OILEX LTD

ABN 50 078 652 632

2014 | ANNUAL REPORT

SUMMARY

CAMBAY FIELD, ONSHORE GUJARAT, INDIA

- Oilex successfully drilled and completed the 2,370 metre MD Cambay-77H well which included a 350 metre horizontal section comprising of a four stage fracture stimulation programme.
- Gas Sales Agreement for Cambay-73 future production was endorsed by the relevant Government of India authorities.
- Subsequent to the financial year milling operations were successfully completed with the commencement of flow-back of fluids with light oil/condensate being recovered at surface and separated for sale along with associated reservoir gas.

CANNING BASIN, WESTERN AUSTRALIA

- Oilex conducted an Aerial Gravity/Magnetic Survey over SPA 17 AO (formerly STP-SPA-0055) which included acquisition, processing and interpretation. Preliminary interpretation confirms Oilex's structural model that the Wallal Graben, which is clearly imaged by 2D seismic in Oilex's adjacent permits, extends into SPA 17 AO.
- The Wallal Graben appears to contain the important elements of a working petroleum system including source rocks, structure, thick sedimentary section and sufficient depth of burial to generate hydrocarbons.
- Oilex was successful in its application for contiguous gazettal blocks L12-08 and L12-09 which cover the remainder of the Wallal Graben. The total land area covered by the two gazettal blocks is 6,444 km^2 (~1,600,000 acres). The exploration permits awarded are STP-EPA-0106 for discrete area L12-08 and STP-EPA-0107 for discrete area L12-09.

FINANCIAL

- Oilex retained $7.5 million cash at the end of the year with no corporate debt.
- Oilex's financial position was strengthened after the year end by the placement of 18.6 million shares to raise $2.13 million. In addition the conversion of more than 7 million listed options raised an additional $1 million.

Cover Image: Cambay Drilling

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Cambay-77H, Onshore Gujarat, India

CHAIRMAN'S REVIEW

Dear Shareholder,

Your Company has continued to make significant progress in evaluating the potential of the extensive, Eocene low permeability "tight" reservoirs in the Cambay Field, onshore Gujarat, India as well making significant progress in the Canning Basin of Western Australia.

The Company's strategy in commercialising the Cambay Field "tight" reservoirs is to apply proven "tight" reservoir evaluation, drilling and production technologies and techniques that have been developed in recent years in the rapidly expanding "tight" and shale gas industry in North America.

The Cambay Contract Area is a large acreage position of 161 km^2 and is located at the hub of India's largest gas distribution network close to the existing gas grid in the State of Gujarat. The Indian gas market is expected to be one of the fastest growing in the world over the next two decades. The inherent advantages of gas over alternate fuels, has resulted in the demand for gas in India to consistently outpace supply and the gas deficit in India is expected to increase. The Indian Government is looking to stimulate domestic gas production to fill this supply gap and is expected to shortly announce a new pricing formula for gas prices, with the new rates still to be agreed, however these are expected to be substantially higher.

During the year the Company successfully drilled and completed the 2,370 metre MD "proof of concept" Cambay-77H well. The well was spudded in March 2014 and intersected the primary reservoir target (Y Zone) on prognosis with drilling being completed in April 2014. A comprehensive suite of logs was acquired and preliminary interpretation confirmed the wellbore encountered a significant sequence of hydrocarbon bearing reservoir similar to Cambay-76H. After the rig demobilised, the well was ready for fracture stimulation in June 2014. During fracture stimulation gas was detected at surface and elevated overpressure of ~5000 psi was measured indicating a pressure increase of 670 psi.

Subsequent to the end of the financial year milling operations were successfully completed with the commencement of a controlled flow-back of fluids with light oil/condensate being recovered to surface and separated for sale along with associated reservoir gas. Gas associated with the well flow-back is currently being flared to ensure safety of all well-site personnel.

The well is currently cleaning up and Oilex will advise the market of a stabilized flow rate via a production test once frac fluid return and clean-up operations have been completed. The recovery of ~API 50 light crude during flow-back operations has been particularly encouraging indicating higher than expected liquid hydrocarbon production. Measuring these liquids will provide valuable information regarding the quality of the 8 fracture stimulations and deliverability of the reservoir.

A successful production test will provide the catalyst for a potential pilot development project and provide data which will enable Oilex to increase production and cash flow while confirming the commercial potential of the Cambay "tight" X and Y Zone reservoirs. The contingent drilling campaign of three vertical and two horizontal wells and a pilot development project will also provide data to support converting Contingent Resources into Reserves. Importantly Oilex has an Oil Sales Agreement in place and a refinery exists nearby.

In addition to Cambay-77H operations, subsequent to the end of the year the Company received endorsement of the Cambay-73 Gas Sales Agreement from the relevant Government of India Authorities, a critical milestone for increasing production from the field and supplying gas to the local market. Tender evaluations for the results of Bhandut-3 gas sales remain with the Government of India for endorsement.

In August 2013 the Company agreed to sell 10% of the Cambay PSC to Magna Energy Limited ("Magna") for US$4 million. The Sale and Purchase Agreement entered into with Magna contained an unwind trigger process whereby any funds received by Oilex would be converted to shares in Oilex Ltd if one of the trigger provisions was enacted. The unwind process was triggered in May 2014 when the Government of India consent for the sale of a 10% participating interest in the Cambay PSC was not received by the due date of 1 May 2014. The US$4 million received by Oilex was converted to shares in Oilex, resulting in Magna becoming a cornerstone investor in the Company.

During the year the Company conducted an Aerial Gravity/Magnetic Survey (the "Survey") in SPA 17 AO (formerly "SPA-0055") in the Canning Basin following signed agreements with three Traditional Owner Groups either holding Native Title or claiming Native Title over portions of SPA 17 AO. The Aerial Survey, including acquisition, processing and interpretation, was awarded to CGG Aviation (Australia) Pty Ltd and was completed in April 2014. In June 2014 the Company announced the preliminary interpretation of the Aerial Survey confirms Oilex's structural model that the Wallal Graben, which is clearly imaged by 2D seismic data in Oilex's adjacent permits extends into SPA 17 AO. The Wallal Graben appears to contain the important elements of a working petroleum system including source rocks, structure, thick sedimentary section and sufficient depth of burial to generate hydrocarbons.

During August 2013 the Company announced it had been successful in its bids for gazettal blocks L12-08 and L12-09, covering 6,444 km^2 immediately adjacent to SPA 17 AO. The additional acreage is interpreted to contain an extension of the Wallal Graben to the

CHAIRMAN'S REVIEW

north of SPA 17 AO, potentially capturing an entire newly-defined play fairway. The exploration permits awarded are STP-EPA-0106 and STP-EPA-0107.

Subsequent to the end of the year the Company on behalf of its Joint Venture participants in the Timor-Leste Joint Venture, received a further extension to the suspension of JPDA 06-103 Production Sharing Contract ("PSC") to 15 October 2014. The extension was granted for the ANP to complete an assessment of the application by the Joint Venture parties to terminate the PSC without liability, following concerns over security of tenure after the Timor-Leste Government initiated formal arbitration proceedings against the Government of Australia to have the Certain Maritime Arrangements in the Timor Sea ("CMATS") declared void *ab initio*.

During the year the Company raised $14.6 million in additional funds with the issue of approximately 236 million shares to progress the development of its assets.

The 2014 financial year has been an encouraging year for the Company with progression in the Company's flagship Cambay project as well as significant developments through the acquisition of the Company's Canning Basin acreage in Western Australia.

The Board is currently reviewing its composition, and will be addressing the structure pending developments at Cambay and an assessment of the optimal skills base required for the Company's future development.

On behalf of the Board I wish to record our appreciation for the support and dedication of our executive management, staff, joint venture partners, contractors, local communities, shareholders and stakeholders during the year and in particular the team associated with the drilling and completion of Cambay-77H as the Company progresses the development of the Cambay project.

Mr MDJ Cozijn
Chairman

12 September 2014

Cambay-77H Drilling Rig

BUSINESS REVIEW

OVERVIEW

Oilex continues its transition to becoming a leading "tight" oil and gas producer in India as well as acquiring some excellent exploration acreage in the Canning Basin of Western Australia. During the year the Company drilled Cambay-77H, the second horizontal multi-stage fracture stimulated well within the contract area for the Cambay PSC, with the well currently under test. Oilex remains focussed on near term production from Cambay-77H as well as two existing wells in India. Oilex continues to examine potential opportunities that fit its strategy of onshore unconventional assets.

INDIA

Oilex's focus remained firmly on the world-class unconventional energy potential in the Company's highly prospective acreage at Cambay, onshore Gujarat, India, driven by the large independently certified Contingent Resource within the Cambay PSC. In October 2011 Netherland, Sewell and Associates Inc. ("NSAI") completed an independent assessment of the Cambay Field "tight" reservoirs. NSAI assessed significant Contingent Resources and Prospective Resources with Unrisked Contingent Resources (2C net to Oilex's 45% equity share) of 222 billion cubic feet of gas and 37 million barrels of oil from the two uppermost zones of a very thick hydrocarbon bearing section (refer page 9 Part A of Table 1.2). Promisingly, NSAI also concluded that the deeper zones within the Cambay contract area contain very substantial Prospective Resources, highlighting significant additional potential in a very concentrated area of 161 km^2 (40,000 acres) (refer page 9 Part B of Table 1.2).

In August 2013 the Company agreed to sell 10% of the Cambay PSC to Magna Energy Limited ("Magna") for US$4 million. The Sale and Purchase Agreement ("SPA") entered into with Magna contained an unwind trigger process whereby any funds received by Oilex would be converted to shares in Oilex Ltd if one of the trigger provisions was enacted.


Cambay-77H Frac Tree

The unwind process was triggered in May 2014 as the Government of India consent for the sale of a 10% participating interest in the Cambay PSC was not received before the due date of 1 May 2014. The US$4 million received by Oilex was converted to shares in Oilex resulting in Magna becoming a cornerstone investor in Oilex. The unwind process was then followed by on-market purchases by Magna, resulting in Magna holding a 19.1% interest at the end of the reporting period. Following the unwind process in May 2014 Oilex retains a 45% interest in the Cambay PSC with Magna having no rights under the SPA to acquire an interest.

Oilex's strategy is to utilise modern drilling and completion practices to pursue the tight resources in the Cambay contract area. Significant advancements in drilling and stimulation techniques have been extensively proven in North America in recent years, yet they have not been applied widely in India.

During the financial year Oilex successfully drilled and completed the 2,370 metre "proof of concept" Cambay-77H well. Subsequent to the end of the financial year, Oilex successfully completed the fracture stimulation of four stages (8 fractures) in the 350 metre lateral section. Milling operations were successfully completed with the commencement of a controlled flow-back of fluids with light oil/condensate being recovered to surface and separated for sale along with associated reservoir gas. Gas associated with the well flow-back is currently being flared to ensure safety of all well-site personnel. The well is currently in the clean up phase and Oilex will advise the market of a stabilised flow rate via a production test once frac fluid return and clean-up operations have completed.

A successful production test will provide the catalyst for a potential pilot development project and provide data which will enable Oilex to increase production and cash flow while confirming the commercial potential of the Cambay "tight" X and Y Zone reservoirs. The contingent drilling campaign of three vertical and two horizontal wells and a pilot development project will also provide data to support converting Contingent Resources into Reserves.

India is also one of the world's fastest-growing energy markets. The International Energy Agency forecasts India's gas demand to increase by over 5% per annum over the next 15 years and to quickly outpace supply. During June 2013, the Government of India announced a new pricing mechanism which is anticipated to lead to a substantial increase in the price of domestic supplies of natural gas to stimulate investment in the sector, thereby enhancing the value of the Cambay project. Importantly, the Cambay project is ideally located at the hub of India's largest gas distribution network and approximately 10 km from the existing gas pipeline grid and well-positioned to rapidly commercialise production in the fast-growing, demand-driven domestic energy market.

Subsequent to the end of the year the Company received endorsement of the Cambay-73 Gas Sales Agreement from the relevant Government of India Authorities, a critical milestone for increasing production from the field and supplying gas to the local market.

AUSTRALIA

During the financial year the Company announced it had been successful in its bids for gazettal blocks L12-08 and L12-09, covering 6,444 km^2 immediately adjacent to SPA 17 AO. The additional acreage is interpreted to contain an extension of the Wallal Graben to the north of SPA 17 AO, potentially capturing an entire newly-defined play fairway. The exploration permits awarded are STP-EPA-0106 and STP-EPA-0107. The Company also conducted an Aerial Gravity/Magnetic Survey (the "Survey") in SPA 17 AO in the Canning Basin. In June 2014 the Company announced that the preliminary interpretation of the Survey confirms Oilex's structural model that the Wallal Graben, which is clearly imaged by 2D seismic data in Oilex's adjacent permits extends into SPA 17 AO.

CAMBAY FIELD, ONSHORE GUJARAT, INDIA

OILEX INTEREST **45%**

OPERATOR

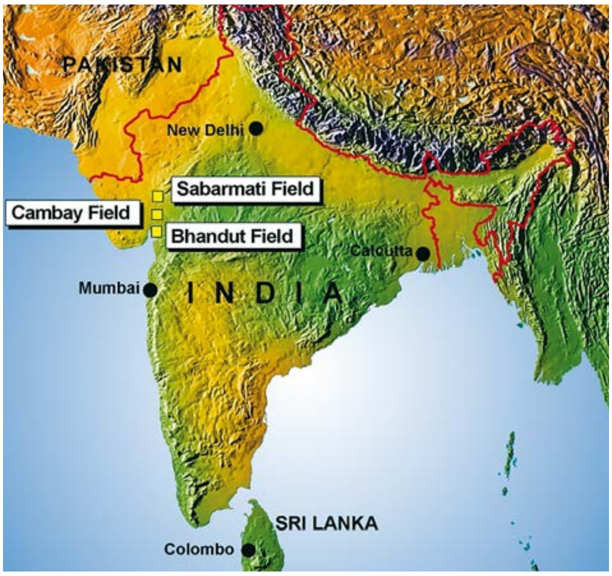

Figure 1: Location Map, Cambay Basin Gujarat, India

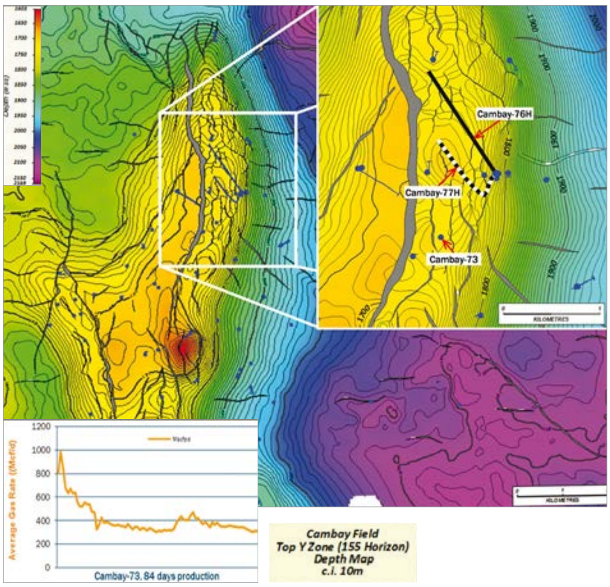

Figure 2: Cambay-77H Well Position Relative to Cambay-76H and Cambay-73

Work Programme

In April 2014 the Management Committee approved the Cambay Work Programme and Budget for the year ended 31 March 2015. The approved Work Programme and Budget consists of Cambay-77H to be drilled from the same drill pad as the Cambay-76H well with the intention to conduct a long term production test.

Subsequent to Cambay-77H being drilled and tested, a contingent work programme of three additional horizontal wells and a vertical well to test the prospective deeper zones will be considered. This phase of work is designed to acquire cores, modern wire line logs, reservoir fluid information and production test data that would generate sales of oil and gas for local markets, assist an independent certifier to move contingent resources to reserves and evaluate the significant potential of the deeper, "tight" reservoirs at Cambay.

Cambay-77H Well

Cambay-77H well was engineered and designed taking into consideration recommendations of an independent expert review of Cambay-76H undertaken in October 2012. The independent in-depth engineering comprised of an analysis of the issues with milling operations at Cambay-76H which led to the well being suspended before a flow test could be conducted.

The well has a 350 metre lateral section which has been designed with four stages of fracture stimulations, each containing two fracture initiation points for a total of 8 fractures along the length of the lateral section. The fracture stimulations were undertaken using a "plug and perf" technique also widely used in tight formations in North America.

Cambay-77H was spudded in March 2014 and drilled and completed ready for fracture stimulation in April 2014. Cambay-77H intersected the primary reservoir target (Y Zone) on prognosis. A comprehensive suite of logs was acquired and preliminary interpretation confirmed the wellbore encountered a significant sequence of hydrocarbon bearing reservoir similar to Cambay-76H. Following the rig demobilising the fracture stimulation equipment arrived at site in June 2014. Stage 1 of the four stage fracture stimulation was completed during June 2014 with subsequent gas detected at surface and elevated overpressure of ~5,000 psi was measured indicating a pressure increase of 670 psi.

Subsequent to the end of the reporting period fracture stimulation stages 2-4 were completed with no decrease in the elevated overpressure noted to stage 1 and the reservoir section responded to all fracture stimulations in a similar manner. Plug milling operations were completed with gas flowing to surface during the milling operations.

Cambay-73 Well

In April 2012 a previously stimulated well, Cambay-73 which is located about 1 km to the south of Cambay-77H, was reopened to allow the well to clean up and enhance production from the Cambay PSC. Production was halted by the Government on 28 June 2012 pending Oilex securing an arrangement to sell the small quantities of produced gas. In April 2013 Oilex announced a Gas Sales Agreement ("GSA") was signed for "offspec" gas from Cambay-73 and was submitted to the Government for endorsement. The initial term is for two years and additional wells can be added to the contract if potential production exists.

In July 2014, subsequent to the reporting period, the relevant authorities within the Government endorsed the GSA. This is a critical milestone for increasing production from the field and supplying gas to the local market.

Cambay-73 also provided additional data to evaluate the potential of the Y Zone reservoir. The Cambay-73 well is a vertical well drilled and completed in 2008 with smaller scale fracture stimulation and 10 metres of active perforations in the Y Zone. The Y Zone in Cambay-73 well is geologically similar to the Cambay-76H and 77H reservoir by comparison of well logs. The pressure and fluid data recorded during production can be directly used to model Y Zone reservoir performance for a horizontal multistage fracture stimulated well.

Background to Cambay Project

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

The Cambay Basin lies in the heart of Gujarat's industrial corridor which is India's largest centre of heavy industry. There is an extensive existing infrastructure of oil and gas pipelines connecting the Cambay Basin fields to local industries and other major centres as far north as Delhi. Gujarat accounts for a large proportion of India's industrial output, is one of the fastest growing states in India and has a large and expanding energy market.

Figure 3: Chief Geoscientist Pete Bekkers with an Oil Sample Recovered from Cambay-77H

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

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

Oilex acquired a 30% equity interest in the Cambay PSC in March 2006 and a further 15% equity in 2007, having identified the low permeability Eocene reservoirs as a potentially under-exploited section. To evaluate this potential Oilex and GSPC completed the following work programme between 2006 and 2008:

- acquired 3D seismic over the entire contract area;
- drilled 5 conventional vertical wells all of which had strong indications of oil and gas while drilling including oil and gas in mud at surface;
- tested oil or gas condensate from vertical wells with conventional completions in the Eocene section;
- conducted small scale fracture stimulations on the Eocene zones in 3 wells;
- conducted pre and post fracture stimulation well tests from those 3 wells resulting in flows of oil or gas and condensate to surface from the Eocene section;
- initiated long term production testing on Cambay-19Z;
- Cambay-73 was shut in as a potential gas condensate producer; and
- Cambay-74 was completed as an oil production well at the shallow Miocene interval.

Oilex concluded from this work programme that the potential of the Eocene "tight" reservoirs could be best harnessed by drilling horizontal wells and undertaking larger scale, multi-stage fracture stimulation of the "tight" reservoirs. The technology was not available in India at the time and the understanding of "tight" reservoir development was in its infancy outside of North America.

In 2009 the sophisticated "tight" reservoir evaluation, drilling and production technology which had driven the North American "shale gas" revolution became more widely accessible and Oilex

CAMBAY FIELD, ONSHORE GUJARAT, INDIA (CONTINUED)

sought to acquire access to those technologies to facilitate the evaluation and commercialisation of the Eocene reservoirs. Oilex was well placed to exploit these technologies on behalf of the Cambay Joint Venture given the existing comprehensive technical data base that it had acquired or improved upon since 2005, its international industry contacts and its experience of operating in India.

Independent Resource Assessment

In October 2011 Netherland, Sewell and Associates Inc. ("NSAI") completed an independent hydrocarbon in-place evaluation and recoverable resources assessment of six potential Eocene reservoirs (X, Y, Z, 180-200, 200-300, 300-400 Zones) in the Cambay PSC.

NSAI assessed two shallower zones (X and Y) to have combined best estimate (100% basis) discovered gross in-place volumes of 1,314.1 billion cubic feet of gas ("BCF") and 1,633.1 million barrels of oil ("MMbo") and unrisked gross recoverable volumes of 494.7 BCF of gas and 83.3 MMbo. NSAI assessed the four deeper zones (Z, 180-200, 200-300, 300-400) to have combined best estimate (100% basis) undiscovered gross in place volumes of 12,644 BCF (12.6 trillion cubic feet) of gas and 11,592.3 MMbo and unrisked gross recoverable volumes of 934.8 BCF of gas and 140.4 MMbo.

NSAI's assessment concluded that potential exists for in-place crude oil and associated gas as well as primary gas and associated condensate from each of the reservoirs analysed. NSAI has used a ratio of crude oil to primary gas in-place for each reservoir of 60-65% to 40-35% and identified this ratio as a key uncertainty.

The recoverable hydrocarbons in the shallower zones assessed (X and Y) have been classified by NSAI as Contingent Resources in accordance with SPE-PRMS requirements and are summarised in Part A of Table 1.2 (refer page 9).

The 4 deeper zones (Z, 180-200, 200-300 and 300-400) have been classified by NSAI as Prospective Resources in accordance with SPE-PRMS requirements and are summarised in Part B of Table 1.2. The Z Zone has 29 full or partial well penetrations with log responses that may indicate the presence of hydrocarbons but testing of this zone has not been undertaken in the past. Consequently moveable hydrocarbons have yet to be recovered in commercial quantities from this zone. The 180-200 Zone has 14 full or partial well penetrations with log responses that indicate hydrocarbons are present and moveable hydrocarbons have been produced by conventional drill stem and production test from a thin inter-bedded sand section in the near-vertical Cambay-19Z well. The well still produces hydrocarbons from this zone. Moveable hydrocarbons have yet to be demonstrated from the wider area of the 180-200 Zone. The limited nature of the data available in the deeper zones, including as noted above, makes direct comparison with established North American unconventional and "tight" gas producing basins difficult.

The in-place and unrisked recoverable hydrocarbon volumes estimated by NSAI for the six defined zones are as shown in the following tables on page 9.

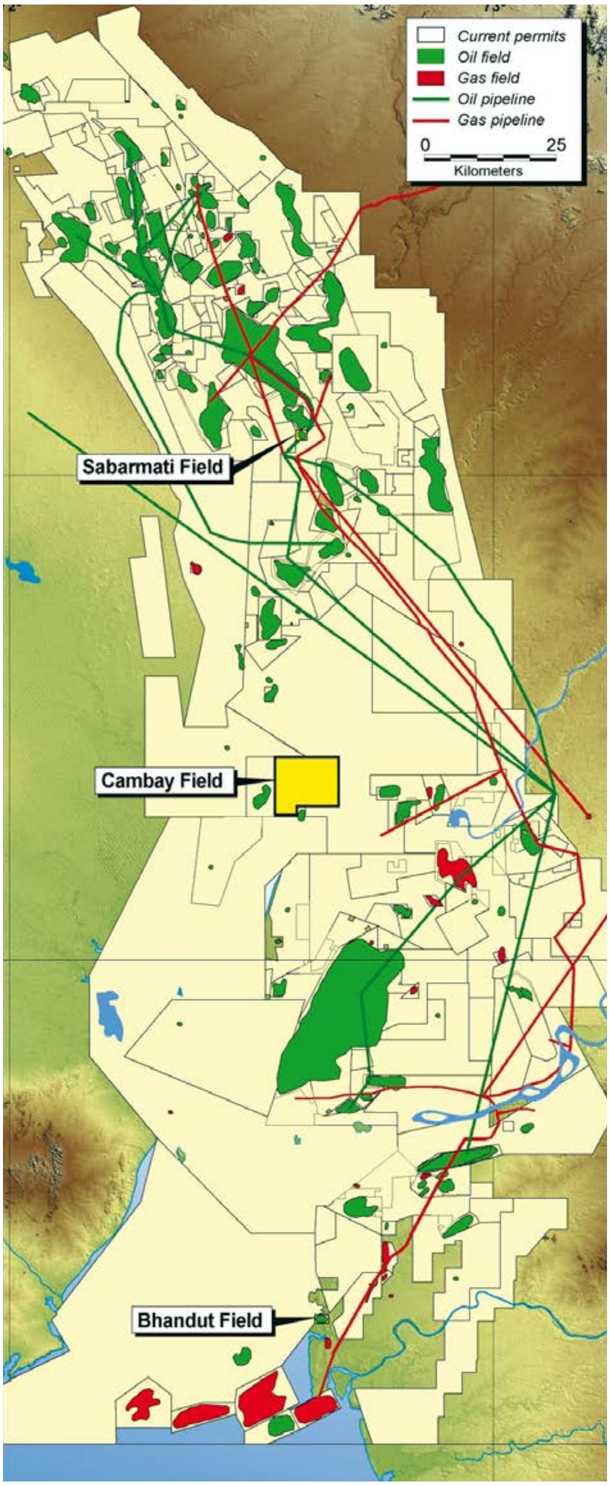

Figure 4: Cambay Basin Location Map, Infrastructure, and Oil and Gas Fields

Table 1.1 – Hydrocarbons In-Place

Part A – Discovered Hydrocarbons In-Place

	Discovered In-Place Volume Estimate					
	Low		Best		High	
Zone	Oil MMbo	Gas BCF	Oil MMbo	Gas BCF	Oil MMbo	Gas BCF
X	309.0	311.3	667.2	653.6	1,169.7	1,110.7
Y	522.4	360.6	965.8	660.5	1,718.1	1,186.2
Total - Gross	831.4	672.0	1,633.1	1,314.1	2,887.8	2,296.9
Total - Net to Oilex	374.1	302.4	734.9	591.3	1,299.5	1,033.6

Part B – Undiscovered Hydrocarbons In-Place

	Undiscovered In-Place Volume Estimate					
	Low		Best		High	
Zone	Oil MMbo	Gas BCF	Oil MMbo	Gas BCF	Oil MMbo	Gas BCF
Z	1,234.1	1,225.0	2,692.6	2,705.0	4,811.7	4,610.5
180-200	1,122.3	1,124.3	2,424.2	2,406.3	4,252.7	4,037.2
200-300	1,353.2	1,438.9	3,791.3	4,194.8	7,547.0	8,105.2
300-400	969.1	1,173.2	2,684.2	3,338.5	5,301.1	6,425.2
Total - Gross	4,678.7	4,961.5	11,592.3	12,644.5	21,912.4	23,178.2
Total - Net to Oilex	2,105.4	2,232.6	5,216.5	5,690.0	9,860.5	10,430.1

Table 1.2 – Unrisked Recoverable Hydrocarbons

Part A – Contingent Resources

	Unrisked Contingent Resource Estimate					
	Low		Best		High	
Zone	Oil MMbo	Gas BCF	Oil MMbo	Gas BCF	Oil MMbo	Gas BCF
X	6.4	42.8	21.6	141.5	49.2	315.5
Y	24.8	136.7	61.6	353.2	130.0	757.5
Total - Gross	31.2	179.5	83.3	494.7	179.1	1,072.9
Total - Net to Oilex	14.0	80.7	37.4	222.6	80.5	482.8

Part B – Prospective Resources

	Unrisked Prospective Resource Estimate					
	Low		Best		High	
Zone	Oil MMbo	Gas BCF	Oil MMbo	Gas BCF	Oil MMbo	Gas BCF
Z	12.2	85.5	45.5	293.4	170.8	1,096.1
180-200	11.2	78.2	40.3	261.5	156.0	990.4
200-300	7.3	52.6	31.8	217.0	131.5	886.2
300-400	5.4	42.0	22.7	162.9	95.1	659.7
Total - Gross	36.1	258.4	140.4	934.8	553.3	3,632.4
Total - Net to Oilex	16.2	116.2	63.1	420.6	248.9	1,634.5

Notes to Tables

(1) The in-place and resource volume estimates prepared by Netherland, Sewell & Associates Inc. and stated in the tables above have been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System, 2007 approved by the Society of Petroleum Engineers ("SPE").

(2) The contingent resources shown in the tables above have been estimated using probabilistic methods. The prospective resources shown in the tables above have also been estimated using probabilistic methods and are dependent on a petroleum discovery being made.

(3) Oil volumes shown comprise crude oil and condensate.

(4) Gas volumes shown comprise free gas and associated gas.

(5) The estimates included in the table for Prospective Resources have not been adjusted for both an associated chance of discovery and a chance of development (see definitions).

(6) The estimates included in the table for Contingent Resources have not been adjusted for the chance of development due to one or more contingencies (see definitions).

(7) The gross (100% working interest) and net to Oilex (45% working interest) estimates include Government share of production applicable under the Production Sharing Contract and are reported net of royalties.

(8) None of the petroleum resources contained within the overall in-place and resource volume estimates prepared by Netherland Sewell & Associates Inc. constitutes petroleum reserves.

BHANDUT FIELD, ONSHORE GUJARAT, INDIA

OILEX INTEREST 40%

OPERATOR

The field was discovered and developed initially by ONGC. The field was acquired by the GSPC and Niko Joint Venture in 1995 and Oilex subsequently acquired Niko's interest in 2006. The first 3D seismic survey over Bhandut Field was acquired in February 2007. The main reservoir units in the shallower Miocene section are sandstones with irregular distribution. The field has produced 19,353 bbls of oil since acquisition.

During the financial year, Oilex received a final report relating to an isochronal production test of a gas sand above the depleted oil reservoir in Bhandut-3. Bhandut-3 flowed at a maximum rate of 6.5 MMscfd (184,370 m^3/d) through a 10 mm choke with a flowing tubing head pressure of 1,190 psi. The isochronal test was conducted to obtain more precise reservoir performance data as part of attempting to realise value from Bhandut Field and the test confirmed the reservoir sand has a high permeability, making it a conventional reservoir.

Modern well logs show the reservoir section at the well is 3.5m thick 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 ~250 MMscf (~7,000,000 m^3). The estimated petroleum resources have been generated by Oilex in accordance with the SPE-PRMS guidelines and have not been independently certified. This volume, together with appropriate low and high estimates, can only be confirmed through further production, which requires appropriate gas sales arrangements. During a meeting in September 2013 with the Indian Government, Oilex was informed that the same competitive tendering process required at Cambay is also required for Bhandut to demonstrate an arm's length price structure. Gas Sales Agreement ("GSA") tenders for Bhandut-3 future production were received and evaluated during October 2013. The evaluation results were submitted to the Government for endorsement and at the date of this report remain to be endorsed.

Potential buyers are interested and 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 0.5-1.0 MMscfd 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.

Figure 5: Bhandut Field

SABARMATI FIELD, ONSHORE GUJARAT, INDIA

OILEX INTEREST 40%

OPERATOR

The Sabarmati Field is located on the southern culmination of a trend of producing oil fields operated by ONGC, on the outskirts of Ahmedabad, the largest city in Gujarat. Oil has been produced from the Eocene section from one well at low rates since inception of the PSC in 1994. The field was discovered and developed initially by ONGC. The field was acquired by the GSPC and Niko Joint Venture in 1995 and Oilex subsequently acquired Niko's interest in 2006.

During the year the Sabarmati Field produced an average of approximately 8 barrels of oil per day (3 barrels net to Oilex).

SPA 17 AO (FORMERLY STP-SPA-0055), WALLAL GRABEN, CANNING BASIN, WESTERN AUSTRALIA

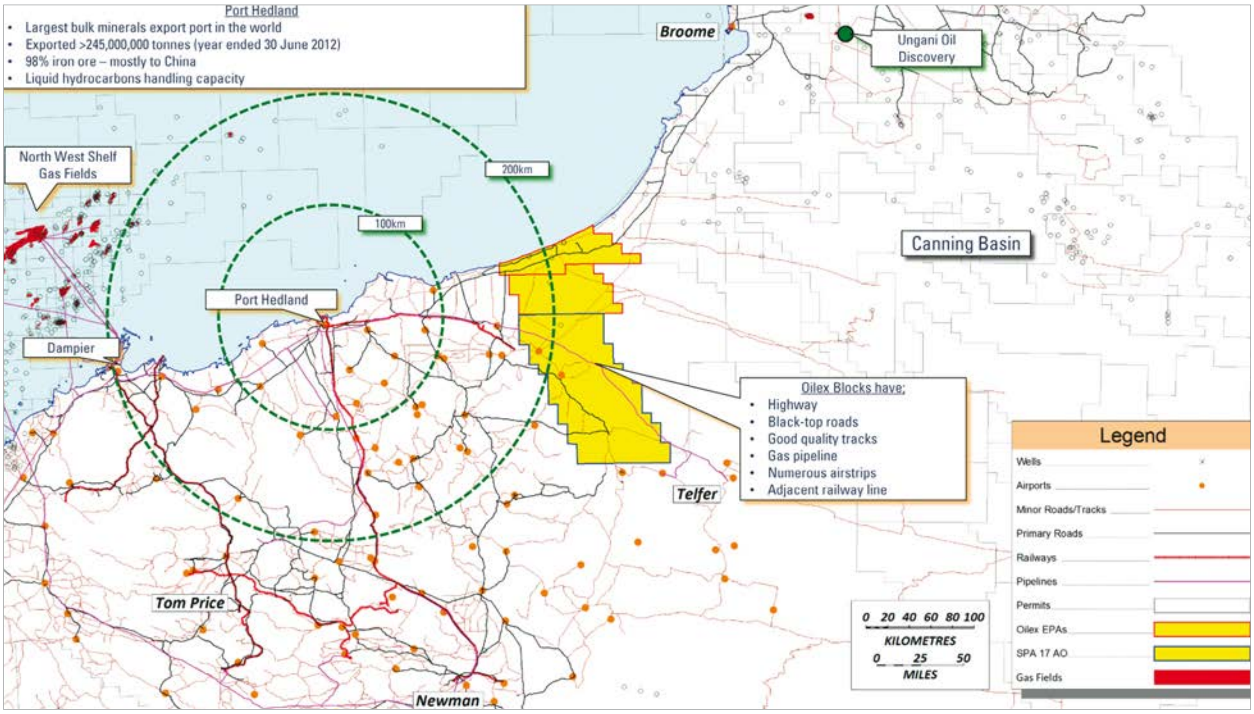

Figure 6: Canning Basin Location Map

The Company announced in April 2013 that it has accepted an offer for Special Prospecting Authority SPA 17 AO (Formerly STP-SPA-0055) which covers acreage in the onshore Canning Basin of Western Australia. SPA 17 AO encompasses a large area of approximately 11,400 km^2 (~2,800,000 acres), which includes the previously overlooked undrilled Wallal Graben that may be prospective for oil and liquids-rich gas.

Under the terms of the offer, Oilex will have an exclusive Acreage Option ("AO") to negotiate the conversion of a portion (30% to 50% of the total area) of SPA 17 AO into a Petroleum Exploration Permit. The programme included the acquisition of airborne gravity gradiometry/magnetic data processing and interpretation.

An objection period for interested Native Title parties to object to the grant of SPA 17 AO expired in September 2013 with three objections received. In February 2014 following discussions, Oilex signed agreements with three Traditional Owner Groups either holding Native Title or claiming Native Title over portions of Oilex's Special Prospecting Authority area, SPA 17 AO. Entering into these agreements facilitated overflight access for acquisition of the Survey and represents a key milestone for this asset.

The Survey, including acquisition, processing and interpretation, was awarded to CGG Aviation (Australia) Pty Ltd ("CGG"). Acquisition commenced on 29 March 2014 and completed on 3 April 2014 ahead of schedule. The CGG Aviation (Australia) Pty Ltd FALCON airborne gravity gradiometry and magnetic survey consisted of 4,060 line-km of data and was acquired using a tighter grid than the existing data, thus enhancing the structural elements of the area. The interpretation integrates regional gravity, magnetic, 2D seismic, regional surface geological and well data in adjacent areas with the newly acquired Survey data.

In August 2014 Oilex received the final interpretation report from CGG.

The final interpretation confirms Oilex's structural model that the Wallal Graben, which is clearly imaged by 2D seismic data in Oilex's adjacent permits, extends into SPA 17 AO. The report identifies north-west oriented transtensional faults that subdivide the basin into a series of Palaeozoic rift grabens and half-grabens separated by structural highs in the Precambrian basement (Figure 8). The graben is now confirmed to be present in Oilex's three, 100%-owned exploration areas encompassing approximately 17,900 km^2 (~4.4 million acres). The interpretation report has been submitted to the Department of Mines and Petroleum ("DMP") and negotiations to convert the prospective areas of SPA 17 AO into a formal Petroleum Exploration Permit have commenced.

Figure 7: Cessna 208B used to acquire Falcon Airborne Gravity Gradiometry and Magnetic Survey

SPA 17 AO (FORMERLY STP-SPA-0055), WALLAL GRABEN, CANNING BASIN, WESTERN AUSTRALIA (CONTINUED)

The Wallal Graben appears to contain the important elements of a working petroleum system including source rocks, structure, thick sedimentary section and sufficient depth of burial to generate hydrocarbons.

Pilbara area mining activity near Oilex's Wallal Graben acreage has led to the development of a significant amount of infrastructure. The Telfer Gas pipeline traverses the SPA 17 AO acreage and any future pipelines from the Canning Basin to the main export terminals at Port Hedland and Karratha would have to pass through the acreage.

Technical Background

A review of prospective onshore basins in Australia resulted in the identification of a deep, undrilled half graben (Wallal Graben) in the south-west Canning Basin.

Only low resolution gravity/magnetic data and sparse vintage 2D seismic data of variable quality have been acquired over this area. No wells have been drilled sufficiently deep to penetrate the graben-fill. Comparing interpretations of the different geophysical surveys revealed possible discrepancies. While the gravity/magnetic data interpretation defined a relatively shallow graben feature, the 2D seismic data and subsequent depth conversion facilitated the interpretation of an extensive half graben up to 5.5 km deep, which is viewed positively for the generation of hydrocarbons.

The nearby Samphire Graben is well imaged on both gravity/magnetic and 2D seismic data, resulting in it being clearly defined on published structural maps of this area. A regional 2D seismic line acquired in 1985 ties both the Wallal and Samphire Grabens.

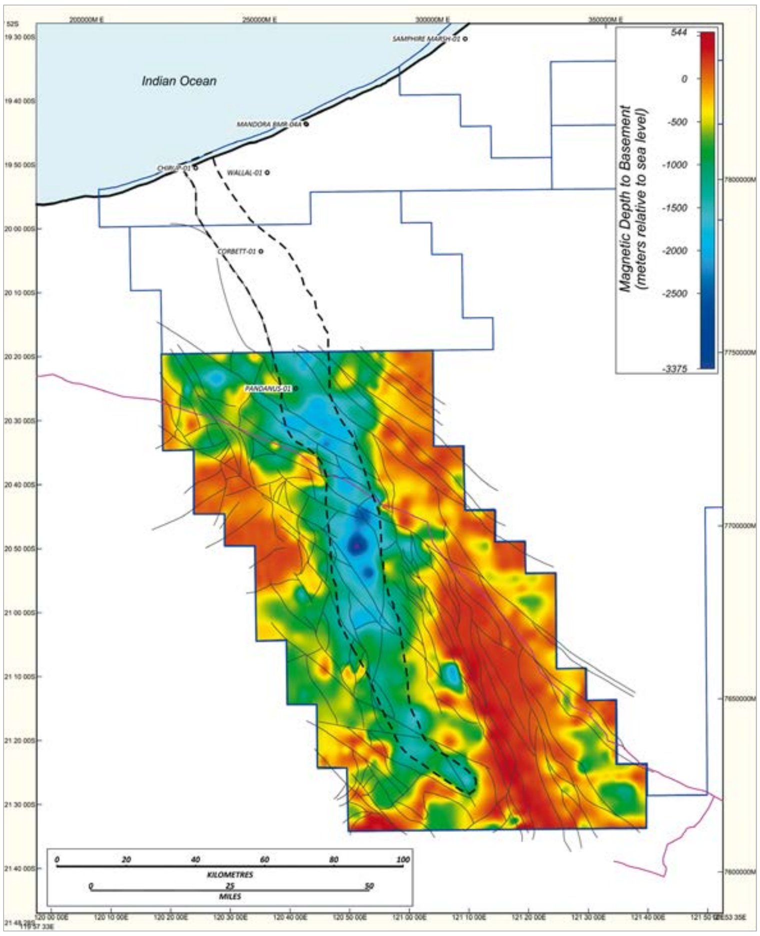

Figure 8: Wallal Graben Structural Interpretation Overlain on the Magnetic Depth to Basement Horizon (in meters relative to sea level)

Figure 9: Aerial Photo Showing Current Day Drainage Patterns of the Canning Basin

Extensional tectonics in the Ordovician initiated the growth of a major rotational fault that forms the south-west margin of the Wallal Graben with down to north-east rotation. 2D seismic data interpretation clearly defines a prospective "mid-basin ridge" structure that consists of a tilted fault block from Basement to late Ordovician levels, and associated anticlinal drape of the overlying Devonian and Permian sediments (Figure 10 East Africa Rift Basin).

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

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

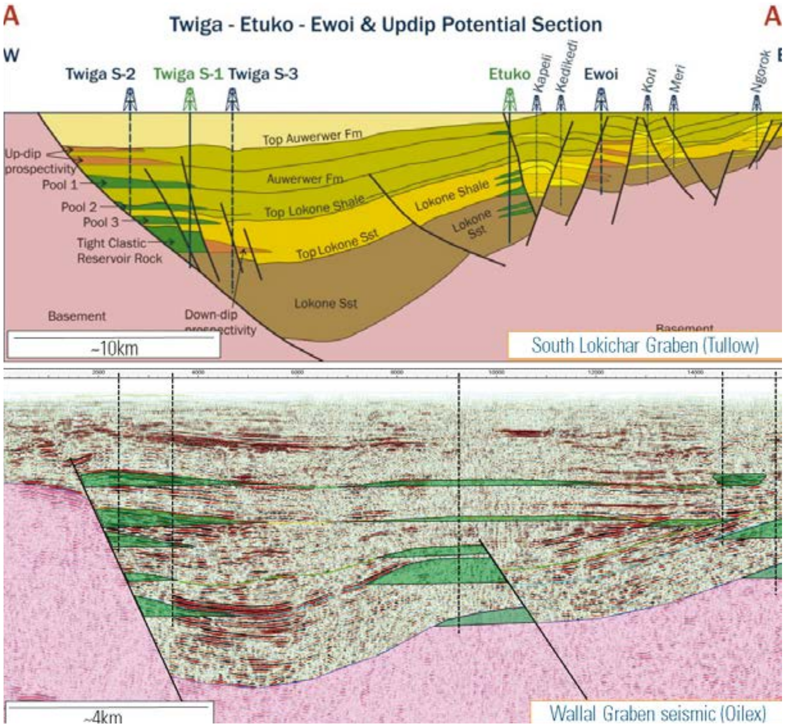

Figure 10: East Africa Rift Basin and Wallal Graben Play Type Comparision

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

Oilex submitted bids during April 2013 for gazettal blocks L12-08 and L12-09, covering 6,444 km^2 (~1,600,000 acres) immediately adjacent to SPA 17 AO. The additional acreage is interpreted to contain an extension of the Wallal Graben to the north of SPA 17 AO, capturing an entire newly-defined play fairway. In August 2013 the Company announced it had been successful in its application for contiguous gazettal blocks L12-08 and L12-09. The exploration permits awarded are STP-EPA-0106 for discrete area L12-08 and STP-EPA-0107 for discrete area L12-09.

During the financial year Oilex completed an initial interpretation of the available 2D seismic data in STP-EPA-0106 and STP-EPA-0107 and compiled an extensive well log dataset for the greater Canning Basin. This effort has identified a range of large structural and stratigraphic leads. These play-types are expected to continue into SPA 17 AO. Oilex continues to engage with Traditional Owner Groups regarding the license areas and has made significant progress towards the signing of a heritage agreement.

JPDA 06-103, TIMOR SEA

OILEX INTEREST **10%**

OPERATOR

Subsequent to the end of the year the Company on behalf of its Joint Venture participants in the Timor-Leste Joint Venture, received a further extension to the suspension of JPDA 06-103 Production Sharing Contract ("PSC") to 15 October 2014. The extension was granted for the ANP to complete an assessment of the application by the Joint Venture parties to terminate the PSC without liability following concerns over security of tenure after the Timor-Leste Government initiated formal arbitration proceedings against the Government of Australia to have the Certain Maritime Arrangements in the Timor Sea ("CMATS") declared void *ab initio*.

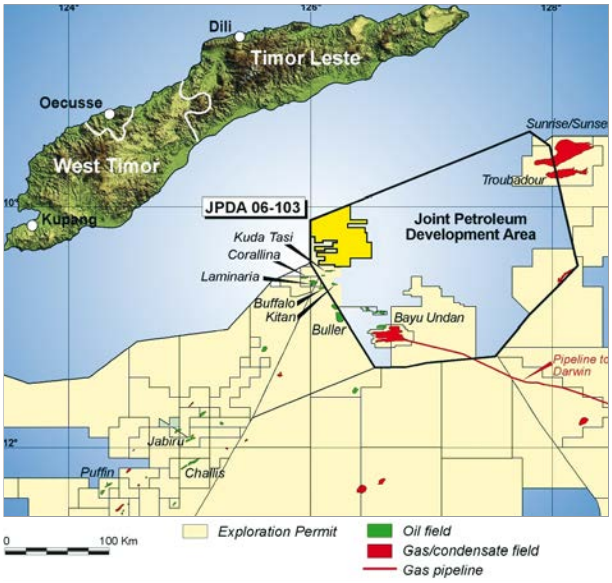

Figure 11: Location Map, JPDA 06-103 Timor Sea

WEST KAMPAR PSC, CENTRAL SUMATRA

OILEX INTEREST **45%**

+ FURTHER 22.5% SECURED / NON OPERATOR

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

Background

Oilex (West Kampar) Limited ("OWKL"), a wholly owned subsidiary of Oilex Ltd, was assigned a 45% participating interest in the West Kampar PSC pursuant to a farmout

Figure 12: West Kampar PSC Location Map, Sumatra, Indonesia

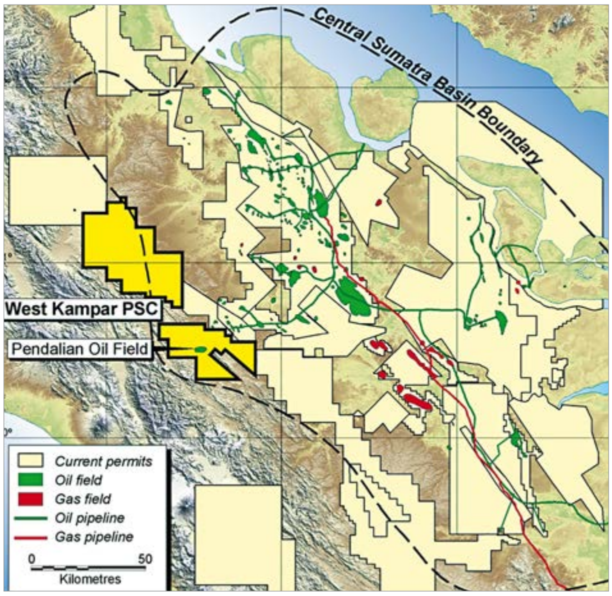

Figure 13: Location Map, Central Sumatra Basin Fields and Pipeline Infrastructure

agreement entered into with SPE in May 2007. The initial area of the West Kampar PSC was 4,471 km^2.

In August 2008, OWKL entered into a second farmout agreement to acquire 15% additional equity interest in the PSC thereby increasing its interest from 45% to 60% subject to meeting certain conditions precedent. In January 2009 OWKL terminated the second farmout agreement when conditions were not met by the due date and many issues remained unresolved with the Operator. With the termination of that agreement, SPE was required to reimburse the monies advanced by OWKL under the terms of that agreement. OWKL commenced International Chamber of Commerce ("ICC") Arbitration against PT Asiabumi Petroleo ("Asiabumi") in Singapore in April 2009 following the failure of SPE in early 2009 to repay a debt owing to OWKL. SPE's obligations to repay the debt were secured by a parent company guarantee granted by Asiabumi to OWKL in 2008. On 24 June 2010, the International Court of Arbitration of the ICC found in favour of OWKL in its claim against Asiabumi for the recovery of US$4.8 million that is owed to OWKL. The Award granted in OWKL's favour took effect immediately. OWKL is pursuing the recovery of the monies owing under the Award. OWKL maintains that it is further entitled to have assigned an additional 22.5% to its 45% holding through the exercise of its rights under a Power of Attorney granted by SPE following the failure of SPE to repay the funds due referred to above. The assignment documentation has been provided to the Indonesian regulator, BPMigas (now SKK Migas), but these have not yet been approved or rejected. If the debt due to OWKL is satisfied, OWKL will not pursue this assignment.

Following an action commenced by a supplier against SPE, the Commercial Court in Jakarta on 1 September 2014 has granted an application for "Temporary Suspension of Payment Obligation" for 45 days while a series of meetings are held with creditors to discuss a composition plan, managed by an administrator team appointed by the Court. OWKL is currently obtaining legal advice to determine the appropriate course of action to ensure recovery of the secured debt.

FINANCIAL

In August 2013 the Company completed a placement of 68 million shares to raise $3.4 million in gross proceeds at $0.05 per share with a 1 for 2 free attaching $0.15 cent option. In January 2014 the Company completed a further placement of 94.75 million shares to raise $6.8 million in gross proceeds at $0.072 per share.

In December 2013 the Company announced it had secured a £7.5 million, three year Equity Financing Facility ("EFF") with Darwin Strategic Limited ("Darwin"). Under the terms of the facility the Company may, at its discretion, issue placement shares to Darwin at any time over the next 36 months, up to a total aggregate value of £7.5 million.

Cash held at end of the year was $7.5 million with no corporate debt. The Company's net assets increased by 37%, compared with the previous year, the increase reflecting the current year funds received from share placements, the increase in other receivables including research and development grant income and exploration expenditure capitalised. Current liabilities have increased due to the drilling of Cambay-77H and the expenditure on the Canning Survey, as well as the recognition of employee entitlements for long service leave. Joint venture related trade receivables increased by 44% or $0.7 million reflecting the drilling of Cambay-77H, as well as the increased age of cash calls receivable from joint venture partners.

Subsequent to year end the Company strengthened its financial position by announcing a drawdown of the Equity Financing Facility with Darwin to raise $2.1 million before expenses through the issue of 18.6 million shares as well as raising a further $1 million before expenses through the conversion of 7 million listed options.

Revenue for the year increased by 28% mainly attributable to an increase in production from the Bhandut and Cambay Fields.

The Group's loss after tax for the current year reduced by $5.4 million from the prior year. The reduction in the loss was due to $4,590,149 for the impairment of exploration and evaluation assets in the prior year, and $695,302 other income in the current year consisting of research and development tax grants as well as $800,645 net finance income.

The total capital of the Company at 30 June 2014 was 591,034,789 shares and 195,892,111 $0.15 listed options and 37,462,500 unlisted options.

HEALTH, SAFETY, SECURITY AND ENVIRONMENT POLICY

POLICY

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

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

Qualified Petroleum Reserves and Resources Evaluator Statement

Pursuant to the requirements of Chapter 5 of the ASX Listing Rules, the information in this report relating to petroleum reserves and resources is based on and fairly represents information and supporting documentation prepared by or under the supervision of Mr. Peter Bekkers, Chief Geoscientist employed by Oilex Ltd. Mr. Bekkers has over 17 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.

LIST OF ABBREVIATIONS AND DEFINITIONS USED HEREIN

Associated Gas	Natural gas found in contact with or dissolved in crude oil in the reservoir. It can be further categorized as Gas-Cap Gas or Solution Gas.
Bbls	Barrels of oil or condensate.
BCF	Billion Cubic Feet of gas at standard temperature and pressure conditions.
BCFE	Billion Cubic Feet Equivalent of gas at standard temperature and pressure conditions.
BOE	Barrels of Oil Equivalent. Converting gas volumes to the oil equivalent is customarily done on the basis of the nominal heating content or calorific value of the fuel. Common industry gas conversion factors usually range between 1 barrel of oil equivalent (BOE) = 5,600 standard cubic feet (scf) of gas to 1 BOE = 6,000 scf. (Many operators use 1 BOE = 5,620 scf derived from the metric unit equivalent 1 m^3 crude oil = 1,000 m^3 natural gas).
BOPD	Barrels of oil per day.
Deterministic Estimate	The method of estimation of Reserves or Resources is called deterministic if a discrete estimate(s) is made based on known geoscience, engineering, and economic data.
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	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 categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized 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
	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.

PERMIT SCHEDULE

AS AT 30 JUNE 2014

ASSET	LOCATION	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 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 (1) 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/ Western Australia	Admiral Oil Pty Ltd (Previously Admiral Oil NL)	100.0	Admiral Oil Pty Ltd (Previously Admiral Oil NL)
STP-EPA-0106	Canning/ Western Australia	Admiral Oil and Gas (106) Pty Ltd	100.0	Admiral Oil and Gas (106) Pty Ltd
STP-EPA-0107	Canning/ Western Australia	Admiral Oil and Gas (107) Pty Ltd	100.0	Admiral Oil and Gas (107) Pty Ltd

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

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

APPROACH TO CORPORATE GOVERNANCE

Oilex Ltd ("Company") has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd edition ("Principles & Recommendations"). 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 following governance-related documents can be found on the Company's website at *www.oilex.com.au*, under the section marked "Company Profile", "Corporate Governance":

Charters

- Board
- Audit Committee
- Nomination Committee
- Remuneration Committee

Policies and Procedures

- Policy and Procedure for Selection and (Re)Appointment of Directors
- Policy on Assessing the Independence of Directors
- Process for Performance Evaluation
- Securities Dealing Policy
- Code of Conduct
- Continuous Disclosure Policy
- Continuous Disclosure Compliance Procedures (summary)
- Procedures for the Selection, Appointment and Rotation of External Auditor
- Shareholder Communication Policy
- Risk Management Policy (summary)
- Whistleblower Policy
- Diversity Policy
- Anti Bribery and Corruption Policy

The Company reports below on whether it has followed each of the Principles & Recommendations during the 2013/2014 financial year ("Reporting Period"). The information in this statement is current as at 12 September 2014.

BOARD

ROLES AND RESPONSIBILITIES OF THE BOARD AND SENIOR EXECUTIVES

(Recommendations: 1.1, 1.3)

The Company has established the functions reserved to the Board and those delegated to senior executives, and has set out these functions in its Board Charter, which is disclosed on the Company's website.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chair.

SKILLS, EXPERIENCE, EXPERTISE AND PERIOD OF OFFICE OF EACH DIRECTOR

(Recommendation: 2.6)

A profile of each Director setting out their skills, experience and period of office is set out in the Directors' Report on page 27.

The mix of skills, experience and diversity for which the Board is looking to achieve in membership of the Board reflects the Company's strategy, which continues to be focussed on the Indian Ocean Rim, and in particular focussed on transferring and applying tight reservoir technologies from North America into the Cambay field in Gujarat, India. The Board is continuing to investigate how to increase the balance of independence on the Board, and achieve a mix of the following skills: tight reservoir technical expertise, industry and UK capital markets experience, India experience, international petroleum industry experience, finance and subsurface engineering expertise.

DIRECTOR INDEPENDENCE

(Recommendations: 2.1, 2.2, 2.3, 2.6)

The Board does not have a majority of directors who are independent. The Board considered that its current composition was an appropriate blend of skills and expertise, relevant to the Company's business. However, the Board will continue to review its composition in light of its strategy as outlined above and its changing requirements. The Board is aware of the importance of independent judgement and will seek to address the balance of independence on its Board as part of this review.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Balance sheet items are material if they have a value of more than 10% of pro-forma net assets.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, could affect the Company’s rights to its assets, if accumulated would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items, or will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced or cannot be replaced without an increase in cost which triggers any of the quantitative tests, contain or trigger change of control provisions, are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

The sole independent director of the Company is Max Cozijn. Mr Cozijn is independent as he is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgement.

The non-independent directors of the Company are Sundeep Bhandari, Bruce McCarthy and Ron Miller.

The independent Chair of the Board is Max Cozijn.

The Managing Director is Ron Miller who is not also Chair of the Board.

INDEPENDENT PROFESSIONAL ADVICE

(Recommendation: 2.6)

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

SELECTION AND (RE)APPOINTMENT OF DIRECTORS

(Recommendation: 2.6)

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. An election of directors is held each year. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the Director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

The Company’s Policy and Procedure for the Selection and (Re)Appointment of Directors is disclosed on the Company’s website.

BOARD COMMITTEES

NOMINATION COMMITTEE

(Recommendations: 2.4, 2.6)

The Board has not established a separate Nomination Committee. Given the size of the Board, it resolved that there were no efficiencies gained by having a separate Nomination Committee, and the role is performed by the full Board. The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Nomination Committee, which is disclosed on the Company's website. During the Reporting Period, when the Board met in its capacity as the Nomination Committee, Mr Bhandari chaired the meetings. During the financial year Mr Bhandari took a more active role in Indian operations, assisting in strategy, commercial and joint venture related issues following the departure of Oilex's Chief Operating Officer. Whilst Mr Bhandari is performing this role, Mr Cozijn has acted as Chairman of the Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required, and when the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's Nomination Committee Charter. The Board deals with any conflicts of interest that occur when it convenes in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

Details of director attendance at meetings of the Board in its capacity as the Nomination Committee are set out in the table in the Directors' Report on page 28.

AUDIT COMMITTEE

(Recommendations: 4.1, 4.2, 4.3, 4.4)

The Board has established an Audit Committee. The Audit Committee is not structured in compliance with Recommendation 4.2 as set out in the following table. As the Board has only one independent director, the Board is unable to establish an Audit Committee that is structured in compliance with Recommendation 4.2. In addition whilst Mr Bhandari is classified as a non-executive director, he has taken a more active role in Indian operations, assisting in strategy, commercial and joint venture related issues following the departure of Oilex's Chief Operating Officer during the financial year. Whilst Mr Bhandari is performing this role, Mr Cozijn has acted as Chairman of the Audit Committee, given his financial qualifications and independence, notwithstanding that Mr Cozijn is also Chair of the Board.

Name	Executive/ Non-executive	Independent status
Max Cozijn (Acting Chair on 24 June 2014 meeting)	Non-executive	Independent
Sundeep Bhandari (Chair)	Non-executive	Not independent
Bruce McCarthy	Non-executive	Not independent

The Board considers that the members of the Audit Committee are the most appropriate, given their experience and qualifications, for the Company's current needs. The Board has adopted an Audit Committee Charter, which describes the committee's role, composition, functions and responsibilities. The Audit Committee Charter makes provision for the Audit Committee to meet with the external auditor, as required.

The Audit Committee held 4 meetings during the Reporting Period. Details of the directors' attendance at Audit Committee meetings during the Reporting Period are set out in a table in the Director's Report on page 28. Details of each of the director's qualifications are set out in the Directors' Report. All members of the Audit Committee are financially literate and Mr Cozijn is an Associate of the Australian Society of Certified Practising Accountants. Mr Ierace (Chief Financial Officer and Company Secretary) and Ms Bissett (Financial Controller) are both Chartered Accountants and attend Audit Committee meetings by invitation.

The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee and any recommendations are made to the Board.

The Company's Audit Committee Charter and Procedure for the Selection, Appointment and Rotation of External Auditor are disclosed on the Company's website.

REMUNERATION COMMITTEE

(Recommendations: 8.1, 8.2, 8.3)

The Board has established a Remuneration Committee. The Remuneration Committee is not structured in accordance with Recommendation 8.2 as set out in the table below. The Board's current structure does not permit it to establish a Remuneration Committee that meets the structural requirements of Recommendation 8.2, as the Board does not have a sufficient number of independent directors. In addition whilst Mr Bhandari is classified as a non-executive director, he has taken a more active role in Indian operations, assisting in strategy, commercial and joint venture related issues following the departure of Oilex's Chief Operating Officer during the financial year. Whilst Mr Bhandari is performing this role, Mr Cozijn has acted as Chairman of the Remuneration Committee.

The Board will continue to monitor the composition of the Remuneration Committee and make appropriate changes to the composition of its Remuneration Committee should further independent directors be appointed to the Board.

Name	Executive/ Non-executive	Independent status
Max Cozijn (Acting Chair on 28 May 2014 meeting)	Non-executive	Independent
Sundeep Bhandari (Chair)	Non-executive	Not independent
Bruce McCarthy	Non-executive	Not independent

The Remuneration Committee held 1 meeting during the Reporting Period. Details of the directors' attendance at Remuneration Committee meetings during the Reporting Period are set out in a table in the Director's Report on page 28.

The Board has adopted a Remuneration Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee.

Details of remuneration, including the Company's policy on remuneration, are contained in the Remuneration Report which forms part of the Directors' Report. Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. Given the stage of development of the Company and the financial constraints applicable to it, the Company may consider it appropriate as an additional incentive or reward, to issue unquoted options to non-executive directors, subject to obtaining the relevant Board and shareholder approvals. This policy is subject to annual review. Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals.

There are no schemes for termination or retirement benefits for non-executive directors (other than for superannuation). The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company's Remuneration Committee Charter is disclosed on the Company's website.

PERFORMANCE EVALUATION

SENIOR EXECUTIVES

(Recommendations: 1.2, 1.3)

The Managing Director is responsible for evaluating the performance of senior executives. The performance evaluation of senior executives comprises informal discussions on group and individual performance; evaluations are held as part of strategy and business reviews coupled with the annual remuneration review.

During the Reporting Period the evaluation of the Company's two senior executives took place in accordance with the process disclosed above.

BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

(Recommendations: 2.5, 2.6)

The Chair of the Nomination Committee is responsible for evaluation of the Board and, when deemed appropriate Board committees and individual directors.

The process for evaluating the performance of the Board, individual directors and any applicable committees is as follows:

- questionnaires are completed by each director;
- the Chair of the Nomination Committee meets with each director to discuss the director's responses to the questionnaire;
- the responses to each of the questionnaires are then summarised and collated and the Chair of the Nomination Committee reports back to the Board; and
- the Board then review and discuss the report and address any issues as required.

During the Reporting Period an evaluation of the Board, its committees, and individual directors took place in July 2013 in relation to the previous year in accordance with the process disclosed. In addition the Board held a three day strategy session in May 2014 during which the performance of individual directors, the Board and Board committees, together with the Board composition and structure were discussed. For the Reporting Period, the strategy session replaced the process outlined above for evaluation of the Board, its committees, and individual directors.

The Chair of the Nomination Committee is responsible for evaluating the Managing Director. The process for evaluating the performance of the Managing Director is by way of a formal discussion with the Chair of the Nomination Committee whereby the following individual performance measures are assessed; progression of assets through their exploration and evaluation cycle; investment community engagement and ensuring adherence to the Company's corporate governance principles and recommendations.

During the Reporting Period an evaluation of the Managing Director took place in July 2013 in relation to the previous year in accordance with the process disclosed. The Managing Director's performance was also discussed as part of the strategy session in May 2014. For the Reporting Period, the strategy session replaced the process outlined above for the evaluation of the Managing Director.

The Company's Process for Performance Evaluation is disclosed on the Company's website.

ETHICAL AND RESPONSIBLE DECISION MAKING

CODE OF CONDUCT

(Recommendations: 3.1, 3.5)

The Company has established a Code of Conduct which includes the practices that the Board considers necessary to maintain confidence in the Company's integrity; practices necessary to fulfil the Company's legal obligations and to meet the expectations of the Company's stakeholders; and outlines the responsibility and accountability of individuals within the Company for reporting and investigating reports of unethical practices. The Company has also established a Whistleblower Policy and an Anti Bribery and Corruption Policy.

The Company's Code of Conduct, Whistleblower Policy and Anti Bribery and Corruption Policy are disclosed on the Company's website.

DIVERSITY POLICY

(Recommendations: 3.2, 3.3, 3.4, 3.5)

The Company has established a Diversity Policy, which includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress towards achieving them.

The following measurable objectives for achieving gender diversity were set by the Board in accordance with the Diversity Policy:

Measurable objective	Progress made towards achieving measurable objectives during the reporting period
Implement mentoring and networking programs and strategies to improve career development opportunities for high potential female employees.	Career development plans for high potential female employees continued to be tailored to assist their progression within the organisation and were included as a performance evaluation standing item.
Conduct annual diversity awareness training programs for all employees as deemed to be necessary.	An initial training program was scheduled to be conducted by an external consultant before December 2012. Due to logistics, the training program was not held. The Board now considers that the training can be undertaken as part of the recruitment selection training.
Monitor company remuneration levels across gender, ethnicity, religion and age groups and ensure remuneration matches performance and level of responsibility.	A remuneration analysis was included in the August 2014 annual remuneration review. An analysis was also provided to management and the Board in July 2013.
Monitor company employee turnover levels to ensure that gender, ethnicity, religion and age groups are not acting as deterrents in retaining staff.	An employee turnover analysis for the Reporting Period was provided to management and the Remuneration Committee in July 2013. The analysis showed that employee turnover was minimal during the Reporting Period.
Include the achievement of these objectives as one of the annual Board performance evaluation criteria.	This is now a standing item in the Board performance questionnaires.

The Board has adopted the following measurable objectives for the 2014/15 financial year.

Measurable objective
Within each country of operation, to maintain remuneration equity between all employees at the same level undertaking the same work.
Remuneration to be compared to market rates to ensure all employees are remunerated without discrimination.
Increase the overall percentage of females employed by the Company.

Oilex Ltd will report on the progress against these objectives in the 2014/15 Annual Report.

The proportion of female employees in the whole organisation, including India, is set out in the following table. There are no female senior executives or women on the Board. Senior executives are those employees that directly report to the Managing Director.

	Female	Female %	Male	Male %
Administration and operations support	4	12%	28	88%
Professional speciality – technical	1	17%	5	83%
Professional speciality – finance/ commercial	4	57%	3	43%
Total employees	9	20%	36	80%
Board members	-	-	4	100%

The Company's Diversity Policy is disclosed on the Company's website.

CONTINUOUS DISCLOSURE

(Recommendations: 5.1, 5.2)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements, and accountability at a senior executive level for that compliance.

The Company's Continuous Disclosure Policy and a summary of its Continuous Disclosure Compliance Procedures are disclosed on the Company's website.

SHAREHOLDER COMMUNICATION

(Recommendations: 6.1, 6.2)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's Shareholder Communication Policy is disclosed on the Company's website.

RISK MANAGEMENT

(Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk assessment and management, and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board has established a separate Audit Committee to monitor and review the integrity of financial reporting and the Company's internal financial control systems and risk management systems. Before the adoption of the financial statements the Audit Committee receives a written declaration from the Managing Director and Chief Financial Officer in accordance with Recommendation 7.2 confirming the operation of the Company's risk management and internal control system.

As part of preparing this declaration, each finance and business unit manager is required to provide a signed letter of representation reporting to both the Managing Director and the Chief Financial Officer.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Company's risk management system includes the preparation of a risk register by management to identify the Company's material business risks and risk management strategies for these risks. In addition, the process of managing material business risks is allocated to members of senior management. The risk register is reviewed by management and the Board at least quarterly and updated as required.

The categories of risk reported on or referred to as part of the Company's systems and processes for managing material business risk include exploration, appraisal, reserves, development, production, financial, commercial, sovereign, legal/regulatory, operations (including weather), environmental, health and safety, retention of personnel, security and information systems.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Risk is a standing agenda item at each meeting of the Board. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks.

The Managing Director and Chief Financial Officer have provided a declaration to the Board in accordance with section 295A of the *Corporations Act 2001* and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risk.

A summary of the Company's Risk Management Policy is disclosed on the Company's website.

ASX CORPORATE GOVERNANCE COUNCIL RECOMMENDATIONS CHECKLIST

The following table sets out the Company's position with regard to adoption of the Principles & Recommendations as at the date of this statement:

Recommendation		Comply
Principle 1:	Lay solid foundations for management and oversight	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	☑
1.2	Companies should disclose the process for evaluating the performance of senior executives.	☑
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	☑
Principle 2:	Structure the board to add value	
2.1	A majority of the board should be independent directors.	☒
2.2	The chair should be an independent director.	☑
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	☑
2.4	The board should establish a nomination committee.	☒
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	☑
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	☑
Principle 3:	Promote ethical and responsible decision-making	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: - the practices necessary to maintain confidence in the company's integrity; - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	☑
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	☑
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	☑
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	☑
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	☑
Principle 4:	Safeguard integrity in financial reporting	
4.1	The board should establish an audit committee.	☑
4.2	The audit committee should be structured so that it: consists only of non-executive directors; consists of a majority of independent directors; is chaired by an independent chair, who is not chair of the board; and has at least three members.	☒
4.3	The audit committee should have a formal charter.	☑
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	☑
Principle 5:	Make timely and balanced disclosure	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	☑
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	☑
Principle 6:	Respect the rights of shareholders	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of the policy.	☑
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	☑

ASX CORPORATE GOVERNANCE COUNCIL RECOMMENDATIONS CHECKLIST (CONTINUED)

Principle 7:	Recognise and manage risk	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	☑
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	☑
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	☑
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	☑
Principle 8:	Remunerate fairly and responsibly	
8.1	The board should establish a remuneration committee.	☑
8.2	The remuneration committee should be structured so that it: consists of a majority of independent directors; is chaired by an independent chair; and has at least three members.	☒
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	☑
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	☑

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 in this Corporate Governance Statement its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

Financial Report Contents

For the year ended 30 June 2014

The directors of Oilex Ltd present their report together with the consolidated financial statements of the Group comprising of Oilex Ltd (the "Company") and its subsidiaries for the financial year ended 30 June 2014 and the auditors' report thereon.

DIRECTORS

The names and details of the directors of the Company in office during the financial year and until the date of this report are detailed below. Directors were in office for this entire period unless otherwise stated.

Mr Max Dirk Jan Cozijn

(Non-Executive Chairman)

BCom CPA MAICD

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

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

- Carbon Energy Limited (from September 1992 to current)
- Energia Minerals Limited (listed on ASX 24 December 2009) (from 13 May 1997 to current)
- Jacka Resources Limited (from May 2014 to current)
- Magma Metals Limited (from June 2005 to 25 June 2012)
- Malagasy Minerals Limited (from September 2006 to 8 August 2013)

Mr Sundeep Bhandari

(Non-Executive Vice Chairman)

BCom

Mr Bhandari was appointed as a Director (Vice Chairman) in November 2011. Mr Bhandari has over 30 years of business experience in India, of which more than 20 years have been in the energy business. He has worked with several multinational petroleum companies, including Cairn Energy, Mobil, Marathon, ENI, PGS and Command Petroleum. Mr Bhandari was also Chairman of the Corporate Advisory Board of Cairn India Ltd from 2006 to March 2014. Mr Bhandari is also a director and shareholder of India Hydrocarbons Ltd.

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

Mr Ronald Miller

(Managing Director)

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

Initially appointed as a Non-Executive Director in July 2009, Mr Miller was appointed Managing Director from 1 January 2013. A chartered professional engineer (1989 - 2011), Mr Miller has more than 38 years of experience in the international petroleum industry. Further details of Mr Miller's qualifications and experience can be found in the Executive Management section of the Directors' Report.

During the last three financial years Mr Miller has been a director of the following listed company:

- Neon Energy Limited (formerly Salinas Energy Limited) (from March 2006 to 17 November 2010)

Dr Bruce Henry McCarthy

(Non-Executive Director)

BSc (Hons) PhD Geology

Appointed Managing Director in February 2005, Dr McCarthy stepped down as Managing Director to become a Non-Executive Director on 1 January 2013. Dr McCarthy has onshore and offshore experience of over 35 years gained in the United Kingdom, Australia and India working for independent and large multinational companies, including Cairn Energy PLC (UK), Command Petroleum India Ltd, Cairn Energy India Pty Ltd and Marathon Oil Corporation.

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

DIRECTORS' REPORT

DIRECTORS' MEETINGS

Directors in office, committee membership and directors' attendance at meetings during the 2013/14 financial year are as follows:

	Board Meetings		Audit Committee Meetings(1)		Remuneration Committee Meetings(1)		Nomination Committee Meetings(1)	
	Held(2)	Attended	Held(2)	Attended	Held(2)	Attended	Held(2)	Attended
M D J Cozijn	9(3)	9	4	4	1	1	2	2
S Bhandari	9	9	4(4)	4	1(5)	1	2(3)	2
B H McCarthy	9	7	4	3	1	1	2	2
R L Miller	9	9	-	2(6)	-	-	2	2

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

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

(3) Chairman of respective meetings. When the Board meets in its capacity as the Nomination committee, Mr S Bhandari chairs the meeting. Mr Cozijn acted as Chair for 28 May 2014 Nomination Committee Meeting.

(4) Mr S Bhandari chairs the meetings. Mr Cozijn acted as Chair for 24 June 2014 Audit Committee Meeting.

(5) Mr S Bhandari chairs the meetings. Mr Cozijn acted as Chair for 28 May 2014 Remuneration Committee Meeting.

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

During the financial year the Directors considered 25 Circular Resolutions, which included one Remuneration Committee Resolution.

EXECUTIVE MANAGEMENT

Mr Ronald Miller

(Managing Director)

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

Mr Miller was appointed as a Non-Executive Director in July 2009 and Managing Director from 1 January 2013. A chartered engineer in Australia from 1989 to 2011, Mr Miller brings more than 38 years of experience in the international petroleum industry including corporate governance, extensive background in leading multi-disciplinary upstream organisations and project developments, including the design and construction of oil and gas projects. Mr Miller has extensive experience in commercialising and developing oil and gas discoveries. During his career, Mr Miller held a range of senior positions including with Mobil, Ampolex, Clough and Hyundai Heavy Industries.

Mr Robert Ierace

(Chief Financial Officer & Company Secretary)

BCom ACA CSA

Mr Ierace was appointed Oilex Chief Financial Officer and Company Secretary in January 2013. Mr Ierace is responsible for financial compliance and corporate governance as well as implementation of the Company's business plans. Mr Ierace has over 18 years of experience in finance, commercial management, taxation and banking. Mr Ierace's most recent position was CFO and Company Secretary of ASX listed mid cap oil and gas exploration and production company Amadeus Energy Ltd (now Lonestar Resources Ltd). Previous financial roles have included senior finance positions with Credit Suisse First Boston Investment Bank (London), Rio Tinto Iron Ore, Arc Energy Ltd and Kimberley Diamond Company NL.

Mr Peter Bekkers

(Chief Geoscientist)

BSC (Hons) Geology and Geophysics

Mr Bekkers joined Oilex in 2007 as the Senior Explorationist. He has over 17 years of experience in Australian and international oil and gas exploration activities including the Far East, Middle East, West Africa and South East Asia. Prior to joining Oilex, Mr Bekkers held various roles with Woodside Energy Ltd, Santos Ltd and Boral Energy Ltd in exploration and new ventures evaluation. Mr Bekkers was appointed Chief Geoscientist for Oilex in April 2010.

Mr Michael Maloney

(Chief Operating Officer - Until 4 October 2013)

B Engineering - Civil (Hons)

Mr Maloney joined Oilex in July 2012 as Chief Operating Officer based in India and ceased working for Oilex Ltd in October 2013. Mr Maloney previously held senior management positions with Nexus Energy, BHP Petroleum, Exxon Mobil, ENI Group, AGR Asia Pacific and Clough and had 42 years of experience in the oil and gas industry.

COMPANY SECRETARIES

The following individuals have acted as company secretary during the year ended 30 June 2014:

Mr Robert Ierace

BCom ACA CSA

Mr Robert Ierace was appointed Company Secretary effective 30 January 2013.

Mr Cathal Smith

LLB, LLM, MBA

Mr Smith was appointed Alternate Company Secretary effective 14 April 2014.

PRINCIPAL ACTIVITIES

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

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

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

OPERATING RESULTS

The loss after income tax of the consolidated entity for the year ended 30 June 2014 amounted to $3,752,611 (2013: loss of $9,110,457). The reduction in the loss was due to $4,590,149 for the impairment of exploration and evaluation assets in the prior year, and $695,032 other income in the current year consisting of research and development tax grants as well as $800,645 net finance income.

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 Business Review on pages 4 to 16 of this report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year Oilex successfully drilled and completed the 2,370 metre MD Cambay-77H well, which included a 350 metre horizontal section and the first of the four stage fracture stimulation programme. A comprehensive suite of logs was acquired and preliminary interpretation confirms the wellbore intersected a significant sequence of hydrocarbon-bearing reservoir similar to Cambay-76H. The Cambay-77H logs also compare favourably to Cambay-73 vertical well which produced from the Y Zone at ~1 MMscfd plus condensate and is located approximately one kilometre from Cambay-77H. Subsequent to year end the remaining fracture stimulation stages were completed.

The Gas Sales Agreement for Cambay-73 future production was endorsed by the relevant Government of India authorities.

Oilex conducted an Aerial Gravity/Magnetic Survey (the "Survey") over SPA 17 AO (formerly STP-SPA-0055) located in the Canning Basin. This included the acquisition, processing and interpretation by CGG Aviation (Australia) Pty Ltd ("CGG"). Acquisition by CGG commenced on 29 March 2014 and was completed on 3 April 2014 ahead of schedule. The Survey consisted of 4,060 line-km of data and was acquired using a tighter grid than existing data, thus enhancing the definition of the area. The interpretation integrates regional gravity, magnetic, 2D seismic, regional surface geological and well data in adjacent areas with the newly acquired Survey data. Preliminary interpretation confirms Oilex's structural model that the Wallal Graben, which is clearly imaged by 2D seismic in Oilex's adjacent permits, extends into SPA 17 AO.

Oilex submitted bids during April 2013 for gazettal blocks L12-08 and L12-09, covering 6,444 km^2 (~1,600,000 acres) immediately adjacent to SPA 17 AO. The additional acreage is interpreted to contain an extension of the Wallal Graben to the north of SPA 17 AO, potentially capturing an entire newly-defined play fairway. In August 2013 the Company was advised that it was successful in its application for contiguous gazettal blocks L12-08 and L12-09. The exploration permits awarded are STP-EPA-0106 for discrete area L12-08 and STP-EPA-0107 for discrete area L12-09.

During the financial year Oilex completed an initial interpretation of the available 2D seismic data in STP-EPA-0106 and STP-EPA-0107 and compiled an extensive well log dataset for the greater Canning Basin. This effort has identified a range of large structural and stratigraphic leads. Oilex continues to engage with Traditional Owner Groups regarding the license areas.

On 9 August 2013 the Company announced that it had agreed to sell a 10% participating interest (gross) in the Cambay Production Sharing Contract for US$4,000,000 to Magna Energy Limited ("Magna"). Magna also had an option to acquire an additional 5% participating interest (gross) for US$2,000,000. These payments would have included the working interest share of the 2013/14 Cambay Work Programme and Budget and the value of the corresponding share of joint venture assets. Unless otherwise mutually agreed, in the event that certain conditions, including the approval of the Government of India have not been satisfied or, where applicable, waived prior to 1 May 2014, the parties had agreed that any payments made by Magna to the Company, to the extent practicable, be converted into shares in Oilex. Shareholders approved the unwind provisions at a General Meeting held 4 October 2013.

On 1 May 2014 Magna requested that Oilex issue the unwind shares in accordance with the Sale and Purchase Agreement, with Oilex issuing 73,505,090 ordinary shares to Magna for the US$4,000,000 the Company had received, with Oilex retaining its full 45% direct interest in the Cambay Production Sharing Contract. At the date of the unwind Magna acquired 12.46% of Oilex's expanded issued shares, and held 17.37% at the date of issue of shares, 15 May 2014.

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS (CONTINUED)

The JPDA 06-103 Joint Venture became aware that a condition of the Certain Maritime Arrangements in the Timor Sea ("CMATS") had lapsed, enabling either Australia or Timor-Leste to move to extinguish this Treaty. Based upon legal advice, this change to CMATS may have implications for the Joint Venture's tenure in JPDA 06-103. During the reporting period Oilex (JPDA 06-103) Ltd, on behalf of the JPDA 06-103 Joint Venture participants, submitted to the Autoridade Nacional do Petróleo ("ANP"), a request to terminate the Production Sharing Contract ("PSC") by mutual agreement in accordance with its terms and without penalty or claim due to the ongoing uncertainty in relation to security of tenure.

There have been no other significant changes in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in this report or the financial statements.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Subsequent to the end of the financial year Oilex successfully completed the remaining stages two to four of the Cambay-77H well fracture stimulation programme. Plug milling operations were completed with gas flowing to the surface and light crude oil recovered during flow-back operations and gas sent to flare.

On 15 July 2014 the Company announced that it had raised £1,171,800 or $2,131,560 before expenses, estimated at $127,894, with a placement utilising the Company's 15% placement capacity under ASX Listing Rule 7.1, of 18,600,000 shares at 6.3 pence or 11.46 cents per share, via a drawdown on the Equity Financing Facility ("EFF") negotiated with Darwin Strategic Limited ("Darwin"). Of the final number of shares issued, 2,350,000 shares were contracted to be issued as at 30 June 2014.

On 14 July 2014 the ANP with prior consent of the Timor Sea Treaty Joint Commission, advised of the approval to further extend the JPDA 06-103 PSC temporary suspension period to 15 October 2014.

Subsequent to the end of the reporting period the Company issued a further 7,208,078 shares on the exercise of listed options with an exercise price of $0.15.

Following an action commenced by a supplier against PT Sumatera Persada Energi, the Commercial Court in Jakarta on 1 September 2014 has granted an application for "Temporary Suspension of Payment Obligation" for 45 days while a series of meetings are held with creditors to discuss a composition plan, managed by an administrator team appointed by the court. Oilex is currently obtaining legal advice to determine the appropriate course of action to ensure recovery of the secured debt.

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

LIKELY DEVELOPMENTS

Additional comments on expected results on operations of the Group are included in the Business Review on pages 4 to 16.

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 not in the best interests of the Group.

FINANCIAL POSITION

Capital Structure and Treasury Policy

On 28 October 2013 shareholders at a General Meeting ratified the issue of 38 million tranche 1 ordinary shares and approved the issue of an additional 30 million tranche 2 ordinary shares and 34 million listed options. The placement was priced at an issue price of $0.05 per new share, including a one for two attaching listed option exercisable at $0.15 per share on or before 7 September 2015.

On 17 April 2014 shareholders at a General Meeting ratified the issue of 93 million ordinary shares and approved the issue of a further 1.75 million ordinary shares at an issue price of $0.072 per new share. In addition shareholders approved the issue, to the joint lead managers of this placement, of 10 million listed options exercisable at $0.15 per share on or before 7 September 2015.

On 2 May 2014 the Company announced that it was required to issue 73,505,090 new ordinary shares to Magna Energy Limited ("Magna") under the terms of the unwind provisions approved by shareholders at a General Meeting on 4 October 2013.

During the financial year 1,200 listed $0.15 options were exercised with an additional 7,208,078 listed $0.15 options exercised subsequent to the reporting period.

At the date of this report, the Company had a total issued capital of 616,842,867 ordinary shares, 188,684,033 listed options exercisable at $0.15, and 38,962,500 unlisted options exercisable at prices between $0.15 and $0.63 per share.

Cash management is reviewed on a regular basis by the Group's Chief Financial Officer and reported to the Board on a monthly basis 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 equity or debt funding, as well as assets divestiture or farmouts to fund its expenditure commitments.

Liquidity and Funding

As at 30 June 2014 the Group had no loan borrowings.

In December 2013 the Company secured a £7,500,000 three year Equity Financing Facility ("EFF") with Darwin Strategic Limited ("Darwin"). Under the terms of the EFF, the Company may at its discretion, issue placement shares to Darwin at any time until 5 December 2016, up to a total aggregate value of £7,500,000. Any drawdown of the facility and resultant issue of shares is limited to the Company's equity placing capacity under ASX Listing Rule 7.1 and 7.1A. The Company is under no obligation to make a draw down and may make drawdowns at its discretion, up to the total value of the EFF, by way of issuing subscription notices to Darwin. Each subscription notice specifies a minimum price below which ordinary shares will not be issued to Darwin.

Subsequent to year end the Company raised £1,171,800 or $2,131,560 before expenses, estimated at $127,894, with a placement of 18,600,000 shares at 6.3 pence or 11.46 cents per share, via a drawdown on the EFF. Of the final number of shares issued 2,350,000 shares were contracted to be issued as at 30 June 2014.

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

ENVIRONMENTAL ISSUES

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

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares		Number of Options Over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
M D J Cozijn	-	1,500,000	-	700,000
S Bhandari	-	8,600,000	-	6,000,000
B H McCarthy [1]	-	1,610,000	-	1,230,000
R L Miller [2]	-	6,029,436	-	9,252,500

[1] The number of unlisted options issued by the Company disclosed above excludes 250,000 unlisted options issued to a related party of Dr B H McCarthy, being Mrs R McCarthy.

[2] On 29 January 2013 the Company announced that Mr R Miller would be granted, as part of his remuneration as Managing Director, 2,000,000 unlisted options exercisable at 15 cents per share, vesting from date of grant with a three year term, subject to shareholder approval. Shareholder approval was granted in the current financial year at a General Meeting held 28 October 2013.

SHARE OPTIONS

Unissued Shares Under Option

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

Expiry Date	Exercise Price	Number of Shares	Expiry Date	Exercise Price	Number of Shares
Unlisted Options			Listed Options (ASX)		
10 November 2014	$0.37	8,737,500	7 September 2015	$0.15	188,684,033
1 August 2015	$0.63	75,000			
17 December 2015	$0.15	3,000,000			
30 January 2016	$0.15	1,000,000			
8 March 2016	$0.25	5,000,000			
27 June 2016	$0.15	500,000			
4 November 2016	$0.15	2,000,000			
11 November 2016	$0.15	2,000,000			
5 December 2016	$0.15	3,000,000			
30 January 2017	$0.25	1,000,000			
10 March 2017	$0.15	250,000			
27 June 2017	$0.25	500,000			
5 August 2017	$0.25	1,325,000			
25 August 2017	$0.25	1,500,000			
11 November 2017	$0.25	2,000,000			
10 March 2018	$0.25	250,000			
5 August 2018	$0.35	1,325,000			
29 April 2019	$0.15	4,000,000			
25 August 2019	$0.35	1,500,000			
Total		38,962,500	Total		188,684,033

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

DIRECTORS' REPORT

SHARE OPTIONS (CONTINUED)

Unissued Shares Under Option that Expired During the Year

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

Date Lapsed	Number	Exercise Price
1 August 2013	75,000	$0.50
13 November 2013	3,000,000	$0.15
11 March 2014	250,000	$0.25
21 May 2014	250,000	$0.15

Shares Issued on Exercise of Unlisted Employee Options

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

SHARES ISSUED ON EXERCISE OF LISTED OPTIONS

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

	Number of Shares	Amount Paid on Each Share
During the financial year	1,200	$0.15
Since the end of the financial year	7,208,078	$0.15

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

NON-AUDIT SERVICES

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

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

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

Details of the amounts paid to the auditor of the Group, KPMG Australia, and its network firms for audit and non-audit services provided during the year are set out below.

	2014 $	2013 $
Audit and review of financial statements		
Audit and review of financial reports (KPMG Australia)	125,689	107,260
Audit of Joint Operations operated by Oilex Ltd Operator proportion only (KPMG Australia)	1,800	829
Audit and review of financial reports (KPMG related practices)	27,921	14,919
	155,410	123,008
Services other than audit and review of financial statements		
Taxation compliance services (KPMG Australia)	46,750	23,544
Corporate services (KPMG Australia)	10,654	-
Secondment of staff (KPMG Australia)	-	52,203
Taxation compliance services (KPMG related practices)	19,469	33,271
	76,873	109,018
Total paid to KPMG	232,283	232,026

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration for the year ended 30 June 2014 has been received and can be found on page 43.

REMUNERATION REPORT - AUDITED

1. PRINCIPLES OF COMPENSATION - AUDITED

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

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

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

- the capability and experience of the key management personnel;
- the ability of key management personnel to control the performance of the relevant segments;
- the Company's performance including:
  - the Group's earnings; and
  - the growth in share price and delivering constant returns on shareholder wealth;
- exploration success; and
- development of projects.

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

1.1 Fixed Compensation

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

Executives that are permanently based in Gujarat India are paid an allowance up to 35 per cent of their base salary as an Indian Premium. Non-monetary benefits include living expenses and home travel whilst based in India.

1.2 Performance Linked Compensation

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

Short-term incentive bonus

The Group has introduced short-term incentives to some of the executive team that are dependent upon 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. Short-term incentives may also be utilised to retain, motivate or reward an executive.

The short-term incentive cash bonus applicable to Mr Bekkers, the Chief Geoscientist, set at $25,000 by the Remuneration Committee, was granted on the achievement of discovering and proving the hypothesis on the Wallal Graben.

Short-term incentives awarded in the current year were accrued as compensation and fully vested to key management personnel during the period. The short-term incentive for Mr Bekkers is to be paid in the following year.

Long-term incentive bonus

The Oilex Ltd Employee Performance Rights Plan ("the Plan") lapsed in the previous financial year, pending a revision of the Plan. Options issued to senior executives after 26 November 2012 are issued under the Australian Securities Exchange Rule 7.1.

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

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

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

Remuneration packages are not linked to profit performance as the Company is an exploration and appraisal company that is not generating profits or net operating cash inflows and as such does not pay any dividends. It is the performance of the overall exploration and appraisal programme and ultimately the share price that largely determines Oilex's performance. The Remuneration Committee therefore considers 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.

	2014	2013	2012	2011	2010
Share Price (cents)	11.5	5.0	11.0	33.0	8.5

DIRECTORS' REPORT

1. PRINCIPLES OF COMPENSATION – AUDITED (CONTINUED)

1.2 Performance Linked Compensation (continued)

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

1.3 Non-Executive Directors

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

The Chairman's base annual fee including superannuation was set at $87,200 on 1 July 2009 and remains unchanged as at 30 June 2014 other than to include the legislated increases to the superannuation guarantee levy of 0.25 per cent.

The Vice Chairman's base annual fee including superannuation was set at $65,400 on 29 July 2011 and remains unchanged as at 30 June 2014.

The base annual fee including superannuation was set at $54,500 from 1 July 2011 for the other Non-Executive Directors and remains unchanged as at 30 June 2014, other than to include the legislated increases to the superannuation guarantee levy of 0.25 per cent.

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

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

Gross fees paid to India Hydrocarbons Limited ("IHL"), a related party of Mr Bhandari, are for consultancy services provided in addition to directorial services and therefore are not part of the fixed component. Payments made for consultancy services to IHL are for services undertaken under a consultancy contract with the Company negotiated effective from 1 May 2006, six years prior to Mr S Bhandari becoming a Non-Executive Director on 9 November 2011. The gross annual amounts paid of $244,911 (2013: $87,625) relating to consultancy services are disclosed in the key management personnel disclosures in the Related Parties note 27 to the Consolidated Financial Statements. The Group's share of these fees of $115,108 (2013: $43,813) are disclosed in other related party transactions in the Related Parties note 27 to the Consolidated Financial Statements. The balance of 53% (2013: 50%) is payable by the Joint Operations.

Following the departure of Oilex's Chief Operating Officer during the financial year, Mr Bhandari has taken on a more active role in India and is assisting in strategy, commercial and joint venture related issues.

In addition, Oilex paid an introduction fee during the year to IHL when Magna Energy Limited ("Magna") was introduced to Oilex by IHL, who assisted the Company in managing the negotiation of the Sale and Purchase Agreement, initially for the partial sale of its Cambay asset. In recognition of this the Company agreed to the payment of an introduction fee to IHL of 2.5% of the consideration received by the Company, payable only upon receipt of funds from Magna. This introduction fee was assessed on normal commercial terms and was on an arm's length basis. The amount paid of $108,849 (US $100,000) has been included in the remuneration of Mr Bhandari in the current year.

Shareholder approval was given on 17 April 2014 at Oilex Ltd's General Meeting to issue 4,000,000 options with an exercise price of $0.15, expiring 29 April 2019, to India Hydrocarbons Limited. These options are disclosed in the total remuneration of Mr Bhandari.

1.4 Remuneration Consultants

There were no remuneration recommendations made in relation to key management personnel by remuneration consultants in the financial year ended 30 June 2014.

2. EMPLOYMENT CONTRACTS - AUDITED

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

Executive	Position	Contract Start Date	Contract Termination Date	Resignation Notice Required	Unvested Options on Resignation	Termination Notice Required from the Company [1]	Termination Payment
R Miller	Managing Director	n/a	n/a	n/a	Forfeited	n/a	n/a
R Ierace	Chief Financial Officer and Company Secretary	30 January 2013	n/a	3 months	Forfeited	3 months	n/a
P Bekkers	Chief Geoscientist	6 March 2007	n/a	1 month	Forfeited	1 month	For termination by the Company, one months' salary plus any accrued leave entitlement. If a Material Change Event occurs, employee may give notice to the Company within 60 days of the Material Change Event, terminating the Contract of Employment and following that effective date, the Company will pay a Termination Payment equal to $125,000.

[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.

DIRECTORS' REPORT

3. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION - AUDITED

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

		Short-Term				Post-Employment Superannuation Benefits
	Year	Salary & Fees $	STI Cash Bonus [1] $	Non Monetary Benefits [2] $	Total $	$
Non-Executive Directors						
M D J Cozijn	2014	80,000	-	-	80,000	7,400
Chairman	2013	80,000	-	-	80,000	7,200
S Bhandari [5]	2014	419,160	-	-	419,160	-
Vice Chairman	2013	153,025	-	-	153,025	-
B H McCarthy [6]	2014	50,000	-	-	50,000	4,625
Non-Executive Director	2013	234,811	-	28,000	262,811	20,759
Executive Directors						
R L Miller [7]	2014	256,000	-	-	256,000	54,625
Managing Director	2013	84,000	-	-	84,000	54,500
Executives						
R Ierace [8]	2014	270,000	-	-	270,000	24,975
Chief Financial Officer / Company Secretary	2013	122,430	-	-	122,430	11,019
P Bekkers [9]	2014	277,776	25,000	-	302,776	25,694
Chief Geoscientist	2013	271,001	-	-	271,001	24,390
M Maloney [10]	2014	139,885	-	15,346	155,231	-
Chief Operating Officer	2013	453,401	31,500	54,036	538,937	30,083
Total	**2014**	**1,492,821**	**25,000**	**15,346**	**1,533,167**	**117,319**
Total	2013	1,398,668	31,500	82,036	1,512,204	147,951

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

Refer to the following explanatory notes for additional information.

Other Long-Term Benefits [3] $	Termination Benefits $	Share-based Payments Options [4] $	Total $	Value of Options as Proportion of Remuneration %	Proportion of Remuneration Performance Related %
-	-	-	87,400	-	-
-	-	-	87,200	-	-
-	-	189,289	608,449	31%	31%
-	-	-	153,025	-	-
-	-	-	54,625	-	-
-	-	-	283,570	-	-
-	-	63,550	374,175	17%	17%
-	-	36,630	175,130	21%	21%
16,642	-	14,676	326,293	4%	4%
9,393	-	33,108	175,950	19%	19%
29,326	-	9,442	367,238	3%	9%
29,217	-	9,698	334,306	3%	3%
-	161,307	8,350	324,888	3%	3%
-	-	254,163	823,183	31%	35%
45,968	**161,307**	**285,307**	**2,143,068**		
38,610	-	333,599	2,032,364		

DIRECTORS' REPORT

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

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

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

(2) Non-monetary benefits include provision of home travel, accommodation and related expenses whilst working in Gujarat India, away from normal place of residence.

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

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

The following factors and assumptions were used in determining the fair value of 2014 options on grant date:

2014 Grant Date	Vesting Date	Expiry Date	Fair Value Per Option	Exercise Price	Price of Shares on Grant Date	Expected Volatility	Risk Free Interest Rate	Dividend Yield
28 October 2013 (1)	28 October 2013	04 November 2016	$0.02	$0.15	$0.05	90.00%	2.50%	-
11 November 2013 (1)	11 November 2013	11 November 2016	$0.02	$0.15	$0.05	91.38%	2.50%	-
11 November 2013 (1)	11 November 2013	11 November 2017	$0.02	$0.25	$0.05	91.38%	2.50%	-
29 April 2014 (2)	29 April 2014	29 April 2019	$0.05	$0.15	$0.07	99.39%	2.50%	-

(1) Refer note (7)

(2) Refer note (5)

(5) Mr Bhandari was appointed a Non-Executive Director on 9 November 2011. Prior to this appointment, India Hydrocarbons Limited ("IHL") provided consultancy services to the Group, which continue to be provided. With the departure of the India Chief Operating Officer, additional responsibilities have been undertaken by IHL and Mr Bhandari. Mr Bhandari is assisting in strategy, commercial and joint venture related issues. The board considers that the additional remuneration is reasonable in the circumstances. Salary and fees since appointment consist of director fees of $65,400 (2013: $65,400) and the IHL consultancy service fees, the majority of work which is undertaken by Mr Bhandari, of $244,911 (2013: $87,625). The net cost to the Group (after Joint Venture recoveries) in relation to the consultancy service was $115,108 (2013: $43,813).

In addition the Company paid an introduction fee to IHL of 2.5% of the consideration received by the Company from Magna Energy Limited ("Magna"). Magna was introduced by IHL originally as a prospective purchaser of part of the Cambay Production Sharing Contract, but subsequently became a substantial shareholder in the Company, when consent from the Government of India was not received by the due date of 1 May 2014. The introduction fee, payable upon receipt of the funds from Magna, was on an arm's length basis and $108,849 (US$100,000) is included as remuneration in the current year.

Shareholder approval was granted at a General Meeting on 17 April 2014 to issue Mr Bhandari, or his nominee, 4,000,000 unlisted options exercisable at 15 cents per share, vesting from date of grant with a five year term. The unlisted options were granted in recognition of Mr Bhandari taking on a more active role in India.

(6) Dr McCarthy resigned as Managing Director on 31 December 2012 and became a Non-Executive Director from 1 January 2013. The amount paid for Non-Executive Director fees for the year ended 30 June 2014 was $54,625. The previous year included $27,250 paid for Non-Executive Director fees since 1 January 2013 and $256,320 paid as Managing Director, including $28,000 non-monetary benefits paid whilst working in Gujarat India.

(7) On 1 January 2013 Mr Miller was appointed as Managing Director, prior to this Mr Miller was a Non-Executive Director. Of the total amount of salaries, fees and superannuation paid to Mr Miller in the current year of $310,625 (2013: $138,500), $54,625 (2013: $54,500) is salary sacrificed into superannuation and $256,000 (2013:$84,000) was invoiced to the Group for his services as Managing Director. Mr Miller was paid an additional $40,000 in the current year to compensate for additional time spent in India working on the Cambay-77H well. The remuneration paid to Mr Miller in the prior year consisted of $27,250 Non-Executive Director fees plus $111,250 Managing Director fees.

On 29 January 2013 the Company announced that Mr Miller or his nominee, would be granted, as part of his remuneration as Managing Director, 2,000,000 unlisted options exercisable at 15 cents per share, vesting from date of grant with a three year term, subject to shareholder approval. Shareholder approval was granted in the current financial year on 28 October 2013. The fair value of these options was included as remuneration in 2013 and the $4,389 adjustment to the fair value of these options is included as remuneration in the current year.

Shareholder approval was granted at the Annual General Meeting on 11 November 2013 to issue Mr Miller or his nominee, 2,000,000 unlisted options exercisable at 15 cents per share, vesting from date of grant with a three year term and 2,000,000 unlisted options exercisable at 25 cents per share, vesting from date of grant with a four year term. The unlisted options were granted in recognition of Mr Miller's contribution to the Company.

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

Notes in Relation to the Table of Directors' and Executive Officers' Remuneration (continued)

(8) On 30 January 2013 Mr Ierace became key management personnel.

(9) On 1 July 2013 Mr Bekkers become key management personnel.

(10) Ceased employment on 4 October 2013.

Analysis of bonuses included in remuneration

Details of the vesting profile of the short-term incentive cash bonuses awarded as remuneration to key management personnel are detailed below:

	Short-term Incentive Cash Bonus		
Executives	Included in Remuneration	% Vested in Year	% Forfeited in Year [1]
Mr P Bekkers [2]	$25,000	100%	-

[1] The amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year.

[2] Amounts included in remuneration for the financial year represent the amount related to the financial year based on achievement of performance hurdles or a service condition, and the satisfaction of specified performance criteria. The Remuneration Committee approved this amount on 1 August 2014.

4. EQUITY INSTRUMENTS - AUDITED

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

4.1 Options Over Equity Instruments Granted as Compensation

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

	Number of Options Granted	Grant Date	Fair Value of Options at Grant Date	Exercise Price of Options Granted	Expiry Date of Options Granted	Number of Options Vested
R L Miller	2,000,000	28 October 2013	$0.02	$0.15	4 November 2016	2,000,000
R L Miller	2,000,000	11 November 2013	$0.02	$0.15	11 November 2016	2,000,000
R L Miller	2,000,000	11 November 2013	$0.02	$0.25	11 November 2017	2,000,000
S Bhandari	4,000,000	29 April 2014	$0.05	$0.15	29 April 2019	4,000,000
R Ierace	-	-	-	-	-	1,000,000
P Bekkers	-	-	-	-	-	500,000
M Maloney	-	-	-	-	-	3,000,000

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

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

Details of options over ordinary shares in the Company that were granted as compensation to key management personnel and executives since the end of the financial year are as follows:

	Number of Options Granted	Grant Date	Number of Options Vested	Fair Value of Options Granted	Exercise Price of Options Granted	Expiry Date of Options Granted
P Bekkers	500,000	5 August 2014	500,000	$51,873	$0.25	5 August 2017
P Bekkers	500,000	5 August 2014	-	$54,503	$0.35	5 August 2018

With the exception of options that have vested, which can be retained by the employee in accordance with the timeframes in the option terms and conditions, all options expire on the earlier of their expiry date or termination of the individual's employment.

DIRECTORS' REPORT

4. EQUITY INSTRUMENTS – AUDITED (CONTINUED)

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

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

	Number of Options	Grant Date	% Vested in Year	% Forfeited in Year [1]	Financial Years in Which Grant Vests
R L Miller	750,000	26 November 2009	-	-	(a)
R L Miller	2,000,000	28 October 2013	100%	-	(b)
R L Miller	2,000,000	11 November 2013	100%	-	(b)
R L Miller	2,000,000	11 November 2013	100%	-	(b)
M D J Cozijn	500,000	10 November 2010	-	-	(c)
S Bhandari	2,000,000	7 February 2011	-	-	(b)
S Bhandari	4,000,000	29 April 2014	100%	-	(b)
B H McCarthy	2,000,000	10 November 2010	-	-	(b)
R Ierace	2,000,000	22 February 2013	50%	-	(d)
P Bekkers	300,000	17 August 2009	-	-	(a)
P Bekkers	750,000	10 November 2010	-	-	(c)
P Bekkers	1,000,000	27 June 2013	50%	-	(d)
M Maloney	6,000,000	17 July 2012	50%	50%	(e)

[1] The percentage forfeited represents options forfeited as a result of not achieving the performance criteria.

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

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

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

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

(e) The options issued may vest and can be exercised as one half a year after grant date and one half two years from grant date. All options that have vested can be retained by employee upon resignation or termination of employment. All options will lapse upon resignation or termination of employment with the Company prior to the option's vesting date.

4. EQUITY INSTRUMENTS - AUDITED (CONTINUED)

4.6 Analysis of Movements in Equity Instruments

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

	Value of Options $		
	Granted in Year [1]	Exercised in Year	Forfeited in Year [2]
R L Miller	63,550	-	-
M D J Cozijn	-	-	-
S Bhandari	189,289	-	-
B H McCarthy	-	-	-
R Ierace	14,676	-	-
P Bekkers	9,442	-	-
M Maloney	8,350	-	51,710

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

[2] The value of options forfeited during the year represents the fair value of options, as measured at date of cancellation and was calculated using the Black-Scholes Model. The value of options forfeited during the year due to the result of not meeting the performance conditions is determined assuming the vesting conditions had been satisfied.

There is no adjustment made to the value of options included in remuneration or the financial results where the option has a greater or lesser value as compared to the grant date value.

4.7 Options over Equity Instruments Granted as Compensation

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

	Held at 1 July 2013	Granted as Compensation	Exercised	Other Changes #	Held at 30 June 2014	Vested During the Year	Vested and Exercisable at 30 June 2014
R L Miller [1]	750,000	6,000,000	-	-	6,750,000	6,000,000	6,750,000
M D J Cozijn	500,000	-	-	-	500,000	-	500,000
S Bhandari	2,000,000	4,000,000	-	-	6,000,000	4,000,000	6,000,000
B H McCarthy	2,000,000	-	-	-	2,000,000	-	2,000,000
R Ierace	2,000,000	-	-	-	2,000,000	1,000,000	2,000,000
P Bekkers	2,050,000	-	-	-	2,050,000	500,000	2,050,000
M Maloney [2]	6,000,000	-	-	(3,000,000)	3,000,000	3,000,000	3,000,000

[1] On 29 January 2013 the Company announced that Mr R Miller would be granted, as part of his remuneration as Managing Director, 2,000,000 unlisted options exercisable at 15 cents per share, vesting from date of grant with a three year term, subject to shareholder approval. Shareholder approval was granted in the current financial year at a General Meeting held 28 October 2013.

[2] Holding as at date of resignation on 4 October 2013.

Other changes represent options and rights that expired or were forfeited during the year.

5. KEY MANANGEMENT PERSONNEL TRANSACTIONS - AUDITED

5.1 Other Transactions with Key Management Personnel

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

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

These transactions have all been disclosed in the remuneration table.

DIRECTORS' REPORT

5. KEY MANANGEMENT PERSONNEL TRANSACTIONS - AUDITED (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 2013	Received on Exercise of Options	Other Changes[1]	Held at 30 June 2014
R L Miller	3,379,436	-	2,650,000	6,029,436
M D J Cozijn	1,400,000	-	100,000	1,500,000
S Bhandari	7,600,000	-	1,000,000	8,600,000
B H McCarthy	1,610,000	-	-	1,610,000
R Ierace	-	-	200,000	200,000
P Bekkers	-	-	400,000	400,000
M Maloney [2]	2,671,801	-	-	2,671,801

[1] Other changes represent shares that were purchased or sold during the year and includes participation in placements approved by shareholders on 28 October 2013 and 17 April 2014.

[2] Holding as at date of resignation on 4 October 2013.

5.3 Movements in Listed Options

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

	Held at 1 July 2013	Issue of Listed Options [1]	Other Changes [2]	Purchased	Held at 30 June 2014
R L Miller	252,500	500,000	-	2,500,000	3,252,500
M D J Cozijn	200,000	-	-	-	200,000
S Bhandari	-	-	-	-	-
B H McCarthy	230,000	-	-	-	230,000
R Ierace	-	100,000	-	-	100,000
P Bekkers	-	200,000	-	-	200,000
M Maloney [3]	206,080	-	-	-	206,080

[1] Includes participation in Tranche 2 of placement approved by shareholders on 28 October 2013.

[2] Other changes represent listed options that were exercised or sold during the year.

[3] Holding as at date of resignation on 4 October 2013.

END OF REMUNERATION REPORT - AUDITED

Mr Max Cozijn
Chairman

Mr Ronald Miller
Managing Director

Signed in accordance with a resolution of the Directors.

Leederville, Western Australia
12 September 2014

AUDITOR'S INDEPENDENCE DECLARATION

KPMG

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

To: the directors of Oilex Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

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

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

KPMG

Brent Steedman
Partner

Perth
12 September 2014

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Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Revenue	6(a)	**250,620**	195,925
Cost of sales	6(b)	**(415,207)**	(492,946)
Gross loss		**(164,587)**	(297,021)
Other income	6(c)	**695,032**	-
Exploration expenditure	6(d)	**(1,718,674)**	(1,396,596)
Administration expense	6(e)	**(2,855,933)**	(2,439,777)
Share-based payments expense	19	**(399,112)**	(366,236)
Other expenses	6(f)	**(109,982)**	(4,763,386)
Results from operating activities		**(4,553,256)**	(9,263,016)
Finance income		**67,705**	84,760
Finance costs		**(28)**	(201)
Foreign exchange gain	6(g)	**732,968**	68,000
Net finance income		**800,645**	152,559
Loss before income tax		**(3,752,611)**	(9,110,457)
Tax expense	7	**-**	-
Loss for the period		**(3,752,611)**	(9,110,457)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign operations - foreign currency translation differences		**(1,554,101)**	2,132,927
Other comprehensive (loss)/income for the period, net of tax		**(1,554,101)**	2,132,927
Total comprehensive loss for the period		**(5,306,712)**	(6,977,530)
Earnings per share			
Basic loss per share (cents per share)	8	**(0.8)**	(2.7)
Diluted loss per share (cents per share)	8	**(0.8)**	(2.7)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	2014 $	2013 $
Assets			
Cash and cash equivalents	9	**7,455,572**	3,598,640
Trade and other receivables	10	**3,684,488**	1,914,816
Prepayments	11	**733,654**	454,543
Inventories	12	**1,047,630**	1,331,912
Total current assets		**12,921,344**	7,299,911
Trade and other receivables	10	**80,585**	-
Exploration and evaluation	13	**26,320,952**	22,553,085
Property, plant and equipment	14	**254,741**	279,719
Total non-current assets		**26,656,278**	22,832,804
Total assets		**39,577,622**	30,132,715
Liabilities			
Trade and other payables	15	**2,776,075**	2,476,260
Employee benefits	16	**386,198**	234,846
Provisions	17	**132,966**	-
Total current liabilities		**3,295,239**	2,711,106
Provisions	17	**2,928,141**	3,158,220
Total non-current liabilities		**2,928,141**	3,158,220
Total liabilities		**6,223,380**	5,869,326
Net assets		**33,354,242**	24,263,389
Equity			
Issued capital	18	**149,250,072**	135,371,619
Reserves	18	**5,179,638**	6,308,559
Accumulated losses		**(121,075,468)**	(117,416,789)
Total equity		**33,354,242**	24,263,389

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 2014

	Attributable to Owners of the Company				
	Issued Capital $	Option Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance at 30 June 2012	130,057,307	4,519,584	511,808	(110,440,298)	24,648,401
Total comprehensive loss for the period					
Loss	-	-	-	(9,110,457)	(9,110,457)
Other comprehensive income					
Foreign exchange gain on disposal of foreign subsidiary transferred to profit and loss	-	-	1,663	-	1,663
Foreign currency translation differences	-	-	2,131,264	-	2,131,264
Total other comprehensive income	-	-	2,132,927	-	2,132,927
Total comprehensive (loss)/income for the period	-	-	2,132,927	(9,110,457)	(6,977,530)
Transactions with owners of the Company - Contributions and distributions					
Shares issued	7,093,097	-	-	-	7,093,097
Capital raising costs [1]	(1,794,034)	911,970	-	-	(882,064)
Shares issued on exercise of listed options	15,249	-	-	-	15,249
Transfer on exercise of options or performance rights	-	(17,380)	-	17,380	-
Transfers on forfeited options	-	(2,116,586)	-	2,116,586	-
Share-based payment transactions	-	366,236	-	-	366,236
Total transactions with owners of the Company	5,314,312	(855,760)	-	2,133,966	6,592,518
Balance at 30 June 2013	135,371,619	3,663,824	2,644,735	(117,416,789)	24,263,389
Balance at 30 June 2013	135,371,619	3,663,824	2,644,735	(117,416,789)	24,263,389
Total comprehensive loss for the period					
Loss	-	-	-	(3,752,611)	(3,752,611)
Other comprehensive income					
Foreign exchange gain on disposal of foreign subsidiary transferred to profit and loss	-	-	(1,800,029)	-	(1,800,029)
Foreign currency translation differences	-	-	245,928	-	245,928
Total other comprehensive income	-	-	(1,554,101)	-	(1,554,101)
Total comprehensive (loss)/income for the period	-	-	(1,554,101)	(3,752,611)	(5,306,712)
Transactions with owners of the Company - Contributions and distributions					
Shares issued	14,915,770	-	-	-	14,915,770
Capital raising costs [1]	(1,037,497)	120,000	-	-	(917,497)
Shares issued on exercise of listed options	180	-	-	-	180
Transfer on exercise of options	-	-	-	-	-
Transfers on forfeited options	-	(93,932)	-	93,932	-
Share-based payment transactions	-	399,112	-	-	399,112
Total transactions with owners of the Company	13,878,453	425,180	-	93,932	14,397,565
Balance at 30 June 2014	149,250,072	4,089,004	1,090,634	(121,075,468)	33,354,242

[1] Capital raising costs include cash payments and the fair value of listed options granted to the underwriter and sub-underwriter following shareholder approval.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Cash receipts from customers		**245,713**	211,963
Payments to suppliers and employees		**(3,399,131)**	(2,941,598)
Cash outflow from operations		**(3,153,418)**	(2,729,635)
Payments for exploration and evaluation expenses		**(3,096,786)**	(2,065,104)
Cash receipts from government grants		**336,515**	-
Interest received		**67,922**	85,112
Interest paid		**(27)**	(200)
Net cash used in operating activities	20	**(5,845,794)**	(4,709,827)
Cash flows from investing activities			
Advances from/(to) joint ventures		**33,784**	(27,024)
Payments for capitalised exploration and evaluation		**(3,872,230)**	(2,258,421)
Proceeds from sale of assets and materials		**1,984**	1,367
Acquisition of property, plant and equipment		**(64,480)**	(59,592)
Net cash used in investing activities		**(3,900,942)**	(2,343,670)
Cash flows from financing activities			
Proceeds from issue of share capital		**14,646,622**	7,108,346
Payment for share issue costs		**(951,061)**	(882,065)
Net cash from financing activities		**13,695,561**	6,226,281
Net increase/(decrease) in cash held		**3,948,825**	(827,216)
Cash and cash equivalents at 1 July		**3,598,640**	4,363,383
Effect of exchange rate fluctuations		**(91,893)**	62,473
Cash and cash equivalents at 30 June	9	**7,455,572**	3,598,640

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1 – REPORTING ENTITY

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

NOTE 2 – BASIS OF PREPARATION

(a) Statement of Compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 12 September 2014.

(b) Basis of Measurement

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

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

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

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

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amount recognised in the consolidated financial statements.

i) Going Concern

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(f).

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

i) Exploration and Evaluation Assets

The Group's accounting policy for exploration and evaluation expenditure is set out in note 3(e). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, including, in particular, the assessment of whether economic quantities of resources have been found, or alternatively, that the sale of the respective areas of interest will be achieved. Critical to this assessment is estimates and assumptions as to contingent and prospective resources, the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. These estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, it is determined that the expenditure is unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the consolidated statement of profit or loss and other comprehensive income. The carrying amounts of exploration and evaluation assets are set out in note 13.

ii) Rehabilitation Provisions

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

iii) Impairment of Assets

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

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

iv) Recognition of Tax Losses

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

(e) Changes in Accounting Polices

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

i) Subsidiaries

As a result of the adoption of AASB 10 *Consolidated Financial Statements*, the Group has changed its accounting policy with respect to determining whether it has control over, and consequently whether it consolidates, its subsidiaries.

AASB 10 introduces a revised definition of control and establishes a single control model that applies to all entities. The new control model broadens the situations when an entity is considered to be controlled by another entity.

The adoption of AASB 10 had no material effect on the financial position or the consolidated financial statements of the Group.

ii) Joint Arrangements

As a result of the adoption of AASB 11 *Joint Arrangements*, the Group has changed its accounting policy for its interests in joint arrangements. The Group has classified its interests in joint arrangements as either joint operations or joint ventures taking into consideration the structure of the arrangement. Joint operations give the venturers a right to the underlying assets and obligations of the venture and are accounted for by recognising the Group's share of those assets and obligations. Joint ventures give the venturers a right to the net assets of the venture and are accounted for using the equity method.

The adoption of AASB 11 had no impact on the financial position or the consolidated financial statements of the Group.

iii) Disclosure of Interests in Other Entities

As a result of the adoption of AASB 12 *Disclosures of Interests in Other Entities* the Group has expanded its disclosures about its interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. New disclosures have been introduced regarding the judgements made by management to determine whether control exists and to require summarised information about joint arrangements and subsidiaries with non-controlling interests where applicable.

The adoption of AASB 12 has resulted in additional disclosures (refer notes 21 and 25).

iv) Fair Value Measurement

AASB 13 *Fair Value Measurement* provides a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when fair value is required to be used, but rather provides guidance on how to determine fair value when required or permitted.

The adoption of AASB 13 had no material effect on the financial position or the consolidated financial statements of the Group. Additional fair value disclosures have been incorporated into the financial statements.

v) Employee Benefits

AASB 119 *Employee Benefits* revises the definition of short-term employee benefits, to benefits that are expected to be settled wholly within twelve months after the end of the annual reporting period in which the employees render the related service.

The adoption of AASB 119 had no material effect on the financial position or the consolidated financial statements of the Group.

vi) Offsetting of Financial Assets and Financial Liabilities

As a result of the amendments to AASB 7 *Financial Instruments: Disclosures* the Group has expanded its disclosures, where applicable, about the offsetting of financial assets and financial liabilities.

vii) Related Party Disclosures

As a result of the amendments to AASB 124 *Related Party Disclosures* certain individual key management personnel disclosures have been removed from the financial statements to the Remuneration Report.

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

NOTE 2 – BASIS OF PREPARATION (CONTINUED)

(f) Going Concern Basis

The Directors believe it is appropriate to prepare the consolidated financial statements on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business. The Group has incurred a loss of $3,752,611, and had cash outflows from operating and investing activities of $5,845,794 and $3,900,942 respectively. As at 30 June 2014, the Group's current assets exceeded current liabilities by $9,626,105 and the Group has cash and cash equivalents of $7,455,572.

The Group will continue to manage its expenditure to ensure that it has sufficient cash reserves for at least the next twelve months. The Group will require funds within the next twelve months in order to meet planned expenditures for its projects, and for any new business opportunities that the Group may acquire, noting that the timing and amount of discretionary expenditures may be able to be varied if required, although certain commitments exist in the medium term as per note 26.

After the end of the financial year, the Company completed a placement on the AIM register, raising $1,995,188 after expenses. An additional 7,208,078 shares at $0.15 per share were issued upon conversion of listed options to ordinary shares (raising $1,081,194 before expenses). The net proceeds from these capital raisings will assist to fund activities at its Cambay project in India. In addition the capital raising will assist in funding the proposed low level work programme in the Canning Basin in Western Australia and general working capital requirements.

In the opinion of the Directors, the Company has adequate plans in place to ensure that its funding requirements in the foreseeable future can be met and that the Group will be in a position to continue to meet its minimum administrative, evaluation and development expenditures 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 to sell or farmout some assets and further reduce exploration, evaluation and administrative expenditures.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Consolidation

i) Subsidiaries

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

ii) Joint Arrangements - Joint Ventures

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

iii) Joint Arrangements - Joint Operations

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

iv) Transactions Eliminated on Consolidation

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

(b) Foreign Currency

i) Foreign Currency Transactions

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

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

ii) Foreign Operations

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

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

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

(c) Financial Instruments

i) Share Capital

Ordinary Shares

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

ii) Non-derivative Financial Assets

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

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

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

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

Loans and Receivables

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

Loans and receivables comprise trade and other receivables.

iii) Non-derivative Financial Liabilities

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

Other financial liabilities comprise trade and other payables.

(d) Cash and Cash Equivalents

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

(e) Exploration and Evaluation Expenditure

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

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

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

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

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

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

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

Impairment of Exploration and Evaluation Expenditure

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

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

- The exploration licence term in the specific area of interest has expired during the reporting period or will expire in the near future and it is not anticipated that this will be renewed;
- Expenditure on further exploration and evaluation of specific areas is not budgeted or planned;

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Exploration and Evaluation Expenditure (continued)

Impairment of Exploration and Evaluation Expenditure (continued)

- Exploration for and evaluation of oil and gas assets in the specific area has not lead to the discovery of potentially commercial reserves; or
- Sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full, either by development or sale.

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

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

(f) Joint arrangements

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

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

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

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

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

(g) Inventories

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

(h) Impairment

i) Non-derivative Financial Assets (including receivables)

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

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

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

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

ii) Non-financial Assets

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

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

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

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

(i) Employee Benefits

i) Short-term Employee Benefits

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

ii) Long-term Employee Benefits

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

iii) Share-based Payment Transactions

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

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

(j) Product Revenue

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

(k) Provisions

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

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

(l) Leases

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

(m) Finance Income and Finance Costs

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

(n) Property, Plant and Equipment

i) Recognition and Measurement

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

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

ii) Subsequent Costs

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

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Property, Plant and Equipment (continued)

iii) Depreciation

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

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

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

(o) Income Tax

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

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

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

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

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

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

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

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

(p) Goods and Services Tax and Other Indirect Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

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

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

(q) Government Grants

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

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

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

(r) Earnings Per Share

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

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

(s) Segment Reporting

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

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

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

(t) Comparatives

Certain comparatives have been reclassified to conform with the presentation and classification in the current year. These include the disclosures in the Notes to the Consolidated Financial Statements in conformity with the requirements of AASB 12 *Disclosure of Interests in Other Entities*.

(u) New Standards and Interpretations Not Yet Adopted

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

- AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets and financial liabilities and the recognition and derecognition requirements for financial instruments. AASB 9 is effective for annual periods beginning on or after 1 January 2017 with early adoption permitted. The adoption of AASB 9 is not expected to have a material impact on the Group's financial assets or financial liabilities.
- AASB 2014-1 *Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle* sets out amendments to International Financial Reporting Standards and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvement process. These amendments have been adopted by the AASB and are effective for annual reporting periods beginning on or after 1 July 2014.
- AASB 2014-1 *Amendments to Australian Accounting Standards - Part C Materiality* sets out amendments to particular Australian Accounting Standards to delete their references to AASB 1031 *Materiality* and is effective for annual reporting periods beginning on or after 1 July 2014.

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

NOTE 4 – DETERMINATION OF FAIR VALUES

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

Trade and Other Receivables

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

Non-derivative Financial Liabilities

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

Share-based Payment Transactions

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

NOTE 5 – OPERATING SEGMENTS

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

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

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

	India		Australia		JPDA [(1)]
	2014 $	2013 $	**2014 $**	2013 $	**2014 $**
Revenue					
External revenue	**250,620**	195,925	**-**	-	**-**
Cost of sales					
Production costs	**(421,741)**	(489,608)	**-**	-	**-**
Movement in oil stocks inventory	**6,534**	(3,338)	**-**	-	**-**
Total cost of sales	**(415,207)**	(492,946)	**-**	-	**-**
Gross profit/(loss)	**(164,587)**	(297,021)	**-**	-	**-**
Exploration expenditure expensed (net of recovery)	**(1,396,013)**	(947,503)	**(672,276)**	(399,505)	**58,644**
Impairment of exploration and evaluation expenditure	**-**	(3,850,000)	**-**	-	**-**
Depreciation	**(26,732)**	(31,922)	**-**	-	**-**
Share-based payments	**(15,959)**	(4,316)	**-**	-	**-**
Other income	**-**	3,247	**-**	-	**-**
Other expenses	**(24,652)**	(54,883)	**-**	-	**(39,007)**
Reportable segment profit/(loss) before income tax	**(1,627,943)**	(5,182,398)	**(672,276)**	(399,505)	**19,637**
Net finance income					
Foreign exchange gain/(loss)					
Income tax expense					
Loss for the period					
Segment assets	**29,837,428**	26,674,518	**431,174**	-	**305,703**
Segment liabilities	**5,023,492**	4,042,458	**203,880**	-	**5,522**
Other segment information					
Capitalised exploration costs	**4,138,593**	(35,479)	**382,915**	-	**-**
Non-current assets	**26,049,929**	22,681,046	**382,915**	-	**-**
Additions to other plant and equipment	**13,907**	3,590	**-**	-	**-**

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.

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

Major Customer

The Group's most significant customer, Indian Oil Corporation Limited, in its capacity as nominee of the Government of India, represents 100% of the Group's total revenues (2013:100%).

JPDA [1]	Indonesia		Corporate [2]		Consolidated	
2013 $	**2014 $**	2013 $	**2014 $**	2013 $	**2014 $**	2013 $
-	**-**	-	**-**	-	**250,620**	195,925
-	**-**	-	**-**	-	**(421,741)**	(489,608)
-	**-**	-	**-**	-	**6,534**	(3,338)
-	**-**	-	**-**	-	**(415,207)**	(492,946)
-	**-**	-	**-**	-	**(164,587)**	(297,021)
(71,775)	**291,609**	(31,552)	**(638)**	53,738	**(1,718,674)**	(1,396,597)
(740,149)	**-**	-	**-**	-	**-**	(4,590,149)
(40)	**-**	-	**(58,447)**	(79,421)	**(85,179)**	(111,383)
-	**-**	-	**(383,153)**	(361,920)	**(399,112)**	(366,236)
-	**-**	-	**695,032**	(2,051)	**695,032**	1,196
(1,003)	**(22,401)**	(15,919)	**(2,794,676)**	(2,431,021)	**(2,880,736)**	(2,502,826)
(812,967)	**269,208**	(47,471)	**(2,541,882)**	(2,820,675)	**(4,553,256)**	(9,263,016)
					67,677	84,559
					732,968	68,000
					-	-
					(3,752,611)	(9,110,457)
382,598	**-**	-	**9,003,317**	3,075,599	**39,577,622**	30,132,715
237,776	**157,996**	204,812	**832,490**	1,384,280	**6,223,380**	5,869,326
386,302	**-**	-	**-**	-	**4,521,508**	350,823
-	**-**	-	**223,434**	151,758	**26,656,278**	22,832,804
-	**-**	-	**50,573**	56,002	**64,480**	59,592

NOTE 6 – REVENUE AND EXPENSES

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

	Note	2014 $	2013 $
(a) Revenue			
Oil sales		**250,620**	195,925
(b) Cost of Sales			
Production costs		**(421,741)**	(489,608)
Movement in oil stocks inventory		**6,534**	(3,338)
		(415,207)	(492,946)
(c) Other Income			
Government grants - research and development		**695,032**	-
(d) Exploration Expenditure			
Exploration expenditure (net of recovery)		**(1,718,674)**	(1,396,596)
(e) Administrative Expenses			
Employee benefits expense		**(886,318)**	(1,368,110)
Administration expense		**(1,969,615)**	(1,071,667)
		(2,855,933)	(2,439,777)
(f) Other Expenses			
Depreciation expense	14	**(85,179)**	(111,383)
Impairment of exploration and evaluation assets	13	**-**	(4,590,149)
(Loss)/gain on disposal of other assets		**(635)**	1,196
Impairment of inventory	12	**(24,168)**	(63,050)
		(109,982)	(4,763,386)
(g) Foreign Exchange (Loss)/Gain			
Foreign exchange loss - realised		**(971,504)**	(2,185)
Foreign exchange gain on disposal of foreign subsidiary transferred from foreign currency translation reserve		**1,800,029**	1,663
Foreign exchange (loss)/gain - unrealised		**(95,557)**	68,522
		732,968	68,000

NOTE 7 – INCOME TAX EXPENSE

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

	2014 $	2013 $
Loss before income tax	**(3,752,611)**	(9,110,457)
Income tax using the domestic corporation tax rate of 30% (2013: 30%)	**(1,125,783)**	(2,733,137)
Effect of tax rate in foreign jurisdictions	**(346,357)**	(669,739)
Non-deductible expenses		
Share-based payments	**119,734**	109,871
Foreign expenditure non-deductible	**872,012**	805,929
Reversal of interest income previously brought to account	**(1,068,400)**	-
Non-deductible impairment expenditure	**-**	1,155,000
Other non-deductible expenses	**424,840**	211,492
Non-assessable income		
Government grants - research and development	**(208,510)**	-
	(1,332,464)	(1,120,584)
Income tax expense	**-**	-
Unrecognised deferred tax assets generated during the year and not brought to account at balance date as realisation is not regarded as probable	**1,332,464**	1,120,584

	2014 $	2013 $
Unrecognised deferred tax assets not brought to account at balance date as realisation is not regarded as probable – temporary differences		
Other	**9,442,256**	8,223,452
Losses available for offset against future taxable income	**15,670,582**	15,125,143
Deferred tax asset not brought to account	**25,112,838**	23,348,595

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

The balance of the deferred tax asset not brought to account for the 2014 financial year will only be obtained 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 2014 financial year will only be obtained if the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised and the Group continues to comply with the deductibility conditions imposed by the Income Tax Act 1961 (India) and there is no change in income tax legislation adversely affecting the utilisation of the benefits.

Tax Consolidation

In accordance with tax consolidation legislation the Company, as the head entity of the Australian tax-consolidated group, has assumed the deferred tax assets initially recognised by members of the tax-consolidated group. Total tax losses of the Australian tax-consolidated group, available for offset against future taxable income are $7,076,881 (2013: $5,914,521).

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NOTE 8 – LOSS PER SHARE

(a) Basic Loss Per Share

The calculation of basic loss per share at 30 June 2014 was based on the loss for the period attributable to ordinary shareholders of $3,752,611 (2013: loss of $9,110,457) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2014 of 447,617,093 (2013: 335,832,439), calculated as follows:

	2014 $	2013 $
i) Loss Attributable to Ordinary Shareholders		
Loss for the Period	**3,752,611**	9,110,457

	2014 Number	2013 Number
ii) Weighted Average Number of Ordinary Shares		
Issued ordinary shares at 1 July	**354,778,499**	253,324,885
Effect of shares issued	**92,837,930**	82,452,045
Effect of share options exercised	**664**	55,509
Weighted average number of ordinary shares at 30 June	**447,617,093**	335,832,439

(b) Diluted Loss Per Share

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

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

The Company has issued 25,808,078 ordinary shares since year end.

NOTE 9 – CASH AND CASH EQUIVALENTS

	2014 $	2013 $
Cash at bank and on hand	**6,078,336**	2,960,143
Short-term bank deposits	**1,377,236**	638,497
	7,455,572	3,598,640

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

NOTE 10 – TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
Current		
Joint venture receivables	**2,250,556**	1,561,136
Other receivables	**1,433,932**	353,680
	3,684,488	1,914,816

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

	2014 $	2013 $
Non-Current		
Other receivables - India TDS (tax deducted at source)	**80,585**	-

NOTE 11 – PREPAYMENTS

	2014 $	2013 $
Prepayments	733,654	454,543

Prepayments include $502,143 relating to exploration expenditure.

NOTE 12 – INVENTORIES

	2014 $	2013 $
Oil on hand - net realisable value	**38,493**	33,147
Drilling inventory - net realisable value	**1,009,137**	1,298,765
	1,047,630	1,331,912

Following the submission to the Autoridade Nacional do Petroleo ("ANP") for a request to terminate the JPDA 06-103 Production Sharing Contract in the year ended 30 June 2013, the carrying value of inventory was reviewed as at 30 June 2014 and the writedown to net realisable value amounted to $24,168 (2013:$63,050), which is included in other expenses. There were no reversal of writedowns.

NOTE 13 – EXPLORATION AND EVALUATION

	2014 $	2013 $
Balance at 1 July	**22,553,085**	23,808,708
Expenditure capitalised net of recovery	**4,521,508**	350,823
Impairment of exploration and evaluation expenditure	**-**	(4,590,149)
Effect of movements in foreign exchange rates	**(753,641)**	2,983,703
Balance at 30 June	**26,320,952**	22,553,085

The Cambay asset is currently under evaluation. It has minimal production from ongoing well tests that is sold to a third party. In accordance with Note 3(e) no amortisation of the asset has been recorded.

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

No impairment was recognised or reversed in relation to the year ended 30 June 2014, as exploration and evaluation activities in the area of interest have not at the end of the reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and the active and significant operations in, or in relation to, the area of interest are continuing.

In the year ended 30 June 2013 the Group recognised an impairment of $3,850,000 relating to the Cambay asset based upon the fair value calculation of the intended agreement with a third party, Magna Energy Limited, to sell up to a 15% participating interest (gross) in the Cambay asset. The transaction was dependent upon obtaining the approval of the Government of India by 1 May 2014. This approval was not received by the due date and the funds received were allocated to issued capital following the allotment of the unwind shares in May 2014 (refer note 18). The Group also impaired $740,149 in the year ended 30 June 2013 due to the uncertainly of the JPDA 06-103 Product Sharing Contract tenure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 14 – PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles $	Plant and Equipment $	Office Furniture $	Total $
Cost				
Balance at 1 July 2012	10,810	1,691,639	124,851	1,827,300
Acquisitions	-	39,924	19,668	59,592
Disposals	-	(16,794)	-	(16,794)
Currency translation differences	1,336	32,687	6,818	40,841
Balance at 30 June 2013	12,146	1,747,456	151,337	1,910,939
Balance at 1 July 2013	12,146	1,747,456	151,337	1,910,939
Acquisitions	-	64,480	-	64,480
Disposals	-	(2,762)	-	(2,762)
Currency translation differences	(373)	(9,245)	(1,906)	(11,524)
Balance at 30 June 2014	11,773	1,799,929	149,431	1,961,133
Depreciation and Impairment Losses				
Balance at 1 July 2012	9,119	1,435,172	64,794	1,509,085
Depreciation charge for the year	437	101,840	9,106	111,383
Disposals	-	(16,406)	-	(16,406)
Currency translation differences	1,181	21,483	4,494	27,158
Balance at 30 June 2013	10,737	1,542,089	78,394	1,631,220
Balance at 1 July 2013	10,737	1,542,089	78,394	1,631,220
Depreciation charge for the year	363	76,699	8,117	85,179
Disposals	-	(1,727)	-	(1,727)
Currency translation differences	(339)	(6,588)	(1,353)	(8,280)
Balance at 30 June 2014	10,761	1,610,473	85,158	1,706,392
Carrying amounts				
At 1 July 2012	1,691	256,467	60,057	318,215
At 30 June 2013	1,409	205,367	72,943	279,719
At 1 July 2013	1,409	205,367	72,943	279,719
At 30 June 2014	**1,012**	**189,456**	**64,273**	**254,741**

NOTE 15 – TRADE AND OTHER PAYABLES

	2014 $	2013 $
Trade creditors	**819,955**	1,005,302
Accruals	**1,956,120**	1,470,958
	2,776,075	2,476,260

NOTE 16 – EMPLOYEE BENEFITS

	2014 $	2013 $
Employee entitlements	**386,198**	234,846

NOTE 17 – PROVISIONS

	2014 $	2013 $
Site Restoration and Well Abandonment		
Balance at 1 July	**3,158,220**	2,810,758
Provisions made during the year	**-**	-
Provisions utilised during the year	**-**	-
Effect of movements in exchange rates	**(97,113)**	347,462
Balance at 30 June	**3,061,107**	3,158,220
Current	**132,966**	-
Non-current	**2,928,141**	3,158,220
	3,061,107	3,158,220

NOTE 18 – ISSUED CAPITAL AND RESERVES

(a) Issued Capital

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

	2014 Number of Shares	2014 $ Issued Capital	2013 Number of Shares	2013 $ Issued Capital
Shares				
On issue 1 July - fully paid	**354,778,499**	**135,371,619**	253,324,885	130,057,307
Issue of share capital				
Shares issued for cash	**-**	**-**	101,329,954	7,093,097
Shares issued for cash (1)	**68,000,000**	**3,394,957**	-	-
Shares issued for cash (2)	**94,750,000**	**6,855,880**	-	-
Shares issued for cash (3)	**73,505,090**	**4,395,604**	-	-
Exercise of employee performance rights	**-**	**-**	22,000	-
Exercise of listed options (4)	**1,200**	**180**	101,660	15,249
Capital raising costs		**(917,497)**		(882,064)
Underwriter and sub-underwriter options		**(120,000)**		(911,970)
On issue at the end of the period - fully paid	**591,034,789**	**148,980,743**	354,778,499	135,371,619
Shares contracted to be issued - not fully paid (5)	**2,350,000**	**269,329**	-	-
Balance at the end of the period	**593,384,789**	**149,250,072**	354,778,499	135,371,619

Refer notes following for additional information.

	Number of Listed Options 2014	Number of Listed Options 2013
Listed Options		
On issue at 1 July	**151,893,311**	-
Issue of listed options (1)	**34,000,000**	50,665,017
Issue of listed underwriter and sub-underwriter options (2)	**10,000,000**	101,329,954
Exercise of listed options (4)	**(1,200)**	(101,660)
	195,892,111	151,893,311

NOTE 18 – ISSUED CAPITAL AND RESERVES (CONTINUED)

(a) Issued Capital (continued)

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

(1) On 28 October 2013 shareholders at a General Meeting ratified the issue of 38 million tranche 1 ordinary shares and approved the issue of an additional 30 million tranche 2 ordinary shares and 34 million listed options. The placement was priced at an issue price of $0.05 per new share, including a one for two attaching listed option exercisable at $0.15 per share on or before 7 September 2015.

(2) On 17 April 2014 shareholders at a General Meeting ratified the issue of 93 million ordinary shares and approved the issue of a further 1.75 million ordinary shares at an issue price of $0.072 per new share. In addition shareholders approved the issue, to the joint lead managers of this placement, of 10 million listed options exercisable at $0.15 per share on or before 7 September 2015. The fair value of these listed options is $120,000, as determined based upon the closing trading price of the first day of trading of the options. This amount is treated as a capital raising cost and recorded as a reduction in share capital.

(3) On 2 May 2014 the Company announced the issue of 73,505,090 new ordinary shares to Magna Energy Limited ("Magna") under the terms of the unwind provisions approved by shareholders on 4 October 2013 at a deemed price of $0.0598 per share.

On 9 August 2013 the Company announced that it had entered into a Sale and Purchase Agreement ("SPA") to sell up to a 15% participating interest in the Cambay Production Sharing Contract ("PSC") to Magna. Under the terms of the transaction, the Company had agreed to sell a 10% participating interest (gross) in the Cambay PSC for US$4 million, ("sale interest"), and an additional 5% participating interest, if Magna exercised an option to acquire an additional 5% participating interest (gross) for US$2 million, ("option interest"). The sale of the Cambay asset was conditional upon a number of conditions, including obtaining a waiver of the pre-emptive rights from GSPC, the Company's non-operating joint venture partner, and the consent of the Government of India. In the event that certain conditions, including the approval of the Government of India, had not been satisfied or, waived prior to 1 May 2014, the parties agreed that any payments made by Magna to the Company, to the extent practicable, would be converted into shares in the Company. The issue of shares, under the unwind provisions, was limited to 19.9% of the enlarged issued capital of the Company at the time of issue, with any balance of the investment not satisfied in shares repayable in cash. Shareholders approved the unwind provisions at the General Meeting held 4 October 2013. The consent of the Government of India was not received by the cut-off date, and Magna on 1 May 2014 requested that the Company issue US$4 million unwind shares in accordance with the SPA. The number of unwind shares was determined in accordance with the SPA formula at the contracted foreign exchange rate of US$0.91 to AUD$1.00.

The Company had been granted a waiver of ASX Listing Rule 7.3.2 to the extent necessary to enable it to issue unwind shares up to a value of US$4 million to Magna no later than eight months after the date of the General Meeting held 4 October 2013. On 15 May 2014 the Company announced that it had issued 73,505,090 ordinary shares at an issue price of $0.0598 to Magna. Magna no longer has any direct rights under the SPA to acquire an interest in the PSC.

(4) 1,200 listed options with an exercise price of $0.15 had been exercised as at 30 June 2014.

(5) After year end, the Company on 15 July 2014 announced the issue of 18.6 million shares at an issue price of 6.3 pence per share (AUD$0.1146) via a draw down on its Equity Financing Facility ("EFF") with Darwin Strategic Limited (refer note 29) raising £1,171,800 or $2,131,560 before expenses, estimated at $127,894. Of the total issued shares, 2.35 million shares were contracted to be issued prior to 30 June 2014. These were fully paid after year end.

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

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

(b) Option Reserve

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

(c) Foreign Currency Translation Reserve

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

NOTE 19 – SHARE-BASED PAYMENTS

At 30 June 2014 the terms and conditions of unlisted options granted by the Company to employees 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			
17 August 2009 (1) (2)	300,000	One year of service	5 years
26 November 2009 (2)	2,250,000	One year of service	5 years
10 November 2010	4,375,000	Vest immediately	4 years
10 November 2010 (1)	750,000	Vest immediately	4 years
7 February 2011	2,000,000	Vest immediately	4 years
7 July 2012	3,000,000	One year of service	3.5 years
22 February 2013	1,000,000	Vest immediately	3 years
22 February 2013	1,000,000	One year of service	4 years
28 October 2013	2,000,000	Vest immediately	3 years
27 June 2013	500,000	Vest immediately	3 years
27 June 2013	500,000	One year of service	4 years
11 November 2013	2,000,000	Vest immediately	3 years
11 November 2013	2,000,000	Vest immediately	4 years
29 April 2014	4,000,000	Vest immediately	5 years
Other Employees			
17 August 2009 (1) (2)	1,500,000	One year of service	5 years
24 August 2009 (1) (2)	100,000	One year of service	5 years
10 November 2010 (1)	1,287,500	Vest immediately	4 years
16 November 2010 (1)	325,000	Vest immediately	4 years
1 August 2011 (1)	75,000	Vest immediately	4 years
10 March 2014	250,000	Vest immediately	3 years
10 March 2014	250,000	One year of service	4 years
Financiers and Advisors			
8 March 2013	5,000,000	One year	3 years
5 December 2013	3,000,000	Vest immediately	3 years
Total Options (2)	**37,462,500**		

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

(2) 4,150,000 options with exercise prices of $0.30 expired on 1 July 2014.

NOTE 19 – SHARE-BASED PAYMENTS (CONTINUED)

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

	Weighted Average Exercise Price 2014	Number of Options 2014	Weighted Average Exercise Price 2013	Number of Options 2013
Outstanding at 1 July	**$0.28**	**27,537,500**	$0.32	31,725,000
Forfeited during the year	**$0.24**	**(3,500,000)**	-	-
Lapsed during the year	**$0.50**	**(75,000)**	$0.31	(18,687,500)
Exercised during the year	**-**	**-**	-	-
Granted during the year	**$0.17**	**13,500,000**	$0.22	14,500,000
Outstanding at 30 June	**$0.24**	**37,462,500**	$0.28	27,537,500
Exercisable at 30 June	**$0.24**	**37,212,500**	$0.33	14,787,500

The unlisted options outstanding at 30 June 2014 have an exercise price in the range of $0.15 to $0.63 (2013: $0.15 to $0.63) and a weighted average remaining contractual life of 1.8 years (2013 2.1 years).

No unlisted options were exercised during the years ended 30 June 2014 and 30 June 2013.

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

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

2013 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
17 July 2012	17 July 2013	17 December 2015	$0.06	$0.15	$0.11	93.93%	3.50%	-
17 July 2012	17 July 2014	17 December 2016	$0.06	$0.25	$0.11	93.93%	3.50%	-
22 February 2013	22 February 2013	30 January 2016	$0.02	$0.15	$0.07	84.15%	3.00%	-
22 February 2013	22 February 2013	30 January 2017	$0.02	$0.25	$0.07	84.15%	3.00%	-
8 March 2013	8 March 2014	8 March 2016	$0.02	$0.25	$0.07	83.51%	3.00%	-
27 June 2013	27 June 2013	27 June 2016	$0.02	$0.15	$0.05	88.61%	2.75%	-
27 June 2013	27 June 2014	27 June 2017	$0.02	$0.25	$0.05	88.61%	2.75%	-

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

	2014 $	2013 $
Share options - equity settled		
Directors and employees	**292,502**	338,448
Financiers and advisors	**106,610**	27,788
Total share-based payments expense	**399,112**	366,236

NOTE 20 – RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2014 $	2013 $
Net loss for the period	**(3,752,611)**	(9,110,457)
Depreciation	**85,179**	111,383
Loss/(Gain) on disposal of assets and materials	**635**	(1,196)
Impairment of exploration and evaluation assets	**-**	4,590,149
Equity-settled share-based payments	**399,112**	366,236
Unrealised foreign exchange gain/(loss)	**981,274**	(627,908)
Foreign exchange gain on disposal of foreign subsidiary transferred from foreign currency translation reserve	**(1,800,029)**	(1,663)
Impairment of inventory	**24,168**	63,050
Operating Loss Before Changes in Working Capital and Provisions	**(4,062,272)**	(4,610,406)
Movement in trade and other payables	**(810,290)**	(118,624)
Movement in prepayments	**(279,112)**	(239,304)
Movement in trade and other receivables	**(1,105,587)**	204,615
Movement in provisions	**7,394**	20,845
Movement in inventory	**260,115**	25,910
Movement in employee benefits	**143,958**	7,137
Net Cash Used In Operating Activities	**(5,845,794)**	(4,709,827)

NOTE 21 – CONSOLIDATED ENTITIES

	Country of Incorporation	Ownership Interest % 2014	Ownership Interest % 2013
Parent Entity			
Oilex Ltd	Australia		
Subsidiaries			
Independence Oil and Gas Limited	Australia	**100**	100
Admiral Oil and Gas Holdings Pty Ltd	Australia	**100**	-
Admiral Oil and Gas (106) Pty Ltd	Australia	**100**	-
Admiral Oil and Gas (107) Pty Ltd	Australia	**100**	-
Admiral Oil Pty Ltd (Previously Admiral Oil NL)	Australia	**100**	100
Oilex NL Holdings (India) Limited	Cyprus	**100**	100
Oilex Oman Limited [1]	Cyprus	**100**	100
Oilex (JPDA 06-103) Ltd	Australia	**100**	100
Oilex (West Kampar) Limited	Cyprus	**100**	100

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

NOTE 22 – FINANCIAL INSTRUMENTS

(a) Financial Risk Management

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

i) Credit Risk

ii) Liquidity Risk

iii) Market Risk

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

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

(b) Credit Risk

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

Trade and Other Receivables

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

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

	2014 $	2013 $
Cash and cash equivalents	**7,455,572**	3,598,640
Trade and other receivables - current	**3,684,488**	1,914,816
Trade and other receivables - non-current	**80,585**	-
	11,220,645	5,513,456

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

The Group's most significant customer, an Indian public sector petroleum company, accounts for $143,293 of the trade and other receivables carrying amount as 30 June 2014 (2013: $142,908). The Group's share of outstanding cash calls and recharges owing from joint venture partners and joint operations is $2,250,556 (2013: $1,561,136). The amounts owing from the Australian Taxation Office total $720,322 (2013: $5,344).

Impairment Losses

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

	2014 $	2013 $
Not past due	**1,933,856**	366,317
Past due 0-30 days	**144,679**	617,095
Past due 31-120 days	**439,793**	268,404
Past due 121 days to one year	**400,057**	255,396
More than one year	**846,688**	407,604
	3,765,073	1,914,816

Receivable balances are monitored on an ongoing basis. The Group may at times have a high credit risk exposure to its joint venture parties arising from outstanding cash calls. Based on the credit status of the counterparties, the Company's past experience of the timing of receipts received and the amounts subsequently received after year end, the Group believes that no impairment allowance is necessary in respect of trade and other receivables that are past due.

(c) Liquidity Risk

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

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

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

			Contractual Cash Flows		
	Carrying Amount $	Total $	2 months or less $	2 – 12 months $	Greater than 1 year $
2014					
Trade and other payables	**2,776,075**	**2,776,075**	**2,776,075**	**-**	**-**
Total financial liabilities	**2,776,075**	**2,776,075**	**2,776,075**	**-**	**-**
2013					
Trade and other payables	2,476,260	2,476,260	2,476,260	-	-
Total financial liabilities	2,476,260	2,476,260	2,476,260	-	-

(d) Market Risk

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

i) Currency risk

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

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

		2014			2013	
In equivalents of Australian dollar	**USD $**	**INR $**	**GBP $**	USD $	INR $	GBP $
Cash and cash equivalents	**2,770,249**	**283,841**	**985,353**	128,870	78,881	13,508
Trade and other receivables						
Current	**92,746**	**311,268**	**-**	50,558	390,929	-
Non-current	**80,585**	**-**	**-**	-	-	-
Prepayments	**489,956**	**-**	**-**	-	-	-
Trade and other payables	**(2,234)**	**(362,391)**	**(17,448)**	(247,023)	(283,344)	(5,026)
Net balance sheet exposure	**3,431,302**	**232,718**	**967,905**	(67,595)	186,466	8,482

The following significant exchange rates applied during the year:

	Average Rate		**Reporting Date Spot Rate**	
AUD 1	**2014**	2013	**2014**	2013
USD	**0.9187**	1.0271	**0.9431**	0.9141
INR	**56.449**	56.306	**56.652**	54.682
GBP	**0.5657**	0.6545	**0.5512**	0.6018

NOTE 22 – FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market Risk (continued)

Foreign Currency Sensitivity

A 10% strengthening/weakening of the Australian dollar against the following currencies at 30 June would have (increased)/decreased the loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

	2014 $	2013 $
10% Strengthening		
United States dollars (USD)	**381,256**	(7,511)
Indian rupees (INR)	**25,858**	20,718
British Pounds (GBP)	**107,545**	942
10% Weakening		
United States dollars (USD)	**(311,937)**	6,145
Indian rupees (INR)	**(21,156)**	(16,951)
British Pounds (GBP)	**(87,991)**	(771)

ii) Interest rate risk

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

	Carrying Amount	
	2014 $	2013 $
Fixed Rate Instruments		
Financial assets (short-term deposits)	**1,377,236**	638,497
Variable Rate Instruments		
Financial assets (cash at bank)	**6,078,336**	2,960,143

Fair Value Sensitivity Analysis for Fixed Rate Instruments

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

Cash Flow Sensitivity Analysis for Variable Rate Instruments

An increase of 100 basis points in interest rates at the reporting date would have decreased the loss by the amounts shown below. A decrease of 100 basis points in interest rates at the reporting date would have had the opposite impact by the same amount. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	2014 $	2013 $
Impact on profit or loss	**60,783**	29,601

iii) Other market price risks

The Group had no exposure to other price risks at June 2014 or June 2013.

Equity Price Sensitivity

The Group had no exposure to equity price sensitivity at June 2014 or June 2013.

(e) Capital Risk Management

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

(f) Fair Values of Financial Assets and Liabilities

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

NOTE 23 – AUDITORS' REMUNERATION

	2014 $	2013 $
Audit and review services		
Auditors of the Company – KPMG		
Audit and review of financial reports (KPMG Australia)	**125,689**	107,260
Audit of Joint Operations operated by Oilex Ltd		
Operator proportion only (KPMG Australia)	**1,800**	829
Audit and review of financial reports (KPMG related practices)	**27,921**	14,919
	155,410	123,008
Other Auditors		
Audit and review of financial reports (India Statutory)	**6,108**	5,485
	161,518	128,493
Other services		
Auditors of the Company – KPMG		
Taxation compliance services (KPMG Australia)	**46,750**	23,544
Corporate services (KPMG Australia)	**10,654**	-
Secondment of staff (KPMG Australia)	**-**	52,203
Taxation compliance services (KPMG related practices)	**19,469**	33,271
	76,873	109,018
Other Auditors		
Taxation compliance services (India Statutory)	**8,144**	8,230
	85,017	117,248

NOTE 24 – OPERATING LEASES

Leases as Lessee

Non-cancellable operating lease rentals are payable as follows:

	2014 $	2013 $
Within one year	**127,815**	104,782
One year or later and no later than five years	**-**	108,597
	127,815	213,379

The Group leases its head office premises at Level One, 660 Newcastle Street, Leederville under an operating lease. The current lease has a three year term, with an option to renew for a further five years.

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

	2014 $	2013 $
Operating lease rentals expensed during the financial year	**164,822**	162,817

NOTE 25 – JOINT ARRANGEMENTS

The Group's interests in joint arrangements as at 30 June 2014 are detailed below. Principal activities are oil and gas exploration, evaluation, development and production.

(a) Joint Operations Interest

Permit		2014	2013
OFFSHORE			
JPDA 06-103	Timor-Leste/Australia (JPDA)	**10.0**	10.0
ONSHORE			
Cambay Field	India (Cambay Basin)	**45.0**	45.0
Bhandut Field	India (Cambay Basin)	**40.0**	40.0
Sabarmati Field	India (Cambay Basin)	**40.0**	40.0
West Kampar Block	Indonesia (Central Sumatra)	**67.5 (1)**	67.5 (1)

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

(b) Joint Operations

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

	2014 $	2013 $
Current Assets		
Cash and cash equivalents	**430,402**	332,095
Trade and other receivables	**433,495**	833,693
Inventory	**1,009,137**	1,298,765
Prepayments	**73,014**	135,067
Total current assets	**1,946,048**	2,599,620
Non-Current Assets		
Exploration and evaluation	**22,422,556**	18,926,075
Property, plant and equipment	**111,892**	127,962
Total non-current assets	**22,534,448**	19,054,037
Total assets	**24,480,496**	21,653,657
Current Liabilities		
Trade and other payables	**(1,728,058)**	(595,542)
Total liabilities	**(1,728,058)**	(595,542)
Net assets	**22,752,438**	21,058,115

(c) Joint Operations Commitments

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

	2014 $	2013 $
Exploration expenditure commitments	**2,214,433**	1,709,121

NOTE 26 – EXPENDITURE COMMITMENTS

Exploration Expenditure Commitments

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

	2014 $	2013 $
Within one year	**4,094,433**	1,709,121
One year or later and no later than five years	**10,250,000**	-
	14,344,433	1,709,121

The increase in the current year reflects commitments associated with the additional Canning Basin acreage acquired.

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 2014 (2013: $39,700 contract for website design).

NOTE 27 – RELATED PARTIES

Identity of Related Parties

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

Key Management Personnel

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

Non-Executive Directors	Position
Max Cozijn	Non-Executive Chairman
Sundeep Bhandari	Non-Executive Vice Chairman
Bruce McCarthy	Non-Executive Director

Executive Directors	Position
Ronald Miller	Managing Director

Executives	Position
Robert Ierace	Chief Financial Officer and Company Secretary
Pete Bekkers	Chief Geoscientist
Michael Maloney	Chief Operating Officer (until 4 October 2013)

NOTE 27 – RELATED PARTIES (CONTINUED)

Key Management Personnel Compensation

Key management personnel compensation (with the 2013 comparative re-presented to reflect current year key management personnel) comprised the following:

	2014 $	2013 $
Short-term employee benefits	**1,517,821**	1,430,168
Other long-term benefits	**45,968**	38,610
Non monetary benefits	**15,346**	82,036
Post-employment benefits	**117,319**	147,951
Termination benefits	**161,307**	-
Share-based payments	**285,307**	333,599
	2,143,068	2,032,364

Individual Directors' and Executives' Compensation Disclosures

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

Key Management Personnel Transactions with the Company or its Controlled Entities

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

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

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

		Transactions Value		Group's Share		Balance Outstanding	
Key Management Personnel	Transaction	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $
Mr R L Miller [1]	Management services	**256,000**	84,000	**256,000**	84,000	**38,000**	18,000
Mr S Bhandari [2]	Consultancy services	**244,911**	87,625	**115,108**	43,813	**53,064**	8,205
Mr S Bhandari [3]	Introduction fee	**108,849**	-	**108,849**	-	**-**	-

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

(2) Oilex has used the services of India Hydrocarbons Limited ("IHL") of which Mr Bhandari is a principal director and shareholder since 1 May 2006. The gross monthly fee for services of US$7,500 (which remains unchanged since 1 July 2010), has been augmented this financial year by US$15,000 per month to cover the additional responsibilities undertaken by IHL following the departure of the India based Chief Operating Officer in October 2013. Gross fees have been included in the remuneration of key management personnel disclosures. Mr Sundeep Bhandari (Non-Executive Vice Chairman) has taken on a more active role in India and is assisting in strategy, commercial and joint venture related issues. The Board has approved the payment of an additional US$15,000 per month on an interim basis in recognition of this work.

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

(3) Magna Energy Limited ("Magna") was introduced to Oilex by IHL, who assisted the Company in managing the negotiation of the Sale and Purchase Agreement ("SPA"), initially for the partial sale of its Cambay asset. In recognition of this the Company agreed to the payment of an introduction fee to IHL of 2.5% of the consideration received by the Company, payable only upon receipt of funds from Magna. This introduction fee was assessed on normal commercial terms and is at an arm's length basis. The US$4,000,000 received by the Company during the financial year was subsequently converted into equity under the terms of the SPA when Government of India approval of the sale was not received by 1 May 2014, the due date. US$100,000 has been included in the remuneration of key management personnel disclosures.

Other Related Party Transactions

	2014 $	2013 $
India Hydrocarbons Limited		
Options [(1)]	**189,289**	-
La Jolla Enterprises Pty Ltd		
Options [(2)]	**63,550**	36,630

[(1)] Shareholder approval was given on 17 April 2014 at Oilex Ltd's General Meeting to issue 4,000,000 options with an exercise price of 15 cents per share, expiring 29 April 2019, to India Hydrocarbons Limited. As at 30 June 2014 the 4,000,000 vested options had not been exercised.

[(2)] On 29 January 2013 the Company announced that Mr Ron Miller would be granted, as part of his remuneration as Managing Director, 2,000,000 unlisted options exercisable at 15 cents per share, vesting from date of grant with a three year term, subject to shareholder approval. Shareholder approval was granted in the current financial year on 28 October 2013. In addition shareholders at the AGM held on 11 November 2013 approved the issue of 2,000,000 unlisted options with a 3 year term exercisable at 15 cents per share and 2,000,000 options with a 4 year term exercisable at 25 cents per share. As at 30 June 2014 the 6,000,000 vested options had not been exercised.

NOTE 28 – CONTINGENCIES

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

(a) Oilex Ltd has issued guarantees in relation to the lease of corporate offices in Leederville, as well as corporate credit cards. The bank guarantees amount to AUD$138,060.

(b) In November 2006, Oilex (JPDA 06-103) Ltd (Operator) and the Joint Venture parties entered into a Production Sharing Contract ("PSC") with the Designated Authority for JPDA 06-103 and the PSC was signed in January 2007 (effective date 15 January 2007). In January 2011 after the completion of the first two wells, the Autoridade Nacional do Petroleo ('ANP") approved the JPDA 06-103 Joint Venture's proposal to vary the PSC work programme. Under the approved variation the decision to drill the fourth commitment well on the JPDA 06-103 PSC will be at the discretion of the Joint Venture if the third well is unsuccessful. The ANP has also agreed that the PSC may be relinquished if the Operator and the Joint Venture parties decide not to proceed with any further exploration after the third well. In January 2013 the ANP advised that it had granted the JPDA 06-103 Joint Venture a conditional extension to test the Bazartete prospect by 15 January 2014 on the condition that the Joint Venture secured a letter of intent or a contract for a drilling rig by 15 June 2013. In accordance with this condition of the JPDA 06-103 PSC extension, a Letter of Intent to Award a Contract ("LOI") for a drilling rig was lodged with the ANP by the 15 June 2013. The LOI was dependent on security of tenure being resolved. On 12 July 2013 Oilex (JPDA 06-103) Ltd, on behalf of the Joint Venture participants, submitted to the ANP, a request to terminate the PSC by mutual agreement in accordance with its terms and without penalty or claim due to the ongoing uncertainty in relation to security of tenure. This request requires the consent of the Timor Sea Designated Authority. Should this consent not be forthcoming, then the Company would need to assess the consequences. Refer note 29 for details of the extension by the ANP, with prior consent of the Joint Commission for the Joint Petroleum Development Area under the Timor Sea Treaty, of the suspension of the expiry date of the PSC from 15 January 2014 to 15 October 2014.

NOTE 29 – SUBSEQUENT EVENTS

Subsequent to the financial year Oilex successfully completed the remaining stages two to four of the Cambay-77H well fracture stimulation programme. Plug milling operations were completed with gas flowing to the surface and light crude oil recovered during flow-back operations and gas sent to flare.

The Autoridade Nacional do Petroleo ("ANP") with prior consent of the Joint Commission for the Joint Petroleum Development Area under the Timor Sea Treaty, initially advised on 15 January 2014 that it had suspended the expiry date of the Production Sharing Contract ('PSC") from 15 January 2014 to 15 April 2014 for the purpose of completing an assessment and to continue discussions with the Joint Venture partners following a request by Oilex (JPDA 06-103) Ltd, on behalf of the Joint Venture participants, to terminate the PSC by mutual agreement in accordance with its terms and without penalty or claim due to the ongoing uncertainty in relation to security of tenure. The ANP advised in April 2014 of the approval of the extension of the PSC temporary suspension for a further three months, such that the PSC expiry date was effective on 15 July 2014. On 14 July 2014 the ANP, with prior consent of the Timor Sea Treaty Joint Commission, advised of the approval to further extend the PSC temporary suspension period to 15 October 2014.

On 15 July 2014 the Company announced that it had raised £1,171,800 or $2,131,560 before expenses, estimated at $127,894, with a placement utilising the Company's 15% placement capacity under ASX Listing Rule 7.1 of 18,600,000 shares at 6.3 pence or 11.46 cents per share, via a drawdown on the Equity Financing Facility ("EFF") negotiated with Darwin Strategic Limited ("Darwin"). Under the terms of the three year EFF, the Company may at its discretion, issue placement shares to Darwin at any time until 5 December 2016, up to a total aggregate value of £7,500,000. Any drawdown of the facility and resultant issue of shares is limited to the Company's equity placing capacity under ASX Listing Rule 7.1 and 7.1A. The Company is under no obligation to make a draw down and may make drawdowns at its discretion, up to the total value of the EFF, by way of issuing subscription notices to Darwin. Each subscription notice specifies a minimum price below which ordinary shares will not be issued to Darwin. Of the final number of shares issued 2,350,000 shares were contracted to be issued as at 30 June 2014.

Subsequent to the reporting period the Company issued a further 7,208,078 shares on the exercise of listed options with an exercise price of $0.15.

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

Allotment Date	Number of Shares	Number of Shares
Shares contracted to be issued as at 30 June	2,350,000	
Balance of shares issued after year end	16,250,000	
15 July 2014		18,600,000
Conversion of listed options with an exercise price of $0.15		
31 July 2014		1,351,610
01 August 2014		3,379,348
05 August 2014		2,350,000
08 August 2014		7,740
11 August 2014		115,000
28 August 2014		4,380
Total		25,808,078

Following an action commenced by a supplier against PT Sumatera Persada Energi, the Commercial Court in Jakarta on 1 September 2014 has granted an application for "Temporary Suspension of Payment Obligation" for 45 days while a series of meetings are held with creditors to discuss a composition plan, managed by an administrator team appointed by the court. Oilex is currently obtaining legal advice to determine the appropriate course of action to ensure recovery of the secured debt.

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

NOTE 30 – PARENT ENTITY DISCLOSURE

As at, and throughout, the financial year ended 30 June 2014 the parent entity of the Group was Oilex Ltd.

	2014 $	2013 $
Result of the Parent Entity		
Loss for the year	**(5,937,927)**	(5,364,805)
Other comprehensive income	**612,202**	(1,614,552)
Total comprehensive income/(loss) for the year	**(5,325,725)**	(6,979,357)
Financial Position of the Parent Entity at Year End		
Current assets	**12,412,505**	5,712,166
Total assets	**37,015,550**	27,740,783
Current liabilities	**2,114,422**	1,856,666
Total liabilities	**3,842,659**	3,639,732
Total Equity of the Parent Entity Comprising of:		
Issued capital	**149,250,072**	135,371,619
Option reserve	**4,089,004**	3,663,824
Foreign currency translation reserve	**3,273,830**	2,661,628
Accumulated losses	**(123,440,015)**	(117,596,020)
Total Equity	**33,172,891**	24,101,051

Parent Entity Contingencies

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

(a) Oilex Ltd has issued guarantees in relation to the lease of corporate offices, as well as corporate credit cards. The bank guarantees amount to AUD$138,060. An equal amount is held in cash and cash equivalents as security by the banks.

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

Parent entity capital commitments for acquisition of property plant and equipment

Oilex Ltd had no capital commitments as at 30 June 2014. Oilex Ltd entered into a contract for website design in June 2013 for $39,700.

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

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

DIRECTORS' DECLARATION

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

(a) the consolidated financial statements and notes set out on pages 44 to 77 and the Remuneration Report in the Directors' Report, set out on pages 33 to 42, 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 2014 and of its performance for the financial year ended on that date; and

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

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

(2) The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2014.

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

Signed in accordance with a resolution of the Directors.

Mr Max Cozijn
Chairman

Mr Ronald Miller
Managing Director

Leederville
Western Australia

12 September 2014

KPMG

Independent auditor's report to the members of Oilex Ltd

Report on the financial report

We have audited the accompanying financial report of Oilex Ltd (the company), which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 30 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

Independence

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

INDEPENDENT AUDIT REPORT

Auditor's opinion

In our opinion:

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

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

Report on the remuneration report

We have audited the Remuneration Report included in pages 33 to 42 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Oilex Ltd for the year ended 30 June 2014 complies with Section 300A of the *Corporations Act 2001*.

KPMG

Brent Steedman
Partner

Perth
12 September 2014

Shareholder information as at 3 September 2014.

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

(1) Shareholding

(a) Distribution of share and option holdings

Size of holding	Number of shareholders	Number of listed option holders	Number of unlisted option holders
1 - 1,000	298	143	-
1,001 - 5,000	592	244	-
5,001 - 10,000	444	68	-
10,001 - 100,000	1,031	214	7
100,001 and over	401	189	25
Total	**2,766**	**858**	**32**

(b) Of the above total 659 ordinary shareholders hold less than a marketable parcel.

(c) Voting Rights

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

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

(2) The name of the Company Secretary is Mr R Ierace.

(3) The address of the principal registered office is Level One, 660 Newcastle Street, Leederville, Western Australia 6007, Australia, Telephone +61 8 9485 3200.

(4) Register of Securities

The register of securities listed on the Australian Securities Exchange is held by Security Transfer Registrars Pty Ltd, 770 Canning Highway, Applecross, Western Australia 6153, Australia, Telephone +61 8 9315 2333.

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

(5) Stock Exchange Listing

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

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

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

(8) Unquoted Securities – Options

Total unlisted options on issue are 38,962,500

Mr Miller (Managing Director) holds a total of six million options as at 3 September 2014 which represents 15.4% of all outstanding unlisted options.

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

SHAREHOLDER INFORMATION

Twenty Largest Shareholders

Shareholders	Shares Held		% of issued capital
Magna Energy Limited	73,505,090		11.92
Barclayshare Nominees Limited	42,938,426	#	6.96
Lynchwood Nominees Limited	32,121,019	#	5.21
TD Direct Investing Nominees (Europe) Limited	27,719,226	#	4.49
HSDL Nominees Limited	14,975,609	#	2.43
Hargreaves Lansdown (Nominees) Limited	14,539,775	#	2.36
J P Morgan Nominees Australia Limited	14,370,691		2.33
Vidacos Nominees Limited	13,590,000	#	2.20
Hargreaves Lansdown (Nominees) Limited	13,451,356	#	2.18
HSBC Custody (Australia) Nominees	13,071,655		2.12
TD Direct Investing Nominees (Europe) Limited	11,772,810	#	1.91
HSBC Client Holdings Nominee (UK) Limited	11,424,713	#	1.85
L R Nominees Limited	10,806,286	#	1.75
Hargreaves Lansdown (Nominees) Limited	10,777,202	#	1.75
James Capel (Nominees) Limited	10,740,199	#	1.74
Investor Nominees Limited	8,711,857	#	1.41
India Hydrocarbons Limited	8,600,000		1.39
HSDL Nominees Limited	7,326,054	#	1.19
Investor Nominees Limited	7,290,997	#	1.18
Share Nominees Limited	6,611,086	#	1.07
Total	**354,344,051**		**57.44**
Total issued shares as at 3 September 2014	**616,842,867**		**100.00**

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

Magna Energy Limited	112,945,987	19.11 [1]

[1] Since Magna Energy Limited's most recent notice of change of interests of substantial shareholder was given on 20 June 2014, its interest in Oilex Ltd's issued capital has reduced to 18.31%, as a result of additional shares being issued by Oilex Ltd.

Magna Energy Limited holds shares on both ASX and AIM.

[#] Included within the total issued capital are 370,826,017 shares held on the AIM register. Included within the top 20 shareholders are certain AIM registered holders as marked.

Twenty Largest Quoted Option Holders

Option Holder	Quoted Options	% of quoted options
IBT Holdings Pty Ltd	17,550,000	9.30
Mr G P Martin	10,152,755	5.38
Rodal Investment Pty Ltd	8,000,000	4.24
HSBC Custody Nominees	6,953,802	3.69
Mr R L Frost	6,520,000	3.46
Beira Pty Ltd	5,700,000	3.02
Citicorp Nominees Pty Limited	4,858,556	2.57
Mrs G M Marriott	4,722,000	2.50
WB Nominees Limited	3,478,261	1.84
Miramar Superannuation Pty Ltd	3,000,000	1.59
Mr W J Goodair	2,845,000	1.51
Forsyth Barr Custodians Limited	2,808,000	1.49
F&K UK Alpha Fund	2,717,392	1.44
Mr S W Stock & Mrs E Stock	2,440,000	1.29
Mr A R Gould & Ms E K Gould	2,058,750	1.09
Mr C T Mann & Ms X Wang	2,000,001	1.06
Mr M Sharp	2,000,000	1.05
Mr K D Turner & Mrs M Turner	2,000,000	1.06
Forsyth Engineering Pty Ltd	1,757,638	0.93
1215 Capital Pty Ltd	1,745,500	0.93
Total	**93,307,655**	**49.44**
Total quoted options as at 3 September 2014	**188,684,033**	**100.00**

CORPORATE INFORMATION

Directors

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

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

S Bhandari *BCom*
Non-Executive Vice Chairman

B H McCarthy *BSc (Hons) PhD Geology*
Non-Executive Director

Company Secretary

R Ierace *ACA CSA*

Auditors

KPMG
235 St Georges Terrace
Perth WA 6000
Australia

Annual General Meeting

The annual general meeting of Oilex Ltd will be held at the Celtic Club 48 Ord Street, West Perth at **3.30pm on 18 November 2014**

Website

www.oilex.com.au

Email

oilex@oilex.com.au

Oilex Ltd

ACN 078 652 632
ABN 50 078 652 632

Incorporation

Incorporated in the State of Victoria on 2 June 1997

Registered and Principal Office

Level One
660 Newcastle Street
Leederville WA 6007
Australia

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

Postal Address

PO Box 38
Leederville WA 6902
Australia

Stock Exchange Listings

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

Nominated Adviser to AIM Market

RFC Ambrian Limited
Condor House
10 St Paul's Churchyard
London EC4M 8AL
United Kingdom

Share Registries

Security Transfer Registrars Pty Ltd (for ASX)
770 Canning Highway
Applecross WA 6153
Australia

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

REGIONAL OFFICES

INDIA

Gandhinagar Project Office

Oilex Ltd
Cambay Square
2nd Floor
X22 – 24 GIDC Electronics Estate
Sector-25 Gandhinagar 382044
Gujarat
India

TIMOR-LESTE

Dili Branch Office

Oilex (JPDA 06-103) Ltd
Avenida de Portugal
Kampo Alor
Dili
Timor-Leste

oilex.com.au

OILEX LTD
ABN 50 078 652 632

Registered and Principal Office

Level 1, 660 Newcastle Street
Leederville Western Australia 6007
Ph: +61 8 9485 3200
Fax: +61 8 9485 3290

oilex.com.au