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ASX / MEDIA RELEASE

Kiliwani North – First Gas Production

Bounty Oil & Gas NL (Bounty) is pleased to announce first gas production from its Kiliwani North gas field in Tanzania. The Kiliwani North Development Licence is operated by Ndovu Resources Ltd a wholly-owned subsidiary of London listed Aminex PLC. Bounty holds a 9.5% interest and the field will provide Bounty with its first African production revenues.

Highlights:

- Initial production commenced from the Kiliwani North-1 well ("KN-1") on 4 April. KN-1 is tied into the regional pipeline infrastructure and will deliver gas to the new adjacent Songo Songo processing plant, ultimately serving the local power market.
- Production is expected to build up to an anticipated production rate of 25-30 mmcf/d (approximately 4-5,000 barrels of oil equivalent (BOE) per day gross) ("Commercial Production Rate") over the next 90 - 100 days.
- Bounty's share will be 380 - 475 BOE per day.
- All gas produced during the build-up to full production rates will be paid for under the terms of a recently Gas Sales Agreement signed with the buyer, Tanzania Petroleum Development Corporation ("TPDC") Bounty will receive US\$3.00 per mmbtu (approximately US\$3.07 per mcf).
- Bounty will receive all revenue in United States Dollars and the contractual gas price of US\$3.00 per mmbtu will be adjusted annually by applying an agreed United States Consumer Price Index. The gas price is not linked to any commodity price so importantly is unaffected by current commodity market conditions. The gas delivery point is to be at the outlet flange of the Kiliwani North wellhead and, by selling the gas at the wellhead, the joint venture partners will not be liable for pipeline transportation and processing fees.
- Bounty's share of net cash revenues is anticipated at AUD \$2.42 million – AUD \$3.49 million per annum (US\$ 1.70 - \$2.55 million).

Initial production rates will be carefully managed to allow for testing and commissioning of the gas processing plant and pipeline, while recording critical pressure and flow rate measurements to determine the optimal flow rate to maximize the life of the reservoir. Together with TPDC the operator plans to conduct a well test during the production build up to determine the optimal flow rate. It is this optimal flow rate that will become the Commercial Production Rate and the operator intends to flow gas at this rate for as long as possible prior to a natural decline in production.

KN-1 represents contingent resources (2C) of gross 28 BCF gross - Bounty share – 2.66BCF.

Commenting; Bounty's CEO, Philip Kelso said:

"This is a significant moment for Bounty, its shareholders and Tanzania, and is the culmination of hard work and patience by Aminex PLC and the joint venture. First gas at Kiliwani North marks the transition of Bounty from developer to producer in Africa and sets us on the path for growth as we begin to generate additional petroleum revenue.

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

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."

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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.]