ASX Announcement

21 October 2015

ASX: OEX
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India Operations Update

- Workover campaign has commenced with mobilisation of rig to Cambay-19z
- Bhandut-3 production facility construction is ~ 40% complete
- Evaluation of tenders for the Cambay 2015/2016 drilling campaign nearly complete and final approvals to award contracts being sought

Oilex Ltd is pleased to provide the following Operations Update:

Cambay Field

The workover campaign has started with the mobilisation of the rig to Cambay-19z, an oil producer from the Eocene (EP IV) formation. Cambay-19z is located approximately 1.4 km to the west of Cambay-77H. The workover includes removal and cleaning of the production tubing and repositioning the downhole pump to improve well deliverability. Subsequent to Cambay-19z, the rig will move to 1 of 4 candidates;

- Cambay-20, an oil producer currently on self-flow that requires a downhole pump to improve deliverability
- Cambay-70 located adjacent to Cambay-77H pad, a gas and oil producer from Eocene/MBS formation
- Cambay-60 – tested gas and condensate from OSII formation but never put into production
- Cambay-77H – to remove the frac tree, install production tubing and tree.

Delivery of components from overseas will determine the sequence in conjunction with optimising rig time. In addition, assessment of other wells continues such that the portfolio of workover candidates is continually hi-graded. Completion of the workover program is expected before commencement of drilling operations at Cambay-78H or Cambay-80H.

Cambay-73 continues to produce gas for the low pressure market in the immediate vicinity of the field at ~20 boepd. Currently, the well is shut-in for a pressure build up study as part of ongoing reservoir engineering studies to understand better the Y zone reservoir. As announced on 25 August 2015, 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.

Cambay-60 is completed in the Oligocene (OS II) formation, a conventional reservoir, and may be connected to the low pressure gas market via Cambay-73 facilities. The combined production from Cambay gas and condensate wells, via Cambay-73 facilities, is anticipated to be ~130 to 170 boepd after the initial phase of the workover program is complete.

The contracting and procurement process for the 2015/16 drilling campaign is nearly complete and final approvals are being sought to award the major contracts and take advantage of the new pricing paradigm. An estimated 60 – 90 days is required for drilling rig mobilisation, and although spudding of the first well was scheduled for Q4 2015, this may slip into Q1 2016.

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The JV is discussing the best opportunity to integrate Cambay-77H production data with the Cambay-78H and 80H drilling campaign and at the same time maximise the opportunity to secure contracting services at competitive rates in the current low oil price environment. Oilex will inform the market should any material change to the Management Committee approved 2015/16 work program and budget occur. The Company is continuing discussions with its joint venture partner in order to resolve the outstanding issues and recover payment of the outstanding amounts related to Cambay 77H as referred to in the Company's recent financial report.

Tendering for the fracture stimulation, flowback and testing services has commenced. These field activities will only commence upon completion of the special tight reservoir core analysis that will be undertaken in North America during H1 2016 following core recovery from Cambay -78H and 80H wells.

Gas marketing activities continue and focussed on;

- Expanding the low pressure market adjacent to the field. Response has been positive for switching from biomass energy to clean natural gas
- Assessing the high pressure market for accepting lower rates (~5MMscfd) associated with Cambay-78H and Cambay-80H
- Market discovered prices for gas remain reasonably firm compared to the Policy Formula Price despite distressed LNG cargos in the spot market

Bhandut Field

Field construction continues at Bhandut and is 40% complete (refer to attached photographs) and expected to be completed during November 2015. Gas transportation is the responsibility of the buyer(s), which is currently targeted to be in place prior to end December. Bhandut-3 should be ready to commence production prior to the end of December 2015 subject to availability of the interconnecting gas transportation infrastructure. An independent reserve assessment has commenced to support Oilex's recently upgraded internal estimate and an announcement of the results will be made when they are final. Bandhut-3 is expected to commence plateau production at 100 – 130boepd.

Managing Director of Oilex, Ron Miller, said;

"The commencement of field activities to boost production through the workover campaign is another milestone towards our goal of being operationally cash flow positive in India (exclusive of workover and drilling capex) before the end of this calendar year. In addition, the approvals tendering and cost recovery process is nearing completion for the 2015/16 drilling campaign. We are looking forward to Bhandut recommencing production and the final independent reserves report being completed. The gas market in India remains robust driven by market fundamentals and it is important to capture the commercial benefit of lower contractor service prices currently prevalent in the market."

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	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. 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. 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. Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves. Reserves are designated as 1P (Proved), 2P (Proved plus Probable) and 3P (Proved plus Probable plus Possible). Probabilistic methods 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.
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.

Workover Rig at Cambay19z

Bhandut Construction activities