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QUARTERLY REPORT TO SHAREHOLDERS
30 June 2004

SUMMARY

Oilex earned a 10% interest in ATP 548P in the Eromanga Basin by contributing 20% of the cost of the Morney North-1 well. This well encountered good shows in the Basal Jurassic but flowed water on test.

Oilex farmed into ATP 545P in the Eromanga Basin, in which it will earn an interest of 45.5% through the drilling of Connolly-1 as operator. The rig that will drill Connolly-1 is expected to be released to Oilex at the end of July. Following Connolly-1, Oilex will drill the Rookwood South-1 well in ATP 608P in the Surat Basin. By operating this well, Oilex will have a 61.56% interest in the Rookwood Block and a 69.25% interest in the Remainder Block of ATP 608P.

Oilex will drill Don Juan North-1 in ATP 593P in the Surat Basin by September 30. This will take Oilex's equity in that permit to 76%.

Oilex was the successful applicant for gazettal area L03-7 in the Canning Basin. That application has entered the Native Title negotiation process.

Oilex completed a placement of 4.4 million shares at \$0.19, which raised \$836,000 before costs.

TENEMENTS

Oilex has the following Tenement Interests:

BLOCK	Current Oilex % Interest
ATP 574P	34.5
ATP 593P	40
ATP 608P-Rookwood Block	20.78
ATP 608P-Remainder	40
ATP 654P-Moonie	40
ATP 589P-Barcoo Block	40
ATP 589P-Regleigh Block	16
ATP 589P-Springfield Block	16
ATP 589P-Barcoo Junction Block	88
ATP 589P-Bright Spot	10
ATP 589P-Part 2	40

BLOCK	Current Oilex % Interest
<i>Applications</i>	
ATP 774P	100
ATP 775P	100
ATP 776P	100
ATP 773P	100
ATP 677P	50

SURAT BASIN

ATP 608P and ATP 593P

Oilex will drill Rookwood South-1 in ATP 608P in mid August. This may be followed by Don Juan North-1 in ATP 593P. Potential oil pool sizes are 12 mbbls and 2.6 mbbls respectively. Oilex may further farm down its equity in these permits.

EROMANGA BASIN

ATP 589P

No further progress has been made with the Native Title parties in ATP 589P. The operator, Victoria Petroleum, expects that agreement may be reached in the first quarter of 2005. PSDM work on the Barcoo Junction North prospect will progress to remapping of the prospect in the September quarter.

ATP 545P

During the quarter, Oilex farmed into this permit to earn up to a 55% interest in the permit by contributing 100% of the cost of the Connolly-1 well, less \$100,000 to be contributed by Roma Petroleum (the farmor), upon Connolly-1 reaching basement or 1,800 metres. Oilex farmed down its equity in this well on the same terms to private interests, who are earning a 9.5% equity in the permit.

The Connolly Prospect is a large, four-way dip closure formed by drape over a basement high. The structure has had continuous palaeo-closure since the Jurassic. Vertical relief is 35 metres. The primary objectives are the Hutton and Basal Jurassic Sandstones. Secondary objectives are the Murta and Birkhead Formations. Based on an assumed net pay interval of 20 metres, the potential recoverable pool size is assessed as being 26 mbbls , if oil is present. The chance of a commercial discovery being made at Connolly-1 is assessed at 30%. Oilex considers that the Connolly prospect has very favourable risk/reward characteristics. Connolly-1 has a proposed total depth of 1,770 metres.

Oilex is expecting the drilling rig to be used in this programme to be released to Oilex at the end of July.

CORPORATE

Presently Oilex has a total issued capital of 33,957,007 Ordinary shares of which 24,307,007 are listed, with the balance of 9,650,000 being escrowed as follows:

2,650,000 Shares escrowed until 14 October 2005
7,000,000 Shares escrowed until 17 October 2004

In addition there are 2,000,000 unlisted options exercisable at 20 cents by 28 February 2008 which are escrowed until 24 October 2005.

As at 30 June 2004, Oilex had \$1.8 million in available funds.

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

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'D. Archibald', written in a cursive style.

David C. Archibald
Managing Director

7 July, 2004