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QUARTERLY REPORT TO SHAREHOLDERS 30 September 2004

SUMMARY

The **Rookwood South-1 well** in the **Rookwood Block of ATP 608P** discovered an oil field in the Boxvale Sandstone. A drill stem test recovered 38° API oil at a rate equivalent to 352 BOPD. Analysis of the drill stem test results indicates that the well could be produced on pump at 447 BOPD. The oil/water contact was not encountered in this well. Based on the oil in sidewall cores in Rookwood-1 drilled in 1987, the oil column is believed to thicken on the flanks of the structure.

All the major plant items for bringing Rookwood South-1 into production have been secured and an all weather road into the site has been built. The well is anticipated to be in production by late October 2004.

This discovery is west of the existing oil and gas fields of the Surat Basin and has brought in a new trend of oil fields in the Boxvale Sandstone on the western flank of the Surat Basin.

Oilex has a 59% interest in the Rookwood Block, covering 25 km of the strike length of this play, and a 67% interest in the Stratton Block covering a further 60 km of the strike length. Twenty leads and prospects are mapped between the Rookwood Oilfield and the northern boundary of ATP 608P.

Oilex considers that it is highly unlikely that the Rookwood Oilfield is an isolated occurrence of oil and expects to make a number of further discoveries on this trend as drilling progresses over the next year. The cash flow from the Rookwood Oilfield is expected to fund the Company's onshore exploration throughout Australia.

In **ATP 545P** in the **Eromanga Basin**, Oilex drilled the **Connolly-1 well** to a depth of 1,732 metres and thereby earned a 45.5% interest in the permit.

In **ATP 593P** in the **Surat Basin**, Oilex drilled the **Don Juan North-1 well** to a depth of 715 metres and thereby increased its equity in this permit to 76%.

Six days after discovering the Rookwood Oilfield, Oilex announced on 13 September a **farmin to EPP 27** in the **offshore Otway Basin**. Oilex will earn 60% interest in the permit by drilling a well to the top of the Belfast Mudstone, and has the option to drill a second well within a year to earn a further 15% interest.

Oilex considers EPP 27 to be the most prospective petroleum exploration permit offshore Australia. This permit has a source and reservoir sequence very similar to that of the Gippsland Basin, and combines that with a high prospect density as a consequence of a highly structured Atlantic margin-style structural regime. A number of gas chimneys extending to the seafloor indicate that hydrocarbon migration is continuing in this permit to the present day.

Mapping by the previous farminee to EPP 27, Woodside Petroleum, produced an inventory of 39 leads and prospects on the basis of hydrocarbon effects seen on seismic. The total recoverable gas in this inventory is 8.5 TCF. If the presence of these gas fields is proved by drilling, Oilex believes that this will add substantial value to the liquids potential of EPP 27.

Oilex anticipates drilling this prospect in the first half of 2005 subject to rig availability and funding which is presently being addressed.

Oilex will also establish a production and exploration office in Brisbane to manage the Company's operating interests, which are predominately located in Queensland.

SURAT BASIN

ATP 608P

Rookwood South-1 was drilled as an updip stepout from the Rookwood-1 well drilled by Hartogen in 1987. A drill stem test over the interval 1,374 to 1,382 metres recovered 38° API oil at a rate equivalent to 352 BOPD. Rookwood South-1 is 180 metres south of Rookwood-1. The Rookwood structure is four kilometers long, elongated in a north-south direction, by one kilometer wide.

Reprocessing of seismic over the Rookwood Oilfield and the area to the northern boundary of ATP 608P is in train.

Drilling on the Rookwood Oilfield is expected to recommence at the end of October. Two stepouts east and west from Rookwood South-1 will be drilled. A 3D seismic survey is planned to be shot over the Rookwood Oilfield in early 2005.

It is anticipated the Rookwood JV will establish production from the Rookwood Oilfield to fund further exploration over the rest of ATP 608P

ATP 593P

Oilex drilled the Don Juan North-1 well to a depth of 715 metres, thereby increasing its equity in this permit to 76%. Oilex undertook reprocessing of seismic lines over the Don Juan structure to ensure that this well was drilled updip from Don Juan-1, drilled by Oil Company of Australia in 1987. Despite that effort, formation tops came in below those in Don Juan-1. Good shows were seen in an interval in the Hutton Sandstone and an interval in the Boxvale Sandstone. A drill stem test over the interval in the Hutton Sandstone suggests that the oil there is residual. A test in the Boxvale Sandstone recovered water. It is interpreted that the Don Juan structure once hosted a significant oil column, which subsequently leaked up the western bounding fault of the structure.

The results of the drilling in the northern end of ATP 593P indicate that oil has migrated into the permit from Permian source rocks to the north. Oilex believes that there is a good chance that commercial oil accumulations will be encountered in the en echelon anticlines to the south of the Don Juan structure. The forward programme in ATP 593P will be reprocessing of the seismic data over the permit and acquisition of new seismic to delineate drillable prospects.

EROMANGA BASIN

ATP 589P

No further progress has been made with the Native Title parties in ATP 589P, though in principal terms have been agreed for some time now. It is anticipated that agreement will be finalized within the first quarter of 2005. PSDM work on the Barcoo Junction North prospect has shown that this prospect is smaller than previously mapped. Some further interpretation of this work is required.

ATP 545P

Oilex drilled the Connolly-1 well to a depth of 1,732 metres and thereby earned a 45.5% interest in the permit. Oilex farmed down its equity in this well to private interests, who earned a 9.5% equity in the permit. Roma Petroleum, the farmor, contributed \$100,000 to the cost of drilling this well.

Connolly-1 encountered good shows over a number of intervals. Log analysis indicated that none were worth testing though. Future work in ATP 545P will include integrating the results of Connolly-1 with the results of other wells in the region and the acquisition of seismic in the southern portion of the permit.

OTWAY BASIN

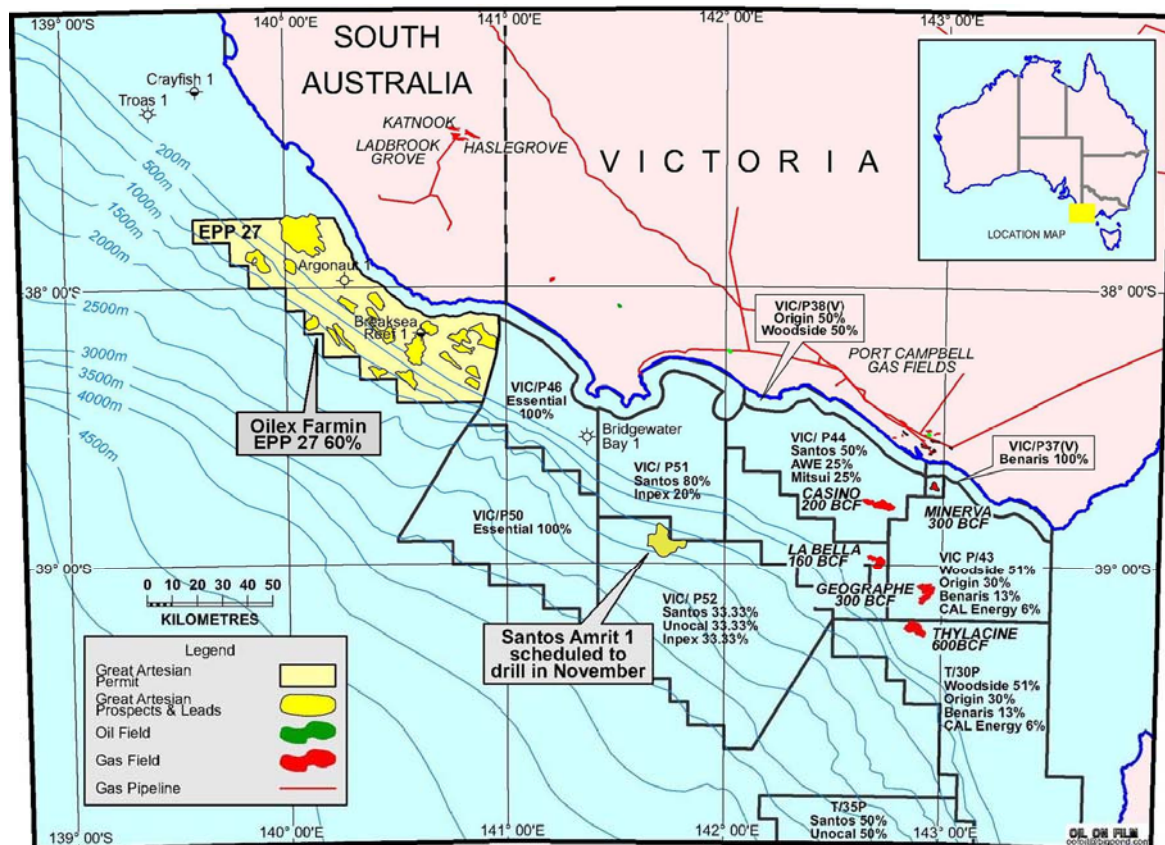
EPP 27

Oilex has farmed into EPP 27 in the offshore Otway Basin, currently held 100% by Great Artesian Oil and Gas. The terms of the farm are that Oilex will earn an initial 60% interest in the permit by drilling one well to the top of the Belfast Mudstone, and have the option to earn a further 15% interest by drilling a second well within a year.

The Otway Basin is one of the southern margin basins that formed as a consequence of the breakup of Antarctica from Australia at the end of the Cretaceous period. The Otway Basin and the Gippsland Basin are very similar in terms of source rock potential and reservoir intervals. One major difference is that the Gippsland Basin had an element of wrenching which produced a number of large anticlines, while the Otway Basin is an Atlantic margin-style basin with structuring dominated by rotated fault blocks. Rotated fault blocks host most of the oil and gas in the North West Shelf of Western Australia. The other major difference between the Basins is that the Otway Basin has 20 times the rock volume of the Gippsland Basin. The amount of oil and gas generated by the source interval in the Otway Basin should be proportionally larger than the generation of oil and gas in the Gippsland Basin.

The previous farminee to EPP 27, Woodside Petroleum, spent \$11 million on reprocessing seismic and acquiring a 3D seismic survey in the northwestern end of the permit. Woodside's work based on hydrocarbon indications on seismic identified 39 gas leads and prospects and one oil lead. The largest of these is the Cobana prospect of 3.4 TCF, over which Woodside acquired the Carpenter 3D seismic survey. Woodside identified 23 leads and prospects of 50 BCF or larger. The Rico lead of 1.5 TCF in 1,200 metres of water is similar to the Amrit Prospect being drilled by Santos on trend in VIC/ P52. Gas chimneys extending to the sea floor in EPP 27 indicate that hydrocarbon migration is continuing to the present day.

Oilex's strategy in EPP 27 is to drill a prospect in the southeastern end of the permit with stacked flat events on seismic. This prospect has low geological risk and completion risk. The multiple gas columns evident on seismic provide a high degree of certainty of a discovery with multiple chances for underlying oil columns.



Location of EPP 27

CANNING BASIN

Native title discussions on L03-07 are continuing.

TENEMENT SCHEDULE

PERMIT	BASIN	BLOCK NAME	PARTIES	HOLD %	OPERATOR	
ATP 574P	Surat		Oilex NL (Sequoil)	34.50	Oilex NL	
			Private Interests	23.00		
			Victoria Petroleum NL	30.00		
			Arrow Energy NL	12.50		
ATP 593P	Surat		Oilex NL (Sequoil)	76.00	Oilex NL	
			Victoria Petroleum NL	24.00		
ATP 654P	Surat		Victoria Petroleum NL	60.00	Victoria Petroleum NL	
			Oilex NL (Sequoil)	40.00		
ATP 589P (Note 1)		Barcoo	Victoria Petroleum NL	60.00	Victoria Petroleum NL	
			Oilex NL (Sequoil)	40.00		
		Regleigh	Icon Oil NL	60.00	Icon Oil NL	
			Victoria Petroleum NL	24.00		
	Oilex NL (Sequoil)		16.00			
	Eromanga	Springfield	Icon Oil NL	60.00	Icon Oil NL	
			Victoria Petroleum NL	24.00		
		Oilex NL (Sequoil)	16.00			
	Barcoo Junction			Oilex NL	80.00	Oilex NL
				Oilex NL (Sequoil)	8.00	
				Victoria Petroleum NL	12.00	
	Brightspot			Icon Oil NL	75.00	Icon Oil NL
				Victoria Petroleum NL	15.00	
				Oilex NL (Sequoil)	10.00	
	Part 2			Victoria Petroleum NL	60.00	Victoria Petroleum NL
Oilex NL (Sequoil)				40.00		
ATP 608P		Rookwood	Oilex NL (Sequoil)	59.06	Oilex NL	
			Victoria Petroleum NL	29.69		
			Private Interests	11.25		
	Surat		Stratton	Oilex NL (Sequoil)	66.75	Oilex NL
				Victoria Petroleum NL	24.00	
				Private Interests	9.25	
ATP 548P	Eromanga		IOR Exploration P/L	33.04	IOR Exploration P/L	
			ITG Pty Ltd	31.75		
			Moroil Pty Ltd	25.20		
			Oilex NL	10.00		
ATP 545P	Eromanga		Oilex NL	45.50	Oilex NL	
			Roma Petroleum	45.00		
			Private Interests	9.50		
ATP 677P-Application	Eromanga		Oilex NL	50.00		
			Challenge Resources	50.00		
L03-7-Application	Canning		Oilex NL	100.000	Oilex NL	

NOTE 1: ATP 589P renewal is subject to resolution of native title, negotiations are currently being finalized with in principal agreement having been reached.

2: Sequoil Pty Ltd is a wholly owned subsidiary of Oilex NL.

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.

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

For and on behalf of the Board



David C. Archibald
Managing Director

8 October 2004