

BOUNTY OIL & GAS NL

ABN 82 090 625 353

REPORT TO SHAREHOLDERS FOR THE QUARTER ENDED 31 March 2004

ACTIVITY HIGHLIGHTS

Bounty Raises \$1.99M in Share Purchase Plan

Bounty Acquires 3,460 Km Of 2D Seismic Offshore Sydney And New Zealand.

Bounty Sells Interest In Woodada Gas Field

Bounty To Drill At Least Four Prospects Within The Next 12 Months

PROJECT	Bounty Interest	Potential Recoverable Reserves	Comments
Nyuni-1 (Offshore Tanzania)	10%	Unknown	Currently Evaluating
Okuza-1 (Offshore Tanzania)	10%	100 mmbo or 390 Bcf	Commitment to drill after Nyuni-1
Offshore Perth Basin	10%	Up to 80 MMBO in place	One to three wells to be drilled late 2004 based on new 3D seismic.
Biggus-1 (Sydney Basin)	25%	1.2 Tcf	Adjacent to Australia's largest gas market. Drilling in late 2004

Tanzania

A sidetrack (Nyuni-1A) was drilled from the Nyuni-1 wellbore to correct deviation problems. Nyuni-1A was drilled to a Total Depth of 3905m. Wireline logging was undertaken at TD and pressure and sample testing is underway.

Offshore North Perth Basin

Processing of the MaryAnn 2D and the Vicki-Angela 3D seismic surveys is complete. And interpretation is underway. Up to three exploration wells are planned for late 2004.

Onshore North Perth Basin

Bounty has sold its 25% interest in the Woodada Gas Field to Arc Energy for \$350,000 cash.

Offshore Sydney Basin

Acquisition of 1,460km of 2D seismic has been completed. Processing and interpretation will take three months. The seismic will be used to define a drilling location for one exploration well (Biggus-1) currently planned for late 2004. Bounty is free carried through the seismic and the well through a farmout to Electro Silica Plc. They will earn a total of 75% interest in the permit for funding this program.

Great South Basin, New Zealand

Acquisition of 2,000km of 2D seismic in PEP 38215 has been completed. The acquisition (including processing and interpretation) has been funded by Electro Silica Plc. They are earning a 25% interest by funding the seismic, and will earn an option to drill an exploration well to earn a further 50%.

GAS PRODUCTION

Gas production from the Woodada Gas Field for the two months of the March 2004 quarter, until the assets were sold on 1 March 2004, were 219,248 GJ (216,540 MMscf) of natural gas and 174bbbls of condensate for sales to contracted customers. Average daily production of natural gas for the quarter was 3,654 GJ/d (3.446 MMscf).

Sales made to industrial customers in the Perth region from the Woodada Gas field were 323,002 GJ (319,013 MMscf) of natural gas for January and February 2004. Additional gas was purchased under a purchase agreement with Origin Energy Developments Limited and CMS Gas Transmission of Australia to meet sales contract levels.

REVIEW OF OPERATIONS

Offshore Tanzania

Nyuni Block (Bounty 10%)

A sidetrack (Nyuni-1A) was drilled from the Nyuni-1 wellbore to correct deviation problems.

Nyuni-1A was drilled to a Total Depth of 3905m. Wireline logging was undertaken at TD and pressure and sample testing is underway at the time of writing.

With the exception of two Songo Songo delineation wells, no drilling has taken place in the Nyuni block. Nine play types have been recognised in the permit area – two of which are productive in the Songo Songo field and one of which has exhibited shows in the field. The remainder remain untested to date. A total of 12 prospects and leads are mapped, of which 9 are structural in nature.

Adjacent to the permit is the Songo-Songo gas field, which contains 590 BCF (proved and probable) of recoverable gas. The proven reserves are contracted to the Ubungo Power Plant. A 12" pipeline (105 mmcfgd uncompressed) from the field to shore has been completed and a 16" (120 mmcfgd) pipeline up to Dar-Es-Salaam is under construction and is due for completion in late 2004. This

means that if gas is encountered at Nyuni or Okuza, there is relatively easy access to local gas markets.

Offshore Sydney Basin

PEP-11 (Bounty 75% and Operator)

Acquisition of 1,460km of 2D seismic has been completed. Processing and interpretation will take three months. The seismic will be used to define a drilling location for one exploration well (Biggus-1), currently planned for late 2004.

Bounty has farmed out a 25% interest in PEP 11 to UK company Electro Silica Plc in return for Electro Silica funding 100% of the costs of 1,500km of 2D seismic. Electro Silica will earn an additional 50% by funding 100% of the costs of drilling of an exploration well within the permit.

The acquisition of the seismic was completed in February. Processing and interpretation of the seismic is expected to take 3 months. Bounty is presently investigating rig availability, with a view to now drilling in December this year.

Bounty has been free carried through the seismic and will also be carried through the drilling, which is expected to commence late 2004. By funding both of these programs, Electro Silica will earn an aggregate 75% in PEP 11.

PEP 11, in the Offshore Sydney Basin, is situated immediately adjacent to the heavily populated and industrialized central coast of New South Wales, Australia. No drilling has taken place in the basin, despite a significant number of wells drilled in the adjacent onshore Sydney Basin, which have flowed gas or encountered oil shows.

Covered by permit PEP 11, a 200 kilometre long, 8,267km² permit, the Offshore Sydney Basin is a significant under-explored exploration area; with large scale structuring and potentially multi-Tcf gas and condensate-charged Triassic and Permian reservoirs. Mapped prospects and leads are generally located less than 50 kilometres from Australia's largest energy market, the Sydney-Wollongong - Newcastle greater metropolitan area - a population centre of approximately 5 million people.

Bounty has identified a large target located in the northern sector of the permit in an average of 125 metres of water. This structure is situated on the crest of the Offshore Uplift on a thrust anticline. With a closure of over 120km², the feature has potential to hold up to 1.2 Tcf of recoverable gas.

Bounty has completed reprocessing of seismic and aeromagnetic data to mature the mapping in the area. In addition, the prospectivity of the northern sector of the permit has been further enhanced by the confirmation of the presence of apparent hydrocarbon seeps. Originally detected on 1996 satellite imagery, a repeat analysis of 1998 and 2001 images again identified apparent seeps directly over the main prospect. The total depth of a well to test this prospect would be approximately 1,500 metres.

The PEP 11 Joint Venture is comprised of Bounty Oil & Gas NL (75%) and Electro Silica Plc (25.0% - earning).

Great South Basin, New Zealand

PEP 38215 (Bounty 26.25% and Operator)

Acquisition of 2,000km of 2D seismic in PEP 38215 has been completed.

The Joint Venture has farmed out 25% interest in PEP 38215 to UK company Electro Silica Plc in return for Electro Silica funding 100% of the costs of acquiring, processing and interpreting 2,000km of 2D seismic. The acquisition has now been completed and data processing

is underway.

Previous reprocessing and reinterpretation of over 6,200km of seismic over the permit confirmed the presence of a number of large untested structures. It also allowed Bounty to assign probable recoverable reserves of 0.9 Tcf and possible recoverable reserves of 2.2 Tcf of gas in the Toroa structure. The Toroa-1 well was drilled by Hunt International Petroleum in 1976. Methanex has supplied Bounty with an Expression of Interest indicating that they would seriously consider entering into a long term gas contract if sufficient gas reserves could be proven and delivered under agreeable commercial terms.

The PEP 38215 Joint Venture is comprised of Bounty Oil & Gas NL (26.25%), Hardman Resources Pty Ltd (41.25%), Albatross Energy Pty Ltd (7.5%) and Electro Silica (25% - earning).

Offshore Perth Basin

WA-325-P and WA-327-P (Bounty 10%)

Processing of the MaryAnn 2D and the Vicki-Angela 3D seismic surveys is complete. And interpretation is underway (Bounty 10%). Up to three exploration wells are planned for late 2004.

Processing of the 825km MaryAnn 2D seismic survey and the 660 sq km Vick-Angela 3D seismic survey has been completed and interpretation is underway. The Joint Venture is presently securing a rig to undertake a drilling program of between one and three wells. Due to rig scheduling, the drilling is not likely to commence prior to October 2004.

The WA-325-P and WA-327-P Joint Ventures are comprised of Bounty Oil & Gas NL (10%), Roc Oil (WA) Pty Ltd (37.5% and operator), Apache Energy Ltd (37.5%, earning), Voyager Energy Ltd (10%) and Wandoo Petroleum Pty Ltd (5%).

Onshore Carnarvon Basin

EP 412 (Bounty 65%)

Bounty is finalising discussions with Rough Range Oil Pty Ltd on how to proceed in this permit. Rough Range Oil Pty Ltd has been unable to fulfill its commitment 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).

Vulcan sub-Basin

AC/P25 (Bounty 5%)

Bounty Oil & Gas NL (Bounty) farmed out 95% interest in this permit. Under the terms of the agreement, Bounty will assign a 95% interest in the permit to Hardman Resources Limited in return for \$50,000 cash and a carried interest through the acquisition of 400km of 2D seismic by 25 October 2004.

The AC/P25 Joint Venture is comprised of Bounty Oil & Gas NL (5%) and Hardman Resources Limited (95%).

AC/P32 (Bounty 26%)

Following discussions with the Joint Authorities, the ACP/32 Joint Venture is contemplating a 125km 2D seismic survey within the permit.

Following discussions with the Joint Authorities, the ACP/32 Joint Venture is contemplating a 125km 2D seismic survey within the permit. A final decision regarding the survey is pending. The AC/P 32 Joint Venture is comprised of Bounty Oil & Gas NL (26%), OPIC (25.0%), Westranch Holdings Pty Ltd (49% and operator).

Bonaparte Basin

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

Bounty has purchased 1325 km of existing 2D seismic in the permit and surrounding areas and is presently reprocessing an additional 320 km of data. The data will be interpreted and mapped as part of the ongoing technical studies.

Mongolia (Bounty 5%)

Electro Silica Oil & Gas NL has invited Bounty to participate in its Mongolian exploration project. The arrangement free carries Bounty through the acquisition of the initial seismic and the drilling of one well in each of Electro Silica's four Mongolian licensed exploration blocks.

The initial acquisition of 2000km of 2D seismic is scheduled to commence in June 2004 over two of the blocks.

The four exploration blocks cover an area of over 150,000 km². Regional reserves are unknown because of the lack of modern seismic data, but proven producing basins surrounding Mongolia contain over 17 billion barrels of oil. This seismic survey may confirm whether any of these plays extend into the unexplored basins.

BOUNTY OIL & GAS NL

TOM FONTAINE

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

82 090 625 353

Quarter ended ("current quarter")

31 March 2004

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (..9... months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	420	940
1.2 Payments for:		
(a) exploration and evaluation	(741)	(1,775)
(b) development	-	-
(c) production	(354)	(701)
(d) administration	(100)	(283)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	10	22
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
	(765)	(1,797)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(2)
1.9 Proceeds from sale of:		
(a) prospects	500	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
	500	(2)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(265)	(1,799)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(265)	(1,799)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	2,150	1,350
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Share issue costs	(115)	(104)
	Net financing cash flows	2,035	1,246
	Net increase (decrease) in cash held	1,770	(553)
1.20	Cash at beginning of quarter/year to date	474	1,027
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,244	474

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	44
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Consulting fees paid to Directors and related entities

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

-

+ 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	250
4.2 Development	150
Total	400

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	2,021	-
5.2 Deposits at call	223	474
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,244	474

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	TP/15	direct	5%	-
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	106,382,883	106,382,883	-	-
7.4 Changes during quarter				
(a) Increases through issues	779,130	779,130	-	-
(b) Decreases through returns of capital, buy-backs	13,750,000	13,750,000	-	-
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>Exercise price</i>	<i>Expiry date</i>
Unlisted	3,400,000	-	20 cents	01/09/08
Unlisted	300,000	-	20 cents	30/11/04
Unlisted	7,000,000	-	30 cents	30/11/05
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	779,130	779,130	20 cents	30/01/04
7.10 Expired during quarter	24,109,258	25,109,357	20 cents	30/01/04
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 give a true and fair view of the matters disclosed.

Gary Steinepreis
Company Secretary
April 2004

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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