

ASX Announcement

KPECL JOINT VENTURE UPDATE, BOARD APPOINTMENT AND STRATEGIC REVIEW

19 January 2015

Indus Energy NL (**Indus or Company**) is pleased to provide an operational update to shareholders as at 19 January 2015.

KPECL Joint Venture, Alberta Oil Sands Project

In November 2014, the Company executed a binding Term Sheet with First Nations Exploration Company, Keyano Pimee Exploration Company Limited (**KPECL**), to farm in to 82,290 acres of Cold Lake oil sands in Alberta, Canada. The joint venture presents Indus with an exclusive opportunity to partner with a Cree First Nations oil exploration and gas production company holding a large scale, multi target, drill-ready land position in a significant oil and gas producing location in Canada's first ranking oil production province.

Since the signing of the Term Sheet, Indus has held several meetings with KPECL and associated Cree Nations Chiefs in Alberta and negotiations have now advanced towards finalising and executing the Joint Operating Agreement (**JOA**). Once the JOA is executed, Indus can commence Phase 1 of the work program which will consist of low cost re-entry of four historic wells in areas where oil occurrences have been encountered during gas production activities on KPECL lands.

Both JV parties agree that the approach going forward will be to judiciously confirm prospectivity through the low cost re-entry wells of the Phase 1 program whilst at the same time taking advantage of the current market condition which is seeing debt forced divestiture of land positions in the Cold Lake Area of Interest (**AOI**). Significant acreage covering known heavy oil sands occurrences has already been freed up and this trend is expected to continue, providing Indus and KPECL with the opportunity to add significantly, and at low cost, to their existing and planned joint land positions.

The current short term oil price environment presents a significant opportunity to capitalise on divestitures of highly prospective land holdings in and around the Cold Lake area, the AOI, or in close proximity to both. It is the Board's belief that these opportunities can potentially be capitalised upon at very low acquisition and holding costs.

This modified strategy would result in the further benefit of the phase 2 conventional vertical well program being scheduled over a larger geographical area with the aim of delineating significantly increased reserves for similar expenditure.

Extensive due diligence has already been completed by the Company's project advisors, Alberta based Apex Energy Consultants (**Apex**), including the evaluation of over 1,000 production wells and associated data within or in close proximity to the Project areas and AOI. Upon the signing of the JOA the Company expects to move rapidly forward with Phase 1 and the additional land acquisition programs.

STREET ADDRESS

Unit 17, Level 2
100 Railway Road
Subiaco, Western
Australia 6008

POSTAL ADDRESS

PO Box 8129
Subiaco East 6008

CONTACT DETAILS

Tel: +61 (0)8 9380 9920
Fax: +61 (0)8 9381 5064
info@indusenergy.com.au
www.indusenergy.com.au

BOARD & MANAGEMENT

Mr John (Gus) Simpson
Non-Executive Chairman

Mr Anthony Milewski
Managing Director

Mr Marcus Gracey
Non-Executive Director

Mr Ken Bull
Chief Operating Officer

Mr Jonathan Whyte
Company Secretary

ABN
22 009 171 046

ASX CODE
IND

In the current market of low oil prices Indus, KPECL and Apex believe there will be significant short to medium term value accretion to expanding the current strategy to include acquiring prospective properties with low holding costs within the area of mutual interest surrounding the current projects and that this will create a platform for Indus to accelerate its plans to becoming a mid-tier North American oil producer.

The present market conditions reinforce the value and importance of being able to control exploration activity, associated spend and timing whilst not risking the loss of acreage through stringent leasing terms and continuous drilling requirements. From a competitive perspective, it is also significant that the current project economics still stack up even at depressed oil prices. KPECL and the Company are working together to ensure that the JOA enshrines this flexibility and that any associated work programs are profitable even at depressed oil prices so that the parties are able to maximise returns as well as pursue strategic opportunities together in the region.

Board Changes

With the new focus on the KPECL joint venture and current market conditions, Indus has implemented changes to align the Board composition to compliment the new sphere of operation.

Indus is pleased to announce the appointment of Mr Marcus Gracey to the Board as a Non-Executive Director. Mr Gracey is an experienced Lawyer and Energy Executive with international corporate expertise. His industry experience combined with strong academic and professional qualifications in Economics, Law, Business, Governance and Land Administration, bring a strong package of strategic, corporate/legal, financial, capital markets, governance and operational skills to the Indus Board.

Mr Gracey is currently the Business Development Manager and General Counsel at New Standard Energy Ltd (**New Standard**) and a non-executive Director of Sunbird Energy Ltd (**Sunbird**). Mr Gracey was previously the Head of Commercial, Legal and Indigenous Affairs for New Standard since February 2011.

In his roles with New Standard and Sunbird, Mr Gracey has been focussed on acquiring and developing on-shore and offshore oil and gas assets in North America, South Africa and Australia. Mr Gracey has also been hands on in relation to exploration activities and progressing associated projects. His skills and experience in project management, North American land administration and Indigenous Affairs will further add to the company as it moves to developing assets in North America and partnering with Canadian indigenous First Nations Groups.

With the appointment of Mr Gracey the Company has also opted to streamline the existing Board. Mr Greg Lee and Mr. Jeff Mitchell have agreed to step down from their positions as Non-Executive Directors, effective immediately. The Board would like to extend its appreciation to Mr Lee and Mr. Mitchell as both these gentlemen have made valuable contributions to the Company.

Strategic Review

With the Company's attention on the KPECL joint venture and an associated shift in operational focus on low-cost near term production in Alberta, Indus is also currently conducting a strategic review of its operations in Indonesia. The Company will be in a position to provide further information when this review process is concluded.

For further information please our office on (08) 9380 9920.

Yours Sincerely

Anthony Milewski
Managing Director

