



Bounty Oil & Gas NL

ABN 82 090 625 353



Report To Shareholders For The Quarter Ended 30 June 2005

ACTIVITY HIGHLIGHTS

- **New Managing Director Appointed**
- **Utopia Oil Field development drilling to commence in August**
- **Magnolia-1 to drill in October**
- **Interpretation of Offshore Sydney Basin seismic underway**

Managing Director

On 21 July, Mr Laurence Roe was appointed Managing Director of Bounty Oil & Gas, succeeding founding MD Tom Fontaine, who remains a non-executive director of Bounty. Mr Fontaine will be concentrating on his other business interests. The board acknowledges Mr Fontaine's contributions to the company and wishes him every success in his other ventures.

Utopia Oil Field (40%)

Plans have advanced for the drilling of two development wells in the Utopia oil field in Queensland. Locations have been selected and permitting is underway. The operator has advised that drilling is expected to commence in mid-August, with the new wells expected to contribute between 50 and 75 BOPD each to the fields production.

Vulcan Sub-Basin (10.4%)

The AC/P 32 Joint Venture is preparing for the drilling of the Magnolia prospect (estimated mean recoverable 85 Mmbo). The Operator (Coogee Resources) has advised that the estimated date for commencement of operations (using the Ocean Bounty rig) is 24 October. Bounty will retain a 10.4% interest) in the well and the permit after the drilling is completed. Bounty will be free carried through the drilling for all but for approx US\$50K of costs.

AC/P 32 is located in the Vulcan sub-basin off the coast of Western Australia, and is surrounded by existing oil and gas production and discoveries including Jabiru, Challis, Cassini, Skua, Swift and Montara. The Magnolia prospect is well defined by 3D seismic and has the potential to hold 80 to 100 million barrels of recoverable oil. Coogee will bring substantial local drilling and production expertise to the Joint Venture, ensuring an efficient drilling operation and the most effective solution for commercialising a discovery.

PEP 11 (100%)

Interpretation of our 2004 seismic is now underway. Access to this data was previously delayed due to the previous farminee failing to meet its obligations. On completion of the interpretation and mapping, Bounty will be actively looking for farmin partners for this significant untested basin adjacent to Australia's largest energy market.

REVIEW OF OPERATIONS

PRODUCTION

Utopia Oil Field

ATP 560P (Bounty 40%)

During the April-June quarter the Utopia Oil Field produced 3217 bbls of oil, with 1804 barrels sold to refiners. The average daily production of oil for the quarter was 35.4 barrels.

Gross revenue from oil sales for the quarter from the Utopia Oil Field (100%) was A\$128,925.

Plans are advancing to drill two development wells in the field. Locations for the two wells have been selected by the Joint Venture, with permitting presently underway. Drilling is expected to commence in mid-August. The wells are expected to increase field production from the current average 35 BOPD to between 135 BOPD and 185 BOPD.

EXPLORATION

Vulcan sub-Basin

AC/P32 (Bounty 10.4%)

The AC/P 32 joint venture is continuing preparations to drill the Magnolia-1 exploration well. The Ocean Bounty drilling rig has been contracted to drill the well and is presently scheduled to commence work in the third week of October. Coogee Resources will operate the drilling of the well on behalf of the Joint Venture.

AC/P 32 is located in the Vulcan sub-basin off the coast of Western Australia, and is surrounded by existing oil and gas production and discoveries including Jabiru, Challis, Cassini, Skua, Swift and Montara. The Magnolia prospect is well defined by 3D seismic and has the potential to hold 80 to 100 million barrels of recoverable oil. As operator, Coogee will bring substantial local drilling and production expertise to the Joint Venture, ensuring an efficient drilling operation and the most effective solution for commercialising a discovery.

There are a number of additional prospects and leads in the permit including Wisteria, which may hold up to 52 mmbo recoverable and the Azelea lead - at the shallower Cretaceous Puffin sandstone level - has potential for 234 mmbo recoverable. While Azelea is a higher risk, stratigraphic play, it could be tested as a secondary objective while drilling a well at Wisteria.

Magnolia has attracted the interest of a number of companies who have recently farmed into the prospect. As a result of these farmouts, Bounty retains 10.4% interest in the permit, and only has to fund 0.64% (or approximately US\$50K) of the exploration well.

The AC/P 32 Joint Venture is comprised of Bounty Oil & Gas NL (10.4%), Westranch Holdings Pty Ltd (19.6% and operator), OPIC (25.0%), Adelphi Energy (15%), Coogee Resources (20.0% and farmin operator) and AWE (10%).

Offshore Perth Basin

WA-325-P and WA-327-P (Bounty 7.5%)

The Joint Venture is finalising scheduling for the Flying Foam-1 exploration well in WA-327-P. Whilst we would have preferred to drill the well as originally planned in October/November, we have been advised that rig scheduling for the Ensco-67 indicates that the well may be drilled after development work in the adjoining permit is completed. If that is the case, Flying Foam may not commence until the first quarter 2006.

Based on a previous agreement with Voyager (PB) Ltd, Bounty will only contribute 5% of the well costs for Flying Foam.

The WA-325-P Joint Venture is still planning to drill a second well in that permit when the Ensco 67 is available, preferably "back-to-back" with Flying Foam. The final decision on the well, and its timing, is contingent on the finalisation of additional mapping and the integration of the encouraging results from Hadda-1 well.

The WA-325-P and WA-327-P Joint Ventures are comprised of Bounty Oil & Gas NL (7.5%), Roc Oil (WA) Pty Ltd (37.5% and operator), Apache Energy Ltd (37.5%), Voyager (PB) Ltd (12.5%) and Wandoo Petroleum Pty Ltd (5%).

Offshore Sydney Basin

PEP-11 (Bounty 100% and Operator)

Bounty has come to an arrangement with the seismic contractor who acquired our 2004 seismic survey. The agreement provides Bounty access to the new seismic, which we are now interpreting and mapping. This access was delayed due to the previous farminee failing to meet its obligations.

Subject to the results of this work, which is expected to be complete in early August, we will finalise a drilling location and will commence re-marketing the opportunity to potential farmin partners.

Permitting for the planned drilling, including community consultations, was recently halted as it had progressed as far as possible without Bounty having finalised a drilling location. This work is expected to re-commence when the new mapping is complete.

Drilling is still tentatively planned for mid 2006.

Bounty is completing termination procedures against previous farmin partner Electro Silica due to non-performance. Bounty Oil & Gas NL has a 100% interest in the PEP 11 Joint Venture.

Great South Basin, New Zealand

PEP 38215 (Bounty 90% and Operator)

As previously advised, Crown Minerals did not agree to our requests for an extension to the time allowed to complete our mapping and to drill in the permit and subsequently gave notice that they intended to commence revocation procedures of the permit.

Bounty believes it is being unfairly treated under the relevant regulatory guidelines. The Office of the Ombudsman in New Zealand has agreed to review Bounty's complaints, and this process is currently underway with a decision expected during August. Based on our legal advice, Bounty is hopeful of a favourable outcome.

Bounty has been informed that the contractor who acquired the 2004 Toroa Seismic Survey in our permit has recently sold the data on an exclusive basis to a third party. It is Bounty's belief that the contractor did not have the right to make such a transaction. We have advised the contractor of our position and are investigating our legal options.

The PEP 38215 Joint Venture is comprised of Bounty Oil & Gas NL (90%) and Albatross Energy Pty Ltd (10%) (following completion of the Hardman Resources withdrawal).

Bonaparte Basin

WA-324-P (Bounty 100% and Operator)

Plans are advanced to acquire a minimum 250 km seismic program in September. Due to the late availability of the seismic vessel (originally expected in July), Bounty has sought and obtained a 6 month extension to our permit term, with Permit Year 3 now ending on 4 January 2006. We are continuing to talk to potential farmin partners.

Onshore Carnarvon Basin

EP 412 (Bounty 65%)

Bounty is continuing to progress discussions with Rough Range Oil Pty Ltd on how Rough Range Oil will fulfil its commitment to Bounty to drill a well in the permit.

The EP 412 Joint Venture is comprised of Bounty Oil & Gas NL (65%) and Rough Range Oil Pty Ltd (35% and operator).

Offshore Tanzania

Nyuni Block

The Joint Venture is progressing plans to acquire up to 500 km of new seismic in the block. Acquisition is expected to commence in September, but is subject to vessel availability and timing.

Bounty has the option to pay its way through the work program and the drilling of the next well, and retain its post-Nyuni-1 interest (Bounty originally had a 10% interest in the permit, but we have partially diluted it as a result of the cost overruns at Nyuni – final numbers are being calculated), or to dilute to 5% and be free carried for the drilling of the next well. Although we are encouraged by the oil shows in Nyuni-1/1A we will likely dilute our interest and reduce our cost and risk through the next well.

Partners in the Nyuni Block are Bounty Oil & Gas NL and Ndovu Resources (a subsidiary of Aminex plc; operator).

BOUNTY OIL & GAS NL

Laurence Roe
Managing Director

Note: In accordance with Australian Stock Exchange Limited listing requirements, the geological information supplies in this report has been based on information provided by geologists who have had in excess of five years experience in their field of activity.

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

BOUNTY OIL & GAS NL

ABN

090 625 353

Quarter ended ("current quarter")

30 June 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	60	89
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(407) (40) (132)	(1,627) (40) (573)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	10	59
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other		
Net Operating Cash Flows	(509)	(2,092)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(3)	(750) (5)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets	49	278
1.10 Loans to other entities	(41)	(1,555)
1.11 Loans repaid by other entities	131	206
1.12 Other (provide details if material) Cash acquired upon purchase of JV interest	-	43
Net investing cash flows	136	(1,783)
1.13 Total operating and investing cash flows (carried forward)	(373)	(3,875)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(373)	(3,875)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		3,501
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Costs of Issue		(231)
	Net financing cash flows	0	3,270
	Net increase (decrease) in cash held	(373)	(605)
1.20	Cash at beginning of quarter/year to date	1,190	1,419
1.21	Exchange rate adjustments to item 1.20	-	3
1.22	Cash at end of quarter	817	817

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	145
1.24	Aggregate amount of loans to the parties included in item 1.10	5
1.25	Explanation necessary for an understanding of the transactions	
	Consulting Fees regarding management services and Directors Fees \$47,000	
	Consulting Fees to a director related entity for geological services \$93,000	
	Rental for principal place of business to a director related entity \$5,000	
	Amount paid on behalf of a director related entity \$5,000	

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

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- 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

Coogee Resources paid a total of \$49k in reimbursement of past costs upon acquisition of an interest in AC/P32.
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+ 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		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	350
4.2 Development	260
Total	610

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	590	963
5.2 Deposits at call	227	227
5.3 Bank overdraft		
5.4 Other: (Cash back performance bonds)		
Total: cash at end of quarter (item 1.22)	817	1,190

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.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	147,653,077	147,653,077		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	3,400,000 7,000,000	- -	<i>Exercise price</i> \$0.20 \$0.30	<i>Expiry date</i> 1 September 2008 30 November 2005
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ 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 ~~/does not*~~ (*delete one*) give a true and fair view of the matters disclosed.

Sign here:

Company Secretary

Date: 29 July 2005

Print name:

ROWAN CAREN

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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