

4 August 2015

Dear Shareholder,

Capital Funding Program and General Meeting

I am writing to you with an update regarding your Company's capital funding program announced on 7 and 8 July 2015 and to give you some further updated information relevant to the resolutions to be voted on at the General Meeting of Oilex shareholders to be held on 12 August 2015 (**General Meeting**), as contained in the Notice of Meeting dated 7 July 2015.

The Company made an announcement on 3 August 2015 which contains details of the changes to the capital funding program. Broadly, Zeta Resources Limited (**Zeta**) has agreed to take up 62,011,067 shares by way of a placement out of the shortfall of the Company's recent rights issue and will receive a fee of 6% that would otherwise have been paid to the underwriter. On this basis, the rights issue is able to proceed to completion (with the remainder of the rights issue shortfall to be taken up by the underwriter or its nominees).

Zeta's take up of rights issue shortfall shares has necessitated some changes to Zeta's participation in the second tranche of the placing forming part of the capital funding program, so that Zeta and its associates do not breach relevant Australian takeovers laws. Zeta's participation will now be changed (although the quantum of Zeta's participation on Tranche 2 has not changed overall) as follows, subject to approval of the resolutions to be voted upon at the General Meeting:

Original structure	Revised structure
50,000,000 new ordinary shares to be placed with Zeta at a price of A\$0.041 (2 pence) per share, to be settled immediately following the general meeting	No change
225,490,196 new ordinary shares to be placed with Zeta at a price of \$0.0418 (2.04 pence) per share, to be settled by no later than 12 November 2015	<ul style="list-style-type: none"> 124,019,608 new ordinary shares will be placed with Zeta at a price of A\$0.0418 (2.04 pence) per share, to be settled by no later than 12 November 2015 (Zeta Deferred Shares). A\$4,243,500 (approximately £2.07 million) of 20 year, zero coupon unsecured convertible loan notes will be issued to Zeta, which will be convertible into shares at Zeta's option at any time, subject to compliance with Australian law, at a conversion price of A\$0.0418 per share (Zeta Convertible Notes). The issue of the Zeta Convertible Notes will occur contemporaneously with the issue of the Zeta Deferred Shares (i.e. by no later than 12 November 2015). To the extent that the convertible notes are not converted, they will be redeemable on 30 June 2035 or such later date as agreed with Zeta. The Zeta Convertible Notes will have the right to participate in rights issues and other pro-rata issues on an "as converted" basis, subject to compliance with law.

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In consequence of the above, only 124,019,608 new ordinary shares will be issued out of the authorisation to be sought pursuant to Resolution 3 at the General Meeting (covering 225,490,196 new ordinary shares). The Zeta Convertible Notes will be issued out of the Company's 15% placement capacity under Listing Rule 7.1 (as refreshed at the General Meeting).

The remaining portion of the second tranche of the placing will proceed as previously announced and set out in the Notice of Meeting and the placing timetable remains unchanged.

If shareholders approve the resolutions to be proposed at the General Meeting, the dilutionary effect of the revised structure for the issue of shares under Tranche 2 of the placement and upon full conversion of the Zeta Convertible Notes, **does not change, and remains the same as set out on page 8 of the Notice of Meeting:**

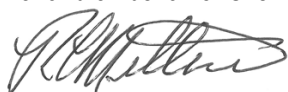
Shares on issue as at the date of the Notice of Meeting plus Tranche 1 Shares and Shares to be issued under the Rights Issue	893,117,312
Issue of Tranche 2 Shares	287,303,319
Issue of Zeta Deferred Shares	124,019,608
Issue of shares upon full conversion of Zeta Convertible Notes	101,470,588
Total number of Tranche 2 Shares, Zeta Deferred Shares and issue of shares upon full conversion of Zeta Convertible Notes	512,793,515
Dilutionary effect	57.4% voting dilution

The major part of the fundraising requires your voting support. The Board believes that the resolutions to be proposed at the General Meeting are in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors unanimously recommend that all Shareholders vote in favour of the resolutions, as they intend to do in respect of their own beneficial shareholdings.

The Board is recommending that all Shareholders vote in favour of the resolutions. In order to assist you lodging your vote, you can log onto Link at www.linkmarketservices.com.au and vote online. You will need your SRN/HIN (located at the top right side of this letter) and the postcode of your registered address.

- If you have already submitted a proxy form and, in light of the further information contained in this letter wish to change your vote, you can amend your vote by voting on-line by no later than 10am (WST) on 10 August 2015. Alternatively, you can attend the General Meeting and cast your vote in person, or call Link on 1300 554 474 to obtain another proxy form.
- No further action is required if you have already submitted a proxy form but do not wish to change your vote.
- If you have not yet submitted a proxy form, you are encouraged to submit your proxy online or fax your proxy form received previously, or attend and vote in person at the General Meeting.

For and on behalf of Oilex Ltd



Ron Miller
Managing Director