

ASX Announcement

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Core Analysis and Review Confirms Cambay Potential

Oilex Ltd (the Company) is pleased to announce that the C-23z core analysis has been completed. The analysis, by Schlumberger and Baker Hughes has confirmed that the EP-IV tight siltstones at Cambay can be effectively stimulated, and that commercial gas flow rates are potentially achievable.

The Company has a significant multi TCF gas resource at the Cambay PSC in the EP-IV tight siltstones that requires drilling and stimulation optimisation technologies to achieve commercial flow rates. Schlumberger and Baker Hughes were appointed to complete the core analysis and to report on the reasons for under-performance of past wells. The purpose of their work was to identify any substantial impediments to achieving potential commercial flow rates and to advise on the optimal well and stimulation design required to take the project forward.

Both Schlumberger and Baker Hughes are global leaders in the stimulation of tight gas reservoirs. Schlumberger was appointed to provide geomechanical testing, fluid sensitivity testing and proppant embedment testing on the core. The data from these tests along with past well and production histories were incorporated into a review by Baker Hughes to assess the suitability of the reservoir rocks for drilling and stimulation and to also identify methodologies to maximise production from the EP-IV reservoir.

The key observations from the expert core testing and optimisation analysis are as follows:

- The reservoir rocks have the essential characteristics for the development of suitable fractures required to increase exposure to the reservoir and to increase gas flow rates under production. This substantively removes a concern over relative rock strength in the Cambay being lower than many North American projects.
- Placement of the fractures within the overall reservoir section is critical to achieve optimum fracture length and direction and to ensure that the fractures are constrained within the reservoir section. On prior vertical wells the fractures propagated vertically rather than the laterally within the reservoir, thus providing little benefit.
- Reservoir temperature and pressure offer no specific challenges to the application of the stimulation technologies.
- Clays within the EP-IV reservoir rocks are subject to modest swelling which can be effectively ameliorated with readily available fluid additives.
- Proppant selection is important to maintain the necessary conductivity for sustained production. Readily available higher strength proppants than used previously are recommended.
- Given the relative softness of the reservoir, it is critical to avoid over-flushing of proppant, which in past wells resulted in the loss of communication between fractures and wellbore, leading to significant production under-performance. This does not present any major technical challenge, instead requires active planning and management during stimulation operations.
- Different stimulation fluids are required to optimise the stimulation phases and ensure effective initial fracture propagation and subsequent proppant placement whereas prior wells used a single gel based fluid.



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Mr Joe Salomon said "We are very pleased that the review and analysis has confirmed the substantive potential of the EP-IV reservoir at Cambay, and that it has provided specific solutions to be employed in the execution of future drilling and well completion programmes. These findings have confirmed the importance of implementing a tailored approach to unlocking the potential commercial success of the large gas resource at the Company's Cambay project."

For and on behalf of Oilex Ltd



Joe Salomon
Managing Director

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