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ASX / MEDIA RELEASE

Kiliwani North – Gas Project Update

Bounty Oil & Gas NL (Bounty) is pleased to announce the following update on gas production from its Kiliwani North Development Licence in Tanzania.

Highlights:

- Commissioning of the power generation system and other auxiliary facilities has been completed.
- Commissioning of the gas plant and sub-sea pipeline commenced on 1 June 2016
- On 2 June the first Kiliwani North-1 (“KN-1”) gas was processed and entered the pipeline system connecting the Songo Songo plant with the national pipeline.
- During the commissioning, gas rates are planned to ramp up to 30 mmscfd while pressuring up the plant and pipeline.
- The operator Ndovu and its partners including Bounty have invoiced TPDC for both April and May gas production in accordance with the terms of the signed Gas Sales Agreement.

As previously advised, all gas produced during the build-up to full production rates will be paid for under the terms of a recently signed Gas Sales Agreement signed with the sole buyer, Tanzania Petroleum Development Corporation (“TPDC”). Bounty will receive US\$3.00 per mmbtu (approximately US\$3.07 per mcf).

Bounty will receive all revenue in United States Dollars and the contractual gas price of US\$3.00 per mmbtu will be adjusted annually by applying an agreed United States Consumer Price Index. The gas price is not linked to any commodity price so importantly is unaffected by current commodity market conditions. The gas delivery point is at the outlet flange of the Kiliwani North wellhead and, by selling the gas at the wellhead, the joint venture partners will not be liable for pipeline transportation and processing fees.

Initial production rates remain carefully managed to allow for testing and commissioning of the 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. Together with TPDC the operator plans to conduct a well test during the production build up to determine the optimal flow rate. It is this optimal flow rate that will become the Commercial Production Rate and the Company intends to flow gas at this rate for as long as possible prior to a natural decline in production. Based off initial pressure response from the Kiliwani North 1 well it is expected that the well will be tested closer 30mmcf (approximately 4-5,000 barrels of oil equivalent per day gross)

KN-1 has booked contingent resources (2C) of 28 billion cubic feet gross. Bounty expects to book reserves for Kiliwani North later this year.

Philip Kelso, CEO commented:

“We are pleased with the progress made so far at Kiliwani. The well has been performing very well and commissioning is so far on schedule. Bounty continues to focus on delivering production growth through Kiliwani and will examine other Tanzania gas opportunities.”

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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 500mmbbl OOIP Azalea Prospect as its first drill target.

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

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

ABBREVIATIONS

Barrel (bbl/BBL)	A unit of volume of oil production, one barrel equals 42 US gallons, 35 imperial gallons or approximately 159 litres
Basin	A segment of the earth's crust which has down warped and in which sediments have accumulated, such areas may contain hydrocarbons.
MMB/mmb, MMBO/mmbo	Million barrels, million barrels of oil.
Reserves	Quantities of economically recoverable hydrocarbons estimated to be present within a trap, classified as proven, probable or possible.
1P; 2P; 3P	1P frequently used to denote proved reserves , 2P is the sum of proved and probable reserves and 3P the sum of proved, probable and possible reserves .
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.]