



Bounty Oil & Gas NL

ABN 82 090 625 353



**Report To Shareholders
For The Quarter Ended 31 March 2006**

ACTIVITY HIGHLIGHTS

- **Bounty farms into Dune-1 well to earn 5% in the onshore Carnarvon Basin Permit EP 435. Dune-1 contains potential recoverable reserves 2.0 million barrels of oil.**

DUNE-1 WILL SPUD APRIL 29, 2006.

- **Preliminary analysis of Tanzania seismic indicates a number of prospects.**
- **Bounty appeal against revocation of New Zealand Permit PEP 38215 currently scheduled for the High Court on 17 May, 2006.**
- **Bounty has farmed out its Offshore Sydney prospect. MEC Resources raising capital for seismic and drilling. Prospectus closes mid-May.**
- **Bounty increased its interest in Vulcan Basin Sub-Basin block AC/P32 from 10.4% to 16%.**

REVIEW OF OPERATIONS

PRODUCTION

Utopia Oil Field

ATP 560P (Bounty 40%)

The average daily production of oil for the quarter was approximately 65 barrels. The joint venture is considering further development options.

EXPLORATION

Vulcan sub-Basin

AC/P32 (Bounty 16%)

Bounty has increased its interest in the permit to 16%. AC/P 32 is a large permit (1,092 km²) which is surrounded by existing oil and gas production and discoveries including recent discoveries Swallow and Swift North, and existing fields Jabiru, Challis, Cassini, Skua, Swift and Montara. There are a number of additional prospects and leads in the permit including Wisteria, which may hold up to 52 million barrels of recoverable oil and the Azelea lead, in the shallower Cretaceous Puffin Sandstone, which 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. OPIC and AWE have decided to withdraw from the permit, and Bounty has taken up its proportion of the available equity

The AC/P 32 Joint Venture is comprised of Bounty Oil & Gas NL (16%), Westranch Holdings Pty Ltd (30% and operator), Adelphi Energy (23%), Coogee Resources (31%).

Offshore Sydney Basin

PEP-11 (Bounty 100% and Operator)

Bounty has entered into an agreement with MEC Resources Ltd. The agreement is subject to MEC successfully raising at least \$5 million and listing on the ASX. MEC has the option to earn 25% equity in the permit by paying US\$1.3M for seismic, and an additional 60% by funding the drilling of one well. MEC is registered as a Pooled Development Fund (PDF).

A first-pass interpretation and mapping of the 2004 seismic data has been completed. The new mapping confirms the presence and size of the Biggus prospect. Additional processing is to be undertaken on the seismic to assist in further improving the data and then finalising the mapping.

Bounty Oil & Gas NL has a 100% interest in the PEP 11.

Bonaparte Basin

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

Bounty's 256 km Dolphin 2005 Seismic Survey was acquired between 23 and 25 September 2005. Data quality is good. The data has been processed, and interpretation is in progress.

Onshore Carnarvon Basin

EP 435

Dune-1 is spuding on 29 April. Bounty has farmed in and will earn 5% interest in the well and the EP 435 permit, excluding the Rough Range Oil Pool.

The Dune structure has potentially recoverable reserves of 2.0 million barrels of oil. If the Dune structure contains oil, this could prove up a new oil trend in the area. The permit operator has identified two additional structures along this trend: Pindan with potential recoverable reserves of 3.3 million barrels of oil, and Parrot Hill East with potential recoverable reserves of 4.7 million barrels.

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.

In November 2006, Australian Oil Company Limited ("AOC") reached an agreement with Rough Range Oil to earn an option to earn 25% interest in EP 412 by funding 31.6% of the cost of drilling one well in the permit. The option must be exercised within 30 days of receiving the results of the Dune-1 well in the adjacent permit (EP 435).

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

Great South Basin, New Zealand

PEP 38215 (Bounty 90% and Operator)

As previously reported, Crown Minerals has commenced revocation procedures of the permit. Bounty is appealing through the High Court. Bounty believes that the policy was not correctly or fairly applied. The first High Court hearing is currently scheduled for May 17, 2006.

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

Offshore Tanzania

Nyuni Block

Approximately 340 kms of new 2D seismic was acquired in the Nyuni Block in early October. Preliminary results indicate a number of prospects.

Bounty has the option to pay its way through both this 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 has partially diluted it as a result of the cost overruns at Nyuni to approximately 6.2%), or Bounty can dilute to 5% and be free carried for the drilling of the next well. Although Bounty is encouraged by the oil shows in Nyuni-1/1A, Bounty will likely dilute its interest and reduce its cost and risk through the next well.

The Operator of the adjacent Songo Songo field, East Coast Energy, is earning an interest in part of the Nyuni Block by paying a portion of Ndovu Resources' costs of the seismic.

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

BOUNTY OIL & GAS NL

A handwritten signature in black ink, appearing to read 'Tom Fontaine', written over a horizontal dotted line.

Tom Fontaine
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.