19 August 2013

Company Announcements Office
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BHANDUT-3 ISOCHRONAL PRODUCTION TEST REPORT

- Bhandut-3, flowed a maximum 6.5MMscfd during an isochronal production test
- Dynamic flow data indicates a Contingent Resource (best estimate) of 250MMscf
- Interested parties expressed willingness to purchase the gas

Oilex Ltd (ASX: OEX, AIM: OEX, Oilex) is pleased to announce completion of the final report related to an isochronal gas production test at Bhandut-3 undertaken earlier in the year as part of the approved work programme and budget. As mentioned in the most recent quarterly report to shareholders, the Company is continuing to investigate commercial options to realise value from this asset with its Joint Venture partner, GSPC, including the possible sale of off-spec gas from Bhandut-3.

Bhandut-3 flowed at a maximum rate of 6.5MMscfd (184,370m3/d) through a 10mm choke with a flowing tubing head pressure of 1,190 psia. The isochronal test was conducted to obtain more precise reservoir performance data as part of attempting to realise value from Bhandut and the test confirmed the reservoir sand has a permeability of 124mD, making it a conventional reservoir.

Subsequent to the Government of India's recent announcement about increasing the base domestic gas price to stimulate additional investment in indigenous gas supplies, a number of interested parties have approached the Bhandut Joint Venture about purchasing gas from Bhandut-3. The isochronal test results have been useful in supporting ongoing discussions related to the sale of gas.

The Contract Area (~6km^2) is covered by a 3D seismic survey acquired by Oilex in 2007 and the reservoir section at the well is 3.5m thick with modern well logs. This reservoir section thickness is below seismic resolution and is not present in other nearby Bhandut wells (refer to the attached diagram). As such, the lateral extent of the gas sand and in-place gas volumes cannot be accurately estimated from static data at present. Dynamic production test flow and pressure data suggests the (best estimate) Contingent Resource (100% basis) may be ~250MMscf (~7,000,000m^3).

Oilex is the operator of the Bhandut JV and its attributable 40% interest in the estimated Contingent Resource is ~100MMscf. This volume, together with appropriate low and high estimates, can only be confirmed through further production, which requires appropriate gas sales arrangements are entered into by the Bhandut JV.

Potential buyers remain interested and are considering the use of compressed natural gas (CNG) bullet trucks for transportation of natural gas from the well head in the field to end users. This provides flexibility to adjust the offtake rate between 0.5-1.0MMscfd to suit the deliverability of Bhandut-3 gas sand over time. Discussions continue towards reaching a similar off-spec GSA as has been signed for Cambay-73 production. Given the uncertainties, Oilex currently ascribes a commercialisation risk factor of 75% to the Contingent Resource estimate.

Bhandut-3 is a lean gas composition with 98.9% hydrocarbons, of which 94% is methane, and 1.1% is inert gases (Nitrogen and Carbon Dioxide). As such minimal treatment is required to be suitable for sale. Minimal capex, if any, is expected to be required by Oilex under such a production scenario.

Managing Director of Oilex, Ron Miller, said

"We are pleased that the recently announced increase of domestic prices to ~ $8.00 per Mcf seems to be stimulating additional interest in our projects. With infrastructure in place at Bhandut-3 – including bullet trucks provided by the buyer for transportation – the incremental cost of additional gas sales is small. When contracted and in production at 33boepd net to Oilex, Bhandut-3, should provide a significant increase to production revenues and our existing net ~ 9boepd from Cambay and Sabarmati fields. We also look forward to endorsement by the Government of the Cambay-73 GSA announced on 11 April 2013 which has the potential to add similar net production volumes."

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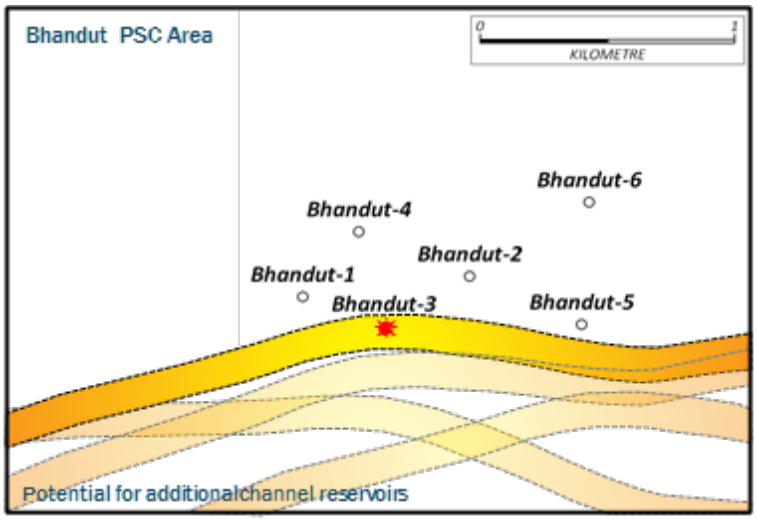
Competent Person's Statement

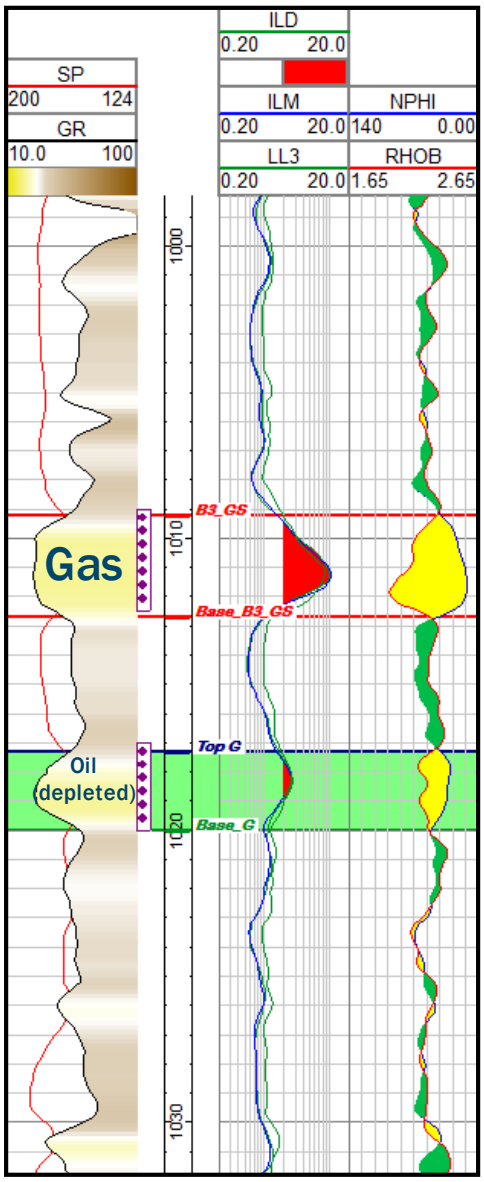
Information in this report relating to hydrocarbon reserves or resources has been reviewed and checked by Mr Peter Bekkers B.Sc. (Hons), the Chief Geoscientist of Oilex Ltd who has over 15 years of experience in petroleum geology and is a member of the Society of Petroleum Engineers and AAPG. Mr Bekkers consents to the inclusion of the information in this report relating to hydrocarbon reserves and resources in the form and context in which it appears. Resource estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, Petroleum Resources Management System, 2007.

This document may include forward-looking statements. Forward-looking statements include, but are not necessarily limited to, statements concerning Oilex Ltd.'s planned exploration program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate" "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although Oilex Ltd believes that its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.



Bhandut PSC Area

Bhandut-3 Gas Flare



Bhandut-3 Well Log

LIST OF ABBREVIATIONS AND DEFINITIONS

Bbls	Barrels of oil or condensate
BBO	Billion standard barrels of oil or condensate
BCF	Billion Cubic Feet of gas at standard temperature and pressure conditions
BOPD	barrels of oil per day
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.
Boepd	Barrels of Oil Equivalent per day
BS&W	base, sediment and water contaminants in oil
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality.
Discovered in place volume	Is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production
MMBO	Million standard barrels of oil or condensate
MSCFD	Thousand standard cubic feet (of gas) per day
MMSCFD	Million standard cubic feet (of gas) per day
Prospective Resources	Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development.
PSIA	Pounds per square inch absolute
Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied.
TCF	Trillion Cubic Feet
Undiscovered in place volume	Is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered