Kimberley Oil NL

ABN 75 075 760 655

KIMBERLEY OIL NL – (KBO)

QUARTERLY REPORT (Fourth Quarter) MARCH – JUNE 2005

HIGHLIGHTS

- **Continuing development of the French Coal Bed Methane (CBM) and Coal Mine Methane (CMM) projects. Several targets delineated for initial drilling.**
- **New applications covering 4,268 square kilometres lodged for additional CBM exploration areas in France.**
- **Entered a Memorandum of Understanding for the transfer of the Central Block Permits in the Canning Basin.**
- **Drilling preparations advanced for the Canning Basin Joint Venture.**
- **Crude oil production and sales for the quarter were 5,756 barrels and 5,451 barrels respectively.**

1. European CBM and CMM Interests

France

In December 2004, the company announced that the French Government had formally granted the Bleue Lorraine, Gaz de Gardanne and Gaz de Saint Etienne permits located in France.

Each permit grants the rights to all hydrocarbons within the permit including CBM and CMM.

The company has the right to earn up to 75% interest in each permit.

Bleue Lorraine, north eastern France

The Bleue Lorraine permit covers 460 square kilometres of the Lorraine Basin and was granted in late November 2004.

The permit contains significant tonnages of gaseous undeveloped coals which constitute a very favourable environment for CBM development. The permit encompasses a significant part of the Lorraine Basin which has historical coal production in excess of 850 million tonnes. The coal seams within the permit 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.

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Data appraisal of the large coal database continued during the quarter in the preparation for the impending exploration programs and subsequent development.

Further detailed work was undertaken in the Valmont/Follschviller area where initial CBM developments are planned including the assessment of the fractured coals below the floor of the abandoned Follschviller mine.

The eastern Valmont block of the Lorraine permit is characterised by several antclinal developments which have zones of enhanced permeability along their axes. The definition of these axes is being done by analysis of the existing seismic grid and limited drill holes that have been completed in this area. This analysis which will be completed in the next quarter will enable the positioning stratigraphic drilling designed to obtain information about the coals including gas content, permeability and to determine the methane contents in the intra-coal sediments. The sparse previous drilling has suggested that enhanced permeability is pervasive along the anticlinal axes.

The block contains significant tonnages of coal with seam thicknesses of 10 to 12 metres. Gas contents of approximately 10 cubic metres per tonne (m^3/t) or ±350 standard cubic feet per tonne (Scf/t)) are common.

Gaz de Gardanne, south eastern France

The Gaz de Gardanne permit was granted in late November 2004. The permit 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 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. Available data has highlighted a considerable amount of methane within the coal mining complex. The gas occurs in deeper workings in the western part of the mine complex; whereas coal seams in the shallower mine workings to the east contain water. This gas has either been generated biogenically as a result of microbial attack of the coal and other associated organic material or it could have migrated vertically from underlying petroleum-type source rocks.

An initial study of the mine data including drill hole data has commenced with findings expected to be detailed during the September quarter.

Gaz de Saint Etienne, central eastern France

The Gaz de Saint-Etienne permit was granted in late November 2004. The permit covers 563 square kilometres and contains the bulk of the Loire Basin and includes the rights to all hydrocarbons within the permit including coal bed and coal mine methane.

The Loire Basin contains coal measures of up to 40 seams of Carboniferous age ranging in thickness from 1 to 15 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 prospective for CMM production and preliminary assessment of newly accessed data suggests there is significant potential for CBM development.

An initial study of the mine data including drill hole data has commenced with findings expected to be detailed during the September quarter.

New Permit Applications

Subsequent to the quarter, Kimberley Oil announced that it's wholly owned subsidiary European Gas Limited has submitted two new applications for hydrocarbon permits in France with targets being coal bed methane.

Lons le Saunier

Lons le Saunier is located to the north east of Lyon in central France. The Stephanien Coal Basin was initially identified by exploration drilling in the 1950's. During the 1960's, a coal resource was confirmed by the Bureau de Recherches Géologiques et Minières (BRGM) and Charbonnages de France (CdF).

A decision was made at the time to cease development for coal mining due to the potential risk from high contents of methane which gas is ubiquitous with these high ranking coal measures.

The large application area of 3,740 square kilometres covers the majority of the coal basin. At this stage of exploration it is not possible to quantify the gas volumes within the basin. However the basin is at least as large as the Lorraine Basin in eastern France which has a gas in place resource of over 5 trillion cubic feet.

Once granted, initial work programs will comprise of stratigraphic drilling targeting known coals. Seams are up to 6 metres in thickness with net coals of up to 15 metres from 950 metres in depth.

Bleue Lorraine Sud

In addition, European Gas has applied for a 528 square kilometre continuous extension to the Company's granted Bleue Lorraine permit in eastern France. The application area extends south and to the west of the current permit and if granted will increase the Company's holdings in that area to 988 to square kilometres.

Within the extension area the basin thickens with the Westphalien coals generally below 1500 metres, however several regional fault blocks have elevated the coal measures to shallower depths and these features should have good coal bed methane potential.

Once granted, initial work will focus on two principle anticlinal structures highlighted by previous work including drilling and seismic work. Within the Company's granted permits to the north, the extensions of these structures are known to hold high methane concentrations.

Italy

Sulcis, southern Sardinia, Italy

The permit area covers 615 square kilometres and contains over 1,000 million tonnes of sub-bituminous coal of Eocene age and includes the rights to all hydrocarbons within the permit including coal bed and coal mine methane.

The Sulcis permit was granted in August 2003. The target development for the area is CBM. The company has completed initial geological appraisal and data analysis in lead up to drilling applications for initial stratigraphic wells.

Application for renewal of the permit has been lodged with the Italian authorities and is proceeding through the administrative process.

New Projects, Europe

The Company continues with its acquisition strategy in Europe and is assessing the technical merits of several high potential projects in France and elsewhere in Western Europe.

2. Australian Oil & Gas Interests

Transfer of Canning Basin Assets

On 5 May 2005, Kimberley Oil announced that it has entered into a Memorandum of Understanding ('MOU') concerning the transfer and development of a significant proportion of its Canning Basin acreage in Western Australia.

The MOU has been entered into with Golden Dynasty Resources Limited of Canada ('Golden Dynasty') which is listed on the TSX Venture Exchange ('TSX').

The proposed transaction will involve a capital return to the shareholders of Kimberley Oil whereby shareholders are to be issued shares in Golden Dynasty on a pro-rata basis.

As part of the proposed transaction, Golden Dynasty will finance and commit to an expenditure program involving the completion of one new horizontal well and two well re-entries at Pictor within 24 months. The program is estimated to cost C$4.5 million (A$4.6 million).

The MOU plans for the transfer of Kimberley Oil's interests in permits EP104, EP371, EP390, EP391, EP428, EP431 and EP436 to Golden Dynasty ('the Central Block').

The consideration for the proposed transfer will be the issue by Golden Dynasty of 35 million fully paid ordinary Golden Dynasty shares which will be distributed in specie on a pro rata basis to Kimberley Oil's shareholders as a return of capital. As announced, the market value of the new shares to be issued to Kimberley Oil shareholders was approximately C$4.9 million (A$5.0 million or approximately 3.6 cents per Kimberley Oil share).

Kimberley Oil will retain a 2.5% Well Head Royalty over the permits.

The Broome tank and pipeline infrastructure are excluded from the transfer and will remain wholly owned assets of Kimberley Oil.

The MOU is subject to a number of conditions precedent including ASX and TSX approval, shareholder approval by both companies in general meeting and other approvals as may be required.

Canning Basin Joint Venture

Pursuant to an agreement announced in November 2004, Golden Dynasty may earn up to an 80% interest in Terratek Drilling Tools P/L ('Terratek'). Terratek holds Exploration Permit 129, Production Permits L6 and L8 and associated in field infrastructure and will include all rights to the Kolascai Oil Solidification Process ('the Technology').

The agreement provides for;

- Completion of $3.0 million in exploration expenditure (including the drilling of the Boundary Southeast #1 development well) within 24 months; and

- Completion of $500,000 in expenditure on the Technology.

In addition to its retained equity interest, Kimberley Oil will retain a 2.0% Well Head Royalty in Terratek and a 5% Gross Royalty over the Technology.

Geological analysis, rig selection and the environment management plan were further advanced during the quarter. Golden Dynasty continues to evaluate proposals from drilling companies for the drilling of the development well which are targeted for drilling in the December quarter of 2005.

Walyering CBM, Perth Basin

On 18 November 2004, Kimberley Oil announced that its application for area L04-5 in the northern Perth Basin had been successful with the permit being offered to the company.

L04-5 covers 1,070 square kilometres and contains the entirety of the Walyering gas field. The permit provides the Company with all hydrocarbon rights including CBM which is the principle target. The area also contains conventional gas targets.

The permit will be formally granted upon the Company reaching agreement with the native title claimants within the area. In the interim, data evaluation of this area has commenced.

3. Oil Production, Canning Basin

Crude Oil Production and Sales Activities.

PERIOD	PRODUCTION (barrels)		SALES (barrels)	
	Quarter	Cumulative	Quarter	Cumulative
Jun Qtr 2005	5,756	24,000	5,451	23,258

Short term shut downs were undertaken during the quarter to permit minor repair and maintenance activities to be undertaken.

4. Financials – Appendix 5B.

At 30 June 2005 the company had available funds of approximately $1,953,000.

The attached Appendix 5B highlights the quarter's cash activities and other relevant financial information.

A J Flavelle
Executive Director 29 July 2005

Enquiries of a corporate and investment nature should be directed to Anthony McClure (+61 2) 9247 7933. For information on technical matters please contact Alan Flavelle (+61 8) 9330 8876. For financial explanations contact Keith Spencer on (+61 8) 9330 9121. Additional information is also available from the Company's web-site at: www.kimberleyoil.com.au.

The technical information in this statement has been prepared by Mr Alan Flavelle, B.Sc FAusImm MAIG. Mr Flavelle is a qualified geophysicist with over 40 years experience in the mineral and hydrocarbon industries and is a Fellow of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

KIMBERLEY OIL NL

ABN	Quarter ended ("current quarter")
75 075 760 655	**30 June 2005**

Consolidated statement of cash flows

			Current quarter 3 months $A'000	Year to date 12 months $A'000
Cash flows related to operating activities				
1.1	Receipts from product sales and related debtors		514	2,064
1.2	Payments for	(a) exploration and evaluation	(200)	(534)
		(b) development	(3)	(35)
		(c) production	(312)	(1,481)
		(d) administration	(159)	(640)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		21	65
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Other (provide details if material)		-	-
	Net Operating Cash Flows		**(139)**	**(561)**
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a)prospects	-	-
		(b)equity investments	-	-
		(c) other fixed assets (6.2)	(1)	(94)
1.9	Proceeds from sale of:	(a)prospects	-	-
		(b)equity investments	-	-
		(c)other fixed assets	-	-
1.10	Loans to other entities		-	-
1.11	Loans repaid by other entities		-	-
1.12	Other ()		-	-
	Net investing cash flows		**(1)**	**(94)**
1.13	Total operating and investing cash flows (carried forward)		**(140)**	**(655)**

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	**(140)**	**(655)**
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,706
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings – Insurance financing	-	-
1.17	Repayment of borrowings – Insurance financing	-	-
1.18	Dividends paid	-	-
1.19	Other – refer 2.2	80	418
	Net financing cash flows	**80**	**2,124**
	Net increase (decrease) in cash held	**(60)**	**1,469**
1.20	Cash at beginning of quarter/year to date	2,013	484
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	**1,953**	**1,953**

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

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	58
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Nil

Non-cash financing and investing activities

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

Nil

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

Item 1.19 – funds advanced by GDR to Kimberley Oil NL, as operator, to undertake Drilling Program No.1 (Boundary Southeast#1 Well) as per Subscription & Shareholders Deed dated 19 November 2004. Amount advanced for future services & equipment is $418,000.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	250	37
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	150
4.2	Development	-
	Total	**150**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	953	513
5.2	Deposits at call	1,000	1500
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	**1,953**	**2,013**

Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

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

		Total number on issue	Total Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	137,996,364	137,996,364		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Unquoted Options**	*number*	*Quoted*	*Exercise price*	*Expiry date*
	Employee Options	900,000	Nil	20 cents	23/5/2007
	Director Options	1,000,000	Nil	20 cents	23/5/2007
	Director Series A Options	2,750,000	Nil	10 cents	28/11/2008
	Director Series B Options	2,750,000	Nil	7.5 cents	28/11/2006
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ See chapter 19 for defined terms.

Compliance statement

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

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

Sign here: .... Date 29/7/2005.................

Print name: Alan J Flavelle – Executive Director

Notes

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

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

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

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

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

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