OILEX LTD

ANNUAL REPORT 2018

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Dear Shareholder,

The 2018 financial year has seen the Company deliver on essential outcomes, as well as undertake some difficult challenges.

The Company gained a new cornerstone shareholder, an institutional investor, Republic Investment Management Pte Ltd (Republic). In December 2017 Republic agreed to participate in the January 2018 share placement, taking up an initial 7% interest in Oilex, which increased to just over 12% in May 2018 when Republic subscribed for an additional 112,500,000 shares. The subscription by Republic is seen by the Board as a vote of faith in the direction of the Company. Republic also participated in the debt and equity fundraisings in July and September 2018.

The Company has a significant multi TCF gas resource at the Cambay PSC in Gujarat state in India in the EP-IV tight siltstones that requires drilling and stimulation optimisation technologies to achieve commercial flow rates. In August 2017, Schlumberger, Baker Hughes GE and ODSI completed a technical evaluation of the optimal well and stimulation design required to achieve potential commercial flow rates in the EP-IV reservoir in Cambay Basin.

Schlumberger and Baker Hughes were appointed to complete the core analysis and to report on the reasons for under-performance of past wells. The purpose of their work was to identify any substantial impediments to achieving potential commercial flow rates and to advise on the optimal well and stimulation design required to take the project forward. Notably the results from their analysis has confirmed the potential for substantially increased flow rates with the application of the appropriate stimulation technology suite.

At the start of April 2018, the Company received notification that the Ministry of Petroleum and Natural Gas had approved the proposal for the grant of ten year extensions to both the Cambay and Bhandut PSC. The applications were lodged in September 2017 ahead of the PSC expiry dates of September 2019. Securing this extension was important to regaining momentum in the Company's key asset at Cambay.

In May 2018 the Company, having exhausted all other avenues to recover outstanding Cambay cash calls, issued an Event of Default Notice to GSPC in the amount of equivalent US$3,054,832. This notice, issued pursuant to the Joint Operating Agreement (JOA), is a consequence of GSPC's ongoing failure to pay its participating interest share of the expenses of the Cambay PSC.

In July 2018, after year end the Company formally requested the Directorate General of Hydrocarbons and the Ministry of Petroleum and Natural Gas to affect the transfer of GSPC's participating interest in the Cambay PSC to Oilex. Subsequently, GSPC served notice of an ex-parte Order from the High Court of Gujarat directing the Company not to take any coercive steps against GSPC until a hearing on 4 September 2018, with the High Court then adjourning this matter to 19 September 2018.

Whilst the Company is confident in its position, it may take some time to have this matter resolved and for the Company to consider other remedial strategies.

2018 also saw some governance changes to the Board, with the non-executive Board now consisting entirely of independent directors.

The Company is continuing to actively pursue new opportunities in order to create value by diversifying the Company's project portfolio.

Finally, on behalf of the Board, I wish to thank our staff, contractors, local communities, shareholders and stakeholders for their ongoing support.

Mr B Lingo
Chairman
12 September 2018

External Impact on the Petroleum Industry

This last year has seen a gradual increase in both oil and regional gas prices as the hydrocarbon exploration and production industry shows recovery from previous low prices. However, the industry has not yet fully recovered as shown by lowered activity levels in exploration and companies still going through re-structuring processes.

The Indian economy remains strong, maintaining the highest global growth rate of the large economies. The Indian government initiatives to boost industry and commerce continue across the board underpinning strong energy growth. India is now the world's third largest hydrocarbon consumer with energy security seen as a major concern for the Indian Government.

Figure 1: Bhandut Production Facility

Oilex Strategy

During 2017-2018, Oilex has continued to focus on its core project, Cambay, in India while also evaluating potentially value accretive new business opportunities elsewhere, ranging from discovered undeveloped resources with exploration upside to existing discoveries and production. These evaluations are aimed at broadening the Company's opportunity base and investment opportunities, both within and outside of India.

Introduction

The Cambay Project is located onshore in the state of Gujarat in the heart of one of India's most prolific hydrocarbon and leading industrialised provinces. The project is ideally located near a major industrial corridor and approximately 20 km from the existing national gas pipeline grid. The project is well-positioned to commercialise production in the fast-growing, demand-driven domestic energy market.

The area has a long history of hydrocarbon production from a number of vertically stacked reservoir sections. Oilex continues to focus on a tight siltstone Eocene aged reservoir which has potential for Multi-TCF gas resources within the license area of the Cambay Production Sharing Contract (PSC). A secondary conventional reservoir is present in the Oligocene section.

Oilex has made very significant advances during the year with technical studies providing an advanced understanding of the reasons for past failures/modest success as well as providing confidence for undertaking future drilling, stimulation and flow testing. The studies have identified a number of field procedures required for favourable execution of the Field Development Plan (FDP) work programme. All procedures use materials and processes that are readily available with careful field execution being the key requirement. A full FDP for both the primary Eocene and secondary Oligocene reservoir sections was submitted to the Government of India as part of an application for a 10 year extension to the PSC. This application has been approved by the Government of India.

Production of gas and condensate from Cambay continued throughout the year at low rates. Gas continues to be sold into the low pressure system and the liquid component is stored in Oilex facilities until sale. Approximately 3,840 barrels (gross) of the accumulated volumes were sold after June 2018.

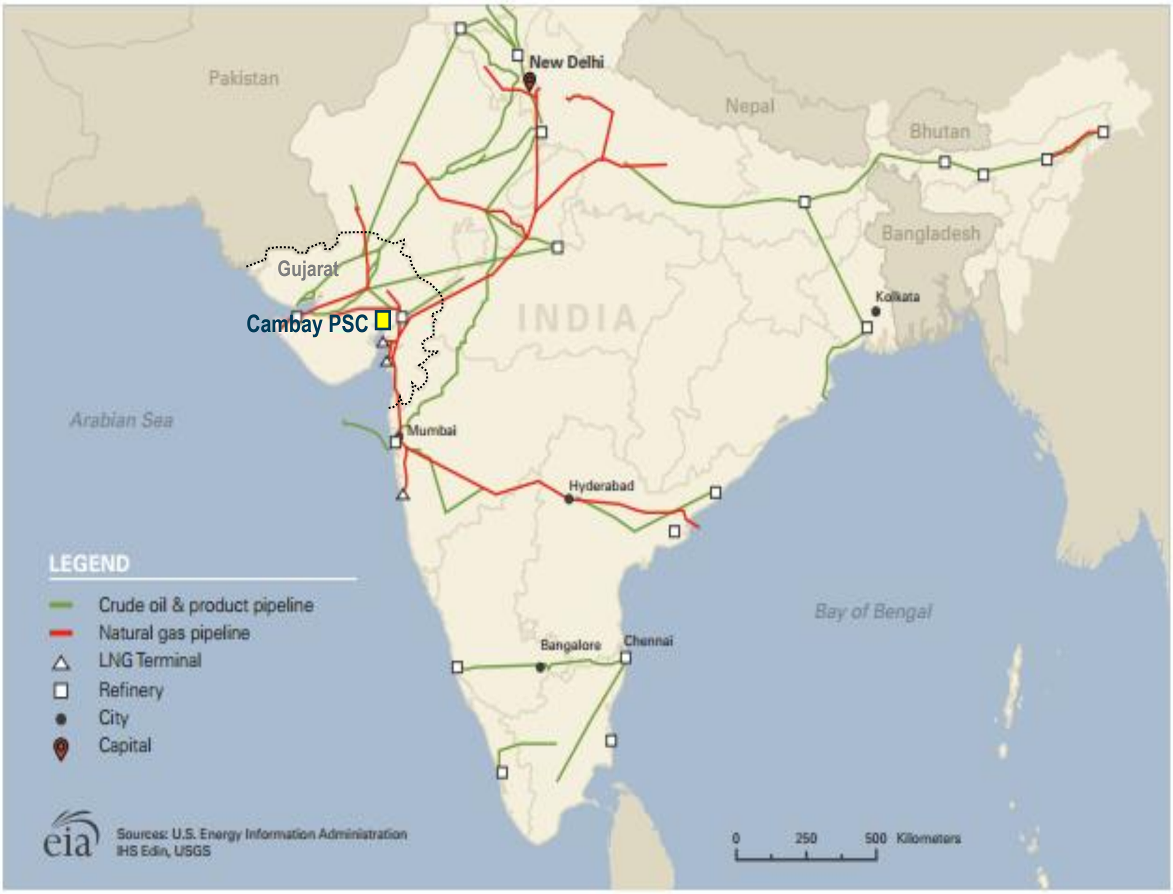

Figure 2: Gas Pipeline Network to the Nation

Cambay Field, Onshore Gujarat, India

(Oilex - 45%, Operator)

Oilex is the Operator of the Cambay Field and holds a 45% participating interest. The remaining 55% interest is held by Joint Venture partner, Gujarat State Petroleum Corporation Limited (GSPC).

Exploration and production in the region started in the late 1950s and early 1960s. Oilex's focus on the tight Eocene siltstone reservoir is a step away from the conventional exploration and production that has dominated the basin. It requires application of specific drilling and stimulation technologies to test whether the reservoir will produce at commercial rates. Core samples from a well drilled in 2008 were analysed by Schlumberger for geomechanics properties and matching of introduced fluids and proppant to the local rock type. This core test analysis along with the data from previous vertical and horizontal wells has been the subject of an in-depth review by Baker Hughes GE aimed specifically to identify reasons for the limited success of past drilling and stimulation, and to outline optimal drilling and stimulation methodologies for future work programmes to establish commercial gas production.

The Baker Hughes evaluation was successful in identifying very specific and correctable reasons for past poor results. Technologies and understanding have progressed since the drilling of the C-76 horizontal well in 2011. The evaluation provides a technical recommendation of the optimal well and stimulation design required to achieve commercial flow rates in the EP-IV reservoir. The results confirm the potential for substantially increased flow rates with the application of the appropriate stimulation technology suite. A second US based independent expert group, ODSI was engaged to review the Baker Hughes conclusions, providing corroboration to all the study outcomes as well as providing some additional insights on some aspects of the study.

In concert with this, a detailed Field Development Plan (FDP) covering both the high potential EP-IV reservoir and the modest potential OS-II reservoir was completed. It was submitted to the Government as a requirement for the application to secure a 10 year extension to the PSC beyond 2019. The development plan encompasses a staged approach, initially focussing on drilling of a small number of new wells to gather key information on reservoir performance.

The Government of India was very prompt in providing approval to both the FDP and the PSC application ahead of expected dates. The amended Cambay contract, reflecting the new expiry date of 2029, is now pending finalisation by the Directorate General of Hydrocarbons.

Further technical studies were undertaken in-house concentrating on the execution in the field for the drilling and stimulation programme. Planning for the drilling and stimulation of two vertical wells is well advanced and discussions have been held with major service providers. Upon success of this initial pilot programme, which is subject to securing the necessary funding, a larger drilling programme will follow, with the aim of aggregating sufficient production volumes to connect to the high-pressure pipelines which offer greater offtake stability and improved gas prices.

Upon the approval of a revised work programme and budget (WP&B) by the Joint Venture Management Committee (MC) and subject to securing the necessary funding, the Company will proceed to order the long lead items for the planned work programme. Any early production will utilise existing processing and storage facilities upgraded as required to provide a low-cost path to commercialisation.

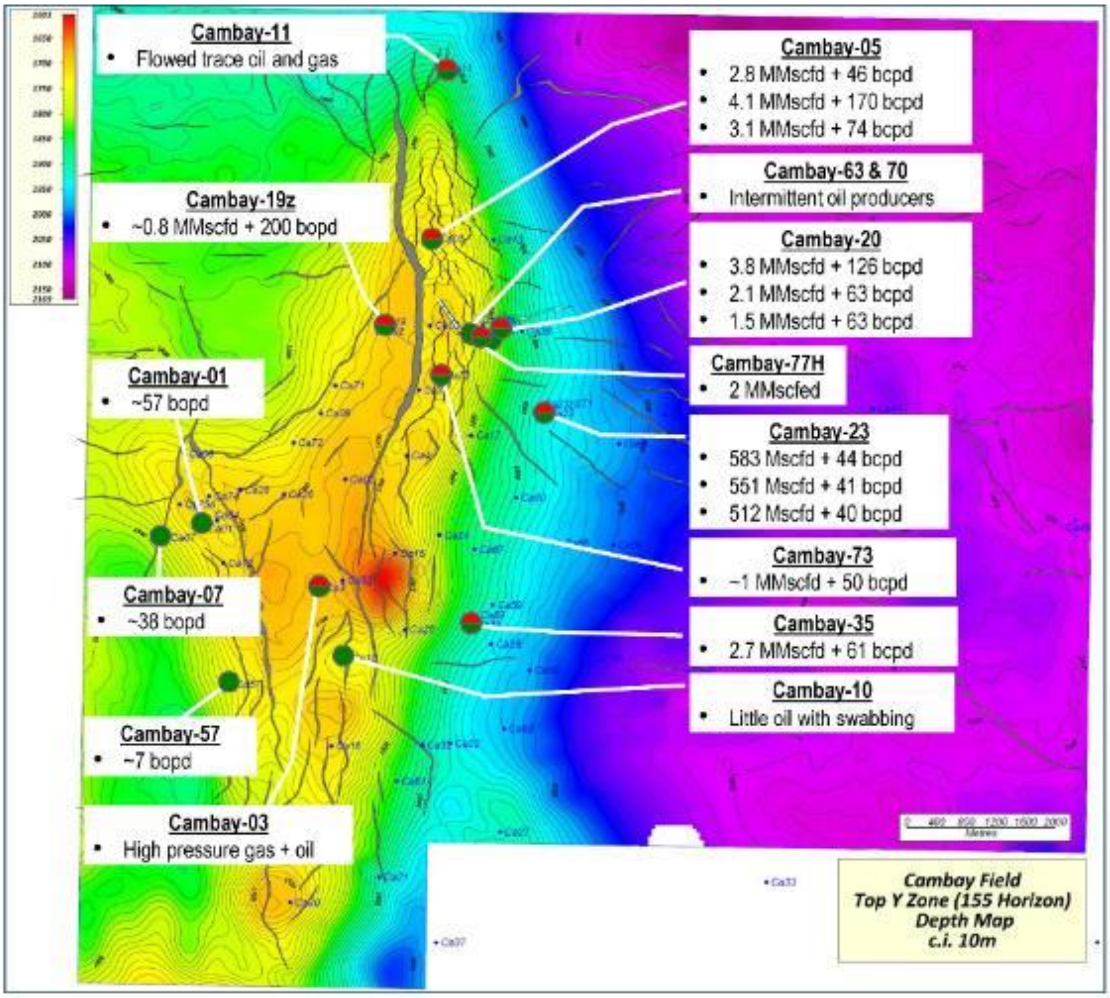

Figure 3: Cambay Field – recorded hydrocarbon flowrates from EP-IV (Y Zone) reservoir

During the year, a small volume of gas was produced into the local low pressure pipeline from the Eocene reservoir. The C-77H well produced 31.72 mmscf and C-73 produced 12.27 mmscf. A plan of cycling production alternately from C-77H and C-73 is under way.

The Company is in discussion with potential partner companies who have undertaken data room reviews of the EP-IV tight gas potential and who are interested in taking an equity position in the project.

Joint Venture Management

Oilex has been working with its Joint Venture partner, GSPC, to resolve a number of unpaid cash calls going back several years. During the year Oilex received the equivalent of US$78,182 gross in relation to Cambay and US$34,708 gross in relation to Bhandut from GSPC towards outstanding cash calls. At 30 June 2018, Cambay gross unpaid cash calls issued to GSPC totalled approximately US$5.76 million. Subsequent to 30 June 2018, Oilex received the equivalent of US$171,760 gross from GSPC attributable to the Cambay Field. Oilex endeavoured to engage positively with its Joint Venture partner to resolve these unpaid amounts. In the meantime, Oilex continues to bear the ongoing costs of the Joint Venture.

The Company has actively engaged with GSPC and other key stakeholders for approval of the revised 2018-19 Work Programme and Budget inclusive of drilling two vertical wells. To date GSPC has not agreed, resulting in the current approved budget only covering general administration and maintenance of field operations and production. To ensure that the Joint Venture has met and continues to meet its obligations and expectations of the Government of India, Oilex has met the full cost of many of the Joint Ventures activities including the recent FDP and application for extension of the PSC.

After exhausting all reasonable efforts over an extended period, on 29 May 2018, Oilex issued an Event of Default (EoD) Notice in the amount of equivalent US$3,054,832 to GSPC because of their ongoing failure to pay their share of the participating interest of the expenses of Cambay. Pursuant to the Joint Operating Agreement (JOA), GSPC had the option to remedy its default by settling the outstanding amounts within 60 days. This was not done, resulting in Oilex issuing a notice whereby GSPC was deemed under the JOA to have transferred all its participating interest in the PSC to the non-defaulting parties, ie. Oilex. Furthermore, the Company has formally requested the Directorate General of Hydrocarbons and the Ministry of Petroleum and Natural Gas, India to affect the transfer of GSPC's participating interest (PI) in the Cambay PSC to Oilex.

Oilex, is not seeking 100% interest in the PSC in the medium to long term, and follows general industry principals of seeking to share risk and cost with capable partner companies. The action on the EoD has only taken place to progress a work program which will advance the project and satisfy government expectations. Oilex's principle objective is to realise value from the project for the benefit of all stakeholders.

Following the end of the reporting period, GSPC served notice to Oilex of an Order from the High Court of Gujarat (Court) directing it not to take any coercive steps against GSPC until a hearing held on 4 September 2018 (Order). At this hearing the matter was adjourned until 19 September 2018. The Order has been awarded on an interim basis to delay the Company securing a transfer of the Participating Interest in the Cambay PSC held by GSPC. The Order was obtained on an ex parte basis and accordingly, the Company was not afforded an opportunity to assert its position. The Company notes that, notwithstanding the Order, GSPC remains in ongoing material breach of the JOA with the Event of Default (EoD) remaining in place and Oilex fully intends to enforce its legal and contractual rights.

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

Cambay Contingent Resources

Resource volumes for the Eocene are unchanged since June 2016 and are summarised in the following table which shows Oilex net working interest. The development plan submitted as part of the application for extension of the PSC term addresses a sub-set of these resources in a staged approach.

Unrisked Cambay Field Contingent Resource Estimates at June 2018

	Net Gas Volume Bcf			Net Condensate Volume million bbl		
	1C	2C	3C	1C	2C	3C
X & Y Zones	215	417	728	12	27.4	54.6

Bhandut Field, Onshore Gujarat, India

(Oilex - 40%, Operator)

Oilex N.L. Holdings (India) Limited is the Operator of the Bhandut Field Production Sharing Contract (PSC) in the Cambay Basin onshore Gujarat, India and holds a 40% participating interest. The remaining 60% interest is held by Joint Venture partner Gujarat State Petroleum Corporation Limited (GSPC).

The Bhandut Field was initially discovered and developed by ONGC in 1976. The field is currently on care and maintenance, however, with ongoing production and exploration potential, coupled with existing production facilities. The Company continued discussions with several parties for the possible sale of its participating interest in the PSC during the year.

In parallel with the Cambay PSC, a Field Development Plan in support of the application for an extension of the PSC was submitted in September 2017 and approved by the Government of India in April 2018.

During the financial year, the Joint Venture received US$34,708 gross from GSPC against outstanding cash calls for Bhandut. At 30 June 2018, gross unpaid cash calls issued to GSPC totalled US$106,649.

Figure 4: Bhandut Production Facility

JPDA 06-103, Timor Sea

(Oilex - 10%, Operator)

Oilex as operator, and on behalf of the JPDA 06-103 Joint Venture participants, continues to seek a resolution to the dispute with Autoridade Nacional do Petroleo e Minerais (ANPM) in relation to matters associated with the termination of JPDA 06-103 PSC. In July 2015, the ANPM rejected the Joint Venture request to terminate the PSC by mutual agreement in good standing and without penalty, and the ANPM sought to impose a penalty of approximately US$17 million upon the Joint Venture and the ANPM terminated the PSC on 15 July 2015. The Joint Venture undertook significantly more exploration expenditure than required during the PSC term and believes the excess was not properly accounted for in accordance with the terms of the PSC. The Joint Venture continues its dialogue with the ANPM and remains hopeful an amicable settlement will be reached. If the parties are unable to reach an amicable settlement, any party may refer the matter to arbitration. If this occurs, the obligations and liabilities of the Joint Venture participants under the PSC are joint and several, with parent company guarantees provided by all Joint Venture participants. Oilex has a 10% participating interest in the Joint Venture.

Canning Basin, Western Australia

Oilex held 3 exploration permit applications covering a large area within the Wallal Graben in the onshore Canning Basin, Western Australia. Following an extended unsuccessful farm-out marketing effort and given that the primary term involved significant expenditure set when the industry viewed exploration more favourably, the Company on 31 July 2018 withdrew its application for the licences.

West Kampar PSC, Central Sumatra

(Oilex - 45%, Non operator)

The Company remains in dispute with the operating company, PT Sumatera Persada Energi (SPE) which was declared bankrupt. The Indonesian Government regulator, SKK Migas, has confirmed that Oilex continues to retain a 45% participating interest in the PSC. In the absence of a commercial settlement, the Company intends to preserve its rights.

Oilex has continued to pursue enforcement of the Arbitration Award and a commercial settlement. Subsequent to year end SKK Migas advised that the Production Sharing Contract had been terminated on 15 August 2018. Oilex continues its discussion with the Government of Indonesia seeking a solution. The carrying value of this investment had been fully provided for in 2012.

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 and monitored monthly by the Board and forming the basis of the Company's financial management 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 and its' planned future discretionary expenditure. During the year several capital raisings were completed to provide for working capital for the company.

As at 30 June 2018 the Group had no loan borrowings. Subsequent to 30 June 2018, the Company entered into loan agreements with existing investors raising $330,000 before costs with a one-year term, 5% interest rate and 91,666,666 attached unlisted options with an exercise price of $0.0036 and an expiry date of 26 July 2019.

In September 2018 the Company entered into another binding loan agreement with Republic to secure funding of $250,000 at 5% interest rate with a term to 31 October 2019 plus 60,664,887 options over ordinary shares exercisable at $0.004121, which are subject to shareholder approval, if required.

Corporate

The Company has dual listing on the ASX and on the Alternative Investment Market (AIM) of the London Stock Exchange with approximately 57% of the Company's shares held on the Company's UK register.

During the year 11,722,222 broker options were exercised at £0.00225.

At a General Meeting in March 2018 Shareholders ratified raising of $0.6 million in January 2018 with 157,894,737 shares issued at $0.0038. On 15 May 2018, the Company raised $0.5 million through the issue of 125,000,000 shares at $0.004.

As at 30 June 2018 the Company had:

- Available cash resources of $375,507;
- No loans or borrowings; and
- Issued capital of 2,001,968,379 fully paid ordinary shares and unlisted options of 77,166,666.

On 11 September the Company entered into a a debt and equity capital raising to secure funding of approximately £631,980 ($1,142,200) before expenses.

The equity capital raising of 259,816,694 shares at 0.19 pence (A$0.003434) per share for gross proceeds of £493,655 has been undertaken by Novum Securities Limited and is also supported by existing shareholders. In this regard, the Company has received firm written confirmation from Novum Securities Limited for the placing of 157,894,737 shares for £300,000 at 0.19 pence per share. In addition, the Company has entered into a subscription agreement with Republic Investment Management Pte Ltd for 101,921,957 shares to raise £193,652 at 0.19 pence.

Pursuant to the advisory agreement with Novum, the Company will issue 9,473,684 unlisted options exercisable at 0.19 pence on or before three years following the completion with the capital raising.

Executive and Board Changes

Max Cozijn retired as a Non-Executive Director at the November 2017 AGM. Mr Bradley Lingo agreed to act as Non-Executive Chairman in an interim capacity. The Company has initiated a formal search process to identify a potential new Chairman.

On 18 March 2018, Mr Jonathan Salomon's contract as Managing Director, was extended by one year.

The Board continues to review the Board composition with a view to conforming with best corporate governance requirements while being cognisant of the need to conserve the cash resources of the group during this constrained economic environment for the hydrocarbon industry globally.

Risk Management

The full Board undertakes the function of the Audit and Risk Committee and is responsible for the Group's internal financial control system and the Company's risk management framework. Management of business risk, particularly exploration, development and operational risk is essential for success in the oil and 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 practises 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 Jonathan Salomon, Managing Director employed by Oilex Ltd. Mr Salomon has over 32 years' experience in petroleum geology and is a member of the American Association of Petroleum Geologists, and the Society of Petroleum Engineers. Mr Salomon meets the requirements of a qualified petroleum reserve and resource evaluator under Chapter 5 of the ASX Listing Rules and consents to the inclusion of this information in this report in the form and context in which it appears. Mr Salomon also meets the requirements of a qualified person under the AIM Note for Mining, Oil and Gas Companies and consents to the inclusion of this information in this report in the form and context in which it appears.

PERMIT SCHEDULE AS AT 30 JUNE 2018				
ASSET	**LOCATION**	**ENTITY**	**EQUITY %**	**OPERATOR**
Cambay Field PSC	Gujarat, India	Oilex Ltd Oilex N.L. Holdings (India) Limited	30.0 15.0	Oilex Ltd
Bhandut Field PSC	Gujarat, India	Oilex N.L. Holdings (India) Limited	40.0	Oilex N.L. Holdings (India) Limited
West Kampar PSC	Sumatra, Indonesia	Oilex (West Kampar) Limited	45.0 (1)	PT Sumatera Persada Energi
JPDA 06-103 PSC	Joint Petroleum Development Area Timor Leste and Australia	Oilex (JPDA 06-103) Ltd	10.0	Oilex (JPDA 06-103) Ltd
STP-EPA-0131	Western Australia	Admiral Oil Pty Ltd (3)	100.0 (3)	Admiral Oil Pty Ltd (2)
STP-EPA-0106	Western Australia	Admiral Oil and Gas (106) Pty Ltd (3)	100.0 (3)	Admiral Oil and Gas (106) Pty Ltd (2)
STP-EPA-0107	Western Australia	Admiral Oil and Gas (107) Pty Ltd (3)	100.0 (3)	Admiral Oil and Gas (107) Pty Ltd (2)

(1) Oilex (West Kampar) Limited is entitled to have assigned an additional 22.5% above its government recognised 45% to its holding through the exercise of its rights under a Power of Attorney granted by PT Sumatera Persada Energi (SPE) following the failure of SPE to repay funds due. The assignment request has been provided to BPMigas (now SKKMigas) but has not yet been approved or rejected. If Oilex is paid the funds due it will not be entitled to also pursue this assignment. Subsequent to June 2018, SKK Migas advised that the West Kampar Contract Area Production Sharing Contract had been terminated effective 15 August 2018. Oilex is continuing its discussion with the Government of Indonesia seeking a solution.

(2) Ultimate parent entity is Oilex Ltd.

(3) Application withdrawn after the year end on 31 July 2018.

2018 FINANCIAL REPORT

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For the year ended 30 June 2018

The directors of Oilex Ltd present their report (including the Remuneration 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 2018 and the auditors' report thereon.

DIRECTORS

The directors of Oilex Ltd in office at any time during or since the end of the financial year are:

Mr Bradley Lingo

(Non-Executive Chairman)

Bachelor of Arts with Honours, Juris Doctorate, MAICD

Mr Lingo was appointed as a Non-Executive Director in February 2016 and Non-Executive Chairman in February 2017. Mr Lingo has more than 32 years of experience in a diverse range of oil and gas leadership roles, including business development, new ventures, mergers and acquisitions and corporate finance. Mr Lingo has worked with Tenneco Energy and El Paso Corporation in the US and Australia, the Commonwealth Bank of Australia and Drillsearch Energy Limited. He is currently the Managing Director and CEO of Elk Petroleum Limited.

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

- Elk Petroleum Limited (from August 2015 to current)

Mr Paul Haywood

(Non-Executive Director)

Mr Haywood was appointed as a Non-Executive Director in May 2017. Mr Haywood has over 15 years of international experience in delivering value for his investment network through a blended skill set of corporate and operational experience, including more than six years in the Middle East, building early stage and growth projects. More recently, Mr Haywood has held senior management positions with UK and Australian public companies in the natural resource and energy sectors including O&G exploration and development in UK, EU and Central Asia. Mr Haywood's expertise stretches across a broad UK and Australian public market, with a cross-functional skill set with diverse experience and capability encompassing research, strategy, implementation, capital and transactional management. Mr Haywood is currently Executive Director of Block Energy Plc and resource focussed UK advisory firm, Plutus Strategies Ltd.

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

Mr Max Cozijn

(Non-Executive Director – retired 29 November 2017)

BCom CPA MAICD

Mr Cozijn was initially appointed Chairman when the Company listed on the Australian Securities Exchange (ASX) in 2003, having been the founding director of Oilex Ltd. He stepped down as Chairman in February 2017 and retired as a Non-Executive Director at the November 2017 AGM.

During the last three years, up to the date of his resignation, Mr Cozijn has been a director of the following ASX listed companies:

- Jacka Resources Limited (from May 2014 to current)
- Energia Minerals Limited (from May 1997 to June 2016)

Mr Jonathan Salomon

(Managing Director)

B App Sc (Geology), GAICD

Mr Salomon was appointed as a Non-Executive Director in November 2015 and Managing Director on 18 March 2016. Mr Salomon has over 32 years of experience working for upstream energy companies. Further details of Mr Salomon's qualifications and experience can be found in the Executive Management section of the Directors' Report.

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

COMPANY SECRETARY

The Chief Financial Officer, Mr Mark Bolton (B Bus) was appointed Company Secretary in June 2016.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement, which reports on Oilex's key governance principles and practices is available on the Oilex website.

In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd edition. The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The Corporate Governance Statement provides detailed information on the Board and committee structure, diversity and risk management.

DIRECTORS' MEETINGS

Directors in office and directors' attendance at meetings during the 2017/18 financial year are as follows:

	Board Meetings (1)	
	Held (2)	Attended
Non-Executive Directors		
B Lingo (3)	13	13
P Haywood	13	13
M D J Cozijn (4)	8	8
Executive Director		
J Salomon	13	13

(1) Following the changes to the Board at the Annual General Meeting on 25 November 2015, the Board resolved that the full Board would perform the role of the Audit and Risk Committee and the Remuneration and Nomination Committee. The Company is considering the appointment of additional independent non-executive directors in order to achieve best practice corporate governance and may reconstitute the Committees at that time.

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

(3) Current Chairman.

(4) Retired 29 November 2017.

EXECUTIVE MANAGEMENT

Mr Jonathan Salomon

(Managing Director)
B App Sc (Geology), GAICD
Mr Salomon was appointed as a Non-Executive Director in November 2015 and Managing Director on 18 March 2016. Mr Salomon has a Bachelor Degree in Applied Science and is a member of the American Association of Petroleum Geologists and the Society of Petroleum Engineers, and has over 32 years of experience working for upstream energy companies. Mr Salomon has worked for a number of oil and gas companies in various senior positions including General Manager Exploration and New Ventures at Murphy Oil Corporation and Global Head of Geoscience at RISC PL, in addition to a number of executive director roles including Strategic Energy Resources, Norwest Energy and Nido Petroleum. At several times in his career, Mr Salomon has acted as an independent consultant for various oil and gas companies, including New Standard Energy and Pacrim Energy. Mr Salomon first worked on Indian projects in 1994 while at Ampolex and since that time has maintained connection with the Indian industry, at various times bidding in India's exploration and field development rounds and working with Indian companies as joint venture partners, both in India and internationally.

Mr Mark Bolton

(Chief Financial Officer and Company Secretary)
B Business
Mr Bolton was appointed Chief Financial Officer and Company Secretary in June 2016. He has significant experience in the resource sector in Australia, having worked as Chief Financial Officer and Company Secretary for a number of resource companies since 2003. Prior to this, Mr Bolton worked with Ernst & Young as an Executive Director in Corporate Finance. Mr Bolton has experience in the areas of commercial management and the financing of resource projects internationally. He also has extensive experience in capital and equity markets in a number of jurisdictions including ASX and AIM.

Mr Ashish Khare

(Head - India Assets - appointed 8 November 2016)
Bachelor of Engineering (BE in Chemical Engineering, including petroleum management)
Mr Khare was appointed Head - India Assets on 8 November 2016 and is based in Gandhinagar India and has over 17 years of experience in the petroleum industry. Mr Khare's area of expertise include upstream oil and gas, as well as midstream and downstream project implementation and operation management. Mr Khare originally worked for Oilex as GM Operations & Business Development, and has experience working for various Indian companies including Cairn India Ltd and Reliance Petroleum.

PRINCIPAL ACTIVITIES

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

- exploration for oil and gas;
- appraisal and development of oil and gas prospects; and
- production and sale of oil and gas.

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

OPERATING RESULTS

The loss after income tax of the consolidated entity for the year ended 30 June 2018 amounted to $4,230,977 (2017: loss of $3,665,192).

Revenue for the period increased due to both Cambay-73 and Cambay-77 being in production, compared to the prior year when Cambay-77 was shut in after June 2016 until May 2017.

The prior year results included other income being the recovery of $285,558 relating to joint venture receivables reclassified to development assets in prior years, but subsequently received, as well as prior year exploration expenses of $936,721 being offset by a reversal of $1,287,170 resulting in a net write back of $350,449. The current years exploration expenses of $651,993 reflect the Group's effort to reduce costs.

Administration expenses of $2,101,485 (2017: $2,982,826) also reflect the reduction in costs and staff numbers. Other expenses include an increase in the provision for doubtful debts of $1,233,898 (2017: $473,112 write back of the provision following recovery of amounts previously provided for).

Cash and cash equivalents held by the Group as at 30 June 2018 has decreased to $375,507 (30 June 2017: $3,215,565).

FINANCIAL POSITION

The net assets of the consolidated entity totalled $4,008,210 as at 30 June 2018 (2017: $7,273,611).

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 3 to 10 of this 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.

LIKELY DEVELOPMENTS

Additional comments on expected results on operations of the Group are included in the Review of Operations on pages 3 to 10.

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 be 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 drilling programmes and production from existing wells. 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

SIGNIFICANT EVENTS AFTER BALANCE DATE

Subsequent to year end the Company entered into two loan agreements with existing investors. The loan agreement on 26 July 2018 secured funding of $300,000 at 5% interest with a one year term plus 83,333,333 options over ordinary shares exercisable at $0.0036, which are subject to shareholder approval at a general meeting to be held 14 September 2018. The loan agreement on 15 August 2018 secured funding of $30,000 at 5% interest with a one year term plus 8,333,333 options over ordinary shares exercisable at $0.0036.

The loan agreements include the following key undertakings:

- Not to dispose of assets having an aggregate value more than A$1 million
- Not to incur any financial indebtedness more than A$50,000
- Not to incur any aggregate payment or outgoing exceeding A$1 million (except for wages)

Subsequent to year end the Group received $232,390 from GSPC towards outstanding cash calls.

On 29 July, the Company exercised its right to require the transfer of GSPC's interest in Cambay as GSPC had not remedied the Event of Default Notice within 60 days. Accordingly, pursuant to the terms of the Joint Operating Agreement, GSPC shall be deemed to have transferred all of its right, title and beneficial interest in the Cambay project. The Company has formally requested the Directorate General of Hydrocarbons and the Ministry of Petroleum and Natural Gas, India to affect the transfer of GSPC's participating interest (PI) in the Cambay PSC to Oilex.

GSPC served notice to Oilex of an Order from the High Court of Gujarat directing it not to take any coercive steps against GSPC until a hearing held on 4 September 2018 (Order). At this hearing the matter was adjourned until 19 September 2018. The Order has been awarded on an interim basis to delay the Company securing a transfer of the Participating Interest in the Cambay PSC held by GSPC. The Order was obtained on an ex parte basis and accordingly, the Company was not afforded an opportunity to assert its position. The Company notes that, notwithstanding the Order, GSPC remains in ongoing material breach of the JOA with the Event of Default (EoD) remaining in place and Oilex fully intends to enforce its legal and contractual rights.

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

On 11 September the Company entered into a debt and equity capital raising to secure funding of approximately $1,142,200 (£631,980) before expenses.

The equity capital raising of 259,816,694 shares at $0.003434 (0.19 pence) per share for gross proceeds of $892,196 (£493,652) has been undertaken by Novum Securities Limited (Novum) and is also supported by existing shareholders. In this regard, the Company has received firm written confirmation from Novum for the placing of 157,894,737 shares for £300,000 at 0.19 pence per share. In addition, the Company has entered into a subscription agreement with Republic Investment Management Pte (Republic) Ltd for 101,921,957 shares to raise £193,652 at 0.19 pence.

Pursuant to the advisory agreement with Novum, the Company will issue 9,473,684 unlisted options exercisable at 0.19 pence on or before three years following the completion with the capital raising.

The Company has also entered into a binding loan agreement with Republic to secure funding of $250,000 at 5% interest rate with a term to 31 October 2019 plus 60,664,887 options over ordinary shares exercisable at $0.004121, which are subject to shareholder approval, if required. The key undertakings are the same as then loan agreement entered into on 26 July 2018.

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

FINANCIAL POSITION

Capital Structure and Treasury Policy

As at 30 June 2018 the Group had no loan borrowings.

Details of transactions involving ordinary shares during the financial year are as follows:

	Number of Shares Issued	Value of Shares $	Gross Amount Raised $
September 2017 – Exercise of Broker Options	11,722,222	-	43,146
September 2017 – Shares Issued for Consulting Services	2,087,044	8,348	-
December 2017 – Shares Issued for Consulting Services	13,945,833	46,785	-
January 2018 – Tranche One Placement	157,894,737	-	600,000
March 2018 – Non-Executive Director Remuneration	2,759,844	13,799	-
March 2018 – Shares Issued for Consulting Services	1,485,000	7,425	-
May 2018 – Non-Executive Director Remuneration	2,770,800	13,854	-
May 2018 – Placement	125,000,000	-	500,000
Totals	317,665,480	90,211	1,143,146

In accordance with the ASX Waiver granted 20 October 2017, the Company advises that the number of remuneration shares that were issued to directors totalled 5,530,644. This represents 0.28% of the Company's issued capital as at 30 June 2018.

At the date of this report, the Company had a total issued capital of 2,001,968,379 ordinary shares and 77,166,666 unlisted options exercisable at Australian Dollar equivalent price of $0.004 per share.

Material Uncertainty Related to Going Concern

The audit opinion for the year ended 30 June 2018 identifies a material uncertainty regarding continuation as a going concern. The consolidated financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business. The Group will require funding in order to continue its exploration activities and progress the Cambay Project.

The funding requirements of the Group are reviewed on a regular basis by the Group's Chief Financial Officer and Managing Director and are reported to the Board at each board meeting to ensure the Group is able to meet its financial obligations as and when they fall due. Until sufficient operating cash flows are generated from its operations, the Group remains reliant on joint venture contributions, equity raisings or debt funding, as well as asset divestitures or farmouts to fund its expenditure commitments.

The Company continues to actively develop funding options in order that it can meet its expenditure commitments and its planned future discretionary expenditure, as well as any contingent liabilities that may arise.

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	
	Direct	**Indirect**
B Lingo	4,456,800	-
P Haywood	1,073,844	-
J Salomon	14,987,013	-

SHARE OPTIONS

Unissued shares under options

All options were granted in previous financial years. No options have been granted since the end of the previous financial year.

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

Expiry Date	Number of Shares	Exercise Price
Unlisted Options		
22 May 2020	77,166,666	£0.00225 ($0.004)
Total	77,166,666	

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 and advisor options expired or were cancelled upon cessation of employment:

Date Lapsed	Number	Exercise Price
11 November 2017	2,000,000	$0.25
22 November 2017	190,535,385	£0.0036 ($0.006)
22 December 2017	5,000,000	$0.10
Total	197,535,385	

In addition, 275,000 employee options with an exercise price of $0.35 lapsed unexercised after year end on 5 August 2018.

Shares issued on exercise of unlisted options

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

	Number of Shares	Amount Paid on Each Share
During the financial year	11,722,222	£0.00225 ($0.004)
Since the end of the financial year	-	

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 the non-audit services provided during the year and 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 were subject to the corporate governance procedures adopted by the Group and these have been reviewed by the Board 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 of the Consolidated Financial Statements 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.

ROUNDING OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar, unless otherwise stated.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration for the year ended 30 June 2018 has been received and can be found on page 29.

REMUNERATION REPORT - AUDITED

The Board has performed the function of the Nomination and Remuneration Committee since June 2016 when the Board considered that, given the size and composition of the existing Board, that there are no efficiencies to be gained by having a separate committee. The Board has adopted a *Nomination and Remuneration Committee Charter*, which describes the role, composition, functions and responsibilities of the committee. The Nomination and Remuneration Committee is responsible for the review and recommendation to the Board, of the Company's Remuneration Policy, senior executives' remuneration and incentives, the remuneration framework for directors, superannuation arrangements, incentive plans and remuneration reporting.

1. PRINCIPLES OF COMPENSATION

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).

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 current downturn of the resources industry;
- 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 or in recognition of specific achievements.

1.1 Fixed Compensation

Fixed compensation consists of base compensation and employer contributions to superannuation funds. Compensation levels are reviewed annually 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.

In September 2016 the Board resolved to reduce the remuneration of Non-Executive Directors by 10%, the Managing Director by 22.3% and the Chief Financial Officer by 5% effective from 1 October 2016, and these reductions remained in place during the year ended 30 June 2018. In addition, further salary reductions of 20% were implemented, with the introduction of reduced working hours for all staff and the Chief Financial Officer, effective from 1 October 2017.

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 or shares, 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 Board may, for reasons of retention, motivation or recognition, consider the use of short-term incentives.

Short-term incentives, if granted, are at the discretion of the Board 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.

1. PRINCIPLES OF COMPENSATION (CONTINUED)

Short-term incentive bonus (continued)

There were no short-term incentives, performance bonuses or shares granted to senior executives or staff during the year ended 30 June 2018.

Long-term incentive bonus

Shareholders approved the 2017 Employee Incentive Plan (the Plan) at the AGM held 29 November 2017, which has yet to be implemented.

The Plan is a long-term incentive plan designed to allow the Group to attract and retain talented employees. The Plan aims to closely align the interests of directors, senior executives, employees and eligible contractors with those of shareholders and create a link between increasing shareholder value and employee reward.

The Plan permits the Board to grant shares and rights to acquire shares in the Company. Rights granted under the Plan may be in the form of options with a market based exercise price, or performance rights, or a combination of these depending upon the Company's objectives in making the grant.

Vesting conditions may include one or more objectives and/or time-based milestones set at the discretion of the Board.

Whilst the Company moved certain assets to development in previous financial years, these have been impaired, and the Company does not generate 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 Board 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.

	2018	2017	2016	2015	2014
Share Price (cents)	0.3	0.3	1.0	6.1	11.5

The remuneration of directors, may consist 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 shares, rights or 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 shares, rights or options to directors.

The Company did not issue any long-term incentives to directors, senior executives or staff during the year ended 30 June 2018.

1. PRINCIPLES OF COMPENSATION (CONTINUED)

1.3 Non-Executive Directors

Total compensation for all Non-Executive Directors is 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, if applicable.

The Board resolved to further reduce the remuneration of Non-Executive Directors by 10% effective from 1 October 2016 and these reductions remained in place during the year ended 30 June 2018.

The Chairman's annual fee including superannuation was set at $70,956 per annum effective from 1 October 2016 and remains unchanged.

The Australian based Non-Executive Directors fees including superannuation was set at $49,275 per annum effective 1 October 2016 and remains unchanged.

The annual fee for Mr Haywood, the Company's United Kingdom based Non-Executive Director was set at £30,000 per annum on commencement in May 2017 and remains unchanged.

At the Annual General Meeting held 29 November 2017 shareholders approved the issue of remuneration shares, whereby Non-Executive Directors agreed to receive part of their Directors fees paid through the issue of shares in lieu of cash payments, for the period of 1 November 2017 through to 31 October 2018, in order to conserve the cash reserves of the Company.

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 the 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.

1.4 Clawback Policy

The Board has adopted the following Clawback Policy applicable from August 2015.

In relation to circumstances where an employee acts fraudulently or dishonestly, or wilfully breaches his or her duties to the Company or any of its subsidiaries, the Board has adopted a clawback policy in relation to any cash performance bonuses (including deferred share awards) or LTIs. The Board reserves the right to take action to reduce, recoup or otherwise adjust an employee's performance based remuneration in circumstances where in the opinion of the Board, an employee has acted fraudulently or dishonestly or wilfully breached his or her duties to the Company or any of its subsidiaries. The Board may:

- deem any bonus payable, but not yet paid, to be forfeited;
- require the repayment by the employee of all or part of any cash bonus received;
- determine that any unvested and/or unexercised LTIs will lapse;
- require the repayment of all or part of the cash amount received by the employee following vesting and subsequent sale of a LTI;
- reduce future discretionary remuneration to the extent considered necessary or appropriate to take account of the event that has triggered the clawback;
- initiate legal action against the employee; and/or
- take any other action the Board considers appropriate.

1.5 Remuneration Consultants

There were no remuneration recommendations made in relation to key management personnel by remuneration consultants in the financial year ended 30 June 2018.

1.6 Adoption of year ended 30 June 2017 Remuneration Report

At the Annual General Meeting held 29 November 2017 shareholders adopted the 30 June 2017 Remuneration Report with a clear majority of 138,702,830 votes in favour, being 89.9% of the votes cast.

2. EMPLOYMENT CONTRACTS

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
J Salomon	Managing Director	18 March 2016	18 March 2019 (2)	3 months	Forfeited	3 months	For termination by the Company, three months' salary plus any accrued leave entitlement. If a Material Change Event occurs, employee may give notice to the Company within one month of the Material Change Event, terminating the Contract of Employment and following that effective date, the Company will pay a Termination Payment equal to six months' fixed annual remuneration. The fixed annual remuneration of $350,000 was reduced by agreement to $271,950 effective from 1 October 2016. Subject to the *Corporations Act 2001* and any necessary approvals required thereunder.
M Bolton	Chief Financial Officer and Company Secretary	3 June 2016	31 May 2019 (3)	3 months	Forfeited	3 months	For termination by the Company, three months' salary plus any accrued leave entitlement.
A Khare	Head of India Assets	1 May 2015	n/a	30 days	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 contract had an initial term of one year expiring 18 March 2017 and has been extended by mutual agreement between the Company and Mr Salomon to 18 March 2019.

(3) The Chief Financial Officer's contract had an initial term of one year expiring 31 May 2017 and has been extended by mutual agreement between the Company and Mr Bolton to 31 May 2019.

3. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

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							Share-based Payments		
	Year	Salary & Fees $	STI Cash Bonus $	Benefits (including Non-Monetary) (1) $	Total $	Post-Employment Superannuation Benefits $	Other Long-Term Benefits (2) $	Termination Benefits $	Shares, Options and Rights (3) $	Total $	Proportion of Remuneration Performance Related (4) %
Non-Executive Directors											
B Lingo (5)	**2018**	**31,716**	**-**	**-**	**31,716**	**6,156**	**-**	**-**	**33,084**	**70,956**	**-**
Chairman	2017	53,175	-	-	53,175	5,052	-	-	-	58,227	-
P Haywood (6)	**2018**	**46,052**	**-**	**-**	**46,052**	**-**	**-**	**-**	**7,144**	**53,196**	**-**
Non-Executive Director	2017	4,685	-	-	4,685	-	-	-	-	4,685	-
M D J Cozijn (7)	**2018**	**18,750**	**-**	**-**	**18,750**	**1,781**	**-**	**-**	**-**	**20,531**	**-**
Non-Executive Director	2017	84,675	-	-	84,675	5,669	-	-	-	90,344	-
Executive Director											
J Salomon (8)	**2018**	**223,043**	**-**	**8,259**	**231,302**	**21,189**	**21,316**	**-**	**-**	**273,807**	**-**
Managing Director	2017	266,176	-	7,321	273,497	25,286	16,748	-	14,000	329,531	4%
Executives											
M Bolton (9)	**2018**	**201,875**	**-**	**6,620**	**208,495**	**19,178**	**15,489**	**-**	**-**	**243,162**	**-**
Chief Financial Officer / Company Secretary	2017	240,625	-	5,764	246,389	22,859	13,653	-	-	282,901	-
A Khare (10)	**2018**	**155,788**	**-**	**313**	**156,101**	**15,616**	**-**	**-**	**-**	**171,717**	**-**
Head of India Assets	2017	113,716	-	832	114,548	10,341	941	-	-	125,830	-
Total	**2018**	**677,224**	**-**	**15,192**	**692,416**	**63,920**	**36,805**	**-**	**40,228**	**833,369**	
Total	2017	763,052	-	13,917	776,969	69,207	31,342	-	14,000	891,518	

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 other than A Khare are employed by the parent entity.
Refer to the following explanatory notes for additional information.

3. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION (CONTINUED)

Notes in Relation to Directors' and Executive Officers' Remuneration

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

(2) Includes, where applicable, accrued employee leave entitlement movements.

(3) The 2018 share-based payment disclosures relate to the issue of remuneration shares (refer point 4 below). No unlisted options were issued to key management personnel or executives as remuneration during the year ended 30 June 2017 or 30 June 2018. In accordance with the ASX waiver granted 20 October 2017, the Company advises that the number of remuneration shares that were issued to directors in the year ended 30 June 2018 totalled 5,530,644 and the percentage of the Company's issued capital represented by these remuneration shares was 0.28%.

(4) Fees for Non-Executive Directors are not linked to the performance of the Group. At the Annual General Meeting held 29 November 2017 shareholders approved the issue of remuneration shares, whereby Non-Executive Directors agreed to receive part of their Directors fees paid through the issue of shares in lieu of cash payments, for the period of 1 November 2017 through to 31 October 2018, in order to conserve the cash reserves of the Company.

(5) Mr Lingo was appointed a Non-Executive Director on 11 February 2016 and interim Chairman on 23 February 2017 at an annual salary of $70,956 inclusive of statutory superannuation. During 2018 Mr Lingo received 4,456,800 remuneration shares (refer point 3 above) at a value of $22,284. As at 30 June 2018 remuneration shares not yet issued to Mr Lingo had a value of $10,800. These shares will be issued in the next financial year.

(6) Mr Haywood was appointed a Non-Executive Director on 29 May 2017. Mr Haywood is based in the United Kingdom and is paid £30,000 per annum. The amount disclosed is converted into Australian dollars at the applicable exchange rate at the date of payment. During 2018 Mr Haywood received 1,073,844 remuneration shares (refer point 3 above) at a value of $5,369. As at 30 June 2018 remuneration shares not yet issued to Mr Haywood had a value of $1,775. These shares will be issued in the next financial year.

(7) Mr Cozijn elected to retire from the Board at the AGM held on 29 November 2017.

(8) Mr Salomon was appointed Managing Director in March 2016 with an initial fixed annual remuneration of $350,000 per annum, inclusive of statutory superannuation, which was reduced to $271,950 inclusive of statutory superannuation effective from 1 October 2016, following the implementation of cost reductions by the Company.

During the current financial year, Mr Salomon, requested and was granted 26.5 days leave without pay, further reducing his salary by $27,718 inclusive of statutory superannuation.

The 2 million retention rights were issued to Mr Salomon on 19 December 2016 and converted into ordinary shares on 17 March 2017 upon Mr Salomon's employment being extended to 18 March 2018.

(9) Mr Bolton was appointed CFO on 3 June 2016, with an initial fixed annual remuneration of $273,750 inclusive of statutory superannuation, which was reduced to $260,063 effective 1 October 2016. The amount paid in the year ended 30 June 2018 reflects the reduced working hours implemented 1 October 2017 to facilitate a 20% reduction in salaries.

(10) Mr Khare became key management personnel on 8 November 2016 and is based in India. The amount paid in the year ended 30 June 2018 reflects the reduced working hours implemented 1 October 2017 to facilitate a 20% reduction in salaries. Mr Khare's remuneration has been converted from Indian Rupees at the average exchange rate for the year.

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.

4. EQUITY INSTRUMENTS

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

4.1 Rights and Options Over Equity Instruments Granted as Compensation

There were no rights or options over ordinary shares granted as compensation to key management personnel during the financial year, (2017: 2,000,000 rights granted to Joe Salomon, Managing Director and converted to ordinary shares on 17 March 2017 upon entering into a subsequent term of employment).

4.2 Rights and Options Over Equity Instruments Granted as Compensation Granted Since Year End

No rights and 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.

4.5 Details of Equity Incentives Affecting Current and Future Remuneration

There are no rights or options currently held by key management personnel, (2017: 2,000,000 rights granted to Joe Salomon, Managing Director and converted to ordinary shares on 17 March 2017 upon entering into a subsequent term of employment).

4.6 Analysis of Movements in Equity Instruments

There were no shares, rights or options over ordinary shares in the Company granted to or exercised by key management personnel in the current year.

4.7 Options or Rights over Equity Instruments Granted as Compensation

There are no rights or options held by key management personnel, or their related parties as at 1 July 2017 through to 30 June 2018.

5. KEY MANANGEMENT PERSONNEL TRANSACTIONS

5.1 Other Transactions with Key Management Personnel

There were no other transactions with entities associated with key management personnel in the year ended 30 June 2018, (30 June 2017: $25,000 for management services was paid to Diplomat Holdings Pty Ltd, of which Mr Cozijn is a director and disclosed in the remuneration table).

5. KEY MANANGEMENT PERSONNEL TRANSACTIONS (CONTINUED)

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 2017	Received on Exercise of Options	Remuneration Shares Issued (1)	Other Changes (2)	Held at 30 June 2018
J Salomon	14,987,013	-	-	-	14,987,013
B Lingo	-	-	4,456,800	-	4,456,800
P Haywood	-	-	1,073,844	-	1,073,844
M D J Cozijn (3)	1,848,218	-	-	-	n/a
M Bolton	-	-	-	-	-
A Khare	-	-	-	-	-

(1) At the AGM held 29 November 2017 shareholders approved the issue of remuneration shares, whereby two Non-Executive Directors agreed to receive part of their Directors fees paid through the issue of shares in lieu of cash payments, for the period of 1 November 2017 through to 31 October 2018, in order to conserve the cash reserves of the Company.

(2) Other changes represent shares that were granted, purchased or sold during the year.

(3) Mr Cozijn retired from the Board on 29 November 2017.

END OF REMUNERATION REPORT - AUDITED

Bradley W. Lingo

Mr Brad Lingo
Chairman

Mr Jonathan Salomon
Managing Director

Signed in accordance with a resolution of the Directors.

West Perth
Western Australia
12 September 2018

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 of Oilex Ltd for the financial year ended 30 June 2018 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

KPMG

Derek Meates
Partner
Perth
12 September 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
Revenue	4(a)	**163,562**	91,744
Cost of sales	4(b)	**(199,266)**	(620,067)
Gross loss		**(35,704)**	(528,323)
Other income	4(c)	**13,139**	311,601
Exploration expenditure	4(d)	**(651,993)**	350,449
Impairment of exploration and evaluation assets	7	**-**	(373,780)
Administration expense	4(e)	**(2,101,485)**	(2,982,826)
Share-based payments expense	21	**(90,211)**	(8,262)
Other expenses	4(f)	**(1,344,293)**	(382,789)
Results from operating activities		**(4,210,547)**	(3,613,930)
Finance income		**6,358**	56,071
Finance costs		**(20)**	(63)
Foreign exchange (loss)/gain	4(g)	**(26,768)**	(107,270)
Net finance (loss)/income		**(20,430)**	(51,262)
Loss before income tax		**(4,230,977)**	(3,665,192)
Income tax expense	5	**-**	-
Loss		**(4,230,977)**	(3,665,192)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences		**(213,981)**	15,074
Other comprehensive income, net of tax		**(213,981)**	15,074
Total comprehensive loss		**(4,444,958)**	(3,650,118)
Earnings per share			
Basic loss per share (cents per share)	6	**(0.24)**	(0.28)
Diluted loss per share (cents per share)	6	**(0.24)**	(0.28)

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 2018

	Note	2018 $	2017 $
Assets			
Cash and cash equivalents	11	**375,507**	3,215,565
Trade and other receivables	12	**738,784**	1,742,283
Prepayments		**115,271**	128,549
Inventories	9	**1,303,245**	1,188,110
Total current assets		**2,532,807**	6,274,507
Exploration and evaluation	7	**539,793**	518,670
Development assets	8	**6,165,255**	5,927,288
Property, plant and equipment	15	**178,930**	220,954
Total non-current assets		**6,883,978**	6,666,912
Total assets		**9,416,785**	12,941,419
Liabilities			
Trade and other payables	13	**779,249**	1,253,787
Employee benefits	10	**274,651**	229,752
Provisions	10	**811,798**	955,538
Total current liabilities		**1,865,698**	2,439,077
Provisions	10	**3,542,877**	3,228,731
Total non-current liabilities		**3,542,877**	3,228,731
Total liabilities		**5,408,575**	5,667,808
Net assets		**4,008,210**	7,273,611
Equity			
Issued capital	16(a)	**174,046,036**	172,866,479
Reserves	16(b)	**7,628,101**	8,093,764
Accumulated losses		**(177,665,927)**	(173,686,632)
Total equity		**4,008,210**	7,273,611

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 2018

		Attributable to Owners of the Company				
		Issued Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
		$	$	$	$	$
	Note	16(a)	16(b)	16(b)		
Balance at 30 June 2016		**171,513,760**	**930,742**	**7,495,119**	**(170,610,647)**	**9,328,974**
Total comprehensive (loss)/income						
Loss		-	-	-	(3,665,192)	(3,665,192)
Other comprehensive income						
Foreign currency translation differences		-	-	15,074	-	15,074
Total other comprehensive income		-	-	15,074	-	15,074
Total comprehensive (loss)/income		-	-	15,074	(3,665,192)	(3,650,118)
Transactions with owners of the Company						
Contributions and distributions						
Shares issued		1,836,214	-	-	-	1,836,214
Capital raising costs (1)		(597,495)	347,774	-	-	(249,721)
Managing director special award shares		114,000	(114,000)	-	-	-
Shares issued on exercise of listed options		-	-	-	-	-
Transfers on forfeited options		-	(589,207)	-	589,207	-
Share-based payment transactions		-	8,262	-	-	8,262
Total transactions with owners of the Company		1,352,719	(347,171)	-	589,207	1,594,755
Balance at 30 June 2017		**172,866,479**	**583,571**	**7,510,193**	**(173,686,632)**	**7,273,611**
Balance at 30 June 2017		**172,866,479**	**583,571**	**7,510,193**	**(173,686,632)**	**7,273,611**
Total comprehensive (loss)/income						
Loss		-	-	-	(4,230,977)	(4,230,977)
Other comprehensive income						
Foreign currency translation differences		-	-	(213,981)	-	(213,981)
Total other comprehensive (loss)/income		-	-	(213,981)	-	(213,981)
Total comprehensive (loss)/income		-	-	(213,981)	(4,230,977)	(4,444,958)
Transactions with owners of the Company						
Contributions and distributions						
Shares issued		1,100,000	-	-	-	1,100,000
Capital raising costs		(53,800)	-	-	-	(53,800)
Managing director special award shares		-	-	-	-	-
Shares issued on exercise of listed options		43,146	-	-	-	43,146
Transfers on forfeited options		-	(251,682)	-	251,682	-
Share-based payment transactions		90,211	-	-	-	90,211
Total transactions with owners of the Company		1,179,557	(251,682)	-	251,682	1,179,557
Balance at 30 June 2018		**174,046,036**	**331,889**	**7,296,212**	**(177,665,927)**	**4,008,210**

(1) Prior period 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 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Cash receipts from customers		**101,733**	110,997
Payments to suppliers and employees		**(2,642,215)**	(4,535,094)
Cash outflow from operations		**(2,540,482)**	(4,424,097)
(Payments for)/proceeds from exploration and evaluation expenses		**(1,419,516)**	980,930
Interest received		**6,247**	55,852
Interest paid		**(20)**	(63)
Net cash used in operating activities	11	**(3,953,771)**	(3,387,378)
Cash flows from investing activities			
Payments for capitalised exploration and evaluation		**-**	(1,380)
Proceeds from sale of assets and scrap materials		**13,139**	20,493
Acquisition of development assets		**-**	(1,499)
Acquisition of property, plant and equipment		**-**	(24,275)
Net cash from/(used in) investing activities		**13,139**	(6,661)
Cash flows from financing activities			
Proceeds from issue of share capital	16(a)	**1,100,000**	1,836,214
Proceeds from exercise of share options		**43,146**	-
Payment for share issue costs		**(47,415)**	(249,721)
Net cash from financing activities		**1,095,731**	1,586,493
Net (decrease)/increase in cash and cash equivalents		**(2,844,901)**	(1,807,546)
Cash and cash equivalents at 1 July		**3,215,565**	5,158,361
Effect of exchange rate fluctuations on cash held		**4,843**	(135,250)
Cash and cash equivalents at 30 June	11	**375,507**	3,215,565

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

ABOUT THIS REPORT - OVERVIEW

NOTE 1 – REPORTING ENTITY

Oilex Ltd (the Company) is a for-profit entity 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 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 12 September 2018.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for share-based payment arrangements measured at fair value and the foreign currency translation reserve.

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 some measurement and/or disclosure purposes and where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(c) Going Concern Basis

The Directors believe it is appropriate to prepare the consolidated financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group has incurred a loss of $4,444,958, including a $1,233,898 increase in the doubtful debt provision, and had cash outflows from operating activities of $3,953,771. As at 30 June 2018, the Group's current assets exceeded current liabilities by $667,109 and the Group has cash and cash equivalents of $375,507.

On the 26 July 2018, the Group entered into loan agreements with existing investors to secure funding of $330,000 which has been received after year end. As part of the loan funding, options will be issued to the subscribers, which if exercised, the proceeds will be applied to the outstanding loan balance on the 26 July 2019. The issue of the options is subject to shareholder approval within 75 days after drawdown. Failure to secure shareholder approval will require immediate repayment of the loan principal and accrued interest.

On the 11 September 2018, the Group has entered into subscription and loan agreements for a capital raising to secure funding of up to A$1.14 million (£630,762).

The share issue will be made to clients of Novum Securities Limited (£300,000) and to existing shareholders including Republic Investment Management Pte Ltd (£193,652).

The Company anticipates that settlement for the equity placement will occur in two tranches in mid-September and in early October.

The Company has also entered into a binding loan agreement with Republic Investors Pte Ltd to secure funding of A$250,000. As part of the loan funding options will be issued to the subscribers, which if exercised, the proceeds will be applied to the outstanding loan balance on the 1 October 2019. The issue of the options is subject to shareholder approval within 75 days after drawdown. Failure to secure shareholder approval will require immediate repayment of the loan principal and accrued interest.

The Group has further reduced its discretionary administration expenditure by implementing further cost reductions.

The Group will require additional funds by early 2019 and further funding within the next twelve months in order to meet planned expenditures for its projects, ongoing administrative expenses and to progress the Cambay Field drilling programme, and for any new business opportunities that the Group may pursue. The Group may also require funds in relation to the matter set out in note 25.

NOTE 2 – BASIS OF PREPARATION (CONTINUED)

(c) Going Concern Basis (Continued)

The Directors believe that the Company will be able to secure sufficient funding to meet the requirements to continue as a going concern, due to its history of previous capital raisings, through equity capital and debt raisings. The structure and timing of any capital raising is dependent upon investor support, prevailing capital markets, shareholder participation, oil and gas prices and the outcome of planned exploration and evaluation activities, which creates uncertainty. In addition, the Group is working towards securing a new Joint venture partner for the Cambay PSC.

The Directors consider the going concern basis of preparation to be appropriate based on its forecast cash flows for the next twelve months and that the Group will be in a position to continue to meet its minimum administrative, evaluation and development expenditures and commitments for at least twelve months from the date of this report.

If further funds are not able to be raised or realised, then it may be necessary for the Group to sell or farmout its exploration and development assets.

The ability of the Group to achieve its forecast cash flows, particularly the raising of additional funds, represents a material uncertainty that may cast significant doubt about whether the Group can continue as a going concern, in which case it may not be able to realise its assets and extinguish its liabilities in the normal course of business and at the stated amounts in the financial statements.

(d) Currency and Foreign Currency Transactions

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

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 are translated into the functional currency at the foreign exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date that the fair value was determined. 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. Foreign currency differences are generally recognised in profit or loss.

(e) Basis of Consideration

These consolidated financial statements comprise the Company and its subsidiaries (collectively the Group and individually Group Entities).

i) Subsidiaries

Subsidiaries are entities controlled by the Group. The list of controlled entities is contained in note 17. 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 Operations

The interests of the Group in unincorporated joint operations and jointly controlled assets are recorded in note 18.

iii) 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.

NOTE 2 – BASIS OF PREPARATION (CONTINUED)

(f) Key Estimates, Judgements and Assumptions

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.

A key assumption underlying the preparation of the financial statements is that the entity will continue as a going concern. An entity is a going concern when it is considered to be able to pay its debts as and when they fall due, and to continue in operation, without any intention or necessity to liquidate or otherwise wind up its operations.

Judgement has been required in assessing whether the entity is a going concern as set out in note 2(c).

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

Income Tax - refer note 5

Exploration and Evaluation Assets - refer note 7

Development Assets - refer note 8

Provisions - refer note 10

Trade receivables - refer note 12

(g) Rounding of Amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar, unless otherwise stated.

(h) Accounting Policies

Significant accounting policies that are relevant to the understanding of the consolidated financial statements have been provided throughout the notes to the financial statements. Accounting policies that are determined to be non-significant have not been included in the consolidated financial statements.

The accounting policies disclosed have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities, except for the following changes in accounting policies.

- AASB 2016-5 *Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions.* The standard makes amendments to AASB 2 *Share-based Payment*. The amendments address the accounting for the effects of vesting and non-vesting conditions and the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

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 27).

OILEX LTD'S RESULTS FOR THE YEAR

This section focuses on the results and performance of the Group.

NOTE 3 – OPERATING SEGMENTS

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. 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. Each segment has responsible officers that are accountable to the Managing Director (the Group's chief operating decision maker). The operating results of all operating segments 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.

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 is 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.

Corporate items include administration costs comprising personnel costs, head office occupancy costs and investor and registry costs. It may also include expenses incurred by non-operating segments, such as new ventures and those undergoing relinquishment. Assets and liabilities not allocated to operating segments and disclosed are corporate, and mostly comprise cash, plant and equipment, receivables as well as accruals for head office liabilities.

Major Customer

The Group's most significant customers are Enertech Fuel Solutions Pvt Limited with gas sales representing 61% of the Group's total revenues (2017: 89%) and Indian Oil Corporation Limited, in its capacity as nominee of the Government of India, with oil sales representing 39% of the Group's total revenues (2017: 11%).

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.

Expenses

Impairment – refer notes 7 and 8

Doubtful debts – refer note 12

Depreciation – refer note 15

Amortisation – refer note 8

Employee benefits – refer note 10

Leases – refer note 24

NOTE 3 – OPERATING SEGMENTS (CONTINUED)

	India		Australia		JPDA (1)		Indonesia		Corporate (2)		Consolidated	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$	$	**$**	$	**$**	$	**$**	$	**$**	$	**$**	$
Revenue												
External revenue	**163,562**	91,744	**-**	-	**-**	-	**-**	-	**-**	-	**163,562**	91,744
Cost of sales												
Production costs	**(259,799)**	(637,921)	**-**	-	**-**	-	**-**	-	**-**	-	**(259,799)**	(637,921)
Amortisation of development assets	**(3,263)**	(944)	**-**	-	**-**	-	**-**	-	**-**	-	**(3,263)**	(944)
Movement in oil stocks inventory	**63,796**	18,798	**-**	-	**-**	-	**-**	-	**-**	-	**63,796**	18,798
Total cost of sales	**(199,266)**	(620,067)	**-**	-	**-**	-	**-**	-	**-**	-	**(199,266)**	(620,067)
Gross loss	**(35,704)**	(528,323)	**-**	-	**-**	-	**-**	-	**-**	-	**(35,704)**	(528,323)
Exploration expenditure expensed	**(553,369)**	517,625	**-**	(62,780)	**-**	-	**-**	-	**(98,624)**	(104,396)	**(651,993)**	350,449
Impairment of exploration and expenditure	**-**	-	**-**	(373,780)	**-**	-	**-**	-	**-**	-	**-**	(373,780)
Impairment of development assets	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Depreciation	**(24,514)**	(30,488)	**-**	-	**-**	-	**-**	-	**(18,488)**	(26,849)	**(43,002)**	(57,337)
Share-based payments	**-**	-	**-**	-	**-**	-	**-**	-	**(90,211)**	(8,262)	**(90,211)**	(8,262)
Other income	**13,139**	20,019	**-**	-	**-**	-	**-**	-	**-**	291,582	**13,139**	311,601
Other expenses	**(1,341,374)**	479,442	**-**	-	**(23,557)**	(840,455)	**(6,737)**	(220,433)	**(2,031,108)**	(2,726,832)	**(3,402,776)**	(3,308,278)
Reportable segment profit/(loss) before income tax	**(1,941,822)**	458,275	**-**	(436,560)	**(23,557)**	(840,455)	**(6,737)**	(220,433)	**(2,238,431)**	(2,574,757)	**(4,210,547)**	(3,613,930)
Net finance income											**6,338**	56,008
Foreign exchange (loss)/gain											**(26,768)**	(107,270)
Income tax expense											**-**	-
Loss for the period											**(4,230,977)**	(3,665,192)
Segment assets	**8,653,049**	11,191,203	**7**	215	**16,809**	6,791	**-**	-	**746,920**	1,743,210	**9,416,785**	12,941,419
Segment liabilities	**3,917,537**	3,868,800	**-**	-	**815,900**	784,834	**297,022**	302,418	**378,116**	711,756	**5,408,575**	5,667,808

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.

NOTE 4 – REVENUE AND EXPENSES

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

	Note	2018 $	2017 $
(a) Revenue			
Oil sales		**63,337**	9,749
Gas sales		**100,225**	81,995
		163,562	91,744
(b) Cost of Sales			
Production costs		**(259,799)**	(637,921)
Amortisation of development assets		**(3,263)**	(944)
Movement in oil stocks inventory		**63,796**	18,798
		(199,266)	(620,067)
(c) Other Income			
Recovery of recharges		**-**	285,558
Oilex Oman Limited liquidation recovery		**-**	6,024
Profit on disposal of other assets		**13,139**	20,019
		13,139	311,601
(d) Exploration Expenditure			
Exploration expense		**(651,993)**	(936,721)
Write back joint venture partners share of costs previously provided for		**-**	1,287,170
	3	**(651,993)**	350,449
(e) Administration Expenses			
Employee benefits expense		**(925,660)**	(1,241,565)
Redundancy benefits		**(20,320)**	(191,519)
Administration expense		**(1,155,505)**	(1,633,611)
Corporate advisory fee		**-**	(600,000)
Zeta Resources Limited settlement and legal costs		**-**	(9,531)
Insurance recovery		**-**	693,400
		(2,101,485)	(2,982,826)
(f) Other Expenses			
Depreciation expense	15	**(43,002)**	(57,337)
Doubtful debts provision	12	**(1,233,898)**	-
Doubtful debts provision reversal	12	**-**	473,112
Oil sale debts written off		**(63,590)**	-
Well abandonment adjustment/(expense)	10	**-**	-
Termination penalty provision JPDA 06-103 PSC	10 & 25	**-**	(795,229)
Loss on disposal of fixed assets		**(3,803)**	(3,335)
		(1,344,293)	(382,789)
(g) Foreign Exchange (Loss)/Gain - net			
Foreign exchange (loss)/gain- realised		**(19,858)**	15,782
Foreign exchange (loss)/gain - unrealised		**(6,910)**	(123,052)
		(26,768)	(107,270)

NOTE 5 – INCOME TAX EXPENSE

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

	2018 **$**	2017 $
Loss before income tax	**(4,230,977)**	(3,665,192)
Income tax using the domestic corporation tax rate of 27.5% (2017: 27.5%)	**(1,163,519)**	(1,007,928)
Effect of tax rate in foreign jurisdictions	**(401,298)**	(372,567)
Non-deductible expenses		
Share-based payments	**24,808**	2,272
Foreign expenditure non-deductible	**1,404,174**	1,785,848
Other non-deductible expenses	**200,478**	309,554
Non-assessable income		
Recovery of fully impaired development asset receivable	**-**	(76,275)
	64,643	640,904
Unrecognised deferred tax assets generated during the year and not brought to account at balance date as realisation is not regarded as probable	**-**	-
Income tax expense	**64,643**	640,904
Tax losses utilised not previously brought to account	**(64,643)**	(640,904)
Income tax expense for the period	**-**	-

Tax Assets and Liabilities

During the year ended 30 June 2018, $64,643 of tax losses were recognised and were offset against the current tax liability resulting in nil tax assets and liabilities.

	2018 **$**	2017 $
Unrecognised deferred tax assets not brought to account at balance date as realisation is not regarded as probable – temporary differences		
Other	**26,397,805**	25,495,372
Losses available for offset against future taxable income	**16,204,468**	15,286,865
Deferred tax asset not brought to account	**42,602,273**	40,782,237

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

The deferred tax asset not brought to account for the 2018 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 2018 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.

NOTE 5 – INCOME TAX EXPENSE (CONTINUED)

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 wholly owned members of the tax-consolidated group with effect from 1 July 2004. Total tax losses of the Australian tax-consolidated group, available for offset against future taxable income are $6,003,749 (2017: $6,518,031).

Accounting Policy

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.

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.

Key Estimates and Assumptions

The application of the Group's accounting policy for recognition of tax losses requires management to make certain estimates and assumptions as to future events and circumstances, including 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. A deferred tax asset is only recognised for unused losses if it is probable that future taxable profits will be available to utilise those losses.

In determining the amount of current and deferred tax the Group considers 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.

NOTE 6 – LOSS PER SHARE

(a) Basic Loss Per Share

	2018 $	2017 $
Loss used in calculating earnings per share		
Loss for the period attributable to ordinary shareholders	**4,230,977**	3,665,192

	2018 Number	2017 Number
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July	**1,684,302,899**	1,180,426,999
Effect of shares issued	**93,452,655**	115,920,908
Effect of share options exercised	**9,634,703**	-
Weighted average number of ordinary shares at 30 June	**1,787,390,257**	1,296,347,907

(b) Diluted Loss Per Share

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

(c) Subsequent Transactions

The Company has entered into two loan agreements with existing investors since year end. The loan agreement on 26 July 2018 secured funding of $300,000 at 5% interest with a one year term plus 83,333,333 options over ordinary shares exercisable at $0.0036, which are subject to shareholder approval at a general meeting to be held 14 September 2018. The loan agreement on 15 August 2018 secured funding of $30,000 at 5% interest with a one year term plus 8,333,333 options over ordinary shares exercisable at $0.0036.

On 11 September the Company entered into a debt and equity capital raising to secure funding of approximately $1,142,200 (£631,980) before expenses.

The equity capital raising of 259,816,694 shares at A$0.003434 (0.19 pence) per share for gross proceeds of $892,196 (£493,655) has been undertaken by Novum Securities Limited (Novum) and is also supported by existing shareholders. In this regard, the Company has received firm written confirmation from Novum for the placing of 157,894,737 shares for £300,000 at 0.19 pence per share. In addition, the Company has entered into a subscription agreement with Republic Investment Management Pte Ltd (Republic) for 101,921,957 shares to raise £193,652 at 0.19 pence.

Pursuant to the advisory agreement with Novum, the Company will issue 9,473,684 unlisted options exercisable at 0.19 pence on or before three years following the completion with the capital raising.

The Company has also entered into a binding loan agreement with Republic to secure funding of $250,000 at 5% interest rate with a term to 31 October 2019 plus 60,664,887 options over ordinary shares exercisable at $0.004121, which are subject to shareholder approval, if required.

Accounting Policy

Basic earnings per share is calculated by dividing net profit or loss attributable to ordinary shareholders of the parent entity by the weighted average number of ordinary shares outstanding during the year, 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 dilutive effect of potential ordinary shares, which may comprise outstanding options, warrants and their equivalents.

ASSETS AND LIABILITIES

This section provides information on the assets employed to develop value for shareholders and the liabilities incurred as a result.

NOTE 7 – EXPLORATION AND EVALUATION

	2018 $	2017 $
Balance at 1 July	**518,670**	909,593
Expenditure capitalised	**-**	1,380
Impairment	**-**	(373,780)
Effect of movements in foreign exchange rates	**21,123**	(18,523)
Balance at 30 June	**539,793**	518,670

As at 30 June 2018, the balance of exploration and evaluation assets relates to the Cambay Field, which is currently under evaluation, and there was no impairment of this asset, (2017: $373,780 was impaired in relation to STP-EPA-0131 in the Canning Basin).

The Cambay Field has minimal production that is sold to a third party.

Accounting Policy

Accounting for exploration and evaluation expenditure is assessed separately for each area of interest. Exploration and evaluation expenditure in respect of each area of interest is accounted for under the successful efforts method. 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 prior to securing legal rights to explore an area is expensed. 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 a successful discovery.

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 first tested for impairment and then reclassified as development assets.

Impairment of Exploration and Evaluation Expenditure

The carrying value of exploration and evaluation assets are assessed at each reporting date if any of the following indicators of impairment 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 asset is unlikely to be recovered in full, either by development or sale.

Key Estimates and Assumptions

The application of the Group's accounting policy for exploration and evaluation expenditure necessarily requires management to make certain estimates and assumptions as to future events and circumstances, particularly 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 are 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.

NOTE 8 – DEVELOPMENT ASSETS

	2018 $	2017 $
Cost		
Opening balance	**15,631,750**	16,161,010
Acquisition of development assets	**-**	1,499
Effect of movements in foreign exchange rates	**603,507**	(530,759)
Closing balance	**16,235,257**	15,631,750
Amortisation and Impairment Losses		
Opening balance	**9,704,462**	10,022,006
Impairment of development assets	**-**	-
Amortisation charge for the year	**3,263**	943
Effect of movements in foreign exchange rates	**362,277**	(318,487)
Closing balance	**10,070,002**	9,704,462
Carrying Amounts		
Opening balance	**5,927,288**	6,139,004
Closing balance	**6,165,255**	5,927,288

Cambay Field Development Assets

There was no impairment of the Cambay Field development assets during the year ended 30 June 2018 (2017: Nil).

Development assets are reviewed at each reporting date to determine whether there is any indication of impairment or reversal of impairment. Indicators of impairment can include changes in: market conditions, future oil and gas prices and future costs, extension of the Cambay Production Sharing Contract and the status of the disputes arising from the issue of the event of default notice to GSPC.

No indicators of impairment were identified as at 30 June 2018 based on a review of key assumptions.

NOTE 8 – DEVELOPMENT ASSETS (CONTINUED)

Accounting Policy

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.

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.

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.

Impairment of Development Assets

The carrying value of development assets are assessed on a cash generating unit (CGU) basis at each reporting date to determine whether there is any indication of impairment or reversal of impairment. Indicators of impairment can include changes in market conditions, future oil and gas prices and future costs. Where an indicator of impairment exists, the assets recoverable amount is estimated.

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell (FVLCS). As a market price is not available, FVLCS is determined by using a discounted cash flow approach. In assessing FVLCS, 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. Valuation principals that apply when determining FVLCS are that future events that would affect expected cash flows are included in the calculation of FVLCS.

Impairment losses are reversed when there is an indication that the loss has decreased or no longer exists and there has been a change in the estimate used to determine the recoverable amount. Such estimates include beneficial changes in reserves and future costs, or material increases in selling prices. 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 amortisation, if no impairment loss had been recognised.

Key Estimates and Assumptions

Significant judgements and assumptions are required by management in estimating the present value of future cash flows particularly in the assessment of long life development assets. It should be noted that discounted cash flow calculations are subject to variability in key assumptions including, but not limited to, the expected life of the relevant area of interest, long-term oil and gas prices, currency exchange rates, pre-tax discount rates, number of future wells, production profiles and operating costs.

An adverse change in one or more of the assumptions used to estimate FVLCS could result in an adjustment to the development asset's recoverable amount.

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. There are a number of uncertainties in estimating resources and reserves, and these estimates and assumptions may change as new information becomes available.

NOTE 9 – INVENTORIES

	2018 $	2017 $
Oil on hand - net realisable value	**94,096**	26,112
Drilling inventory - net realisable value	**1,209,149**	1,161,998
	1,303,245	1,188,110

There were no reversal of writedowns to net realisable value.

Accounting Policy

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.

NOTE 10 – PROVISIONS

	2018 $	2017 $
Site Restoration, Well Abandonment and Other Provisions		
Balance at 1 July	**4,184,269**	3,526,179
Provision adjustments during the year - Termination (refer note 25)	**-**	795,229
Effect of movements in exchange rates	**170,406**	(137,139)
Balance at 30 June	**4,354,675**	4,184,269
Current - Termination	**811,798**	955,538
Non-current - Restoration	**3,542,877**	3,228,731
	4,354,675	4,184,269
Current - Employee Entitlements	**274,651**	229,752

Accounting Policy

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 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.

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.

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 up to the reporting date. 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.

Key Estimates and Assumptions

In relation to 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.

NOTE 11 – CASH AND CASH EQUIVALENTS

	2018 $	2017 $
Cash at bank and on hand	**375,507**	3,215,565

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 20.

Accounting Policy

Cash and cash equivalents comprise bank 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.

Reconciliation of Cash Flows from Operating Activities

	2018 $	2017 $
Net loss for the period	**(4,230,977)**	(3,665,192)
Amortisation of development assets	**3,263**	944
Depreciation	**43,002**	57,337
Provision for doubtful debts/(net reversal)	**1,297,488**	(473,112)
Loss on disposal of assets	**3,803**	3,335
Profit on sale of scrap	**(13,139)**	(20,019)
Impairment of exploration and evaluation assets	**-**	373,780
Termination penalty provision	**-**	795,229
Equity settled share-based payments	**90,211**	8,262
Unrealised foreign exchange (gain)/loss	**(39,134)**	51,550
Operating Loss Before Changes in Working Capital and Provisions	**(2,845,483)**	(2,867,886)
Movement in trade and other payables	**(480,924)**	(1,652,794)
Movement in prepayments	**13,278**	(49,108)
Movement in trade and other receivables	**(570,406)**	1,258,725
Movement in provisions	**(1,034)**	(21,211)
Movement in inventory	**(115,135)**	50,443
Movement in employee benefits	**45,933**	(105,547)
Net Cash Used in Operating Activities	**(3,953,771)**	(3,387,378)

NOTE 12 – TRADE AND OTHER RECEIVABLES

	2018 $	2017 $
Current		
Allocation of receivables		
Joint venture receivables	**446,600**	1,377,795
Other receivables	**292,184**	364,488
	738,784	1,742,283
Joint venture receivables		
Joint venture receivables	**5,835,042**	5,323,861
Provision for doubtful debts	**(5,388,442)**	(3,946,066)
	446,600	1,377,795
Other receivables		
Corporate receivables	**401,445**	473,749
Provision for doubtful debts	**(109,261)**	(109,261)
	292,184	364,488

Joint venture receivables include the Group's share of outstanding cash calls and recharges owing from the joint venture partners, as well as other minor receivables.

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). Whilst the Group has been in ongoing discussions with its joint venture partner Gujarat State Petroleum Corporation, for repayment of disputed and other amounts owing, in line with identified impairment indicators, an assessment has been made of the recoverable balance as at 30 June 2018. Each receivable 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. Accordingly, the Indian cash calls receivable have been fully provided for, other than the amount received subsequent to year end of $232,390.

The Group is continuing discussions in order to resolve the outstanding issues and recover the outstanding amounts.

The carrying value of trade and other receivables is considered to approximate its fair value due to the assessment of recoverability.

Details of the Group's credit risk are disclosed in note 20(b).

	2018 $	2017 $
Movement in provision for doubtful debts		
Balance at 1 July	**(4,055,327)**	(4,666,694)
Provisions (made)/reversed during the year	**(1,233,898)**	473,112
Effect of movements in exchange rates	**(208,478)**	138,255
Balance at 30 June	**(5,497,703)**	(4,055,327)
Allocation of provision		
Joint venture receivables	**(5,388,442)**	(3,946,066)
Other receivables	**(109,261)**	(109,261)
	(5,497,703)	(4,055,327)

NOTE 12 – TRADE AND OTHER RECEIVABLES (CONTINUED)

Accounting Policy

The Group initially recognises loans, 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.

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.

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 and subsequently measured at amortised cost, less any impairment losses.

A provision for doubtful debts is recognised in profit or loss when there is objective evidence of non-recovery or an impairment indicator exists. If receivables are subsequently recovered, or an event causes the amount of impairment loss to decrease, the amounts are reversed through profit or loss.

Impairment of Receivables

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. 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).

Key Estimates and Assumptions

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. This requires judgemental assumptions regarding recoverability. Changes in these assumptions impact the recoverable amount of the asset.

NOTE 13 – TRADE AND OTHER PAYABLES

	2018 $	2017 $
Trade creditors	**297,640**	593,978
Accruals	**481,609**	659,809
	779,249	1,253,787

The Company's assessment in note 12, of the recoverability of outstanding cash call amounts owing from its joint venture partner (GSPC) has resulted in an additional impairment and consequently the Company is of the opinion that the Cambay Joint Venture will be unable to meet its third party liabilities, without financial support from the Company as Operator, due to non-payment of outstanding cash calls by the Joint Venture partner. As a result, the Group has accrued an additional $107,267 as at 30 June 2018 (2017: $49,800) to cover Cambay and Bhandut Joint Venture third party liabilities.

The carrying value of trade and other accruals is considered to approximate its fair value due to the short nature of these financial liabilities.

Accounting Policy

Trade and other payables are recorded at the value of the invoices received and subsequently measured at amortised cost and are non-interest bearing. The liabilities are for goods and services provided before year end, that are unpaid and arise when the Group has an obligation to make future payments in respect of these goods and services. The amounts are unsecured. 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.

NOTE 14 – 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:

	2018 $	2017 $
Within one year	**-**	-
One year or later and no later than five years	**-**	-
	-	-

There are no minimum exploration work commitments in the Cambay and Bhandut Production Sharing Contracts.

Subsequent to year end the Company withdrew its applications in relation to the Canning Basin Exploration Permit Applications.

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 2018 (2017: Nil).

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles $	Plant and Equipment $	Office Furniture $	Total $
Cost				
Balance at 1 July 2016	9,734	1,210,458	148,579	1,368,771
Acquisitions	-	24,275	-	24,275
Disposals	-	(325,637)	-	(325,637)
Currency translation differences	(336)	(15,787)	(2,647)	(18,770)
Balance at 30 June 2017	9,398	893,309	145,932	1,048,639
Balance at 1 July 2017	9,398	893,309	145,932	1,048,639
Acquisitions	-	-	-	-
Disposals	-	(23,339)	(4,565)	(27,904)
Currency translation differences	383	18,151	3,009	21,543
Balance at 30 June 2018	**9,781**	**888,121**	**144,376**	**1,042,278**
Depreciation and Impairment Losses				
Balance at 1 July 2016	9,031	993,757	102,583	1,105,371
Depreciation charge for the year	180	51,567	5,590	57,337
Disposals	-	(321,827)	-	(321,827)
Currency translation differences	(315)	(10,686)	(2,195)	(13,196)
Balance at 30 June 2017	8,896	712,811	105,978	827,685
Balance at 1 July 2017	8,896	712,811	105,978	827,685
Depreciation charge for the year	132	38,244	4,626	43,002
Disposals	-	(21,025)	(3,076)	(24,101)
Currency translation differences	369	13,749	2,644	16,762
Balance at 30 June 2018	**9,397**	**743,779**	**110,172**	**863,348**
Carrying amounts				
At 1 July 2016	703	216,701	45,996	263,400
At 30 June 2017	502	180,498	39,954	220,954
At 1 July 2017	502	180,498	39,954	220,954
At 30 June 2018	**384**	**144,342**	**34,204**	**178,930**

Accounting Policy

Property, plant and equipment is 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.

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

Depreciation is calculated 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.

Impairment of Property, Plant and Equipment

The carrying value of assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated.

EQUITY, GROUP STRUCTURE AND RISK MANAGEMENT

This section addresses the Group's capital structure, the Group structure and related party transactions, as well as including information on how the Group manages various financial risks.

NOTE 16 – ISSUED CAPITAL AND RESERVES

The reconciliation of the movement in capital and reserves for the consolidated entity can be found in the consolidated statement of changes in equity.

(a) Issued Capital

Shares	**2018 Number of Shares**	**2018 $ Issued Capital**	2017 Number of Shares	2017 $ Issued Capital
On issue 1 July - fully paid	**1,684,302,899**	**172,866,479**	1,180,426,999	171,513,760
Issue of share capital				
Shares issued for cash	**-**	**-**	488,888,887	1,836,214
Shares issued for non-cash	**-**	**-**	14,987,013	114,000
Shares issued for cash (1)	**157,894,737**	**600,000**	-	-
Shares issued for cash (2)	**125,000,000**	**500,000**	-	-
Shares issued for non-cash (2)	**2,770,800**	**13,854**	-	-
Shares issued for non-cash (3)	**2,087,044**	**8,348**	-	-
Exercise of unlisted options (3)	**11,722,222**	**43,146**	-	-
Shares issued for non-cash (4)	**13,945,833**	**46,785**	-	-
Shares issued for non-cash (5)	**4,244,844**	**21,224**	-	-
Capital raising costs		**(53,800)**		(249,721)
Underwriter and sub-underwriter options		**-**		(347,774)
Balance at the end of the period - fully paid	**2,001,968,379**	**174,046,036**	1,684,302,899	172,866,479

Refer notes following for additional information and note 21 for details of unlisted options.

The issue of shares issued in lieu of non-executive director income was approved by shareholders at the AGM held 29 November 2017 and are issued at a price based upon the VWAP for the 10 trading days prior to issue. In accordance with the ASX Waiver granted 20 October 2017, the Company advises that the number of remuneration shares that were issued to directors totalled 5,530,644 in the year ended 30 June 2018, which represented 0.28% of the Company's issued capital as at 30 June 2018.

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

On 12 December 2017, the Company announced a two tranche conditional placement to raise approximately $2.35 million. The issue of the Tranche Two shares was subject to shareholder approval, as well as the successful extension of the Cambay PSC by the Government of India, on or before 31 March 2018. This date was subsequently varied by agreement to 31 July 2018. The Company on 30 July 2018 announced that it no longer considered that the conditions precedent for the $1.75 million Tranche Two shares were capable of being met and that Tranche Two would no longer be completed.

(1) On 29 January 2018, the Company issued 157,894,737 new ordinary shares under Tranche One of the Placement at $0.0038 per share.

(2) On 15 May 2018, the Company issued 125,000,000 new ordinary shares at an issue price of $0.004, as announced 30 April 2018. In addition, the Company issued 2,770,800 shares at $0.005 in lieu of non-executive director income.

(3) On 4 September 2017, the Company issued 11,722,222 shares upon exercise of the unlisted 0.225 pence broker options which expire 22 May 2020, together with 2,087,044 shares issued as consideration for consulting services. Shares were issued at $0.004 per share.

(4) On 12 December 2017, the Company issued 13,333,333 shares at 0.19 pence ($44,335) plus 612,500 shares at $0.004 per shares as consideration for consulting services.

(5) On 1 March 2018, the Company issued 2,759,844 shares at $0.005 in lieu of non-executive director income, together with 1,485,000 shares issued as consideration for consulting services. Shares were issued at $0.005 per share.

The Company does not have authorised capital or par value in respect of its issued shares. 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.

NOTE 16 – ISSUED CAPITAL AND RESERVES (CONTINUED)

Accounting Policy

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

(b) Reserves

	2018	2017
	$	$
Foreign Currency Translation Reserve	**7,296,212**	7,510,193
Option Reserve	**331,889**	583,571
	7,628,101	8,093,764

Foreign Currency Translation Reserve (FCTR)

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations from their functional currency to Australian dollars.

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 accumulated in the 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.

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.

NOTE 17 – CONSOLIDATED ENTITIES

	Country of Incorporation	**Ownership Interest %**	
		2018	2017
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 (JPDA 06-103) Ltd	Australia	**100**	100
Merlion Energy Resources Private Limited (1)	India	**100**	N/A
Oilex N.L. Holdings (India) Limited	Cyprus	**100**	100
Oilex N.L. Holdings (India) Limited	Cyprus	**100**	100
Oilex Oman Limited (2)	Cyprus	**100**	100
Oilex (West Kampar) Limited	Cyprus	**100**	100

(1) Merlion Energy Resources Private Limited was incorporated on 24 January 2018.

(2) Oilex Oman Limited, a dormant company registered in Cyprus, was placed under voluntary liquidation and a liquidator appointed on 19 June 2014. The Cyprus Department of Registrar of Companies and Official Receiver certified that the company was dissolved on 6 July 2017.

Accounting Policy

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.

NOTE 18 – JOINT ARRANGEMENTS

The Group's interests in joint arrangements as at 30 June 2018 are detailed below. Principal activities are oil and gas exploration, evaluation, development and production.

(a) Joint Operations Interest

Permit		**2018** %	2017 %
OFFSHORE			
JPDA 06-103 [(1)]	Timor Leste and 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 [(2)]	India (Cambay Basin)	**40.0**	40.0
West Kampar Block	Indonesia (Central Sumatra)	**67.5** [(3)]	67.5

[(1)] The JPDA 06-103 Production Sharing Contract was terminated 15 July 2015. The Joint Operating Agreement between the Joint Venture participants is still in effect.

[(2)] The Sabarmati Production Sharing Contract was cancelled 10 August 2016. The Joint Operating Agreement between the Joint Venture participants is still in effect.

[(3)] 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 request had been provided to BPMigas (now SKK Migas), the Indonesian Government regulator, and had not been approved or rejected. Subsequent to the year ended 30 June 2018, the West Kampar Contract Area Production Sharing Contract was terminated 15 August 2018.

(b) Joint Operations

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

	2018 $	2017 $
Current assets		
Cash and cash equivalents	**12,510**	93,418
Trade and other receivables [(1)]	**1,846,349**	2,481,886
Inventory	**1,209,149**	1,161,997
Prepayments	**36,699**	39,868
Total current assets	**3,104,707**	3,777,169
Non-current assets		
Exploration and evaluation	**539,792**	518,670
Development assets	**6,165,255**	5,927,288
Property, plant and equipment	**127,145**	146,877
Total non-current assets	**6,832,192**	6,592,835
Total assets	**9,936,899**	10,370,004
Current liabilities		
Trade and other payables	**(193,534)**	(205,508)
Total liabilities	**(193,534)**	(205,508)
Net assets	**9,743,365**	10,164,496

[(1)] Trade and other receivables of the joint operations is before any impairment and provisions.

NOTE 18 – JOINT ARRANGEMENTS (CONTINUED)

(c) Joint Operations 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 aggregate of the Group's commitments attributable to joint operations is as follows:

	2018	2017
	$	$
Exploration expenditure commitments	**-**	-

There are no minimum exploration work commitments in the Cambay and Bhandut Production Sharing Contracts.

Accounting Policy

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.

NOTE 19 – RELATED PARTIES

Identity of Related Parties

The Group has a related party relationship with its subsidiaries (refer note 17), joint operations (refer note 18) 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
Brad Lingo	Non-Executive Chairman
Paul Haywood	Non-Executive Director
Max Cozijn	Non-Executive Director (until 29 November 2017)

Executive Director	Position
Joe Salomon	Managing Director

Executives	Position
Mark Bolton	Chief Financial Officer and Company Secretary
Ashish Khare	Head - India Assets

Key Management Personnel Compensation

Key management personnel compensation comprised the following:

	2018	2017
	$	$
Short-term employee benefits	**677,224**	931,703
Other long-term benefits	**36,805**	40,464
Non-monetary benefits	**15,192**	15,389
Post-employment benefits	**63,920**	88,632
Termination benefits	**-**	174,523
Share-based payments	**-**	14,000
Equity compensation benefits – shares issued in lieu of salary	**40,228**	-
	833,369	1,264,711

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.

There were no transactions in the current year between the Group and entities controlled by key management personnel. A number of these companies transacted with the Group during the prior 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.

NOTE 19 – RELATED PARTIES (CONTINUED)

Key Management Personnel Transactions with the Company or its Controlled Entities (continued)

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:

Key Management Personnel	Transaction	Note	Transactions Value 2018 $	Transactions Value 2017 $	Balance Outstanding 2018 $	Balance Outstanding 2017 $
Mr M Cozijn	Management services	1	-	25,000	-	-

(1) Oilex used the services of Diplomat Holdings Pty Ltd, of which Mr Cozijn is a director. Rates charged were as agreed by the Oilex Board and have been included in the remuneration of key management personnel.

NOTE 20 – FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Group has exposure to the following risks arising from 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.

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:

	2018 $	2017 $
Cash and cash equivalents	**375,507**	3,215,565
Trade and other receivables - current	**738,784**	1,742,283
	1,114,291	4,957,848

NOTE 20 – 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 gross share of outstanding cash calls and recharges owing from joint venture partners and joint operations is $5,768,614 (2017: $5,188,896).

The Group's most significant customer is Enertech Fuel Solutions Pvt Limited (Enertech) with gas sales representing 61% of the Group's total revenues (2017: 89%). Enertech accounts for $5,841 of trade receivables as at June 2018 (2017: $7,130), whilst the Indian Oil Corporation Limited, in its capacity as nominee of the Government of India, accounts for $66,439 of trade receivables (2017: $131,142).

Impairment Losses

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

	2018	2017
	$	$
Consolidated Gross		
Not past due	**294,709**	246,543
Past due 0-30 days	**73,246**	77,420
Past due 31-120 days	**278,346**	48,523
Past due 121 days to one year	**449,771**	-
More than one year	**5,140,415**	5,425,124
	6,236,487	5,797,610
Provision for doubtful debts	**(5,497,703)**	(4,055,327)
Trade and other receivables net of provision	**738,784**	1,742,283

Receivable balances are monitored on an ongoing basis. The Group may at times have a high credit risk exposure to its joint venture partners 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 2018, each receivable 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 the timing or 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.

		Contractual Cash Flows			
	Carrying Amount	**Total**	**2 months or less**	**2 – 12 months**	**Greater than 1 year**
	$	**$**	**$**	**$**	**$**
2018					
Trade and other payables	**779,249**	**779,249**	**779,249**	**-**	**-**
Total financial liabilities	**779,249**	**779,249**	**779,249**	**-**	**-**
2017					
Trade and other payables	1,253,787	1,253,787	1,253,787	-	-
Total financial liabilities	1,253,787	1,253,787	1,253,787	-	-

NOTE 20 – FINANCIAL INSTRUMENTS (CONTINUED)

(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:

		2018			2017	
In equivalents of Australian dollar	**USD $**	**INR $**	**GBP $**	USD $	INR $	GBP $
Cash and cash equivalents	**136,584**	**30,392**	**15,928**	587,568	1,754,444	691,048
Trade and other receivables [1]	**110,799**	**3,053,753**	**-**	16,739	2,783,076	-
Trade and other payables	**(3,958)**	**(188,863)**	**(13,176)**	(1,170)	(328,008)	(5,860)
Net balance sheet exposure	**243,425**	**2,895,282**	**2,752**	603,137	4,209,512	685,188

(1) Trade and other receivables of the joint operation is before any impairment and provisions.

The following significant exchange rates applied during the year:

	Average Rate		**Reporting Date Spot Rate**	
AUD	**2018**	2017	**2018**	2017
USD	**0.7753**	0.7545	**0.7391**	0.7692
INR	**50.4574**	50.1493	**50.7392**	49.7672
GBP	**0.5762**	0.5951	**0.5634**	0.5913

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 2017.

	2018 $	2017 $
10% Strengthening		
United States dollars (USD)	**27,047**	67,037
Indian rupees (INR)	**321,698**	467,724
British pounds (GBP)	**306**	76,132
10% Weakening		
United States dollars (USD)	**(22,129)**	(54,848)
Indian rupees (INR)	**(263,207)**	(382,683)
British pounds (GBP)	**(250)**	(62,290)

NOTE 20 – FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market Risk (continued)

ii) Interest rate risk

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

	Carrying Amount	
	2018	2017
	$	$
Fixed Rate Instruments		
Financial assets (short-term deposits included in trade receivables)	**149,004**	149,004
Variable Rate Instruments		
Financial assets (cash at bank)	**375,507**	3,215,565

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 2017.

	2018	2017
	$	$
Impact on profit or loss	**3,755**	32,156

iii) Other market price risks

The Group had no financial instruments with exposure to other price risks at June 2018 or June 2017.

Equity Price Sensitivity

The Group had no exposure to equity price sensitivity at June 2018 or June 2017.

(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.

OTHER DISCLOSURES

This section provides information on items which are required to be disclosed to comply with Australian Accounting Standards, other regulatory pronouncements and the *Corporations Act 2001*.

NOTE 21 – SHARE-BASED PAYMENTS

Share-based Payments Expense Shares

The following equity settled share-based payment transactions have been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income:

	2018	2017
	$	$
Shares and rights - equity settled		
Non-Executive Directors – remuneration shares [1]	**27,653**	-
Managing Director retention rights [2]	**-**	8,262
Technical and administrative contractors	**62,558**	-
Total share-based payments expense	**90,211**	8,262

(1) At the Annual General Meeting held 29 November 2017 shareholders approved the issue of remuneration shares, whereby Non-Executive Directors agreed to receive part of their Directors fees paid through the issue of shares in lieu of cash payments, for the period of 1 November 2017 through to 31 October 2018, in order to conserve the cash reserves of the Company. In accordance with the ASX waiver granted 20 October 2017, the Company advises that the number of remuneration shares that were issued to directors in the year ended 30 June 2018 totalled 5,530,644 and the percentage of the Company's issued capital represented by these remuneration shares was 0.28%.

As at 30 June 2018 accrued non-executive director fees, being remuneration shares not yet issued totalled $12,575.

(2) 2,000,000 retention rights converted to ordinary shares on 17 March 2017 at a conversion price of $0.007.

Unlisted Options

At 30 June 2018, 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			
Not applicable			
Other Employees			
5 August 2014	275,000	One year of service	4 years
Financiers and Advisors			
22 May 2017	77,166,666	Vest immediately	3 years
Total Options	**77,441,666**		

Accounting Policy

Options allow directors, employees and advisors to acquire shares of the Company. The fair value of options granted to employees 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. 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.

Options may also be provided as part of consideration for services by brokers and underwriters. Any unlisted options issued to the Company's AIM broker are treated as a capital raising cost.

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.

NOTE 21 – SHARE-BASED PAYMENTS (CONTINUED)

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

	WAEP 2018	**Number 2018**	WAEP 2017	Number 2017
Outstanding at 1 July	**$0.009**	**286,974,273**	$0.193	20,250,000
Forfeited during the year	-	-	$0.296	(5,700,000)
Lapsed during the year	$0.011	(197,810,385)	$0.150	(7,000,000)
Exercised during the year	$0.004	(11,722,222)	-	-
Granted during the year				
Granted to Broker	-	-	$0.006	88,888,888
Attached to Tranche 2 shares	-	-	$0.006	190,535,385
Outstanding at 30 June	**$0.005**	**77,441,666**	$0.009	286,974,273
Exercisable at 30 June	**$0.005**	**77,441,666**	$0.009	286,974,273

The unlisted options outstanding at 30 June 2018 have an exercise price in the range of $0.004 to $0.35 (2017: $0.004 to $0.35) and a weighted average remaining contractual life of 1.9 years (2017: 1.2 years).

The weighted average share price at the date of exercise for share options exercised during the financial year was $0.004 (2017: no unlisted options exercised).

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. No unlisted share options were granted during the year ended 30 June 2018.

The following factors and assumptions were used in the prior year to determine the fair value of options of the 88,888,888 broker options on grant date:

2017 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**
22 May 2017	22 May 2017	22 May 2020	$0.004	$0.004	$0.005	107.10%	1.50%	-

The fair value of the 190,535,385 options and tranche two shares issued to shareholders in May 2017 was the amount paid and has been included in issued capital.

NOTE 22 – PARENT ENTITY DISCLOSURE

As at, and throughout, the financial year ended 30 June 2018 the parent entity of the Group was Oilex Ltd.

	2018 $	2017 $
Result of the parent entity		
Loss for the year	**(4,758,767)**	(2,452,635)
Other comprehensive income/(loss)	**(110,414)**	(145,399)
Total comprehensive (loss)/income for the year	**(4,869,181)**	(2,598,034)
Financial position of the parent entity at year end		
Current assets	**1,545,758**	5,483,257
Total assets	**6,162,360**	9,960,325
Current liabilities	**596,118**	1,192,420
Total liabilities	**2,684,874**	3,023,934
Net assets	**3,477,486**	6,936,391
Total equity of the parent entity comprising of:		
Issued capital	**174,046,036**	172,866,479
Option reserve	**331,889**	583,571
Foreign currency translation reserve	**4,909,084**	5,019,497
Accumulated losses	**(175,809,523)**	(171,533,156)
Total equity	**3,477,486**	6,936,391

Parent Entity Contingencies

The Directors are of the opinion that provisions are not required in respect of the following 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.

Oilex Ltd has issued guarantees in relation to the lease of corporate offices, as well as corporate credit cards. The bank guarantees amount to $149,004. An equal amount is held in cash and cash equivalents as security by the banks.

Parent entity capital commitments for acquisition of property plant and equipment

Oilex Ltd had no capital commitments as at 30 June 2018 (2017: Nil).

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

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. Refer note 25.

Oilex Ltd has issued no other guarantees in respect of debts of its subsidiaries.

NOTE 23 – AUDITORS' REMUNERATION

	2018 $	2017 $
Audit and review services		
Auditors of the Company – KPMG		
Audit and review of financial reports (KPMG Australia)	**82,000**	160,319
Audit of Joint Operations operated by Oilex Ltd Operator proportion only (KPMG Australia)	**419**	400
Audit and review of financial reports (KPMG related practices)	**16,252**	26,699
	98,671	187,418
Other Auditors		
Audit and review of financial reports (India Statutory)	**5,543**	5,801
	104,214	193,219
Other services		
Auditors of the Company – KPMG		
Taxation compliance services (KPMG Australia)	**11,723**	18,300
Taxation compliance services (KPMG related practices)	**6,449**	6,627
	18,172	24,927
Other Auditors		
Taxation compliance services (India Statutory)	**7,094**	7,735
	25,266	32,662

NOTE 24 – OPERATING LEASES

Leases as Lessee

Non-cancellable operating lease rentals are payable as follows:

	2018 $	2017 $
Within one year	**86,738**	124,413
One year or later and no later than five years	**4,711**	19,104
	91,449	143,517

The Group leases its head office premises at Ground Floor, 44a Kings Park Road, West Perth under an operating lease. The current lease was extended for a year from 1 June 2018.

The Group leases office premises in Gandhinagar (India) under an operating lease. The current lease has a three year term, commencing 16 October 2016.

	2018 $	2017 $
Operating lease rentals expensed during the financial year	**130,981**	145,560

Accounting Policy

Operating leases payments 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.

NOTE 25 – PROVISIONS AND CONTINGENT LIABILITIES

Contingent Liabilities at Reporting Date

The Directors are of the opinion that provisions (except as noted below) 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.

Guarantees

Oilex Ltd has issued guarantees in relation to the lease of the current corporate office in West Perth, as well as corporate credit cards. The bank guarantees amount to $149,004.

Termination Penalty

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).

On 12 July 2013, the Operator, on behalf of the Joint Venture participants, submitted to the Autoridade Nacional do Petroleo e Minerais (ANPM), 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.

On 15 May 2015, the ANPM 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 (100%) of the penalty claim of US$17,018,790 is the ANPM's estimate of the cost of exploration activities not undertaken in 2013, as well as certain local content obligations set out in the PSC. In addition, the ANPM asserts that the Joint Venture partners are liable to interest on the monetary claim at a rate of 5.2% compounded monthly.

The Joint Venture has made overpayments in the PSC work programme and considers certain excess expenditure should be included as part of any financial assessment incorporated within the termination process. Notwithstanding the Group's belief that no penalty is applicable, both parties have made a number of offers to settle the matter, none of which have yet resulted in settlement of the matter. In view of ongoing activities to resolve this matter, the Group recorded a provision of US$600,000 in the year ended 30 June 2017, being the Group's 10% share of a proposed settlement of the JPDA matter, refer note 10. The provision and or settlement is subject to variation dependent upon ongoing negotiations with the ANPM.

In the event the parties are unable to reach an amicable settlement, any party may refer the matter to arbitration. The obligations and liabilities of the Joint Venture participants under the PSC are joint and several.

The equity interest of the Joint Venture participants are:

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

NOTE 26 – SUBSEQUENT EVENTS

Subsequent to year end the Company entered into two loan agreements with existing investors. The loan agreement on 26 July 2018 secured funding of $300,000 at 5% interest with a one year term plus 83,333,333 options over ordinary shares exercisable at $0.0036, which are subject to shareholder approval at a general meeting to be held 14 September 2018. The loan agreement on 15 August 2018 secured funding of $30,000 at 5% interest with a one year term plus 8,333,333 options over ordinary shares exercisable at $0.0036

The loan agreements include the following key undertakings:

- Not to dispose of assets having an aggregate value more than A$1 million
- Not to incur any financial indebtedness more than A$50,000
- Not to incur any aggregate payment or outgoing exceeding A$1 million (except for wages)

Subsequent to the year end the West Kampar Contract Area Production Sharing Contract was terminated by the Indonesian Ministry of Energy and Mineral Resources effective 15 August 2018.

Subsequent to year end the Group received $232,390 from GSPC towards outstanding cash calls.

On 29 July 2018 the Company exercised its right to require the transfer of GSPC's interest in Cambay, as GSPC had not remedied the Event of Default Notice within 60 days. Accordingly, GSPC shall be deemed to have transferred all of its right, title and beneficial interest in the Cambay project. The Company has formally requested the Directorate General of Hydrocarbons and the Ministry of Petroleum and Natural Gas, India to affect the transfer of GSPC's participating interest (PI) in the Cambay PSC to Oilex.

GSPC served notice to Oilex of an Order from the High Court of Gujarat directing it not to take any coercive steps against GSPC until a hearing held on 4 September 2018 (Order). At this hearing the matter was adjourned until 19 September 2018. The Order has been awarded on an interim basis to delay the Company securing a transfer of the Participating Interest in the Cambay PSC held by GSPC. The Order was obtained on an ex parte basis and accordingly, the Company was not afforded an opportunity to assert its position. The Company notes that, notwithstanding the Order, GSPC remains in ongoing material breach of the JOA with the Event of Default (EoD) remaining in place and Oilex fully intends to enforce its legal and contractual rights.

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

On 11 September the Company entered into a debt and equity capital raising to secure funding of approximately $1,142,200 (£631,980) before expenses.

The equity capital raising of 259,816,694 shares at $0.003434 (0.19 pence) per share for gross proceeds of $892,196 (£493,655) has been undertaken by Novum Securities Limited (Novum) and is also supported by existing shareholders. In this regard, the Company has received firm written confirmation from Novum for the placing of 157,894,737 shares for £300,000 at 0.19 pence per share. In addition, the Company has entered into a subscription agreement with Republic Investment Management Pte (Republic) Ltd for 101,921,957 shares to raise £193,652 at 0.19 pence.

Pursuant to the advisory agreement with Novum, the Company will issue 9,473,684 unlisted options exercisable at 0.19 pence on or before three years following the completion with the capital raising.

The Company has also entered into a binding loan agreement with Republic to secure funding of $250,000 at 5% interest rate with a term to 31 October 2019 plus 60,664,887 options over ordinary shares exercisable at $0.004121, which are subject to shareholder approval, if required. The key undertakings are the same as then loan agreement entered into on 26 July 2018.

Other than the above disclosure, there has not arisen in the interval between the end of the financial year and the date of this report an item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

NOTE 27 – OTHER ACCOUNTING POLICES

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* includes revised guidance on the classification and measurement requirements of financial liabilities and assets, including a new expected credit loss model for calculating impairment, and general hedge accounting requirements. AASB 9 is effective for annual periods beginning on or after 1 January 2018. Items classified as loans and receivables are now classified as financial assets at fair value or amortised costs. The adoption of AASB 9 will not have an impact on the Group's financial statement presentation.
- AASB 15 *Revenue from Contracts with Customers* provides a single, principles based five-step model to be applied to all contracts with customers to determine when to recognise revenue and at what amount. Revenue is recognised when (or as) the Group transfers control of goods to a customer and is recognised either over time or at a point in time (when control is transferred). The application of the following five steps determines the recognition of revenue: identification of the contract, identification of the performance obligations, determination of the contract price, allocation of the contract price and the recognition of revenue as the performance obligation is satisfied. AASB 15 is effective for annual periods beginning on or after 1 January 2018. The Group has undertaken an assessment of the potential impact on existing revenue contracts for the sale of oil and gas in India and has determined that is not expected to be materially affected by the adoption of AASB 15 as there will be no material changes in the timing of recognition or the amount of revenue recognised.
- AASB 16 *Leases* provides a new lessee accounting model requiring the recognition of assets and liabilities for all leases with a term greater than twelve months, unless the underlying asset is of low value. It requires the lessee to recognise a right-of-use asset, representing the rights to use the underlying lease asset and a lease liability representing the obligation of lease payments. AASB 16 is effective for annual periods beginning on or after 1 January 2019. The Group has undertaken a review of all its existing leases. The Group has no material long term contracts, other than office premises in Perth and Gandhinagar. The leases in Gandhinagar relate to the joint operations, but with no formal sub lease arrangements in place, the operator is required to recognise the full right of use asset and lease liability. All remaining leases in India are of low value. The impact on the Group's financial assets and financial liabilities of the adoption of AASB 16 is being assessed and is dependent upon the adoption approach and application of transitional provisions, as well as assessing new leases anticipated to be entered into. The impact of the adoption of this standard, will have a material future impact on the Group's balance sheet once the liability for future leases are recognised. Further information is disclosed in Note 24.
- AASB 2016-5 *Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions.* The standard makes amendments to AASB 2 *Share-based Payment*. The amendments address the accounting for the effects of vesting and non-vesting conditions and the accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled, is effective for annual reporting periods beginning on or after 1 January 2018 and it is not expected that this will have a significant impact on the consolidated financial statements.

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

(a) the consolidated financial statements and notes thereto, and the Remuneration Report in the Directors' Report, set out on pages 21 to 28, 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 2018 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

(a) there are reasonable grounds to believe that the Group 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 2018.

(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 Brad Lingo Chairman	Mr Jonathan Salomon Managing Director

West Perth
Western Australia
12 September 2018

Independent Auditor's Report

To the shareholders of Oilex Ltd

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Oilex Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2018
- 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 then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2(c), "Going Concern Basis" in the financial report. The conditions disclosed in Note 2 (c) indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Evaluating the feasibility, quantum and timing of the Group's plans to raise additional shareholder funds to address going concern;
- Assessing the Group's cash flow forecasts for incorporation of the Group's operations and plans to address going concern, in particular in light of the history of loss making operations; and
- Determining the completeness of the Group's going concern disclosures for the principle matters casting significant doubt on the Group's ability to continue as a going concern, the Group's plans to address these matters, and the material uncertainty.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current year.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

Provision for doubtful debts for joint venture receivables ($5,388,442)	
Refer to Note 12 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The provision for doubtful debts relating to joint venture receivables is a key audit matter due to: • the size and nature of the transaction having a pervasive impact on the Group's financial statements; and • the level of judgement used by the Group to determine the amount of provision to record. This required significant audit effort and greater involvement of senior team members in assessing evidence on the status of outstanding receivables.	Our procedures included: • We assessed the appropriateness of the method applied by Group in determining the provision for doubtful debts; • Assessed the ageing of joint venture receivables, past payments received and payments made subsequent to year end by the joint venture party and disputes as applicable; • Evaluated evidence from legal experts obtained by the Group, on contentious matters, where applicable; • Inspected the correspondence between the Company and the joint venture party in relation to the Event of Default notices issued; and • Evaluated the adequacy of the Group's disclosure in relation to the doubtful debt provision, including those made with respect to judgements and estimates.

Other Information

Other Information is financial and non-financial information in Oilex Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other

Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Oilex Ltd for the year ended 30 June 2018, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included in pages 21 to 28 of the Directors' report for the year ended 30 June 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards.*

KPMG

KPMG

Derek Meates
Partner
Perth
12 September 2018

Shareholder information as at 3 September 2018

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

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.

The name of the Company Secretary is Mr Mark Bolton.

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

Directors' interest in share capital options are disclosed in the Directors' Report.

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

Shareholding

(a) Distribution of share and option holdings:

Size of holding	Number of shareholders	Number of unlisted option holders
1 - 1,000	296	-
1,001 - 5,000	491	-
5,001 - 10,000	328	-
10,001 - 100,000	800	-
100,001 and over	542	2
Total	**2,457**	**2**

(b) Of the above total 2,016 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 give an entitlement to voting rights.

Register of Securities

The register of securities listed on the Australian Securities Exchange is held by Link Market Services Limited, Level 12, 250 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.

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.

Unquoted Securities - Options

Total unlisted options on issue are 77,166,666.

The Managing Director, Mr Jonathan Salomon holds 14,987,013 shares as at 1 September 2018 which represents 0.75% of shares.

Twenty Largest Shareholders

Shareholders	Shares Held		% of issued capital
HSBC Custody Nominees (Australia) Limited	259,071,849		12.94
Rock (Nominees) Limited <CSHNET>	174,329,710	#	8.71
Barclays Direct Investing Nominees Limited <CLIENT1>	96,096,553	#	4.80
Interactive Investor Services Nominees Limited <SMKTNOMS>	79,748,506	#	3.98
Magna Energy Limited	73,505,090		3.67
Zeta Resources Limited	71,323,567		3.56
Pershing Nominees Limited <JICLT>	55,757,084	#	2.79
Interactive Investor Services Nominees Limited <SMKTISAS>	50,230,697	#	2.51
Chase Nominees Limited	50,000,000	#	2.50
Hargreaves Lansdown (Nominees) Limited <15942>	45,584,067	#	2.28
Hargreaves Lansdown (Nominees) Limited <HLNOM>	43,143,756	#	2.16
HSDL Nominees Limited	40,555,051	#	2.03
Hargreaves Lansdown (Nominees) Limited <VRA>	34,804,806	#	1.74
HSBC Client Holdings Nominee (UK) Limited <731504>	33,205,567	#	1.66
UBS Private Banking Nominees LTD <MAINPOOL>	32,266,549	#	1.61
HSDL Nominees Limited <IWMAXI>	28,714,340	#	1.43
Share Nominees Ltd	28,336,419	#	1.41
Roy Nominees Limited <127735>	26,315,789	#	1.31
HSDL Nominees Limited <MAXI>	23,792,025	#	1.19
BNP Paribas Nominees PTY LTD	21,970,715		1.10
Total	**1,268,752,140**		**63.38**
Total issued shares as at 1 September 2018	**2,001,968,379**		**100.00**

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

Substantial Shareholders	Shares Held	% of issued capital
Republic Investment Management Pte Ltd	244,078,948	12.19
Zeta Resources Limited	121,323,567	6.06
Magna Energy Limited	114,320,284	5.71

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

(#) Included within the total issued capital are 1,147,328,607 shares held on the AIM register. Included within the top 20 shareholders are certain AIM registered holders as marked.

Associated Gas	Natural gas found in contact with or dissolved in crude oil in the reservoir. It can be further categorised 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. 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 categorised 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. Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations. Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves.3P Probabilistic methods P90 refers to the quantity for which it is estimated there is at least a 90% probability the actual quantity recovered will equal or exceed. P50 refers to the quantity for which it is estimated there is at least a 50% probability the actual quantity recovered will equal or exceed. P10 refers to the quantity for which it is estimated there is at least a 10% probability the actual quantity recovered will equal or exceed.
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.

Directors
Brad Lingo Bachelor of Arts with Honours, Juris Doctorate, MAICD
Non-Executive Chairman

Joe Salomon B APP SC (Geology), GAICD
Managing Director

P Haywood
Non-Executive Director

Company Secretary
Mark Bolton B Business
CFO and Company Secretary

Registered and Principal Office
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Fax +61 8 9485 3290

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PO Box 254
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Australia

India Operations - Gandhinagar Project Office
3rd Floor Radhe Arcade 'Block C'
Nr. Swagat Rainforest 1, Kudasan
Gandhinagar Koba Road
Gandhinagar 382421
Gujarat, India

Website
www.oilex.com.au

Email
oilex@oilex.com.au

Oilex Ltd
ACN 078 652 632
ABN 50 078 652 632

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)

AIM Nominated Adviser
Strand Hanson Limited
26 Mount Row
London W1K 3SQ
United Kingdom

AIM Broker
Cornhill Capital Limited
4th Floor
18 St Swithins Lane
London EC4N 8AD
United Kingdom

Share Registries
Link Market Services Limited (for ASX)
Level 12
250 St Georges Terrace
Perth Western Australia 6000
Australia

Computershare Investor Services PLC (for AIM)
The Pavilions
Bridgwater Road
Bristol BS13 8AE
United Kingdom

Auditors
KPMG
235 St Georges Terrace
Perth Western Australia 6000
Australia

OILEX LTD

ABN 50 078 652 632

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