

25 January 2010

Company Announcements Office
 ASX Limited
 4th Floor
 20 Bridge Street
 Sydney NSW 2000

TIMOR SEA DRILLING UPDATE – LOLOTOE-1 WELL

Oilex Ltd (ASX/AIM: OEX) advises that the log evaluation of the primary objective Elang/Plover Formation sandstones in the Lolotoe-1 well indicates that no commercial hydrocarbon zones are present. The zones where shows were recorded in the Flamingo Formation are also not commercial. On completion of well operations the Songa Mercur drilling rig will be demobilised to Singapore.

The Lolotoe-1 well data will be integrated into the existing studies to assess the implications on the regional prospectivity of the southern part of the JPDA 06-103 contract area. The Joint Venture will then decide on locations for further wells planned to be drilled later in 2010 to evaluate the remaining potential in the contract area.

There remains over 20 further prospects in the JPDA 06-103 contract area with the potential to host significant oil reserves. Most of these prospects are located to the north of, and have different geological characteristics in varying degrees, to the structures drilled by Lore-1 and Lolotoe-1 wells which were the two easternmost of the prospects identified in the southern part of the contract area. The contract area is located near to a number of existing producing fields further to the west as well as Eni's Kitan oil discovery.

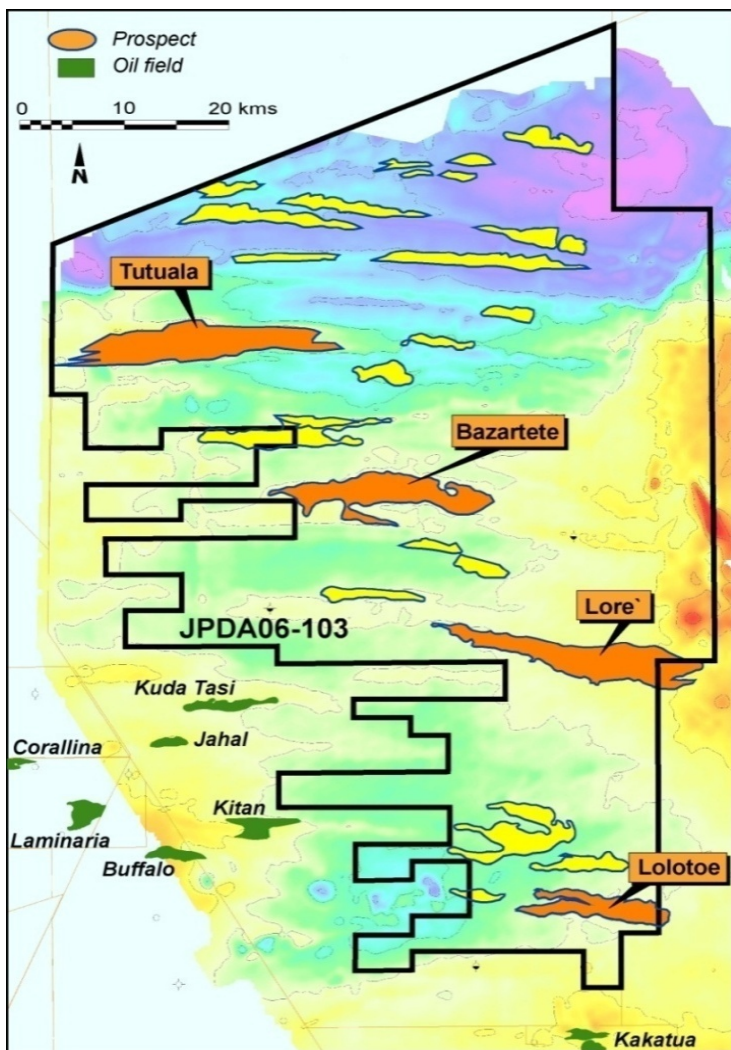
Time of report:	16.00 (WST) on 24 January 2010
Status:	Commencing plug and abandonment operations
Operations:	<ul style="list-style-type: none"> Well spudded 02:30 on 17 December 2009 (WST) 13^{3/8}" casing run to 2,491 metres 12^{1/4}" hole drilled and logged to 3,785 metres Plug back and sidetrack 12^{1/4}" hole section to 3,770 metres 9 ^{5/8}" intermediate casing run to 3,765.6 metres. Drilled 8^{1/2}" hole to 3,935 metres. Conducted MCI, Checkshot and Rotary Coring Surveys
Objectives	Elang/Plover Formation sandstone (primary) Flamingo Formation sandstone (secondary)
Total Depth:	3,935 metres.

All depths refer to depth below rig rotary table

The Joint Venture participating interests in JPDA 06-103 are:

Joint Venture Party	Participating Interest
Oilex (JPDA 06-103) Ltd (Operator)	10%
Videocon JPDA 06-103 Limited	25% ⁽¹⁾
GSPC (JPDA) Limited	25% ⁽¹⁾
Bharat PetroResources JPDA Limited	25% ⁽¹⁾
Japan Energy E&P JPDA Pty Ltd	15%

(1) Pan Pacific Petroleum (JPDA 06-103) Pty Ltd has recently signed conditional farmin deals with Videocon JPDA 06-103 Limited, Bharat PetroResources JPDA Ltd and GSPC (JPDA) Limited to acquire a 15% participating interest in JPDA 06-103.



Prospects & Leads – JPDA 06-103 and nearby fields

B. H. McCarthy
Managing Director

For further information, please contact:

Ray Barnes	Technical Director, Oilex Ltd	Tel. +61 8 9485 3200	(Western Australia)
Archie Berens	Director Pelham Public Relations	Tel. +44 20 7337 1509	(United Kingdom)

The information in this report has been compiled by the Managing Director of Oilex Ltd, Bruce McCarthy B.Sc. (Hons) PhD (Geology) who has over 29 years experience in petroleum geology. The estimates of hydrocarbons in place were reviewed by Ray Barnes B.Sc. (Hons), the Technical Director of Oilex Ltd who has over 35 years experience in petroleum geology and is a member of the AAPG. Mr Barnes reviewed this announcement and consents to the inclusion of the estimated hydrocarbons in place in the form and context in which they appear. The resource estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, Petroleum Resources Management System, 2007. Further information is available at www.spe.org.

Oilex's nominated advisor in relation to the AIM market is RFC Corporate Finance Ltd, contact: Stuart Laing, stuartl@rfc.com.au