



ASX/MEDIA RELEASE

31 October 2018

Quarterly Activities Report – End September 2018

Australia

▪ *Oil production and development*

- Oil revenue and related gross receipts for the quarter - \$1.314 million
- Bounty group achieving strengthening oil revenue in Queensland expected to reach \$2.6 million in 2019 with:-
 - Three successful Birkhead zone oil appraisal wells at Watkins and Jarrar Fields; Naccowlah Block, South-west Queensland
 - Further 6 - 8 appraisal wells programmed
 - Improving oil output and strong A\$ oil prices at around A\$100
- Bounty's oil production increased to 98 bopd
- Naccowlah drilling expected to increase oil reserves

▪ *Oil/Gas exploration*

- Planning for 2019 commencement of Surat Basin oil and gas production as PL441 native title claim extinguished
- Bounty achieves full control of Rough Range oil project, Western Australia
- Bounty pursuing AC/P 32 Timor Sea farm-out as oil prices strengthen

Tanzania – Nyuni Block:

- Bounty withdrawing from both the Kiliwani North and Nyuni Blocks as the joint venture operator had failed to secure payment for gas and condensate delivered

Oil Business - Production:

Bounty produces oil from the Naccowlah Block in SW Queensland. It has withdrawn from the Kiliwani North field, Tanzania.

Production was 117 boepd at quarter end which an increase of 128 % over the end last quarter.

Bounty expects to commence oil production from the Alton area; Surat Basin, SE Queensland next quarter.

Bounty’s unaudited petroleum revenue, production and sales for the quarter ended 30 September 2018 are summarised below.

Revenue:

Q1	1 July to 30 September 2018	\$
Kiliwani North	Bounty Share (9.5% Interest) - Gas	-
ATP 1189P(2)	Bounty Share (2% Interest) - Oil	524,281
	Total Revenue (1)	524,281

(1) GST exclusive

(2) Naccowlah Block

Production:

Q1	1 July to 30 September 2018	Unit
Kiliwani North	Bounty Share (9.5% Interest) – Mscf	-
ATP 1189P	Bounty Share (2% Interest) bbls	8,814
	Total Production boe	8,814

Sales:

Q1	1 July to 30 September 2018	Unit
Kiliwani North	Bounty Share (9.5% Interest) – Mscf	-
ATP 1189P	Bounty Share (2% Interest) bbls	4,619
	Total Sales boe	4,619

Oil Business – Production and Development:

SW Queensland

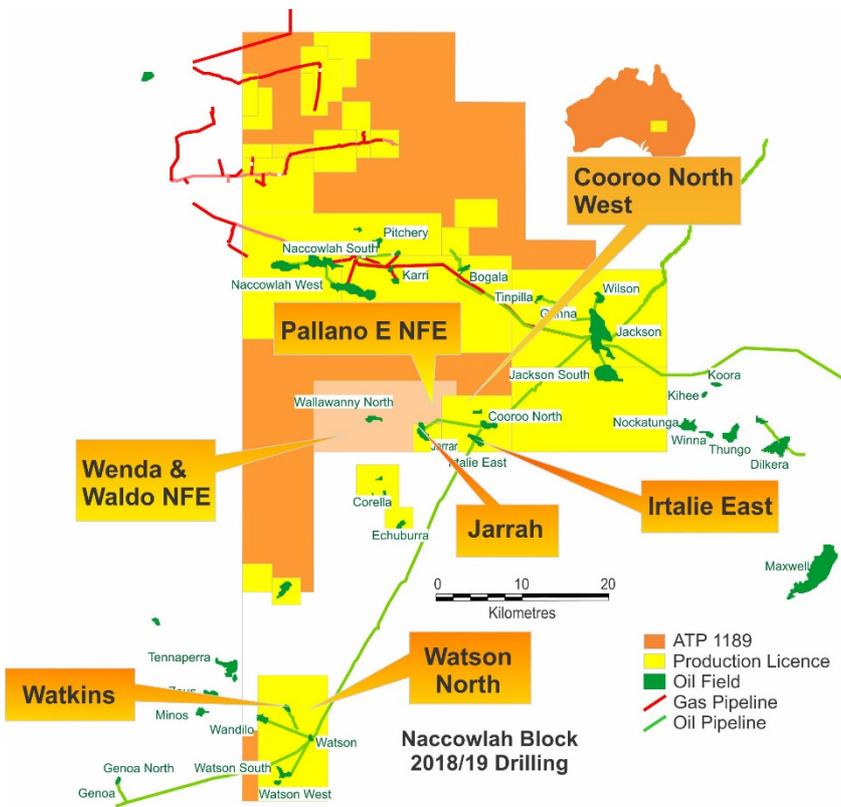
ATP 1189P Naccowlah Block and Associated PL’s - Bounty 2%

Location: Surrounding Jackson, Naccowlah and Watson Oilfields

Oil production continued during the quarter and increased by 128% to 117 bopd net to Bounty by quarter end as successful appraisal wells at Watkins Field came into production. This has increased gross oil revenue for the quarter to \$519,986. Other revenue increased this to total \$524,281.

Background

The Naccowlah Block comprises 2,556 km² approximately 40% of which is covered by ATP 1189 (N) and the remainder in 25 petroleum production leases (PL’s) and applications covering producing fields and a Potential Commercial Area application.



Activities during the Quarter

Bounty participated in two new appraisal wells at Watkins Field - Watkins 2 and 3. Both hit the Birkhead reservoir on the high side of expectations and came on line in early July 2018 at a combined rate of around 80 bopd net to Bounty at quarter end with zero water cut. This has added considerably to Bounty’s production and revenue. The Watkins Field is located approximately 45 km southwest of the Jackson Oil Facility.

The joint venture is proposing to drill another three appraisal wells to develop the Birkhead Zone at Watkins and two more at an adjacent structure - Watson North - targeting the Westbourne Formation.

Significant Activities Next Quarter

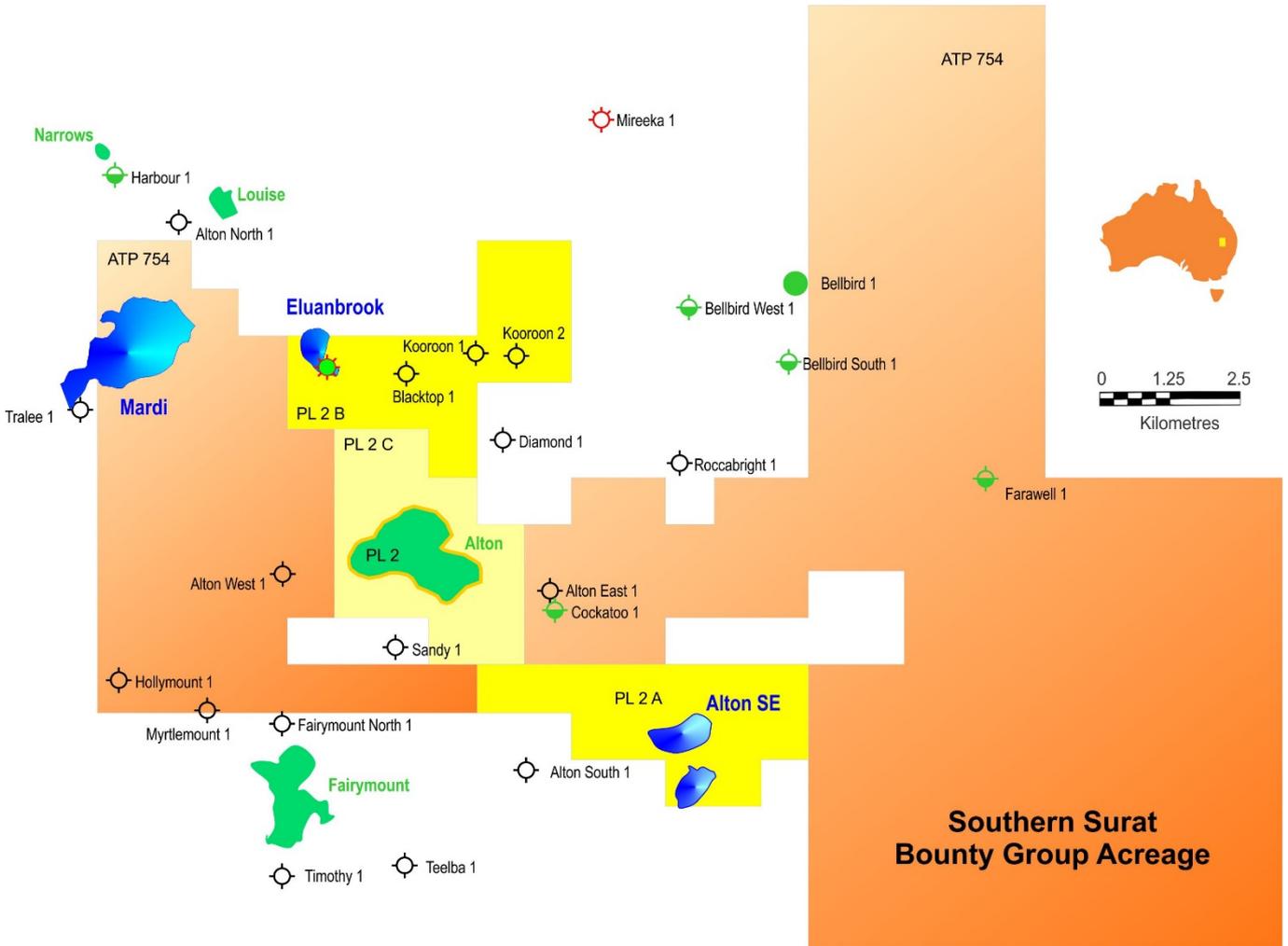
In the next two quarters Bounty will participate in a substantial drilling programme of 6 wells within the Naccowlah Block and production licences. Production from the first two wells in the 2018 campaign has already exceeded the anticipated result for the whole 8 well campaign. After quarter end the first of those wells - Jarrar 4 - intersected oil at the Birkhead Zone and was cased and suspended as a potential Birkhead producer.

Oil Business – Development:

Southern Surat Basin Onshore Queensland

PL 2 and PL 2C Alton Oilfield Bounty - 100%; PL 2A/B Kooroon Joint Venture – Bounty 81.75%; ATP 754P – Bounty 50%.

Location: 70 km northeast of St. George, SE Queensland.



Bounty’s estimates of its oil reserves and resources in the Southern Surat Basin are:-

Category	bbls
Development reserves – Alton Field	167,000
Exploration – Mardi Prospect (ATP 754P) – P50	210,000 – 400,000
Delineation – Eluanbrook Prospect Updip	186,000 - 200,000
Total	563,000 - 600,000

Bounty’s oil resources in the Southern Surat Basin are light oils (high API) derived from Permian coals (Cooper Basin equivalent).

Background

A summary of the Southern Surat Basin interests is set out above. Alton has to date produced over 2 million barrels from the early Jurassic age Evergreen Formation.

PL 2 2018 Development Operations

Bounty now owns the elements of a significant oil production project in and around Alton and holds:

- 100% of the Alton Oilfield and Alton Block.
- Development reserves: 167,000 bbls of recoverable oil in the early Jurassic age Basal Evergreen sand reservoir included with a potential 1.136 million bbls of 2P reserves located in the three sands of the Boxvale/Evergreen members.
- Production facilities at Alton Oilfield.
- Surrounding exploration acreage where there is considerable potential for further reserve additions with undrilled locations and attic oil in the Evergreen Formation and possibly extensive oil in the Lower Showgrounds Formation which has been proven as a high productivity sand in the area.

PL 2 Alton has very significant potential upside from four undrilled locations. Alton is 440 km west of Brisbane and oil will be transported and sold into the Brisbane Refinery.

Activities during the Quarter and Next Quarter

Bounty advanced its preparation for work over of 2-3 wells and plans to commence production at Alton early 2019 while it generates a full field development plan including an up-dip appraisal well at Eluanbrook in the northwest section of PL2. An independent environmental audit gave the field a “clean bill of health” and Bounty is progressing other compliance documentation pending the workovers and production.

Initial gross revenue of \$1,250,000 p.a. from 45 bopd out of the Evergreen Formation is anticipated followed by development with potential recoverable oil of 167,000 bbls.

Surat Delineation/Exploration

2018 Activities and Further Programmes

PL 2 and ATP 2028P

To date Bounty has identified two oil prospects – Mardi (in ATP 2028P formerly ATP 754P) and Eluanbrook Up dip (PL 2B) in the oil fairway which have potential recoverable resources of between 200,000 and 400,000 barrels and upside of over 2 MMbo.

First focus will be on the Eluanbrook Updip prospect which Bounty considers could have 186,000 - 200,000 barrels of recoverable oil from 625,000 bbls of P50 of oil in place, up dip from a proven Showgrounds Formation reservoir containing oil and gas.

In ATP 2028P the Mardi Prospect in the Evergreen Formation lies up dip of the Showgrounds and Permian pinchouts and is directly connected to the Permian source rocks by faults. Bounty estimates that the culmination at Mardi could contain 210,000 bbls of recoverable oil at the P50 confidence level within a much larger closure which could contain as much as 2 million barrels of recoverable oil. In addition there are several prospects at Alton Southeast identified by seismic surveys.

During the quarter the formal agreement with Armour Energy (Surat Basin) Pty Limited; Bounty’s partner in ATP 754P was signed and the Later Work Program (LWP) was approved by DNRME. As a result Bounty holds 50% of new ATP 2028 issued during the quarter. Armour will fund 2D/3D seismic if required to further image the Mardi Prospect and have an option to drill an exploration well.

Summary

Having now secured control and operatorship over PL 2 and holding half of ATP 2028P Bounty sees potential for oil projects in the Southern Surat area to deliver 200 - 300 bopd (\$6 million pa gross revenue) once the work overs and drilling operations outlined above have been completed.

Exploration:

Nappamerri Trough Eromanga Basin, NE South Australia – Bounty 23.28% in section above the Permian

Location: 50 Km northeast of Moomba, South Australia.

There was no material joint venture activity in the quarter.

Rough Range Project Onshore Carnarvon Basin – WA

EP 359, EP 435 and L 16 – Bounty 100%

Location: Exmouth Gulf – WA

Background

Rough Range 1 was the first oilfield ever discovered in Australia, this was followed up by two other discoveries: Roberts Hill 1 and Parrott Hill 1. Rough Range is the only pool to have been produced.

Activities during the Quarter and next Quarter

In June 2018 Bounty took 100% control of all Rough Range permits and is re-mapping regional seismic data sets attempting to image the principal structures in the region. This is challenging due to poor surface statics.

Seismic re-processing is planned for 2019.



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 336 km² permit is located within the oil prolific Vulcan Sub-basin and is surrounded by oil and gas fields. Bounty has identified stratigraphic prospects and leads which have the potential to contain very significant oil resources.

Activities during the Quarter

With the increase in oil price in 2018 there has been renewed interest from potential partners as the focus returns to offshore oil exploration. Bounty obtained an extension to the licence term from NOPTA in July 2017 to enable more definitive studies of the potential fluid content of the Azalea Prospect and is negotiating to acquire the long offset modern 3D seismic data acquired in 2016 by Polarcus.

Activities next Quarter

Ongoing discussions with potential farm in partners and acquire 3D data licence.

Gas/Condensate Business (incl. associated Oil development)

Production:

Kiliwani North Development Licence Offshore Tanzania: Bounty 9.5%

Location: 30 Km offshore from Rufiji Delta Tanzania

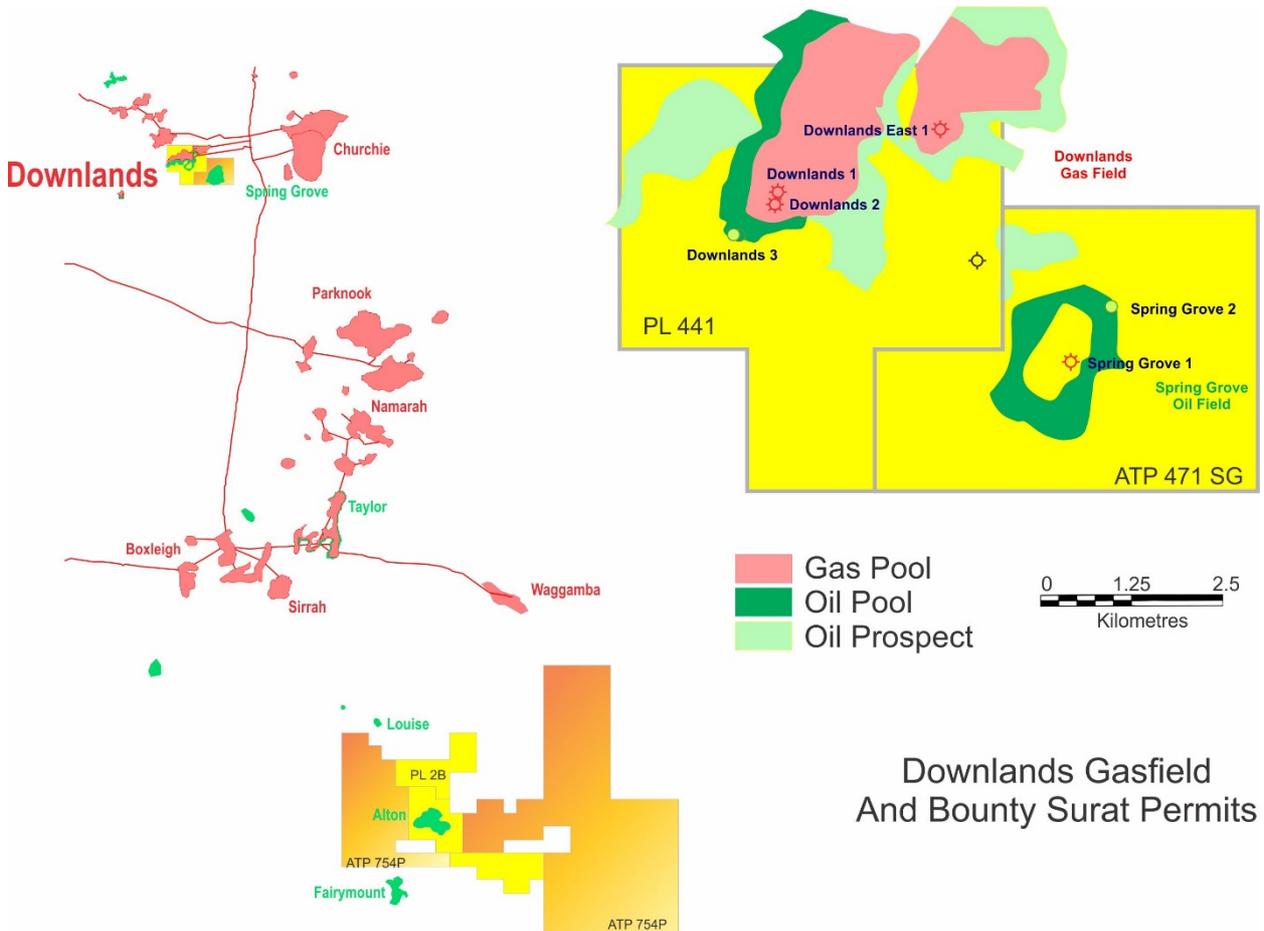
Activities during the Quarter

During the quarter Bounty reviewed its continuing involvement in this project, the principal obstacle being that the licence continued to accrue commitments and yet the Joint Venture was unable to secure payment for the gas and condensate produced. Just post the end of this period Bounty announced its intention to withdraw from this project and reserved its rights for unpaid gas and condensate amounting to more than USD455,000 (A\$659,000).

Downlands PL 441; PPL 58 (Bounty 100%) and ATP 1190 (Spring Grove) Bounty 24.748%

Surat Basin, Queensland –

Location: 2km north of the town of Surat



Activities during the Quarter

Downlands

Bounty acquired 100% equity in the Downlands Gas field and associated production facilities in 2012. The field was shut in due to the re-purposing of the adjacent gas pipeline to gas storage rather than production. Just before the field shut down it was producing around 70,000 cfg/d and 20 – 30 bopd of oil and condensate. During the quarter the longstanding Mandandanji Land Claim was determined by the Federal Court and Native Title was deemed to have been extinguished. Bounty filed an updated Later Development Plan and licence renewal is now expected in December 2018. Bounty will return the field to gas production and oil appraisal.

ATP 1190 (Spring Grove)

This oil discovery adjoins PL 441 to the southeast and the Potential Commercial Area application over the Spring Grove oil discovery awaits approval.

Gas Growth Projects:

Nyuni Block – Offshore Mandawa Basin Tanzania – PSA: Bounty 10%;

Location: 30 Km offshore from Rufiji Delta Tanzania

Background

Bounty will withdraw from this permit.

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

2018 Exploration

The operator completed a 200 line kilometre 2D seismic Survey in compliance with the work commitment for the PEP 11 petroleum title in April 2018. This survey followed approval by NOPSEMA of a modified Environmental Plan (“EP”).

The title in good standing. Bounty is endeavouring to resolve a dispute with the operator Asset Energy Pty Limited on several matters and Bounty remains the registered holder of a 15% interest in the Permit.

Corporate

Current Assets – 30 September 2018

At the end of the quarter cash, receivables and held for sale investments were around \$ 1.48 million. This sum includes \$659,000 (USD \$476,000) of receivables from Tanzania gas sales.

Appendix 5B is attached.

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

For further information, please contact:

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Website: www.bountyoil.com

ABBREVIATIONS

ATP:	Authority to Prospect for petroleum
BCF:	Billion cubic feet (of natural gas)
BBLs:	Barrels of oil
Bopd; boepd	barrels of oil per day; barrels of oil equivalent per day
DST	Drillstem test with a drill rig to test if hydrocarbons flow to the surface from a reservoir.
DNRME	Department of Natural Resources, Mines and Energy (Queensland)
EOR	Enhanced oil recovery
JOA	Joint operating agreement
JV	joint venture
MDRT	Measured Depth below drilling rig Rotary Table
MMbbls:	Million barrels of oil.
MMBOE:	Million barrels of oil equivalent.
MMcf/d	Millions of cubic feet per day of natural gas
Mscf	Thousand standard cubic feet of gas
NOPSEMA:	National Offshore Petroleum Safety and Environmental Management Authority
NOPTA	National Offshore Petroleum Titles Authority
PL:	Petroleum production lease
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)
TPDC	Tanzania Petroleum Development Corporation
Contingent Resources	Discovered resources, not yet fully commercial
Prospective Resources	Undiscovered resources

INFORMATION REQUIRED UNDER CHAPTER 5 OF ASX LISTING RULES

Estimates of oil volumes presented in this announcement are:

- Reported at the date of this release
- Determined as an estimate of recoverable resources in place unadjusted for risk
- Best Estimate Prospective Resources unless specified as 2C in which case they are Proved and Probable Contingent Resources
- Estimated using probabilistic methods unless indicated with an "*" in which case they are deterministic
- If specified as " boe" then they are converted from gas to oil equivalent at the rate of 182 bbls \equiv 1 million standard cu ft of gas
- Reported at 100% project equity unless specifically stated as net to Bounty

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

QUALIFIED PERSON'S STATEMENT

1. The petroleum Reserve and Resources estimates used in this report and;
2. The information in this report that relates to or refers to petroleum or hydrocarbon production, development and exploration;
3. Is based on information and reports prepared by, reviewed and/or compiled by the CEO of Bounty, Mr Philip F Kelso. Mr Kelso is a Bachelor of Science (Geology) and has practised geology and petroleum geology for in excess of 45 years. He is a member of the Petroleum Exploration Society of Australia and a Member of the Australasian Institute of Mining and Metallurgy.
4. Mr Kelso is a qualified person as defined in the ASX Listing Rules: Chapter 19 and consents to the reporting of that information in the form and context in which it appears.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

BOUNTY OIL & GAS NL

ABN

82 090 625 353

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,314	1,314
1.2 Payments for		
(a) exploration & evaluation	(11)	(11)
(b) development	(250)	(250)
(c) production	(1,001)	(1,001)
(d) staff costs	(142)	(142)
(e) administration and corporate costs	(81)	(81)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(25)	(25)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – GST received/(paid)	104	104
1.9 Net cash from / (used in) operating activities	(91)	(91)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(7)	(7)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(7)	(7)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	541	541
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(91)	(91)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7)	(7)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	9	9
4.6	Cash and cash equivalents at end of period	452	452

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	388	478
5.2 Call deposits	64	63
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	452	541

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	(107)
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' fees and other fringe benefits are paid to related entities in accordance with service contracts.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	(1,247)
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	(7)
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Payments for Joint venture and development drilling operations.

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(20)
9.2 Development	(55)
9.3 Production	(65)
9.4 Staff costs	(100)
9.5 Administration and corporate costs	(50)
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	(290)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Director/Company Secretary)

Date: 31 October 2018

Print name: SACHIN SARAF

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.