

ASX Announcement

29 June 2015

ASX: OEX
AIM: OEX

Cambay Field: Gas Sales Commence

- Gas sales have commenced from Cambay-73 well which demonstrated deliverability in excess of 95 boepd during start-up operations, significantly above expectation.
- Cambay-73 average daily production is now ~50.5 boepd, including condensate, as production increases.
- Field production will further increase when Cambay-77H starts production and the 5 firm workovers are completed in H2 2015.
- Targeting cash flow positive operations in India by the end of 2015.

Oilex Ltd is pleased to announce the commencement of gas sales from Cambay-73 into the low pressure local market near the Cambay Field. Average daily production from Cambay-73 is ~ 50.5 boepd including condensate. This is the first gas to be sold from the Y zone in the Eocene EP-IV Formation that contains 2P gas Reserves of 206 Bcf and 2P oil Reserves of 8 MMbbls as independently assessed by RISC Operations Pty Ltd. For further information, please refer to Oilex's announcement dated 16 April 2015 for details of the independently classified Cambay Field Reserves and Contingent Resources.

Demand for gas from local light industrial businesses is ongoing, with expressions of interest to purchase gas continuing to be received by Oilex including from buyers who previously bid for Cambay-73 gas. Later this year, Oilex intends to recommence production from Cambay-77H to increase gas sales to the local market as well as commencing gas sales from Bhandut-3. In addition, the approved firm work programme for 2015/16, which is subject to available funding, includes 5 well workovers and consideration is being given to those which have penetrated the same formation and could be capable of gas production for the local market.

Condensate (API 49°) co-produced with gas is separated at the Cambay Field, combined with other Cambay Field crude oil and transported by truck to be sold to a nearby refinery at import parity price using Bonny Light Crude as a marker reference.


Managing Director of Oilex, Ron Miller, said;

"The commencement of gas production from Cambay-73 facilities is a significant milestone for Oilex and marks the first step on the path to achieving positive cash flow from operations in India. Oilex continues to deliver on its plan of production, near-term cash flow and reserves growth to create a sustainable business in the midst of a robust and supportive domestic market for petroleum energy."

For and on behalf of Oilex Ltd



Ron Miller
Managing Director

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Cambay-73 production facilities



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.

LIST OF DEFINITIONS

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.
Bbls	Barrels of oil or condensate.
Bcf	Billion Cubic Feet 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.
Boepd	Barrels of oil equivalent per day.
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.
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>
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.
Condensate(C5 ⁺)	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.

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