



ASX/MEDIA RELEASE

31 July 2014

Quarterly Activities Report and Appendix 5B – June 2014



Tanzania gas project – pipeline construction

Highlights:

Australia

- Bounty increases oil production and achieves petroleum revenue of \$3 million for the year ended 30 June 2014.
- Group Revenue projected to increase to \$5 million p.a. in 2015 with Tanzania gas sales.
- High impact Oil Business strategy moving Bounty's 100% AC/P 32, Timor Sea project to a drill test of:-
 - The Azalea Prospect, where completion of seismic project has outlined a major stratigraphic target with potential 500 MMbbls oil in place and 100 MMbbls recoverable.
 - Azalea has direct hydrocarbon indicators.
 - Strong farm in interest and farmout campaign is underway.
 - Permit renewed for 5 years from June 24 this year.

Tanzania – Nyuni Block

- Laying of the 24" gas pipeline lateral to Songo-Songo Island now almost complete commissioning scheduled for January 2015.
- The Songo-Songo Island Gas Processing Plant is on schedule for commissioning end November 2014.
- Gas sales contract in final phase of negotiations.
- First production from the Kiliwani North Field in early 2015.
- Nyuni PSA – new 3D seismic planned to refine seismic imaging of deep water turbidite gas plays of up to 1.3 TCF potential.

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.

Revenue increased to \$933,463 for the quarter, an increase of \$175,403 (Q4-Q3). Revenue for the financial year ended 2014 totalled \$3.093 million.

Production was maintained at around 72 bopd as new wells came online offsetting natural decline. New drilling and production optimisation work is expected to maintain production at similar levels in the next quarter.

Bounty's unaudited petroleum revenue, production and sales for the quarter ended 30 June, 2014 are summarised below.

Note 1: Adjusted for full year sales receipts

Revenue:

Q4	1 April – 31 June 2014	\$
PL214, Utopia	Bounty Share (40% Interest)	277,928
ATP 259 ⁽¹⁾	Bounty Share (2% Interest)	655,535
	Total Revenue[^]	933,463

[^]GST exclusive.

Production:

Q4	1 April – 31 June 2014	boe
PL214, Utopia	Bounty Share (40% Interest) bbls	2,330
ATP 259	Bounty Share (2% Interest) bbls	4,137
	Total Production boe	6,467

Sales:

Q4	1 April – 31 June 2014	boe
PL 214, Utopia	Bounty Share (40% Interest) bbls	2,622
ATP 259 ⁽¹⁾	Bounty Share (2% Interest) bbls	2,543
	Total Sales boe	5,165

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

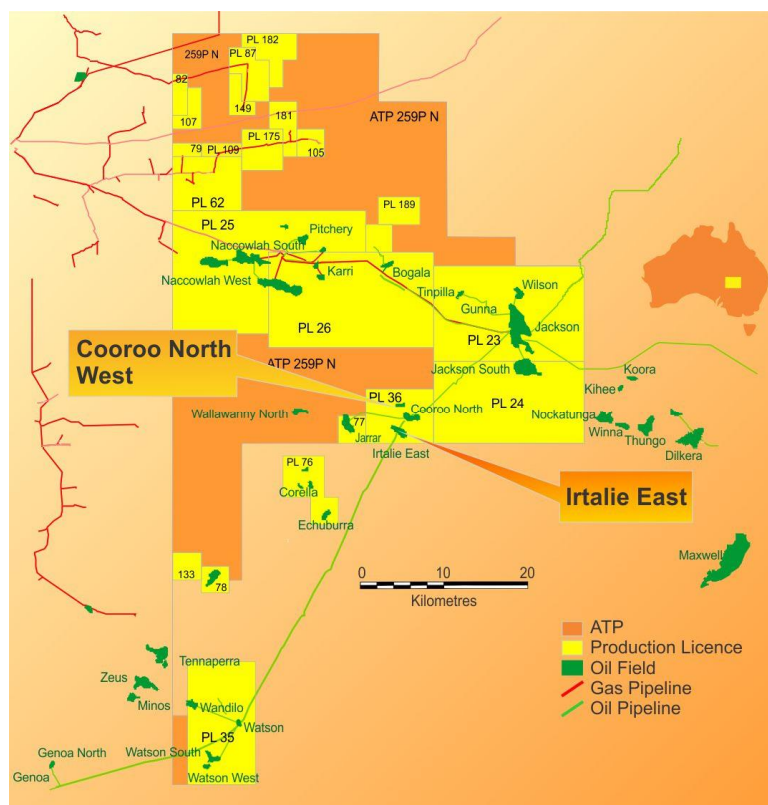
Location: 30 km south/east of Tarbat/Ipundu oil fields and 45km south/east of Eromanga.

Background**Significant Activities during Quarter**

The new drill Utopia 16 development well was bought online.

Significant Activities next Quarter

Future development programme under review.

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 petroleum production leases (PL's) covering producing fields. Production increased to around 48 bopd net to Bounty.

Significant Activities during Quarter

Cooroo North West 1 came on line in May 2014 at just over 100 bopd from the Westbourne Formation Reservoir and Irtalie East 5 continued to produce strongly. Production optimisation in the Jackson Reservoir also saw a substantial uplift in production.

Significant Activities next Quarter and Beyond

Further development wells at Irtalie East are planned. Production optimisation is ongoing and contributes significantly to maintaining production.

Exploration:**Southern Surat Basin Onshore Queensland**

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:

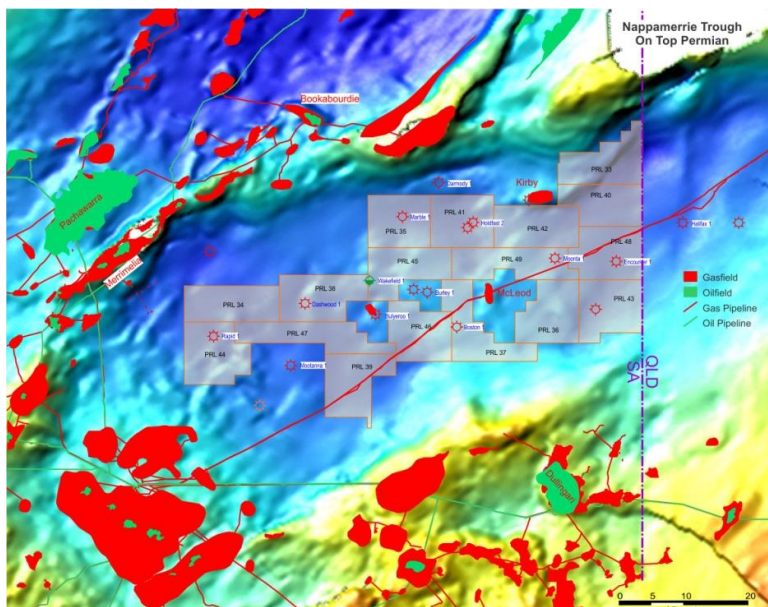
Bounty and its partner are still awaiting a determination from the Queensland authorities on a proposed work programme variation.

PL2:

PL 2 is expected to be renewed shortly, with a commitment to drill Eluanbrook 2 up dip from proven oil in Eluanbrook 1.

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

Location: 50 Km northeast of Moomba, SA



Background Land Position

The former PEL 218 has been replaced with 17 Petroleum Retention Licences (PRL's) covering the deep basin gas in which Bounty has no interest. However in the post Permian section in each PRL Bounty has a 23.28% interest in the post Permian Section

Significant Activities during the Quarter

There was no material joint venture activity although finalising a comprehensive joint operating agreement to cover the post Permian section Joint Venture was well underway.

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

Significant Activities during the Quarter

There were no significant activities in the quarter. There is shale gas potential in the Patterson Trough running through EP 359 and 435.

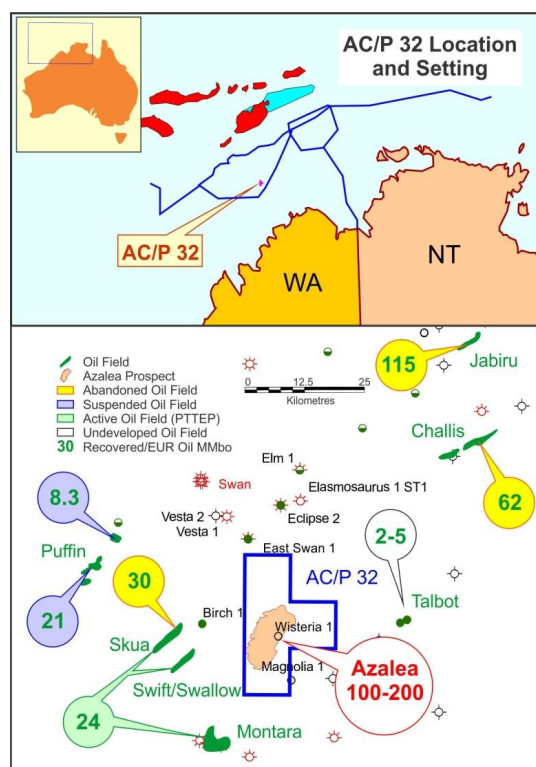
High Impact Oil Growth Projects:

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

Location: Offshore 500 Km northwest of Darwin, NT.

Background

This 342 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 major oil resources.



Interpretation and evaluation of the reprocessed seismic and inversion has defined the Azalea Prospect with a potential 500 million barrels of oil in place of which over 100 million barrels would be recoverable. The setting and work to date has established as far as possible that the Azalea Prospect is:

- Surrounded by oil fields
- One of the largest untested potential oil pools in the Timor Sea
- Up dip from proven oil in Birch 1 and Swallow Oil Field 14 km. to the west
- Outlined by seismic amplitude and AVO anomalies
- Likely to have high porosity sands, sealed along strike and up dip, associated with direct hydrocarbon indicators in the form of gas chimneys, and digenetic and shallow gas zones overlying the up dip edge.
- Drill ready in water depths suitable for a jack up rig – i.e. 120 metres

In addition to Azalea; Bounty has established additional new structural stratigraphic leads with potential in the 10 – 40 million barrel recoverable range.

Significant Activities during the Quarter

AC/P 32 was renewed by the National Offshore Petroleum Authority for a further period of five years from 24 June, 2014 with a well commitment for 2015/16 (see Fig above for Location).

During the Quarter Bounty also continued seismic analysis and farmout activities. It engaged a consultant to conduct a worldwide marketing campaign.

Significant Activities next Quarter

Bounty will embark on well planning and an international campaign seeking partners to join in the drilling of this substantial prospect.

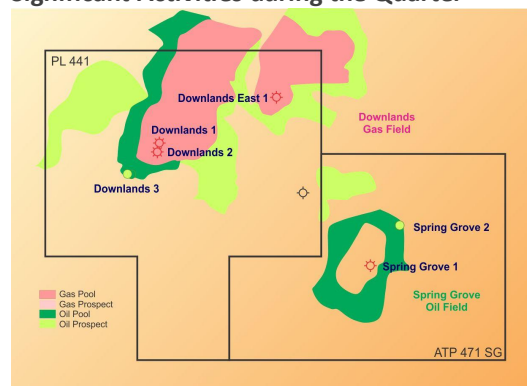
Gas/Condensate Business (incl. associated Oil development)

Development:

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

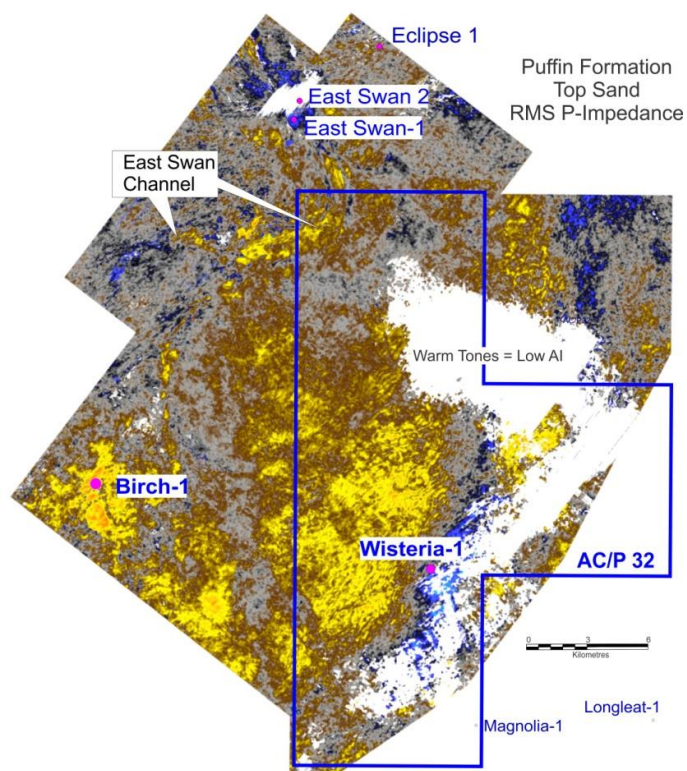
Location: 2km north of the town of Surat

Significant Activities during the Quarter



During the quarter Bounty continued work on obtaining land access and regulatory approvals. At the end of the quarter it was close to obtaining these approvals. Bounty now holds 100% of these proved developed reserves including gas pipelines, gas compression unit and all production infrastructure.

In late 2014 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

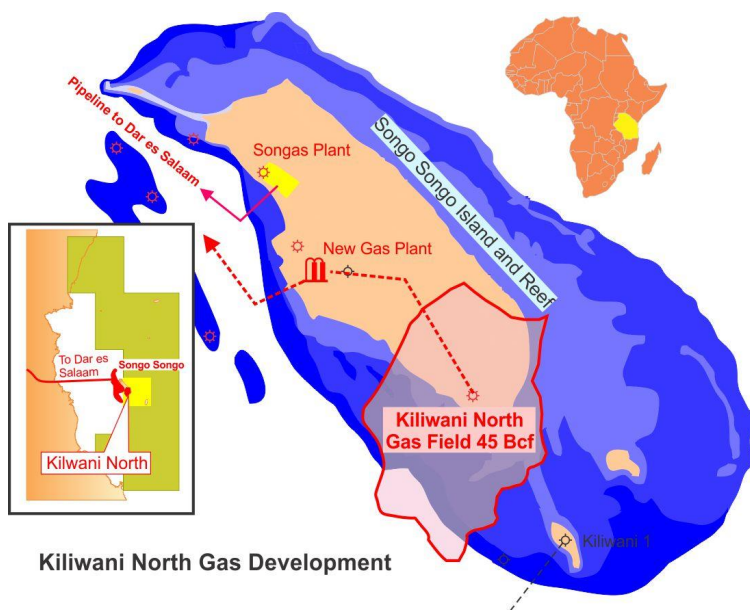


and Bounty has identified the area as a material oil and other hydrocarbon opportunity.

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.

Kiliwani North Development Offshore Tanzania: Bounty 10%

Location: 30 Km offshore from Rufiji Delta Tanzania



Background:

Kiliwani North 1 tested at 40 MMcfg/day from the Kiliwani North Pool located only 2 km. from the new Songo-Songo gas plant and pipeline to Dar es Salaam.

Significant Activities during the Quarter

Construction of the subsea pipeline connecting Songo-Songo Island to the mainland and the gas processing plant are on schedule for commissioning in late November 2014 and late January 2015 respectively. Negotiations for the Gas Sales Agreement are now in their final phase.

The Tanzanian Government will own and operate all gas compression and transportation infrastructure. The new gas plant will process approx. 20 million cubic feet per day of Kiliwani North gas. Bounty's 10% equity should generate revenue of at least \$2 million per annum and add over 300 boepd to Bounty's production.

Growth Projects:

Nyuni Block – Offshore Mandawa Basin Tanzania – PSA:
Bounty 5%;

Location: 30 Km offshore from Rufiji Delta Tanzania

Background

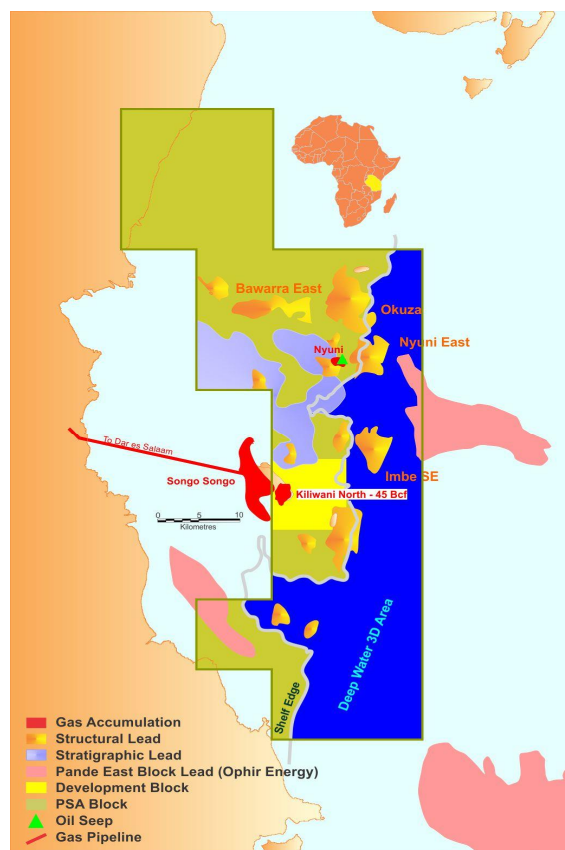
Participation in the Nyuni PSA is giving Bounty direct participation in one of the most dynamic and successful new exploration plays worldwide.

The Nyuni Joint Venture has drilled three wells to date for two new field gas discoveries at Nyuni 1 and Kiliwani North 1. The project is adjacent to recent deep water gas discoveries and seismic amplitude anomalies located within the eastern section of the Block may be due to gas in similar settings to the East Pande Block adjoining to the east (i.e. down dip).

Nyuni Block Exploration – 2014

The Joint Venture is negotiating with contractors to acquire 700 sq. km. of new 3D seismic over the deep water in the eastern part of the PSA. 3D seismic is the proven exploration technique in this offshore area. Subject to Tanzanian Government approval this programme is scheduled for last quarter 2014.

The survey 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 apparent from the limited seismic coverage available with associated seismic anomalies. The 3D is aimed to firm up these targets into drillable prospects and is planned for Q4 2014/Q1 2015.

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

There was no material joint venture activity during the Quarter but post well seismic and regional studies continued. The operator applied for a variation to the work program. Subject to approval the JV will conduct a new 2D (or possibly 3D) seismic survey to define a drilling target to test Permian Gas targets.

Corporate

Current Assets – 30 June 2014

During the quarter Bounty expended \$376,582 on production assets; mainly oil development wells and \$64,665 on other exploration projects. Expenditure should rise modestly in the next quarter and oil revenue should remain stable. At the end of the quarter cash, receivables and held for sale investments were around \$3.3 million.

Appendix 5B is attached.

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

ABBREVIATIONS

ATP:	Authority to Prospect for petroleum
AVO:	Specialised processing of seismic amplitude data compared to offset (distance along seismic lines).
BCF:	Billion cubic feet (of natural gas)
BBLS:	Barrels of oil
BOE:	Barrels of oil equivalent
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 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
PL; PPL:	Petroleum production lease; petroleum pipeline licence.
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

ASX LISTING RULES 5.25 – 5.45

All Bounty Oil & Gas NL (Bounty) petroleum Reserves and Resources assessments follow guidelines set forth by the Society of Petroleum Engineers – Petroleum Resource Management System (SPE-PRMS). Bounty is compliant with recent listing rule changes for reporting of estimates as defined in Chapter 5 of the ASX Listing Rules.

INFORMATION REQUIRED UNDER CHAPTER 5 OF ASX LISTING RULES - THIS ASX RELEASE

For the purposes of Chapter 5 estimates of petroleum oil volumes presented in this release are:

- Reported at the date of this release
- Determined as an estimate of recoverable resources in place unadjusted for risk
- Best Estimate Prospective Resources
- Estimated using probabilistic methods
- Reported at 100% net to Bounty
- If specified as " boe" then they are converted from gas to oil equivalent at the rate of 182 bbls \equiv 1 million standard cubic feet of gas
- 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

The petroleum Reserve and Resources estimates used in this report and ;the information in this report that relates to or refers to petroleum or hydrocarbon production, development and exploration; 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 25 years. He is a member of the Petroleum Exploration Society of Australia and a Member of the Australasian Institute of Mining and Metallurgy.

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.

For further information, please contact:

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Email: corporate@bountyoil.com

Website: www.bountyoil.com

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 (öcurrent quarterö)

30 June 2014

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	989,284	3,093,178
1.2	Payments for (a) exploration and evaluation	64,665	(934,437)
	(b) development	(120,121)	(374,367)
	(c) production assets	(256,461)	(1,661,053)
	(d) production expenses	(185,496)	(837,751)
	(d) administration	(208,673)	(1,284,737)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	4,247	14,614
1.5	Interest and other costs of finance paid	-	-
1.6	GST (refund)/paid	87,934	19,701
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	375,379	(1,964,852)
Cash flows related to investing activities		¤	¤
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	(43,427)
	(c) other fixed assets	-	(529,900)
	(d) petroleum tenement	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	2,619,985
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	(64,162)
1.11	Loans repaid by other entities	30,662	30,662
1.12	Other (provide details if material)	-	-
	Net investing cash flows	30,662	2,013,158
1.13	Total operating and investing cash flows (carried forward)	406,041	48,306

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	406,041	48,306	
	Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-	
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)	-	-	
	Net financing cash flows	-	-	
	Net increase (decrease) in cash held	406,041	48,306	
1.20	Cash at beginning of quarter/year to date	1,647,935	1,982,414	
1.21	Exchange rate adjustments to item 1.20	(12,958)	10,298	
1.22	Cash at end of quarter	2,041,018	2,041,018	

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	87,993
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	150,000
4.3 Production	250,000
4.4 Administration	150,000
Total :	650,000

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	1,968,993	1,577,219
5.2 Deposits at call	72,025	70,716
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,041,018	1,647,935

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	938,400,982	938,400,982		
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>	20,000,000	-	\$0.032	28.07.2014
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:
(Company Secretary)

Date: 31 July 2014

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 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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+ See chapter 19 for defined terms.