



# **BOUNTY OIL & GAS NL**

ABN 82 090 625 353



## **Report To Shareholders For The Quarter Ended 31 March 2005**

### **ACTIVITY HIGHLIGHTS**

**One offshore Vulcan Basin Well scheduled for August**

**Two onshore wells planned for Utopia Oil field**

**Up to two offshore Perth Basin Wells scheduled for September**

**Rapid growth potential for White Sands Petroleum.  
Bounty owns 25%**

#### **Vulcan Sub-Basin**

Two new partners farmed into AC/P32 to drill the Magnolia prospect (estimated mean recoverable 85 MMbo). AWE agreed to fund 15% of the well cost to earn 10% and Coogee Resources has agreed to fund 27.5% of the well cost to earn 20%. Bounty retains 10.4% interest in the well. A commitment has been made to contract the Ocean Bounty to drill this prospect. Drilling is expected to commence in August 2005.

#### **Utopia Oil Field**

Bounty has purchased a 40% interest in the Utopia Oil Field in ATP 560P in southwest Queensland. The field is estimated to contain 2.86 million barrels of recoverable reserves (P50) and is currently producing 45 barrels of oil per day. The ATP 560P joint venture is planning to drill at least two wells in the field this year.

#### **Offshore Perth Basin**

The Hadda well drilled in WA-325-P in March confirmed the presence of oil in the permit, however it was non-commercial due to poor reservoir quality. A follow up well, Flying Foam (estimated mean recoverable 21 MMbo) is currently scheduled to be drilled WA-327-P in September 2005. A third well, Blue Jacket (estimated mean recoverable 22 MMbo) may also be drilled at this time.

#### **White Sands Petroleum (25% owned by Bounty)**

The White Sands Petroleum ("WSP") state-of-the-art rig arrived in Queensland from Norway in April. The rig is currently being prepared for drilling operations, and will be ready to drill in May. WSP is negotiating a number of drilling projects, in most of which it will earn an equity interest. Firm projects to date include:

- Five Cooper basin wells for Eagle Bay Resources / AuDAX. WSP will be earning 10% interest in the permit, and the option to drill 6 additional wells.
- Three wells in the Perdirka basin to earn 15% interest. This is subject to the farmout company raising the funds for drilling.
- One well in Queensland ATP 333P to pay 100% to earn 60%. WSP is currently negotiating to farmout the drilling costs and to retain 20%.

WSP is negotiating a number of additional deals which will be announced as they are completed.

## REVIEW OF OPERATIONS

### Vulcan sub-Basin

#### AC/P32 (Bounty 10.4%)

The AC/P 32 joint venture has signed a Letter of Intent to commit to the Ocean Bounty drilling rig to drill the exploration well Magnolia-1. The Magnolia prospect has estimated mean recoverable reserves of 85 MMbo. The current scheduling of the Ocean Bounty indicates that Magnolia-1 will be drilling in August 2005.

The Magnolia prospect has attracted the interest of a number of companies who have recently farmed in.

- November 2004, Adelphi Energy (a subsidiary of Arc Energy) farmed into the permit by agreeing to fund 37.5% of the exploration well and some seismic costs to earn 25% interest in the permit.
- March 2005, Coogee Resources farmed into the permit agreeing to fund 27.5% of the exploration well and some seismic costs to earn 20% interest in the permit.
- April 2005, Australian Worldwide Exploration (AWE) farmed into Adelphi's interest under the same terms as their farmin. AWE will fund 15% of the well to earn a 10% interest in the permit.

As a result of these farmouts, Bounty retains 10.4% interest in the permit, and only has to fund 0.64% 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 AWE (10%).

#### Utopia Oil Field (Bounty 40%)

In December 2004, Bounty purchased from Nuenco NL a 40% interest in the Utopia Oil Field in ATP 560P in southwest Queensland. The field is estimated to contain 2.86 million barrels of recoverable reserves (P50) and is currently producing 45 barrels of oil per day. In consideration for the interest, Bounty issued to Nuenco 7 million fully paid shares in Bounty, and paid \$750,000 cash. The ATP 560P joint venture is planning to drill at least two wells in the field this year.

### Offshore Perth Basin

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

Hadda-1 (WA-325-P) was drilled by the Ensco 56 rig at the end of March 2005. The wireline logs indicated 20 metres of oil saturated sandstone. Unfortunately, the target sandstone did not have sufficient permeability/porosity to flow oil so the well was plugged and abandoned. As part of its risk management philosophy, Bounty farmed down 2.5% of its interest prior to drilling, so Bounty only paid 5% of the well cost and retained 7.5% interest. The indications confirmation of oil at this location is extremely encouraging, and the Joint Venture will drill at least one more well in the area later this year.

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%).

### **AC/P25 (Permit Dropped)**

The 425km Rufus 2D seismic survey in AC/P 25 was completed in August. After processing and interpretation, the Joint Venture decided to drop the permit.

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

### **Offshore Sydney Basin**

#### **PEP-11 (Bounty 100% and Operator)**

Processing of new seismic is complete. The seismic will be used to define a drilling location for one exploration well (Biggus-1).

Permitting for planned drilling, including community consultations, is continuing.

Due to non-performance of farmin partner Electro Silica, Bounty is currently seeking additional farmin partners.

The PEP 11 Joint Venture is comprised of Bounty Oil & Gas NL (100%).

### **Great South Basin, New Zealand**

#### **PEP 38215 (Bounty 90% and Operator)**

Processing of 2,000km of 2D seismic in PEP 38215 is complete.

Crown Minerals have not agreed to our requests for an extension to the time allowed to complete our mapping and to drill in the permit and have given notice that they are contemplating possible revocation of the permit. Bounty has provided a detailed response to this notice. 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.

A favourable decision by the Ombudsman will be necessary to retain the permit long enough to fulfil the permit obligations. If an extension can be obtained, it is possible that a suitable rig can be mobilised into the permit area by early to mid 2006.

Due to non-performance of farmin partner Electro Silica, Bounty is currently seeking additional farmin partners. Hardman Resources has decided to withdraw from the permit.

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

### **Bonaparte Basin**

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

Recent remapping by Bounty has matured a number of attractive prospects and leads in the permit. Bounty is planning to undertake a minimum 250 km seismic program by July and is now seeking a farmin partner to join in the program.

## **Onshore Carnarvon Basin**

### **EP 412 (Bounty 65%)**

The EP 412 Joint Venture has been granted a renewal of EP 412. 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 (Bounty 10%)**

The Tanzanian government has approved a renewal work program that will involve additional technical studies, including a 400 km seismic acquisition program this year, with a view to drilling an exploration well in 2006.

The Joint Venture's first well, Nyuni-1/1A, was suspended after recurring mechanical failures of testing equipment. The well had been drilled to a depth of 3905m and had consistent shows of oil and gas in the Lower Cretaceous and Upper Jurassic Formations.

Bounty has the option to pay its way through the work program and the drilling of the next well, and retain 10%, 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.

## **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.

Name of entity

Bounty Oil & Gas NL

ACN or ARBN

090 625 353

Quarter ended ("current quarter")

31 March 2005

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (.9..... months) \$A'000
1.1 Receipts from product sales and related debtors	29	29
1.2 Payments for (a) exploration and evaluation	(265)	(1,220)
(b) development		
(c) production		
(d) administration	(147)	(441)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	29	49
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(354)</b>	<b>(1,583)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	(750)	(750)
(b)equity investments		
(c) other fixed assets	(2)	(2)
1.9 Proceeds from sale of: (a)prospects	229	229
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities	(1,514)	(1,514)
1.11 Loans repaid by other entities	75	75
1.12 Other (provide details if material)		
Cash acquired upon purchase of JV interest	43	43
<b>Net investing cash flows</b>	<b>(1,919)</b>	<b>(1,919)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(2,273)</b>	<b>(3,502)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(2,273)	(3,502)
	<b>Cash flows related to financing activities</b>		
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)		
	Cost of Issue	(64)	(231)
	<b>Net financing cash flows</b>	<b>(64)</b>	<b>3,270</b>
	<b>Net increase (decrease) in cash held</b>	<b>(2,337)</b>	<b>(232)</b>
1.20	Cash at beginning of quarter/year to date	3,524	1,419
1.21	Exchange rate adjustments to item 1.20	3	3
1.22	Cash at end of quarter	1,190	1,190

**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	79
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

**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

Issued 7m shares pursuant to acquisition of 40% of Utopia

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

Incoming party paid a total of \$229k and funded half of Bounty's drilling costs to acquire a 2.5% interest in WA-325-P and WA-327-P

+ 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	517
4.2 Development	
Total	517

### 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	963	3,299
5.2 Deposits at call	227	225
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,190	3,524

### 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	WA-325-P	Permit	10%	7.5%
	WA-327-P	Permit	10%	7.5%
	AC/P32	Permit	26%	10.4%
	AC/P25	Permit	5%	Nil
6.2 Interests in mining tenements acquired or increased	Utopia	JV interest	Nil	40%
	PEP38215	Permit	35%	90%

+ 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	7,000,000	7,000,000	\$0.115	
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 Law or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

..... Date: 28 April 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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