

4 August 2014

Company Announcements Office
ASX Limited
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CAMBAY-77H – Flow-back Update

- Light crude oil continues to be recovered
 - Frac water flow-back continues with ~ 55% recovered
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Oilex Ltd (ASX: OEX, AIM: OEX) is pleased to announce that Cambay-77H well continues to produce crude oil and frac water and ~ 55% of the water used to stimulate the well has been recovered. Light crude oil continues to be recovered and most has been transported to a nearby refinery for sale. Gas produced concurrently with crude oil during well flow-back continues to be flared to ensure safety of all well-site personnel.

No proppant has been recovered at surface subsequent to the milling operations and initial well bore clean out. No evidence of formation water has been seen at surface during the flow-back and this is interpreted to support Oilex's hypothesis that formation water production is not occurring.

The well planning including flow-back and clean-up was predicated upon gas and condensate and the recovery of crude oil and gas may influence the duration required for Cambay-77H to clean-up prior to commencement of any production testing. Samples of the oil, gas and water have been collected for laboratory analysis. These analyses will assist in determining the fluid properties being recovered from the well.

During flow-back operations the following activities have been completed which have necessitated shutting in the well or limiting flow:

- Change of frac tree to the standby frac tree because of leak issues
- Completed two runs to the toe of the well with the coiled tubing unit
- Preliminary build up surveys of wellhead pressure

The coil tubing unit, which was retained at Cambay-77H site as a precaution, has now been demobilised along with other ancillary equipment, reducing the daily operating costs. Oilex will advise the market of a stabilized flow rate via a production test once frac fluid return and clean-up operations have been completed.

Managing Director of Oilex, Ron Miller, said;

“The ongoing recovery of light crude oil during flow-back operations is particularly welcome. Flow-back started very strongly and continues at a steady pace, although the shut-in periods for changing the frac tree and checking the well bore have extended the duration. As this is the first multi-stage fracture stimulated well to flow-back in the Cambay Basin, there is no benchmark for comparison. Oilex looks forward to commencing the production testing after sufficient frac fluids have been recovered from the well and the flow has stabilised.”

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 17 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.

MMbbls	Millions of barrels
BCF	Billions of standard cubic feet of natural gas
Bpd	Barrels per day
Bopd	Barrels of oil per day
SCF	A cubic foot of natural gas measured at standard conditions
MSCF	One thousand cubic feet of natural gas measured at standard conditions
scf/bbl	Cubic feet of natural gas (measured at standard conditions) per barrel
Low Estimate (1C)	There should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
Best Estimate (2C)	There should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
High Estimate (3C)	There should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality.
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. Reserves must satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied.