



## ASX/MEDIA RELEASE

31 July 2012



*Downlands Production Facilities, Surat Basin, Q*

## Quarterly Activities Report – End June 2012

### Highlights:

#### *Australia*

- Oil Revenue up 35% to \$2.320 million for year (2011: \$1.719 million).
- Oil Business strategy on track to provide further growth:
  - 3D seismic acquisition at Farawell, Surat Basin ATP 754P in progress to define drilling target updip from oil discovery.
  - Bounty preparing for development of 100% owned Downlands oil and gas condensate project in Surat Basin, Queensland.
  - Bounty acquires 100% equity and operatorship in major offshore permit AC/P 32, Timor Sea.

#### *Tanzania – Nyuni Block*

- Independent review of seismic post Nyuni 2 drilling has upgraded undiscovered gas to potential 5.6 TCF (280 BCF net to Bounty).

Bounty's schedule of permits: See table on Bounty's website: [www.bountyoil.com](http://www.bountyoil.com)

## 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.

Production this quarter was higher and Bounty achieved oil sales of 5,315 bbls (Third quarter 2012: 5,193 bbls). Oil revenue was \$585,520 (Third quarter 2012: \$486,535).

### Petroleum

Petroleum revenue for the year ended 30 June 2012 increased 35% to \$2.320 million (2011: \$1.719 million).

Development of Downlands (now 100% owned by Bounty) is expected to lead to increased oil production through the second half of 2012.

Bounty's petroleum production and sales for the quarter ended 30 June 2012 are summarised below.

### Revenue:

Q4	1 April – 30 June 2012	\$
PL214, Utopia	Bounty Share (40% Interest)	198,209
ATP 259	Bounty Share (2% Interest)	387,311
PL119 Downlands	Bounty Share (100% Interest) boe	-
	<b>Total Revenue subject to adjustments (1)</b>	<b>585,520</b>

### Production:

Q4	1 April – 30 June 2012	boe
PL214, Utopia	Bounty Share (40% Interest) bbls	1,987
ATP 259	Bounty Share (2% Interest) bbls	4,233
PL119 Downlands	Bounty Share (100% Interest) boe	-
	<b>Total Production boe</b>	<b>6,220</b>

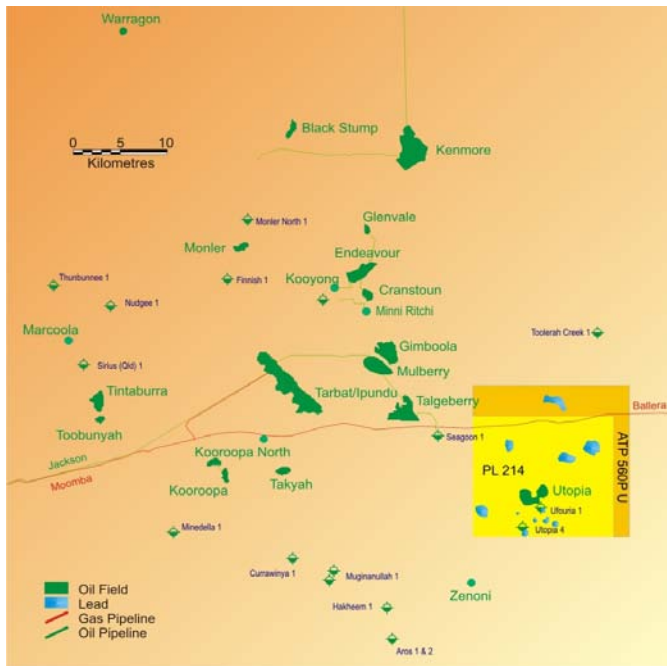
### Sales:

Q4	1 April – 30 June 2012	boe
PL 214, Utopia	Bounty Share (40% Interest) bbls	1,891
ATP 259	Bounty Share (2% Interest) bbls	3,424
PL119 Downlands	Bounty Share (100% Interest) boe	-
	<b>Total Sales boe</b>	<b>5,315</b>

1) GST exclusive.

**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**

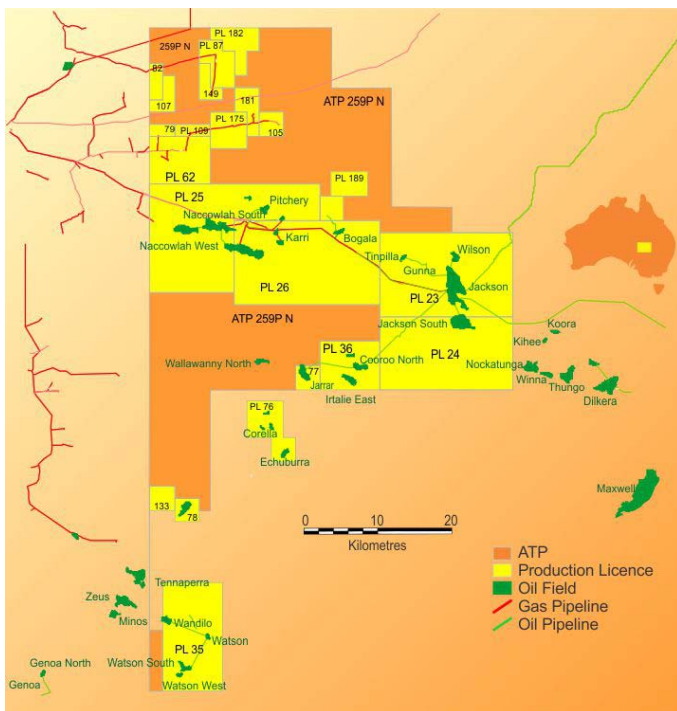
Bounty produces 20 bopd from oil wells developed in the Murta Formation at a depth of 1000 metres below surface. The Utopia Field is in a low relief anticline with a maximum elevation of 10 metres and is the largest Murta pool in the Queensland Eromanga Basin. It is underdeveloped.

**Significant Activities during Quarter**

A comprehensive development plan based on 3D seismic data is being developed to fully exploit the indicated increase in reserves which could be as much at 8 MMbo. Although the wells are low volume producers, the shallow depths to the reservoir of around 1020 metres, and the partners ability to drill, complete and tie in wells for around \$1 million makes development of this pool an attractive proposition. Workovers of two wells are being planned.

**ATP 259P Naccowlah Block and Associated PL's SW Queensland - Bounty 2%**

**Location:** Surrounding Jackson, Naccowlah and Watson Oilfields



**Background**

The Naccowlah Block comprises 2,544 km<sup>2</sup> approximately 40% of which is covered by ATP 259P (N) and the remainder in 22 production licences (PL's) covering producing fields. This area currently delivers 40 bopd net to Bounty, with full production from Irtalie East and Watson West now online.

Considerable efforts have been made by the partners over the last year to improve the production economics. Production enhancement operations on existing wells continued and a further 2 development or appraisal wells will be drilled at Irtalie East later this year. The first well on this prospect flowed 550 bopd initially.

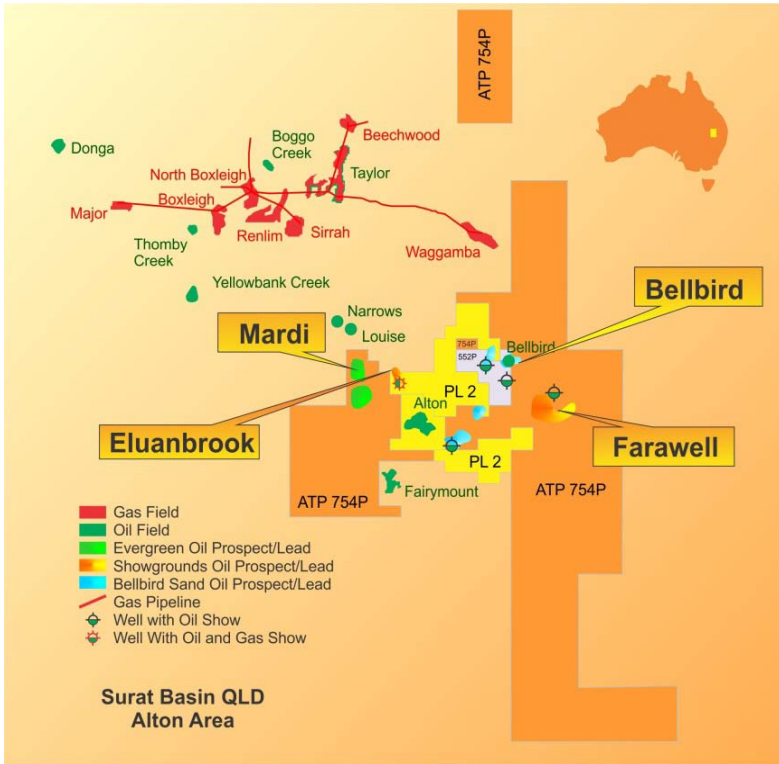
Planning for a new pipeline to tie in Irtalie Field, the Cooroo field and surrounding fields to the Jackson-Moomba oil pipeline continued. After the end of the quarter the Joint Venture agreed to drill 2 oil appraisal wells at Irtalie East.

**Exploration:**

**Southern Surat Basin Onshore Queensland**

**ATP 552P – Bellbird - Bounty 33.33%, ATP 754P – Bounty 50%, PL 2A/B – Bounty 24.25%, PL 2C – Bounty 36.5%**

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



**Significant Activities during the Quarter**

*ATP 745P:*

The Farawell 3D survey commenced during the quarter. It is designed to delineate a structure up dip from oil discovered in the Showgrounds Sandstone by the Farawell 1 well. The 45 km<sup>2</sup> 3D survey acquisition will be completed early in the first quarter followed by processing and interpretation.

Subject to confirmation by the 3D seismic survey drilling of Farawell Updip as a multi-zone test for oil and gas/condensate is planned for 2012-13. In this part of the Surat Basin conventional gas often contains around 80 – 100 bbls of condensate per MMcf gas.

ATP 754P is also considered to have significant unconventional gas potential which will be tested by the planned well.

Bounty is awaiting renewal of ATP 552P. It is commencing engineering reviews in preparation for a program of re-entries into 2 wells which produced oil.

**PEL 218 Eromanga Basin, NE South Australia – Bounty 23.28% in section above the Permian**

**Location:** 50 Km northeast of Moomba, SA

**Significant Activities during the Quarter**

There was no activity during the quarter and Wakefield 1 remains suspended pending a joint venture decision to undertake cased hole testing. Beach Energy has completed 3 vertical unconventional gas wells into the Permian section and is planning a further 7 vertical and 2 horizontal unconventional wells in PEL 218. Bounty has no interest in these wells and does not contribute to the costs but the wells will provide drill data to the base of the Triassic age section to guide exploration for oil and coal seam gas in this very large permit.

**EP 412 (Bounty 65%) and EP 435, Production Licence 04-5L and EP 359 (Bounty 10% in each) – Onshore Carnarvon Basin, Western Australia**

**Location:** Surrounding Rough Range Oil Field, 60Km south of Exmouth

**Background**

The Rough Range oil area is up dip from the prolific offshore Carnarvon Basin and the Rough Range oil discovery made in the 1950's. It proved that oil has migrated into this area. The Rough Range structure, however, formed during a Tertiary age compression and post dates the bulk of oil migration. Bounty is targeting older, better timed structures up dip, in particular the 5-6 MMbo potential Bee Eater prospect.

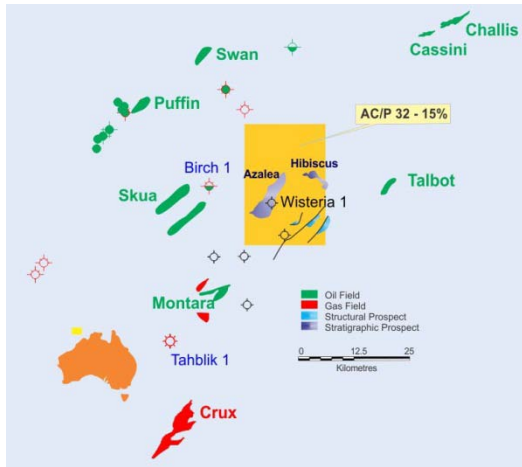
There is shale gas potential in the Patterson Trough running through EP 359 and 435 and during the year a joint venture was negotiated a farm out to a USA based group to drill a test for this unconventional gas. Renewal of EP412 is imminent.

**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 permit is located within the prolific Vulcan Sub-basin and is surrounded by oil and gas fields. The Permit was renewed for a further three years in 2009. The Joint Venture has carried out extensive seismic reprocessing and inversion studies to detail a stratigraphic trap in the Puffin Sand pinchout at the Azalea Prospect.

Underlying the Puffin sands is a network of Turonian age channels similar to those which are hydrocarbon charged at Tahblik 1 to the south of Montara.

**Significant Activities during the Quarter**

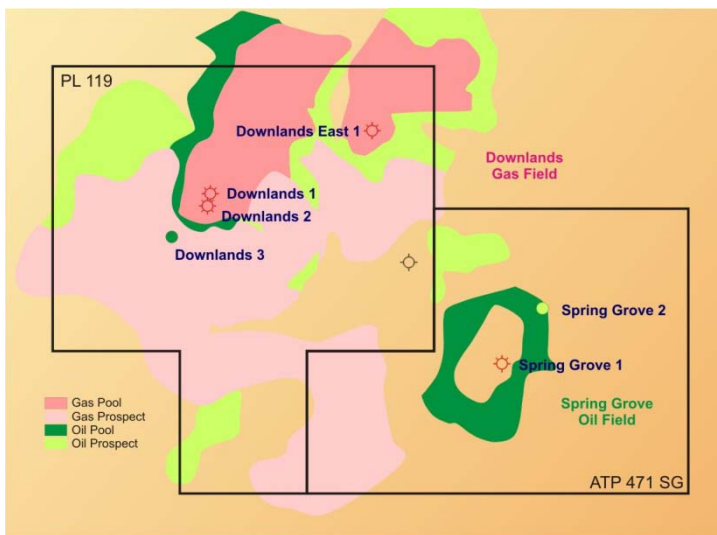
During the period the Joint Venture parties assigned their interest to Bounty. It now holds 100% and operatorship. Bounty has applied for a variation to the permit conditions to enable it to review the re-processing project and other leads which have arisen from the detailed seismic studies carried out so far. Bounty expects the variation to be granted.

**Gas/Condensate Business (incl. Oil development)**

**Development:**

**Downlands PL 119; PPL 58 (Bounty 100%) and ATP 471 (Spring Grove) Bounty 24.748%, ATP 470P Bounty 100%, PL 71 Bounty 20% (exploration rights only); Surat Basin, Queensland –**

**Location:** 2km north of the town of Surat



**Significant Activities during the Quarter**

During the quarter Bounty continued work on obtaining regulatory approval of transfers to complete the acquisition of the 75.522 % of PL 119 Downlands and Pipeline Licence 58 which it did not already own. At the end of the quarter it was close to obtaining approval of these transfers. As a result Bounty will now hold 100% of these proved developed reserves including gas pipelines, gas compression unit and all production infrastructure.

The Prospective oil reserves at PL 119 Downlands are:

TOTAL Recoverable Oil (MMstb)		
P90	P10	PMean
1.7	16.2	7.5

In the second half of 2012 Bounty will move to develop the Tinowan Formation oil discovery in Downlands 3 and review whether it further produces the Downlands 2 gas/condensate well. A DST of Downlands 3 recovered oil to surface at in excess of 500 BOPD and Bounty has identified the area as a very material oil and other hydrocarbon opportunity.

During the quarter Bounty was also awaiting renewal of ATP 470P (Formosa Downs Block) where Bounty is targeting sands of the Tinowan Formation immediately overlying the basement and draining a basement high under the Parklands and Namara Gas Fields. Bounty now holds 100% of the gas reserves at Weribone East and gas in other wells in the Tinowan Formation in this area.

**Growth Projects:**

**Nyuni Block – Offshore Mandawa Basin Tanzania - Bounty 5%**

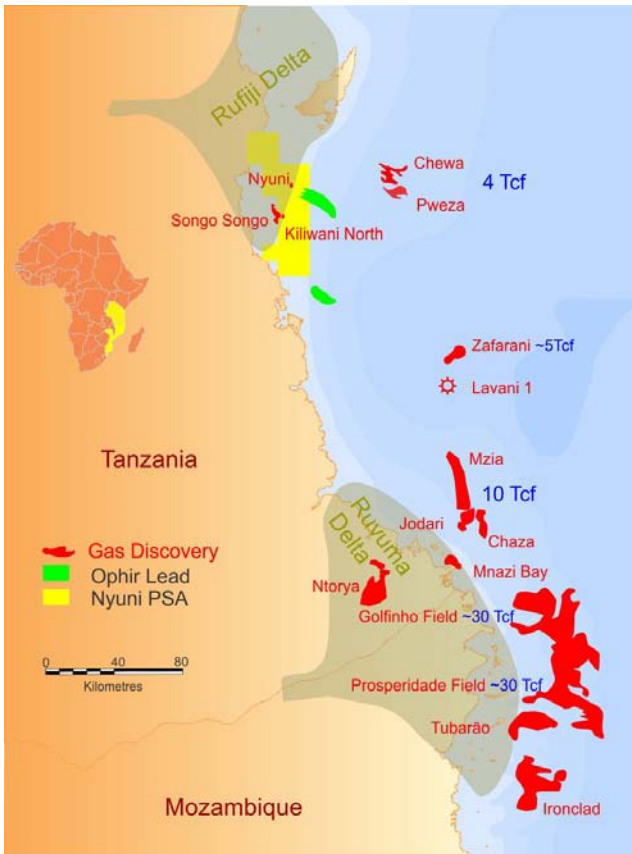
**Location:** 30 Km offshore from Rufiji Delta Tanzania

**Background**

The Nyuni Joint Venture has drilled three wells to date for two new field gas discoveries at Nyuni 1 and Kiliwani North 1. Kiliwani North 1 tested at 40 MMcfg/day in the Kiliwani North Pool located only 3.5 km. from the Songo Songo gas plant and pipeline to Dar es Salaam.

**Significant Activities during the Quarter**

**Kiliwani North Development**



The principal steps towards development of Kiliwani North have been:

- Certification of 40 BCF of gas reserves sufficient to enter a gas supply contract.
- Grant of a development licence.
- Project engineering and design
- Ongoing negotiation of a gas sales contract
- Ordering long lead items

The gas field is now anticipated to be on stream by last quarter 2013 when new pipeline and production facilities have been bought onstream.

**Nyuni Block Exploration – 2011/12**

140 line km of the transition zone seismic program covering the shallow shelfal waters and reef fringes was acquired but the program was suspended due to a period of heavy sea swells. The contractor will return in a few months to complete the work.

Recent huge (>100 TCF in total) gas discoveries within stratigraphic traps formed by Tertiary and Cretaceous submarine channel and fan deposits in deep water offshore Tanzania and nearby Mozambique have dramatically raised the profile of offshore Tanzania as a gas province. Part of the new ground awarded to the Joint Venture covers some prospective deeper water areas which will now be detailed with a 1240 line km 2D seismic survey to commence in late 2012.

Recent review by ISIS Consultants of the seismic database post Nyuni 2 drilling has not only increased the undiscovered gas resource base but confirmed that the Ophir/RAK Gas lead 3 does extend into the Nyuni Area with a target resource of 1.3 Tcf gas initially in place.

The update undiscovered gas in place in the Nyunia PSA is:

NYUNI AREA PSA - Undiscovered Gas (BCF GIIP, Unrisked)								
Lead Classification	Gross				Net 5% Buy			
	P90	P50	P10	Pmean	P90	P50	P10	Pmean
Top Neocomian	1,082	1,636	2,597	1,767	54	82	130	88
Other Structural				682				34
Stratigraphic	1,274	2,167	4,335	2,620	64	108	217	131
Other Amplitude Anomalies				599				30
	Total Undiscovered			5,668	Total Undiscovered			283

## PEP 11, Offshore Sydney Basin, New South Wales – Bounty 15%

### Background

PEP 11 covers 8,267 km<sup>2</sup> of the offshore Sydney Basin immediately adjacent to the largest gas market in Australia and is a high impact exploration project.

### 2011/2012 Exploration

In 2010/11 Bounty was free carried through New Seaclem 1 an offshore exploration well.

South of the location drilled the Permian sequences have been proven to be generating gas and are considered to be prospective for gas with major prospects and leads in the Fish-Baleen area 20 km offshore and south east from Newcastle. They are yet to be tested. As a result of drilling the well the permit continues in good standing and has been extended for 3 years.

During the period post well studies on New Seaclem 1 data continued. The next program is likely to involve 2D/3D seismic surveys to further delineate the Permian age gas prospects.

## Corporate

### Corporate Highlights – quarter ended 30 June 2012:

Oil Revenue for the 12 months to 30 June 2012 increased 35% to \$2.320 million.

### Cash Position – 30 June 2012

Appendix 5B is attached.

For further information, please contact:

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Website: [www.bountyoil.com](http://www.bountyoil.com)

### Abbreviations

MMBO:	Million barrels of oil.
MMBOE:	Million barrels of oil equivalent.
Bopd	barrels of oil per day
CSG:	Coal seam gas
DST	Drillstem test with a drill rig to test if hydrocarbons flow to the surface from a reservoir.
PSA:	Production Sharing Agreement
BCF:	Billion cubic feet of natural gas
TCF:	Trillion cubic feet of natural gas
MMcf/d	Millions of cubic feet per day of natural gas
BBLs:	Barrels of oil
P <sub>mean</sub>	The average (mean) probability of occurrence
P90	90% probability of occurrence
P10	10% probability of occurrence
MDRT	Measured Depth below Rotary Table
Contingent Resources	Discovered resources, not yet fully commercial
Prospective Resources	Undiscovered resources

[The information in this report that relates to or refers to petroleum or hydrocarbon reserves, is based on information and reports prepared by , reviewed and/or compiled by the CEO of Bounty Oil & Gas NL Mr Philip F Kelso. Mr Kelso is a Bachelor of Science (Geology) and has practised geology and petroleum geology for in excess of 20 years. He is a member of the Petroleum Exploration Society of Australia and a Member of the Australasian Institute of Mining and Metallurgy. He 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 2012**

### Consolidated statement of cash flows

	Current quarter \$A	Year to date \$A
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	585,520	2,362,577
1.2 Payments for (a) exploration and evaluation	(171,581)	(1,925,181)
(b) development	(232,400)	(254,604)
(c) production	(377,786)	(1,566,892)
(d) administration	(262,995)	(1,415,171)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8,926	39,828
1.5 Interest and other costs of finance paid	-	(416)
1.6 GST paid / Income taxes paid	14,249	40,503
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(436,067)</b>	<b>(2,719,356)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:	x	
(a) prospects	-	-
(b) equity investments	(171,552)	(286,941)
(c) other fixed assets	(5,477)	(16,375)
(d) petroleum tenement	-	(100,363)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	568,179	2,640,133
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(60,000)
1.11 Loans repaid by other entities	-	78,341
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>391,150</b>	<b>2,254,795</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(44,917)</b>	<b>(464,561)</b>

+ See chapter 19 for defined terms.



1.13	Total operating and investing cash flows (brought forward)	(44,917)	(464,561)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	480,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings (other entities)	-	-
1.17	Repayment of borrowings	-	(40,864)
1.18	Dividends paid	-	-
1.19	Other (share issue expenses)	-	(38,833)
	<b>Net financing cash flows</b>	-	400,303
	<b>Net increase (decrease) in cash held</b>	(44,917)	(64,258)
1.20	Cash at beginning of quarter/year to date	2,455,631	2,462,496
1.21	Exchange rate adjustments to item 1.20	35,390	47,866
1.22	<b>Cash at end of quarter</b>	2,446,104	2,446,104

**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	104,633
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	750,000
4.2 Development	50,000
4.3 Production	200,000
4.4 Administration	250,000
<b>Total :</b>	<b>1,250,000</b>

## 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	2,379,444	2,388,971
5.2 Deposits at call	66,660	66,660
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>2,446,104</b>	<b>2,455,631</b>

## 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	AC/P 32	Permit	15%	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 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	772,150,982	772,150,982		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	16,000,000	-	\$0.14	23.12.2012
	20,000,000	-	\$0.032	27.07.2014
7.8 Issued during quarter	-	-	-	
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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: .....  
(Director and Company Secretary)

Date: 31 July 2012

Print name: J. G. HIGGINBOTHAM

## 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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