



ASX/MEDIA RELEASE

29 July 2016

Quarterly Activities Report – End June 2016

Highlights:

Tanzania – Kiliwani North and Nyuni Block

- Gas plant commissioning and charging the gas pipeline was completed just post the end of this Quarter
- Full scale production at a rate of 25- 30 MMcfd (2.4 – 2.8 MMcfd net to Bounty) is expected to be achieved for most of September Quarter.
- Bounty's share of net cash revenue is anticipated to be between A\$2.42 and A\$3.49 million pa once full production is achieved.
- Nyuni PSA – new 3D seismic planned to image deep water turbidite gas plays of up to 1.3 TCF potential.

Australia

- Bounty exits June 2016 with \$1.76 mill cash and current assets of \$1.99 mill.
- June 2016 Quarter revenue totalled \$0.310 million on production of 7,529 boe of crude oil and gas.
- Bounty finalised an agreement to cement full control of the PL2 Alton Oilfield and surrounding areas in the Surat Basin and to exit PL214 Utopia.
- High Impact Oil Business strategy moving Bounty's 100% AC/P 32, Timor Sea project to farm out and drill the 100 MMbo recoverable Azalea Prospect.
- PEP 11 - Preparations for Baleen 2D seismic acquisition program progressing.

Oil Business - Production:

Bounty produces from two areas – Naccowlah Block in SW Queensland and Kiliwani North Gas Field in Tanzania. The Downlands Field in the Surat Basin Queensland is shut in pending lease renewal and development.

Sales revenue increased to \$310,581 for the quarter primarily due to commencement of ramp up gas production at Kiliwani North Gas field in Tanzania (see below) while partially offset by lower crude oil sales and volumes.

Bounty's unaudited petroleum revenue, production and sales for the quarter ended 30 June 2016 are summarised below.

SW Queensland**Exit from PL 214 Utopia Eromanga Basin,**

During the Quarter Bounty closed the agreement announced to the ASX on 18 May 2016 with two subsidiaries of the Bridgeport Energy Limited (Bridgeport) group for Bounty to acquire additional oil development and exploration interests in Petroleum Lease 2 (Alton) located in the Surat Basin, East Queensland and to exit oil production from the 40% owned PL 214 Utopia Joint Venture. Further details are set out in **Development** below.

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

Location: Surrounding Jackson, Naccowlah and Watson Oilfields

Bounty's share of production has declined to 30 bopd due to curtailment of production optimisation activities, as a result of the low oil prices, which in the past have been able to keep pace with natural decline.

Revenue:

| Q2 | 1 April - 30 June 2016 | \$ |
|----------------|------------------------------------|----------------|
| Kiliwani North | Bounty Share (9.5% Interest) - Gas | 125,679 |
| ATP 259 | Bounty Share (2% Interest) | 184,902 |
| | Total Revenue (1) | 310,581 |

(1) GST exclusive.

Production:

| Q2 | 1 April - 30 June 2016 | Unit |
|----------------|-------------------------------------|--------------|
| Kiliwani North | Bounty Share (9.5% Interest) – Mscf | 29,612 |
| ATP 259 | Bounty Share (2% Interest) bbls | 2,425 |
| | Total Production boe | 7,529 |

(1) Estimates.

Sales:

| Q2 | 1 April - 30 June 2016 | Unit |
|----------------|-------------------------------------|--------------|
| Kiliwani North | Bounty Share (9.5% Interest) – Mscf | 29,612 |
| ATP 259 | Bounty Share (2% Interest) bbls | 2,998 |
| | Total Sales boe | 8,103 |

Oil Business - Development:

Southern Surat Basin Onshore Queensland

PL 2 Alton Oilfield Bounty - 100%; PL 2A/B Kooroon Joint Venture – Bounty 81.75%.

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

Significant Activities during the Quarter

During the quarter Bounty closed an agreement to acquire additional oil development and exploration interests in the Southern Surat Basin, (see above) and to settle its ongoing dispute in connection with PL 214. This agreement formalized the deal announced in the March Quarter report.

The material terms of the formal sale/purchase agreement were as follows:

- Bounty to transfer its 40% PL 214 participating interest under the relevant JOA to Oilwells Inc of Kentucky (a Bridgeport subsidiary). Outstanding litigation to be discontinued with mutual releases.
- Bridgeport (Surat Basin) Pty Ltd to transfer all of its interests in the Alton Oilfield and Alton Block to Bounty with the result that Bounty now holds 100% of the Alton Oilfield.
- Payment of \$300,000 to Bounty before adjustments.
- Usual conditions and adjustments.

As a result of this deal and the December 2015 agreement to purchase the Santos Group interests in PL2A and PL2B (the Kooroon Block exploration interests) Bounty is now operator and holds a potential 353,000 bbls of 2P proven oil; production facilities at Alton and surrounding exploration acreage in Petroleum Lease 2 (PL2) located in the southern Surat Basin. Bounty has commenced planning for oil production from PL 2 Alton

Details of the Alton oil development interests now held by Bounty (see Figure 1 below) are:

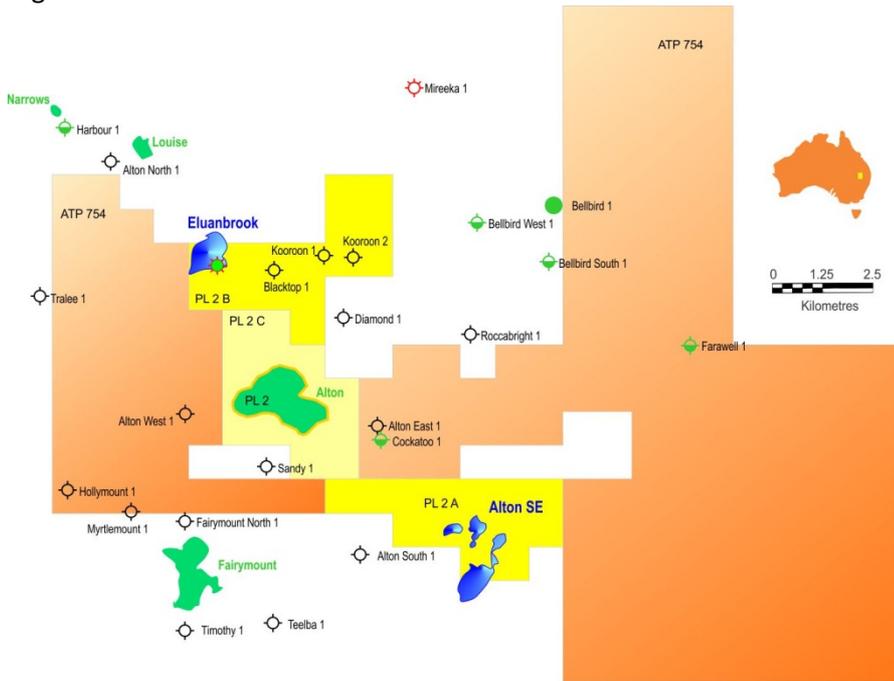
Alton Oil Field – PL2

- Bounty 100%.
- Development: 167,000 bbls of recoverable oil from the early Triassic 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 Formations.

Eluanbrook – PL2

- Bounty 81.75%.
- Development: Up dip from the Eluanbrook 1 oil and gas discovery well there is an estimated recoverable resource of 186,000 bbls from P50 OOIP of 625,000 bbls.
- Middle Triassic age Showgrounds Sandstone reservoir.
- Up dip from proven 53° API gravity oil with associated gas.

Figure 1



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 next Quarter and Beyond - 2016/17 Development

Proposals to drill one or two development wells at the Irtalie East field are being evaluated. Actual drilling would not take place until 2017.

Exploration:

754P – Bounty 50% - Operator,

In ATP 754P 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.

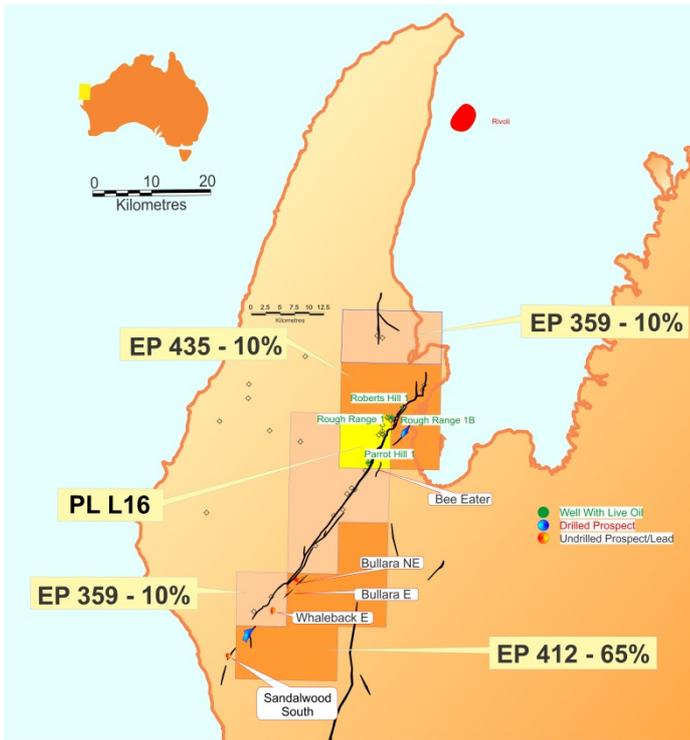
Background Land Position

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

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.

Activities This Quarter

During the quarter Bounty confirmed and amended work programs for EP435 and EP 359 but progress depends on generating interest in a challenging oil price environment. EP412 is being relinquished.

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: Reviews by the new operator Armour Energy Limited.

Kiliwani North Development Licence Offshore Tanzania: Bounty 9.5%

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

Gas production commenced in early April and during the rest of the quarter continued with filling the pipeline and commissioning the gas plant. Full production of 25 - 30 MMcfg/d is anticipated to be reached early in the next quarter.

The Gas Sales Agreement with the Tanzania Petroleum Development Corporation (TPDC) is a take or pay contract in US dollars at \$3/MMbtu (approx. US\$3.07 per Mcf), indexed to the US CPI and delivered at well head.

Significant Activities Next Quarter

Over the next quarter Bounty expects to see the Gas Plant and pipeline commissioned and fully operational with the well flowing at planned operational volumes of 25-30 MMcf/d.

Growth Projects:

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

Location: 30 Km offshore from Rufiji Delta Tanzania

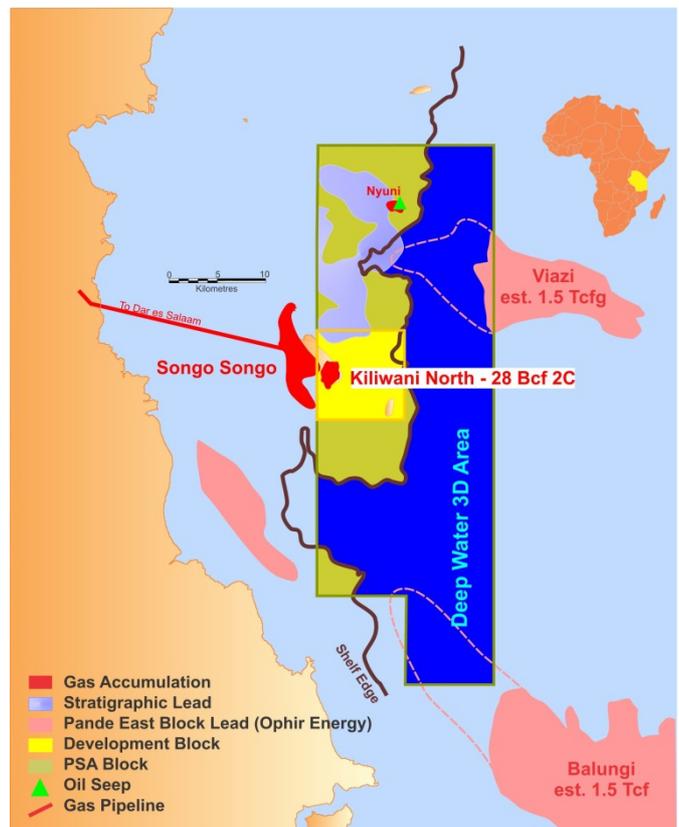
Background

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

There has been over a 90% drilling success rate with 3D seismic in adjacent, analogous plays to the east of the Block and over 185 TCF discovered to date in the same play throughout Tanzania and Mozambique.

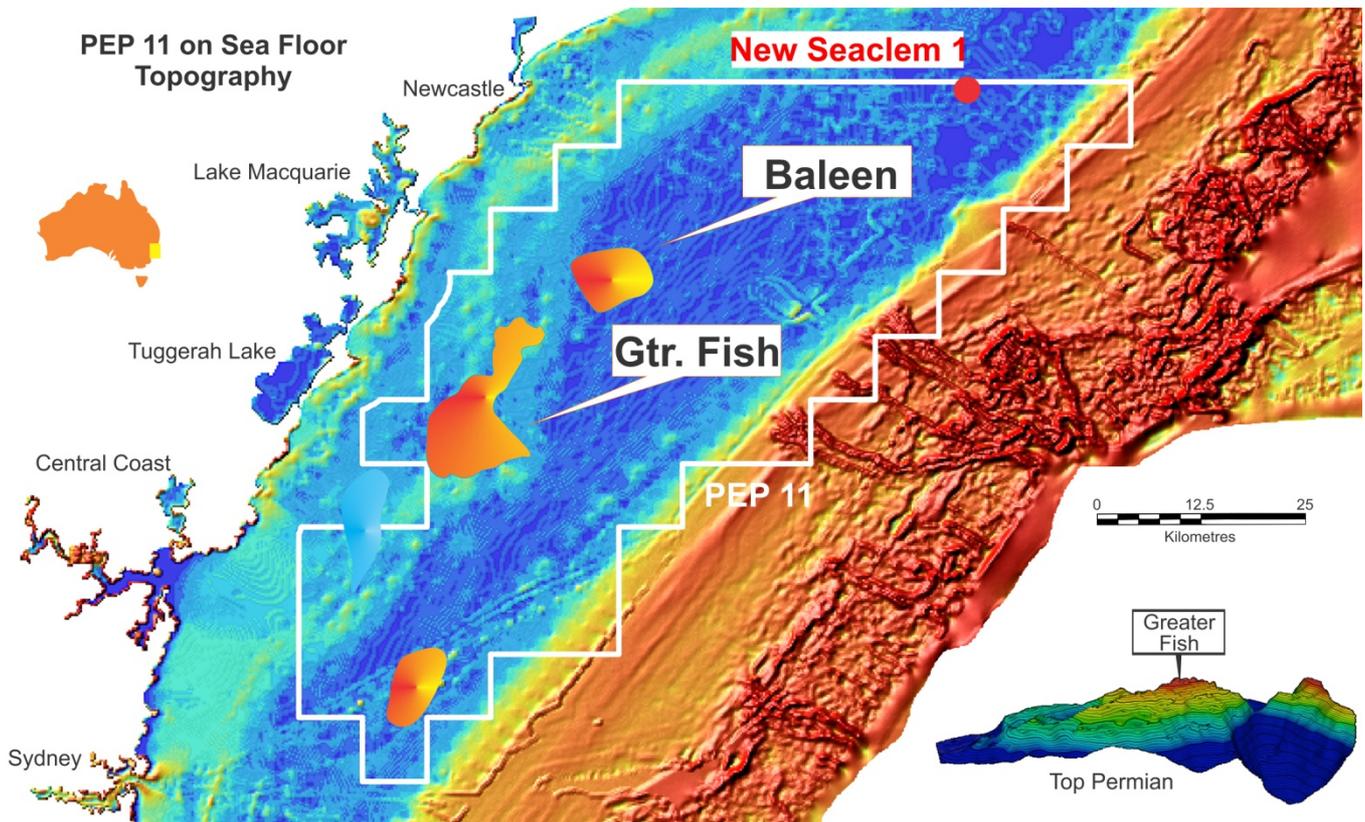


The Nyuni Block un-risked GIIP is >5 TCF (gross)*.

The Joint Venture plans to 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 later 2016. The project is currently on hold awaiting government approvals.

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 in good standing.

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 with potential for trillions of cubic feet of gas.

2016 Exploration

The operator is continuing efforts to secure a seismic vessel to acquire high resolution 2D seismic data to assist in the drilling of the Baleen target approximately 30 km south east of Newcastle, New South Wales.

This “Baleen HR” survey will cover approximately 200 line km and is also proposed to be tied-in to the New Seaclem-1 well location to provide lithological control.

The Looming gas shortage NSW has provided increased interest in the offshore potential and PEP 11 in particular.

Corporate

Property Disposal

During the quarter Bounty sold a real estate interest in Sydney CBD at a profit for \$1.2 million.

Current Assets –30 June , 2016

- During the quarter Bounty paid \$40,000 for acquisition of further interests in PL2 Alton Block from Bridgeport (Surat Basin) Pty Ltd and exited the PL214 Utopia JV – see above under **Production** and **Development**. As part of this agreement Bounty will also be released from all claims under the PL214 Utopia JOA and all past or future liabilities. The estimated quantum of these claims and liabilities was \$300,000 to \$500,000.
- Expended \$8,295 on production assets and \$38,239 on development and other exploration projects.

At the end of the quarter cash, receivables and held for sale investments were around \$1.99 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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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 |
| CSG: | Coal seam gas |
| DMP | Department of Mines and Petroleum (Western Australia) |
| DNRM | Department of Natural Resources and Mines (Queensland) |
| DST | Drillstem test with a drill rig to test if hydrocarbons flow to the surface from a reservoir. |
| 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 |
| 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")

30 June 2016

Consolidated statement of cash flows

| | Current quarter \$A | Year to date \$A |
|---|------------------------|---------------------|
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales and related debtors | 146,244 | 746,115 |
| 1.2 Payments for (a) exploration and evaluation | (1,680) | (112,105) |
| (b) development | (76,559) | (144,000) |
| (c) production assets | (8,295) | (115,188) |
| (d) production expenses | (36,777) | (376,351) |
| (d) administration | (247,478) | (1,154,422) |
| 1.3 Dividends received | | |
| 1.4 Interest and other items of a similar nature received | 773 | 5,462 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 GST received/(paid) | 117,581 | 107,465 |
| 1.7 Other (provide details if material) | | |
| Net Operating Cash Flows | (106,191) | (1,043,024) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | ¤ | ¤ |
| (a) prospects | - | - |
| (b) equity investments | (5,344) | (5,344) |
| (c) other fixed assets | 1,200,000 | 1,200,000 |
| (d) petroleum tenement | 340,000 | 140,000 |
| 1.9 Proceeds from sale of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.10 Loans to other entities | (13,563) | (47,012) |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other (provide details if material) | - | - |
| Net investing cash flows | (16,542) | 1,287,644 |
| 1.13 Total operating and investing cash flows (carried forward) | 1,414,902 | 244,620 |

+ See chapter 19 for defined terms.

| | | | |
|---|--|-----------|-----------|
| 1.13 | Total operating and investing cash flows (brought forward) | 1,414,902 | 244,620 |
| 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 | 1,414,902 | 244,620 |
| 1.20 | Cash at beginning of quarter/year to date | 341,360 | 1,508,539 |
| 1.21 | Exchange rate adjustments to item 1.20 | 4,406 | 7,509 |
| 1.22 | Cash at end of quarter | 1,760,668 | 1,760,668 |

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 | 77,050 |
| 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 | 10,000 |
| 4.2 Development | 10,000 |
| 4.3 Production | 80,000 |
| 4.4 Administration | 120,000 |
| Total : | 220,000 |

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 | 1,685,255 | 266,214 |
| 5.2 Deposits at call | 75,413 | 75,146 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 1,760,668 | 341,360 |

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 | EP412 Western Australia | JV interest | 65% | Nil |
| 6.2 Interests in mining tenements acquired or increased | PL 2 Alton Queensland | JV interest | PL2 C: 36.5% | PL2C: 100% |
| | | | PL2 Alton Pool: Nil | PL2 Alton Pool:100% |

+ 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: ...S Saraf.....
(Company Secretary)

Date: 29 July 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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