# Portfolio Diversification
# **Unconventional Resource Focus**

ASX / AIM: OEX
August 2013

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The information in this Presentation has been compiled by the Managing Director of Oilex Ltd, Ron Miller MS Engineering who has over 37 years experience in the oil and gas industry. Peter Bekkers, B.Sc. Hons., the Chief Geoscientist of Oilex Ltd, reviewed the estimates of hydrocarbon resources and has over 16 years experience in the oil and gas industry and is a member of the AAPG and SPE.

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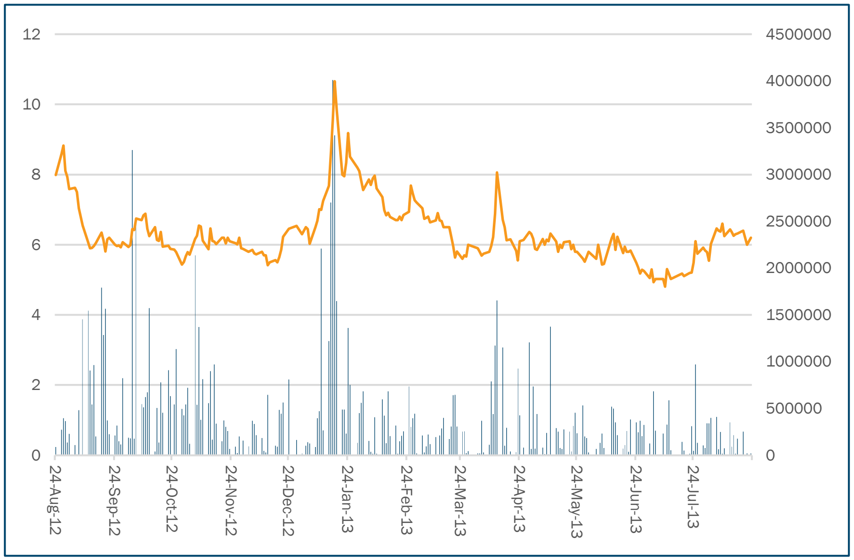
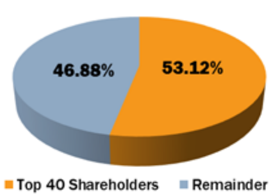
# Company Profile: Oilex Ltd (ASX / AIM : OEX)

## Oilex Ltd. has a diversified onshore oil and gas portfolio with a near-term drilling programme and potential production in India.

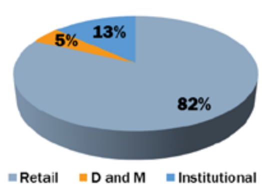
### ASX 12-month share price performance and volume



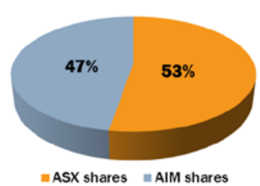

### Top 40 Shareholders




### Investor Analysis




### Share Register




### Oilex is listed on the ASX and AIM

| | ASX $ | AIM £ |
|---|---|---|
| Share price (as at 23/08/13) | 6.2¢ | 3.50p |
| Market capitalisation | $22.0m | £12.4m |
| Cash (30 Jun 13 Qtrly Report) | $3.6m | £2.2m |
| Debt | Nil | Nil |
| Enterprise value | $18.4m | £10.2m |

| | |
|---|---|
| Ordinary shares | 354.7 million |
| Options | Listed: 151.9 million |
| | Unlisted: 26.0 million |

| | |
|---|---|
| Average Daily Volume AIM | 1.01 million shares |
| Average Daily Volume ASX | 0.42 million shares |

# Board and Management Team

## Max Cozijn

Appointed as **Non-Executive Chairman** in 2003. Over 31 years experience in administration of listed companies

## Sundeep Bhandari

Appointed as **Vice Chairman** in November 2011. More than 15 years experience in the energy business

## Bruce McCarthy

Appointed as **Non-Executive Director** in 2012. Former MD with over 30 years experience in the oil and gas exploration

## Ron Miller

Appointed as **Managing Director** in December 2012.
Management & Engineering. 37 years of experience in the international petroleum industry

## Pete Bekkers

Appointed **Chief Geoscientist** in 2007 more than 16 years' experience.

## Rob Ierace

Appointed as **Chief Financial Office & Company Secretary** in January 2013. Over 17 years experience in finance

## Michael Maloney

Appointed as India-based **Chief Operating Officer** in July 2012. 40 years of experience in the oil and gas industry

## Investment Highlights

- Diversified **asset portfolio**, focused on onshore tight/unconventional petroleum
- Large discovered independently certified resource base
- Objective: **grow production, cash flow and reserves**

- Cambay Project (INDIA – OEX Operator, 45% decreasing to a minimum of 30%)
  - Sale of up to 15% equity to Magna Energy subject to pre-emption and Gov't approvals
  - Premium gas market, domestic price increasing to ~US$8.00/Mscf
  - Low Finding cost ~ US$0.60 per boe of 2C Contingent Resource (50/50 gas & liquids)

- Wallal Graben Fairway (AUSTRALIA – OEX Operator, 100% and farming out)
  - SPA-0055 low-cost entry to ~388,000 acres of concentrated play fairway
  - Active farm-out program with significant North American interest
  - Bid on two gazettal blocks covering remainder of fairway ~192,000 acres

Note: Gas is converted at 5800 scf per boe and contingent resources independently assessed by NSAI in accordance with SPE-PRMS guidelines.

# NSAI Independent Resource Estimate for Cambay

## Unrisked Contingent Resource Estimates (the near term production and cash)

| | Low (1C) | | Best (2C) | | High (3C) | |
|---|---|---|---|---|---|---|
| | Oil MMstb | Gas BCF | Oil MMstb | Gas BCF | Oil MMstb | Gas BCF |
| Gross in place | 831 | 672 | 1,633 | 1,314 | 2,888 | 2,297 |
| Gross recoverable | 31 | 180 | 83 | 495 | 179 | 1,073 |
| Net OEX rec. (45%) | 14 | 81 | 37 | 222 | 81 | 483 |

## Unrisked Prospective Resource Estimates (the Upside)

| | Low | | Best | | High | |
|---|---|---|---|---|---|---|
| | Oil MMstb | Gas BCF | Oil MMstb | Gas BCF | Oil MMstb | Gas BCF |
| Gross in place | 4,679 | 4,962 | 11,592 | 12,645 | 21,912 | 23,178 |
| Gross recoverable | 36 | 258 | 140 | 935 | 553 | 3,632 |
| Net OEX rec. (45%) | 16 | 116 | 63 | 421 | 249 | 1,632 |

Netherland Sewell and Associates Inc., October 2011 (see ASX announcement dated 11 October 2011)

**Independent Resource Assessment planned for update in 2014 to incorporate new production data**

# Company Strategy: Acquire & develop unconventional resources

## Deliver *production* growth (Cambay & Bhandut)
- Complete technology transfer from North America
- Creates sustainable *cash flow*
- Convert Contingent Resources to *Reserves*

## Commercial Opportunity (Cambay)
- Balance risk vs asset size
- Increasing gas prices, ~US$8.00/Mscf in 2014
- Off-spec gas sales, lower cost facilities
- High liquids yield for enhanced value

## Leverage expertise (Wallal Graben Fairway)
- Sensibly expand portfolio, liquids focus
- Large footprint, concentrated prospectivity
- De-risk through experience at Cambay

## Continue to monetize & rationalise non-core assets

Cambay operations

# Cambay Asset: Overview

## Acreage

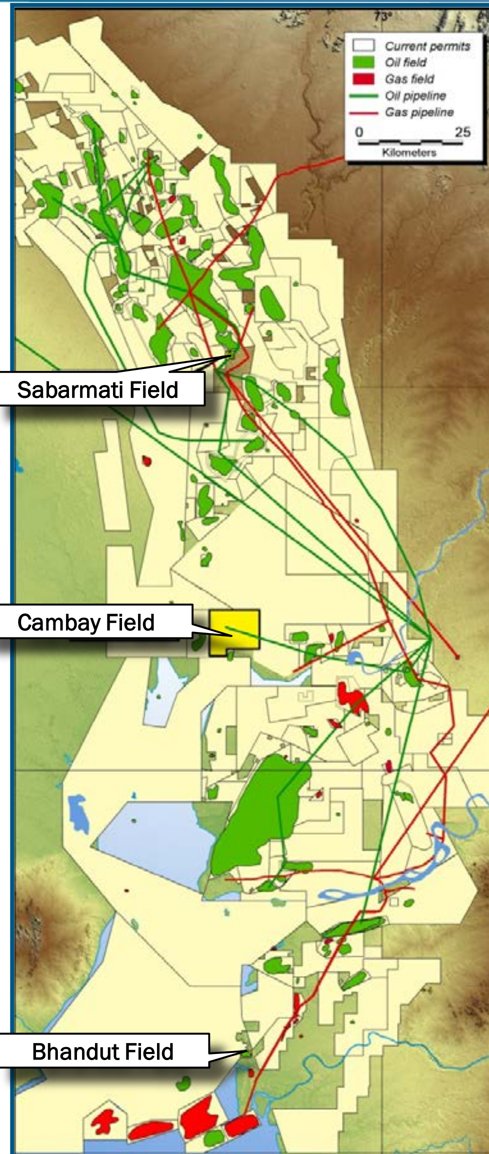
- Cambay Basin: large producing province
- Cambay Field: 161 km$^2$ (~40,000 acres)
- Oilex drilled first horizontal multi-stage frac well in India

## Commercial Environment

- Gujarat industrial heartland
- Significant gas demand
- Infrastructure with capacity
- Very good fiscal terms

## Current Activities

- Tenders issued & bids received
- Evaluations in progress



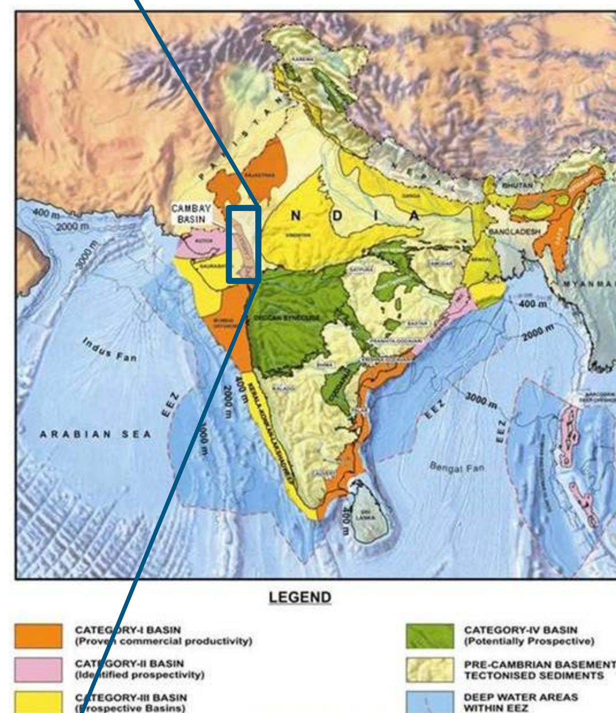




FIG. 1. SEDIMENTARY BASIN MAP OF INDIA

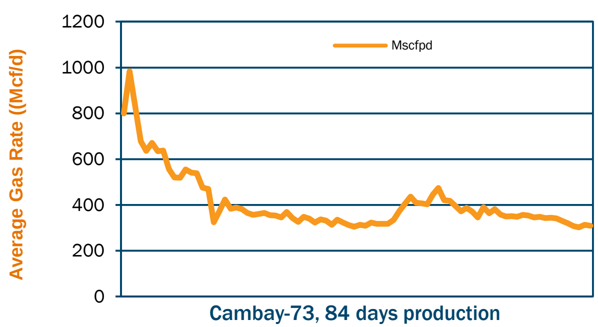
# Why Cambay?

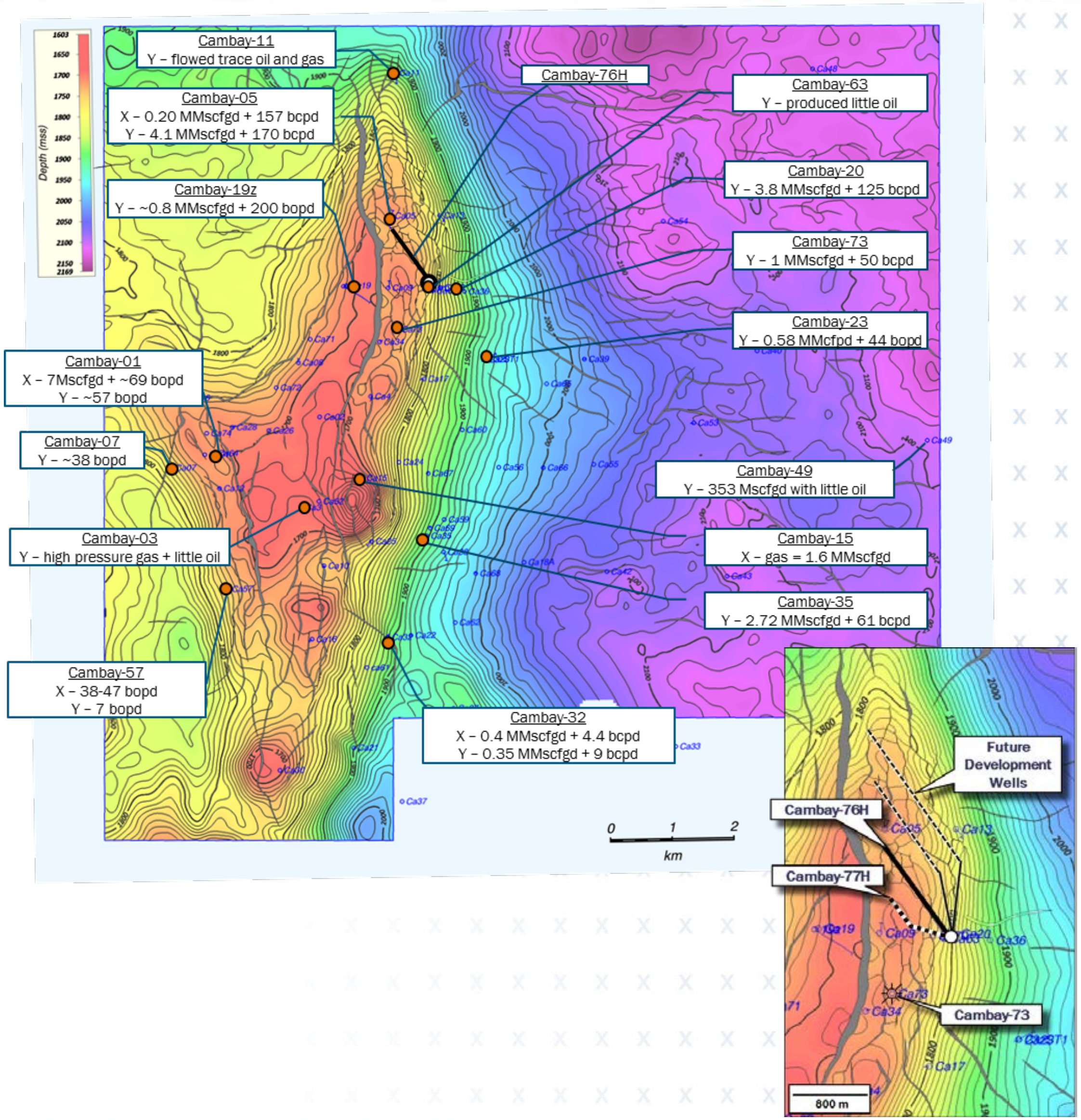
## Geology proven to deliver

- ✓ 2,800m prospective section
- ✓ 36 wells penetrated Eocene
- ✓ 16 vert. wells tested oil & gas
- ✓ High quality 3D seismic
- ✓ No free water observed

## Cambay-73 – GSA signed

- ✓ Initial 2 year term
- ? Pending Gov't endorsement
- ✓ ~ 1km from C-76H & C-77H



# The Magna Deal - why sell Cambay equity?

## The Deal

- Sell 10% equity for US$4million
- Option over additional 5% for US$2million
- Subject to pre-emption under JOA and GoI approvals under PSC
- If transaction validly terminated, Magna cash is converted to OEX shares

## Rebalance asset risk profile

- Success value - not eroded due to increasing gas price and exchange rate

## Introduce a third partner to the Joint Venture

- Magna Energy's focus is complementary to OEX's strategy
- Obtain expertise from industry leaders

## Cash management

- Lower equity = Lower future cash requirements

## Resource size remains material at minimum 30% OEX equity

- 50MMboe - 50% is gas and 50% is liquids

# Bhandut–3: Gas Production Leads To Cash Flow

## Bhandut Contract Area

- 6km$^2$ (~1,482 acres)
- 19,385bbls cum. oil produced since acquisition in 2007

## Isochronal test of 3.5m sand

- Below seismic resolution
- Flowed 6.5MMscfd of dry gas

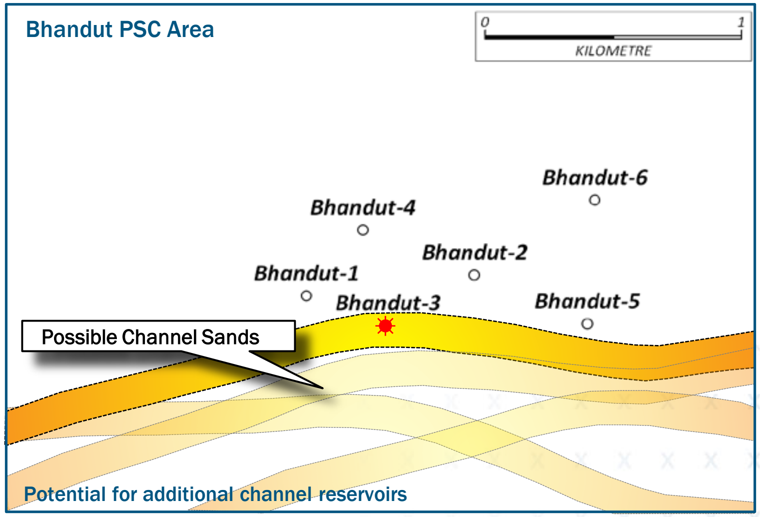
## EoI to buy all recoverable gas

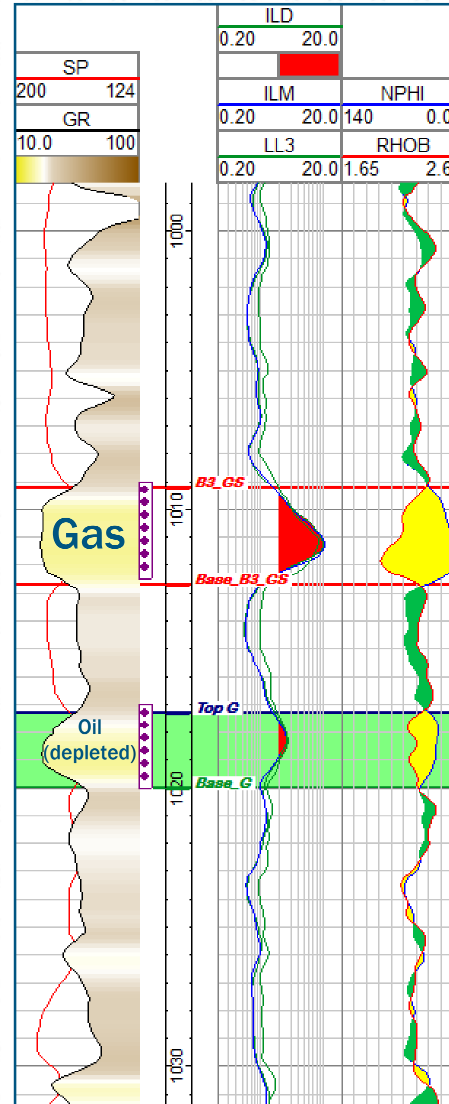
- Offtake via CNG bullet trucks
- Offtake rate ~ 0.5 – 1MMscfd
- Minimal gas treatment req'd

## Contingent Resource*

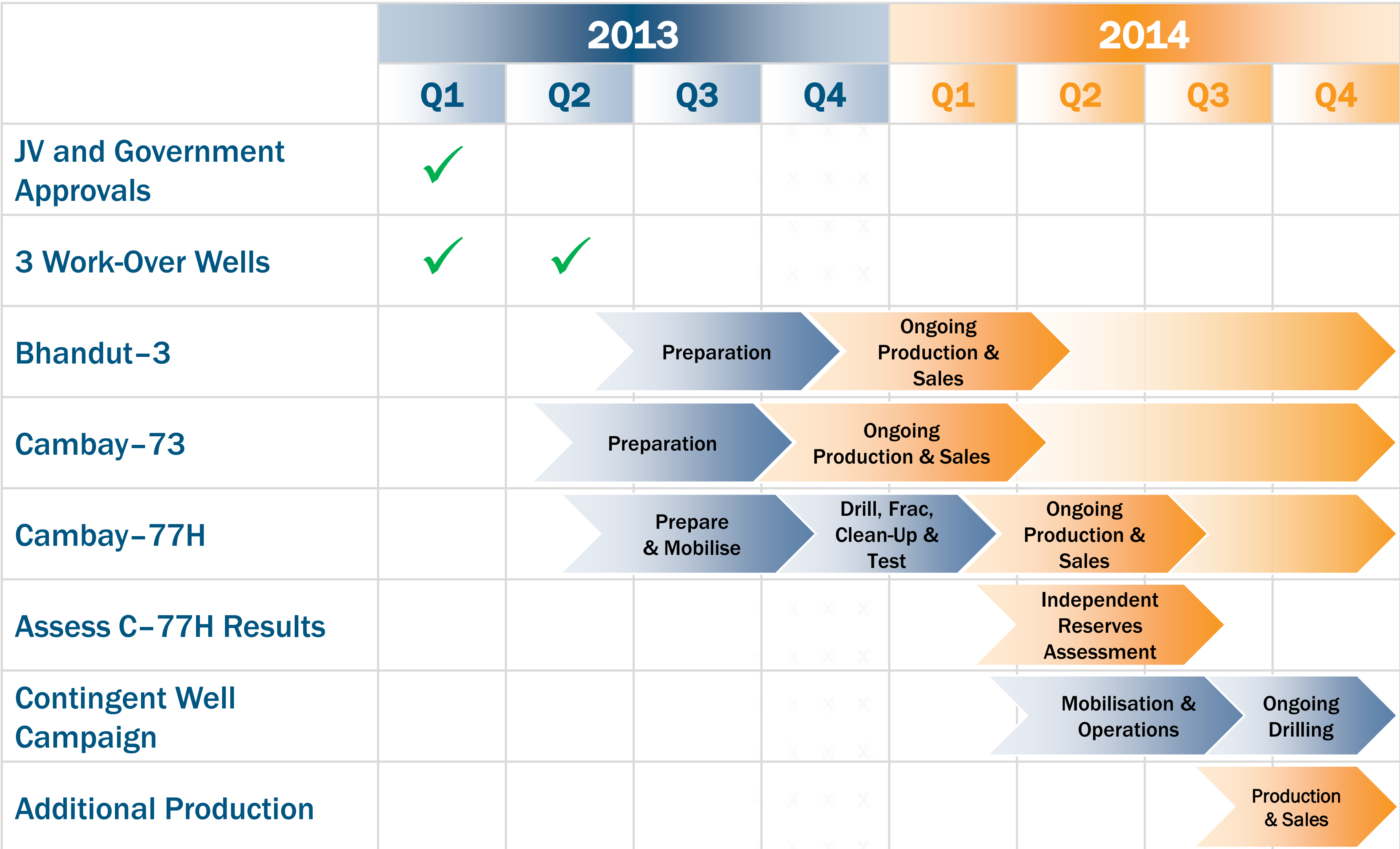
- 2C ~ 250MMscf (100% basis)
- Based on dynamic flow data

* OILEX internal estimate according to 2007 SPE PRMS Guidelines



# Active forward work programme to production and cashflow




*Near-term active programme set to provide significant share price catalysts*

# Portfolio Diversification: Wallal Graben, Western Australia

## Strategic rationale:

- Low-cost, low-risk entry
- Concentrated prospectivity
- Long-term growth potential and diversity

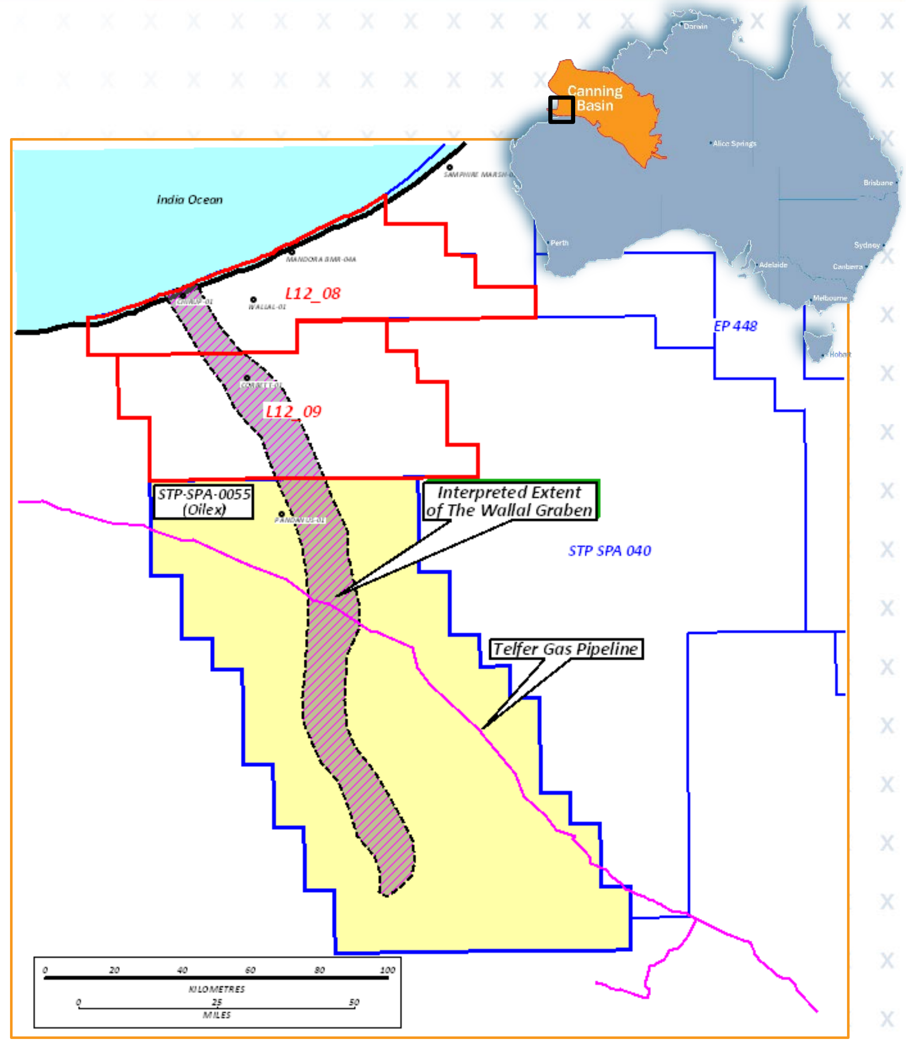
## Oilex awarded Canning Basin SPA* covering 11,400 km²**

- May be prospective for oil & liquids-rich gas
- Geological similarities to Indian acreage

## Bids submitted on adjacent Gazettal blocks (~6,400 km$^{2***}$)

- Awaiting Government award

**SPA + Gazettal blocks capture entire play fairway**

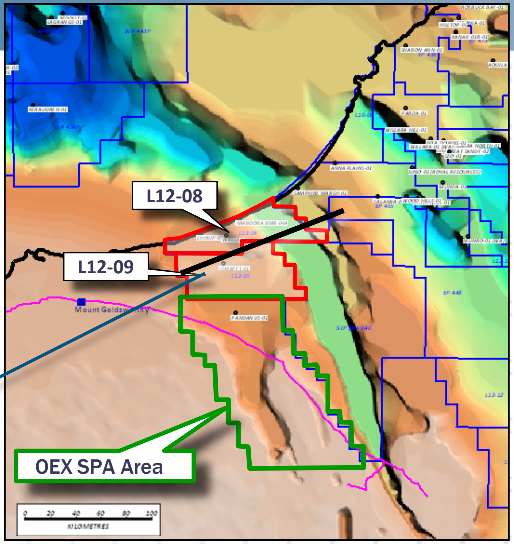


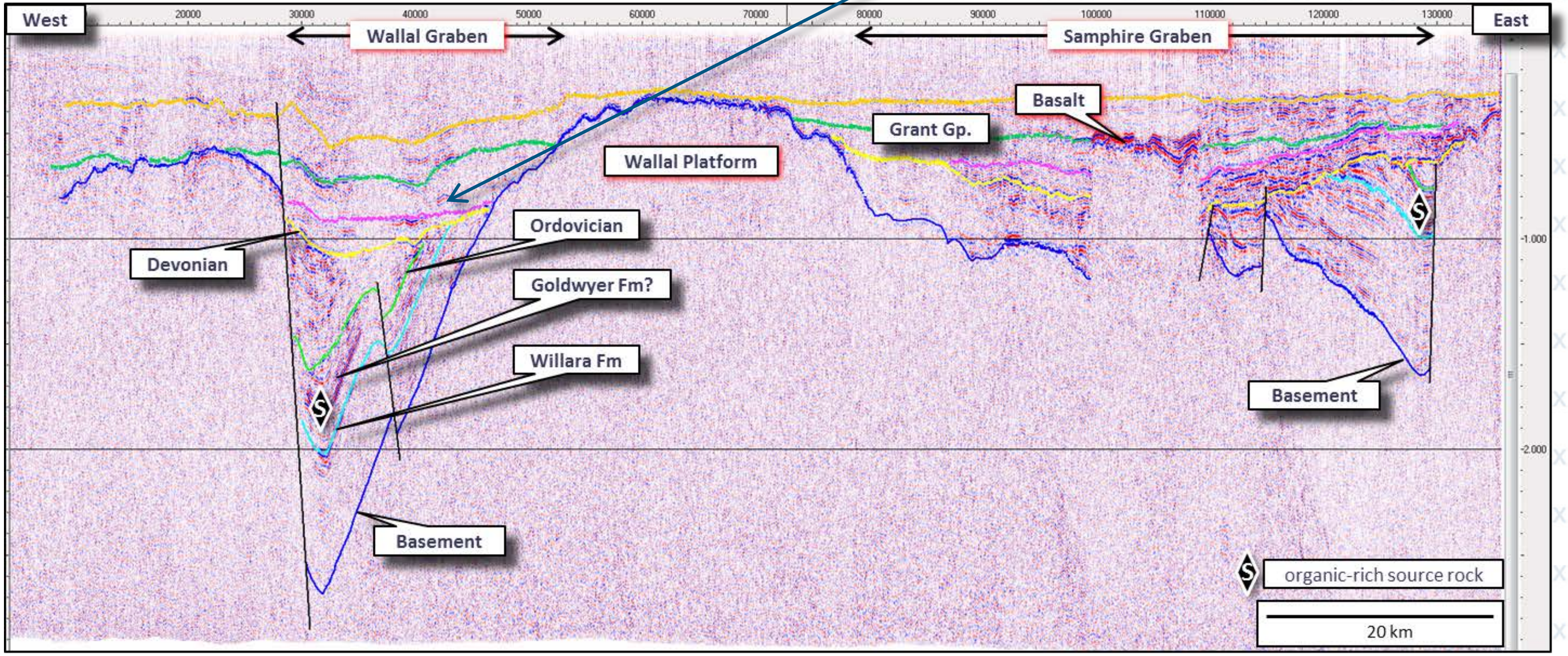

Wallal Graben - Canning Basin, Australia

*Special Prospecting Authority, ** ~ 2,800,000 acres, *** ~ 1,600,000 acres

## Wallal Graben: Seismic tells story

- **Jump correlations with regional seismic data infer:**
  - A near-complete Ordovician sequence is preserved
  - Possible thick Goldwyer Formation - primary source rock
  - Potential for additional organic-rich formations
- **Low resolution gravity/magnetics data appears inconsistent with seismic data**



# Why the Wallal Graben Fairway?

## Overlooked prospectivity:

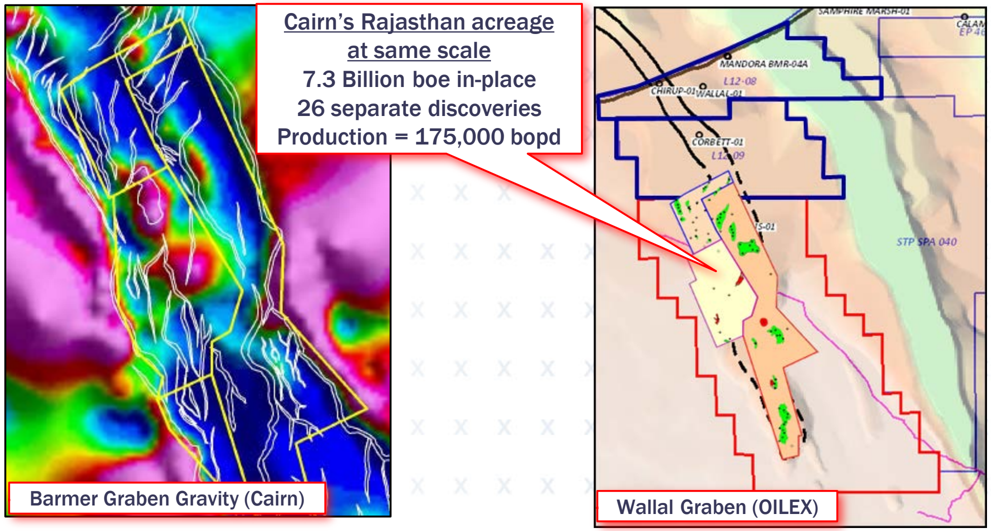
- Sparse gravity/magnetic data
- Vintage 2D seismic data
- Analogous to Cairn India's Rajasthan Play
- Undrilled play fairway

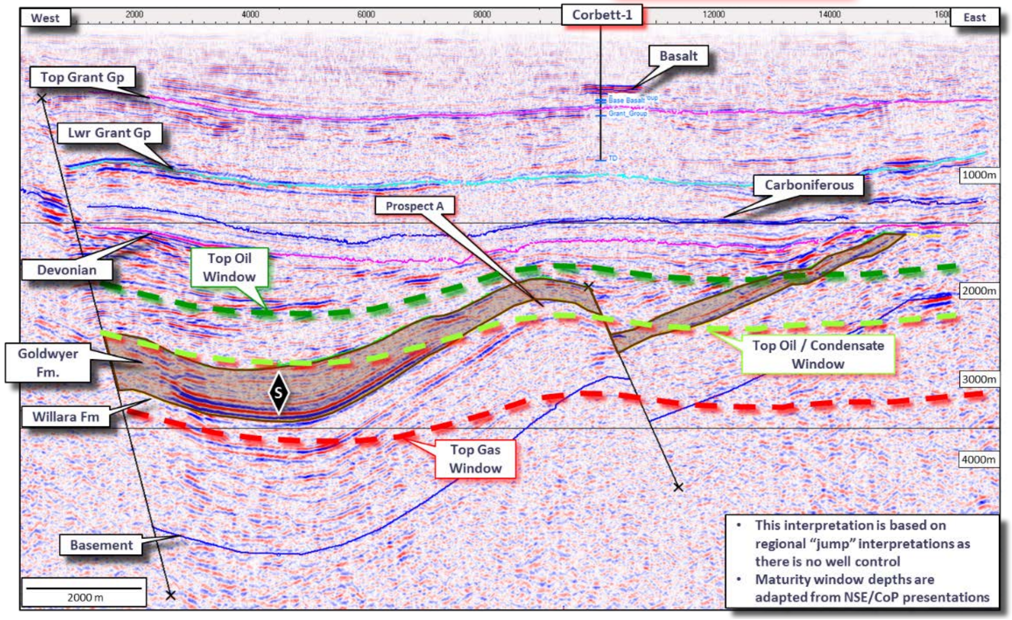
## Source rock depositional model:

- Restricted/anoxic lagoon system within narrow graben
- Concentrated prospectivity ⟶ rapid "sweetspot" identification

## Conventional and unconventional plays:

- Large simple structures
- Thick, mature source rock packages



# Scorecard to 3rd quarter 2013

| Goals and Objectives | Status |
| --- | --- |
| Production | ✓ Cambay–73 GSA signed, awaiting GoI endorsement<br>✓ Bhandut–3 tested 6.2MMscfd, EoI's to buy gas<br>× Work-overs on 3 Cambay wells limited success |
| Cost Control/Cashflow | ✓ Net corporate overheads reduced ~ 25% from 2012<br>✓ Indian domestic gas price to rise to ~$8.00/Mcf |
| Cambay–77H | × Approvals & prep ~2 months longer than planned<br>✓ Tenders issued<br>✓ Bids received<br>✓ Evaluations in progress |
| Rebalance portfolio | ✓ Secured SPA-0055 2.8MM acres in Canning Basin<br>✓ Sale – up to 15% equity in Cambay ~value neutral<br>✓ Submitted bids for L12-08, L12-09 adjacent to SPA-0055<br>? Farmout Wallal Graben Play fairway in progress |

# Oilex's Investment Proposition

- **Strategic focus on the Cambay Asset** centred on production, cash flow and reserves
- **Cambay drilling operations** tenders issued, bids received and evaluations in progress
- **Use proven technology** de-risks active forward work plan
- **Growth potential beyond Cambay** Wallal Graben Fairway has concentrated prospectivity


## Unconventional Resource Focus
## Concentrated Prospectivity



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