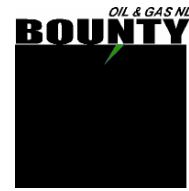


Bounty Oil & Gas NL

ABN 82 090 625 353



Quarterly Report Second Quarter Ended 31 December 2005

ACTIVITY HIGHLIGHTS

- **Bounty adds approximately \$2.4million working capital through a placement, and the loan repayment**
- **Magnolia-1 was unsuccessful, but AC/P 32 has further major potential targets**
- **Commencing analysis of new seismic in WA-324-P Bonaparte Basin, WA and Nyuni, Offshore Tanzania**

Corporate - Board Changes

At the AGM on 30 November, 2005, Tom Fontaine was re-elected as a Director, and Graham Reveleigh and Charles Ross were elected to the Board.

Following the Board changes, the new Board completed a capital raising of AU\$960,000 before issue expenses, and obtained repayment of US\$1 million and AU\$217,000 from White Sands Petroleum (WSP). In addition Bounty holds 1,000,000 WSP fully paid shares, valued at AU\$200,000 but escrowed for two years.

As a result, Bounty exited 2005 in a sound financial position with AU\$2.4 million working capital plus the WSP investment.

Utopia Oil Field (Bounty 40%)

Following the drilling of two development wells in the Utopia Oil Field located in South West Queensland, total field production increased during the Quarter to approximately 67 barrels of oil per day (bopd), which is more than double the previous rate. Bounty's share of this production is approximately 30 bopd.

In 2006, Bounty is planning 3D seismic and development drilling at Utopia.

Vulcan Sub-Basin (Bounty 10.4%)

Drilling on the Magnolia prospect in AC/P 32 located in the Timor Sea, was completed on 10 January, 2006. There were no hydrocarbon shows and the well was plugged and abandoned. Bounty's contribution to the drilling costs was approximately AU\$25,000.

WA-324-P (Bounty 100%)

Processing of the 256km of 2D seismic data acquired by Bounty in September 2005 in this permit, located in the Bonaparte Gulf of Western Australia was completed, and interpretation is commencing.

Nyuni Block, Tanzania (Bounty 6.2%)

Acquisition of 340 km of new 2D seismic data in the Nyuni Block is complete, and processing is in progress.

REVIEW OF OPERATIONS

PRODUCTION

Utopia Oil Field

ATP 560P (Bounty 40%)

During the Second Quarter the Utopia Oil Field produced 5,595 barrels of oil (bbls), with 5,415 bbls sold to refiners. The average daily production of oil for the quarter was 66.8 bbls.

Bounty's share of net revenue from oil sales (after transport and refinery charges) for the quarter from the Utopia Oil Field was AU\$142,000.

EXPLORATION

Vulcan sub-Basin

AC/P32 (Bounty 10.4%)

The AC/P 32 joint venture spudded the Magnolia-1 exploration well on 26 December, 2005. The well reached a Final Depth of 3109 meters on 10 January, 2006. There were no hydrocarbon shows, and the well was plugged and abandoned.

Bounty will review the well results and reconsider its options in permit AC/P 32. This is a large permit (1,092 km²) which is surrounded by existing oil and gas production and discoveries including Jabiru, Challis, Cassini, Skua, Swift and Montara. There are a number of additional prospects in the permit the most promising of which is Wisteria. This may hold up to 52 million barrels of oil (mmbo) recoverable and the Azalea prospect, located in the shallower Cretaceous Puffin Sandstone, which has potential for 234 mmbo recoverable. While Azalea is a higher risk, stratigraphic target, it could be tested as a secondary objective while drilling a well to test Wisteria.

The AC/P 32 Joint Venture partners are 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 farmin operator) and AWE (10%).

Offshore Sydney Basin

PEP-11 (Bounty 100% and Operator)

Bounty is in discussions with a company proposing to acquire seismic data, and earn the right to fund the drilling of one well in the permit. If the company funds the seismic acquisition, it will earn a 25% interest in the permit and the option to earn an additional 60% by funding the drilling of one well.

Interpretation and mapping of part of the 2004 seismic data has been completed, and confirms the presence and size of the Biggus prospect. Additional processing is to be undertaken on the data to further refine the mapping.

Bonaparte Basin

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

Bounty's 256 km Dolphin 2005 2D Seismic Survey was acquired between 23 and 25 September 2005. Data quality is good. The data has been processed, and interpretation has commenced.

Onshore Carnarvon Basin

EP 412 (Bounty 65%)

Bounty is continuing to progress discussions with Rough Range Oil Pty Ltd on how Rough Range 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 operator, Empire Oil & Gas NL, and AOC are planning to spud Dune 1 during the first quarter of 2006.

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 (NZ) commenced revocation procedures on the permit. Bounty is appealing through the High Court.

The PEP 38215 Joint Venture is comprised of Bounty Oil & Gas NL (90%) and Albatross Energy Pty Ltd (10%). Bounty is in discussions with two major operators to farm out.

Offshore Tanzania

Nyuni Block

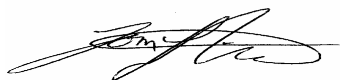
Approximately 340 kms of new 2D seismic data was acquired in the Nyuni Block in early October and interpretation and mapping are in progress.

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 reduced it to approximately 6.2% by not contributing to the cost overruns at Nyuni). Bounty can elect to dilute its interest 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, it will probably dilute its interest and reduce its cost and risk through to completion of 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 data acquisition.

Partners in the Nyuni Block are Bounty Oil & Gas NL and Ndovu Resources (a subsidiary of Aminex Plc), who is the operator.

BOUNTY OIL & GAS NL



Tom Fontaine
Executive Director