

ASX Announcement : 22 October 2015

## Peru Block Farm-out and Company Outlook



Open Briefing interview with Managing Director David Ormerod

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### In this Open Briefing<sup>®</sup>, MD David Ormerod discusses:

- **Peru Block 105 farm-out**
- **Extraordinary General Meeting update**
- **Company Activities and Outlook**

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### Record of interview:

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Antilles Oil and Gas Limited (ASX: AVD) announced on September 16<sup>th</sup> that the company was farming out 50% of its position in Block 105 onshore Peru to Union Group, a Uruguayan oil and gas fund on agreement that Union Group will fund 75% of the well, to be drilled in 2016, to a cap of US\$3m. This has de-risked the asset to Antilles and relieves the capital expenditure burden. What sort of operator is Union Group and how much experience does it have in direct oil and gas exploration?

#### **Managing Director David Ormerod**

Union group is a multibillion dollar fund that covers investment in Agriculture, Mining, Infrastructure, Energy including Oil and Gas production to exploration. Union Group Oil and Gas has invested both as an operator and non-operator in exploration blocks in Peru. The Union Group Fund is focused on the high growth economies of Latin America. Antilles will remain operator of the upcoming exploration well which we plan to spud in 2016.

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Has there been a date set for the spudding of Block 105 and what is the work up schedule for the drill?

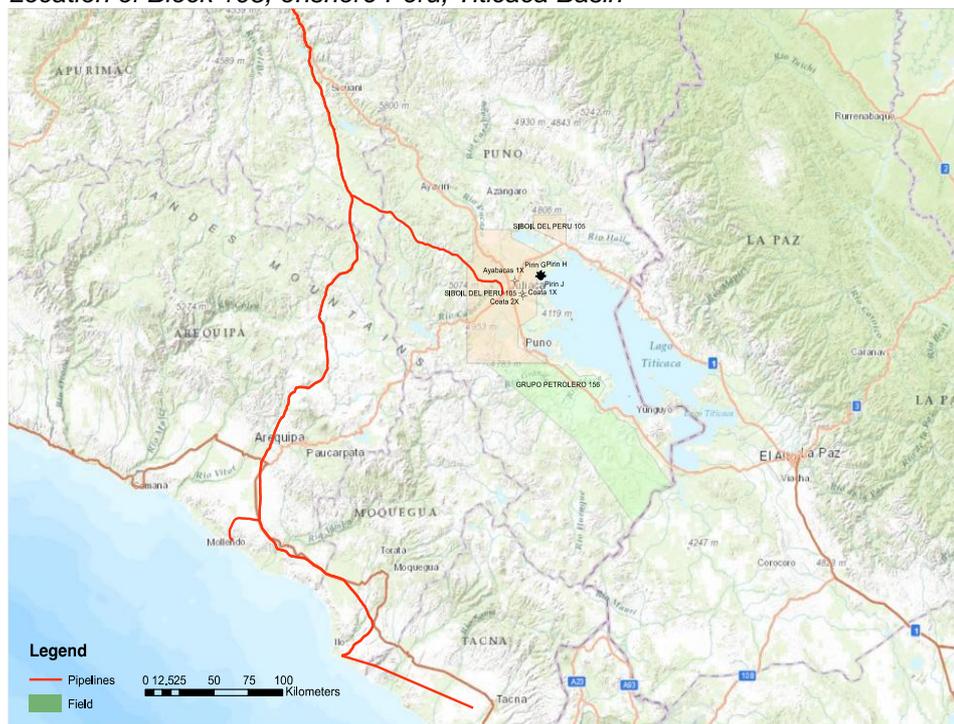
#### **Managing Director David Ormerod**

Our preparation for the drilling of the well in Block 105 onshore Peru is well underway with both the environmental permit in the process of being updated for the latest well location and the process of community consultation begun. The rig and drilling group have been selected and a preliminary budget provided by the drilling contractor. Antilles is pleased with the selected contractor being an efficient and proven local driller who has participated with the company in site visits and logistical planning.

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With this project de-risked and the capital expenditure by Union Group to US\$3m, is there any other financial commitment to this well that Antilles is responsible for?

Location of Block 105, onshore Peru, Titicaca Basin



### Managing Director David Ormerod

With the successful farmout of the Block 105 drilling commitment Antilles is now looking to fund the remaining 25% of the well cost of approximately US\$3m dollars.

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What are the next crop of prospects that Antilles is focused on and what can you tell shareholders about these? At the end of the last quarter, company cash and cash equivalents was \$1,686,345. Is this sufficient funding to meet all Antilles current and planned activities?

### Managing Director David Ormerod

Antilles has cut costs across the management of our listing here in Australia and our activities in Peru. Further, having now largely funded the exploration well in Block 105 via a farm-out Antilles will look for further funding via farm-ins or other business development activities. Our current cash includes the bank bond required for security of the Peru 105 block with the regulator for petroleum activities in Peru, Perupetro.

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An extraordinary general meeting (Section 249D) has been called and the meeting date is set for October 23 where a number of items are on the agenda for discussion and vote. What are the key issues for address and can you comment generally about these?

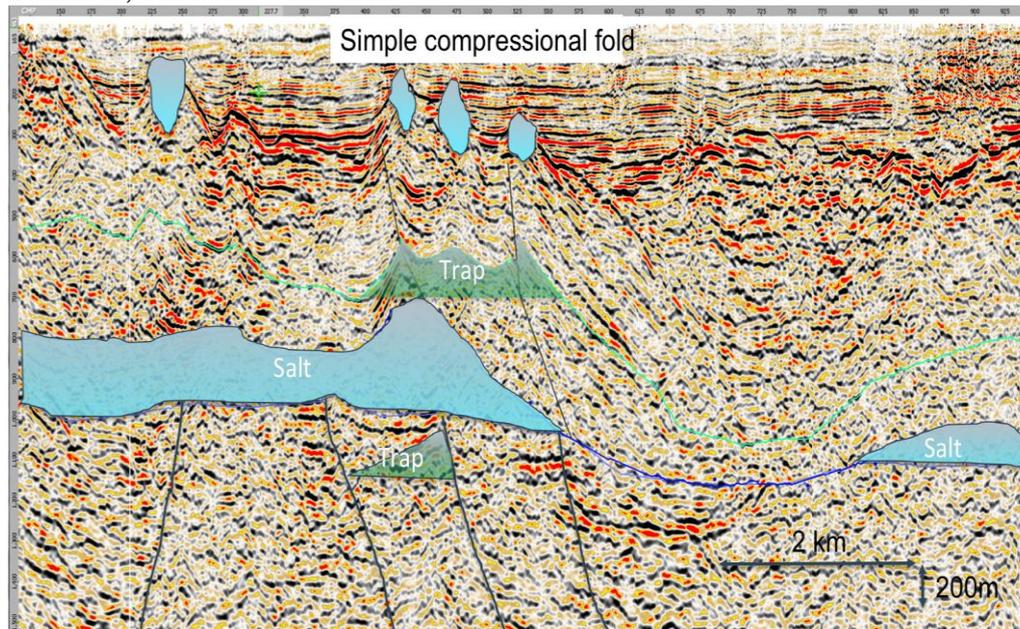
### Managing Director David Ormerod

The company received a 249D notice in which is proposed resolutions to appoint two directors and to remove three of the existing directors. Antilles has provided a statement to the shareholders in the Notice of Meeting for the 26<sup>th</sup> of October 20, 2015 which in summary is recommending shareholders to vote against the resolutions. The current directors are of the belief that Antilles was formed to build shareholder value through capture of appraisal and near field opportunities and to enter into high impact exploration acreage.

These two objectives the company continues to work toward in a challenging environment with suppressed commodity prices. However it is the director's belief that this is the time to build a

company and to acquire assets at a low in the market ahead of the inevitable recovery in oil price and the market generally for oil stocks.

*Block 105, Seismic Section View*



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Thanks David. It has been a tough year for oil and gas companies of all sizes this year. What is it that keeps you excited about working with Antilles and what is your vision and that of the board for this small cap exploration company? What is the opportunity for small companies like Antilles in today's market?

**Managing Director David Ormerod**

The opportunity for small companies today in the current market is the same as for an investor in a bull market. Pick the best projects and buy at the low in the market and the company like the investor will be rewarded on the inevitable upturn in the oil price and share prices.

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Thank you David.

For more information about Antilles Oil and Gas Limited, visit [www.antillesoilandgas.com.au](http://www.antillesoilandgas.com.au) or call David Ormerod on (+61) 3 9674 0444

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