



27 July 2010

ASX/MEDIA RELEASE

PEP11 Drilling Preparation Update

Update:

Bounty Oil & Gas NL ("Bounty") announces an update on drilling preparations for PEP 11 offshore Sydney Basin, New South Wales.

Farm in partner Advent Energy Limited ("Advent") has advised that, following notice from Apache Energy Ltd, it anticipates commencing drilling in PEP11, early in the fourth quarter 2010. The semi submersible rig "Ocean Patriot" is due to drill two wells in Bass Strait, Victoria commencing in August and it is currently anticipated that the rig will be on that program until October, 2010.

Advent is currently evaluating the site survey report which covered the Great White and Marlin drilling locations 55 km offshore east of Newcastle.

The independent site survey contractor's analysis of site survey data over the Great White and Marlin prospects stated that the geological sequence immediately above the interpreted Permo – Triassic age unconformity is "likely" to contain zone(s) of gas. This sequence identified by the independent site survey contractor is the same sequence that was identified by the Bounty/Advent 2004 seismic surveys to contain the primary reservoir targets of the Great White and Marlin prospects.

This interpretation is consistent with the CSIRO - PEP11 study into the same seismic sequence described in earlier ASX Releases by Advents associated company MEC Resources Limited (ASX: MMR 12 May 2010).

The upgrades in estimated prospective gas resources for PEP 11 issued by Advent's public release on 5 July 2010 are based on the Great White and Marlin prospects, covering significant areas estimated to be 574 km² and 761 km² respectively.

Advent has reported that they believe that reservoirs within this sequence are charged with natural gas sourced from the underlying Permo-Triassic age sequences.

Participating Interests:

PEP 11 is a very large permit covering 8,200 square km.

Bounty wishes to clarify the position with respect to the current joint venture interests in PEP 11.

The current participating interests in PEP 11 are as follows:

Bounty Oil & Gas NL	75%
Asset Energy Pty Limited (a wholly owned subsidiary of Advent Energy Limited (Advent))	25%

Advent has the right to earn an additional 60% participating interest by funding the first well (and all associated well costs) in PEP 11 at an estimated cost to Advent of around \$24 million. Bounty is not required to contribute to any of those costs (ie Bounty is free carried through the first well) but will then reduce to 15% and thereafter contribute 15% to all further exploration and development expenditure.

For further information, please contact:

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Bounty is an Australian ASX listed oil producer and explorer. Its core petroleum production and exploration assets are located in the Cooper/Eromanga Basins and in the Surat Basin in Queensland and South Australia. Its growth assets are spread over a number of high impact projects in Australia and Tanzania where it is exploring for oil and gas. In Australia it is a participant in PEP 11, Sydney Basin with up to 16 trillion cubic feet (TCF) gas potential and in other permits. In Tanzania it is a participant in the Kiliwani North gas discovery and is exploring additional gas pools with up to 1TCF potential.

Bounty has reserves and resources approaching 4 million barrels of oil equivalent.

[Information in this release that relates to or refers to petroleum or hydrocarbon reserves or resources is based on information compiled by Mr Philip F Kelso the CEO of Bounty Oil & Gas NL. 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 has consented to the reporting of that information in the form and context in which it appears in this release.]