



## ASX/MEDIA RELEASE

29 April 2016

### Quarterly Activities Report – End March 2016

#### Highlights:



*Kiliwani North facilities and wellhead, Tanzania*

#### **Tanzania – Nyuni Block**

- Gas flowing into the system from Kiliwani North from 4 April 2016 and Bounty is now a gas producer in Africa.
- Initial gas flow to complete commissioning of the new gas plant then building up to full scale production of 25- 30 MMcfd (2.4 – 2.8 MMcfd net to Bounty) over the next Quarter.
- Bounty's share of cash net revenue is anticipated to be A\$2.8 million pa once full production is achieved.
- Nyuni PSA – new 3D seismic planned to image deep water turbidite gas plays of up to 1.3 TCF potential.

#### **Australia**

- Quarter ended March 2016 revenue totalled \$0.254 million on crude oil production of 5,116 bbls.
- Bounty has initialled a non- binding term sheet to settle it's dispute with the operator of PL214 Utopia Field; SW Queensland.
- Bounty increasing its oil interests around the Alton Oilfield in Southern Surat Basin.
- 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.
- PEP 11 operator preparing for seismic acquisition at Baleen.

## 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 \$254,040 for the quarter primarily due to lower oil prices and sales volumes.

Production was at 57 bopd. Kiliwani North (Tanzania) production will add in the region of 455 boepd from next Quarter and \$2.5 – \$3.5 million pa over the coming quarters. With an acquisition from Santos QNT Pty Limited Bounty now has an 81% interest in the Eluanbrook Pool located in PL2 Alton; Surat Basin. Bounty will now plan to drill an appraisal well on this 200,000 bbl target.

Bounty's unaudited petroleum revenue, production and sales for the quarter ended 31 March 2016 are summarised below.

### Revenue:

Q2	1 October – 31 December 2015	\$
PL214, Utopia	Bounty Share (40% Interest) (2)	68,474
ATP 259	Bounty Share (2% Interest)	185,566
	<b>Total Revenue (1)</b>	<b>254,040</b>

(1) GST exclusive.

(2) Estimates.

### Production:

Q2	1 October – 31 December 2015	boe
PL214, Utopia	Bounty Share (40% Interest) bbls (1)	1,828
ATP 259	Bounty Share (2% Interest) bbls	3,288
	<b>Total Production boe</b>	<b>5,116</b>

(1) Estimates.

### Sales:

Q2	1 October – 31 December 2015	Boe
PL214, Utopia	Bounty Share (40% Interest) bbls	1,620
ATP 259	Bounty Share (2% Interest) bbls	3,574
	<b>Total Sales boe</b>	<b>5,194</b>

**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**

During the quarter Bounty negotiated with the operator Oilwells Inc of Kentucky (Oilwells) to settle the current joint venture disputes.

After the end of the quarter Bounty and Oilwells initialled a non-binding settlement agreement to settle the dispute and the parties are preparing a formal agreement.

Details will be announced when the formal agreement is executed and the deal becomes binding.

Bounty did not participate in any development activities.

**ATP 1189P 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 1189 (N) and the remainder in 22 petroleum production leases (PL's) covering producing fields.

**Significant Activities during Quarter**

Production was maintained at approx. 40 Bopd net to Bounty.

**Significant Activities next Quarter and Beyond - 2015/16 Development**

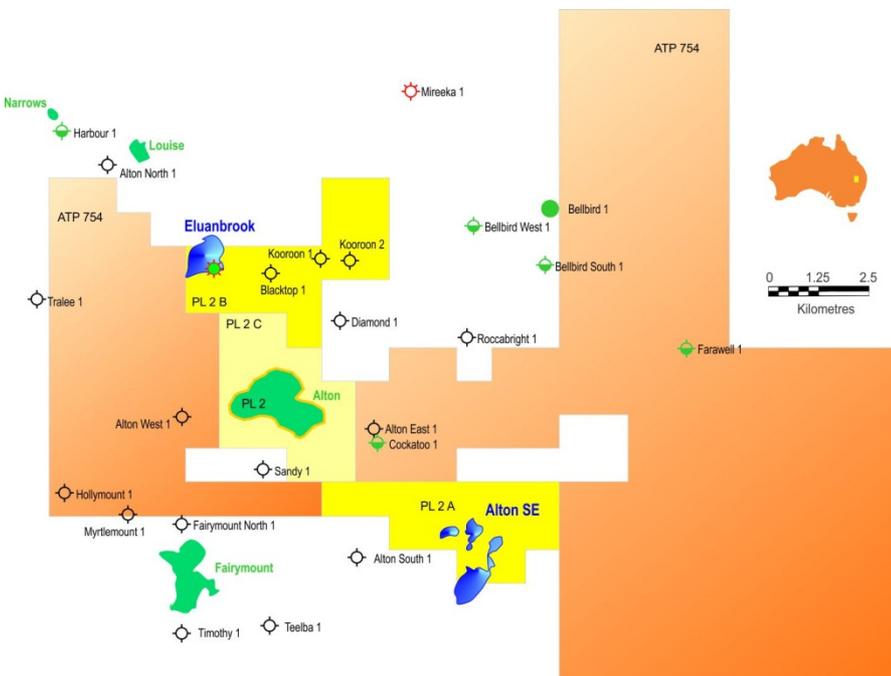
Continued oil price declines in 2015 affected the economics of further development drilling however optimisation work continues and twelve month payback projects addressing in-well bore opportunities will be carried out aimed at maintaining production at 2015 levels as far as possible.

**Exploration:**

**Southern Surat Basin Onshore Queensland**

**Petroleum Lease 2 (PL2) – Kooroon Blocks A and B – Bounty 81.75%, Alton Block C – Bounty 36.5%, ; ATP 754P – Bounty 50% and Operator.**

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



**Significant Activities during the Quarter**

During 2015 Bounty continued to consolidate its interests in the Southern Surat Basin area, with the exercise of the right of first refusal over Santos QNT interests in the Kooroon Joint Venture Blocks; part of Petroleum Lease 2.

Kooroon Block 2B contains a structure up dip from the Euanbrook 1 oil and gas discovery well with potential for 200,000 bbls of recoverable oil. Bounty now holds 81.75%.

Planning to drill an appraisal well up dip from Euanbrook 1 has commenced.

In ATP 754P the partners are still awaiting determination by DNRM of 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

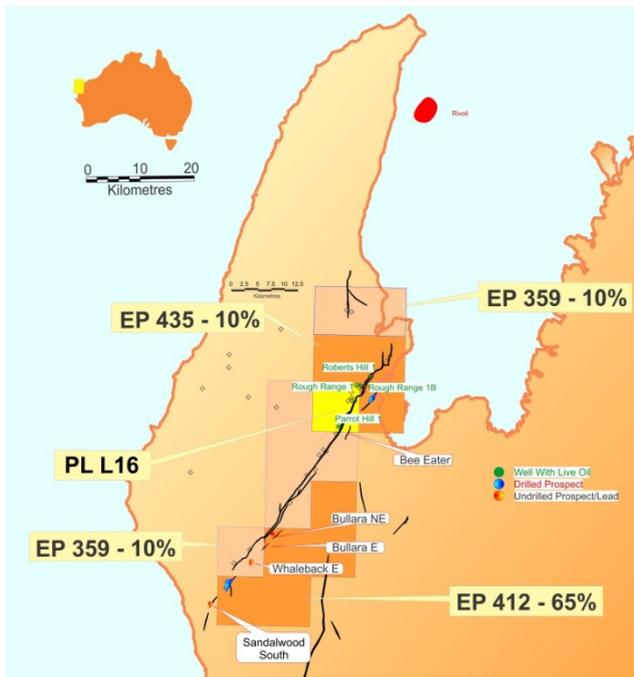
**Significant Activities during the Quarter**

There was no joint venture activity in the quarter and Wakefield 1 remains suspended pending a joint venture decision to undertake cased hole testing.

**Rough Range Project Onshore Carnarvon Basin – WA**

**EP 412 – Bounty 65%, 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**

Bounty was working with the operator and with DMP to finalise approvals for variation of the work commitments and extension of the permit terms with DMP for the each of the Permits; EP 412, EP 359 and EP 435 which recognises the unique seismic interpretation challenges which are present in this area.

Bounty is preparing for the programs in anticipation of an

approval from the DMP and will apply new geophysical techniques to advance the targets it has developed, especially those close to the existing L16 infrastructure.

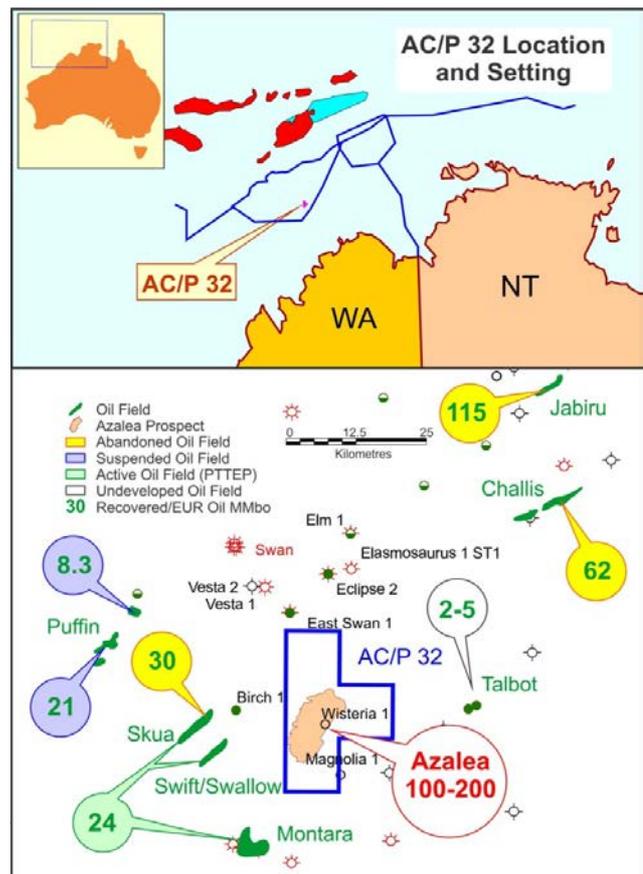
**High Impact Oil Growth Projects:**

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

**Location:** Offshore 500 Km northwest of Darwin, NT.

**Background**

This 336 km<sup>2</sup> 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**

Bounty continued seismic studies and preparation of well design in preparation for farm-out activities seeking a partner to drill an exploration well at Azalea and a follow up appraisal well.

**Significant Activities next Quarter**

Ramp up of farm-out and funding activities in anticipation of an oil price recovery.

**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**

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 joint venture activity was undertaken.

PL 71: No activity during the quarter as the new operator Armour Energy conducted reviews.

**Kiliwani North Development Licence Offshore Tanzania: Bounty 9.5%**

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

**Background:**

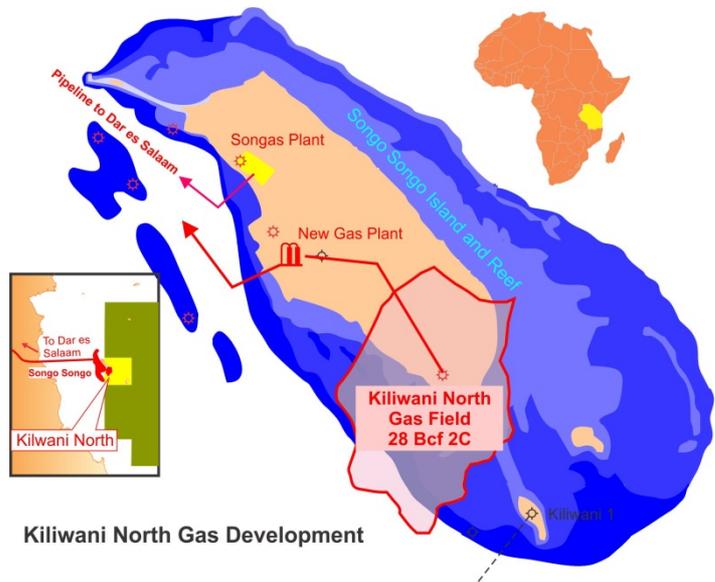
Kiliwani North 1 tested at 40 MMcfg/day from the Kiliwani North Pool located only 2 km. from the new Songo Songo gas plant and pipeline to Dar es Salaam.

**Significant Activities during the Quarter**

During the quarter the Gas Sales Agreement between the Kiliwani North participants and the TPDC was signed off and following installation of monitoring equipment gas production commenced on 4 April 2016 with commissioning gas. Production will ramp up this quarter and the well is expected to produce at around 25 MMcfg/d (2.4 MM to 2.8 MMcfd net to BUY) at full production.

**HIGHLIGHTS:**

- Testing and commissioning of the new plant and pipeline commenced on 4 April



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.

- Milestone gas sales agreement moves Bounty into an African gas producing phase in Tanzania.
- 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

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.

The start of commercial operations will be mutually agreed by the TPDC and the Operator after testing and commissioning has been completed. Revenues are, secured with a letter of credit issued by the Tanzania Investment Bank.

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.

### Significant Activities Next Quarter

Ramp up of full gas testing and production, initially as needed to get the gas plant running smoothly then full production shortly thereafter.

### 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.

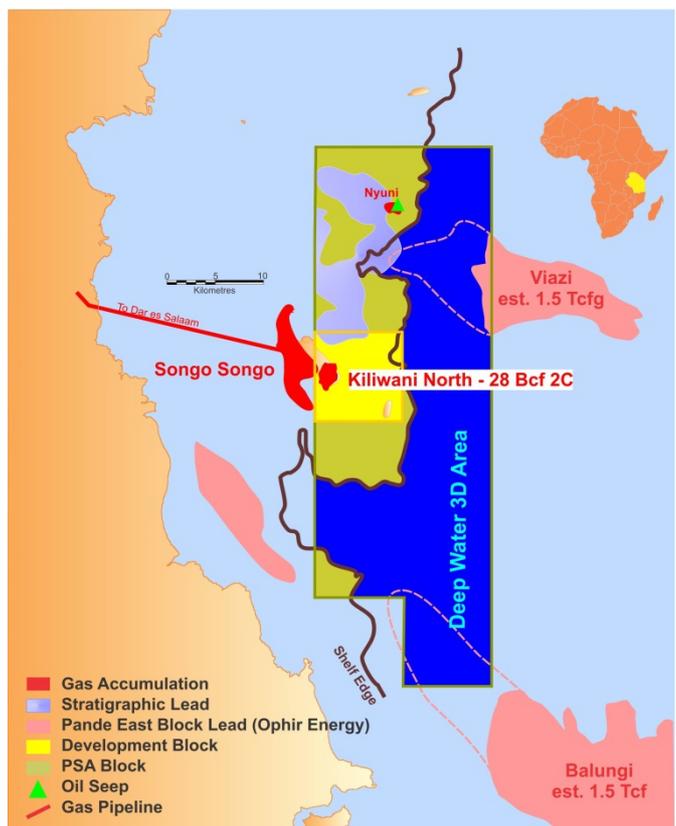
The Nyuni Joint Venture has drilled three wells to date for two new field gas discoveries at Nyuni 1 and Kiliwani North 1. The project is adjacent to recent deep water gas discoveries and has within it seismic amplitude anomalies which may be due to gas in similar settings to the adjacent block.

#### Nyuni Block Exploration – 2016

There has been over a 90% drilling success rate with 3D seismic in adjacent, analogous plays to the east of the Block and over 185 TCF discovered to date in the same play throughout Tanzania and Mozambique.

The Nyuni Block un-risked GIIP is >5 TCF (gross)\*.

The Joint Venture will acquire 3D seismic over the deep water part of the Nyuni PSA and is in the final



phases of seismic contract negotiations. Planned acquisition is set down later 2016.

The survey is designed to detail the up dip extension of Lead 3 in the adjacent Ophir/RakGas East Pande permit which independent consultants suggest 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 Exploration Licence is in good standing.

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

### **Background**

PEP 11 covers 4,576 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 with potential for trillions of cubic feet of gas.

### **2016 Exploration**

During the December quarter NOPTA approved a suspension of the Year 2 work programme of 200 km of 2D seismic until August 12, 2016.

Following the March quarter the operator was moving to execute a contract for seismic data acquisition. The contracted vessel will perform a high resolution 2D seismic survey covering approximately 200 line km 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 facilitate lithological calibration.

New interest in PEP 11 is being generated by a looming gas shortage in the Eastern States due the generally restrictive environment for onshore exploration and development.

## **Corporate**

### **Current Assets –31 March, 2016**

During the quarter Bounty paid \$5,805 on production assets and \$5,568 on development and other exploration projects. At the end of the quarter cash, receivables and held for sale investments were around \$0.55 million.

Appendix 5B is attached.

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

For further information, please contact:

Philip F Kelso Chief Executive Officer Tel:+612 9299 7200 Email: <a href="mailto:corporate@bountyoil.com">corporate@bountyoil.com</a>
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Website: [www.bountyoil.com](http://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.
GIIP	Gas initial in place
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
NOPTA:	National Offshore Petroleum Titles Authority
PL:	Petroleum production lease
P <sub>mean</sub>	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 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 (öcurrent quarterö)

**31 March 2016**

### 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	139,832	599,871
1.2 Payments for (a) exploration and evaluation	(1,198)	(110,425)
(b) development	(4,370)	(67,441)
(c) production assets	(5,805)	(106,893)
(d) production expenses	(120,248)	(339,574)
(d) administration	(227,255)	(906,944)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1,775	4,689
1.5 Interest and other costs of finance paid		
1.6 GST (refund)/paid	3,114	(10,116)
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(214,155)</b>	<b>(936,833)</b>
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<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
(d) petroleum tenement	-	(200,000)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(16,542)	(33,449)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(16,542)</b>	<b>(233,449)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(230,697)</b>	<b>(1,170,282)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(230,697)	(1,170,282)
	<b>Cash flows related to financing activities</b>		
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)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(230,697)	(1,170,282)
1.20	Cash at beginning of quarter/year to date	578,834	1,508,539
1.21	Exchange rate adjustments to item 1.20	(6,777)	3,103
1.22	<b>Cash at end of quarter</b>	341,360	341,360

**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	105,893
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	10,000
4.2 Development	10,000
4.3 Production	80,000
4.4 Administration	120,000
<b>Total :</b>	<b>220,000</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	266,214	505,464
5.2 Deposits at call	75,146	73,370
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>341,360</b>	<b>578,834</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	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 <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>	953,400,982	953,400,982		
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>				
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: .....  
(Company Secretary)

Date: 29 April 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 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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+ See chapter 19 for defined terms.