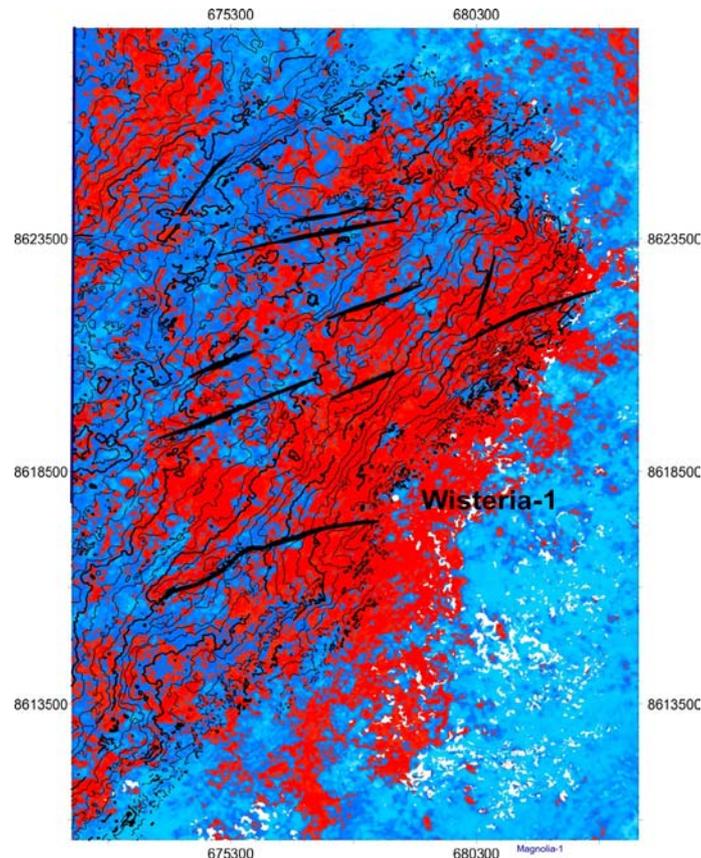




ASX/MEDIA RELEASE

31 January 2013



High impact oil exploration - Seismic Amplitude anomalies A/CP 32 Timor Sea, NW Australia

Quarterly Activities Report – End December 2012

Highlights:

- Oil revenue for half year \$1.03 million (Half 2011: \$1.29 million) with 2013 increases from SW Queensland expected
- Current assets at December 2012 exceed \$6 million
- Oil Business strategy on track to provide further growth:-
 - Bounty extends term for 100% owned AC/P32, Timor Sea with potential
 - 20 – 80 million bbl oil target at Wisteria West
 - Development drilling about to commence to test potential 1.8million bbls (gross) at Utopia, Queensland
- Gas/Condensate Business:-

- **Bounty completes acquisition of Key Petroleum’s 5% equity in the Kiliwani North Development Block, Tanzania**

Oil Business

Production:

Bounty produces from two areas – Naccowlah Block and Utopia Oil Field in SW Queensland. The Downlands Field in the Surat Basin Queensland is shut in pending lease renewal and development.

Production this quarter was reduced as the first flush production from new wells at Naccowlah declined marginally however Bounty achieved oil sales of 5,883 bbls (First quarter 2012/13: 4,629 bbls). Oil revenue increased to \$557,254 (First quarter 2012/13: \$472,362).

Revenue increases are expected from Utopia in 2013.

Bounty’s petroleum production and sales for the quarter ended 31 December 2012 are summarised below.

Revenue:

Q2	1 October – 31 December, 2012	\$
PL214, Utopia	Bounty Share (40% Interest)	119,655
ATP 259	Bounty Share (2% Interest)	437,599
PL119 Downlands	Bounty Share (100% Interest) boe	-
	Total Revenue subject to adjustments (1)	557,254

(1) GST exclusive.

Production:

Q2	1 October – 31 December, 2012	boe
PL214, Utopia	Bounty Share (40% Interest) bbls	1,507
ATP 259	Bounty Share (2% Interest) bbls	3,554
PL119 Downlands	Bounty Share (100% Interest) boe	-
	Total Production boe	5,061

Sales:

Q2	1 October – 31 December, 2012	boe
PL 214, Utopia	Bounty Share (40% Interest) bbls	1,220
ATP 259	Bounty Share (2% Interest) bbls	4,663
PL119 Downlands	Bounty Share (100% Interest) boe	
	Total Sales boe	5,883

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

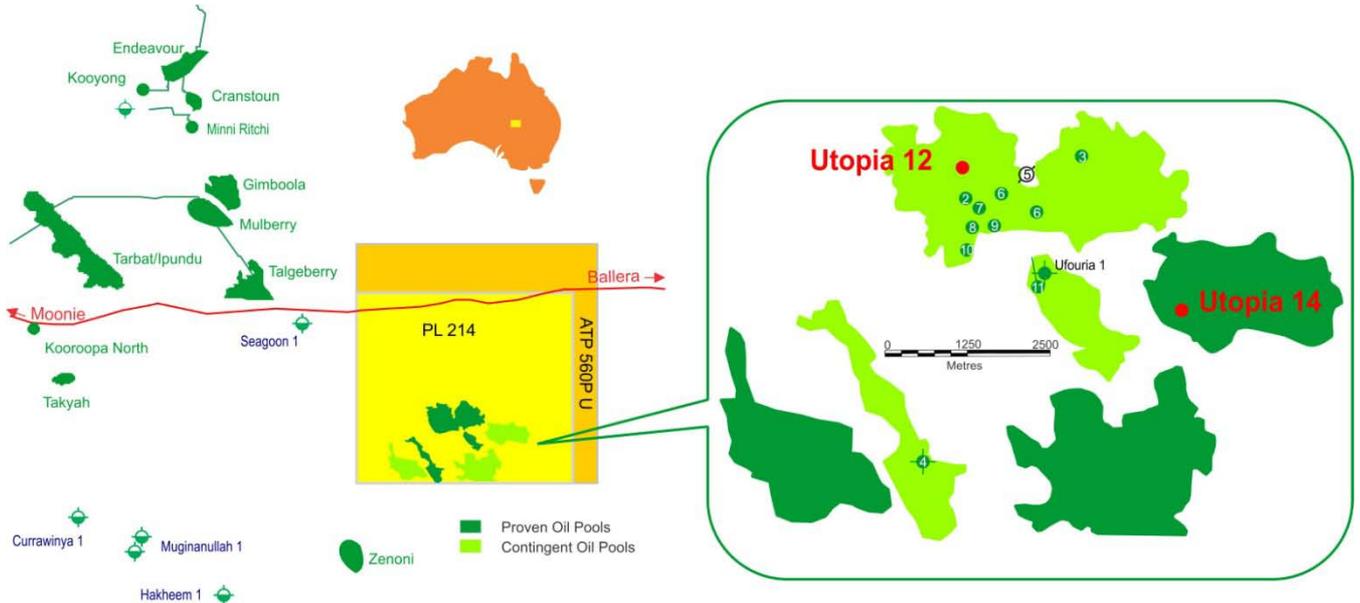


Figure 1

Significant Activities during Quarter

During the quarter Bounty continued to produce oil at around 20 bopd from oil wells developed in the Murta Formation at a depth of 1000 metres below surface. Production was restrained while the operator sourced a workover rig to undertake workovers on 4 wells.

The operator proposed 3 development wells and planning for that drilling commenced during the quarter. This drilling was designed with mapping based on the Utopia 3D Seismic Survey completed in 2011.

The 3D seismic survey had identified several potential closures illustrated in Figure 1 which Bounty’s interpretation indicated could contain an additional gross 8 million bbls of recoverable oil (Bounty interest: 3.2 mmbbls).

At the end of the quarter Bounty committed to participate in two development wells – Utopia 12 and 14 to appraise these new resources.

Significant Activities next Quarter

Development Wells

The first well will be Utopia 12 development well commencing around 5 February 2013.

Success from these wells is anticipated to more than double Bounty’s share of oil production from the Field as well as testing a new part of the Field which has potential for an additional 1.8 million barrels of recoverable oil. Success will also lead into a larger development program later in 2013.

Utopia 12 is located at the highest point on the currently producing field (Utopia Central) (See Figure 1), up dip from the most productive well Utopia 2 which is 440 metres to the south. At U12 the Murta reservoir is anticipated to be 7 metres higher than the Murta zone in Utopia 2; (currently the highest well on the reservoir in the field).The additional section is anticipated to be above the oil water contact with reservoir quality sand. This well alone could deliver Bounty an additional 25 bopd.

Utopia 14 development well will test a separate closure (Utopia East) to the southeast of the main Utopia production area (Utopia Central). Utopia East is located 3.7 km to the East Southeast of Utopia Central (see Figure 1).It is possible that this closure links up with the Utopia Central pool as an additional lobe. The Murta zone at Utopia East is interpreted as being about 4 metres higher than at Utopia 2 within Utopia Central.

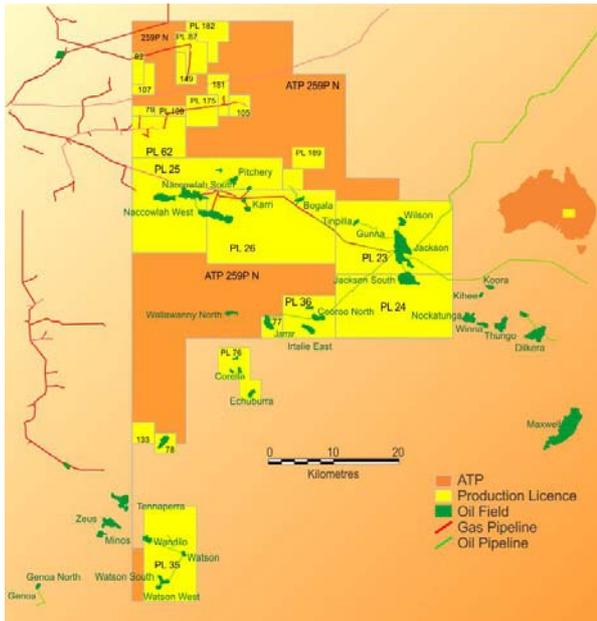
Again the additional section to be encountered above the anticipated oil water contact is anticipated to have reservoir quality sands based on interpretation of data from a well drilled 2km west of the drill location. Success in this well will add around 25 bopd to Bounty's production.

Both wells are up dip from existing production wells.

Bounty elected to go non consent in the Utopia 13 well to be drilled as part of the program but retains generous buy back in rights under the joint operating agreement.

Production Optimisation:

After the end of the quarter Bounty participated in a number of work overs on existing production wells within Utopia Central expected to contribute an additional 20 – 30 bopd to Bounty's oil production



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

Location: Surrounding Jackson, Naccowlah and Watson Oilfields

Background

The Naccowlah Block comprises 2,544 km² approximately 40% of which is covered by ATP 259P (N) and the remainder in 22 production licences (PL's) covering producing fields. This area currently delivers 40 bopd net to Bounty, with full production from Irtalie East and Watson West now online.

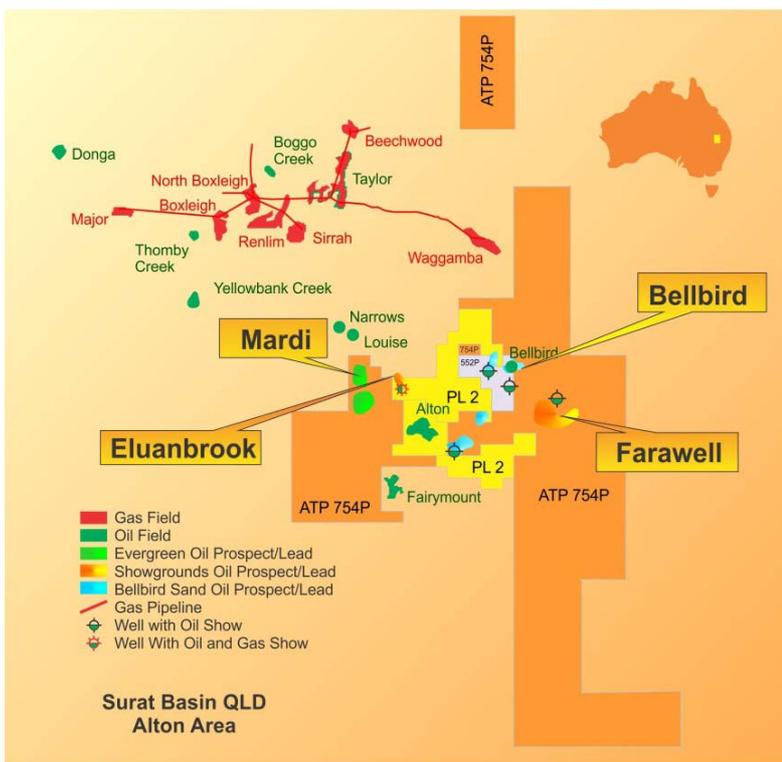
Considerable efforts have been made by the partners over the last year to improve the production economics. Production enhancement operations on existing wells continued and plans to bring Irtalie East online in the first quarter of 2013 are progressing. Irtalie East 1, the discovery well in this field, came on line with a stabilised initial flow of over 500 bopd.

Planning for a new pipeline to tie in the Irtalie Field, the Cooroo field and surrounding fields to the Jackson-Moomba oil pipeline continued and is due to be online in second quarter 2013.

Future Work

Two development wells to step out from Irtalie East 3 will be drilled later in 2013. The wells are targeting 2P undeveloped reserves of 250,000 bbls and potential production increases of 400 bopd.

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, SE Queensland.

Significant Activities during the Quarter

ATP 745P:

Processing of the Farwell 3D survey and associated reprocessing of 2D lines was completed and seismic interpretation commenced.

ATP 552P:

Bounty is awaiting renewal of ATP 552P. It is commencing engineering reviews in preparation for a program of re-entries into 2 wells which produced oil.

PL2:

Renewal of PL 2 was still pending and the operator prepared an updated development plan.

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

There was no material joint venture activity although progress was made on finalising a comprehensive joint operating agreement to cover the fact that there are two joint ventures in PEL 218.

Wakefield 1 remains suspended pending a joint venture decision to undertake cased hole testing.

Beach Energy has completed 3 vertical unconventional gas wells into the Permian section and is planning a further 7 vertical and 2 horizontal unconventional gas wells in PEL 218. Bounty has no interest in these wells and does not contribute to the costs but the wells penetrate the section where Bounty has a 23.28% interest and are providing data to the base of the Triassic age section to guide exploration for oil, gas and coal seam gas in this very large permit.

The main development during the quarter involved an announcement by Icon Energy that Halifax 1 drilled in the adjacent permit in Queensland intersected gas in the Lower parts of the Nappamerri Group which flowed to surface at approximately 200,000 cfd over a four hour period.

The Nappamerri Group extends into PEL 218 and Bounty has an interest in the Nappamerri Group. As a result it commenced preliminary studies on this zone in which it has an interest.

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

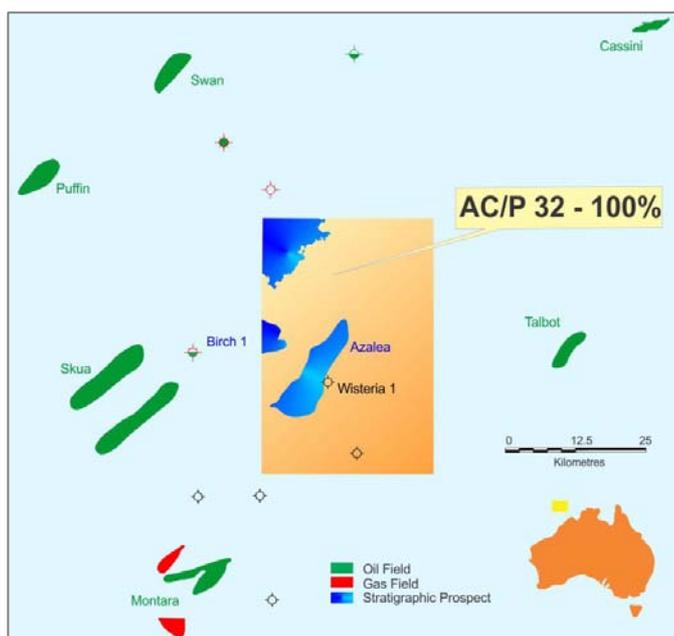
Location: Surrounding Rough Range Oil Field, 60Km south of Exmouth

Significant Activities during the Quarter

There is shale gas potential in the Patterson Trough running through EP 359 and 435 and during 2012 the joint venture negotiated a farm out to a USA based group to drill a test for this unconventional gas.

EP 412 was renewed during the quarter.

High Impact oil Growth Projects:



AC/P 32 – Offshore Vulcan Sub-basin, Ashmore and Cartier Territory - Bounty 100%

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 two years in 2012. Bounty has identified two stratigraphic prospects and one lead which have the potential to contain very significant oil resources.

Significant Activities during the Quarter

Bounty was preparing to enter a further seismic reprocessing contract including detailed seismic attribute studies in order to resolve the major stratigraphic targets in the Puffin Formation and mature them to drill ready status.

Depending on these detailed studies Bounty expects to define major potential oil targets in the 20 – 80 MMbo recoverable range. Seismic reprocessing will commence in early February 2013 followed by detailed inversion and

attribute studies in second quarter 2013.

Bounty is seeking joint venture partners to participate in this high growth project.

Gas/Condensate Business (incl. associated Oil development)

Development:

Downlands PL 119; PPL 58 (Bounty 100%)and ATP 471 (Spring Grove) Bounty 24.748%, ATP 470P Bounty 100%, PL 71 Bounty 20% (exploration rights only); Surat Basin, Queensland –

Location: 2km north of the town of Surat

Significant Activities during the Quarter

During the quarter Bounty continued work on obtaining regulatory approval of transfers to complete the acquisition of the 75.522 % of PL 119 Downlands and Pipeline Licence 58. At the end of the quarter it was close to obtaining approval of these transfers. Bounty now holds 100% of these proved developed reserves including gas pipelines, gas compression unit and all production infrastructure.

The Prospective oil reserves at PL 119 Downlands are:

TOTAL Recoverable Oil (MMstb)		
P90	P10	PMean
1.7	16.2	7.5

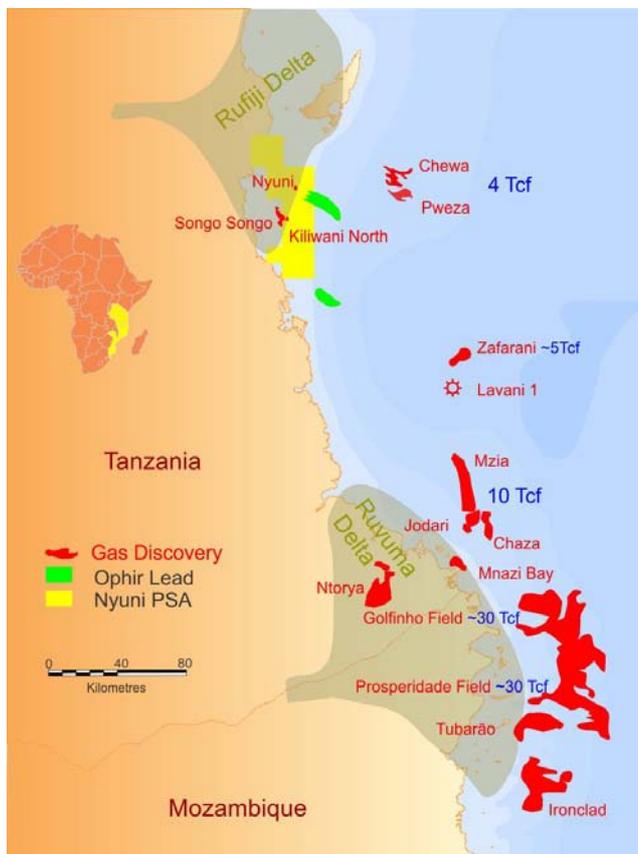
In the first half of 2013 Bounty will move to develop the Tinowan Formation oil discovery in Downlands 3 and review whether it further produces the Downlands 2 gas/condensate well. A DST of Downlands 3 recovered oil to surface at in excess of 500 BOPD and Bounty has identified the area as a material oil and other hydrocarbon opportunity.

During the quarter Bounty was also awaiting renewal of ATP 470P (Formosa Downs Block) where it 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 – PSA: Bounty 5%; Kiliwani North Development: Bounty 10%

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 MMcfg/day in the Kiliwani North Pool located only 3.5 km. from the Songo Songo gas plant and pipeline to Dar es Salaam. The project is adjacent to recent deep water gas discoveries and has within it seismic amplitude anomalies which may be due to gas in similar settings to the adjacent block.

Significant Activities during the Quarter

Kiliwani North Development – Bounty 10%

During the quarter Bounty completed acquisition of Key Petroleum’s 5% interest in the Kiliwani North Development Licence and now holds 10% of 45 BCF certified gas reserves subject to final consent from government authorities. The Joint Venture is now tailoring engineering plans to meet the criteria for the new gas plant to be built by the Tanzanian Government on Songo Songo Island, which is now slated to be on stream in 2014.

Nyuni Block Exploration – 2012/13

During the quarter the joint venture revised its exploration plans and will now be acquiring approximately 500 sq. km. of 3D Seismic in the deep water up dip from established leads in the adjacent permit. 3D seismic is the proven exploration technique in this offshore area. It is designed to detail the up dip extension

of Lead 3 in the adjacent Ophir/RakGas East Pande permit which independent consultants recently suggested could contain 1.3 TCF gas within the Nyuni PSA area. There are numerous other deep water channel/fan features in the limited seismic coverage available with associated seismic anomalies. The 3D is aimed to firm up these targets into drillable prospects.

The updated estimated undiscovered gas in place in the Nyuni PSA Block is:

NYUNI AREA PSA - Undiscovered Gas (BCF GIIP, Unrisked)								
Lead Classification	Gross				Net 5% Buy			
	P90	P50	P10	Pmean	P90	P50	P10	Pmean
Top Neocomian (1)	1,082	1,636	2,597	1,767	54	82	130	88
Other Structural				682				34
Stratigraphic	1,274	2,167	4,335	2,620	64	108	217	131
Other Amplitude Anomalies				599				30
	Total Undiscovered			5,668	Total Undiscovered			283

(1) Neocomian – earliest Lower Cretaceous age

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

Background

PEP 11 covers 4,576 km² of the offshore Sydney Basin immediately adjacent to the largest gas market in Australia and is a high impact exploration project.

2012/2013 Exploration

During the Quarter post well seismic studies on the seismic databases continued. The ongoing programme is to reprocess seismic and acquire new 2D (or possibly 3D) seismic to define a drilling target to test Permian Gas targets.

Significant Activities during the Quarter

During this Quarter the permit was renewed from August 13, 2012 for a further five year term with the following work commitment:

Year of Term of Permit	Minimum Work Requirements
1	2000 km 2D seismic re-processing; Geotechnical studies
2	200 km 2D seismic survey; Geotechnical studies
3	Geotechnical studies
4	Drill one (1) exploration well
5	500 km ² 3D seismic survey

Corporate

Cash Position – 31 December 2012

During the quarter Bounty expended only \$0.073 million on exploration and development. Expenditure will increase in the third quarter. At the end of the quarter cash and held for sale investments exceeded \$ 6 million.

Appendix 5B is attached.

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

For further information, please contact:

Philip F Kelso
Chief Executive Officer
Tel:+612 9299 7200
Email: corporate@bountyoil.com

Website: www.bountyoil.com

Abbreviations

BCF:	Billion cubic feet (of natural gas)
BBLS:	Barrels of oil
Bopd	barrels of oil per day
CSG:	Coal seam gas
DST	Drillstem test with a drill rig to test if hydrocarbons flow to the surface from a reservoir.
MDRT	Measured Depth below Rotary Table
MMBO:	Million barrels of oil.
MMBOE:	Million barrels of oil equivalent.
MMcf/d	Millions of cubic feet per day of natural gas
P _{mean}	The average (mean) probability of occurrence
P90	90% probability of occurrence
P10	10% probability of occurrence
PSA:	Production Sharing Agreement
TCF:	Trillion cubic feet (of natural gas)
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")

31 December 2012

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	557,254	1,030,821
1.2 Payments for (a) exploration and evaluation	(27,590)	(1,296,106)
(b) development	(45,675)	(49,686)
(c) production assets	(283,610)	(355,846)
(d) production expenses	(99,039)	(213,724)
(d) administration	(456,743)	(900,958)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4,980	8,753
1.5 Interest and other costs of finance paid	-	-
1.6 GST (refund)/paid	31,382	13,487
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(319,041)	(1,763,259)
Cash flows related to investing activities		
1.8 Payment for purchases of:	x	
(a) prospects	-	-
(b) equity investments	(525,285)	(667,051)
(c) other fixed assets	(401,095)	(409,595)
(d) petroleum tenement	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	2,227,223	2,227,223
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(75,000)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	1,300,843	1,075,577
1.13 Total operating and investing cash flows (carried forward)	981,802	(687,682)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	981,802	(687,682)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	540,649	540,649
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings (other entities)	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (share issue expenses)	(12,727)	(12,727)
	Net financing cash flows	527,922	527,922
	Net increase (decrease) in cash held	1,509,724	(159,760)
1.20	Cash at beginning of quarter/year to date	740,067	2,446,104
1.21	Exchange rate adjustments to item 1.20	2,925	(33,628)
1.22	Cash at end of quarter	2,252,716	2,252,716

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	226,134
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	100,000
4.2 Development	850,000
4.3 Production	200,000
4.4 Administration	210,000
Total :	1,360,000

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	2,183,278	670,629
5.2 Deposits at call	69,438	69,438
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,252,716	740,067

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	Kiliwani North - Tanzania	5%	10%

+ 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	838,400,982	838,400,982		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	22,000,000 38,250,000 6,000,000	- - -	- - -	\$0.01955 \$0.005 \$0.018
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>	20,000,000	- -	<i>Exercise price</i> \$0.024	<i>Expiry date</i> 27.07.2014
7.8 Issued during quarter	-	-	-	
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	16,000,000	-	\$0.14	23.12.2012
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: 31 January 2013

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* applies 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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