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QUARTERLY REPORT TO SHAREHOLDERS 30 SEPTEMBER 2007

HIGHLIGHTS

- **Pendalian-3 appraisal well** spudded on 28 September in West Kampar PSC, Central Sumatra.
- **Long term drilling program in India commenced in September** with drilling of Bhandut-2Z appraisal well in Bhandut Field.
- **Cambay phase 2 drilling program is scheduled to start in November.**
- A drilling contract was awarded for a program in **Block 56 Oman starting with 3 wells in November 2007**
- Acquisition of onshore 2D seismic survey in Oman is about 70% complete.
- Retain cash resources on hand of approximately A\$63.9 million.

CORPORATE DETAILS

Board of Directors

Max D.J. Cozijn	Non-Executive Chairman
Bruce McCarthy	Managing Director
Ray Barnes	Technical Director
L. L. Bhandari	Non-Executive Director

Principal & Registered Office

Level 3, 50 Kings Park Road
West Perth WA 6005, Australia
Telephone: +61 8 9485 3200
Facsimile: +61 8 9485 3290

Capital Structure

Ordinary Shares	129,633,885
Unlisted Options	31,875,100
Unlisted Performance Rights	1,226,000

Email: oilex@oilex.com.au
Website: www.oilex.com.au

Stock Exchange Listing

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

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



OPERATIONS REVIEW

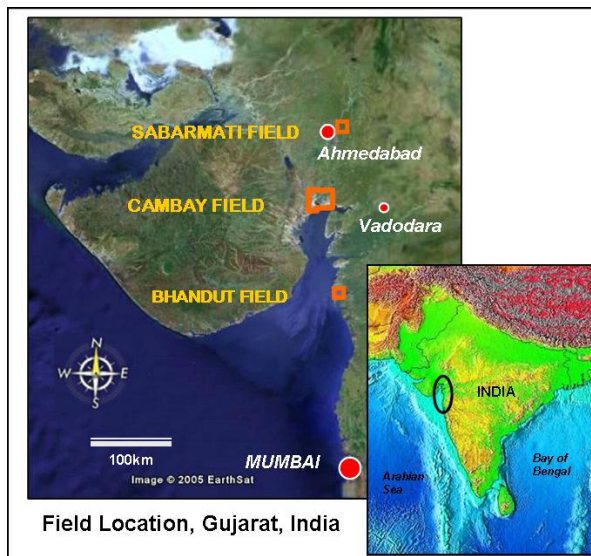
INDIA

6 wells to be drilled at Cambay commencing November.

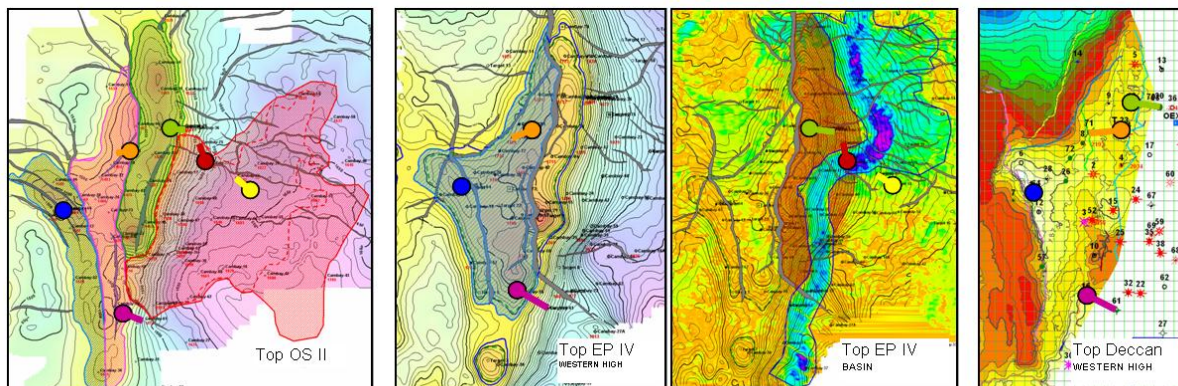
CAMBAY FIELD, GUJARAT

(OILEX OPERATOR - 45%)

A 9 month continuous drilling program with the first 6 firm wells is anticipated to start in November 2007. A combination of re-entry, sidetrack and new wells has been agreed by the Joint Venture with the primary objective of acquiring new reservoir and fluid data for the Oligocene and Eocene hydrocarbon zones that have been identified from the field's production and well testing history. Each reservoir compartment at the main objective levels will be tested by at least one well. Along with data from existing wells, this information will be used to determine oil and gas reserves in the major compartments of the field and will form the basis for planning the re-development of the Cambay field.



The first wells in Cambay, to follow the Bhandut-2Z well, are located to acquire modern fluid, pressure, core and wireline data in areas where data quality is poor, particularly in the main basin where gas has been tested and produced from old wells. The 2 wells that were drilled late last year on the Western High Area were located without the benefit of the 3D seismic and they tested oil from 2 zones. At present there are no modern data from the gas-bearing horizons and in order to assess the development potential of the gas resource, the primary objective of the first wells at Cambay will be to acquire the data necessary for confirming reserves and to test the seismic anomalies that are interpreted to be direct indicators of gas.



Cambay Field – reservoir compartments at successively deeper levels with locations of first 6 wells.

SABARMATI FIELD, GUJARAT
(OILEX OPERATOR - 40%)

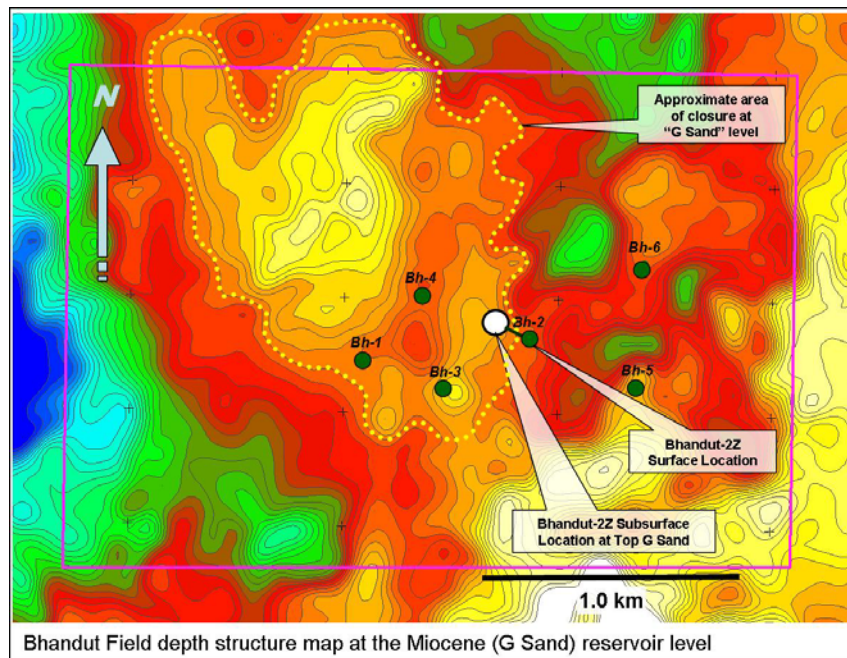
Sabarmati-1 is the sole producing well in the Sabarmati Production Sharing Contract area. No further work has been carried out in the past quarter.

Preparations for drilling of Bhandut-2Z commenced in September

BHANDUT FIELD, GUJARAT
(OILEX OPERATOR - 40%)

Evaluation of the Bhandut Field has commenced with the drilling of Bhandut-2Z, a deviated well that is being drilled from the surface location of the original Bhandut-2 well. The surface location is near to the inferred oil-water contact at the level of the G sand and the intent is to deviate the well to the northwest away from the original bore hole within the constraint that the angle of deviation is limited by the capability of the rig. The crest of the structure at the G sand is about 750m to the northwest of the Bhandut-2 location and will be the optimal site of drilling later in the development program for Bhandut field. All of the wells drilled on Bhandut to date are located on the southeastern flank of the structural closure at this stratigraphic level.

Deeper reservoir objectives identified at Bhandut will be drilled from newly built locations when approvals are received later in the development program. Those objectives are not proposed to be drilled by Bhandut-2Z, the location of which was constrained by the availability of existing, useable drilling pads.



The main objectives of Bhandut-2Z are to acquire modern velocity, core, wireline, pressure and fluid composition data from the main Miocene reservoir unit ("G" Sand). The well is located on the southeastern flank of the field, close to the limit of structural closure that has been mapped from the 3D seismic data set. In the event that the oil-bearing reservoir is confirmed, the well will be completed for production from the G sand.

The field is located near to the Lakshmi, Gauri and Hazira Fields that are producing gas and oil from reservoir intervals similar to those intersected in the Bhandut wells. The Bhandut Field has produced about 200,000 barrels of oil since 1993.

OMAN

Extensive 2D seismic survey commenced in August

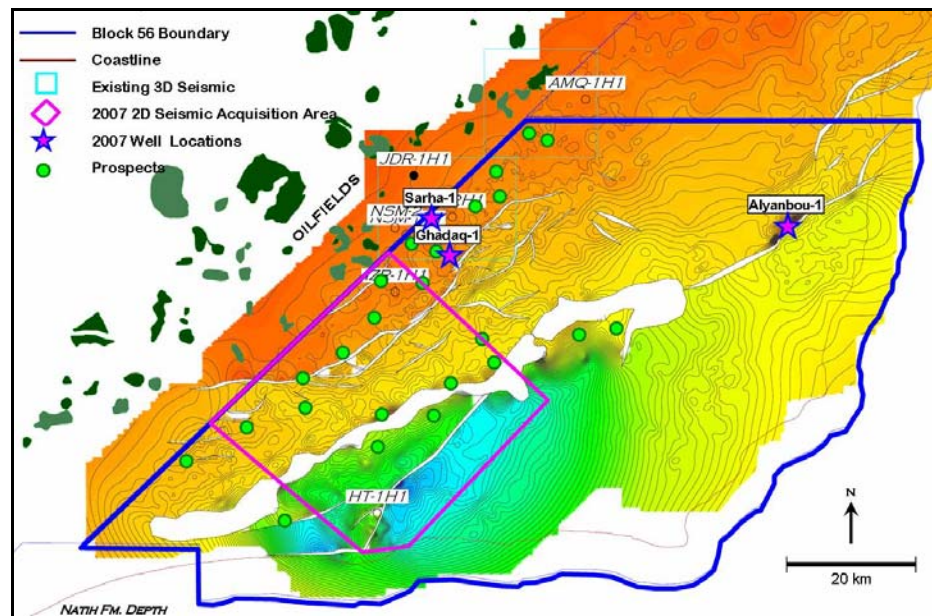
Contract awarded for drilling 3 wells planned to commence in November 2007

**BLOCK 56 SOUTH OMAN
(OILEX OPERATOR – 25%)**

A 2D seismic survey comprising 1,080 line km in the southwestern part of Block 56 commenced in August and is due to be completed about the end of October. Reprocessing existing seismic data is continuing and results have been incorporated into the existing data set. There is a significant area covered by 3D and dense 2D seismic surveys and, after mapping of those data, a number of locations for the first phase of drilling have been selected on the existing data base.

Hydrocarbon potential has been recognized for targets ranging from the Cambrian Buah formation to the Cretaceous Wasia group in areas where depth of burial is sufficient to mitigate the biodegradation of oil at the shallower levels. The possible presence of a thicker sedimentary section in the block implying a more extensive distribution of the Ara Salt unit into Block 56 raises the possibility of salt related structures similar to those producing to the west in the main salt basin.

Three well locations (3, 4 and 7, see map below) have been approved for drilling and civil engineering work has commenced on the drilling pads. Two of the first 3 wells are located in the western part of the block on structures that appear to be of similar form to producing fields immediately to the west in the South Oman Salt Basin. The third well will be drilled in a remote area along a prominent geological trend that has not been drilled previously. These locations were selected using the existing and reprocessed 2D and 3D seismic data and are not contingent on the interpretation of the 1000 km seismic acquisition program underway in the block. A drilling contract has been awarded to Abraj - Energy Holdings, an Omani company for a drilling program initially of 3 wells that is expected to start in November. The contract is for 1 year with 2 optional extensions for 6 months each.



Block 56 well locations, Top Naith Fm depth map

INDONESIA

Drilling of Pandalian-3 commences in West Kampar PSC.

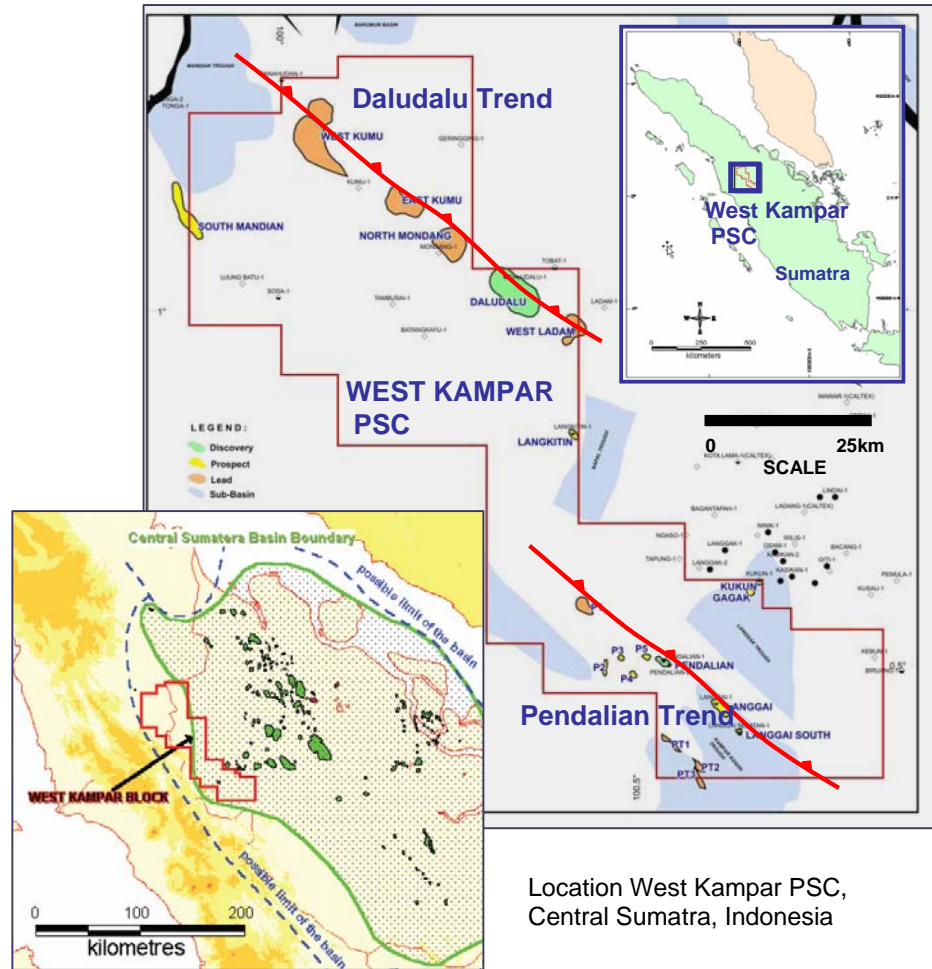
Potential oil-bearing zones will be tested on completion of drilling

WEST KAMPAR PSC

(OILEX - 45%)

The first appraisal well on the Pandalian structure spudded on 28 September. Pandalian-3 will appraise the oil field discovered in 1993 by the Pandalian-1 well, a cored slim hole which encountered a number of oil zones at depths ranging from 250 metres to 500 metres. Two shallow zones in the Sihapas Sandstone flowed oil from cased hole tests in Pandalian-1, one at 530 barrels per day. The testing program is planned to commence with deeper zones which appear to be less well developed and were not tested in the earlier wells. Successively shallower zones, including the productive reservoir confirmed previously in Pandalian-1 will be tested towards the end of the program.

If commercial productivity is confirmed by the cased hole testing program planned in Pandalian-3, the West Kampar Joint Venture plans to acquire a 3D seismic survey over the Pandalian Field and a number of satellite structures and to accelerate development. Shallow, low cost wells and the proximity to infrastructure are attractive incentives for the rapid development of the field. It is intended that early cash flow generated by Pandalian production would be applied to the exploration of highly prospective trends that have been recognized on the block.



Location West Kampar PSC, Central Sumatra, Indonesia

AUSTRALIA

EPP 27 – OTWAY BASIN OFFSHORE SOUTH AUSTRALIA
(OILEX OPERATOR - 20%)

Permit term extended to February 2008

Negotiations under way for well slot

Eight prospects in water depths of 70-105 metres have been mapped in the southeastern sector of the block and a preferred drilling location has been selected on a prospect that may contain 80 mmstboip (mean estimate). Site surveys have been acquired at two locations in preparation for drilling.

Oilex, on behalf of the EPP 27 Joint Venture, is pursuing a slot on an appropriate rig to drill a well in EPP 27 at the earliest opportunity in 2008/2009. As the current term of the exploration permit expires in February 2008 permit extension/renewal approval is also being pursued with the relevant authorities..

WA-388-P CARNARVON BASIN, OFFSHORE WESTERN AUSTRALIA
(OILEX OPERATOR – 20%)

Seismic acquisition to start late 2007 or early 2008

Oilex, on behalf of the JV, is in the process of finalising a contract to conduct a 3D seismic survey of about 1,100km². Interpretation of the reprocessed 2D and existing third party seismic data continued.

The block is located to the north of the Goodwyn / North Rankin gas fields trend and to the northeast of the Jansz-lo gas discoveries in the Exmouth Sub-basin.

LOCATION WA 388 P
NORTHWEST SHELF
AUSTRALIA

ATP 548P INLAND OIL JV
(OILEX - 11.35%)

Oilex issued a notice to the other Parties in the Joint Venture regarding the sale of Oilex’s interest in the permit to Bow Energy. One of the Parties has exercised its right of pre-emption and the sale documents are being finalised.

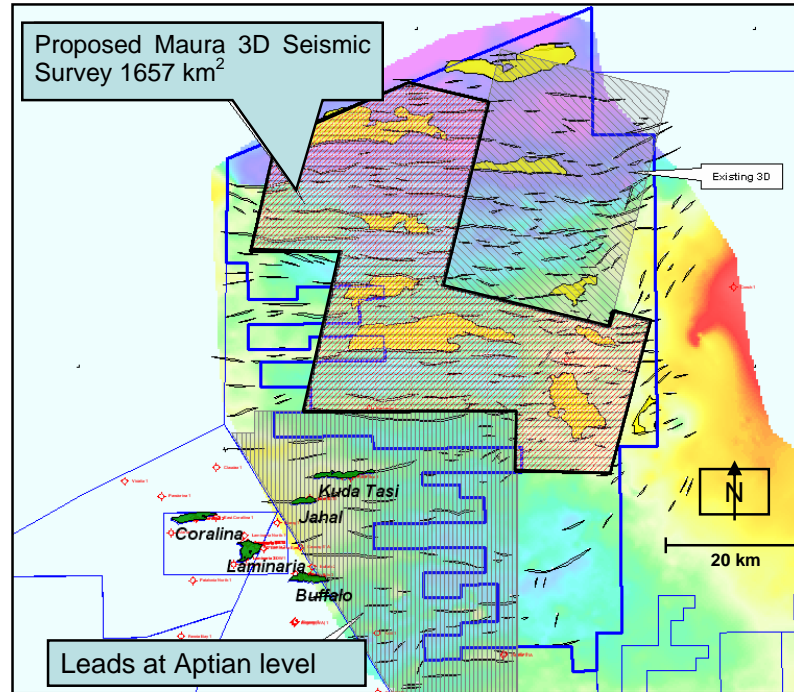
**JOINT
PETROLEUM
DEVELOPMENT
AREA
BETWEEN
TIMOR-LESTE
AND
AUSTRALIA**

**JPDA 06-103, FLAMINGO BASIN OFFSHORE JOINT
PETROLEUM DEVELOPMENT AREA**

(OILEX OPERATOR – 25%)

Five companies tendered for the Maura 3D seismic survey and the contract was awarded to Wavefield Inseis to secure the vessel “Geowave Champion”.

The survey will cover an area of 1657 sq km and is expected to commence late 2007 or early 2008, dependent on the vessel’s current work commitments. With the purchase of modern third party 3D data and the addition of the new 3D data to the existing data set, the JV will have a comprehensive seismic data base over the entire prospective area of the block by mid 2008.



CORPORATE

**COMMUNITY DEVELOPMENT – TIMOR-LESTE RURAL HEALTH
PROJECT**

Oilex’s business objective is to produce exceptional results for the Company and all stakeholders. A fundamental component of our strategy is to develop and maintain excellent working relationships with the communities where we work and to maintain a high level of corporate responsibility. With that in mind, Oilex has established a working alliance with Australian Aid International (“AAI”) for the provision of health care and training of health care workers that is needed in rural communities of the young sovereign state. That arrangement has been operating since March 2007 with outstanding success.



WORKING TO IMPROVE THE HEALTH OF TIMOR-LESTE

The objective of the program is to implement health care training and support operations in pre-determined areas of need in cooperation with the Ministry of Health, local health authorities and communities.

AAI is an Australian-based, independent humanitarian aid organisation that is non-profit and non-sectarian. AAI has made measurable and sustainable improvements

	<p>to the lives of displaced people around the world, providing emergency medical assistance and implementing rural health programs that focus on building local capacity.</p> <p>RATIONALE FOR THE PROJECT</p> <p>Timor-Leste has one of the highest maternal mortality rates in the Southeast Asian region, with up to 860 pregnant women dying for every 100,000 births. The infant mortality rate is also unacceptably high, with high prevalence of low infant birth weight, peri-natal infection and an acute lack of skilled assistance at delivery. There also exists in the population generally a high level of mortality and morbidity caused by easily preventable and treatable diseases.</p> <p>PROJECT OBJECTIVES</p> <ul style="list-style-type: none"> ◆ Improve Health Information Systems. ◆ Provide maternal and child healthcare ◆ Provide basic emergency care ◆ Provide support in the form of outreach clinics <p>This program will have both immediate and long term impact on the health system and its intended beneficiaries. It will be fully co-ordinated by the Ministry of Health and World Health Organization and support their respective objectives.</p>
<p>Net cash resources of A\$63.9 million</p>	<p>COMPANY STRUCTURE</p> <p>The Company presently has 129,633,885 shares on issue. These shares are traded on the ASX in Australia and on the AIM market of the London Stock Exchange under the code: OEX.</p> <p>Oilex also has 31,875,100 unlisted options on issue, the majority of these being held by executive staff and 1,226,000 Employee Performance Rights.</p> <p>At 30 September, 2007 the Company retained net cash resources of approximately A\$63.9 million.</p>

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

For and on behalf of the Board



Dr B. H. McCarthy

Managing Director

29 October 2007

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, 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, further information on which 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

PERMIT SCHEDULE				
PERMIT	BASIN / STATE / COUNTRY	JOINT VENTURE PARTIES	EQUITY %	OPERATOR
Cambay Field	Cambay / Gujarat / India	Oilex Ltd	30.00	Oilex Ltd
		Oilex NL Holdings (India) Limited	15.00	
		Gujarat State Petroleum Corp. Ltd	55.00	
Bhandut Field	Cambay / Gujarat / India	Oilex NL Holdings (India) Limited	40.00	Oilex NL Holdings (India) Limited
		Gujarat State Petroleum Corp. Ltd	60.00	
Sabarmati Field	Cambay / Gujarat / India	Oilex NL Holdings (India) Limited	40.00	Oilex NL Holdings (India) Limited
Block 56	South Oman / Oman	Oilex Oman Limited	25.00	Oilex Oman Limited
		GAIL (India) Limited	25.00	
		Videocon Industries Ltd	25.00	
		Bharat Petroleum Corporation Ltd	12.50	
		Hindustan Petroleum Corp Ltd	12.50	
West Kampar Block	Central Sumatra / Sumatra/ Indonesia	Oilex (West Kampar) Limited	45.00	PT Sumatera Persada Energi
		PT Sumatera Persada Energi	55.00	
EPP27	Otway / SA / Australia	Oilex Ltd	20.00	Oilex Ltd
		Videocon Industries Ltd	20.00	
		Gujarat State Petroleum Corp. Ltd	20.00	
		Great Artesian Oil & Gas Limited	40.00	
JPDA 06-103	Flamingo / Joint Petroleum Development Area/ Timor-Leste & Australia	Oilex (JPDA 06-103) Ltd	25.00	Oilex (JPDA 06-103) Ltd
		GSPC (JPDA) Limited	25.00	
		Global Energy Inc.	25.00	
		Bharat Petroresources JPDA Ltd	25.00	
WA-388-P	Carnarvon / WA / Australia	Oilex Ltd	20.00	Oilex Ltd
		Gujarat State Petroleum Corp Ltd	20.00	
		Videocon Industries Ltd	20.00	
		Bharat Petroleum Corporation Ltd	20.00	
		Hindustan Petroleum Corp Ltd	20.00	
ATP548P	Cooper-Eromanga Basin / QLD / Australia	Oilex Ltd	11.35	IOR Exploration Pty Ltd
		Netscald Pty Ltd	20.00	
		Moroil Pty Ltd	16.94	
		IOR Exploration Pty Ltd	51.71	

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 2007

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	-	-
1.2 Payments for (a) exploration and evaluation	(1,590)	(1,590)
(b) development	-	-
(c) production	(709)	(709)
(d) administration (net)	(1,101)	(1,101)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	796	796
1.5 Interest and other costs of finance paid	(255)	(255)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(2,859)	(2,859)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(160)	(160)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(160)	(160)
1.13 Total operating and investing cash flows (carried forward)	(3,019)	(3,019)

1.13	Total operating and investing cash flows (brought forward)	(3,019)	(3,019)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc	113	113
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	113	113
	Net increase (decrease) in cash held	(2,906)	(2,906)
1.20	Cash at beginning of quarter/year to date	66,993	66,993
1.21	Exchange rate adjustments to item 1.20	(207)	(207)
1.22	Cash at end of quarter	63,880	63,880

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	205
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	10,000	10,000
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	8,000
4.2 Development	-
Total	8,000

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	3,227	2,490
5.2 Deposits at call	60,653	64,503
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	63,880	66,993

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	-	-	-
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	129,633,885	129,633,885	Various	-
7.4 Changes during quarter				
(a) Increases through issues	250,000	250,000	\$0.45	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
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>			<i>Exercise price</i>	<i>Expiry date</i>
	2,200,000	-	\$0.20	28/02/2008
	500,000	-	\$1.00	31/12/2009
	3,000,000	-	\$1.50	31/12/2009
	1,000,100	-	\$0.50	07/12/2008
	2,000,000	-	\$0.40	14/12/2008
	3,250,000	-	\$0.50	14/12/2008
	4,250,000	-	\$0.80	14/12/2008
	1,000,000	-	\$0.50	16/02/2009
	4,500,000	-	\$0.50	31/03/2010
	775,000	-	\$0.50	31/07/2009
	775,000	-	\$0.65	31/07/2009
	775,000	-	\$0.90	31/07/2010
	500,000	-	\$1.50	31/10/2009
	500,000	-	\$1.75	31/10/2009
	500,000	-	\$2.00	31/10/2010
	500,000	-	\$1.40	31/01/2010
	450,000	-	\$2.00	31/01/2010
	450,000	-	\$2.50	31/01/2011
	2,500,000	-	\$2.00	31/03/2011
	300,000	-	\$1.75	31/01/2010
	300,000	-	\$2.25	31/01/2011
	300,000	-	\$2.75	31/03/2012
	500,000	-	\$1.57	30/09/2011
	350,000	-	\$1.60	30/04/2010
	350,000	-	\$2.10	30/04/2010
	350,000	-	\$2.70	30/04/2011

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	
7.8 Issued during quarter	2006 Performance Rights				
	279,000	Tranche 1 expire 1/07/2011			
	304,000	Tranche 2 expire 1/07/2011			
	299,000	Tranche 3 expire 1/07/2011			
	2007 Performance Rights				
	125,000	Tranche 1 expire 1/07/2012			
	110,000	Tranche 2 expire 1/07/2012			
	109,000	Tranche 3 expire 1/07/2012			
				<i>Exercise price</i>	<i>Expiry date</i>
		500,000	-	\$1.57	30/09/2011
	350,000	-	\$1.60	30/04/2010	
	350,000	-	\$2.10	30/04/2010	
	350,000	-	\$2.70	30/04/2011	
7.9 Exercised during quarter	2007 Performance Rights				
	125,000	Tranche 1 expire 1/07/2012			
	110,000	Tranche 2 expire 1/07/2012			
	109,000	Tranche 3 expire 1/07/2012			
	250,000	-	\$0.45	31/07/2009	
7.10 Expired during quarter	-	-	-	-	
7.11 Debentures <i>(totals only)</i>	Nil	Nil			
7.12 Unsecured notes <i>(totals only)</i>	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/Company Secretary)

Date: **29 October 2007**

Print name: **Max D.J. Cozijn**

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