

4 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 delays have been experienced with running of 9^{5/8}" casing above the primary objective Elang/Plover Formation sandstones in the Lolotoe-1 well. The well is now being sidetracked after encountering significant caving of the borehole and the original open hole well bore has been abandoned. The section will be redrilled from 2,491 metres to approximately 3,750 metres, the depth of the 9^{5/8}" casing point, above the primary objective Elang/Plover Formation sandstones.

The log analysis of the secondary objective Flamingo Formation indicated the presence of gas and oil in reservoir of poor quality. The geological horizons have been encountered as predicted or slightly higher than prediction. No information on the primary objective Elang/Plover Formation has been obtained to date.

The Lolotoe-1 well is the second well of a 2 well program in the Timor Sea contract area JPDA 06-103.

| | |
|---------------------------|---|
| Time of report: | 18.00 (WST) on 3 January 2010 |
| Status: | Sidetrack well prior to setting 9 ^{5/8} " casing |
| 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 |
| Objectives | Elang/Plover sands (primary) Flamingo sands (secondary) |
| Planned total depth (TD): | Approximately 3,985 metres |
| Days from spud to TD: | 25 days on a future trouble free basis |

All depths refer to depth below rig rotary table

The Elang/Plover Formation primary objective will be evaluated by a full suite of data including mud log, real time drilling data and wire line logs after the well reaches total depth to determine presence of hydrocarbons. The well was proceeding ahead of schedule until the operational difficulties and the anticipated time to TD is now 25 days, the original time estimate on which the well was budgeted.

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) Ltd | 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 farm-in deals with Videocon JPDA 06-103 Limited, Bharat PetroResources JPDA Ltd and GSPC (JPDA) Ltd to acquire a 15% participating interest in JPDA 06-103.

For personal use only

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

For personal use only