

EXPLORATION & PRODUCTION VALUE CHAIN

Oil exploration and production (E&P) is a high-risk, high-reward business. From preparing to acquire a licence to oil production to decommissioning of old wells, there are various stages in the life cycle of an oil well. There are five key stages, namely: 1) the Pre-exploration stage; 2) the Exploration stage; 3) the Appraisal or Development stage; 4) the Production stage; and 5) the Abandonment or Decommissioning stage.



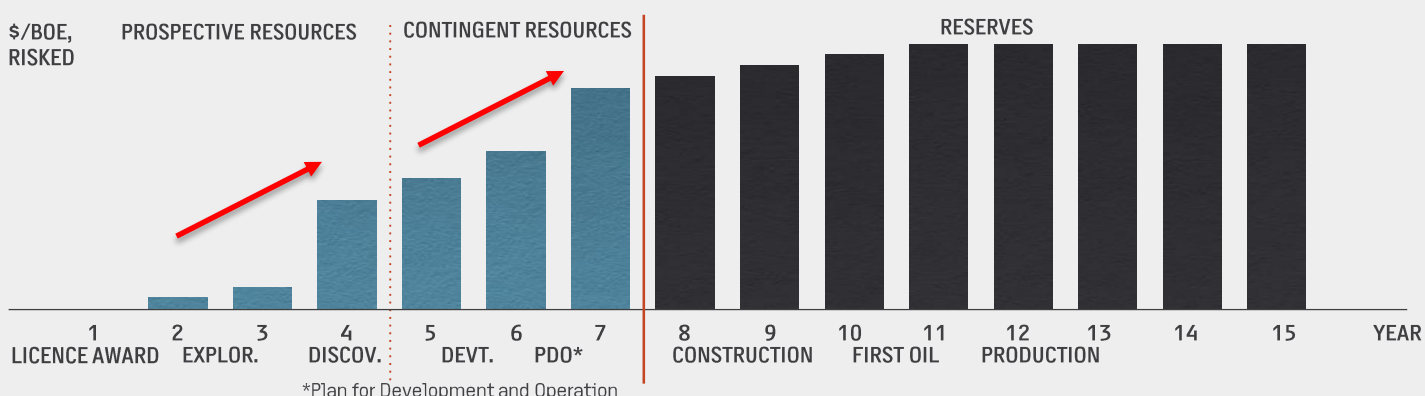
Each stage requires a certain sequence of activities in order for an E&P company to progress into the next stage. Each stage requires anything from a few years to a few decades to complete. Please find below an illustrative example:

Pre-Exploration 1-5 years	Identify prospect	Prospect due diligence	Negotiations / Govt Relations	Farm-in to stake in asset					
Exploration 2 - 10 years	Acquire more seismic data	Process & interpret seismic data	Farm-out	Secure funding	Acquire more seismic data	Process & interpret seismic data	Identify drill location	Secure rig	Drill exploration well
Appraisal / Development 3 - 10 years	Flow test on oil discovery	Acquire & analyse field data	Review technical solutions	Submit appraisal plan	Obtain approval	Secure funding	Secure rig	Drill appraisal well	Extended well testing
Production 20 - 50 years	Obtain approval of PDO* / DoC**	Construct facilities	Production						
Abandonment 3 - 10 years	Stop production	Decommission facilities	Restore site fully						

*Plan for Development and Operation
**Declaration of Commerciality

NORWAY: FOCUS ON STAGES IN THE E&P VALUE CHAIN WHERE THERE ARE SIGNIFICANT INCREASES IN VALUE

Prove up value; sell oil-in-the-ground in the exploration and development phases vis-a-vis heavy capex in production phase



OMAN: AIM TO CREATE VALUE IN SHORTER TIME

- Block 50 Oman is one of the first concessions secured by Rex International Holding's founders before the Company's listing.
- Only 3 years was spent from the acquisition of the licence to achieving a discovery in exploration drilling, vis-a-vis the standard 2 - 10 years.
- Aiming to achieve first oil in end-2019.

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