



31 October 2008

ASX/MEDIA RELEASE

BOUNTY OIL & GAS NL

Quarterly Activities Report - End September 2008



Flaring gas Kiliwani North 1 - Tanzania

Highlights

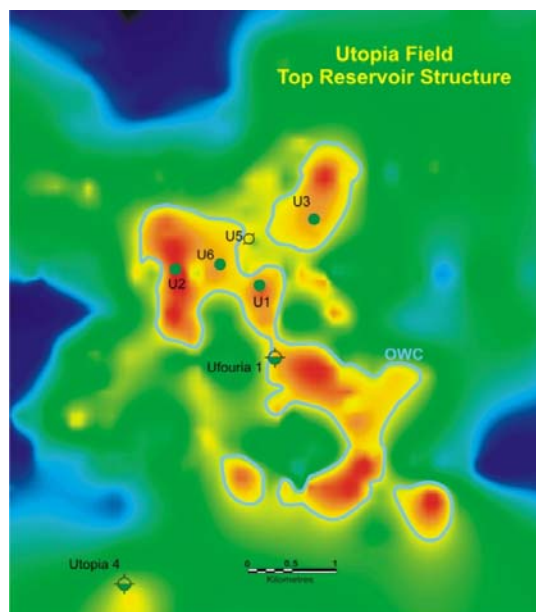
- Studies upgrading estimated recoverable gas in PEP 11 , offshore Sydney Basin to 5 trillion cubic feet (TCF).
- Farm in partner sourcing a rig.
- Planning for Kiliwani North commercialisation commences.
- Planning for 2D seismic surveys to appraise Kiliwani North gas pool and prepare to explore other gas prospects in the Nyuni Block.
- The KN-1 pool adds a potential 1.7 mmboe to Bounty's probable (P50) petroleum reserves and more than doubles those reserves to 2.8 mmboe.
- Wisteria 1 drilled in A/CP 32, Timor Sea but P&A'd.

Bounty's schedule of permits, interests and acreages: See Table 1 at end of this report.

Look Back: 1 July 2008 - 30 September 2008

Oil Production: Utopia Block

Location: 30 km south/east of Tarbat / Ipundu oil fields (Tintaburra Block) and 45km south/east of Eromanga.



Background:

Bounty produces light, sweet crude at the Utopia Field from sands in the early Cretaceous Murta Member, trapped in a low relief anticline.

Utopia is the largest known Murta field in the Queensland sector of the Eromanga Basin. A 2004 review indicated a relatively large pool, with recoverable oil reserve estimates of 0.16 million (P90 – i.e. 90% probability), 2.86 million (P50) and 12.70 million (P10) barrels respectively.

Resource / Reserve Estimates: Bounty has 40% of 2.86 million bbls (at P50) of oil in Murta Zone (Bounty: 1.14 million bbls).

Operations during Quarter

Production & Sales:

Bounty's share of production from the four producing wells in the year to 30 June 2008 was 4,700 barrels.

During the quarter Bounty continued to produce light sweet crude oil from the Murta Zone and to sell oil to the Eromanga Refinery.

Oil Revenue	Bounty Share (40% interest)
1 July – 30 September 2008	\$158,875
Total Q1- Q4	\$158,875

Oil Production/Sales	Oil Production bbls Bounty Share (40% interest)	Oil Sales bbls Bounty Share (40% interest)
1 July – 30 September 2008	1175	1297
Total Q1 – Q4 incl	1175	1297

Exploration and Development:

A detailed review of all seismic data in the Utopia Block was completed and an outline development plan presented to the joint venture. The review has shown that as many as 12 development wells could be sited within the known limits of the field. Such a development programme will require low cost drilling methods and Bounty is investigating alternative drilling techniques and completions including, horizontal development wells in order to establish a cost effective development plan.

Exploration and Development Activity:

Nyuni Block, Offshore Tanzania

Location: South East Tanzania.

Kiliwani North 1 (KN 1)

Kiliwani North 1 was spudded as a vertical well on 23rd February 2008 and drilled to a depth of 2030 metres (6,687 ft). The well encountered strong gas shows while drilling and intersected a substantial gas column in Lower Cretaceous (Neocomian) age sandstones, the same reservoir that produces gas commercially in the neighbouring Songo-Songo gas field. KN-1 was completed as a production well pending tie in for gas production. A test was planned to determine flow capacity and reservoir properties.

On 5 June 2008 Bounty announced completion of a successful flow test on the KN 1 well.

Initial results from the test established:

- A strong stabilised flow of gas at a rate of 40 million cubic feet/day (mmcf/d), equivalent to 6,700 barrels of oil per day, through a 72/64ths" choke;
- Strong flowing wellhead pressures;
- Condensate of one barrel per million cubic feet;
- Sweet gas -No carbon dioxide (CO₂) or hydrogen sulphide (H₂S) impurities.

Operations During Quarter

KN 1 appears to be a new pool discovery.

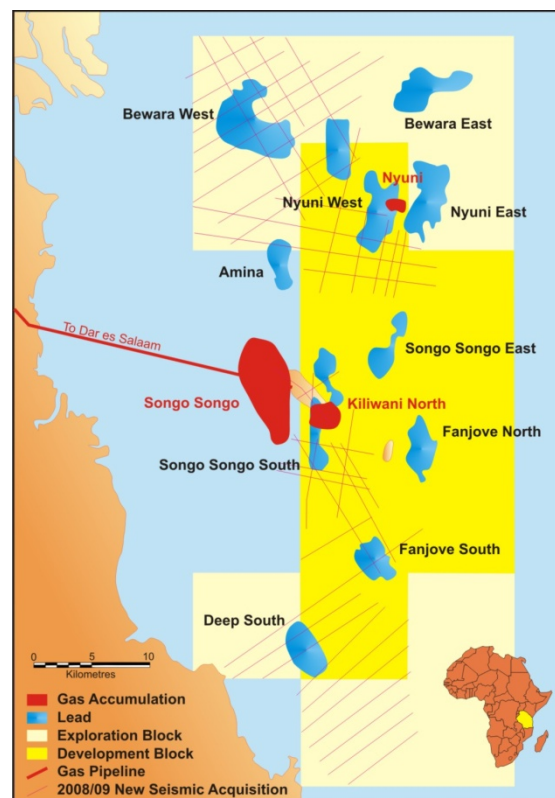
The KN-1 discovery has opened up a number of appraisal well opportunities in the pool and in the Nyuni Block. During the period the Operator commenced engineering studies to fast track commercial arrangements to sell Kiliwani gas.. Appraisal drilling will probably be required to define the extent of the KN 1 pool.

Analysis of the June 2008 test results showed that standard gas processing techniques will be required for the gas and it appears to be similar to the gas produced from the Songo Songo field immediately to the west. A number of options are being considered one of which is the delivery of gas to the Songo Songo gas processing facilities which going forward may not be able to supply the whole of the Tanzanian gas market.

The joint venture agreed to a forward appraisal program. Seismic interpretation of the KN-1 pool combined with the test results continued but the northern limit of the Kiliwani North pool have not been constrained due to lack of sufficient seismic coverage.

The joint venture agreed on the need for additional 2D seismic surveys designed to find the outer limit of the KN-1 pool and to provide 2D seismic data over other leads in the Nyuni Block including over the Nyuni / Nyuni West prospect (see northern half of map) to image the Neocomian reservoir and other horizons including the shallower levels where there is oil potential.

This new exploration seismic is designed to mature for drilling a variety of prospects.



This will involve the recording of transition zone 2D seismic over the northern extension of the KN-1 pool and marine surveys over the rest of the Block. The seismic recording is scheduled to take place in first half 2009.

Drilling Activity

AC/P 32, Offshore Western Australia (Offshore)

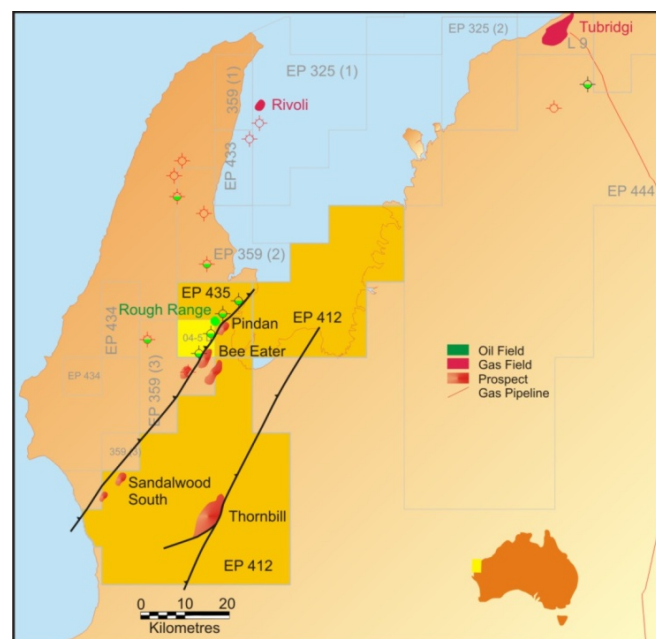
Location: Ashmore Cartier Region, Timor Sea.

The Wisteria-1 exploration well was spudded in August 2008 with the Seadrill jack up rig "Western Atlas". The well did not encounter any sandstone at the Puffin Formation level, the Montara Formation sandstones were tight, and the Plover Formation sands were water wet. Consequently, the well was plugged and abandoned. The well did however provide additional data on the stratigraphic plays at the Puffin level in AC/P 32 and sandstone with oil at the Puffin level was recorded in a well 8 km west of this location. Analysis of the data will continue.

Exploration Activity

EP 412 and EP 435, Carnarvon Basin, Onshore Western Australia (Onshore/Offshore)

Location: Southeast of Exmouth, WA. (see map below).



Operations During Quarter

EP 435 – Bounty 10%

The EP 435 Permit was renewed for a further 5 years.

Empire Oil & Gas NL, the operator of EP 435 commenced planning to drill the Bee Eater Prospect in EP 359. Bounty holds no interest in EP 359 but the Bee Eater prospect immediately adjoins EP 435 to the south. Bee-Eater is an exciting prospect located on the eastern side of the Miocene aged Rough Range Anticline. The structural development of Bee-Eater is interpreted to predate oil generation and migration from the Paterson Trough and pre-dates the formation of the Rough Range Fault and Anticline. The timing of an early formed Bee-Eater structure enhances the possibility that it could be charged with oil to its spill point from oil migrating from the Paterson Trough. The

Bee Eater structure has been the subject of several geochemical surveys which have demonstrated repeated hydrocarbon anomalies.

Empire has estimated recoverable oil reserves of up to 5 million barrels. in the Bee-Eater structure, which also extends into Bounty's EP 435 Permit.

If Bee Eater 1 is successful Empire would also progress the drilling of the Rainbow-1 well located on the extension of the Bee- Eater structure in the adjoining permit EP 435.

A Bee-Eater discovery will also result in drilling additional wells along the Bullara Trend into EP 435 and EP 412. A number of 'Bee-Eater type prospects' and leads have been identified in EP 435 and EP 412. These include other leads and prospects including the Pindan Prospect along this Bullara Trend in the Permit. Bounty has an interest in a successful outcome at Bee Eater.

EP 412 – Bounty 65% (reducing to 20% after free carry on well)

The operator is obligated to drill to the Birdrong Sandstone objective in EP 412 in 2008 and Bounty will be free carried but delays in the drilling of Bee Eater until 2009 will push this well into 2009.

Bounty will await the results of drilling the Bee-Eater-1 well in EP 359. The operator will then make the decision to drill a Bee-Eater type prospect, such as Sandalwood South instead of Thornbill-1.

A thermoluminescence geochemical survey conducted on 30 August 2007 recorded anomalous results over Sandalwood South, a seismically defined structure. Further geochemical and other technical surveys would be required to further define a drilling location at the oil prospective Sandalwood South Prospect. The Thornbill Prospect is mapped at the Lyndon Sandstone level, an extensive Permian-aged basal transgressive sandstone. The Thornbill-1 gas Prospect has a seismic amplitude anomaly resulting from amplitude versus offset seismic processing over a shallow target at 800 metres. The operator has completed a geochemical survey over Thornbill to progress drilling this prospect. The preliminary results indicate the presence of hydrocarbons coincident to the mapped seismic closure. Although prospective for oil, the operator considers it is a gas play with potential recoverable reserves of up to 50 billion cubic feet of gas.

WA 324 P, Offshore Bonaparte Basin, Western Australia

Location: 400 km west of Darwin, Northern Territory off the Kimberley Coast

Resources Estimates: Possibly 1 TCF type prospects

Operations during Quarter:

WA 324 P contains the Fishburn-1 gas discovery (non-commercial) in the Hyland Bay Formation, but the well did not drill deep enough to penetrate the Keyling and Treachery Formations due to mechanical problems. Fishburn is on trend from the 550 bcf Tern field.

A review of the geophysical mapping structural report prepared by independent geophysical consultants in the first half of 2008 was completed and the design of an additional 500km 2D seismic survey was commenced.

ExxonMobil was also processing the seismic surveys extending into WA 324P at the end of seismic lines which were shot principally in the adjoining WA 318 P permit.

PEP 11, Offshore Sydney Basin, New South Wales

Background and Geological Setting

PEP 11 is located offshore from Newcastle – Sydney. It is an extensive (8,267 km²) permit and is adjacent to the largest gas market in Australia. The main work commitment for PEP 11 is a requirement to drill an exploration well.

The underlying rocks in PEP 11 are Permian and Triassic age sediments of the Sydney Basin deposited around 250 million years ago and include the Lower Permian age coal measures which are a prime source of gas. The seismic mapping has now identified that PEP 11 contains some massive structures, none of which have been tested by drilling.

The coal measures are also equivalent to the Lower Permian coals which source the major gas/condensate reserves in the Cooper Basin, Central Australia and much of the coal seam gas in the Surat and Bowen Basins, Queensland.

Various drill holes onshore in the Sydney Basin and recent coal seam gas drilling have proved that the Basin has generated gas and oil in the onshore areas. Those wells have proved an active hydrocarbon generating system.

Operations during Quarter

Bounty's farm in partner Asset Energy Pty Limited (part of the listed MEC Resources Limited group) conducted seismic interpretation, seismic mapping and assessment of gas seep data acquired during a prior period.

In September 2008, Asset reported that studies had detected gas seeps on the sea bottom over a large number of locations along the continental shelf within PEP 11. It is likely that the gas in these seeps is being generated by the Lower Permian coals.

After the end of the quarter Asset also reported that it was "...currently in negotiations to secure an appropriate drilling rig as soon as possible....." to drill an exploration well in PEP 11. Bounty will be free carried through the first well in PEP 11. It also conducted farm out discussions with a number of parties.

As a result of the seismic mapping Asset reported that it had had seismically mapped a series of major structures in the Lower Permian age (around 250 million years old) sequence within PEP 11.

As a result of that mapping and reservoir studies six structures had been identified with risked estimated recoverable gas resources of 5.1 trillion cubic feet of gas (5.1 TCF) at P50 (50% probability of success level) and potentially a combined 16.3 TCF of gas at the P10 (10% probability level.)
A well will test one of the structures.

With seismic mapping and reservoir studies Asset calculated risked prospective recoverable gas volumes in six structures (traps) in PEP 11.

The mapping defined 5 key seismic horizons in the 6 prospects and leads. The combined risked prospective recoverable gas resources are as follows:

- P90 (90% probability) 1.2 TCF of gas
- P50 (50% probability) 5.1 TCF of gas
- P10 (10% probability) 16.3 TCF of gas.

These estimates are for the sum of the 6 prospects and leads identified by mapping. Some of these are newly defined structures.

The largest new structure indicated from 2008 mapping is the Fish Prospect with potential prospective gas at the P10 level (10% probability) of 9.0 TCF. The best known structure at the Permian level is the Baleen prospect It is attractive as it is a fault independent roll over and has the potential to contain over 1 TCF of recoverable gas.

Corporate

During the quarter Bounty raised a total of \$ 1.379 million before issue expenses through placements approved by shareholders at a meeting on 30 July 2008.

- Appendix 5B is attached.

[The information in this report that relates to or refers to petroleum or hydrocarbon reserves, is based on information and reports prepared by independent petroleum engineering consultants and/or compiled by the CEO of Bounty Oil & Gas NL Mr Philip F Kelso. Mr Kelso is a Bachelor of Science (Geology) and has practised geology and petroleum geology for in excess of 20 years. He is a member of the Petroleum Exploration Society of Australia and a Member of the Australasian Institute of Mining and Metallurgy.]

TABLE 1: BOUNTY'S SCHEDULE OF PERMITS, INTERESTS AND ACREAGES

Permit	Basin	Interest %	Gross km ²	Net km ²	Operator
Australia Offshore					
AC/P32	Ashmore Cartier Territory, Timor Sea, WA - Vulcan Basin	10	1,092	109	Coogee Resources
PEP 11	NSW - Sydney Basin	75	8,267	6,200	Bounty
WA 324P	WA - Bonaparte Basin	100	2,509	2,509	Bounty
Australia Onshore					
Utopia Block PL214	SW Qld – Cooper - Eromanga, Basin.	40	221	88	OWK ¹
ATP 560P	SW Qld – Cooper - Eromanga	40	86	34	OWK ¹
EP 435	WA - Carnarvon Basin - Rough Range Area	10	317	32	Rough Range ²
PL 104-5-L	WA - Carnarvon Basin	10	80	8	Rough Range ²
EP 412	WA - Carnarvon Basin	65	2,651	1,723	Rough Range ²
Tanzania Offshore					
	Nyuni Block Mafia Basin	5	2,860	143	Ndovu ³
Total			18,081	10,847	

1. **OWK - Oil Wells Inc of Kentucky Pty Limited**
2. **Rough Range Oil Pty Ltd (a subsidiary of Empire Oil and Gas NL)**
3. **Ndovu Resources Limited (a subsidiary of Aminex PLC)**

For further information, please contact:

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

BOUNTY OIL & GAS NL

ABN

090 625 353

Quarter ended ("current quarter")

30th September, 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors Note 1.25	113	113
1.2 Payments for		
(a) exploration and evaluation	(1,284)	(1,284)
(b) development	-	-
(c) production	-	-
(d) administration	(306)	(306)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	13	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Increase in receivables	(66)	(66)
Net Operating Cash Flows	(1,530)	(1,530)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(93)	(93)
(c) other fixed assets	(1)	(1)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(42)	(42)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(136)	(136)
1.13 Total operating and investing cash flows (carried forward)	(1,666)	(1,666)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,666)	(1,666)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,360	1,360
1.15	Less cost of placement	(74)	(74)
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		(1,286)	(1,286)
Net increase (decrease) in cash held		(380)	(380)
1.20	Cash at beginning of quarter/year to date	1,555	1,555
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,175	1,175

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	27
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Gross sales for Utopia JV for quarter: \$387,189

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

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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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+ 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	623
4.2 Development	-
Total	623

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	1153	510
5.2 Deposits at call	22	1045
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1175	1555

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	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-

+ See chapter 19 for defined terms.

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>	N/A			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	300,840,655	300,840,655		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	41,105,000	41,105,000	7,105,000@ \$0.035 34,000,000 @ \$0.04	7,105,000@ \$0.035 34,000,000 @ \$0.04
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>	6,381,200	-	<i>Exercise price</i> \$0.08	<i>Expiry date</i> 31.3.09
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	3,400,000	-	\$0.20	1.9.08
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

