

14 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 Lolotoe-1 well was running intermediate 9 $\frac{5}{8}$ " casing after successfully drilling the sidetrack hole from 2,491 metres to 3,770 metres. Once intermediate casing is set the well will drill ahead to evaluate the primary objective Elang/Plover Formation sandstones to a total depth of approximately 3,985 metres.

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:	20.00 (WST) on 13 January 2010
Status:	Running 9 $\frac{5}{8}$ " intermediate casing
Operations:	<ul style="list-style-type: none"> Well spudded 02:30 on 17 December 2009 (WST) 13$\frac{3}{8}$" casing run to 2,491 metres 12$\frac{1}{4}$" hole drilled and logged to 3,785 metres Plug back and sidetrack 12$\frac{1}{4}$" hole section to 3,770 metres Running 9 $\frac{5}{8}$" intermediate casing
Objectives	Elang/Plover Formation sandstone (primary) Flamingo Formation sandstone (secondary)
Planned total depth (TD):	Approximately 3,985 metres
Days from spud to TD:	30 days on a future trouble free basis

All depths refer to depth below rig rotary table

The Lolotoe prospect is a robust 3 way dip faulted anticline having about 300 metres of vertical relief. The well is targeting a mean prospective oil resource of 90 million barrels (100% basis) in the primary objective Elang/Plover formations. The geological horizons have been encountered at the predicted depths, or slightly higher than predicted and oil and gas shows similar to those in the original borehole were recorded in the Flamingo Formation secondary objective. No information on the primary objective Elang/Plover Formation has been obtained to date.

The Elang/Plover Formation primary objective will be evaluated by a full suite of data including, as appropriate, mud log, real time drilling data and wire line logs after the well reaches total depth to determine the presence of hydrocarbons.

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.

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