



ASX/MEDIA RELEASE

31 October 2016

Quarterly Activities Report – End September 2016

Highlights:

Bounty Group:

- Bounty group revenue expected to approach \$3 million pa in 2017 with:
 - Tanzanian gas sales, and
 - Commencement of oil production in south Surat Basin at Alton
- Tanzanian Gas + Australian Oil Business strategy on track to provide further growth with South Surat Basin oil production.
- For the month of September 2016 Bounty averaged 290 boepd, the highest production rate in the company's history

Tanzania – Nyuni Block:

- Gas flowing into the East Tanzania gas pipeline with plant and commissioning completed during the quarter
- Kiliwani North (KN) gas field anticipated to contribute revenue additions of \$2 million pa
- New 3D seismic planned to image deep water turbidite gas plays of up to 1.3 TCF potential

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 more than doubled to \$666,386 for the quarter (last quarter \$310,581) primarily due to gas production at Kiliwani North Gas field in Tanzania (see below) and a slight increase in crude oil volumes.

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

Revenue:

Q1	1 July - 30 September 2016	\$
Kiliwani North	Bounty Share (9.5% Interest) - Gas	531,484
ATP 1189P(2)	Bounty Share (2% Interest)	134,902
	Total Revenue (1)	666,386

(1) GST exclusive

(2) Naccowlah Block

Production:

Q1	1 July - 30 September 2016	Unit
Kiliwani North	Bounty Share (9.5% Interest) – Mscf	122,850
ATP 1189P	Bounty Share (2% Interest) bbls	2,622
	Total Production boe	23,800

(1) Estimates.

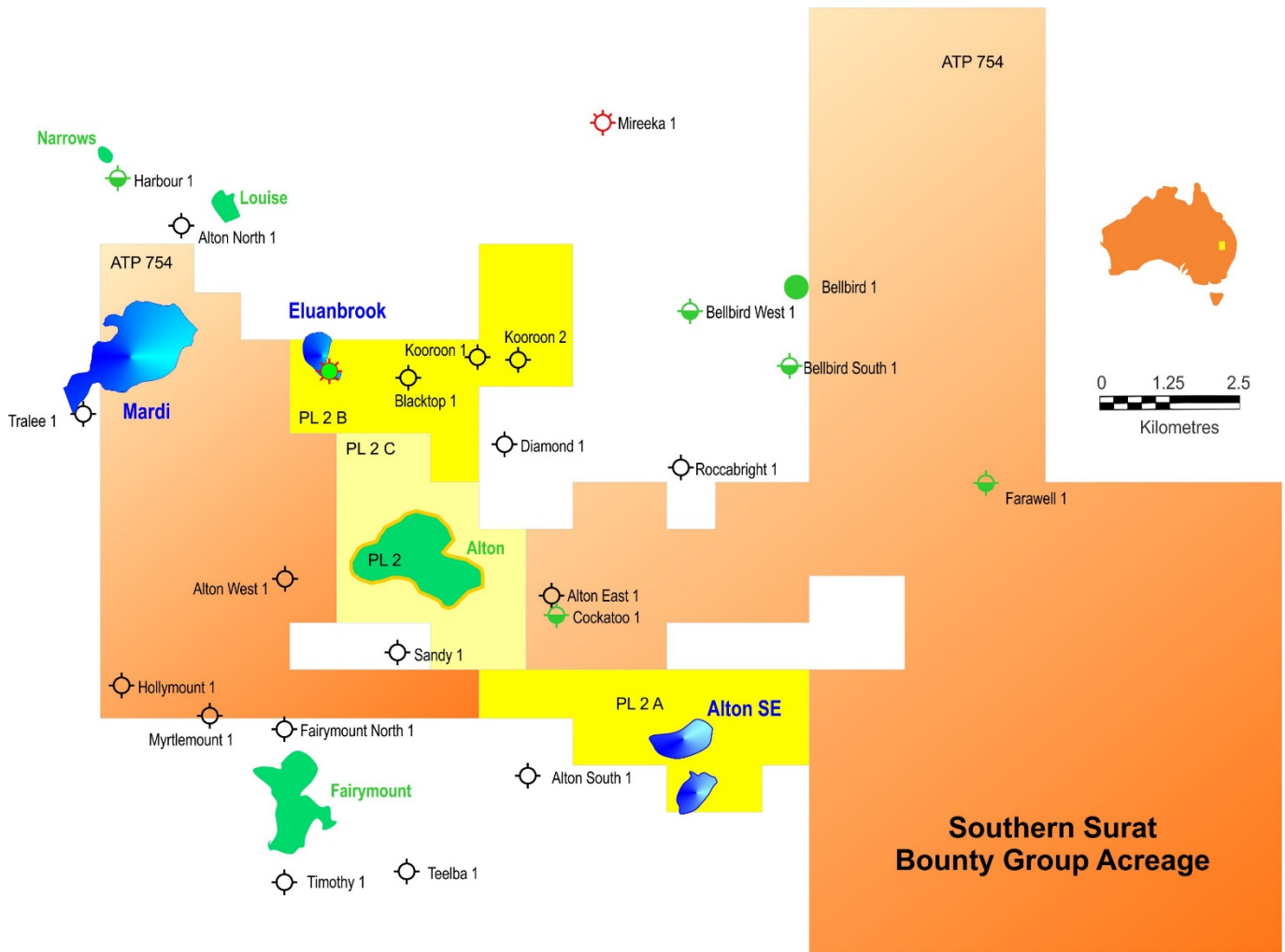
Sales:

Q1	1 July - 30 September 2016	Unit
Kiliwani North	Bounty Share (9.5% Interest) – Mscf	122,850
ATP 1189P	Bounty Share (2% Interest) bbls	2,147
	Total Sales boe	23,325

Oil Business - Development:**Southern Surat Basin Onshore Queensland**

PL 2 and PL 2C Alton Oilfield Bounty - 100%; PL 2A/B Kooroon Joint Venture – Bounty 81.75%; ATP 754P – Bounty 50%.

Location: 70 km northeast of St. George, SE Queensland.



Southern Surat Basin, Southeast Queensland

Group Interests in this project are

Permit	Interest
Alton Oilfield	
PL2C (Alton JV)	100.0%
PL 2 Alton Oilfield	100.0%
Kooroon JV Block	
PL 2 A	81.75%
PL 2 B	81.75%
Exploration	
ATP 754	50.0%

Background

PL 2 (Alton Oil Field) was acquired by Bounty in May 2016 and approval of transfers was granted after the quarter. A summary of the Southern Surat Basin interests is set out above. Alton has to date produced over 2 million barrels from the Jurassic Age Evergreen Formation.

2016/17 Development Operations

Bounty is now operator of Petroleum Lease 2 and holds:

- 100% of the Alton Oilfield and Alton Block.
- Development reserves: 167,000 bbls of recoverable oil in 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.
- Production facilities at Alton Oilfield.
- Surrounding exploration acreage where there is considerable potential for further reserve additions with undrilled locations and attic oil in the Evergreen Formation and possibly extensive oil in the lower Showgrounds Formation which has been proven as a high productivity sand in the area.

Bounty anticipates that it will commence oil production at Alton in the next 6 months which is expected to exceed Bounty's share of PL214 Utopia production but with very significant upside from three undrilled locations; enhanced recovery and later an appraisal well at Eluanbrook. Alton is 440 km west of Brisbane and oil will be transported and sold into the Brisbane Refinery.

Firstly it will work over 2-3 wells and commence production while it generates a full field development plan and plans to drill an up dip appraisal well at Eluanbrook in the northwest section of PL2.

Initial production of 20 bopd is expected from the Evergreen Formation seeking to recover approximately 50,000 bbls from the existing wells and then moving to develop attic oil with potential recoverable oil of 167,000 bbls.

Surat Exploration

2016/176 Activities and Further Programmes

PL2 and ATP754P

To date Bounty has identified two oil prospects – Mardi (ATP 754P) and Eluanbrook Up dip (PL 2B) in the oil fairway which have potential recoverable resources of between 200,000 and 400,000 barrels and upside of over 2 MMbo.

First focus will be on the Eluanbrook Updip prospect which Bounty considers could have 186,000 - 200,000 barrels of recoverable oil from 625,000 bbls of P50 001P up dip from proven Showgrounds Formation reservoir containing oil and gas. to be reviewed and there are considerable indications of oil in PL 2 in the Showgrounds Formation.

In ATP754P the Mardi Prospect in the Evergreen Formation lies up dip of the Showgrounds and Permian pinchouts and is directly connected to the Permian source rocks by faults. Bounty estimates that the culmination at Mardi could contain 210,000 bbls of recoverable oil at the P50 confidence level within a much larger closure which could contain as much as 2 million barrels of recoverable oil. In addition there are several prospects at Alton Southeast identified by seismic surveys.

Summary

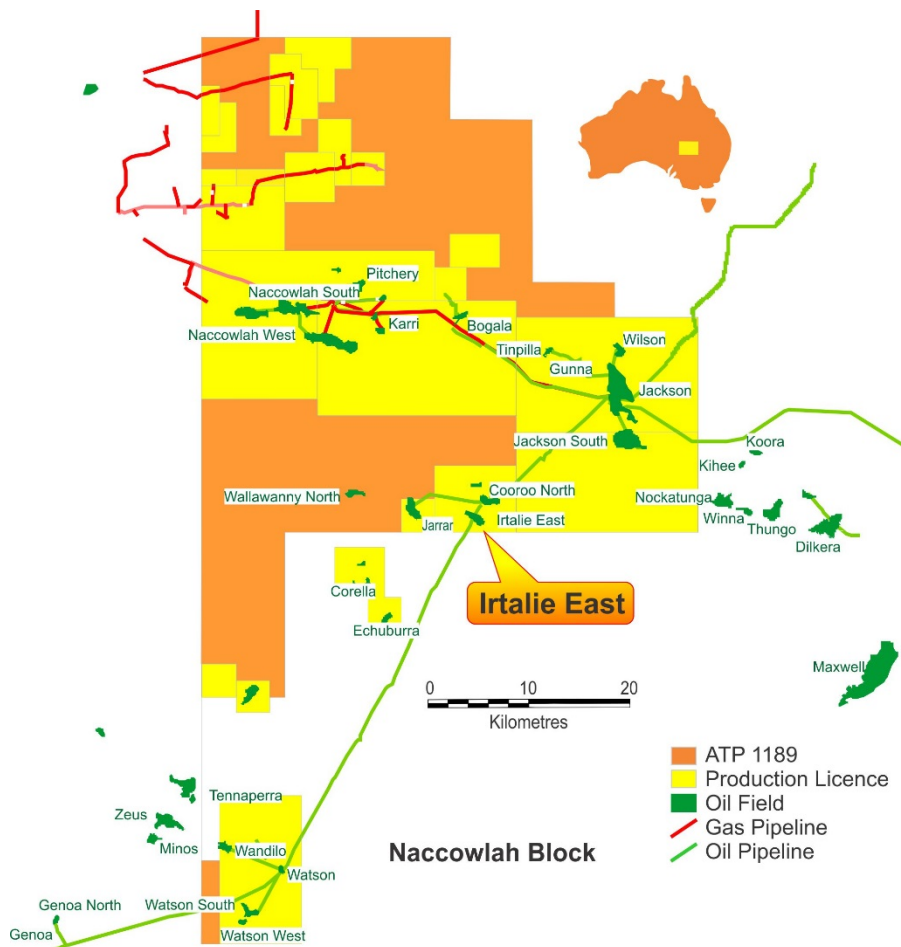
Having now secured control and operatorship over PL 2 and ATP 754P Bounty sees potential for projects in the Southern Surat area to deliver 200 - 300 bopd once the work over and drilling operations outlined above have been completed.

SW Queensland

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

Location: Surrounding Jackson, Naccowlah and Watson Oilfields

Oil production continued during the quarter. In field activities have to the end of the period arrested the production decline and returned it back to levels not seen since earlier in 2016. Oil prices have recovered marginally during the quarter.



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:

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

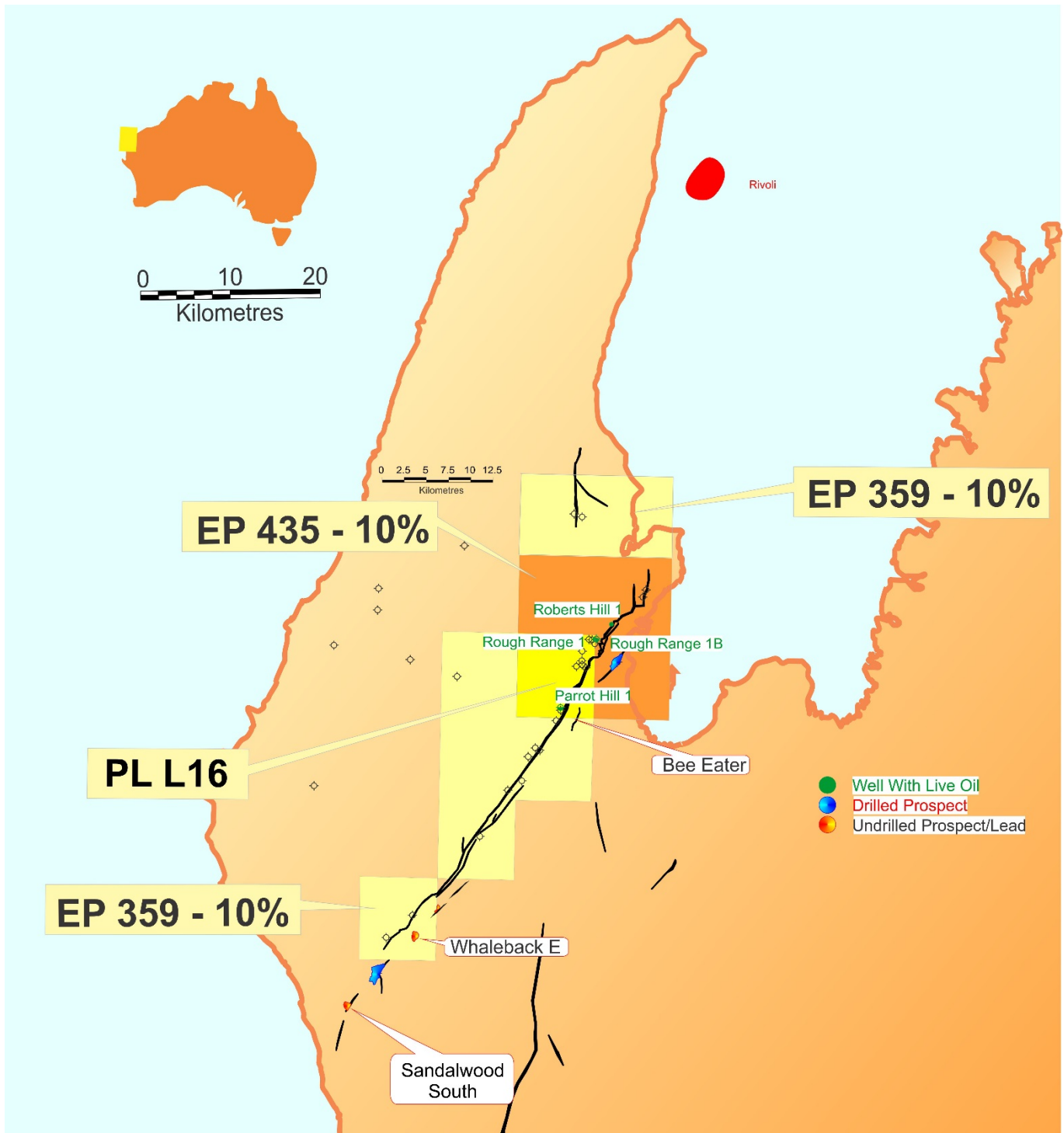
The former PEL 218 has been replaced with 17 Petroleum Retention Licences (PRL) covering the deep basin gas. Bounty has a JV interest of 23.28% in the post Permian section in each PRL; and now has very secure title to a major gas exploration Block in the Cooper Basin

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 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 amended work programs for EP435 and EP 359 but progress depends on generating interest in a challenging oil price environment. EP 412 was 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:-

- It appears 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 other new structural stratigraphic leads with potential in the 10 – 40 million barrel recoverable range.

Significant Activities during the Quarter

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)

Production:

Kiliwani North Development Licence Offshore Tanzania: Bounty 9.5%

Location: 30 Km offshore from Rufiji Delta Tanzania

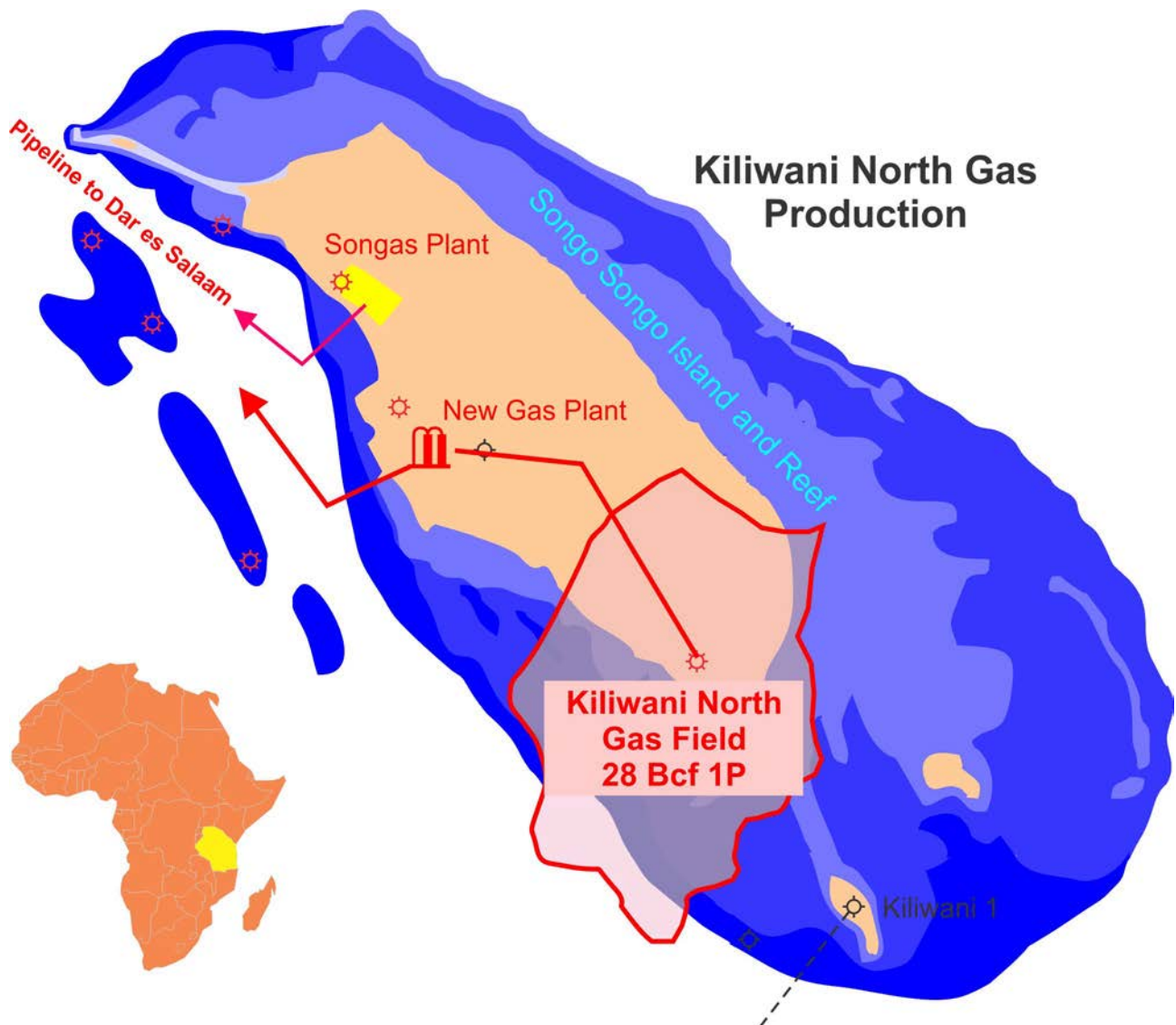
Background:

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 this quarter the field built up to continuous production at between 15 and 16 MMcfg/d, slightly less than had been anticipated governed by demand as the new national

gas delivery system ramps up. Current production is accruing gross revenue to the joint venture of US\$1.560 million per month (Bounty's share US\$148,200 or A\$195,000 per month).



Significant Activities Next Quarter

Bounty anticipates that production will continue at the present rate building up to the planned 20 MMcfg/d as market demand is firmed up.

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.

Gas Growth Projects:

Nyuni Block – Offshore Mandawa Basin Tanzania – PSA: Bounty 10%;

Location: 30 Km offshore from Rufiji Delta Tanzania

Background

During the quarter Bounty increased its interest in the Nyuni PSA to 10%. This is increasing Bounty's direct participation in one of the most dynamic and successful new exploration plays worldwide.

Currently the operator; Aminex PLC is negotiating a work program variation to enable the acquisition of deep water 3D seismic in the outboard sector of the PSA area and the deferral of the two exploration well drilling commitment.

Nyuni Block Exploration – 2017

The Nyuni Block un-risked GIIP is >5 TCF (gross)*. There has been over a 90% drilling success rate with 3D seismic in adjacent, analogous plays to the east of the Nyuni Block and over 185 TCF discovered to date in the same play throughout Tanzania and Mozambique.

Once the variation to the work commitment licence has been granted, a re-tender process is planned to select a 3D seismic contractor capable of acquiring high resolution 3D seismic over the key Pande West lead in 2017 and to identify other potential prospects in the deep water with a view to bringing them to drill-ready status.

There are numerous other deep water channel/fan features with associated seismic anomalies apparent in the Nyuni Block from the limited seismic coverage available. The Exploration Licence is in good standing.

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

2016 Exploration

During the period the operator continued 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

Current Assets – 30 September 2016

At the end of the quarter cash, receivables and held for sale investments were around \$ 1.4 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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 Email: corporate@bountyoil.com

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
Mscf	Thousand standard cubic feet of 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 and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

BOUNTY OIL & GAS NL

ABN

82 090 625 353

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	128	128
1.2	Payments for		
	(a) exploration & evaluation	(25)	(25)
	(b) development	(40)	(40)
	(c) production	(98)	(98)
	(d) staff costs	(261)	(261)
	(e) administration and corporate costs	(236)	(236)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	5
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other – GST received/(paid)	(39)	(39)
1.9	Net cash from / (used in) operating activities	(566)	(566)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(35)	(35)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(35)	(35)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1761	1761
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(566)	(566)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(35)	(35)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(5)	(5)
4.6	Cash and cash equivalents at end of period	1,155	1,155

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,030	1,030
5.2 Call deposits	125	125
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,155	1,155

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
213
35

Directors fees and other fringe benefits are paid to related entities in accordance with service contracts.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
115
-

Joint venture operators only.

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available

Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

9. Estimated cash outflows for next quarter**\$A'000**

9.1 Exploration and evaluation

(77)

9.2 Development

(120)

9.3 Production

(15)

9.4 Staff costs

(165)

9.5 Administration and corporate costs

(90)

9.6 Other (provide details if material)

9.7 Total estimated cash outflows

(467)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EP412;WA	JV interest	65%	Nil
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Director/Company secretary)

Date: 31 OCTOBER 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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.