OILEX LTD
ABN 50 078 652 632

Quarterly report
31 March 2014



Summary

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

- Cambay-77H well drilling operations commenced on 7 March 2014
- 13 $^{3}/_{8}$ inch casing set and cemented on 11 March 2014
- Schlumberger awarded the fracture stimulation services contract for Cambay-77H

  <u>Post end of Quarter</u>
  - 9 $^{5}/_{8}$ inch casing set and cemented on 8 April 2014 after resolving mechanical issue on rig
  - 4 $^{1}/_{2}$ inch casing set and cemented on 19 April 2014, well is secured for fracture stimulation programme
  - Logs confirm a hydrocarbon bearing reservoir comparable to Cambay-76H and Cambay-73, a vertical well with a single fracture that has produced ~1MMscfd and condensate from the same formation

SPA 17 AO (formerly STP-SPA-0055) (100% & OPERATOR), ONSHORE CANNING BASIN, WESTERN AUSTRALIA

- Agreements reached with Native Title Holders and Claimants for STP-SPA-0055 to conduct Aerial Gravity and Magnetic data acquisition (“Aerial Survey”)
- Tender evaluations finalised for Aerial Survey
- CGG Aviation (Australia) Pty Ltd awarded the contract for the Aerial Survey and data interpretation
- Aerial Survey acquisition commenced on 29 March 2014 and completed on 3 April 2014

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

- PSC suspended until 15 April 2014 for the ANP to complete assessment of an application by the Joint Venture parties to terminate the PSC by mutual consent
- A further suspension granted to 15 July 2014 while awaiting outcome of application

WEST KAMPAR

- Oilex commenced receiving good faith payments from PT Sumatera Persada Energi (“SPE”) toward the US$4.8 million arbitration award in favour of Oilex

CORPORATE

- $6.7 million received (gross) from Placement completed during February 2014

Operations review

HEALTH, SAFETY, SECURITY AND ENVIRONMENT

During the quarter one Lost Time Incident recorded on Cambay-77H drilling operations.

TOTAL NET OIL PRODUCTION - 244 BBLS

CAMBAY FIELD, GUJARAT, INDIA

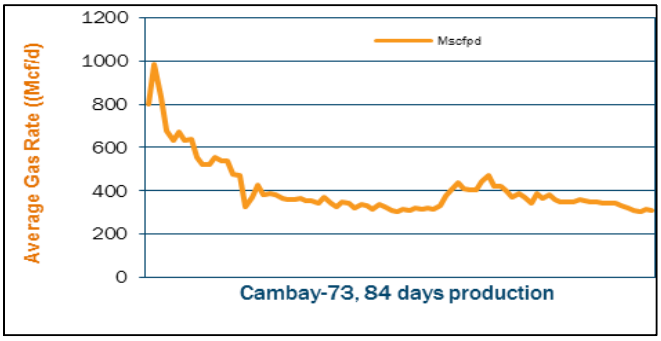
(Oilex: Operator and 45% interest)

During the reporting period:

- The Cambay Field produced 294 barrels of oil (132 barrels net to Oilex).
- Cambay-77H horizontal production well drilling operations commenced on 7 March 2014.
- At Cambay-77H, a shorter lateral section (350m) coupled with a conventional “plug and perf” method for fracture stimulation is expected to facilitate the primary goal of the well - recording hydrocarbon flow information at surface during a production test.
- 13 3/8 inch casing set and cemented on 11 March 2014 at 590m Measured Depth (“MD”).
- Drilling of the 12 ¼ inch hole section reached 1,626.5m MD. While pulling out of hole (POOH) to service a mud pump, the Essar Land Rig #4 (“Rig”) experienced mechanical issues resulting in equipment downtime. Zero day rate applies to the Essar LR-4 Rig while on equipment downtime. The Essar Land Rig # 4 was repaired and recommenced drilling operations on 4 April 2014.
- The fracture stimulation programme for Cambay-77H was awarded to Schlumberger.
- Tender evaluation results for Cambay-73 future gas sales remains with Government of India for endorsement. Although the Government of India is currently holding national elections, Oilex continues to work closely with the Ministry of Petroleum and Natural Gas as well as the Regulator, Directorate General of Hydrocarbons.

Subsequent to the reporting period:

- On 8 April the setting and cementing of the 9 5/8 inch casing at 1,653m MD was completed.
- On 19 April the setting and cementing of the 4 1/2 inch casing was completed. The wellbore is now secure for the fracture stimulation programme.
- A comprehensive set of logs was obtained and initial interpretation completed. Logs confirm a hydrocarbon bearing reservoir comparable to Cambay-76H. The Cambay-77H logs also compare favourably to Cambay-73, a vertical well with a single fracture stimulation, which produced from the Y zone at ~1MMscfd plus condensate and is located approximately 1 km from Cambay-77H. Cambay-77H will have eight fracture stimulations done in four stages. Refer below for a production profile of Cambay-73.



- In relation to the Magna Transaction, Oilex and Magna ("the Parties") are discussing the way forward given the proximity of the cut-off date (1 May 2014) for Government of India ("GOI") approval of the assignment of equity in Cambay PSC to Magna. The Parties can proceed to unwind the transaction by repaying the consideration received (US$4M- committed to the Cambay-77H well) with the issue of OEX shares based on a predetermined formula contained in the agreement. Should this eventuate, it is envisaged that Magna may receive approximately 12% of the issued Oilex shares.

BHANDUT FIELD, GUJARAT, INDIA

(Oilex: Operator and 40% interest)

- Tender evaluation results for Bhandut-3 future gas sales remain with the Government of India for endorsement. Although the Government of India is currently holding national elections, Oilex continues to work closely with the Ministry of Petroleum and Natural Gas as well as the Regulator, Directorate General of Hydrocarbons.

SABARMATI FIELD, GUJARAT, INDIA

(Oilex: Operator and 40% interest)

- The Sabarmati Field produced 281 barrels of oil (112 barrels net to Oilex) during the reporting period.

SPA 17 AO (formerly STP-SPA-0055) Wallal Graben, CANNING BASIN, WESTERN AUSTRALIA

(Oilex: Operator and 100% interest)

During the reporting period:

- Oilex signed agreements with three Traditional Owners Groups either holding Native Title or claiming Native Title over portions of Oilex's Special Prospecting Authority area, STP-SPA-0055. Entering into these agreements facilitated overflight access for acquisition of the Aerial Survey and represents a key milestone for this asset.
- The Aerial Survey, including acquisition, processing and interpretation, was awarded to CGG Aviation (Australia) Pty Ltd ("CGG").
- Acquisition by CGG commenced on 29 March 2014 and completed on 3 April 2014 ahead of schedule.
- The Aerial Survey consisted of 4060 line-km of data and was acquired using a tighter grid than existing data, thus enhancing the definition of the area.
- CGG confirmed that a comprehensive data set of sufficient quality and resolution is now available to determine the validity of Oilex's structural model of a potential Wallal Graben extension from adjacent Oilex permits into SPA 17 AO. Such as extension would confirm the Graben's presence in exploration areas encompassing approximately 17,900 km^2 (~4.4 million acres) and held entirely by Oilex.
- The Aerial Survey data is being processed and interpreted by CGG prior to delivery of final products to Oilex for its evaluation and to assist in its ongoing exploration efforts. CGG anticipates completing this work in late May 2014.

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

(Oilex: Operator and 100% interest)

- Negotiations continued with Native Title Claimants during the quarter.

JPDA 06-103, TIMOR SEA

(Oilex: Operator and 10% interest)

- During the quarter the Autoridade Nacional do Petroleo ("ANP") with prior consent of the Joint Commission for the Joint Petroleum Development Area under the Timor Sea Treaty suspended the expiry date of the PSC from 15 January 2014 to 15 April 2014 for the purpose of completing their assessment and continue discussion with the Joint Venture regarding the status of the PSC. Timor Leste and Australia are engaged in litigation regarding the legal status of the treaty under which the PSC was awarded.
- Subsequent to the end of the Quarter the ANP suspended the PSC expiry date from 15 April 2014 to 15 July 2014.

WEST KAMPAR PSC, CENTRAL SUMATRA, INDONESIA

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

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

NEW OPPORTUNITIES

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

CORPORATE

- During the quarter Oilex received $6.7million (before costs) from a Placement to sophisticated and professional investors ("Placement"). The Placement was priced at $0.072 cents per share, which was a 3% discount to the 30 Day VWAP, with 93 million shares issued.
- Subsequent to the end of the quarter shareholders approved the issue of an additional 1.75 million shares to Directors who participated in the recent Placement at $0.072 cents per share.
- Funds from the Placement will be used towards development of the Cambay PSC including the drilling of the Cambay-77H well, Aerial Gravity Survey in the Canning Basin and for working capital purposes, including potential New Ventures.
- Shareholders also approved the issue of 4 million unlisted options to India Hydrocarbons Limited, a related party of Mr Sundeep Bhandari (a non-executive director) at the General Meeting held on 17 April 2014. Mr Bhandari has taken a more active role in India and is assisting in strategy, commercial and joint venture related issues.

The Company's website www.oilex.com.au is regularly updated with current information.

CORPORATE DETAILS

Board of Directors

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

Company Secretary

Robert Ierace	Company Secretary & Chief Financial Officer

Capital Structure as at 31 March 2014

Ordinary Shares	515,779,699
Listed Options	185,892,111
Unlisted Options	33,712,500

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153, Australia
Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233
Email: registrar@securitytransfer.com.au

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE
United Kingdom
Telephone: +44 (0) 870 703 6149
Facsimile: +44 (0) 870 703 6116

Stock Exchange Listing

Australian Stock Exchange
Code: OEX

AIM Market of London Stock Exchange
Code: OEX

ASSET SCHEDULE - 31 MARCH 2014				
ASSET	**BASIN / STATE / COUNTRY**	**JOINT VENTURE PARTIES**	**EQUITY %**	**OPERATOR**
Cambay Field PSC	Cambay/ Gujarat/ India	Oilex Ltd Oilex NL Holdings (India) Limited Gujarat State Petroleum Corp. Ltd	30.0 (1) 15.0 55.0	Oilex Ltd
Bhandut Field PSC	Cambay/ Gujarat/ India	Oilex NL Holdings (India) Limited Gujarat State Petroleum Corp. Ltd	40.0 60.0	Oilex NL Holdings (India) Limited
Sabarmati Field PSC	Cambay/ Gujarat/ India	Oilex NL Holdings (India) Limited Gujarat State Petroleum Corp. Ltd	40.0 60.0	Oilex NL Holdings (India) Limited
West Kampar PSC	Central Sumatra/ Indonesia	Oilex (West Kampar) Limited PT Sumatera Persada Energi	67.5 (2) 32.5	PT Sumatera Persada Energi
JPDA 06-103 PSC	Flamingo/ Joint Petroleum Development Area/ Timor-Leste & Australia	Oilex (JPDA 06-103) Ltd Japan Energy E&P JPDA Pty Ltd GSPC (JPDA) Limited Videocon JPDA 06-103 Limited Bharat PetroResources JPDA Ltd Pan Pacific Petroleum (JPDA 06-103) Pty Ltd	10.0 15.0 20.0 20.0 20.0 15.0	Oilex (JPDA 06-103) Ltd
SPA 17 AO (formerly STP-SPA-0055)	Canning	Admiral Oil NL	100.0	Admiral Oil NL
STP-EPA-0106	Canning	Admiral Oil and Gas (106) Pty Ltd	100.0	Admiral Oil and Gas (106) Pty Ltd
STP-EPA-0107	Canning	Admiral Oil and Gas (107) Pty Ltd	100.0	Admiral Oil and Gas (107) Pty Ltd

(1) Oilex Ltd has agreed to sell a 15% participating interest in the Cambay Production Sharing Contract ("PSC") incorporating its Tight Hydrocarbon Project ("Cambay Project") in Gujarat, India to Magna Energy Limited("Magna") for a total payment of US$6 million. The 15% participating interest is subject to Government of India approval by 1 May 2014. Refer to the Notice of Meeting for 4 October 2013 General Meeting for further details of the transaction which was approved by shareholders.

(2) Oilex (West Kampar) Limited is entitled to have assigned an additional 22.5% to its holding through the exercise of its rights under a Power of Attorney granted by SPE following the failure of SPE to repay funds due. The assignment has been provided to BPMigas (now SKK Migas) but has not yet been approved or rejected. If Oilex is paid the funds due then it will not pursue this assignment.

LIST OF ABBREVIATIONS AND DEFINITIONS

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

For further information, please contact:

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Qualified Petroleum Reserves and Resources Evaluator statement

Pursuant to the requirements of Chapter 5 of the ASX Listing Rules, the information in this report relating to petroleum reserves and resources is based on and fairly represents information and supporting documentation prepared by or under the supervision of Mr. Peter Bekkers, Chief Geoscientist employed by Oilex Ltd. Mr. Bekkers has over 15 years' experience in petroleum geology and is a member of the Society of Petroleum Engineers and AAPG. Mr. Bekkers meets the requirements of a qualified petroleum reserve and resource evaluator under Chapter 5 of the ASX Listing Rules and consents to the inclusion of this information in this report in the form and context in which it appears. Mr. Bekkers also meets the requirements of a qualified person under the AIM Note for Mining, Oil and Gas Companies and consents to the inclusion of this information in this report in the form and context in which it appears.

Rule 5.3

APPENDIX 5B

Mining exploration entity quarterly report

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

Name of entity

OILEX LTD

ABN	Quarter ended ("current quarter")
50 078 652 632	**31 March 2014**

1	**Consolidated statement of cash flows**		
		Current quarter $A'000	Year to date (9 months) $A'000
	Cash flows related to operating activities		
1.1	Receipts from product sales and related debtors	85	172
1.2	Payments for (a) exploration and evaluation	(1,334)	(3,726)
	(b) development	-	-
	(c) production	(94)	(271)
	(d) administration (net)	(608)	(2,176)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	20	41
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	138	338
	Net Operating Cash Flows	(1,793)	(5,622)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(10)	(55)
1.9	Proceeds from sale of:		
	(a) prospects	(125)	4,147
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	6	39
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(129)	4,131
1.13	Total operating and investing cash flows (carried forward)	(1,922)	(1,491)

		Current quarter $A'000	Year to date (9 months) $A'000
1.13	Total operating and investing cash flows (brought forward)	(1,922)	(1,491)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc (net)	6,197	9,234
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings (net)	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	6,197	9,234
	Net increase (decrease) in cash held	4,275	7,743
1.20	Cash at beginning of quarter/year to date	7,185	3,599
1.21	Exchange rate adjustments to item 1.20	(168)	(50)
1.22	**Cash at end of quarter**	11,292	11,292

Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	233
1.24	Aggregate amount of loans to the parties included in item 1.10	
1.25	Explanation necessary for an understanding of the transactions	
	1.23 Includes Introduction Fee to Magna Energy Limited	

2	**Non-cash financing and investing activities**
2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
	N/A
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
	N/A

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

4	**Estimated cash outflows for next quarter**	$A'000
4.1	Exploration and evaluation	6,091
4.2	Development	-
4.3	Production	131
4.4	Administration	650
	Total	6,872

5	Reconciliation of cash		
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	4,442	2,593
5.2	Deposits at call	6,850	4,592
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	11,292	7,185

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

7	**Issued and quoted securities at end of current quarter** *Description includes rate of interest and any redemption or conversion rights together with prices and dates.*				
		Total number	Number quoted	Issue price per security	Amount paid up per security
7.1	**Preference +securities (description)**	-	-	-	-
7.2	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	**+Ordinary securities**	515,779,699	515,779,699	Various	-
7.4	Changes during quarter				
	(a) Increases through rights issue or placement	93,000,000	93,000,000	$0.072	-
	(b) Increases through employee performance rights issues	-	-	-	-
	(c) Increases through issues (options exercised)	400	400	$0.15	-
	(d) Decreases through returns of capital, buy-backs	-	-	-	-

		Total number	Number quoted	Issue price per security	Amount paid up per security
7.5	**+Convertible debt securities** (description)	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7	**Options** (description and conversion factor)			Exercise price	Expiry date
		185,892,111	185,892,111	$0.15	07/09/2015
		4,150,000	-	$0.30	01/07/2014
		8,737,500	-	$0.37	10/11/2014
		75,000	-	$0.63	01/08/2015
		3,000,000	-	$0.15	17/12/2015
		1,000,000	-	$0.15	30/01/2016
		5,000,000	-	$0.25	08/03/2016
		750,000	-	$0.15	27/06/2016
		2,000,000	-	$0.15	04/11/2016
		2,000,000	-	$0.15	11/11/2016
		3,000,000	-	$0.15	05/12/2016
		1,000,000	-	$0.25	30/01/2017
		250,000	-	$0.15	10/03/2017
		500,000	-	$0.25	27/06/2017
		2,000,000	-	$0.25	11/11/2017
		250,000	-	$0.25	10/03/2018
	Total	219,604,611	185,892,111		
7.8	Issued during quarter	250,000 250,000	- -	$0.15 $0.25	10/03/2017 10/03/2018
7.9	Exercised during quarter	400	400	$0.15	07/09/2015
7.10	Expired during quarter	250,000	-	$0.25	27/06/2017
7.11	**Debentures** (totals only)	Nil	Nil		
7.12	**Unsecured notes** (totals only)	Nil	Nil		

COMPLIANCE STATEMENT

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 28 April 2014

CFO & Company Secretary

Print name: Robert Ierace