

30 July 2008

## ASX/MEDIA RELEASE

## BOUNTY OIL & GAS NL

### Quarterly Activities Report - End June 2008



*Seadrill's West Atlas Jackup Rig to drill Wisteria 1*

### Highlights

- **Bounty makes significant gas discovery in Tanzania when production testing at Kiliwani North 1 flows gas at 40 mmcfd from high quality reservoir and proves gas reserves in new pool.**
- **Planning optimal commercialisation path commences.**
- **Kiliwani North gas pool is adjacent to the Songo Songo gas plant and gas will be sold to Dar es Salam.**
- **Bounty estimates it will achieve major reserve increase at Kiliwani North.**
- **Preparations underway to drill for oil on the 200 million bbl potential Wisteria prospect in A/CP 32, Timor Sea in August 2008.**
- **Seismic studies upgrading WA 324P Bonaparte Gulf.**
- **Bounty and it's partner MEC Resources obtain an extension of PEP 11, Sydney Basin to enable MEC to secure semi submersible rig.**

**Look Back: 1 April 2008 - 30 June 2008**

**Drilling Activity**

**Nyuni Block, Offshore Tanzania**



**Location:** South East Tanzania **Basin:** Mafia Basin **Area:** 1430 sq km

**Interest:** Bounty is 5% straight up.

**Operator:** Ndovu Resources Limited (a wholly owned subsidiary of Aminex PLC)

**Operations During the Quarter**

**Kiliwani North 1 (KN 1)**

Location:	Latitude: 8° 32'21" S Longitude: 39° 30'48" E
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Kiliwani North 1 was spudded as a vertical well on 23<sup>rd</sup> February 2008 and planned to drill 2012 metres. The well was located on the southern end of Songo Songo Island, southeast Tanzania.

This well was drilled to a depth of 2030 metres (6,687 ft), ahead of schedule.

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. Electric logging was completed and formation pressure tests (FMT's) taken which confirmed the presence of gas over a gross interval of approximately 60 metres in good permeability sands. KN-1 also encountered hydrocarbons in several other zones.

Preliminary evaluation indicated that the KN-1 discovery was in a separate pool (structure) to the Songo-Songo field which is located about 5 km northwest of the KN 1 location. KN 1 has enhanced the prospectivity of the other leads and prospects within the Nyuni Block.

KN-1 was completed as a production well pending tie in for gas production and a test was planned to determine flow capacity and reservoir properties.

On 5 June 2008 Bounty announced completion of a successful well test at 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;
- No carbon dioxide (CO<sub>2</sub>) or hydrogen sulphide (H<sub>2</sub>S) impurities.

KN 1 appears to be clearly a new pool discovery and has the potential to provide early revenue for Bounty. The encouraging feature is that the well opens up a number of appraisal well opportunities in the pool and in the Nyuni Block. After the end of the Quarter the Operator commenced to fast track commercial arrangements to sell Kiiwani gas and engineering studies. Appraisal drilling will probably be required to define the extent of the KN 1 pool.

## Oil Production

### Petroleum Lease 214, Eromanga Queensland, Utopia Oil Field

**Interest:** 40%

#### Production & Sales:

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

Oil Revenue	Bounty Share (40% interest)
1 July – 30 September 2007	\$75,440
1 October – 31 December 2007	\$94,081
1 January – 31 March 2008	\$85,267
1 April 2008 – 30 June 2008	\$148,158
Total Q1-Q4 incl	\$402,946

Oil Production/Sales	Oil Production bbls Bounty Share (40% interest)	Oil Sales bbls Bounty Share (40% interest)
1 July – 30 September 2007	1155	1155
1 October – 31 December 2007	1337	1075
1 January – 31 March 2008	848	818
1 April 2008 – 30 June 2008	1361	1251
Total Q1 – Q4 incl	4701	4299

The Joint Venture is conducting an operations review covering production optimisation, reviewing the possibility of additional 3D seismic and planning development options that may include horizontal wells.

## Look Ahead: 2008

### Drilling Activity mid 2008

#### AC/P 32, Offshore Western Australia (Offshore)

**Location:** Ashmore Cartier Region, Timor Sea (See Map 1 below for detail)

**Basin:** Vulcan Sub Basin

**Area:** 1,092 sq km

**Interest:** 10% working interest, funding only 7.6% of Wisteria 1.

**Operator:** Coogee Resources

**Resource Estimates:** Wisteria – 200 mmbbls oil potential

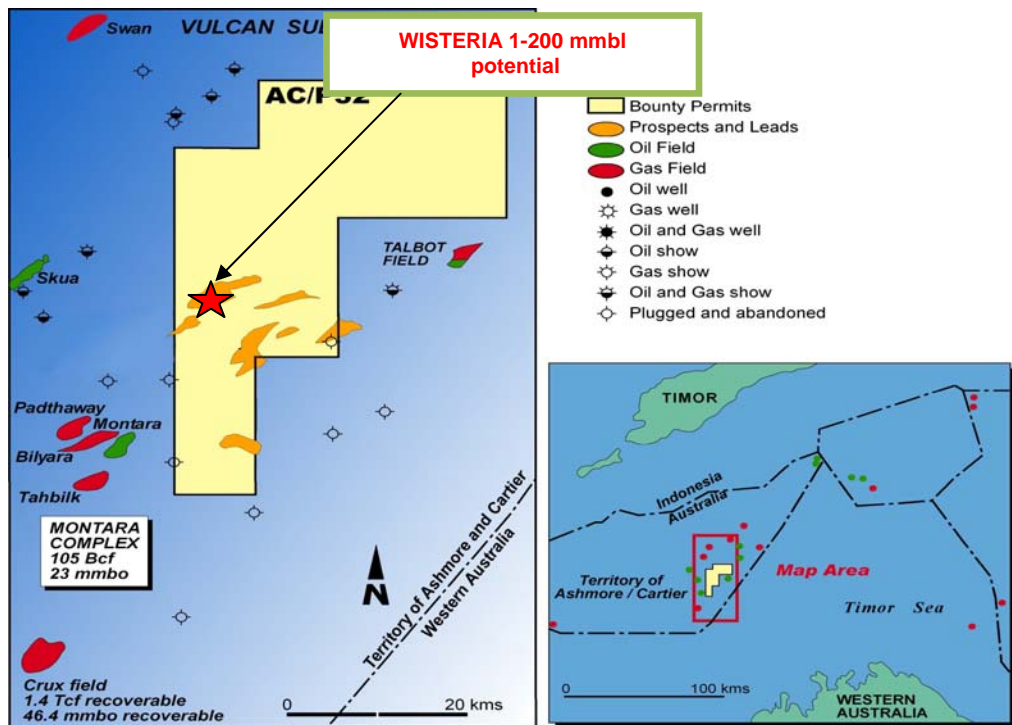
### Activity and Background:

During the quarter the operator undertook planning for Wisteria 1 including the purchase of long lead items such as casing. Wisteria 1 will be drilled by the Seadrill jack up rig “**Western Atlas**” (see front page above). Current estimation of the spud date for Wisteria 1 is early August 2008..

Reprocessing and re-interpretation of 3D seismic purchased in 2007 identified Wisteria as a major stratigraphic trap play with 200 mmbbl potential in the western sector of this large permit.

Wisteria is therefore a high impact play with the potential if successful to push Bounty into the middle rank of Australian petroleum producers.

Bounty is in partnership with leading industry players and still holds a very meaningful interest at 10% in Wisteria 1 and in this permit.



Map 1 AC/P32 location and prospect and lead map

### Drilling Activity late 2008

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

**Interest:** EP.435 – 10%  
EP.412 – 65%

**Operator:** Rough Range Oil Pty Limited (subsidiary of Empire Oil & Gas N.L. (EGO))

**Resource Estimates:** Some EP.412 structures have 50-100 bcf potential.

### Activity and Background:

The operator is obligated to drill to the Birdong Sandstone objective in EP 412 in 2008 and Bounty will be free carried. Thermoluminescence geochemical surveys have shown anomalous results that are

interpreted to demonstrate the presence of hydrocarbons coincident to the Thornbill-1 mapped seismic closure in EP 412 and the Bee-Eater prospect in EP.435. The Thornbill-1 prospect has a seismic amplitude anomaly resulting from AVO (Amplitude Versus Offset) processing over a shallow target at 800 metres. The operator believes the prospect could be prospective for oil; however it is considered more likely a gas play with potential recoverable reserves of up to 50 billion cubic feet of gas. During the Quarter the operator announced plans to drill the Thornbill prospect in EP.412 in late 2008 and to drill an optional well , Rainbow 1 in EP.435 following the Thornbill well. During the quarter the EP 412 Permit was renewed.

#### **WA 324 P, Offshore Bonaparte Basin, Western Australia**

**Location:** 400 km west of Darwin, Northern Territory off the Kimberley Coast(Map 4)

**Basin:** Bonaparte Basin

**Area:** 2514 sq km

**Interest:** 100%

**Operator:** Bounty Oil & Gas NL

**Resources Estimates:** Possibly 1 TCF type prospects

#### **Activity and Background:**

A thorough, geophysical mapping project on the 340 km Dolphin seismic survey data and the integration of the results with previous seismic data was completed during the quarter. That work was done by independent geophysical consultants and was aimed at upgrading the prospectivity of WA.324P.

A review of that work and design of an additional 500km 2D seismic survey was commenced near the end of the quarter.

During the quarter ExxonMobil completed seismic surveys extending into WA 324P at the end of seismic lines which were shot principally in the adjoining WA 318 P permit.

There has been renewed interest in the area following the October 2007 Marina 1 gas /condensate discovery in WA.318P which adjoins WA.324P to the south/east. ExxonMobil is now the operator of the Marina Block and is active in the area.

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.

#### **PEP 11, Offshore Sydney Basin, New South Wales**

**Location:** Offshore from Newcastle, Sydney, NSW

**Basin:** Sydney Basin

**Area:** 1,430 sq km

**Interest:** 75%

**Operator:** Bounty Oil & Gas NL

**Resource Estimates:** Potential + 1 TCF at Baleen.

### Activity and Background:

During the quarter Bounty announced that the designated authority had granted an application by Bounty and Asset Energy Pty Limited ( Asset ) to suspend and vary the permit conditions of Petroleum Exploration Permit 11 Offshore Sydney Basin for a period of 12 months until 3 December 2008. As a result the term of PEP 11 will now be extended to 3 December 2009 subject to conditions. Asset is the Operators designated agent under the joint operating agreement and is a wholly owned subsidiary of MEC Resources Limited. (ASX Code: MMR).

During the quarter Asset was seeking to source a semi submersible rig and also conducted farm out discussions with a number of parties.

### Corporate

- During the quarter Bounty raised a total of around \$2.8 million before issue expenses through a strongly supported 2008 Shareholder Share Purchase Plan and placements some of which were subject to shareholder approval at a meeting to be held on 30 July 2008.
- During the quarter Bounty appointed Mr Philip F Kelso as Chief Executive Officer (CEO). After the end of the quarter Bounty finalised the terms of a contract with its CEO. The key terms of the contract are:
  - *Base Remuneration and Term:* \$320,000 per annum and the cost of a leased standard Australian made vehicle. The contract term is 3 years until 29 July 2011. On early termination or change of control Bounty must pay out the balance of the term.
  - *Bonuses and Incentives:* The Board may award bonuses and incentives to the CEO at it's discretion following half yearly reviews. Such remuneration will not be performance related.
- 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.]

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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")

30<sup>th</sup> June, 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	148	403
1.2 Payments for		
(a) exploration and evaluation	(604)	(1,131)
(b) development	-	-
(c) production	(71)	(195)
(d) administration	(360)	(816)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	20	31
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(867)</b>	<b>(1,708)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments	(278)	(583)
(c) other fixed assets	(4)	(36)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	74
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(164)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(282)</b>	<b>(709)</b>
1.13 Total operating and investing cash flows (carried forward)	(1,149)	(2,417)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,149)	(2,417)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	1,098	3,021
1.15	Less cost of placement	(62)	(89)
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	<b>1,036</b>	<b>2,932</b>
	<b>Net increase (decrease) in cash held</b>	<b>(113)</b>	<b>515</b>
1.20	Cash at beginning of quarter/year to date	1,623	995
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>1,510</b>	<b>1,510</b>

**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	58
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors fees included in administration.

**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

### 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	1,250
4.2 Development	-
<b>Total</b>	<b>1,250</b>

### 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	476	1,615
5.2 Deposits at call	1,034	8
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,510</b>	<b>1,623</b>

### 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 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	259,735,655	259,735,655		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	69,753,417	69,753,417	\$0.035	\$0.035
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	3,400,000	-	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 1 September 2008
7.8 Issued during quarter	6,381,200	-	<i>Exercise Price</i> \$0.08	<i>Expiry Date</i> 31.3.09
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

