

ASX Announcement

14 May 2015

ASX: OEX
AIM: OEX

JPDA 06-103 Joint Venture

Oilex Ltd (“Oilex”), in its capacity as Operator, on behalf of the Joint Venture Participants in the Joint Petroleum Development Area (“JPDA”) 06-103 Production Sharing Contract (“PSC”), has received a Notice of Intent to Terminate the PSC (“Notice”) from the Autoridade Nacional do Petroleo (“ANP”). The Notice follows on from the recent rejection by the ANP of the Joint Venture Request to Terminate the PSC by mutual agreement, in good standing and without penalty (“Request to Terminate”).

The Notice asserts a monetary claim against the Joint Venture for payment of the estimated cost of exploration activities not carried out in 2013 and certain local content obligations set out in the PSC. The total amount sought to be recovered by the ANP in the Notice is approximately USD17M (Oilex share USD1.7M). The Company has not provided for a monetary settlement in its accounts and given the significant overpayment in the work programme would not anticipate making such a provision.

The Joint Venture has previously requested credit for excess expenditure on the approved work program in the amount of circa USD56M and this issue remains unresolved. The Notice does not include any reference to, nor allowance for, credit for excess monies which have been spent by the Joint Venture during the PSC term. Oilex considers such excess expenditure should be included as part of any financial assessment incorporated in the termination process.

The ANP has requested the Joint Venture submit a written response to the Notice by 12 June 2015. In accordance with this request, the Operator, and the Joint Venture, will review the Notice and deliver a formal response within the specified period.

The PSC remains in formal suspension until 15 July 2015.

Background

The Request to Terminate was made due to Joint Venture concerns as to the security of PSC tenure as a result of separate unilateral rights to terminate the Certain Maritime Arrangements in the Timor Sea (“CMATS”) arising in 2013 in favour of both the Government of Timor Leste and the Government of Australia and formal arbitration proceedings being initiated by the Timor Leste Government against the Government of Australia to have CMATS declared void *ab initio*.

These matters remain unresolved at present.

The Joint Venture Participants in JPDA 06-103 are:

Oilex (JPDA 06-103) Ltd (Operator)	10.0%
Japan Energy E&P JPDA Pty Ltd	15.0%
GSPC (JPDA) Limited	20.0%
Videocon JPDA 06-103 Limited	20.0%
Bharat PetroResources JPDA Ltd	20.0%
Pan Pacific Petroleum (JPDA 06-103) Pty Ltd	15.0%

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For and on behalf of Oilex Ltd



Chris Bath
Chief Financial Officer

For further information, please contact the company or its advisors listed below:

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