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ASX / MEDIA RELEASE

Kiliwani North – Project Update

Bounty Oil & Gas NL (Bounty) is pleased to announce an update on the Kiliwani North Gas project. The operator of the Tanzanian project is Aminex PLC (Aminex) and in country operations are conducted by its wholly owned subsidiary Ndovu Resources Limited ('Ndovu').

The Kiliwani North-1 well is currently undergoing final well integrity testing prior to first production. This follows the signing of a Gas Sales Agreement ("GSA") in early January 2016.

The gas price agreed of US\$3.00 per mmBTU, approximately US\$3.07 per mmcf, is indexed-linked to the US CPI and not reliant on global oil prices. The joint venture will be paid in US Dollars for all produced gas including commissioning and testing gas.

The operator has been advised by the Tanzanian Petroleum Development Corporation ("TPDC") to prepare Kiliwani North 1 for production starting mid-February. Initial production rates will be managed to allow for testing and commissioning of the recently completed gas processing plant and pipeline, while recording critical pressure and flow rate measurements to determine the optimal flow rate to maximize the life of the reservoir.

LR Senergy has ascribed 28 BCF contingent (2C) resources (gross) to the Kiliwani North pool, which was contingent on completion of the GSA. Bounty therefore anticipates that it will be able to book its first reserves for its Tanzanian gas assets later this year.

Commenting; Bounty's CEO, Philip Kelso said:

"Bounty as a joint venture participant is now within sight of becoming a Tanzania gas producer. In addition to first production Bounty expects that the Kiliwani North Development License will also represent the first bookable reserves for the Company in Tanzania. In 2016 Bounty anticipates it will start to receive gross annual revenue of around A \$ 2.5 million from this project."

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Bounty is an Australian ASX listed oil producer and explorer (ASX Code: BUY). Its core petroleum production and exploration assets are located in the Cooper/Eromanga Basins and in the Surat Basin in Queensland and South Australia. It also holds oil exploration interests in Western 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 holds AC/P32 in the Timor Sea with the 500 mmbbl OOIP Azalea Prospect as its first drill target.

Bounty has gas development permits in Tanzania where it is a participant in the Kiliwani North Gas Field development and the Nyuni Exploration Licence.

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

ABBREVIATIONS

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| BCF | Billion cubic feet (of Gas) |
| GSA | Gas sales agreement for Kiliwani North Development Licence, Tanzania |
| mmbtu | Million British Thermal Units |
| MMSCF/mmscf, MMCFG/mmcfg, MMCFGD/mmcfgd | Million standard cubic feet, million cubic feet of gas, million cubic feet of gas per day |
| mcf | Thousand cubic feet (of Gas) |
| Permit/Licence | A petroleum tenement, lease, licence or block. |
| TCF | Trillion cubic feet (of Gas) |
| TPDC | Tanzania Petroleum Development Corporation |

[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 40 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.]