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OPERATIONS REPORT FOR THE QUARTER TO 30 JUNE 2009

SUMMARY

JPDA Drilling (Timor Sea)

- Drilling locations selected for first two wells on prospects with mean prospective resources of 195 million barrels of oil (Loré prospect) and 90 million barrels of oil (Lolotoe prospect)
- An alternative rig is now being sought after the rig contractor, Transocean, unilaterally terminated the drilling rig contract
- Farmout negotiations for part of Oilex's 25% interest have progressed to an advanced stage

West Kampar (Indonesia)

- Sale of 22.5% of interest from joint venture party SPE under way to recover US\$4.1 million payment due to Oilex

India Operations

- Total net production of 15,229 barrels of oil for the quarter from India.
- India operations are currently cash flow positive
- The Cambay-75A appraisal well was drilled in the Quarter and was plugged and suspended with oil and gas shows after failing to find commercial oil

Other Exploration and Appraisal

- Oman exploration program under review for farmout
- Seismic processing on WA 388P nearing completion

Corporate

- Oilex retained A\$10.5 million cash and no debt at the end of the Quarter.
- 2 new directors appointed to the Board

OVERVIEW

Oilex continued to focus during the June 2009 Quarter on restructuring its assets and operations to reduce costs, maintain production revenues and assess opportunities that may provide early production with positive cash flows. The Company has initiated a detailed technical and commercial review of its appraisal and development operations both in Oman and in India following the result from the Cambay-75 appraisal well that was drilled during the Quarter. The Indian operations accounted for net oil production of 15,229 barrels for the Quarter and are cash flow positive.

The company continues to work towards concluding agreements in the offshore drilling project in block JPDA 06-103 in the Joint Petroleum Development Area (JPDA) of the Timor Sea and the West Kampar PSC in Indonesia. A prime focus for the Company is to complete the proposed farm-out of part of its 25% interest in the JPDA block to reduce its financial exposure. This is a highly attractive offshore oil exploration opportunity with the potential to host significant oil resources near to existing producing fields and ENI's Kitan-1 oil discovery.

Oilex is continuing to take all possible measures to resolve the Joint Venture issues in the West Kampar PSC, where the Pandalian Field development and exploration program have been temporarily suspended.

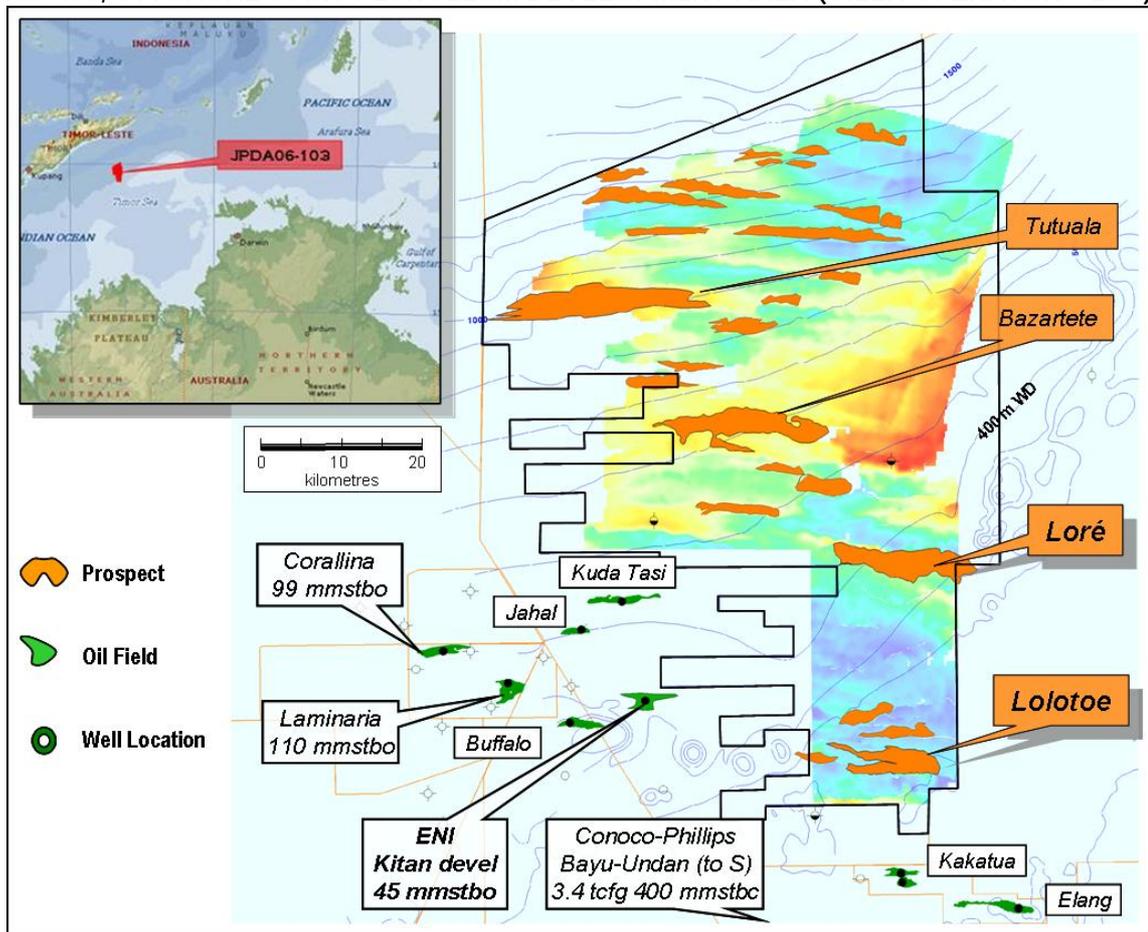
OPERATIONS REVIEW

PRODUCTION

- Total net production from Cambay, Bhandut and Sabarmati Fields was 15,229 barrels of oil for the quarter.
- Oil production from the Miocene Basal Sand (MBS) in the Cambay Field, Gujarat (Oilex Operator - 45%) continues. Cambay-74 and Cambay-64 produced at an average daily rate of approximately 320 BOPD and 1,150 MCFD associated gas.
- Pumps to provide artificial lift in wells Cambay-74 and Cambay-64 are expected to be installed in July to extend the production life of these wells.
- The Cambay-19Z well is also in production from the deeper Eocene oil zone.
- The Cambay Field is also producing intermittently from wells Cambay-72, Cambay-63, Cambay-20 and Cambay-8, while Cambay-73 has been shut in.
- Constraints on the Cambay oil offtake infrastructure have been resolved by adding storage capacity at the field and at the point of sale.
- The India operations have been restructured pending a detailed review of appraisal and development options.

EXPLORATION AND APPRAISAL DRILLING

JPDA 06-103, OFFSHORE JOINT PETROLEUM DEVELOPMENT AREA (OILEX OPERATOR – 25%)



JPDA 06-103 Location with prospects and nearby fields

- Mapping of prospects in JPDA 06-103 contract area was completed during the Quarter and the prospect portfolio was prioritised on the basis of potential resource volume and technical risk. The Joint Venture selected the Loré and Lolotoe prospects, both in water depths of less than 400 metres, as the first two prospects for drilling.
- Prospective oil resources (See definitions p. 5 herein) estimated on 100% basis are given in the table (below) for Loré prospect with a range of 20 – 515 MMSTBO prospective resource (mean 195 MMSTBO) and Lolotoe prospect with a range of 14 – 220 MMSTBO prospective resource (mean 90 MMSTBO). The combined oil prospective resource for the two prospects is 285 MMSTBO.

Prospect	PROSPECTIVE RESOURCES – OIL (probability in million stock tank barrels recoverable, 100% basis)			
	P90	P50	P10	MEAN
LORÉ	20	102	515	195
LOLOTOE	14	57	220	90

Range of prospective resources on 100% basis

- The contract entered into by the JV in 2008 for the Transocean Legend semisubmersible drilling rig was terminated unilaterally by the drilling contractor, Transocean following the termination of the drilling program with the same rig initially planned to be undertaken by Nexus prior to the drilling program in JPDA 06-103.
- Every effort is being made by Oilex and the JV to prepare for a major drilling campaign during Q3/Q4 2009 subject to finalising new drilling rig and service contracts. Rig availability has been extensively researched and viable options are being pursued with immediacy. The deep water capability of the Transocean Legend is not required for drilling the Loré and Lolotoe prospects and consequently a wider range of rigs suitable for the initial two well program is available compared to 2008.
- Approvals were sought on various matters from the regulatory authority (ANP) in Dili, Timor Leste, and were either received during the June quarter or expected to be received in the September quarter. An application has been made to the ANP for an extension to the PSC to enable the wells to be drilled under a revised schedule given the circumstances of the cancellation by Transocean of the rig contract.
- While farmout negotiations for part of Oilex's 25% interest in this block are progressing well, the termination of the Transocean rig contract has delayed completion of the farmout as interested parties have requested information on the replacement rig options and formal agreement to the extension of the initial contract term by ANP. Excellent support has been received from ANP in this regard.

PENDALIAN FIELD APPRAISAL

WEST KAMPAR PSC, CENTRAL SUMATRA (OILEX – 45% TO 67.5%)

- Oilex's priorities for this asset remain to:
 1. Recover approximately US\$4.1 million owed to it by the Operator of the PSC, PT Sumatera Persada Energi (SPE), (secured by a charge over 22.5% of the interest held by SPE).
 2. Ensure transfer of Operatorship to Oilex or an acceptable third party.
 3. Resume the seismic and drilling work program.
 4. Acquire the approval of BPMigas, the Indonesian regulatory authority for the Pendalian oil field development project.
- SPE and Oilex met in May 2009 to discuss a commercial solution to the issues which involved a sale of SPE's interest to a third party whereby SPE repays its debt to Oilex and Oilex or the third party becomes the operator of the PSC. A number of third parties have expressed an interest and negotiations are proceeding with some of these parties.
- Oilex is vigorously pursuing its rights under various legal agreements to recover the funds owed by SPE to Oilex.
- All operational activity on the PSC is currently suspended by the Operator pending resolution of commercial and financial disputes within the JV.
- Timing as to when these disputed matters will be resolved remains uncertain.

INDIA EXPLORATION AND APPRAISAL

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

- During the Quarter the Cambay-75A appraisal well was drilled to a depth of 1580m. The well was drilled in a separate structural compartment to the west of Cambay-74 production well with the primary target in the MBS reservoir unit. The well was plugged and suspended after encountering good quality reservoir with oil shows and non-commercial gas.
- **Cambay Miocene MBS oil** - The results of the Cambay-75 well will be incorporated into the MBS geological model to determine if further potential well locations are technically and commercially attractive.

- **Cambay OS II Gas** – gas has been proven at the level of Miocene, Oligocene and Eocene in many of the old wells and in the wells drilled last year at Cambay. The field has previously produced gas from the Oligocene and Miocene. A further desktop evaluation of the commercial and technical aspects of the block's gas potential will be completed. The shallower OS II horizons remain under consideration as part of a potentially viable, small gas project in the eastern part of the block.
- **Cambay Eocene Gas / Condensate** – Substantial in-place gas resources remain at Cambay and an evaluation is ongoing to assess the technical potential to enhance recoveries to commercial rates if horizontal wells are utilized together with fracture stimulation. Technical execution risks are considered high and Oilex is considering options to introduce parties with tight gas experience into the opportunity.
- **Cambay Basal EPIV / Deccan** – The fractured Deccan basement play remains untested at Cambay following the decision to terminate the drilling of Cambay-74 and to complete the well as an oil producer from the MBS oil zone. The main targets in that well were the deeper Basal EP IV and Deccan Basement which appear from seismic data to be better developed on the western flank of the Western High Block compared to the crestal area where Cambay-19Z and Cambay-73 were drilled.

OTHER EXPLORATION AND APPRAISAL

- **WA-388-P Carnarvon basin**, offshore Western Australia (Oilex Operator – 14%). Processing of the Rose 3D seismic survey is near completion and final SEG Y seismic data are expected to be available for interpretation during July 2009. Extra effort applied to seismic processing has resulted in significantly better data definition compared to that previously achieved in this area. The JV agreed to apply for a variation to the secondary period work program during early in the June quarter to account for the delay in receiving the seismic data and therefore take a decision on entering into the secondary term and commit to drilling of one well. The application to vary the secondary program was formally lodged with Western Australian Department of Mines and Petroleum on 15 April 2009. The Department approved the variation as requested on 2 June 2009.
- **Oman, Block 56**, South Oman (Oilex Operator – 25%). On behalf of the Joint Venture, Oilex is reviewing the options and priorities for the remainder of the commitment work program, including a possible farm-out.

CORPORATE

- At the end of the Quarter Oilex had cash in bank of A\$10.5m and has no debt.
- Operating cash outflows and corporate overheads have continued to be reduced during the June quarter with further cost reduction programs being implemented at all locations.

NEW DIRECTORS APPOINTED TO BOARD EFFECTIVE 1 JULY 2009-07-09

Oilex has appointed two new directors to its board with effect from 1 July 2009:

Mr Ben Clube – a former senior executive with BHP Billiton Petroleum for 15 years – has been appointed as Finance Director having held the position of Chief Finance and Commercial Officer with Oilex since July 2008.

Mr Ron Miller, a Chartered Engineer has been appointed as an independent Director. He brings more than 30 years of experience in the petroleum industry including corporate governance and international government relations, extensive experience in leading multi-disciplinary organisations, project development and the design and construction of oil and gas projects. Mr Miller has held a range of senior positions including with Mobil Exploration and Producing Australia, Ampolex, UC Engineers Pty Ltd, Seapole Systems Pty Ltd, Clough Engineering, Wholohan, Grill & Partners and Hyundai Heavy Industries.

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
 22 July 2009

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

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	176,054,885
Unlisted Options	32,775,000
Unlisted Performance Rights	1,077,000

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
BPD	barrels (of fluid) per day
GOR	Gas to oil ratio in an oil field, calculated using measured natural gas and crude oil volumes at stated conditions. The gas/oil ratio may be the solution gas/oil, symbol Rs; produced gas/oil ratio, symbol Rp; or another suitably defined ratio of gas production to oil production. Volumes herein measured in scf/bbl.
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 Hydrocarbon Holding Ltd	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	25.0	Oilex (JPDA 06-103) Ltd
		GSPC (JPDA) Limited	25.0	
		Global Energy Inc.	25.0	
		Bharat Petroresources JPDA Ltd	25.0	
WA-388-P	Carnarvon / WA / Australia	Oilex Ltd	14.0	Oilex Ltd
		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 have assigned an additional 22.5% to its 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. The assignment is before BPMIGAS.