

BOUNTY OIL & GAS NL

ABN 82 090 625 353

REPORT TO SHAREHOLDERS FOR THE QUARTER ENDED 31 MARCH 2002

ACTIVITY HIGHLIGHTS

Woodada Gas Field

- Bounty exercised its option to purchase 25% of the Woodada Gas Field on 19 February 2002.
- During the quarter, gas production has been maintained at a rate of approximately 3.5 million cubic feet per day.
- Drilling of the Woodada 17 and its sidetrack Woodada 18 well early in the quarter were unsuccessful due to stuck pipe.
- Woodada 19 started drilling 12 April 2002. It will drill through the known producing gas zone to access additional gas reserves, and it will test deeper oil and/or gas targets not previously tested in this field.

Queensland:

- Bounty has completed technical studies, which confirm the potential for additional oil recovery from Thomby Creek field in PL18. Bounty has committed to drill either a horizontal well or a vertical well in this field by third quarter 2002.

North Perth Basin:

- The discovery of significant oil reserves in the Cliff Head 1 and 2 wells has considerably upgraded the prospectivity of Bounty acreage at TP/15. The TP/15 joint venture is planning to drill one or two wells in TP/15 in first quarter 2003.
- Bounty, as part of a Joint Venture, has made an Application to acquire additional acreage in this area. The Application was made on 11 April 2002 and the result of the Application is expected within three to six months.

New Zealand

- The New Zealand Ministry of Economic Development has agreed to Bounty's request to increase the size of the Great South Basin Petroleum Exploration Permit (PEP) 38215 by approximately 17%. The extension, which increases the size of the permit from 11,641 square kilometres to 13,614 square kilometres, is the result of technical work performed by Bounty.

Sydney Basin

- Bounty has completed significant technical work to improve the prospectivity of the Baleen prospect, located less than 100 kilometres from the highly lucrative Sydney gas market. This work has included, specialised seismic reprocessing and interpretation, geological modelling, state of the art aeromagnetic reprocessing and landsat seep interpretation.

This report summarises the activities of Bounty Oil & Gas NL during the quarter ended 31 March 2002.

GAS PRODUCTION

During the March quarter the Woodada Gas Field produced 317,327 Gj of natural gas and 225 bbls of condensate for sales to contracted customers. The average daily production of natural gas for the quarter was 3,525 Gj per day (3.5 million cubic feet per day).

Total gross sales to industrial customers were 485,045 Gj of natural gas for the quarter. Additional gas was purchased under an agreement with ARC Energy NL to meet sales contract levels.

Gross revenue from gas sales for the quarter was \$1,430,041 and net profit after field operating costs was \$97,299.

REVIEW OF OPERATIONS

Onshore Western Australia: Woodada Gas Field

The Minister for State Development of Western Australia approved the Option Deed between Bounty Oil & Gas NL and Hardman Oil and Gas Pty Ltd on 24 January 2002. Bounty exercised its option to purchase 25% of the Woodada Gas Field on 19 February 2002. The purchase included a 25% share in two production licenses (PL4 and PL5), the gas treatment and handling facilities and the existing sales contracts. The Woodada Gas Field is located 280 kilometres north of Perth and is connected via the Parmelia Pipeline to customers in the Perth area.

The Woodada Gas Field has produced over 45 BCF (billion cubic feet) of gas since 1982 at rates up to 20 MCFD (million cubic feet per day). Current production is about 3.6 MCFD from seven wells.

Bounty is providing the technical and operational management for the field. Bounty has reduced operating costs since it took over field management.

A high potential, low risk drilling location was determined following a detailed technical review of the field. At this location, seismic amplitude analysis indicates a thick section of the Carynginia Limestone, which is the main producing sand in the field. Woodada 17 was drilled in January 2002 to reach this target. Secondary targets for Woodada 17 were the High Cliff Sandstones and the Irwin River Coal Measures. Both of these zones are deeper than the Carynginia, and the Irwin River Coal Measures was the productive zone for the recent Cliff Head – 1 oil discovery offshore from the Woodada field. This well encountered drilling problems at 1,364 metres and the drill pipe became stuck. The pipe could not be freed and this drilled hole was cemented back to 904 metres.

A decision was made to use the Woodada 17 wellbore to drill to the deeper targets, the High Cliff Sandstones and the Irwin River Coal Measures. This well, Woodada 18, again encountered drilling problems. The drill pipe became stuck at 2,024 metres and could not be freed. The well was plugged and abandoned on 14 January 2002 without reaching any of its targets.

After a review of drilling operations, the Woodada 19 well was planned to evaluate all three targets. This well commenced drilling 12 April 2002. This well has the potential to significantly increase the gas reserves, gas deliverability and project cash flow.

Onshore Queensland: PL18 and PL40

The Joint Operating Agreement between Bounty Oil & Gas NL and Delbaere Associates Pty Ltd and Brisbane Petroleum NL for the production licenses PL40 was registered with the Queensland Government on 8 February 2002. Registration of the PL18 agreement is expected in May 2002. The PL18 agreement gives Bounty the right to earn 50% of the permit interest by drilling two horizontal wells or three vertical wells. The PL40 agreement gives Bounty the right to earn 50% of the permit by drilling one vertical well. For each well drilled, Bounty earns 85% of the production revenue from the well until the well costs are paid out.

PL18 and PL40 are located in the Surat Basin Queensland. There are two proven oil fields on PL18 and one on PL40. Less than 5% of the oil in place has been recovered from the Yellowbank Creek and Thomby Creek fields on PL18. These fields are similar to a large number of fields in Canada that typically recover over 10%.

Considerable technical analysis of the potential of PL18 has been undertaken. This analysis has included: Petrophysical review, geophysical interpretation of seismic data and reservoir engineering analysis including numerical simulation. This work has confirmed that there is potential for additional oil recovery from the oil fields in PL18. Bounty has committed to drilling a well on PL18 by third quarter 2002. This well will likely be in Thomby Creek where less than 2% of the estimated 3.88 million barrels of oil in place has been produced. Technical analysis has indicated that there may be potential to dramatically increase production rates by using a horizontal well.

A similar technical review is currently underway on PL40.

Onshore Western Australia: EP 104

The farmin agreement for EP104 was registered with the Department of Mineral and Petroleum Resources of Western Australia on 13 February 2002. This agreement gives Bounty the right to earn up to 60% of the EP104 permit by drilling a well.

Bounty has undertaken a technical review, including petrophysical analysis, geophysical analysis and a sedimentological review. The data for this permit has not previously been analysed using all these state of the art techniques. The results, although encouraging, were not definitive. Bounty has reduced its commitment in this permit. Bounty has committed to 20% of the cost of drilling a well to earn 12% interest in the permit.

The permit has at least two significant exploration prospects. The Point Torment Prospect has estimated recoverable reserves of 5.2 – 34.4 million barrels of oil in the Unit “B” and “C” sands, and 9.3 – 33.5 Bcf gas in the Unit “A” sand. The Valentine Prospect has estimated recoverable reserves of 200 million barrels of oil or 1.2 Trillion cubic feet of gas.

Offshore Perth Basin: TP/15

The TP/15 permit is an offshore Perth Basin permit located approximately 325 kilometres north of Perth, Western Australia. The permit is adjacent to WA-286-P where the Cliff Head discovery was drilled in December 2001. Cliff Head is estimated to contain between 80 and 100 million barrels of oil.

The Cliff Head discovery is the first unequivocal demonstration that there is a working petroleum system in this part of the offshore Perth Basin, capable of generating and entrapping significant quantities of oil. Technical analysis indicates that TP/15 contains very similar structures to Cliff Head. As a result of these analyses, the TP/15 Joint Venture has agreed to drill up to two offshore wells in the permit (one firm, one contingent). The wells will be drilled during the same drilling program planned for WA-286-P (two firm, three contingent).

There is a high degree of confidence in discovering additional oil in the area. This is apparent optimism is underpinned by the extensive drilling commitment (three firm, four contingent), planned by the eight companies involved in the two joint ventures in the region. Bounty has 10% of TP/15. Drilling will most likely commence first quarter 2003 with exact timing being dependant on rig availability.

Bounty was evaluating offshore acreage near Cliff Head. On 11 April, as part of a Joint Venture, Bounty made an application to acquire acreage in this area. The result of the application is expected within three to six months.

Offshore Great South Basin, New Zealand: PEP 38215

Petroleum Exploration Permit (PEP) 38215 in the Great South Basin (GSB) is located on the northern end of the Campbell Plateau off the southeast coast of New Zealand. The large permit (11,641 square kilometres) was awarded on 23 August 2001. Bounty has 33.75% interest and is the operator of the permit.

The New Zealand Ministry of Economic Development granted an application to extend the area of PEP 38215 by approximately 17%. This increases the size of the permit from 11,641 to 13,614 square kilometres. The application for extension was a result of Bounty's technical review that showed that some of the potential leads extended outside of the existing permit area. A previously published paper indicates over 4.0 Billion barrels of oil are potentially recoverable in this permit.

Previous drilling in the region has established both the presence of an active hydrocarbon generating system and good reservoirs. Hydrocarbon potential is evident from nearby wells. The Toroa-1 well (drilled 1976) to the north of the permit encountered over 350 metres of oil and gas shows within the Upper Cretaceous. The Pakaha-1 well at the southern margin of the Central Graben encountered good hydrocarbon shows within the uppermost Cretaceous section. Seismic interpretation reveals a number of untested structures that lie within the main depocentre of the Central Graben.

Advanced seismic reprocessing of the data commenced in late February 2002, and results will be available late April 2002. Preliminary results have shown that the reprocessing improves the quality of the seismic data in the permit, and this will improve our ability to determine the best

prospects for future drilling. Once prospects are clearly defined, Bounty proposes to farm them out for drilling, thereby reducing the financial risk to Bounty.

Offshore Sydney Basin, NSW: PEP 11

PEP 11 is located approximately 10 kilometres from Sydney, NSW. The permit covers approximately 8,136 square kilometres and lies immediately offshore, in state territorial waters. On 12 February 2002 the NSW Department of Mineral Resources approved the transfer of interest of PEP 11 to Bounty. Bounty has committed to a work program that will earn 50% interest in the permit.

The offshore Sydney Basin play is a potential low cost alternative gas supply for Sydney compared to numerous remote projects currently proposed. The presence of gas and oil seeps in boreholes, wells and coalmines onshore indicates that there may be commercial hydrocarbon potential.

Considerable technical work has been undertaken in the first quarter. Advanced seismic reprocessing has improved the quality of the seismic data. Geological modelling has shown that there is a feasible model for hydrocarbon generation and trapping. Specialised aeromagnetic reprocessing has improved the geologic understanding, and shown that some of the fault orientations are different than had been interpreted by previous companies. Bounty's understanding of the permit has significantly improved, and it continues to be an attractive area for potential development. Bounty proposes to farm out some of the acreage for drilling, thereby reducing the financial risk to Bounty.

Offshore North West Shelf, WA: WA-310-P

WA-310-P permit was granted by the Department of Minerals and Energy Western Australia on 21 August 2001. Bounty has 50% interest in this permit. The permit is located approximately 60 kilometres north of the port of Dampier. It covers an area of 1,840 square kilometres.

The permit is less than 90 kilometres from numerous known oil and gas fields, including the North Rankin, Perseus and Angel gas fields and the Lambert, Hermes, Wanaea, Cossack, Stag, Wandoo and Legendre oil fields. The proximity of the permit to infrastructure adds to the possibility that any new discoveries will quickly proceed to development.

Three prospects have been identified on this permit. Interpretation of reprocessed seismic data has recently commenced. The objective of this work is to more accurately determine the viability of these existing prospects and to identify any additional prospects. This work is expected to be complete by third quarter 2002. Once the prospects have been identified, Bounty proposes to farm them out for drilling.

BOUNTY OIL & GAS NL

TOM FONTAINE
MANAGING DIRECTOR

29 April 2002

CORPORATE DIRECTORY

Directors

Ted Ellyard	Non-executive Chairman
Tom Fontaine	Managing Director
Ken Russell	Non-Executive Director
Kim Gardiner	Non-Executive Director
Gary Steinepreis	Company Secretary

Capital

At 31 March 2002

Fully paid shares: 53,893,000 (ASX code BUY)

Listed options: 24,937,000 (ASX code BUYO) 20 cents exercise price, 30 January 2004
expiry

Unlisted options: 5,500,000 30 cents exercise price, 30 November 2003
200,000, 30 cents, 5 February 2003

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.

FOR FURTHER INFORMATION PLEASE CONTACT

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