



ABN 50 078 652 632

Level 2, 50 Kings Park Road, West Perth WA 6005
Telephone: +61 8 9485 3200 Facsimile: +61 8 9485 3290
E-mail: oilex@oilex.com.au Web Site: www.oilex.com.au

QUARTERLY REPORT TO SHAREHOLDERS 30 SEPTEMBER 2009

SUMMARY

JPDA 06-103 (Timor Sea)

- Key farm-out agreement concluded with Japan Energy resulting in Oilex being carried for its share of two initial wells (up to an agreed cap) and being reimbursed for some past costs
- "Songa Mercur" drilling rig secured to conduct a 2-well drilling program following release from Woodside's current drilling program
- Drilling expected to start in late November 2009 targeting combined mean prospective oil resources of 285 million barrels in two prospects (100% basis)
- Government approval received to extend the initial term of the Production Sharing Contract (PSC)

WA-388P (North West Shelf, Australia)

- Processing of new 3D seismic completed in August 2009
- Encouraging initial results from seismic interpretation

West Kampar (Indonesia)

- Investment currently suspended. Resolution to Joint Venture dispute required.
- Oilex positioned to restart work program

India Operations

- Net oil production of 8,408 barrels for the quarter
- Operations remain cash flow positive

Other Exploration and Appraisal

- Oman exploration program under review

Corporate

- Oilex retained A\$11.4 million cash at the end of the quarter with no corporate debt
- A\$10.1 million placement announced following end of quarter
- Net operating and investing cash inflow for quarter of A\$1.45 million
- Further reduction in net corporate overheads achieved

OVERVIEW

Oilex achieved a number of important milestones during the September quarter in preparation for drilling two large offshore oil prospects in the Timor Sea JPDA 06-103 contract area. Drilling is expected to start in late November 2009. This is a highly attractive offshore oil exploration block with the potential to host significant oil reserves. It is located near to a number of existing producing fields as well as Eni's recent Kitan oil discovery.

In Australia, Oilex completed processing of new 3D seismic data over the WA-388P block, which is located outboard of North West Shelf, Pluto, Wheatstone and Gorgon fields, offshore Western Australia. The initial results of the seismic interpretation are encouraging and this block is considered to be an emerging exploration asset.

During the quarter, Oilex also continued to restructure its assets and operations, reduce costs and maintain oil production. The Company's Indian operations generated small positive cash flows and net corporate overhead costs were further reduced. Oilex's investment in West Kampar remains suspended. Oilex is pursuing a resolution to the Joint Venture dispute. Oilex is well positioned to resume the West Kampar work program, including further appraisal of the Pandalian oil discovery.

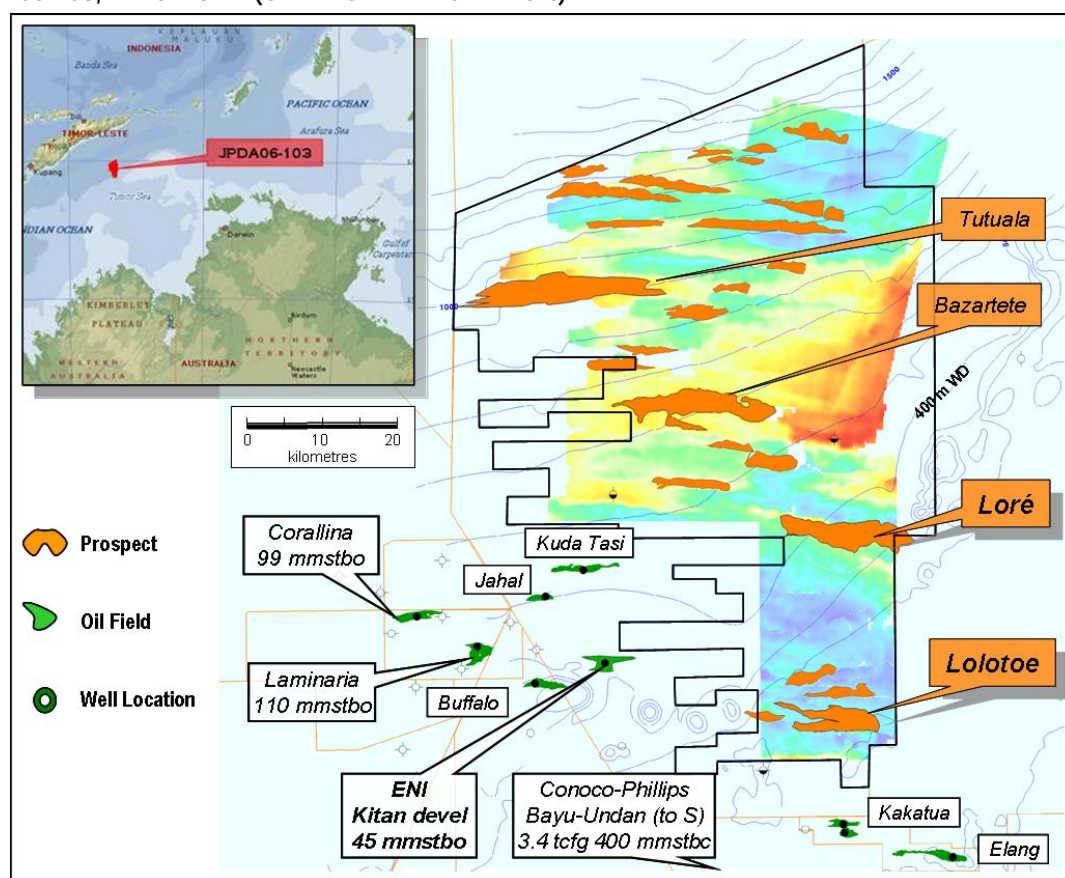
OPERATIONS REVIEW

PRODUCTION

- Total net production from the Cambay, Bhandut and Sabarmati Fields was 8,408 barrels of oil for the quarter (Oilex share)
- Oil production from the Miocene Basal Sand (MBS) in the Cambay Field, Gujarat (Oilex Operator - 45%) continues to decline from the Cambay-74 and Cambay-64 wells.
- An artificial lift was installed on Cambay-64 in July to extend the production life of the well.
- The Cambay-19Z well is in production from the deeper Eocene oil zone.
- Intermittent production from Cambay-72, Cambay-63, Cambay-20 and Cambay-8 wells.

EXPLORATION AND APPRAISAL

JPDA 06-103, TIMOR SEA (OILEX OPERATOR – 10%)



JPDA 06-103 Location with prospects and nearby fields

- The JPDA 06-103 Joint Venture has approved the Loré and Lolotoe prospects as the first two prospects for drilling in this highly prospective block in the Timor Sea. Both prospects are in water depths of less than 400 metres.
- Prospective mean oil resources (see definitions below) are estimated to be 195MMSTBO and 90MMSTBO for the Loré and Lolotoe prospects respectively (100% basis).
- In August 2009, Oilex entered into an agreement to farm out a 15% interest in this block to Japan Energy E&P JPDA Pty Ltd, a subsidiary of Japan Energy Corporation and all conditions precedent for this agreement were subsequently satisfied.
- Under the farm-out agreement Oilex is entitled to be carried for its remaining 10% share of all costs associated with the first 2 commitment wells (up to an agreed cap) and be reimbursed for some of its past expenditures.
- In September 2009, on behalf of the Joint Venture, Oilex signed a contract with Songa Offshore Drilling Limited

to secure the services of the semi-submersible drilling rig "Songa Mercur". The rig will drill two wells in JPDA 06-103 (with an option of one additional well). The drilling rig is scheduled to start mobilising to the first well location, subject to meeting certain contractual requirements, immediately after release from its current contract with Woodside Energy Ltd, which is anticipated to occur in November 2009.

- The JPDA Designated Authority also approved a 1 year extension to Contract Year 3 of the Production Sharing Contract. Contract Year 3, which previously ended on 15 January 2010, will now end on 15 January 2011. The extension of the term allows adequate time to complete the drilling program to evaluate this highly prospective block.
- 2 additional wells to be drilled on the Block in 2010

WA-388P, AUSTRALIA, (OILEX OPERATOR – 14%)

- Processing of 3D seismic was completed in August 2009.
- Initial results of seismic interpretation are encouraging with possible direct hydrocarbon indicators evident.
- Preparation of a portfolio of prospects and leads is currently underway with a potential drilling decision in 2010.

WEST KAMPAR PSC, CENTRAL SUMATRA (OILEX – 45% + ENTITLED FURTHER 22.5%)

- Oilex's investment in this Production Sharing Contract (PSC) is currently suspended due to the failure of the Operator (PT Sumatera Persada Energi) to pursue the work program as well as non-compliance with other operating obligations.
- Oilex's priorities for this asset remain to:
 1. Recover over US\$4.1 million owed to it by SPE by enforcement of security held (international arbitration against operator's parent company PT Asiabumi Petroleo and exercising power of attorney rights in respect of the 22.5% interest previously held by the Operator).
 2. Ensure transfer of Operatorship to Oilex or an acceptable third party.
 3. Resume the seismic and drilling work program.
 4. Obtain approval of BPMigas, the Indonesian regulator, for development of the Pandalian oil field.

CAMBAY FIELD, GUJARAT, INDIA (OILEX OPERATOR – 45%)

- Oilex has commenced a farm out process for its existing India assets.
- Exploration and appraisal potential remains untested in the following areas:
 1. **OS II Gas** – The OS II interval in the eastern part of the block has untapped gas potential and could underpin a Cambay gas project. The presence of gas has also been proven in the Miocene, Oligocene and Eocene by many old wells and Oilex wells drilled last year.
 2. **Eocene Gas / Condensate** – substantial in-place wet gas resources remain in the Eocene. Technical potential exists to enhance recoveries to commercial rates if horizontal wells are utilized together with fracture stimulation. Oilex is considering options to introduce parties with tight gas experience.
 3. **Basal EPIV / Deccan** – The fractured Deccan basement and Basal EP IV plays in the western flank remain untested following the decision to terminate the drilling of Cambay-74 at the shallower MBS zone and to complete the well as an oil producer.

BLOCK 56, OMAN, (OILEX OPERATOR – 25%)

- On behalf of the Joint Venture, Oilex is currently reviewing its options for Block 56, including potential sale and farm-out.

CORPORATE

- At the end of the September quarter Oilex had cash in bank of A\$11.4 million and no debt.
- Subsequent to the end of the September quarter, Oilex announced a placement to raise A\$10.1 million to fund exploration and appraisal activities on its oil and gas assets.
- Operating cash outflows and corporate overheads were further reduced during the September Quarter with additional cost reduction programs being implemented at all locations.

SAFETY, HEALTH AND ENVIRONMENT

No lost time incidents were recorded in Oilex's operational areas during the Quarter.

Oilex regularly updates its website at www.oilex.com.au

For and on behalf of the Board



B. H. McCarthy
Managing Director
26 October 2009

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 30 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 37 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

CORPORATE DETAILS**Board of Directors**

Max D.J. Cozijn	Non-Executive Chairman
Bruce McCarthy	Managing Director
Ray Barnes	Technical Director
Ben Clube	Finance Director
Laxmi Bhandari	Non-Executive Director
Ron Miller	Non-Executive Director

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153, Australia
Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233
Email: registrar@securitytransfer.com.au

Capital Structure

Ordinary Shares	176,074,885
Unlisted Options	36,475,000
Unlisted Performance Rights	555,000

Stock Exchange Listing

Australian Stock Exchange	Code: OEX
AIM Market of London Stock Exchange	Code: OEX

LIST OF ABBREVIATIONS AND DEFINITIONS USED HEREIN

Associated Gas	Natural gas found in contact with or dissolved in crude oil in the reservoir. It can be further categorized as Gas-Cap Gas or Solution Gas.
BOPD	barrels of oil per day
MCF/DAY	thousand standard cubic feet (of gas) per day
MMCF/DAY	million standard cubic feet (of gas) per day
MMSTBO	million stock tank barrels of oil (recoverable)
MMSTBOIP	million stock tank barrels of oil in place
Prospective Resources	Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations
SCF/BBL	standard cubic feet (of gas) per barrel (of oil)

PERMIT SCHEDULE				
PERMIT	BASIN / STATE / COUNTRY	JOINT VENTURE PARTIES	EQUITY %	OPERATOR
Cambay Field PSC	Cambay / Gujarat / India	Oilex Ltd	30.0	Oilex Ltd
		Oilex NL Holdings (India) Limited	15.0	
		Gujarat State Petroleum Corp. Ltd	55.0	
Bhandut Field PSC	Cambay / Gujarat / India	Oilex NL Holdings (India) Limited	40.0	Oilex NL Holdings (India) Limited
		Gujarat State Petroleum Corp. Ltd	60.0	
Sabarmati Field PSC	Cambay / Gujarat / India	Oilex NL Holdings (India) Limited	40.0	Oilex NL Holdings (India) Limited
		Gujarat State Petroleum Corp. Ltd	60.0	
Block 56 EPSA	South Oman / Oman	Oilex Oman Limited	25.0	Oilex Oman Limited
		GAIL (India) Limited	25.0	
		Videocon Hydrocarbon Holding Ltd	25.0	
		Bharat Petroresources Ltd	12.5	
		Hindustan Petroleum Corp Ltd	12.5	
West Kampar PSC	Central Sumatra / Sumatra/ Indonesia	Oilex (West Kampar) Limited	67.5 (1)	PT Sumatera Persada Energi
		PT Sumatera Persada Energi	32.5	
JPDA 06-103 PSC	Flamingo / Joint Petroleum Development Area / Timor-Leste & Australia	Oilex (JPDA 06-103) Ltd	10.0	Oilex (JPDA 06-103) Ltd
		Japan Energy E&P JPDA Pty Ltd	15.0	
		GSPC (JPDA) Limited	25.0	
		Global Energy Inc.	25.0	
		Bharat Petroresources JPDA Ltd	25.0	
WA-388-P	Carnarvon / WA / Australia	Oilex Ltd	14.0	Oilex Ltd
		Gujarat State Petroleum Corp Ltd	14.0	
		Videocon Industries Ltd	14.0	
		Bharat Petroresources Ltd	14.0	
		Hindustan Petroleum Corp Ltd	14.0	
		Sasol Petroleum Australia Ltd	30.0	

(1) Oilex is entitled to the assignment of the additional 22.5% to its 45% holding, through exercise of its rights under a Power of Attorney granted by SPE following the failure by SPE to repay funds due to Oilex.

APPENDIX 5B

MINING EXPLORATION ENTITY QUARTERLY REPORT

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

OILEX LTD

ABN

50 078 652 632

Quarter ended ("current quarter")

30 SEPTEMBER 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	463	463
1.2 Payments for (a) exploration and evaluation	1,993	1,993
(b) development	(272)	(272)
(c) production	(178)	(178)
(d) administration (net)	(505)	(505)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	14	14
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	1,515	1,515
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(119)	(119)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	28	28
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	28	28
1.12 Other (provide details if material)	-	-
Net investing cash flows	(63)	(63)
1.13 Total operating and investing cash flows (carried forward)	1,452	1,452

1.13	Total operating and investing cash flows (brought forward)	1,452	1,452
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings (net)	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	1,452	1,452
1.20	Cash at beginning of quarter/year to date	10,506	10,506
1.21	Exchange rate adjustments to item 1.20	(545)	(545)
1.22	Cash at end of quarter	11,413	11,413

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	298
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Under the Farmout Agreement between Oilex and Japan Energy E&P JPDA Pty Ltd Oilex received a refund of part of its past costs. In addition Oilex will be carried for its share of the costs on the first two commitment wells up to an agreed cap.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,350
4.2 Development	150
Total	1,500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	11,204	9,297
5.2 Deposits at call	209	1,209
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	11,413	10,506

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Refer to Permit Schedule in Quarterly Report		
6.2	Interests in mining tenements acquired or increased	Refer to Permit Schedule in Quarterly Report		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security	Amount paid up per security
7.1 Preference *securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 *Ordinary securities	176,074,885	176,074,885	Various	-
7.4 Changes during quarter (a) Increases through issues (options exercised) (b) Decreases through returns of capital, buy-backs	20,000 -	20,000 -		- -
7.5 *Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion Factor)</i>			Exercise price	<i>Expiry date</i>
	500,000	-	\$1.50	31/10/2009
	500,000	-	\$1.75	31/10/2009
	4,250,000	-	\$0.80	14/12/2009
	500,000	-	\$1.00	31/12/2009
	3,000,000	-	\$1.50	31/12/2009
	450,000	-	\$1.40	31/01/2010
	400,000	-	\$2.00	31/01/2010
	4,500,000	-	\$0.50	31/03/2010
	300,000	-	\$1.75	31/03/2010
	350,000	-	\$1.60	30/04/2010
	350,000	-	\$2.10	30/04/2010
	775,000	-	\$0.90	31/07/2010
	500,000	-	\$2.00	31/10/2010
	400,000	-	\$2.50	31/01/2011
	2,500,000	-	\$2.00	31/03/2011
	300,000	-	\$2.25	31/03/2011
	350,000	-	\$2.70	30/04/2011
	900,000	-	\$1.75	30/06/2011
	900,000	-	\$2.25	30/06/2011
	2,000,000	-	\$0.30	30/06/2011
	3,900,000	-	\$2.00	1/07/2011
	3,900,000	-	\$2.50	1/07/2011
	500,000	-	\$1.57	30/09/2011
	300,000	-	\$2.75	31/03/2012
	900,000	-	\$2.75	30/06/2012
	3,250,000	-	\$0.30	01/07/2014

Issued and quoted securities at end of current quarter (cont'd)

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security	Amount paid up per security	
	2006 Performance Rights				
	40,000	Tranche 1 expire 1/07/2011			
	2007 Performance Rights				
	120,000	Tranche 1 expire 1/07/2012			
	120,000	Tranche 2 expire 1/07/2012			
	120,000	Tranche 3 expire 1/07/2012			
	2008 Performance Rights				
	84,000	Tranche 1 expire 1/07/2013			
	35,000	Tranche 2 expire 1/07/2013			
7.8	36,000	Tranche 3 expire 1/07/2013			
7.8	Issued during quarter		-	Exercise Price	Expiry Date
		3,250,000		\$0.30	1/07/2014
		2,000,000		\$0.30	1/7/2011
7.9	Exercised during quarter	2006 Performance Rights			
		20,000 Tranche 1			
7.10	Expired during quarter		-	Exercise Price	Expiry Date
		775,000		\$0.50	31/07/2009
		775,000		\$0.65	31/07/2009
		2006 Performance Rights			
		178,000 Tranche 2 expire 1/07/2011 cancelled			
		173,000 Tranche 3 expire 1/07/2011 cancelled			
7.11	Debentures (totals only)	Nil	Nil		
7.12	Unsecured notes (totals only)	Nil	Nil		

COMPLIANCE STATEMENT

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here:
(Director)

Date: **26 October 2009**

Print name: **Ben Clube**

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