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ASX / MEDIA RELEASE

Kiliwani North – Gas Sales to Commence

Bounty Oil & Gas NL (Bounty) is pleased to announce that the Gas Sales Agreement (“GSA”) with the Tanzania Petroleum Development Corporation (“TPDC”) for its Kiliwani North gas field has been signed.

Bounty will start its first African gas production in Tanzania.

HIGHLIGHTS:

- **Milestone agreement moves Bounty into an African producing phase**
- **Take-or-pay depletion contract with gas revenues payable in US Dollars**
- **Initial gas price of US\$3.00 per mmbtu (approximately US\$3.07 per mcf)**
- **Annual indexation of gas price from 1 January 2016**
- **Agreed payment security mechanism**

Participants in the Kiliwani North Development Licence are:

Ndovu Resources Ltd (Aminex)	55.575% (Operator)
RAK Gas LLC	23.75%
Bounty Oil & Gas NL	9.5%
Solo Oil plc	6.175%
TPDC	5%.

The Kiliwani North GSA is a “take or pay” type agreement and allows for the expected depletion of production from the well over time. In each contract year TPDC will be required to purchase, take delivery of or pay for a pre-determined volume of gas. In the event that TPDC elects not to take delivery of the pre-determined volume, it will pay for the equivalent of 85% of the minimum daily quantity of gas to be supplied, initially set at 20 mmscf/day and adjusted each year in accordance with the terms of the GSA. Gas from Kiliwani North will be supplied to the recently-completed Songo Songo gas processing plant.

Testing and commissioning of the new plant and pipeline is expected to commence during January 2016, with production being tested at varying rates. During the testing and commissioning phase, the TPDC will be invoiced for gas produced at the end of each month and required to pay on invoice.

The start of commercial operations will be mutually agreed by the TPDC and the Operator after testing and commissioning has been completed. Each month, the TPDC will be required to pay an estimate of one month’s revenues in advance, secured with a letter of credit issued by the Tanzania Investment Bank. Monthly revenues will be calculated based on actual production and adjustments will be made at the end of each month for any discrepancy between estimated and actual throughput.

Gas will be sold at US\$3.00 per mmbtu (approximately US\$3.07 per mcf) and the price will be adjusted annually by applying an agreed United States Consumer Price Index. Gas revenues will be invoiced and payable in United States dollars and the gas delivery point will be the inlet flange at the Kiliwani North wellhead. By selling the gas at wellhead, the joint venture partners will not be responsible for pipeline transportation and processing fees.

Commenting; Bounty's CEO, Philip Kelso said:

"Bounty and the joint venture operated by LSE listed Aminex PLC have operated in Tanzania for over 13 years, always working closely with the Tanzanian authorities, and the Kiliwani North Gas Sales Agreement represents a major milestone for the fast developing Tanzania and for the Joint Venture with its first commercial gas production in Tanzania. Achieving this agreement has been a long road but the final version is comprehensive and will allow production to commence with clarity and security.

From Bounty's perspective the exciting aspect of the project coming to fruition is that the JV will have the delivery mechanism and confidence to chase the multi TCF deep water gas targets in the Nyuni Exploration Licence just to the east of the Kiliwani North Field and independently Bounty can examine investment in other gas/condensate projects in the onshore Basins of Tanzania.

In 2016 Bounty anticipates it will receive gross annual revenue of around A\$ 3 million from this project and Bounty is now well placed for further growth. "

For further information, please contact:

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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 development permits in Tanzania where it is a participant in the Kiliwani North Gas Field development and Nyuni Exploration Licence.

Bounty has reserves and resources approaching 4 million barrels of oil equivalent.

ABBREVIATIONS

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