Kimberley Oil NL

ABN 75 075 760 655

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Companies Announcement Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

OILEX NL AGREEMENT, CANNING BASIN WESTERN AUSTRALIA

Kimberley Oil NL ('Kimberley Oil') is pleased to announce that it has entered into a second Farm-in Agreement with Oilex NL ('Oilex') in the Canning Basin, Western Australia.

The latest agreement concerns the exploration and the drilling of one new well to the northeast of the Blina oilfield within a part of L6 and EP129. Under the terms of the agreement, Oilex is required to drill test the Blina Backreef play with the well likely to be scheduled for the second quarter of calendar 2005. Oilex may earn a 60% interest in that part of L6 and EP129 shown in Figure 1.

The area encompasses the northeast flank of the Blina reefal trend and is interpreted to contain the Blina Backreef play. The trend is a sequence of talus slope carbonate rocks shed off an extensive Late Devonian reef trend which hosts the Blina oil field in L6. Down-dip and below the reef trend /talus slope deposits is a sequence of oil-prone black shales (see "Frasnian Trough" in Figure 2) from which oil has migrated into the Nullara and Yellowdrum Oil Pools at Blina. The talus slope deposits of the Blina Back Reef Play have experienced a differing geological history to the reef rocks that host the Nullara Oil Pool and, as a consequence, may contain better porosity and permeability, i.e. better reservoir characteristics. Seismic data show that the talus slope deposits probably have very extensive development and this is also born out by exposures of similar outcrops nearby. Should these talus slope deposits have retained good reservoir characteristics, they are ideally placed to have received major oil migration from the nearby source rocks.

A well drilled to 1,700 metres, adjacent to the Blina field would test this strategic target. Early production following successful discovery would be assisted by the existing oil production infrastructure at Blina owned by Kimberley Oil.

Exploration elsewhere around the world shows that talus slope carbonates downdip from reef trends can host sizeable oil fields. The classic example of this type of oil field is the Poza Rica trend in Mexico where talus slope deposits, which have yielded about 2 billion barrels of oil, occur down dip from the Golden Lane "atoll" trend of mid Cretaceous age. The nearby giant Reforma field occurs in similar rocks. Some of the production at the Golden Spike Field, of Late Devonian age in Alberta, Canada occurs in talus debris at least as much as 1 kilometre basinwards of a reef trend. Another example of such an oil field is Bu Hasa in Abu Dhabi.

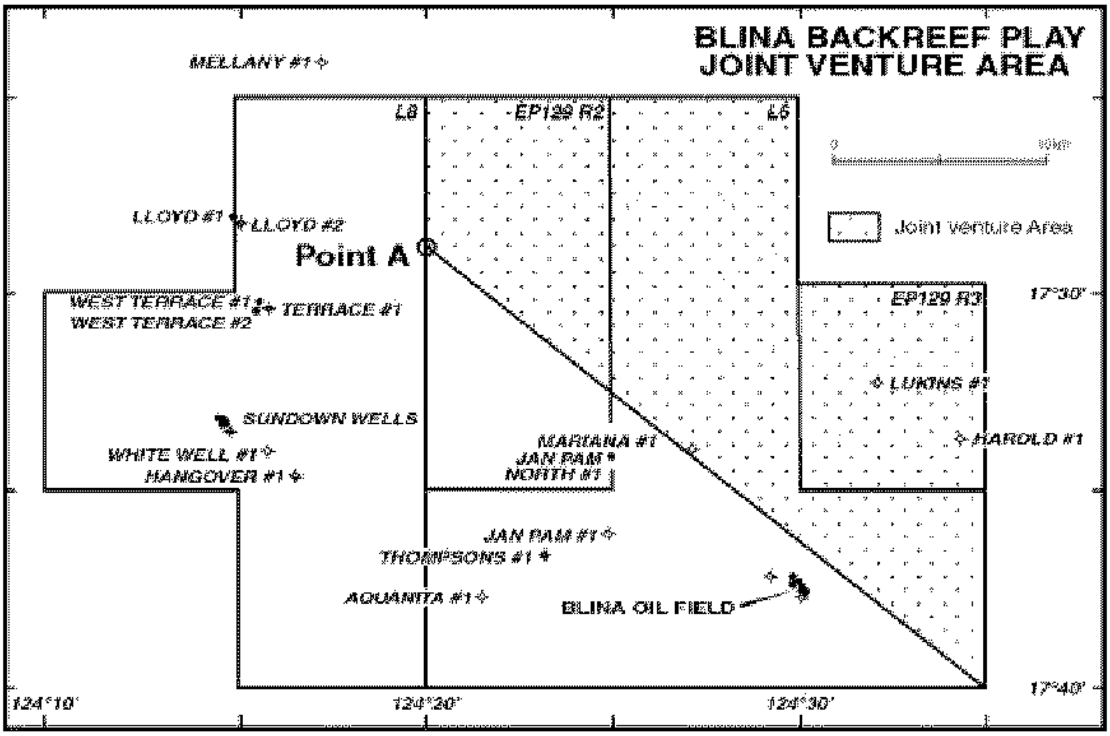
EP129 and L6 are both held 100% by Terratek Drilling Tools Pty Ltd, a wholly owned subsidiary of Kimberley Oil NL. Terratek is subject of an agreement with Golden Dynasty Resources Limited of Canada whereby that company may earn an 80% interest in Terratek through the expenditure of $3.5 million in addition to the Oilex program.

This follows an earlier agreement with Oilex, announced in October 2004, whereby Oilex may earn an 80% interest in EP390, located in the south west of the Caning Basin, through the funding of an exploration program including the drilling of one new well.

Combined with the previously announced transactions, during the first half of Calendar 2005, there will now be three new wells drilling on Kimberley Oil's acreage in the Canning Basin.

By Order of the Board

Craig J Ferrier
Company Secretary



Point A = -17 degrees 28 minutes 40.044 seconds South
124 degrees 20 minutes 04.668 seconds East

Figure 1

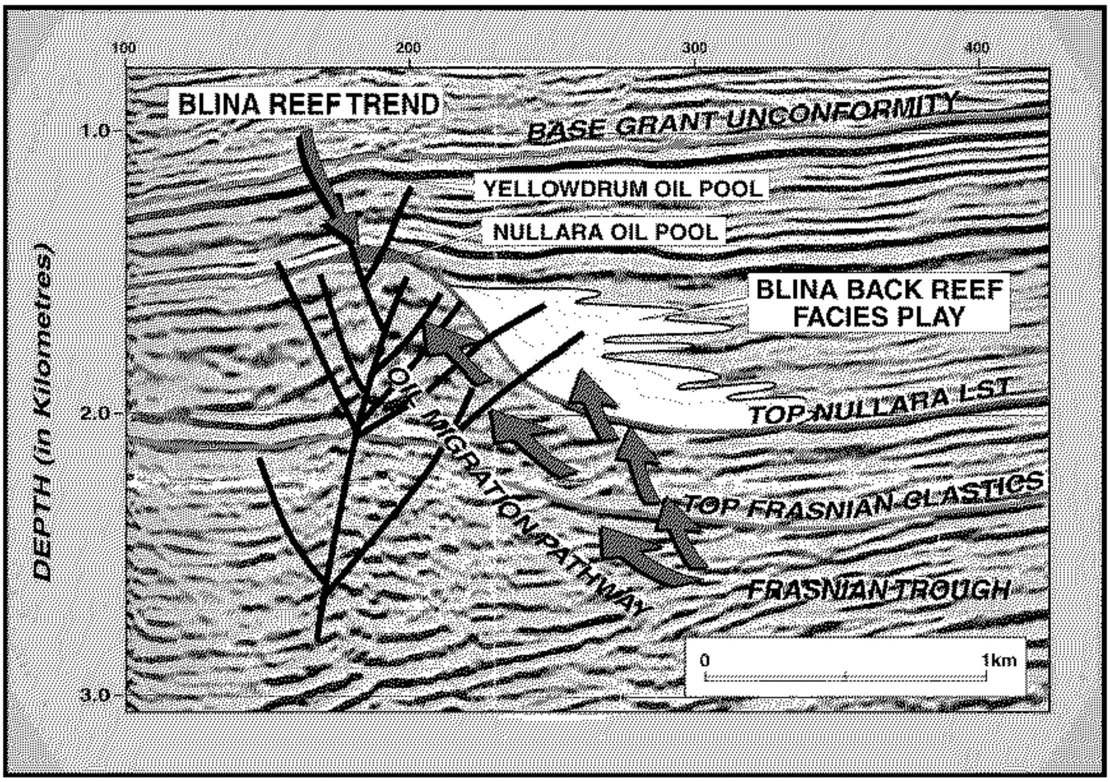


Figure 2

The technical information in this statement has been prepared by Mr John Karajas, B.Sc (Hons), MAIG. Mr Karajas is a qualified geologist with over 35 years experience in the mineral and hydrocarbon industries and is a member of the Australian Institute of Geoscientists.