



## ASX/MEDIA RELEASE

31 January 2019

### Quarterly Activities Report – End December 2018

#### Australia

##### ▪ *Oil production and development*

- Oil revenue and related gross receipts:-
  - For the quarter - \$0.92 million
  - For the half-year ended December 2018 - \$1.45 million
- Total cash receipts of \$2 million in the half-year supported the successful 8 well 2018 oil appraisal program at Naccowlah Block, South-west Queensland
- Bounty achieving strengthening oil revenue from the Naccowlah Block expected to reach \$2.8 million for the full financial year
- Further successful drills in this quarter were: -
  - Three Birkhead zone oil appraisal wells at Jarrar (2) and Cooroo NW Fields
  - Wallis 1 a new field discovery
- Bounty will participate in:-
  - 5 appraisal wells in Naccowlah Block programmed for early 2019 at Watkins and Watson North
  - New related pipelines and production infrastructure
- Bounty's oil production averaged 100 bopd for the quarter

##### ▪ *Oil/Gas exploration*

- Planning for 2019 commencement of Surat Basin oil and gas production continuing as PL 441 native title claim extinguished

**Oil Business - Production:**

Bounty produces oil from the Naccowlah Block in SW Queensland.

Production was 100 boepd at quarter end which is a slight decrease over the last quarter as the initial production from the new Watkins 2 and 3 wells declined slightly. Four wells from the most recent drilling in the quarter are being brought online which will add to production next quarter.

Bounty expects to commence oil production from the Alton area; Surat Basin, SE Queensland in 2019.

Bounty's unaudited petroleum revenue, production and sales for the quarter ended 31 December 2018 are summarised below.

**Revenue:**

| Q2           | 1 October to 31 December 2018    | \$             |
|--------------|----------------------------------|----------------|
| ATP 1189P(2) | Bounty Share (2% Interest) - Oil | 923,960        |
|              | <b>Total Revenue (1)</b>         | <b>923,960</b> |

(1) GST exclusive

(2) Naccowlah Block

**Production:**

| Q2        | 1 October to 31 December 2018   | Unit         |
|-----------|---------------------------------|--------------|
| ATP 1189P | Bounty Share (2% Interest) bbls | 9,095        |
|           | <b>Total Production boe</b>     | <b>9,095</b> |

**Sales:**

| Q2        | 1 October to 31 December 2018   | Unit         |
|-----------|---------------------------------|--------------|
| ATP 1189P | Bounty Share (2% Interest) bbls | 9,182        |
|           | <b>Total Sales boe</b>          | <b>9,182</b> |

**Oil Business – Production and Development:**

**SW Queensland**

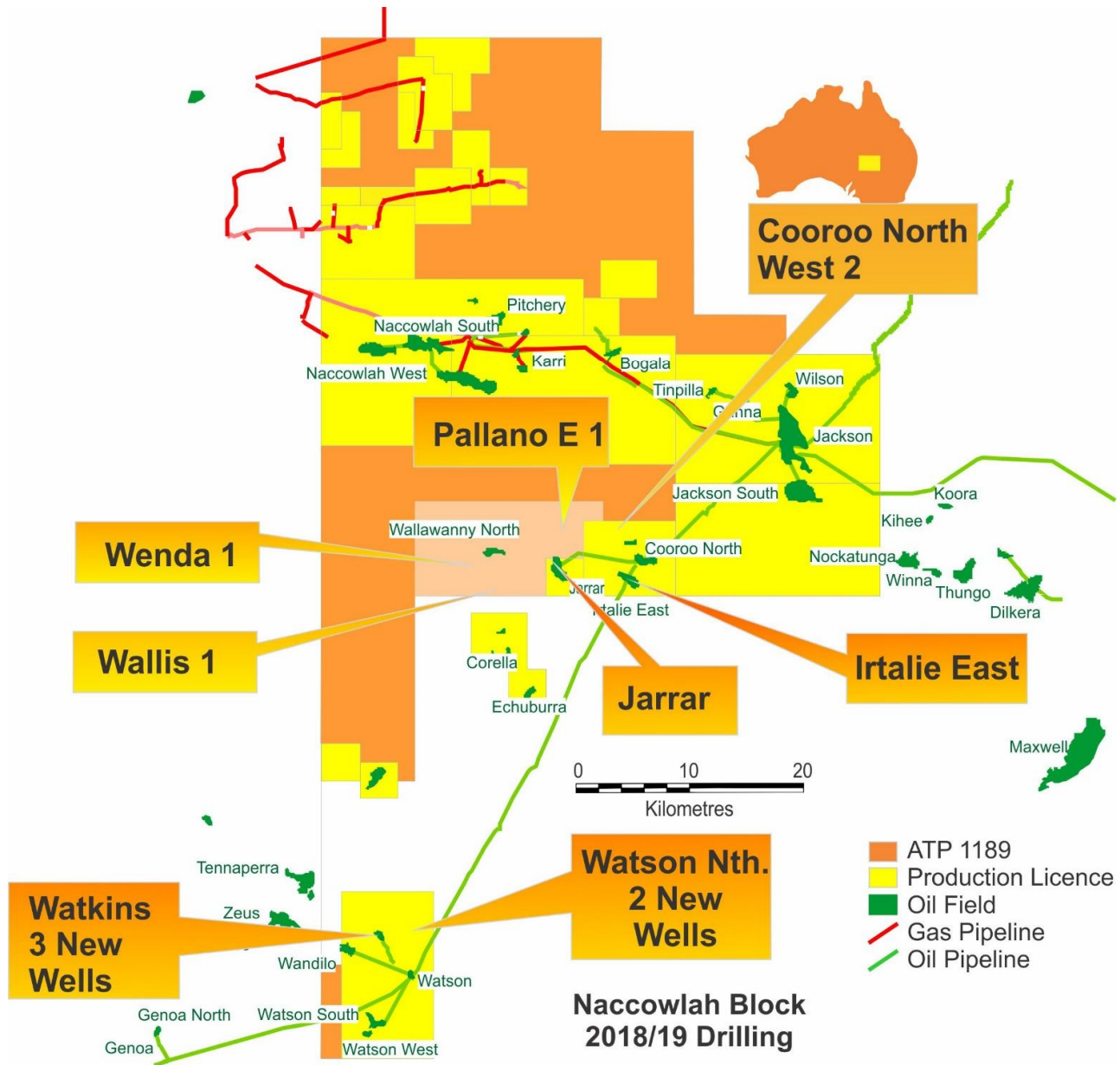
**ATP 1189P Naccowlah Block and Associated PL's - Bounty 2%**

**Location:** Surrounding Jackson, Naccowlah and Watson Oilfields

Oil production continued during the quarter averaged 100 bopd, a rate three times higher than the average for 2017 and is expected to be maintained at this elevated level as successful appraisal wells drilled during the quarter come into production.

**Background**

The Naccowlah Block comprises 2,556 km<sup>2</sup> approximately 40% of which is covered by ATP 1189 (N) and the remainder in 25 petroleum production leases (PL's) and a Potential Commercial Area application around Wallis 1.



### Activities during the Quarter

Bounty participated in six new wells: –

- Jarrar 4 and 5 both hit the Birkhead Fm reservoir on the high side of expectations and extended the Field to the Northwest.
- Cooroo Northwest 2 well was also successful in extending the Birkhead Reservoir northwest with additional oil in the Westbourne Formation.
- Wallis 1 was a successful near field exploration well encountering economic oil in the Birkhead.
- Pallano East 1 and Wenda 1, both near field exploration wells, intersected oil in the target zones but of insufficient thickness to warrant completion.

Jarrar 4 and 5 and Cooroo Northwest 2 were brought online towards the end of the Quarter.

In summary; between May 2018 and the end of the quarter, Bounty participated in a highly successful and sophisticated 8 well oil drilling campaign led by the operator, Santos Limited, with all 8 wells encountering significant oil and 6 being cased for future completion as oil producers, mainly from the Birkhead Zone. Watkins 2 and 3 drilled in May 2018 were standout discoveries.

The Watkins and related discoveries also required the joint venture to invest in additional pipeline and related infrastructure to transport new oil to Moomba and Port Bonython, South Australia.

### Significant Activities Next Quarter

The joint venture is proposing to drill another five (5) appraisal wells to develop the Birkhead Zone including two wells at Watkins Field southwest of Jackson and two more at the adjacent Watson North structure targeting the Westbourne Formation. Bringing cased wells from the 2018 campaign online and infrastructure builds will continue.

### 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.

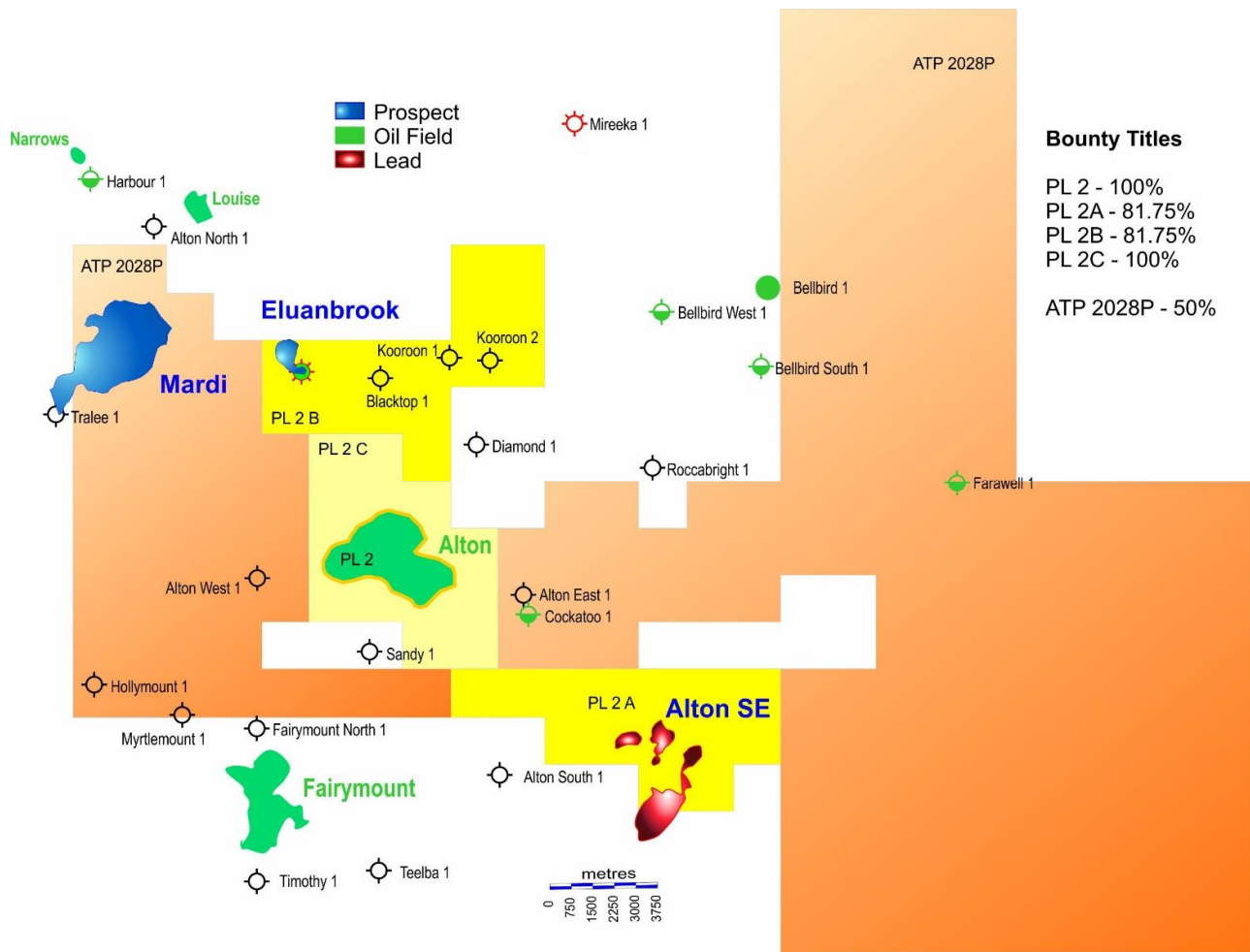
Bounty's estimates of its oil reserves and resources in the Southern Surat Basin are:-

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

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

### Background

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 2019 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 PL 2 Alton.
- 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 advanced its preparation for work over of 2-3 wells and plans to commence production at Alton in 2019 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 other compliance documentation pending the workovers and production.

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

## Surat Delineation/Exploration

### 2019 Activities and Further Programmes

#### PL 2 and ATP 2028P

To date Bounty has identified two oil prospects – Mardi (in ATP 2028P formerly 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, up dip from a proven Showgrounds Formation reservoir containing oil and gas.

In ATP 2028P 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. Armour Energy (Surat Basin) Pty Limited, Bounty’s partner in ATP 754P, 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 half of ATP 2028P Bounty sees potential for oil projects in the Southern Surat area to deliver 200 - 300 bopd (\$6 million pa gross revenue) once the work overs and drilling operations outlined above have been completed.

#### Exploration:

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

**Location:** 50 Km northeast of Moomba, South Australia.

There was no material joint venture activity in the quarter.



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

#### L 16 – Bounty 100%

**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

In June 2018 Bounty took 100% control of all Rough Range permits and is re-mapping regional seismic data sets attempting to image the principal structures in the region. This is challenging due to poor surface statics.

Seismic re-processing for L 16 is planned for 2019.

EP 359 and 435 were relinquished during the quarter to reduce holding costs. Bounty will focus on L 16 and look to obtain replacement Permits based on re-mapping.

**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.

**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 is negotiating to acquire the long offset modern 3D seismic data acquired in 2016 by Polarcus.

**Activities next Quarter**

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

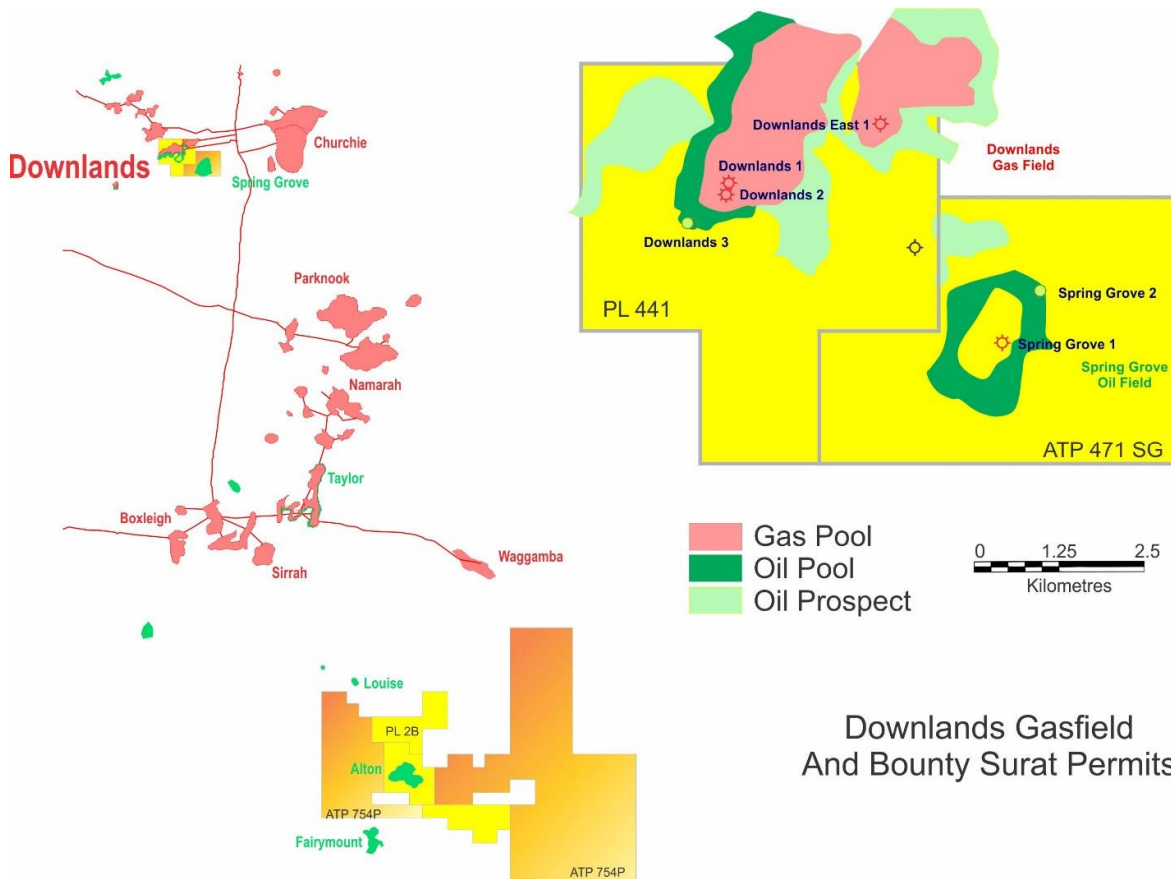
**Gas/Condensate Business (incl. associated Oil development)**

**Production:**

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

**Surat Basin, Queensland –**

**Location:** 2km north of the town of Surat



Downlands Gasfield  
And Bounty Surat Permits



## Activities during the Quarter

### Downlands

Bounty acquired 100% equity in the Downlands Gas field and associated production facilities in 2012. The field was shut in due to the re-purposing of the adjacent gas pipeline to gas storage. Just before the field shut down it was producing around 70,000 cfg/d and 20 – 30 bopd of oil and condensate. During the quarter the longstanding Mandandanji Land Claim was determined by the Federal Court and Native Title was deemed to have been extinguished. Bounty filed an updated Later Development Plan and increased security deposit during the quarter. Lease renewal is now expected shortly. Bounty will return the field to gas production and oil appraisal.

### ATP 1190 (Spring Grove)

This oil discovery adjoins PL 441 to the southeast and the Potential Commercial Area application over the Spring Grove oil discovery awaits approval.

### Gas Growth Projects:

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

##### 2018 Exploration

The operator completed a 200-line kilometre 2D seismic Survey in compliance with the work commitment for the PEP 11 petroleum title in April 2018.

The operator is preparing an Environmental Plan (“EP”) in preparation for 3D seismic surveys.

The title in good standing. Bounty remains the registered holder of a 15% interest in the Permit.

### Corporate

#### Current Assets – 31 December 2018

At the end of the quarter cash, receivables and held for sale investments were around \$ 1.3 million. This sum includes \$674,000 (USD \$476,000) of receivables from Tanzania gas sales.

Bounty is seeking payment for this gas sales revenue from the operator of the Kiliwani North joint venture.

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<br>Chief Executive Officer<br>Tel:+612 9299 7200<br>Email: <a href="mailto:corporate@bountyoil.com">corporate@bountyoil.com</a> |
|--|

Website: [www.bountyoil.com](http://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. |
| DNRME                 | Department of Natural Resources, Mines and Energy (Queensland)                                |
| 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   |
| NOPSEMA:              | National Offshore Petroleum Safety and Environmental Management Authority                     |
| 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 45 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 2018

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date<br>(6 months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| <b>1. Cash flows from operating activities</b>            |                            |                                       |
| 1.1 Receipts from customers                               | 687                        | 2,001                                 |
| 1.2 Payments for  |                            |                                       |
| (a) exploration & evaluation                              | (51)                       | (62)                                  |
| (b) development   | (92)                       | (342)                                 |
| (c) production  | (194)                      | (1,195)                               |
| (d) staff costs   | (168)                      | (310)                                 |
| (e) administration and corporate costs                    | (95)                       | (176)                                 |
| 1.3 Dividends received (see note 3)                       | -                          | -                                     |
| 1.4 Interest received                                     | -                          | 1                                     |
| 1.5 Interest and other costs of finance paid              | -                          | (25)                                  |
| 1.6 Income taxes paid                                     | -                          | -                                     |
| 1.7 Research and development refunds                      | -                          | -                                     |
| 1.8 Other – GST received/(paid)                           | 27                         | 131                                   |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>114</b>                 | <b>23</b>                             |

|  |      |      |
|--|------|------|
| <b>2. Cash flows from investing activities</b> |      |      |
| 2.1 Payments to acquire:                       |      |      |
| (a) property, plant and equipment              | -    | -    |
| (b) tenements (see item 10)                    | -    | -    |
| (c) investments                                | (40) | (40) |
| (d) other non-current assets                   | -    | -    |

## Mining exploration entity and oil and gas exploration entity quarterly report

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(6 months)<br/>\$A'000</b> |
|---|--|------------------------------------|--|
| 2.2   | Proceeds from the disposal of:   |                                    |  |
|   | (a) property, plant and equipment  | -                                  | -  |
|   | (b) tenements (see item 10)  | -                                  | -  |
|   | (c) investments  | 40                                 | 40   |
|   | (d) other non-current assets   | -                                  | -  |
| 2.3   | Cash flows from loans to other entities                                      | -                                  | (7)  |
| 2.4   | Dividends received (see note 3)  | -                                  | -  |
| 2.5   | Other (provide details if material)  | -                                  | -  |
| <b>2.6</b>                                  | <b>Net cash from / (used in) investing activities</b>                        | <b>-</b>                           | <b>(7)</b>                                     |
| <b>3.</b>                                   | <b>Cash flows from financing activities</b>                                  |                                    |  |
| 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)  | -                                  | -  |
| <b>3.10</b>                                 | <b>Net cash from / (used in) financing activities</b>                        | <b>-</b>                           | <b>-</b>                                       |
| <b>4.</b>                                   | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |                                    |  |
| 4.1   | Cash and cash equivalents at beginning of period                             | 452                                | 541  |
| 4.2   | Net cash from / (used in) operating activities (item 1.9 above)              | 114                                | 23   |
| 4.3   | Net cash from / (used in) investing activities (item 2.6 above)              | -                                  | (7)  |
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above)             | -                                  | -  |
| 4.5   | Effect of movement in exchange rates on cash held                            | 6                                  | 15   |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b>                            | <b>572</b>                         | <b>572</b>                                     |

| <b>5. Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances  | 508                                | 388                                 |
| 5.2 Call deposits  | 64                                 | 64                                  |
| 5.3 Bank overdrafts  | -                                  | -                                   |
| 5.4 Other (provide details)  | -                                  | -                                   |
| <b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>   | <b>572</b>                         | <b>452</b>                          |

| <b>6. Payments to directors of the entity and their associates</b>                                       | <b>Current quarter<br/>\$A'000</b> |
|--|------------------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2                                   | (130)                              |
| 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.

| <b>7. Payments to related entities of the entity and their associates</b>                                | <b>Current quarter<br/>\$A'000</b> |
|--|------------------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2                                   | (226)                              |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3                       | -                                  |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 |                                    |

Payments for Joint venture and development drilling operations.

## Mining exploration entity and oil and gas exploration entity quarterly report

| <b>8. Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>   | <b>Total facility amount<br/>at quarter end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
|--|---|--|
| 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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| <b>9. Estimated cash outflows for next quarter</b> | <b>\$A'000</b> |
|--|----------------|
| 9.1 Exploration and evaluation                     | (10)           |
| 9.2 Development                                    | (35)           |
| 9.3 Production                                     | (90)           |
| 9.4 Staff costs                                    | (120)          |
| 9.5 Administration and corporate costs             | (45)           |
| 9.6 Other (provide details if material)            |                |
| <b>9.7 Total estimated cash outflows</b>           | <b>(300)</b>   |

| <b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>                            | <b>Tenement reference and location</b> | <b>Nature of interest</b> | <b>Interest at beginning of quarter</b> | <b>Interest at end of quarter</b> |
|--|--|---------------------------|---|-----------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | EP 435,<br>EP 359<br>WA                | Exploration permits       | 100%                                    | nil                               |
| 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 2019

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.