



5 February 2010

Company Announcements Office
ASX Limited
4th Floor
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Sydney NSW 2000

WEST KAMPAR UPDATE

Oilex (West Kampar) Limited (“OWK”), a wholly owned subsidiary of Oilex Ltd, incorporated in Cyprus and a party to the West Kampar Production Sharing Contract (“PSC”) continues to seek resolution of disputes with Indonesian joint venture party and operator PT Sumatera Persada Energi (“SPE”).

OWK is pursuing the recovery of a debt in excess of US\$4.1 million owed by SPE to OWK arising out of SPE’s failure to repay monies advanced by OWK under the farmout agreement entered into by them in August 2008 which was subsequently terminated in January 2009.

Under the terms of a parent company guarantee provided to OWK at the time of entering into the farmout agreement, PT Asiabumi Petroleo (“Asiabumi”), the parent company, guaranteed SPE’s obligations to repay the monies owing under the farmout agreement. Asiabumi has not met its obligations and OWK consequently filed an arbitration proceeding in the International Chamber of Commerce in Singapore on 30 April 2009. The first arbitration hearing occurred on 25 January 2010 and is scheduled to be continued on 18 and 19 February 2010.

In the course of the arbitration proceeding, Asiabumi has notified OWK of a claim filed also on 25 January 2010 by SPE in an Indonesian court. OWK has not yet been served with the claim. OWK understands that SPE is seeking damages from OWK for alleged defamation arising out of correspondence in November 2008 that provided BPMigas with information relating to SPE’s performance as operator. OWK rejects the allegations in the claim and, if served, will vigorously oppose the claim.

OWK’s endeavours to engage with representatives from SPE and Asiabumi to reach a commercial resolution to the disputes have not been successful to date.

B. H. McCarthy
Managing Director

For further information, please contact:

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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