BOUNTY OIL & GAS NL

(ABN 82 090 625 353)

INTERIM FINANCIAL REPORT

Interim Financial Report for the half-year ended 31 December 2016
(Including Directors' Report and Financial Report)

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DIRECTOR'S REPORT

For the Half Year Ended 31 December 2016

The directors of Bounty Oil & Gas NL ("Bounty" or "the company") submit the interim financial report of Bounty and its subsidiaries ("the Group") for the half year ended 31 December 2016. The attached Bounty Interim Financial Report forms part of this report. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follow:

Directors

The following persons were directors of the Company during the whole of the half-year and up to the date of this report:

Graham Charles Reveleigh	*(Non-Executive Chairman)*
Roy Payne	*(Non-Executive Director)*
Charles Ross	*(Non-Executive Director)*

Mr Charles Ross was re-elected as a director of the company at the Annual General Meeting on 25 November 2016.

Review of Operations

For Bounty's schedule of permits, interests and acreages (see Bounty's 2016 Annual Report and Bounty's website: www.bountyoil.com).

1. Highlights

Group Petroleum Sales

- Petroleum revenue (mainly gas) for the half year to 31 December 2016 was $1.298 million on sales of 43,940 barrels of oil equivalent (boe).

Tanzania – Nyuni Block

- Kiliwani North gas project completed commissioning and Bounty became an African gas producer.
- Tanzania gas sales (net to Bounty) contributed 39,483 boe and generated $1 million in revenue for the half year. Continuing production will add around $2.5 million pa to revenue in 2017.
- Nyuni PSA – new 3D seismic planned to image deep water turbidite gas plays of up to 1.3 TCF potential later in 2017.

Australia

- Half Year ended 31 December 2016 revenue totalled $0.30 million on crude oil sales of 4,457 bbls.
- Acquired 100% of PL 2 Alton oilfield, Surat Basin and planning for oil production operated by Bounty.
- Continued high impact Oil Business strategy moving Bounty's 100% AC/P 32, Timor Sea project to potential farmout and drill:-

    - AC/P 32 application for work commitment variation and extension planned to take advantage of new Phase 2 Cygnus 3D data. Permit in good standing.

2. *Overview*

The principal activity of the company during the 6 months to 31 December 2016 was oil and gas production, exploration and development. Bounty's secondary activity is investment in listed securities. No significant change in the nature of these activities occurred during the financial half year.

During the period the economic entity made a net loss after tax of $301,970 (31 December 2015 half year: Loss: $785,537). Underlying earnings for the period before non-cash impairment items were $216,172.

The operating loss was determined after taking into account the following material items:

- Petroleum revenue (mainly from gas sales) of $1,298,095
- An unrealized translation gain on foreign currency of $21,165
- Interest and other income of $14,478
- Direct petroleum operating expenses of $258,791
- A non cash impairment loss of $518,142.
- All other expenses including for administration, joint venture expenses and employees of $858,917.

Revenue from continuing operations for the period was $1,312,573 (HY December 2015: $661,380).

Petroleum revenue for 12 month calendar year to 31 December 2016 was: $1,693,861.

In the half year to 31 December 2016 Bounty invested $642,467 in exploration and development directed principally as follows:

Australia:

In offshore Western Australia (AC/P-32 Vulcan Sub Basin) and for oil exploration and oil/condensate focussed projects in the Cooper and Surat Basins.

Bounty did not participate in any drilling activity in the period. Brief details are set out below:

Tanzania:

In ongoing work towards commissioning of the Kiliwani North gas project (Bounty 9.5%) and continuing exploration for larger gas targets in the surrounding Nyuni Block PSA (Bounty 5%).

Details of exploration and development operations and cash flows for the half year ended 31 December, 2016 have been reported by the company to the Australian Securities Exchange in the Quarterly Activity Reports and Appendix 5B for each of the quarters ended 30 September and 31 December 2016 and in additional announcements on particular items.

3. *Production Operations*

Revenue from production operations for the period was $ 1.3 million up 90% on the previous half year (HY: December 2015: $ 0.69 million). Revenue was derived mainly from gas produced from Bounty's production joint venture interest at Kiliwani North Field located in Tanzania and in ATP 1189 Naccowlah Block located in southwest Queensland.

Oil Production

Revenue for the period was accrued from production of 5,580 bbls of oil and sales of 4,457 bbls.

Gas Production

Revenue for the period was accrued from production of 229.031 mmscf (39,483 boe) of sales gas.

PL 214 Utopia Block-Bounty 40%

Bounty exited its 40% interest in the PL214 Utopia JV with effect from 1 April 2016 and no additional impairment was undertaken during the period.

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

All new production wells in the Irtalie East field were on line and no further development activities were carried out during the half year. Subject to oil price improvements and recommendations from the Block operator; Santos Limited further development wells at Irtalie East and Cooroo North West 1 may be drilled. Production optimisation is ongoing and contributes significantly to maintaining production. The pace of further development drilling will be reviewed in the light of oil price movements.

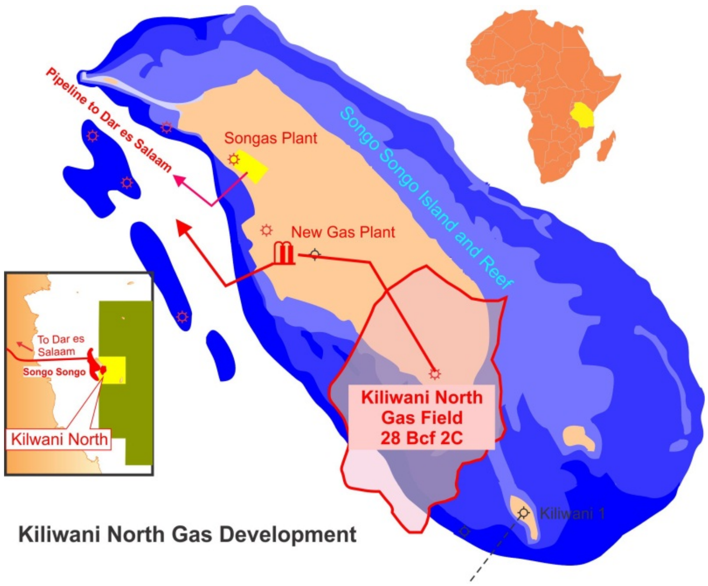
4. Development Operations

During the period, Bounty expended $46,673 (2015 Half Year: $253,341) on development operations. No development drilling was undertaken during the period but following 2015 and 2016 acquisitions Bounty held 100% of the Alton Block JV (including the Alton Oilfield) and an 81.75% interest in the surrounding PL2 Alton Kooroon JV Blocks A and B. Bounty continued minor expenditure at Kiliwani North, Tanzania. Any drilling or production optimisation/ well workover expenses (see 3. above) have been classified under production operations.

5. Main Development Project - Kiliwani North Development Licence; Tanzania -Bounty 9.5%)

Background:

Kiliwani North 1 is located on Songo Songo Island 30km offshore from Rufiji Delta Tanzania and 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 Half Year

During the period commissioning gas was produced and full production commenced.

Highlights

- Commencement of production under the milestone gas sales agreement (GSA) moved Bounty into an African gas producing phase in Tanzania.
- The GSA is a 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

Gas from Kiliwani North is being processed through the recently-completed Songo Songo gas processing plant and sold to TPDC – Dar es Salaam.

During the testing and commissioning phase, the TPDC has been invoiced for gas produced at the end of each month.

Gas is being 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 are invoiced and payable in United States dollars and the gas delivery point is the inlet flange at the Kiliwani North wellhead. By selling the gas at wellhead, the joint venture partners are not responsible for pipeline transportation and processing fees.

The new gas plant is currently processing 16 million cubic feet per day of Kiliwani North gas due to lower than expected allocations from the gas buyer TPDC. Bounty's 9.5% equity should gross revenue of around $ 2 to 2.5 million per annum and add 364 boepd to Bounty's production.

6. Exploration and Evaluation Operations

During the period, Bounty expended $21,195 on exploration and evaluation.

7. Main Exploration Project - AC/P 32 Offshore WA – Timor Sea -Bounty 100%

In 2014 Bounty completed interpretation and evaluation of the reprocessed 3D seismic data and 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, that target is up dip from oil discovered in the Birch 1 Well in those sands – Puffin Formation; and that 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 in the north west section of AC/P32.

In June 2014 AC/P 32 was renewed for a period of 5 years.

Bounty is applying for suspension, extension and variation of the work commitment for AC/P 32 and the title is in good standing. Bounty plans additional acquisition of the Phase 2 Cygnus 3D data; reprocessing and farmout activities, seeking a partner to drill an exploration well at Azalea and a follow up appraisal well.

8. Other Properties

During the period Bounty continued to fund exploration and development expenditure in connection with its other joint venture interests located in Queensland, New South Wales and Western Australia, both onshore and offshore.

Corporate and Equity Issues

No share issues were undertaken by Bounty during the period and at the end of the interim reporting period at 31 December 2016 it had $ 1,085,827 cash and no debt. At 31 December 2016 the value of Bounty's listed investments on a mark to market basis was $30,965.

All claims and contingent or related claims in connection with the PL214 Utopia joint venture between the holding company and Oilwells Inc of Kentucky (OWK) as operator of the joint venture were settled by a conditional agreement entered on 13 May 2016. During the period all conditions to settlement were completed and pursuant to the agreement the holding company became registered holder of Petroleum Lease 2 Alton (Queensland). All proceedings in connection with the matter were discontinued on a no costs basis on 2 March 2017.

Contingent liabilities and Contingent Assets

As at the date this report, there were no contingent assets or liabilities, other than those exploration commitments set out in Note 12 of the Financial Statements.

There is no litigation involving Bounty Oil & Gas NL or its subsidiaries.

Events occurring after the reporting period

No matters or circumstances have arisen since the end of the half year ended 31 December 2016 which have significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the review for the half year ended 31 December 2016 is attached.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to Section 306(3) of *Corporations Act 2001*.

On behalf of the Directors

Graham Reveleigh
Chairman

Dated: 15 March 2017

For further details of the activities of the Group, see the Bounty Oil & Gas N.L. website www.bountyoil.com.

For abbreviations of technical terms see the last page of the Interim Financial Report.

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AUDITOR'S INDEPENDENCE DECLARATION

To the directors of Bounty Oil & Gas NL

In accordance with section 307C of the Corporations Act 2001, as lead audit partner for the review of the financial statements of Bounty Oil & Gas NL and its controlled entities for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

William M Moyes - Partner

Moyes Yong & Co Partnership

Dated this 15th day of March 2017

Consolidated statement of profit and loss and other comprehensive income for the half-year ended 31 December 2016

		Half-year ended	
		31-Dec-16	31-Dec-15
	Notes	$	$
Revenue	4	**1,298,095**	681,731
Net Investment (loss)/income	4	**6,514**	(71,046)
Other income	4	**7,964**	50,695
Direct petroleum operating expenses		**(258,791)**	(522,196)
Changes in inventories		**(59,406)**	(97,066)
Employee benefits and contractor expense		**(387,683)**	(393,095)
Depreciation expense		**(24,827)**	(50,969)
Amortisation of oil producing assets		**(179,857)**	(203,616)
Occupancy expense		**(38,771)**	(55,683)
Corporate activity costs		**(51,219)**	(48,016)
Rehabilitation expense		**(15,438)**	(20,440)
Foreign exchange gains		**21,165**	9,879
Impairment of oil and gas assets	11	**(518,142)**	-
Write off of exploration expenses		**(10,263)**	-
General legal and professional costs		**(20,006)**	(24,506)
Other expenses		**(71,305)**	(41,209)
Loss before Tax		**(301,970)**	(785,537)
Income tax expense		**-**	-
Loss for the period from continuing operations		**(301,970)**	(785,537)
Loss for the period		**(301,970)**	**(785,537)**
Other comprehensive income for the year, net of income tax		**-**	**-**
Total comprehensive loss for the period		**(301,970)**	**(785,537)**
Total comprehensive loss attributable to owners of the parent		**(301,970)**	**(785,537)**
Earnings per share			
Basic (cents per share)		**(0.03)**	(0.08)
Diluted (cents per share)		**(0.03)**	(0.08)

The statement of comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated statement of financial position
for the half-year ended 31 December 2016

	Notes	**31-Dec-16** $	30-Jun-16 $
Assets			
Current assets			
Cash and cash equivalents		**1,085,827**	1,760,668
Trade and other receivables		**831,610**	89,092
Inventories		**31,706**	49,034
Other current financial assets	5	**30,965**	24,450
Total current assets		**1,980,108**	1,923,244
Non-current assets			
Trade receivables		**49,929**	-
Exploration and evaluation assets	6	**9,135,789**	9,124,857
Production and development assets	6	**8,307,988**	8,384,715
Property, plant and equipment	7	**559,999**	629,112
Total non-current assets		**18,053,705**	18,138,684
Total assets		**20,033,813**	20,061,928
Liabilities			
Current liabilities			
Trade and other payables		**732,068**	475,498
Provisions		**31,110**	26,764
Total current liabilities		**763,178**	502,262
Non-current liabilities			
Unearned revenue		**7,360**	-
Rehabilitation provisions		**1,269,066**	1,263,487
Total non-current liabilities		**1,276,426**	1,263,487
Total liabilities		**2,039,604**	1,765,749
Net assets		**17,994,209**	18,296,179
Equity			
Issued capital	8	**43,440,163**	43,440,163
Reserves		**201,600**	201,600
Retained losses		**(25,647,554)**	(25,345,584)
Equity attributable to owners of the parent		**17,994,209**	18,296,179
Total equity		**17,994,209**	18,296,179

The statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
for the half-year ended 31 December 2016

	Note	Ordinary share capital $	Option reserve $	Accumulated losses $	Total $
Balance at 1 July 2015		43,440,163	201,600	(20,918,384)	22,723,379
Loss for the period		-	-	(785,537)	(785,537)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	(785,537)	(785,537)
Shares issued during the period	8	-	-	-	-
Share issue transaction costs		-	-	-	-
Balance at 31 December 2015		**43,440,163**	**201,600**	**(21,703,921)**	**21,937,842**
Balance at 1 July 2016		43,440,163	201,600	(25,345,584)	18,296,179
Loss for the period		-	-	(301,970)	(301,970)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	(301,970)	(301,970)
Shares issued during the period	8	-	-	-	-
Share issue transaction costs		-	-	-	-
Balance at 31 December 2016		**43,440,163**	**201,600**	**(25,647,554)**	**17,994,209**

The statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
for the half-year ended 31 December 2016

	Half-year ended	
	31-Dec-16	**31-Dec-15**
	$	**$**
Cash flows from operating activities		
Receipts from petroleum operations	663,380	683,035
Payments to suppliers and employees	(628,134)	(1,067,786)
Cash generated by operations	35,246	(384,751)
Interest received	7,962	6,857
Net cash generated by/(used in) operating activities	43,208	(377,894)
Cash flows from investing activities		
Payments for exploration and evaluation assets	(21,195)	(49,334)
Payments for oil production & development assets	(621,272)	(390,176)
Payments for property plant and equipment	(34,358)	(101,089)
Loans advanced (net)/repayments	(62,389)	(21,091)
Net cash (used in) investing activities	(739,214)	(561,690)
Net (decrease) in cash and cash equivalents	**(696,006)**	**(939,584)**
Cash and cash equivalents at the beginning of the period	1,760,668	1,508,539
Effects of exchange rate changes on the balance of cash held in foreign currencies	21,165	9,879
Cash and cash equivalents at the end of the period	**1,085,827**	**578,834**

The statement of cash flow is to be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements for the half-year ended 31 December 2016

1. Corporate Information

The financial report of Bounty Oil and Gas NL and its controlled entities ("the Group") for the Half-Year ended 31 December 2016 was authorised for the issue in accordance with a resolution of the Directors.

Bounty Oil and Gas N.L. Is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

2. Summary of significant accounting policies

The interim financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting.

The interim financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report. It is also recommended that this report be considered together with any public announcements made by the Group during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

a. Basis of preparation and accounting policies

The interim financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2016 and any public announcements made by the Group during the interim reporting period, in accordance with the continuous disclosure requirements of the Corporations Act 2001. The accounting policies adopted in this interim financial report are the same as those policies applied in the 2016 Annual Report, except for the adoption of new standards and interpretations as of 1 July 2016, noted below:

New accounting standards and interpretations

The Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016.

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 2017 Annual Report as a consequence of these amendments.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business.

b. Basis of consolidation

The interim financial statements comprise the financial statements of Bounty Oil and Gas N.L. and its controlled subsidiaries ("the Group").

c. Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

Notes to the consolidated financial statements
for the half-year ended 31 December 2016

d. Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the full year financial report as at and for the year ended 30 June 2016.

e. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilites, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation of uncertainty are the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2016.

f. Going concern basis

The directors have prepared the financial report on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the period ended 31 December 2016, the Group realised a net loss after tax of $301,970 (2015: loss $785,537). This was largely driven by non recurring impairment charge on fair valuation of interest in ATP1189 Naccowlah joint operations. The net cash generated from operating activities for the period ended 31 December 2016 was $43,208 (2015: net cash used $377,894). The Group’s net asset position at 31 December 2016 was $17,994,209 (30 June 2016: $18,296,179) and its cash balance amounted to $1,085,827 (30 June 2016: $1,760,668).

The directors’ cash flow forecasts project that the group will continue to be able to meet its liabilities and obligations (including those exploration commitments as disclosed in Note 12) as and when they fall due for a period of at least 12 months from the date of signing of this financial report. The cash flow forecasts are dependent upon the generation of sufficient cash flows from operating activities to meet working capital requirements, the ability of the group to manage discretionary exploration and evaluation expenditure on non-core assets via farmout or disposal of certain interests and or a reduction in its future work programmes. The directors are of the opinion that the use of the going concern basis of accounting is appropriate as they are satisfied with the ability of the group to implement the above.

g. Fair value measurement

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilites. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets and liabilites carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendmends were also made to other standards.

AASB 13 requires the disclosure of fair value information by the level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that a significant input to the measurement can be categorised into as follows:

- level 1: Measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

-level 2: Measurements based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

-level 3: Measurements based on unobservable inputs for the asset or liability.

The carrying values of financial assets and liabilites recorded in the financial statements approximates their respective fair values, determined in accordance with the acounting policies described above and adjusted for capitalised transaction costs, if any.

Notes to the consolidated financial statements for the half-year ended 31 December 2016

3. Operating segment Information

Identification of Reportable Segments

Information reported to the Chief Operating Decision Maker, being the CEO, for the purposes of resource allocation and assessment of the performance is more specifically focused on the category of business units. The Group's reportable segments under AASB 8 Operating Segments are therefore as follows:

Core Petroleum Segment - Oil and gas exploration, development and production
Secondary Segment - Investment in listed shares and securities.

Segment revenue and results	Segment revenue		Segment profit/(loss)	
	31-Dec-16	31-Dec-15	**31-Dec-16**	31-Dec-15
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	**1,298,095**	681,731	**222,704**	(240,705)
Development projects	**-**	-	**-**	-
Exploration projects	**-**	-	**(10,263)**	-
Secondary Segment				
Listed securities	**6,514**	(71,046)	**6,514**	(71,046)
Total from continuing operations	**1,304,609**	610,685	**218,955**	(311,751)
Other revenue			**29,129**	60,574
Central admin costs and directors remuneration			**(550,054)**	(534,360)
Profit before tax			**(301,970)**	(785,537)

Revenue reported above represents revenue/income generated from external sources. There were no intersegment sales during the period (2015: nil)

The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 1. Segment profit/(loss) in this Note represents the profit/(loss) earned by each segment without allocation of central administration costs and directors remuneration, other investment revenue such as interest earned, finance costs and income tax expense.

Information about major customers

Included in the revenue arising from direct sales of petroleum of $1,298,015 (2015: $681,731) are revenue of approximately $1,001,108 (2015: $348,005) which arose from sales to the Group's largest customer. Revenue from the Group's second largest customer was approximately $197,800 (2015: $157,592). No other single customer contributed 10% or more to the Groups revenue for both 2016 and 2015.

Other segment information	Amortisation, depreciation & depletion		Additions to non-current assets	
	31-Dec-16	31-Dec-15	**31-Dec-16**	31-Dec-15
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	**199,772**	246,848	**466,528**	4,420,007
Development projects	**-**	-	**46,673**	253,341
Exploration projects	**-**	-	**21,195**	49,334
Secondary Segment				
Other	**4,912**	7,737	**-**	-
Total	**204,684**	254,585	**534,396**	4,722,682

Notes to the consolidated financial statements for the half-year ended 31 December 2016

3. Segment Information (continued)

	Impairment losses(expenses)		Exploration write off	
	31-Dec-16	31-Dec-15	**31-Dec-16**	31-Dec-15
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	**518,142**	-	**-**	-
Development projects	**-**	-	**-**	-
Exploration projects	**-**	-	**10,263**	-
Secondary Segment				
Total	**518,142**	-	**10,263**	-

	Segment assets		Segment liabilities	
	31-Dec-16	30-Jun-16	**31-Dec-16**	30-Jun-16
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	**7,241,226**	7,364,626	**1,630,923**	1,431,794
Development projects	**1,066,762**	1,020,089	**187,274**	8,734
Exploration projects	**9,135,789**	9,124,857	**38,595**	23,796
Secondary Segment				
Listed securities	**30,965**	24,450	**-**	-
Unallocated	**2,559,071**	2,527,906	**182,813**	301,425
Total	**20,033,813**	20,061,928	**2,039,604**	1,765,749

Geographical Segment information

The following table details the group's geographical segment reporting of revenue and carrying amount of assets in each geographical region where operations are conducted.

	Revenue		Carrying amounts of assets	
	31-Dec-16	31-Dec-15	**31-Dec-16**	30-Jun-16
	$	$	**$**	$
Australia	**311,465**	661,380	**15,902,619**	15,869,694
Tanzania	**1,001,108**	-	**4,131,194**	4,192,234
Total	**1,312,573**	661,380	**20,033,813**	20,061,928

4. Revenue and other income

	31-Dec-16	31-Dec-15
Sales revenue:	**$**	$
Oil and gas sales	**1,284,702**	665,501
Revenue from tariffs	**13,393**	16,230
Total sales revenue	**1,298,095**	681,731
Investment income:		
Investment income from financial assets at fair value through Profit and loss (held for trading listed shares)		
Realised gain	**-**	-
Unrealised (loss)/gain	**6,514**	(71,046)
Total investment income	**6,514**	(71,046)
Other income:		
Interest received	**7,962**	6,586
Other income	**2**	44,109
Total other revenue	**7,964**	50,695
Total revenue	**1,312,573**	661,380

Notes to the consolidated financial statements for the half-year ended 31 December 2016

5. Other current financial assets	Note	31-Dec-16 $	30-Jun-16 $
Financial assets at fair value through profit and loss - shares in listed corporations		**30,965**	24,450
Total current financial assets		**30,965**	24,450

6. Non current assets

(a) Production and development assets

SW Queensland			
Joint operation interest in ATP1189 Naccowlah Block – at cost	13	**3,576,219**	3,025,444
Less: Amortisation		**(440,000)**	(400,000)
Less: Impairment		**(518,142)**	-
East Queensland			
PL119 Downlands – at cost		**3,796,740**	3,785,404
Less: Depletion and amortisation		**(2,518,608)**	(2,518,609)
Rehabilitation costs – all petroleum properties		**809,204**	847,875
Nyuni Block Tanzania - Kiliwani North			
Joint operation interest in Nyuni Block - Kiliwani North at cost	13	**2,635,813**	2,624,512
Less: Amortisation		**(100,000)**	-
All other development assets		**1,066,762**	1,020,089
Total production and development assets		**8,307,988**	8,384,715

(b) Exploration and evaluation assets

Exploration assets	13	**9,135,789**	9,124,857
Total exploration assets		**9,135,789**	9,124,857

7. Plant property and equipment

Opening balance	**629,112**	1,676,758
Expenditure incurred during the period	**34,358**	115,186
Impairment expense	**-**	(89,983)
Less: Depreciation expense	**(24,827)**	(88,457)
Disposals during the period	**(78,644)**	(984,392)
Balance carried forward	**559,999**	629,112

8. Issued capital

(a) Share Capital	**43,440,163**	43,440,163
(b) Movement in fully paid ordinary shares	**No. of Shares**	No. of Shares
Balance at beginning of period	**953,400,982**	953,400,982
Shares issued during the period	**-**	-
Balance at end of period	**953,400,982**	953,400,982

9. Controlled entites

Set out below are the Group's subsidiaries at 31 December 2016. The controlled entities listed below have share capital consisiting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. Each entity's country of incorporation or registration is also its principal place of business.

Name of Subsidiary	Principal place of Business	Ownership Interest held by the Group	
		31-Dec-16	30-Jun-16
Ausam Resources Pty Ltd.	Sydney, Australia	**100%**	100%
Interstate Energy Pty Ltd.	Sydney, Australia	**100%**	100%

Notes to the consolidated financial statements for the half-year ended 31 December 2016

10. Financial instruments

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described in note 2(g) above, and based on the lowest level input that is significant to the fair value measurement as a whole.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The financial assets and liabilities of the Group are recognised in the consolidated statement of financial position in accordance with the accounting policies set out in Note 2 of the 2016 Annual Report.

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:
Trade and other receivables
The carrying value is a reasonable approximation of fair value due to the short-term nature of trade receivables.
Available for sale investments
The fair value of available for sale investments is determined by reference to their quoted market price on a prescribed equity stock exchange at the reporting date, and hence is a Level 1 fair value measurement.
Trade and other payables
The carrying value is a reasonable approximation of fair value due to the short-term nature of trade payables.

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Consolidated		Note	Fair value hierarchy	31-Dec-16 $	30-Jun-16 $
Financial assets at fair value through profit or loss	**Quoted bid prices in an active market**	**12**	Level 1	**30,965**	24,450

11. Impairment of oil & gas properties

During the half year impairments were made as follows:	31-Dec-16 $	31-Dec-15 $
ATP 1189 Naccowlah JV	**518,142**	-

In accordance with the Group's accounting policies and procedures, the Group performs its impairment testing at the end of each reporting period. A number of factors represented indicators of impairment for ATP 1189 Naccowlah JV as at 31 December 2016, including low average oil prices throughout the period. No other impairments are recognised for this reporting period.

Key assumptions used:	2016-2018	2019+
Crude oil price (US$)	$43 increasing to $58	$71 increasing to $97
Average AUD:USD exchange rate	$0.72	$0.62
CPI (%)	2.5%	2.5%
Pre-tax discount rate (%)	9.0%	9.0%

12. Contingencies and commitments

As at the date this report, there were no contingent assets or liabilities, other than the exploration commitments set out in this Note 12. All claims and contingent or related claims in connection with the PL214 Utopia joint venture between the holding company and Oilwells Inc of Kentucky (OWK) as operator of the joint venture were settled by a conditional agreement entered on 13 May 2016.During the period all conditions to settlement were completed and pursuant to the agreement the holding company became registered holder of Petroleum Lease 2 (Queensland). All proceedings in connection with the matter were discontinued on a no costs basis on 2 March 2017.
There is no other litigation involving Bounty Oil & Gas N.L. or its subsidiaries.

Notes to the consolidated financial statements for the half-year ended 31 December 2016

12. Contingencies and commitments (continued)

The aggregate of the consolidated entity's commitments through jointly controlled assets is as follows:

Payable	**31-Dec-16** **$**	30-Jun-16 $
Not longer than 1 year	**650,000**	650,000
Longer than 1 year and not longer than 5 years	**1,200,000**	2,275,000
	1,850,000	2,925,000

13. Interest in joint operations

Set out below are the joint arrangements of the Group as at 31 December 2016, which in the opinion of the directors are material to the Group:

Name of the joint arrangement	Principal activity	Measurement Method	Principal place of business	Ownership interest (%) (* approx.) 31-Dec-16	30-Jun-16
ATP 1189P Naccowlah block	Production	Proportionate	Adelaide, Australia	**2%**	2%
ATP 754P	Exploration	Proportionate	Sydney, Australia	**50%**	50%
PEP11	Exploration	Proportionate	Perth, Australia	**15%**	15%
Nyuni PSA	Exploration	Proportionate	Dar es Salaam, Tanzania	**5%**	5%
Kiliwani North	Production	Proportionate	Dar es Salaam, Tanzania	**9.5%***	9.5%*

The accounting policies adopted for the group's joint operations are consistent with those of the previous financial year and corresponding interim reporting period.

14. Events occurring after the reporting period

No matters or circumstances have arisen since the end of the half year ended 31 December 2016 which have significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years .

Bbl(s): barrel(s) of oil
mmbo: million barrels of oil
Boe: barrels of oil equivalent
MMBOE: million barrels of oil equivalent
BCF: billions of cubic feet of natural gas
TCF: trillions of cubic feet of natural gas
MMcf/d: millions of cubic feet of natural gas (/d per day)
CSG: coal seam gas
PSA: Production Sharing Agreement
PSC: Production Sharing Contract
PL: Petroleum production lease
ATP: Authority to prospect for petroleum
TPDC: Tanzania Petroleum Development Corporation
Pmean: 50% probability of occurrence
P90: 90% probability of occurrence
P10: 10% probability of occurrence
OOIP/GIIP: Oil or Gas initially in place
Contingent Resources: discovered resources, not yet fully commercial
Prospective Resources: undiscovered resources
2D/3D: 2D seismic data creates a 2 dimensional cross section of data (either in time or depth) and 3D creates a 3 dimensional block of data
AVO: amplitude versus offset processing of seismic data to reveal possible hydrocarbons.

DIRECTORS' DECLARATION

In the Director's opinion:
a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001 and:
(i) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
(ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date
b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Graham Reveleigh
Director

Dated: 15 March 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bounty Oil & Gas NL and its controlled entities

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Bounty Oil & Gas NL and its controlled entities (the Group) which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the group's financial position as at 31 December 2016 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Bounty Oil & Gas NL and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Matters Relating to Electronic Publication of the Audited Financial Report

This review report relates to the financial report of the consolidated entity. We have reviewed the accompanying half-year financial report of Bounty Oil & Gas NL and its controlled entities (the Group) for the half-year ended 31 December 2016 included on the website of Bounty Oil & Gas NL. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the subject matter described above.

Matters Relating to Electronic Publication of the Audited Financial Report (continued)

It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bounty Oil & Gas NL and its Controlled Entities is not in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

William M Moyes - Partner

Moyes Yong & Co Partnership

Dated this 15th day of March 2017