



AMITY OIL LIMITED

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31 July 2003

QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2003

HIGHLIGHTS

- **Quarterly Gas Sales Increase 14%**
Turkish Gas Sales for the quarter averaged 14.2 mmcf/d, a 14% increase on the 12.5 mmcf/d of the previous quarter.
- **Cayirdere Gas Discovery**
Commercial gas discovery in Osmancik Formation. JV in-principle approval of early development of discovery with 2 appraisal/development wells, surface facilities and pipeline.
- **Adatepe Gas Discovery**
Commercial gas discovery in Danismen Formation, confirmed by 13.5mmcf/d gas flow from test on 5 June 2003. TPAO has informally approved immediate development, with a pipeline, surface facilities and 2 appraisal/development wells.
- **Yesiltepe-1**
Officially spudded on 26 May 2003 to preserve rights in 5 licences. Resumed drilling on 24 June 2003. Successfully farmed out 20% for 40% of well cost and 40% of seismic cost.
- **Licence to Commercially trade gas in Turkey**
The Energy Marketing Regulatory Authority of Turkey has granted Amity a Wholesale Gas Licence. As the holder of a Wholesale Gas Licence, Amity is able to not only market its own gas, but is entitled to buy additional gas from other sources to market to Free Consumers.
- **Amity sells its Drilling Rig in Turkey**
Amity negotiated the sale of its Ideco Rambler mobile drilling rig to Dynamic Drilling and retains the right of first call at competitive rates for 3½ years. The sale represented a profit of A\$800,000.
- **EP 408, Whicher Range**
Farmout to KNOC and Seoul City Gas was signed on 30 April for 20% and 15% respectively. A drilling services contract has been signed, with a commencement date of 10 September 2003.
- **New CEO – Howard McLaughlin**
Mr. McLaughlin is an Australian with 25 years experience in the petroleum industry, of which the past 20 years has been working with BHPBilliton (BHP). Mr. McLaughlin's most recent position was as Vice President of Global Exploration based in Houston Texas.

1. CORPORATE OVERVIEW

1.1 OPERATIONS

The June 2003 quarter has again seen Amity grow and consolidate its commercial gas operations in Turkey. Gas sales increased from an average of 12.5 mmcf/d in the March quarter to an average of 14.2 mmcf/d in the quarter to the end of June 2003.

Amity's cash receipts from gas and condensate sales for the quarter was \$4.91 million, compared to \$5.05 million last quarter.

14 Velimese customers are now connected, most awaiting the Stage 2 plant upgrade. Adatepe and Cayirdere discoveries will enable us to increase sales initially by about 15 mmcf/d.

The fifth well, Yesiltepe-1, of the planned 9 well Turkish drilling program for calendar 2003 was spudded during this quarter. The first four wells Gocerler-4, Gocerler-5, Cayirdere-1, and Adatepe -1 have all been successful gas wells.

The final stage of construction of the gas plant upgrade is nearing completion.

The addition of a further 20 mmcf/d TEG dehydration capacity, a gas-gas heat exchanger, a condensate stabilisation tower and a field manifold, will allow gas production up to 30 mmcf/d.

2. REPUBLIC OF TURKEY

2.1 GOCERLER GAS PROJECT - THRACE JOINT VENTURE (AMITY 50%, OPERATOR)

The Gocerler gas project is located in Area "A" of the Thrace Joint Venture. The Thrace Joint Venture participants are Amity (50%) and the Turkish Government-owned Turkiye Petrolleri A.O. (TPAO) (50%). Amity is the Operator of Area "A".

Gas Sales and Marketing

During the quarter, the Joint Venture sold a total of 1279.4 million standard cubic feet (36.3 million standard cubic metres) of gas and 7945 barrels of condensate. Sales jumped 14% from an average of 12.5 million standard cubic feet per day in the last quarter to an average of 14.2 million this quarter.

The majority of Joint Venture gas sales to date are directly to independent electric power producers. To diversify to other industrial customers, Amity, on behalf of the Joint Venture, has signed an agreement with an established Turkish energy-marketing group, Tamgaz, to market Gocerler gas into that group's extensive client network. So far, 15 contracts have been signed to deliver some 5.6 million standard cubic feet per day gas to mostly textile factories. Apart from access to new industrial customers, the Tamgaz agreement has significant operational and commercial advantages for the Joint Venture.

The gas market in Thrace is very large and not fully supplied. Thrace is the region between the mega-city of Istanbul in the East, and the western border of Turkey. It includes numerous industrial areas, several regional cities with populations up to 1 million, and many smaller towns and villages, all in a fertile rural setting. The population of Thrace, including greater Istanbul, exceeds that of Australia. The Gocerler gasfield is centrally located in Thrace.

Licence to Commercially trade gas in Turkey

The Energy Marketing Regulatory Authority of Turkey has granted Amity a Wholesale Gas Licence. As the holder of a Wholesale Gas Licence, Amity is able to not only market its own gas, but is entitled to buy additional gas from other sources to market to Free Consumers. (Free Consumers are defined in the Natural Gas Market Law as electricity generators and co-generators and any other consumers purchasing more than one million cubic metres of gas per year).

Velimese Pipeline Network

The first Velimese gas customer started up on 19 March 2003 and 5 more were taking gas by 22 May.

Turkish Gas Prices

Turkey is a major gas market, consuming some 1,700 million cubic feet per day. Long pipelines from Russia and Iran deliver around 97% of Turkish gas imports. A new import pipeline crossing the Black Sea from Russia is under construction and due for completion in 2003-4. When completed, gas will be more readily available, but prices are not expected to change significantly, due to the massive capital cost of the pipeline project and the take-or-pay contract system.

The Government Energy Marketing Regulatory Authority sets imported gas prices in Turkish currency each month. Prices are high by Australian standards. The 30 June posted price, converted to US dollars, for interruptible gas for power stations and industrial consumers was US\$5.45 (A\$8.11) per thousand standard cubic feet (mcf).

Joint Venture gas is sold at the posted interruptible price, less a negotiated discount.

Gas Processing Plant Upgrade

The plant operated throughout the quarter without shutdown.

Plant unit capacities are now:

- 30 mmcf/d through LT separators;
- 35 mmcf/d through conventional separators;
- 20 mmcf/d dehydration; and
- condensate storage 840 barrels.

The final stage of the plant upgrade is the addition of a further 20 mmcf/d TEG dehydration capacity, the installation of a gas-gas heat exchanger to improve plant efficiency and the installation of a condensate stabilisation tower and a field manifold. Construction is presently under way.

Gocerler Gas Field

The Gocerler-5 tie-in is completed, but will not be operational until the field manifold is installed, probably in June. This will not affect existing sales contracts.

A production lease over the Gocerler field has been applied for. When granted, the remaining Exploration Licence will revert to day one for exploration obligations.

2.2 THRACE JOINT VENTURE EXPLORATION (AMITY 50%)

Area A, Operated by Amity

On 5 June 2003, Adatepe-1 flowed gas on test at a stabilised rate of 13.5mmcf/d through a 40/64 inch choke at a flowing pressure of 1320 psi. The well is presently suspended awaiting production.

Area B, Operated by TPAO

TPAO have declared Cayirdere commercial with a 9 BCF reserve. They have recommended an immediate development plan of 2 wells, surface facilities and a 9 kilometre pipeline. They have also proposed a small 3D seismic survey. Amity has approved the program.

The Cayirdere-1 well is located about 33 kilometres southeast of the Gocerler Gasfield.

Cayirdere-1 reached a total depth of 907 metres on 26 April and encountered strong gas shows from 649 metres to 698 metres. Interpretation of wireline logs indicated the presence of a 19 metre gross gas column, from 649 metres to 668 metres in the target Osmancik Formation.

2.3 THRACE BASIN EXPLORATION LICENCE AR/AOI/3599 (AMITY 100%)

This petroleum exploration licence is located about 35 kilometres west of the Gocerler field and adjoins the city of Luleburgaz. The Hamitbat and Umurca gas fields are immediately north of the licence and the Hayrabolu field is to the south.

A gas prospect has been defined up-dip of the Pancarkoy-1 well. This appears to be a relatively low risk gas prospect of commercial size and shallow depth. It can be drilled at low cost and will be our first target in the licence.

This licence has a well commitment due in July 2003 and it is intended to move the rig here direct from the Adana area.

2.4 THRACE BASIN, EXPLORATION LICENCES AR/AOI/3629 AND 3630 (AMITY 100%)

These licences are located about 70 kilometres southwest of the Gocerler gas field and are lightly explored, with only two wells drilled and a few seismic lines, acquired many years ago. Processing of the 191.5 kilometres of 2D seismic data acquired on these licences has been completed and reprocessing of old seismic has also been completed. Mapping will follow shortly.

2.5 ELAs 3798, 3799 and 3800 Thrace Basin, Amity 100%

These licence applications have been granted. Compilation of existing exploration data is in progress.

2.6 ISKENDERUN BASIN, YESILTEPE-1 (AMITY 80%)

Amity presently holds five onshore exploration licences around the head of Iskenderun Bay, on the Turkish Mediterranean coast. The Iskenderun Bay coast is a major heavy industrial area with strong gas demand.

The basin geology is broadly similar to Thrace, with a proven active petroleum system in sediments of Tertiary age. There are no producing fields, but there are five non-commercial

oil and gas discoveries onshore in Amity's licences and one non-commercial oil field offshore. There are several active oil and gas seeps, including an area immediately north of Amity's licences, which began flowing oil after an earthquake in 1998.

Mapping of existing seismic defined several attractive structural leads, some associated with oil or gas shows in nearby wells. Amity completed a program of new 2D seismic designed to refine these leads into drilling targets in February 2003. Mapping of the new data confirmed a number of prospects, including the major Yesiltepe Prospect.

After spudding and suspending in May, drilling at the Yesiltepe-1 site resumed on 24 June. By 30 June, the well was drilling at 178 metres through hard basalts and conglomerates. At the date of this report the well was drilling ahead at 1,364 metres.

The Yesiltepe structure is a large domal structure, updip of the old Ada-1 and Mutalip-1 wells, which had significant gas shows. The structure is known as the Yesiltepe Prospect. Yesiltepe is a very attractive wildcat prospect with a most likely reserve potential around 270 bcf if gas is present.

During the quarter, Amity farmed 20% (10% each to Omax Resources and Krystal Corporation) for a portion of the well cost and past costs.

2.7 ADANA BASIN (AMITY 90%)

Amity currently holds four licences in this Tertiary age basin, which is adjacent to the Iskenderun Basin on the Mediterranean coast of southern Turkey. The Adana region has major industrial areas with strong gas demand and no local supply.

The geology of the basin is similar to the Iskenderun Basin, in that early Tertiary marine sedimentation and tectonics gave rise to excellent petroleum source rocks and a variety of structural and stratigraphic traps. There is one producing oil field and two old, undeveloped gas discoveries in the basin. There has been no onshore drilling in the basin for 14 years.

Amity remapped the existing mixed quality seismic and defined a number of attractive structural leads for follow-up new seismic.

Mapping has defined a number of structures and the Yuksekkoy structure has been selected as a drill target. The structure is a domal feature under evaporites. It potentially is an agal mound, but there are no wells in this part of the stratigraphy which can confirm the play type. Proposed TD is 1400 metres.

10% has been farmed out at a premium and a further 10% is likely to be farmed before drilling.

A three month well extension has been obtained.

2.8 HAYMANA-POLATLI AND CANKIRI BASINS (AMITY 100%)

Amity holds five exploration licences in the Haymana-Polatli Basin and four exploration licences in the Cankiri Basin.

Each licence is about 500 square kilometres. The licences are located onshore close to the national capital, Ankara. There is a population of about 10 million people within this region, which represents a large potential market.

Both basins have thick upper Cretaceous to Tertiary age sedimentary sequences and have potential for oil and gas in turbidite sands, algal carbonates and associated with thick evaporites. Compilation of data and data review is in progress.

3. AUSTRALIA

3.1 PERTH BASIN

Whicher Range Gas Field EP 408 (Amity 49.957%, - Operator)

The KP (Seoul City Gas Company and Korea National Oil Corporation) signed the agreements for the farmout on 30 April.

Joint Venture Interests:

Amity	47.957% (operator),
Korea National Oil Corporation	20.000%
Seoul City Gas Company Limited	15.000%.
Geopetro Resources Company	17.043%

EP 381 (Amity 67.412% - Operator)

The KP (Seoul City Gas Company and Korea National Oil Corporation) have an option to farm into EP 381.

EP(A) 8/96 and EP(A) 7/98-9 – North Perth Basin, WA

Amity has been conditionally awarded two Permits in the North Perth Basin to the south of the Woodada gas field. The areas are sparsely explored and have a very limited database. One of the areas has significant exploration potential, particularly for oil.

The final grant of the permits is conditional on negotiating an agreement with the Native Title Claimants.

3.2 COOPER AND EROMANGA BASINS

3.2.1 PEL 105 South Australia (Amity 33.34% - Operator)

The sale of this interest to Hughes and Hughes and Tri-C for A\$400,000 and a 2% royalty on one third interest, has reached signing point.

C099-F has now been granted to the applicants as PEL 105.

3.3 BONAPARTE BASIN

Amity is the operator and holds interests in EP 386 (76.5%) in Western Australia, RL-1 (85%) and EP(A) 74 (76.5%) in Northern Territory. These permits cover a large proportion of the onshore part of the Bonaparte Basin and some adjoining near-shore areas. The basin straddles the border between the Northern Territory and Western Australia.

The DIR has extended the permit EP 386 for 6 months to compensate for their delay in providing the data.

A review of the area is in progress with the objective of farming or disposal.

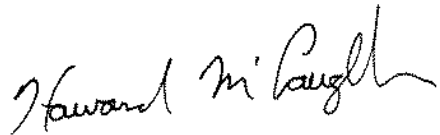
3.4 CARNARVON BASIN

3.4.1 PEP 325, Western Australia (Amity 5%)

Drilling of the Cooper prospect awaits farmout. A buyer has been sought for Amity's interest.

4. USA

The small remaining interests are up for sale.



H.M. McLAUGHLIN
Managing Director

31 July 2003

Appendix 5B
MINING EXPLORATION ENTITY QUARTERLY REPORT
AMITY OIL LIMITED ACN 009 230 835
For Quarter Ended 30 June 2003
(referred to in this Statement as the "Current Quarter")

CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Quarter \$A'000	Year to Date (12 months) \$A'000
CASH FLOWS RELATED TO OPERATING ACTIVITIES		
1.1 Receipts from product sales and related debtors	4,908	14,429
1.2 Payments for: (a) exploration and evaluation	(1,541)	(8,075)
(b) development	(1,955)	(5,425)
(c) production	(1,104)	(4,064)
(d) administration	(845)	(3,394)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	143	655
1.5 Interest and other costs of finance paid	(14)	(14)
1.6 Income taxes paid	-	-
1.7 Other <i>(Note 1)</i>	52	10
NET OPERATING CASH FLOWS	(356)	(5,878)
CASH FLOWS RELATED TO INVESTING ACTIVITIES		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(1,019)	(2,855)
1.9 Proceeds from sale of: (a) prospects <i>(Note 1)</i>	-	715
(b) equity investments	-	-
(c) other fixed assets	-	10
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
NET INVESTING CASH FLOWS	(1,019)	(2,130)
1.13 Total operating and investing cash flows	(1,375)	(8,008)
CASH FLOWS RELATED TO FINANCING ACTIVITIES		
1.14 Proceeds from issues of shares, options etc.	-	12,717
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	-	-
NET FINANCING CASH FLOWS	-	12,717
NET INCREASE (DECREASE) IN CASH HELD	(1,375)	4,709
1.20 Cash at beginning of quarter/year to date	15,155	9,122
1.21 Exchange rate adjustments to Item 1.20 above	107	56
1.22 CASH AT END OF QUARTER	13,887	13,887

Note 1. \$713,000, being the sale of US interests, was shown in line 1.7 in the Quarterly report at 31 March 2003. These proceeds are now recorded in line 1.9 (a) in the year to date column.

PAYMENTS TO DIRECTORS OF THE ENTITY AND ASSOCIATES OF THE DIRECTORS
 PAYMENTS TO RELATED ENTITIES OF THE ENTITY AND ASSOCIATES OF THE RELATED ENTITIES

- 1.23 Aggregate amount of payments to the parties included in item 1.2.
 1.24 Aggregate amount of loans to the parties included in item 1.10
 1.25 Explanation necessary for an understanding of the transactions

Current quarter \$A'000
97
Nil

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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.
 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.

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FINANCING FACILITIES AVAILABLE

Add such notes as are necessary for an understanding of the position.

- 3.1 Loan facilities
 3.2 Credit standby arrangements

Amount Available \$A'000	Amount Used \$A'000
Nil	Nil
Nil	Nil

ESTIMATED CASH OUTFLOWS FOR NEXT QUARTER

- 4.1 Exploration and evaluation (including all drilling)
 4.2 Development
 TOTAL

\$A'000
4,247
538
4,785

RECONCILIATION OF CASH

Reconciliation of cash at the end of the quarter (as shown in the statement of cash flows) to the related items in the accounts is as follows:

- 5.1 Cash on hand and at bank
 5.2 Deposits at call
 5.3 Share of Joint Venture Funds
 5.4 Other – Bank Bills
 TOTAL: CASH AT END OF QUARTER (item 1.22)

Current Quarter \$A'000	Previous Quarter \$A'000
4,460	2,446
9,191	12,755
236	(46)
-	-
13,887	15,155

CHANGES IN INTERESTS IN MINING TENEMENTS

	Tenement Reference	Nature of Interest	Interest at Beginning of Quarter	Interest at End of Quarter
6.1	Interests in mining permits relinquished reduced and/or lapsed	Owned	0	0.000
6.2	Interests in mining permits acquired and/or increased:	Owned	0	0.000

6.3 Where changes are reported in (a) and/or (b), an amended list of interests in mining tenements is to be attached to this report.

MINING PERMITS 30 June 2003

	Interest or Right to Acquire %
WESTERN AUSTRALIA	
Exploration Permit 325	5.000
Exploration Permit 381	67.412
Exploration Permit 386	76.500
Exploration Permit 408	49.957
Exploration Permit Application 8/96-7 (North Perth Basin)	100.000
Exploration Permit Application 7/98-9 (North Perth Basin)	100.000
NORTHERN TERRITORY	
Exploration Permit Application 74	76.500
Retention Licence RL-1	85.000
SOUTH AUSTRALIA	
Petroleum Exploration Licence PEL 105 (formally Application C099-F Block)	33.340
VICTORIA	
Exploration Permit PEP 138 (Royalty Interest)	5.000
TURKEY	
Petroleum Exploration Licence AR/AON/XIV/3580	100.000
Petroleum Exploration Licence AR/AON/XIV/3581	100.000
Petroleum Exploration Licence AR/AON/XIV/3582	100.000
Petroleum Exploration Licence AR/AON/XIV/3583	100.000
Petroleum Exploration Licence AR/AON/XIII/3594	100.000
Petroleum Exploration Licence AR/AON/XIII/3586	100.000
Petroleum Exploration Licence AR/AON/XIII/3587	100.000
Petroleum Exploration Licence AR/AON/I/3589	50.000
Petroleum Exploration Licence AR/AON/XIII/3595	100.000
Petroleum Exploration Licence AR/AON/XIII/3596	100.000
Petroleum Exploration Licence AR/AON/I/3599	100.000
Petroleum Exploration Licence AR/AOI/I/3648	50.000
Petroleum Exploration Licence AR/TPO/I/3160	50.000
Petroleum Exploration Licence AR/TPO/I/3338	50.000
Petroleum Exploration Licence AR/AOI/I/3629	100.000
Petroleum Exploration Licence AR/AOI/I/3630	100.000
Petroleum Exploration Licence AR/AOI/II/3740	100.000
Petroleum Exploration Licence AR/AOI/II/3741	100.000
Petroleum Exploration Licence AR/AOI/IV/3742	100.000
Petroleum Exploration Licence AR/AOI/IV/3743	100.000
Petroleum Exploration Licence AR/AOI/III/3735	100.000
Petroleum Exploration Licence AR/AOI/III/3736	100.000
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Petroleum Exploration Licence AR/AOI/III/3738	100.000
Petroleum Exploration Licence AR/AOI/III/3739	100.000
Petroleum Exploration Licence AR/AOI/X/3695	100.000
Petroleum Exploration Licence AR/AOI/XVI/3756	100.000
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Petroleum Exploration Licence AR/AOI/XVI/3760	100.000
Petroleum Exploration Licence AR/AOI/XVI/3761	100.000
Petroleum Exploration Licence AR/AOI/XVI/3762	100.000
Petroleum Exploration Licence AR/AOI/I/3798	100.000
Petroleum Exploration Licence AR/AOI/I/3799	100.000
Petroleum Exploration Licence AR/AOI/I/3800	100.000

USA PRODUCTION LEASES

County	Prospect	Acreage	Well Name	Working Interest %	Net Revenue Interest %
Hugoton Area – Kansas					
Ness	Casey	480	Casey #1-33	12.500	10.562
Hugoton Area - Oklahoma					
Texas	Okan	138	McMurray "A" #1-16	3.035	2.565
Texas	Okan	138	Boaldin "B" #1	4.767	4.004
Texas	Pritchard	640	Higgins #1-25	20.000	15.901
			Higgins A#1-25	17.875	14.307
Texas	Higgins	80	Clifford #1-25	3.219	2.639

ISSUED AND QUOTED SECURITIES AT END OF CURRENT QUARTER

Category of Securities	Number Issued	Number Quoted	Issue Price Per Security	Amount Paid Up
7.1 PREFERENCE SECURITIES:	Nil			
7.2 Issued during current quarter:	Nil			
7.3 ORDINARY SECURITIES:	158,829,563	158,829,563	-	fully paid
7.4 Issued during current quarter:	Nil			
7.5 CONVERTIBLE DEBT SECURITIES:	Nil			
7.6 Issued during current quarter:	Nil			
7.7 OPTIONS: For ordinary fully paid securities	38,231,309	38,231,309	Exercise Price	Expiry Date
	1,000,000	Nil	50c	26.09.2005
	800,000	Nil	\$1.22	29.11.2005
	1,000,000	Nil	\$1.00	10.01.2006
	1,400,000	Nil	\$1.22	11.11.2006
	815,000	Nil	\$1.22	20.12.2006
	100,000	Nil	\$1.22	24.01.2007
	240,000	Nil	\$1.22	23.04.2007
	250,000	Nil	\$1.22	15.05.2007
7.8 Issued during current quarter:	240,000	Nil	\$1.22	23.04.2007
	250,000	Nil	\$1.22	15.05.2007
7.9 Exercised during current quarter	Nil			
7.10 Expired/lapsed during current quarter	25,000	Nil	\$1.22	20.12.2006
7.10(a) Cancelled during current quarter	Nil			
7.11 DEBENTURES - Totals only:	Nil			
7.12 UNSECURED NOTES-Totals only:	Nil			

COMPLIANCE STATEMENT

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



Sign here: Company Secretary
 Print name: DAVID RICH

Date: 31 July 2003