

## ASX Announcement

25 August 2015

ASX: OEX

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### Operations Update

- Cambay-73 is on continuous production with stabilised draw down
- Temporary pipeline from Cambay-77H pad to Cambay-73 production facility completed and operational
- 3 Cambay legacy wells connected to the temporary pipeline and supplying gas on an intermittent basis
- Bhandut-3 production facility construction has commenced and its gas Contingent Resource increased to ~425MMscf
- Techno-commercial evaluation for 13 of 14 tenders for the Cambay 2015/2016 drilling campaign underway
- Field Development Plan for 20Bcf of the 1P Reserves is complete and under review

#### Cambay Field, India

Cambay-73 well continues to produce gas for the low pressure market in the immediate vicinity of the field at ~26 boepd with 100% availability. A temporary pipeline from Cambay-77H site to Cambay-73 production facility has been completed as part of a gas gathering system to assist in meeting market demand. Three legacy wells have been connected to this pipeline and provide additional gas to the low pressure market via the Cambay-73 production facility.

In addition, subsequent to the installation of a production tree and production tubing, Cambay-77H will be connected to the temporary pipeline to service the low pressure market via Cambay-73, without having to construct a dedicated low pressure production facility at the Cambay-77H site. It is estimated this will result in a saving of ~US\$150K after eventually replacing the temporary pipeline with a permanent pipeline during 2016.

Preparation of the 5 well workover campaign is nearing completion and field work is anticipated to commence during September 2015. The workover campaign is targeting both oil and gas production which will make a contribution to generating operating cashflow to assist in the Indian operations becoming cashflow positive.

The contracting and procurement process for the 2015/16 drilling campaign is nearing completion. Technical and commercial evaluations for 13 of 14 major tenders are finished and final evaluation and approval processes are in progress. Interest from top-tier service providers is high and excellent responses have been received on all tenders, including the drilling rig.

Gas marketing activities have commenced for the volume of gas equivalent to the gross 1P Reserves of 90Bcf<sup>1</sup>. In conjunction with the marketing effort, a field development plan has been prepared for the initial gross 20Bcf that is anticipated to be established and produced through a 5MMscfd gas treatment plant located near the Cambay-77H site.

#### Bhandut Field, India

Subsequent to completion of the design and procurement activities, field construction has commenced at Bhandut. The field work is estimated to require ~80 days for the contractor to complete, including commissioning activities.

<sup>1</sup> Categorised as 1P subject to securing financing for development, refer ASX announcement dated 16 April 2015.

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The Bhandut-3 production test results have been further analysed and the internal deterministic estimate of 2C Contingent Resource has been upgraded from a previous internal estimate to ~425MMscf (~170MMscf Oilex net) as at 21 August 2015. Production data will be required over several months to enable an estimation of Reserves.

### Wallal Graben Assets, Western Australia

An internal technical evaluation of the 3 exploration areas encompassing approximately 11,900 km<sup>2</sup> (~3 million acres) has recently been completed, including a leads and prospects portfolio utilising 2D seismic data that covers only 20% of the Wallal Graben play fairway. An extensive suite of 14 conventional prospects have been evaluated using probabilistic methods. Of these prospects, 5 have a Best Estimate Prospective Resource exceeding 200MMbbls oil. The full portfolio will be further assessed to identify the best prospects to mature to drillable status.

In accordance with ASX listing rule 5.28.2, the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

A detailed petroleum systems analysis, incorporating source rock maturity and thermal modelling, has also been completed. Results of these studies have concluded that the interpreted source rocks within the play fairway are currently mature for hydrocarbon generation and a significant portion of the interpreted source rocks are within the oil and wet gas maturity windows.

An evaluation of the unconventional prospectivity was undertaken which highlighted that significant unconventional plays are interpreted to exist consistent with those identified by drilling elsewhere in the Canning Basin.

A competitive tendering process is currently in progress to select a resource assessment company to undertake the independent evaluation of these assets. Oilex will update the market upon conclusion of this evaluation.

The first Heritage Agreement is expected be signed shortly with the Nyangumarta people in relation to the 2 northern blocks, which is a key milestone for this acreage. Consultations on the Heritage Agreements for the third block are ongoing.

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

“Having successfully raised ~A\$30million, the Company continues its focus on creating value through increasing production and cashflow in India while also striving to bring down costs and develop additional hydrocarbon production from legacy wells at Cambay.”

### For and on behalf of Oilex Ltd



**Ron Miller**  
Managing Director

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## 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>
Contingent Resources	Those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from known accumulations, but which are not currently considered to be commercially recoverable.
Prospective Resources	Those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations.
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.