



ASX/MEDIA RELEASE

31 October 2014

Quarterly Activities Report – End September 2014

Highlights:

Australia

- Profit after tax reported during the quarter Of \$1.13 million.
- Group Revenue projected to increase to \$ 4.5 million p.a. in 2015 with Tanzania gas sales.
- High impact Oil Business strategy moving Bounty's 100% AC/P 32, Timor Sea project to farmout and drill:-
 - At Azalea Prospect, where completion of seismic project has outlined a major stratigraphic target with potential 500 MMbbls oil in place and 100 MMbbls recoverable.
 - Azalea has direct hydrocarbon indicators.
 - AC/P 32 renewed for 5 years and farmout campaign underway.

Tanzania – Nyuni Block

- Major gas pipeline and plant construction now almost completed will provide gas sales from Kiliwani North (KN) Field.
- The Songo-Songo Gas Processing Plant is on schedule for commissioning late 2014.
- Gas sales contracts awaiting sign off.
- First production from the Kiliwani North Field in early 2015.
- Nyuni PSA – 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 and Utopia Oil Field in SW Queensland. The Downlands Field in the Surat Basin Queensland is shut in pending lease renewal and development.

Sales revenue decreased to \$661,334 for the quarter primarily due to lower production in Naccowlah and Utopia.

Production decreased to 48 bopd as first flush production from new wells entered natural decline. New drilling and production optimisation work is expected to add to oil production over the next quarters.

Bounty's unaudited petroleum revenue, production and sales for the quarter ended 30 September, 2014 are summarised below.

Revenue:

Q1	1 July – 30 September 2014	\$
PL214, Utopia	Bounty Share (40% Interest)	194,488
ATP 259	Bounty Share (2% Interest)	466,846
	Total Revenue ⁽¹⁾	661,334

(1) GST exclusive.

Production:

Q4	1 July – 30 September 2014	boe
PL214, Utopia	Bounty Share (40% Interest) bbls	2,084
ATP 259	Bounty Share (2% Interest) bbls	2,365
	Total Production boe	4,449

Sales:

Q4	1 July – 30 September 2014	boe
PL 214, Utopia	Bounty Share (40% Interest) bbls	1,769
ATP 259	Bounty Share (2% Interest) bbls	3,943
	Total Sales boe	5,712

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.

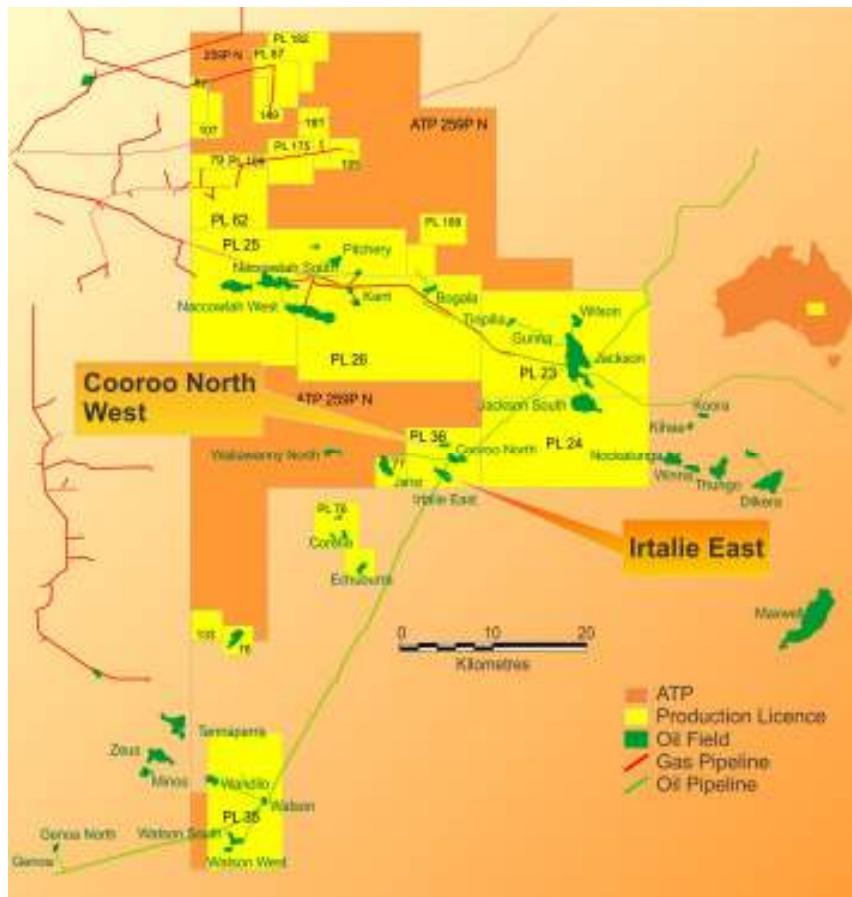
Background

Significant Activities during Quarter

The new drill Utopia 16 was put on extended production test and delivered only water to surface.

Significant Activities next Quarter

Future activities involving development drilling and well work overs are under review.



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 km² approximately 40% of which is covered by ATP 259P (N) and the remainder in 22 petroleum production leases (PL's) covering producing fields. Production is 30 – 40 bopd net to Bounty.

Significant Activities during Quarter

All new drills are on line and no further development activities were carried out during this Quarter.

Significant Activities next Quarter and Beyond

Further development wells at Irtalie East are planned and Cooroo North West 1 will be bought online. Production optimisation is ongoing and contributes significantly to maintaining production.

Exploration:

Southern Surat Basin Onshore Queensland

ATP 754P – Bounty 50%, PL 2A/B – Bounty 24.25%, PL 2C – Bounty 36.5%

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

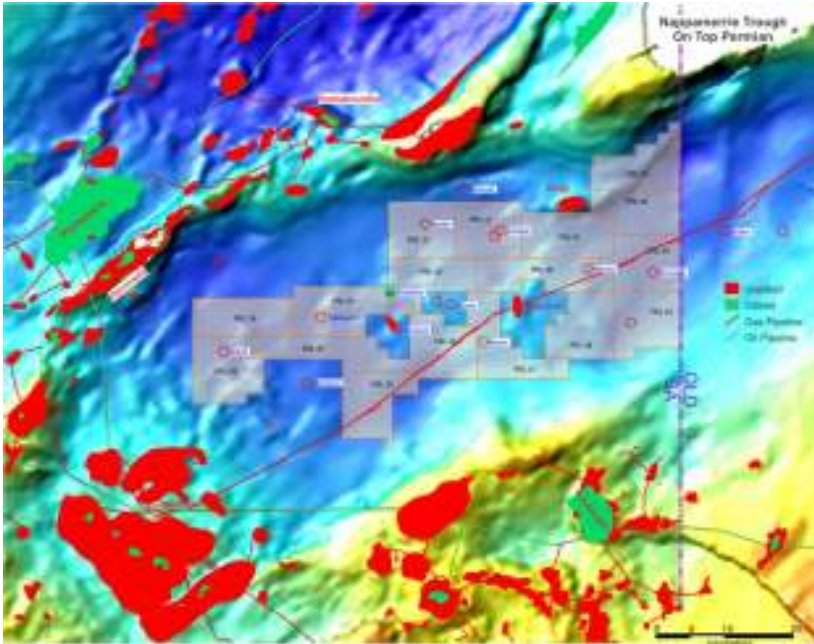
Significant Activities during the Quarter

Petroleum Lease (PL) 2: After the end of the period PL 2 was renewed over a slightly reduced area. PL 2 contains a structure up dip from the Eluanbrook 1 oil and gas well with potential for 200,000 bbls of recoverable oil. The renewal work programme will see the drilling of Eluanbrook 1 up dip.

ATP 754P: the partners are still awaiting determination from the Queensland Government on an amended work programme.

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 in which Bounty has no interest. However in the post Permian section in each PRL Bounty has a 23.28% and now has very secure title to a major gas exploration Block in the Cooper Basin

Significant Activities during the Quarter

There was no material joint venture activity although finalising a comprehensive joint operating agreement to cover the post Permian section Joint Venture and secure the Joint Venture interests in the Retention Licences was close to completion.

Wakefield 1 remains suspended pending a joint venture decision to undertake cased hole testing.

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

Significant Activities during the Quarter

Bounty is assessing the opportunity to take a greater stake in these licences and operate exploration. Bounty has some objectives which it wishes to pursue.

High Impact Oil Growth Projects:

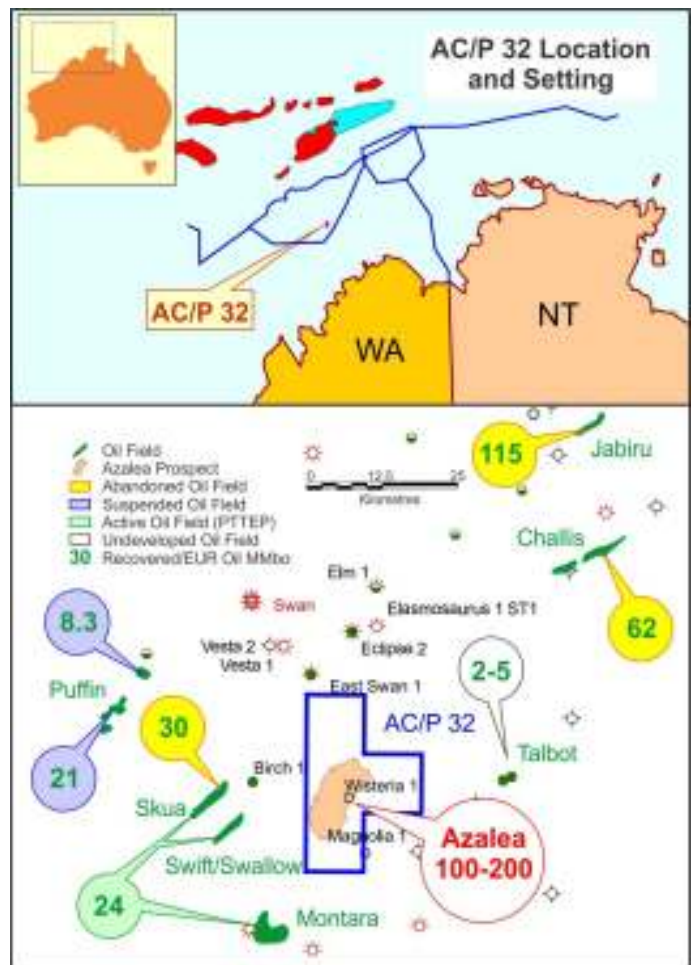
AC/P 32 – Offshore Vulcan Sub-basin, Ashmore and Cartier Territory - Bounty 100%

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:-



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

Significant Activities during the Quarter

During the Quarter Bounty continued farmout activities, seeking a partner to drill an exploration well at Azalea and a follow up appraisal well.

Significant Activities next Quarter

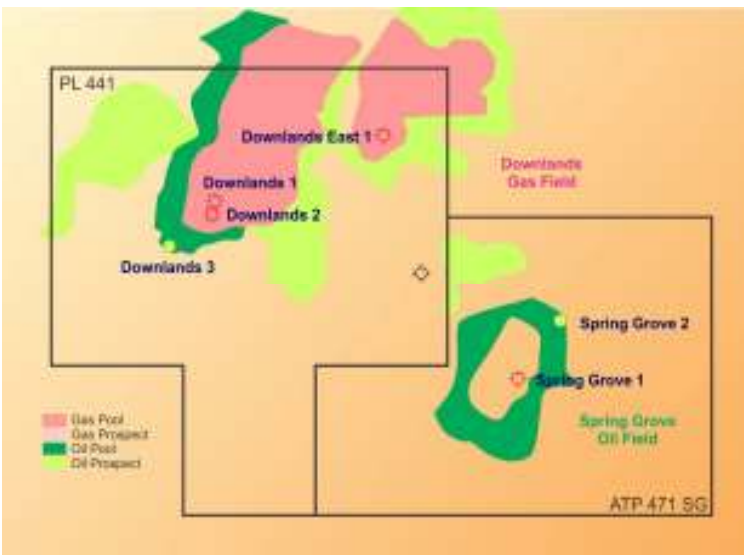
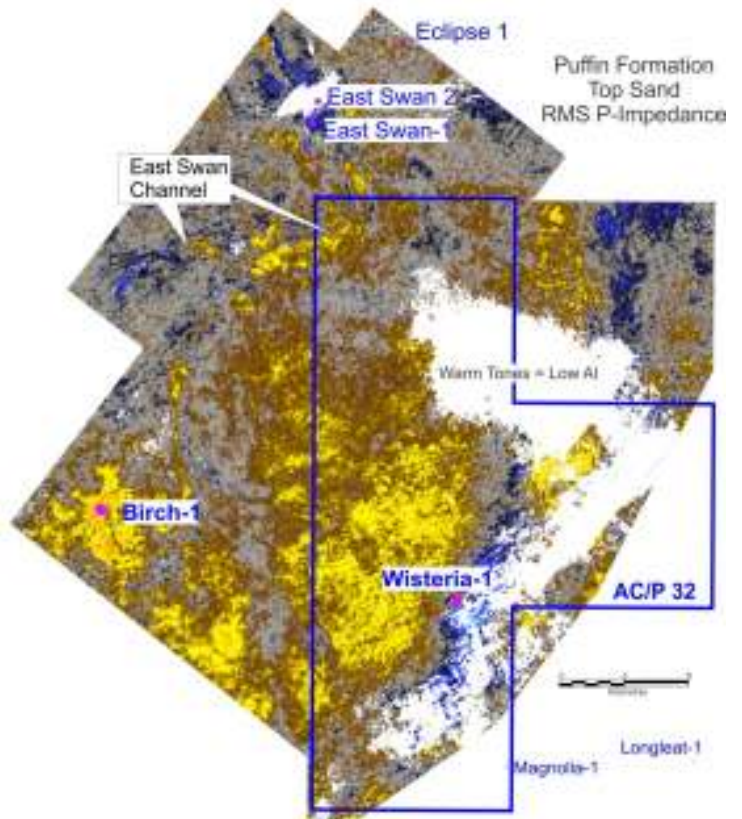
Bounty will be continuing an international campaign seeking partners to join in the drilling of this exciting substantial prospect.

Gas/Condensate Business (incl. associated Oil development)

Development:

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

During the quarter Bounty continued work on obtaining land access and regulatory approval of transfers to complete the acquisition of title to PL 119 Downlands and Pipeline Licence 58. At the end of the quarter it was close to obtaining these approvals. Bounty now holds 100% of these proved reserves including gas pipelines, gas compression unit and all production infrastructure.

In 2015 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 material oil and other hydrocarbon opportunity.

ATP 471 SG: This property contains proven oil in Tinowan sands which were production tested with inconclusive results. Bounty holds an interest in the 471 SG Block. It is a sub-block of a larger permit. The operator is reviewing plans to revisit the Spring Grove (SG) oil discovery in the future.

During the quarter ATP 470P (Formosa Downs Block) was renewed 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. Bounty has completed the transfer from the previous parties to 100% Bounty group equity.

Kiliwani North Development Offshore Tanzania: Bounty 10%

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

Construction of the subsea pipeline connecting Songo Songo Island to the mainland and the gas processing plant are on schedule for commissioning in late November 2014 and late January 2015 respectively. The Gas Sales Agreement is now awaiting final sign off.

The Tanzanian Government will own and operate all gas infrastructure from well head. The new gas plant will process 20 million cubic feet per day of Kiliwani North gas. Bounty's 10% equity should produce gross revenue of at least \$2 million per annum and will add 364 boepd to Bounty's production.

Growth Projects:

Nyuni Block – Offshore Mandawa Basin Tanzania – PSA: Bounty 5%;

Location: 30 Km offshore from Rufiji Delta Tanzania

Background

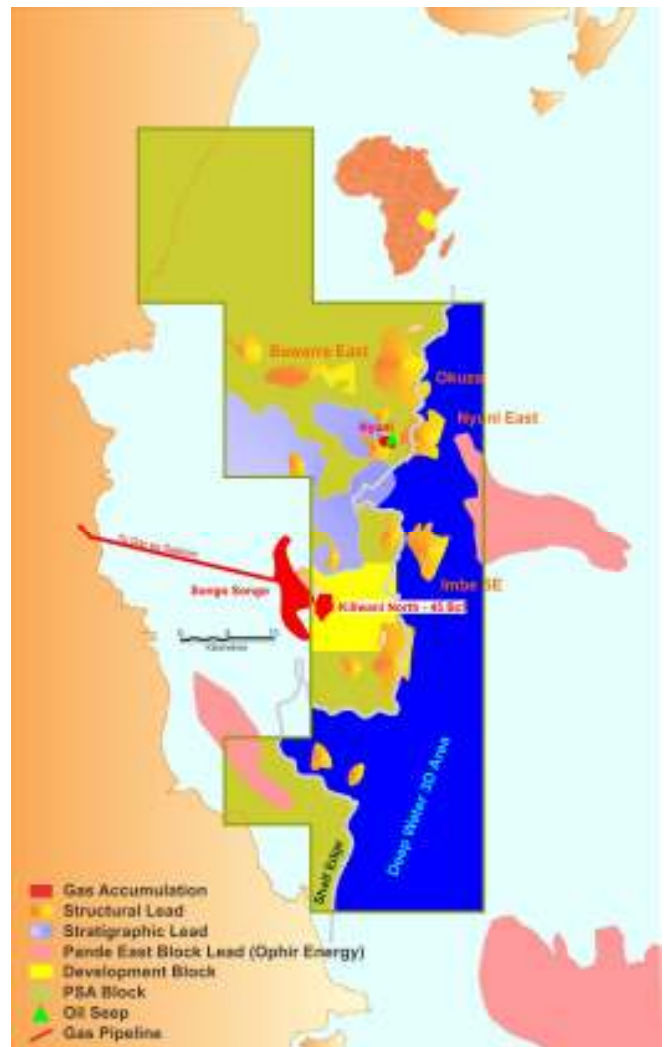
Participation in the Nyuni PSA is giving Bounty direct participation in one of the most dynamic and successful new exploration plays worldwide.

The Nyuni Joint Venture has drilled three wells to date for two new field gas discoveries at Nyuni 1 and Kiliwani North 1. The project is adjacent to recent deep water gas discoveries and has within it seismic amplitude anomalies which may be due to gas in similar settings to the adjacent block.

Nyuni Block Exploration – 2014

The Joint Venture has advanced negotiations with contractors to acquire 700 sq. km. of new 3D seismic over the deep water in the eastern part of the PSA. 3D seismic is the proven exploration technique in this offshore area. Subject to Tanzanian Government approval this programme is scheduled for last quarter 2014.

The survey is designed to detail the up dip extension of Lead 3 in the adjacent Ophir/RakGas East Pande permit which independent consultants recently suggested could contain 1.3 TCF gas within the Nyuni PSA area. There are numerous other deep water channel/fan features apparent from the limited seismic coverage available with associated seismic anomalies. The 3D is aimed to firm up these targets into drillable prospects and is planned for Q4 2014/Q1 2015.



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

Background

PEP 11 covers 4,576 km² of the offshore Sydney Basin immediately adjacent to the largest gas market in Australia and is a high impact exploration project.

2012/2013 Exploration

There was no material joint venture activity during the Quarter but post well seismic and regional studies continued. The ongoing programme will reprocess seismic and acquire new 2D (or possibly 3D) seismic to define a drilling target to test Permian Gas targets in 2015.

Corporate

Current Assets – 30 September, 2014

During the quarter Bounty expended \$213,961 on production assets and \$112,105 on seismic and other exploration projects. Expenditure will be lower in the next quarter and oil revenue should increase. At the end of the quarter cash, receivables and held for sale investments were around \$2.5 million.

Appendix 5B is attached.

Bounty's schedule of permits: See table on Bounty's website: www.bountyoil.com

For further information, please contact:

Philip F Kelso
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
DST	Drillstem test with a drill rig to test if hydrocarbons flow to the surface from a reservoir.
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
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)
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 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 September 2014

Consolidated statement of cash flows

	Current quarter \$A	Year to date \$A
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	539,987	539,987
1.2 Payments for (a) exploration and evaluation	(112,105)	(112,105)
(b) development	-	-
(c) production assets	(213,961)	(213,961)
(d) production expenses	(566,637)	(566,637)
(d) administration	(382,984)	(382,984)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3,989	3,989
1.5 Interest and other costs of finance paid	-	-
1.6 GST (refund)/paid	18,023	18,023
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(713,688)	(713,688)
Cash flows related to investing activities		
1.8 Payment for purchases of:	□	□
(a) prospects	-	-
(b) equity investments	(163,933)	(163,933)
(c) other fixed assets	(53,500)	(53,500)
(d) petroleum tenement	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(124,508)	(124,508)
1.11 Loans repaid by other entities	26,664	26,664
1.12 Other (provide details if material)	-	-
Net investing cash flows	(315,277)	(315,277)
1.13 Total operating and investing cash flows (carried forward)	(1,028,965)	(1,028,965)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,028,965)	(1,028,965)	
Cash flows related to financing activities				
1.14	Proceeds from issues of shares, options, etc.	-	-	
1.15	Proceeds from sale of forfeited shares	-	-	
1.16	Proceeds from borrowings (other entities)	-	-	
1.17	Repayment of borrowings	-	-	
1.18	Dividends paid	-	-	
1.19	Other (share issue expenses)	-	-	
	Net financing cash flows	-	-	
	Net increase (decrease) in cash held	(1,028,965)	(1,028,965)	
1.20	Cash at beginning of quarter/year to date	2,041,018	2,041,018	
1.21	Exchange rate adjustments to item 1.20	38,311	38,311	
1.22	Cash at end of quarter	1,050,364	1,050,364	

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	192,913
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	50,000
4.2 Development	40,000
4.3 Production	180,000
4.4 Administration	270,000
Total :	540,000

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	978,339	1,968,993
5.2 Deposits at call	72,025	72,025
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,050,364	2,041,018

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	Interests in mining tenements acquired or increased			

+ 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 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	938,400,982	938,400,982		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			-	
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>				
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	20,000,000	-	\$0.032	28.07.2014
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <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:
(Company Secretary)

Date: 31 October 2014

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 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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