KIMBERLEY OIL NL
ABN 75 075 760 655
AND CONTROLLED ENTITIES

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2003

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AND CONTROLLED ENTITIES

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DIRECTORS

Alan John FLAVELLE BSc FAusIMM MAIG (Executive Director)

Anthony John McCLURE BSc (Executive Director)

Terence Vincent WILLSTEED BE(MIN)Hons BA CP(Min) FAusIMM (Non-Executive Director)

SECRETARY

Craig John Ferrier BBus CPA

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Principal Share Registers
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45 St George's Terrace
Perth WA 6000

AUDITORS

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Level 40 BankWest Tower
108 St Georges Terrace
Perth WA 6000

BANKERS

Australian & New Zealand Banking Group Limited
Garden City Branch
Cnr Riseley and Marmion Streets
Booragoon WA 6154

INTRODUCTION

The year ended June 2003 has been one of significant transition and growth for the Economic Entity. With a change in management half way through the year, the Company has moved into the relatively new and progressive business of Coal Bed Methane (CBM) and Coal Mine Methane (CMM) exploration. The agreements entered into cover high potential coal basins in France and Italy. This work has been reflected in the share market with an initial re-rating of the Company's share price after the conclusion of the fiscal year.

The Economic Entity continues to operate in the Canning Basin of Western Australia where its 100% owned production facilities continue to return a small positive cash flow. The exploration efforts in the Canning Basin have been limited to the reassessment of certain projects with the view of attracting selected oil and gas companies to continue with the programs, including the drilling of new wells. The Company is hopeful to secure suitable farm-outs for the Canning Basin in the 2004 fiscal year.

FINANCIALS

Sales Revenue for the year increased to $958,998 up from $784,866 in 2002. However, the Economic Entity recorded a net loss of $2,015,454 ($1,168,503 in 2002) which was mostly attributable to the appropriate write-downs of exploration costs, development costs and certain non-essential assets.

The sale of certain unessential assets during the year netted $564,602 to the Company. Assets sold included a drilling rig, ancillary equipment and land in Derby. These sales have allowed the Economic Entity to continue to function effectively while at the same time extinguish $200,000 of debt. Kimberley Oil NL is now debt free.

EUROPEAN CBM/CMM PROJECTS

The most significant event of the year was the entering into two agreements for the joint venture and acquisition of up to a 75% interest in each of four CBM and CMM application projects in Europe (three in France and one in Italy).

The projects cover approximately 2,418 square kilometres over major historical coal producing areas estimated to host several trillion cubic feet of coal derived methane. Each of the four application areas is located near significant industrial and domestic gas markets. The CBM/CMM industry in Europe is undergoing rapid expansion and the Company is well placed to participate in such growth.

The Parent Company will continue to assess other CBM/CMM assets in Europe and elsewhere in the world.

CANNING BASIN

Oil production during in year totaled 30,362 barrels up from the 28,227 in the 2002 financial year from its wholly owned Canning Basin oilfields. The operation during the year remained cash flow positive.

During the year, exploration in the Canning Basin was limited to the review of the Company's extensive database and the reinterpretation of seismic and drilling data of certain projects. The ongoing program to identify potential oil and gas production zones has been suitably encouraging and farm-out negotiations continue with a number of interested oil and gas companies to continue the exploration efforts.

The Economic Entity now holds 100% ownership of all of its exploration areas in the Canning Basin other than EP 104 where it is a minority participant with an 8% interest. The Economic Entity also continues to hold a 100% interest in the Canning Basin infrastructure including the major assets of the Broome storage and pipeline facilities.

In the early period of the financial year the Economic Entity undertook an extensive workovers program on three of the Blina wells. The results were disappointing with no resultant increase in production.

FUTURE STRATEGY

Under new management, the Economic Entity will continue in its efforts of exploration, development and expansion principally in the CBM/CMM industries of Europe. The Economic Entity will continue to fund these efforts through continued conservative financial management and by attracting appropriate groups of sufficient financial capacity. The Economic Entity will continue its strategy of minimising its 100% exposure to the Canning Basin whilst maintaining sufficient leverage to any oil or gas discoveries.

A. J. Flavelle

ALAN J FLAVELLE - DIRECTOR

DATED at PERTH this 30th day of September 2003

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2003.

1. DIRECTORS

The names and qualifications of the directors of the company in office during the financial year and at the date of this report are:

	INTERESTS IN FULLY PAID ORDINARY SHARES IN THE COMPANY	20 CENTS OPTIONS HELD *
Alan John FLAVELLE BSc FAIMM Executive Director Over 40 years' oil exploration and production experience	193,000 shares	1,000,000 Options
Anthony John McCLURE BSc Executive Director Approximately 20 years technical, management and financial experience in the resources sector	120,752 shares	1,000,000 Options
Terence Vincent WILLSTEED BE(MIN)Hons BA CP(min) FAusIMM Non-executive Director Consulting mining engineer with over 40 years extensive experience in the mining, exploration, coal and oil shale industries	1,136,000 shares	Nil

Terence V Willsteed was appointed a director on 26/11/2002.
David C Gellatly resigned as a director on 22/11/2002.
Ross F Reiser resigned as a director on 22/11/2002.

2. PRINCIPAL ACTIVITIES

The principal activities during the year of entities within the economic entity were:

Commencing farm-in activities to explore for commercial Coal Bed and Coal Mine Methane deposits in Italy and France.
Operating producing oil fields in the Canning Basin, Western Australia.
Exploration for hydrocarbons in the Canning Basin, Western Australia, through reprocessing of existing seismic and well log data to establish future drilling sites.
Undertaking work-over programs for existing wells to complement current production outputs.
Seeking developments, both within and outside Australia, which might be appropriate as an investment for the company.
Seeking partners to assist in the development of the Company's Canning Basin Assets and marketing of its Oil Spill Remediation Process.

There were no other significant changes in the nature of the economic entity's principal activities during the financial year.

3. OPERATING RESULTS

The consolidated loss of the economic entity after providing for income tax amounted to $2,015,454 (2002: $1,168,503).

4. DIVIDENDS

No dividend has been paid by the company during the financial year ended 30 June 2003, nor have the Directors recommended that any dividends be paid.

5. Review Of Operations

Summary

The Company carried out the following activities:

COAL BED/COAL MINE METHANE DEVELOPMENT

Entered into two agreements with UK group Heritage Petroleum plc for the joint venture and acquisition of up to 75% interest in each of four Coal Bed Methane (CBM) and Coal Mine Methane (CMM) application projects. Three of the application areas are in France and are titled as follows:

– Bleue Lorraine, north eastern France
– Gaz de Gardanne, south eastern France
– Gaz de Saint Etienne, eastern France

The Italian area, which was granted subsequently on 1 August 2003, is titled:

– Sulcis, Southern Sardinia.

Commenced investigations to identify other Coalbed Methane and Shale Gas opportunities in adjoining regions.

CANNING BASIN

Produced 30,362 barrels of oil from its five oil fields in the Canning Basin.

Continued to refine its understanding of the geology and hydrocarbons potential of its acreage in the Canning Basin.

Continued its farm-out efforts of Canning Basin acreage.

OIL SPILL REMEDIATION PROCESS

Continued to seek suitable partners to develop and market the oil spill technology.

5.1. CBM/CMM Projects

The following table summarises the areas applied for and granted in Europe as at 30 September 2003:

Permit	Granting Date	Area, sq. km.	Parent Entity interest %	
			Currently Entitled	Earning
Sulcis-Italy	1 August 2003	615	10	75
Bleue Lorraine - France	Pending	821	0	75
GAZ de Gadanne - France	Pending	739	0	75
GAZ de Saint Etienne - France	Pending	243	0	75
	Total	**2,418**		

The initial agreements signed with Heritage Petroleum plc were executed in April 2003 and provide for Kimberley Oil NL to acquire up to a 75% interest in each of four CBM/CMM application projects in France and Italy. The agreements, which are subject to the completion of due diligence and the granting of titles, represent a low cost entry point for the Company into the rapidly expanding CBM/CMM industry in Europe.

On 2 June 2003, Kimberley Oil NL announced that it had successfully completed a due diligence evaluation of Heritage Petroleum plc's four CBM/CMM application areas in France and Italy and elected to proceed with the agreements. Subject to the granting of each title, Kimberley Oil is to complete a reservoir study for each project within 18 months from the granting. The studies are estimated to cost approximately €90,000 each, with expenditure being capped at €200,000 per title, to earn a 75% interest in each tenement.

The projects cover approximately 2,418 square kilometres over major historical coal producing areas estimated to contain several trillion cubic feet (Tcf) of coal derived methane.

On 1 August 2003, the Sulcis title in Italy was granted and the Company elected to proceed to acquire a 75% interest. This decision triggered the payment of €24,000 to Heritage Petroleum plc, and a resultant 10% initial interest in the title to Kimberley Oil NL.

Bleue Lorraine, north eastern France

The Bleue Lorraine application area covers 821 square kilometres and encompasses a significant part of the Lorraine Basin which has historical coal production in excess of 850 million tonnes. The coal seams within the application area are of Carboniferous age and are characterised as black, gassy high ranking coals. Cumulative seam thicknesses total 20 to 30 metres over 200 metre intervals. Maximum cumulative seam thicknesses are up to 100 metres. The basin is prospective for CMM and CBM production. There are a number of extensive systems of mine workings within the basin, the last of the operating mines being scheduled for closure in 2005.

In comparison, the Nord-Pas de Calais Basin, also in northern France, is characterised as being geologically similar to that in the Lorraine Basin. Gas production from three abandoned mines in the Nord-Pas de Calais Basin cumulatively totals 52 billion cubic feet (Bcf) of CMM since 1990. CBM production from fractured areas in the north east part of the Lorraine Basin may be developed with gas in place estimated to be several trillion cubic feet.

Gaz de Gardanne, south eastern France.

The Gaz de Gardanne application area covers 739 square kilometres and encompasses the L'Arc Basin. Historical coal production from the Basin is approximately 80 million tonnes of sub bituminous coal. The coal-bearing sequence is up to 300 metres thick and contains up to 20 seams, the thickest of which ranges up to 3 metres. Cumulative coal thicknesses range up to 20 metres. The coal seams are Late Cretaceous in age and are interbedded with limestone layers which commonly display porosity and permeability, enhancing the reservoir potential of the coal-bearing sequence. Mine emission data from this region shows that 25 cubic metres is released from mine workings for each tonne of coal mined. This gas has either been generated biogenically as a result of microbial attack of the coal, from organically rich limestone beds adjacent to the coal seams, or it could have migrated vertically from underlying petroleum-type source rocks.

Wireline log data indicates gas-bearing zones in porous and permeable beds adjacent to the coal seams. Additionally, the southern part of the L'Arc Basin contains extensive fracturing adjacent to major thrust faults. Exploration data over the area includes 20 diamond drill holes to over 1,000 metres in depth, wireline logging suites, and seismic profiles. Existing wireline logging data is to be collated and has the potential to identify net pay zones, gross gas-bearing sequences and, possibly, estimations of gas-in-place. This program should lead to the identification of sites where CBM activity could be initiated, i.e. the drilling of pilot cluster holes. The mines of the L'Arc Basin do not appear to present opportunities for CMM production.

Gaz de Saint Etienne, eastern France.

The Gaz de Saint Etienne application of 243 square kilometres covers the bulk of the Loire Basin which contains coal measures of up to 40 seams of Carboniferous age ranging in thickness from 1 to 15 metres. Cumulative coal thicknesses are estimated to range up to about 100 metres. Historical production is approximately 600 million tonnes of bituminous coal with a long history of explosive methane being encountered during mining. Mine workings in areas of coal deposition are very extensive and comprise numerous shafts, development drives and extraction areas. The area is mainly prospective for CMM production and to a lesser extent for CBM production due to the extensive nature of previous coal mining activity. The basin has similar geological characteristics to the Nord-Pas de Calais Basin.

Sulcis, Southern Sardinia, Italy.

The Sulcis area covers 615 square kilometres and contains over 1,000 million tonnes of sub-bituminous coal of Eocene age. The coal-bearing sequence is 150 metres thick with cumulative coal thicknesses of 35 to 40 metres. Historical coal production is approximately 80 million tonnes. The target development for the area is CBM.

Interbedded with the coal are carbonaceous shale, limestone, marl and minor sandstone. Fracturing of the coal-bearing sequence is extensive and is related to Tertiary-aged rotational movement of the Sardinian tectonic plate.

Immediately to the west of the application area, aeromagnetic data indicates a major volcanic centre where geothermal activity is likely to have led to strong maturation of coal seams accompanied by high gas concentrations. Outcrop on the islands of San Pietro and Sant' Antioco, in the western part of the application area, comprise of Oligocene volcanics overlying gassy coal sequences inferred at depth.

By way of comparison, in the San Juan Basin of western USA, a major CBM producing region, geothermal maturation of coal in the central producing fairway of the basin has caused major gas generation without destruction of permeability. Gas production rates in this "sweet spot" are exceptional in CBM terms and parts of the Sulcis application area appear to be analogous in regards to gas generation with associated preservation of permeability.

PROGRAMS

The Sulcis permit was granted on 1 August 2003. It is anticipated that Bleue Lorraine will be granted during October 2003 and that Gaz de Gardanne and Gaz de Saint Etienne are likely to be granted by the end of 2003. Staged work programs have been developed to coincide with granting.

The analysis of all available information demonstrates strong CBM and/or CMM potential for all four areas. Bleue Lorraine has potential for CMM and CBM, Gaz de St Etienne potential for CMM, while Gaz de Gardanne and Sulcis are CBM targets.

The initial planning indicates the following program of activities:

The Bleue Lorraine area has considerable CMM potential with the initial program focusing on collation of mine emission data, plans of mine workings, and other data pertaining to methane distribution in the area of mine workings. Upon suitable encouragement, initial production may commence in year two from specific mine sites. Also, Bleue Lorraine has CBM potential.

For the Gaz de Gardanne area, the wealth of drillhole and wireline log data will enable a thorough evaluation of gas-bearing zones already penetrated by drilling. Together with mine emission data and evaluation of reports of encountered gas, net pay zones, gross gas-bearing sequences, and potential gas-in-place are likely to be delineated. The development program will be for CBM production.

The work program for Gaz de Saint Etienne, a CMM program would be similar to that for Bleue Lorraine.

For Sulcis, the Company will continue with its data collation process followed by initial reservoir testing through drilling. Upon the successful completion of this work a pilot CBM drill hole program will be effected prior to development scenarios being formulated.

Environmental and marketing studies are also planned to be performed for each project.

EUROPEAN MARKETS

Each of the four application areas is located near significant industrial and domestic gas markets. The CBM/CMM industry in Europe is undergoing rapid expansion; however, the industry is relatively immature compared to that of North America. CBM/CMM production in Europe is comparative to what production was in the USA in the early 1990's. In 1990, USA production of gas was 210 billion cubic feet increasing to 1.35 trillion cubic feet by 2000, an increase for the period of 640% or 20% per year. The rate of increase for CBM/CMM production in Europe for the next 5 to 8 years is expected to be at this level or higher. Such demand is forecast to arise from product substitution because of the probable reduction in electricity generation from nuclear and coal fired sources. Increases in overall energy consumption are also forecast in the expanding European economy.

5.2. CANNING BASIN

OIL PRODUCTION

The Company currently operates five oilfields (Blina, Boundary, Lloyd, Sundown, and West Terrace) in the Canning Basin of Western Australia which produced a total of 30,362 barrels for the year (28,227 barrels in 2002).

EXPLORATION

The following table summarises the Company's permit holdings in the Canning Basin as at 30 September 2003:

PERMIT	EXPIRY DATE	AREA, SQ. KM.	ECONOMIC ENTITY INTEREST %
WESTERN AUSTRALIA			
Production Licenses (PL)			
L6	22 September , 2004	407	100
L8	21October , 2005	326	100
	Total	**733**	
Exploration Permits (EP)			
EP129	8 July , 2006	720	100
EP371	4 May 2005	2,687	100
EP390	28 June 2006	5,260	100
EP391	28 June 2006	4,800	100
EP104	9 November 2004	720	8
	Total	**14,187**	
Application Licenses			
2/96-7	Pending	4,127	100
5/97-8	Pending	7,646	100
6/97-8	Pending	8,276	100
	Total	**20,049**	

The renewal of Production licenses L6 and L8 is important in order to ensure the recovery of those production assets, which have been revalued on the basis of future cash flows projections.

EP 129, L6, L8.

The company:

Reviewed the potential for the discovery of further oil southeast and updip of the Boundary Oil Field.
Reviewed the potential for the re-entry of Janpam North 1 to ascertain whether an extended test over a zone of oil recovery from the Nullara formation is justified.
Newly identified the Norman Fractured Carbonate Prospect.
Revised its interpretation of the Yellowdrum Tidal Flat Dolomite Porosity Play.

Boundary 1 has produced 115,000 barrels of light, 33^0 API oil from an intra-Grant Formation sandstone bed at a depth of 1277-1281metres. Seismic data indicates that the well was drilled on the north western edge of an anticline and that the crest of the structure is to the south east. A well drilled at the crest of the anticline has the potential to yield between 310,000-600,000 barrels of recoverable oil from the intra-Grant sandstone. There is also the potential to discover about 3,200,000 barrels of oil-in-place (600,000 barrels recoverable) in a deeper unit, the Anderson Formation.

Janpam North 1, drilled in the late 1980's, yielded minor recovery of medium, 23^0 API oil from fractured porous Nullara Formation dolomite on a drill stem test carried out over the 1644-1651metres interval. A reservoir engineering evaluation of the well, carried out by an independent petroleum engineer for Kimberley Oil, infers substantial formation damage of the oil-bearing zone caused by the use of inappropriate drilling mud. The study estimates that re-entry of the well has good probability of achieving recovery rates of about 200 barrels of oil per day. The company's estimate of oil-in-place within the Janpam North structure is 9 million barrels.

The Norman Fractured Carbonate Prospect comprises extensive zones of fractured carbonate rocks in the Nullara, Yellowdrum, and Gumhole Formations along a major zone of faulting, the Sundown Transfer Zone. A well drilled in 1994 on the edge of the fractured zone, Wattle 1, produced a minor recovery of light, 35.1^0 API oil out of fractured limestone in the Yellowdrum Formation. A strong gas show was recorded nearby, in fractured Yellowdrum Formation limestone, in Lloyd 1. Seismic interpretation suggests that these two hydrocarbon occurrences could well be outriders of a major accumulation where oil-in-place could total 300 million barrels.

The company has identified the Yellowdrum Tidal Flat Dolomite Porosity Play, a potential stratigraphic trap where oil-in-place can be as high as 300 million barrels. This prospective zone is based on interpretation of reprocessed seismic data and is updip from the Blina Yellowdrum field which has produced 310,000 barrels of oil.

EP 371

EP 371 shares many elements of prospectivity with EP 129 which it adjoins to the south east and will benefit directly from any positive developments in the EP 129 area.

EP 390

EP 390 shares similar geology to the Application Area 2/96-7 which is described in more detail below. Any developments in 2/96-7, subsequent to its granting, would considerably enhance the prospectivity of EP 390.

EP 391

The company has continued its efforts to farm-out this permit. The most mature prospect in this permit is the Yulleroo Prospect, a low risk/high reward project, just 70 kilometres east of Broome, which has the potential to host an in-place resource of over 1 trillion cubic feet of gas and 100 million barrels of condensate.

There are eight similar structures in the vicinity which, together with the Yulleroo Prospect, have the potential to host in-place resources of over ten trillion cubic feet of gas and one billion barrels of petroleum liquids. Three of these structures have burial histories which suggest that they are more likely to host light rather than wet gas.

AL 2/96-7 (Pictor Block)

On 17 September 2003 the company announced agreements with the Aboriginal Groups including the Kimberley Land Council, in respect of access to the area encompassing Exploration Permit Application 2/96-7 had been completed. The grant of the permit is expected upon completion of Government formalities. The permit is located 160 kilometres southeast of Broome. Application for the permit was originally made by Austin Oil and the rights to the area were purchased by Kimberley Oil in October 1998 through the issue of 3.5 million fully paid ordinary shares in the Company.

The Application Area contains the Pictor Structure, a large four-way dip closed anticline which is clearly defined by seismic. The structure has been tested by two vertical wells: Pictor 1, drilled by BHP in 1984, and by Pictor 2, drilled by Bridge Oil in 1990. Pictor 1 discovered a gas-bearing zone between 905-944 metres below surface, underlain by an oil-bearing zone between 944-1019 metres, in fractured low matrix permeability, dolomite and limestone of the Ordovician Nita Formation. The fractures are sub-vertical and only a limited number of these were accessed by the well. A production test, post acidising, produced 2.2 million cubic feet of gas per day and 200 barrels per day liquid, mostly spent acid, diesel, light (45° API) crude oil and possibly formation water from a cased and perforated interval extending between 940-965 metres. Pictor 2, drilled 233 metres southwest of Pictor 1, encountered a similar hydrocarbon column to the earlier well.

In the past 15 years advances in horizontal drilling techniques have seen substantial economic successes in the drilling of fractured, low matrix permeability, carbonate reservoirs such as the Austin Chalk in Texas. Whereas vertical wells drilled into sub-vertical fractures yield low well productivities, horizontal wells drilled perpendicular to the fractures result in economic flow rates.

As a result of these technological advances, Kimberley Oil engaged Mr. Robert Watson of Shear Lea Pty Ltd to undertake an independent economic appraisal of conducting horizontal drilling of the Pictor Structure
Mr. Watson has presented his report to Kimberley Oil, the results of which were announced on 17 September 2003. The report returned favourable results as summarized below:

	Calculated Recoverable Hydrocarbons*
Oil (45°API)	40.5 million barrels
Condensate	0.4 million barrels
LPG	2.0 million barrels
Gas	84.8 billion cubic feet

*Mean values

Total oil in place is calculated at 164 million barrels.

The Watson Report details hydrocarbons in place that are based on a probabilistic analysis of the available data and encompass a range of values, including calculated recoverable hydrocarbons the mean values of which are shown in the above table.

The report recommends the drilling of a horizontal well near Pictor 1, followed by an extended test from the oil-bearing zone and then to carry out a 3D seismic survey over the structure. Following encouragement, a further 5 to 6 appraisal wells is recommended followed by field development drilling.

On the basis of the Watson Report, the company believes that the application of horizontal drilling technology into the fractured, low matrix permeability, carbonate reservoir rocks of the Nita Formation of the Pictor Structure has a reasonable possibility to allow economic development of the field.

Kimberley Oil will be offering this project to selected oil and gas companies as a farm-out.

AL 5/97-8 and 6/97-8.

These areas adjoin EP 391 (the Yulleroo Block) on its northern boundary and our current mapping suggests that the Yulleroo accumulation might extend into both areas. Native Title negotiations are in progress and success in our negotiations in the Pictor Block should allow the company to apply a similar model in these two areas and achieve agreement relatively quickly.

5.3. OIL SPILL REMEDIATION PROCESS

The company continues to maintain the patents relating to its oil spill remediation process. At present patents [and patents pending] are in place for 20 countries including most of the OECD countries.

The company has begun a programme to identify possible joint venture parties for the purpose of completing the development process. Data collation has been completed with the view of marketing a program to selected groups in the latter part of calendar year 2003.

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

As part of the Company's development program it entered into CBM and CMM farm-in opportunities in Italy and France.

The Parent Company issued 2,150,000 shares at 8.6 cents each to acquire the remaining interests in EP129.

The Company raised $194,000 through a Share Purchase plan of 7,760,000 at 2.5 cents per share to existing shareholders.

7. AFTER BALANCE DATE EVENTS

Granting of Sulcis Coal Bed Methane Project - Italy.

Following notification of the granting of the tenement on 1 August 2003, Kimberley Oil advised Heritage Petroleum plc of its decision to proceed with the agreement and paid the reimbursable sums required.

The program going forward for the joint venture includes a continued comprehensive assessment of the exploration, drilling and mining database in preparation of initial reservoir valuation drilling in the first half of 2004. Environmental and marketing studies are also planned to be performed. Work programs are managed by the Company's technical team in Perth in conjunction with Company consultants in Italy.

Pictor Granting in Final stages & Project Upgrade

Kimberley Oil NL announced to the ASX on 17 September 2003 that ancillary agreements with the Aboriginal Groups, including the Kimberley Land Council, in respect of access to the area encompassing Exploration permit Application 2/96-7 have been completed. The Company also released details of a report compiled by Robert Watson (Petroleum Engineer) which makes an economical appraisal of development through horizontal drilling of the Pictor Structure.

On the basis of the Watson report, the Company believes that the application of horizontal drilling technology into the fractured, low matrix permeability, carbonate reservoir rocks of the Nita Formation of the Pictor Structure has a reasonable possibility to allow economic development of the field.

Share Placement

On 26 September 2003 the Company announced to the ASX that it had entered into various subscription agreements under which the participants agreed to subscribe for fully paid ordinary shares in Kimberley Oil NL for 5 cents per share. The placement will require the issue of a total of 12,000,000 shares and will raise $600,000.

There have been no other significant changes after balance date.

8. FUTURE DEVELOPMENTS AND EXPECTED RESULTS

Likely developments and expected results of the operations of the economic entity in subsequent years are not discussed further in this report. In the opinion of the directors, further information on those matters could prejudice the interests of the company and the economic entity because these matters are currently under negotiation and premature disclosure could breach commercial confidentiality.

9. DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

The remuneration of directors and management is determined and approved by the Board. Executive directors and senior management may receive bonuses based on the achievement of specific goals related to the performance of the Economic Entity. No such bonuses were paid during the financial year or the prior financial year. Options are also issued under various option incentive plans.

Emoluments of Directors during the financial year are shown in the following table:

	Salary Paid $	Consultancy & Other Fees Paid $	Directors Fees Paid $	Superannuation Paid $	Total $
A J Flavelle	19,150	-	15,000	3,038	37,188
A J McClure	-	17,459	3,750	338	21,547
T V Willsteed#	-	-	5,177	466	5,643
R F Reiser*	52,781	-	-	4,750	57,531
D C Gellatly*	19,998	-	-	-	19,998

Non-executive Director – T Willsteed was appointed on 26/11//2002
* Executive Directors - R Reiser and D Gallatly resigned on 22/11/2002.

No options were issued to or converted by a director during the period.

10. SAFETY

The Company carries out its oil production and other operations under strict industry safety standards and according to its own approved safety manual and safety systems. During the year there were no on site safety concerns or lost time injuries.

11. Environmental Regulations And Performance

The exploration permits and production licences in the Canning Basin, in which the Company has an interest, all carry strict environmental regulations governing activities in the field. To date, as far as the directors are aware, there have been no breaches of the license conditions.

12. Meetings of Directors

During the year 27 directors' meetings were held. The number of meetings at which each director was eligible to attend is as follows:

	No. of Meetings Held	No. of Meetings Attended
A J Flavelle	27	27
A J McClure	27	26
T V Willsteed	14	14
D C Gellatly	14	14
R. F. Reiser	14	13

T V Willsteed was appointed a director on 26/11/2002.
D C Gellatly resigned as a director on 22/11/2002
R F Reiser resigned as a director on 22/11/2002.

13. Indemnifying Officers

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums for a standard Directors and Officers Liability and Company Reimbursement Policy. The details of the policy remain confidential between the insurer and the company.

14. Options

No options were granted over unissued shares during or since the end of the financial year by the company or controlled entity to any of its directors or officers.

Options granted previously to Directors and still outstanding at Balance Date are as follows:

1,000,000 options granted to Director Alan Flavelle at an exercise price of 20 cents on or before March 2005.
1,000,000 options granted to Director A J McClure at an exercise price of 20 cents on or before 23 May 2007.

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

No shares have been issued by virtue of the exercise of an option during the year or to the date of this report. November 2002 listed options for fully paid shares in the Company were not exercised and expired during the period. Also 2,000,000 options issued to former directors of the company lapsed following their resignations.

15. PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

In the opinion of the directors, all significant changes in the state of affairs of the consolidated entity, which occurred during the year under review, are disclosed in this report or the financial statements.

Other than as stated elsewhere in this report, there has not arisen in the interval between the end of the financial year and the date of this report any matter, circumstance or event of a material or unusual nature likely in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Signed in accordance with a resolution of the Board of Directors

A. J. Flavelle

ALAN J FLAVELLE - DIRECTOR

DATED at PERTH this 30th day of September 2003

ATTRIBUTION

Aspects of the Directors" report that relate to Oil and Gas in place or Oil and Gas Reserves are based on information complied by persons who are Fellows or Members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists, and are full- time employees of the Company (unless otherwise noted), and have sufficient relevant experience of the activity undertaken and of the hydrocarbon style of deposit described.

They qualify as competent Persons as defined in the 1999 edition of the "Australian Code for the Reporting of Resources and Reserves".

A list of the names of the Competent Persons is available upon request. The above statement fairly reflects the reports prepared by these Competent People and has been prepared by Mr. John Karajas as Competent person for Kimberley Oil NL. Mr. Karajas consents to the inclusion in this report of the matters on their information in the form and context in which it appears.

Corporate Governance

The Board of Directors of Kimberley Oil NL is responsible for the overall Corporate Governance and performance of the Company, including setting its strategic directions, setting goals for management and monitoring the achievement of these goals.

The Board is committed to achieving the highest standards of corporate governance and of corporate performance.

Because of the small number of directors, no committees have been established. Two of the three directors of the economic entity are actively involved in the operations of the consolidated entity.

Composition of the Board

The Board consists of at least three directors and not more than ten. During the year the Board was restructured and a clear distinction established between executive and non-executive directors. The Board currently consists of two executive directors and one non-executive director.

Directors are subject to re-election by the shareholders at least every three years.

The composition of the Board has been determined on the basis of providing the Company with the benefit of a broad range of technical, administrative and financial skills, combined with an appropriate level of experience at a senior corporate level.

Board Meetings

The Board meets on a regular basis with comprehensive formal agendas and accompanying management reports and follows meeting guidelines set down to ensure that all directors are made aware of, and have available, all necessary information to participate fully in informed discussion and decision making on all agenda items.

In accordance with the Company's Constitution, Directors refrain from participating in discussion or voting on matters where they have or could be construed to have an interest.

Shareholdings

All directors are permitted to own shares in the company, but there is no share qualification for directors. All three directors own fully paid ordinary shares in the Company and two directors currently hold options over unissued shares in the Company. Directors are permitted to deal in Kimberley Oil shares, only when they are not in possession of information which is potentially price sensitive.

Remuneration

The remuneration of the directors and management is determined by the Board. A director to whom a particular decision relates to is excluded from the meeting during the time that the remuneration level is discussed and decided upon. The total quantum of Directors' fees which may be paid can only be varied pursuant to approval by shareholders at a General Meeting

Internal Controls

Because of the small number of directors, and due to their active involvement in the daily management decision process, no audit committee has been established.

The board of directors acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. The system of internal control adopted by the consolidated entity seeks to provide an appropriate division of responsibility and careful selection and training of personnel relative to the level of activities and size of the consolidated entity.

The full board takes responsibility for reviewing financial reporting procedures, internal controls and the performance of the financial management and the external auditors. The full board reviews financial statements and other information distributed externally prior to distribution.

External Auditors

The board reviews the performance of the external auditors and meets with them at the commencement of the half-yearly review and annual audit to discuss any issues that have arisen with respect to accounting policies, any significant operational issues and level of proposed audit fees.

The auditors also meet regularly with the Company to discuss the scope of the audit work to be performed, and during the course of the audit.

Risk Management

Each director reviews the business risks affecting his particular area of expertise and reports to the Board.

The Board then determines the appropriate actions to eliminate or minimise the identified business risks.

Ethical Standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, endeavouring at all times to enhance the performance and reputation of the Company. Every employee has direct access to a director to whom they may refer any ethical issues that may arise from their employment.

KIMBERLEY OIL NL
ABN 75 075 760 655
& CONTROLLED ENTITIES
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	NOTES	ECONOMIC ENTITY 2003 $	ECONOMIC ENTITY 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
Sales revenue	2	958,998	784,866	-	-
Cost of sales	3	(721,183)	(648,669)	-	-
Gross profit		237,815	136,197	-	-
Other revenue from ordinary activities	2	590,204	49,654	609,897	43,440
Depreciation and amortisation expenses	3	(267,669)	(223,439)	(79,858)	(163,860)
Borrowing costs expense	3	(15,197)	(9,459)	(15,197)	(7,183)
Loss on sale of fixed assets		(950,565)	-	(950,565)	-
Exploration & development Expenditure write-off		(510,113)	(216,590)	(11,763)	(216,590)
Other expenses from ordinary activities		(1,099,929)	(904,866)	(1,053,511)	(1,112,679)
Loss from ordinary activities before income tax expense	3	(2,015,454)	(1,168,503)	(1,500,997)	(1,456,872)
Income tax (expense)/benefit relating to ordinary activities	4	-	-	-	-
Net loss attributable to members of the parent entity		(2,015,454)	(1,168,503)	(1,500,997)	(1,456,872)
Basic earnings/(loss) per share (cents per share)	27	(2.06)	(1.44)	-	-

The accompanying notes form part of these financial statements

KIMBERLEY OIL NL
ABN 75 075 760 655
& CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	NOTES	ECONOMIC ENTITY		PARENT ENTITY	
		2003	**2002**	**2003**	**2002**
		$	**$**	**$**	**$**
CURRENT ASSETS					
Cash Assets	5	507,072	655,291	501,987	679,935
Receivables	6	174,733	175,097	12,546	28,842
Inventories	7	55,477	30,693	-	-
Other	8	7,321	-	2,270	-
TOTAL CURRENT ASSETS		744,603	861,081	516,803	708,777
NON-CURRENT ASSETS					
Receivables	6	-	-	-	-
Other Financial Assets	9	-	-	80,000	80,000
Property, Plant and Equipment	11	2,410,737	3,499,463	28,970	1,303,637
Exploration Expenditure	12	2,129,155	2,272,196	1,026,887	936,909
Intangible Asset	13	234,000	260,000	-	-
TOTAL NON-CURRENT ASSETS		4,773,892	6,031,659	1,135,857	2,320,546
TOTAL ASSETS		5,518,495	6,892,740	1,652,660	3,029,323
CURRENT LIABILITIES					
Payables and Accruals	14	322,815	479,075	77,766	147,726
Provisions	15	26,062	13,100	26,059	7,500
Interest Bearing Liabilities	16	-	203,165	-	203,165
TOTAL CURRENT LIABILITIES		348,877	695,340	103,825	358,391
NON-CURRENT LIABILITIES					
Provisions	15	711,116	602,344	-	-
TOTAL NON-CURRENT LIABILITIES		711,116	602,344	-	-
TOTAL LIABILITIES		1,059,993	1,297,684	103,825	358,391
NET ASSETS		4,458,502	5,595,056	1,548,835	2,670,932
EQUITY					
Contributed Equity	17	9,557,958	9,179,058	9,557,958	9,179,058
Reserves	18	2,500,000	2,180,000	-	-
Accumulated Losses	19	(7,599,456)	(5,764,002)	(8,009,123)	(6,508,126)
TOTAL EQUITY		4,458,502	5,595,056	1,548,835	2,670,932

The accompanying notes form part of these financial statements

KIMBERLEY OIL NL
ABN 75 075 760 655
& CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	NOTES	ECONOMIC ENTITY 2003 $	ECONOMIC ENTITY 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		1,035,140	745,353	-	-
Payments to suppliers and employees		(1,454,931)	(832,776)	(412,085)	(472,844)
Borrowing costs		(15,197)	(9,459)	(15,197)	(7,183)
Expenditure on petroleum exploration & production interests		(394,072)	(462,071)	(101,741)	(69,693)
Interest received - other entities		12,028	12,968	191,332	12,968
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	20(b)	(817,032)	(545,985)	(337,691)	(536,752)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of plant & equipment		(74,689)	(115,603)	(73,937)	(113,653)
Purchase of remaining interest in the joint venture		-	(50,000)	-	-
Proceeds from sale of plant & equipment		564,602	10,500	347,272	-
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		489,913	(155,103)	273,335	(113,653)
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans to controlled entity - payments made		-	-	(292,492)	(134,935)
Loans to controlled entity - repayments		-	-	-	80,000
Loan repayments		(200,000)	-	(200,000)	-
Proceeds from issue of shares		378,900	903,925	378,900	903,925
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		178,900	903,925	(113,592)	848,990
NET INCREASE/(DECREASE) IN CASH HELD		(148,219)	202,837	(177,948)	198,585
Cash at 1 July 2002		655,291	452,454	679,935	481,350
Cash at 30 June 2003	20(a)	507,072	655,291	501,987	679,935

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Kimberley Oil NL and controlled entities, and Kimberley Oil NL as an individual parent entity. Kimberley Oil NL is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) PRINCIPLES OF CONSOLIDATION

A controlled entity is any entity controlled by Kimberley Oil NL. Control exists where Kimberley Oil NL has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Kimberley Oil NL to achieve the objectives of Kimberley Oil NL. A list of controlled entities is contained in Note 10(a) to the financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) INCOME TAX

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs. Costs include costs incurred in bringing each product to its present location and condition.

(d) INVESTMENTS

Investments in controlled entities are brought to account at cost less amounts written off for permanent diminution in the value of the investments. The carrying amount is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the underlying net assets in that particular entity. The expected net cash flows have not been discounted to their present value in determining the recoverable amounts.

(e) PROPERTY, PLANT & EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Property

Freehold land and buildings are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arms length transaction. It is the policy of the economic entity to have an independent valuation every three years, with annual appraisals being made by the directors.

Plant and equipment

Plant and equipment are measured on the cost basis, unless otherwise stated.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

The Broome tank is measured on a fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arms length transaction. It is the policy of the economic entity to have an independent valuation every three years, with annual appraisals being made by the directors.

Production assets are valued on a fair value basis, being the expected future cash flow streams. This value is anticipated to be recovered from crude oil production over the next six years of field operations.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time when the asset is held ready for use. Properties held for investment purposes are not subject to depreciation. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

CLASS OF FIXED ASSET	DEPRECIATION RATE
Plant and equipment	6.67% - 33.3%

(f) EXPLORATION & DEVELOPMENT EXPENDITURE

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided for over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(g) INTANGIBLES

Patents are valued in the accounts at cost of acquisition and are amortised over the period in which their benefits are expected to be realised.

(h) FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of short-term assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

(i) INTERESTS IN JOINT VENTURES

The economic entity's share of the assets, liabilities, revenue and expenses of joint venture operations is included in the appropriate items of the consolidated statements of financial performance and financial position.

(j) CASH

For the purpose of the statement of cash flows, cash includes:

- cash on hand and at call, deposits with banks or financial institutions, net of bank overdrafts; and
- investments in money market instruments with less than 14 days to maturity.

(k) COMPARATIVE FIGURES

Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(l) REVENUE RECOGNITION

Oil Sales Revenue

Oil sales revenue is taken to the statement of financial performance upon pre-payment for crude oil by the purchaser.

Interest

Interest is paid by the Company's bankers on deposit funds and is taken from statements issued by the bank.

(m) GOODS AND SERVICES TAX (GST)

Revenue, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(n) GOING CONCERN

The economic entity has incurred a loss during the period of $2,015,454 and its available cash at 30 June 2003 is $507,072. The financial statements have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The ability of the economic entity to continue as a going concern is dependent on the success of the capital raising initiatives being undertaken by the directors, and the continued financial support of stakeholders. The directors believe the adoption of the going concern basis is justified.

However, should alternative funding not become available the Company may not be able to pay its debts as and when they fall due and may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

	ECONOMIC ENTITY		**PARENT ENTITY**	
	2003	**2002**	**2003**	**2002**
	$	**$**	**$**	**$**
2. REVENUE				
Operating Activities				
- Sales revenue	958,998	784,866	-	-
- Interest received from other parties	12,028	12,968	191,332	12,968
- Administration fee #	-	-	60,000	-
- Other revenue	13,574	26,186	11,293	30,472
# The Parent Entity provides accounting, clerical and Administrative services to a controlled entity	984,600	824,020	262,625	43,440
Non-operating Activities				
- Proceeds on disposal of property, plant & equipment	564,602	10,500	347,272	-
	564,602	10,500	347,272	-
Total revenue	1,549,202	834,520	609,897	43,440

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $

3. Loss from Ordinary Activities

Loss from ordinary activities before income tax has been determined after:

(A) Expenses

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
Cost of sales	721,183	648,669	-	-
Borrowing costs:				
- Other persons	15,197	9,459	15,197	7,183
Total borrowing costs	15,197	9,459	15,197	7,183
Depreciation of non-current assets				
- Plant and equipment	214,669	170,007	79,858	163,860
Total depreciation	214,669	170,007	79,858	163,860
Amortisation of non-current assets				
- development expenditure	27,000	53,432	-	-
- Oil spill remediation	26,000	-	-	-
Total amortisation	53,000	53,432	-	-
Write-down of exploration and development costs				
- Development	382,195	-	-	-
- Exploration	127,918	216,590	11,763	216,590
	510,113	216,590	117,63	216,590
Foreign currency losses	17,543	5,446	-	-
Bad and doubtful debts				
- Wholly-owned subsidiaries	-	-	292,492	537,748
Total bad and doubtful debts	-	-	292,492	537,748
Site restoration provision	108,772	217,544	-	-
Government royalties	27,395	18,618	-	-

	ECONOMIC ENTITY		PARENT ENTITY	
	2003	2002	2003	2002
	$	$	$	$

3. LOSS FROM ORDINARY ACTIVITIES (CONT'D)

(B) REVENUE AND NET GAINS

	ECONOMIC ENTITY 2003 $	ECONOMIC ENTITY 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
Net gain (loss) on sale of current assets				
- Property, plant and equipment	(884,145)	7,709	(921,474)	-

4. INCOME TAX

The prima facie tax (benefit) on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	ECONOMIC ENTITY 2003 $	ECONOMIC ENTITY 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
Prima facie tax on loss from ordinary activities before income tax at 30% (2002: 30%)	(604,636)	(350,551)	(450,299)	(437,062)
Tax effect of permanent differences	88	40,429	88	24,400
Tax effect of timing differences not brought to account	188,515	190,039	117,226	190,039
Losses not brought to account	416,033	82,396	332,985	222,623
Recoupment of prior year tax losses not previously brought to account	-	37,687	-	-
Income tax expense/(benefit) attributable to loss from ordinary activities before income tax	-	-	-	-
Future income tax benefit arising from tax losses of a controlled entity not brought to account at balance date as realisation of the benefits is not regarded as virtually certain.	1,472,845	1,056,812	1,275,024	942,039

This future income tax benefit will only be obtained if:

a. future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
b. the conditions of deductibility imposed by tax legislation continue to be complied with; and
c. no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

	ECONOMIC ENTITY		PARENT ENTITY	
	2003	2002	2003	2002
	$	$	$	$
5. CASH				
Cash at bank	507,072	655,291	501,987	679,935
Total Cash	507,072	655,291	501,987	679,935
6. RECEIVABLES				
Current				
Trade debtors	92,554	89,078	-	-
Other debtors	82,179	86,019	12,546	28,842
Owing from controlled entities	-	-	-	157,029
Provision for doubtful debts	-	-	-	(157,029)
Total Current Receivables	174,733	175,097	12,546	28,842
Non-Current				
Owing from controlled entities	-	-	2,030,240	1,737,748
Provision for doubtful debts	-	-	(2,030,240)	(1,737,748)
Total Non-Current Receivables	-	-	-	-
Australian dollar equivalent of amounts in foreign Currencies not effectively hedged:				
United States dollars US$61,705 (2002 US$50,329)	92,554	89,078	-	-
7. INVENTORIES				
Crude oil stocks at cost	20,787	1,316	-	-
Consumables at cost	34,690	29,377	-	-
Total Inventories	55,477	30,693	-	-

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $

8. Other Assets

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
CURRENT				
Prepayments	7321	-	2270	-
NON-CURRENT				
Deferred company formation and share issue expenses.	347,924	347,924	347,924	347,924
Accumulated amortisation	(347,924)	(347,924)	(347,924)	(347,924)
	-	-	-	-

9. Other Financial Assets

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
NON-CURRENT				
Investments at cost comprising:				
- Unlisted shares- controlled entities (a)	-	-	444,000	444,000
- Provision for diminution on unlisted shares	-	-	(364,000)	(364,000)
	-	-	80,000	80,000

(a) The recoverable amount of the investment of $80,000 in Kimberley Oil NL is dependent on the ultimate recoverable amount of the oil spill technology, which is owned by Kimberley Oil Remediation Pty Ltd. Refer to Note 13.

10. Controlled Entities

	Country of In-corporation	Percentage Owned (%) 2003	Percentage Owned (%) 2002
(a) Controlled entities and their contribution to consolidated loss			
Parent Entity:			
Kimberley Oil NL	Australia	-	-
Subsidiaries of:			
Kimberley Oil NL:			
- Terratek Drilling Tools Pty Ltd	Australia	100	100
- Kimberley Oil Remediation Pty Ltd	Australia	100	100

	Economic Entity		Parent Entity	
	2003	2002	2003	2002
	$	$	$	$
11. Property, Plant And Equipment				
Land and buildings				
At directors valuation 2002	-	180,000	-	-
Total land and buildings	-	180,000	-	-
Plant and equipment				
-At cost	98,923	2,573,300	55,756	2,573,300
-Broome Tank - At directors valuation 2002*	2,000,000	2,000,000	-	-
-Production assets - At directors valuation 2003#	500,000	-	-	-
	2,598,923	4,753,300	55,756	2,573,300
- Accumulated depreciation	(188,186)	(1,253,837)	(26,786)	(1,269,663)
Total property, plant and equipment	2,410,737	3,499,463	28,970	1,303,637

(a) Movements in Carrying Amounts

Movement in the carrying amounts for plant and equipment between the beginning and end of current financial years.

	Land and Buildings	Plant and Equipment	Total
Economic entity			
-Balance at the beginning of the year	180,000	4,573,300	4,753,300
-Additions	-	74,689	74,689
Write-offs	-	(442,934)	(442,934)
-Revaluations		500,000	500,000
-Disposals	(180,000)	(2,106,132)	(2,286,132)
-Depreciation expense	-	(188,186)	(188,186)
Carrying amount at the end of the year	-	2,410,737	2,410,737
Parent entity:			
-Balance at the beginning of the year	-	2,087,951	2,087,951
-Additions	-	73,937	73,937
-Disposals	-	(2,106,132)	(2,106,132)
Depreciation expense	-	(26,786)	(26,786)
Carrying amount at the end of the year	-	28,970	28,970

* Directors reviewed the carrying value of the Broome Storage Tank and resolved that its written-down book value as at 30 June 2003 should properly reflect its fair value given its likely usage and longer term prospects.
# Other production plant and equipment assets with an original value of $442,934 were also reviewed by the directors who resolved that they be revalued as at 30 June 2003 to $500,000 (current written down value $nil) to properly reflect their fair value. This value is anticipated to be recovered from crude oil production over the next six years of field operations.

	ECONOMIC ENTITY		PARENT ENTITY	
	2003	2002	2003	2002
	$	$	$	$

12. EXPLORATION EXPENDITURE

Exploration expenditure costs carried forward in respect of areas of interest in:

	2003 $	2002 $	2003 $	2002 $
-Pre-Production:				
-Exploration and evaluation phases - at cost				
Opening balance	2,069,309	1,970,531	936,909	1,083,806
Expenditure incurred	187,764	315,368	101,741	69,693
Written off	(127,918)	(216,590)	(11,736)	(216,590)
Closing balance	2,129,155	2,069,309	1,026,887	936,909
-Production:				
-Development expenditure - at cost				
Opening balance	1,986,972	1,790,269	-	-
Expenditure incurred	206,308	196,703	-	-
Less written off	(382,195)	-	-	-
Closing balance	1,811,085	1,986,972	-	-
-Accumulated Amortisation				
-Development expenditure				
Opening balance	(1,784.085)	(1,730,653)	-	-
Expensed during the period	(27,000)	(53,432)	-	-
Closing balance	(1,811,085)	(1,784,085)	-	-
Net Development & Production Costs	2,129,155	2,272,196	1,026,887	936,909

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

13. INTANGIBLE ASSET

	2003 $	2002 $	2003 $	2002 $
Oil spill technology	260,000	260,000	-	-
-Accumulated amortisation	(26,000)	-	-	-
Total Intangible Assets	234,000	260,000	-	-

14. PAYABLES

	2003 $	2002 $	2003 $	2002 $
Trade creditors and accrued expenses	322,814	479,075	77,766	147,726
Total Payables	322,814	479,075	77,766	147,726

	ECONOMIC ENTITY		PARENT ENTITY	
	2003	2002	2003	2002
	$	$	$	$

15. PROVISIONS

CURRENT				
Employee benefits	11,615	2,100	11,615	2,100
Other	14,447	11,000	14,444	5,400
Total Current Provisions	26,062	13,100	26,059	7,500
NON-CURRENT				
Site restoration costs	711,116	602,344	-	-
Total Non-Current Provisions	711,116	602,344	-	-
(a) Aggregate employee benefits liability	11,615	2,100	11,615	-
(b) Number of employees at year end	7.6	7.6	7.6	7.6

16. INTEREST BEARING LIABILITIES

Loans from directors (a)	-	203,165	-	203,165

(a) Unsecured loans from directors were paid-out during the year plus accumulated interest in accordance with formal agreements executed with the Company.

		Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
17. Share Capital					
101,496,364 (2002: 91,586,364) fully paid ordinary shares	17(a)	9,557,958	9,179,058	9,557,958	9,179,058
(a) Ordinary Shares					
At the beginning of the reporting period		9,179,058	8,095,133	9,179,058	8,095,133
Value of shares issued during the year					
-1,000,000 shares on 20 December 2001		-	100,000	-	100,000
-2,000,000 shares on 6 February 2002		-	180,000	-	180,000
-10,000,000 shares on 4 May 2002		-	700,000	-	700,000
-Options		-	143,925	-	143,925
-Transaction costs relating to share issue		-	(40,000)	-	(40,000)
-1,800,000 shares on 2 July 2002		154,800	-	154,800	-
-350,000 shares on 26 July 2002		30,100	-	30,100	-
-7,760,000 shares on 3 January 2002		194,000	-	194,000	-
At reporting date		9,557,958	9,179,058	9,557,958	9,179,058
		No.	**No.**	**No.**	**No.**
At the beginning of period		91,586,364	78,586,364	91,586,364	78,586,364
Shares issued during year		-			
-20 December 2001		-	1,000,000	-	1,000,000
-6 February 2002		-	2,000,000	-	2,000,000
-4 May 2002		-	10,000,000	-	10,000,000
-2 July 2002		1,800,000	-	1,800,000	-
-26 July 2002		350,000	-	350,000	-
-3 January 2003		7,760,000	-	7,760,000	-
At reporting date		101,496,364	91,586,364	101,496,364	91,586,364

Details of shares issued during the period:

(i) On 2 July 2002 the company issued 1,800,000 ordinary shares at 8.6 cents each to Budside Pty Ltd to acquire the remaining interest in EP129 deep rights Joint venture.

(ii) On 26 July 2002 the company issued 350,000 ordinary shares at 8.6 cents to Karimbla Oil Pty Ltd to acquire the remaining interest in EP129 shallow rights Joint Venture.

(iii) On 3 January 2003 the company issued 7,760,000 ordinary shares of 2.5 cents each to existing shareholders under a Share Purchase Plan to raise additional working capital.

Ordinary shareholders participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share represents one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

17. SHARE CAPITAL (CONT'D)

	30/11/2002 20C LISTED OPTIONS	31/3/2005 20C UNLISTED OPTIONS	23/5/2007 20C UNLISTED OPTIONS
(b) SHARE OPTIONS			
At the beginning of the financial year	14,392,461	2,000,000	2,900,000
- Expired or cancelled during the year	(14,392,461)	(1,000,000)	(1,000,000)
At reporting date	-	1,000,000	1,900,000

No options were issued or exercised during the financial year ended 30 June 2003.

14,392,461 November 30 2002 listed options were not exercised by the due date and therefore lapsed during the period. 1,000,000 31/3/2005 and 1,000,000 23/5/2007 unlisted options held by directors were not exercised following their resignations and lapsed during the period.

At balance date there were 1,000,000 outstanding unlisted options to acquire ordinary shares on or before 31 March 2005 at an exercise price of 20 cents, and 1,900,000 outstanding unlisted options to acquire ordinary shares on or before 23 May 2007.

The company established the Kimberley Oil NL Share Option Incentive Plan in 2000. The board in its absolute discretion may invite eligible participants to join the Plan based on its assessment of the prospective participant's contribution to the performance of the Group. The total number of Shares to issue upon exercise of Options subject to the Plan at any time, together with any other Shares which may be issued under, or which are the subject of, any other of the Company's employees Share or Option incentive schemes, shall not represent more than five per centum of the number of the Shares on issue in the Company at the time of the issue of the Options under the Plan. The terms and conditions applicable to Options granted will be as determined from time to time by the Board in its absolute discretion at the time of the grant of the Option's and Options may be granted upon different terms and conditions to those applicable to any other Options granted.

	ECONOMIC ENTITY		PARENT ENTITY	
	2003 $	2002 $	2003 $	2002 $
18. RESERVES				
Asset revaluation reserve				
Opening balance at beginning of the financial year	2,180,000	-	-	-
Additions	500,000	2,180,000	-	-
Transfers as a result of disposals	(180,000)	-	-	-
Closing balance at the end of the financial year	2,500,000	2,180,000	-	-

The asset revaluation reserve records revaluation of non-current assets.

19. ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial year	(5,764,002)	(4,595,499)	(6,508,126)	(5,051,254)
Transfer from reserves	180,000	-	-	-
Net loss attributable to the members of the parent entity	(2,015,454)	(1,168,503)	(1,500,997)	(1,456,872)
Accumulated losses at the end of the financial year	(7,599,456)	(5,764,002)	(8,009,123)	(6,508,126)

	ECONOMIC ENTITY		PARENT ENTITY	
	2003	2002	2003	2002
	$	$	$	$

20. CASH FLOW INFORMATION

(a) RECONCILIATION OF CASH

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:				
Cash at bank	507,072	655,291	501,987	679,935

(b) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX

Loss from ordinary activities after income tax	(2,015,454)	(1,168,503)	(1,500,997)	(1,456,872)
Non-cash flows in loss from ordinary activities				
Depreciation of Non-Current assets	214,668	170,007	79,858	163,860
Amortisation of Non-Current assets	53,000	53,432	-	-
Provision for restoration	108,772	217,544	-	-
Exploration expenditure write off	510,113	216,590	11,763	216,590
Profit on sale of fixed assets	(66,420)	(7,709)	(29,091)	-
Loss on sale of fixed assets	950,565	-	950,565	-
Changes in assets and liabilities				
(Increase)/decrease in trade receivables	364	(49,575)	16,296	21,161
Increase/(decrease) in trade and other creditors	(159,425)	443,182	(73,124)	224,079
(Increase)/decrease in other current assets/prepayments	(7,321)	3,623	(2,270)	3,623
(Increase)/decrease in inventory	(24,784)	24,395	-	-
Increase/(decrease) in provisions	12,962	13,100	311,051	360,500
Exploration and development costs	(394,072)	(462,071)	(101,741)	(69,693)
Cash Flows From /(Used in) Operations	(817,032)	(545,985)	(337,836)	(536,752)

(c) NON-CASH FINANCING AND INVESTING ACTIVITIES

(i) On 2 July 2002, the company issued 1,800,000 ordinary shares at 8.6 cents to Budside Pty Ltd, to acquire the remaining interest in the EP129 Deep Rights Joint Venture

(ii) On 26 July 2002, the company issued of 350,000 shares at 8.6 cents to Karimbla Oil Pty Ltd to acquire the remaining interest in the EP129 shallow rights joint venture.

(iii) On 3 January 2003 the Company issued 7,760,000 fully paid ordinary shares at 2.5 cents to shareholders that took up their entitlement under the Share Purchase Plan.

	ECONOMIC ENTITY		PARENT ENTITY	
	2003	2002	2003	2002
	$	$	$	$
20. CASH FLOW INFORMATION (CONT'D)				
(d) CREDIT STANDBY ARRANGEMENTS WITH BANKS				
Credit facility – bank overdraft	250,000	250,000	250,000	250,000
Amount utilised	-	-	-	-
Unused credit facility	250,000	250,000	250,000	250,000

Bank Overdraft
The bank overdraft facility is arranged with an Australian bank with general terms and conditions being set and reviewed annually. Interest rates are variable and subject to adjustment.

21. CONTINGENT LIABILITIES

(a) Upon grant of Exploration Permits; to replace Application Licenses 5/97-8 and 6/97-8, and transfer the title from Otto Oil Pty Ltd to Kimberley Oil NL, the Parent Entity will issue a further 150,000 shares in Kimberley Oil NL to Otto Oil Pty Ltd.

(b) Within 30 days of spudding Yulleroo-2, the Parent Entity must issue a further 200,000 shares in Kimberley Oil NL to Otto Oil Pty Ltd.

(c) By agreements with Heritage Petroleum plc the Company has the right to earn up to a 75% interest in each of four Coal Mine/Coal Bed Methane tenements located in Italy and France. Reimbursable sums are payable upon grant of the tenements on terms and conditions entirely satisfactory to the Company (Conditions Precedent):
1) Sulcis, Italy - €24,000 – granting of the tenement was approved on 1 August 2003 and the sum of A$42,858 was paid on 22 August 2003 to Heritage.
2) Blueu Lorraine, France - €17,000 – granting of the tenement is pending.
3) Gaz de St Gardanne, France - €17,000 – granting of the tenement is pending.
4) Gaz de Saint Etienne, France - €17,000 – granting of the tenement is pending.

22. AUDITORS REMUNERATION

Remuneration of the auditor of parent entity:

- auditing or reviewing the financial report and any other entity in the economic entity	16,500	14,000	16,500	14,000
- other services	2,131	6,913	2,131	6,913
Total Auditors Remuneration	18,631	20,913	18,631	20,913

23. SEGMENT REPORTING

The economic entity operates predominantly in the oil and gas exploration and production industry in Australia.

24. SUPERANNUATION COMMITMENTS (LEVY)

Kimberley Oil NL has an arrangement, with Tyndall Superannuation Ltd (Trustee), as a participating employer under the Trust Deed whereby it nominates those employees for whom superannuation is to be provided. The fund is registered as the Optimum Superannuation Master Plan and is a complying superannuation fund.

Eligible employees are invited to join the Fund and are entitled to varying benefits on retirement, disability or death. The end benefit is determined by the members' accumulation of contributions and earnings of the fund. The economic entity makes contributions to the fund currently at the rate of 9% of gross salaries and wages for those employees who have applied to join. The economic entity also makes contributions to other unrelated funds on behalf of other employees who by their own choice have nominated alternative funds to receive the superannuation contributions.

These contributions are legally enforceable in Australia.

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
25. REMUNERATION AND RETIREMENT BENEFITS				
(a) DIRECTORS' REMUNERATION				
Income paid or payable, to all directors of each entity in the economic entity, by the entities of which they are directors and any related parties.	141,907	247,815		
Income paid or payable, to all directors of the parent entity by the parent entity and any related parties.			141,907	247,815
Number of parent entity directors whose income from the parent entity and any related parties was within the following bands:				
\$0 - 9,999			1	2
\$10,000 - 19,999			1	1
\$20,000 - 29,999			1	-
\$30,000 - 39,999			1	1
\$50,000 - 59,999			1	1
\$120,000 - 129,999			-	1

The names of the parent entity directors who have held office during the financial year are:

Alan J Flavelle	continuing
Anthony J McClure	continuing
Terence V Willsteed	appointed 26/11/2002
David C Gellatly	resigned 22/11/2002
Ross F Reiser	resigned 22/11/2002

	Economic Entity 2003 $	Economic Entity 2002 $	Parent Entity 2003 $	Parent Entity 2002 $
(b) EXECUTIVES REMUNERATION Remuneration paid or payable to executive officers of the economic entity from entities in the economic entity and any related entities for management of the affairs of the entities in the economic entity whose remuneration is \$100,000 or more.#	-	129,600	-	129,600

A full time executive officer of the Company, who also held the position of executive director, resigned during the year ended 30 June 2003.

26. RELATED PARTY TRANSACTIONS

a. The directors of Kimberley Oil NL during the financial year were:

A J Flavelle - continuing
A J McClure - continuing
T V Willsteed - appointed 26/11/2002
D C Gellatly - resigned 22/11/2002
R F Reiser – resigned 22/11/2002

b. The following related party transactions occurred during the financial year:

1. Transactions with controlled entities in the wholly owned group:
   i. Kimberley Oil NL has made unsecured advances repayable on demand to its wholly owned subsidiaries, Terratek Drilling Tools Pty Ltd totaling $234,699 (2002: $Nil); and Kimberley Oil Remediation Pty Ltd totaling $57,793 (2002: $320,655). Commercial interest rates are charged on the average monthly outstanding balance of the unsecured loan accounts (2002: $Nil).
   ii. Kimberley Oil NL charged administration fees of $60,000 (2002: $Nil) to a controlled entity for the provision of administrative, accounting and clerical services
   iii. Kimberley Oil NL charged controlled entities interest of $179,304 (2002: $Nil) at commercial rates on the average monthly balances outstanding on the unsecured loans.

2. Transactions with the directors and director related entities of Kimberley Oil NL and the economic entity:
   i. Kimberley Oil NL paid $17,459 to Anthina Holdings Pty Ltd a company controlled by A J McClure (a director) in respect of corporate consulting services provided to the economic entity, on normal commercial terms and conditions.
   ii. Kimberley Oil NL paid casual librarian rates to the wife of R F Reiser (a former director) on normal commercial terms and conditions.
   iii. Kimberley Oil NL repaid unsecured loans plus accrued interest to former directors during the year:
      a) Davmin Pty Ltd, a company controlled by D C Gellatly, the sum of $161,838 which included interest of $11,838.
      b) Ross F Reiser, the sum of $53,946 which included interest of $3,946.

c. Kimberley Oil NL is the parent entity of the economic entity.

d. Interests in the shares of entities within the economic entity held by directors of the reporting entity and their director-related entities as at 30 June 2003:

DIRECTORS	KIMBERLEY OIL NL ORDINARY FULLY PAID SHARES		20CENT UNLISTED OPTIONS
	2003	2002	
A.J FLAVELLE	193,000	-	1,000,000
A.J McCLURE	120,752	120,752	1,000,000
T V WILLSTEED	-	-	-

On 5 September 2003 Terence V Willsteed lodged an Appendix 3Y (Change of Director's Interest Notice) advising the on market acquisition of 1,136,000 shares in Kimberley Oil NL.

Movements in directors' equity holdings.

All of the ordinary shares held by the directors at 30 June 2003 were acquired by on-market purchases.

None had been sold as at 30 June 2003.

	ECONOMIC ENTITY	
	2003	**2002**
27. EARNINGS PER SHARE		
(a) RECONCILIATION OF EARNINGS TO NET PROFIT OR LOSS		
Net loss	(2,015,454)	(1,168,503)
Loss used in the calculation of basic EPS	(2,015,454)	(1,168,503)
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	97,677,239	81,029,726

Loss per share

For the year ended 30 June 2003 there are no dilutive potential ordinary shares and accordingly no diluted EPS has been disclosed.

28. FINANCIAL INSTRUMENTS

(a) TERMS, CONDITIONS, AND ACCOUNTING POLICIES

The economic entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

RECOGNISED FINANCIAL INSTRUMENTS	STATEMENT OF FINANCIAL POSITION NOTES	ACCOUNTING POLICIES	TERMS & CONDITIONS
(i) Financial Assets Cash	5	Cash represents cash on hand and at bank with financial institutions. All cash is carried at nominal amounts.	
Receivables - Trade and Other	6	Trade receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer payable.	Credit sales are normally on 30 day terms.
(ii) Financial Liabilities Trade creditors & accrued expenses	14	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the consolidated entity.	Trade liabilities are normally settled on 45 day terms.
Interest Bearing Liabilities	16	The interest bearing liabilities are carried at the principal amount. Interest is charged as an expense as it accrues.	Interest is charged at the bank's benchmark rate.
(iii) Equity			
Ordinary shares	17	Ordinary share capital is recognised at the amount paid-up	Details of shares issued are set out in note 17.

29. FINANCIAL INSTRUMENTS (CONT'D)

2003

FINANCIAL INSTRUMENT	FLOATING INTEREST RATE 0-1 YEAR	FIXED INTEREST RATE 0-1 YEAR	NON-INTEREST BEARING 0-1 YEAR	TOTAL	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE
(i) Financial Asset					
Cash	507,072	-	-	507,072	3.95%
Receivables-trade & other	-	-	174,733	174,733	N/A
Total Financial Assets	507,072	-	174,733	681,805	
(ii) Financial Liabilities					
Trade creditors & accrued expenses	-	-	322,815	322,815	N/A
Interest bearing liabilities	-	-	-	-	N/A
Total financial liabilities	-	-	322,815	322,815	

2002

FINANCIAL INSTRUMENT	FLOATING INTEREST RATE 0-1 YEAR	FIXED INTEREST RATE 0-1 YEAR	NON-INTEREST BEARING 0-1 YEAR	TOTAL	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE
(iii) Financial Asset					
Cash	655,291	-	-	655,291	3.95%
Receivables-trade & other	-	-	175,097	175,097	N/A
Total Financial Assets	655,291	-	175,097	830,388	
(iv) Financial Liabilities					
Trade creditors & accrued expenses	-	-	479,075	479,075	N/A
Interest bearing liabilities	-	203,165	-	203,165	6.32%
Total financial liabilities	-	203,165	479,075	682,240	

(b) NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The aggregate net fair values of financial assets and financial liabilities, at the balance date, are approximated by their carrying value as represented on the Statement of Financial Position.

(c) CREDIT RISK EXPOSURES

This economic entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount, net of any provision for doubtful debts, of those assets as indicated in the statement of financial position.

30. COMPANY DETAILS

The registered office of the company is:

Kimberley Oil NL
Suite 12b, 573 Canning Highway
Alfred Cove WA 6154
Telephone: (08) 9330 9121 (08) 9330 8876
Fax: (08) 9330 8896
E-mail: koil@iinet.net.au
Website: www.kimberleyoil.com.au

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 16 to 40 are in accordance with the Corporations Act 2001;

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2003 and of the performance for the year ended on that date of the company and economic entity.

2. 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.

On behalf of the Board

A. J. Flavelle

ALAN J FLAVELLE - DIRECTOR

DATED at PERTH this 30th day of September 2003

Level 40
BankWest Tower
108 St George's Terrace
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INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF KIMBERLEY OIL NL

SCOPE

We have audited the financial report of Kimberley Oil NL and its controlled entities comprising the Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and notes to the financial statements for the year ended 30 June 2003.

The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial report of Kimberley Oil NL is in accordance with:

(a) the Corporations Act 2001, including:

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and

   (ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements.

INHERENT UNCERTAINTY REGARDING CONTINUATION AS A GOING CONCERN

Without qualification to the opinion expressed above, attention is drawn to the following matter. As described in Note 1(n) to the financial statements, the ability of the company to continue as a going concern is dependent upon the continued support of the directors and further capital raisings. Consequently, there is uncertainty whether the company can continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

INDEPENDENT AUDIT REPORT (CONT'D)
TO THE MEMBERS OF KIMBERLEY OIL NL

INHERENT UNCERTAINTY REGARDING THE RECOVERABILITY OF INTANGIBLE & INVESTMENT IN KIMBERLEY OIL REMEDIATION PTY LTD

Without qualification to the opinion expressed above, attention is drawn to the following matter, as explained in Note 9 & Note 13 to the financial statements, the carrying value of Kimberley Oil NL's investment in Kimberley Oil Remediation Pty Ltd is $80,000. The recoverable amount of this asset is dependent on the ultimate recoverable amount of the oil spill technology which is owned by Kimberley Oil Remediation Pty Ltd which has a carrying value of $234,000. The recoverable amount of the oil spill technology is dependent upon;

(a) The ability of the company to raise further capital to fund the costs of future research and development; and
(b) The successful commercialisation of the technology; or
(c) The sale of the asset for at least book value.

As such, there is uncertainty as to the ultimate recoverable amount of both Kimberley Oil NL's carrying value of its investment in Kimberley Oil Remediation Pty Ltd and of the carrying value of the oil spill technology in Kimberley Oil Remediation Pty Ltd.

HALL CHADWICK	**MICHAEL J HILLGROVE**
Chartered Accountants	**Partner**

DATED at PERTH this 30 September 2003

1. Total number of shares on issue 101,496,364

2. Substantial Shareholders

Evenlen Pty Ltd 8,000,000

3. Number of Shareholders	**No.**
Total registered	1,392
Holding less than a marketable parcel	465

4. Distribution of Shareholders	**No.**
1-1,000	104
1,001- 5,000	256
5,001 – 10,000	295
10, 0001 – 100,000	564
100,000 or more	173

5. Holdings of 20 Largest Shareholders	**No.**	**%**
Evenlen Pty Ltd	8,000,000	7.88
Mr. John Alexander Glen & Mr John Stanford	2,550,000	2.51
Davmin Pty Ltd	2,266,622	2.23
Richmond Bridge Pty Ltd	2,215,000	2.18
Mr. Shane Bach	2,200,000	2.17
DGC Developments Pty Ltd	2,148,687	2.12
Budside Pty Ltd	1,800,000	1.77
Odyssey International Pty Ltd	1,500,000	1.48
PYNC Pty Ltd	1,500,000	1.48
Dream Investments Pty Ltd	1,404,275	1.38
Ms Barbara Jean Kallady	1,221,694	1.20
AJJ Investments Pty Ltd	1,143,728	1.13
Patermat Pty Ltd	1,136,000	1.12
Clova Holdings Pty Ltd	1,015,000	1.00
Dragonlyn Pty Ltd	1,000,000	0.99
Mr. James Petroff	1,000,000	0.99
Mr. Russell Thomas Harris & Rhoda Joy Harris	850,000	0.84
ACN 074 535 809 Pty Ltd	812,000	0.80
Ms Heather Rutherford	800,000	0.79
Overnight Nominees Pty Ltd	751,830	0.74
	35,314,836	**34.80**

6. Voting Rights

1. On a poll;

The holder of each ordinary share shall have full voting rights of one vote for each share held.

2. On a show of hands:

The holder of ordinary shares shall be entitled to one vote regardless of the number of shares held.

7. Buy-Backs

There is no on market buy-back in effect and no buy-back is currently envisaged.