for SPA 17 AO
- The final interpretation confirms Oilex's structural model of the Wallal Graben, which is clearly-imaged by 2D seismic data in Oilex's adjacent permits, extends into SPA 17 AO
- Negotiations with Traditional Owner Groups either holding Native Title or claiming Native Title over the entire project

The newly acquired airborne gravity and magnetic survey, together with 2D seismic, regional gravity, magnetic, surface geological and well data has confirmed Oilex's structural model of the Wallal Graben.

The Graben is present in Oilex's three, 100%-owned, exploration areas.

Oilex continues to negotiate Native Title agreements with Traditional Owners. Upon finalisation of the agreements the regulatory process of conversion of STP-EPA-0131, STP-EPA-0106 and STP-EPA-0107 to formal exploration permits will commence.

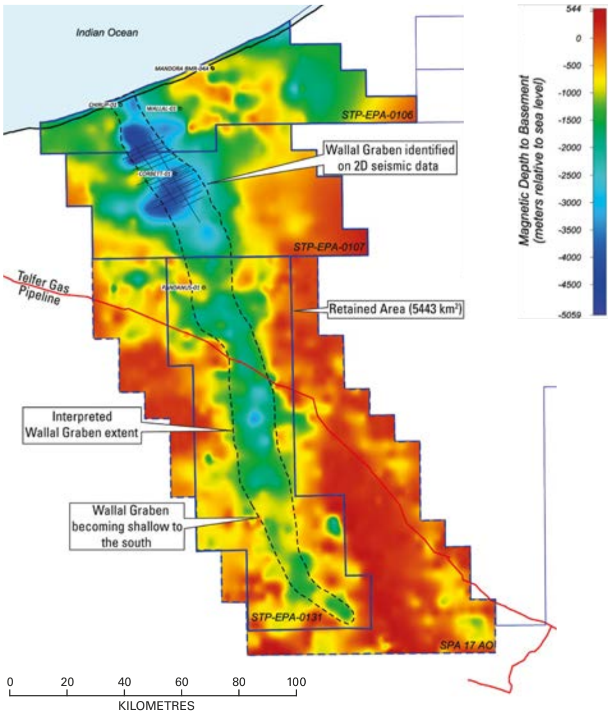



*Figure 7: Interpretation of the Wallal Graben extent overlain on the magnetic depth to basement horizon (meters relative to sea level)*

# JPDA 06-103

## Timor Sea

OILEX INTEREST **10%**

OPERATOR

The Joint Venture submitted a request to the Autoridade Nacional do Petroleo (ANP) to terminate the PSC by mutual agreement in accordance with its terms and without penalty or claim on 12 July 2013 (Request to Terminate).

The Request to Terminate followed Joint Venture concerns over the security of PSC tenure as a result of developments within the JPDA, including JPDA 06-103, which are outside the control and influence of the Joint Venture Participants, including:

- existence of separate unilateral rights to terminate the Certain Maritime Arrangements in the Timor Sea (CMATS) arising in 2013 in favour of both the Government of Timor Leste and the Government of Australia; and
- formal arbitration proceedings being initiated by the Timor Leste Government against the Government of Australia to have CMATS declared void ab initio.

On 15 January 2014 the ANP suspended the PSC for 3 months to provide sufficient time for a response to the Request to Terminate be determined. The ANP subsequently granted successive 3 month extensions to the PSC.

In May 2015 the ANP responded to the Joint Venture and advised that the Request to Terminate had been rejected. Shortly thereafter, the Joint Venture received a Notice of Intent to Terminate the PSC (Notice) from the ANP.

The Notice asserts a monetary claim against the Joint Venture for payment of the estimated cost of exploration activities not carried out in 2013 and certain local content obligations set out in the PSC. The total amount sought to be recovered by the ANP in the Notice is approximately US$17 million (Oilex share US$1.7 million).

The Joint Venture has previously requested credit for excess expenditure on the approved work programme in the amount of circa US$56 million and this issue remains unresolved. The Notice does not include any reference to, nor allowance for, credit for excess monies which have been spent by the Joint Venture during the PSC term. Oilex considers such excess expenditure should be included as part of any financial assessment incorporated in the termination process.

Subsequent to the end of the year, the ANP issued the Notice of Termination of the PSC JPDA 06-103 effective 15 July 2015.

The Joint Venture continues to discuss the financial liability of the Contractor upon termination with the ANP.

# WEST KAMPAR PSC

## Central Sumatra

OILEX INTEREST 45%

**+ FURTHER 22.5% SECURED - NON OPERATOR**

Oilex continues to pursue a commercial resolution to the Joint Venture dispute with the Operator in the West Kampar PSC, in parallel with considering options to enforce its Arbitration Award in Jakarta. During the financial year Oilex received good faith payments from PT Sumatera Persada Energi (SPE) toward the US$4.8 million arbitration award in favour of Oilex.

**Background**

Oilex (West Kampar) Limited (OWKL), a wholly owned subsidiary of Oilex Ltd, was assigned a 45% participating interest in the West Kampar PSC pursuant to a farmout agreement entered into with SPE in May 2007. The initial area of the West Kampar PSC was 4,471 km$^2$.

In August 2008, OWKL entered into a second farmout agreement to acquire 15% additional equity interest in the PSC thereby increasing its interest from 45% to 60% subject to meeting certain conditions precedent. In January 2009 OWKL terminated the second farmout agreement when conditions were not met by the due date and many issues remained unresolved with the Operator. With the termination of that agreement, SPE was required to reimburse the monies advanced by OWKL under the terms of that agreement.

OWKL commenced International Chamber of Commerce (ICC) Arbitration against PT Asiabumi Petroleo (Asiabumi) in Singapore in April 2009 following the failure of SPE in early 2009 to repay a debt owing to OWKL. SPE's obligations to repay the debt were secured by a parent company guarantee granted by Asiabumi to OWKL in 2008. On 24 June 2010, the International Court of Arbitration of the ICC found in favour of OWKL in its claim against Asiabumi for the recovery of US$4.8 million that is owed to OWKL. The Award granted in Oilex's favour took effect immediately. OWKL is pursuing the recovery of the monies owing under the Award. OWKL maintains that it is further entitled to have assigned an additional 22.5% to its 45% holding through the exercise of its rights under a Power of Attorney granted by SPE following the failure of SPE to repay the funds due referred to above. The assignment documentation has been provided to the Indonesian regulator, BPMigas (now SKK Migas), but these have not yet been approved or rejected. If the debt due to OWKL is satisfied, OWKL will not pursue this assignment.

During the financial year, following application by a creditor, the Commercial Court in Jakarta appointed an Administrator and implemented a scheme of arrangement to repay creditors over a 10 year period. As this scheme excluded Oilex's claim, Oilex has commenced legal action to recover the balance of the arbitration award and to ensure its interests are protected.

# BUSINESS REVIEW



## FINANCIAL

### Treasury policy

The funding requirements of the Group are reviewed on a regular basis by the Group's Chief Financial Officer and reported to the Board to ensure the Group is able to meet its financial obligations as and when they fall due. Internal cash flow models are used to review and to test investment decisions. Until sufficient operating cash flows are generated from its operations, the Group remains reliant on equity or debt funding, as well as assets divestiture or farmouts to fund its expenditure commitments.

Formal control over the Group's activities is maintained through a budget and cash flow monitoring process with annual budgets considered in detail by the Board and forming the basis of the Company's strategy.

Cash flows are tested under various scenarios to ensure that expenditure commitments are able to be met under all reasonably likely scenarios. Expenditures are also carefully monitored against budget.

The Company continues to actively develop funding options in order that it can meet its expenditure commitments (refer note 26 of the consolidated financial statements) and its' planned future discretionary expenditure.

### Liquidity and funding

In December 2013 the Company secured a £7,500,000 three year Equity Financing Facility (EFF) with Darwin Strategic Limited (Darwin). Under the terms of the Placing Agreement with Westhouse Securities Limited executed in July 2015, Oilex has agreed to make no further use or issue any shares pursuant to the equity draw down facility with Darwin.

As at 30 June 2015 the Group had no loan borrowings.

## CORPORATE

During the financial year Oilex undertook a number of funding transactions.

In August 2014 the Company raised £1,171,800 or $2,131,708, before expenses of $136,630 with a placement of 18,600,000 shares at 6.3 pence or 11.46 cents costs via drawdown on the Equity Financing Facility with Darwin Strategic Limited.

In December 2014 the Company completed an underwritten Share Purchase Plan raising $2,500,000 before expenses of $382,079, allotting 60,975,610 shares at 4.1 cents per share, including the issue of 5,000,000 underwriter options exercisable at 10 cents per share and expiring on 22 December 2014.

## RISK MANAGEMENT

The Audit and Risk Committee oversees the Group's internal financial control system and oversees the Company's risk management framework. Management of business risk, particularly exploration, development and operational risk is essential for success in the oil & gas business. The Group manages risk through a formal risk identification and risk management system.

## HEALTH, SAFETY, SECURITY AND ENVIRONMENT

### Policy

Oilex is committed to protecting the health and safety of everybody who plays a part in our operations or lives in the communities where we operate. Wherever we operate, we will conduct our business with respect and care for both the local and global, natural and social environment and systematically manage risks to drive sustainable business growth. We will strive to eliminate all injuries, occupational illness, unsafe practise and incidents of environmental harm from our activities. The safety and health of our workforce and our environment stewardship are just as important to our success as operational and financial performance and the reputation of the Company.

Oilex respects the diversity of cultures and customs that it encounters and endeavours to incorporate business practices that accommodate such diversity and that have a beneficial impact through our working involvement with local communities. We strive to make our facilities safer and better places in which to work and our attention to detail and focus on safety, environmental, health and security issues will help to ensure high standards of performance. We are committed to a process of continuous improvement in all we do and to the adoption of international industry standards and codes wherever practicable. Through implementation of these principles, Oilex seeks to earn the public's trust and to be recognised as a responsible corporate citizen.

**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 19 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.*

# PERMIT SCHEDULE

## AS AT 30 JUNE 2015

| ASSET | LOCATION | ENTITY | EQUITY % | OPERATOR |
|---|---|---|---|---|
| Cambay Field PSC | Cambay / Gujarat / India | Oilex Ltd<br>Oilex NL Holdings (India) Limited | 30<br>15 | Oilex Ltd |
| Bhandut Field PSC | Cambay / Gujarat / India | Oilex NL Holdings (India) Limited | 40 | Oilex NL Holdings (India) Limited |
| Sabarmati Field PSC | Cambay / Gujarat / India | Oilex NL Holdings (India) Limited | 40 | Oilex NL Holdings (India) Limited |
| West Kampar PSC | Central Sumatra / Indonesia | Oilex (West Kampar) Limited | 67.5 (1) | PT Sumatera Persada Energi |
| JPDA 06-103 PSC | Flamingo / Joint Petroleum Development Area / Timor-Leste & Australia | Oilex (JPDA 06-103) Ltd | 10 | Oilex (JPDA 06-103) Ltd |
| STP-EPA-0131 | Canning / Western Australia | Admiral Oil Pty Ltd | 100 | Admiral Oil Pty Ltd |
| STP-EPA-0106 | Canning / Western Australia | Admiral Oil and Gas (106) Pty Ltd | 100 | Admiral Oil and Gas (106) Pty Ltd |
| STP-EPA-0107 | Canning / Western Australia | Admiral Oil and Gas (107) Pty Ltd | 100 | 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 PT Sumatera Persada Energi (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.

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OILEX LTD

# DIRECTORS' REPORT



**For the year ended 30 June 2015**

The directors present their report together with the consolidated financial statements of the Group comprising of Oilex Ltd (the Company) and its subsidiaries for the financial year ended 30 June 2015 and the auditors' report thereon.

## DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

### Mr Max Cozijn

*(Non-Executive Chairman)*

BCom CPA MAICD

Chairman since the Company listed on the Australian Securities Exchange (ASX) in 2003, Mr Cozijn has over 35 years of experience in the administration of listed mining and industrial companies. He is a Non-Executive Chairman of Jacka Resources Limited and Finance Director of Energia Minerals Limited, and is a director of various private companies.

During the last three years Mr Cozijn has been a director of the following listed companies:

- Energia Minerals Limited (from May 1997 to current)
- Jacka Resources Limited (from May 2014 to current)
- Malagasy Minerals Limited (from September 2006 to August 2013)
- Carbon Energy Limited (from September 1992 to April 2015)

### Mr Sundeep Bhandari

*(Non-Executive Vice Chairman)*

BCom

Mr Bhandari was appointed as a Director (Vice Chairman) in November 2011. Mr Bhandari has over 31 years of business experience in India, of which more than 21 years have been in the energy business. He has worked with several multinational petroleum companies, including Cairn Energy, Mobil, Marathon, ENI, PGS and Command Petroleum. Mr Bhandari was also Chairman of the Corporate Advisory Board of Cairn India Ltd from 2006 to March 2014. Mr Bhandari is also a director and shareholder of India Hydrocarbons Ltd.

During the last three years Mr Bhandari has not been a director of any other listed companies.

### Mr Jeffrey Auld

*(Non-Executive Director)*

MBA BA (Econ)

Mr Auld was appointed as a UK based Director in January 2015. Mr Auld has over 24 years of experience in the oil and gas sector, focused on financial and commercial management in upstream oil and gas development. He has worked with a number of major financial institutions, including Macquarie Capital (Europe) Limited in London where he served as Managing Director - Head of EMEA Oil and Gas. Mr Auld has also worked for Canaccord Adams Limited and Goldman, Sachs & Co. Mr Auld's experience includes corporate and commercial management in exploration and production companies including London Stock Exchange listed Premier Oil Plc, as well as PetroKazakhstan Inc and Equator Exploration Limited. Mr Auld currently is a director of AIM listed Lansdowne Oil and Gas plc. He is also a director and CEO of various private UK oil and gas development companies.

During the last three years Mr Auld has not been a director of any other listed companies.

### Mr Ronald Miller

*(Managing Director)*

MSc Engineering and BSc Ocean Engineering, MAICD (Retired Chartered Engineer)

Initially appointed as a Non-Executive Director in July 2009, Mr Miller was appointed Managing Director on 1 January 2013. A chartered professional engineer (1989 - 2011), Mr Miller has more than 39 years of experience in the international petroleum industry. Further details of Mr Miller's qualifications and experience can be found in the Executive Management section of the Directors' Report.

During the last three years Mr Miller has not been a director of any other listed companies.

### Dr Bruce McCarthy

*(Non-Executive Director - Resigned 18 November 2014)*

BSc (Hons) PhD Geology

Dr McCarthy was the Managing Director from February 2005 until January 2013, when he became a Non-Executive Director. Dr McCarthy retired from the Board in November 2014.

During the last three years, up to the date of his resignation, Dr McCarthy has not been a director of any other listed companies.

# DIRECTORS' REPORT

## DIRECTORS' MEETINGS

Directors in office, committee membership and directors' attendance at meetings during the 2014/15 financial year are as follows:

| | Board Meetings | | Audit Committee Meetings[1] | | Remuneration Committee Meetings[1] | | Nomination Committee Meetings[1] | |
|---|---|---|---|---|---|---|---|---|
| | Held[2] | Attended | Held[2] | Attended | Held[2] | Attended | Held[2] | Attended |
| M D J Cozijn | 11 [3] | 11 | 4 | 4 | 1 | 1 | 1 | 1 |
| S Bhandari | 10 | 10 | 4[4] | 3 | 1 [5] | 1 | 1 [3] | 1 |
| J D Auld [7] | 6 | 6 | 2 | 2 | - | - | - | - |
| B H McCarthy | 4 | 4 | 1 | 1 | 1 | - | - | - |
| R L Miller | 11 | 11 | - | 4[6] | - | - | 1 | 1 |

(1) Please refer to the Corporate Governance Statement on the Oilex website for details of the change to the composition of the Audit, Remuneration and Nomination Committees during the financial year.

(2) "Held" indicates the number of meetings available for attendance by the director during the period of each director's tenure.

(3) Chairman of respective meetings. When the Board meets in its capacity as the Nomination committee, Mr S Bhandari chairs the meeting.

(4) Mr S Bhandari chairs the meetings. Mr Cozijn acted as Chair for 12 September 2014 Audit Committee Meeting.

(5) Mr S Bhandari chairs the meetings.

(6) "Attended" indicates attendance by invitation. Where a director is not a member of a Committee but attended meetings during the period only the number of meetings attended, rather than held, is disclosed.

(7) Appointed to Audit Committee effective 10 February 2015.

## EXECUTIVE MANAGEMENT

### Mr Ronald Miller

*(Managing Director)*

MSc Engineering and BSc Ocean Engineering, MAICD (Retired Chartered Engineer)

Mr Miller was appointed as a Non-Executive Director in July 2009 and Managing Director from 1 January 2013. A chartered engineer in Australia from 1989 to 2011, Mr Miller brings more than 39 years of experience in the international petroleum industry including corporate governance, extensive background in leading multi-disciplinary upstream organisations and project developments, including the design and construction of oil and gas projects. Mr Miller has extensive experience in commercialising and developing oil and gas discoveries. During his career, Mr Miller held a range of senior positions including with Mobil, Ampolex, Clough and Hyundai Heavy Industries.

### Mr Chris Bath

*(Chief Financial Officer & Company Secretary - Appointed 24 October 2014)*

CA MAICD

Mr Bath was appointed Chief Financial Officer and Company Secretary in October 2014. He is a Chartered Accountant with significant experience in the energy and resource sectors in both Australia and Asia. Most recently he was CFO and Company Secretary for an ASX S&P/ASX 200 listed oil and gas company. Prior to that, Mr Bath was Deputy CFO Asia Pacific for a Fortune 500 global commodity business, based in Singapore. Mr Bath has been involved in the energy and resource sectors operating across Asia and with listed entities in Australia, Indonesia, Singapore and the United Kingdom. He has experience in the areas of debt and equity markets, mergers and acquisitions, joint venture management and operations.

### Mr Peter Bekkers

*(Chief Geoscientist)*

BSC (Hons) Geology and Geophysics

Mr Bekkers joined Oilex in 2007 as the Senior Explorationist. He has over 19 years of experience in Australian and international oil and gas exploration activities including the Far East, Middle East, West Africa and South East Asia. Prior to joining Oilex, Mr Bekkers held various roles with Woodside Energy Ltd, Santos Ltd and Boral Energy Ltd in exploration and new ventures evaluation. Mr Bekkers was appointed Chief Geoscientist for Oilex in April 2010.

### Mr Jayant Sethi

*(Head - India Assets - Appointed 16 February 2015)*

Geology (Masters)

Mr Sethi joined Oilex in February 2015 as Head - India Assets and is based in Gandhinagar India. Mr Sethi has over 30 years of experience in the Indian oil and gas upstream industry. Mr Sethi previously held senior management positions with Cairn Energy Ltd and the Oil & Natural Gas Corporation, India's national oil company in areas of exploration, development, portfolio evaluation, joint venture management, procurement supply chain and enhanced oil recovery.

## COMPANY SECRETARIES

Mr Chris Bath CA MAICD was appointed Company Secretary on 24 October 2014.

Mr Cathal Smith LLB, LLM, MBA is the alternate Company Secretary.

Mr Robert Ierace was Company Secretary from 30 January 2013 until 24 October 2014.

## PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year included:

- Exploration for oil and gas;
- Appraisal and development of oil and gas; and
- Production and sale of oil and gas.

There were no significant changes in the nature of these activities during the year.

## OPERATING RESULTS

The loss after income tax of the consolidated entity for the year ended 30 June 2015 amounted to $17,388,524 (2014: loss of $3,752,611). The increase in the loss was due to $11,870,051 for the impairment of exploration and evaluation assets in the current year (2014: nil).

## FINANCIAL POSITION

The net assets of the consolidated entity totalled $26,603,951 as at 30 June 2015 (2014: $33,354,242).

## DIVIDENDS

No dividend was paid or declared during the year and the directors do not recommend the payment of a dividend.

## REVIEW OF OPERATIONS

A review of the operations of the Group during the financial year and the results of those operations are set out in the Review of Operations on pages 5 to 19 of this report.

# DIRECTORS' REPORT

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Review of Operations details those changes that have had a significant effect on the Group.

Other than those matters, there have been no other significant changes in the state of affairs of the Group that occurred during the financial year.

## SIGNIFICANT EVENTS AFTER BALANCE DATE

On 7 July 2015 the Company announced a two tranche placement and an underwritten rights issue to raise $30 million. Tranche One utilised the existing placement capacity under ASX Listing Rule 7.1 with 45,393,463 shares being issued at $0.041 to raise $1,861,132 before expenses. Tranche One was completed on 15 July 2015. The fully underwritten rights issue closed on 28 July 2015, with a total of 169,476,565 shares being issued at $0.041 to raise $6,948,539 before expenses.

At a general meeting on 12 August 2015, shareholders approved the issue of 287,303,619 Tranche Two shares at $0.041 to raise $11,779,488 before expenses.

In addition, shareholders approved the issue of 124,019,608 Zeta Deferred Shares at a price of $0.0418 to raise $5,184,020 before expenses and the issue of $4,243,500 20 year, zero coupon unsecured convertible loan notes to Zeta Resources Limited (Zeta), which will be convertible into shares at Zeta's option at any time, subject to compliance with Australian law, at a conversion price of $0.0418 per share. The issue of these convertible notes will occur contemporaneously with the issue to Zeta of 124,019,608 ordinary new shares under Tranche Two, to be settled no later than 12 November 2015.

On 27 July 2015 the Company issued a further 341,300 shares on the exercise of listed options with an exercise price of $0.15.

On 15 July 2015 the Autoridade Nacional do Petroleo (ANP) advised that it had terminated the PSC JPDA 06-103 as at that date. The Notice of Termination included a demand for payment of the monetary claim, previously advised, against the Joint Venture for payment of the estimated cost of exploration activities not undertaken in 2013 and certain local content obligations set out in the PSC. The total amount sought to be recovered by the ANP in the Notice is approximately US$17 million (Oilex share US$1.7 million). The Company has not provided for a monetary settlement in its financial statements. As the Joint Venture has made significant overpayments in the work programme, it is of the opinion that the excess expenditure should be included as part of any financial assessment incorporated in the termination process. Refer note 28.

There were no other significant subsequent events occurring after year end.

## LIKELY DEVELOPMENTS

Additional comments on expected results on operations of the Group are included in the Review of Operations on pages 5 to 19.

Further disclosure as to likely developments in the operations of the Group and expected results of those operations have not been included in this report as, in the opinion of the Board, these would be speculative and as such, disclosure would not in the best interests of the Group.

## ENVIRONMENTAL ISSUES

The Group's oil and gas exploration and production activities are subject to environmental regulation under the legislation of the respective states and countries in which they operate. The majority of the Group's activities involve low level disturbance associated with its exploration drilling programmes. The Board actively monitors compliance with these regulations and as at the date of this report is not aware of any material breaches in respect of these regulations.

## DIRECTORS' INTERESTS

The relevant interest of each director in shares and unlisted options issued by the Company, as notified by the directors to the ASX in accordance with Section 205G (1) of the *Corporations Act 2001*, at the date of this report is as follows:

| | Number of Ordinary Shares | | Number of Options Over Ordinary Shares | |
|---|---|---|---|---|
| | Direct | Indirect | Direct | Indirect |
| M D J Cozijn | - | 1,848,218 | - | - |
| S Bhandari | - | 8,600,000 | - | 4,000,000 |
| J D Auld | 1,219,513 | - | - | - |
| R L Miller | - | 6,517,242 | - | 6,000,000 |

## SHARE OPTIONS

### Unissued shares under options

At the date of this report unissued ordinary shares of the Company under option (with an exercise price) are:

| Expiry Date | Exercise Price | Number of Shares | Expiry Date | Exercise Price | Number of Shares |
|---|---|---|---|---|---|
| Unlisted Options | | | Unlisted Options | | |
| 17 December 2015 | $0.15 | 3,000,000 | 25 August 2017 | $0.25 | 1,500,000 |
| 8 March 2016 | $0.25 | 5,000,000 | 11 November 2017 | $0.25 | 2,000,000 |
| 27 June 2016 | $0.15 | 500,000 | 22 December 2017 | $0.10 | 5,000,000 |
| 4 November 2016 | $0.15 | 2,000,000 | 16 February 2018 | $0.25 | 500,000 |
| 11 November 2016 | $0.15 | 2,000,000 | 5 August 2018 | $0.35 | 1,075,000 |
| 5 December 2016 | $0.15 | 3,000,000 | 16 February 2019 | $0.35 | 500,000 |
| 27 June 2017 | $0.25 | 500,000 | 29 April 2019 | $0.15 | 4,000,000 |
| 5 August 2017 | $0.25 | 1,075,000 | 25 August 2019 | $0.35 | 1,500,000 |
| | | | Total | | 33,150,000 |

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

### Unissued Shares Under Option that Expired During the Year

During the financial year, the following unlisted employee options were cancelled:

| Date Lapsed | Number | Exercise Price |
|---|---|---|
| 1 July 2014 | 4,150,000 | $0.30 |
| 10 November 2014 | 8,737,500 | $0.37 |
| 27 January 2015 | 1,000,000 | $0.15 |
| 27 January 2015 | 1,000,000 | $0.25 |
| 20 May 2015 | 250,000 | $0.35 |

# DIRECTORS' REPORT



**Shares issued on exercise of unlisted options**

During or since the end of the financial year, the Company has not issued ordinary shares as a result of the exercise of unlisted options.

**Shares issued on exercise of listed options**

During and since the end of the financial year, the Company issued ordinary shares as a result of the exercise of listed options as follows (there were no amounts unpaid on the shares issued):

| | Number of Shares | Amount Paid on Each Share |
|---|---|---|
| During the financial year | 7,295,640 | $0.15 |
| Since the end of the financial year | 347,613 | $0.15 |

On 7 September 2015, all the listed options issued by the Company expired unexercised.

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group paid a premium in respect of insurance cover for the directors and officers of the Group. The Group has not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' liability and legal expense insurance contracts, as such disclosure is prohibited under the terms of the insurance contract.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought on behalf of the Company, nor has any application been made in respect of the Company under Section 237 of the *Corporations Act 2001.*

## NON-AUDIT SERVICES

The Company may decide to employ the Auditor on assignments additional to their statutory audit duties where the Auditor's expertise and experience with the Group is important.

The Board has considered its position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

» all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and

» the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Refer note 23 for details of the amounts paid to the auditor of the Group, KPMG Australia, and its network firms for audit and non-audit services provided during the year.

## LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration for the year ended 30 June 2015 has been received and can be found on page 39.

## REMUNERATION REPORT - AUDITED

### 1. PRINCIPLES OF COMPENSATION - AUDITED

Remuneration is referred to as compensation throughout this report. The Remuneration Report explains the remuneration arrangements for directors and senior executives of Oilex Ltd who have authority and responsibility for planning, directing and controlling the activities of the Group (key management personnel).

Compensation levels for key management personnel of the Group are competitively set to attract, retain and motivate appropriately qualified and experienced directors and senior executives. The Remuneration Committee obtains advice on the appropriateness of compensation packages of both the Company and the Group given trends in comparative companies both locally and internationally and the objectives of the Group's compensation strategy.

The compensation structures explained below are designed to attract, retain and motivate suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

» the capability and experience of the key management personnel;

» the ability of key management personnel to control the performance of the relevant segments;

» the Company's performance including:

  - the Group's earnings; and

  - the growth in share price and delivering constant returns on shareholder wealth;

» exploration success; and

» development of projects.

Compensation packages include a mix of fixed compensation and long-term performance-based incentives. In specific circumstances the Group may also provide short-term cash incentives based upon the achievement of Company performance hurdles.

#### 1.1 Fixed Compensation

Fixed compensation consists of base compensation, as well as leave entitlements and employer contributions to superannuation funds. Compensation levels are reviewed annually by the Remuneration Committee through a process that considers individual, sector and overall performance of the Group. In addition, reviews of available data on oil and gas industry companies provide comparison figures to ensure the directors' and senior executives' compensation is competitive in the market. Compensation for senior executives is separately reviewed at the time of promotion or initial appointment.

#### 1.2 Performance Linked Compensation

Performance linked compensation includes both short-term and long-term incentives designed to reward key management personnel for growth in shareholder wealth. The short-term incentive (STI) is an "at risk" bonus provided in the form of cash, while the long-term incentive plan (LTI) is used to reward performance by granting options over ordinary shares of the Company.

*Short-term incentive bonus*

The Group does not utilise short-term incentives on an annual or regular basis, as these are not considered part of the standard compensation package for key management personnel. In certain circumstances the Remuneration Committee may, for reasons of retention or motivation, consider the use of short-term incentives. Short-term incentives, if granted, are at the discretion of the Remuneration Committee having regard to the business plans set before the commencement of the financial year as well as the achievement of performance targets as determined by the Board. These targets include a combination of key strategic, financial and personal performance measures which may have a major influence over company performance in the short-term.

There were no short-term incentives awarded during the period. The short-term incentive cash bonus awarded in the previous year was accrued as compensation and paid in the current year.

*Long-term incentive bonus*

Options issued to senior executives during the year are issued under the Australian Securities Exchange Rule 7.1.

The issue of options is designed to allow the Group to attract and retain talented employees. The issue of options aims to closely align the interests of senior executives and employees with those of shareholders and create a link between increasing shareholder value and employee reward.

# DIRECTORS' REPORT



## 1. PRINCIPLES OF COMPENSATION - AUDITED (continued)

### 1.2 Performance Linked Compensation (continued)

The issue of unlisted options and the vesting dates are at the discretion of the Board following recommendations received from the Remuneration Committee.

The exercise price of the unlisted options is set at a premium to the share price at the time they are granted. The change in share price is the key performance criteria for achieving a benefit for the options issued as the value that may be generated on exercise of options is dependent upon an increase in the share price above the exercise price of the options.

Whilst the Company has moved certain assets to development on 30 June 2015, during the reporting period the Company was an exploration and appraisal company that was not generating profits or net operating cash inflows and as such does not pay any dividends, and consequently remuneration packages are not linked to profit performance. It is the performance of the overall exploration and appraisal programme and ultimately the share price that largely determines Oilex's performance. The Remuneration Committee therefore considered that fixed compensation combined with short-term and long-term incentive components is the best remuneration structure for achieving the Company's objectives to the benefit of shareholders. The table below sets out the closing share price at the end of the current and four previous financial years.

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Share Price (cents) | 6.1 | 11.5 | 5.0 | 11.0 | 33.0 |

The remuneration of directors, consists of a cash component as well as an equity component, and is designed to retain directors of a high calibre, whilst rewarding them for their ongoing commitment and contribution to the Company on a cost effective basis. The issue of options to directors, subject to shareholder approval, is judged by the Company, to further align the directors' interests with that of shareholders, whilst maintaining the cash position of the Company. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing options to directors.

### 1.3 Non-Executive Directors

Total compensation for all Non-Executive Directors is set based on comparison with external data with reference to fees paid to Non-Executive Directors of comparable companies. Directors' fees cover all main Board activities and membership of committees.

The Chairman's base annual fee including superannuation was set at $87,200 on 1 July 2009 and remains unchanged as at 30 June 2015 other than to include the legislated increases to the superannuation guarantee levy of 0.25 per cent.

The Vice Chairman's base annual fee including superannuation was set at $65,400 on 29 July 2011 and remains unchanged as at 30 June 2015.

The company's United Kingdom based Non-Executive Director Mr Auld, appointed in January 2015, receives a fee of £45,000 per annum.

The aggregate maximum fixed annual amount of remuneration available for Non-Executive Directors of $500,000 per annum was approved by Shareholders on 9 November 2011.

In addition to this fixed component, the Company can remunerate any director called upon to perform extra services or undertake any work for the Company beyond their general duties. This remuneration may either be in addition to, or in substitution for, the director's share of remuneration approved by Shareholders.

Gross fees paid to India Hydrocarbons Limited (IHL), a related party of Mr Bhandari, are for consultancy services provided in addition to directorial services and therefore are not part of the fixed component. Payments made for consultancy services to IHL are for services undertaken under a consultancy contract with the Company negotiated effective from 1 May 2006, six years prior to Mr S Bhandari becoming a Non-Executive Director on 9 November 2011. The gross annual amounts paid of $161,059 (2014: $244,911) relating to consultancy services are disclosed in the key management personnel disclosures in the Related Parties note 27 to the Consolidated Financial Statements. The Group's share of these fees of $77,845 (2014: $115,108) are disclosed in other related party transactions in the Related Parties note 27 to the Consolidated Financial Statements. The balance of 52% (2014: 53%) is payable by the Joint Operations.

Following the departure of Oilex's Chief Operating Officer the previous financial year, Mr Bhandari took on a more active role in India, assisting in strategy, commercial and joint venture related issues. This work ceased on 30 September 2014.

### 1.4 Remuneration Consultants

There were no remuneration recommendations made in relation to key management personnel by remuneration consultants in the financial year ended 30 June 2015.

### 1.5 Clawback Policy

The Board has adopted a Clawback Policy to apply from August 2015 in relation to circumstances where an employee acts fraudulently or dishonestly, or wilfully breaches their duties to the Company.

### 2. EMPLOYMENT CONTRACTS - AUDITED

The following table summarises the terms and conditions of contracts between key executives and the Company:

| Executive | Position | Contract Start Date | Contract Termination Date | Resignation Notice Required | Unvested Options on Resignation | Termination Notice Required from the Company [1] | Termination Payment |
|---|---|---|---|---|---|---|---|
| R Miller [2] | Managing Director | n/a | n/a | n/a | Forfeited | n/a | n/a |
| C Bath | Chief Financial Officer and Company Secretary | 24 October 2014 | n/a | 1 month | Forfeited | 1 month | For termination by the Company, one months' salary plus any accrued leave entitlement. |
| P Bekkers | Chief Geoscientist | 6 March 2007 | n/a | 1 month | Forfeited | 1 month | For termination by the Company, one months' salary plus any accrued leave entitlement. If a Material Change Event occurs, employee may give notice to the Company within 60 days of the Material Change Event, terminating the Contract of Employment and following that effective date, the Company will pay a Termination Payment equal to $125,000. |
| J Sethi | Head - India Assets | 16 February 2015 | n/a | 1 month | Forfeited | 30 days | For termination by the Company, one months' salary plus any accrued leave entitlement. |

(1) The Company may terminate the contract immediately if serious misconduct has occurred. In this case the termination payment is only the fixed remuneration earned until the date of termination and any unvested options will immediately be forfeited.

(2) The Managing Director's services are retained via a consultancy arrangement approved by the Board in December 2012. The Board intends to negotiate and enter into an appropriate agreement with Mr Miller.

# DIRECTORS' REPORT

### 3. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION - AUDITED

Details of the nature and amount of each major element of remuneration of each director of the Company and other key management personnel of the consolidated entity are:

| | | Short-Term | | | |
|---|---|---|---|---|---|
| | Year | Salary & Fees $ | STI Cash Bonus [1] $ | Benefits (including Non-Monetary) [2] $ | Total $ |
| **Non-Executive Directors** | | | | | |
| M D J Cozijn [5] | 2015 | 104,000 | - | - | 104,000 |
| Chairman | 2014 | 80,000 | - | - | 80,000 |
| S Bhandari [6] | 2015 | 226,459 | - | - | 226,459 |
| Vice Chairman | 2014 | 419,160 | - | - | 419,160 |
| J D Auld [7] | 2015 | 39,285 | - | - | 39,285 |
| Non-Executive Director | 2014 | - | - | - | - |
| B H McCarthy [8] | 2015 | 19,132 | - | - | 19,132 |
| Non-Executive Director | 2014 | 50,000 | - | - | 50,000 |
| **Executive Directors** | | | | | |
| R L Miller [9] | 2015 | 451,521 | - | 6,380 | 457,901 |
| Managing Director | 2014 | 256,000 | - | 1,890 | 257,890 |
| **Executives** | | | | | |
| C Bath [10] | 2015 | 280,067 | - | 1,733 | 281,800 |
| Chief Financial Officer / Company Secretary | 2014 | - | - | - | - |
| P Bekkers | 2015 | 294,443 | - | 2,352 | 296,795 |
| Chief Geoscientist | 2014 | 277,776 | 25,000 | 1,890 | 304,666 |
| J Sethi [11] | 2015 | 84,545 | - | 9,467 | 94,012 |
| Head - India Assets | 2014 | - | - | - | - |
| R Ierace [12] | 2015 | 90,000 | - | 618 | 90,618 |
| Chief Financial Officer / Company Secretary | 2014 | 270,000 | - | 1,890 | 271,890 |
| **Total** | **2015** | **1,589,452** | **-** | **20,550** | **1,610,002** |
| Total | 2014 | 1,352,936 | 25,000 | 5,670 | 1,383,606 |

The Directors of the Company may be Directors of the Company's subsidiaries. No remuneration is received for directorships of subsidiaries. All key management personnel are employed by the parent entity.

Refer to the following explanatory notes for additional information.

# DIRECTORS' REPORT

| | | | Share-based Payments | | |
|---|---|---|---|---|---|
| Post-Employment Superannuation Benefits | Other Long-Term Benefits [3] | Termination Benefits | Options [4] | Total | Proportion of Remuneration Performance Related |
| $ | $ | $ | $ | $ | % |
| 9,880 | - | - | - | 113,880 | - |
| 7,400 | - | - | - | 87,400 | - |
| - | - | - | - | 226,459 | - |
| - | - | - | 189,289 | 608,449 | 31% |
| - | - | - | - | 39,285 | - |
| - | - | - | - | - | - |
| 1,818 | - | - | - | 20,950 | - |
| 4,625 | - | - | - | 54,625 | - |
| 9,104 | - | - | - | 467,005 | - |
| 54,625 | - | - | 63,550 | 376,065 | 17% |
| - | 13,862 | - | 293,044 | 588,706 | 50% |
| - | - | - | - | - | - |
| 30,347 | 21,614 | - | 101,001 | 449,757 | 22% |
| 25,694 | 29,326 | - | 9,442 | 369,128 | 9% |
| 9,308 | - | - | 10,915 | 114,235 | 10% |
| - | - | - | - | - | - |
| 10,096 | - | 24,373 | - | 125,087 | - |
| 24,975 | 16,642 | - | 14,676 | 328,183 | 4% |
| **70,553** | **35,476** | **24,373** | **404,960** | **2,145,364** | |
| 117,319 | 45,968 | - | 276,957 | 1,823,850 | |

# DIRECTORS' REPORT



### 3. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION – AUDITED (continued)

**Notes in Relation to the Table of Directors' and Executive Officers' Remuneration**

(1) The amount represents the STI earned in the respective year ended 30 June, with the amount being paid in the following year.

(2) Benefits, including non-monetary include relocation costs and related expenses, as well as minor benefits, such as payments on behalf of employees considered personal, car parking and any associated fringe benefits tax.

(3) Includes, where applicable, accrued employee leave entitlements.

(4) The fair value of the options is calculated at the date of grant using the Black-Scholes Model. The fair value of the options is allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated in each reporting period. In valuing the options, market conditions have been taken into account.

The following factors and assumptions were used in determining the fair value of 2015 options on grant date:

| Grant Date | Vesting Date | Expiry Date | Fair Value Per Option | Exercise Price | Price of Shares on Grant Date | Expected Volatility | Risk Free Interest Rate | Dividend Yield |
|---|---|---|---|---|---|---|---|---|
| 05 August 2014 | 05 August 2014 | 05 August 2017 | $0.10 | $0.25 | $0.18 | 106.59% | 2.50% | - |
| 05 August 2014 | 05 August 2015 | 05 August 2018 | $0.11 | $0.35 | $0.18 | 106.59% | 2.50% | - |
| 25 August 2014 | 25 August 2014 | 25 August 2017 | $0.10 | $0.25 | $0.17 | 108.62% | 2.50% | - |
| 25 August 2014 | 25 August 2015 | 25 August 2019 | $0.12 | $0.35 | $0.17 | 108.62% | 2.50% | - |
| 16 February 2015 | 16 February 2015 | 16 February 2018 | $0.02 | $0.25 | $0.04 | 119.84% | 2.25% | - |
| 16 February 2015 | 16 February 2016 | 16 February 2019 | $0.02 | $0.35 | $0.04 | 119.84% | 2.25% | - |

(5) Mr Cozijn received additional remuneration during the financial year of $24,000 plus 9.5% superannuation in relation to extra duties undertaken for Oilex (West Kampar) Limited.

(6) Mr Bhandari was appointed a Non-Executive Director on 9 November 2011. Prior to this appointment, India Hydrocarbons Limited (IHL) provided consultancy services to the Group, which continue to be provided. With the departure of the India Chief Operating Officer the previous financial year, additional responsibilities continued to be undertaken by IHL and Mr Bhandari until 30 September 2014. Mr Bhandari assisted in strategy, commercial and joint venture related issues and the board considers that the additional remuneration was reasonable in the circumstances. Mr Bhandari's salary and fees consist of director fees of $65,400 (2014: $65,000) and the IHL consultancy service fees, the majority of work which is undertaken by Mr Bhandari, of $161,059 (2014: $244,911). The net cost to the Group (after Joint Venture recoveries) in relation to the consultancy service was $77,845 (2014: $115,108).

(7) Mr Auld was appointed a Non-Executive Director on 27 January 2015. Mr Auld is based in the United Kingdom and is paid £45,000 per annum. The amount disclosed is the pro rata amount converted into Australian dollars at the applicable exchange rate at the date of payment.

(8) Dr McCarthy resigned as Non-Executive Director on 18 November 2014.

(9) On 1 January 2013 Mr Miller was appointed Managing Director, prior to this Mr Miller was a Non-Executive Director. Of the total amount of salaries, fees and superannuation paid to Mr Miller in the current year of $467,005 (2014: $312,515), $9,104 (2014: $54,625) was salary sacrificed into superannuation. Included in the $451,521 (2014: $256,000) invoiced to the Group for his services as Managing Director, was $190,000 (2014: $40,000) in the current year to compensate for additional time spent overseas.

(10) On 24 October 2014 Mr Bath became key management personnel after a transition period working with the incumbent. The salary disclosed includes $54,003 paid prior to Mr Bath becoming Chief Financial Officer and Company Secretary. Mr Bath elected to receive employer superannuation contributions as salary having reached the prescribed contribution limit prior to appointment.

(11) On 16 February 2015 Mr Sethi became key management personnel.

(12) Ceased employment on 24 October 2014.

**Analysis of bonuses included in remuneration**

There were no short-term incentive cash bonuses awarded as remuneration to key management personnel during the financial year.

The amount disclosed in the prior year was paid in the current year.

## 4. EQUITY INSTRUMENTS - AUDITED

All options refer to unlisted options over shares of the Company, which are exercisable on a one-for-one basis.

### 4.1 Options Over Equity Instruments Granted as Compensation

Details on options over ordinary shares in the Company that were granted as compensation to each key management person during the financial year and details on options that vested during the financial year are as follows:

| | Number of Options Granted | Grant Date | Fair Value of Options at Grant Date | Exercise Price of Options Granted | Expiry Date of Options Granted | Number of Options Vested |
|---|---|---|---|---|---|---|
| P Bekkers | 500,000 | 5 August 2014 | $0.10 | $0.25 | 05 August 2017 | 500,000 |
| P Bekkers | 500,000 | 5 August 2014 | $0.11 | $0.35 | 05 August 2018 | |
| C Bath | 1,500,000 | 25 August 2014 | $0.10 | $0.25 | 25 August 2017 | 1,500,000 |
| C Bath | 1,500,000 | 25 August 2014 | $0.12 | $0.35 | 25 August 2019 | |
| J Sethi | 500,000 | 16 February 2015 | $0.02 | $0.25 | 16 February 2018 | 500,000 |
| J Sethi | 500,000 | 16 February 2015 | $0.02 | $0.35 | 16 February 2019 | |
| R Ierace | 1,000,000 | 22 February 2013 | $0.02 | $0.25 | 30 January 2017 | 1,000,000 |

With the exception of options that have vested, which can be retained by the employee in accordance with the timeframes in the option terms and conditions, all options expire on the earlier of their expiry date or termination of the individual's employment. Options that have vested can be retained by directors and some executives until expiry date, and do not expire on termination of employment. Further details, including grant dates and exercise dates regarding options granted to key management personnel are in note 19 to the Consolidated Financial Statements.

### 4.2 Options Over Equity Instruments Granted as Compensation Granted Since Year End

No options over ordinary shares in the Company were granted as compensation to key management personnel and executives since the end of the financial year.

### 4.3 Modification of Terms of Equity-Settled Share-based Payment Transactions

No terms of equity-settled share-based payment transactions (including options granted as compensation to key management personnel) have been altered or modified by the issuing entity during the financial year.

### 4.4 Exercise of Options Granted as Compensation

During the financial year no shares were issued on the exercise of options previously granted as compensation.

# DIRECTORS' REPORT



## 4. EQUITY INSTRUMENTS - AUDITED (continued)

### 4.5 Details of Equity Incentives Affecting Current and Future Remuneration

Details of vesting profiles of the options held by each key management person of the Group are detailed below:

| | Number of Options | Grant Date | % Vested in Year | % Lapsed in Year [1] | Financial Years in Which Grant Vests |
|---|---|---|---|---|---|
| R L Miller | 750,000 | 26 November 2009 | - | 100% | (a) |
| R L Miller | 2,000,000 | 28 October 2013 | - | - | (b) |
| R L Miller | 2,000,000 | 11 November 2013 | - | - | (b) |
| R L Miller | 2,000,000 | 11 November 2013 | - | - | (b) |
| M D J Cozijn | 500,000 | 10 November 2010 | - | 100% | (c) |
| S Bhandari | 2,000,000 | 7 February 2011 | - | 100% | (b) |
| S Bhandari | 4,000,000 | 29 April 2014 | - | - | (b) |
| B H McCarthy | 2,000,000 | 10 November 2010 | - | 100% | (b) |
| C Bath | 3,000,000 | 25 August 2014 | 50% | - | (d) |
| P Bekkers | 300,000 | 17 August 2009 | - | 100% | (a) |
| P Bekkers | 750,000 | 10 November 2010 | - | 100% | (c) |
| P Bekkers | 1,000,000 | 27 June 2013 | 50% | - | (d) |
| P Bekkers | 1,000,000 | 5 August 2014 | 50% | - | (d) |
| J Sethi | 1,000,000 | 16 February 2015 | 50% | - | (d) |
| R Ierace | 2,000,000 | 22 February 2013 | - | 100% | (d) |

[1] The number of options lapsed also includes forfeited options.

(a) The options issued vested and were exercisable from 1 July 2010. All options that have been vested can be retained by the employee upon resignation or termination of employment, within the timeframes specified under the now lapsed Employee Performance Rights Plan rules applicable at date of grant. All options that have vested can be retained by the director upon resignation or termination of employment.

(b) The options issued vested on date of grant. All options that have vested can be retained by the director upon resignation or termination of employment.

(c) The options issued vested and were exercisable from 10 November 2010. All options that have vested can be retained by the employee upon resignation or termination of employment, within the timeframe specified under the now lapsed Employee Performance Rights Plan rules applicable at date of grant. All options that have vested can be retained by the director upon resignation or termination of employment.

(d) The options issued may vest and can be exercised as one half immediately and in full one year from grant date. All options that have vested can, upon resignation or termination of employee be retained by the employee within three months from the date on which the employee ceases employment. All options will lapse upon resignation or termination of employment prior to the option's vesting date.

**4.6 Analysis of Movements in Equity Instruments**

The movement during the financial year of unlisted options over ordinary shares in the Company held by each key management person is detailed below:

| | Value of Options Granted in Year (1) | Value of Options Exercised in Year | Number of Options Lapsed in Year (2) | Financial Year Lapsed Options Granted |
|---|---|---|---|---|
| R L Miller | - | - | 750,000 | June 2010 |
| M D J Cozijn | - | - | 500,000 | June 2011 |
| S Bhandari | - | - | 2,000,000 | June 2011 |
| J D Auld | - | - | - | - |
| B H McCarthy | - | - | 2,000,000 | June 2011 |
| C Bath | 319,581 | - | - | - |
| P Bekkers (3) | 106,377 | - | 300,000 | June 2010 |
| P Bekkers (3) | - | - | 750,000 | June 2011 |
| J Sethi | 16,606 | - | - | - |
| R Ierace | - | - | 2,000,000 | June 2013 |

(1) The value of options granted in the year is the fair value of the options calculated at grant date using the Black-Scholes Model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period.

(2) The number of options lapsed also includes forfeited options.

(3) The number of options lapsed were issued prior to Mr Bekkers becoming a key management person.

**4.7 Options over Equity Instruments Granted as Compensation**

No unlisted options held by key management personnel are vested but not exercisable. The movement during the financial year in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

| | Held at 1 July 2014 | Granted as Compensation | Exercised | Other Changes (1) | Held at 30 June 2015 | Vested During the Year | Vested and Exercisable at 30 June 2015 |
|---|---|---|---|---|---|---|---|
| R L Miller | 6,750,000 | - | - | (750,000) | 6,000,000 | - | 6,000,000 |
| M D J Cozijn | 500,000 | - | - | (500,000) | - | - | - |
| S Bhandari | 6,000,000 | - | - | (2,000,000) | 4,000,000 | - | 4,000,000 |
| J D Auld (2) | n/a | - | - | - | - | - | - |
| B H McCarthy (3) | 2,000,000 | - | - | (2,000,000) | n/a | - | n/a |
| C Bath (4) | n/a | 3,000,000 | - | - | 3,000,000 | 1,500,000 | 1,500,000 |
| P Bekkers | 2,050,000 | 1,000,000 | - | (1,050,000) | 2,000,000 | 500,000 | 1,500,000 |
| J Sethi (5) | n/a | 1,000,000 | - | - | 1,000,000 | 500,000 | 500,000 |
| R Ierace (6) | 2,000,000 | - | - | (2,000,000) | n/a | 1,000,000 | n/a |

(1) Other changes represent options that expired or were forfeited during the year.

(2) Mr Auld appointed 27 January 2015.

(3) Mr McCarthy resigned 18 November 2014.

(4) Mr Bath appointed 24 October 2014.

(5) Mr Sethi appointed 16 February 2015.

(6) Mr Ierace ceased employment 24 October 2014.

# DIRECTORS' REPORT



## 5. KEY MANANGEMENT PERSONNEL TRANSACTIONS - AUDITED

### 5.1 Other Transactions with Key Management Personnel

Two key management persons, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operation policies of those entities.

These entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

These transactions have all been disclosed in the remuneration table.

### 5.2 Movements in Shares

The movement during the financial year in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

| | Held at 1 July 2014 | Received on Exercise of Options | Other Changes (1) | Held at 30 June 2015 |
|---|---|---|---|---|
| R L Miller | 6,029,436 | - | 121,952 | 6,151,388 |
| M D J Cozijn | 1,500,000 | - | 146,340 | 1,646,340 |
| S Bhandari | 8,600,000 | - | - | 8,600,000 |
| J D Auld (2) | n/a | - | - | - |
| B H McCarthy (3) | 1,610,000 | - | - | n/a |
| C Bath (4) | n/a | - | 1,951,220 | 1,951,220 |
| P Bekkers | 400,000 | - | - | 400,000 |
| J Sethi (5) | n/a | - | - | - |
| R Ierace (6) | 200,000 | - | (200,000) | n/a |

(1) Other changes represent shares that were purchased or sold during the year and includes participation in December 2014 Share Purchase Plan.

(2) Mr Auld appointed 27 January 2015.

(3) Mr McCarthy resigned 18 November 2014.

(4) Mr Bath appointed 24 October 2014.

(5) Mr Sethi appointed 16 February 2015.

(6) Mr Ierace ceased employment 24 October 2014.

### 5.3 Movements in Listed Options

The movement during the financial year in the number of listed options in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

| | Held at 1 July 2014 | Purchased | Other Changes (1) | Held at 30 June 2015 |
|---|---|---|---|---|
| R L Miller | 3,252,500 | - | - | 3,252,500 |
| M D J Cozijn | 200,000 | - | - | 200,000 |
| S Bhandari | - | - | - | - |
| J D Auld (2) | n/a | - | - | - |
| B H McCarthy (3) | 230,000 | - | - | n/a |
| C Bath (4) | n/a | - | - | - |
| P Bekkers | 200,000 | - | - | 200,000 |
| J Sethi (5) | n/a | - | - | - |
| R Ierace (6) | 100,000 | - | (100,000) | n/a |

(1) Other changes represent listed options that were exercised or sold during the year.

(2) Mr Auld appointed 27 January 2015.

(3) Mr McCarthy resigned 18 November 2014.

(4) Mr Bath appointed 24 October 2014.

(5) Mr Sethi appointed 16 February 2015.

(6) Mr Ierace ceased employment 24 October 2014.

**END OF REMUNERATION REPORT – AUDITED**

Mr Max Cozijn
Chairman

Mr Ronald Miller
Managing Director

Signed in accordance with a resolution of the Directors.

West Perth
Western Australia

24 September 2015

# **LEAD AUDITOR'S** INDEPENDENCE DECLARATION



***Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001***

To: the directors of Oilex Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Brent Steedman
*Partner*

Perth

24 September 2015

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015



| | Note | 2015 $ | 2014 $ |
|---|---|---|---|
| Revenue | 6(a) | **290,294** | 250,620 |
| Cost of sales | 6(b) | **(498,390)** | (415,207) |
| **Gross loss** | | **(208,096)** | (164,587) |
| Other income | 6(c) | **331,853** | 695,032 |
| Exploration expenditure | 6(d) | **(13,174,108)** | (1,718,674) |
| Administration expense | 6(e) | **(3,078,163)** | (2,855,933) |
| Share-based payments expense | 19 | **(552,139)** | (399,112) |
| Other expenses | 6(f) | **(900,828)** | (109,982) |
| **Results from operating activities** | | **(17,581,481)** | (4,553,256) |
| Finance income | | **39,426** | 67,705 |
| Finance costs | | **(256)** | (28) |
| Foreign exchange gain | 6(g) | **153,787** | 732,968 |
| **Net finance income** | | **192,957** | 800,645 |
| **Loss before tax** | | **(17,388,524)** | (3,752,611) |
| Income tax expense | 7 | **-** | - |
| **Loss** | | **(17,388,524)** | (3,752,611) |
| **Other comprehensive income** | | | |
| **Items that may be reclassified to profit or loss** | | | |
| Foreign operations - foreign currency translation differences | | **5,260,588** | (1,554,101) |
| **Other comprehensive income/(loss), net of tax** | | **5,260,588** | (1,554,101) |
| **Total comprehensive loss** | | **(12,127,936)** | (5,306,712) |
| **Earnings per share** | | | |
| Basic loss per share (cents per share) | 8 | **(2.7)** | (0.8) |
| Diluted loss per share (cents per share) | 8 | **(2.7)** | (0.8) |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2015

| | Note | 2015 $ | 2014 $ |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 9 | **1,187,158** | 7,455,572 |
| Trade and other receivables | 10 | **3,575,545** | 3,684,488 |
| Prepayments | | **595,587** | 733,654 |
| Inventories | 11 | **1,249,482** | 1,047,630 |
| **Total current assets** | | **6,607,772** | 12,921,344 |
| Trade and other receivables | 10 | **98,958** | 80,585 |
| Exploration and evaluation | 12 | **11,644,674** | 26,320,952 |
| Development assets | 13 | **15,647,996** | - |
| Property, plant and equipment | 14 | **280,151** | 254,741 |
| **Total non-current assets** | | **27,671,779** | 26,656,278 |
| **Total assets** | | **34,279,551** | 39,577,622 |
| **Liabilities** | | | |
| Trade and other payables | 15 | **3,673,015** | 2,776,075 |
| Employee benefits | 16 | **406,843** | 386,198 |
| Provisions | 17 | **-** | 132,966 |
| **Total current liabilities** | | **4,079,858** | 3,295,239 |
| Provisions | 17 | **3,595,742** | 2,928,141 |
| **Total non-current liabilities** | | **3,595,742** | 2,928,141 |
| **Total liabilities** | | **7,675,600** | 6,223,380 |
| **Net assets** | | **26,603,951** | 33,354,242 |
| **Equity** | | | |
| Issued capital | 18 | **153,928,046** | 149,250,072 |
| Reserves | 18 | **8,693,281** | 5,179,638 |
| Accumulated losses | | **(136,017,376)** | (121,075,468) |
| **Total equity** | | **26,603,951** | 33,354,242 |

The above Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2015

| | Attributable to Owners of the Company | | | | |
|---|---|---|---|---|---|
| | Issued Capital $ | Option Reserve $ | Foreign Currency Translation Reserve $ | Accumulated Losses $ | Total Equity $ |
| **Balance at 30 June 2013** | 135,371,619 | 3,663,824 | 2,644,735 | (117,416,789) | 24,263,389 |
| **Total comprehensive (loss)/income** | | | | | |
| Loss | - | - | - | (3,752,611) | (3,752,611) |
| **Other comprehensive income** | | | | | |
| Foreign exchange gain on disposal of foreign subsidiary transferred to profit and loss | - | - | (1,800,029) | - | (1,800,029) |
| Foreign currency translation differences | - | - | 245,928 | - | 245,928 |
| Total other comprehensive income | - | - | (1,554,101) | - | (1,554,101) |
| Total comprehensive (loss)/income | - | - | (1,554,101) | (3,752,611) | (5,306,712) |
| **Transactions with owners of the Company** | | | | | |
| **Contributions and distributions** | | | | | |
| Shares issued | 14,915,770 | - | - | - | 14,915,770 |
| Capital raising costs | (1,037,497) | 120,000 | - | - | (917,497) |
| Shares issued on exercise of listed options | 180 | - | - | - | 180 |
| Transfer on exercise of options | - | - | - | - | - |
| Transfers on forfeited options | - | (93,932) | - | 93,932 | - |
| Share-based payment transactions | - | 399,112 | - | - | 399,112 |
| Total transactions with owners of the Company | 13,878,453 | 425,180 | - | 93,932 | 14,397,565 |
| **Balance at 30 June 2014** | 149,250,072 | 4,089,004 | 1,090,634 | (121,075,468) | 33,354,242 |
| **Balance at 30 June 2014** | 149,250,072 | 4,089,004 | 1,090,634 | (121,075,468) | 33,354,242 |
| **Total comprehensive (loss)/income** | | | | | |
| Loss | - | - | - | (17,388,524) | (17,388,524) |
| **Other comprehensive income** | | | | | |
| Foreign exchange gain on disposal of foreign subsidiary transferred to profit and loss | - | - | - | - | - |
| Foreign currency translation differences | - | - | 5,260,588 | - | 5,260,588 |
| Total other comprehensive income | - | - | 5,260,588 | - | 5,260,588 |
| Total comprehensive (loss)/income | - | - | 5,260,588 | (17,388,524) | (12,127,936) |
| **Transactions with owners of the Company** | | | | | |
| **Contributions and distributions** | | | | | |
| Shares issued | 4,362,379 | - | - | - | 4,362,379 |
| Capital raising costs (1) | (778,751) | 147,532 | - | - | (631,219) |
| Shares issued on exercise of listed options | 1,094,346 | - | - | - | 1,094,346 |
| Transfer on exercise of options | - | (38,414) | - | 38,414 | - |
| Transfers on forfeited options | - | (2,408,202) | - | 2,408,202 | - |
| Share-based payment transactions | - | 552,139 | - | - | 552,139 |
| Total transactions with owners of the Company | 4,677,974 | (1,746,945) | - | 2,446,616 | 5,377,645 |
| **Balance at 30 June 2015** | **153,928,046** | **2,342,059** | **6,351,222** | **(136,017,376)** | **26,603,951** |

(1) Capital raising costs include cash payments and the fair value of options granted to the underwriter.
The above Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2015

| | Note | 2015 $ | 2014 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts from customers | | **313,502** | 245,713 |
| Payments to suppliers and employees | | **(3,420,490)** | (3,399,131) |
| Cash outflow from operations | | **(3,106,988)** | (3,153,418) |
| Payments for exploration and evaluation expenses | | **(2,773,193)** | (3,096,786) |
| Cash receipts from government grants | | **358,517** | 336,515 |
| Interest received | | **39,403** | 67,922 |
| Interest paid | | **(256)** | (27) |
| **Net cash used in operating activities** | 20 | **(5,482,517)** | (5,845,794) |
| **Cash flows from investing activities** | | | |
| Advances from joint ventures | | **3,158** | 33,784 |
| Payments for capitalised exploration and evaluation | | **(6,118,722)** | (3,872,230) |
| Proceeds from sale of assets and materials | | **600** | 1,984 |
| Acquisition of property, plant and equipment | | **(107,643)** | (64,480) |
| **Net cash used in investing activities** | | **(6,222,607)** | (3,900,942) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of share capital | | **4,631,708** | 14,646,442 |
| Proceeds from exercise of share options | | **1,094,346** | 180 |
| Payment for share issue costs | | **(400,028)** | (951,061) |
| **Net cash from financing activities** | | **5,326,026** | 13,695,561 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(6,379,098)** | 3,948,825 |
| **Cash and cash equivalents at 1 July** | | **7,455,572** | 3,598,640 |
| Effect of exchange rate fluctuations on cash held | | **110,684** | (91,893) |
| **Cash and cash equivalents at 30 June** | 9 | **1,187,158** | 7,455,572 |

The above Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



## NOTE 1 – REPORTING ENTITY

Oilex Ltd (the Company) is domiciled in Australia. These consolidated financial statements comprise the Company and its subsidiaries (collectively the Group and individually Group Entities). Oilex Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX) and on the Alternative Investment Market (AIM) of the London Stock Exchange. The Group is a for-profit entity and is primarily involved in the exploration, evaluation, development and production of hydrocarbons.

## NOTE 2 – BASIS OF PREPARATION

### (a) Statement of Compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 23 September 2015.

### (b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Foreign Currency Translation Reserve; and
- Share-based payment arrangements are measured at fair value.

### (c) Functional and Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. The functional currency of the majority of the Company's subsidiaries is United States dollars.

### (d) Use of Estimates and Judgements

In preparing these consolidated financial statements, management continually evaluate judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances. Actual results may differ from these judgements, estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

*Judgements, assumptions and estimation uncertainties*

In the process of applying the Group's accounting policies, judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

*i) Exploration and Evaluation Assets*

The Group's accounting policy for exploration and evaluation expenditure is set out in note 3(e). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, including, in particular, the assessment of whether economic quantities of resources have been found, or alternatively, that the sale of the respective areas of interest will be achieved. Critical to this assessment is estimates and assumptions as to contingent and prospective resources, the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. These estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, it is determined that the expenditure is unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the consolidated statement of profit or loss and other comprehensive income. The carrying amounts of exploration and evaluation assets are set out in note 12.

*ii) Reserve Estimates*

Development costs are amortised on a units of production basis over the life of economically recoverable reserves, so as to write off costs in proportion to the depletion of the estimated reserves. The estimation of reserves requires interpretation of geological and geophysical data. The geological and economic factors which form the basis of reserve estimates may change over reporting periods.

*iii) Rehabilitation Provisions*

The Group estimates the future removal costs of onshore oil and gas production facilities, wells and pipeline at the time of installation of the assets. In most instances, removal of assets occurs many years into the future. This requires judgemental assumptions regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal technologies in determining the removal cost, and discount rates to determine the present value of these cash flows. For more detail regarding the policy in respect of provision for rehabilitation refer to note 3(l).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



## NOTE 2 – BASIS OF PREPARATION (continued)

### (d) Use of Estimates and Judgements (continued)

*iv) Impairment of Assets*

The recoverable amount of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, as well as the timing of the cash flows and expected life of the relevant area of interest, exchange rates, commodity prices, future capital requirements and future operating performance. Changes in these estimates and assumptions impact the recoverable amount of the asset of cash-generating unit, and accordingly could result in an adjustment to the carrying amount of that asset or cash-generating unit.

*v) Recognition of Tax Losses*

The Group's accounting policy for deferred taxes is set out in note 3(p). A deferred tax asset is recognised for unused losses only if it is probable that future taxable profits will be available to utilise those losses. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, including, in particular, the assessment of whether economic quantities of resources have been found, or alternatively, that the sale of the respective areas of interest will be achieved. Any such estimates and assumptions may change as new information becomes available.

### (e) Changes in Accounting Polices

Except for the following changes, the Group has consistently applied the accounting polices set out in note 3 to all periods presented in these consolidated financial statements.

- AASB 2014-1 *Amendments to Australian Accounting Standards - Part C Materiality* sets out amendments to particular Australian Accounting Standards to delete their references to AASB 1031 *Materiality* and was effective for annual reporting periods beginning on or after 1 July 2014.
- AASB 2014-1 *Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle* sets out amendments to International Financial Reporting Standards and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvement process. These amendments have been adopted by the AASB and are effective for annual reporting periods beginning on or after 1 July 2014.
- AASB 2013-3 *Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets.*
- AASB 2013-9 (part B) *Amendments to Australian Accounting Standards - Materiality.*

The adoption of new and amended Standards had no impact on the financial position or the consolidated financial statements of the Group.

The Group has not elected to early adopt any other new or amended AASB's that are issued but not yet effective (refer note 3(u)).

## NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities, except as explained in note 2(e) which addresses any changes in accounting policies.

### (a) Basis of Consolidation

*i) Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

*ii) Joint Arrangements - Joint Ventures*

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015



*iii) Joint Arrangements - Joint Operations*

The interest of the Group in unincorporated joint operations and jointly controlled assets are brought to account by recognising, in its consolidated financial statements, the assets it controls, the liabilities that it incurs, the expenses it incurs and the share of income that it earns from the sale of goods or services by the joint operations.

*iv) Transactions Eliminated on Consolidation*

Intragroup balances and transactions, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

**(b) Foreign Currency**

*i) Foreign Currency Transactions*

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

*ii) Foreign Operations*

The assets and liabilities of foreign operations are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (FCTR). When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented within equity in the FCTR.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

**(c) Financial Instruments**

*i) Share Capital*

*Ordinary Shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

*ii) Non-derivative Financial Assets*

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables and cash and cash equivalents (refer note 3(d)).

*Loans and Receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



## NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

### (c) Financial Instruments (continued)

*iii) Non-derivative Financial Liabilities*

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise trade and other payables.

### (d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, call deposits, cash in transit and short-term deposits with an original maturity of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

### (e) Exploration and Evaluation Expenditure

Exploration and evaluation of hydrocarbons resources is the identification and evaluation of oil and gas resources, as well as the determination of the technical feasibility and commercial viability of extracting the resources. Exploration and evaluation expenditure in respect of each area of interest is accounted for under the successful efforts method. Accounting for exploration and evaluation expenditure is assessed separately for each area of interest. An area of interest is an individual geological area which is considered to constitute a favourable environment for the presence of hydrocarbon resources or has been proven to contain such resources.

Expenditure incurred on activities that precede exploration and evaluation of hydrocarbon resources including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred.

Exploration licence acquisition costs relating to established oil and gas exploration areas are capitalised.

The costs of drilling exploration wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the successful discovery of potentially economically recoverable reserves.

All other exploration and evaluation expenditure, including general administration costs, geological and geophysical costs and new venture expenditure is expensed as incurred, except where:

- The expenditure relates to an exploration discovery for which, at balance date, an assessment of the existence or otherwise of economically recoverable reserves is not yet complete; or
- The expenditure relates to an area of interest under which it is expected that the expenditure will be recouped through successful development and exploitation, or by sale.

When an oil or gas field has been approved for commercial development, the accumulated exploration and evaluation costs are transferred to development expenditure. Amortisation of capitalised costs is not charged on revenues earned from production testing.

*Impairment of Exploration and Evaluation Expenditure*

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and economic viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are reviewed for impairment if any of the following facts and circumstances exist:

- The exploration licence term in the specific area of interest has expired during the reporting period or will expire in the near future and it is not anticipated that this will be renewed;
- Expenditure on further exploration and evaluation of specific areas is not budgeted or planned;
- Exploration for and evaluation of oil and gas assets in the specific area has not lead to the discovery of potentially commercial reserves; or
- Sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full, either by development or sale.

Exploration and evaluation expenditure is reviewed for impairment at each reporting date where there is an indication that the individual geological area may be impaired (refer note 3(i)(ii)).

In the statement of cash flows, those cash flows associated with capitalised exploration and evaluation expenditure are classified as cash flows used in investing activities. Exploration and evaluation expenditure expensed is classified as cash flows used in operating activities.

### (f) Development Expenditure

Development expenditure includes past exploration and evaluation costs, pre-production development costs, development drilling, development studies and other subsurface expenditure pertaining to that area of interest. Costs related to surface plant and equipment and any associated land and buildings are accounted for as property, plant and equipment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



The definition of an area of interest for development expenditure is narrowed from the exploration permit for exploration and evaluation expenditure to the individual geological area where the presence of an oil or natural gas field exists, and in most cases will comprise an individual oil or gas field.

Development expenditure is reviewed for impairment at each reporting date where there is an indication that the individual geological area may be impaired (refer note 3(i)(ii)).

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward development costs are amortised on a units of production basis over the life of economically recoverable reserves.

**(g) Joint arrangements**

Joint arrangements are arrangements of which two or more parties have joint control. Joint control is the contractual agreed sharing of control of the arrangements which exists only when decisions about the relevant activities required unanimous consent of the parties sharing control. Joint arrangements are classified as either a joint operation or joint venture, based on the rights and obligations arising from the contractual obligations between the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the individual assets and obligations arising from the joint arrangement, the arrangement is classified as a joint operation and as such, the Group recognises its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation;
- Share of revenue from the sale of the output by the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

The Group's interest in unincorporated entities are classified as joint operations.

Joint Ventures provides the Group a right to the net assets of the venture and are accounted for using the equity method. The Group currently has no joint venture arrangements.

**(h) Inventories**

Inventories comprising materials and consumables and petroleum products are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**(i) Impairment**

*i) Non-derivative Financial Assets (including receivables)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

*ii) Non-financial Assets*

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. Exploration and evaluation assets are assessed for impairment in accordance with note 3(e).

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



## NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) Impairment (continued)

*ii) Non-financial Assets (continued)*

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (j) Employee Benefits

*i) Short-term Employee Benefits*

Short-term employee benefits for wages, salaries and fringe benefits are measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised based on remuneration wage and salary rates that the Group expects to pay as at the reporting date as a result of past service provided by the employee, if the obligation can be measured reliably.

*ii) Long-term Employee Benefits*

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the high quality corporate bond rate at the balance sheet date which have maturity dates approximating to the terms of the Group's obligations.

*iii) Share-based Payment Transactions*

Options allow directors, employees and advisors to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. Options are also provided as part of consideration for services by financiers and advisors. The fair value of the options granted is measured using the Black-Scholes Model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

When the Group grants options over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investments in subsidiaries, with a corresponding increase in equity over the vesting period of the grant.

### (k) Product Revenue

Revenue is recognised when the significant risks and rewards of ownership have transferred to the buyer. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the product to the customer. Revenues from test production are accounted for as revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

### (l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

Provisions are made for site rehabilitation of an oil and gas field on an incremental basis during the life of the field (which includes the field plant closure phase). Provisions include reclamation, plant closure, waste site closure and monitoring activities. These costs have been determined on the basis of current costs, current legal requirements and current technology. At each reporting date the rehabilitation provision is re-measured to reflect any changes in the timing or amounts of the costs to be incurred. Any such changes are dealt with on a prospective basis.

### (m) Leases

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense and are allocated over the lease term.

### (n) Finance Income and Finance Costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings and unrealised foreign exchange losses. Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

### (o) Property, Plant and Equipment

*i) Recognition and Measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located and an appropriate proportion of overheads.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss.

*ii) Subsequent Costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Ongoing repairs and maintenance is expensed as incurred.

*iii) Depreciation*

Depreciation is recognised in profit or loss using the reducing balance method over the estimated useful life of the assets, with the exception of software which is depreciated at prime cost. The estimated useful lives in the current and comparative periods are as follows:

- Motor vehicles 4 to 7 years
- Plant and equipment 2 to 7 years
- Office furniture 2 to 10 years

Depreciation methods, useful lives and residual values are reviewed and adjusted if appropriate, at each financial year end.

**(p) Income Tax**

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company and its wholly-owned Australian resident entities formed a tax-consolidated group with effect from 1 July 2004 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Oilex Ltd.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the ‘separate taxpayer within group’ approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

**(q) Goods and Services Tax and Other Indirect Taxes**

Revenues, expenses and assets are recognised net of the amount of good and services tax (GST) except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015



### NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (r) Government Grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants that compensate the group for expenses incurred are recognised as other income in profit or loss on a systematic basis in the same period in which the expenses are recognised.

Government grants relating to exploration and evaluation assets are deducted against the carrying amount of these assets. The grants are then recognised in profit or loss on a systematic basis over the useful life of the asset.

#### (s) Earnings Per Share

Basic earnings per share is calculated as net profit or loss attributable to members of the Group, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is determined by adjusting the profit attributable to ordinary shareholders and weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

#### (t) Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Managing Director to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire exploration and development assets, property, plant and equipment and intangible assets other than goodwill.

#### (u) New Standards and Interpretations Not Yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are not yet effective and have not been applied in preparing this financial report.

- AASB 9 *Financial Instruments* replaces the existing guidance in AASB139 *Financial Instruments: Recognition and Measurement*. AASB9 includes requirements in the areas of classification and measurement, impairment, hedge accounting and derecognition. AASB 9 is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. The adoption of AASB 9 is not expected to have a material impact on the Group's financial assets or financial liabilities.
- AASB 15 *Revenue from Contracts with Customer* provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided for determining whether, how much and when revenue is recognised. New disclosures about revenue are also introduced. AASB 15 is effective for annual periods beginning on or after 1 January 2017 with early adoption permitted. The adoption of AASB 15 is not expected to have a material impact on the Group's revenue.
- AASB 2014-4 *Clarification of Acceptable Methods of Depreciation and Amortisation (amendments to AASB 116 and ASBB 138)* clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment and is effective for annual reporting periods beginning on or after 1 July 2016.
- AASB 2014-3 *Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations* sets out the guidance on the accounting for acquisition of interests in joint operations in which the activity constitutes a business and is effective for annual reporting periods beginning on or after 1 July 2016.
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012 – 2014 Cycle* - sets out clarification of amendments to existing accounting standards.

The potential effect of these Standards is yet to be fully determined, however it is not expected that these will have a significant impact on the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



## NOTE 4 – DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

### Trade and Other Receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Short term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial.

### Non-derivative Financial Liabilities

Fair value of trade and other payables, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

### Share-based Payment Transactions

The fair value of options is measured using the Black-Scholes Model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends and the risk-free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

## NOTE 5 – OPERATING SEGMENTS

The Group has identified its operating segments based upon the internal management reports that are reviewed and used by the executive management team in assessing performance and that are used to allocate the Group's resources. The operating segments identified by management are based on the geographical location of the business which are as follows: India, Australia, Joint Petroleum Development Area and Indonesia. Each managed segment has responsible officers that are accountable to the Managing Director (the Group's chief operating decision maker).

The Group's executive management team evaluates the financial performance of the Group and its segments principally with reference to revenues, production costs, expenditure on exploration evaluation and development costs.

The Group undertakes the exploration, development and production of hydrocarbons and its revenue from the sale of oil and gas. Information reported to the Group's chief operating decision maker is on a geographical basis.

Financing requirements, finance income and expenses are managed at a Group level. Other items include non-segmental revenue, expenses and associated assets and liabilities not allocated to operating segments, mostly comprising corporate assets and expenses. It also includes expenses incurred by non-operating segments, such as new ventures and those undergoing relinquishment.

### Major Customer

The Group's most significant customer, Indian Oil Corporation Limited, in its capacity as nominee of the Government of India, represents 98% of the Group's total revenues (2014:100%).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



**NOTE 5 – OPERATING SEGMENTS (continued)**

| | India | | Australia | | JPDA [1] |
|---|---|---|---|---|---|
| | **2015 $** | 2014 $ | **2015 $** | 2014 $ | **2015 $** |
| **Revenue** | | | | | |
| External revenue | **290,294** | 250,620 | **-** | - | **-** |
| **Cost of sales** | | | | | |
| Production costs | **(467,938)** | (421,741) | **-** | - | **-** |
| Movement in oil stocks inventory | **(30,452)** | 6,534 | **-** | - | **-** |
| **Total cost of sales** | **(498,390)** | (415,207) | **-** | - | **-** |
| **Gross profit/(loss)** | **(208,096)** | (164,587) | **-** | - | **-** |
| Exploration expenditure expensed | **(173,232)** | (1,396,013) | **(1,011,978)** | (672,276) | **(73,341)** |
| Impairment of exploration and evaluation expenditure | **(11,870,051)** | - | **-** | - | **-** |
| Depreciation | **(28,990)** | (26,732) | **-** | - | **-** |
| Share-based payments | **(84,701)** | (15,959) | **-** | - | **-** |
| Other income | **-** | - | **-** | - | **-** |
| Other expenses | **(493,558)** | (24,652) | **-** | - | **(10,043)** |
| **Reportable segment profit/(loss) before income tax** | **(12,858,628)** | (1,627,943) | **(1,011,978)** | (672,276) | **(83,384)** |
| | | | | | |
| Net finance income | | | | | |
| Foreign exchange gain | | | | | |
| Income tax expense | | | | | |
| **Loss for the period** | | | | | |
| | | | | | |
| **Segment assets** | **31,017,658** | 29,837,428 | **383,582** | 431,174 | **294,264** |
| **Segment liabilities** | **5,525,769** | 5,023,492 | **-** | 203,880 | **7,900** |

There were no significant inter-segment transactions during the year.

(1) Joint Petroleum Development Area.
(2) Corporate represents a reconciliation of reportable segment revenues, profit or loss, assets and liabilities to the consolidated figure.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



| JPDA [1] | Indonesia | | Corporate [2] | | Consolidated | |
|---|---|---|---|---|---|---|
| 2014<br>$ | **2015**<br>**$** | 2014<br>$ | **2015**<br>**$** | 2014<br>$ | **2015**<br>**$** | 2014<br>$ |
| - | **-** | - | **-** | - | **290,294** | 250,620 |
| - | **-** | - | **-** | - | **(467,938)** | (421,741) |
| - | **-** | - | **-** | - | **(30,452)** | 6,534 |
| - | **-** | - | **-** | - | **(498,390)** | (415,207) |
| - | **-** | - | **-** | - | **(208,096)** | (164,587) |
| 58,644 | **(42,458)** | 291,609 | **(3,048)** | (638) | **(1,304,057)** | (1,718,674) |
| - | **-** | - | **-** | - | **(11,870,051)** | - |
| - | **-** | - | **(41,318)** | (58,447) | **(70,308)** | (85,179) |
| - | **-** | - | **(467,438)** | (383,153) | **(552,139)** | (399,112) |
| - | **-** | - | **331,853** | 695,032 | **331,853** | 695,032 |
| (39,007) | **(24,115)** | (22,401) | **(3,380,967)** | (2,794,676) | **(3,908,683)** | (2,880,736) |
| 19,637 | **(66,573)** | 269,208 | **(3,560,918)** | (2,541,882) | **(17,581,481)** | (4,553,256) |
| | | | | | **39,170** | 67,677 |
| | | | | | **153,787** | 732,968 |
| | | | | | **-** | - |
| | | | | | **(17,388,524)** | (3,752,611) |
| 305,703 | **-** | - | **2,584,047** | 9,003,317 | **34,279,551** | 39,577,622 |
| 5,522 | **285,530** | 157,996 | **1,856,401** | 832,490 | **7,675,600** | 6,223,380 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015



### NOTE 6 – REVENUE AND EXPENSES

Loss from ordinary activities before income tax has been determined after the following revenues and expenses:

| | Note | 2015 $ | 2014 $ |
|---|---|---|---|
| (a) Revenue | | | |
| Oil sales | | **290,294** | 250,620 |
| (b) Cost of Sales | | | |
| Production costs | | **(467,938)** | (421,741) |
| Movement in oil stocks inventory | | **(30,452)** | 6,534 |
| | | **(498,390)** | (415,207) |
| (c) Other Income | | | |
| Workers compensation proceeds | | **6,573** | - |
| Government grants - research and development | | **325,280** | 695,032 |
| | | **331,853** | 695,032 |
| (d) Exploration Expenditure | | | |
| Exploration expenditure | | **(1,304,057)** | (1,718,674) |
| Impairment of exploration and evaluation assets | 12 | **(11,870,051)** | - |
| | | **(13,174,108)** | (1,718,674) |
| (e) Administration Expenses | | | |
| Employee benefits expense | | **(919,352)** | (886,318) |
| Administration expense | | **(2,158,811)** | (1,969,615) |
| | | **(3,078,163)** | (2,855,933) |
| (f) Other Expenses | | | |
| Depreciation expense | 14 | **(70,308)** | (85,179) |
| Doubtful debts expense | 10 | **(743,383)** | - |
| Well abandonment | | **(52,950)** | - |
| Loss on disposal of other assets | | **(34,187)** | (635) |
| Impairment of inventory | | **-** | (24,168) |
| | | **(900,828)** | (109,982) |
| (g) Foreign Exchange Gain | | | |
| Foreign exchange gain/(loss) - realised | | **34,724** | (971,504) |
| Foreign exchange gain on disposal of foreign subsidiary transferred from foreign currency translation reserve | | **-** | 1,800,029 |
| Foreign exchange gain/(loss) - unrealised | | **119,063** | (95,557) |
| | | **153,787** | 732,968 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015



### NOTE 7 – INCOME TAX EXPENSE

Numerical reconciliation between tax expense and pre-tax accounting loss:

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Loss before income tax | **(17,388,524)** | (3,752,611) |
| Income tax using the domestic corporation tax rate of 30% (2014: 30%) | **(5,216,557)** | (1,125,783) |
| Effect of tax rate in foreign jurisdictions | **(1,627,757)** | (346,357) |
| Non-deductible expenses | | |
| Share-based payments | **165,642** | 119,734 |
| Foreign expenditure non-deductible | **844,186** | 872,012 |
| Reversal of interest income previously brought to account | **-** | (1,068,400) |
| Non-deductible foreign impairment expenditure | **(1,935,149)** | - |
| Other non-deductible expenses | **365,073** | 424,840 |
| Non-assessable income | | |
| Government grants - research and development | **(97,584)** | (208,510) |
| | **(7,502,146)** | (1,332,464) |
| Unrecognised deferred tax assets generated during the year and not brought to account at balance date as realisation is not regarded as probable | **7,502,146** | 1,332,464 |
| Income tax expense | **-** | - |

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| **Unrecognised deferred tax assets not brought to account at balance date as realisation is not regarded as probable – temporary differences** | | |
| Other | **23,425,978** | 9,442,256 |
| Losses available for offset against future taxable income | **11,092,871** | 15,670,582 |
| Deferred tax asset not brought to account | **34,518,849** | 25,112,838 |

The deductible temporary differences and tax losses do not expire under current tax legislation.

The deferred tax asset not brought to account for the 2015 financial year will only be realised if:

- It is probable that future assessable income will be derived of a nature and of an amount sufficient to enable the benefit to be realised;
- The conditions for deductibility imposed by the tax legislation continue to be complied with; and
- The companies are able to meet the continuity of ownership and/or continuity of business tests.

The foreign component of the deferred tax asset not brought to account for the 2015 financial year will only be realised if the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised and the Group continues to comply with the deductibility conditions imposed by the Income Tax Act 1961 (India) and there is no change in income tax legislation adversely affecting the utilisation of the benefits.

**Tax Consolidation**

In accordance with tax consolidation legislation the Company, as the head entity of the Australian tax-consolidated group, has assumed the deferred tax assets initially recognised by members of the tax-consolidated group. Total tax losses of the Australian tax-consolidated group, available for offset against future taxable income are $7,117,062 (2014: $7,076,881).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



## NOTE 8 – LOSS PER SHARE

### (a) Basic Loss Per Share

The calculation of basic loss per share at 30 June 2015 was based on the loss for the period attributable to ordinary shareholders of $17,388,524 (2014: loss of $3,752,611) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2015 of 647,558,014 (2014: 447,617,093), calculated as follows:

| | 2015 $ | 2014 $ |
|---|---|---|
| i) Loss Attributable to Ordinary Shareholders | | |
| Loss for the Period | **17,388,524** | 3,752,611 |

| | 2015 Number | 2014 Number |
|---|---|---|
| ii) Weighted Average Number of Ordinary Shares | | |
| Issued ordinary shares at 1 July | **593,384,789** | 354,778,499 |
| Effect of shares issued | **47,534,497** | 92,837,930 |
| Effect of share options exercised | **6,638,728** | 664 |
| Weighted average number of ordinary shares at 30 June | **647,558,014** | 447,617,093 |

### (b) Diluted Loss Per Share

The Company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options and rights would result in a decrease in the net loss per share.

### (c) Details of transactions involving ordinary shares between the reporting date and the date of completion of the financial statements

The Company has issued 502,520,960 ordinary shares since year end. Refer note 29.

## NOTE 9 – CASH AND CASH EQUIVALENTS

| | 2015 $ | 2014 $ |
|---|---|---|
| Cash at bank and on hand | **1,187,158** | 6,078,336 |
| Short-term bank deposits | **-** | 1,377,236 |
| | **1,187,158** | 7,455,572 |

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 22.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015



### NOTE 10 – TRADE AND OTHER RECEIVABLES

| | 2015 $ | 2014 $ |
|---|---|---|
| Current | | |
| Joint venture receivables | **6,061,381** | 2,250,556 |
| Transfer to development assets | **(2,819,139)** | - |
| Provision for doubtful debts | **(782,919)** | - |
| Other receivables | **1,116,222** | 1,433,932 |
| | **3,575,545** | 3,684,488 |
| Non-current | | |
| Other receivables - India TDS (tax deducted at source) | **98,958** | 80,585 |

Joint venture receivables includes the Group's share of outstanding cash calls and recharges owing from joint venture partners. Other receivables includes research and development grant income and GST refunds owing from the Australian Taxation Office.

The Group considers that there is evidence of impairment if any of the following indicators are present, financial difficulties of the debtor, probability that the debtor will dispute amounts owing and default or delinquency in payment (more than one year old). The Group has been in discussions with its joint venture partner, for repayment of disputed and other amounts owing. As at 30 June 2015, each receivable not relating to Cambay-77H has been assessed individually for recovery and those deemed to have a low chance of recovery, have been fully provided for in the current year. The Group is continuing discussions in order to resolve the outstanding issues and recover payment of the outstanding amounts, however due to the age of the receivables amounts, cannot be certain of full recovery.

Oilex Ltd, as operator of the Cambay Joint Venture, has incurred expenditure related to Cambay-77H, which remains unpaid by its joint venture partner. Oilex has been in discussions with its joint venture partner to recover these amounts, however given the delay in resolving these issues, Oilex has decided to reclassify this expenditure from joint venture receivables to development assets, as it represents costs paid by Oilex for which it is probable that future economic benefits associated with this item will flow to the Company. Refer note 13.

| | 2015 $ | 2014 $ |
|---|---|---|
| Movement in provision for doubtful debts | | |
| Balance at 1 July | **-** | - |
| Provisions made during the year | **(743,383)** | - |
| Effect of movements in exchange rates | **(39,536)** | - |
| Balance at 30 June | **(782,919)** | - |

### NOTE 11 – INVENTORIES

| | 2015 $ | 2014 $ |
|---|---|---|
| Oil on hand - net realisable value | **14,034** | 38,493 |
| Drilling inventory - net realisable value | **1,235,448** | 1,009,137 |
| | **1,249,482** | 1,047,630 |

There were no reversal of writedowns to net realisable value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015



### NOTE 12 – EXPLORATION AND EVALUATION

| | 2015 $ | 2014 $ |
|---|---|---|
| Balance at 1 July | **26,320,952** | 22,553,085 |
| Expenditure capitalised | **3,503,305** | 4,521,508 |
| Transfer to development assets | **(12,828,857)** | - |
| Impairment of exploration and evaluation expenditure | **(11,870,051)** | - |
| Effect of movements in foreign exchange rates | **6,519,325** | (753,641) |
| Balance at 30 June | **11,644,674** | 26,320,952 |

During the 2015 financial year Cambay-73 and Cambay-77H were designated as production wells (2014: undergoing evaluation and designated as exploration and evaluation) and were therefore transferred to development assets as at 30 June 2015.

At the end of the financial year Cambay-76H was fully impaired, as the condition of the well will not enable production of hydrocarbons in future. As a consequence of this assessment $11,870,051 (2014: Nil) was impaired at balance sheet date.

The remaining Cambay Field is currently under evaluation. It has minimal production from ongoing well tests that is sold to a third party.

Exploration and evaluation assets are reviewed at each reporting date to determine whether there is any indication of impairment or reversal of impairment, refer note 3(e). When a well does not result in the successful discovery of potentially economically recoverable reserves, or if sufficient data exists to indicate the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full, either by development or sale, it is impaired.

### NOTE 13 – DEVELOPMENT ASSETS

| | 2015 $ | 2014 $ |
|---|---|---|
| Cost | | |
| Balance at 1 July | **-** | - |
| Transfer from exploration | **12,828,857** | - |
| Transfer from joint venture receivables | **2,819,139** | - |
| Balance at 30 June | **15,647,996** | - |

During the 2015 financial year Cambay-73 and Cambay-77H were designated as production wells (2014: undergoing evaluation and designated as exploration and evaluation) and were therefore transferred to development assets as at 30 June 2015. Refer note 10 for details of the transfer from joint venture receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015



### NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

| | Motor Vehicles $ | Plant and Equipment $ | Office Furniture $ | Total $ |
|---|---|---|---|---|
| Cost | | | | |
| Balance at 1 July 2013 | 12,146 | 1,747,456 | 151,337 | 1,910,939 |
| Acquisitions | - | 64,480 | - | 64,480 |
| Disposals | - | (2,762) | - | (2,762) |
| Currency translation differences | (373) | (9,245) | (1,906) | (11,524) |
| Balance at 30 June 2014 | 11,773 | 1,799,929 | 149,431 | 1,961,133 |
| Balance at 1 July 2014 | 11,773 | 1,799,929 | 149,431 | 1,961,133 |
| Acquisitions | - | 94,911 | 12,732 | 107,643 |
| Disposals | - | (771,984) | (32,146) | (804,130) |
| Currency translation differences | 2,683 | 69,621 | 13,694 | 85,998 |
| **Balance at 30 June 2015** | **14,456** | **1,192,477** | **143,711** | **1,350,644** |
| Depreciation and Impairment Losses | | | | |
| Balance at 1 July 2013 | 10,737 | 1,542,089 | 78,394 | 1,631,220 |
| Depreciation charge for the year | 363 | 76,699 | 8,117 | 85,179 |
| Disposals | - | (1,727) | - | (1,727) |
| Currency translation differences | (339) | (6,588) | (1,353) | (8,280) |
| Balance at 30 June 2014 | 10,761 | 1,610,473 | 85,158 | 1,706,392 |
| Balance at 1 July 2014 | 10,761 | 1,610,473 | 85,158 | 1,706,392 |
| Depreciation charge for the year | 295 | 62,924 | 7,089 | 70,308 |
| Disposals | - | (762,861) | (6,482) | (769,343) |
| Currency translation differences | 2,481 | 50,471 | 10,184 | 63,136 |
| **Balance at 30 June 2015** | **13,537** | **961,007** | **95,949** | **1,070,493** |
| Carrying amounts | | | | |
| At 1 July 2013 | 1,409 | 205,367 | 72,943 | 279,719 |
| At 30 June 2014 | 1,012 | 189,456 | 64,273 | 254,741 |
| At 1 July 2014 | 1,012 | 189,456 | 64,273 | 254,741 |
| At 30 June 2015 | **919** | **231,470** | **47,762** | **280,151** |

### NOTE 15 – TRADE AND OTHER PAYABLES

| | **2015 $** | 2014 $ |
|---|---|---|
| Trade creditors | **2,034,964** | 819,955 |
| Accruals | **1,638,051** | 1,956,120 |
| | **3,673,015** | 2,776,075 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015



### NOTE 16 – EMPLOYEE BENEFITS

| | 2015 $ | 2014 $ |
|---|---|---|
| Employee entitlements | **406,843** | 386,198 |

### NOTE 17 – PROVISIONS

| | 2015 $ | 2014 $ |
|---|---|---|
| Site restoration and well abandonment | | |
| Balance at 1 July | **3,061,107** | 3,158,220 |
| Provisions utilised during the year | **(149,606)** | - |
| Effect of movements in exchange rates | **684,241** | (97,113) |
| Balance at 30 June | **3,595,742** | 3,061,107 |
| | | |
| Current | **-** | 132,966 |
| Non-current | **3,595,742** | 2,928,141 |
| | **3,595,742** | 3,061,107 |

### NOTE 18 – ISSUED CAPITAL AND RESERVES

**(a) Issued Capital**

A reconciliation of the movement in capital and reserves for the consolidated entity can be found in the Consolidated Statement of Changes in Equity.

| Shares | 2015 Number of Shares | 2015 $ Issued Capital | 2014 Number of Shares | 2014 $ Issued Capital |
|---|---|---|---|---|
| On issue 1 July - fully paid | **591,034,789** | **148,980,743** | 354,778,499 | 135,371,619 |
| Shares contracted to be issued - not fully paid (1) | **2,350,000** | **269,329** | - | - |
| Balance at the start of the period | **593,384,789** | **149,250,072** | 354,778,499 | 135,371,619 |
| Issue of share capital | | | | |
| Shares issued for cash | **-** | **-** | 236,255,090 | 14,646,441 |
| Shares issued for cash (1) | **16,250,000** | **1,862,379** | - | - |
| Shares issued for cash (2) | **60,975,610** | **2,500,000** | - | - |
| Exercise of listed options (3) | **7,295,640** | **1,094,346** | 1,200 | 180 |
| Capital raising costs | | **(631,219)** | | (917,497) |
| Underwriter and sub-underwriter options (2) | | **(147,532)** | | (120,000) |
| On issue at the end of the period - fully paid | **677,906,039** | **153,928,046** | 591,034,789 | 148,980,743 |
| Shares contracted to be issued - not fully paid (1) | **-** | **-** | 2,350,000 | 269,329 |
| Balance at the end of the period | **677,906,039** | **153,928,046** | 593,384,789 | 149,250,072 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



| Listed Options | Number of Listed Options 2015 | 2014 |
|---|---|---|
| On issue at 1 July | **195,892,111** | 151,893,311 |
| Issue of listed options | - | 34,000,000 |
| Issue of listed underwriter and sub-underwriter options | - | 10,000,000 |
| Exercise of listed options [3] | **(7,295,640)** | (1,200) |
| | **188,596,471** | 195,892,111 |

Refer notes following for additional information.

Refer note 19 for details of unlisted options.

Additional information of the issue of ordinary shares and listed options:

(1) On 15 July 2014, the Company issued 18,600,000 shares at an issue price of 6.3 pence per share ($0.1146) via a draw down on its Equity Financing facility with Darwin Strategic Limited raising £1,171,800 ($2,131,708) before expenses. Of the total issued shares, 2,350,000 shares were contracted to be issued prior to 30 June 2014. All shares were issued and fully paid in July 2014.

(2) On 22 December 2014, the Company issued 60,975,610 new ordinary shares under the fully underwritten Share Purchase Plan announced 26 November 2014. This placement was priced at $0.041 per share. Remuneration for the underwriters included five million unlisted options exercisable at $0.07 with a three year expiry date of 22 December 2017.

(3) 7,295,640 listed options with an exercise price of $0.15 had been exercised as at 30 June 2015. The listed options have an expiry date of 7 September 2015.

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares at 30 June 2015 are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**(b) Option Reserve**

The option reserve recognises the fair value of options issued but not exercised. Upon the exercise, lapsing or expiry of options, the balance of the option reserve relating to those options is transferred to accumulated losses.

**(c) Foreign Currency Translation Reserve**

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



## NOTE 19 – SHARE-BASED PAYMENTS

At 30 June 2015 the terms and conditions of unlisted options granted by the Company to directors, employees, financiers and advisors are as follows, whereby all options are settled by physical delivery of shares:

| Grant Date | Number of Instruments | Vesting Conditions | Contractual Life of Options |
|---|---|---|---|
| Key Management Personnel | | | |
| 7 July 2012 | 3,000,000 | One year of service | 3.5 years |
| 28 October 2013 | 2,000,000 | Vest immediately | 3 years |
| 27 June 2013 | 500,000 | Vest immediately | 3 years |
| 27 June 2013 | 500,000 | One year of service | 4 years |
| 11 November 2013 | 2,000,000 | Vest immediately | 3 years |
| 11 November 2013 | 2,000,000 | Vest immediately | 4 years |
| 29 April 2014 | 4,000,000 | Vest immediately | 5 years |
| 5 August 2014 | 500,000 | Vest immediately | 3 years |
| 5 August 2014 | 500,000 | One year of service | 4 years |
| 25 August 2014 | 1,500,000 | Vest immediately | 3 years |
| 25 August 2014 | 1,500,000 | One year of service | 4 years |
| 16 February 2015 | 500,000 | Vest immediately | 3 years |
| 16 February 2015 | 500,000 | One year of service | 4 years |
| Other Employees | | | |
| 1 August 2011 (1) | 75,000 | Vest immediately | 4 years |
| 10 March 2014 | 250,000 | Vest immediately | 3 years |
| 10 March 2014 | 250,000 | One year of service | 4 years |
| 5 August 2014 | 825,000 | Vest immediately | 3 years |
| 5 August 2014 | 575,000 | One year of service | 4 years |
| Financiers and Advisors | | | |
| 8 March 2013 | 5,000,000 | One year | 3 years |
| 5 December 2013 | 3,000,000 | Vest immediately | 3 years |
| 22 December 2014 | 5,000,000 | Vest immediately | 3 years |
| **Total Options** | **33,975,000** | | |

(1) Options issued under The Employee Performance Rights Plan (Plan). The Plan was last approved by shareholders at the Company's AGM held on 26 November 2009. If the Company wanted to continue to issue equity securities under the Plan beyond 26 November 2012 without affecting the Company's ability to issue up to 15% of its total ordinary securities in any 12 month period, the Plan needed to have been renewed. The Board of Directors decided not to seek Shareholder approval to renew the Plan and therefore allowed the plan to lapse.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



The number and weighted average exercise prices of unlisted share options are as follows:

| | **Weighted Average Exercise Price** | **Number of Options** | Weighted Average Exercise Price | Number of Options |
|---|---|---|---|---|
| | **2015** | **2015** | 2014 | 2014 |
| Outstanding at 1 July | **$0.24** | **37,462,500** | $0.28 | 27,537,500 |
| Forfeited during the year | **$0.22** | **(2,250,000)** | $0.24 | (3,500,000) |
| Lapsed during the year | **$0.35** | **(12,887,500)** | $0.50 | (75,000) |
| Exercised during the year | **-** | **-** | - | - |
| Granted during the year | **$0.21** | **11,650,000** | $0.17 | 13,500,000 |
| Outstanding at 30 June | **$0.19** | **33,975,000** | $0.24 | 37,462,500 |
| | | | | |
| Exercisable at 30 June | **$0.18** | **30,900,00** | $0.24 | 37,212,500 |

The unlisted options outstanding at 30 June 2015 have an exercise price in the range of $0.10 to $0.63 (2014: $0.15 to $0.63) and a weighted average remaining contractual life of 2.0 years (2014: 1.8 years).

No unlisted options were exercised during the years ended 30 June 2015 and 30 June 2014.

The fair value of unlisted options is calculated at the date of grant using the Black-Scholes Model. Expected volatility is estimated by considering historical volatility of the Company's share price over the period commensurate with the expected term. The following factors and assumptions were used in determining the fair value of options on grant date:

**2015**

| **Grant Date** | **Vesting Date** | **Expiry Date** | **Fair Value Per Option** | **Exercise Price** | **Price of Shares on Grant Date** | **Expected Volatility** | **Risk Free Interest Rate** | **Dividend Yield** |
|---|---|---|---|---|---|---|---|---|
| 5 August 2014 | 5 August 2014 | 5 August 2017 | $0.10 | $0.25 | $0.18 | 106.59% | 2.50% | - |
| 5 August 2014 | 5 August 2015 | 5 August 2018 | $0.11 | $0.35 | $0.18 | 106.59% | 2.50% | - |
| 25 August 2014 | 25 August 2014 | 25 August 2017 | $0.10 | $0.25 | $0.17 | 108.62% | 2.50% | - |
| 25 August 2014 | 25 August 2015 | 25 August 2019 | $0.12 | $0.35 | $0.17 | 108.62% | 2.50% | - |
| 22 December 2014 | 22 December 2014 | 22 December 2017 | $0.03 | $0.10 | $0.05 | 114.71% | 2.50% | - |
| 16 February 2015 | 16 February 2015 | 16 February 2018 | $0.02 | $0.25 | $0.04 | 119.84% | 2.25% | - |
| 16 February 2015 | 16 February 2016 | 16 February 2019 | $0.02 | $0.35 | $0.04 | 119.84% | 2.25% | - |

**2014**

| Grant Date | Vesting Date | Expiry Date | Fair Value Per Option | Exercise Price | Price of Shares on Grant Date | Expected Volatility | Risk Free Interest Rate | Dividend Yield |
|---|---|---|---|---|---|---|---|---|
| 28 October 2013 | 28 October 2013 | 4 November 2016 | $0.02 | $0.15 | $0.05 | 90.00% | 2.50% | - |
| 11 November 2013 | 11 November 2013 | 11 November 2016 | $0.02 | $0.15 | $0.05 | 91.38% | 2.50% | - |
| 11 November 2013 | 11 November 2013 | 11 November 2017 | $0.02 | $0.25 | $0.05 | 91.38% | 2.50% | - |
| 5 December 2013 | 5 December 2013 | 5 December 2016 | $0.02 | $0.15 | $0.05 | 91.09% | 2.50% | - |
| 29 April 2014 | 29 April 2014 | 29 April 2019 | $0.05 | $0.15 | $0.07 | 99.39% | 2.50% | - |
| 10 March 2014 | 10 March 2014 | 10 March 2017 | $0.04 | $0.15 | $0.07 | 104.44% | 2.50% | - |
| 10 March 2014 | 10 March 2015 | 10 March 2018 | $0.03 | $0.25 | $0.07 | 104.44% | 2.50% | - |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015



### NOTE 19 – SHARE-BASED PAYMENTS (continued)

The following share-based payments expense in relation to unlisted options have been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income:

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Share options - equity settled | | |
| Directors and employees | **552,139** | 292,502 |
| Financiers and advisors | **-** | 106,610 |
| Total share-based payments expense | **552,139** | 399,112 |

### NOTE 20 – RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Net loss for the period | **(17,388,524)** | (3,752,611) |
| Depreciation | **70,308** | 85,179 |
| Loss on disposal of assets and materials | **34,187** | 635 |
| Impairment of exploration and evaluation assets | **11,870,051** | - |
| Doubtful debts | **743,383** | - |
| Equity-settled share-based payments | **552,139** | 399,112 |
| Unrealised foreign exchange (loss)/gain | **(681,668)** | 981,274 |
| Foreign exchange gain on disposal of foreign subsidiary transferred from foreign currency translation reserve | **-** | (1,800,029) |
| Impairment of inventory | **-** | 24,168 |
| Operating Loss Before Changes in Working Capital and Provisions | **(4,800,124)** | (4,062,272) |
| Movement in trade and other payables | **1,128,375** | (810,290) |
| Movement in prepayments | **138,068** | (279,112) |
| Movement in trade and other receivables | **(1,618,022)** | (1,105,587) |
| Movement in provisions | **(157,115)** | 7,394 |
| Movement in inventory | **(201,852)** | 260,115 |
| Movement in employee benefits | **28,153** | 143,958 |
| Net Cash Used In Operating Activities | **(5,482,517)** | (5,845,794) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015



### NOTE 21 – CONSOLIDATED ENTITIES

| | Country of Incorporation | Ownership Interest % 2015 | 2014 |
|---|---|---|---|
| Parent Entity | | | |
| Oilex Ltd | Australia | | |
| Subsidiaries | | | |
| Independence Oil and Gas Limited | Australia | **100** | 100 |
| Admiral Oil and Gas Holdings Pty Ltd | Australia | **100** | 100 |
| Admiral Oil and Gas (106) Pty Ltd | Australia | **100** | 100 |
| Admiral Oil and Gas (107) Pty Ltd | Australia | **100** | 100 |
| Admiral Oil Pty Ltd | Australia | **100** | 100 |
| Oilex NL Holdings (India) Limited | Cyprus | **100** | 100 |
| Oilex Oman Limited (1) | Cyprus | **100** | 100 |
| Oilex (JPDA 06-103) Ltd | Australia | **100** | 100 |
| Oilex (West Kampar) Limited | Cyprus | **100** | 100 |

(1) Oilex Oman Limited, a dormant company registered in Cyprus, was placed under voluntary liquidation and a liquidator appointed on 19 June 2014. This entity has sufficient assets to fund the liquidation process.

### NOTE 22 – FINANCIAL INSTRUMENTS

**(a) Financial Risk Management**

The Group has exposure to the following risks from their use of financial instruments:

i) Credit Risk

ii) Liquidity Risk

iii) Market Risk

This note presents qualitative and quantitative information in relation to the Group's exposure to each of the above risks and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and the development and monitoring of risk management policies. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

**(b) Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and joint ventures.

**Trade and Other Receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The maximum exposure to credit risk at the reporting date was:

| | 2015 $ | 2014 $ |
|---|---|---|
| Cash and cash equivalents | **1,187,158** | 7,455,572 |
| Trade and other receivables - current | **3,575,545** | 3,684,488 |
| Trade and other receivables - non-current | **98,958** | 80,585 |
| | **4,861,661** | 11,220,645 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



## NOTE 22 – FINANCIAL INSTRUMENTS (continued)

### (b) Credit Risk (continued)

The Group's cash and cash equivalents are held with major banks and financial institutions.

The Group's most significant customer, an Indian public sector petroleum company, accounts for $144,644 of the trade and other receivables carrying amount as 30 June 2015 (2014: $143,293). The Group's gross share of outstanding cash calls and recharges owing from joint venture partners and joint operations is $3,242,242 (2014: $2,250,556). The amounts owing from the Australian Taxation Office total $334,415 (2014: $720,322).

### Impairment Losses

The aging of the trade and other receivables at the reporting date was:

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Consolidated Gross | | |
| Not past due | **1,205,681** | 1,933,856 |
| Past due 0-30 days | **645,047** | 144,679 |
| Past due 31-120 days | **657,710** | 439,793 |
| Past due 121 days to one year | **817,468** | 400,057 |
| More than one year | **1,131,516** | 846,688 |
| | **4,457,422** | 3,765,073 |
| Provision for doubtful debts | **(782,919)** | - |
| Trade and other receivables net of provision | **3,674,503** | 3,765,073 |
| | | |
| Trade and other receivables net of provision | | |
| Current | **3,575,545** | 3,684,488 |
| Non-current | **98,958** | 80,585 |
| | **3,674,503** | 3,765,073 |

Receivable balances are monitored on an ongoing basis. The Group may at times have a high credit risk exposure to its joint venture parties arising from outstanding cash calls.

The Group considers that there is evidence of impairment if any of the following indicators are present, financial difficulties of the debtor, probability that the debtor will dispute amounts owing and default or delinquency in payment (more than one year old). The Group has been in discussions with its joint venture partner for repayment of disputed and other amounts owing. As at 30 June 2015, each receivable not relating to Cambay-77H has been assessed individually for recovery and those deemed to have a low chance of recovery, have been fully provided for in the current year. The Group is continuing discussions in order to resolve the outstanding issues and recover payment of the outstanding amounts, however due to the age of the receivables amounts, cannot be certain of full recovery.

### (c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity by monitoring present cash flows and ensuring that adequate cash reserves, financing facilities and equity raisings are undertaken to ensure that the Group can meet its obligations.

The table below analyses the Group's financial liabilities by relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015



| | Carrying Amount $ | Contractual Cash Flows Total $ | 2 months or less $ | 2 – 12 months $ | Greater than 1 year $ |
|---|---|---|---|---|---|
| 2015 | | | | | |
| Trade and other payables | **3,673,015** | **3,673,015** | **3,673,015** | **-** | **-** |
| Total financial liabilities | **3,673,015** | **3,673,015** | **3,673,015** | **-** | **-** |
| | | | | | |
| 2014 | | | | | |
| Trade and other payables | 2,776,075 | 2,776,075 | 2,776,075 | - | - |
| Total financial liabilities | 2,776,075 | 2,776,075 | 2,776,075 | - | - |

**(d) Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*i) Currency risk*

An entity is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of the entity. The currencies giving rise to this risk are the United States dollar, Indian rupee and British pound.

The amounts in the table below represent the Australian Dollar equivalent of balances in the Oilex Group Entities that are held in a currency other than the functional currency in which they are measured in that Group Entity. The exposure to currency risk at balance date was as follows:

| | 2015 | | | 2014 | | |
|---|---|---|---|---|---|---|
| In equivalents of Australian dollar | **USD $** | **INR $** | **GBP $** | USD $ | INR $ | GBP $ |
| Cash and cash equivalents | **277,769** | **195,677** | **27,586** | 2,770,249 | 283,841 | 985,353 |
| Trade and other receivables | | | | | | |
| Current | **41,878** | **1,436,845** | **-** | 92,746 | 311,268 | - |
| Non-current | **98,958** | **-** | **-** | 80,585 | - | - |
| Prepayments | **376,545** | **-** | **-** | 489,956 | - | - |
| Trade and other payables | **(629,062)** | **(1,138,810)** | **(84,793)** | (2,234) | (362,391) | (17,448) |
| Net balance sheet exposure | **166,088** | **493,712** | **(57,207)** | 3,431,302 | 232,718 | 967,905 |

The following significant exchange rates applied during the year:

| | Average Rate | | Reporting Date Spot Rate | |
|---|---|---|---|---|
| AUD 1 | **2015** | 2014 | **2015** | 2014 |
| USD | **0.8382** | 0.9187 | **0.7680** | 0.9431 |
| INR | **51.917** | 56.449 | **48.979** | 56.652 |
| GBP | **0.5307** | 0.5657 | **0.4885** | 0.5512 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015



### NOTE 22 – FINANCIAL INSTRUMENTS (continued)

**(d) Market Risk (continued)**

**Foreign Currency Sensitivity**

A 10% strengthening/weakening of the Australian dollar against the following currencies at 30 June would have (increased)/decreased the loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

| | 2015 $ | 2014 $ |
|---|---|---|
| 10% Strengthening | | |
| United States dollars (USD) | **18,454** | 381,256 |
| Indian rupees (INR) | **54,857** | 25,858 |
| British pounds (GBP) | **(6,356)** | 107,545 |
| 10% Weakening | | |
| United States dollars (USD) | **(15,099)** | (311,937) |
| Indian rupees (INR) | **(44,883)** | (21,156) |
| British pounds (GBP) | **5,201** | (87,991) |

*ii) Interest rate risk*

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

| | Carrying Amount | |
|---|---|---|
| | 2015 $ | 2014 $ |
| Fixed Rate Instruments | | |
| Financial assets (short-term deposits included in trade receivables) | **188,959** | 1,377,236 |
| Variable Rate Instruments | | |
| Financial assets (cash at bank) | **1,187,158** | 6,078,336 |

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Group does not account for any fixed rate financial instruments at fair value through profit or loss so a change in interest rates at the reporting date would not affect profit or loss or equity.

Cash Flow Sensitivity Analysis for Variable Rate Instruments

An increase of 100 basis points in interest rates at the reporting date would have decreased the loss by the amounts shown below. A decrease of 100 basis points in interest rates at the reporting date would have had the opposite impact by the same amount. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

| | 2015 $ | 2014 $ |
|---|---|---|
| Impact on profit or loss | **11,872** | 60,783 |

*iii) Other market price risks*

The Group had no financial instruments with exposure to other price risks at June 2015 or June 2014.

Equity Price Sensitivity

The Group had no exposure to equity price sensitivity at June 2015 or June 2014.

**(e) Capital Risk Management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated losses as disclosed in the consolidated statement of changes in equity.

**(f) Fair Values of Financial Assets and Liabilities**

The net fair values of financial assets and liabilities of the Group approximate their carrying values. The Group has no off-balance sheet financial instruments and no amounts are offset.

## NOTE 23 – AUDITORS' REMUNERATION

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Audit and review services | | |
| *Auditors of the Company – KPMG* | | |
| Audit and review of financial reports (KPMG Australia) | **114,080** | 125,689 |
| Audit of Joint Operations operated by Oilex Ltd | | |
| Operator proportion only (KPMG Australia) | **1,878** | 1,800 |
| Audit and review of financial reports (KPMG related practices) | **20,408** | 27,921 |
| | **136,366** | 155,410 |
| *Other Auditors* | | |
| Audit and review of financial reports (India Statutory) | **6,398** | 6,108 |
| | **142,764** | 161,518 |
| Other services | | |
| *Auditors of the Company – KPMG* | | |
| Taxation compliance services (KPMG Australia) | **18,600** | 46,750 |
| Corporate services (KPMG Australia) | **6,132** | 10,654 |
| Taxation compliance services (KPMG related practices) | **19,255** | 19,469 |
| | **43,987** | 76,873 |
| *Other Auditors* | | |
| Taxation compliance services (India Statutory) | **8,530** | 8,144 |
| | **52,517** | 85,017 |

## NOTE 24 – OPERATING LEASES

Leases as Lessee

Non-cancellable operating lease rentals are payable as follows:

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Within one year | **161,280** | 127,815 |
| One year or later and no later than five years | **229,647** | - |
| | **390,927** | 127,815 |

The Group leases its head office premises at Ground Floor, 44a Kings Park Road, West Perth under an operating lease. The current lease has a three year term, with an option to renew for a further two years.

The Group leases office premises in Dili (Timor-Leste) and Gujarat (India) under operating leases. The leases run for periods of between 3 months and 1 year, with an option to renew the lease for a further term after that date.

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Operating lease rentals expensed during the financial year | **179,749** | 164,822 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015



### NOTE 25 – JOINT ARRANGEMENTS

The Group's interests in joint arrangements as at 30 June 2015 are detailed below. Principal activities are oil and gas exploration, evaluation, development and production.

**(a) Joint Operations Interest**

| Permit | | 2015 % | 2014 % |
|---|---|---|---|
| OFFSHORE | | | |
| JPDA 06-103 | Timor-Leste/Australia (JPDA) | **10.0** | 10.0 |
| ONSHORE | | | |
| Cambay Field | India (Cambay Basin) | **45.0** | 45.0 |
| Bhandut Field | India (Cambay Basin) | **40.0** | 40.0 |
| Sabarmati Field | India (Cambay Basin) | **40.0** | 40.0 |
| West Kampar Block | Indonesia (Central Sumatra) | **67.5 (1)** | 67.5 (1) |

(1) Oilex (West Kampar) Limited is entitled to have assigned an additional 22.5% to its holding of 45% through exercise of its rights under a Power of Attorney granted by PT Sumatera Persada Energi (SPE), following the failure by SPE to repay funds due. The assignment has been provided to BPMigas (now SKKMigas), the Indonesian Government regulator, and has not been approved or rejected. If Oilex is paid the funds due then it will not pursue this assignment.

**(b) Joint Operations**

The aggregate of the Group's interests in all joint operations is as follows:

| | 2015 $ | 2014 $ |
|---|---|---|
| Current Assets | | |
| Cash and cash equivalents | **335,777** | 430,402 |
| Trade and other receivables | **3,127,048** | 433,495 |
| Inventory | **1,235,448** | 1,009,137 |
| Prepayments | **166,450** | 73,014 |
| Total current assets | **4,864,723** | 1,946,048 |
| Non-current Assets | | |
| Exploration and evaluation | **7,587,300** | 22,422,556 |
| Development assets | **14,835,248** | - |
| Property, plant and equipment | **190,139** | 111,892 |
| Total non-current assets | **22,612,687** | 22,534,448 |
| Total Assets | **27,477,410** | 24,480,496 |
| Current Liabilities | | |
| Trade and other payables | **(1,606,389)** | (1,728,058) |
| Total liabilities | **(1,606,389)** | (1,728,058) |
| Net Assets | **25,871,021** | 22,752,438 |

**(c) Joint Operations Commitments**

The aggregate of the Group's commitments attributable to joint operations is as follows:

| | 2015 $ | 2014 $ |
|---|---|---|
| Exploration expenditure commitments | - | 2,214,433 |

## NOTE 26 – EXPENDITURE COMMITMENTS

### Exploration Expenditure Commitments

In order to maintain rights of tenure to exploration permits, the Group is required to perform exploration work to meet the minimum expenditure requirements specified by various state and national governments. These obligations are subject to renegotiation when application for an exploration permit is made and at other times. These obligations are not provided for in the financial report. The expenditure commitments are currently estimated to be payable as follows:

| | **2015 $** | 2014 $ |
|---|---|---|
| Within one year | **880,000** | 4,094,433 |
| One year or later and no later than five years | **12,050,000** | 10,250,000 |
| | **12,930,000** | 14,344,433 |

The commitments include the Canning Basin Exploration Permit Applications. The formal exploration permit period commences once Native Title is granted.

When obligations expire, are re-negotiated or cease to be contractually or practically enforceable, they are no longer considered to be a commitment.

Further expenditure commitments for subsequent permit periods are contingent upon future exploration results. These cannot be estimated and are subject to renegotiation upon expiry of the existing exploration leases.

### Capital Expenditure Commitments

The Group had no capital commitments as at 30 June 2015 (2014: Nil).

## NOTE 27 – RELATED PARTIES

### Identity of Related Parties

The Group has a related party relationship with its subsidiaries (refer note 21), joint operations (refer note 25) and with its key management personnel.

### Key Management Personnel

The following were key management personnel of the Group at any time during the financial year and unless otherwise indicated were key management personnel for the entire period:

| Non-Executive Directors | Position |
|---|---|
| Max Cozijn | Non-Executive Chairman |
| Sundeep Bhandari | Non-Executive Vice Chairman |
| Jeffrey Auld | Non-Executive Director (appointed 27 January 2015) |
| Bruce McCarthy | Non-Executive Director (resigned 18 November 2014) |

| Executive Directors | Position |
|---|---|
| Ronald Miller | Managing Director |

| Executives | Position |
|---|---|
| Chris Bath | Chief Financial Officer and Company Secretary (appointed 24 October 2014) |
| Pete Bekkers | Chief Geoscientist |
| Jayant Sethi | Head - India Assets (appointed 16 February 2015) |
| Robert Ierace | Chief Financial Officer and Company Secretary (resigned 24 October 2014) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015



### NOTE 27 – RELATED PARTIES (continued)

**Key Management Personnel Compensation**

Key management personnel compensation (with the 2014 comparative re-presented to reflect current year key management personnel) comprised the following:

| | **2015 $** | 2014 $ |
|---|---|---|
| Short-term employee benefits | **1,589,452** | 1,377,936 |
| Other long-term benefits | **35,476** | 45,968 |
| Non monetary benefits | **20,550** | 5,670 |
| Post-employment benefits | **70,553** | 117,319 |
| Termination benefits | **24,373** | - |
| Share-based payments | **404,960** | 276,957 |
| | **2,145,364** | 1,823,850 |

**Individual Directors' and Executives' Compensation Disclosures**

Information regarding individual Directors' and Executives' compensation is provided in the Remuneration Report section of the Directors' Report. Apart from the details disclosed in this note, or in the Remuneration Report, no Director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

**Key Management Personnel Transactions with the Company or its Controlled Entities**

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions with non-key management personnel related entities on an arm's length basis.

The aggregate value of these transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows:

| | | **Transactions Value** | | **Group's Share** | | **Balance Outstanding** | |
|---|---|---|---|---|---|---|---|
| **Key Management Personnel** | **Transaction** | **2015 $** | 2014 $ | **2015 $** | 2014 $ | **2015 $** | 2014 $ |
| Mr R L Miller (1) | Management services | **451,521** | 256,000 | **451,521** | 256,000 | **81,104** | 38,000 |
| Mr S Bhandari (2) | Consultancy services | **161,059** | 244,911 | **77,845** | 115,108 | **17,895** | 53,064 |
| Mr S Bhandari (3) | Introduction fee | **-** | 108,849 | **-** | 108,849 | **-** | - |

(1) Oilex used the services of La Jolla Enterprises Pty Ltd, of which Mr Miller is an employee. Rates charged were at market rates and have been included in the remuneration of key management personnel disclosure.

(2) Oilex used the services of India Hydrocarbons Limited (IHL) of which Mr Bhandari is a principal director and shareholder. The gross monthly fee for services of US$7,500 (which remains unchanged since 1 July 2010), was augmented last financial year by US$15,000 per month to cover the additional responsibilities undertaken by IHL following the departure of the India based Chief Operating Officer in October 2013 and this work ceased on 30 September 2014. Gross fees have been included in the remuneration of key management personnel disclosures.

The Group's share of the consultancy services of US$7,500 gross per month, is 50% with the balance of 50% being payable by the joint operations. The Group's share of the additional consultancy services of US$15,000 gross per month was 45% with the balance of 55% being payable by the joint operations.

(3) Magna Energy Limited was introduced to Oilex in the previous financial year by IHL, who assisted the Company in managing the negotiation of the Sale and Purchase Agreement (SPA), initially for the partial sale of its Cambay asset. This was subsequently converted into equity under the terms of the SPA. This introduction fee was assessed on normal commercial terms and was at an arm's length basis.

**Other Related Party Transactions**

| | 2015 $ | 2014 $ |
|---|---|---|
| India Hydrocarbons Limited | | |
| Options granted | - | 189,289 |
| La Jolla Enterprises Pty Ltd | | |
| Options granted | - | 63,550 |

No unlisted options were issued to related parties during the financial year ended 30 June 2015.

## NOTE 28 – CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

(a) Oilex Ltd has issued guarantees in relation to the lease of the current corporate office in West Perth, vacated office in Leederville, as well as corporate credit cards. The bank guarantees amount to $186,645.

(b) In November 2006, Oilex (JPDA 06-103) Ltd (Operator) and the Joint Venture parties entered into a Production Sharing Contract (PSC) with the Designated Authority for JPDA 06-103 and the PSC was signed in January 2007 (effective date 15 January 2007). In January 2011 after the completion of the first two wells, the Autoridade Nacional do Petroleo (ANP) approved the JPDA 06-103 Joint Venture's proposal to vary the PSC work programme. Under the approved variation the decision to drill the fourth commitment well on the JPDA 06-103 PSC would be at the discretion of the Joint Venture if the third well was unsuccessful. The ANP had also agreed that the PSC may be relinquished if the Operator and the Joint Venture parties decided not to proceed with any further exploration after the third well. On 12 July 2013 the Operator, on behalf of the Joint Venture participants, submitted to the ANP, a request to terminate the PSC by mutual agreement in accordance with its terms and without penalty or claim due to the ongoing uncertainty in relation to security of tenure. This request required the consent of the Timor Sea Designated Authority.

The ANP with prior consent of the Joint Commission for the Joint Petroleum Development Area under the Timor Sea Treaty, initially advised on 15 January 2014 that it had suspended the expiry date of the PSC from 15 January 2014 to 15 April 2014 for the purpose of completing an assessment and to continue discussions with the Joint Venture partners. The ANP subsequently granted successive three months extensions to the PSC.

On 15 May 2015 the ANP issued a Notice of Intention to Terminate and on 15 July 2015 issued a Notice of Termination and Demand for Payment (Notice). The demand for payment of the monetary claim of US$17,018,790 is the ANP's estimate of the cost of exploration activities not undertaken in 2013, as well as certain local content obligations set out in the PSC. Since Oilex (JPDA 06-103) Ltd has a 10% equity interest in the PSC, its share of the monetary claim is US$1,701,879. The company has not provided for a monetary settlement in its financial statements. As the Joint Venture has made significant overpayments in the work programme, it is of the opinion that the excess expenditure should be included as part of any financial assessment incorporated in the termination process. The Joint Venture continues to discuss the financial liability of the Contractor upon termination with the ANP.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



## NOTE 29 – SUBSEQUENT EVENTS

On 7 July 2015 the Company announced a two tranche placement and an underwritten rights issue to raise $30 million. Tranche One utilised the existing placement capacity under ASX Listing Rule 7.1 with 45,393,463 shares being issued at $0.041 to raise $1,861,132 before expenses. Tranche One was completed on 15 July 2015. The fully underwritten rights issue closed on 28 July 2015, with a total of 169,476,565 shares being issued at $0.041 to raise $6,948,539 before expenses.

At a general meeting on 12 August 2015, shareholders approved the issue of 287,303,619 Tranche Two shares.

On 27 July 2015 the Company issued 341,300 shares on the exercise of listed options with an exercise price of $0.15, and on 7 September 2015 a further 6,313 shares on the exercise of listed options were issued.

Details of transactions involving ordinary shares between the reporting date and the date of completion of the financial statements are as follows:

| Allotment Date | Number of Shares | Number of Shares | Gross Amount Raised |
|---|---|---|---|
| 15 July 2015 - first tranche placement | | 45,393,463 | 1,861,132 |
| 27 July 2015 - conversion of $0.15 listed options | | 341,300 | 51,195 |
| *05 August 2015 - rights issue* | 16,235,098 | | |
| *06 August 2015 - rights issue shortfall* | 153,241,467 | | |
| Total of the rights issue | | 169,476,565 | 6,948,539 |
| 18 August 2015 - second tranche placement | | 287,303,319 | 11,779,436 |
| 07 September 2015 - conversion of $0.15 listed options | | 6,313 | 947 |
| Total | | 502,520,960 | 20,641,249 |

In addition, shareholders approved the issue of 124,019,608 Zeta Resources Limited (Zeta) deferred shares at a price of $0.0418 to raise approximately $5,184,020 before expenses and the issue of $4,243,500 of 20 year, zero coupon unsecured convertible loan notes to Zeta, which will be convertible into shares at Zeta's option at any time, subject to compliance with Australian law, at a conversion price of $0.0418 per share. The issue of these convertible notes will occur contemporaneously with the issue to Zeta of 124,019,608 new ordinary shares under Tranche Two, to be settled no later than 12 November 2015.

On 15 July 2015 the Autoridade Nacional do Petroleo (ANP) advised that it had terminated the PSC JPDA 06-103 as at that date, following a request in 2014, by Oilex (JPDA 06-103) Ltd, on behalf of the Joint Venture participants, to terminate the PSC by mutual agreement in accordance with its terms and without penalty or claim due to the ongoing uncertainty in relation to security of tenure. The Notice of Termination included a demand for payment of the monetary claim, previously advised, against the Joint Venture for payment of the estimated cost of exploration activities not undertaken in 2013 and certain local content obligations set out in the PSC. The total amount sought to be recovered by the ANP in the Notice was US$17,018,790 (Oilex (JPDA 06-103) Ltd share US$1,701,879). Oilex (JPDA 06-103) Ltd has not provided for a monetary settlement in its financial statements. As the Joint Venture has made significant overpayments in the work programme, it is of the opinion that the excess expenditure should be included as part of any financial assessment incorporated in the termination process. The Joint Venture continues to discuss the financial liability of the Contractor upon termination with the ANP. Refer note 28.

There were no other significant subsequent events occurring after year end.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2015



### NOTE 30 – PARENT ENTITY DISCLOSURE

As at, and throughout, the financial year ended 30 June 2015 the parent entity of the Group was Oilex Ltd.

| | 2015 $ | 2014 $ |
|---|---|---|
| Result of the Parent Entity | | |
| Loss for the year | **(7,793,740)** | (5,937,927) |
| Other comprehensive income | **(4,338,245)** | 612,202 |
| Total comprehensive income/(loss) for the year | **(12,131,985)** | (5,325,725) |
| | | |
| Financial Position of the Parent Entity at Year End | | |
| Current assets | **7,012,935** | 12,412,505 |
| Total assets | **31,547,796** | 37,015,550 |
| | | |
| Current liabilities | **3,006,980** | 2,114,422 |
| Total liabilities | **5,129,243** | 3,842,659 |
| | | |
| Net Assets | **26,418,553** | 33,172,891 |
| | | |
| Total Equity of the Parent Entity Comprising of: | | |
| Issued capital | **153,928,046** | 149,250,072 |
| Option reserve | **2,342,059** | 4,089,004 |
| Foreign currency translation reserve | **(1,064,413)** | 3,273,830 |
| Accumulated losses | **(128,787,139)** | (123,440,015) |
| Total Equity | **26,418,553** | 33,172,891 |

**Parent Entity Contingencies**

The Directors are of the opinion that provisions are not required in respect to these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

(a) Oilex Ltd has issued guarantees in relation to the lease of corporate offices, as well as corporate credit cards. The bank guarantees amount to $186,645. An equal amount is held in cash and cash equivalents as security by the banks.

(b) Oilex Ltd on 7 November 2006 issued a Deed of Parent Company Performance Guarantee in relation to the Production Sharing Contract entered into with the Timor Sea Designated Authority dated 15 November 2006.

**Parent entity capital commitments for acquisition of property plant and equipment**

Oilex Ltd had no capital commitments as at 30 June 2015 (2014: Nil).

**Parent entity guarantee (in respect of debts of its subsidiaries)**

Other than the Performance Guarantee disclosed as parent entity contingencies above, Oilex Ltd has issued no guarantees in respect of debts of its subsidiaries.

# DIRECTORS' DECLARATION

(1) In the opinion of the Directors of Oilex Ltd (the Company):

(a) the consolidated financial statements and notes set out on pages 40 to 76 and the Remuneration Report in the Directors' Report, set out on pages 28 to 38, are in accordance with the *Corporations Act 2001*, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2015.

(3) The Directors draw attention to note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.

Mr Max Cozijn
Chairman

Mr Ronald Miller
Managing Director

West Perth
Western Australia

24 September 2015

# INDEPENDENT AUDIT REPORT



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OILEX LTD

### Report on the financial report

We have audited the accompanying financial report of Oilex Ltd (the company), which comprises the consolidated statement of financial position as at 30 June 2015, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 30 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

*Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# INDEPENDENT AUDIT REPORT

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's opinion*

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

**Report on the remuneration report**

We have audited the Remuneration Report included in pages 28 to 38 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

*Auditor's opinion*

In our opinion, the remuneration report of Oilex Ltd for the year ended 30 June 2015 complies with Section 300A of the *Corporations Act 2001*.

KPMG

Brent Steedman

*Partner*

Perth

24 September 2015

# SHAREHOLDER INFORMATION



**Shareholder information as at 8 September 2015.**

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

(1) Shareholding

(a) Distribution of share and option holdings:

| Size of holding | Number of shareholders | Number of unlisted option holders |
|---|---|---|
| 1 - 1,000 | 297 | - |
| 1,001 - 5,000 | 527 | - |
| 5,001 - 10,000 | 380 | - |
| 10,001 - 100,000 | 997 | 3 |
| 100,001 and over | 540 | 18 |
| **Total** | **2,741** | **21** |

(b) Of the above total 1,323 ordinary shareholders hold less than a marketable parcel.

(c) Voting Rights:

The voting rights attached to the ordinary shares are governed by the Constitution.

On a show of hands every person present who is a Member or representative of a Member shall have one vote and on a poll, every Member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options or performance rights give an entitlement to voting rights.

(2) The name of the Company Secretary is Mr C Bath.

(3) The address of the principal registered office is Ground Floor, 44a Kings Park Road, West Perth, Western Australia 6005, Australia, Telephone +61 8 9485 3200.

(4) Register of Securities

The register of securities listed on the Australian Securities Exchange is held by Link Market Services Limited, Central Park, Level 4, 152 St Georges Terrace, Perth, Western Australia 6000, Australia, Telephone +61 8 9211 6670.

The register of securities listed on the Alternative Investment Market of the London Stock Exchange is held by Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom, Telephone +44 870 702 003.

(5) Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange and the Alternative Investment Market of the London Stock Exchange (AIM) and trades under the symbol OEX.

(6) Detailed schedules of exploration and production permits held are included in the Business Review.

(7) Directors' interest in share capital and listed options are disclosed in the Directors' Report.

(8) Unquoted Securities – Options

Total unlisted options on issue are 33,150,000.

Mr Miller (Managing Director) holds a total of 6,000,000 options as at 8 September 2015 which represents 18% of all outstanding unlisted options.

There is currently no on-market buy-back in place.

# SHAREHOLDER INFORMATION

## TWENTY LARGEST SHAREHOLDERS

| Shareholders | Shares Held | | % of issued capital |
|---|---|---|---|
| Zeta Resources Limited | 121,323,567 | | 10.28 |
| Magna Energy Limited | 119,825,833 | | 10.15 |
| Standard Life Investments (Holdings) Limited | 101,760,000 | # | 8.62 |
| Curmi and Partners Ltd | 73,604,878 | | 6.24 |
| Barclayshare Nominees Limited | 53,035,272 | # | 4.49 |
| TD Direct Investing Nominees (Europe) Limited <SMKTNOMS> | 35,468,237 | # | 3.00 |
| J P Morgan Nominees Australia Limited | 23,136,793 | | 1.96 |
| Westhouse Securities Limited <2037800> | 20,833,554 | # | 1.76 |
| James Capel (Nominees) Limited | 19,727,986 | # | 1.67 |
| Hargreaves Lansdown (Nominees) Limited <VRA> | 19,634,734 | # | 1.66 |
| HSDL Nominees Limited | 18,252,373 | # | 1.55 |
| Hargreaves Lansdown (Nominees) Limited <15942> | 18,162,431 | # | 1.54 |
| Vidacos Nominees Limited <FGN> | 13,590,000 | # | 1.15 |
| Investor Nominees Limited <WRAP> | 12,856,921 | # | 1.09 |
| HSBC Custody Nominees (Australia) Limited | 12,359,721 | | 1.05 |
| TD Direct Investing Nominees (Europe) Limited SMKTISAS> | 11,905,300 | # | 1.01 |
| Hargreaves Lansdown (Nominees) Limited <HLNOM> | 11,297,595 | # | 0.96 |
| Roy Nominees Limited | 9,897,623 | # | 0.84 |
| Rock (Nominees) Limited | 9,892,785 | # | 0.84 |
| HSDL Nominees Limited <MAXI> | 9,268,589 | # | 0.79 |
| **Total** | **715,834,192** | | **60.65** |
| **Total issued shares as at 8 September 2015** | **1,180,426,999** | | **100.00** |

Substantial shareholders as disclosed in the most recent substantial shareholder notices given to the company are as follows:

| | Shares Held | % of issued capital |
|---|---|---|
| Zeta Resources Limited | 121,232,567 | 10.28 |
| Magna Energy Limited | 119,825,833 | 10.15 |
| Standard Life Investments (Holdings) Limited | 101,760,000 | 8.62 |

Zeta Resources Limited and Magna Energy Limited hold shares on both ASX and AIM.

(#) Included within the total issued capital are 655,647,532 shares held on the AIM register. Included within the top 20 shareholders are certain AIM registered holders as marked.

# DEFINITIONS

| | |
|---|---|
| Associated Gas | Natural gas found in contact with or dissolved in crude oil in the reservoir. It can be further categorized as Gas-Cap Gas or Solution Gas. |
| Bbls | Barrels of oil or condensate. |
| BCF | Billion Cubic Feet of gas at standard temperature and pressure conditions. |
| BCFE | Billion Cubic Feet Equivalent of gas at standard temperature and pressure conditions. |
| BOE | Barrels of Oil Equivalent. Converting gas volumes to the oil equivalent is customarily done on the basis of the nominal heating content or calorific value of the fuel. Common industry gas conversion factors usually range between 1 barrel of oil equivalent (BOE) = 5,600 standard cubic feet (scf) of gas to 1 BOE = 6,000 scf. (Many operators use 1 BOE = 5,620 scf derived from the metric unit equivalent 1 $m^3$ crude oil = 1,000 $m^3$ natural gas). |
| BOPD | Barrels of oil per day. |
| GOR | Gas to oil ratio in an oil field, calculated using measured natural gas and crude oil volumes at stated conditions. The gas/oil ratio may be the solution gas/oil, symbol Rs; produced gas/oil ratio, symbol Rp; or another suitably defined ratio of gas production to oil production. Volumes measured in scf/bbl. |
| MMscfd | Million standard cubic feet of gas per day. |
| MMbbls | Million barrels of oil or condensate. |
| PSC | Production Sharing Contract. |
| mD | Millidarcy – unit of permeability. |
| MD | Measured Depth. |
| 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.<br><br>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. |
| Prospective Resources | Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. |
| 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.<br><br>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.<br><br>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.<br><br>Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves.3P<br><br>Probabilistic methods<br><br>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.<br><br>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.<br><br>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. |
| SCF/BBL | Standard cubic feet (of gas) per barrel (of oil). |
| TCF | Trillion cubic feet. |
| Tight Gas Reservoir | The reservoir cannot be produced at economic flow rates or recover economic volumes of natural gas unless the well is stimulated by a large hydraulic fracture treatment, a horizontal wellbore, or by using multilateral wellbores. |

# BUSINESS DIRECTORY



## HEAD OFFICE

### AUSTRALIA

**Oilex Ltd**

Ground Floor
44a Kings Park Road
West Perth Western Australia 6005

Australia

## REGIONAL OFFICES

### INDIA

**Gandhinagar Project Office**
**Oilex Ltd**

Office No.4 & 5, Ground Floor
IT Tower – 2, Infocity
Gandhinagar 382009
Gujarat

India

### TIMOR-LESTE

**Dili Branch Office**
**Oilex (JPDA 06-103) Ltd**

Avenida de Portugal
Kampo Alor
Dili

Timor-Leste

# CORPORATE INFORMATION



## DIRECTORS

M D J Cozijn BCom CPA MAICD
*Non-Executive Chairman*

R L Miller MSc Engineering and BSc Ocean Engineering
*Managing Director*

S Bhandari BCom
*Non-Executive Vice Chairman*

J Auld MBA BA (Econ)
*Non-Executive Director*

## COMPANY SECRETARY

C Bath CA MAICD

## AUDITORS

**KPMG**

235 St Georges Terrace
Perth Western Australia 6000
Australia

## WEBSITE

www.oilex.com.au

## EMAIL

oilex@oilex.com.au

## OILEX LTD

ACN 078 652 632
ABN 50 078 652 632

## REGISTERED AND PRINCIPAL OFFICE

Ground Floor
44a Kings Park Road
West Perth Western Australia 6005
Australia

Ph. +61 8 9485 3200
Fax. +61 8 9485 3290

## POSTAL ADDRESS

PO Box 254
West Perth Western Australia 6872
Australia

## STOCK EXCHANGE LISTINGS

Oilex Ltd's shares are listed under the code OEX on the Australian Securities Exchange and on the Alternative Investment Market of the London Stock Exchange (AIM)

## NOMINATED ADVISER TO AIM

**Strand Hanson Limited**

26 Mount Row
London W1K 3SQ
United Kingdom

## SHARE REGISTRIES

**Link Market Services Limited (for ASX)**

Central Park
Level 4
152 St Georges Terrace
Perth Western Australia 6000
Australia

**Computershare Investor Services PLC (for AIM)**

The Pavilions
Bridgwater Road
Bristol BS13 8AE
United Kingdom



*Cambay-73 production facility*


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