

11 December 2014

Company Announcements Office
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Canning Basin SPA 17 AO Conversion to Exploration Permit Application

- Exploration permit application has been accepted
 - Retained area encompasses entire Wallal Graben extension
 - Firm work program consists of infill airborne gravity/magnetic survey
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Oilex Ltd (ASX: OEX, AIM: OEX) is pleased to announce that its application to convert the Special Prospecting Authority (SPA 17 AO) to Exploration Permit Application (STP-EPA-0131) has been approved by the WA Department of Mines and Petroleum (DMP).

The committed work program for SPA 17 AO was fulfilled by the acquisition, processing and interpretation of a 4,060 line km gravity gradiometry/magnetic survey (Survey). Under the terms of the SPA, Oilex had exclusive rights to negotiate a formal exploration permit with the Government of Western Australia. The terms of the SPA state that the area retained as an exploration permit from within the SPA is limited to 30-50% of the total area.

The final report for SPA 17 AO incorporating the newly acquired Survey data with 2D seismic, regional gravity, magnetic, surface geological and well data, confirmed Oilex's structural model of the Wallal Graben and its extension into SPA 17 AO.

The firm committed work program negotiated for the exploration permit comprises an airborne gravity/magnetic survey designed to "infill" the recently acquired Survey. This will facilitate a much higher resolution image and interpretation of the Wallal Graben extension. The retained area (5443 km²) to be converted to STP-EPA-0131 encompasses the entire Wallal Graben extension and represents 48% of the original SPA area (Figure 1).

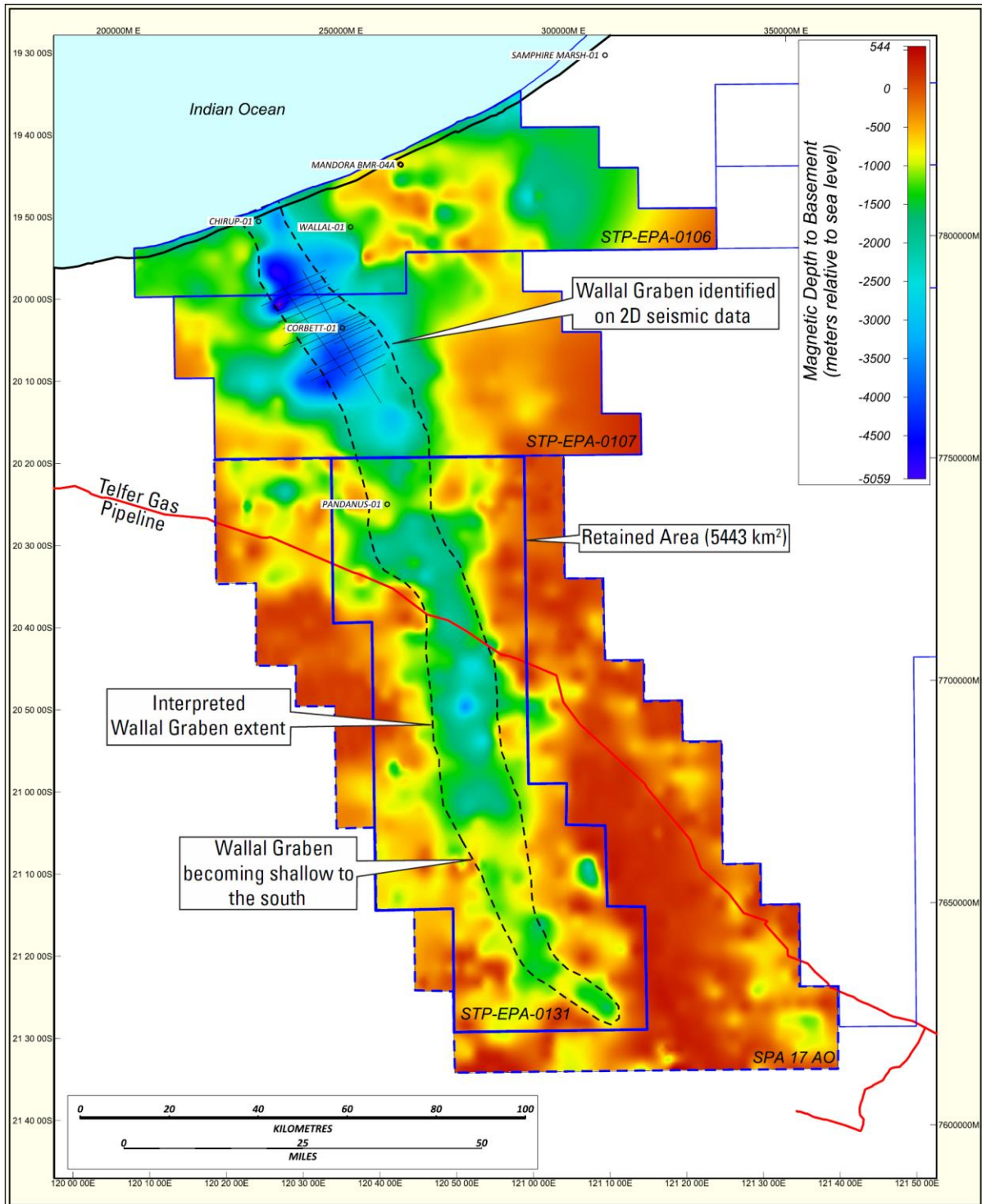


Figure 1: Interpretation of the Wallal Graben extent overlain on the magnetic depth to basement horizon (meters relative to sea level).

The graben is present in Oilex's three, 100%-owned, exploration areas encompassing approximately 11,900 km² (~3 million acres). The acreage is in a unique position in the Canning Basin as it is adjacent to many world class mining projects in the Pilbara region. This activity has led to the development of a significant amount of infrastructure in the area with the Great Northern Highway, numerous sealed roads, good quality graded roads and multiple airstrips being present within the Oilex acreage. The Telfer Gas pipeline traverses STP-EPA-0131 and any future pipelines from the Canning Basin to the main export terminals at Port Hedland and Karratha would have to pass through the acreage (Figure 2).

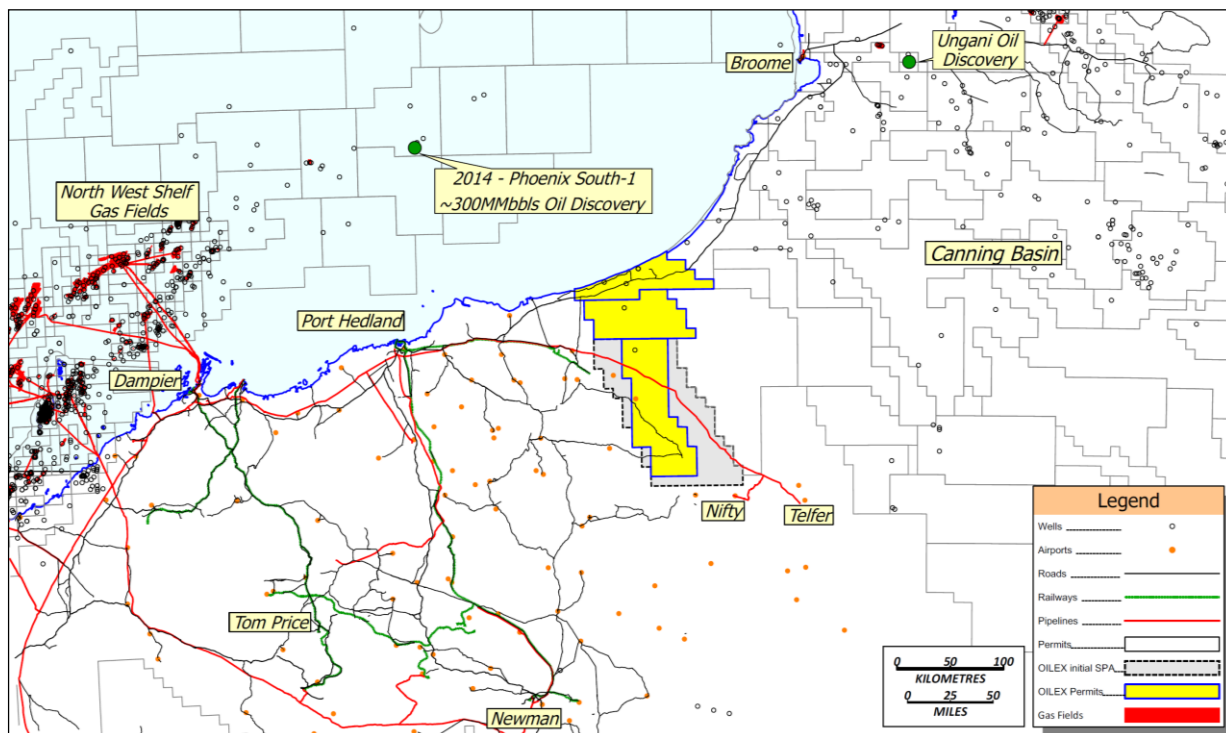


Figure 2: Significant infrastructure within and adjacent to Oilex’s Wallal Graben permits – a unique situation in the Canning Basin.

As previously announced, farm-out activities are in progress and the new data and commitment program has been incorporated into the discussions with prospective farminees. Negotiations with the Traditional Owners on Native Title Agreement(s) applicable for all areas are nearing completion. The regulatory process of conversion to a formal exploration permit have commenced with the DMP.

Managing Director of Oilex, Ron Miller, said;

“We are pleased that another significant milestone has been completed for our Canning Project. This Project is highly prospective, offers long term growth potential and is strategically located close to infrastructure and Western Australia’s global resource centre. The prospectivity continues to be upgraded and the level of interest shown by potential farminees is increasing with it.”

For and on behalf of Oilex Ltd

**Ron Miller
Managing Director**

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