ASX – RNS Announcement

31 October 2020

ASX: OEX
AIM: OEX

Re: Audited 2020 Annual Report

Further to the Company's announcement Unaudited 2020 Annual Report on 30 September 2020, please find attached the Audited 2020 Annual Report.

We note that the reported loss in the Audited 2020 Annual Report has increased from $4.5 million to $5.8 million in the Consolidated Statement of Profit or Loss and Other Comprehensive Income reflecting a $1.3m impairment provision for the Cambay Development Assets (refer Note 9).

For and on behalf of Oilex Ltd

Mark Bolton
Executive Director and Company Secretary

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OILEX LTD

ANNUAL REPORT 2020

www.oilex.com.au

CONTENTS

Dear Shareholder,

The 2020 financial year produced two remarkable global events. The first of these was the effect of COVID-19 and the fundamental change it brought to the daily and working lives of all of us. The other key event was the global oil and gas price reduction, the third time this occurred within a 12 year period. Virtually every community in our modern world and every industry has been affected in some way by one or both of these events. Certainly, it has brought about further changes and downward pressure on an already embattled oil and gas industry. Our industry has seen an increase in the number of project delays and project re-assessments along with several corporate collapses, related to combinations of reduced commodity prices, scarcity of risk capital and significantly altered working environments. Oilex's experiences were in line with this and included the non-completion of the initial proposal for the Cooper-Eromanga basin package spin-out and additional and significant delays to our Cambay project in India.

This unusual period has also produced positive occurrences with new projects becoming available as beleaguered corporations seek funding solutions for their projects and as some governments seek to stimulate industry activity in response to declining domestic oil and gas production.

As a result, this has been a period of consolidation for the Company. Management's focus has been to:

i) capitalise on held projects, determining the best value realisation for each one,
ii) continue to press forward with the existing projects in the Oilex portfolio,
iii) resolve long running problematic historical issues, and
iv) reduce the company's cost base in both India and Australia.

Despite the very challenging climate, Oilex remains focused on returning value to shareholders with the short to medium focus of restoring value to the share price through sound management practices.

To that end, during the reporting period, Oilex successfully acquired a new package of highly prospective acreage in the Cooper-Eromanga Basins in Australia, it worked with the Indian government to define a solution for the dispute with the joint venture partner on the Cambay project, it continued to work to restore ownership of the West Kampar project in Indonesia, it acquired acreage in the East Irish Sea in the United Kingdom , and it worked with joint venture partners to resolve a long running dispute in East Timor. At the same time funding was secured while our cost base was dramatically reduced. Our cornerstone shareholders, Singapore based Republic Investment Management and the Malta based Lombard Group deserve particular mention, as they have continued to provide strong support for which the board and management expresses its sincere thanks. Similarly, the company has many long-suffering shareholders who continue to hold the stock in the shared belief in the intrinsic value proposition offered by the company and its assets.

The Company's resolve in India is based on the significant undeveloped multi TCF gas resource within the Cambay PSC – the Cambay Tight Gas Project. This requires further investment and appraisal work to ultimately demonstrate the project's commerciality and Oilex retains the support of the Indian government to re-commence an appraisal/development effort for this project. The solution lies with the exit of GSPC through a sales process supported by the Indian National Government, the Gujarat State Government and GSPC's own board of directors. But for COVID, we believe that an outcome would have been reached in the first part of the 2020 calendar year. The effect of COVID on India has been particularly severe resulting in the unavoidable continued delay in reaching a solution. It has also changed the investment capability of companies which bid in the GSPC sale, and this has been an additional complicating factor. We do believe that a solution will occur, however in the current circumstance, it is difficult to provide accurate timing estimates. In the absence of senior management travel to India, our enormously dedicated Indian staff continue to successfully drive our business forward. An eventual conclusion will allow the Company to return to the planning and field work needed for the actual appraisal drilling, completion and stimulation program identified by the technical studies undertaken with Schlumberger, Baker Hughes GE and Oilfield Data Services Inc. which outlined the next stage of work program to prove the commerciality of the Cambay Tight Gas Project.

The Company's new business development efforts bore fruit through the establishment of the focus on "super-basin areas" in Australia's Cooper-Eromanga Basins and the UK's Continental Shelf. With prior knowledge and experience in both of these areas, the company set about reviewing available opportunities, identifying target areas within proven fairways, and target companies, following a strict set of investment and risk exposure guidelines. As a result, a high potential package of acreage which includes existing discoveries was captured in Australia. Further work added additional acreage won in a government bid round. Funding considerations, particularly in relation to upfront costs related to government environment and rehabilitation bonds, meant that the best value realisation was to place the asset group into a new entity and the various options of IPO and sales were investigated. A favourable agreement was initially struck where the assets would be purchased by an existing entity looking for a change of focus, however, the advent of COVID and the reduction in funding options meant that this did not materialize. Management responded quickly and secured an alternative option with Armour Energy, a company with an existing viable asset base looking for additional projects. The move of Oilex's immediate past Chairman, Brad Lingo, to an executive role in Armour provided continuity of focus on the asset set and the transaction, assuming completion, provides Oilex with a significant value position in relation to the Australian assets.

In the UK, Oilex struck a series of deals and options with a number of UK based entities, for both discovered and exploration assets in the highly productive East Irish Sea basin. Through a series of agreements, Oilex established line of sight over a number of low entry cost, complementary projects in the East Irish Sea immediately adjacent to large producing gas fields with refurbished production and processing facilities and where new sources of gas production would help to extend the productive life of the greater projects. However, once again COVID resulted in reduced ability to secure risk capital for these projects, and Oilex reduced its position to a single licence containing two high potential exploration targets, again adjacent to existing producing fields.

In East Timor, a dispute with the government regulator stretching back more than 5 years had moved to the stage of arbitration in a Singapore arbitration centre. Oilex and its partners believed that all processes had been correctly followed in executing the historical Joint Venture work programs, and that arbitration provided a very costly resolution process with an uncertain outcome. As a result, a settlement was agreed with the regulator that ceased the arbitration process. The settlement agreement provided Oilex with a financial obligation of US$800,000 to be paid to the regulator, and with the uncertainties surrounding the industry as a whole, Oilex set about finding a solution to manage the exposure. This was provided by some of our existing joint venture partners in the form of a loan facility effectively deferring the payment schedule for several years.

In Indonesia, Oilex had continued to seek redress for a historic dispute with an Indonesian partner and operator in relation to the West Kampar PSC, into which Oilex had paid funds, but where it was excluded from production income and project decision making. While a successful arbitration ruling was gained in Singapore courts, it proved almost impossible to enforce in Indonesia. With the eventual demise of the partner company, Oilex continued to press it rights with the Indonesian government, even re-bidding for the asset in a government sponsored bid round. Oilex has an agreement with a very reputable Indonesia entity, PT Ephindo to work together on an equal basis for the return of the rights to the PSC with Government support for the same.

In addition to the above efforts to create and return value, Oilex continues to review business opportunities in high potential areas, relying on its contact base, its demonstrated capabilities and its belief that good projects with good management can be funded. It remains our objective to apply our skill base to deliver value to our shareholders through solid project and corporate management. We seek your continued support in our efforts. On behalf of the Board, I wish to thank our staff, contractors, local communities, shareholders, and stakeholders for your ongoing support.

Mr J Salomon
Interim Chairman
31 October 2020

External Impact on the Petroleum Industry

This last year has seen COVID-19 and an oil/gas price slump negatively affect both project continuity and funding support across our global industry. India in particular has been significantly affected by COVID-19, its associated lockdowns and hot spot management and as a result there has been a general slow down in our industry and progress on projects including our Cambay project.

None-the-less the Company remains committed to its headline Cambay Project in India with the belief that the problems of the last few years will resolve and a return to activities in the office and the field and to restart the appraisal/development program will occur.

Oilex Strategy

During 2019-2020, Oilex 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. As such, Oilex gained entry and subsequently on-sold a package of licences in the Cooper-Eromanga Basins in Australia and established a foot-hold in the East Irish Sea in the UK. These activities follow a well-defined strategy focusing on proven super-basins with world class source rocks, well defined fairways, undeveloped discoveries, progressive regulators, open access to data, existing infrastructure and demonstrable upside potential for junior companies.

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 and the area has a history of hydrocarbon production from a number of vertically stacked reservoir sections. Oilex's focus is on a tight siltstone Eocene aged reservoir which has potential for Multi-TCF gas resources within the license area and which requires application of specific drilling and stimulation technologies for commercialisation. A secondary conventional reservoir is present in the Oligocene section.

The PSC area 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. It is well-positioned to commercialise production in the fast-growing, demand-driven domestic energy market.

Development of the potential gas resources in the Cambay PSC has been held up for some years as the result of a dispute with GSPC. In May of 2018, Oilex announced that it had issued an Event of Default Notice (EOD) to GSPC for failure to pay US$3,054,832 of its participating interest share of expenses. In July 2018, the Company announced that it had issued a notice to require GSPC to withdraw (EoW) from the PSC and to transfer its participating interest to Oilex following the procedures defined by the Joint Operating Agreement as GSPC had not remedied the EoD within the prescribed allowed time. Oilex's action were driven by its desire to return to a drilling programme in the PSC with a pilot test to drill and flow test the identified gas resource.

In August 2018, in response to the EoD and EoW, GSPC served notice of an exparte Order from the High Court of Gujarat directing Oilex not to take any coercive steps against GSPC to transfer its participating interest. A number of hearings in the High Court took place until 5 November when Oilex announced the final decision of the court which further delayed the implementation of the EoD and EoW under the conditions that GSPC deposited a sum of approximately US$1.1 million, a bank guarantee for approximately US$3 million with the court, and commenced arbitration proceedings. GSPC met these conditions. In September 2019, Oilex announced that it had reached an agreement with GSPC to resolve the dispute with the support of the Indian Directorate General of Hydrocarbons (the national regulator) as a signatory to the Agreement. The agreement revolved around GSPC's exit from the PSC through placing its 55% Participating Interest up for sale. This process received the approval of the State Government of Gujarat and the GSPC Board of Directors. Under the agreement GSPC was to complete the sale process while Oilex withdrew the EoD and GSPC formally terminated arbitration proceedings lodged with the Singapore International Arbitration Centre (SIAC) and removed the stay order granted in the High Court of Gujarat.

While the process remains underway it has experienced a significant delay caused directly by COVID-19's and its direct affect on GPSC staff and the financial viability of some of the companies which had placed bids on the GSPC sale. GSPC's intent continues to finalise the sale of its Cambay interest and Oilex continues to work towards this end result.

Oilex remains in discussion with a number of companies who have expressed interest in the Cambay PSC and its potential. While Oilex has formally declined the first right of refusal in relation to GSPC's nominated highest bidder, it reserves its first right of refusal in the event the bid should process pass to another bidder.

Oilex has developed a work plan to drill 2 vertical wells to test the EP-IV tight gas accumulation in a pilot programme involving stimulation of the reservoir to determine flow rate potential. A Field Development Plan (FDP) has been approved by the government regulator. This was additionally submitted to the Government as a requirement for the application to secure a 10 year extension to the PSC beyond 2019.

The FDP encompasses a staged approach, initially focussing on the drilling of a small number of new wells to gather key information on reservoir performance. It follows 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 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 of the evaluation confirm the potential for substantially increased flow rates with the application of the appropriate stimulation technology suite.

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

It is intended that this initial pilot programme, subject to securing the necessary funding will be followed by a larger drilling programme, with the aim of aggregating sufficient production volumes to connect to the high-pressure pipelines which offer greater offtake stability and improved gas prices.

Any early production will utilise existing processing and storage facilities upgraded as required to provide a low-cost path to commercialisation. Further work on this work programme will restart once the GPSC sales process is complete.

Oilex is presently in the final stages in obtaining a new environmental clearance from the Ministry of Environment and Forest and Cabinet Committee to supercede the previous clearances already obtained under the previous regulatory requirements. The clearances are necessary to recommence production at Cambay and are in support of the planned drilling programme at Cambay. An Environmental Impact Assessment has been prepared by the Company's independent consultants and is pending submission to the applicable authorities and following public hearings. The public hearings are delayed due to the continued 'lockdown' on account of Covid-19. Following the necessary environmental clearances, production from well C-73 and C-77H are on standby for production commencement.

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 2019

	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

During the financial year, the Joint venture received US$0.15 million gross from GSPC against outstanding cash calls for Cambay. At 30 June 2020, gross unpaid cash calls issued to GSPC totalled US$5.67 million.

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 and the existing production facilities is currently on care and maintenance. A sales process for both Oilex's and GSPC's holding has been underway and is nearing completion. In January 2020, Oilex announced that it had accepted an offer from Kiri and Company Logistics (Kiri) to acquire the Company's participating interest in Bhandut for US$0.14 million in cash. Kiri also has expressed an interest in engaging the services of Oilex's office for ongoing support. All necessary documentation for the sale has been submitted to the Government of India to affect the transfer and completion is anticipated in the fourth quarter of 2020 after some delays related to COVID-19.

During the financial year, the Joint Venture received US$0.02 million gross from GSPC against outstanding cash calls for Bhandut. At 30 June 2020, gross unpaid cash calls issued to GSPC totalled US$0.09 million.

JPDA 06-103, Timor Sea

(Oilex - 10%, Operator)

On 22 October 2018, the Autoridade Nacional de Petoleo e Minerais (ANPM) issued arbitration proceedings against the Joint Venture to recover the claim it imposed upon the Joint Venture following the ANPM's termination of the PSC. Oilex has a 10% participating interest and is acting as the Operator of the Joint Venture in the arbitration proceedings. In August 2019, the Company announced that it had submitted the Respondent's First Memorial to the International Chamber of Commerce in Singapore. This was followed by lodgement of a US$23.3 million counterclaim against the ANPM as damages from the wrongful termination. In early 2020, the arbitration panel dismissed ANPM's application to increase their claim against the joint venture from A$17.0 million to US$22.6 million (plus interest). Also in early 2020, Oilex announced that the arbitration hearing, scheduled to commence on 10 February 2020, was suspended while the parties continue their commercial settlement negotiations. In August 2020, Oilex announced that it had executed a Deed of Settlement and Release with the ANPM to terminate the arbitration proceedings and to settle all claims and counterclaims between the parties. Under the Deed, Oilex has committed to a settlement of US$800,000 payable in the 2021 and 2022 financial years. In addition, the Company has entered into an unsecured loan facility agreement with two of its joint venture partners which further provides the Company with the option, at its sole discretion, to extend the settlement payments into the 2023-24 financial year.

Each Joint Venture party remained jointly and severally liable and had provided parent company guarantees. A notice of default has been issued against Bharat PetroResources JPDA Limited, Videocon JPDA 06-103 Limited and GSPC (JPDA) Limited for their failure to pay the joint venture cash calls.

West Kampar PSC, Central Sumatra, Indonesia

(Oilex - 50%)

The West Kampar PSC is located in central Sumatra adjacent to the most prolific oil producing basin in Indonesia. As initially granted the PSC covered some 4,470 square kilometres. This was reduced to around 900 square kilometres through statutory partial relinquishments over a number of years. In 2007 Oilex farmed into the PSC to earn a 45% Participating Interest (PI). The operator for the joint venture was Indonesian company PT Sumatera Persada Energi (SPE). In the same year, the joint venture successfully drilled an appraisal well on the earlier discovered Pendalian Oilfield confirming oil flow at commercial rates. In 2008 Oilex signed a second farmin agreement to earn an additional 15% in the PSC. Oilex contributed funds to the joint venture account under both farmin arrangements. With increasing concerns related to the operator's performance, Oilex terminated the second farmin in 2009, requesting repayment of the relevant funds. Subsequently Oilex served a default notice on the operator and commenced arbitration against SPE's parent company in the ICC International Court of Arbitration in Singapore. In 2010 the arbitration tribunal ruled in favour of Oilex, instructing SPE's parent company to return funds to Oilex with interest along with arbitration and legal costs. While the arbitration was registered in the Indonesian courts, the enforcement of the tribunal's award in Indonesia proved to be unachievable. Between 2010 and 2016, SPE produced and sold close to 700,000 barrels of oil, with no entitlements returned to Oilex. The operator failed to call any joint venture meetings nor did it provide work program, budgets, data or reports. In late 2016, SPE was declared bankrupt and Oilex submitted its claims as a creditor to the Curator (liquidator). In 2018, the Government of Indonesia (GoI) elected to withdraw the PSC following which Oilex continued to make a number of representations to the GoI in support of its application to be re-awarded the PSC and to restart production from Pendalian and also to re-evaluate the exploration potential of the West Kampar. Oilex also place a bid on the block in a government sponsored bid round which did not see the block offered to any company.

Technical work carried out by Oilex and its advisors estimate that the field can be quickly brought back online at 350 to 400 bopd and that significant additional production potential may be possible from infill drilling and also water injection support. The return to production will require careful execution in the field given that it has been shut in since 2016. The oil occurs in five good quality, stacked reservoirs with some stratigraphic complexity, and the application of 3D seismic data which has been acquired but not interpreted, should provide a significant improvement in the understanding of the reservoir distribution and future development planning. Access to the data is to be negotiated with the seismic company that acquired it. The oil is good quality with no or little gas. It is believed that the previous production costs can be reduced. A number of exploration opportunities are present both close to the Pendalian field and in the more distant parts of the block. These require further evaluation.

Following various meetings and correspondence with the GoI and with the support of our local Indonesian partner, the GoI has advised that our Proposed Direct Bid, through the Joint Study of the West Kampar Region, is declared administratively complete and have recorded it as a proposal for a Direct Offer through a Joint Study as stipulated in ESDM Regulation No. 35 of 2008. The Company continues to engage with the regulator with a view to restoring its interest in West Kampar. This confirmation from the GoI is exclusive to Oilex, and provides a pathway to return of the PSC, with final terms to be negotiated. Oilex will share in any award of the PSC on a 50-50 joint basis with its local Indonesian partner, PT Ephindo.

Cooper Eromanga Basins

Since 2017, and as part of a focussed new business strategy, Oilex has been working to access acreage in the highly productive Cooper Eromanga Basins, focussing on the South Australian parts of the basins. As part of this process Oilex reviewed all available acreage and secured rights to two PELs (112 and 444) and 27 PRL's in the north eastern focus area. Oilex also was the successful bidder for a large adjacent block CO2019-C (PELA677)in a South Australian government bid round. Given the requirement for an upfront cash payment of a significant government environmental/rehabilitation bond, Oilex and its advisors determined that the most profitable approach would involve a spin-out of the highly prospective acreage package. In January 2020 Oilex announced that it had signed an agreement with Doriemus plc for the sale of these interests. However in response to the financial market uncertainties at the time, this process was terminated in April 2020 by Doriemus. In May 2020 Oilex announced that it had signed a conditional binding Heads of Agreement with Armour Energy Limited, and in June Oilex further announced it had entered into a conditional binding Share Purchase Agreement. Subsequent to the reporting period, on 14 September 2020, a further announcement was made outlining amendments to the Share Purchase Agreement whereby the completion date was extended from 15 September 2020 until 15 October 2020 to enable Armour to seek its shareholder approval pursuant to ASX Listing Rule 7, with such shareholder meeting scheduled for September 18 2020, and to allow additional time to satisfy the Conditions Precedent. Armour received approval from shareholders at this meeting.

Under the SPA Armour will acquire 100% of the issued capital of CoEra Limited, a wholly owned subsidiary of Oilex holding the Cooper-Eromanga assets. Armour will assume all costs and liabilities associated with the asset package. As consideration Armour will issue up to 34.5 million Armour shares to Oilex (or its nominees) upon completion of the Proposed Transaction as follows (Consideration Shares):

Tranche 1 24,500,000 fully paid ordinary shares in Armour upon completion; and

Tranche 2 If, at any time within 60 days from completion of the Proposed Transaction, the closing Volume Weighted Price Average of Armour shares trading on the ASX falls below $0.037 then Armour shall be required to issue such additional shares in itself to Oilex, or its nominee to ensure Oilex receives a consideration value of A$905, . Any such Adjustment Shares issued shall:

- not exceed an amount of ten (10) million Armour shares;
- be subject to any required shareholder or regulatory approval.

The issue of the Consideration Shares was approved at an Extraordinary General Meeting held by Armour on 18 September 2020. The Consideration Shares are subject to a 12 month voluntary escrow from completion. In addition, Armour will reimburse Oilex, in cash, for past costs of A$125,000 to be paid within 5 business days of Armour's above shareholder approval. This amount was paid by Armour in late September 2020. Completion of the transaction occurred on 15 October 2020.

Oilex will nominate 10% of the abovementioned Share Consideration to Orthogonal Enterprises Pty Ltd for past and future services rendered in building the Cooper-Eromanga portfolio. Orthogonal is an unrelated party involved in providing technical advice to the oil and gas and coal industries.

United Kingdom Continental Shelf - East Irish Sea

Oilex's new business strategy looking at high potential, well regulated, well understood basins with ready access to data included the UK Continental Shelf with a focus on the Southern Gas Basin and the East Irish Sea. A number of assets and holdings have been reviewed, and discussions held with the holders of those assets.

In the September 2019 quarter, Oilex announced that an exclusivity deal with Koru Energy Limited for a potential 50% equity holding in the "KLW" Gas Discoveries had been allowed to lapse. Oilex had elected to focus on other adjacent and larger projects in the EIS. In December 2019, the Company announced that it had entered into a binding term sheet with Burgate Exploration to acquire a 100% participating interest in the Doyle-Peel licence (P2446) in the East Irish Sea. In addition, the Company entered into an exclusivity agreement for the potential acquisition of a 100% participating interest in the adjacent Castletown licence (P2076).

In March 2020 ,and in response to rapidly changing global events, Oilex announced that it would not be exercising its rights on Castletown allowing the agreement to lapse. At the same time, amendments to the Doyle-Peel licence were announced with the effect that the completion date was extended from 30 June 2020 to 31 December 2020.

The completion of the acquisition is subject to the following conditions precedent by 31 December 2020:

a) the UK Oil and Gas Authority ("OGA") approving the assignment and transfer of the P2446 licence from Burgate to Oilex;
b) the execution of applicable documents necessary to transfer the P2446 licence to Oilex;
c) execution of a royalty agreement in a form acceptable to the parties; and
d) the issue of the share consideration for the acquisition of Doyle-Peel receiving shareholder approval under Listing Rule 7.1 (received on 30 June 2020).

Shareholder approval required for the issue of 42,500,000 consideration shares to Burgate as part of the purchase price was obtained at a General Meeting held on 30 June 2020.

The Doyle-Peel EIS licence is located in a proven gas fairway in the centre of the East Irish Sea Basin in shallow water near existing infrastructure reducing the complexity, risk and cost of any future development. The EIS is a prolific basin which has produced around 8 TCF of gas to date with considerable existing gas production, gathering, processing and transportation infrastructure. The depth to the target reservoirs is less than 2,000 metres thus providing modest drilling costs.

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.

A number of debt and equity capital raisings were undertaken during the year to provide working capital for the Company's activities:

September 2019 quarter

- First equity capital raise - placement of 257,329,999 new ordinary shares at an issue price of £0.0013 (A$0.0023) for gross proceeds of £0.34m (A$0.6m)
- Second equity capital raise - placement of 394,736,842 new ordinary shares at an issue price of £0.0019 (A$0.0035) for gross proceeds of £0.75m (A$1.42m).
- Amendment of Series A loan – extended from 26 July 2019 to 1 October 2019 with the issue of 124,060,150 options exerciseable at A$0.00266 on or before 31 December 2019.
- Amendment of Series B loan – extended from 1 October 2019 to 1 April 2020 with the issue of replacement options on commensurate terms.

December 2019 quarter

- Series A loan extension to 15 October 2019 and fully repaid.
- Series B loan options approved by shareholders at the AGM on 27 November 2019.

March 2020 quarter

- Equity capital raise – placement of 277,777,778 new ordinary shares at an issue price of £0.0009 (A$0.0017) for gross proceeds of £0.25 million (A$0.5 million).
- Amendment of Series B loan – extended from 1 April 2020 to 31 July 2020 with the issue of 115,727,273 options at GBP£0.0011 per option and expiry date of 31 July 2020.
- Series C Loan facility of £350,000 with issue of 166,666,667 options at £0.0021 per option with expiry date of 1 August 2020.
- Series D Loan: £225,000 of existing Series C Loan facility rolled into a new £225,000 loan facility (Series D Loan) with the terms and conditions of the remaining £125,000 under the Series C facility remained unchanged. Series D loan repayment date reset from 1 August 2020 to 31 March 2021. In the event GSPC has not transferred its% participating interest in the Cambay PSC by 6 November 2020 to a new joint venture partner, Lombard (the provider of the loan) may elect that the loan is repayable within 14 days. All other terms and conditions remain the same except for the issue of new options reflecting the revised loan repayment date. New options issued - 204,545,455 options over ordinary shares with exercise price of GBP£0.0011 per option and expiry date of 30 June 2021.

June 2020 quarter

- Equity capital raise – placement of 312,500,000 new ordinary shares at an issue price of £0.0008 (A$0.0015) for gross proceeds of £0.25 million (~A$0.5 million).
- Amendment of Series C loan – extended from 1 August 2020 to 31 October 2020 with the issue of 113,636,364 replacement options at £0.0011 per option with expiry date of 29 January 2021 (subject to shareholder approval on or before 30 November 2020).

Corporate

The Company has dual listing on the ASX and on the Alternative Investment Market (AIM) of the London Stock Exchange with approximately 78.90% of the Company's shares held on the Company's UK register.

During the year broker options were not exercised.

As at 30 June 2020 the Company had:

- Available cash resources of $173,816,
- Borrowings at a carrying amount of $769,555 (face value: $804,959). (Reference should also be made to Note 29 – Subsequent Events for further information); and
- Issued capital of 3,648,541,110 fully paid ordinary shares and unlisted options of 188,135,965.

Executive and Board Changes

During the financial year, the following board changes were made:

- The appointment of Mr Peter Schwarz as an Independent Non-Executive Director effective 4 September 2019 adding depth particularly to the board's technical and business development capability, increasing the industry and market connections in the UK and expanding the number of independent directors,
- The appointment of Mr Mark Bolton as an Executive Director effective from 1 April 2020, continuing his role as Chief Financial Officer and Company Secretary,
- Stepping down by Mr Bradley Lingo from the Board and position of Chairman effective 5 May 2020,
- The appointment of Mr Jonathan Salomon as interim Chairman effective 5 May 2020.

The board would like to acknowledge Mr Lingo's significant contribution to the Company and particularly to the Cooper Eromanga Basin asset delivery.

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 34 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 – 30 JUNE 2020				
ASSET	**LOCATION**	**ENTITY**	**EQUITY %**	**OPERATOR**
Cambay Field PSC (1)	Gujarat, India	Oilex Ltd Oilex N.L. Holdings (India) Limited	30.0 15.0	Oilex Ltd
Bhandut Field PSC (2)	Gujarat, India	Oilex N.L. Holdings (India) Limited	40.0	Oilex N.L. Holdings (India) Limited
JPDA 06-103 PSC (3)	Joint Petroleum Development Area Timor Leste and Australia	Oilex (JPDA 06-103) Ltd	10.0	Oilex (JPDA 06-103) Ltd
PEL 112	South Australia, Australia	Holloman Petroleum Pty Ltd	79.6667	Holloman Petroleum Pty Ltd
PEL 444	South Australia, Australia	Holloman Petroleum Pty Ltd	79.6667	Holloman Petroleum Pty Ltd

(1) During the September 2019 quarter, the Company reached a settlement with GSPC which, upon completion, will resolve the ongoing Cambay Production Sharing Contract (PSC) dispute. Pursuant to the settlement, GSPC has commenced a sale process of its interest in Cambay.

(2) A Sale process of Oilex's equity is currently underway.

(3) *PSC terminated 15 July 2015.*

2020 FINANCIAL REPORT

CONTENTS

For the year ended 30 June 2020

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 2020 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 Jonathan Salomon

(Interim Chairman and Managing Director)
B App Sc (Geology), GAICD
Mr Salomon was appointed as a Non-Executive Director in November 2015, Managing Director on 18 March 2016, and Interim Chairman on 5 May 2020 following the resignation of Mr Lingo. Mr Salomon has over 34 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 financial years Mr Salomon has not been a director of any other ASX listed companies.

Mr Bradley Lingo (resigned 5 May 2020)

(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 34 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, Sunshine Gas Limited, AGL Energy, Roc Oil Limited, the Commonwealth Bank of Australia, Drillsearch Energy Limited and Elk Petroleum Limited.

During the last three financial years up to his resignation on 5 May 2020, Mr Lingo has been a director of the following ASX listed companies:

- Elk Petroleum Limited (from August 2015 to March 2019)

Mr Mark Bolton (appointed 26 March 2020)

(Executive Director and Company Secretary)

Mr Bolton was appointed as an Executive Director on 26 March 2020. Mr Bolton has significant experience in the development and financing of new minerals projects, particularly in emerging economies. Further details of Mr Bolton's qualifications and experience can be found in the Executive Management section of the Directors' Report.

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

Mr Paul Haywood

(Non-Executive Director)
Mr Haywood was appointed as a Non-Executive Director in May 2017. Mr Haywood has over 16 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 oil and gas exploration and development in UK, EU and Central Asia. Mr Haywood's expertise stretches across UK and Australian public markets, with a cross-functional skill set encompassing research, strategy, implementation, capital and transactional management. Mr Haywood is currently Chief Executive Officer of Block Energy Plc.

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

Mr Peter Schwarz (appointed 4 September 2019)

(Non-Executive Director)
B Sc (Geology), M Sc (Petroleum Geology)
Mr Schwarz was appointed as a Non-Executive Director in September 2019. A former director of BG Exploration and Production Limited and CEO of independent exploration company Virgo Energy Ltd, Peter is an AAPG Certified Petroleum Geologist and business development professional with over 40 years' experience in the oil and gas industry. Peter has previously held various senior management roles with Amerada Hess, BG, and Marubeni and is currently a director of Finite Energy Limited, an oil and gas consultancy business he founded over 10 years ago, specialising in strategy and business development advice in the UK and Europe.

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

COMPANY SECRETARY

The Executive Director, 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 not early adopted the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations which come into effect for the Company's financial year commencing 1 July 2020.

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 2019/20 financial year are as follows:

	Board Meetings (1)	
	Held (2)	**Attended**
Non-Executive Directors		
B Lingo (3)	10	10
P Haywood	12	12
P Schwarz (5)	10	10
Executive Director		
J Salomon (4)	12	12
M Bolton (5)	3	3

(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) Mr Lingo was Chairman until his resigned from the board on 5 May 2020.

(4) Current Chairman from 5 May 2020 following Mr Lingo's resignation.

(5) Mr Schwarz and Mr Bolton were appointed to the board on 4 September 2019 and 26 March 2020, respectively.

EXECUTIVE MANAGEMENT

Mr Jonathan Salomon

(Interim Chairman and Managing Director)
B App Sc (Geology), GAICD
Mr Salomon was appointed as a Non-Executive Director in November 2015, Managing Director on 18 March 2016, and Interim Chairman on 5 May 2020. 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 34 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

(Executive Director and Company Secretary)
B Business
Mr Bolton was appointed Chief Financial Officer and Company Secretary in June 2016, and Executive Director on 26 March 2020. 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, AIM and the TSX.

Mr Ashish Khare

(Head - India Assets)
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 19 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 operations 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 2020 amounted to $5,841,096 (2019: loss of $3,118,121).

Following the voluntary shut-in of the Cambay Field in Q1 2019 resulting in the cessation of production, no revenue has been recognised during the full financial year.

In the absence of a repayment schedule for outstanding cash calls from Gujarat State Petroleum Corporation (GSPC), the Company has continued to provide in full the amounts owing from its Joint Venture partner as well as amounts owing from the Cambay and Bhandut Joint Ventures, with the exception of a US$110,000 (A$163,836) Cambay cash call payment received subsequent to reporting date.

In addition to the above expected cash payment, a reduction in Joint Venture cash call and recharges since 30 June 2019 has resulted in a reversal in the provision for doubtful debts related to Cambay and Bhandut cash calls and recharges of $226,108. This reversal has been partially offset by a provision for doubtful debts expense of $94,794 required for the Group's share of JPDA JV cash call receivables, and other receivables of $24,001. As a result, operating results include a credit to the provision for doubtful debts expense of $107,313 (2019: $108,206 expense).

OPERATING RESULTS (CONTINUED)

Exploration costs have increased to $1,008,719 (2019: $491,675) reflecting the increased activity in seeking and evaluating new business opportunities.

Other costs $1,270,152 (2019: Cost of sales $504,926) includes an increase in write-down of inventory to net realisable values of $1,030,060 (2019: $161,354).

The prior year results included a reduction in variable operating expenses as part of Group's effort to reduce costs. In the current year, efforts to contain costs have continued with further reductions in administration employee expenses $718,210 (2019: $819,627). Total administration expenses of $2,015,477 (2019: $1,957,850) include the above-mentioned reduction in employee expenses; however, this has been offset by increased legal expenses related to the Cambay PSC.

The impact of Covid-19, which has seen reduced global demand for energy products and caused delays to the implementation of the dispute resolution with GSPC. Consequently an impairment charge of $1,348,458 (2019: nil) has been applied to the Cambay Field development assets.

Other expenses $336,921 (2019: $40,990) have increased as a result of the termination penalty provision (non-cash) in relation to JPDA 06-103 PSC (refer Note 27) increasing from USD$600,000 to USD$800,000; resulting in a termination penalty provision expense of $297,885 (USD$200,000) (2019: $nil).

The impact of the Coronavirus (COVID-19) up to 30 June 2020 has been financially negative for the consolidated entity. This is largely due to its general impact in India where significant delays have been experienced with the sale process being conducted by GSPC for its' 55% interest in the Cambay Production Sharing Contract (PSC). As a result, Indian operations have continued to be maintained on a 'care and maintenance' basis for a longer period than originally anticipated.

Cash and cash equivalents held by the Group as at 30 June 2020 has decreased to $173,816 (2019: $357,970).

FINANCIAL POSITION

The net assets of the consolidated entity totalled $3,719,824 as at 30 June 2019 (2019: $6,739,041).

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 4 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 4 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

a) The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially negative for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian and Indian Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

b) On 17 July 2020, the Company announced it has issued the second and final tranche of 55,555,556 ordinary shares pursuant to the placement first announced on 16 March 2020; and amended as announced on 27 April 2020. The share issue was pursuant to an equity capital raising to secure further funding of £0.25 million (A$0.5 million) through the subscription of 277,777,778 new shares at £0.009 per share (0.1792 AUD cents) per share.

The Company also announced:

- the issue of 103,033,333 shares to advisors and consultants in lieu of cash fees payable; and
- further to the approval by shareholders at the annual general meeting held on 30 June 2020 and the Company announcement on 15 May 2020, the Company issued the following unlisted options:
  - Series B Loan Options 115,727,273 exercisable at £0.0011 on or before 31 July 2020
  - Series D Loan Options 204,545,455 exercisable at £0.0011 on or before 30 June 2021.

c) On 27 July 2020, the Company announced that substantial progress has been made towards the Company's strategic objective to regain a participating interest in the West Kampar PSC in Indonesia, which is expected to lead, subject to financing, to recommencing production from the Pendalian Oilfield.

Following various meetings and correspondence with the Government of Indonesia (GoI) and with the support of the Company's local Indonesian partner, the GoI has advised that our Proposed Direct Bid, through the Joint Study of the West Kampar Region, is declared administratively complete and have recorded it as a proposal for a Direct Offer through a Joint Study as stipulated in ESDM Regulation No. 35 of 2008.

This confirmation from the GoI, which is exclusive to Oilex, provides a pathway to conduct the Joint Study on the proposed development of West Kampar which will then provide certain preferential rights in the ultimate award of the West Kampar PSC by the GoI. Oilex's interest in the study and ultimate potential award of the PSC will be on a 50-50 joint basis with its local Indonesian partner, PT Ephindo.

d) On 31 July 2020, the Company announced that it has taken further steps to strengthen its balance sheet as the Company continues to navigate the impact of Covid-19 on its business and global equity markets. In particular, the Company entered into an amendment agreement to vary the repayment obligations for its Series C (GBP£125,000) loan. Furthermore, the Company secured additional equity investment of £0.25 million to increase its working capital flexibility and reduce its financial debt obligations.

Amendment to Series C Loan Funding Agreement (GBP £125,000)

Pursuant to the amendment agreement, the loan repayment date has been extended from 1 August 2020 to 31 October 2020. All other terms remain the same and are extended to 31 October 2020, except for the issue of 113,636,364 new options exercisable at £0.0011 on or before 29 January 2021.

The options, which if exercised in their entirety, will result in a cash inflow to the Company of £125,000 (A$224,901). The proceeds from such conversion of options will be applied to the outstanding Series C Loan balance, which is fully drawn down.

The issue of the new options is subject to shareholder approval under ASX Listing Rule 7.1 on or before 30 November 2020. Failure to secure shareholder approval will require immediate repayment of the loan principal and accrued interest.

Equity Capital Raising

The Company has arranged an equity capital raising, through Novum Securities Limited and to existing institutional shareholders, to secure further funding of £0.25 million (A$0.5 million) through the subscription of 312,500,000 new shares at GBP 0.08 pence (0.144 AUD cents) per share.

SIGNIFICANT EVENTS AFTER BALANCE DATE (CONTINUED)

Funds raised from the subscription are intended to be applied towards increasing the Company's working capital base and debt reduction The additional funding will support the Company's initiative to implement the settlement with GSPC, which has been delayed by the impact from Covid-19.

On 10 August 2020, the Company announced that it has issued the 312,500,000 shares. Pursuant to advisory agreements with Novum, the Company also issued 15,000,000 unlisted options exercisable at GBP 0.08 pence on or before 12 August 2022 upon the completion of the capital raise.

e) On 7 August 2020, the Company, in its capacity as Operator, on behalf of the Joint Venture Participants in Joint Petroleum Development Area ("JPDA") 06-103 Production Sharing Contract ("PSC") in East Timor announced it had executed a Deed of Settlement and Release (Deed) with the Autoridade Nacional Do Petroleo E Minerais ("ANPM") to terminate the ongoing arbitration proceedings arising from the termination of the PSC by the ANPM in 2015 and settle all claims and counterclaims between the parties.

The execution of the Deed sees an amicable conclusion to the arbitration proceedings, as announced in October 2018, where Oilex and its joint venture partners in the PSC were subject to a penalty claim of US$17 million (plus interest) on a joint and several basis. Oilex is the Operator of the PSC on behalf of the joint venture.

Under the terms of the Deed, Oilex has committed to a settlement of US$800,000 payable in the 2021 and 2022 financial years, which has been fully provided for at 30 June 2020. In addition, the Company has entered into an unsecured loan facility agreement for US$800,000 with two of its joint venture partners to fund the settlement. The Deed further provides the Company with the option, at its sole discretion, to extend the settlement payments into the 2023-24 financial year. Reference is made to Note 14 for further detail on this loan facility.

f) On 14 September 2020, the Company announced that it has agreed to amend the Share Purchase Agreement (SPA) with Armour Energy Limited (Armour), as announced on 15 June 2020, for the proposed sale of all of its interests in the Cooper-Eromanga Basin (Proposed Transaction). Pursuant to the SPA, Armour will acquire 100% of the issued capital of CoEra Limited (CoEra), a wholly owned Company subsidiary which holds all of Oilex's interests in the Cooper-Eromanga Basin.

The amendments:

- extend the completion date from 15 September 2020 until 15 October 2020 to enable Armour to seek its shareholder approval pursuant to ASX Listing Rule 7, with such shareholder meeting scheduled for 18 September 2020, and allow additional time to satisfy the Conditions Precedent. Armour received shareholder approval for the transaction at its 18 September 2020 General Meeting;
- amend the date upon which Armour pays to Oilex the past costs of $125,000 to within 5 Business Days after receipt of Armour's above shareholder approval. Oilex received these funds in late September 2020; and
- reduce the timeframe for the Tranche 2 share adjustment from 90 days to 60 days from completion.

On 15 October 2020, the Company announced the completion of the sale of all its interests in the Cooper-Eromanga Basins to Armour Energy Limited.

g) Pursuant to an amendment agreement to the Series C loan of GBP£125,000 loan announced on 30 October 2020, the loan repayment date has been extended from 31 October 2020 to 31 December 2020. All other terms remain the same and are extended to 31 December 2020.

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

FINANCIAL POSITION

Capital Structure and Treasury Policy

As at 30 June 2020 the Group had unsecured loans at face value $804,959 (2019: $580,000). Refer note 15 of the Consolidated Financial Statements for details of the carrying amount, terms and conditions, repayment schedule, and options attached to the loans.

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

	Number of Shares Issued	Value of Shares $	Gross Amount Raised $
August 2019 - Share Placements	257,329,999	-	597,488
August 2019 - Acquisition of Petroleum Exploration Licences	33,416,483	100,249	-
October 2019 - Share Placements	315,789,474	-	1,104,865
October 2019 - Acquisition of Petroleum Exploration Licences	29,457,413	94,750	-
November 2019 - Non-executive Director Remuneration	78,947,368	-	282,255
January 2020 - Share Placements (exercise/underwriting of options)	124,060,150	-	330,000
May 2020 - Share Placements	222,222,222	-	380,680
Total	1,061,223,109	194,999	2,695,288

In accordance with the ASX Waiver granted 22 October 2019 the Company advises that the number of remuneration shares that were issued to non-executive directors totalled nil. This represents 0.00% of the Company's issued capital as at 30 June 2020.

The non-executive directors were entitled to the issue of 10,399,814 remuneration shares (representing part payment of director's fees) during the financial year ended 30 June 2020. These remuneration shares shall be issued in the next financial period.

As at the date of this report the Company had a total issued capital of 4,119,629,999 ordinary shares and 241,014,753 unlisted options exercisable at weighted average price of $0.002 per share.

FINANCIAL POSITION (CONTINUED)

Material Uncertainty Related to Going Concern

The financial report and audit opinion for the year ended 30 June 2020 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 Executive Director and Company Secretary, 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**
J Salomon	-	14,987,013
M Bolton	-	-
P Haywood	3,319,101	-
P Schwarz	-	-

SHARE OPTIONS

Unissued shares under options

All options were granted in the current and previous financial years.

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		
Issued in 2020:		
30 June 2021	204,545,455 (1)	£0.0011 ($0.002)
20 October 2021	14,802,631	£0.0019 ($0.004)
12 August 2022	15,000,000	£0.0008 ($0.001)
Issued in previous financial years:		
24 December 2020	6,666,667	£0.0036 ($0.006)
Total	241,014,753	

(1) Issued in connection to Series D unsecured loans. Refer note 15 of the Consolidated Financial Statements for further detail.

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 options expired or were cancelled upon cessation of employment:

Date Lapsed	Number	Exercise Price
22 May 2020	2,222,222	$0.004
26 July 2019	91,666,666	$0.004
1 October 2019	60,664,887	$0.004
1 April 2020	60,664,887	$0.004
Total	215,218,662	

SHARE OPTIONS (CONTINUED)

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	124,060,150	$0.003
Total	124,060,150	$0.003
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 26 of the Consolidated Financial Statements for details of the amounts paid to the auditors of the Group, PKF Perth and KPMG Perth, and their 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 2020 has been received and can be found on page 30.

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.

Reductions in remunerations introduced in 2016 and 2017 for Non-Executive Directors, the Managing Director, the Executive Director and Company Secretary, and all staff have remained in place, with further reductions for some staff in April/May 2020, for the financial year ended 2020.

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 2020.

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.

	2020	2019	2018	2017	2016
Share Price (cents)	0.2	0.2	0.3	0.3	1.0

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 2020.

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 2020.

The annual fee for Mr Lingo (Chairman until his resignation on 5 May 2020) including superannuation was set at $70,956 per annum effective from 1 October 2016 and remained in place until 31 July 2019.

On 6 September 2019, the Company announced an expanded operational role for Mr Lingo to drive the Cooper Basin Strategy. A new agreement for Mr Lingo, effective from 1 August 2019, had an initial term of 6 months and provided for a monthly consultancy fee of $20,000 per month, plus superannuation; and is also inclusive of the Chairman's fees. The agreement was subsequently extended until 30 March 2020 with a further one-month extension to 30 April 2020.

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.

1. PRINCIPLES OF COMPENSATION (CONTINUED)

The annual fee for Mr Schwarz, the Company's United Kingdom based Non-Executive Director was set at £30,000 per annum on commencement in September 2019.

At the Annual General Meeting held 29 November 2018 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 2018 through to 31 October 2019, in order to conserve the cash reserves of the Company. Similar shareholder approval was also received at the Annual General Meeting held on 27 November 2019 for the period 1 November 2019 through to 31 October 2020.

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 2020.

1.6 Adoption of year ended 30 June 2019 Remuneration Report

At the Annual General Meeting held 27 November 2019 shareholders adopted the 30 June 2019 Remuneration Report with a clear majority of 401,127,006 votes in favour, being 99.56% 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	Chairman and Managing Director	18 March 2016	31 December 2020 [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	Executive Director and Company Secretary	3 June 2016	31 December 2020 [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 has extended by mutual agreement between the Company and Mr Salomon on an ongoing basis as at the date of this report.

(3) The Executive Director and Company Secretary's contract has been extended by mutual agreement between the Company and Mr Bolton on an ongoing basis as at the date of this report.

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				Post-Employment Super-annuation Benefits	Other Long-Term Benefits [2]	Termination Benefits	Share-based Payments		Proportion of Remuneration Performance Related [4]
		Salary & Fees	STI Cash Bonus	Benefits (including Non-Monetary) [1]	Total				Shares, Options and Rights [3]	Total	
	Year	$	$	$	$	$	$	$	$	$	%
Non-Executive Directors											
B Lingo [5]	**2020**	**188,772**	**-**	**-**	**188,772**	17,613	**-**	**-**	**-**	**206,385**	**-**
Chairman (resigned 5 May 2020)	2019	20,232	-	-	20,232	6,156	-	-	44,568	70,956	-
P Haywood [6]	**2020**	**44,348**	**-**	**-**	**44,348**	**-**	**-**	**-**	**10,725**	**55,073**	
Non-Executive Director	2019	44,069	-	-	44,069	-	-	-	10,886	54,955	**-**
P Schwarz [7]	**2020**	**23,354**	**-**	**-**	**23,354**	**-**	**-**	**-**	**22,378**	**45,732**	-
Non-Executive Director	2019	-	-	-	-	-	-	-	-	-	
Executive Directors											
J Salomon [8]	**2020**	**199,637**	**-**	**3,765**	**203,402**	**18,966**	**18,792**	**-**	**-**	**241,160**	**-**
Chairman and Managing Director	2019	209,670	-	9,127	218,797	19,945	21,316	-	-	260,058	-
M Bolton [8]	**2020**	**154,375**	**-**	**1,687**	**156,062**	**14,666**	**11,849**	**-**	**-**	**182,577**	**-**
Executive Director and Company Secretary	2019	190,000	-	7,141	197,141	18,050	15,489	-	-	230,680	-
Executive											
A Khare [10]	**2020**	**147,362**	**-**	325	**147,687**	**16,127**	**3,905**	**-**	**-**	**167,719**	**-**
Head of India Assets	2019	151,504	-	4,984	156,488	15,517	3,737	-	-	175,742	-
Total	**2020**	**757,848**	**-**	**5,777**	**763,625**	**67,732**	**34,546**	**-**	**33,103**	**898,646**	**-**
Total	2019	615,475	-	21,252	636,727	59,668	40,452	-	55,454	792,391	-

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 2020 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 2019 or 30 June 2020. In accordance with the ASX waiver granted 22 October 2019, the Company advises that the number of remuneration shares that were issued to directors in the year ended 30 June 2020 totalled nil and the percentage of the Company's issued capital represented by these remuneration shares was 0.00%.

The Non-Executive directors were entitled to the issue of 10,399,814 remuneration shares during the financial year ended 30 June 2020. These remuneration shares shall be issued in the next financial year.

(4) Fees for Non-Executive Directors are not linked to the performance of the Group. At the Annual General Meeting held 29 November 2018 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 2018 through to 31 October 2019, in order to conserve the cash reserves of the Company. Similar shareholder approval was also received at the Annual General Meeting held on 27 November 2019 for the period 1 November 2019 to 31 October 2020.

(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. On 6 September 2019, the Company announced an expanded operational role for Mr Lingo to drive the Cooper Basin Strategy. A new agreement for Mr Lingo, effective from 1 August 2019, had an initial term of 6 months and provided for a monthly consultancy fee of $20,000 per month, plus superannuation; and is also inclusive of the Chairman's fees. The agreement was subsequently extended until 30 March 2020 with a further one-month extension to 30 April 2020.

During 2020 Mr Lingo elected to receive no remuneration shares.

(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 2020 Mr Haywood received no remuneration shares (refer point 3 above). As at 30 June 2020 remuneration shares not yet issued to Mr Haywood had a value of $12,531. These shares shall be issued in the next financial year.

(7) Mr Schwarz was appointed a Non-Executive Director on 4 September 2019. Mr Schwarz 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 2020 Mr Schwarz received no remuneration shares (refer point 3 above). As at 30 June 2020 remuneration shares not yet issued to Mr Schwarz had a value of $22,377. These remuneration shares shall be issued in the next financial year.

(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 up to 31 March 2020, Mr Salomon, requested and was granted 18.5 days leave without pay, further reducing his salary by $19,350, inclusive of statutory superannuation. A reduction in Mr Solomon's working hours to further reduce costs was implemented on 1 April 2020.

(9) Mr Bolton was appointed Chief Financial Officer and Company Secretary on 3 June 2016 and Executive Director on 26 March 2020, 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 2020 reflects the reduced working hours implemented 1 October 2017 to facilitate a 20% reduction in salaries. A reduction in Mr Bolton's working hours to further reduce costs was implemented on 1 April 2020.

(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 2020 reflects the reduced working hours implemented 1 October 2017 to facilitate a 20% reduction in salaries. A further reduction in working hours was implemented on 1 May 2020. 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 (2019: nil).

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, (2019: nil).

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 2019 through to 30 June 2020.

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 2020 (2019: nil).

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 2019	Received on Exercise of Options	Remuneration Shares Issued [(1)]	Other Changes [(2)]	Held at 30 June 2020
J Salomon	14,987,013	-	-	-	14,987,013
B Lingo [(3)]	13,648,950	-	-	-	13,648,950
M Bolton	-	-	-	-	-
P Haywood	3,319,101	-	-	-	3,319,101
P Schwarz	-	-	-	-	-
A Khare	-	-	-	-	-

(1) At the AGM held 29 November 2018 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 2018 through to 31 October 2019, in order to conserve the cash reserves of the Company. Similar shareholder approval was also received at the Annual General Meeting held on 27 November 2019 for the period 1 November 2019 to 1 October 2020.

The non-executive directors, Mr Haywood and Mr Schwarz, were entitled to the issue of 10,399,814 remuneration shares during the financial year ended 30 June 2020. These remuneration shares shall be issued in the next financial year.

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

(3) Includes Mr Lingo's shareholdings up until his resignation effective 5 May 2020 only.

END OF REMUNERATION REPORT - AUDITED

Mr Jonathan Salomon
Interim Chairman and Managing Director

Mr Mark Bolton
Executive Director and Company Secretary

Signed in accordance with a resolution of the Directors.

West Perth
Western Australia
31 October 2020

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF OILEX LTD

In relation to our audit of the financial report of Oilex Ltd for the year ended 30 June 2020, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF PERTH

SIMON FERMANIS
PARTNER

31 October 2020
WEST PERTH,
WESTERN AUSTRALIA

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

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	Note	**2020** $	2019 $
Revenue	5(a)	**-**	188,220
Cost of sales	5(b)	**-**	(504,926)
Gross loss			(316,706)
Other income	5(c)	**98,000**	-
Exploration expenditure	5(d)	**(1,008,719)**	(491,675)
Other costs	5(b)	**(1,270,151)**	-
Administration expense	5(e)	**(2,015,477)**	(1,957,850)
Share-based payments expense	24	**-**	(110,935)
Reversal of/(Provision for) doubtful debts expense	13	**107,313**	(108,206)
Impairment of development assets	9	**(1,348,458)**	-
Other expenses	5(f)	**(336,921)**	(40,990)
Results from operating activities		**(5,774,413)**	(3,026,362)
Finance income	5(g)	**1,659**	4,403
Finance costs	5(h)	**(70,977)**	(97,162)
Foreign exchange (loss)/gain	5(i)	**2,635**	1,000
Net finance costs		**(66,683)**	(91,759)
Loss before tax		**(5,841,096)**	(3,118,121)
Tax expense	6	**-**	-
Loss		**(5,841,096)**	(3,118,121)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences		**(34,949)**	79,951
Other comprehensive income, net of tax		**(34,949)**	79,951
Total comprehensive loss		**(5,876,045)**	(3,038,170)
Earnings per share			
Basic loss per share (cents per share)	7	**(0.18)**	(0.13)
Diluted loss per share (cents per share)	7	**(0.18)**	(0.13)

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

	Note	2020 $	Restated 2019 $	Restated 1 July 2018 $
Assets				
Cash and cash equivalents	12	**173,816**	357,970	375,507
Trade and other receivables	13	**645,344**	497,974	738,784
Prepayments		**24,212**	156,464	115.271
Inventories	10	**146,084**	1,141,309	1.303.245
		989,456	2,153,717	2,532,807
Assets held for sale	20	**327,791**	-	-
Total current assets		**1,317,247**	2,153,717	2,532,807
Exploration and evaluation	8	**581,322**	568,888	539,793
Development assets	9	**9,823,965**	9,869,770	9,539,435
Property, plant and equipment	17	**104,040**	145,927	178,930
Total non-current assets		**10,509,327**	10,584,585	10,257,618
Total assets		**11,826,574**	12,738,302	12,790,425
Liabilities				
Trade and other payables	14	**1,071,344**	697,184	779,249
Employee benefits	11	**143,110**	148,731	274,651
Borrowings	15	**769,555**	563,955	-
Provisions	11, 28	**1,165,671**	855,554	811,798
		3,149,680	2,265,424	1,865,698
Liabilities directly associated with the assets held for sale	20	**451,469**	-	-
Total current liabilities		**3,601,149**	2,265,424	1,865,698
Provisions	11	**4,505,601**	3,733,837	3,542,877
Total non-current liabilities		**4,505,601**	3,733,837	5,408,575
Total liabilities		**8,106,750**	5,999,261	5,408,575
Net assets		**3,719,824**	6,739,041	7,382,390
Equity				
Issued capital	18(a)	**179,254,814**	176,502,200	174,046,036
Reserves	18(b)	**7,445,820**	7,501,388	7,628,101
Accumulated losses		**(182,980,810)**	(177,264,547)	(174,291,747)
Total equity		**3,719,824**	6,739,041	7,382,390

Refer to Note 3 in relation to details of the restatement.

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 2020

		Attributable to Owners of the Company					
		Issued Capital	Option Reserve	Loans Options Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
		$	$	$	$	$	$
	Note	18(a)	18(b)	18(b)	18(b)		
Balance at 30 June 2018		174,046,036	331,889	-	7,296,212	(174,291,747)	7,382,390
Additional doubtful debts provision recognised on implementation of AASB 9		-	-	-	-	(177,874)	(177,874)
Balance at 30 June 2018 - adjusted		174,046,036	331,889	-	7,296,212	(174,469,621)	7,204,516
Total comprehensive (loss)/income							
Loss		-	-	-	-	(3,118,121)	(3,118,121)
Other comprehensive income							
Foreign currency translation differences		-	-	-	79,951	-	79,951
Total other comprehensive (loss)/income		-	-	-	79,951	-	79,951
Total comprehensive loss		-	-	-	79,951	(3,118,121)	(3,038,170)
Transactions with owners of the Company							
Contributions and distributions							
Shares issued		2,126,049	-	-	-	-	2,126,049
Capital raising costs (1)		(176,187)	27,791	-	-	-	(148,396)
Shares issued on exercise of options		395,367	(293,217)	-	-	293,217	395,367
Transfers on forfeited options		-	(29,978)	-	-	29,978	-
Recognition of equity component of loans (Note 15)		-	-	98,685	-	-	98,685
Derecognition of equity component of loan upon repayment		-	-	(9,945)	-	-	(9,945)
Share-based payment transactions		110,935	-	-	-	-	110,935
Total transactions with owners of the Company		2,456,164	(295,404)	88,740	-	323,195	2,572,695
Balance at 30 June 2019		176,502,200	36,485	88,740	7,376,163	(177,264,547)	6,739,041
Total comprehensive (loss)/income							
Loss		-	-	-	-	(5,841,096)	(5,841,096)
Other comprehensive income							
Foreign currency translation differences							
Total comprehensive (loss)/income		-	-	-	(34,949)	-	(34,949)
Total comprehensive loss		-	-	-	(34,949)	(5,841,096)	(5,876,045)
Transactions with owners of the Company							
Contributions and distributions							
Shares issued		2,560,287	-	-	-	-	2,560,287
Shares to be issued		90,449	-	-	-	-	90,449
Capital raising costs (1)		(228,122)	-	-	-	-	(228,122)
Shares issued on exercise of options		330,000	-	-	-	-	330,000
Transfers on forfeited options		-	(8,698)	(65,644)	-	74,342	-
Recognition of equity component of loans (Note 15)		-	-	62,978	-	-	62,978
Derecognition of equity component of loan upon repayment		-	-	(50,490)	-	50,490	-
Share-based payment transactions		-	41,415	-	-	-	41,415
Total transactions with owners of the Company		2,752,614	32,717	(53,336)	-	124,832	2,856,827
Balance at 30 June 2020		179,254,814	69,202	35,404	7,341,214	(182,980,810)	3,719,824

(1) Capital raising costs include cash payments and the fair value of options granted to the underwriter.

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

	Note	**2020** $	2019 $
Cash flows from operating activities			
Cash receipts from customers		**-**	260,501
Payments to suppliers and employees		**(2,018,352)**	(2,575,376)
Cash outflow from operations		**(2,018,352)**	(2,314,875)
Payments for exploration and evaluation expenses		**(897,455)**	(629,639)
Proceeds from government assistance arrangements		**98,000**	-
Interest received		**1,659**	6,417
Interest paid		**(21,513)**	(24,466)
Net cash used in operating activities	12	**(2,837,661)**	(2,962,563)
Cash flows from investing activities			
Proceeds from sale of assets and scrap materials		**-**	572
Acquisition of exploration assets (Note 19)		**(72,750)**	-
Acquisition of exploration licence interests		**(49,583)**	-
Acquisition of property, plant and equipment		**(1,453)**	(2,149)
Net cash from/(used in) investing activities		**(123,786)**	(1,577)
Cash flows from financing activities			
Proceeds from issue of share capital	18(a)	**2,365,288**	2,126,049
Proceeds from exercise of share options		**330,000**	395,367
Payment for share issue costs		**(186,708)**	(148,396)
Proceeds from borrowings		**597,781**	645,000
Repayment of borrowings		**(330,000)**	(65,000)
Net cash from financing activities		**2,776,361**	2,953,020
Net decrease in cash and cash equivalents		**(185,086)**	(11,120)
Cash and cash equivalents at 1 July		**357,970**	375,507
Effect of exchange rate fluctuations on cash held		**932**	(6,417)
Cash and cash equivalents at 30 June	12	**173,816**	357,970

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.

Parent Entity Information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

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 31 October 2020.

(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 $5,841,096 (2019: $3,118,121) and had cash outflows from operating activities of $2,837,661 (2019: $2,962,563). As at 30 June 2020, the Group's current liabilities exceeded current assets by $2,283,902 (2019: $111,707) and the Group has cash and cash equivalents of $173,816 (2019: $357,970).

On 17 July 2020, the Company announced that it had issued the second tranche of 55,555,555 shares at £0.0009 (A$0.001792) pursuant to the equity raise announcements on 15 March 2020 and 23 April 2020.

On 27 July 2020, the Company entered into an amendment agreement to vary the terms of its Series C loan funding facility of £125,000 entered into on 3 February 2020. Pursuant to the amendment, the loan repayment date was extended from 1 August 2020 to 31 October 2020. In addition, the Company will issue 113,636,364 new options to the lender at an exercise price of £0.0011 (A$0.00197) and expiry date of 29 January 2021, which is subject to shareholder approval on or before 30 November 2020. All other loan terms and conditions remain the same; and are extended to 31 October 2020.

On 31 July 2020, the Company announced that it had arranged an equity capital raising to secure funding of £0.25m (A$0.5m) through the placing of 312,500,000 new shares at £0.0008 (A$0.00144) per share. All shares were subsequently issued on 10 August 2020.

Pursuant to an amendment agreement to the Series C loan of GBP£125,000 loan announced on 30 October 2020, the loan repayment date has been extended from 31 October 2020 to 31 December 2020. All other terms remain the same and are extended to 31 December 2020.

NOTE 2 – BASIS OF PREPARATION (CONTINUED)

(c) Going Concern Basis (Continued)

The Group also requires further funding within the next twelve months in order to repay the Series C & D loans (amount drawn at 30 June 2020: £310,000), meet planned expenditures for its projects and ongoing administrative expenses and to progress the Cambay drilling programme, and for any new business opportunities that the Group may pursue.

The Directors believe that the Group 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, acknowledging that 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 sale process towards securing a new joint venture partner for the Cambay Production Sharing Contract (PSC) continues to progress despite the delays being experienced by all parties due to the impact of Covid-19 in India.

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 and to reduce discretionary administrative expenditure.

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 19. 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 21.

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 6

Exploration and Evaluation Assets - refer note 8

Development Assets - refer note 9

Provisions - refer note 11

Trade and other receivables - refer note 13

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates.

The impact of the Coronavirus (COVID-19) up to 30 June 2020 has been financially negative for the consolidated entity. This is largely due to its general impact in India where significant delays have been experienced with the sale process being conducted by GSPC for its 55% interest in the Cambay Production Sharing Contract (PSC). As a result, Indian operations have continued to be maintained on a 'care and maintenance' basis for a longer period than originally anticipated.

Other than this mater and those addressed in specific notes, there does not currently appear to be either any other significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(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.

Changes in significant accounting policies

a) Leases

The Group has initially adopted AASB 16 Leases from 1 July 2019. A number of other new standards are effective from 1 July 2019 but they do not have a material effect on the Group's financial statements.

AASB 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Group, as a lessee, is required to recognise use-of-right assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

NOTE 2 – BASIS OF PREPARATION (CONTINUED)

The Group has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2018 has not been restated. – i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under AASB Interpretation 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

As a lessee

Accounting policy (applied from 1 July 2019)

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on the balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets and short-term leases (lease term of 12 months or less). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the term lease.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses; and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.
The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is certainly reasonable certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group shall apply judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

The Group has applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term when applying AASB 16 to leases previously classified as operating leases under AASB 117.

As a result of initially applying AASB 16 as at 1 July 2019, there has been $nil impact to the balance sheet including retained earnings, and the current loss for the financial period ending 30 June 2020.

b) Initial application of IFRIC Uncertainty over Income Tax Treatments

The Group has adopted IFRIC 23 with an initial application date of 1 July 2019.

The IFRIC outlines what to do when there is uncertainty over income tax treatments. The Group will determine if the uncertain tax position needs to be assessed on an entity-by-entity-basis or as a group. Furthermore, an assessment will be done on the probability that the ATO (or relevant tax authority) will accept the treatment of the uncertain tax event and determine its accounting tax position.

In the event that it is not probable that the relevant tax authority will accept the treatment, the Group will determine the effect of the uncertain tax event and the accounting tax position using either the expected value method or the most likely amount.

NOTE 2 – BASIS OF PREPARATION (CONTINUED)

(i) Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to AASB 3).
- Definition of Material (Amendments to AASB 1 and AASB 8).

NOTE 3 – RESTATEMENT OF COMPARATIVES – ERROR IN FINANCIAL STATEMENTS

An adjustment has been made to opening retained earnings at 1 July 2018 with respect to an accounting error made with initial recognition and subsequent adjustments to the Provision for Restoration related to Development Assets (Note 9). In accordance with AASB 116 - Property, Plant and Equipment the correct accounting treatment for the costs to restore a mine site is to recognise a Restoration Development Asset to the extent that the development relates to future production activities. In prior years the rehabilitation costs and respective adjustments have been incorrectly charged to the profit and loss. The adjustment has been made as follows:

	1 July 2018 $ Restated	$ Adjustment	1 July 2018 $ Reported
Assets			
Cash and cash equivalents	375,507	-	375,507
Trade and other receivables	738,784	-	738,784
Prepayments	115,271	-	115.271
Inventories	1,303,245	-	1.303.245
Total current assets	2,532,807		2.532,807
Exploration and evaluation	539,793	-	539,793
Development assets	9,539,435	3,374,180	6,165,255
Property, plant and equipment	178,930	-	178,930
Total non-current assets	10,257,618	3,374,180	6,883,978
Total assets	12,790,425	3,374,180	9,416,785
Liabilities			
Trade and other payables	779,249	-	779,249
Employee benefits	274,651	-	274,651
Provisions	811,798	-	811,798
Total current liabilities	1,865,698	-	1,865,698
Provisions	3,542,877	-	3,542,877
Total non-current liabilities	3,542,877	-	3,542,877
Total liabilities	5,408,575	-	5,408,575
Net assets	7,382,390	3,374,180	4,008,210
Equity			
Issued capital	174,046,036	-	174,046,036
Reserves	7,628,101	-	7,628,101
Accumulated losses	(174,291,747)	3,374,180	(177,665,927)
Total equity	7,382,390	3,374,180	4,008,210

OILEX LTD'S RESULTS FOR THE YEAR

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

NOTE 4 – 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 0% of the Group's total revenues (2019: 39%) and Indian Oil Corporation Limited, in its capacity as nominee of the Government of India, with oil sales representing 0% of the Group's total revenues (2019: 61%).

No revenues were recognised during the financial period as oil and gas operations were maintained on a 'care and maintenance' basis.

Revenue

The Group recognises revenue as follows:

a) Revenue from Contracts with Customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

NOTE 4 – OPERATING SEGMENTS (CONTINUED)

b) Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

c) Other Revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Expenses

Impairment – refer notes 8 and 9
Doubtful debts – refer note 13
Depreciation – refer note 17
Amortisation – refer note 9
Employee benefits – refer note 11
Leases – refer note 27

Goods and Services Tax ('GST') and other similar Taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

NOTE 4 – OPERATING SEGMENTS (CONTINUED)

	India		Australia		JPDA [1]		Indonesia		United Kingdom		Corporate [2]		Consolidated	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	$	$	**$**	$	**$**	$	**$**	$	**$**	$	**$**	$	**$**	$
Revenue														
External revenue	**-**	188,220	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	188,220
Other costs (30 June 2019: Cost of sales)														
Care and maintenance costs (30 June 2019: Production costs)	**(230,684)**	(275,455)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(230,684)**	(275,455)
Amortisation of development assets	**(18)**	(1,931)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(18)**	(1,931)
Movement in oil stocks inventory	**(9,389)**	(66,186)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(9,389)**	(66,186)
Write-down of inventories to net realisable values	**(1,030,060)**	(161,354)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(1,030,060)**	(161,354)
Total other costs (30 June 2019: Cost of sales)	**(1,270,151)**	(504,926)	**-**	-	**-**	-	**-**	-	**-**	-	-	-	**(1,270,151)**	(504,926)
Gross loss	**(1,270,151)**	(316,706)	**-**	-	**-**	-	**-**	-	**-**	-	-	-	**(1,270,151)**	(316,706)
Exploration expenditure expensed	**(587,546)**	(456,892)	**-**	-	**-**	-	**-**	-	**(128,847)**	-	**(292,326)**	(34,783)	**(1,008,718)**	(491,675)
Impairment of development assets	**(1,348,458)**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(1,348,458)**	-
Depreciation	**(19,231)**	(21,680)	**-**	-	**-**	-	**-**	-	**-**	-	**(7,635)**	(11,084)	**(26,866)**	(32,763)
Share-based payments	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(110,935)	**-**	(110,935)
Other income	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**98,000**	-	**98,000**	-
Provision for doubtful debts expense	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**107,313**	(108,206)	**107,313**	(108,206)
Other expenses	**(7,663)**	(10,459)	**123,332**	-	**(476,017)**	(85,050)	**(49,028)**	233,653	**-**	-	**(1,916,155)**	(2,104,219)	**(2,325,532)**	(1,966,075)
Reportable segment profit/(loss) before income tax	**(3,233,049)**	(805,737)	**123,332**	-	**(476,017)**	(85,050)	**(49,028)**	233,653	**(128,847)**	-	**(2,010,804)**	(2,369,226)	**(5,774,413)**	(3,026,360)
Net finance income													**(69,318)**	(92,759)
Foreign exchange (loss)/gain													**2,635**	998
Income tax expense													**-**	-
Net loss for the year													**(5,841,096)**	(3,118,121)
Segment assets	**11,025,333**	8,721,862	**317,341**	7	**17,340**	14,238	**-**	-	**-**	-	**466,560**	628,015	**11,826,574**	12,738,302
Segment liabilities	**5,449,819**	4,104,158	**-**	-	**1,227,090**	861,776	**84,950**	78,454	**121,673**	-	**1,223,218**	954,873	**8,106,750**	5,999,261

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 5 – REVENUE AND EXPENSES

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

	Note	2020 $	2019 $
(a) Revenue			
Oil sales		-	115,673
Gas sales		-	72,547
		-	188,220
(b) Other costs (30 June 2019: Cost of sales)			
Care and maintenance costs (30 June 2019: Production costs)		(230,684)	(275,455)
Amortisation of development assets		(18)	(1,931)
Movement in oil stocks inventory		(9,389)	(66,186)
Write-down of inventory to net realisable values		(1,030,060)	(161,354)
		(1,270,151)	(504,926)
(c) Other income			
Government assistance arrangements [(1)]		98,000	-
		98,000	-
(d) Exploration expense	4	(1,008,719)	(491,675)
(e) Administration expenses			
Employee benefits expense		(718,210)	(819,627)
Redundancy benefits		-	(31,928)
Administration expense		(1,297,267)	(1,106,295)
		(2,015,477)	(1,957,850)
(f) Other Expenses			
Depreciation expense	17	(26,867)	(32,763)
Termination penalty provision JPDA 06-103 PSC		(297,885)	-
Loss on disposal of plant and equipment		(12,169)	(8,227)
		(336,921)	(40,990)
(g) Finance income			
Interest income		1,659	4,403
(h) Finance costs			
Interest expense - borrowings		(70,977)	(97,162)
(i) Foreign exchange (Loss)/Gain - net			
Foreign exchange (loss)/gain- realised		10,912	5,582
Foreign exchange (loss)/gain - unrealised		(8,277)	(4,582)
		2,635	1,000

(1) Assistance packages provided by the Federal and State government to provide assistance to businesses and employers in response to the negative impacts of Covid-19 upon the Australian and Western Australia economies.

Accounting Policy - Revenue

The Group's Revenue policy is outlined in note 4.

NOTE 6 – INCOME TAX EXPENSE

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

	2020 **$**	2019 $
Loss before tax	**(5,841,096)**	(3,118,121)
Tax using the domestic corporation tax rate of 27.5% (2019: 27.5%)	**(1,606,301)**	(857,483)
Effect of tax rate in foreign jurisdictions	**(265,604)**	(497,254)
Non-deductible expenses		
Share-based payments	**-**	30,507
Foreign expenditure non-deductible	**1,939,864**	1,609,412
Other non-deductible expenses	**149,560**	208,577
Non assessable income		
Government assistance arrangements	**(13,750)**	-
	203,769	493,759
Unrecognised deferred tax assets generated during the year and not brought to account at reporting date as realisation is not regarded as probable	**-**	-
Tax expense	**203,769**	493,759
Tax losses utilised not previously brought to account	**(203,769)**	(493,759)
Impact of reduction in future tax rates	**448,166**	-
Unrecognised deferred tax assets not brought to account	**(448,166)**	-
Tax expense for the year	**-**	-

Tax Assets and Liabilities

During the year ended 30 June 2020, $203,769 of tax losses were recognised and were offset against the current tax liability resulting in nil tax assets and liabilities.

	2020 **$**	2019 $
Unrecognised deferred tax assets not brought to account at reporting date as realisation is not regarded as probable – temporary differences		
Other	**28,520,335**	27,482,151
Losses available for offset against future taxable income	**16,819,556**	17,018,120
Deferred tax asset not brought to account	**45,339,891**	44,500,271

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

The deferred tax asset not brought to account for the 2020 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 2020 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.

<u>Change in Corporate Tax Rate</u>

There has been a legislated change in the corporate tax rate that will apply to future income tax years. The impact of this reduction in the corporate tax rate has been reflected in the unrecognised tax positions and the prima facie income tax reconciliation above.

NOTE 6 – 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 $4,501,080 (2019: $5,480,637).

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 7 – LOSS PER SHARE

(a) Basic Loss Per Share

		2020 $	2019 $
Loss used in calculating earnings per share			
Loss for the period attributable to ordinary shareholders		**5,841,096**	3,118,121

	Note	2020 Number	2019 Number
Weighted average number of ordinary shares			
Issued ordinary shares at 1 July	18	**2,587,318,001**	2,001,968,379
Effect of shares issued		**575,564,712**	312,684,194
Effect of share options exercised		**57,280,753**	61,790,019
Weighted average number of ordinary shares at 30 June		**3,220,163,466**	2,376,442,592

(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.

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 8 – EXPLORATION AND EVALUATION

	2020	2019
	$	$
Balance at 1 July	**568,888**	539,793
Acquisition of exploration licence interests	**238,000**	-
Reclassification to assets held for sale (Note 20)	**(238,000)**	-
Effect of movements in foreign exchange rates	**12,434**	29,095
Balance at 30 June	**581,322**	568,888

As at 30 June 2020, the balance of exploration and evaluation assets relates to the Cambay Field, which is currently at evaluation stage, and there was no impairment of this asset (2019: Nil).

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

Further development of the Cambay field is presently on hold pending the completion of the sale process being conducted by GSPC for its 55% PI in the Cambay PSC. This sale process, however, has been subject to significant delays due to the impact of Covid-19 in India.

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 reporting 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 9 – DEVELOPMENT ASSETS

	2020 $	2019 $
Cost - Cambay Development Assets		
Balance at 1 July	**17,066,528**	16,235,257
Effect of movements in foreign exchange rates	**355,248**	831,271
Balance at 30 June	**17,421,776**	17,066,528
Amortisation and Impairment Losses – Cambay Development Assets		
Balance at 1 July	**10,570,938**	10,070,002
Impairment of development assets	**1,348,458**	-
Amortisation charge for the year	**17**	1,931
Effect of movements in foreign exchange rates	**183,999**	499,005
Balance at 30 June	**12,103,412**	10,570,938
Carrying Amount – Cambay Development Assets	**5,318,364**	6,495,436
Cost – Cambay Restoration Asset		
Balance at 1 July	**3,374,181**	3,374,181
Additions during the period	**1,131,420**	-
Effect of movements in foreign exchange rates	**-**	-
Balance at 30 June	**4,505,601**	3,374,181
Amortisation and Impairment Losses – Cambay Restoration Asset		
Balance at 30 June	**-**	-
Carrying Amount – Cambay Restoration Asset	**4,505,601**	3,374,181
Carrying Amounts - Total		
At 1 July	**9,869,770**	9,539,435
At 30 June	**9,823,965**	9,869,770

Cambay Field Development Assets

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 dispute resolution with GSPC. An indicator of impairment identified in the 2020 financial year is Covid-19, which has seen reduced global demand for energy products and caused delays to the implementation of the dispute resolution with GSPC. (2019: No indicators were identified)

An impairment charge of $1,348,458 has been applied to the Cambay Field development assets for the financial year ended 30 June 2020 (2019: Nil).

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.

Restoration costs expected to be incurred are provided for as part of development mine assets that give rise to the need for restoration.

NOTE 9 – DEVELOPMENT ASSETS (CONTINUED)

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 10 – INVENTORIES

	2020 **$**	2019 $
Oil on hand - net realisable value	**21,857**	31,632
Drilling inventory - net realisable value	**124,227**	1,109,677
	146,084	1,141,309

Inventories have been reduced by $995,225 (2019: $161,354) as a result of write-down to net realisable value, which includes a $166,916 write-down to Bhandut JV inventories which have been reclassified to Assets held for sale (note 20).

Accounting Policy

Inventories comprising materials and consumables and petroleum products are measured at the lower of cost and net realisable value, on a 'weighted average' basis. Costs comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate portion of variable and fixed overhead expenditure based on normal operating capacity. Given that oil activities have not achieved commercial levels of production, oil on hand is recognised at 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 11 – PROVISIONS

	2020 $	2019 $
Site Restoration, Well Abandonment and Other Provisions		
Balance at 1 July	**4,589,391**	4,354,675
Provision adjustments during the year - Termination (refer note 28)	**297,885**	-
Provision adjustments during the year- Restoration	**1,131,420**	-
Reclassification to liabilities directly associated with the assets held for sale (Note 20)	**(441,264)**	-
Effect of movements in exchange rates	**93,840**	234,716
Balance at 30 June	**5,671,272**	4,589,391
Current – Termination (refer note 28)	**1,165,671**	855,554
Non-current - Restoration	**4,505,601**	3,733,837
	5,671,272	4,589,391
Current - Employee benefits	**143,110**	148,731

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 reporting 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 12 – CASH AND CASH EQUIVALENTS

	2020	2019
	$	$
Cash at bank and on hand	**173,816**	357,970

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 23.

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

	2020	2019
	$	$
Net loss	**(5,841,096)**	(3,118,121)
Amortisation of development assets	**18**	1,931
Depreciation	**26,867**	32,763
Interest expense	**43,439**	72,695
Provision for doubtful debts expense	**(107,313)**	108,206
Impairment of development assets	**1,348,458**	-
Loss on disposal of assets	**12,169**	8,227
Equity settled share-based payments	**-**	110,935
Unrealised foreign exchange (gain)/loss	**(6,083)**	(46,688)
Operating Loss Before Changes in Working Capital and Provisions	**(4,523,541)**	(2,830,052)
Movement in trade and other payables	**384,409**	(82,065)
Movement in prepayments	**132,253**	(41,193)
Movement in trade and other receivables	**(114,927)**	(45,269)
Movement in provisions	**277,744**	-
Movement in inventories	**991,935**	161,936
Movement in employee benefits	**14,520**	(125,920)
Net Cash Used in Operating Activities	**(2,837,661)**	(2,962,563)

NOTE 13 – TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
Current		
Allocation of receivables		
Joint venture receivables	**458,829**	353,492
Other receivables	**96,066**	144,482
Shares to be issued	**90,449**	-
	645,344	497,974
Joint venture receivables		
Joint venture receivables	**6,394,990**	6,272,808
Provision for doubtful debts	**(5,936,161)**	(5,919,316)
	458,829	353,492
Other receivables		
Corporate receivables	**240,793**	288,040
Provision for doubtful debts	**(144,727)**	(143,558)
	96,066	144,482

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 (GSPC), 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 2020. 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.

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

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

Details of the Group's credit risk are disclosed in note 23(b).

	2020 $	2019 $
Movement in provision for doubtful debts		
Balance at 1 July	**(6,062,874)**	(5,497,703)
Provisions (made)/reversed during the year	107,313	(108,206)
Provision adjustment, as at 1 July 2018, on adoption of AASB 9	**-**	(177,874)
Effect of movements in exchange rates	(125,327)	(279,091)
Balance at 30 June	**(6,080,888)**	(6,062,874)
Allocation of impairment loss		
Joint venture receivables	**(5,936,161)**	(5,919,316)
Other receivables	**(144,727)**	(143,558)
	(6,080,888)	(6,062,874)

NOTE 13 – TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables, which includes receivables, loans and deposits, are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

All trade and other receivables do not include a significant financing component and are therefore initially measured at the transaction price.

On initial recognition, trade and other receivables are classified as measured as at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular amount of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs).

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire , or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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.

Impairment of Receivables

The Group recognises loss allowances for 'expected credit loss' (ECL's) on financial assets measured at amortised cost. Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECL's.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL's, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days due past.

Lifetime ECL's are the ECL's that result from all possible default events over the expected life of a financial instrument.

Measurement of ECL's

ECL's are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive. ECL's are discounted at the effective interest rate of the financial asset.

Expected credit loss assessment

The Group uses its allowance schedule to measure the ECLs of trade and other receivables. The allowance schedule is based on actual credit loss experience over the past years. The ECL computed is purely derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

NOTE 14 – TRADE AND OTHER PAYABLES

	2020 $	2019 $
Trade creditors	**507,204**	302,338
Accruals	**564,140**	394,846
	1,071,344	697,184

The Company's assessment in note 13, 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 $156,946 at 30 June 2020 (2019: $76,116) to cover Cambay and Bhandut Joint Venture third party liabilities.

The carrying value of trade and other payables 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 15 – BORROWINGS

	2020	2019
	$	$
Unsecured Loans	**769,555**	563,955
	769,555	563,955

Terms and repayment schedule

At 30 June 2020, the terms and conditions of outstanding loans are as follows:

				2020		2019	
				$		$	
	Currency	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**	Face value	Carrying amount
Unsecured loans – from shareholders and financiers							
Series A loan – AUD $330,000 (fully repaid)	AUD	5.0%	-	**-**	**-**	330,000	325,205
Series B loan – AUD $250,000 (fully drawn)	AUD	5.0%	2020	**250,000**	**247,357**	250,000	238,750
Series C loan – GBP £125,000 (fully drawn)	GBP	5.0%	2020	**223,774**	**221,409**	-	-
Series D loan – GBP £225,000 (drawn £185,000))	GBP	5.0%	2021	**331,185**	**300,789**	-	-
				804,959	**769,555**	580,000	563,955

At balance date, options had been issued to the lenders in connection to the above loans, as follows:

a) Series B: 115,723,273 share options @ £0.0011 exercisable on or before the loan maturity date of 31 July 2020;

b) Series C: 59,523,810 share options @ £0.0021 exercisable on or before the loan maturity date of 1 August 2020; and

c) Series D: 107,142,857 share options @ £0.0021 exercisable on or before 1 August 2020, and 204,545,455 share options @£0.0011 exercisable on or before the loan maturity date of 30 June 2021.

In determining the fair value of the liability component of these borrowing arrangements, it has been estimated that the effective interest rate of similar borrowings without a share option component is 18%. The fair value of the share options equity component of these borrowing arrangements has been recognised in the Loans Options Reserve as the loans have been treated as a convertible note. That is, the borrowing arrangement falls within the definition of a compound financial instrument and as such as been classified as both a financial liability and equity.

The 115,723,273 share options @ £0.0011 exercisable on or before 31 July 2020, attached to the above-mentioned Series B loans, were not exercised and have lapsed.

The 59,523,810 share options @ £0.0021 exercisable on or before 1 August 2020, attached to the above-mentioned Series C loans, were not exercised and have lapsed.

The 107,142,857 share options @ £0.0021 exercisable on or before 1 August 2020, attached to the above-mentioned Series D loans, were not exercised and have lapsed.

On 23 July 2019, the Company entered into an amendment agreement to vary the terms of its Series C loan funding facility of £125,000 entered into on 3 February 2020. Pursuant to the amendment, the loan repayment date has been extended from 1 August 2020 to 31 October 2020. In addition, the Company will issue 113,636,364 new options to the lenders at an exercise price of £0.0011 and expiry date of 29 January 2021, which is subject to shareholder approval on or before 30 November 2020. All other loan terms and conditions remain the same; and are extended to 31 October 2020.

On 24 August 2020, the Series B A$250,000 loan was fully repaid, together with interest payable.

Pursuant to an amendment agreement to the Series C loan of GBP£125,000 loan announced on 30 October 2020, the loan repayment date has been extended from 31 October 2020 to 31 December 2020. All other terms remain the same and are extended to 31 December 2020.

The loans are subject to the following key undertakings without prior approval by the lenders:

- Not to dispose of assets having an aggregate value of more than $1 million;
- Not to incur any financial indebtedness more than $50,000; and
- Not to incur any aggregate payment or outgoing exceeding $1m (except for employee benefit expenses).

NOTE 15 – BORROWINGS (CONTINUED)

Accounting Policy

General

All borrowings are initially recognised when the Group becomes a party to the contractual provisions of the lending instrument. All borrowings are initially recognised at fair value less transaction costs. Borrowings are subsequently carried at amortised cost.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Series A, B, C and D Loans

The liability component of loans is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the loan as a whole and the fair value of the liability component. Subsequent to initial recognition, the liability component of the loan is measured at amortised cost using the effective interest method. The equity component of a loan is not remeasured. Interest related to the financial liability is recognised in profit or loss.

NOTE 16 – 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 $nil (2019: $nil).

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

There are no minimum exploration work commitments in the Cooper-Eromanga Basins as the two Petroleum Exploration Licences and the 27 Petroleum Retention Licences in the Basins are currently in suspension status with the Department for Energy and Mining, South Australia.

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 2020 (2019: Nil).

NOTE 17 – PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles $	Plant and Equipment $	Office Furniture $	Total $
Cost				
Balance at 1 July 2018	9,781	888,121	144,376	1,042,278
Disposals	-	(681)	(13,841)	(14,522)
Currency translation differences	527	24,998	4,146	29,671
Balance at 30 June 2019	**10,308**	**912,438**	**136,830**	**1,059,576**
Additions	-	1,453	-	1,453
Disposals	-	(21,221)	(43,673)	(64,894)
Currency translation differences	225	10,684	1,772	12,681
Reclassification to assets held for sale (Note 19)	-	(36,354)	-	(36,354)
Balance at 30 June 2020	**10,533**	**867,000**	**94,929**	**972,462**
Depreciation and Impairment Losses				
Balance at 1 July 2018	9,397	743,779	110,172	863,348
Depreciation charge for the year	108	28,682	3,973	32,763
Disposals	-	(655)	(5,068)	(5,723)
Currency translation differences	508	19,095	3,658	23,261
Balance at 30 June 2019	**10,013**	**790,901**	**112,735**	**913,649**
Depreciation charge for the year	94	23,275	3,498	26,867
Disposals	-	(17,728)	(35,049)	(52,777)
Currency translation differences	217	8,100	1,551	9,869
Reclassification to assets held for sale (Note 19)	-	(29,186)	-	(29,186)
Balance at 30 June 2020	**10,324**	**775,362**	**82,736**	**868,422**
Carrying amounts				
At 1 July 2019	295	121,537	24,095	145,927
At 30 June 2020	**209**	**91,638**	**12,193**	**104,040**

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 or straight line 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 18 – ISSUED CAPITAL AND RESERVES

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

(a) Issued Capital

Ordinary Shares	2020 Number of Ordinary Shares	2020 $ Issued Capital	2019 Number of Ordinary Shares	2019 $ Issued Capital
On issue at 1 July - fully paid	**2,587,318,001**	**176,502,200**	2,001,968,379	174,046,036
Issue of share capital				
Shares issued for cash (2) (4) (5) (7)	**874,289,063**	**2,365,288**	458,793,303	2,126,049
Shares issued for non-cash (1) (3)	**62,873,896**	**194,999**	26,365,320	110,936
Shares to be issued (7)	**55,555,556**	**90,449**		
Exercise of unlisted options (6)	**124,060,150**	**330,000**	100,190,999	395,367
Capital raising costs	**-**	**(228,122)**	-	(176,188)
Balance at 30 June - fully paid	**3,704,096,666**	**179,254,814**	2,587,318,001	176,502,200

Refer notes following for additional information and Note 23 for details of unlisted options.

The issue of shares in lieu of non-executive director income were approved by shareholders at the Annual General Meeting (AGM) held on 29 November 2018 for the period from 1 November 2018 to 31 October 2019; and the AGM held on 27 November 2019 for the period from 1 November 2019 to 1 October 2020. The shares shall be issued at a price based upon the 10-Day VWAP up to the applicable quarter end for the period.

In accordance with the ASX waiver granted on 22 October 2019, the Company advises that the number of remuneration shares that were issued to directors totalled nil for the year ended 30 June 2020, which was equivalent to 0% of the Company's issued capital as at 30 June 2020.

The Non-Executive directors were entitled to the issue of 10,399,814 remuneration shares during the financial year ended 30 June 2020. These remuneration shares will be issued in the next financial year.

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

1) Pursuant to an announcement on 7 August 2019 relating to an agreement with Holloman Energy Corporation to acquire an interest in petroleum exploration licences (PEL's 112 & 114) in the Cooper-Eromanga Basins in South Australia, the Company issued, in accordance with the agreement:
   - 24,250,150 new ordinary shares on 7 August 2019 at a deemed price of $0.003; and
   - 16,166,767 new ordinary shares on 14 October 2019 at the above-mentioned deemed price.

2) Pursuant to an equity raise announcement on 31 July 2019, relating to the placement of 257,329,999 new ordinary shares at an issue price of £0.0013 (A$0.002330), the Company issued the shares on 13 August 2019.

3) Pursuant to an announcement on 14 August 2019 relating to an agreement with Perseville Investing Inc and Terra Nova Energy (Australia) Pty Ltd to acquire additional interests in petroleum exploration licenses (PEL's 112 & 114), the Company issued, in accordance with the agreement:
   - 9,166,333 new ordinary shares on 14 August 2019 at a deemed price of $0.003; and
   - 13,290,646 new ordinary shares on 14 October 2019 at the above-mentioned deemed price.

4) Pursuant to an equity raise announcement on 30 September 2019, relating to the placement of 315,789,474 new ordinary shares at an issue price of £0.0019 (A$0.003480):
   - 118,421,053 shares were issued on 14 October 2019; and
   - 197,368,421 shares were issued on 21 October 2019.

5) Pursuant to an equity raise announcement on 30 October 2019, relating to the placement of 78,947,368 new ordinary shares at a price of £0.0019 (A$0.00356), all 78,947,368 shares were issued on 5 November 2019.

NOTE 18 – ISSUED CAPITAL AND RESERVES (CONTINUED)

6) Pursuant to the Company's announcement on 31 December 2019 relating to the exercise/underwriting of 124,060,150 options convertible at $0.00266 each, 124,060,150 shares were issued on 3 January 2020.

7) Pursuant to equity raise announcements on 15 March 2020 and 23 April 2020, relating to the placement of 277,777,778 new ordinary shares at an issue price of £0.0009 (A$0.001792), the first tranche of 222,222,222 shares were issued on 15 May 2020.

Other receivables (refer Note 13) include an amount of $90,449 receivable in connection to the second tranche of 55,555,555 shares which have been recognised at balance date given that a contractual right to receive settlement exists. This amount was received in July 2020.

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.

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.

Subsequent Event

On 17 July 2020, the Company announced that it had issued the second tranche of 55,555,555 shares at £0.0009 (A$0.001792) pursuant to the equity raise announcements on 15 March 2020 and 23 April 2020.

(b) Reserves

	2020 **$**	2019 $
Foreign Currency Translation Reserve	**7,341,214**	7,376,163
Option Reserve	**69,202**	36,485
Loans Option Reserve	**35,404**	88,740
	7,445,820	7,501,388

Foreign Currency Translation Reserve (FCTR)

The foreign currency translation reserve is comprised of 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.

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 19 – CONSOLIDATED ENTITIES

	Country of Incorporation	Ownership Interest %	
		2020	2019
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	India	**100**	100
Oilex N.L. Holdings (India) Limited	Cyprus	**100**	100
Oilex (West Kampar) Limited	Cyprus	**100**	100
CoEra Limited (incorporated 7 October 2019)	Australia	**100**	-
Holloman Petroleum Pty Ltd	Australia	**100**	-
Cordillo Energy Pty Ltd (incorporated 18 October 2019)	Australia	**100**	-
Oilex EIS Limited (incorporated 12 December 2019)	United Kingdom	**100**	-

Acquisition of Subsidiary

On 16 October 2019, the Group completed the acquisition of 100% of the shares in Holloman Petroleum Pty Ltd pursuant to the share purchase agreement entered into with Holloman Energy Corporation.

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

Cash	**72,750**
Equity instruments (40,416,917 ordinary shares)	**121,251**
Total consideration transferred	**194,001**

The fair value of the ordinary shares issued was based on the listed share price of the Company at 7 August 2019 of $0.003 per share.

Acquisition related costs

The Group incurred acquisition-related costs of $17,000 relating to external legal fees. These costs have been included in 'administration expense' in the condensed consolidated statement of profit or loss and OCI.

Identifiable assets acquired

The following table summarises the recognised amounts of assets acquired at the date of acquisition. Nil liabilities were assumed.

Trade and other receivables	**48,500**
Exploration and evaluation	**145,501**
Total identifiable assets acquired	**194,001**

Trade and other receivables comprised Petroleum Exploration Licence bonds of $48,500, of which $nil was expected to be uncollectable at the date of acquisition.

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 20 - DISPOSAL GROUPS HELD FOR SALE

On 28 January 2020, the Company announced that it had accepted an offer from Kiri to acquire the Company's PI in Bhandut. Pursuant to the Agreement entered with Kiri, the Company advised it will receive US$0.14 million in cash proceeds for the sale of its PI to Kiri. The sale has since progressed substantially with all the necessary documentation submitted to the Government of India to affect the transfer of the PI to Kiri. Delays with the process; however, have been experienced due to the impact of Covid-19 in India.

On 27 May 2020, the Company announced that it has signed a conditional binding Heads of Agreement with Armour Energy Limited, an ASX-listed company, for the proposed sale of all of its interests in the Cooper-Eromanga Basin to Armour. On the 15 June 2020 the Company further announced it has entered into a conditional binding Share Purchase Agreement (SPA) with Armour. The transaction is subject to the satisfaction of various conditions precedent which are expected to be satisfied.

Accordingly, these operations are presented as a disposal group held for sale.

As at 30 June 2020, the disposal group comprised assets of $327,791 less liabilities of $451,469, detailed as follows:

	$
Trade and other receivables	**79,333**
Inventories	**3,290**
Exploration and evaluation	**238,000**
Property, plant and equipment	**7,168**
Trade and other payables	**(10,205)**
Provisions (non-current)	**(441,264)**
	(123,678)

Accounting Policy

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

NOTE 21 – JOINT ARRANGEMENTS

The Group's interests in joint arrangements as at 30 June 2020 are detailed below. Principal activities are oil and gas exploration, evaluation, development and production.

(a) Joint Operations Interest

Permit		2020 %	2019 %
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 [3]	Indonesia (Central Sumatra)	**67.5**	67.5

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

[2] The Sabarmati Production Sharing Contract was cancelled on 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. The West Kampar Contract Area Production Sharing Contract was terminated on 15 August 2018.

On 27 July 2020, the Company announced that substantial progress has been made towards the Company's strategic objective to regain a participating interest in the West Kampar PSC in Indonesia, which is expected to lead, subject to financing, to recommencing production from the Pendalian Oilfield (refer Note 29 c) for further commentary.

(b) Joint Operations

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

	2020 $	2019 $
Current assets		
Cash and cash equivalents	**33,360**	81,872
Trade and other receivables [1]	**2,109,359**	1,907,808
Inventories	**1,133,931**	1,054,795
Prepayments	**5,399**	36,286
Total current assets	**3,282,049**	3,080,761
Non-current assets		
Exploration and evaluation	**581,321**	568,887
Development assets	**9,823,965**	6,495,591
Property, plant and equipment	**95,509**	111,877
Total non-current assets	**10,500,797**	7,176,355
Total assets	**13,782,846**	10,257,116
Current liabilities		
Trade and other payables	**(283,038)**	(137,094)
Total liabilities	**(283,038)**	(137,094)
Net assets	**13,499,808**	10,120,022

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

NOTE 21 – JOINT ARRANGEMENTS (CONTINUED)

(c) Joint Operations Commitments

In order to maintain the 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 Group's has no exploration expenditure commitments attributable to joint operations during the year (2019: $nil).

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 22 – RELATED PARTIES

Identity of Related Parties

The Group has a related party relationship with its subsidiaries (refer note 19), joint operations (refer note 21) 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 (resigned 5 May 2020)	Non-Executive Chairman
Paul Haywood	Non-Executive Director
Peter Schwarz (appointed 4 September 2019)	Non-Executive Director

Executive Directors	Position
Joe Salomon [(1)]	Chairman and Managing Director
Mark Bolton [(2)]	Executive Director and Company Secretary

Executive	Position
Ashish Khare	Head - India Assets

(1) Current Chairman from 5 May 2020 following Mr Lingo's resignation.

(2) Mr Bolton, previously Chief Financial Office and Company Secretary, was appointed to the board on 26 March 2020.

Key Management Personnel Compensation

Key management personnel compensation comprised the following:

	2020	2019
	$	$
Short-term employee benefits	**757,848**	615,475
Other long-term benefits	**34,546**	40,542
Non-monetary benefits	**5,777**	21,252
Post-employment benefits	**67,372**	59,668
Equity compensation benefits – shares issued in lieu of salary	**33,103**	55,454
	898,646	792,391

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

There were no transactions in the current year between the Group and entities controlled by key management personnel.

NOTE 23 – 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:

	2020	2019
	$	$
Cash and cash equivalents	**173,816**	357,970
Trade and other receivables - current	**564,397**	497,974
	738,213	855,944

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 $6,294,032 (2019: $6,129,333).

The Group's most significant customers are Enertech Fuel Solutions Pvt Limited (Enertech) with gas sales representing nil% of the Group's total revenues (2019: 39%) and Indian Oil Corporation Limited, in its capacity as nominee of the Government of India, with oil sales representing nil% of the Group's total revenues (2019: 61%). Enertech accounts for $nil of trade receivables as at June 2020 (2019: $nil), whilst the Indian Oil Corporation Limited accounts for $nil of trade receivables (2019: $nil).

Impairment Losses

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

	2020	2019
	$	$
Consolidated Gross		
Not past due	**226,557**	189,941
Past due 0-30 days	**177,421**	111,566
Past due 31-120 days	**141,146**	202,591
Past due 121 days to one year	**738,319**	524,518
More than one year	**5,442,789**	5,532,232
	6,726,232	6,560,848
Provision for doubtful debts	**(6,080,888)**	(6,062,874)
Trade and other receivables net of provision	**645,344**	497,974

NOTE 23 – FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit Risk (continued)

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 an allowance for expected credit losses (ECL's) for all debt instruments. The Group applies a simplified approach in calculating ECL's. The Group bases its ECL assessment on its historical credit loss experience, adjusted for factors specific to the debtors and the economic environment including, but not limited to, financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and delinquency in payments.

The Group has been in discussions with its joint venture partner for repayment of disputed and other amounts owing. 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, is uncertain 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 reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

			Contractual Cash Flows			
	Carrying Amount	**Face Value**	**Total**	**2 months or less**	**2 – 12 months**	**Greater than 1 year**
	$	**$**	**$**	**$**	**$**	**$**
2020						
Trade and other payables	**1,071,341**	**1,071,341**	**1,071,341**	**1,071,341**	**-**	**-**
Borrowings	**769,555**	**804,959**	**804,959**	**250,000**	**554,959**	**-**
Total financial liabilities	**1,840,896**	**1,876,300**	**1,876,300**	**1,321,341**	**554,959**	**-**
2019						
Trade and other payables	697,184	697,184	697,184	697,184	-	-
Borrowings	563,955	580,000	580,000	-	580,000	
Total financial liabilities	1,261,139	1,277,184	1,277,184	697,184	580,000	-

<u>Subsequent Events</u>

On 31 July 2020, the Company announced that it has entered into an amendment agreement to vary the repayment obligations for its Series C (GBP£125,000) loan. Pursuant to the amendment agreement, the loan repayment date has been extended from 1 August 2020 to 31 October 2020. All other terms remain the same and are extended to 31 October 2020, except for the issue of 113,636,364 new options exercisable at £0.0011 on or before 29 January 2021.

The options, which if exercised in their entirety, will result in a cash inflow to the Company of £125,000 (A$224,901). The proceeds from such conversion of options will be applied to the outstanding Series C Loan balance, which is fully drawn down.

Pursuant to an amendment agreement to the Series C loan of GBP£125,000 loan announced on 30 October 2020, the loan repayment date has been extended from 31 October 2020 to 31 December 2020. All other terms remain the same and are extended to 31 December 2020.

NOTE 23 – 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 (USD), Indian rupee (INR) and British pound (GBP).

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:

	2020			2019		
In equivalents of Australian dollar	**USD $**	**INR $**	**GBP $**	USD $	INR $	GBP $
Cash and cash equivalents	**1,591**	**67,746**	**20,346**	20,095	139,811	24,467
Trade and other receivables [(1)]	**267,162**	**3,136,248**	**-**	229,196	3,219,109	-
Trade and other payables	**(29,971)**	**(403,585)**	**(128,669)**	(3,978)	(312,161)	(4,665)
Loans	**-**	**-**	**(522,198)**	-	-	-
Net balance sheet exposure	**238,782**	**2,800,409**	**(630,521)**	245,313	3,046,759	19,802

(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	**2020**	2019	**2020**	2019
USD	**0.6714**	0.7156	**0.6863**	0.7013
INR	**48.5957**	50.5060	**51.8000**	48.4100
GBP	**0.5329**	0.5527	**0.5586**	0.5535

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 2019.

	2020 $	2019 $
10% Strengthening		
United States dollars (USD)	**23,274**	24,351
Indian rupees (INR)	**290,819**	304,676
British pounds (GBP)	**63,052**	1,980
10% Weakening		
United States dollars (USD)	**(23,274)**	(24,351)
Indian rupees (INR)	**(290,819)**	(304,676)
British pounds (GBP)	**(63,052)**	(1,980)

NOTE 23 – 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	
	2020	2019
	$	$
Fixed Rate Instruments		
Financial assets (short-term deposits included in trade receivables)	**50,000**	100,000
Financial liabilities (borrowings)	**(769,555)**	(563,955)
Variable Rate Instruments		
Financial assets (cash and cash equivalents)	**173,816**	357,970

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 2019.

	2020	2019
	$	$
Impact on profit or loss	**1,738**	3,580

iii) Other market price risks

At 30 June 2020, the Group had no financial instruments with exposure to other price risks (2019: $nil).

Equity Price Sensitivity

At 30 June 2020, the Group had no exposure to equity price sensitivity (2019: $nil).

(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 24 – 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:

	2020 $	2019 $
Shares and rights - equity settled		
Non-Executive Directors – remuneration shares [(1)]	-	55,422
Technical and administrative contractors	-	55,513
Total share-based payments expense	-	110,935

[(1)] At the Annual General Meeting held on 29 November 2018, the shareholders of the Company approved the issue of shares in lieu of cash for part of the remuneration for the Non-Executive Directors. The Directors have also agreed to receive part of their Directors fees in the form of the Company's shares in lieu of cash payments for the period from 1 November 2018 to 31 October 2019, in order to conserve the cash reserves of the Company. Similar shareholder approval was also received at the Annual General Meeting held on 27 November 2019 for the period from 1 November 2019 to 31 October 2020.

In accordance with the ASX waiver granted 22 October 2019, the Company advised that the number of remuneration shares that were issued to directors for the year ended 30 June 2020 totalled nil (2019 11,437,407) and the percentage of the Company's issued capital represented by these remuneration shares was nil% (2018 0.44%).

The Non-Executive directors were entitled to the issue of 10,399,814 remuneration shares during the financial year ended 30 June 2020. These remuneration shares shall be issued in the next financial year.

As at 30 June 2020, the accrued non-executive director fees, being remuneration shares not yet issued totalled $34,908 (2019: $12,607).

Unlisted Options

At 30 June 2020, 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			
Nil			
Other Employees			
Nil			
Financiers and Advisors			
19 December 2018	6,666,667	Upon granting	2 years
30 September 2019	11,842,105	Upon granting	2 years
30 October 2019	2,960,526	Upon granting	2 years
3 February 2020	166,666,667	Upon granting	6 months
19 May 2020	115,727,273	Upon granting	10 weeks
19 May 2020	204,545,455	Upon granting	13 months
Total Options	**508,408,693**		

Subsequent to reporting date, no options have been exercised; however, the 166,666,667 and 115,727,273 options have lapsed.

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.

NOTE 24 – SHARE-BASED PAYMENTS (CONTINUED)

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.

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

	WAEP 2020	**Number 2020**	WAEP 2019	Number 2019
Outstanding at 1 July	**161,220,442**	**$0.004**	$0.005	77,441,666
Lapsed during the year	**(215,218,662)**	**$0.004**	$0.35	(275,000)
Exercised during the year	**(124,060,150)**	**$0.003**	$0.004	(100,190,999)
Granted during the year				
- Granted to Brokers and Financial Advisers (1)	**14,802,631**	**$0.004**	$0.005	16,140,351
- Series A Loan Options (2)(3)	**124,060,150**	**$0.003**	$0.004	91,666,666
- Series B Loan Options (3)	**176,392,160**	**$0.003**	$0.004	76,437,758
- Series C Loan Options (3)	**59,523,810**	**$0.004**	-	-
- Series D Loan Options (3)	**311,688,312**	**$0.003**	-	-
Outstanding at 30 June	**508,408,693**	**$0.003**	$0.004	161,220,442
Exercisable at 30 June	**508,408,693**	**$0.003**	$0.004	161,220,442

The unlisted options outstanding at 30 June 2020 have an exercise price in the range of $0.002 to $0.004 (2019: $0.004 to $0.006) and a weighted average remaining contractual life of 0.5 years (2019: 0.2 years).

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.

(1) The following factors and assumptions were used to determine the fair value of 14,802,631 options issued to brokers and financial advisors during the year.

2020 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**
30 Sept 2019	21 Oct 2019	21 Oct 2019	$0.004	$0.004	$0.005	133.61%	0.75%	-
30 Oct 2019	5 Nov 2019	21 Oct 2019	$0.004	$0.004	$0.004	133.61%	0.75%	-

(2) 124,060,150 Series A loan options were exercised during the period.

(3) The fair value equity component of the 124,060,150 Series A, 176,392,160 Series B, 59,523,840 Series C, and 311,688,312 Loan Options has been determined using an implied effective interest rate of 18% pa (effective interest rate on a similar borrowing without an equity component.. At loan drawdown, this amount is recognised in the Loan Option Reserve as the loans have been recognised as convertible notes.

For further information refer to Note 15: Borrowings.

NOTE 25 – PARENT ENTITY DISCLOSURE

As at, and throughout, the financial year ended 30 June 2020 the parent entity of the Group was Oilex Ltd.

	2020	2019
	$	$
Result of the parent entity		
Loss for the year	**(3,812,707)**	(3,382,300)
Other comprehensive income/(loss)	**(275,240)**	143,085
Total comprehensive loss for the year	**(4,087,947)**	(3,239,215)
Financial position of the parent entity at year end		
Current assets	**224,271**	1,164,081
Total assets	**5,325,470**	5,995,034
Current liabilities	**1,613,752**	1,160,603
Total liabilities	**3,863,201**	3,361,943
Net assets	**1,462,269**	2,633,091
Total equity of the parent entity comprising of:		
Issued capital	**179,254,814**	176,502,200
Option reserve	**35,404**	36,485
Loans Options Reserve	**69,202**	88,740
Foreign currency translation reserve	**4,776,928**	5,052,168
Accumulated losses	**(182,674,079)**	(179,046,502)
Total equity	**1,462,269**	2,633,091

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 a guarantee in relation to corporate credit cards. The bank guarantee amounts to $50,000. An equal amount is held in cash and cash equivalents as security by the bank. (2019: $100,000).

Parent entity capital commitments for acquisition of property plant and equipment

Oilex Ltd had no capital commitments as at 30 June 2020 (2019: Nil).

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

On 7 November 2006, Oilex Ltd 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.

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

NOTE 26 – AUDITORS' REMUNERATION

	2020	2019
	$	$
Audit and review services		
Auditors of the Company – PKF Perth (2019:KPMG)		
Audit and review of financial reports	**50,000**	81,400
Audit of Joint Operations operated by Oilex Ltd		
Operator proportion only (KPMG Australia)	**414**	414
Audit and review of financial reports (KPMG related practices)	**22,687**	20,656
	73,101	102,470
Other Auditors		
Audit and review of financial reports (India Statutory)	**5,821**	5,972
	78,922	108,442
Other services		
Auditors of the Company – PKF Perth (2019: KPMG)		
Taxation compliance services	**8,389**	13,213
Taxation compliance services (KPMG related practices)	**-**	6,987
	8,389	20,200
Other Auditors		
Taxation compliance services (India Statutory)	**7,451**	5,255
	15,840	25,455

PKF Perth were appointed as auditors of Oilex Ltd by its shareholders at a General Meeting convened on 30 June 2020.

NOTE 27 – LEASES

Short-term leases and lease of low value assets

Lease rentals are payable as follows:

	2020	2019
	$	$
Within one year	**5,126**	27,211
One year or later and no later than five years	**-**	-
	5,126	27,211

During the 2020 financial year, the Group leased its head office premises at Level 2, 11 Lucknow Place, West Perth, Australia. The lease commenced on 1 June 2019 for a six-month period; with expiry on 30 November 2019. Thereafter, the Group had the option of a month by month lease extension subject to lessor approval.

From 1 July 2020, the Group relocated its head office premises to Level 1, 11 Lucknow Place, West Perth, Australia. The lease commenced on 1 July 2020 on a monthly rolling basis, subject to 30 days notice to terminate.

The Group leases office premises in Gandhinagar (India). The current lease had a three year term, commencing 16 October 2016; continuing thereafter on a monthly rolling basis. On 1 July 2020, the lease was renegotiated and extended for a 12 month period to 30 June 2021.

	2020	2019
	$	$
Expenses related to short-term leases	**76,104**	-
Operating lease rentals expensed during the financial year	**-**	**102,788**

Accounting Policy

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTE 28 – 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 corporate credit cards. The bank guarantees amount to $50,000 (2019: $100,000).

Termination Penalty

Subsequent to year end the termination penalty has been settled and this is detailed in note 29 to the financial report. The history of this contingent liability is as follows:

In October 2018, the Company announced the Autoridade Nacional Do Petroleo E Minerais (ANPM) had commenced arbitration proceedings against Oilex and its joint venture partners, in regard to the JPDA Production Sharing Contract (PSC).

On 16 August 2019, the Company announced that the JPDA joint venture had lodged a counterclaim against the ANPM for the amount US$23.3 million (plus interest) as damages arising from the wrongful termination of the PSC.

During the March 2020 quarter, the arbitration panel dismissed ANPM's application to increase their claim against the joint venture from A$17.0 million to US$22.6 million (plus interest). The arbitration hearing, which was scheduled to commence on 10 February 2020, was subsequently suspended while the parties continue their commercial settlement negotiations.

During the period, the Group has increased the provision by USD$200,000 to USD$800,000 in relation to this matter

(30 June 2019: USD$600,000).

NOTE 29 – SUBSEQUENT EVENTS

a) The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially negative for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian and Indian Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

b) On 17 July 2020, the Company announced it has issued the second and final tranche of 55,555,556 ordinary shares pursuant to the placement first announced on 16 March 2020; and amended as announced on 27 April 2020. The share issue was pursuant to an equity capital raising to secure further funding of £0.25 million (A$0.5 million) through the subscription of 277,777,778 new shares at £0.009 per share (0.1792 AUD cents) per share.
The Company also announced:

- the issue of 103,033,333 shares to advisors and consultants in lieu of cash fees payable; and
- further to the approval by shareholders at the annual general meeting held on 30 June 2020 and the Company announcement on 15 May 2020, the Company issued the following unlisted options:
    - Series B Loan Options 115,727,273 exercisable at £0.0011 on or before 31 July 2020
    - Series D Loan Options 204,545,455 exercisable at £0.0011 on or before 30 June 2021.

c) On 27 July 2020, the Company announced that substantial progress has been made towards the Company's strategic objective to regain a participating interest in the West Kampar PSC in Indonesia, which is expected to lead, subject to financing, to recommencing production from the Pendalian Oilfield.

Following various meetings and correspondence with the Government of Indonesia (GoI) and with the support of the Company's local Indonesian partner, the GoI has advised that our Proposed Direct Bid, through the Joint Study of the West Kampar Region, is declared administratively complete and have recorded it as a proposal for a Direct Offer through a Joint Study as stipulated in ESDM Regulation No. 35 of 2008.

This confirmation from the GoI, which is exclusive to Oilex, provides a pathway to conduct the Joint Study on the proposed development of West Kampar which will then provide certain preferential rights in the ultimate award of the West Kampar PSC by the GoI. Oilex's interest in the study and ultimate potential award of the PSC will be on a 50-50 joint basis with its local Indonesian partner, PT Ephindo.

d) On 31 July 2020, the Company announced that it has taken further steps to strengthen its balance sheet as the Company continues to navigate the impact of Covid-19 on its business and global equity markets. In particular, the Company entered into an amendment agreement to vary the repayment obligations for its Series C (GBP£125,000) loan. Furthermore, the Company secured additional equity investment of £0.25 million to increase its working capital flexibility and reduce its financial debt obligations.

NOTE 29 – SUBSEQUENT EVENTS (CONTINUED)

Amendment to Series C Loan Funding Agreement (GBP £125,000)

Pursuant to the amendment agreement, the loan repayment date has been extended from 1 August 2020 to 31 October 2020. All other terms remain the same and are extended to 31 October 2020, except for the issue of 113,636,364 new options exercisable at £0.0011 on or before 29 January 2021.

The options, which if exercised in their entirety, will result in a cash inflow to the Company of £125,000 (A$224,901). The proceeds from such conversion of options will be applied to the outstanding Series C Loan balance, which is fully drawn down.

The issue of the new options is subject to shareholder approval under ASX Listing Rule 7.1 on or before 30 November 2020. Failure to secure shareholder approval will require immediate repayment of the loan principal and accrued interest.

Equity Capital Raising

The Company has arranged an equity capital raising, through Novum Securities Limited and to existing institutional shareholders, to secure further funding of £0.25 million (A$0.5 million) through the subscription of 312,500,000 new shares at GBP 0.08 pence (0.144 AUD cents) per share.

Funds raised from the subscription are intended to be applied towards increasing the Company's working capital base and debt reduction The additional funding will support the Company's initiative to implement the settlement with GSPC, which has been delayed by the impact from Covid-19.

On 10 August 2020, the Company announced that it has issued the 312,500,000 shares. Pursuant to advisory agreements with Novum, the Company also issued 15,000,000 unlisted options exercisable at GBP 0.08 pence on or before 12 August 2022 upon the completion of the capital raise.

e) On 7 August 2020, the Company, in its capacity as Operator, on behalf of the Joint Venture Participants in Joint Petroleum Development Area ("JPDA") 06-103 Production Sharing Contract ("PSC") in East Timor announced it had executed a Deed of Settlement and Release (Deed) with the Autoridade Nacional Do Petroleo E Minerais ("ANPM") to terminate the ongoing arbitration proceedings arising from the termination of the PSC by the ANPM in 2015 and settle all claims and counterclaims between the parties.
The execution of the Deed sees an amicable conclusion to the arbitration proceedings, as announced in October 2018, where Oilex and its joint venture partners in the PSC were subject to a penalty claim of US$17 million (plus interest) on a joint and several basis. Oilex is the Operator of the PSC on behalf of the joint venture.

Under the terms of the Deed, Oilex has committed to a settlement of US$800,000 payable in the 2021 and 2022 financial years, which has been fully provided for at 30 June 2020. In addition, the Company has entered into an unsecured loan facility agreement for US$800,000 with two of its joint venture partners to fund the settlement. The Deed further provides the Company with the option, at its sole discretion, to extend the settlement payments into the 2023-24 financial year.

f) On 14 September 2020, the Company announced that it has agreed to amend the Share Purchase Agreement (SPA) with Armour Energy Limited (Armour), as announced on 15 June 2020, for the proposed sale of all of its interests in the Cooper-Eromanga Basin (Proposed Transaction). Pursuant to the SPA, Armour will acquire 100% of the issued capital of CoEra Limited (CoEra), a wholly owned Company subsidiary which holds all of Oilex's interests in the Cooper-Eromanga Basin. The amendments:

- extend the completion date from 15 September 2020 until 15 October 2020 to enable Armour to seek its shareholder approval pursuant to ASX Listing Rule 7, with such shareholder meeting scheduled for September 18 2020, and allow additional time to satisfy the Conditions Precedent;
- amend the date upon which Armour pays to Oilex the past costs of $125,000 to within 5 Business Days after receipt of Armour's above shareholder approval; and
- reduce the timeframe for the Tranche 2 share adjustment from 90 days to 60 days from completion.

On 15 October 2020, the Company announced the completion of the sale of all its interests in the Cooper-Eromanga Basins to Armour Energy Limited.

g) Pursuant to an amendment agreement to the Series C loan of GBP£125,000 loan announced on 30 October 2020, the loan repayment date has been extended from 31 October 2020 to 31 December 2020. All other terms remain the same and are extended to 31 December 2020.

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.

(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 31 to 74, 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 2019 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 Company and 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 2019.

(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 Jonathan Salomon
Interim Chairman and Managing Director

Mr Mark Bolton
Executive Director and Company Secretary

West Perth
Western Australia
31 October 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OILEX LTD

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Oilex Ltd (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration of the Company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the accompanying financial report of Oilex Ltd is in accordance with the Corporations Act 2001, including:

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

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

Basis for Opinion

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

Emphasis of Matter – Material Uncertainty related to Going Concern

Without modifying our opinion, we draw attention to Note 2 (c) in the financial report, which indicates that the consolidated entity incurred a loss of $5,841,096 (2019: $3,118,121) and operating cash outflows of $2,837,661 (2019: $2,962,563) during the year ended 30 June 2020. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as going concern.

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Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of 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 (including Independence Standards) (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

A key audit matter is a matter that, in our professional judgement, was 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 matter. For each matter below, our description of how our audit addressed the matter is provided in that context.

1 - Carrying value of mine development assets

Why significant	How our audit addressed the key audit matter
At 30 June 2020 the carrying value of mine development assets was $5,318,364 (2019: $6,495,590), as disclosed in Note 9. Each year management is required to assess whether there are any indicators that the development asset may be impaired. As the impairment assessment requires significant estimates and judgments we have identified this as a key audit matter. Management's impairment assessment indicated that an impairment was required on the Cambay Project. Therefore, an impairment of $1,348,458 was recognised, as a result the carrying amount dropped from $6,637,547 to $5,318,364, with a foreign exchange impact of $29,275.	Our work included, but was not limited to, the following procedures: • Reviewing management's detailed impairment model, including consideration of inputs and assumptions used in the model and NPV calculation; • Ensuring valid licenses are held and consider impairment of assets for which no license is now held; • Ensure that disclosures within the financial report are accurate and that all estimates and judgements made by management are included therein; and • Discussing the impairment model with management and obtaining management and the board's representations accordingly.

2 - Carrying value of capitalised exploration expenditure

Why significant	How our audit addressed the key audit matter

As at 30 June 2020 the carrying value of exploration and evaluation assets was $581,322 (2019: $ 568,888), as disclosed in Note 8.
 	
The consolidated entity's accounting policy in respect of exploration and evaluation expenditure is outlined in Note 8. Estimates and judgments in relation to capitalised exploration and evaluation expenditure is detailed at Note 2 (f).
 	
Significant judgement is required:
 	
• in determining whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources ("AASB 6"); and
• in determining the treatment of exploration and evaluation expenditure in accordance with AASB 6, and the consolidated entity's accounting policy. In particular:
  ○ whether the particular areas of interest meet the recognition conditions for an asset; and
  ○ which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest.
	Our work included, but was not limited to, the following procedures:
	
	• Conducting a detailed review of management's assessment of impairment trigger events prepared in accordance with AASB 6 including:
	  ○ assessing whether the rights to tenure of the areas of interest remained current at reporting date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future;
	  ○ holding discussions with the Directors and management as to the status of ongoing exploration programmes for the areas of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest; and
	  ○ obtaining and assessing evidence of the consolidated entity's future intention for the areas of interest, including reviewing future budgeted expenditure and related work programmes;
	• considering whether exploration activities for the areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
	• testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with AASB 6 and the consolidated entity's accounting policy; and
	• assessing the appropriateness of the related disclosures in Note 2 (f), Note 8.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the consolidated entity financial report. We are responsible for the direction, supervision and performance of the consolidated entity audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Oilex Ltd for the year ended 20 June 2020, complies with section 300A of the Corporations Act 2001.

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

PKF PERTH

SIMON FERMANIS
PARTNER
31 October 2020
WEST PERTH,
WESTERN AUSTRALIA

Shareholder information as at 1 September 2020

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 Level 1, 11 Lucknow Place, 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	291	-
1,001 - 5,000	462	-
5,001 - 10,000	301	-
10,001 - 100,000	718	-
100,001 and over	552	4
Total	**2,324**	**4**

(b) Of the above total 1,968 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 241,014,753.

The Managing Director, Mr Jonathan Salomon beneficially holds 14,987,013 shares as at 3 September 2020 which represents 0.36% of shares.

Twenty Largest Shareholders

Shareholders	Shares Held		% of issued capital
Vidacos Nominees Limited <151004>	452,130,367	#	10.98
Aurora Nominees Limited <2288700>	234,831,866	#	5.70
Hargreaves Lansdown (Nominees) Limited <15942>	221,815,107	#	5.38
Interactive Investor Services Nominees Limited <SMKTNOMS>	212,285,428	#	5.15
Barclays Direct Investing Nominees Limited <CLIENT1>	195,831,750	#	4.75
Rock (Nominees) Limited <CSHNET>	186,131,942	#	4.52
Hargreaves Lansdown (Nominees) Limited <HLNOM>	152,406,582	#	3.70
HSDL Nominees Limited	150,929,584	#	3.66
Hargreaves Lansdown (Nominees) Limited <VRA>	149,903,240	#	3.64
Vidacos Nominees Limited <FGN>	146,154,412	#	3.55
Interactive Investor Services Nominees Limited <SMKTISAS>	140,678,572	#	3.41
J P Morgan Nominees Australia Pty Limited	112,575,667		2.73
TH Investments Pte Ltd	111,111,111		2.70
Jim Nominees Limited <JARVIS>	87,628,492	#	2.13
Vidacos Nominees Limited <LGUKCLT>	80,116,084	#	1.94
Zeta Resources Limited	71,323,567		1.73
HSDL Nominees Limited <MAXI>	69,988,860	#	1.70
HSBC Client Holdings Nominee (UK) Limited <731504>	67,827,614	#	1.65
HSDL Nominees Limited <LWMAXI>	65,274,636	#	1.58
HSDL Nominees Limited <SBUILD>	58,455,484	#	1.42
Total	**1,152,229,634**		**27.97**
Total issued shares as at 1 October 2020	**4,119,629,999**		**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	403,534,489	11.06

(#) Included within the total issued capital are 3,241,035,069 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
Joe Salomon B APP SC (Geology), GAICD
Managing Director and Interim Chairman

Mark Bolton B Business
Executive Director and Company Secretary

P Haywood
Non-Executive Director

P Schwarz
Non-Executive Director

Company Secretary
Mark Bolton B Business
Executive Director and Company Secretary

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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
Novum Securities Limited
10 Grosvenor Gardens
Belgravia
London SW1W 0DH
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
PKF Perth
Level 5, 35 Havelock Street
West Perth Western Australia 6005
Australia

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ABN 50 078 652 632

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