



# Early mover Indian unconventional energy

Oilex Annual General Meeting | 14 November 2012

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The information in this Presentation has been compiled by the Managing Director of Oilex Ltd, Bruce McCarthy B.Sc. Hons, PhD (Geology) who has over 34 years experience in the oil and gas industry. Ray Barnes, B.Sc. Hons the Technical Director of Oilex Ltd, reviewed the estimates of hydrocarbon resources and has over 35 years experience in the oil and gas industry and is a member of the AAPG and EAEG.

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# Company profile

***Oilex Ltd (ASX: OEX)** is an oil and gas explorer with near-term production potential focused on unconventional oil and gas in India.*

## Oilex is listed on the ASX and AIM

<b>Share price</b> (as at 12/11/12)	\$0.064	£0.045
<b>Market capitalisation</b>	\$22.70 MM	£15.96 MM
<b>Cash</b> (as at 30/09/12)	\$9.52 MM	£6.23 MM
<b>Debt</b>	Nil	Nil
<b>Enterprise value</b>	\$13.18 MM	£9.73 MM
<b>Ordinary shares</b>	354.7 million	
<b>Options</b>	181.7 million	



Cambay-76H workover rig operations

# 2012 Financial Year Highlights

- ✓ Independent verification of 222 BCF gas and 37 MMstb oil Contingent Resources and 420 BCF gas and 63 MMstb oil Prospective Resources at Cambay (*Best Estimates, net Oilex*)
- ✓ Successfully drilled, completed and conducted fracture stimulation at Cambay-76H comparable to North American tight reservoir analogues
- ✓ Well operations proved hydrocarbon flow to surface and sustained formation over-pressure
- ✓ Revised well production profile indicate in excess of 3 BCFE per well estimated ultimate recoverable volumes
- ✓ Successful \$7.1 million capital raising through a renounceable rights issue

# Strategy: Oilex in transition

	2005-11		2012+
Target	Conventional onshore/offshore	→	Unconventional onshore
Stage	Explorer	→	Producer
Location	Indian Ocean Rim	→	India
Opportunity	Early-Late Mature	→	Early entry into world-class resource

- *Restructure management and operations – “Right people for the job”*
- *Align Joint Venture priorities – use the combined skills within the JV*
- *Enhance technical/operational excellence – Aus/USA/India skills base*

# Oilex's unique market opportunity

Capitalise on our early mover advantage

*BY*

Utilising modern technology to pursue tight oil and gas resources in a producing Indian basin

*WHERE*

Oil and gas is proven and the commercial potential is outstanding



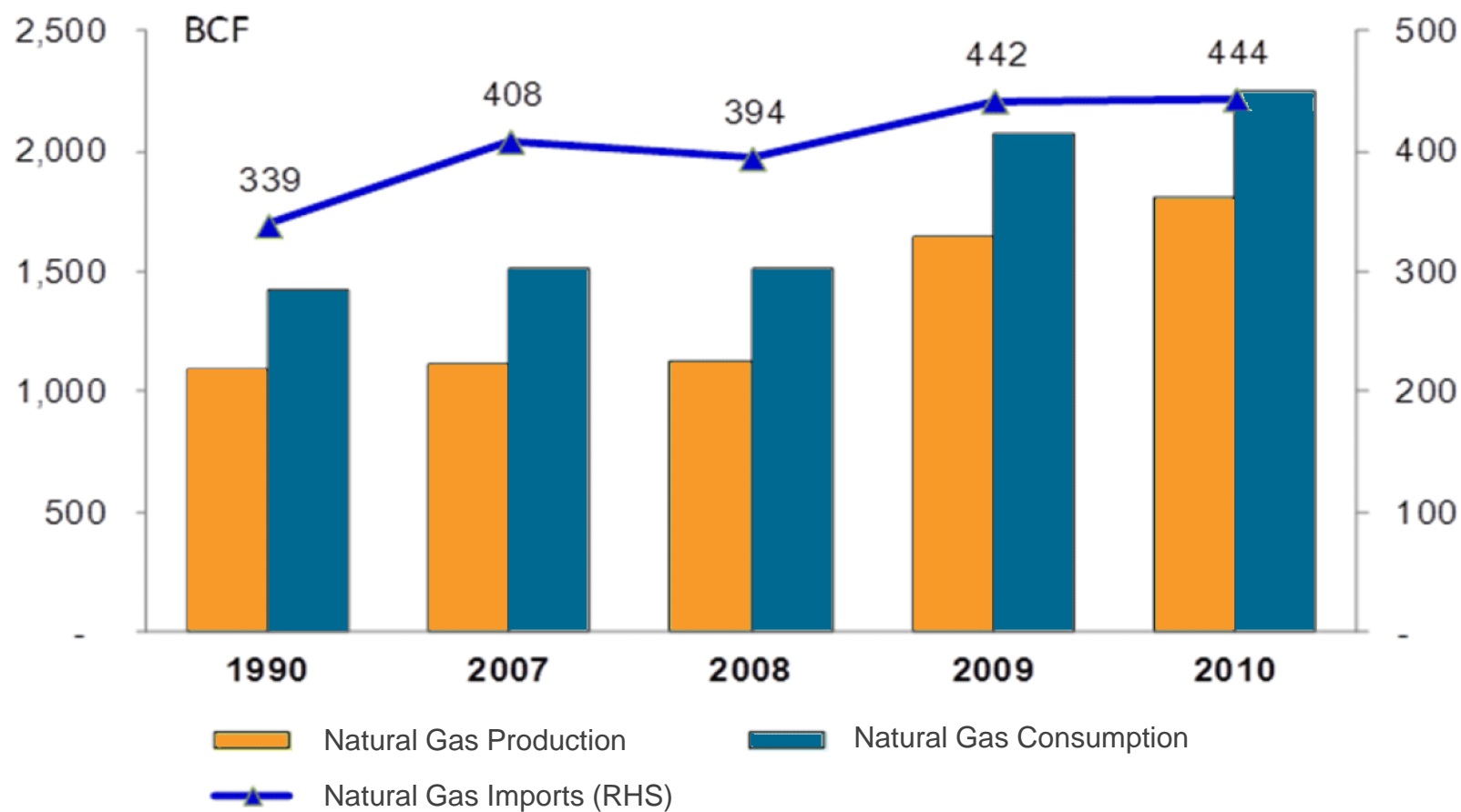
# Compelling commercialisation opportunities

- Indian economy has excellent long term growth potential - 8%+ p.a.
- Gujarat – “Growth engine of India”
- International Energy Agency forecasts robust outlook for gas prices
- Cambay project is ideally located at the hub of Indian’s largest gas pipeline network
  - 10 km from grid
  - Local buyers
  - Recent prices ~\$6/MCF



Cambay-76H drilled and completed 2011

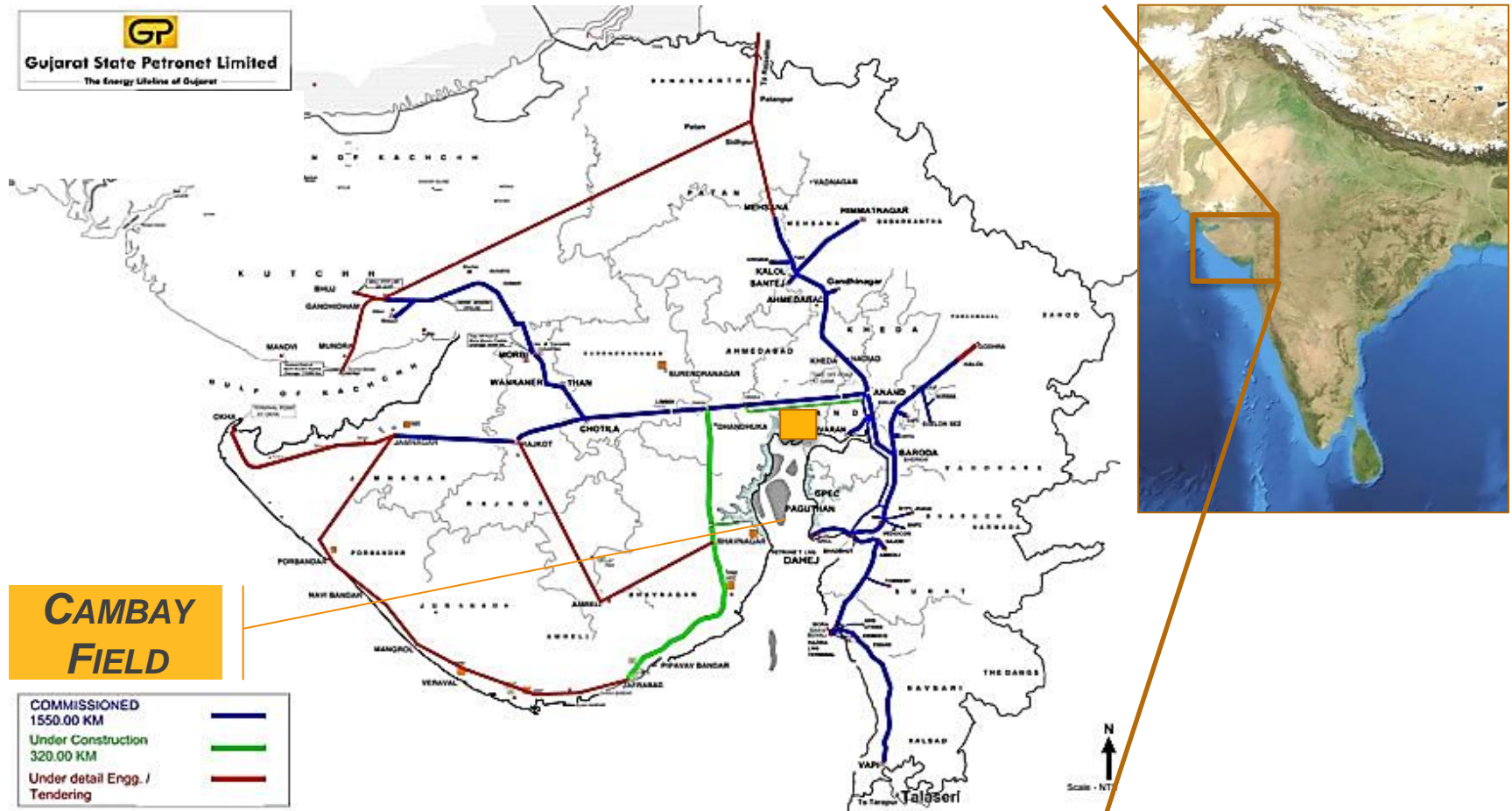
# India's natural gas deficit expanding



Source: Energy Outlook 2030, BP 2011; Natural Gas in India, IEA 2010



# Established gas infrastructure network



## EXISTING AND PROPOSED GAS PIPELINES IN GUJARAT

Source: Gujarat State Petronet Limited

# India – attractive destination for oil & gas investment

- Attractive fiscal regime
- Central Government regulated – as per UK, Australia etc
- Favourable terms on Cambay PSC
- Continuing strong demand driven by rising internal industrial consumption
- Stable democratic political system
- Petroleum sector at forefront of structural modernisation in India



# Increased confidence in successful execution

- Drilling, completion and fracture stimulation techniques extensively proven in North America successfully applied at Cambay
- Improved capability of operating and technical team with new appointments:
  - Chief Operating Officer, based in India – Michael Maloney
  - General Manager Operations, based in India – Andrew Pfaff
- Core team in place with additional resources on call if required
- Strong relationship with US technical consultants
- Independent review – recommendations to minimise future risk

# New Management Profiles

## ■ Mike Maloney - COO

- Project Manager for global energy companies such as Exxon, BHP Billiton, ENI
- Operations Manager for major oilfield contractors in USA, North Sea, Australia, India, Japan and Vietnam
- COO Nexus

## ■ Andy Pfaff - GMO

- Subsurface engineering analysis, design, completion, fracture stimulation and testing of horizontal wells, and drilling and production operations and management experience in tight or shale reservoirs. (USA & China).
- Worked on the first tight/shale gas drilling programs in China in recent years in a joint operating venture with a government-owned oil company.

# Cambay-76H Operations Review

## WHAT OCCURRED

### PROBLEMS AT FINAL STAGE OF SUBSURFACE OPERATIONS



Drilling, Completion, Fracture Stimulation,  
micro seismic went well



High formation pressure post frac  
stimulation; oil and gas flow to surface



Milling phase suffered from limited  
contingency planning



Single well tight reservoir drilling program  
high risk in new area



Equipment failures led to suspension

## LEARNINGS

**NOTE: CAMBAY-76 H WELL DID  
NOT TEST FOR HYDROCARBONS**



Retain good performance aspects



Modify well design and operating  
procedures



Modify well design and operating  
procedures



Extensive data acquired and more  
wells mitigate risk in future program



Modify well design and operating  
procedures

*Project management, well design and expert advice minimise future risk*

# What is being done?

Suspended well Cambay-76H and demobilised in May 2012

- Reorganise to improve skills and reduce overheads
- Compile operations reviews and risk mitigation strategy
- Revise Field Development Plan to focus on a 5 year plan from 2013
- Prepare and submit revised budgets
- Assess market for selling test gas from offset well
- Commence discussions with potential buyers for test gas

# What next ? ...Proposal to JV

## *ENHANCE CONVENTIONAL PRODUCTION*

- Workover 3 wells initially for incremental production
- Evaluate other short term production opportunities

## *DRILL OFFSET WELL*

- Drill 350m horizontal well from C-76H pad to prove flow rate and produce up to 30,000 BOE in FY 2013-14
- Convert some contingent resource to reserve

## *PHASE 1 DEVELOPMENT 2013-14*

- Drill 4 appraisal/development wells to prove flow rate at other locations
- Produce up to additional 200,000 BOE in FY 2013-14
- Convert more contingent resource to reserve

## *PHASE 2 DEVELOPMENT 2014-15*

- Drill 10 wells a year from FY2014-15 onwards
- Increase annual production by ~100,000 BOE pa
- Convert resource to reserve progressively



# Cambay Project - world-class tight reservoir potential

## SUBSTANTIAL RESOURCE

- Large acreage position ~40,000 acres
- Independent assessment Netherland Sewell & Associates Inc. (Oct 2011)
- **222 BCF gas** and **37 MMbbl oil** Unrisked Contingent Resources (2C net Oilex)
- Substantial prospective resource upside in deeper zones

## STRONG DOMESTIC DEMAND

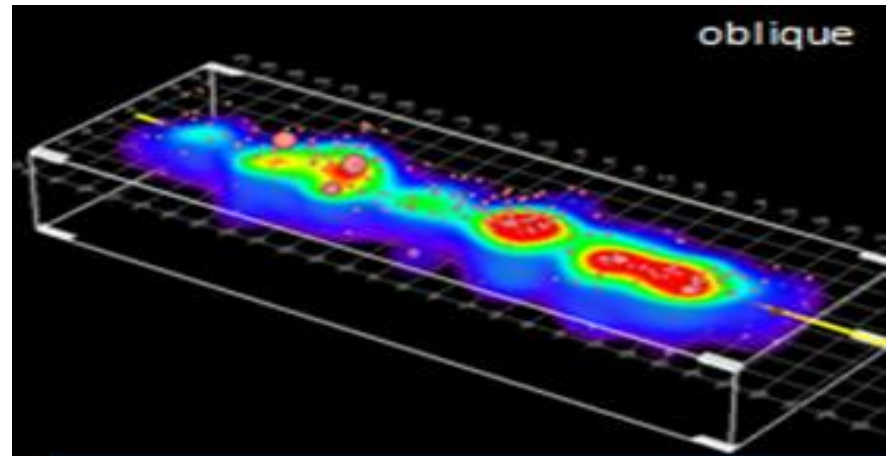
- Indian economy projected to expand  $\geq 8\%$  annually by 2015
- Gas demand strong and rising
- Demand / supply gap widening with LNG imports increasing
- High gas price is expected to continue

## APPLIED PROVEN TECHNOLOGY

- Horizontal drilling and hydraulic fracturing highly successful in USA and Canada
- Applied by Oilex at early stages of industry development in India
- Early mover benefit to Oilex

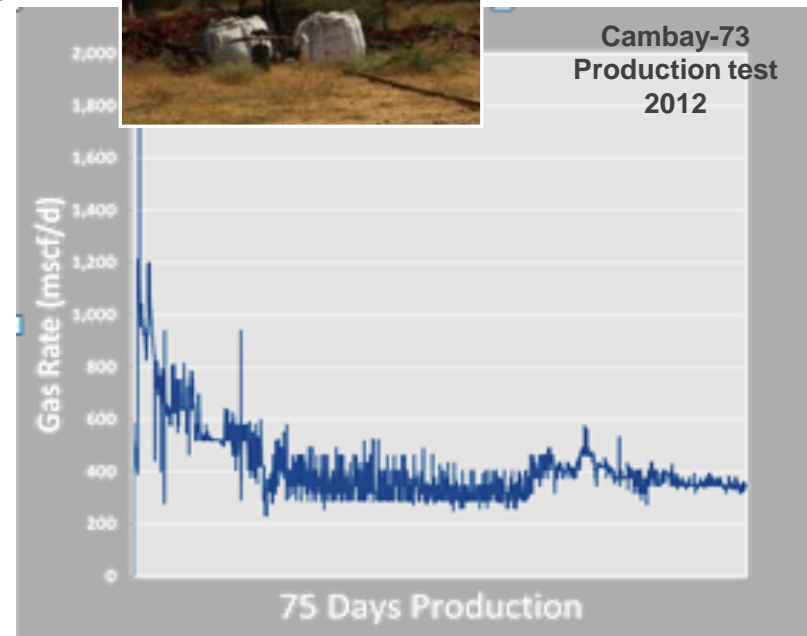
# Cambay-76H Well

- Tight reservoir technology transfer
  - Evaluation
  - Drilling and completion
  - Fracture stimulation
- Encouraging well results
  - Oil and gas flared at surface
  - High formation overpressure
  - Consistent with production modelling
  - Liquids-rich gas
- Comparable to North American tight reservoir analogues



# Cambay-73 Production Test

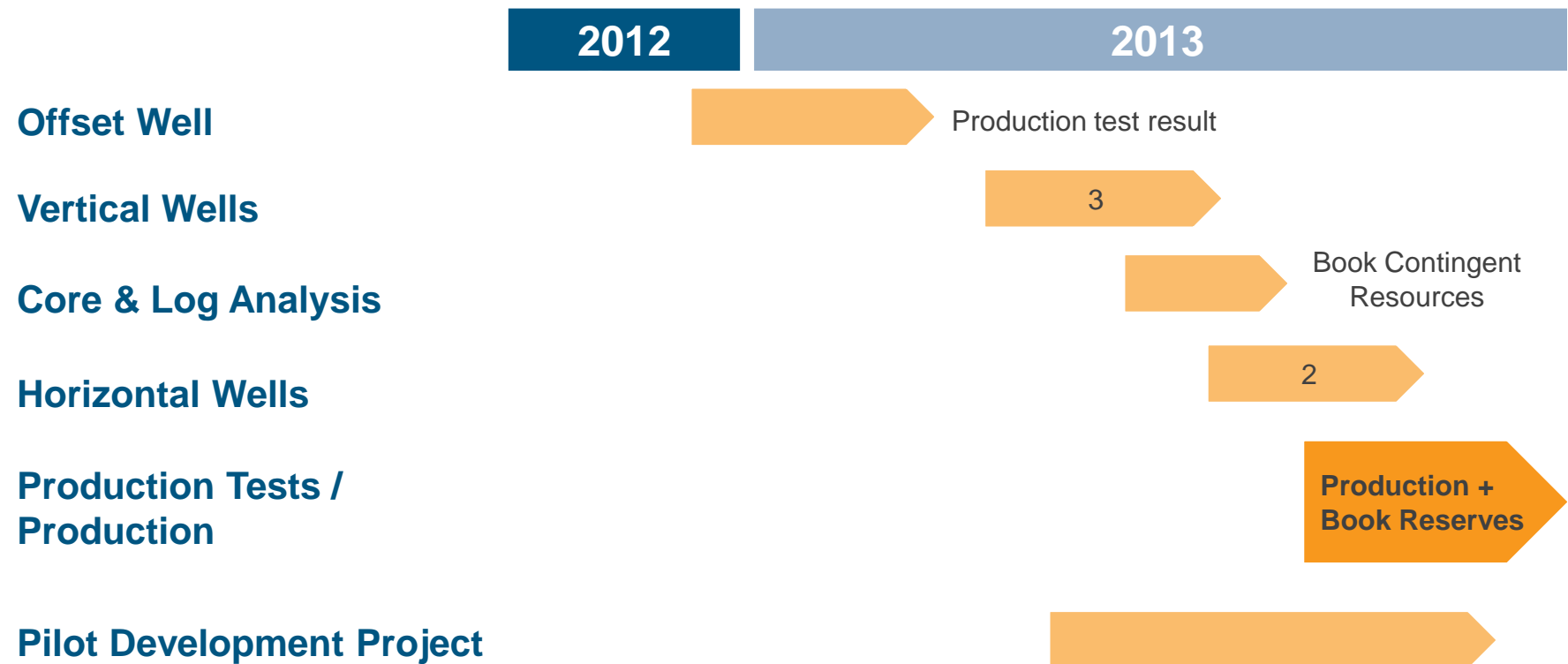
- Vertical well drilled and completed 2008
  - Located ~ 1 km SW C-76H
  - 10 metres perforations
  - 86 tonne fracture stimulation
- Testing Y Zone fm equivalent of C-76H
  - No apparent barriers between wells
- Cumulative production (2008, 2012)
  - 1,488 bbl condensate
  - 53.1 MMscf gas
- Approval for further test received
- Apply to resume production with possible gas sales to minimise flaring



# Activity pipeline

## Indicative Project Schedule

- Propose to drill Offset Well, 3 vertical + 2 horizontal wells in the next 18 – 24 months



# Near-term production and cash flow potential

- Transformational strategy provides near-term production and cash flow potential
- Reduces reliance on future equity injections
- Targeting first production late 2013
- Appraisal plan to drill and flow test offset well near Cambay-76H



Cambay-76H flare - well control operations  
January 2012



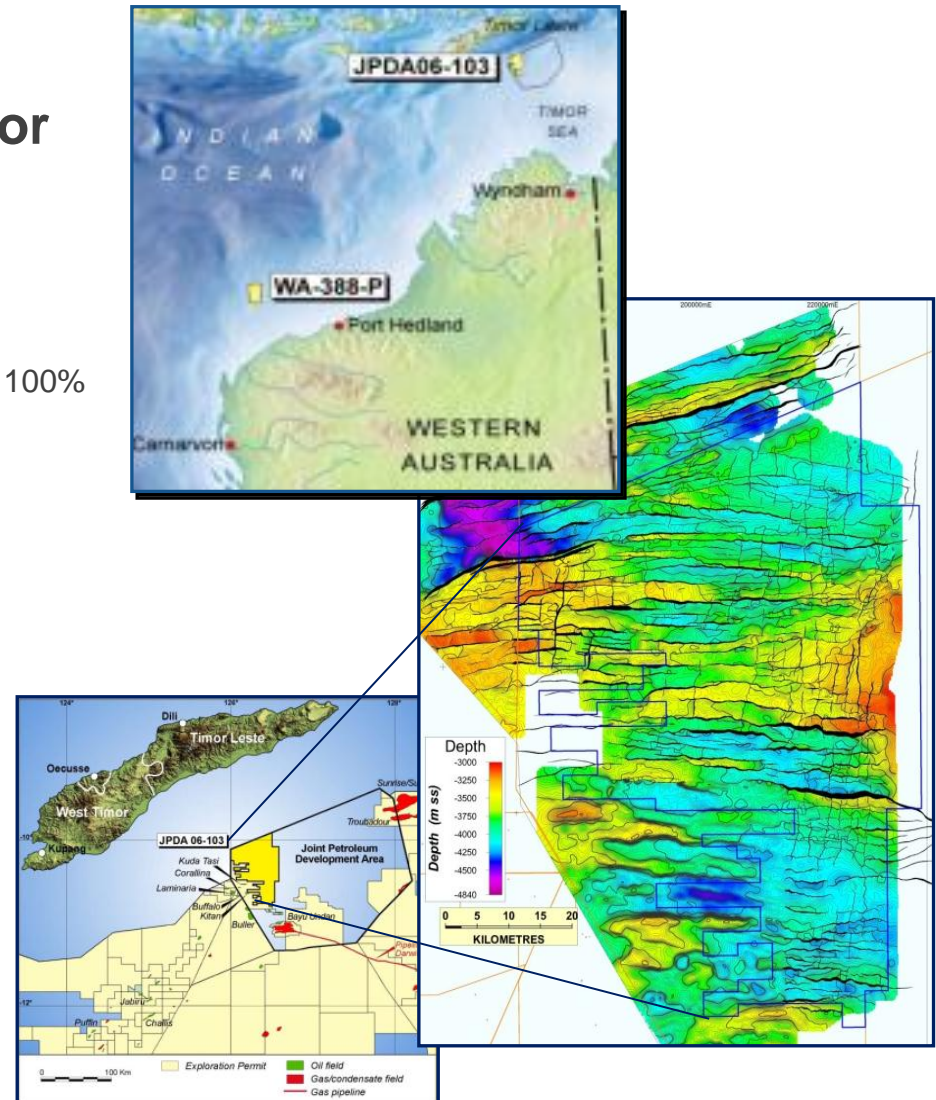
# Other Assets

## JPDA 06-103 Oilex: 10%, Operator

- Bazartete prospect
  - 70.8 million barrels oil Mean Prospective Resources (unrisked 100% basis)
  - 23% chance of success
  - Key risk – charge
- Request for extension of term submitted to ANP

## WA 388P

- Relinquished 27 August 2012



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