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ASX / MEDIA RELEASE

Kiliwani North Gas Commercialisation Update

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

The Kiliwani North-1 gas well ("KN-1") commenced production on 4 April 2016. Production rates for the period to 30 June 2016 were determined by the plant operator and in line with normal requirements for testing and commissioning procedures. Since early July, the well has been producing at commercial rates but still under commissioning conditions. The well, which originally tested at 40 mmcfd, has been produced at rates in excess of 30 mmcfd for short periods but mainly between 15 and 25 mmcfd with up to 150 barrels of condensate. Average production during the first quarter to date has been in excess of 15 mmcfd, restricted by an extended plant and pipeline commissioning phase and plant downtime. A previously planned full well test post-commissioning is now considered unnecessary as the sustained period of production has provided pressure data showing no significant pressure decline and the reservoir remains capable of production at rates of up to 30 mmcfd. Commercial gas from Kiliwani North is sold at wellhead and is being delivered into the Tanzania National Gas Gathering System.

First revenues were received during August 2016 and the TPDC has advised that it is currently arranging the Letter of Credit required for commercial operations under the Kiliwani North GSA signed at the start of 2016. The GSA guarantees pricing at US$3.00 per mmbtu (approximately US$3.07 per mcf) with yearly CPI adjustments.

Bounty has 9.5% of the Kiliwani North Development Licence.

Philip Kelso, CEO commented:

"The commissioning and production from Killiwani North has completed with production reaching 30mmcf per day in July. Bounty is pleased with progress and the fact that the joint venture is now receiving revenues."

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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 estimated reserves and resources approaching 4 million barrels of oil equivalent as at 30 June 2016.

ABBREVIATIONS

GSA	Gas sales agreement for Kiliwani North Development Licence, Tanzania
mmbtu	Million British Thermal Units
mmcf/mmscf, mmcfd	Million cubic feet (of gas); million standard cubic feet, million cubic feet (of gas) per day
mmcf	Thousand cubic feet (of Gas)
Permit/Licence	A petroleum tenement, lease, licence or block.
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.]