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QUARTERLY REPORT TO SHAREHOLDERS 31 DECEMBER 2009

SUMMARY

JPDA 06-103 (Timor Sea)

- Loré-1 and Lolote-1 wells drilled with no commercial discovery
- Oilex was free carried up to an agreed cap through the two-well campaign under an earlier farm-out agreement
- Further exploration drilling is planned for 2010 to further evaluate the Block's potential

WA-388P (North West Shelf, Australia)

- Encouraging initial results from seismic interpretation
- Further reprocessing of 3D seismic data in progress
- Potential drilling decision in 2010

West Kampar (Indonesia)

- Work program currently on hold. Resolution to the Joint Venture dispute being pursued
- Oilex positioned to restart work program promptly

India Operations

- Net oil production of 5,143 barrels for the Quarter
- Operations continue to be cash flow positive
- Oilex currently re-negotiating Crude Off-take and Sales Agreement

Corporate

- Oilex retained A\$19.2 million cash at the end of the Quarter with no corporate debt
- A\$10.1 million placement completed during the Quarter
- Net operating and investing cash outflows for the six months to December 2009 of \$0.1 million
- Oilex is seeking to strengthen its asset portfolio and is currently considering a number of potential opportunities.

OVERVIEW

During the Quarter, Oilex drilled the first two exploration wells (Loré-1 and Lolote-1) in the Timor Sea JPDA 06-103 contract area. Neither well encountered hydrocarbons in commercial quantities. Oilex was free carried up to an agreed cap through these two wells under a previously announced farm-out agreement with Japan Energy Corporation.

Although the results from these initial wells were disappointing, the JPDA 06-103 block remains an attractive offshore oil exploration block with over 20 additional prospects identified with the potential to host significant oil reserves. The Block is located near to a number of existing producing fields as well as Eni's recent Kitan oil discovery. Further exploration drilling is planned for later in 2010.

In Australia, 3D seismic reprocessing and interpretation continued during the Quarter on 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 were encouraging and the block could become an emerging exploration asset.

Oilex's investment in West Kampar, Indonesia remains on hold. The Company continues to pursue a resolution to the Joint Venture dispute. Oilex remains well positioned to resume the West Kampar work program including further appraisal of the Pandalian discovery.

During the Quarter, Oilex strengthened its cash position by completing a A\$10.1 million share placement. At the same time, the Company's Indian operations continued to maintain production and generated small positive cash flows. Net corporate overhead costs continue to be closely monitored. Oilex is seeking to strengthen its asset portfolio and is currently considering a number of potential opportunities.

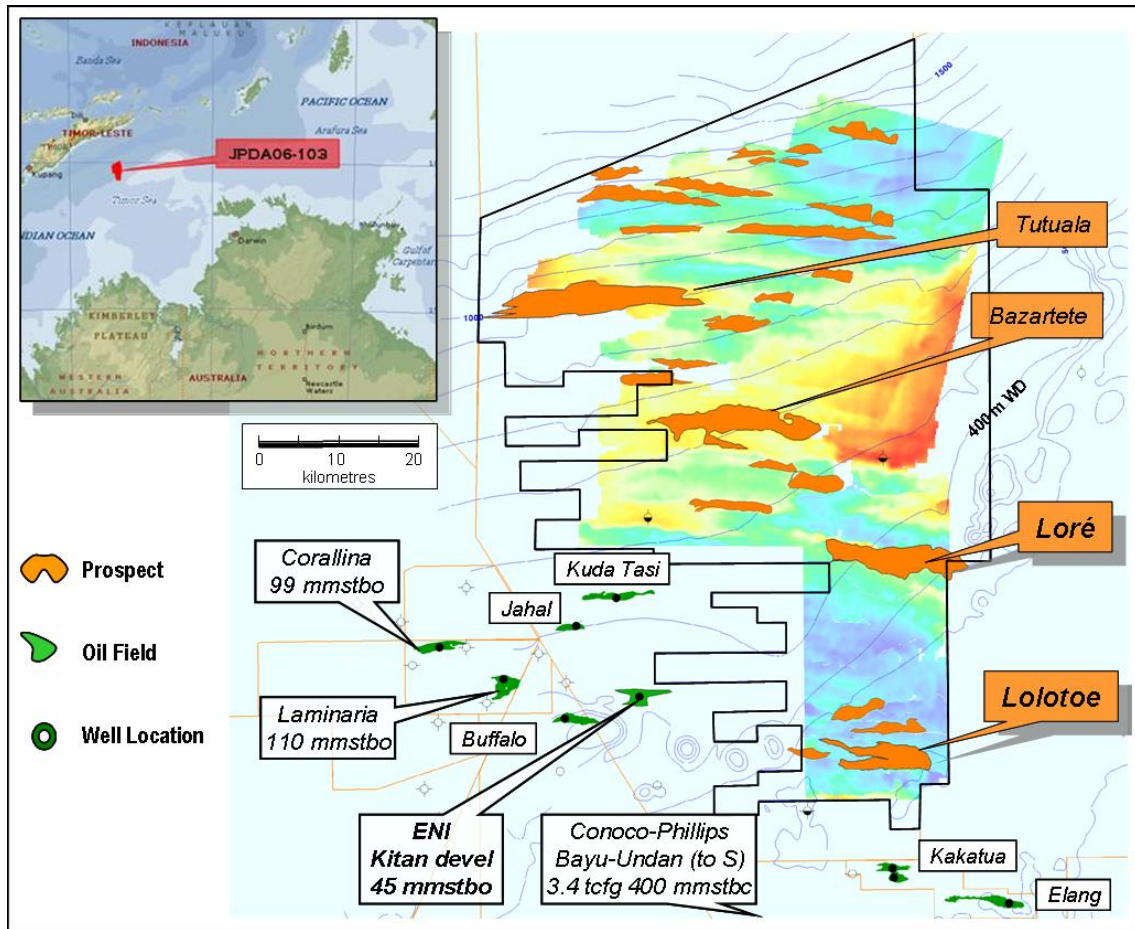
OPERATIONS REVIEW

PRODUCTION

- Total net production from the Cambay, Bhandut and Sabarmati Fields was 5,143 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-74 in December with the objective of extending the production life of the well.

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 drilled the Loré-1 and Lolotoe-1 wells. Neither well encountered commercial moveable hydrocarbon zones.
- The “Songa Mercur” rig will be demobilised to Singapore after plug and abandonment operations on the Lolotoe-1 well have been completed.
- Under the farm-out agreement entered into between Oilex and Japan Energy E&P JPDA Pty Ltd, a subsidiary of Japan Energy Corporation, Oilex was carried for its 10% share of all costs associated with the Loré-1 and Lolotoe-1 wells (up to an agreed cap). Oilex was also reimbursed for some of its past expenditures.
- The Loré-1 and Lolotoe-1 well data is being integrated with existing data to assess the implications on the regional prospectivity of the southern part of the JPDA 06-103.
- There remain 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 the structures drilled by the Loré-1 and Lolotoe-1 wells and have different geological characteristics to these prospects – which were the two easternmost

prospects identified in the southern part of the contract area. The contract area is located near to a number of existing producing oil fields further to the west, as well as Eni's Kitan oil discovery.

- The Joint Venture will then decide on locations for further drilling planned for later in 2010 to evaluate the remaining potential of the Block.

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

- Initial results of seismic interpretation are encouraging with possible direct hydrocarbon indicators evident.
- Re-processing and interpretation of 3D seismic data continued during the Quarter.
- 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% + A FURTHER 22.5% SECURED)

- Oilex's investment in this Production Sharing Contract (PSC) is currently on hold 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 Oilex by SPE by enforcement of the security held (including international arbitration against the operator's parent company guarantor, PT Asiabumi Petroleo).
 2. Ensure the 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.
- The arbitration hearing against the operator's parent company guarantor - PT Asiabumi Petroleo, commenced in Singapore on 25 January 2010 and is scheduled to be continued on 18 and 19 February 2010.

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

- Oilex has started a farm out process and will consider farm out options 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 continued to review the options for Block 56, including potential farm-out.

CORPORATE

- At the end of the December quarter Oilex had cash at bank of A\$19.2 million and no corporate debt.
- During the Quarter, Oilex completed a placement to raise A\$10.1 million to fund exploration and appraisal activities on its oil and gas assets.

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
29 January 2010

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	222,074,885
Unlisted Options	29,975,000
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 Oman 56 Limited	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 (2)	
		Videocon JPDA 06-103 Limited	25.0 (2)	
WA-388-P	Carnarvon / WA / Australia	Bharat Petroresources JPDA Ltd	25.0 (2)	Oilex Ltd
		Oilex Ltd	14.0	
		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. That assignment is before BPMigas
- (2) Pan Pacific Petroleum (JPDA 06-103) has 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.

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")

31 DECEMBER 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	323	786
1.2 Payments for (a) exploration and evaluation	(1,162)	781
(b) development	(81)	(353)
(c) production	(135)	(313)
(d) administration (net)	(489)	(994)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	30	44
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	(1,514)	(49)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(50)	(119)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	1	29
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	1	29
1.12 Other (provide details if material)	-	-
Net investing cash flows	(48)	(61)
1.13 Total operating and investing cash flows (carried forward)	(1,562)	(110)

1.13	Total operating and investing cash flows (brought forward)	(1,562)	(110)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc	9,430	9,430
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		9,430	9,430
Net increase (decrease) in cash held		7,868	9,320
1.20	Cash at beginning of quarter/year to date	11,413	10,506
1.21	Exchange rate adjustments to item 1.20	(127)	(672)
1.22	Cash at end of quarter	19,154	19,154

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	299
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

N/A

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	1,000
4.2 Development	100
Total	1,100

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	11,944	11,204
5.2 Deposits at call	7,210	209
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	19,154	11,413

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 (description)	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	220,074,885	220,074,885	Various	-
7.4 Changes during quarter (a) Increases through issues (options exercised) (b) Decreases through returns of capital, buy-backs	44,000,000 -	44,000,000 -	\$0.23	- -
7.5 +Convertible debt securities (description)	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 Options			Exercise price	<i>Expiry date</i>
	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
	2,250,000	-	\$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			
	120,000 120,000 120,000		Tranche 1 expire 1/07/2012 Tranche 2 expire 1/07/2012 Tranche 3 expire 1/07/2012	
	2008 Performance Rights			
	84,000 35,000 36,000		Tranche 1 expire 1/07/2013 Tranche 2 expire 1/07/2013 Tranche 3 expire 1/07/2013	
7.8 Issued during quarter	2,250,000	-	Exercise Price \$0.30	Expiry Date 1/07/2014
7.9 Exercised during quarter				
7.10 Expired during quarter			Exercise Price	Expiry Date
	500,000	-	\$1.50	31/10/2009
	500,000	-	\$1.75	31/10/2009
	4,245,000	-	\$0.80	14/12/2009
	500,000	-	\$1.00	31/12/2009
	3,000,000	-	\$1.50	31/12/2009
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: 29 January 2010

Print name: Ben Clube

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