

ASX/MEDIA RELEASE

29 July 2011



Nyuni 2 well being drilled from Nyuni 1 location - Nyuni Island Tanzania

Quarterly Activities Report – End June 2011

Highlights:

- Record oil revenue of \$1.93 million for the 12 months ended June 2011.
- Nyuni Block Tanzania:
 - Nyuni 2 targeting 880 Bcf gas recoverable (1.5 TCF GIIP) spudded on June 17, 2011 and in progress.
 - Nyuni development licence granted for Kiliwani North gas field and full commercialisation underway.
- Utopia oilfield (PL 214): Utopia 11H a short horizontal offset vertical development well was drilled completed and tied in during June 2011.
- Bounty had \$5.46 million in cash and investments with no debt at year end. It had increased its proved producing oil reserves with acquisition of the Naccowlah Block interest.

Bounty's schedule of permits: See table on Bounty's website: www.bountyoil.com

Production and Revenue

Petroleum Production and Development:

Bounty produces from two areas – Naccowlah Block and Utopia Oil Field in SW Queensland. This quarter the gas pipeline servicing the Downlands Field in the Surat Basin Queensland was shut in pending a joint venture review. Production this quarter has recovered from flooding induced delays earlier in 2011 and is expected to recover to 80 bopd when new discoveries at Naccowlah are tied in and Utopia 11H is in full production in July. This additional capacity will replace the lost production from Downlands.

Bounty has achieved record oil sales of 22,839 bbls and recorded revenues of \$1.93 million (2010: \$659,000) (2) for the 12 months ending 30 June 2011,. Appreciation of the \$A against the \$US has suppressed \$A revenues.

Revenue:

Q4	1 April – 30 June 2011	\$
PL 214, Utopia	Bounty Share (40% Interest)	275,668
ATP 259 Naccowlah	Bounty Share (2% Interest)	124,314
PL119 Downlands	Bounty Share (24.75% Interest)	346
	Total Revenue subject to adjustment (2)	400,328

Production:

Q4	1 April – 30 June 2011	boe
PL214, Utopia	Bounty Share (40% Interest) bbls	2,803
ATP 259	Bounty Share (2% Interest)	2,053
PL119 Downlands	Bounty Share (24.75% Interest) boe	3
	Total Production boe	4,859

Sales:

Q4	1 April – 30 June 2011	boe
PL 214, Utopia	Bounty Share (40% Interest) bbls	2,490
ATP 259	Bounty Share (2% Interest)	2,527
PL119 Downlands	Bounty Share (24.75% Interest) boe	-
	Total Sales boe	5,017

- 1) ATP 259 Naccowlah Block: Production and sales volumes subject to adjustments.
- 2) GST inclusive

Introduction - Projects

Core Projects

Development of the Utopia Oilfield continued with the successful drilling and completion of Utopia 11H, a short leg horizontal well which drilled 176.5 metres into the Murta Reservoir. This well was completed and tied in in June 2011. It was on production by July 2011.

Surat Basin Near Field Exploration continues with the identification of a new prospect which appears to lie up dip of bypassed oil in the Showgrounds Sandstone. A new 3D seismic survey is planned for the next quarter.

Growth Projects

Drilling of the Nyuni 2 appraisal well in the Nyuni Block, east Tanzania commenced on June 17, 2011. Drilling time is expected to be 10 weeks.

The operator requested that stock exchange releases be issued in consultation with the Block participants when there are material drilling events.

Nyuni 2 is an up dip test of the gas discovered in Nyuni 1 and has prospective recoverable gas resources of 880 BCF and 1.5 TCF of GIIP. Subject to successful delineation of the structure by additional transition zone seismic it is proposed to follow Nyuni 2 with a well at Fanjove North targeting 400 BCF gas.

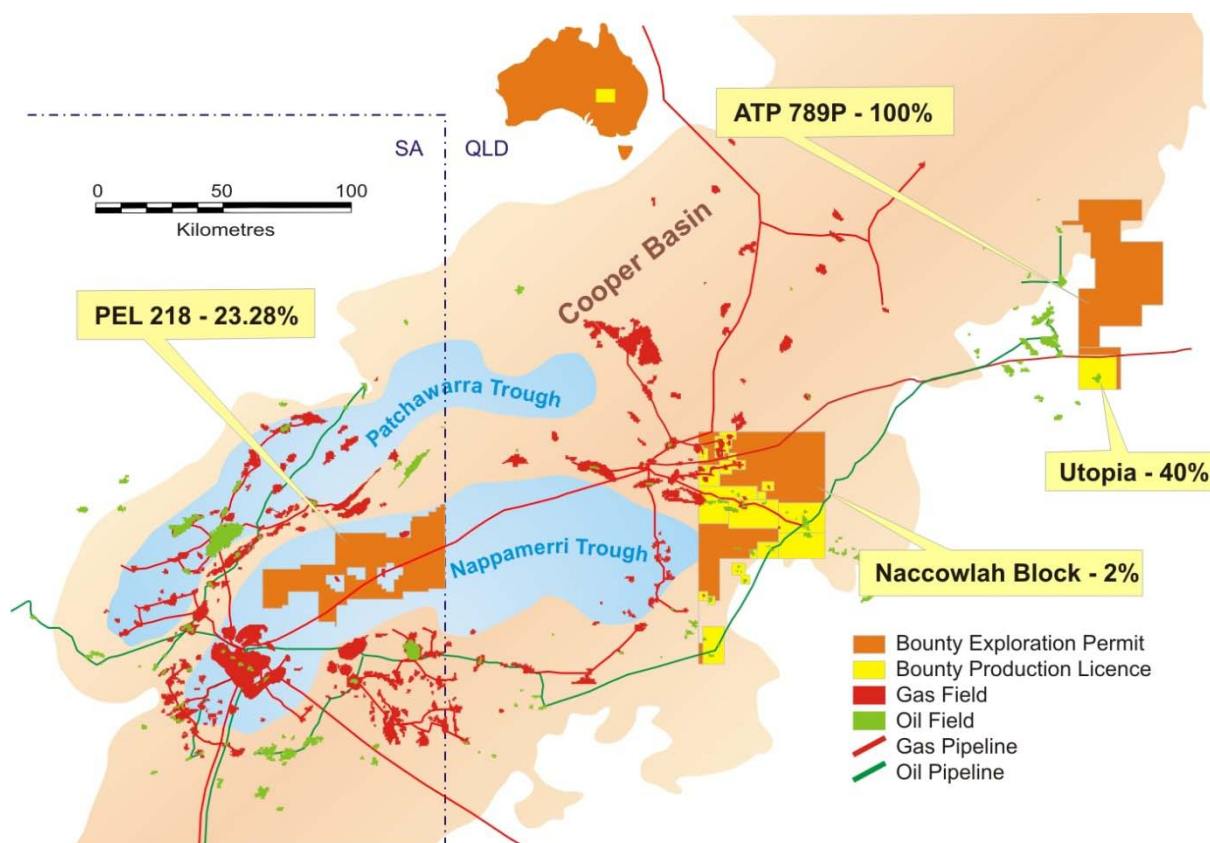
Success at Nyuni 2 will lift Bounty into a major gas project on the developing east African margin.

Cooper Eromanga Projects QLD and SA – Oil Production and Exploration

Production: Approx 80 bopd
 Reserves: 2P 1.35 MMbo
 Lands: Gross – 6501 km², net – 2130 km²

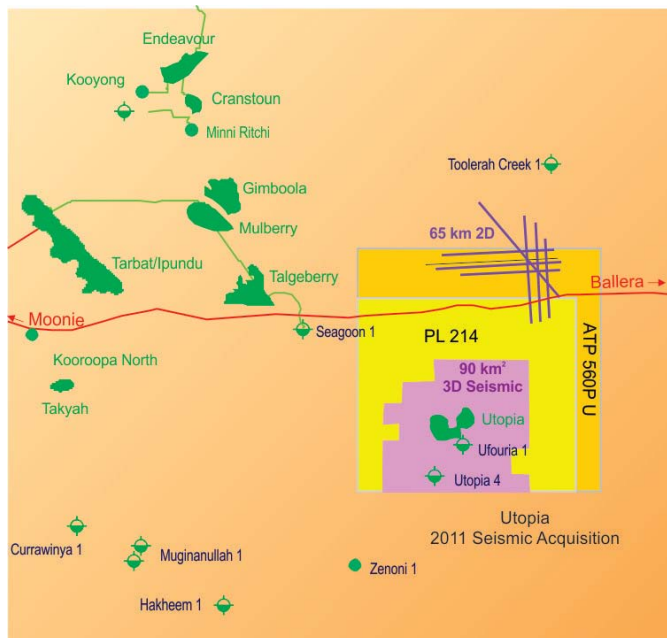
Overview:

The Cooper/Eromanga and Surat Basin projects are the focus of Bounty's current oil development program with 4 wells to be completed in the near term complemented by 3D seismic acquisition and interpretation.



Significant Activities during Quarter:

Naccowlah Block – April, 2011 saw the return to near full production after it was reduced to approximately 40% of capacity by wet weather. Wandilo South 1 a near field exploration well was drilled plugged and abandoned after failing to intersect hydrocarbons.



Utopia and ATP 560P – The Utopia 11H horizontal oil development well was drilled and completed during the quarter. The 3D seismic survey designed to provide a framework for development drilling at Utopia and to image the expected eastern lobe of the field is being interpreted. This seismic survey is a step to delineation and development of an expected 5 million barrels of oil in the Murta zone.

PEL 218 – Delayed. The joint venture is proposing a testing program but field work has been delayed by flooding in the Cooper Basin region.

ATP 789P – Awaiting renewal.

Future Work:

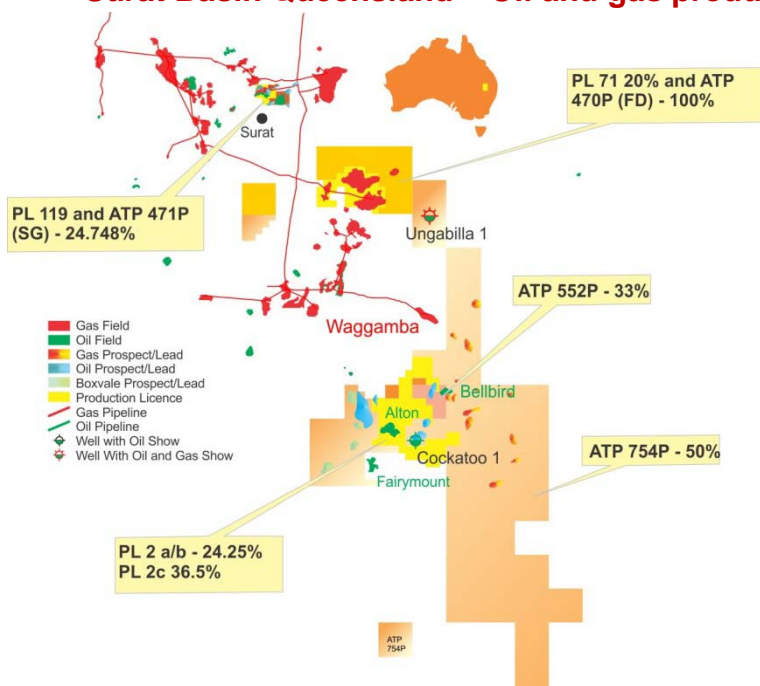
Naccowlah Block – One near field exploration well remains to be drilled in 2011. The new discoveries at Watson West 1 and Irtalie East 1 will be tied in to oil flow lines in the coming quarter. Production optimisation

activities are ongoing.

Utopia PL 214 – Utopia 11H was tied in to the production facilities in June 2011 and was expected to be on line in July. Interpretation of the 3D seismic data will be completed. The results will guide further development of this field.

Utopia ATP 560P – Seismic data to be interpreted.

Surat Basin Queensland – Oil and gas production, oil development and near field exploration



Production: Suspended
 Reserves: 2P 0.4 MMboe
 Lands: Gross – 3558 km², net – 1655 km²

Overview:

Bounty's focus in the Surat Basin is oil exploration along the western margin of the Taroom Trough. Bounty's acreage includes previous oil discoveries at Eluanbrook 1, Bellbird 1 and Bellbird West 1. Bounty has an inventory of targets exceeding 2 MMbo potential.

Significant Activities during Quarter:

PL 119 Downlands – Production suspended awaiting renewal of lease and joint venture reviews.

ATP 470P Formosa Downs Block and Redcap Block – Bounty has acquired 100% of these Blocks and has become operator focusing on development of the proved gas resources adjacent to Parknook – Namarrah fields. The permit is undergoing renewal.

ATP 552P – Renewal pending. On renewal work will commence on the development of the Bellbird oilfield with re-entries.

ATP 754P – Preparing to acquire 45 sq km of 3D seismic over the Farawell Prospect with potential for 360,000 bbls recoverable oil in the Showgrounds Formation. This target lies east of Alton Field and is up dip from bypassed oil in a previously drilled well. The Prospect is a multi-zone target and any drill hole will also be aimed at testing coal seam and unconventional gas (including shale gas) associated with the Permian age and the younger Walloon Group coal seams. The permit is undergoing partial surrender and renewal.

PL 2 Bocks A, B and C – Bounty has acquired several JV interests in PL2 Alton (excluding the Alton Oil Field). Seismic interpretation continued.

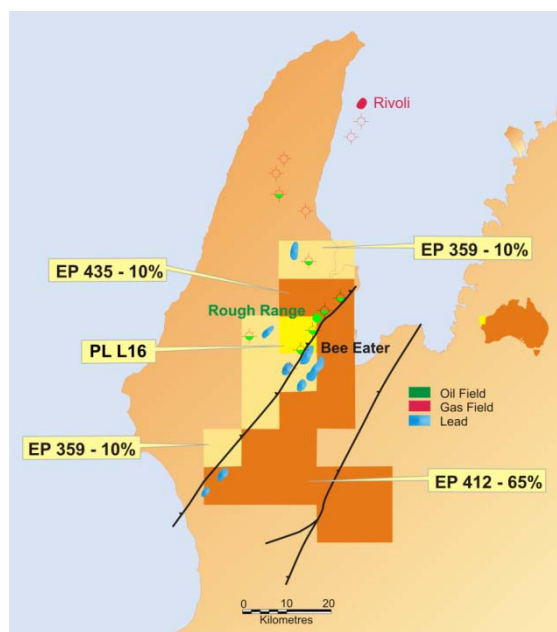
Future Work:

ATP 754P – Undertake 3D seismic survey over the Farawell Prospect and follow up with drilling in early 2012.

Rough Range Project Carnarvon Basin Onshore WA – Oil Exploration

Lands: Gross – 3187.6 km², net – 1295.5 km²

Overview:



Bounty resumed operatorship of EP 412 in early 2010. The area is up dip from the prolific offshore Carnarvon Basin and the Rough Range oil discovery in the 1950's which proved that oil has migrated into this area. Bounty is targeting the 5-6 MMbo potential Bee Eater prospect in EP 359 and EP 435. The targets in this area are all less than 1000 metres below surface so potentially offer relatively inexpensive drilling.

There is shale gas potential in Patterson Trough which may be developed pending a successful farmout.

Significant Activities during Quarter:

The structural study using satellite imagery of the area was completed.

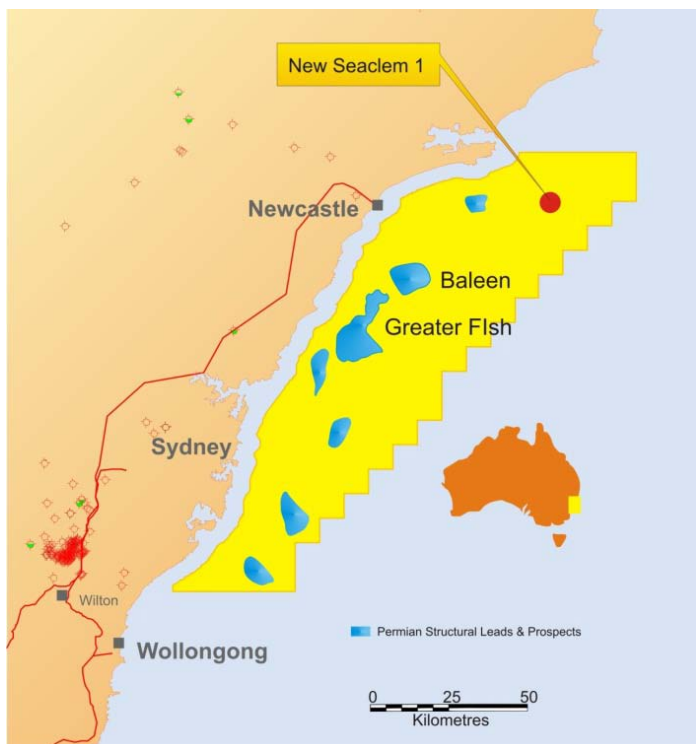
Future Work:

EP 359 – The operator (Empire Oil and Gas NL) plans to drill Bee Eater 1 in 2011/12. This well will target a potential 5 MMbo at shallow depths.

PEP 11 Offshore Sydney Basin NSW – Company Making Gas Exploration

Targets: Permian Leads and Prospects 4.7 TCF
 Lands: Gross – 8267 km², net – 1240 km²
 Bounty Oil: 15% working interest

Overview:



well.

PEP 11 is a very high impact exploration project where Bounty is participating in the exploration of a new gas play very close to the largest market in the country. Gas generation and migration systems have been established and are associated with large anticlinal structures in the as yet untested Permo-Triassic age sequence. Targets of 4.7 TCF total gas potential have been identified at this level with potential for up to 16 TCF in the permit.

Significant Activities during Quarter:

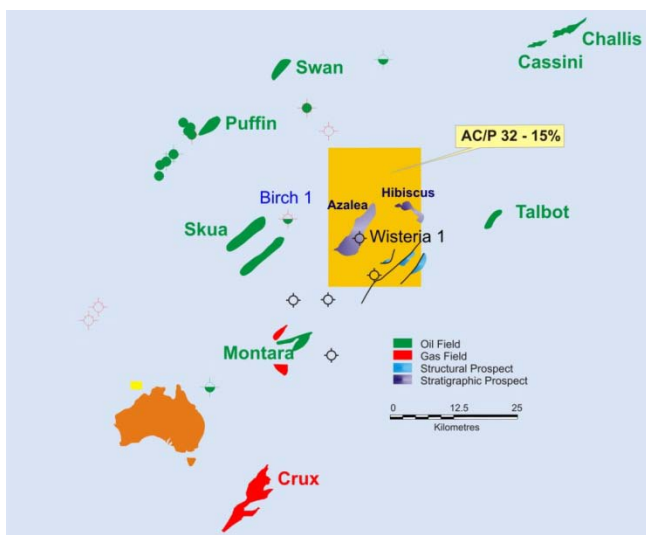
Full follow up work on the data gathered from the New Seaclem 1 well was ongoing. The partners in PEP 11 (Bounty and Advent Energy) have been advised that their application to the Joint Authority to revise the Year 6 work programme to include geological and geophysical studies as well as planning for new seismic acquisition has been approved.

Future Work:

Following post well studies the joint venture will prepare for 3D and/or 2D seismic acquisition in preparation for the drilling of a second commitment

AC/P 32 Vulcan Graben Ashmore Cartier Territory – Offshore High Impact Oil Exploration

Targets: 240 MMbo in two large stratigraphic traps
 Lands: Gross – 504 km², net – 75.6 km²



Overview:

AC/P 32 is located within the prolific Vulcan Sub-basin and is surrounded by oil and gas fields. It was renewed for a further three years in 2009 when Bounty increased its equity to 15%. It is targeting two large stratigraphic traps:

- the 180 MMbo Azalea Prospect a Puffin Sand pinchout up dip from the Puffin oil field. Oil was recovered from the Puffin sand to the west in the Birch 1 exploration well; and
- the Hibiscus prospect in the north east section of the permit - a 60 MMbo target within Turonian (Upper Cretaceous Age) turbidite channel sands; a similar setting to the 35 metre gas sand in Tahbilk 1, southwest of the permit.

Significant Activities during Quarter:

The 3D seismic reprocessing project extending over all of AC/P 32 was completed and seismic re-interpretation commenced. This re-interpretation is in its early stages but has indicated that the Wisteria 1 well, a multi target test drilled in 2008, may have just missed the Puffin Sand pinch out and therefore the main oil pool in the Azalea Prospect.

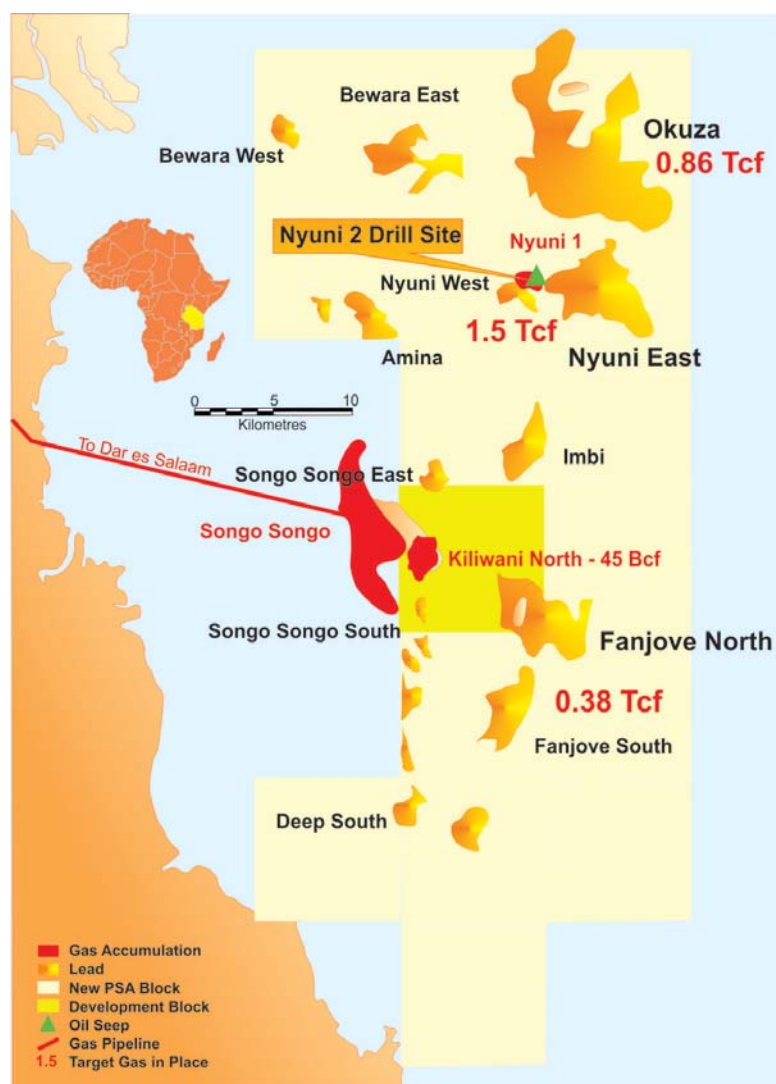
Future Work:

Seismic interpretation and attribute and fluid substitution studies to define the Puffin Sand pinchout will continue during the coming period with the aim of defining a drilling target for 2012/13.

Nyuni Project Tanzania – Gas Development and High Impact Exploration

Targets: 1.67 TCF gas in immediate drilling targets
 Lands: Gross – 2860 km², net – 143 km²

Overview:



The Nyuni Joint Venture has drilled three wells to date for two new field gas discoveries at Nyuni (15 metre gas column) and Kiliwani North (60 metre gas column). Kiliwani North 1 tested at 40 MMcf/d and new seismic and material balance studies have confirmed that the Kiliwani North Pool has 40 BCF of recoverable gas. The field is located on Songo Songo Island only 3.5 km. from the Songo Songo gas plant and pipeline to Dar es Salaam. Kiliwani North is slated for development subject to finalising capacity upgrades on the gas plant and pipeline followed by the successful negotiation of a gas sales contract.

Significant Activities during Quarter:

The Operator Aminex PLC spudded Nyuni 2 (target 880 BCF recoverable, 1.5 TCF gas in place) on June 17, 2011. At the end of the Quarter the well was at 1144 metres MDRT (1072 metres TVDSS). The proposed final depth is 3325 m MDRT (2964 m TVDSS). The well is located approximately 19 km NNE of the Kiliwani North Gas field and 17 km NE of the Songo Songo gas plant.

Excellent progress towards commercialisation of the Kiliwani North Gas Field was made during the quarter.

Future Work:

Nyuni 1 was drilled as a vertical well from Nyuni Island. It intersected a 15 metre gross gas column in the Albian/Aptian (late Lower

Cretaceous) age sands. The underlying Neocomian (earliest Lower Cretaceous) age sands were probably water wet at that location. Nyuni 2 was spudded from the same pad as Nyuni 1 and is being directionally drilled to the south east to intersect the Albian/Aptian and Neocomian sands up dip from the proven gas in Nyuni 1.

Subject to the results of Nyuni 2, infill seismic and permits the joint venture may drill a vertical well into the Fanjove North Prospect only 10 km from the Songo Songo gas plant (see map). This will test the same reservoir sands as have been proven in the Kiliwani North and Songo Songo gas fields. Prior to drilling Fanjove North 1 it will be necessary to acquire transition zone seismic data to detail the structure. This well will be within the newly granted Development Licence.

Corporate

At year end Bounty had \$ 5.46million in cash and investments and no debt having recorded record oil sales of \$1.93 million for the year. It is in good shape to pursue its core and growth strategies.

In 2011 Bounty invested \$5.14 million in exploration and development directed principally at oil focussed projects in the Cooper and Surat Basins. It invested in acquiring proved producing reserves at Naccowlah and building land positions in Queensland which are providing the basis for a 4 to 5 well drilling program over the next 12 months. Bounty is confident that it will continue to build reserves and sales.

During the year there was also very significant progress on the Nyuni Block gas commercialisation with the potential for a major project if the Nyuni 2 well can prove up dip gas resources.

Bounty was free carried through the New Seaclem 1 exploration well which was a commitment well and cost in excess of \$20 million. This work has secured the PEP 11 permit for 3 years and was the first well in the offshore Sydney Basin. The major gas potential in the permit will require additional drilling.

Appendix 5B is attached.

For further information, please contact:

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Website: www.bountyoil.com

Abbreviations

MMBO :	Million barrels of oil .
MMBOE:	Million barrels of oil equivalent.
CSG:	Coal seam gas
PSA:	Production Sharing Agreement
PSC:	Production Sharing Contract
BCF:	Billion cubic feet of natural gas
TCF:	Trillion cubic feet of natural gas
MMcf/d	Millions of cubic feet per day of natural gas
BBLS:	Barrels of oil
P_{mean}	The average (mean) probability of occurrence
P90	90% probability of occurrence
P10	10% probability of occurrence
GIIP	Gas initially in place
MDRT	Measured Depth below Rotary Table
TVDSS	Total Vertical Depth below Sea Level

Contingent Resources - Discovered resources, not yet fully commercial
Prospective Resources - Undiscovered resources

[The information in this report that relates to or refers to petroleum or hydrocarbon reserves, is based on information and reports prepared by , reviewed 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. He consents to the reporting of that information in the form and context in which it appears.]

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/01, 01/06/10, 17/12/10

Name of entity

BOUNTY OIL & GAS NL

ABN

82 090 625 353

Quarter ended ("current quarter")

30 June 2011

Consolidated statement of cash flows

	Current quarter \$A	Year to date \$A
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	410,230	1,929,237
1.2 Payments for (a) exploration and evaluation	(1,549,543)	(4,981,249)
(b) development	(162,964)	(162,964)
(c) production	(115,211)	(1,059,091)
(d) administration	(377,040)	(1,608,212)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	29,105	160,119
1.5 Interest and other costs of finance paid	-	-
1.6 GST refund/ Income taxes paid	182,413	47,605
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,583,010)	(5,674,555)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	(450,317)
(b) equity investments	(52,981)	(535,777)
(c) other fixed assets	-	(63,006)
(d) petroleum tenement	-	(1,484,614)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	1,083,692	1,986,403
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(432,651)
1.11 Loans repaid by other entities	292,000	295,848
1.12 Other (provide details if material)	-	-
Net investing cash flows	1,322,711	(684,114)
1.13 Total operating and investing cash flows (carried forward)	(260,299)	(6,358,669)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(260,299)	(6,358,669)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	5,331,122
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings (other entities)	-	-
1.17	Repayment of borrowings	(35,000)	(35,000)
1.18	Dividends paid	-	-
1.19	Other (share issue expenses)	-	(490,461)
	Net financing cash flows	(35,000)	4,805,661
	Net increase (decrease) in cash held	(295,299)	(1,553,008)
1.20	Cash at beginning of quarter/year to date	2,770,560	4,067,577
1.21	Exchange rate adjustments to item 1.20	(12,765)	(52,073)
1.22	Cash at end of quarter	2,462,496	2,462,496

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
1.23	Aggregate amount of payments to the parties included in item 1.2	106,008
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

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

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A	Amount used \$A
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A
4.1 Exploration and evaluation	900,000
4.2 Development	400,000
4.3 Production	150,000
4.4 Administration	220,000
Total :	1,670,000

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	Previous quarter \$A
5.1 Cash on hand and at bank	2,395,836	2,703,900
5.2 Deposits at call	66,660	66,660
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,462,496	2,770,560

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>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	752,150,982	752,150,982		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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>	16,000,000	-	<i>Exercise price</i> \$0.14	<i>Expiry date</i> 23.12.2012
7.8 Issued during quarter	-	-		
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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:
(Director and Company Secretary)

Date: 29 July 2011

Print name: J. G. HIGGINBOTHAM

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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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