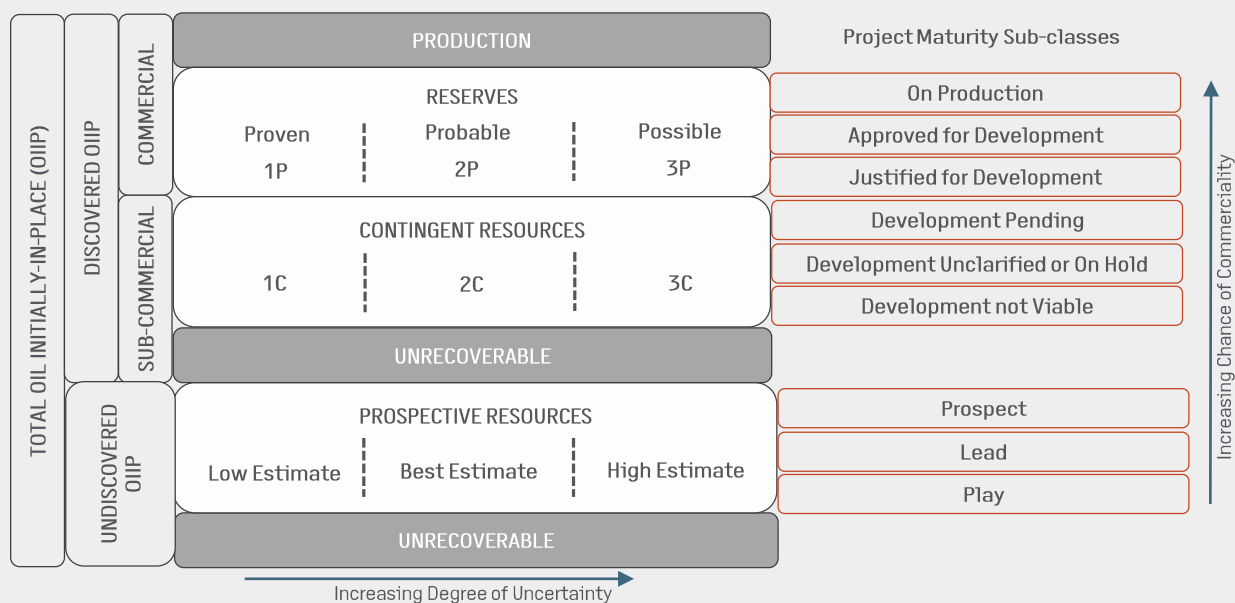


RESERVES AND RESOURCES

Oil can be defined as hydrocarbons in the gaseous, liquid or solid phase. The estimation of oil resource quantities involves the interpretation of volumes and values that have an inherent degree of uncertainty. These quantities are associated with development projects at various stages of design and implementation.



PROSPECTIVE AND CONTINGENT RESOURCES

Resources are viewed as potentially recoverable depending on either technical developments or a more favourable position.

- **Prospective resources** are hydrocarbons which are potentially recoverable. For a prospective resource to mature into a contingent resource, exploration wells must clearly prove to contain hydrocarbons and allow for a refined estimate of potential recoverability.
- **Contingent resources** have been discovered but not yet mature enough for commercial development due to one or more contingencies. These are further categorised in accordance to the level of certainty associated with estimates.

RESERVES

Reserves are quantities of oil that may be commercially recoverable in future.

- **Proven reserves (1P)** have a high degree of certainty to be recovered from reservoirs under existing conditions. There is relatively little risk associated with such reserves.
- **Proven & Probable reserves (2P)** have at least a 50% probability that reserves will be recovered. This is determined after analysing geological and engineering data.
- **Proven, Probable & Possible Reserves (3P)** has a low degree of certainty to be recovered. There is relatively high risk associated with these reserves.

The degree of uncertainty is represented by a probability distribution:

- **P90** – At least 90% probability that the quantities recovered will equal or exceed the low estimate
- **P50** – At least 50% probability that the quantities recovered will equal or exceed the best estimate
- **P10** – At least 10% probability that the quantities recovered will equal or exceed the high estimates

Contingent resources may be considered commercially producible if there is demonstration of firm intention to proceed with development and such intention is based upon all of the following criteria.

- Evidence to support a reasonable timetable for development;
- Reasonable assessment of the future economics of development projects;
- Reasonable expectation that there will be a market for all or at least expected sales quantities production;
- Evidence that there necessary production and transportation facilities are available; and
- Evidence that legal, contractual, environment and other social and economic concerns will allow for the actual implementation of the recovery project.

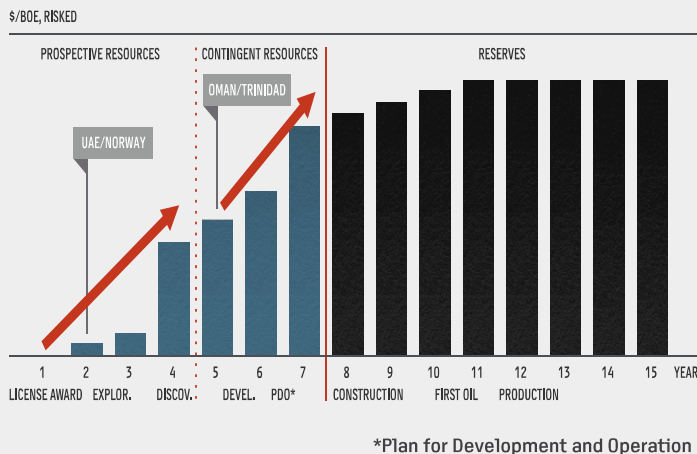
Source: Society of Petroleum Engineers (SPE)



For a contingent resource to be reclassified as a reserve, it has to have sufficient chance of commercial development. A project must have high confidence in the commercial producibility of the reservoir as supported by actual production or formation test.

REX'S BUSINESS MODEL

Rex International Holding's focus is on stages in the E&P value chain where there are significant increases in value; namely, in the exploration and development phases up to the declaration of commerciality in a case of an oil discovery.



An asset moves from the Exploration phase to the Development phase upon a discovery.

Plans for Development and Operation (PDO), which include extended well testing and early production, among other things, are precursors for a declaration of commerciality by the governing body.

Contingent resources (1C, 2C or 3C) that are discovered but not yet developed can be upgraded to reserves (1P, 2P or 3P) when a discovery in an asset achieves declaration of commerciality and goes into the production phase.

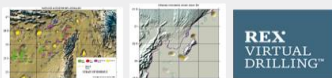
Rex International Holding's basic business model is to prove up value in exploration assets and sell oil-in-the-ground in the exploration and development phases, vis-a-vis incurring heavy capital expenditure in the production phase.

- The value of an asset will jump upon a discovery, when prospective resources become categorised as contingent resources.
- The next jump in value occurs when appraisal wells are drilled to ascertain the extent of the discovery.

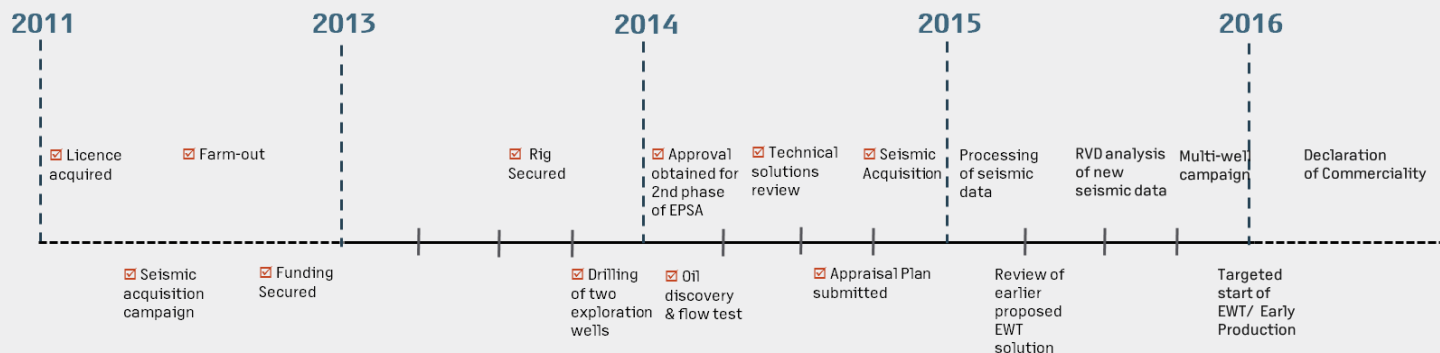
While oil-in-the-ground price is much lower than produced crude oil prices, substantial value can still be unlocked if the volume of oil in the discovery in the asset is sizeable or near existing production infrastructure.

STATUS IN BLOCK 50 OMAN

Use of Rex Gravity, Rex Seepage; RVD



LEGEND
 Completed
 EWT Early Well Testing



The discovery in Block 50 Oman was made in early 2014.

Since then, a 3D seismic survey had been carried out. Data processing of the seismic data, including analysis with Rex Virtual Drilling will follow. In light of lower oil prices and corresponding lower cost of oil drilling services, a review of

earlier proposed extended well testing (EWT) and early production solution of the discovery well is in progress so that a new, more cost effective EWT solution can be sought and proposed. Early production will lead to confirmation of contingent resources in the discovery. The end objective is to attain declaration of commerciality and prepare for production.

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REX
change the game