

# **PRESS RELEASE**

## **Oilexco To Increase Debt Capacity to US\$ 1 Billion**

**Calgary, Canada, July 4, 2008** - Oilexco Incorporated (“Oilexco” or “the Company”) (TSX: OIL; LSE: OIL) announces that its wholly owned subsidiary, Oilexco North Sea Limited, has signed an engagement letter with the Royal Bank of Scotland plc (“RBS”) with respect to refinancing the Company’s current debt obligations that will increase Oilexco’s total debt availability to US\$1 billion. The credit facility is intended to be underwritten by a group of banks led by RBS, subject to standard internal credit approvals and due diligence, and replaces the previous facility that had a total credit limit of approximately US\$ 700 million. The new facility will be used for developing new fields, purchasing production equipment, enabling protection against cost overruns and potential decommissioning liabilities and general corporate purposes.

**Mr. Arthur Millholland, Oilexco President and CEO commented,** “We have made a number of discoveries in the past two years, and the new debt arrangement not only gives us increased financing capacity, it also gives us the flexibility to pursue those developments that will have the greatest impact on the Company.”

**Mr. Hurbinder Mudan, Head of Oil & Gas at RBS commented,** "It is 3 years since the relationship began with RBS which provided a small bilateral financing to Oilexco. To launch a US\$1billion innovative financing is a testament to the Company's achievements and our relationship, relying on the RBS team strengths in this sector. We look forward to supporting Oilexco in the next phase of the Company's growth.”

### **About the Company**

Oilexco is an oil and gas exploration and production company active in the United Kingdom. Oilexco’s producing properties, exploration and development activities are located in the UK Central North Sea, specifically in the Outer Moray Firth and Central Graben areas. Oilexco operates in the United Kingdom through its wholly owned subsidiary, Oilexco North Sea, a company registered under the laws of England and Wales. Oilexco shares are listed for trading on the London Stock Exchange (LSE) and the Toronto Stock Exchange (TSX) under the symbol “OIL”.

### **Forward Looking Statements**

This disclosure contains certain forward-looking statements that involve substantial known and unknown risks and uncertainties, certain of which are beyond Oilexco’s control, including: the impact of general economic conditions in the areas in which Oilexco

operates, civil unrest, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in commodity prices, foreign exchange or interest rates, stock market volatility and obtaining required approvals of regulatory authorities. In addition there are risks and uncertainties associated with oil and gas operations, therefore Oilexco's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amounts of proceeds, which Oilexco will derive therefrom. All statements included in this press release that address activities, events or developments that Oilexco expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements include future production rates, completion and production timetables and costs to complete wells, and production facilities. These statements are based on assumptions made by Oilexco based on its experience perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances.

**FOR FURTHER INFORMATION PLEASE CONTACT:**

**Oilexco Incorporated**

Arthur S. Millholland, President, (403) 262-5441

or

Brian L. Ward, Chief Financial Officer, (403) 262-5441

or

Rob Elgie, Manager Investor Relations, (403) 262-5441

**Pelham PR**

James Henderson, Managing Director, 44 (20) 7743 6673

or

Alisdair Haythornthwaite, Director, 44 (20) 7743 6676