

## ASX Announcement

16 April 2015

ASX: OEX

AIM: OEX

### Cambay Field – Reserves and Contingent Resources

#### X and Y Zones – Summary

- Gross Proved + Probable (2P) Reserves of 206 Bcf gas and 8.0 MMbbls of condensate (C5+) in the Y zone (Oilex net working interest 93 Bcf gas and 3.6 MMbbls of C5+)
- Gross 2C Unrisked Contingent Resources of 720 Bcf gas and 52.8 MMbbls of C5+ in the X and Y zones (Oilex net working interest 324 Bcf gas and 23.8 MMbbls of C5+)
- 2P Reserves validate Oilex's forward program for commercial development of the Cambay Field

Oilex is pleased to announce that RISC Operations Pty Ltd (RISC), an Australian based, internationally recognised independent petroleum advisory group, has completed an independent Resource Report of the Eocene Formation of the Cambay Field. This work follows on from its evaluation of Cambay-77H flowback and test data in December 2014. RISC has evaluated 2 of 6 potential Eocene reservoirs, the X and Y Zones, and the results for Reserves and Contingent Resources are summarised below.

Table 1: Reserves

	Estimated Cambay Field Reserves					
	1P*		2P		3P	
Y Zone	Gas Bcf	C5+ MMbbls	Gas Bcf	C5+ MMbbls	Gas Bcf	C5+ MMbbls
<b>Total – Gross</b>	Nil	Nil	206	8.0	377	17.3
<b>Oilex net working interest</b>	<b>Nil</b>	<b>Nil</b>	<b>93</b>	<b>3.6</b>	<b>170</b>	<b>7.8</b>

\*Gross 90 Bcf of gas and 2.9 MMbbls of C5+ (Oilex net working interest of 40.5 Bcf of gas and 1.3 MMbbls of C5+) would be categorised as 1P subject to securing finance for the development, according to the PRMS guidelines. These quantities are included in the 1C Contingent Resources in Table 2.

Table 2: Contingent Resources

	Unrisked Cambay Field Contingent Resource Estimates					
	1C		2C		3C	
X and Y Zones	Gas Bcf	C5+ MMbbls	Gas Bcf	C5+ MMbbls	Gas Bcf	C5+ MMbbls
<b>Total – Gross</b>	388	23.7	720	52.8	1239	104
<b>Oilex net working interest</b>	<b>215**</b>	<b>12**</b>	<b>324</b>	<b>23.8</b>	<b>557.6</b>	<b>46.8</b>

\*\*Includes Oilex net working interest of 40.5 Bcf of gas and 1.3 MMbbls of C5+ that would be categorised as 1P subject to securing finance for the development.

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## Notes to Tables

- (1) The Reserves and Contingent Resources estimates prepared by RISC as of 1 April 2015, and stated in the tables above, have been prepared in accordance with the definitions and guidelines set forth in Petroleum Resources Management System, 2007 (PRMS) approved by the Society of Petroleum Engineers (SPE).
- (2) The Reserves and Contingent Resources shown in the above tables have been estimated using probabilistic methods. The total in Table 2 is the statistical aggregate of the relevant volumes.
- (3) The estimates included in Table 2 Contingent Resources have not been adjusted for the chance of development due to one or more contingencies.
- (4) These estimates have not been endorsed by the Government of India or the Directorate General of Hydrocarbons, India.
- (5) Oilex is operator of, and has a 45% net working interest in, the Cambay Field Production Sharing Contract (PSC). Net working interest is not the same as the net economic entitlement under the Cambay PSC and the net economic entitlement varies with development strategy and size. For reference, Oilex's net economic entitlement for the 2P volumes is estimated to be 94.4% of its net working interest.
- (6) Cambay Field covers 161 sq. km. and environmental approvals have been granted for 60 wells and modernization and expansion of the Gas Gathering Station (GGS). 34 new wells are estimated to be required for recovery of the Reserves. The actual well count may vary.
- (7) Contingent Resources were previously announced on 11 October 2011 and there has been no revision until this announcement.

The Reserves are attributed to an area of the Cambay Field having multiple vintage and modern well intersections of the X and Y Zones with hydrocarbon flows. The area encompasses recent Oilex operated drilling and production testing activity including the successful Cambay-77H well, the first successfully production tested multi-stage frac'd horizontal well in India. Gas is currently marketed on a competitive tender basis to buyers and will be sold into a low pressure local market, commencing with Cambay-73. Contractual commitments are in place from previous tendering activities and cover gas sales for up to 2 years.

As announced on 9 March 2015, the approved budget for 2015/16 incorporates 2 firm wells, 2 contingent wells and up to 5 firm workovers. The firm wells target increasing production to a level that justifies selling gas into the high pressure market through a nearby gas pipeline network. One of the contingent wells in the 2015/16 budget targets upgrading X and Y Zone Contingent Resources. Additional drilling and facilities expansion will be planned for delivery in subsequent budget years subject to Joint Venture and Government of India approvals.

The Cambay Field is located approximately 10km from the gas pipeline network with spare capacity. The pipeline connection to the high pressure grid will be constructed and owned by a third party, which may be an affiliate of Oilex's joint venture partner, Gujarat State Petroleum Corporation (GSPC). Timing of construction has yet to be determined.

The 2P Reserves are anticipated to support a plateau gas production rate of ~50MMscfd, whilst the 2P + 2C combined volumes may support a plateau gas production rate of 125 – 250MMscfd. Studies, yet to be completed, will determine an optimum field gas production profile and incorporate data from wells drilled as part of the 2015/16 budget. Further explanatory information pertaining to the RISC Reserves and Resource Report is contained in Appendix A.

**Managing Director of Oilex, Ron Miller, said;**

“The work by RISC has resulted in first Eocene formation Reserves for Oilex in India and recognises the success of our 2014 work program. These Reserves provide a strong foundation for the immediate development of the Cambay Field and achievement of our key corporate goals of increasing production, cash flow and reserves. Oilex’s first-mover advantage in opening Cambay Basin (and India) to development of its significant tight oil and gas resources, places the Company on a strong growth trajectory in a robust energy market.”

**For and on behalf of Oilex Ltd**



**Ron Miller**  
**Managing Director**

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

<b>PAC Partners Pty Ltd</b>	<b>Westhouse Securities Limited</b>	<b>Strand Hanson Limited</b>	<b>Vigo Communications</b>
Australian Broker Andrew Shearer Email: <a href="mailto:ashearer@pacpartners.com.au">ashearer@pacpartners.com.au</a> Tel: +61 3 8633 9862 Australia	AIM Broker Robert Finlay/Alastair Stratton Email: <a href="mailto:alastair.stratton@westhousecurities.com">alastair.stratton@westhousecurities.com</a> Tel: +44 20 7601 6100 UK	Nominated Adviser Rory Murphy/Ritchie Balmer Email: <a href="mailto:oilex@strandhanson.co.uk">oilex@strandhanson.co.uk</a> Tel: +44 20 7409 3494 UK	Public Relations UK Patrick d'Ancona/Chris McMahon Email: <a href="mailto:patrick.dancona@vigocomms.com">patrick.dancona@vigocomms.com</a> <a href="mailto:chris.mcmahon@vigocomms.com">chris.mcmahon@vigocomms.com</a> Tel: +44 20 7016 9570 UK

**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 19 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.

## Appendix A: Explanatory Notes Relating to this Reserves and Resource Report

### a. Methodology regarding Reserves and Resources

The Reserves Report has been prepared to be consistent with the PRMS 2007 published by SPE. This document may be found at the SPE website: [spe.org/spe-app/spe/industry/reserves/](http://spe.org/spe-app/spe/industry/reserves/). Additionally, this Reserves and Resource Report has been prepared to be consistent with the ASX and AIM reporting guidelines and listing rules.

Well production forecasts were generated using numerical simulation based on the planned multiple-fractured well design and using reservoir characteristics from test and log data. Capital and operating costs were estimated from historical data and regional knowledge. A field forecast was generated by scheduling wells to meet a target sales plateau. Produced gas is assumed to be processed to remove condensate, no specialised treatment is required.

Reserves and resources are stated net of fuel with the reference point for sales taken as the plant gate. The majority of the future production will come from 34 new wells, some production will come from existing wells, but as these require further capital spend on pipelines they are reported as undeveloped.

### b. Economic test for reserves

The assessment of Reserves requires a commercial test to establish that reserves can be economically recovered. Within the commercial test, time series operating cost and capital cost estimates are combined with fiscal regimes and product pricing to confirm the economic viability of producing the reserves using a Discounted cash Flow (DCF) analysis.

In the case of oil and condensate forward estimates of prices are used in line with the forward curves available through various international benchmarking agencies, appropriately adjusted for local market conditions. Gas reserves are assessed against existing contractual arrangements and local market conditions, as appropriate.

### c. Information regarding the preparation of this Reserves Report

The RISC Report and data has been compiled by Mr Bruce Gunn, a full-time employee of RISC. Mr. Bruce Gunn has consented to the statements based on this information, and to the form and context in which these statements appear.

### d. Abbreviations and Definitions

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.
API	A unit of measurement established by the American Petroleum Institute (API) that indicates the density of a liquid. Fresh water has an API density of 10.
bbbls	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.
Bopd	Barrels of oil per day.
CO <sub>2</sub>	Carbon dioxide.
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 characterised by their economic status.
Hydraulic Fracturing	<a href="http://www.energy4me.org/hydraulicfracturing/inside-fracturing/tour-fracturing-site/">http://www.energy4me.org/hydraulicfracturing/inside-fracturing/tour-fracturing-site/</a>
OGR	Oil to gas 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.
H <sub>2</sub> S	Hydrogen sulphide. An extraordinarily poisonous gas with a molecular formula of H <sub>2</sub> S. At low concentrations, H <sub>2</sub> S has the odor of rotten eggs, but at higher, lethal concentrations, it is odorless. H <sub>2</sub> S is hazardous to workers and a few seconds of exposure at relatively low concentrations can be lethal, but exposure to lower concentrations can also be harmful.
LPG	(Liquefied Petroleum Gas) Gas mainly composed of propane and butane, which has been liquefied at low temperatures and moderate pressures. The gas is obtainable from refinery gases or after the cracking process

	of crude oil. Liquefied petroleum gas is also called bottle gas. At atmospheric pressure, it is easily converted into gas and can be used industrially or domestically. The term is commonly abbreviated as LPG.
Mscfd	Thousand standard cubic feet of gas per day
MMscfd	Million standard cubic feet of gas per day.
MMbbls	Million barrels of oil or condensate.
MMscfe/d	Million standard cubic feet equivalent of gas a day
MMscfe	Million standard cubic feet equivalent of gas
PSC	Production Sharing Contract
MD	Measured Depth.
Prospective Resources	Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.
Reserves	<p>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.</p> <p>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.</p> <p>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.</p> <p>Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves.</p> <p>Reserves are designated as 1P (Proved), 2P (Proved plus Probable) and 3P (Proved plus Probable plus Possible).</p> <p>Probabilistic methods</p> <p>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.</p>
SCF/BBL	Standard cubic feet (of gas) per barrel (of oil).
Tcf	Trillion cubic feet (of gas), which is a 1000 Bcf.
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 hydraulic fracture treatment, a horizontal wellbore, or by using multilateral wellbores.
Undiscovered in place volume	Is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.
bwpd	Abbreviation for barrels of water per day, a common unit of measurement.
Core Analysis	Laboratory study of a sample of a geologic formation, usually reservoir rock, taken during or after drilling a well. Economic and efficient oil and gas production is highly dependent on understanding key properties of reservoir rock, such as porosity, permeability and wettability. Geoscientists have developed a variety of approaches, including log and core analysis techniques, to measure these properties. Core analysis is especially important in tight reservoirs because of the vertical and lateral heterogeneity of the rocks. Core analysis can include evaluation of rock properties and anisotropy; organic matter content, maturity, and type; fluid content; fluid sensitivity; and geomechanical properties. This information can be used to calibrate log and seismic measurements and to help in well and completion design, well placement, and other aspects of reservoir production.
Condensate(C5 <sup>+</sup> )	A natural gas liquid with a low vapor pressure compared with natural gasoline and liquefied petroleum gas. Condensate is mainly composed of propane, butane, pentane and heavier hydrocarbon fractions. The condensate is not only generated into the reservoir, it is also formed when liquid drops out, or condenses, from a gas stream in pipelines or surface facilities.
mD	(Millidarcy) A darcy (or darcy unit) and millidarcy (md or mD) are units of permeability, named after Henry Darcy. They are not SI units, but they are widely used in petroleum engineering and geology. Like other measures of permeability, a darcy has dimensional units in length <sup>2</sup> .
Plug and Perf	The wellbore for a plug and perf job is generally composed of standard steel casing, cemented or uncemented, set in the drilled hole. Once the drilling rig has been removed, a wireline truck is used to perforate near the bottom of the well, and then fracturing fluid is pumped. Then the wireline truck sets a plug in the well to temporarily seal off that section so the next section of the wellbore can be treated. Another stage is pumped, and the process is repeated along the horizontal length of the wellbore.