

10 March 2004

Centralised Company Announcement Office  
Australian Stock Exchange Limited  
10<sup>th</sup> Floor, 20 Bond Street  
SYDNEY NSW 2000

Dear Sir/Madam,

**RE: INTERIM FINANCIAL REPORT – DECEMBER 2003**

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Please find enclosed herewith a copy of the Company's Interim Financial Report to 31 December 2003, including the "Independent Review Report" concluded by our Auditors.

For and on behalf of the Board



**M.D.J. Cozijn**  
*Director*

cc: Directors

**OILEX NL**  
**ABN 50 078 652 632**  
**AND ITS CONTROLLED ENTITY**

**INTERIM FINANCIAL REPORT**

**31 DECEMBER 2003**

**OILEX NL  
ABN 50 078 652 632  
AND ITS CONTROLLED ENTITY**

*Incorporated under the Corporations law in the State of Victoria on 2nd June 1997.*

**INTERIM FINANCIAL REPORT**

**31 DECEMBER 2003**

**CORPORATE DETAILS**

**Directors:**

M.D.J. Cozijn B.Com. ASA.  
D.C. Archibald B.Sc. Hons. (Geology)  
G.I. Johnson B.Sc. Hons. Phd (Geology)

**Company Secretary:**

M.D.J. Cozijn - B.Com. ASA.

**Registered Office:**

Ground Floor  
23 Ventnor Avenue  
WEST PERTH WA 6005  
Telephone : (08) 9321 5000  
Facsimile: (08) 9321 7177

**Postal Address:**

P.O. Box 1785  
WEST PERTH WA 6872

**Auditors:**

Grant Thornton  
256 St George's Terrace  
PERTH WA 6000

**Solicitors:**

Deacons  
Level 31, BankWest Tower  
108 St George's Terrace  
PERTH WA 6000

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**OILEX N.L.**  
**ABN 50 078 652 632**  
**AND ITS CONTROLLED ENTITY**

**DIRECTORS' REPORT**

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Your Directors present their report on the economic entity for the half year ended 31 December 2003.

***DIRECTORS***

The names of the Directors in office at any time during or since the end of the half year are:

M.D.J. Cozijn  
D.C. Archibald  
G.I. Johnson

***REVIEW OF OPERATIONS***

The economic entity incurred a loss from ordinary activities after income tax of \$131,133 for the half year.

The following Highlights have been achieved over the halfyear:

<b>HIGHLIGHTS FOR THE SIX MONTHS</b>
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IPO closed with Oilex Listing on ASX on 24 October 2003 after issuing 13,907,000 shares raising approximately \$2.8 million (gross).

**Assets**

- Oilex has secured equity in 12 onshore Queensland oil exploration areas, covering some highly prospective areas of the Surat and Cooper/Eromanga Basins in Queensland.

**Aims**

- Oilex's aim is to create wealth for shareholders through low risk/high reward drilling of attractive oil prospects.
- Oilex's Directors are cognisant of the need to maintain a tight capital structure to maximise leverage to exploration success.

**Significant Developments**

- Oilex became operator of ATP 574P, containing the Giligulgul structure, in December 2003.
- Giligulgul-1, drilled by Union Oil in 1964, encountered a 4.7 metre oil column in the Precipice Sandstone as shown by oil in core and oil in side wall cores. Union Oil attempted four Drill Stem Tests ("DSTs") on this interval. Modern seismic shows that there is 15 metres of closure updip from Giligulgul-1, with 16 million barrels of Potential Oil. Oilex's share of this would be 5.5 million barrels after the current farm in resulting in a 34.5% interest.
- Oilex spudded Giligulgul North-1 earning well on 13th February and completed it as a dry hole on 23<sup>rd</sup> February.
- The farmout of a number of permit interests to OME Resources was terminated by mutual agreement between Oilex, Victoria Petroleum and OME Resources. As a consequence, Oilex has been able to increase its equity in ATP 574P, post Giligulgul North-1, from 7.5%, under the terms of the OME farmout, to 34.5%.
- Oilex's share of expenditure on Giligulgul North-1 is approximately \$360,000.

## SUMMARY

Oilex has been successful in gaining a larger equity position in one of its most attractive exploration target, the Giligul structure of ATP 574P, and has also expedited drilling of this prospect.

Oilex will pursue the early drilling of the Don Juan and Rookwood Wells on ATP 593P and ATP 608P respectively, following completion of the current Giligul North-1 well.

## CORPORATE

Presently Oilex has a total issued capital of 29,557,007 Ordinary shares of which 15,766,451 are listed with the balance of 13,790,556 being escrowed as follows:

2,650,000 Shares escrowed until 14/10/05  
7,000,000 Shares escrowed until 17/10/04  
2,400,000 Shares escrowed until 10/03/04  
1,740,556 Shares escrowed until 04/03/04

In addition there are 2,000,000 unlisted options exercisable at 20 cents per share by 28/2/08 which are escrowed until 24/10/05.

Upon successful conclusion of the listing of Oilex, the Directors resolved (subject to shareholder approval) to grant Dr Geoffrey Johnson (Non-executive Director) 200,000 unlisted options exercisable at 20 cents per share by 28/2/08 for services rendered during the IPO raising. The necessary shareholder approval will be sought at the next General Meeting of Shareholders.

As at 31 December 2003, Oilex had \$1.835 million in available funds.

Signed in accordance with a resolution of the Board of Directors.



**M.D.J. Cozijn**  
Director



**D.C. Archibald**  
Director

9 March 2004

**OILEX N.L.**  
**ABN 50 078 652 632**  
**AND ITS CONTROLLED ENTITY**

**CONDENSED STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

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	<b>ECONOMIC ENTITY 2003 \$</b>
	<hr/>
Revenue from ordinary activities	<b>29,219</b>
Management costs	<b>(27,250)</b>
Consultancy costs	<b>(44,000)</b>
Field exploration costs	<b>(24,736)</b>
Administration costs	<b>(59,832)</b>
Depreciation expense	<b>(619)</b>
Other expenses from ordinary activities	<b>(3,915)</b>
	<hr/>
Profit (loss) from ordinary activities before income tax expense	<b>(131,133)</b>
Income tax expense relating to ordinary activities	<b>-</b>
	<hr/>
Loss from ordinary activities after related income tax expense	<b>(131,133)</b>
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Basic earnings per share (cents per share)	<b>(0.78)</b>
Diluted earnings per share (cents per share)	<b>(0.78)</b>

**OILEX NL  
ABN 50 078 652 632  
AND ITS CONTROLLED ENTITY**

**CONDENSED STATEMENT OF FINANCIAL POSITION  
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

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	<b>ECONOMIC ENTITY 2003 \$</b>
	<u>                    </u>
<b>Current Assets</b>	
Cash Assets	1,834,731
Receivables	4,875
Other	134,600
<b>Total Current Assets</b>	<u>1,974,206</u>
<b>Non Current Assets</b>	
Other Financial Assets	-
Property, Plant & Equipment	36,573
Other	2,130,998
<b>Total Non-Current Assets</b>	<u>2,167,571</u>
<b>TOTAL ASSETS</b>	<u>4,141,777</u>
<b>Current Liabilities</b>	
Payables	27,513
Other	350
<b>Total Current Liabilities</b>	<u>27,863</u>
<b>TOTAL LIABILITIES</b>	<u>27,863</u>
<b>NET ASSETS</b>	<u>4,113,914</u>
<b>EQUITY</b>	
Contributed Equity	4,565,017
Accumulated Losses	<u>(451,103)</u>
<b>TOTAL EQUITY</b>	<u>4,113,914</u>

**OILEX NL  
ABN 50 078 652 632  
AND ITS CONTROLLED ENTITY**

**CONDENSED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

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	<b>ECONOMIC ENTITY 2003 \$</b>
<b>Cash flows from Operating Activities</b>	
Payments to Suppliers and Employees	(216,755)
Interest Received	29,219
	<hr/>
Net cash (used in) operating activities	<u>(187,536)</u>
<b>Cash flows from Investing Activities</b>	
Payments for Property, Plant & Equipment	(37,192)
Investment in Subsidiary	(2,400)
Payments for Mineral Interests	(28,600)
Payments for Environmental Security Bonds	(9,600)
	<hr/>
Net cash (used in) Investing Activities	<u>(77,792)</u>
<b>Cash flows from Financing Activities</b>	
Proceeds from Issue of Shares	2,206,400
Capital Raising Costs	(110,944)
Repayment of Borrowings	(94,650)
	<hr/>
Net Cash provided by Financing Activities	<u>2,000,806</u>
Net increase in cash held	1,735,478
Add opening cash brought forward	99,253
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Closing cash carried forward	<u>1,834,731</u>

**OILEX N.L.**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

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**NOTE 1 - BASIS OF PREPARATION**

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2003 and any public announcements made by Oilex NL and its controlled entity during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2003 annual report.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing activities of the consolidated entity as the full financial report.

**a) Basis of Accounting**

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year financial report has been prepared in accordance with the historical cost convention.

**b) Comparative Figures**

No comparative information has been provided as this is the first half year reporting period to which AASB 1029: Interim Financial Reporting is applicable to the economic entity.

**NOTE 2 – CONTINGENT LIABILITIES**

There has been no material change in contingent liabilities since the last annual reporting date.

**NOTE 3 - SEGMENT INFORMATION**

The economic entity operates predominantly in one business and geographical segment, being mineral exploration in Australia.

**OILEX NL  
ABN 50 078 652 632  
AND ITS CONTROLLED ENTITY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

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**NOTE 4 – CHANGE IN COMPOSITION OF ENTITY**

On 1 March 2003, Oilex NL obtained 100% interest of the voting share capital of Sequil Pty Ltd, a company incorporated in Australia specialising in mineral exploration.

The completion of the acquisition was dependent upon the successful listing of Oilex NL on the ASX. This occurred on 24 October 2003, at which time the balance of the consideration, being the issue of 4,750,000 ordinary shares at 20 cents each, was paid.

The components of the acquisition cost were:

	<b>2003</b>
	<b>\$</b>
Consideration	
- Shares issued	<b>950,000</b>
- Cash paid during the year ended 30 June 2003	<b>52,400</b>
	<b>1,002,400</b>
Net Assets Acquired	
- Cash	<b>2</b>
Fair Value of Net Tangibles	<b>2</b>
Value attributed to mineral interests acquired	<b>1,002,398</b>
Net Cash Effect	
Cash consideration paid	<b>52,400</b>
Cash included in net assets acquired	<b>(2)</b>
Cash paid in prior financial year for purchase of controlled entity	<b>52,398</b>

**OILEX N.L.**  
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**DIRECTORS' DECLARATION**

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The directors of the company declare that:

- (a) The financial statements and notes, as set out on pages 4 to 8:
  - (i) comply with Accounting Standard AASB1029: Interim Financial Reporting and the Corporations Regulations 2001; and
  - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance for the half year ended on that date.
- (b) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors:

As at 31 December 2003, Oilex had \$1.835 million in available funds.

Signed in accordance with a resolution of the Board of Directors.



**M.D.J. Cozijn**  
Director



**D.C. Archibald**  
Director

Perth, Western Australia  
9 March 2004

## **INDEPENDENT REVIEW REPORT TO THE MEMBERS OF OILEX NL**

### **Scope**

#### **The financial report and directors' responsibility**

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Oilex NL (the consolidated entity), for the half-year ended 31 December 2003. The consolidated entity comprises both the company and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### **Review approach**

We conducted an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Australian Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the consolidated entity's financial position and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities & Investments Commission/Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

#### **Independence**

In conducting our review, we followed the applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

**INDEPENDENT REVIEW REPORT  
TO THE MEMBERS OF OILEX NL (cont)**

**Statement**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Oilex NL is not in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



GRANT THORNTON  
Chartered Accountants



**SEAN MCGURK**  
Partner

Dated this 9<sup>th</sup> day of March 2004.