

ASX/MEDIA RELEASE

31 October 2011



Development drilling Utopia, SW Queensland

Quarterly Activities Report – End September 2011

Highlights:

Australia

- Oil revenue up 164% to \$1.72 million for the 2010/11 year
- Current assets at June 2011 of \$6.04 million
- Oil Business strategy on track to provide further growth:
 - Seismic studies point to likely drill test of 174 million bbl oil target at Wisteria West in AC/P 32 Timor Sea
 - 3D seismic surveys indicate possible 8 million bbls at Utopia, Queensland
 - Bounty moving on new acquisitions

Tanzania – Nyuni Block

- Development licence for Kiliwani North gas field granted and commercialisation underway
- Nyuni 2 targeting 800 BCF to 1 TCF gas suspended due to technical problems after encountering significant gas above target zones

Oil Business

Production:

Bounty produces from two areas – Naccowlah Block and Utopia Oil Field in SW Queensland. The gas pipeline servicing the Downlands Field in the Surat Basin Queensland was shut in pending reviews. Production this quarter has recovered strongly 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.

After audit adjustments Bounty had achieved record oil sales of 20,529 bbls and revenues of \$1.72 million (2010: \$659,000) for the 12 months ending 30 June 2011. Appreciation of the \$A against the \$US has suppressed \$A revenues

Bounty's petroleum production and sales for the quarter ended 30 September 2011 are summarised below.

Revenue:

Q1	1 July – 30 Sep 2011	\$
PL 214, Utopia	Bounty Share (40% Interest)	235,437
ATP 259 Naccowlah	Bounty Share (2% Interest)	474,788
PL119 Downlands	Bounty Share (24.75% Interest)	7,833
	Total Revenue subject to adjustments (1)	718,058

Production:

Q1	1 July – 30 Sep 2011	boe
PL214, Utopia	Bounty Share (40% Interest) bbls	2,694
ATP 259	Bounty Share (2% Interest)	7,992
PL119 Downlands	Bounty Share (24.75% Interest) boe	-
	Total Production boe	10,686

Sales:

Q1	1 July – 30 Sep 2011	boe
PL 214, Utopia	Bounty Share (40% Interest) bbls	2,426
ATP 259	Bounty Share (2% Interest)	7,992
PL119 Downlands	Bounty Share (24.75% Interest) boe	2
	Total Sales boe	10,420

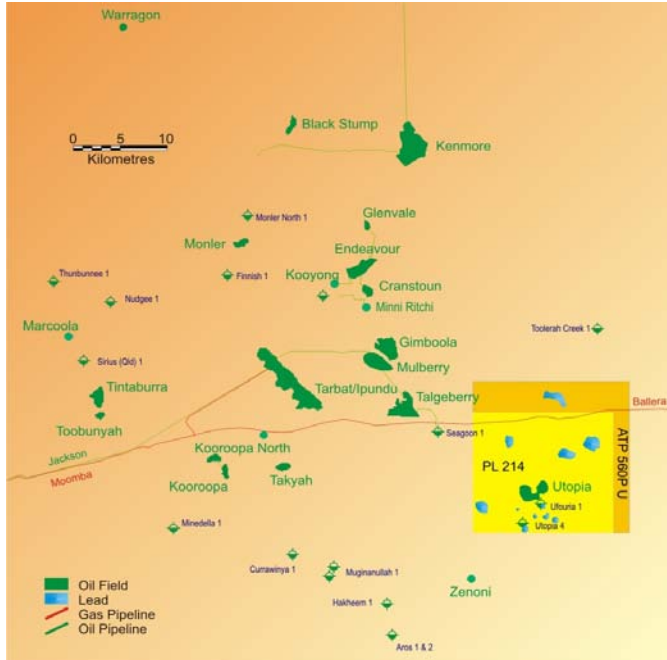
1) GST exclusive.

Development:

Utopia Block; PL 214 and ATP 560P Eromanga Basin, SW Queensland – Bounty 40%

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

Background



Bounty produces 35 bopd from oil wells developed in the Murta Formation at a depth of 1000 metres below surface. The Utopia Field is in a low relief anticline with a maximum elevation of 10 metres and is the largest Murta pool in the Queensland Eromanga Basin. It is underdeveloped.

Significant Activities during Quarter

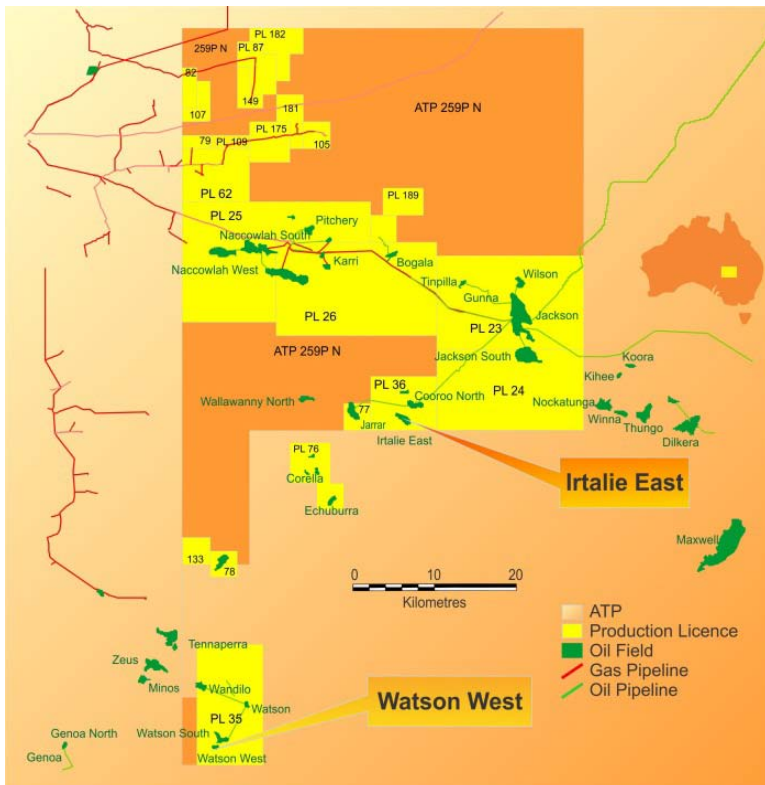
Utopia 11H, a short leg horizontal well which drilled 176.5 metres into the Murta reservoir was on production during the quarter.

Interpretation of data from the 200 sq. km. 3D seismic survey over PL 214 commenced as a step to preparing a comprehensive oil development plan. Interpretation to date indicates that the producing pool extends to the east with indications that there are 8 mmbb above the oil/water contact. Further drilling is planned.

ATP 259P Naccowlah Block and Associated PL's SW Queensland - Bounty 2%

Location: Surrounding Jackson, Naccowlah and Watson Oilfields

Background



The Naccowlah Block comprises 3116 km² approximately half of which is covered by ATP 259P (N) and the remainder in 22 production licences (PL's) covering producing fields. This area has the capacity to produce 40 bopd net to Bounty.

During the last year; three Near Field Exploration wells were drilled and Bounty participated at its interest. Watson West 1 and Irtalie East 1 were new oil discoveries. Wandilo South 1 failed to intersect commercial oil. The two discovery wells will be tied in during early 2011/12 and further development and appraisal drilling is planned. These wells continued the run of new field discoveries in the area over the past five years.

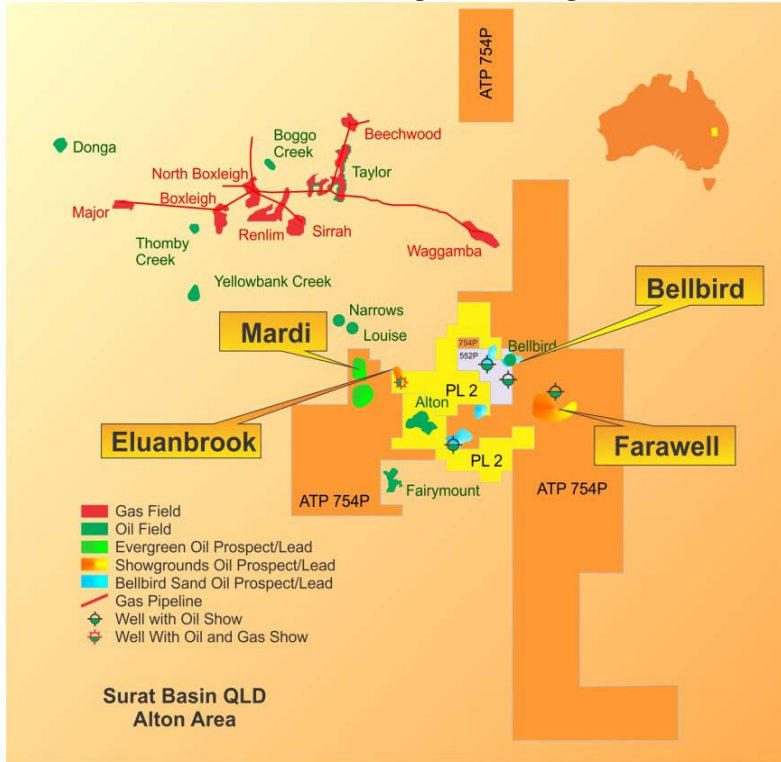
A number of production enhancement operations on production wells were undertaken during the period and were continuing.

Exploration:

Southern Surat Basin Onshore Queensland

ATP 552P – Bellbird - Bounty 33.33%, ATP 754P – Bounty 50%, PL 2A/B – Bounty 24.25%, PL 2C – Bounty 36.5%

Location: 40 km northeast of St. George surrounding Alton Oil Field.



Significant Activities during the Quarter

ATP 745P: Bounty participated in a major seismic re-processing and re-mapping project conducted by the operator, Origin Energy Limited during 2010/2011. Following reviews the joint venture elected to acquire a 3D seismic survey to delineate a structure up dip from oil discovered in the Permian section by the Farawell 1 well. The survey area is named Farawell Updip and will cover 45 sq km. That survey has yet to commence.

Subject to confirmation by the 3D seismic survey drilling of Farawell Updip as a multi-zone test for oil and gas/condensate is planned for 2012. In this part of the Surat Basin conventional gas often contains around 80 – 100 bbls of condensate per MMcf gas.

ATP 754P is also considered to have significant coal seam gas (CSG) potential. A drill will also test for CSG in the Tinowan/Wallabella Coal sequence.

Bounty is still awaiting renewal of ATP 552P, when it is anticipated that an engineering review of the reservoir will be undertaken prior to a renewed attempt at commercial production.

PEL 218 Eromanga Basin, NE South Australia – Bounty 23.28% in section above the Permian

Location: 50 Km northeast of Moomba, SA

Significant Activities during the Quarter

Testing has been curtailed in 2010 and in 2011 by extremely wet conditions and flooding along the Cooper Creek, SA. The forward program will involve testing Wakefield 1. The joint venture discussed the timing for this testing.

EP 412 (Bounty 65%) and EP 435, Production Licence 04-5L and EP 359 (Bounty 10% in each) – Onshore Carnarvon Basin, Western Australia

Location: Surrounding Rough Range Oil Field, 60Km south of Exmouth

Background

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 made in the 1950's. It proved that oil has migrated into this area. The Rough Range structure, however, formed during a Tertiary age compression and post dates the bulk of oil migration. Bounty is targeting older, better timed structures up dip, in particular the 5-6 MMbo potential Bee Eater prospect.

There is shale gas potential in the Patterson Trough running through EP 359 and 435 and during the year the joint venture was negotiating a farm out to a USA based group to drill test for this Unconventional Gas.

Significant Activities during the Quarter

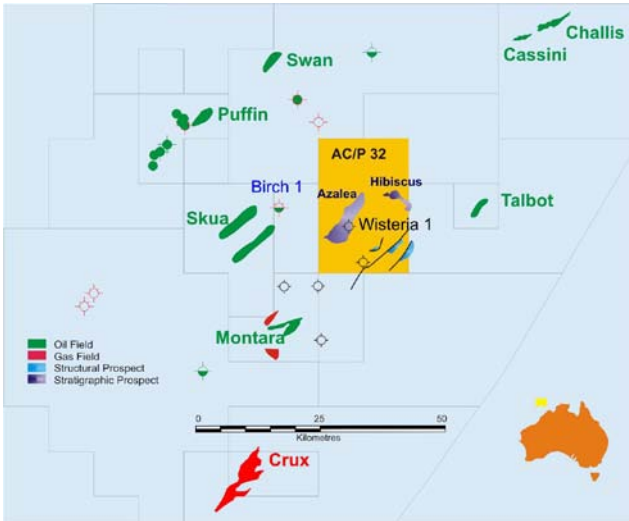
A Production Licence covering the Rough Range 1A oil pool was granted.

Depending on the success of a farmout on the shale gas potential, Bee Eater 1 may be drilled in mid 2012.

Growth Projects:

AC/P 32 – Offshore Vulcan Sub-basin, Ashmore and Cartier Territory - Bounty 15%

Location: Offshore 500 Km northwest of Darwin, NT.



Background

This permit is located within the prolific Vulcan Sub-basin and is surrounded by oil and gas fields. The Permit was renewed for a further three years in 2009. Bounty increased its equity to 15%. The 174 MMbo Wisteria/Azalea Prospect is a large stratigraphic trap where the Puffin Sand pinches out up dip from oil in the Puffin Field and the Birch 1 well. This zone contains multi million barrel producing oil fields in this vast region of the Timor Sea.

The Hibiscus prospect in the north east section of the permit is a 66 MMbo stratigraphic trap play within Turonian turbidite channel sands, a similar setting to the 35 metre gas sand encountered in Tahbilk 1, southwest of the permit.

Significant Activities during the Quarter

Bounty continued to participate at its 15% interest in the seismic re-processing project designed to image the Puffin Sand pinchout and model the properties of potential reservoirs at the Wisteria/Azalea Prospect. Seismic interpretation including AVO (amplitude versus offset) and seismic inversion studies were in progress during the quarter. Interpretation so far suggests that the 2008 Wisteria 1 well narrowly missed this major oil target and the joint venture will in 2012 likely commit to a new exploration well to test this prospect.

GAS/CONDENSATE BUSINESS

Development:

Downlands PL 119 and ATP 471 (Spring Grove) Surat Basin, Queensland – Bounty 24.748%, ATP 470P Bounty 100%, PL 71 Bounty 20% (exploration rights only)

Location: 2km north of the town of Surat

Significant Activities during the Quarter

Production had been affected by the rains in the summer of 2010/11 and the main gas pipeline was closed to third parties as it was converted for a gas storage project. Tie in to a third party gathering system was under planning. Development targets for both oil and gas exist within PL 119 and in the adjacent Spring Grove oilfield in ATP 740SG. An application for renewal of PL 119 is pending.

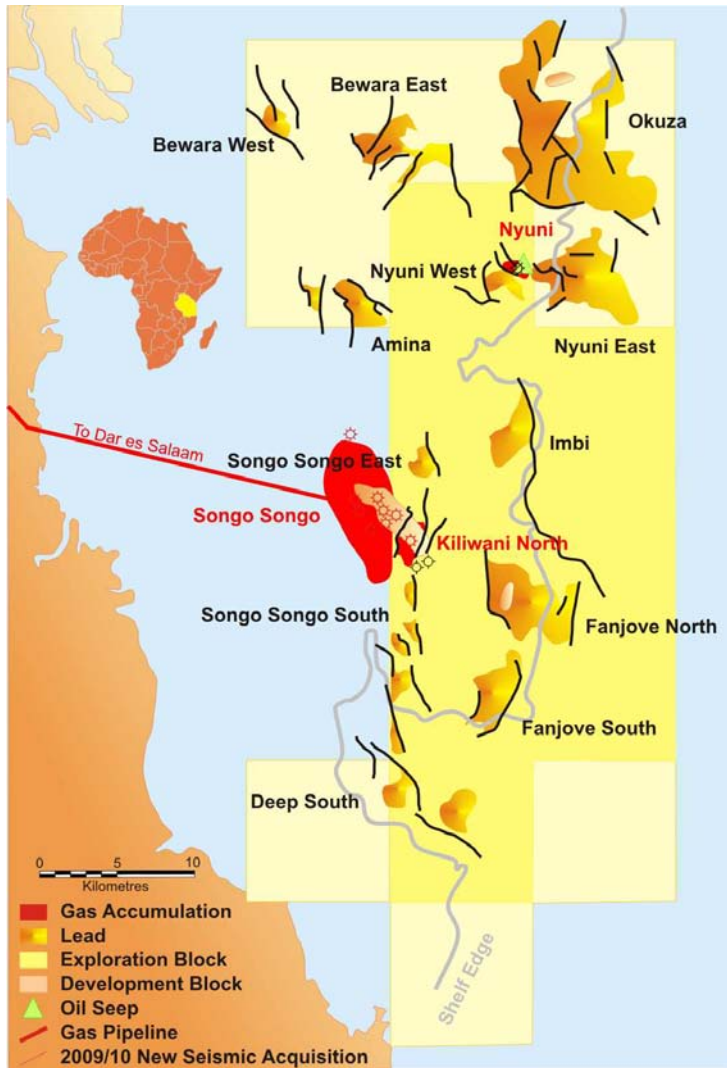
During June 2011 the remaining parties in ATP 470P transferred their interests to Bounty which now holds 100% subject to renewal which is also pending. Bounty is targeting sands of the Tinowan Formation immediately overlying the basement and draining a basement high under the Parklands and Namara Gas Fields. Bounty now holds 100% of the gas reserves at Weribone East and gas in other wells in the Tinowan Formation in this area.

Growth Projects:

Nyuni Block – Offshore Mandawa Basin Tanzania - Bounty 5%

Location: 30 Km offshore from Rufiji Delta Tanzania

Background



The Nyuni Joint Venture has drilled three wells to date for two new field gas discoveries at Nyuni 1 and Kiliwani North 1. Kiliwani North 1 tested at 40 MMcf/day in the Kiliwani North Pool located only 3.5 km. from the Songo Songo gas plant and pipeline to Dar es Salaam.

Significant Activities during the Quarter

Kiliwani North Development

The principal steps towards development of Kiliwani North during the last 12 months were:

- Certification of 40 BCF of gas reserves sufficient to enter a gas supply contract.
- Grant of a development licence.
- Project engineering and design

Commercialisation operations commenced in September, 2011 with purchase of pipeline tangibles. Tie in of the well to the sales gas plant and production is planned for early 2012.

Nyuni Block Exploration – 2010/11

During the quarter the joint venture continued drilling the Nyuni 2 well:

- The re-processed and re-mapped seismic database resulted in identification of a very large 800 BCF - 1 TFC Neocomian (early Lower Cretaceous age) target to the east of and updip from Nyuni 1A which tested gas in 2004.

- The Nyuni 2 well to test this target spudded on 17th June, 2011. The well was located on Nyuni Island 20 km. north of the Songo Songo gas plant.
- Nyuni 2 was drilled directionally from the same pad as Nyuni 1. Subsequent to the reporting date the well encountered significant gas but due to technical problems, was suspended on 6th October, 2011.
- The joint venture is reviewing the Nyuni 2 well.
- Fanjove North to the southeast of Kiliwani North, may be tested in 2012. A well at Fanjove North would target 400 BCF gas.
- Success in the Block will lift Bounty into a major gas project on the developing east African margin.

PEP 11, Offshore Sydney Basin, New South Wales – Bounty 15%

Background

PEP 11 covers 8,267 km² of the offshore Sydney Basin immediately adjacent to the largest gas market in Australia and is a high impact exploration project.

Bounty's farm in partner Advent Energy Ltd ("Advent") has proven an active hydrocarbon generation and migration system as well as establishing an inventory of leads and prospects with prospective resources of 4.7 TCF gas at the P50 confidence level.

2010/2011 Exploration

In 2010/11 Bounty was free carried through New Seaclem 1 an offshore exploration well drilled by Advent at a cost of over \$25 million targeting major potential gas reserves in the Tertiary. The well was the first to be drilled in the offshore Sydney Basin and tested only a shallow gas target.

The well was plugged and abandoned after failing to encounter hydrocarbons although it intersected excellent Tertiary age reservoir and Lower Permian Age source rocks of the Sydney Basin. Further south of the location drilled these Permian sequences have been proven to be generating gas and are considered to be prospective for gas with major prospects and leads in the Fish-Baleen area 20 km offshore and south east from Newcastle. They are yet to be tested. As a result of drilling the well the permit continues in good standing and has been extended for 3 years.

During the period post well studies on New Seaclem 1 data continued. The next program is likely to involve 2D/3D seismic surveys to further delineate the Permian age gas prospects.

CORPORATE

Operating Results – Year to 30 June 2011

Consolidated loss of the group attributable to equity holders after providing for income tax amounted to \$251,208 (2010: Loss \$1,625,305).

Revenue from continuing operations for the period was \$ 1,741,563 (2010: \$659,148).

The operating loss was determined after taking into account the following material items:

- Petroleum revenue; (mainly from oil sales) of \$1,719,825
- A profit on trading listed securities of \$1,328,313
- An unrealized mark to market gain on listed securities of \$204,978.
- Direct petroleum operating expenses of \$1,260,130
- Non cash expenses for depreciation, amortisation and impairment of \$650,517
- Petroleum property rehabilitation expense of \$147,087

In 2011 Bounty invested \$4.84 million in exploration and development directed principally at oil focussed projects in the Cooper and Surat Basins.

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
TVDS	:	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 Sept 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A	Year to date \$A
1.1 Receipts from product sales and related debtors	723,234	723,234
1.2 Payments for (a) exploration and evaluation	(1,078,209)	(1,078,209)
(b) development	-	-
(c) production	(490,057)	(490,057)
(d) administration	(409,515)	(409,515)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	18,349	18,349
1.5 Interest and other costs of finance paid	(416)	(416)
1.6 GST refund/ Income taxes paid	7,303	7,303
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,229,311)	(1,229,311)
Cash flows related to investing activities	¤	
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(1,639)	(1,639)
(d) petroleum tenement	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	127,234	127,234
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	78,341	78,341
1.12 Other (provide details if material)	-	-
Net investing cash flows	203,936	203,936
1.13 Total operating and investing cash flows (carried forward)	(1,025,375)	(1,025,375)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,025,375)	(1,025,375)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	480,000	480,000
1.15	Proceeds from sale of forfeited shares	(3,193)	(3,193)
1.16	Proceeds from borrowings (other entities)	-	-
1.17	Repayment of borrowings	(32,914)	(32,914)
1.18	Dividends paid	-	-
1.19	Other (share issue expenses)	-	-
	Net financing cash flows	443,893	443,893
	Net increase (decrease) in cash held	(581,482)	(581,482)
1.20	Cash at beginning of quarter/year to date	2,462,496	2,462,496
1.21	Exchange rate adjustments to item 1.20	29,222	29,222
1.22	Cash at end of quarter	1,910,236	1,910,236

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	236,002
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	700,000
4.2 Development	-
4.3 Production	410,000
4.4 Administration	390,000
Total :	1,500,000

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	1,843,576	2,395,836
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)	1,910,236	2,462,496

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	772,150,982	772,150,982		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	20,000,000 -	20,000,000 -	\$0.024 -	\$0.024 -
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 20,000,000	-	<i>Exercise price</i> \$0.14 \$0.032	<i>Expiry date</i> 23.12.2012 27.07.2014
7.8 Issued during quarter	20,000,000	-	\$0.032	27.07.2014
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: 24 October 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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+ See chapter 19 for defined terms.