



30 April 2008

ASX/MEDIA RELEASE

BOUNTY OIL & GAS NL

Quarterly Activity Report - End March 2008



Caroil 6 rig drilling in southeast Tanzania

Highlights

TANZANIA

- **Drilling in the Nyuni Block, Tanzania at Killiwani North 1 makes significant new pool gas discovery, intersecting a 60 metre gas column in Cretaceous age (Neocomian) sandstones**
- **Well is cased, perforated and initial flow test proves good pressure and deliverability of gas with condensate.**
- **Full production testing to plan optimal commercialisation path and provide reserve estimates to commence in May, 2008.**
- **Kiliwani North gas pool is adjacent to the Songo Songo gas plant and gas will be sold to Dar es Salam.**
- **Bounty anticipates it will book a material reserve increase at Kiliwani North.**

AUSTRALIA

- **Preparations underway to drill the 200 million bbl potential Wisteria prospect in AC/P 32, Timor Sea in July 2008.**
- **Bounty farmed down part of it's cost in this high impact well on a 2:1 basis but retained a highly meaningful 10% interest in Wisteria and A/CP 32.**
- **Seismic studies upgrading WA 324P Bonaparte Gulf adjacent to the permit where ExxonMobil make Marina gas/condensate discovery in October,2007.**
- **Bounty and its partner MEC Resources have made submission to obtain an extension of the term for PEP 11, Sydney Basin and are confident a material extension of the permit will be obtained to allow preparation to drill.**

Look Back: 1 January – 31 March Review

Drilling Activity

Nyuni Block, Offshore Tanzania

Location: South East Tanzania

Basin: Mafia Basin **Area:** 1430 sq km

Interest: Bounty was free carried through Kiliwani 1 at 6%. It contributed at 5% to Kiliwani North 1 and holds a 5% working interest in the Block.

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

Background:

The Nyuni Block is offshore and is adjacent to the producing Songo Songo Gas Field that provides gas to the city of Dar es Salaam through under-utilized infrastructure that was built in 2003 with World Bank funding.

The Songo Songo field contains 590 BCF (proved and probable) recoverable gas in Lower Cretaceous (Neocomian) sandstones. The reserves are contracted to the Ubungo Power Plant, Dar es Salaam and are delivered by a 16" pipeline. Commercial production from Songo-Songo commenced in July 2004. The pipeline has excess capacity and the Joint Venture including Bounty have a right of access to these relatively new facilities and pipeline under the terms of the Production Sharing Agreement (PSA) in place with the Government's Tanzanian Petroleum Development Corporation (TPDC). The Kiliwani North well location is located 6 km south/east of the Songo-Songo gas plant on Songo Songo island.

Operations During the Quarter

Kiliwani 1

Kiliwani 1 exploration well was spudded on 15th November, 2007 and encountered numerous delays due to mechanical problems with the Caroil 6 Rig. Kiliwani 1 reached final depth of 2570m on 7 February 2008. The well was a deviated well drilled from Kiliwani Island a small island just to the south of Songo Songo island. The well encountered gas shows in several sands over the Neocomian interval. Electric wireline logging and pressure tests did not indicate potential commercial intervals and the well was plugged and abandoned. Bounty was free carried in this well.

Kiliwani North 1

Following Kiliwani 1 the Caroil 6 rig was moved to the southern end of Songo Songo island. The Kiliwani North 1 well was spudded on 23 February 2008 as a vertical well and was drilled under time budget. The well was drilled to a total depth of 2030 metres RT which was reached on 13 March 2008.

The well intersected a gross gas column of 60 metres in the Cretaceous age (Neocomian) sandstone reservoir objective. This sand is the same reservoir as at the major Songo Songo gas field about 6 km north. Electric logging, gas logging and formation pressures taken within the well confirmed the presence of the gas interval.

Preliminary evaluation of results indicated importantly that the gas-water contact was deeper than that recorded in the adjacent Songo Songo gas field. This combined with other data demonstrated that this deeper gas-water contact in the Kiliwani North 1 discovery well is in a separate structure (pool) than the Songo Songo field.

The well has also confirmed the presence of potential sandstone reservoirs in the younger Tertiary age section which will likely be the target of additional drilling in the Block. The Kiliwani North discovery has upgraded the prospectivity of the other Neocomian leads and prospects within the Nyuni Block.

The joint venture operator officially notified the TPDC of the successful gas discovery at Kiliwani North 1 on 17 March.

The joint venture is currently mobilising equipment to conduct an extended production test on the well. This testing will enable flow rates and reservoir characteristics to be determined and the design of tie in facilities. Subject to successful testing it is proposed to tie in the well to the Songo Songo gas plant and put the well into commercial production.

Oil Production

Petroleum Lease 214 and part ATP 560P Eromanga Queensland, Utopia Oil Field

(Bounty: 40% interest)

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
Total Q1-Q3 incl	\$254,788

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
Total Q1 – Q3 incl	3340(1)	3048
(1) Corrected from previous reports		

The Joint Venture is reviewing the possibility of additional 3D seismic and development options that may include horizontal wells.

Looking Ahead: 2008

Drilling, Development and Exploration Activity mid 2008

Nyuni Block, Offshore Tanzania

Production testing of Kiliwani North 1 to be carried out in May 2008 in preparation for tie in.

AC/P 32, Offshore Western Australia (Offshore)

Location: Ashmore Cartier Region, Timor Sea

Basin: Vulcan Sub Basin

Area: 1,092 sq km

Interest: 10% working interest farmed down from 12.8%. Bounty contributing 7.6% to the dry hole cost of Wisteria 1.

Resource Estimates: Wisteria – 200 mmbbls potential

Operations during the Quarter:

During the quarter Bounty farmed down its interest in Wisteria and A/C P 32 from 12.8% to 10% on a 2:1 basis to Cosmo Energy. The Bharat Petroleum Corporation Limited (BCPL) (India), a Fortune 500 company has also farmed into the permit to earn a 20% interest. Bounty will contribute 7.6 % of the dry hole costs to Wisteria 1 while retaining a 10% interest.

During the quarter the operator, Coogee Resources secured a suitable rig for the dual target Wisteria 1. The operator has interests in many of the other discoveries in the area and this has assisted it to contract a jack up rig. It is anticipated that the well will be drilled commencing around July 2008.

Wisteria is 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% and this provides Bounty with potential to undertake further farm outs if appropriate or to retain a high exposure to this high impact well.

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

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

The operator has announced plans to drill in EP.412, and possibly in EP.435 in 2008. The operator is obligated to drill to the Birdong Sandstone objective in EP 412 in 2008 and Bounty will be free carried.

The likely target is Thornbill-1 a prospect which 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. Discussions with the operator as to its earning commitment are in progress.

During the coming quarter Bounty is also planning to undertake a surface satellite and structural study using the latest imagery with a view to further defining the known petroleum systems and defining new areas for seismic surveys.

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

Operations during the Quarter:

Geophysical mapping on the 340 km Dolphin seismic survey data and the integration of the results with previous seismic data continued during the quarter and preparations for a 200km 2D seismic survey have commenced.

Bounty has entered an ingress letter agreement with ExxonMobil to allow Exxon to conduct seismic surveys extending into WA 324P at the end of seismic lines to be shot principally in the adjoining WA 318 P permit,.

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 - Offshore

Area: 1,430 sq km

Interest: 75%

Operator: Bounty Oil

Resource Estimates: Potential + 1 TCF at Baleen.

Operations during the Quarter:

During the quarter Bounty appointed a subsidiary of MEC Resources as it's designated agent and the joint venture applied for a further extension of the permit on the grounds of force majeure, due to there being no semi-submersible rig available to drill the proposed Baleen 1 location. After the end of the quarter the joint venture was confident that an extension would be granted.

During the quarter MEC was reviewing new data from an airborne survey conducted east of Newcastle which detected evidence of petroleum seeps on the sea surface.

Corporate

- During the quarter Bounty raised \$ 1.923 million before expenses through a share purchase plan and was moving to place the shortfall from that issue.
- Appendix 5B is attached.
- The information in this report that relates to or refers to 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 15 years. He is a member of the Australasian Institute of Mining and Metallurgy and a Member of the Petroleum Exploration Society of Australia...

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")

31 March 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9months) \$A'000
1.1 Receipts from product sales and related debtors	85	255
1.2 Payments for		
(a) exploration and evaluation	(319)	(527)
(b) development	-	-
(c) production	(46)	(124)
(d) administration	(112)	(456)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	-	11
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(392)	(841)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	(8)	(305)
(b) equity investments	-	(32)
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	74
(c) other fixed assets	-	-
1.10 Loans to other entities	(164)	(164)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(172)	(427)
1.13 Total operating and investing cash flows (carried forward)	(564)	(1268)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(564)	(1268)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1923	1923
1.15	Proceeds from sale of forfeited shares	(27)	(27)
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	1896	1896
Net increase (decrease) in cash held			
		1332	628
1.20	Cash at beginning of quarter/year to date	291	995
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1623	1623

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	18
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

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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	300
4.2 Development	-
Total	300

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	1615	155
5.2 Deposits at call	8	136
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1623	291

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	Nyuni Block, Tanzania	Joint Venture Participant	6%	5%
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	189,982,238	189,982,238		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	6,381,200	6,381,200	\$0.05	\$0.05
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>	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 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 30th April, 2008
Company Secretary

Print name: MICHAEL HUTT

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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