

## ASX Announcement

24 June 2016

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### Oilex Corporate Update

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- **Oilex maintains focus on unlocking Cambay's multi TCF onshore gas resource potential**
- **Plans for new EP-III/IV vertical well underway**
- **Cambay Resource Update**

Oilex Ltd (the Company) reaffirms its commitment to unlocking the multi TCF in-place tight gas potential in its onshore Cambay Block, Gujarat state India. The Company is at an advanced stage in completing a detailed working plan to take the Cambay project forward and the results to date support a vertical well targeting recovery of core from the Eocene siltstone (EP-IV or Y Zone).

A vertical well, will seek to obtain core samples from the EP-IV Zone reservoir for drill and fracking optimisation studies. This is essential prior to drilling a horizontal extension for potential later fracking and exploitation of the Eocene siltstones. The well will also have the potential to test the shallower, productive, OS-II conventional reservoir or may be later used to frac and test the EP-IV based on results of the core. The detailed planning for this well is still being finalised and is subject to JV/Budget approvals. This approach allows the Company to take advantage of the lower cost vertical well drilling rates in India at present.

#### Financing

As at 31 May 2016, the Company's cash resources were approximately A\$6.3 million.


The Company continues to engage with its joint venture partner Gujarat State Petroleum Corporation (GSPC) to resolve outstanding cash calls and gain approval of the 2016/2017 work programme and budget. The resolution of these matters is essential for the Company to extract maximum value from the Cambay Field. Various approaches to progress work at Cambay are being considered.

Whilst the working plans for the field are being finalised and approved, Oilex as operator, continues to bear the ongoing costs of the joint venture.

#### Production Update

Production from the block for the month of May was approximately 42 boepd (gross) with the bulk of production coming from the Cambay-77H EP-IV reservoir. Both Cambay-73 and Cambay-77H have been shut-in while awaiting government approval for the continued production of test gas from these wells.

Production at Bhandut-3 well averaged ~120 boepd in May. The field is being closely monitored while an extension of the permitted production plan is being approved. While tubing head pressure at the well has been maintained, some formation water has been identified with the gas.

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## Resources Update

In April 2015, the Company tabled the reserve and contingent resource volumes associated with the EP-III/IV (X and Y Zones) resulting from the review undertaken by third party certifier, RISC. Since that time, a number of key factors have changed including:

- i) a change in economic assumptions related to lower gas prices being realised because of the world wide fall in oil and gas prices;
- ii) Oilex's joint venture partner's lack of approval of ongoing work;
- iii) the resultant deferral in project timing which pushes the recovery of reserves to beyond the current term of the PSC. Note that the Company can apply for two PSC extension periods of 5 years each.

On this basis, RISC has recommended that the reserve volumes be re-classified to contingent resource. It should be noted that the volume of hydrocarbons has not been amended. The updated recoverable hydrocarbon volumes are tabulated below:

			Net Gas Volume bcf			Net Condensate Volume million bbl		
			1P	2P	3P	1P	2P	3P
At April 2015	Reserves	Y Zone	0	93	170	0	3.6	7.8
At June 2016			0	0	0	0	0	0
			1C	2C	3C	1C	2C	3C
At April 2015	Contingent Resources	X and Y Zones	215	324	558	12	23.8	46.8
At June 2016			215	417	728	12	27.4	54.6

Table shows Oilex Net Working Interest (45%) Reserves and Contingent Resources

Reserves in Y Zone have been reclassified Contingent Resources

Refer to ASX announcement 16/04/2015 for further details

Commenting on the update Mr Salomon said "Last week's agreement with Zeta Resources Limited to end legal proceedings between the parties has provided Oilex with a clearer path forward and was a key priority for us. The revitalised management team can now gather momentum on the path to the potential development of Cambay that reflects what was learned from the previous wells. We look forward now to resolving issues with GSPC and progressing work at Cambay".

For and on behalf of the Board



Jonathan Salomon  
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 20 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.

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