



ASX/MEDIA RELEASE

31 January 2018

Quarterly Activities Report – End December 2017

Bounty Group: Operations

Australia

- Bounty preparing for development of its light oil EOR project targeting 1.13 million bbl resource with initial revenue of \$1.25 million pa centred on PL 2 (Alton Oilfield), Surat Basin, Queensland.
- Naccowlah Block, Southwest Queensland, production maintained at the highest level for several years and prices improving.
- AC/P 32, Timor Sea: Bounty negotiating seismic data acquisition.
- PEP 11 Sydney Basin Offshore – Operator is actively making preparations for Baleen 2D seismic survey.

Tanzania – Nyuni Block:

- Kiliwani North (KN) gas field production lower during quarter but recovered in December 2017 after a period of pressure recovery. A review of pressure data has concluded that the well is draining a compartment of the greater field with slow recharge.
- Bounty actively seeking additional east African gas projects.
- 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 in SW Queensland and Kiliwani North Gas Field in Tanzania.

Production was at 89 boepd at quarter end with a decrease from the Kiliwani North Gasfield, daily production from Naccowlah remained steady.

Bounty’s unaudited petroleum revenue, production and sales for the quarter ended 31 December 2017 are summarised below.

Revenue:

Q1	1 October to 31 December 2017	\$
Kiliwani North	Bounty Share (10% Interest) - Gas	54,298
ATP 1189P(2)	Bounty Share (2% Interest) - Oil	336,939
	Total Revenue (1)	391,237

- (1) GST exclusive
- (2) Naccowlah Block

Production:

Q1	1 October to 31 December 2017	Unit
Kiliwani North	Bounty Share (10% Interest) – Mscf	12,741
ATP 1189P	Bounty Share (2% Interest) bbls	3,194
	Total Production boe	5,390

Sales:

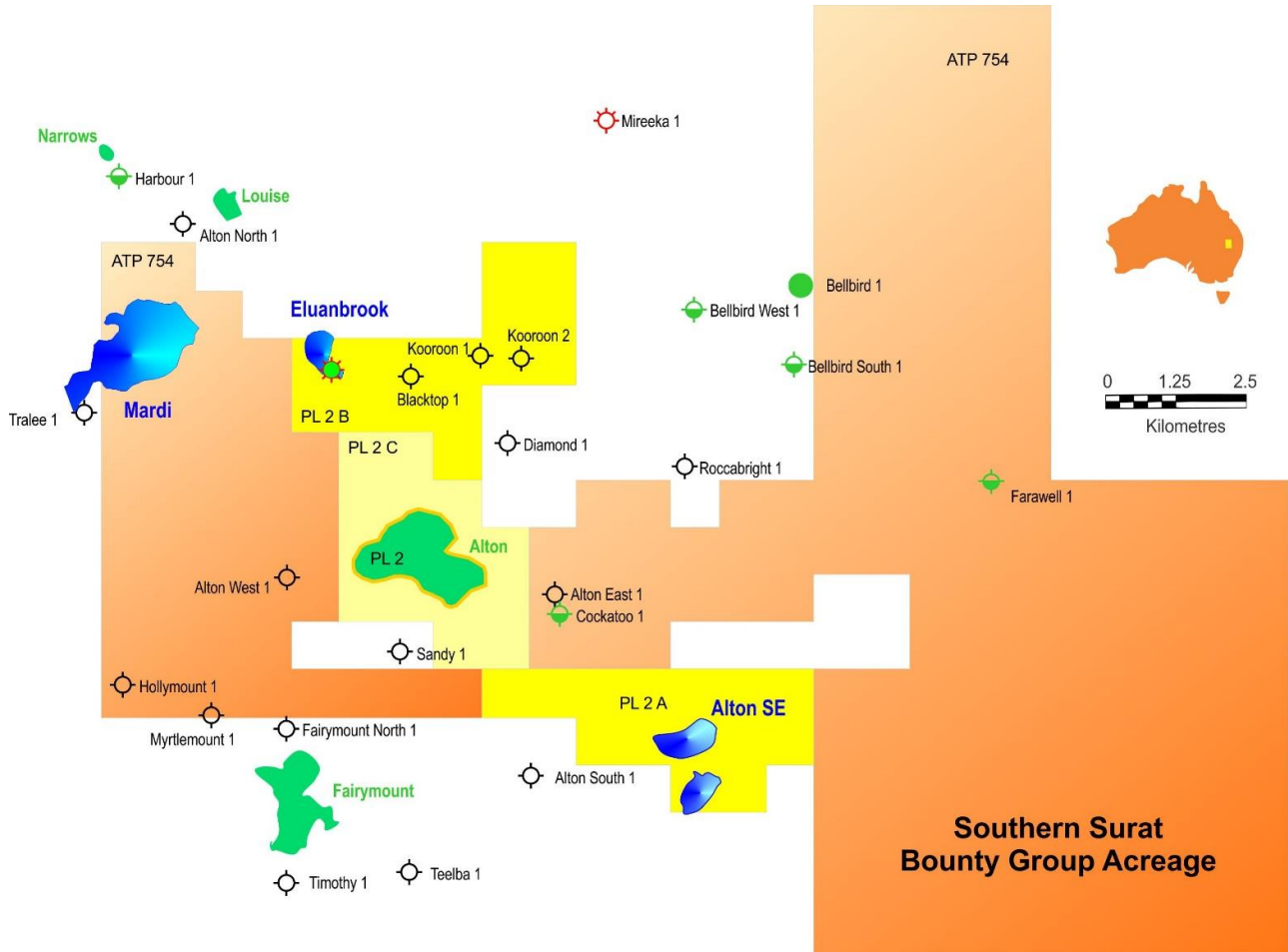
Q1	1 October to 31 December 2017	Unit
Kiliwani North	Bounty Share (10% Interest) – Mscf	12,741
ATP 1189P	Bounty Share (2% Interest) bbls	3,861
	Total Sales boe	6,057

Oil Business - Development:

Southern Surat Basin Onshore Queensland

PL 2 and PL 2C Alton Oilfield Bounty - 100%; PL 2A/B Kooroon Joint Venture – Bounty 81.75%; ATP 754P – Bounty 50%.

Location: 70 km northeast of St. George, SE Queensland.



Bounty’s estimates of its oil reserves and resources in the Southern Surat Basin are:-

Category	bbls
Development reserves – Alton Field	167,000
Exploration – Mardi Prospect (ATP 754P) – P50	210,000 – 400,000
Delineation – Eluanbrook Prospect Updip	186,000 - 200,000
Total	563,000 - 600,000

Bounty’s oil resources in the Southern Surat Basin are light oils (high API) derived from Permian coals (Cooper Basin equivalent).

Background

PL 2 (Alton Oil Field) was acquired by Bounty in May 2016.

A summary of the Southern Surat Basin interests is set out above. Alton has to date produced over 2 million barrels from the early Jurassic age Evergreen Formation.

PL 2 2018 Development Operations

Bounty now owns the elements of a significant oil production project in and around Alton and holds:

- 100% of the Alton Oilfield and Alton Block.
- Development reserves: 167,000 bbls of recoverable oil in the early Jurassic age Basal Evergreen sand reservoir included with a potential 1.136 million bbls of 2P reserves located in the three sands of the Boxvale/Evergreen members.
- Production facilities at Alton Oilfield.
- Surrounding exploration acreage where there is considerable potential for further reserve additions with undrilled locations and attic oil in the Evergreen Formation and possibly extensive oil in the Lower Showgrounds Formation which has been proven as a high productivity sand in the area.

PL 2 Alton has very significant potential upside from four undrilled locations. Alton is 440 km west of Brisbane and oil will be transported and sold into the Brisbane Refinery.

Activities during the Quarter and Next Quarter

Bounty commenced preparation for work over of 2-3 wells and plans to commence production at Alton in the next 3 months while it generates a full field development plan including an up-dip appraisal well at Eluanbrook in the northwest section of PL2. An independent environmental audit gave the field a “clean bill of health” and Bounty is progressing compliance documentation pending the workovers and production.

Initial gross revenue of \$1,250,000 p.a. from 45 bopd from the Evergreen Formation is anticipated followed by development with potential recoverable oil of 167,000 bbls.

Surat Delineation/Exploration

2018 Activities and Further Programmes

PL 2 and ATP 754P

To date Bounty has identified two oil prospects – Mardi (ATP 754P) and Eluanbrook Up dip (PL 2B) in the oil fairway which have potential recoverable resources of between 200,000 and 400,000 barrels and upside of over 2 MMbo.

First focus will be on the Eluanbrook Updip prospect which Bounty considers could have 186,000 - 200,000 barrels of recoverable oil from 625,000 bbls of P50 of oil in place, up dip from a proven Showgrounds Formation reservoir containing oil and gas.

In ATP754P the Mardi Prospect in the Evergreen Formation lies up dip of the Showgrounds and Permian pinchouts and is directly connected to the Permian source rocks by faults. Bounty estimates that the culmination at Mardi could contain 210,000 bbls of recoverable oil at the P50 confidence level within a much larger closure which could contain as much as 2 million barrels of recoverable oil. In addition there are several prospects at Alton Southeast identified by seismic surveys.

During the quarter Bounty finalised a heads of agreement (HOA) with Armour Energy (Surat Basin) Pty Limited; Bounty’s partners in ATP 754P to advance several projects within ATP 754P and to obtain DNRM approval of a

Later Work Program (LWP). The LWP will be approved in the next period. Under the HOA Armour will fund 2D/3D seismic if required to further image the Mardi Prospect and have an option to drill an exploration well.

Summary

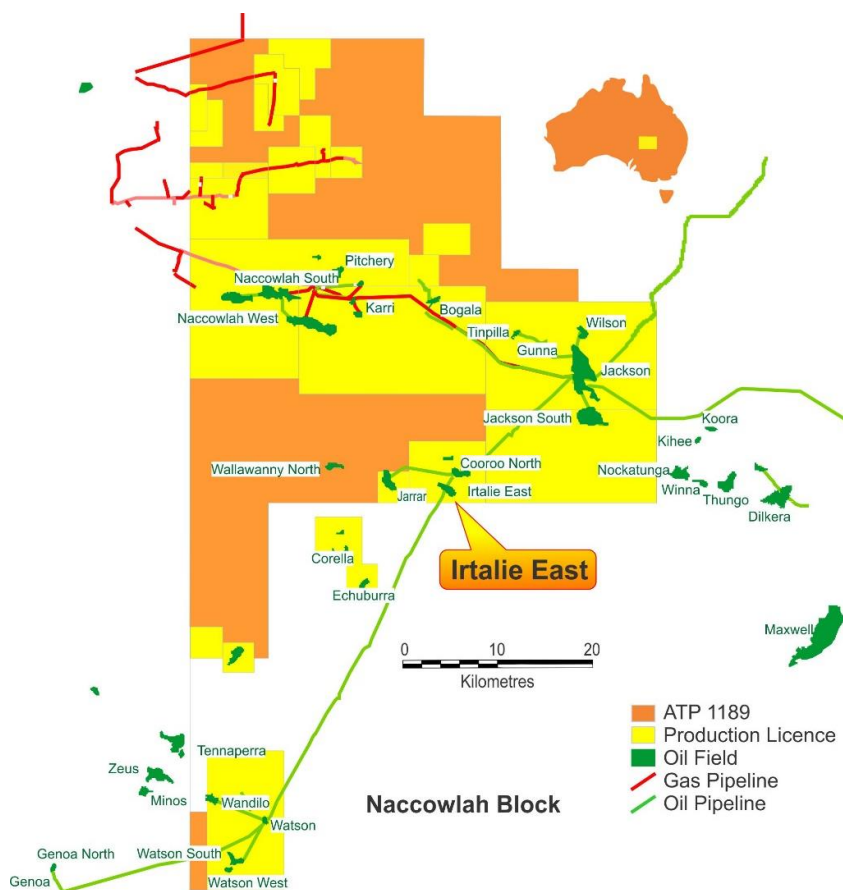
Having now secured control and operatorship over PL 2 and holding a material interest in ATP 754P Bounty sees potential for projects in the Southern Surat area to deliver 200 - 300 bopd once the work overs and drilling operations outlined above have been completed.

SW Queensland

ATP 1189P Naccowlah Block and Associated PL's - Bounty 2%

Location: Surrounding Jackson, Naccowlah and Watson Oilfields

Oil production continued during the quarter, active optimisation operations have maintained production constant quarter to quarter at approximately 35 bopd net to Bounty.



Background

The Naccowlah Block comprises 2,544 km² approximately 40% of which is covered by ATP 1189 (N) and the remainder in 22 petroleum production leases (PL's) covering producing fields.

Activities during the Quarter

Production optimisation is ongoing; planning for applications for Potential Commercial Areas covering parts of ATP 1189 is also underway as is planning for more Near Field Appraisal and Exploration wells in 2018.

Significant Activities Next Quarter

Irtalie East 6 should be bought online within this quarter.

Exploration:

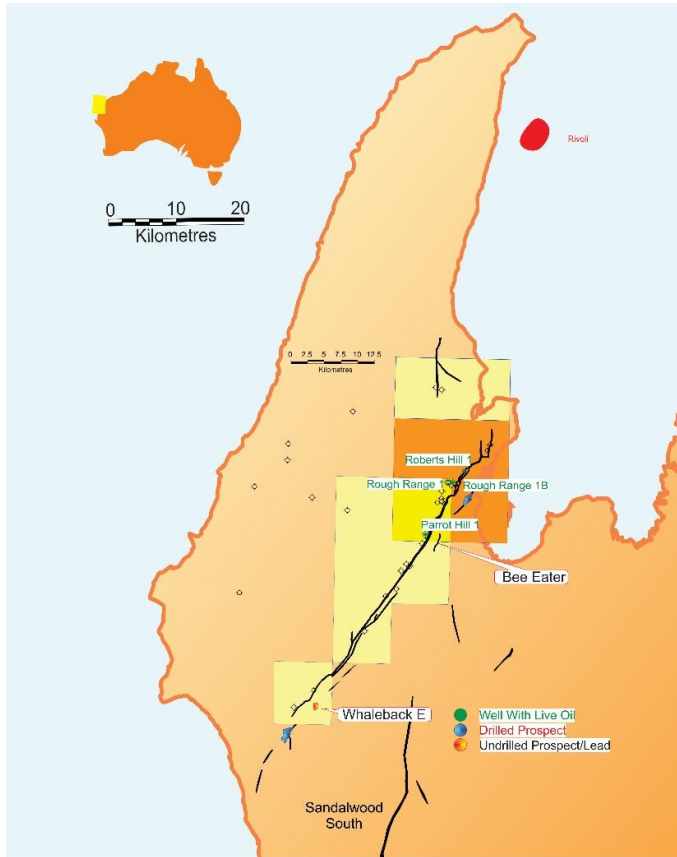
Nappamerri Trough Eromanga Basin, NE South Australia – Bounty 23.28% in section above the Permian

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. Bounty has a JV interest of 23.28% in the post Permian section in each PRL; and now has very secure title to a major gas exploration Block in the Cooper Basin.

There was no material joint venture activity in the quarter.



Rough Range Project Onshore Carnarvon Basin – WA

EP 359, EP 435 and L 16 – Bounty 90%

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 during the Quarter and next Quarter

Bounty has a controlling interest in all these permits and is seeking work program variations as seismic data does not sufficiently image the principal structures in the region due to poor surface statics.

Seismic re-processing is planned for 2018.

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.

In addition to Azalea; Bounty has established other new structural stratigraphic leads with potential in the 10 – 40-million-barrel recoverable range.

Activities during the Quarter

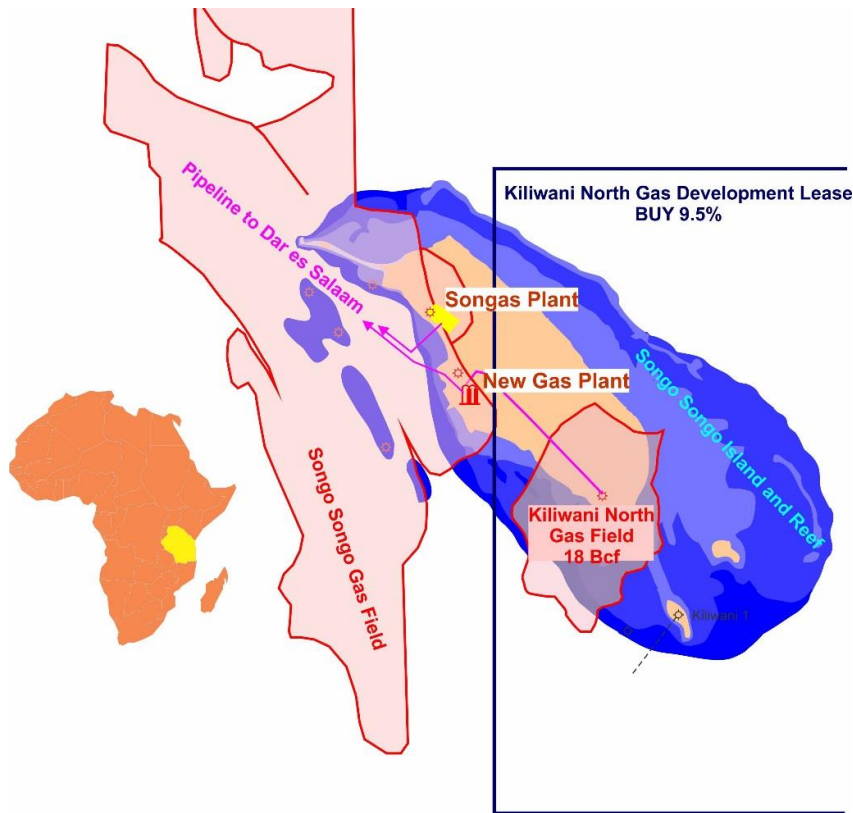
Bounty obtained an extension to the licence term from NOPTA in July 2017 to enable more definitive studies of the potential fluid content of the Azalea Prospect and was negotiating to acquire the long offset modern 3D seismic data recently acquired by Polarcus over the area.

Activities next Quarter

Ongoing discussions with potential farm in partners and acquire 3D data licence.

Gas/Condensate Business (incl. associated Oil development)

Production:



Kiliwani North Development Licence Offshore Tanzania: Bounty 9.5%

Location: 30 Km offshore from Rufiji Delta Tanzania

Activities during the Quarter

The operator Aminex PLC reported that total gross production by the joint venture in 2017 was approximately 3600 MMcf (3.6 BCF) and Bounty's share of production was 0.342 BCF or 342 MMcf. To date the well has produced around 6 BCF from a pool which could contain as much as 40 BCF.

Gas production from the Kiliwani North-1 well declined significantly during the quarter with November 2017 production at approx. 1 MMcfg/d.

The well produced 95 MMcf of gas during the month of December 2017, without intervention and due to natural pressure recharge, with flow at rates up to 9 MMcf/d. Analysis of pressure and production history now suggests that the reservoir is compartmentalised by faults and that, consequently, recharge of the part of the pool being drained by Killiwani North 1 is slow.

In order to maximise recovery from Kiliwani North-1, the operator and TPDC are working together on the installation of compression facilities.

During the quarter the operator was reprocessing existing joint venture seismic data over the Kiliwani North block and the adjoining Nyuni Area acreage close to the Songo Songo Island gas processing plant with the aim of identifying potential new drilling targets which could be brought on stream relatively quickly to supplement gas production from the existing Kiliwani North-1 well.

This work is expected to lead to much clearer resolution of fault surfaces offering the possibility of drilling additional wells to address unrecovered resources.

Activities Next Quarter

Install compression and complete the new seismic interpretation based on modern reprocessed data.

Downlands PL 119 (441); PPL 58 (Bounty 100%) and ATP 1190 (Spring Grove) Bounty 24.748%

Surat Basin, Queensland –

Location: 2km north of the town of Surat

Activities during the Quarter

PL 119: During the quarter Bounty continued to progress re-commencement of gas production while advancing native title clearances.

ATP 1190 (Spring Grove): The joint venture has lodged a Potential Commercial Area application over the Spring Grove oil discovery.

Gas Growth Projects:

Nyuni Block – Offshore Mandawa Basin Tanzania – PSA: Bounty 10%;

Location: 30 Km offshore from Rufiji Delta Tanzania

Background

Currently the operator, Aminex PLC, is negotiating a work program variation with TPDC to enable the acquisition of deep water 3D seismic in the outboard sector of the PSA area and the deferral of the two exploration well drilling commitment.

Once the variation to the work commitment licence has been granted, a re-tender process is planned to select a 3D seismic contractor capable of acquiring high resolution 3D seismic over the key Pande West lead in 2018 and to identify other potential prospects in the deep water with a view to bringing them to drill-ready status.

Bounty has also commenced steps to acquire additional gas interests in Tanzania.

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

2018 Exploration

During the quarter the operator progressed its plans for a 2D seismic survey in PEP 11, as a work commitment for the petroleum title. The Environmental Plan (“EP”) was modified and re-submitted to the offshore regulator; the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA).

An application for suspension and extension of the permit term was pending approval from NOPTA to maintain the title in good standing.

Subsequent commitments in PEP 11 include 3D seismic acquisition and an exploration well. Potential discovery of commercial quantities of natural gas in PEP 11 provides an exciting future for the PEP 11 Joint Venture including Bounty considering the gas market demands emerging for the east coast of Australia.

The Looming gas shortage NSW has provided increased interest in the offshore potential of PEP 11.

Corporate

Current Assets – 31 December 2017

At the end of the quarter cash, receivables and held for sale investments were around \$ 2.4 million. This sum includes \$600,000 (USD \$470,000) of receivables from Tanzania gas sales.

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 Tel:+612 9299 7200 Email: corporate@bountyoil.com
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Website: www.bountyoil.com

ABBREVIATIONS

ATP:	Authority to Prospect for petroleum
BCF:	Billion cubic feet (of natural gas)
BBLs:	Barrels of oil
Bopd; boepd	barrels of oil per day; barrels of oil equivalent per day
DST	Drillstem test with a drill rig to test if hydrocarbons flow to the surface from a reservoir.
EOR	Enhanced oil recovery
JOA	Joint operating agreement
JV	joint venture
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
Mscf	Thousand standard cubic feet of gas
NOPTA	National Offshore Petroleum Titles Authority
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)
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 35 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 and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

BOUNTY OIL & GAS NL

ABN

82 090 625 353

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	127	677
1.2 Payments for		
(a) exploration & evaluation	(10)	(38)
(b) development	(15)	(79)
(c) production	(20)	(53)
(d) staff costs	(171)	(376)
(e) administration and corporate costs	(100)	(164)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – GST received/(paid)	(10)	(26)
1.9 Net cash from / (used in) operating activities	(199)	(58)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	(11)	(11)
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	(54)	(117)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(65)	(128)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,089	1,024
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(199)	(58)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(65)	(128)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	8	(5)
4.6 Cash and cash equivalents at end of period	833	833

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	705	961
5.2 Call deposits	128	128
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	833	1,089

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	(127)
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' fees and other fringe benefits are paid to related entities in accordance with service contracts.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	(20)
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	(54)
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Joint venture operations only.

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(35)
9.2 Development	(55)
9.3 Production	(125)
9.4 Staff costs	(175)
9.5 Administration and corporate costs	(50)
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	(440)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Director/Company Secretary)

Date: 31 January 2018

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.