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QUARTERLY REPORT TO SHAREHOLDERS 31st December 2004

SUMMARY

Oilex and its JV partners in **ATP 608P ROOKWOOD BLOCK** drilled two appraisal wells, Rookwood East-1 and Rookwood West-1, during the quarter. These were followed by Rookwood Central - 1 and Rookwood North-1 during January 2005. The drilling of Rookwood East-1 and Rookwood West-1 was based on the mapped interpretation of the field following the drilling of Rookwood South-1. The top of the Boxvale Sandstone in Rookwood East-1 came in 4 metres low to prognosis and in Rookwood West-1, it came in 3 metres low to prognosis.

Subsequent to the end of the quarter, Rookwood Central-1, drilled on what was then mapped as the southern culmination of the structure, encountered a thin sand on basement and no other reservoir development. A Drill Stem Test over the Boxvale Sandstone in this well recovered water. The consequence of the lack of reservoir over the southern flank of the structure appears to restrict the area of the oil pool of the Rookwood field to north of Rookwood Central-1.

Rookwood North-1 was then drilled 32 metres north of the Rookwood-1 well drilled in 1987. The purpose of this well was to generate core data and to determine the oil/water contact for the field. This well cored through the top sand of the Boxvale Sandstone, which is producing oil in Rookwood South-1, 210 metres to the south, and into the top of the second sand. A Drill Stem Test over both intervals flowed water, indicating that the second sand is water bearing. The well was cased for testing of the top sand.

The result of the appraisal drilling of the Rookwood Oil Field is that the field appears now to be limited to the area north of Rookwood Central-1 and appears to be contained in a 2 metre thick sand at the top of the Boxvale Sandstone.

Rookwood South-1 was put on production testing in November 2004, with the first loadout of 398 barrels of oil on 26th November. Production was initially at about 80 BOPD, well below the forecast productivity of the well provided by an independent consultant's analysis of the result of Drill Stem Test 1 in Rookwood South-1. Upon re-entering the well to improve oil flow, it was found that the pump contained a large amount of fines, suggesting that the flow of oil is being restricted by migration of fines towards the well bore. The well was recompleted and put back on pump. The current production rate is about 30 BOPD, with a total of 1,460 barrels of oil having been produced to the end of this quarter (31/12/04).

Now that the appraisal drilling of the Rookwood Oil Field has been completed, a detailed study and review of the drilling results to date will be undertaken to determine the potential size of the reservoir in the upper Boxvale sand and potential sustainable production in the Rookwood Field, including any remedial action that may be taken to improve production flow rates.

In view of the reduced potential of the Rookwood Oil Field, Oilex will be conserving its cash resources and reviewing all of its Permit interests and ongoing commitments in order to ensure that the Company can complete the drilling of the earning well on the Otway Basin Permit EPP 27 and the drilling of the Barcoo Junction North – 1 Well in ATP794P.

A share placement was completed on 25th November 2004 raising \$12 million through the issue of 14,457,832 shares at \$0.83 per share.

OTWAY BASIN

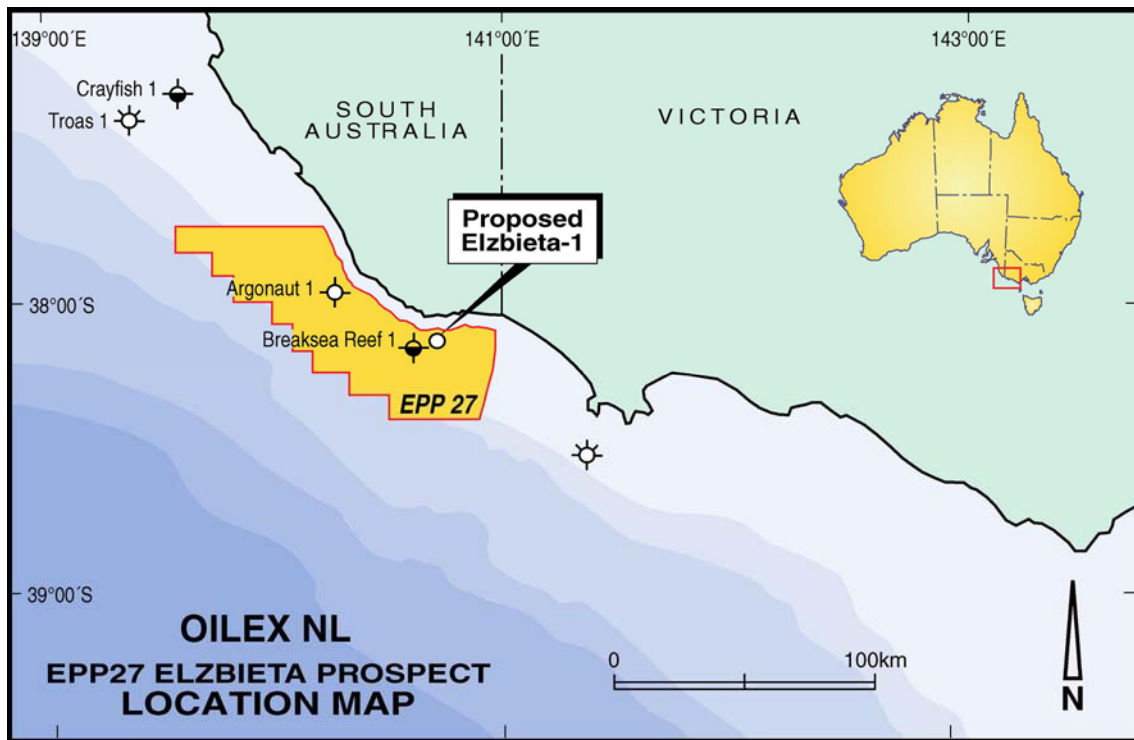
EPP 27 (earning 60% from Great Artesian Oil and Gas Ltd)

Oilex has entered into negotiations with a rig owner for the drilling of its earning well in EPP 27, Elzbieta-1. The terms of the farm-in 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 of the drilling of the initial earning well.

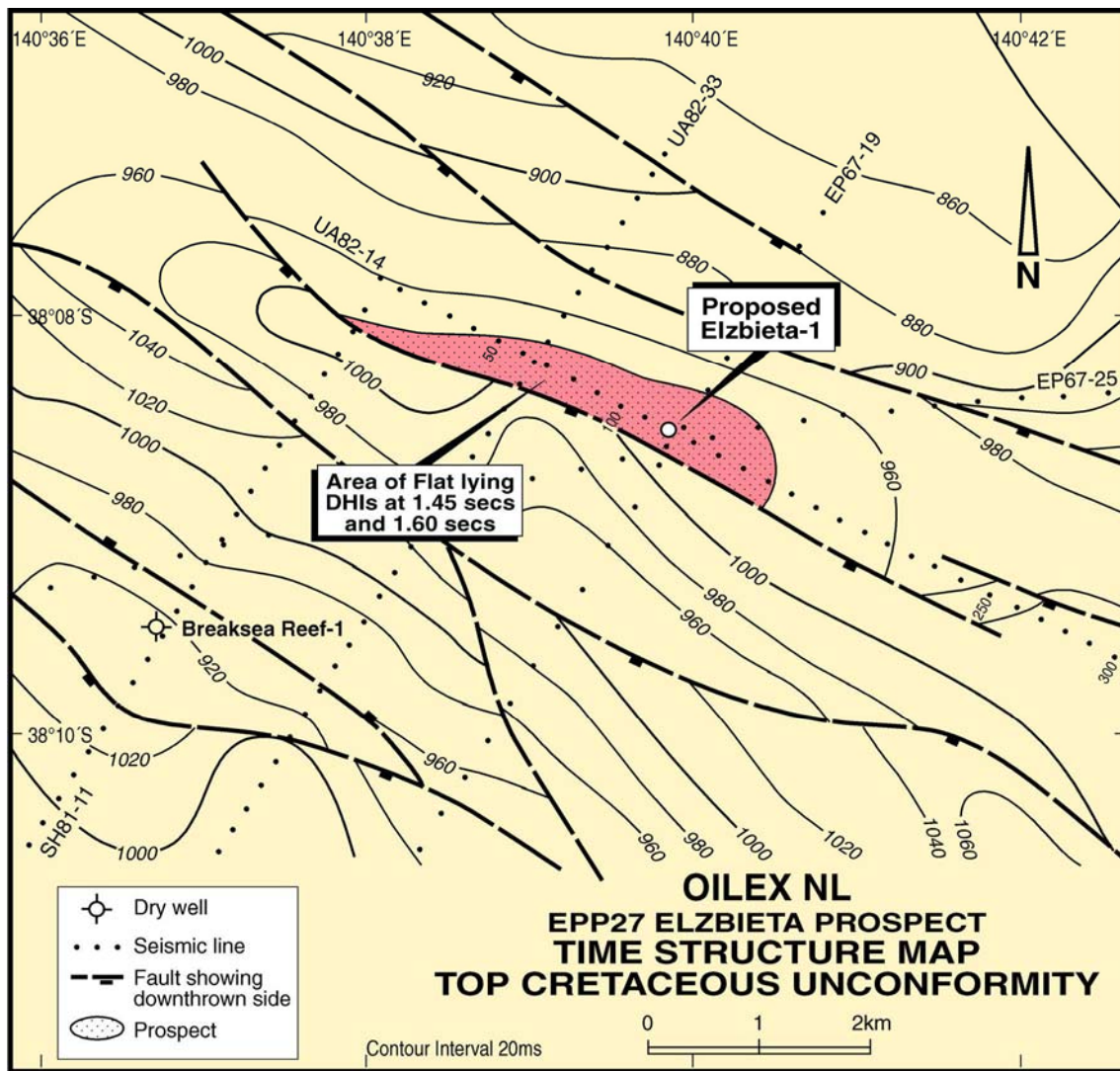
The Elzbieta Prospect has stacked flat lying events on seismic at 1.45 seconds and 1.60 seconds Two Way Time in the Paaratte Formation. The flat lying events are interpreted to result from gas/fluid contacts. The interpreted gas columns above these flat lying events are both 65 metres thick.

With the validity of the trap at the Elzbieta Prospect demonstrated by the flat lying events, there is the potential for other hydrocarbon columns to be present in the interbedded sand/shale sequence below the first flat lying event down to the Belfast Mudstone at 3,000 metres. A large geochemical anomaly immediately to the south of the Elzbieta Prospect indicates gas leakage from a gas column in equilibrium with an oil column, implying that oil has migrated into the Paaratte section in this area.

The active hydrocarbon system in EPP 27 is demonstrated by the number of gas chimneys and other gas effects seen on seismic over the permit. The previous operator of EPP 27 generated 39 gas leads and prospects in the permit, totaling 8 TCF of gas. A discovery at Elzbieta-1 would have significant follow up potential, including potential for a significant Oil discovery.



Location of EPP 27 in the Otway Basin



Structure Map of the Elzbieta Prospect

SURAT BASIN

ATP 608P

Work on the Rookwood Oil Field is outlined in the summary above. Additionally, two exploration prospects, Nicole-1 and Tailor-1 in the southern part of the Remainder Block of ATP 608P, were generated from the existing seismic data over the field. The drilling of these two wells will be reassessed as part of the overall review of the Rookwood Oil Field.

ATP 593P

No further work was performed on this permit.

ATP 574P

No further work was performed on this permit.

ATP 564P

This permit, near the Moonie Oilfield, was resumed by the Queensland Department of Natural Resources and Mines due to non-performance of the work obligation by the ATP 564P Joint Venture parties.

EROMANGA BASIN

ATP 794P

Formerly ATP 589P, this permit will be renamed as ATP 794P when it is re-issued upon completion of Native Title documentation. Oilex has been advised by the operator of ATP 794P that they expect Native

Title documentation to be concluded by the end of March 2005. Oilex has executed the Native Title Agreements and we await execution by the traditional owners and the State Government.

Oilex has conducted Pre Stack Depth Migration (PSDM) on the seismic over the Barcoo Junction North prospect. PSDM is a reprocessing technique that removes the distortion due to changing seismic interval velocities in the shallower section. Remapping of the prospect using the PSDM data has produced a closure centred on Line 83-3T shot point 350. Based on current remapping, this prospect appears to have the potential to contain of the order of 3 to 5 mbbls of recoverable oil at the Basal Jurassic level. Oilex is currently awaiting further mapping of this prospect.

Oilex will pursue the drilling of the Barcoo Junction North Prospect following grant of this Permit.

ATP 545P

No further work has been performed on this permit.

CANNING BASIN

Oilex is reviewing its participation in the proposed drilling programme with Kimberley Oil NL.

TENEMENTS

Refer tenement schedule attached hereto.

CORPORATE

Presently Oilex has a total issued capital of 49,006,285 Ordinary shares of which 45,994,839 are listed, with the balance of 3,011,446 being escrowed as follows:

2,650,000 Shares escrowed until 14th October 2005 (ASX escrow)
361,446 Shares escrowed until 1st December 2005 (voluntary escrow)

In addition there are 2,200,000 unlisted options exercisable at 20 cents per share by 28 February 2008 (of which 2,000,000 are escrowed until 24 October 2005), 500,000 options exercisable at \$1-00 per share by 31st December 2009, and 3,000,000 options exercisable at \$1.50 per share by 31st December 2009.

On 25th November 2004, a Prospectus Placement of 14,457,832 shares at \$0.83 per share was closed, raising a gross of \$12 million with the assistance of Hartleys Limited as Corporate Advisor and Broker to the Issue.

Following shareholder approval on 15 November 2004, 230,000 shares were issued at a deemed value of 93 cents for the acquisition of an additional 23% of ATP 574P.

Further to Shareholder approval gained at the AGM on 29th November 2004, on 3rd December 2004 361,446 shares were allotted to the Managing Director in lieu of salary for 2005 (these shares are subject to 12 month voluntary escrow). In addition, 500,000 \$1.00 options and 3,000,000 \$1.50 options exercisable by 31st December 2009 were granted to directors and employees.

Oilex retains cash resources of \$10.7 million as at 31 December 2004.

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

For and on behalf of the Board



David C. Archibald
Managing Director
28th January 2004

Appendix 1

Tenements

Oilex has the following Tenement Interests as at 31 December 2004:

PERMIT	BASIN	BLOCK NAME	PARTIES	HOLD %	OPERATOR
ATP 574P	Surat		Oilex NL (Sequoil)	57.50	Oilex NL
			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 794P (Note 1)	Eromanga	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	
		Springfield	Oilex NL (Sequoil)	16.00	Icon Oil NL
			Icon Oil NL	60.00	
			Victoria Petroleum NL	24.00	
		Barcoo Junction	Oilex NL (Sequoil)	16.00	Oilex NL
			Oilex NL	80.00	
			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	Surat	Rookwood	Oilex NL (Sequoil)	59.06	Oilex NL
			Victoria Petroleum NL	29.69	
			Private Interests	11.25	
		Remainder	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	Roma Petroleum
			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 794P renewal is subject to resolution of native title, negotiations are currently being finalized with in principal agreement having been reached (previously ATP 589P).

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

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

OILEX NL

ABN

ABN 50 078 652 632

Quarter ended ("current quarter")

31 DECEMBER 2004

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation (net)	(1,544)	(1,790)
	(b) development	-	-
	(c) production	-	-
	(d) administration (net)	(288)	(385)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	59	75
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(1,773)	(2,100)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects	-	(100)
	(b)equity investments	-	-
	(c) other fixed assets	(142)	(145)
1.9	Proceeds from sale of: (a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	34	34
1.12	Other (provide details if material)	(26)	(26)
	Net investing cash flows	(134)	(237)
1.13	Total operating and investing cash flows (carried forward)	(1,907)	(2,337)

1.13	Total operating and investing cash flows (brought forward)	(1,907)	(2,337)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares. (net)	11,230	11,230
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Trade Creditors/etc..	(57)	11
	Net financing cash flows	11,173	11,241
Net increase (decrease) in cash held			
		9,266	8,904
1.20	Cash at beginning of quarter/year to date	1,410	1,772
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	10,676	10,676

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	43
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	-	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

230,000 ordinary shares issued at \$0.93 for the purchase of a 23% interest in ATP 574P.
316,446 ordinary shares issued at \$0.83 in lieu of Managing Directors salary for 2005.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Sequoil Pty Ltd, a 100% wholly owned subsidiary has been advanced funds to satisfy J/V costs.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,500
4.2 Development	-
Total	1,500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000 N/A
5.1 Cash on hand and at bank	1,636	392
5.2 Deposits at call	9,040	1,002
5.3 Bank overdraft	-	-
5.4 Other (provide details) Bonds	-	16
Total: cash at end of quarter (item 1.22)	10,676	1,410

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	Refer to Quarterly Report	-
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	-	-	-	
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	
7.3 +Ordinary securities	49,006,285	45,994,839	Various	
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	15,049,278 - -	14,687,832 - -	Various (\$0.83 and \$0.93) - -	
7.5 +Convertible debt securities <i>(description)</i>	Nil	Nil	-	
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	2,200,000 500,000 3,000,000	-	<i>Exercise price</i> 20 cents \$1.00 \$1.50	<i>Expiry date</i> 28/02/2008 31/12/2009 31/12/2009
7.8 Issued during quarter	200,000 500,000 3,000,000	- - -	20 cents \$1.00 \$1.50	28/02/2008 31/12/2009 31/12/2009
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
7.11 Debentures <i>(totals only)</i>	Nil	Nil		
7.12 Unsecured notes <i>(totals only)</i>	Nil	Nil		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: ... **28 January 2005**....

(Director/Company Secretary)

Print name:**Max D.J. Cozijn**.....

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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