



ASX/MEDIA RELEASE

31 January, 2016

Quarterly Activities Report – End December 2015

Highlights:

Tanzania – Nyuni Block

- Milestone gas sales agreement signed by TPDC effective 31 December, 2015 and moves Bounty into an African gas producing phase.
- Tanzania gas sales will add around \$2.5 million pa to revenue from next Quarter onwards.
- Final well preparation underway prior to commencing gas production.
- Nyuni PSA – new 3D seismic planned to image deep water turbidite gas plays of up to 1.3 TCF potential.

Australia

- Quarter ended December 2015 revenue totalled \$0.335 million on crude oil production of 5,631 bbls.
- Acquired Santos QNT interest and operatorship of Eluanbrook oil pool in PL2 Alton, Surat Basin.
- High impact Oil Business strategy moving Bounty's 100% AC/P 32, Timor Sea project to farmout and drill:-
 - At 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
 - AC/P 32 work commitment variation approved by NOPTA and Permit in good standing

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.

Sales revenue decreased to \$334,734 for the quarter primarily due to lower oil prices and sales volumes.

Production was at 60 bopd. Kiliwani North (Tanzania) production will add 455 boepd from next Quarter and \$2.5 – \$3 million pa over the coming quarters. With the acquisition of 81% control of the Eluanbrook Pool located in PL2 Alton; Surat Basin; Bounty will now plan to drill an appraisal well on this 200,000 bbl target.

Bounty's unaudited petroleum revenue, production and sales for the quarter ended 31 December 2015 are summarised below.

Revenue:

Q2	1 October – 31 December 2015	\$
PL214, Utopia	Bounty Share (40% Interest) (2)	108,917
ATP 259	Bounty Share (2% Interest)	225,818
	Total Revenue (1)	334,734

(1) GST exclusive.

(2) Estimates.

Production:

Q2	1 October – 31 December 2015	boe
PL214, Utopia	Bounty Share (40% Interest) bbls (1)	1,980
ATP 259	Bounty Share (2% Interest) bbls	3,281
	Total Production boe	5,261

(1) Estimates.

Sales:

Q2	1 October – 31 December 2015	Boe
PL214, Utopia	Bounty Share (40% Interest) bbls	2,188
ATP 259	Bounty Share (2% Interest) bbls	3,443
	Total Sales boe	5,631

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

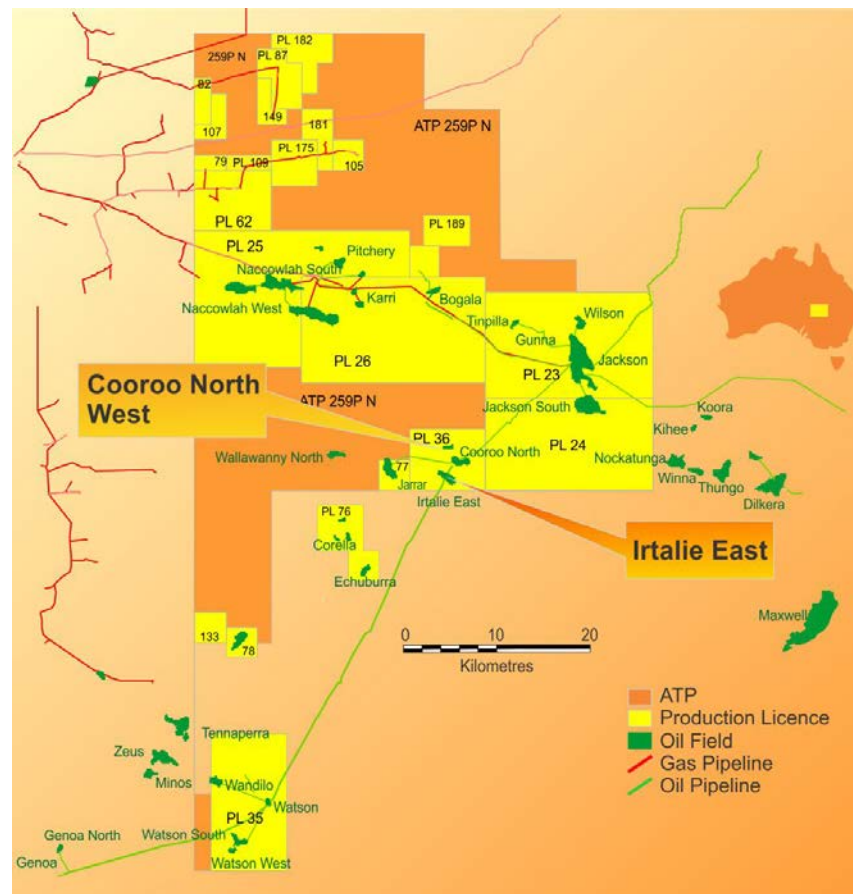
Significant Activities during Quarter

Production was maintained during the quarter but no other significant activities were undertaken. A dispute with the operator, Oilwells Inc. of Kentucky, as to ongoing operations and joint venture costs and falling oil prices delayed further development.

Significant Activities 2016

Future activities involving development drilling and well work overs are still under review subject to resolving the dispute with the operator.

ATP 1189P 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 1189 (N) and the remainder in 22 petroleum production leases (PL's) covering producing fields.

Significant Activities during Quarter

Production was maintained at approx. 40 Bopd net to Bounty.

Significant Activities next Quarter and Beyond - 2015/16 Development

Continued oil price declines in 2015 affected the economics of further development drilling however optimisation work continues and twelve month payback projects addressing in-well bore opportunities will be carried out aimed at maintaining production at 2015 levels as far as possible. Later Development Plans were approved by DNRm for a number of Petroleum Leases.

Exploration:

Southern Surat Basin Onshore Queensland

ATP 754P – Bounty 50%, PL 2A/B – Bounty 81.75%, PL 2C – Bounty 36.5%

Location: 40 km northeast of St. George, SE Queensland.

Significant Activities during the Quarter

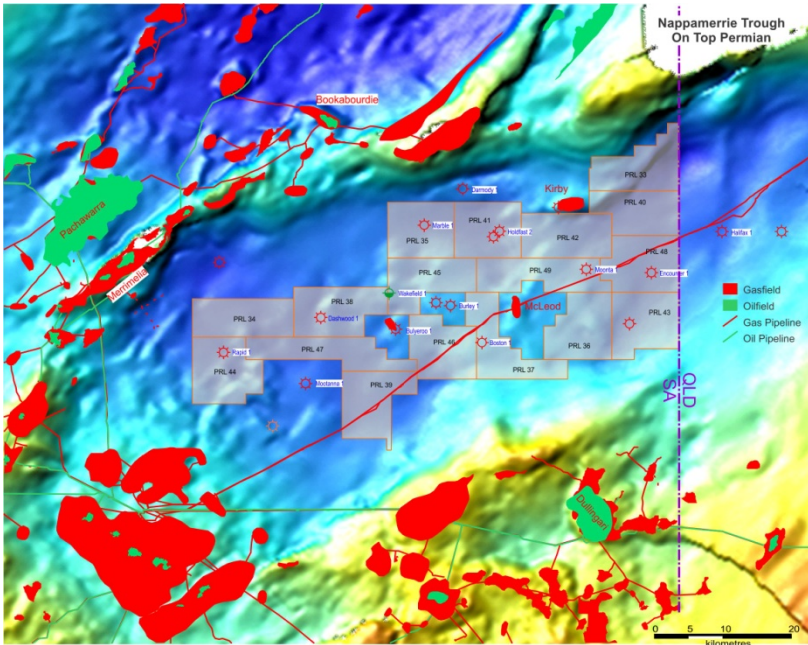
Petroleum Lease (PL) 2 Kooroob Blocks A & B: PL 2 contains a structure up dip from the Eluanbrook 1 oil and gas discovery well with potential for 200,000 bbls of recoverable oil. During the quarter Bounty increased its interest in these Blocks by acquiring the 51.75% held by Santos QNT for \$200,000 and is now operator. Planning to drill an appraisal well up dip from Eluanbrook 1 has commenced.

ATP 754P: During the quarter Origin Energy group sold its 50% working interest in ATP 754P to Armour Energy Limited. Bounty waived its pre-emptive rights on the sale interest but retained its 50% interest and was appointed operator. The partners are still awaiting determination by DNRM of an amended work programme.

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

Location: 50 Km northeast of Moomba, South Australia.

Background Land Position



The former PEL 218 has been replaced with 17 Petroleum Retention Licences (PRL) 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% and now has very secure title to a major gas exploration Block in the Cooper Basin

Significant Activities during the Quarter

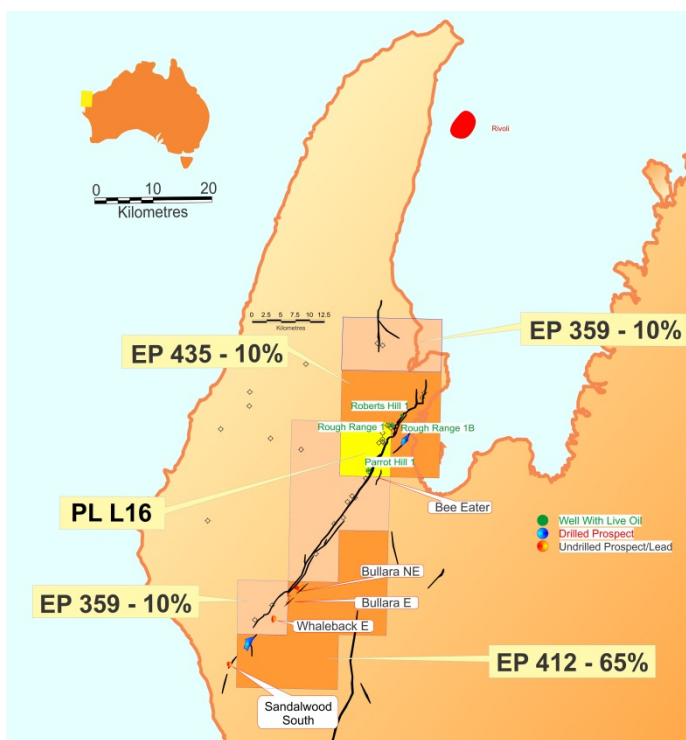
There was no material joint venture activity in the quarter.

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

Rough Range Project Onshore Carnarvon Basin – WA

EP 412 – Bounty 65%, EP 359, EP 435 and L 16 – Bounty 10%

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 and is still capable of delivering crude.

Activities This Quarter

L16 covering the Rough Range pool and production facilities is in good standing. Applications have been submitted to DMP by the operator to vary the work commitments and refocus the exploration in these permits. These variations were based on a complete data review undertaken by Bounty and the operator during the quarter. The review has re-defined the prospectivity of these permits and identified new targets which will be followed up by low cost exploration techniques prior to refining the targets with new seismic and/or drilling.

Bounty is preparing for the programs in anticipation of DMP approval and Bounty is keen to further some

of the targets it has developed, especially those close to the existing L16 infrastructure.

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.

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 work to date has established as far as possible that:-

- the sands in the Azalea Prospect are high porosity, sealed along strike and up dip,
- the fluids contained in the prospect's sands are different from proven water wet sands in an adjacent well, and
- there are direct indications of a possible hydrocarbon charge.

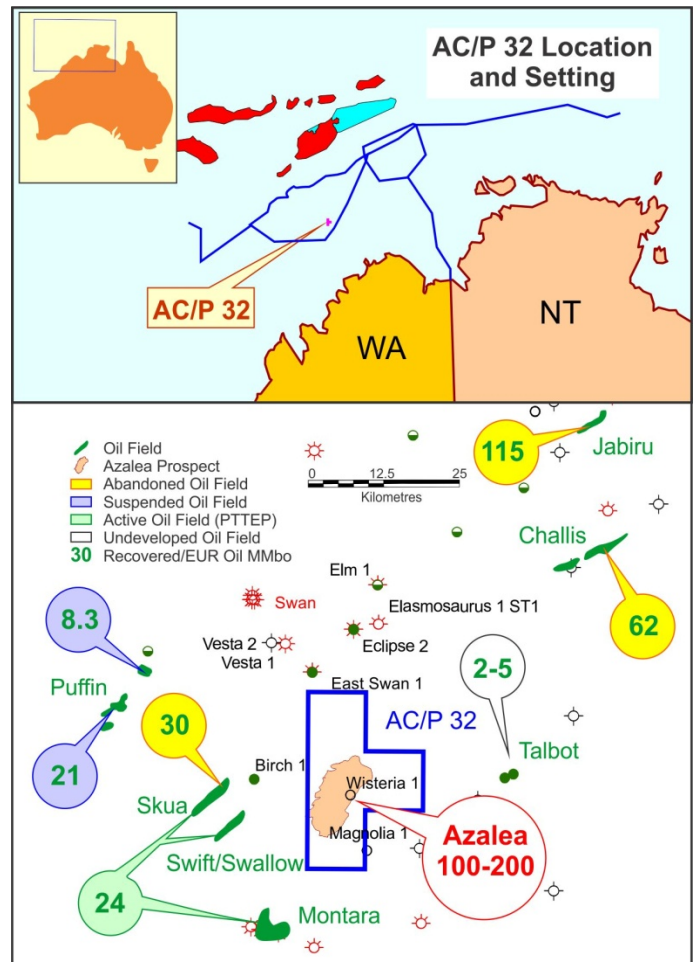
In addition to Azalea; Bounty has established new structural stratigraphic leads with potential in the 10 – 40 million barrel recoverable range.

Significant Activities during the Quarter

During the Quarter NOPTA granted a work commitment variation for AC/P 32 and the title is in good standing. Bounty continued seismic studies and farmout activities, seeking a partner to drill an exploration well at Azalea and a follow up appraisal well.

Significant Activities next Quarter

Ongoing discussions with potential farm in partners.



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

PL 119: During the quarter Bounty continued work on obtaining land access and regulatory approval for renewal of PL119 Downlands and Pipeline Licence 58.

ATP 471 SG: No material joint venture activity was undertaken.

PL 71: During the quarter Origin Energy group sold its working interest in PL 71 to Armour Energy Limited. Bounty waived its pre-emptive rights on the sale and maintained its interest.

Kiliwani North Development Licence Offshore Tanzania: Bounty 10%

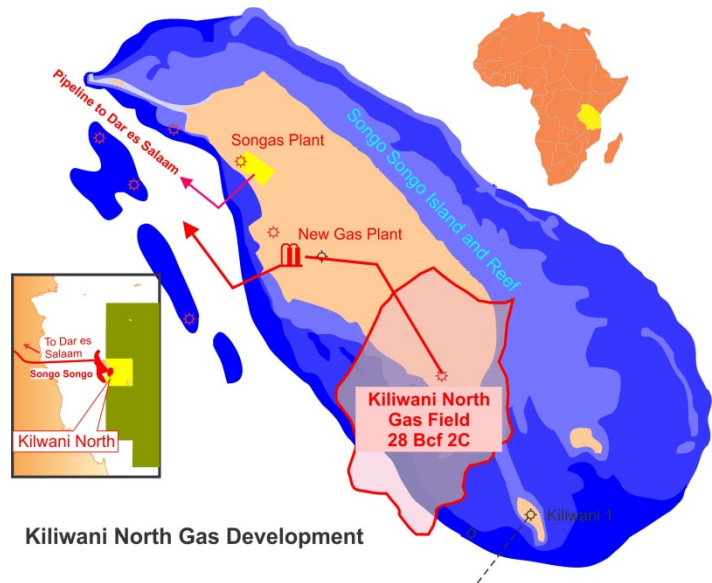
Location: 30 Km offshore from Rufiji Delta Tanzania

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

The Gas Sales Agreement between the Kiliwani North participants and the TPDC was signed off after the end of the period and preparations for full production are underway. It is anticipated that the well will supply 25 MMcfg/d (2.5 MM net to BUY).



HIGHLIGHTS:

- Milestone agreement moves Bounty into an African gas producing phase in Tanzania.
- Take-or-pay depletion contract with gas revenues payable in US Dollars
- Initial gas price of US\$3.00 per mmbtu (approximately US\$3.07 per mcf)
- Annual indexation of gas price from 1 January 2016
- Agreed payment security mechanism

The Kiliwani North GSA is a “take or pay” type agreement and allows for the expected depletion of production from the well over time. In each contract year TPDC will be required to purchase, take delivery of or pay for a pre-determined volume of gas. In the event that TPDC elects not to take delivery of the pre-determined volume, it will pay for the equivalent of 85% of the minimum daily quantity of gas to be supplied, initially set at 20 mmscf/day and adjusted each year in accordance with the terms of the GSA. Gas from Kiliwani North will be supplied to the recently-completed Songo Songo gas processing plant.

Testing and commissioning of the new plant and pipeline is expected to commence during January 2016, with production being tested at varying rates. During the testing and commissioning phase, the TPDC will be invoiced for gas produced at the end of each month and required to pay on invoice.

The start of commercial operations will be mutually agreed by the TPDC and the Operator after testing and commissioning has been completed. Each month, the TPDC will be required to pay an estimate of one month’s revenues in advance, secured with a letter of credit issued by the Tanzania Investment Bank. Monthly revenues will be calculated based on actual production and adjustments will be made at the end of each month for any discrepancy between estimated and actual throughput.

Gas will be sold at US\$3.00 per mmbtu (approximately US\$3.07 per mcf) and the price will be adjusted annually by applying an agreed United States Consumer Price Index. Gas revenues will be invoiced and payable in United States dollars and the gas delivery point will be the inlet flange at the Kiliwani North wellhead. By selling the gas at wellhead, the joint venture partners will not be responsible for pipeline transportation and processing fees.

Significant Activities Next Quarter

Production should commence early next Quarter, initially as needed to get the gas plant running smoothly then full production shortly thereafter.

Growth Projects:

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

Location: 30 Km offshore from Rufiji Delta Tanzania

Background

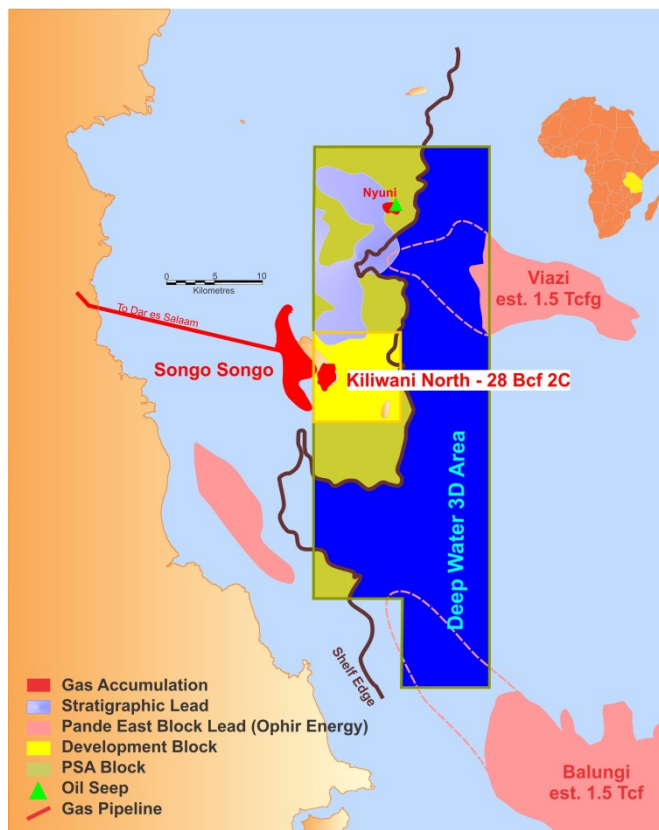
Participation in the Nyuni PSA is giving Bounty direct participation in one of the most dynamic and successful new exploration plays worldwide.

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 has within it seismic amplitude anomalies which may be due to gas in similar settings to the adjacent block.

Nyuni Block Exploration – 2016

The Joint Venture will acquire 3D seismic over the deep water part of the Nyuni PSA and is in the final phases of seismic contract negotiations. Planned acquisition is set down for Q1 2016.

The survey is designed to detail the up dip extension of Lead 3 in the adjacent Ophir/RakGas East Pande permit which independent consultants suggest 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 Exploration Licence is currently under renewal application with a 50% area reduction.



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.

2015/2016 Exploration

A geological and geophysical study was released by the operator during the Quarter, and is expected to provide the basis for further work most likely 2D/3D seismic surveys in 2016.

Corporate

Current Assets –31 December, 2015

During the quarter Bounty paid \$200,000 on acquisition of further interests in PL2 Kooroon Block from Santos QNT Pty Ltd., expended \$33,214 on production assets and \$70,972 on development and other exploration projects. At the end of the quarter cash, receivables and held for sale investments were around \$0.77 million.

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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 Chief Executive Officer
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 Email: corporate@bountyoil.com

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
Bopd	barrels of oil per day
DMP	Department of Mines and Petroleum (Western Australia)
DNRM	Department of Natural Resources and Mines (Queensland)
DST	Drill stem test with a drill rig to test if hydrocarbons flow to the surface from a reservoir.
GSA	Gas sales agreement for Kiliwani North Development Licence, Tanzania
Mcf	Thousand cubic feet (of Gas)
MDRT	Measured Depth below drilling rig Rotary Table
MMbbls:	Million barrels of oil.
mmbtu	Million British Thermal Units
MMBOE:	Million barrels of oil equivalent.
MMScf/d	Millions of standard cubic feet per day of natural gas
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 25 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 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 2015

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	182,123	460,039
1.2	Payments for (a) exploration and evaluation	(27,524)	(109,227)
	(b) development	(43,448)	(63,071)
	(c) production assets	(33,214)	(101,088)
	(d) production expenses	(90,666)	(219,326)
	(d) administration	(309,157)	(679,689)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	604	2,914
1.5	Interest and other costs of finance paid		
1.6	GST (refund)/paid	3,910	(13,230)
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(317,372)	(722,678)
Cash flows related to investing activities		¤	¤
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
	(d) petroleum tenement	(200,000)	(200,000)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	(16,907)	(16,907)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(216,907)	(216,907)
1.13	Total operating and investing cash flows (carried forward)	(534,279)	(939,585)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(534,279)	(939,585)
	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	(534,279)	(939,585)
1.20	Cash at beginning of quarter/year to date	1,126,466	1,508,539
1.21	Exchange rate adjustments to item 1.20	(13,353)	9,880
1.22	Cash at end of quarter	578,834	578,834

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	146,320
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

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	20,000
4.2 Development	20,000
4.3 Production	65,000
4.4 Administration	220,000
Total :	325,000

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	505,464	1,053,096
5.2 Deposits at call	73,370	73,370
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	578,834	1,126,466

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	PL2 Alton (Qld) Kooroon Block	JV Interest	24.25%	81.75%

+ 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	953,400,982	953,400,982		
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>				
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: 29 January 2016

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.