Bounty Oil and Gas NL

Presentation to:

Excellence in Oil and Gas

March 11 – 12, 2014

ASX Code: BUY

Philip F Kelso - CEO

Cooper Basin - Drilling Utopia 14

Bounty Oil & Gas NL – Major Growth Projects with Production Base

- **2013 Calendar year oil revenue lifted to $2.6 million.**
- **A further increase to $ 5 million will start in first quarter 2015 with commercialisation of Kiliwani North gas, Tanzania.**
- **Oil Business strategy on track for potential spectacular Australian growth as BUY commits to drill Azalea Prospect in AC/P 32 Timor Sea.**
- **Kiliwani pipeline will have the capacity to tie in and develop any further Nyuni Block discoveries.**
- **Australian oil production base will provide steady growth with emphasis on the Cooper and Surat Basins.**

Project Action - Kiliwani North Project Tanzania

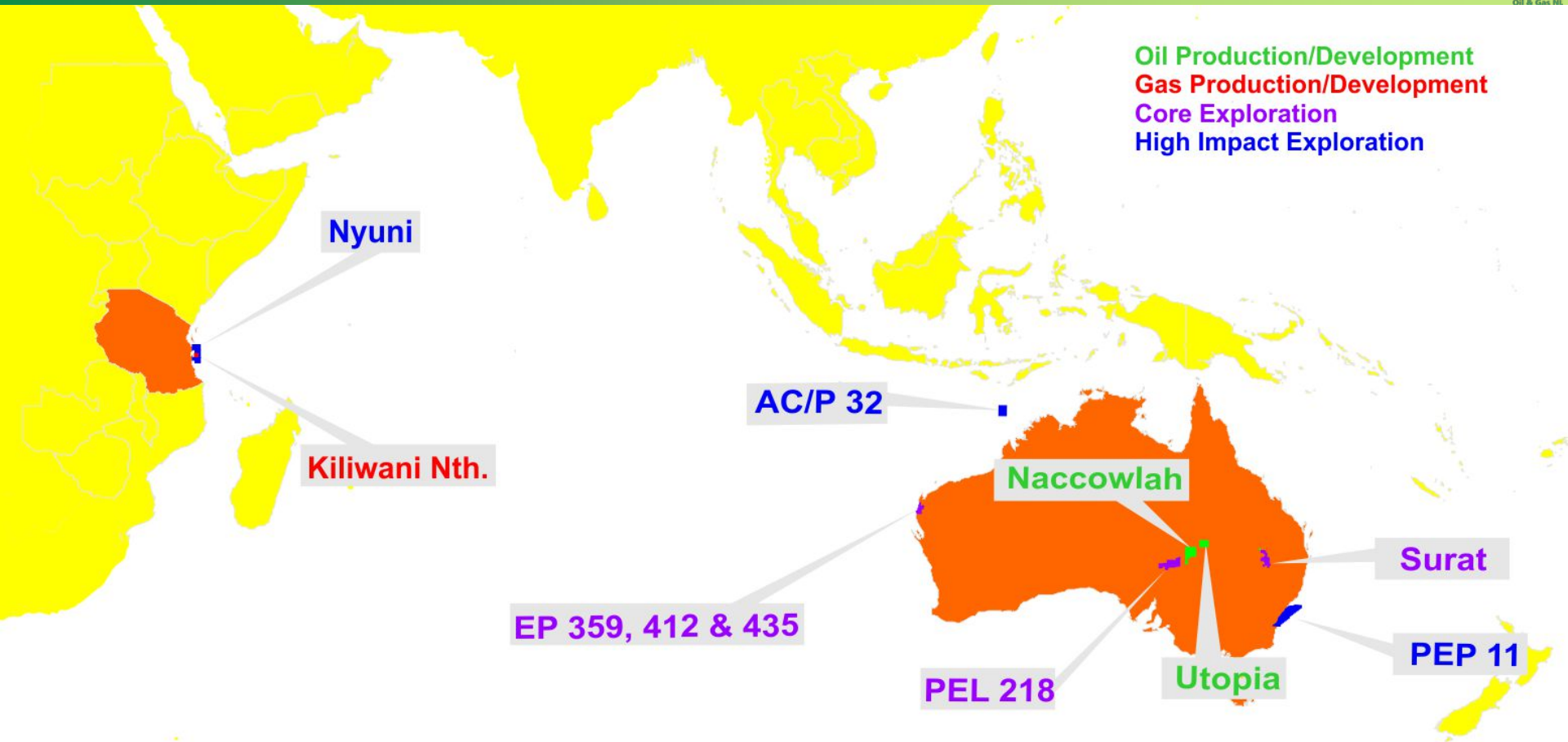
36”pipe for the East Tanzania Pipeline now under construction

24”lateral under construction to Songo Songo Island for Kiliwani North tie in

What are we going to review?

- **Location of Projects**
- **Issued Equity – Capital Summary**
- **Advanced Projects with Major Upside – the way Forward 2014 – 2015**
- **AC/P 32 Timor Sea – Azalea Prospect**
- **Tanzania:**
- **Kiliwani North Gas Development**
- **Nyuni Exploration Project**
- **Bounty Petroleum Reserves and Resources**

Projects



- Oil and Gas Revenues $2.6 million pa increasing in 2015.
- Core Exploration especially in Cooper and Surat Basin western oil fairway is pursuing low risk near field targets
- High Impact exploration targeting company maker projects in Australia and Africa

Issued Equity and Capital Summary

ASX Code	**BUY**
As at	11-Mar-14
52 Week Price Range	$0.019 to $0.011
Shares Quoted	938,400,982
Unlisted Options @ $0.032	20,000,000
ASX Closing Price	$0.014
Market Capitalisation	$13.1 million
Net Assets	$33 million

In 2014/15 Bounty will be focussing on two significant projects

AC/P 32 Timor Sea – BUY 100%

- Azalea Prospect – 511 million barrels of oil in place (MMboip) with between 100 and 200 MMbo recoverable.
- Bounty commitment to drill 2015 (*subject to rig availability)
- Strong farmout interest in Low Sovereign Risk play near production infrastructure eg Montara Development

Nyuni Block Offshore Tanzania – BUY 5 & 10%

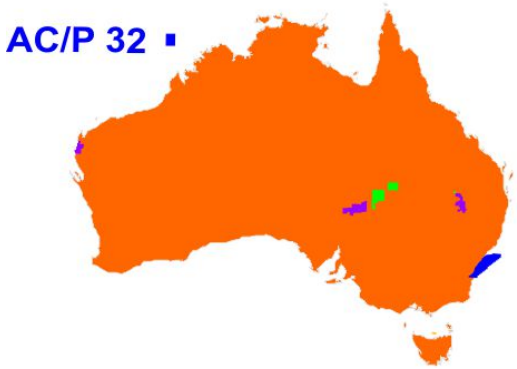
- Kiliwani North Tanzania gas production commencing 2015 at rate of 364 barrels of oil equivalent per day (boepd) net to Bounty, work on pipeline and plant commenced
- Nyuni Block Tanzania (BUY 5%) 2014 deep water 3D survey in region with >120 trillion cubic feet (TCF) of gas in adjacent Blocks, to delineate 1-2 TCF gas leads identified in Nyuni Block with 2D seismic
- Nyuni Block very close to Kiliwani gas infrastructure so success will feed a ready Tanzania domestic market

AC/P 32 Timor Sea - Azalea Prospect Main Points

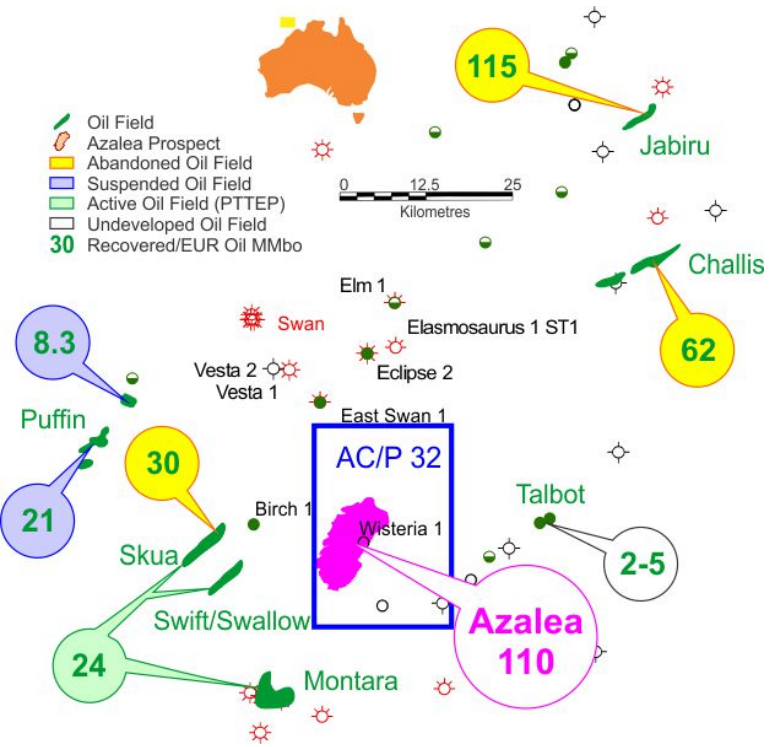
- Bounty has successfully delineated and de-risked the Azalea Prospect in AC/P 32 Timor Sea, ready for farmout
- Azalea contains 511 million barrels of oil (MMbo) in place in the Puffin Sand reservoir up dip from proven oil in the well Birch 1
- Bounty conservatively estimates that 113 MMbo are recoverable, making this one of the largest potential oil pools in the Timor Sea
- Azalea Prospect is anticipated to be in excellent, high porosity and permeable sands of Puffin Formation and is located at 1800 metres depth in shallow water suitable for a jack up type rig
- This is a very substantial project for Bounty, and well supported by leading edge science and analysis.

AC/P 32 Azalea Prospect - Path to Development

- Successful 500 plus million bbl oil discovery and appraisal via a two well farmout strategy of say 49% will provide a major multiplier to Bounty's current 1.4 cent price
- Using a rule of thumb NPV of $ 20/bbl of recoverable oil, with P50 risk, such a target at say 51% equity would place a value of 50 - 60 cents/share on Bounty
- Excellent development infrastructure in Timor Sea region
- Standard FPSO development scenario and access to Singapore refineries

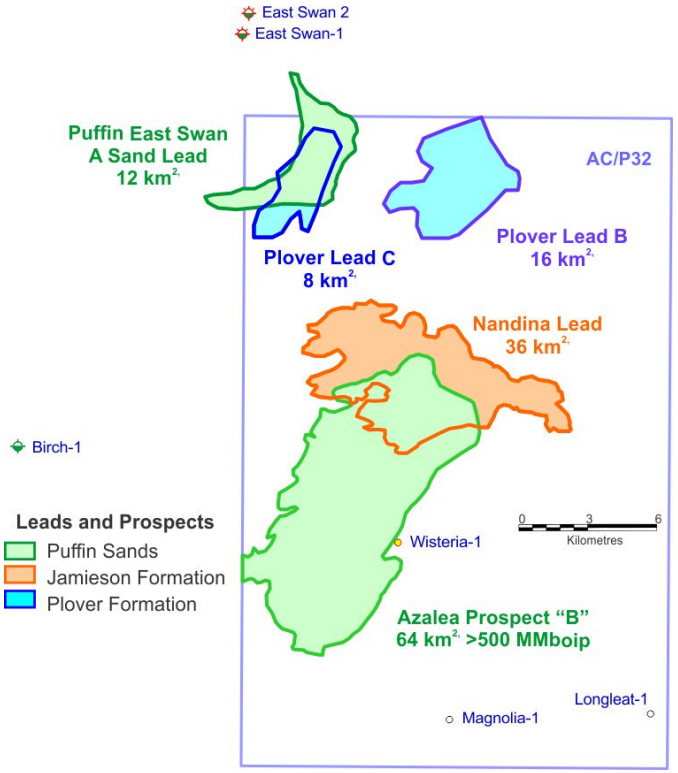


AC/P 32 Azalea Prospect Timor Sea Regional

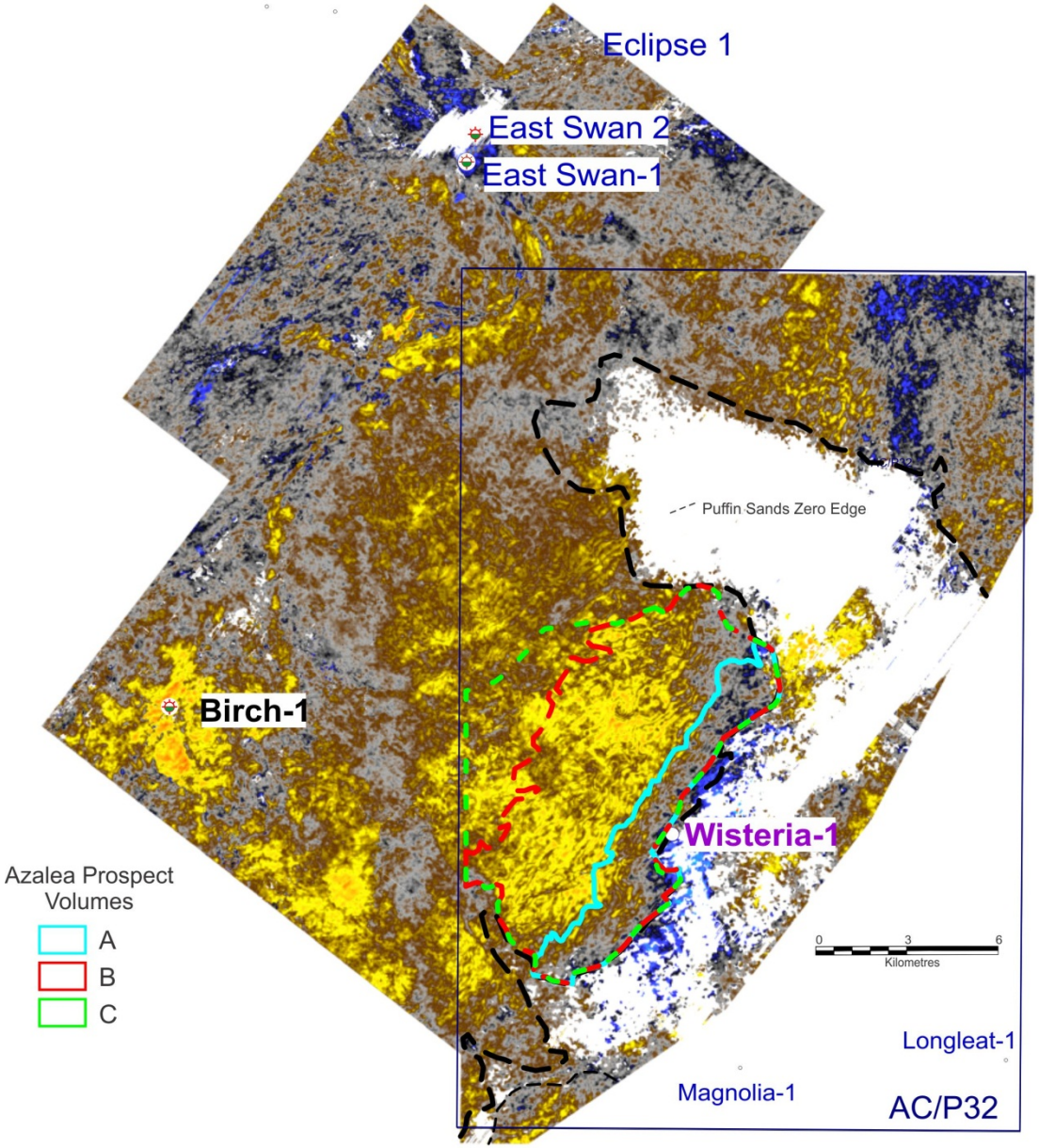


- AC/P 32 is located in the Vulcan Graben Ashmore and Cartier Territory
- Surrounded by oil fields and numerous wells with good shows
- Puffin, Skua, Swallow and Swift all have oil in the Puffin Sand
- Azalea lies up dip from proven oil in Birch 1

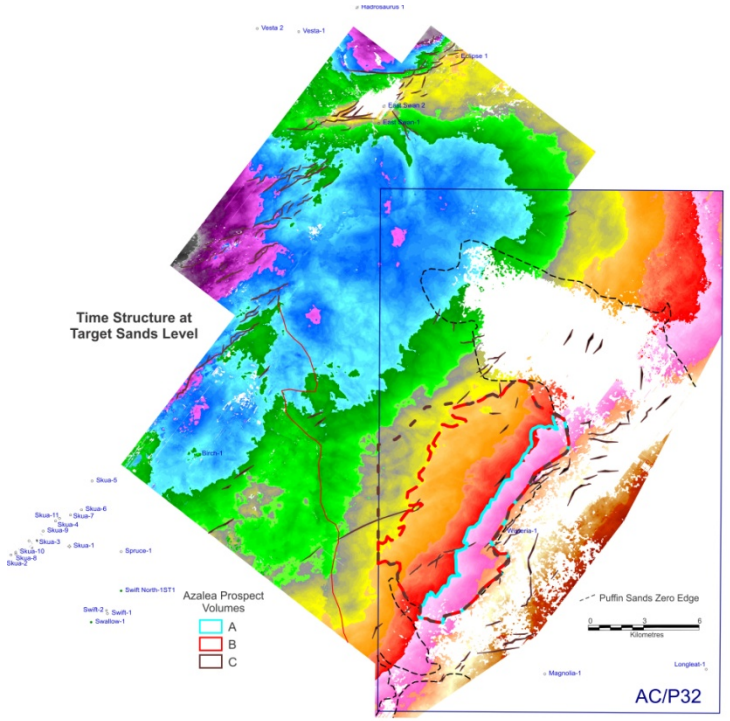
- East Swan 1 and 2 had hydrocarbon shows in the Puffin and Plover Formations
- These were not commercial because the reservoir was breached by late stage faulting
- Bounty has concentrated on defining structural/stratigraphic traps where the risk of breaching is lessened and the targets tend to be much larger.
- The targets have been defined by seismic amplitude anomalies and with inversion and AVO characteristics



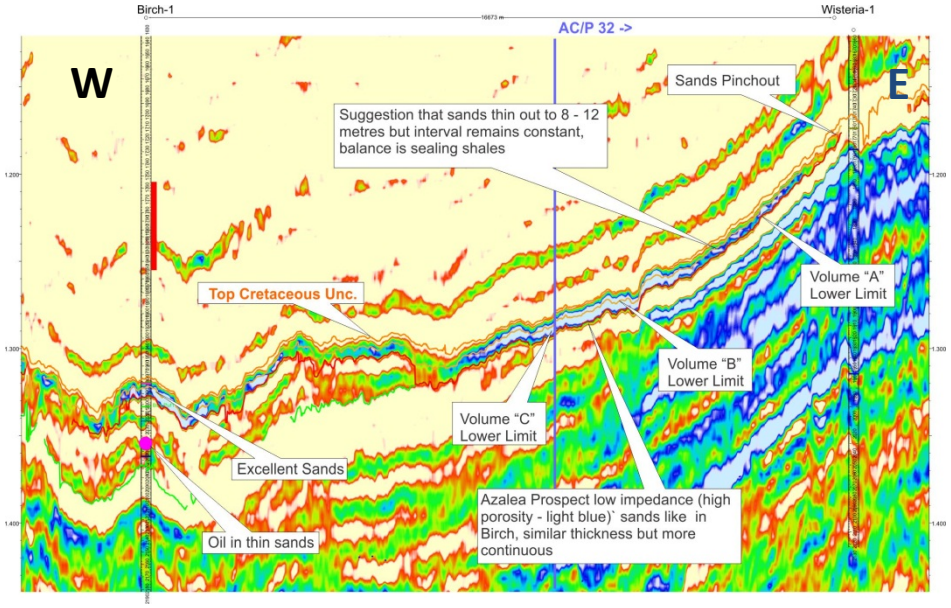
AC/P 32 Azalea Prospect Plan View



- The high impedance (high porosity) sands (golden hues) at Azalea are much more widespread than similar sands around Birch 1
- The lateral seals are shown where the colours change to grey then blue indicating shaling out of the sands and white where the sands are absent and have pinched out.
- The edges of the A B and C volumes are defined by the closing contours (see below)

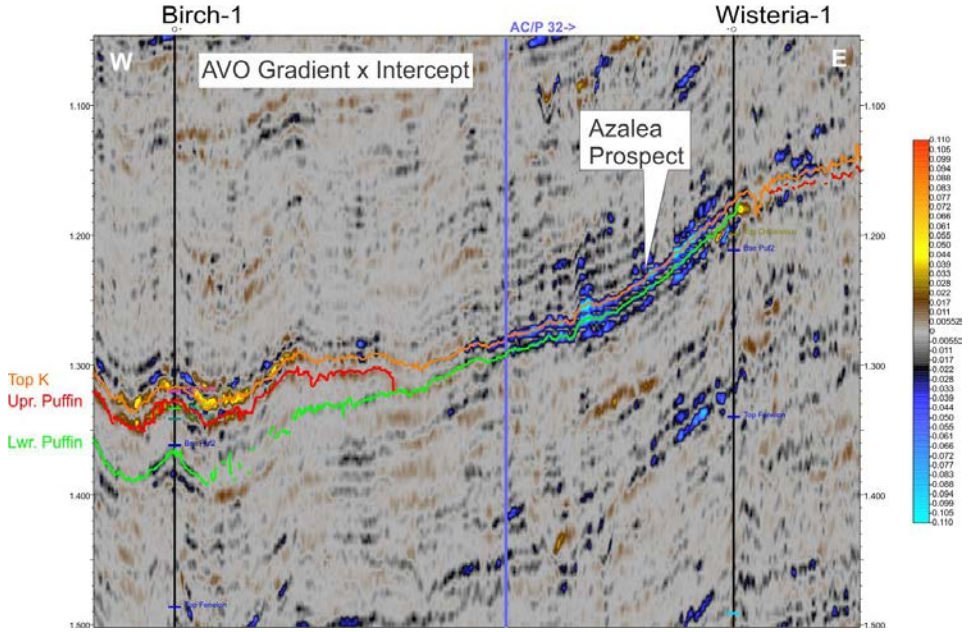


AC/P 32 Azalea Prospect Seismic Section

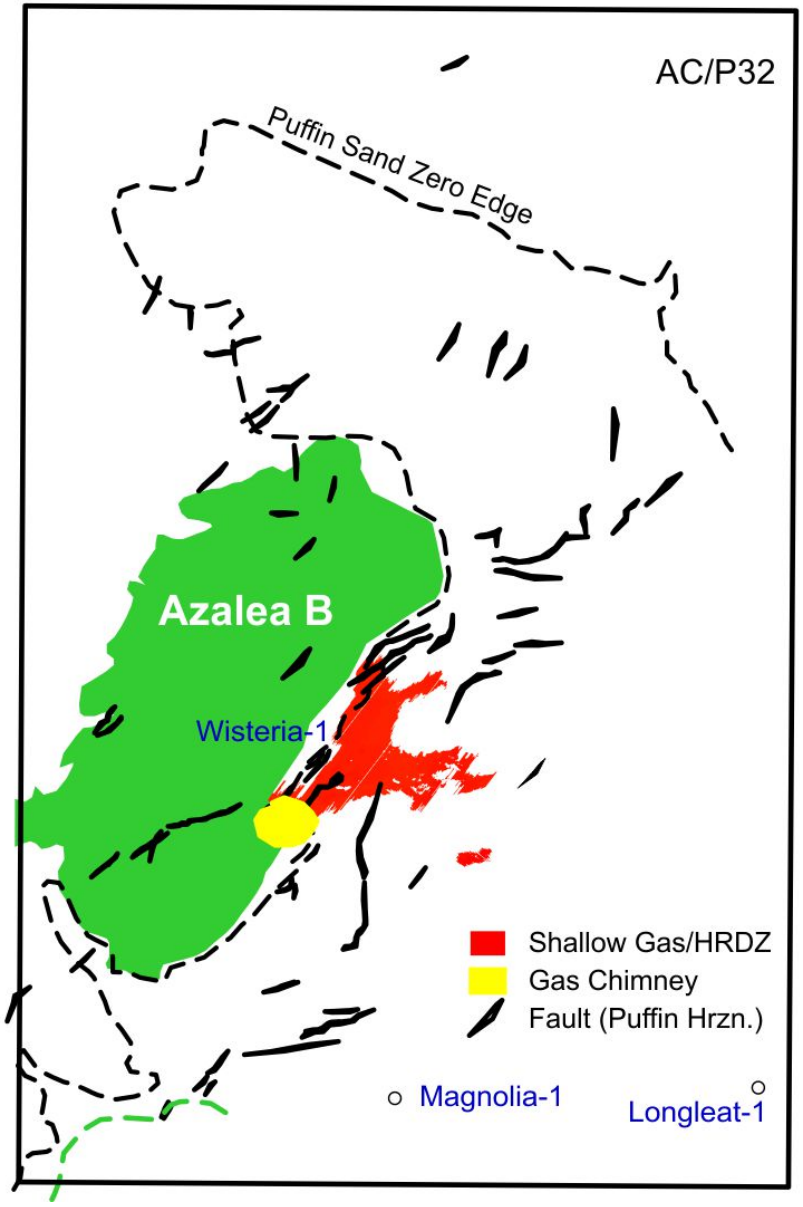


- Accoustic Impedance (left), essentially reflecting porosity in any given sand, shows that the sands at Azalea are very similar to known high porosity sands (24%) in the Puffin Formation at Birch 1
- The up dip shale out which forms the lateral seal is shown very clearly
- The shales in Wisteria 1 which narrowly missed the target sands have anomalous heavy gas shows, suggesting higher end hydrocarbons (oil) down dip in the sands

- The same section looking at AVO shows a distinct anomaly in the Puffin Sands at Azalea, different from the known water wet upper sands in Birch 1

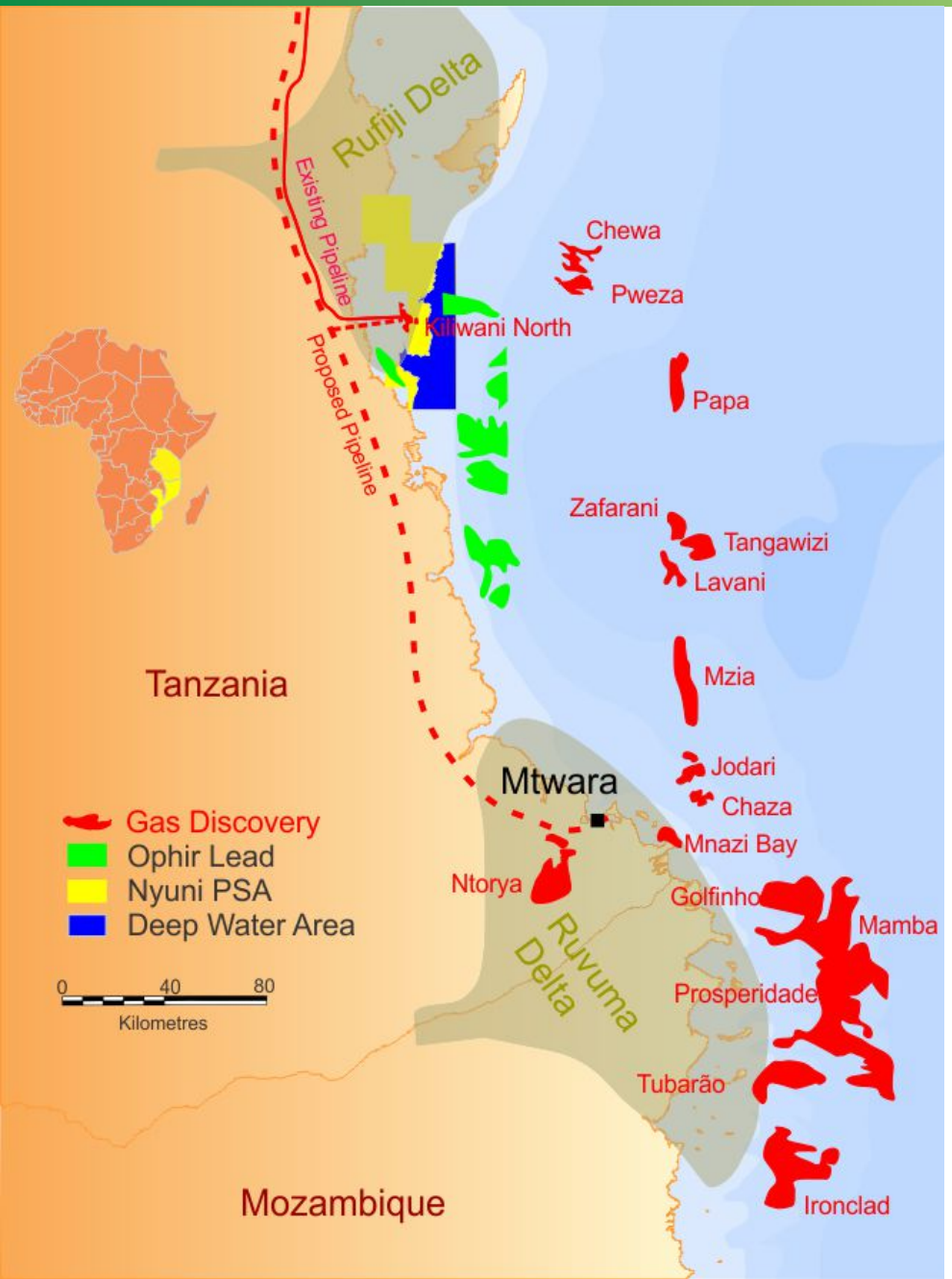


AC/P 32 Azalea Prospect Hydrocarbon Indicators



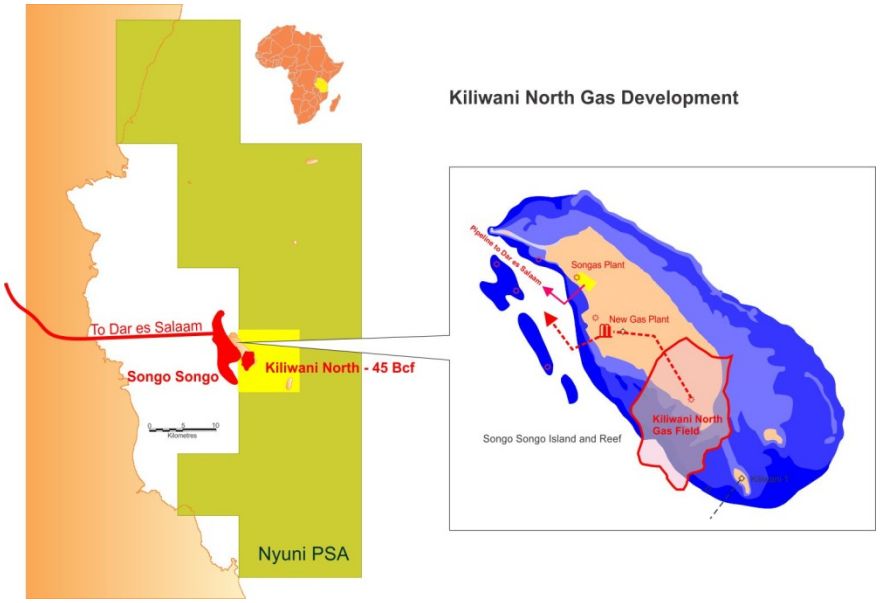
- Many oil fields in the Timor Sea are associated with shallow diagenetic zones (HRDZ) and gas accumulations related to leakage of gas along late stage faults
- There is a well developed zone immediately up dip of Azalea associated with one of the only fault zones which cut the sands at Azalea
- This zone is fed by a “gas chimney” a zone of seismic velocity pull up associated with an active gas charge in the fault zone
- **This is particularly compelling evidence of a hydrocarbon charge to the prospect**
- All factors point to a discrete sand body, up dip from proven oil, with good porosity and strong evidence of anomalous fluids within the sand body.
- Bounty is committing to drill with funding via farm in well

Nyuni – Kiliwani North Projects East Tanzania - Regional

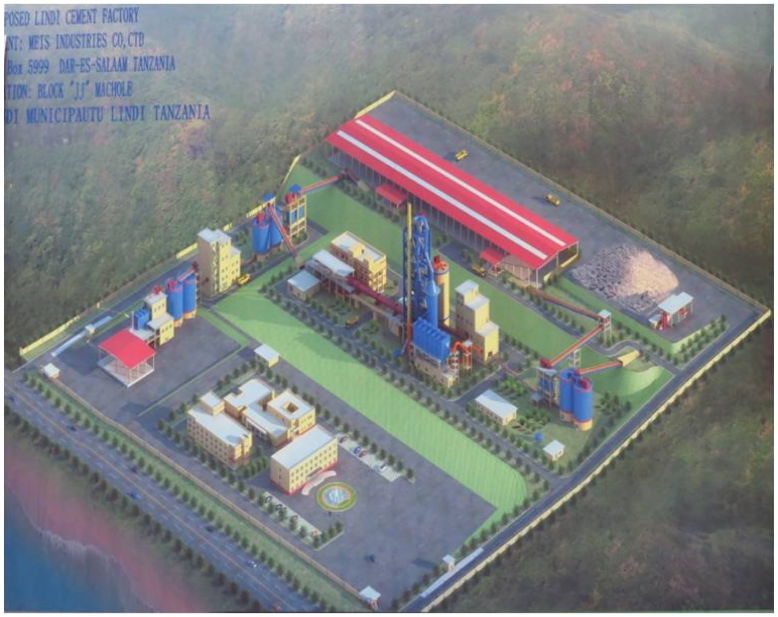


- Deep water offshore Tanzania and Mozambique has seen over 170 TCF of gas discoveries in deep water channel/fan systems related to the Rufuji and Ruvuma Deltas
- Major players such as Exxon Mobil, Statoil, BG, Anadarko and ENI all have major discoveries
- Drilling strike rate very high, only one or two dry holes, due to relative ease of identifying gas with modern 3D seismic
- 3D seismic in the Ophir/RAKGas permit which adjoins Bounty's Nyuni PSA has identified several leads (green on the adjacent picture) some of which continue into the Nyuni PSA.
- Nyuni JV Partners will be acquiring new 3D seismic in the deep water part of the PSA (dark blue on adjacent picture) in 2014.
- Targeting of over 2 TCF gas

Kilwani North Gas Development



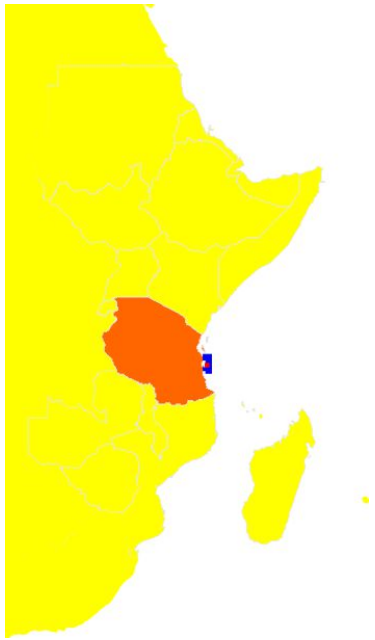
- Kiliwani North Lateral Pipeline. Subsea pipe laying of 24”inch line to Songo Songo Island 10% complete at February 2014.
- Footings and foundations for gas compression plant underway at end of February, 2014 (see below)
- First production early 2015



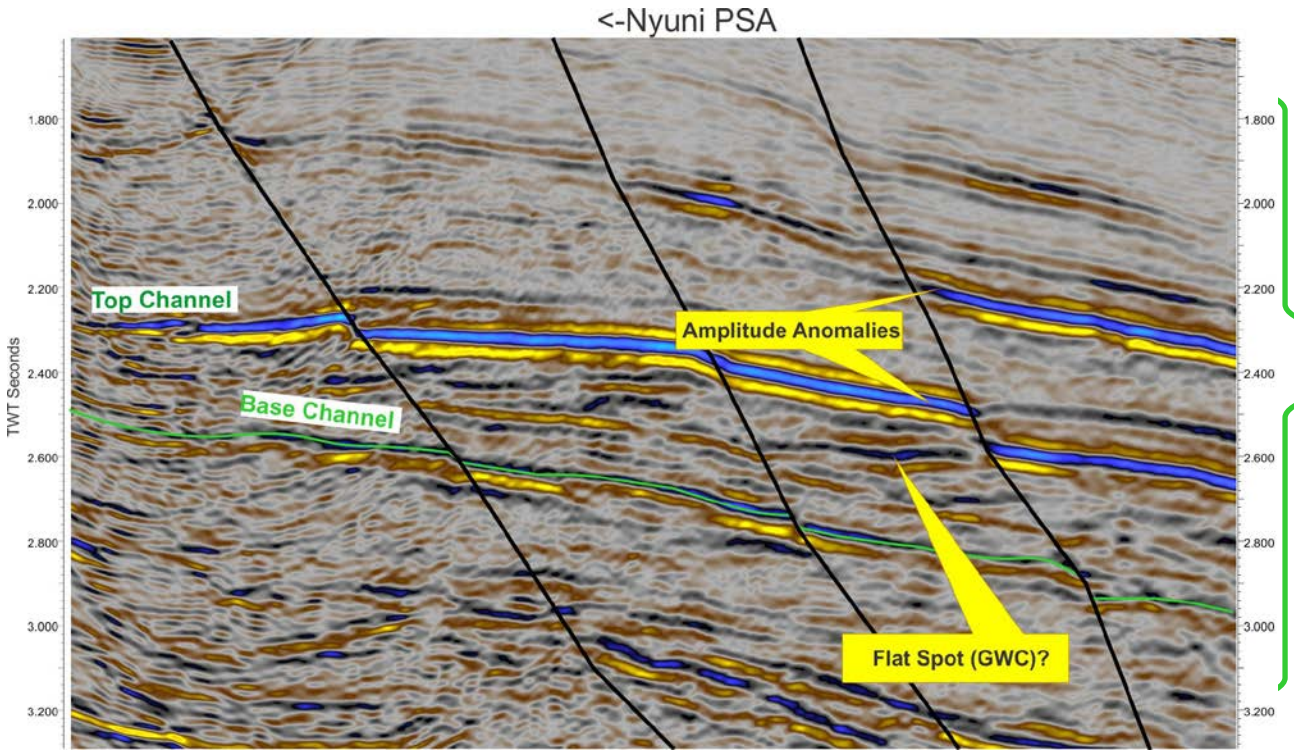
- 36”main line construction from Dar es Salaam to the South.

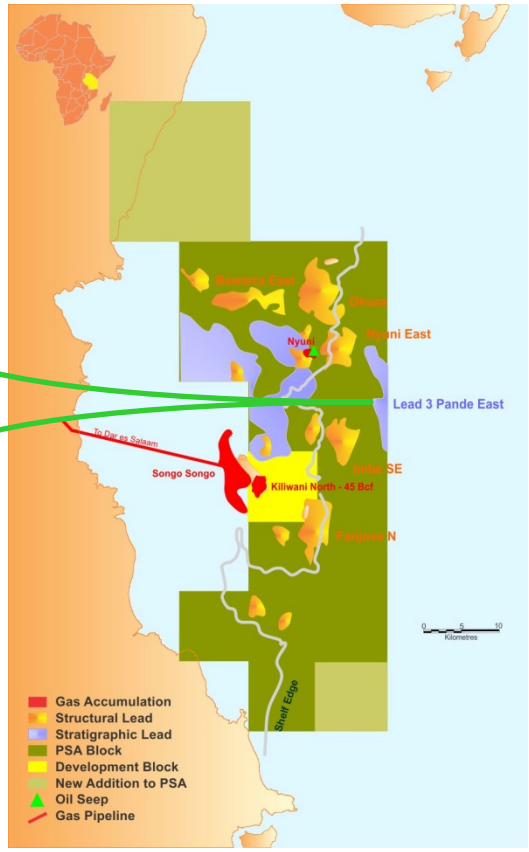
Nyuni Exploration Project

- Bounty will be producing gas for the domestic Tanzania market in 2015 from it's Kiliwani North reserves at a net rate of 2 million cubic feet a day (364 boepd) net to Bounty for at least 7 years.
- As a result Bounty is participating in a deepwater 3D survey to define seismic anomalies up dip and in the same Early Cretaceous (Neocomian) age reservoirs as proven gas fields in deeper water further offshore.
- Targets in the 1-2 TCF gas range are the near field proven plays in this prolific offshore area.
- Bounty's acreage being closer to shore and the Kiliwani North pipelines and production infrastructure…
- Is key to its JV being optimally placed to supply discovered gas to the domestic market



Nyuni Project - Deep Water Targets





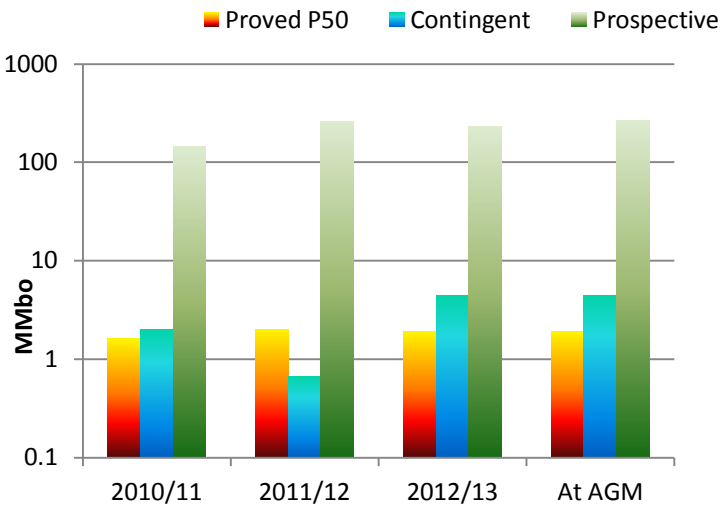
- Although the seismic coverage is limited to the tails of lines in the adjacent block, the Early Cretaceous channels are clearly visible with anomalous amplitudes and possible flat spots directly up dip from the Chewa and Preza gas fields, in the same stratigraphic unit
- Anomalous amplitudes are also observed in the overlying Eocene age rocks
- The 3D seismic will investigate this anomaly and others identified from the current sparse seismic coverage
- Targets in the 1-2.3 TCF range are indicated. This in only 20km from the new Kiliwani North gas Infrastructure under construction on Songo Songo Island.

Bounty Reserves and Resources

Discovered		MMboe	
Proved Producing	**P90**	**P50**	**P10**
Utopia	0.226	0.582	1.210
Nacccowlah	0.046	0.150	0.286
Total Proved Producing	**0.272**	**0.732**	**1.496**
Proved Non-Producing			
Kiliwani North		0.820	0.820
Downlands	0.020	0.360	0.360
Total Proved Non-Producing	**0.020**	**1.180**	**1.180**
Total Proved	**0.292**	**1.912**	**2.676**
Contingent			
Utopia	0.612	1.490	2.816
South Surat	0.044	0.069	0.102
North Surat	0.000	0.950	0.040
Total Contingent	**0.655**	**2.509**	**2.958**
Total Discovered Reserves and Resources	**0.948**	**4.421**	**5.633**

Undiscovered		MMboe	
Prospective	**P90**	**P50**	**P10**
South Surat	0.1	0.2	0.4
North Surat	0.0	0.5	0.0
AC/P 32	16.0	75.5	143.3
Nyuni Block	15.4	24.7	45.2
PEP 11	10.7	128.8	0.0
Total Undiscovered	**42.1**	**229.7**	**188.9**

Reserve Categories Year on Year Comparison



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All references to dollars, cents or $ in this document are Australian currency, unless otherwise stated

[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.]