Bounty Oil & Gas NL

ANNUAL REPORT 2014

ANNUAL GENERAL MEETING:

The 2014 Annual General Meeting will be held at Amora Hotel Jamison Sydney, 11 Jamison Street, Sydney NSW 2000 on 20 November 2014 commencing at 11.00 a.m.

The Notice of Meeting and Proxy Form have been mailed separately from this Annual Report.

Front Cover
Kiliwani Gas Project - Pipeline construction
Back Cover
Oil operations SW Queensland and AC/P 32 Timor Sea

KEY OUTCOMES 2014

AUSTRALIA

- Profit after tax of $ 1.14 million
- Oil revenue reaches record of $ 3.14 million
- Revenue and sale of listed securities generate $ 4.12 million
- Oil Business strategy on track to provide further growth:-
  - AC/P32 renewed for 5 years and Bounty seismic work in AC/P32, Timor Sea firming up potential 500 million bbl oil in place target at Azalea ready for Farmout
  - Further appraisal drills and tie ins planned for growth in Queensland oil production

TANZANIA – NYUNI BLOCK

- Major gas pipeline and plant construction now almost completed will provide sales line for Kiliwani North (KN) gas field to commence gas sales in early 2015
- Nyuni PSA – new 3D seismic planned to image deep water turbidite gas plays of up to 1.3 TCF potential

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Website

Bounty maintains a website at:

www.bountyoil.com

On our website you will find full information about the Company. Every announcement made to the Australian Securities Exchange (ASX) is published on the website. You will also find detailed information about the Company's Exploration and Production Permits.

Stock Exchange Listing

Bounty Oil & Gas N.L. securities are listed on the Australian Securities Exchange.

ASX Code: BUY

Bounty Oil & Gas NL
ACN: 090 625 353
ABN: 82 090 625 353

Annual General Meeting:

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CHAIRMAN'S REVIEW

Dear Shareholder,

Bounty has consolidated its position as an oil producer during the year to 30 June 2014, by passing $3.1 million gross revenue from sale of crude for the first time in its history. In addition to this milestone it has identified a "company making" oil play in its 100% owned AC/P 32 block in the Timor Sea.

The company also received income from the trading of listed securities. It has not been necessary to resort to shareholders for additional equity during the year.

As a result, the company made a profit of $1,138,300 for the year.

Connecting the new successful production wells at Naccowlah and Utopia to production pipelines has effectively replaced the crude produced during the year from these oil fields. The P2 confidence level discovered reserves remain at 2.66 million barrels of oil equivalent.

Working through the regulatory and land access issues in the Surat Basin in Southern Queensland has proved both slow and frustrating, but some progress is being made. As Bounty acquires acreage positions in the Surat Basin, it will increase the business where Bounty will conduct its own operations.

At the Tanzanian gas project, progress with the construction of infrastructure has been excellent during the year. The main 36" gas pipeline from southern Tanzania to Dar es Salaam has been completed, and the 24" lateral to Songo Songo Island is also complete. The pipeline connecting Kiliwani North 1 to the gas plant on Songo Songo is nearing completion, and the joint venture will be physically able to sell its gas from the well head. Negotiations on the gas sale contract are well advanced, and we expect to be marketing gas in early 2015.

This will result in a significant increase in the revenue stream from petroleum production for your company.

Re-processing of the 3D seismic data from AC/P 32 in the Timor Sea was completed. The new interpretation confirmed what we foreshadowed in last year's report, defining a stratigraphic target with a closure of 500 million bbls oil in place, of which 100 million bbls will probably be recoverable. Assistance has been sought from an International Group to find a potential JV partner for this excellent project. The permit was renewed for five years by the Australian Government earlier this year.

It is with great sadness that I must report to shareholders the passing of one of our Directors, Mr J Gary (Gazza) Higginbotham. Gary resigned as a Director and Company Secretary on 4 June 2014, due to ill health, and passed away peacefully on 1st August 2014. Gary contributed a considerable amount to the company since his appointment on 14 March 2008, and his corporate knowledge, dry sense of humour and direct approach to matters will be missed at Bounty.

On a brighter note, I welcome Roy Payne to the Board, a lawyer from Cairns, who joined us on 30th May 2014, and the appointment on 6th June 2014 of Sachin Saraf as Company Secretary.

With the new interpretation of the 3D seismic data at AC/P 32, Bounty has entered a high impact period of its history, where it is confident it will find a farm-in partner to drill this major target. Further development in the Surat Basin during 2015 will add to oil production.

I wish to thank the management, staff, and consultants for their continued hard work and contribution to the progress of the company during the year. I also wish to acknowledge the continued support and enthusiasm of the people who form the backbone of Bounty's shareholders. We look forward to continuing to provide increased shareholder value in the coming year.

GRAHAM REVELEIGH
Chairman

22 October 2014.

CEO'S REVIEW

Introduction

Bounty has achieved record petroleum revenue edging past $3 million for the year and with new projects in the pipeline we anticipate further growth.

Early in 2015 Bounty will have its first African production in East Tanzania. The pipeline construction project is all but complete. Gas production from the Kiliwani North field development will provide a further lift in Bounty's petroleum revenue. The Kiliwani project will be the first step in what Bounty hopes will be further gas discoveries and development in the large strategic Nyuni Block surrounding the production licence.

Bounty is aiming to obtain a farmout and subsequent drill test of the major Azalea Prospect identified in AC/P 32 located 25 km northeast of the Montara Oil Development in the Timor Sea. The Azalea prospect is a 500 mmbbl original oil in place target (OOIP).

While the south-west Queensland and east Queensland projects continued at a lower investment level Bounty continues to put resources into these oil and gas production, development and exploration areas.

We anticipate a strong petroleum and energy sector in coming years and Bounty plans to grow in 2015 based on Tanzanian gas.

Highlights for the Year

- Group oil revenue for the year up 45% to $ 3.14 million (2013:$2.173 million) as additional production from Utopia and Naccowlah projects was added.
- Total revenue of $4.118 million (2013: $3.067 million).
- Profit on trading listed securities of $1.239 million.
- Net profit after tax of $ 1.138 million (2013: Loss $ 1.496 million) following increases in petroleum related revenue of $0.969 million.
- Total investment in oil production and development projects of $1.541 million achieving tie in of new 2P oil reserve additions from successful oil appraisal and development drills in SW Queensland.
- Kiliwani North gas project in Tanzania moving towards sales agreement.
- 500 mmbbl OOIP prospect delineated in AC/P32 Timor Sea and Permit renewed for 5 years.
- Cash and current assets at 30 June 2014 of $3.85 million.
- Strong balance sheet with nil debt.

Oil Business

Oil production increased to 25,587 bbls (2013: 21,205 bbls).

Further development drilling at Utopia PL 214 has led to a reduction in oil resources so that Bounty's total proved producing and contingent reserves at Utopia total 1.433 million barrels. Total group proved producing reserves at the P50 level decreased slightly to 725,000 barrels having an estimated value of $14.5 million at $20 per bbl.

Bounty elected to participate in one additional Utopia development well – Utopia 16. The well will be P&A'd. As a result Bounty is carefully evaluating any possible participation in an expanded development program in 2015.

In the Naccowlah Block although we hold a 2% interest; in 2013 we participated in three very successful wells to develop the Irtalie East Oil Field which lies 20 kilometres south-east of Jackson. Of note was Irtalie East 5 which intersected between 9 and 12 metres of net oil pay in the Basal Birkhead/Hutton Formations. These wells have now been placed on production.

Operations in the Surat Basin are still pending a number of regulatory approval and land access agreements, however; importantly PL 2 Alton was renewed after year end. We expect that 2015 will see interesting developments for your company in the Surat Basin.

Oil Growth Projects - AC/P32 Timor Sea

During the year Bounty completed reprocessing of 3D seismic data at the 100% owned and operated AC/P32 offshore permit. Bounty was fully compliant with its work commitment program and the permit was renewed for a further term of five (5) years in mid-2014.

AC/P32 is located in the Ashmore Cartier region in the oil prone and prolific Vulcan Graben region.

Bounty's current assessment is that there are at least two major stratigraphic prospects in the area with the potential to discover 500 mmbbls original oil in place in the Cretaceous age Puffin Sandstone in the Azalea area (just to the west of where the Wisteria 1 well was drilled in 2008) with 100 mmbbls recoverable oil. There is also the potential to discover additional resources in the Jurassic age formations.

During the next 12 months Bounty will focus on pursuing its farmout marketing campaign and preparing to drill an offshore well in AC/P 32 to test one of these major targets; most likely the Azalea prospect. The expected cost of a well will be around $25 million which will be funded by farmout. A discovery will lift Bounty into a major project and to being a mid-level Australian oil operator.

Tanzania – Kiliwani North & Gas Commercialisation

The Kiliwani North gas development is about to become a reality. The gas sales agreement with the Tanzanian Petroleum Development Corporation (TPDC) is very close to completion with final contract details being negotiated. The revenue from gas sales should see Bounty's group revenue increase to $4.5 - $5.0 million in 2015 providing a platform for further growth.

Construction of gas pipelines and infrastructure to Songo Songo Island (Kiliwani Block) is all but complete.

Completion of the transmission infrastructure will make further drilling and development of the Kiliwani/Nyuni gas complex a potential major project for Bounty.

The new 517 km 36" diameter pipeline to Dar es Salaam will provide ample delivery capability for gas from Kiliwani North and any subsequent discoveries which Bounty and its partners may make in the Nyuni PSA Block.

As well as the pipeline, a gas compression and treatment plant has been constructed on Songo-Songo Island less than 2 km from our Kiliwani North Field.

Production from the field, considered by Bounty to represent a contingent resource of 45 BCF gross to partners, is expected to commence in early 2015.

It is anticipated that once Kiliwani North is in production and revenue flows to Bounty from that project that the joint venture will then focus on conducting further seismic surveys in the rest of the Nyuni Block.

Tanzania - Nyuni Area PSA

The Nyuni Area PSA was renewed in late 2011 for an eleven year period and replaced the Nyuni/East Songo-PSA after it expired.

In mid-2014 after some delay the joint venture issued tenders for a 3D seismic survey in the eastern part of the Nyuni Block PSA covering the updip section from the East Pande Block and was awaiting certain approvals from the TPDC.

The joint venture now believes that there could be high gas prospectivity in the deep water sector of our existing acreage.

Unconventional Gas Business

The potential for conventional and unconventional gas in PRL's 33 – 49 (formerly PEL 218) (Nappamerri Project) South Australia has been further enhanced. During the year Bounty, Beach Energy and Icon Energy Limited were very close to completing all formal joint operating agreements and it is expected that they will be signed by the end of 2014. Further, Bounty's tenure was strengthened with the whole of PEL 218 being converted to petroleum retention leases protecting the Beach Energy Limited and

Chevron Australia Limited deeper gas project in the Cooper Basin section but nonetheless enhancing the Eromanga Basin sequence security of tenure for Bounty. Bounty has the potential to add major additional resources with the Nappamerri Project a key gas focus area.

Bounty also continued to build its land positions in the Surat Basin as a value adding exercise with certain additional acquisitions at year end.

Looming gas supply shortages in eastern Australia continue to provide encouragement for the pursuit of unconventional gas in some of Bounty's permits.

Petroleum Exploration and Development

The operator of PEP 11 Sydney Basin has indicated that it is preparing to proceed with either 2D or 3D seismic surveys in 2015. There has been extensive publicity on the looming gas supply shortfall in New South Wales.

Conclusion

Bounty has a number of strategically placed development projects with emphasis on gas production from the Kiliwani project in early 2015.

Oil prices are expected to strongly rebound to a TAPIS price of in excess of US$100 per barrel and Bounty will continue to work to farmout and drill in AC/P32, Timor Sea.

Management continues to look for additional opportunities where Bounty shareholders can obtain good leverage through additional oil revenue. Our longer term vision for gas in the Surat Basin is advancing steadily with major gas supply shortages now looming in eastern Australia.

Bounty is very excited about the future.

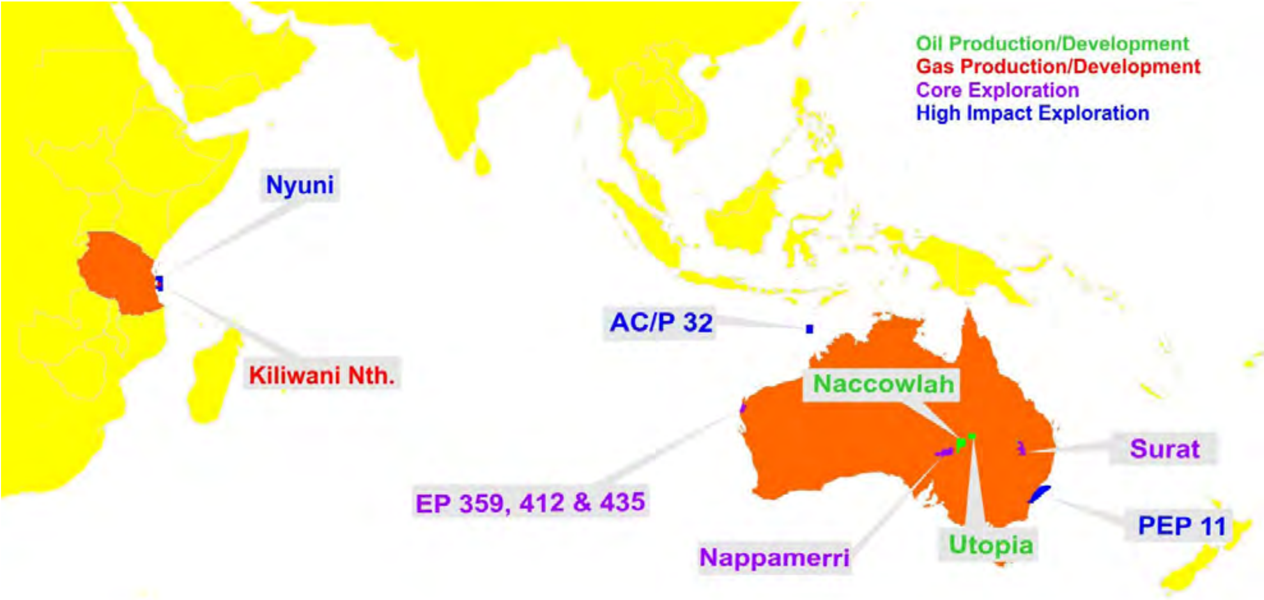
PHILIP F. KELSO
Chief Executive Officer

Dated: 22 October 2014

PROJECT and OPERATIONS REVIEW

Bounty Projects

Bounty's projects are located in Australia, with the exception of the Nyuni and Kiliwani North Joint Ventures which are located offshore Tanzania, East Africa.



Summary Land Position

Offshore Australia	Equity	Km^2 Gross	Km^2 Net
AC/P 32	100%	336.00	336.00
PEP 11	15%	4576.50	686.48
Offshore Tanzania			
Nyuni PSA	5%	1682	84.1
Kilwani North	10%	168	16.8
Onshore Australia			
Naccowlah Block Eromanga Basin	2%	2544	50.88
Utopia Oilfield Eromanga Basin	40%	220.5	88.2
Nappamerri South Australia	23%	1603.7	373.34
Surat Basin Queensland	Various	1582.4	864.09
Rough Range Carnarvon Basin WA	Various	1270.4	345.12
Total		**13983.50**	**2845.00**

This table summarises Bounty's land position as at 1 October 2014. Bounty's schedule of tenements as at 30 June 2014 is included in Additional Information Required by ASX Listing Rules at the end of this Report.

OIL BUSINESS

Production

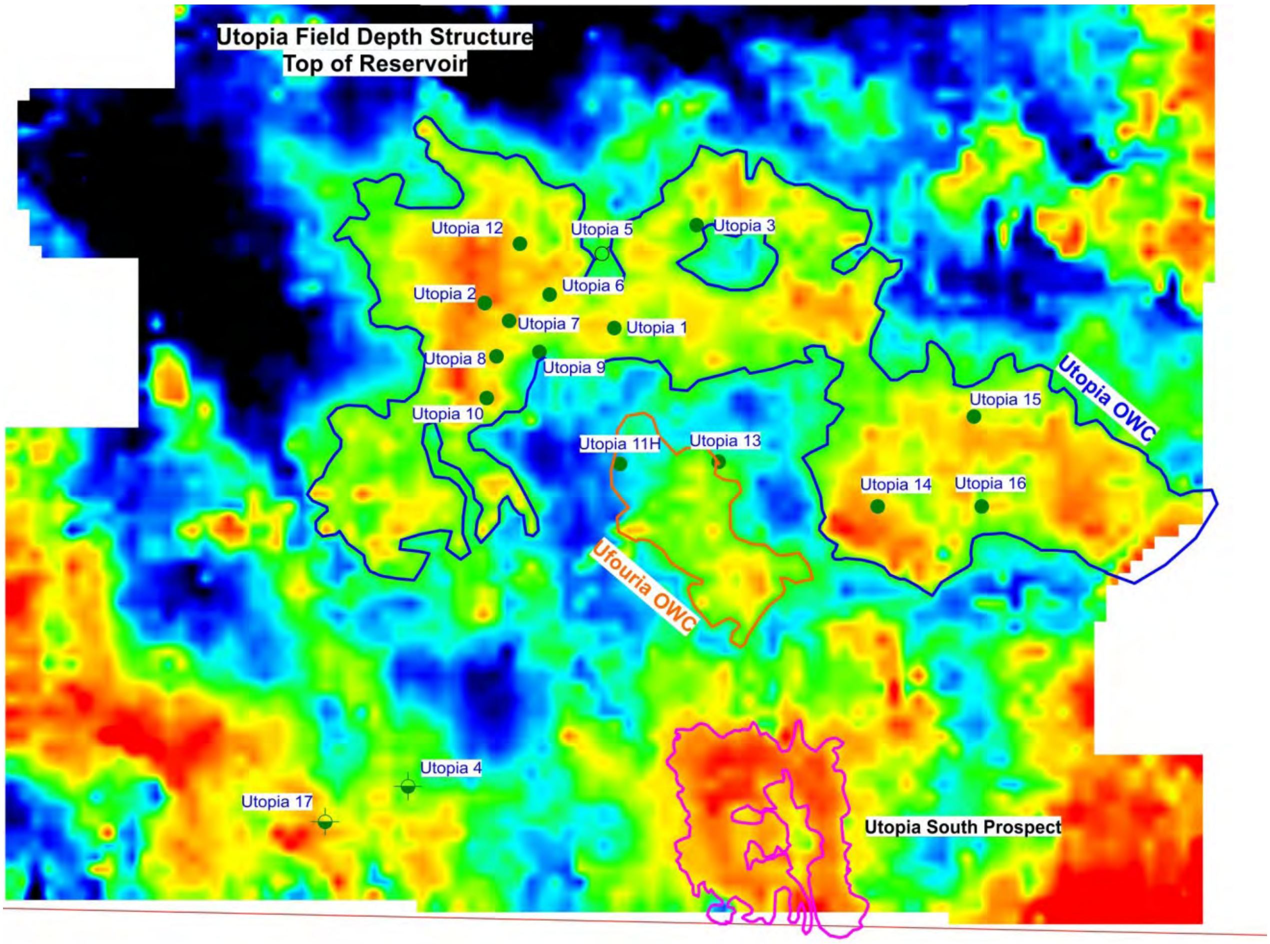
During the year ended 30th June 2014 the company continued to produce light sweet crude oil from the Utopia Field, and produced oil from several oil fields and leases in ATP 259P, Naccowlah Block. Both Blocks are located in SW Queensland. As a result of drilling operations and production optimisation Bounty's production in July 2014 had been maintained at the same rate as for end June 2013.

Bounty's petroleum production and sales for the year ended 30 June 2014 are summarised in the Review of Operations set out in the Directors Report.

Development

Utopia Block; PL 214 and ATP 560P Eromanga Basin, SW Queensland – Bounty 40%

Location: 30 km south/east of Tarbat/Ipundu oil fields and 45km south/east of Eromanga.



Background

Bounty produces 30 BOPD from oil wells developed in the Murta Formation at a depth of 1000 metres below surface. Ongoing development drilling is guided by 3D seismic.

2013/14 Development

Bounty participated in one development well Utopia 16 which intersected oil but did not produce on subsequent extended production test, and went non consent on two wells:- Utopia 15 and Utopia 17. Utopia 16 and 17 will be P&A'd.

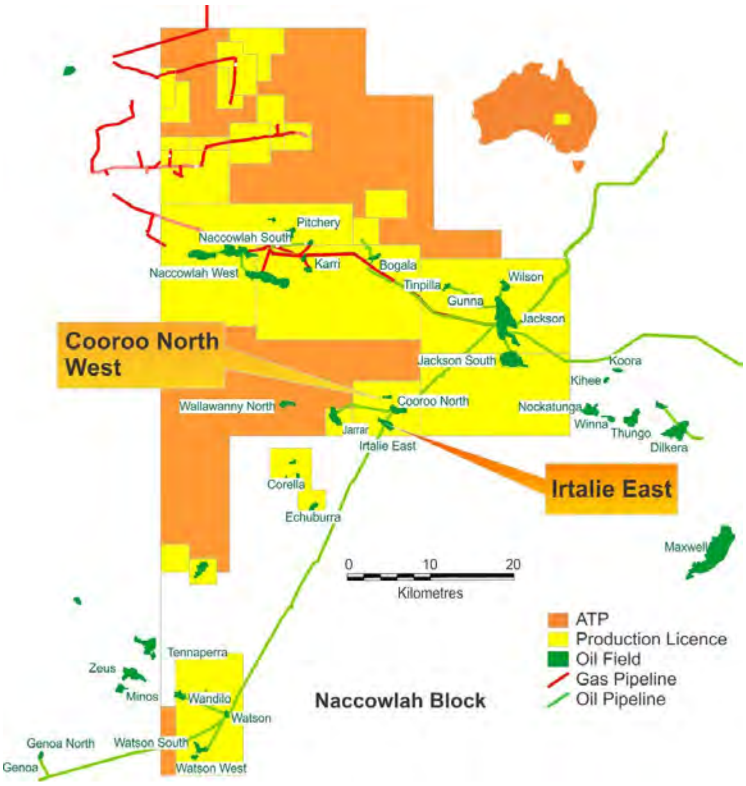
Future Work

Although drilling Utopia 15 and 16 in the south-eastern section of the field encountered oil the zone had low deliverability. The joint venture is conducting budget and technical reviews to give a basis for additional drill tests.

ATP 259P Naccowlah Block and Associated PL's SW Queensland - Bounty 2%

Location: Surrounding Jackson, Naccowlah and Watson Oilfields

Background



The Naccowlah Block covers 2544 km^2, 42% of which is covered by ATP 259P (N) and the remainder in 22 production leases (PL's) covering producing fields. There is significant production infrastructure. This area produces 42 BOPD net to Bounty and Bounty holds 2P reserves of 150,000 bbls. Since 2011 the operator has taken steps to reduce operating costs which have been most effective. This combined with an aggressive programme of production optimisation and successful development drilling at the Irtalie East field has arrested the natural production decline and made a significant contribution towards Bounty's operating results.

The Jackson and Jackson South fields and associated production facilities are one of the largest in onshore Australia.

2013/14 Development

Irtalie East 4 and 5 development wells were bought onstream with Irtalie East 5 coming on line at over 330 bopd in the first quarter 2014. A successful appraisal well was also drilled at Cooroo North West 1 which came online at around 100 bopd from the Westbourne Formation in second quarter 2014.

Future Work

Production optimisation is ongoing and further development wells at Irtalie East will be drilled in 2015.

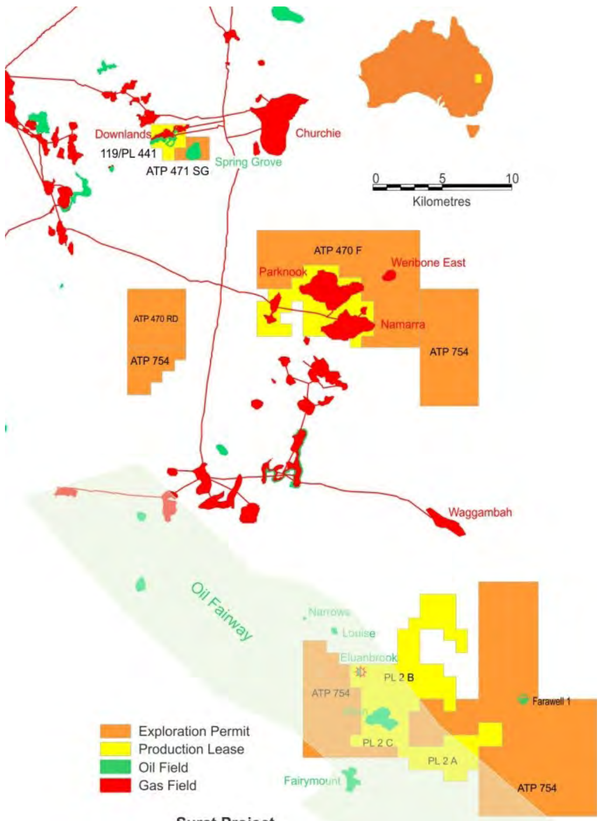
Exploration

Surat Basin, Southeast Queensland

Group Interests in this project are

Permit	Status	Group Equity
ATP 470 F	Granted	100%
ATP 470 RD	Granted	100%
ATP 471 SG	Granted	24.748%
ATP 754	Granted	50.0%
PL 2 A	Renewed	24.25%
PL 2 B	Renewed	24.25%
PL 2 C	Renewed	36.5%
PL 71*	Granted	20.0%
PL 119/PL 441	Renewing	100%

* Interest in new drills only



Surat Project Tenements

Location: From Surat to Alton Oil Field, Queensland

Background

Bounty initially gained an interest in the Surat Basin through the purchase of Ausam Resources Pty Ltd in 2009, and has added to the acreage through strategic acquisitions. Hydrocarbons in the southern part of the Surat Basin are generated in the underlying Bowen Basin Permian sequence and are liquids rich. The oil is trapped in the Triassic age Showgrounds Sandstone and in the Evergreen Formation.

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

Moving further North in Bounty's acreage the focus shifts to the Permian Tinowan Formation which frequently has a liquids rich gas charge and in places, like Bounty's PL 119/441 Downlands property, good porosity and permeability.

2013/14 Activities and Further Programmes

ATP 754P: the partners are still awaiting determination from the Queensland Government on an amended work programme.

Petroleum Lease (PL) 2: After the end of the period PL 2 was renewed over a slightly reduced area. PL 2 contains a structure up dip from the Eluanbrook 1 oil and gas well with potential for 200,000 bbls of recoverable oil. The renewal work programme will see the drilling of Eluanbrook 1 up dip.

ATP 470P: this permit was renewed in the past year and since year end Bounty has completed the transfer from the previous parties to 100% Bounty group equity.

ATP 471 SG: This property contains proven oil in Tinowan sands which were production tested with inconclusive results. It is a sub-block of a larger permit in which Bounty has no interest but there are plans to revisit the Spring Grove (SG) oil discovery in the future.

PL 71: Bounty has an interest in any future exploration drilling which may be undertaken

PL 119/PL 441: Downlands Oil and Gas Field. Bounty is now renewing the Petroleum Lease and negotiating Native Title matters as a precursor to renewing oil production from the lease.

Nappamerri PRL 33 – PRL 49 replacing (PEL 218) Eromanga Basin, NE South Australia – Bounty 23.28% in section above the Permian

Location: 50 Km northeast of Moomba, SA

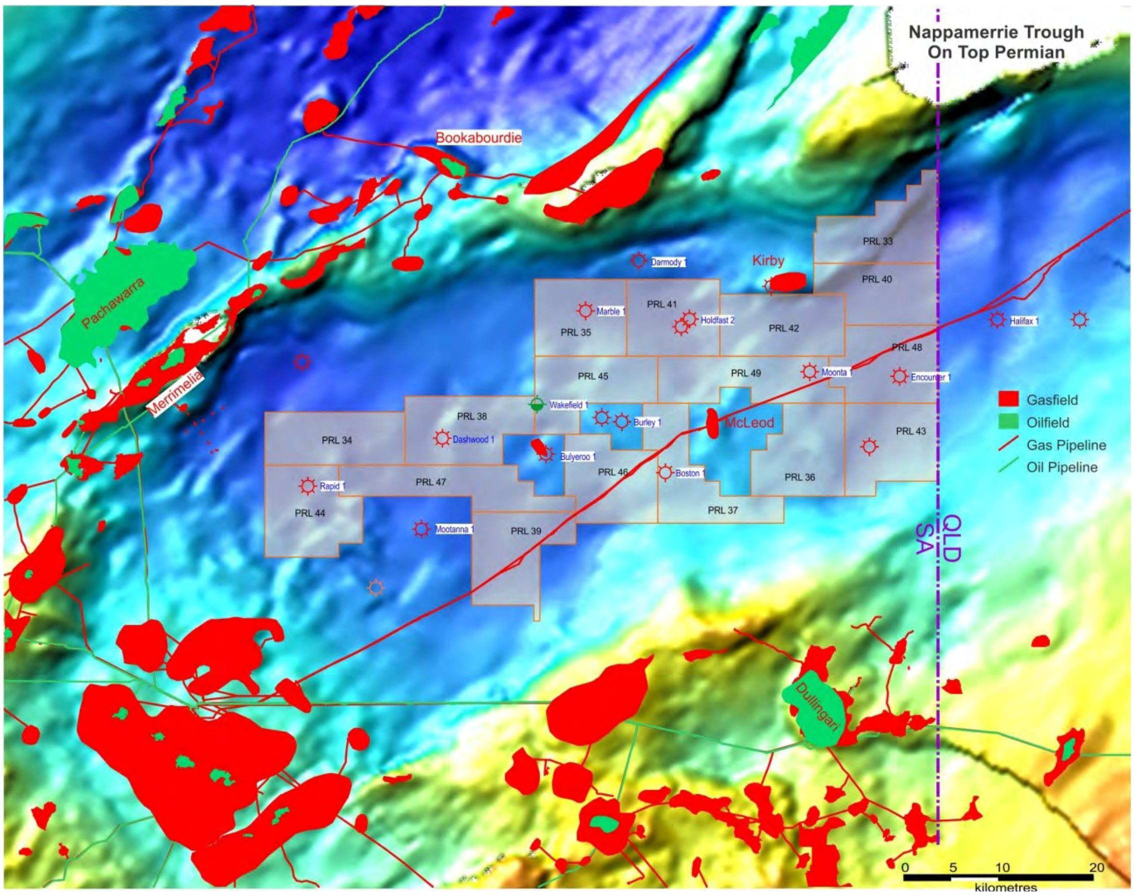
Background

The Permian Joint Venture (Cooper Basin), which does not include Bounty, have been exploring for deep unconventional gas in the Nappameri Trough with some success and have been granted retention licences covering the full extent of PEL 218. The supra-Permian JV (SPJV), in which Bounty has a 23.28% Working Interest, also has an interest in the supra-Permian section in each retention licence. At the end of this reporting period the formal JV arrangements were close to being finalised.

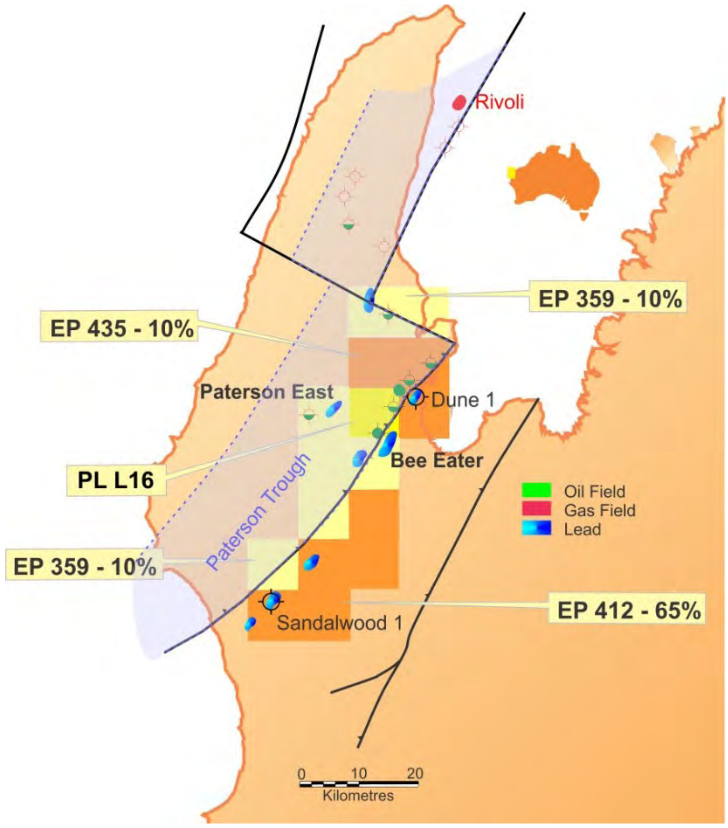
The SPJV drilled Wakefield 1 in September 2009 through which Bounty earned its interest, this is still suspended awaiting a decision to test oil shows in several formations in the Murta and McKinlay Members, Namur Sandstone, Adori Sandstone and Birkhead Formation. Wakefield 1 also intersected 9 metres of gassy coals in the basal Winton Formation, as these permits cover over 1600 km^2 if this gas is producible there could be considerable reserves very close to the gas reticulation system.

Halifax 1, a deep basin gas well drilled in the adjacent permit to the east in Queensland, recovered gas to surface from Triassic age sands just above the top of the Permian. Similar seismic zones have been identified by Bounty in this project area.

The work on the Cooper Basin deep gas fulfils the work commitments for these petroleum retention leases and contributes valuable logging data to assess the petroleum potential of the SPJV Eromanga Basin sequence.



EP 412 (Bounty 65% - Operator) and EP 435, Production Licence 04-5L and EP 359 (Bounty 10% in each Empire Oil and Gas NL Operator) – Onshore Carnarvon Basin, Western Australia



Location: Surrounding Rough Range Oil Field, 60Km south of Exmouth

Background

These permits straddle the Rough Range anticline, the location of the first oil discovery in Australia. The Dingo Claystone, the prime source rock for the Carnarvon Basin, is mature and generating oil in the Patterson Trough running along the west of the Licences and oil has migrated into Rough Range Anticline. The area has potential for oil in both conventional and unconventional pools. Targets are looking at early phase migration oil trapped before the Rough Range was formed and unconventional oil in the Paterson Trough

2013/14 Exploration

UIL Exploration did not take up their option to drill Bee Eater 1, but have not indicated their intentions to exercise their farmin rights to drill the Paterson Trough target.

The Joint Venture is reviewing options for the further exploration of these large permits.

Growth Projects

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

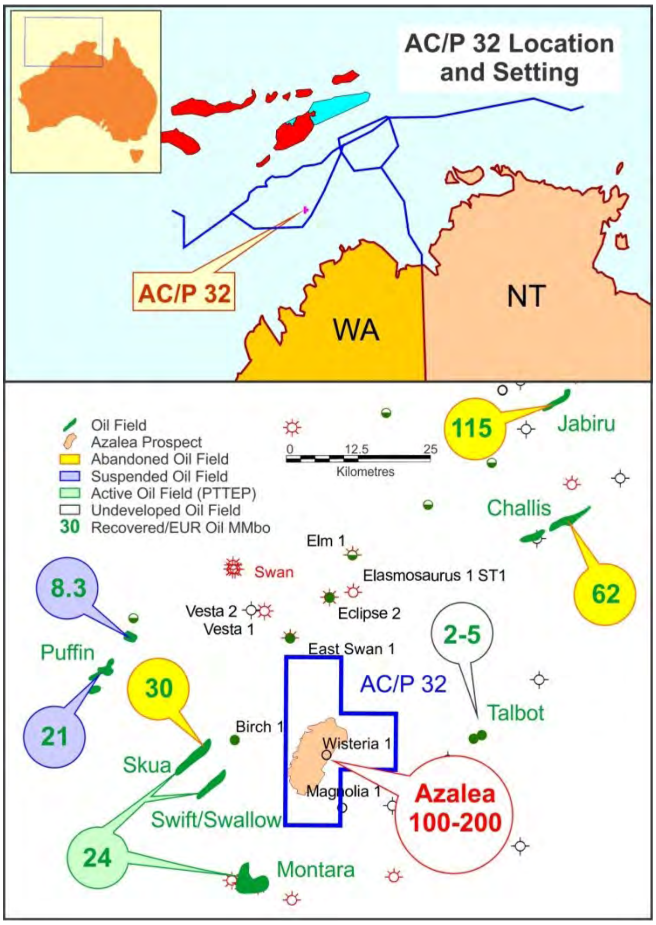
Location: Offshore 500 Km west of Darwin, NT.

Background

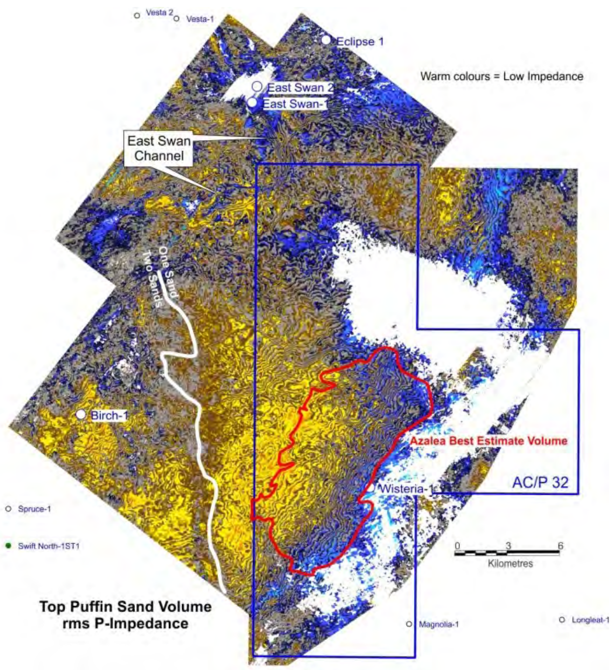
This permit is located within the Vulcan Sub-basin. In 2012 Bounty acquired a 100% interest in the permit and in June 2014 it was renewed for a further five years with a well commitment in Year 2 and Year 5 if needed. The principal target is the Azalea Prospect a 500 MMboip potential pool with recoveries in the 20 - 40% range.

The Azalea Prospect is:

- Located in a prolific hydrocarbon province
- Surrounded by multi-million barrel oil fields
- One of the largest untested potential oil pools in the Timor Sea
- Up dip from proven oil in Birch 1 and Swallow Oil Field 14 km to the west
- Outlined by seismic amplitude and AVO anomalies
- Associated with direct hydrocarbon indicators in the form of gas chimneys, diagenetic and shallow gas zones overlying the up dip edge
- Drill ready in water depths suitable for a jack up rig – ie 120 metres



2013/14 Exploration



Bounty completed seismic reprocessing in the previous reporting period and this year carried out Seismic inversion work on the reprocessed volumes. Essentially seismic reflection provides data from interfaces under the surface whereas inversion provides data on the rocks between the surfaces. The adjacent map is of seismic P-Wave Impedance, (which in sands is closely related to porosity), showing the sand distribution in the sand at the top of the Puffin Formation. This is the sand comprising the Azalea Prospect. The golden hues are sands, the more porous the more golden, poor sands and silts are grey, and silt to shales grey to blue. The white spaces are where the sand reflector is absent. This clearly shows the sand at Azalea shaling out to the east and to the north, before being truncated against the Top Cretaceous Unconformity. This presentation also shows the sands at Azalea are very similar to those at Birch 1 to the west which we know have porosity of around 24% and are very permeable.

Studies of other seismic attributes suggest that although the Azalea sand is expected to have similar porosity to Birch 1 its character is different when looking at factors most influenced by fluids. As this is an oil prospect anomalous features are more subtle and uncertain than gas but the differences are distinct suggesting a different fluid fill in the sand, the only real candidate is oil.

One of the classic features of hydrocarbon accumulations in this part of the Timor Sea is the presence of Hydrocarbon Related Diagenetic Zones (HRDZ) and shallow gas accumulations. These are widespread over the Skua, Swallow and Swift oil fields to the west and occur at Azalea immediately up dip from the prospect edge as is illustrated in the adjacent figure. This zone is being fed by active gas seeps up a "gas chimney" connecting with the Puffin Formation sands. These features occur in the Timor Sea where the seals on hydrocarbon pools are less sealing for gas than oil. Gas associated with oil fields slowly seeps upwards, in this case along small faults/fracture systems.

This is an extremely positive indication of a hydrocarbon charge at Azalea and supports the suggestion of anomalous fluids (i.e. not brine or gas) in the sands from seismic attribute work.

Future Work

The work commitment for the coming Year to June 23, 2015 is preparation for drilling and site evaluations. In the meanwhile Bounty is actively seeking a farmout partner to jointly drill Azalea 1 in the Year 2015/16. Bounty is conducting an international campaign for such farmout.

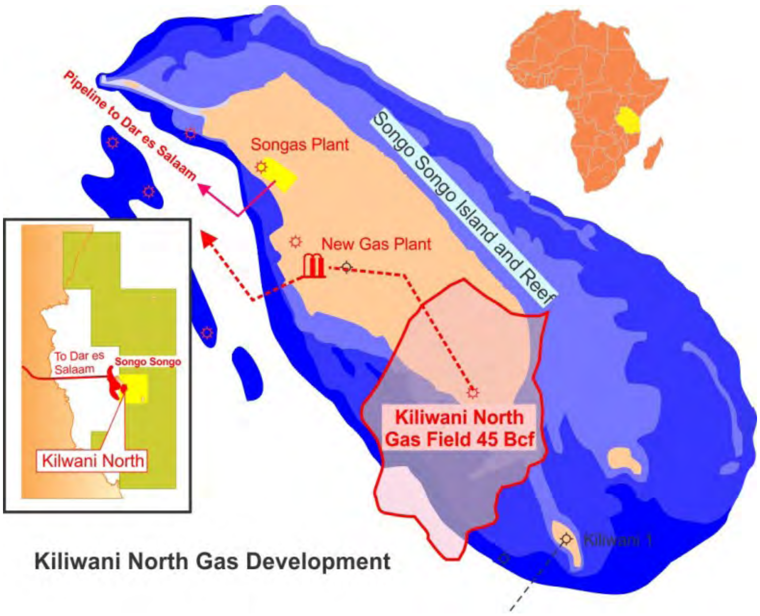
GAS/CONDENSATE BUSINESS

Development

Kiliwani North Development - Offshore Mandawa Basin Tanzania – Bounty 10%

Location: 30 Km offshore from Rufiji Delta Tanzania

Background



Kiliwani North Gas Development

Kiliwani North 1 well was drilled in 2008 and hit gas in Neocomian Sands, the same reservoir as the adjacent Songo Songo Gas Field. The field was tested at 40MMcfg/d and a reserve of 45 Bcf gas (Bounty 4.5 Bcf) was established. A 24 year production Licence was issued in 2011.

Progress During 2014

Construction of the subsea pipeline connecting Songo-Songo Island to the mainland and the gas processing plant are on schedule for commissioning in late 2014 and late January 2015 respectively.

The Tanzanian Government will own and operate all gas compression and transportation infrastructure. The new gas plant will process approx. 20 million cubic feet per day of Kiliwani North gas. Bounty's 10% equity should generate revenue of at least $2 million per annum and add around 350 boepd to Bounty's production.

Negotiations on a well head gas price have been extensive and at the end of this reporting period were down to their final stages and are expected to be finalised later in 2014.

Future Development 2014/15

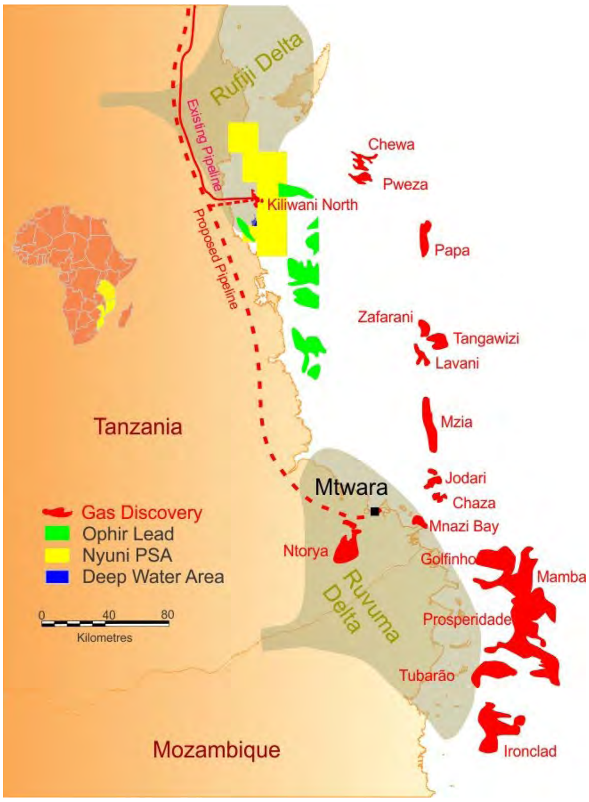
By the end of next financial year Bounty should be producing gross revenue of around $2 million p.a from Kiliwani North.

Growth Projects

Nyuni PSA Block – Offshore Mandawa Basin Tanzania - Bounty 5%

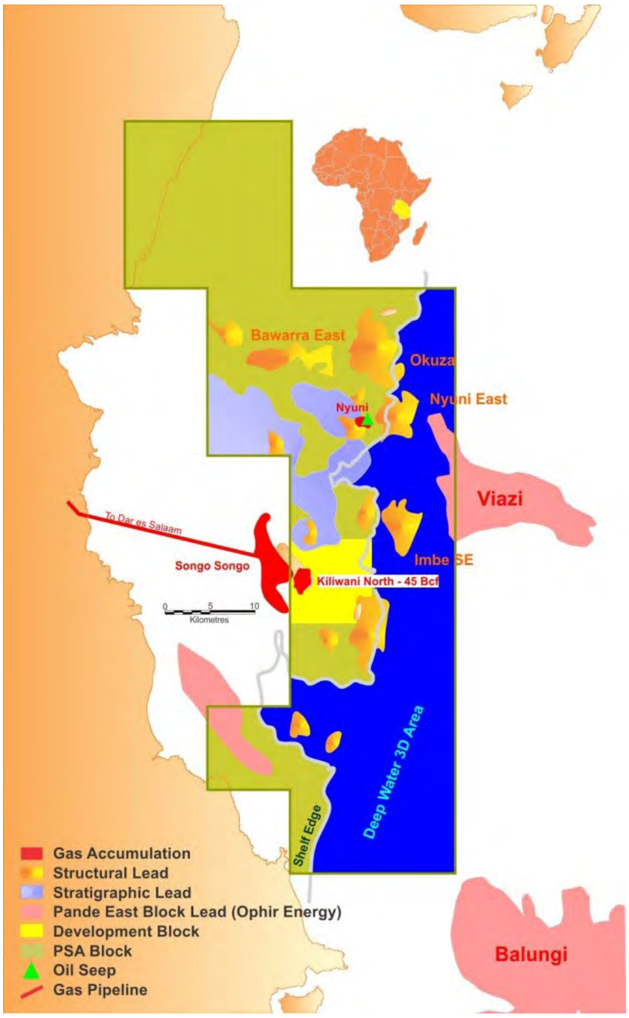
Location: 30 Km offshore from Rufiji Delta Tanzania

Background



Deepwater offshore Tanzania and Mozambique have yielded huge gas discoveries with over 120 TCF of gas discovered in deep water turbidite sands related to the Rufiji and Ruvuma River deltas. The Nyuni PSA area covers a key position combining up dip extensions of huge prospects with shallow water and island drill sites providing comparatively favourable drilling costs and land based processing facilities. The joint venture has drilled four wells for two gas discoveries.

The key to the discovery of these deep water, massive gas fields is direct detection of gas in stratigraphic traps from seismic amplitude anomalies. There are several large leads with amplitude anomalies within the Nyuni PSA Block including Viazi Lead on the eastern margin, with potential for over 1 TCF of gas in place. These stratigraphic targets in the Nyuni Block have potential for some 2.6 TCF gas, at least half of which is in shallow water.



Nyuni Block PSA Exploration – 2012/13

The Joint Venture is focusing on the prolific deeper water targets. Much of this reporting period was devoted to organising and permitting a 3D seismic survey of approximately 700 km^2 over the deeper water eastern part of the PSA area. This required formal government consent to convert a drilling commitment to 3D seismic is expected shortly.

The Viazi Lead, identified from a 3D survey in the adjacent East Pande Block operated by Ophir Energy, passes up dip into the Nyuni PSA area. This lead presents amplitude anomalies in the same formation as the Chewa and Pweza gas discoveries down dip in the deepest water. Estimates based on 2D seismic data place over 1 TCF in this lead within the Nyuni Block. Whereas the very deep water discoveries will require a full export LNG facility, the Nyuni PSA targets are 20-30 km from the Songo Songo Island gas processing plant and Kiliwani North pipeline. The joint venture would aim to tie such discoveries into the new pipeline.

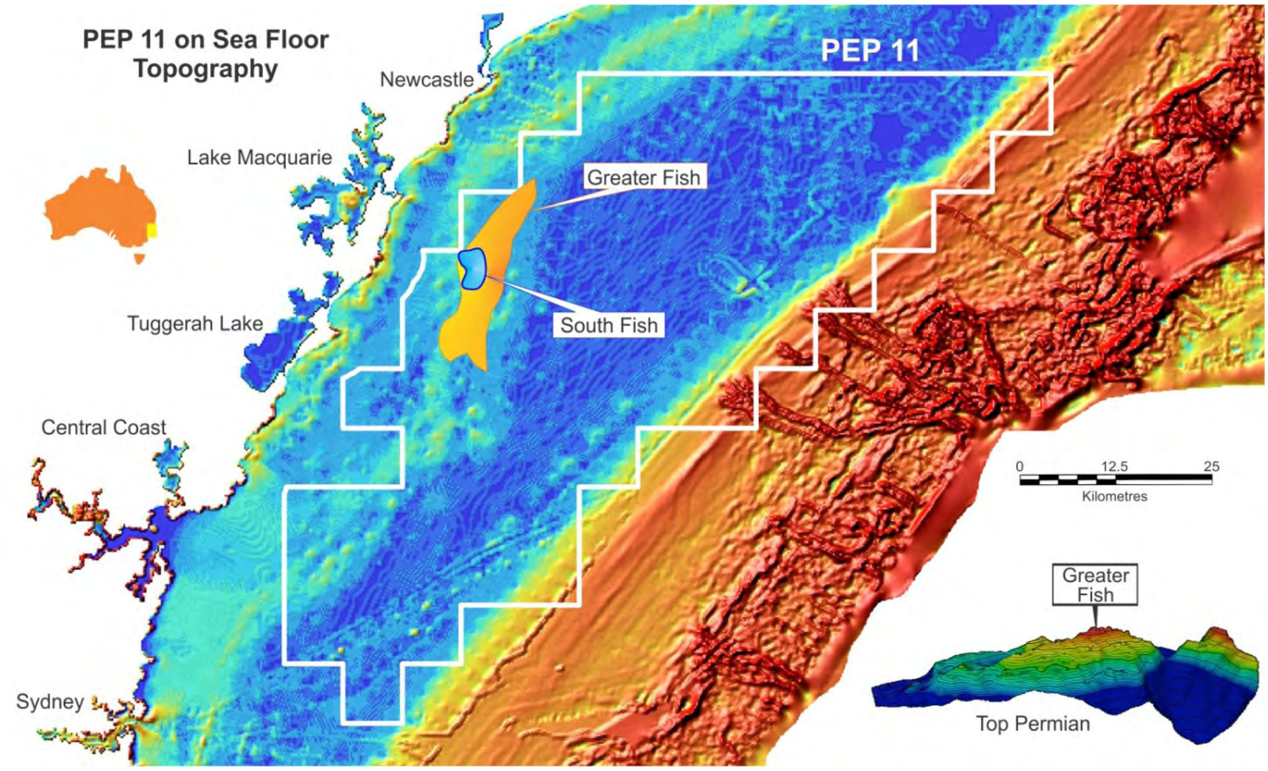
PEP 11, Offshore Sydney Basin, New South Wales –Bounty 15%

Background

PEP 11 covers 4,576 km^2 of the offshore Sydney Basin immediately adjacent to the largest gas market in Australia and is a high impact exploration project.

Bounty's farm in partner Advent Energy Ltd ("Advent") has proven an active hydrocarbon generation and migration system as well as establishing an inventory of leads and prospects with prospective resources of 4.7 TCF gas at the P50 confidence level.

These prospects remain one of the most significant untested gas plays in Australia.



PEP 11- Exploration Summary

PEP 11 is a significant offshore exploration area with large scale structuring and potentially multi-Trillion cubic feet (TCF) gas charged Permo-Triassic reservoirs.

The prospectivity of this proven petroleum basin has been enhanced by the confirmation of the presence of apparent ongoing hydrocarbon seeps. Sub-bottom profile data, swath bathymetry, seismic and echo sounder data collected by Geoscience Australia along the continental slope / permit margin has demonstrated active erosional features in conjunction with geophysical indications of gas escape.

The operator has previously interpreted significant seismically indicated gas features. Key indicators of hydrocarbon accumulation features have been interpreted following review of the 2004 seismic data which was reprocessed in 2010. The seismic features include apparent hydrocarbon related diagenetic zones (HRDZ), amplitude versus offset (AVO) anomalies and potential flat spots.

Mapped prospects and leads within the offshore Sydney Basin in PEP 11 are concentrated in the Greater Fish area generally and located less than 50 km from Australia's largest energy market - the Sydney-Wollongong-Newcastle greater metropolitan area. This area has a population of approximately 5 million people. Traditionally, all natural gas used in New South Wales has been piped in from South Australia and the Bass Strait. However, studies by the Australian Bureau of Agricultural and Resource Economics (ABARE) and the Australian Petroleum Production and Exploration Association (APPEA) state that those sources may not be able to meet the demand for gas in the medium to longer term.

The PEP 11 joint venture has demonstrated considerable gas generation and migration in the offshore Sydney Basin, with the previously observed mapped prospects and leads remaining highly prospective for gas.

2D or 3D seismic surveys are planned for 2015.

Bounty Oil and Gas NL – Group Petroleum Reserves and Resources (As at 30 June 2014)

The Group has reviewed all Reserves and Resources to comply with Chapter 5 of the ASX listing rules, the result is presented net to Bounty as at 30 June 2014:-

	MMboe[9&10] (Recoverable)			Note
Discovered[3]	**1P**	**2P**	**3P**	
Proved Producing[4]				
Naccowlah (Oil)	0.046	0.150	0.286	1
Marginal Proved Producing[5]	**1C**	**2C**	**3C**	
Utopia (Oil)	0.083	0.575	0.775	1
Proved Non-Producing[6]	**1P**	**2P**	**3P**	
Kiliwani North (Gas)		0.819	0.819	1
Contingent[7]	**1C**	**2C**	**3C**	
Downlands Gas Field	0.020	0.360	0.360	1
Downlands Oil Leg		0.340		2
Eluanbrook (Oil)	0.044	0.069	0.102	2
Spring Grove (Oil)		0.347	0.347	2
Total Discovered	**0.193**	**2.660**	**2.689**	
Undiscovered Prospective[8]	**Low**	**Best**	**High**	
Surat (Oil)	0.08	0.21	0.42	2
AC/P 32 (Oil)	20	113	302	2
Nyuni (Gas)	15	24	44	2
PEP 11 (Gas)	10.7	128.8	128.8	2
Utopia (Oil)	0.05	0.11	0.18	2
Total Undiscovered	**45.8**	**266.1**	**475.4**	

Method / Notes

1. Deterministic Estimates
2. Probabilistic Estimates (P90 ≡ 1P, P50 ≡ 2P, P10 ≡ 3P)
3. Drilled and proven moveable oil or gas
4. Discovered oil which is on production including nearby undeveloped oil
5. Discovered oil which is on production but marginally economic
6. Discovered oil or gas which has either been produced or production tested but is currently shut in
7. Discovered oil or gas whose commercial worth is contingent upon production testing and proving economic viability or zones adjacent to Discovered oil requiring further appraisal drilling
8. Specific targets for exploration based on volume estimation from seismic surveys and based on untested models for hydrocarbon generation, migration and entrapment.
9. Estimates as at June 30, 2014
10. Converted at the rate of 182 MMboe ≡ 1 MMcfg

Material Changes

(1) Utopia 17, drilled up dip from oil shows in Utopia 4, was unsuccessful; removing some resources previously booked.

(2) With the upgrading of the potential of AC/P 32 Timor Sea due to the most recent 2014 work the Prospective Resources have been significantly upgraded.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors

Bounty Oil and Gas NL's Board of Directors and management are committed to enhancing shareholder value and are committed to the principles of best practice in corporate ethics encompassed in the concepts of "corporate governance". Where appropriate to a Company of our size we will honour the intent of the best practice recommendations of the ASX Corporate Governance Council.

The table below summarises the company's compliance with the ASX Corporate Governance Council's recommendations:

Principle	*ASX Corporate Governance Council Recommendations*	*Comply*
1	**Lay solid foundations for management and oversight**	
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions	Yes
1.2	Disclose the process for evaluating the performance of senior executives	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	Yes
2	**Structure the board to add value**	
2.1	A majority of the board should be independent directors.	Yes
2.2	The chair should be an independent director.	Yes
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes
2.4	The board should establish a nomination committee.	No
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	Yes
3	**Promote ethical and responsible decision making**	
3.1	Establish a code of conduct and disclose the code or a summary as to: • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and, • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy.	Yes
3.3	Provide the information indicated in the Guide to reporting on principle 3.	Yes
4	**Safeguard integrity in financial reporting**	
4.1	The board should establish an audit committee.	No
4.2	The audit committee should be structured so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by independent chair, who is not chair of the board; and, • has at least three members.	N/A

4.3	The audit committee should have a formal charter.	N/A
4.4	Provide the information indicated in the Guide to reporting on principle 4.	Yes
5	**Make timely and balanced disclosure**	
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	Yes
6	**Respect the rights of shareholders**	
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	Yes
7	**Recognise and manage risk**	
7.1	Establish policies for the oversight and management of material business risks and disclosure a summary of those policies.	
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of company's management of its material business risks.	Yes
7.3	The board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provide in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	Yes
8	**Remuneration fairly responsibly**	
8.1	The board should establish a remuneration committee.	No
8.2	Clearly distinguish the structure on non-executive director's remuneration from that of executive directors and senior executives.	Yes
8.3	Provide the information indicated in the Guide to reporting on principle 8.	Yes

Council Principle 1:

Lay solid foundations for management and oversight.

Role of the Board

The Board's primary role is the protection and enhancement of medium to long term shareholder value. To fulfil this role, the Board is responsible for the overall Corporate Governance of the group including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Board Responsibility

The Board of Directors has the overall responsibility for:

- Oversight of the Company, including its control and accountability systems.
- Input into and final approval of management's considered proposals concerning corporate strategy and performance objectives.
- Reviewing and ratifying systems for risk management and internal compliance and control, codes of conduct and legal compliance.
- Monitoring senior management's performance and implementation of strategy and ensuring appropriate resources are available.
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures.
- Approving and monitoring financial and other reporting.

Management Responsibility

The Directors rely on management to manage the Company. The chief executive officer is the person to whom the Board of Directors have delegated its powers of management of the Company's business.

The Board does not expect to be informed of all details of how the Company is managed. The Board expects to be informed of anything material or anything appropriate for consideration by the Board.

In the context of this Company, the Directors rely on senior management to:

- Carry out the day to day function of the Company's business affairs;
- Establish proper internal controls, management information systems and accounting records;
- Reduce to writing if appropriate and communicate policies and strategies adopted by the Board;
- Implement the policies and strategies adopted by the Board;
- Have knowledge of and review detailed figures, contracts and other information about the Company's affairs and financial position and summarise such information for the Board where appropriate;
- Prepare proposals and submission(s) for consideration by the Board;
- Prepare budgets; and,
- Attend to personnel matters including hiring and removal of staff and their terms of employment.

Evaluation of the performance of senior management

The Board evaluates the performance of senior management on an ongoing basis by reference to upstream petroleum industry companies considering factors which include but are not limited to reserve increments, positive capital management and accretion through equity or farmout, revenue performance and legal compliance. This evaluation is reflected in remuneration and incentives fixed by the Board with reference to the policies described in the annual Remuneration Report.

<u>Council Principle 2:</u>

Structure the board to add value.

Board Composition

The skills experience and expertise relevant to the position of each Director who is in office at the date of this report and their term of office are detailed in the Directors Report.

The Board is comprised of independent directors although in 2013 Mr J.G. Higginbotham undertook company secretarial and .financial control functions.

An independent Director is a non-executive director (i.e. not a member of management), and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last 3 years has not been employed in an executive capacity by the Company or another company member or been a Director after ceasing to hold any such employment;
- within the last 3 years has not been a principal of a material professional adviser or a material consultant to the Company or any company member or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or other company member or an officer of or otherwise associated directly or indirectly with a material supplier or customer;

- has no material contractual relationship with the Company or another company member other than as a Director of the Company;
- has not served on the Board for a period which could or could reasonably be perceived to materially interfere with the Director's ability to act in the best interests of the Company, and
- is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the Director's ability to act in the best interests of the Company.

As a small company with a Board of only three (3) Directors, the whole board considers matters of membership and there is no separate nominating committee. As an expanding Company, the Board considers additional appointments in order that the Company can continually maintain the correct balance of skills, diversity and experience given the Company's state of development.

Independent Directors have access to legal or other advice, at the Company's expense, if they have need for professional assistance in the fulfilment of their duties. The approval of the Chairman must be obtained prior to incurring any such expense on behalf of the Company.

Performance Evaluation

Remuneration of directors is not performance based. No performance evaluation has been conducted.

Council Principle 3:

Promote ethical and responsible decision making.

The Company complies with this recommendation. The Company has adopted a code of conduct incorporating all corporate executives. It requires all business affairs to be conducted legally, ethically and with integrity. The code provides for reporting of breach of the code by others.

Trading Policy

The Company's policy regarding Directors and employees trading in its securities was adopted by the Board in December 2010 was released to ASX and is compliant with ASX Listing Rules 12.9 – 12.11 inclusive.. The policy restricts Directors, officers and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the price of the quoted security.

Diversity Policy

The Board accepts that diversity is fundamental to the group having access to and benefiting from well qualified personnel irrespective of gender or cultural background who then have the incentive to achieve corporate goals from Board level down. It has a commitment to growing the group through diversity and forty percent of employees are women who have been engaged and assessed for promotion based on performance.

Council Principle 4:

Safeguard integrity in financial reporting.

The Company's Chief Executive Officer and Chief Financial Officer report in writing to the Board that the consolidated financial statements of the Company and its controlled entities for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards.

The Company has not established an audit committee believing that the Company is not of a size, nor are its financial affairs of such complexity to warrant its establishment. The Board as a whole fulfils the role of an audit committee by:

- monitoring the integrity of the financial statements of the Company and reviewing significant financial reporting judgements.
- Reviewing the Company's internal financial control system and risk management systems.
- Reviewing the appointment of the external auditor and approving the remuneration and terms of engagement.
- Monitoring and reviewing the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements.

Council Principle 5:

Make timely and balanced disclosure

Compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Company and it has appointed an officer of the Company to be responsible for compliance.

Council Principle 6:

Respect the rights of shareholders

Information will be communicated to shareholders as follows:

- The annual report is distributed to all shareholders through the company website, the ASX Announcements platform or hard copy on request. The Board ensures that the annual report includes relevant information about the operations of the consolidated entity during the year, changes in the state of affairs of the consolidated entity and details of future developments, in addition to the other disclosures required by the Corporations Act. The annual report is made available on the Company's website and is provided in hard copy format to any shareholder on request.

- The half yearly report contains summarised financial information and a review of the operations of the consolidated entity during the period. The half year audited financial report is prepared in accordance with the requirements of applicable Accounting Standards and the Corporations Act and is lodged with the Australian Securities Exchange. The half yearly report is made available on the Company's website and is also provided to any shareholder on request.

- The quarterly report contains summarised cash flow financial information and details about the Company's activities during the quarter. The quarterly report is made available on the Company's website and is sent to any shareholder on request.

- Proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a general meeting of shareholders.

- The Company's website is well promoted to shareholders and shareholders may register to receive updates, either by email or in hard copy.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as resolutions.

The shareholders vote on the appointment of directors and any proposed increase in the maximum aggregate remuneration of directors, the granting of options and shares to directors and senior executives and changes to the Constitution. Copies of the Constitution are available to any shareholder on request.

Company's website

The Company maintains a website at www.bountyoil.com

On its website, the Company makes the following information available on a regular and up to date basis:

- Company announcements;
- Latest information briefings;
- Notices of meetings and explanatory materials
- Quarterly, half yearly and annual reports.

The website is being continuously updated with any other information the directors and management may feel is material or of interest.

The Company also ensures that the auditor attends the Annual General Meeting.

Briefings

The group does not favour one on one or restricted group briefings and prefers that all material items be issued through ASX releases or on its website. Presentations to general meetings of the company or conferences are released to ASX.

Council Principle 7:

Recognise and manage risk

The Company as a whole works to establish and maintain a sound system of corporate and commercial risk oversight and management and internal control by identifying, assessing, monitoring and managing the Company's risk exposure. It also informs investors of any material changes to the Company's' risk profile should they occur. As an exploration/production company it has however not developed a comprehensive risk management system at this point in time.

The risks involved with an oil and gas exploration company and the specific uncertainties for the Company, are regularly monitored and all exploration and investment proposals reviewed by the Board include a conscious consideration of the issues and risks of each proposal.

Council Principle 8:

Remuneration fairly and responsibly

The Directors are of the opinion that the Board being comprised of only three members it is not feasible to have a Remuneration Committee.

The Remuneration Policies for both Director's and other Key Management Personnel (KMP) Remuneration are set out in the Remuneration Report contained in the Directors Report. KMP payments and incentives are disclosed in the Remuneration Report and comply with the law and the Australian accounting standards.

The company has adopted an Employee Share Scheme and any issue of shares to KMP including directors requires shareholder approval. Any grant of shares or options to the KMP including directors in a reporting period are disclosed in the Remuneration Report. There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

The payment of bonuses, options and other incentive payments are reviewed by the Board of Directors and are paid at its discretion.

Diversity

The company values and respect diversity in all forms and the pursuit of equal opportunity employment. The appointment of people of diverse gender, ethnic and cultural background within the company is evidence of its commitment to fostering a robust and diverse workforce. The company aims to increase diversity in its workplace including in senior appointments as positions become available, and all appointments will be based on merit and skills necessary for such roles. As at 31 August 2014 Bounty had 3 male Board members and 5 other staff members including 2 females representing ¼ of all personnel.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity Bounty Oil & Gas NL ("Bounty", "company" or "the group") being the company and its controlled entities for the financial year ended 30 June 2014.

Directors

The names of the directors in office at any time during or since the end of the financial year are:-

- G. C. Reveleigh (Chairman)
- C. Ross (Non-executive Director)
- R. Payne (Non-executive Director – appointed 30 May 2014)
- J. G. Higginbotham (Non-executive Director – resigned 4 June 2014)

Company Secretary

The following persons held the position of company secretary and chief financial officer of the group during the financial year:

- S. Saraf from 4 June 2014 and at the end of the financial year.
- J. G. Higginbotham from 1 July 2013 until his resignation on 4 June 2014.

Principal Activities

The principal activity of the company and the group during the financial year was that of exploration for, development, production and marketing of oil and gas (petroleum). Investment in listed entities is treated as a secondary activity and business segment.

There were no significant changes in the nature of the company's principal activities during the financial year.

Operating Results

Consolidated profit of the group attributable to equity holders after providing for income tax amounted to $1,138,302 (see comparative details below).

	Consolidated 2014	**Consolidated 2013**
	$	**$**
Profit/(loss) from ordinary activities before income tax	1,138,302	(1,496,969)
Income tax attributable to loss	-	-
Net profit/(loss) after income tax	1,138,302	(1,496,969)

Revenue from continuing operations for the period was $3,142,946 up 45% on the previous year (2013: 2,173,663).

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

- Petroleum revenue; (mainly from oil sales) of $ 3,142,946
- A profit on trading listed securities of $ 1,238,605
- An unrealized mark to market (loss) on listed securities of ($ 380,610).
- Direct petroleum operating expenses of ($ 1,219,266).
- Non-cash expenses for depreciation, amortisation and impairment of ($317,362).
- Employee benefits expense of ($741,996).

Details of drilling activity, exploration and development operations and cash flows for the year ended 30 June 2014 have been reported by the company to the Australian Securities Exchange in the Quarterly Activity Report and Appendix 5B for each of the quarters during the year and in additional announcements on particular items. Brief details are set out below:

A summary of revenues and results of significant business and geographical segments is set out in Note 4 to the Financial Statements.

Review of Operations

Production & Sales:

During the year ended 30 June 2014, the company:

- Produced light sweet crude oil from the Murta Zone in the Utopia Field, SW Queensland and continued to sell the oil to the Eromanga Refinery 50 km north of the field.
- Produced oil from several oil fields and leases operated by Santos Limited in ATP 259P, Naccowlah Block, SW Queensland.
- Achieved revenue from sale of listed investments.

Petroleum revenue and production in barrels of oil equivalent (boe) are summarised below:-

	Utopia PL214 Bounty Share (40% interest)	Naccowlah Block Bounty Share (2% interest)	Total
Revenue $	938,816	2,204,130	3,142,946
Production boe	10,140	15,447	25,587

Exploration and Development

Significant exploration and development operations during the year under review were:

Australia

Onshore

- *Utopia Block; SW Queensland:*
    - *PL 214:* Based on data from the 200 sq. km. 3D seismic survey Bounty participated at its 40% interest in one oil development well; Utopia 15 which was cased and completed as a Murta Zone oil producer and went non consent in two other development wells. One of the wells; Utopia 16 was completed as a Murta Zone oil producer in which Bounty has buy back in rights and Utopia 17 was unsuccessful.
    - Bounty anticipates that additional development drilling will be undertaken in the 2014/2015 period and continue the development of the 2P oil reserves. At the end of the period budget reviews leading to a comprehensive oil development plan were in progress.

- *Naccowlah Block; SW Queensland:*
    - *ATP 259P:* Irtalie East 4 and 5 development wells were bought on stream during the period. Irtalie East 5 commenced production at over 330 bopd in the first quarter 2014. A successful appraisal well was also drilled at Cooroo North West 1 which encountered good oil in the Westbourne Formation and came online at around 100 bopd in second quarter 2014. Planning is underway for potential additional appraisal wells in the Irtalie East - Cooroo North West project area.

- *Surat Basin; Eastern Queensland*:
    - *ATP 754P:*Interpretation of the Farrawell 3D seismic survey data which defined a broad structure updip from the oil discovered in the Farrawell 1 well in the Triassic age section of this large permit continued and the permit was extended.
    - Drilling of a multi-zone test in ATP 754P is planned for 2015/2016 to test for oil, gas and coal seam gas in several zones down to the Permian age sequence.
    - *ATP 470P:* Bounty has acquired additional interests in ATP 470P and is negotiating to acquire further Surat Basin interests.
    - After the end of the period renewal of PL 2 Alton was granted and the JV can now plan to drill an additional well in this large petroleum lease.

Offshore

- *AC/P 32 Ashmore Cartier Territory; Timor Sea*: Bounty holds 100% of this potentially major project.

    - This permit is located within the oil prolific Vulcan Sub-basin and is surrounded by multi-million barrel oil fields. In 2012 Bounty acquired a 100% interest in the permit and in June 2014 it was renewed for a further five years with a well commitment in Year 2 and Year 5 if needed. The principal target is the Azalea Prospect a 500 MMbbl original oil in place potential pool with a recoverable oil estimate of 100 MMbbls.

    - During 2013 Bounty undertook an advanced seismic reprocessing project to discriminate the Cretaceous age sequences in the permit. A number of large offshore oilfields occur in these sequences in the Timor Sea region.

    - In 2014 Bounty completed this seismic reprocessing and carried out seismic inversion work on the reprocessed volumes.

    - At the end of the period Bounty was starting a campaign to farm out AC/P 32 focussing on the Azalea Prospect.

    - The Azalea Prospect is:

        - Located in a prolific hydrocarbon province.
        - Surrounded by oil fields.
        - One of the largest untested potential oil pools in the Timor Sea.
        - Up dip from proven oil in Birch 1 and Swallow Oil Field 14 km. to the west.
        - Outlined by seismic amplitude and AVO anomalies.
        - Associated with direct hydrocarbon indicators in the form of gas chimneys, digenetic and shallow gas zones overlying the up dip edge.
        - Drill ready in water depths suitable for a jack up rig – i.e. 120 metres.

- *PEP 11; offshore New South Wales:* Bounty retains a 15% interest. As a result of drilling the New Seaclem 1 well in 2013 the permit was renewed for a further period of five years and the next program is likely to involve 2D/3D seismic surveys in 2015 to delineate the multi TCF gas targets in this permit.

Other Properties

During the period, Bounty continued to fund exploration and development expenditure in connection with its other operated and joint venture interests located in Queensland, South Australia and Western Australia. Bounty is actively seeking additional projects.

<u>Tanzania</u>

During the period construction contracts were signed in Tanzania for the construction of pipelines and infrastructure to Songo Songo Island, (Kiliwani Block) to produce gas from the Kiliwani North gas field for sale in Tanzania.

Construction of the main 36” south-north pipeline system (East Tanzania Gas Pipeline) commenced in late August 2013.

The project also involves constructing the Songo-Songo 24” lateral and the Songo-Songo Gas Processing Plant. A short tie in from the Plant to the Kiliwani North Gas Field will also be completed. The Kiliwani North gas will then be sold into the East Tanzania Gas Pipeline.

Construction is on schedule at the date of this report and negotiation of the gas sales agreement is in its final stages.

Production start is scheduled for early 2015 and completion of this gas transmission infrastructure will make further drilling and development of the Kiliwani/Nyuni gas complex a potential major project for Bounty where it holds a material 10% interest.

A major gas target has been identified in the deep water eastern section of the Nyuni Block and 3D seismic surveys are planned.

Corporate – Share Issues

During the period the company completed the following equity issues, details of which are set out in the Financial Statements:-

Nil.

Dividends Paid or Recommended

No dividends have been paid or declared for payment for the year ended 30 June 2014 and no dividend is recommended.

Financial Position

The net assets of the group increased by $1.14 million to $ 33.5 million in the period 1 July 2013 to 30 June 2014. This increase resulted from the following main factors:

- Continuing oil production and related revenue of $ 3.14 million.
- Total net investment income of $ 857,995.

At 30 June 2014 current assets were $ 3.8 million.

During the financial year the company invested:-

- $ 1.54 million in development drilling, completions and surface production facility upgrades to further exploit its existing proved producing oil reserves held in SW Queensland mainly in PL 214 Utopia Block and ATP 259P Naccowlah Block and to increase its oil reserves.
- $ 0.92 million in petroleum exploration projects in Australia and Tanzania as summarised in the Review of Operations above.
- $43,000 in shares in listed public companies.

The directors believe the company is in a stable financial position to expand and grow its current operations.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the company during the financial year.

After Balance Date Events

No other matters or circumstances have arisen since the end of the financial year 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.

Future Developments, Prospects and Business Strategies

Subject to the amount of its ongoing oil revenues and the availability of new capital; consistent with that income and the available cash reserves of the group, Bounty will continue:

- Production, development and exploration for oil and natural gas (petroleum).
- Expand in the business of the exploration for, development of and production of petroleum.
- To conduct such operations principally in Australia and Tanzania.

In the coming year the group will focus on the:-

- Development of its existing oil reserves in the Surat Basin and in the Cooper Basin, Queensland aimed at increasing group oil revenue;
- Financing and preparing to drill its major offshore oil targets in AC/P32, Timor Sea;
- Acquisition of additional petroleum properties with existing petroleum production or reserves and resources considered to have potential to develop and/or produce petroleum within an acceptable time frame;
- Commercialization of its development gas reserves and deep water gas exploration in the Nyuni Block, Tanzania; and
- Development of new business opportunities including other overseas projects.

Environmental regulations or Issues

The company's operations are subject to significant environmental regulation under the law of the Commonwealth of Australia and its States and Territories in respect of its operated and non-operated interests in petroleum exploration, development and production. Its oil and gas production interests in the State of Queensland are operated by Oil Wells Inc of Kentucky, Origin Energy Limited and Santos Limited who comply with all relevant environmental legislation. Its offshore exploration operations in AC/P 32 Timor Sea are conducted by the company in full compliance with all relevant environmental legislation of the Commonwealth of Australia. Its non-operated offshore operations in PEP 11, NSW are similarly conducted by a competent operator. Its non-operated interests in Tanzania are operated by a company incorporated in that jurisdiction which is a wholly owned subsidiary of a United Kingdom based operator. It complies with all relevant environmental legislation.

Information on Directors

The names and particulars of the directors of the company during or since the end of the financial year ended 30 June 2014, are:-

Graham Reveleigh	—	*Non-Executive Director*
Qualifications	—	BSc. MSc, M. Aus IMM.
Experience	—	Mr Reveleigh is a professional geologist and has nearly 41 years' experience in the resources industry both in Australia and overseas. Early in his career, he worked in the oil industry, then spent most of his career in exploration, mine management and construction in the mineral industry. Mr Reveleigh has had extensive experience in petroleum in recent years as a director of Drillsearch Energy Limited and a director of Canadian producer; Circumpacific Energy Corporation. He retired as a director of those companies in late 2007. He is a Member of the Australasian Institute of Mining and Metallurgy and a member of the Petroleum Exploration Society of Australia. He was appointed a director and chairman in 2005.
Special responsibilities:		Chairman of the company; geotechnical advice.
Charles Ross	—	*Non-Executive Director*
Qualifications	—	BSc.
Experience		Mr Ross has had extensive experience in the private and public equity and corporate finance market in Canada, USA and Europe for 20 years. He has operated extensively in corporate asset acquisition and divestiture, review and development of corporate financing strategies, administration, compliance procedures and investor relations in North America and the Euro zone. He was a director of Circumpacific Energy Corporation (a subsidiary of Drillsearch Energy Limited) from 1992 until 2008. This required management involvement in most aspects of petroleum exploration, development and production operations in the Western Canada Basin and other areas. He was appointed a director in 2005.
Special responsibilities:		Audit reviews; corporate strategy.
Roy Payne	—	*Non-Executive Director*
Qualifications	—	Solicitor Queensland.
Experience		Mr Payne is a commercial lawyer with over 30 years' experience. Prior to working in private practice as a lawyer he worked for the Department of Justice', Queensland for 12 years where he qualified to be a Clerk of the Court and a Magistrate. Mr Payne has many years of experience in the corporate world. He has been the chairman of a listed mining exploration company. He is currently the chairman of the board of a private ship maintenance and repair company and the chairman and director of two limited liability, not for profit companies that operate a public art gallery and a gallery foundation. He has a wealth of knowledge and experience with corporate governance and mining exploration."
Special responsibilities:		Commercial law and Queensland statutory compliance.
John Gary Higginbotham	—	*Non-Executive Director (resigned 4 June 2014).*
Qualifications	—	Bachelor of Economics (Sydney)
Experience	—	Mr Higginbotham practised as an accountant for 40 years. He was a director until he resigned on 4 June 2014.

Special responsibilities: Company secretary and chief financial officer.

Directorships of other listed companies

Directorships of other listed companies currently held by the directors or held in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Mr G. Reveleigh	Hill End Gold Limited	1 July 2011 to present
Mr C. Ross	TSX Listed Companies; Canada: Goldex Resources Corporation, Norzan Enterprises Ltd., Tearlach Resources Limited, Tower Energy Limited.	1 July 2011 to present
Mr R. Payne	Nil	NA

Directors shareholdings

The following table sets out each Directors interest in shares and options over shares of the Company or a related body corporate as at the date of this report:-

	Bounty Oil & Gas NL	
	Fully paid ordinary shares	Share options
	Number	Number
Mr G. Reveleigh	17,479,118	-
Mr C. Ross	3,200,000	-
Mr R. Payne	-	-

Meetings of Directors/Committees

During the financial year, twelve (12) meetings of directors were held. Attendances by each director during the year were as follows:-

	Directors' Meetings	
	Number eligible to attend	Number attended
Mr G. Reveleigh	12	12
Mr C. Ross	12	12
Mr R. Payne	3	3
Mr J.G. Higginbotham	9	9

The company does not have separate audit or remuneration committees.

Indemnifying Officers or Auditor

During the financial year ended 30 June 2014 the company has not entered indemnity and access deeds with any of the directors indemnifying them against liabilities incurred as directors, including costs and expenses in successfully defending legal proceedings. The company has not, during or since the financial year, in respect of any person who is or has been an auditor of the company or a related body corporate indemnified or made any agreement for indemnifying against a liability incurred as an auditor, including costs and expenses in successfully defending legal proceedings.

The company has paid premiums to insure each of the directors and officers in office at any time during the financial year against liabilities up to a limit of $10 million for damages and for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was $15,620 for all nominated directors.

Share Options

At balance date on 30 June 2014 there were; 20,000,000 options exercisable at $0.032 which expired unexercised on 28 July 2014. The options were not quoted on the ASX.

No ordinary shares of the company were issued pursuant to exercise of options during the year or have since been issued up to the date of this report.

At the date of this report, no unissued ordinary shares or securities of Bounty Oil & Gas NL or any other entity comprising the consolidated entity were under option.

Legal Matters or Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings or any other litigation during the reporting period.

Non-Audit Services

The independent auditors to the company; DFK Richard Hill have not provided material non audit services to the company during or after the end of the financial year.

Remuneration of Directors and Management

Information on the remuneration of directors and other key management personnel is contained in the Remuneration Report which forms part of this Directors Report and is set out on the following pages.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on Page 15.

Signed in accordance with a resolution of the Board of Directors made pursuant to s. 298(2) of the Corporations Act 2001.

On behalf of the Directors.

GRAHAM REVELEIGH
Chairman

Dated: 16 September 2014

REMUNERATION REPORT

This remuneration report forms part of the Directors Report for the year ended 30 June 2014 and details the nature and amount of remuneration for the Bounty Oil & Gas NL non-executive directors and other key management personnel of the group.

The prescribed details for each person covered by this report are detailed below under the following headings:

- Director and senior management details
- Remuneration policy
- Non-executive directors policy
- Senior management personnel policy
- Remuneration of directors and key management
- Key terms and employment contracts

Directors and Key Management details

The term “key management” as used in this remuneration report to refers to the following directors and executives.

Directors

The following persons acted as directors of the company during or since the end of the financial year:-

- Mr G. C. Reveleigh (Chairman)
- Mr C. Ross (Non-Executive Director)
- Mr R. Payne (Non-Executive Director – 30 May 2014)
- Mr J. G. Higginbotham (Non-Executive Director – 4 June 2014)

Executives

The following persons acted as senior management of the company during or since the end of the financial year:

- Mr P. F. Kelso (Chief Executive Officer)

The company does not consider other employees and consultants to be Key Management Personnel.

Remuneration policy

The remuneration policy of Bounty Oil & Gas NL has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and bonuses issued at the discretion of the board of the company. The board of Bounty Oil & Gas NL believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the company, as well as create goal congruence between directors, executives and shareholders.

All remuneration paid to key management personnel (directors and others) is valued at the cost to the company and expensed or where appropriate transferred to capital items. Shares issued to key management personnel are valued as the difference between the market price of those shares and the amount paid by the key management person. Share options are valued using the Black- Scholes methodology. Shares and options granted to key management personnel (directors and others) are subject to any necessary approvals required by the ASX Listing Rules.

Performance-based remuneration

Given the long term nature of and risk variables involved in exploration and development of petroleum resource projects as compared to other sectors e.g. retail revenues; remuneration of directors or other key management personnel is not performance based.

Non-executive directors’ policy

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The maximum aggregate amount of fees that can be paid to non-executive directors is within the maximum amount specified in the company's Constitution. Any increase of that amount is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the company.

Remuneration of non-executive directors is determined by the Board exclusive of the director under consideration after considering the individual time commitment, duties and function of the subject Director. Further considerations of the amount of remuneration are made by referral to amounts paid to Directors, both executive and non-executive, by other listed entities of comparable size to the Company in the oil and gas exploration industry.

The board of directors as a whole determines the proportion of any fixed and variable compensation for each other key management person.

Any consulting fees payable to Directors as to specific projects outside the normal day to day duties of the Directors are agreed upon prior to commencement of work on the specific projects.

The company makes cash bonus payments to key directors from time to time. Bonus payments by way of share based payments are made from time to time subject to any necessary shareholder approval. All such payments are expensed at the time of issue at the prevailing market price.

Each director is paid in cash. Shares and share options have on occasions been granted to directors as part of their remuneration.

Senior management personnel policy

The board's policy for determining the nature and amount of remuneration of key management personnel who are senior management executives of the company is as follows:-

The remuneration structure comprises a combination of, short term benefits including base fees and long term incentives and is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key executive management personnel are for fixed terms which may continue at the end of the term. There were no provisions for retirement benefits in contracts with senior management executives of the company made or continued during the year ended 30 June 2014.

The company may make cash bonus payments to senior management executives and to selected employees from time to time. Bonus payments and long term incentives by way of share based payments are classed as long term incentives and are made from time to time subject to any necessary shareholder approval. All such payments are expensed at the time of issue at the prevailing market price.

Key management personnel who are employees receive a superannuation guarantee contribution required by the government, which is currently up to 10%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

The chief executive officer, Mr P. F. Kelso, is engaged through a fixed term service agreement with a personally related entity containing the following material conditions:

- Management fees of $398,000 per annum payable by equal monthly instalments.
- Payment of lease fees for a motor vehicle and parking.
- Escalation of fees of 5% from 1 July, 2015 and 5% from 1 July, 2016.
- Bonuses at the discretion of the board of directors and there are no retirement or other fixed benefits.
- The personally related entity is responsible for all statutory entitlements.
- Services: To include non-exclusive executive management, capital raising, communication, management strategy, budgets, investment policy and all other duties normally incidental to the position of chief executive officer.

Other than the directors and the chief executive officer, at the date of this Report all other personnel are permanent or part time employees of the company and not classified as key management personnel.

Key Management Remuneration

Details of the remuneration of directors and the other key management personnel of the group (as defined in AASB 124 Related Party Disclosures) and the one highest paid executives of Bounty Oil & Gas N.L. are set out in the following tables.

Fully paid ordinary shares issued at $0.005 were granted to key management persons as part of their remuneration during the financial year ended 30 June 2013 (see below). No options were granted.

Key Management Remuneration						
2014	$					
Key Management Person	**Short-term Benefits**			**Post-employment Benefits**	**Share based payment**	**Total**
	Cash, salary and commissions	**Cash bonus and Non-cash benefits** (2)	**Consulting Fees + Other**	**Super-annuation**	**Options**	
Non-Executive Directors						
Mr G. Reveleigh (1)	60,000	-	-	-	-	60,000
Mr C. Ross (1)	30,000	-	-	-	-	33,000
Mr J.G. Higginbotham	15,139	-	-	961	-	16,100
Mr R. Payne	-	-	-	1,667	-	1,667
Other Key Management Personnel – Chief Executive officer						
Mr P.F. Kelso (1)	421,785	70,612	-			492,397

1. Paid to a personally related entity of the director/executive.
2. Compensation for the 2014 financial year as set out in this column included non-cash benefits of $50,612 and a bonus.

Key Management Remuneration						
2013	$					
Key Management Person	**Short-term Benefits**			**Post-employment Benefits**	**Share based payment (4)**	**Total**
	Cash, salary and commissions	**Cash bonus and Non-cash benefit** (2) (3)	**Consulting Fees + Other**	**Super-annuation**		
Non-Executive Directors						
Mr G. Reveleigh (1)	60,000	-	-	-	104,000	164,000
Mr C. Ross (1)	30,000	-	-	-	39,000	69,000
Mr J.G. Higginbotham	45,000	9,370 (2)	5,000	-	26,000	85,370
Other Key Management Personnel – Chief Executive officer						
Mr P.F. Kelso (1)	407,654	44,846 (3)	-	-	286,000	738,500

1. Paid to a personally related entity of the director/executive.
2. Bonus granted as compensation for the 2013 financial year.
3. Non cash benefit.
4. Value of fully paid ordinary shares (net of $0.005 cash) issued pursuant to Bounty Oil & Gas NL Employee Share Plan approved by shareholders at AGM on 22 November 2012.

No director or senior management person appointed during the above periods received a payment as part of his consideration for agreeing to be appointed to that position.

Share–based payments

During the financial year ended 30 June 2014 no share-based payments were made to Key Management Persons.

Fully paid ordinary shares

No fully paid ordinary shares were issued to Key Management Persons during the period.

Share Options

1. No share options were issued to directors or other key management persons or executives as part of their remuneration during the year ended 30 June 2014 or since that date.

2. During the year, no directors or senior management held or exercised options that were granted to them as part of their compensation in previous periods.

Loans to directors and executives

There were no loans to directors and senior management made during the year or outstanding in the year to 30 June 2014.

Other Key Management Personnel Disclosures:

Further information on disclosure in connection with Key Management Personnel and Share Base Payments are set out in the following Notes to the Financial Statements:-

1. Note 19: Share Based Payments
2. Note 20: Key Management Personnel Disclosures
3. Note 22: Related Party Transactions.

Performance income as a proportion of total remuneration

The percentage of remuneration paid to directors and key management personnel during the financial year ended 30 June 2014 which was performance based was: Nil.

Employee Share Scheme

Bounty Oil & Gas N.L. has a current Employee Share Plan (the Plan) approved by shareholders.

Under the Plan all share issues to directors or other Key Management Personnel must receive prior shareholder approval.

No ordinary shares of the company were issued under the Plan during the year ending 30 June 2014.

dfk richard hill
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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BOUNTY OIL & GAS N.L. AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

Richard Hill

Date: 16 September 2014

Address: Level 11,32 Martin Place Sydney 2000

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United Overseas Bank Building
Level 11, 32 Martin Place Sydney NSW 2000
GPO Box 104 Sydney NSW 2001

Consolidated statement of profit and loss and other comprehensive income
for the year ended 30 June 2014

	Notes	Year-ended 30-Jun-14 $	30-Jun-13 $
Oil revenue	5 (a)	**3,142,946**	2,173,663
Investment income	5 (a)	**857,995**	781,923
Other income	5 (a)	**117,137**	112,184
Direct petroleum operating expense	5 (b)	**(1,219,266)**	(1,313,691)
Changes in inventories		**(4,083)**	(18,178)
Employee benefits expense	6	**(741,996)**	(589,151)
Depreciation expense		**(74,289)**	(52,810)
Amortisation of oil producing assets		**(205,411)**	(216,517)
Occupancy expense		**(124,869)**	(101,900)
Corporate activity costs		**(104,079)**	(150,698)
Rehabilitation expense		**(37,662)**	(41,877)
Finance costs		**(99,588)**	(78,710)
Impairment of oil and gas assets	14	**-**	(775,759)
Write off of exploration expense		**(903)**	(27,116)
General legal and professional costs		**(321,057)**	(294,429)
Share based payments	19	**-**	(497,250)
Other expenses		**(46,573)**	(406,653)
Profit/(Loss) before Tax		**1,138,302**	(1,496,969)
Income tax expense	7	**-**	-
Profit/(Loss) for the period from continuing operations		**1,138,302**	(1,496,969)
Profit/(loss) for the year		**1,138,302**	(1,496,969)
Other comprehensive income for the year, net of income tax		**-**	-
Total Comprehensive income/(loss) for the year		**1,138,302**	**(1,496,969)**
Total comprehensive income attributable to owners of the parent		**1,138,302**	**(1,496,969)**
Earnings per share			
Basic (cents per share)		**0.12**	(0.18)
Diluted (cents per share)		**0.12**	(0.18)

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

Consolidated statement of financial Position
as at 30 June 2014

	Notes	30-Jun-14 $	30-Jun-13 $
Assets			
Current assets			
Cash and cash equivalents	9	**2,044,196**	1,982,473
Trade and other receivables	10	**633,850**	770,878
Inventories	11	**91,563**	65,848
Other current financial assets	12	**1,076,326**	2,791,141
Total current assets		**3,845,935**	5,610,340
Non-current assets			
Exploration and evaluation assets	14 (b)	**13,221,369**	12,300,901
Production and development assets	14(a)	**16,741,340**	15,904,274
Property, plant and equipment	13	**1,637,283**	777,992
Total non-current assets		**31,599,992**	28,983,167
Total assets		**35,445,927**	34,593,507
Liabilities			
Current liabilities			
Trade and other payables	15	**917,442**	1,372,758
Provisions	16	**2,696**	3,055
Total current liabilities		**920,138**	1,375,813
Non-current liabilities			
Rehabilitation provisions	16	**977,732**	807,939
Total non-current liabilities		**977,732**	807,939
Total liabilities		**1,897,870**	2,183,752
Net assets		**33,548,057**	32,409,755
Equity			
Issued capital	17	**43,275,163**	43,275,163
Reserves		**201,600**	201,600
Retained losses		**(9,928,706)**	(11,067,008)
Equity attributable to owners of the parent		**33,548,057**	32,409,755
Total equity		**33,548,057**	32,409,755

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

Consolidated statement of changes in equity
for the year ended 30 June 2014

	Note	Ordinary share capital $	Option reserve $	Retained earnings/ (Accumulated losses) $	Total $
Balance at 1 July 2012		40,407,660	-	(9,570,039)	30,837,621
(Loss) for the year		-	-	(1,496,969)	(1,496,969)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	(1,496,969)	(1,496,969)
Shares issued during the period	17	3,228,119	-	-	3,228,119
Share issue transaction costs		(159,016)	-	-	(159,016)
Option reserve listed separately		(201,600)	201,600	-	-
Balance at 30 June 2013		**43,275,163**	**201,600**	**(11,067,008)**	**32,409,755**
Balance at 1 July 2013		43,275,163	201,600	(11,067,008)	32,409,755
Profit for the period		-	-	1,138,302	1,138,302
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	1,138,302	1,138,302
Shares issued during the period	17	-	-	-	-
Share issue transaction costs		-	-	-	-
Balance at 30 June 2014		**43,275,163**	**201,600**	**(9,928,706)**	**33,548,057**

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

Consolidated statement of cash flows
for the year ended 30 June 2014

	Notes	Year-ended 30-Jun-14 $	30-Jun-13 $
Cash flows from operating activities			
Receipts from petroleum operations		3,519,019	2,660,732
Proceeds from sale of listed shares		2,616,097	2,392,098
Payments for acquisition of listed shares		(43,287)	(803,896)
Payments to suppliers and employees		(3,337,355)	(3,166,008)
Interest received		18,284	21,784
Other		83,171	2,941
Net cash generated by operating activities	18	2,855,929	1,107,651
Cash flows from investing activities			
Payments for exploration and evaluation assets		(1,069,767)	(1,832,609)
Payments for oil production & development assets		(883,072)	(2,288,724)
Payments for property plant and equipment		(933,580)	(186,034)
Loans repayment/(advanced)		81,637	87,008
Net cash (used in) investing activities		(2,804,782)	(4,220,359)
Cash flows from financing activities			
Proceeds from issue of shares		-	2,730,869
Costs associated with issue of shares		-	(159,017)
Net cash generated by/(used in) financing activities		-	2,571,852
Net increase/(decrease) in cash and cash equivalents		**51,147**	**(540,856)**
Cash and cash equivalents at the beginning of the period		1,982,473	2,448,883
Effects of exchange rate changes on the balance of cash held in foreign currencies		10,576	74,446
Cash and cash equivalents at the end of the period	9	**2,044,196**	**1,982,473**

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

Contents of the notes to the consolidated financial statements

Notes to the consolidated financial statements for the year ended 30 June 2014

1. Statement of compliance

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.

This financial report includes the consolidated financial statements and notes of Bounty Oil & Gas NL ("parent entity") and controlled entities ("consolidated group" or "group") and the Group's interest in jointly controlled assets for the financial year ended 30 June 2014. Supplementary financial information about the parent entity is disclosed in Note 27. The Financial Statements are presented in Australian currency.

The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue by the directors on 16 September 2014.

2. Summary of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the Corporations Act 2001 and comply with other requirements of the law.

Compliance with AASB 101 ensures compliance with International Financial Reporting Standard IAS 1 Presentation of Financial Statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

a. Basis of preparation

The consolidated 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.

The following significant accounting policies have been adopted in the preparation and presentation of the financial reports. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

b. Application of new and revised accounting standards

In the current year, the Group has applied a number of new and revised AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2013.

New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements' - This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures' As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. In the current year the individual key management personnel disclosure previously required by AASB 124 (note 21 in the 30 June 2013 financial report) is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards' AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee

Notes to the consolidated financial statements
for the year ended 30 June 2014

b. Application of new and revised accounting standards (continued)

The directors of the Company made an assessment as the date of the initial application of AASB 10 (i.e. 1 July 2013) that no change in control and reporting for its investee companies is necessary as a result of this amendment.

- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'. The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of AASB 11. The directors concluded that no change is necessary to the classification of Group's investments in joint arrangements.

- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements.

- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

- AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'. AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2013 comparative period (please see notes 23(d) for the 2014 disclosures). Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.

- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

- AASB 2012-2 'Amendments to Australian Accounting Standards 'Disclosures – Offsetting Financial Assets and Financial Liabilities' - As the Group does not have any offsetting arrangements in place, the application of the amendments to AASB 7 does not have any material impact on the consolidated financial statements.

The adoption of all the new and revised Standards and Interpretations has not resulted in any material changes to the Group's accounting policies and have had no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations have not had a material impact and not resulted in changes to the Group's presentation of, or disclosure in, its consolidated financial statements except those disclosed above. There are no upcoming new or revised Standards and Interpretations which are expected to have a material impact on the Group.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2017	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and	1 January 2017	30 June 2015
Financial Liabilities'	1 January 2017	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and		
Continuation of Hedge Accounting'	1 January 2017	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2017	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual	1 January 2017	30 June 2015
Framework, Materiality and Financial Instruments'	1 January 2017	30 June 2015
IFRS 15 "Revenue"	1 January 2017	30 June 2018

Notes to the consolidated financial statements for the year ended 30 June 2014

c. Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Bounty Oil & Gas NL at the end of the reporting period. A controlled entity is any entity over which Bounty Oil & Gas NL has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 24 to the financial statements.

In preparing the consolidated financial statements all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

For the reporting period the only controlled entity that Bounty Oil & Gas NL had was Ausam Resources Pty Limited (100% owned).

(ii) Joint arrangements

Under AASB 11 'Joint Arrangements' investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. Bounty Oil & Gas NL has assessed the nature of its joint arrangements and determined them to be joint

Bounty Oil & Gas NL has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operations are set out in note 25.

d. 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.

e. Income tax

The income tax expense / (income) for the year comprises current income tax expense / (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Notes to the consolidated financial statements
for the year ended 30 June 2014

e. Income tax (continued)

Current and deferred income tax expense / (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation - Bounty Oil & Gas NL and its wholly owned Australian subsidiary have not formed an income tax consolidation group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the ‘stand alone taxpayer’ approach to allocation.

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 30 June 2014, the Group realised a net profit after tax of $1,138,302 (2013: loss $1,496,969). This was largely driven by continuing oil production and investment operations. The net cash generated by operating activities for the period ended 30 June 2014 was $2,855,929 (2013: net cash generated $1,107,651). The Group’s net asset position at 30 June 2014 was $33,548,057 (30 June 2013: $32,409,755) and its cash balance amounted to $2,044,196 (30 June 2013: $1,982,473).

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 21) 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 as to the ability of 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 liabilities. 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 liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value

AASB 13 requires the disclosure of fair value information by 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 liabilities recorded in the financial statements approximates their respective fair values, determined in accordance with the accounting policies described above and adjusted for capitalised transaction costs, if any.

Notes to the consolidated financial statements
for the year ended 30 June 2014

h. Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition for land development and resale debtors, and no more than 30 days for other debtors.

Collection of trade receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount for the provision is recognised in the income statement.

i. Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Freehold land and building are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement or comprehensive income. Each year the difference between depreciation based on the re-valued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the assets original cost is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

j. Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation on assets is calculated over their estimated useful life as follows:

Class of fixed asset	**Estimated useful life**
Buildings, office furniture and fittings	5 years
Computer equipment	4 years
Plant and equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Notes to the consolidated financial statements
for the year ended 30 June 2014

k. Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

• the rights to tenure of the area of interest are current; and,
• at least one of the following conditions is also met:

i) the exploration and evaluation expenditures are expected to be recouped through successful exploration, development and commercial exploitation of the area of interest, or alternatively, by its sale; or,

ii) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable petroleum reserves or resources and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, geophysical surveys, studies, exploratory drilling, sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then re-classified to development.

l. Production and development assets

The group follows the full cost method of accounting for production and development assets whereby all costs, less any incentives related to the acquisition, exploration and development of oil and gas reserves are capitalised. These costs include land acquisition costs, geological and geophysical expenses, the costs of drilling both productive and non productive wells, non producing lease rentals and directly related general and administrative expenses. Proceeds received from the disposal of properties are normally credited against accumulated costs.

When a significant portion of the properties is sold, a gain or loss is recorded and reflected in profit or loss.

With respect to production assets, depletion of production and development assets and amortisation of production facilities and equipment are calculated using the unit of production method based on estimated proven oil and gas reserves. For the purposes of depletion calculation proved oil and gas reserves before royalties are converted to a common unit measure.

The estimated costs for developing proved underdeveloped reserves, future decommissioning and abandonments, net of estimated salvage values, are provided for on the unit of production method included in the provision for depletion and amortisation.

In applying the full cost method of accounting, the capitalised costs less accumulated depletion are restricted from exceeding and amount equal to the estimated discounted future net revenues, based on year end prices and costs, less the aggregate estimate future operating and capital costs derived from proven and probable reserves.

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the field on a units-of-production basis.

Changes in factors such as estimates of proved and probable reserves that affect unit of production calculations are dealt with on a prospective basis.

Notes to the consolidated financial statements
for the year ended 30 June 2014

m. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

n. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of petroleum products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads.

o. Leased assets

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

p. Financial instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement

i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Notes to the consolidated financial statements for the year ended 30 June 2014

q. Impairment of assets

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

r. Foreign currency transactions and balances

Functional and presentation currency

The functional currency is measured using the currency of the primary economic environment in which the Group operates (the "functional" currency). The financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

s. Employee benefits

Wages and salaries, annual leave

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Share based payments – employee share plan

Share based compensation has from time to time been provided to eligible persons via the Bounty Oil & Gas N.L. Employee Share Plan ("Plan"). Under AASB 2 "Share-based Payments", the Employee Share Plan shares are deemed to be equity-settled share-based remuneration.

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the quoted market price or binomial pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

t. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

u. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

Notes to the consolidated financial statements
for the year ended 30 June 2014

v. Rehabilitation obligations

Provisions for future environmental restoration are recognised where there is a present obligation as a result of exploration, development, production or storage activities having been undertaken and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning wells and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at reporting date, with a corresponding charge in the cost of the associated asset.

The amount of the provision for future restoration costs relating to exploration, development and production facilities is capitalised and depleted as a component of the cost of those activities.

The unwinding of the effect of discounting on the provision is recognised as a finance cost.

w. Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST)

x. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

y. Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

z. Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

aa. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Notes to the consolidated financial statements
for the year ended 30 June 2014

3. Critical accounting estimates and judgments

In the application of the group's accounting policies, which are described in Note 1, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical and industry experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments that management has made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Exploration and evaluation assets

The group's policy is discussed in Note 1(m). Its policy for production and development assets is discussed in Note 1(n). The application of these policies requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off through profit or loss.

Estimate of reserve quantities

The estimated quantities of proven and probably hydrocarbon reserves and resources reported by the group are integral to the calculation of amortisation (depletion) and depreciation expense and to assessments of possible impairment of assets. Estimated reserve quantities are based upon data from exploration and development drilling, interpretations of geological and geophysical models and assessment of the technical feasibility and commercial viability of producing the reserves.

Management prepares reserve estimates which conform to guidelines prepared by the Society of Petroleum Engineers, USA. Where appropriate these estimates are then verified by independent technical experts.

These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological or reservoir data is generated during the course of operations.

Provision for rehabilitation and decommissioning

The group estimates the future removal and decommissioning costs of oil and gas production facilities, wells, pipelines and related assets at the time of installation of the assets. In most instances the removal of these assets will occur many years in the future. The estimates of future removal costs therefore requires management to make adjustments regarding the removal date, future environmental legislation, the extent of decommissioning activities and future removal technologies.

Impairment of production and development assets

The group assesses whether oil and gas assets are impaired on a semi-annual basis. This requires an estimation of the recoverable amount from the cash generating unit to which each asset belongs. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and or subsequent disposal. The expected net cash flows are discounted to their present values in determining the recoverable amount.

Notes to the consolidated financial statements for the year ended 30 June 2014

4. 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)	
	30-Jun-14	30-Jun-13	**30-Jun-14**	30-Jun-13
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	**3,142,946**	2,173,663	**1,500,634**	169,458
Exploration projects	-	-	-	(802,875)
Secondary Segment				
Listed securities	**857,995**	781,923	**857,995**	722,940
Total from continuing operations	**4,000,941**	2,955,586	**2,358,629**	89,523
Other revenue			**117,137**	112,184
Central admin costs and directors remuneration			**(1,337,464)**	(1,698,676)
Profit before tax			**1,138,302**	(1,496,969)

Segment revenue

Revenue reported above represents revenue/income generated from external sources. There were no intersegment sales during the period (2013: nil)

Accounting policies of reportable segments

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. This is the measure reported to the Chief Operating Decision Maker for the purpose of resource allocation and assessment of segment performance.

Information about major customers

Included in the revenue arising from direct sales of oil of $3,142,946 (2013: 2,173,663) are revenues of approximately $1,473,403 (2013:$1,569,959) which arose from sales to the Group's largest customer. The revenue from the Group's second largest customer was approximately $938,817 (2013:$603,704). The revenue from the Group's third largest customer was approximately $459,672 (2013: 313,775). No other single customer contributed 10% or more to the Groups revenue for both 2014 and 2013.

Other segment information	Amortisation, depreciation & depletion		Additions to non-current assets	
	30-Jun-14	30-Jun-13	**30-Jun-14**	30-Jun-13
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	**254,258**	255,772	**1,480,385**	2,753,190
Development projects	-	-	**61,054**	18,656
Exploration projects	-	-	**920,468**	1,967,266
Other	**25,442**	13,555	**514,534**	12,555
Total	**279,700**	269,327	**2,976,441**	4,751,667

	Impairment losses(expenses)		Exploration write off	
	30-Jun-14	30-Jun-13	**30-Jun-14**	30-Jun-13
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	-	954	-	-
Development projects	-	774,805	-	-
Exploration projects	-	-	**903**	27,116
Total	-	775,759	**903**	27,116

Notes to the consolidated financial statements
for the year ended 30 June 2014

4. Segment Information (continued)

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Segment liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and provisions.

The unallocated items include items that are not considered part of the core operations of any segment.

	Segment assets		Segment liabilities	
	30-Jun-14	30-Jun-13	**30-Jun-14**	30-Jun-13
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	**12,370,123**	11,835,081	**1,557,334**	1,878,135
Development projects	**4,371,217**	4,310,163	**8,734**	8,141
Exploration projects	**13,221,369**	12,300,901	**23,796**	121,700
Secondary Segment				
Listed securities	**1,076,326**	2,791,141	**-**	-
Unallocated	**4,406,892**	3,356,221	**308,006**	175,776
Total	**35,445,927**	34,593,507	**1,897,870**	2,183,752

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	
	30-Jun-14	30-Jun-13	**30-Jun-14**	30-Jun-13
	$	$	**$**	$
Australia	**4,118,078**	3,067,770	**31,441,436**	30,751,333
Tanzania	**-**	-	**4,004,491**	3,842,174
Total	**4,118,078**	3,067,770	**35,445,927**	34,593,507

5(a). Revenue and other income

	30-Jun-14	30-Jun-13
Sales revenue:	**$**	$
Oil sales	**2,960,271**	2,150,288
Revenue from tariffs	**182,675**	23,375
Total sales revenue	**3,142,946**	2,173,663
Investment income:		
Investment income from financial assets at fair value through		
Profit and loss (held for trading listed shares)		
Realised gain	**1,238,605**	1,337,406
Unrealised gain/(loss)	**(380,610)**	(555,483)
Total investment income	**857,995**	781,923
Other income:		
Interest received	**24,671**	35,063
Unrealised gains on foreign currency	**10,576**	74,447
Other income	**81,890**	2,674
Total other revenue	**117,137**	112,184
Total revenue	**4,118,078**	3,067,770

Notes to the consolidated financial statements
for the year ended 30 June 2014

5(b). Direct petroleum operating expenses

During the period, the consolidated entity received a royalty credit for the amount of $394,945 from the Naccowlah Joint Operations, which has contributed to significantly reduced direct petroleum operating expenses compared to the previous period.

6. Employee benefit expense	30-Jun-14	30-Jun-13
	$	$
Directors fees	107,767	149,370
Consultancy fees - Internal	321,785	156,200
Wages & salaries	229,343	186,789
Other employee benefit expenses	83,101	96,792
Total Employee benefit expense	**741,996**	589,151

Recharge and recoveries

The Group has the policy to allocate a portion of employee benefit expense to production, development, exploration and evaluation assets based on employee time committed to various projects.

7. Income tax expense

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on profit/(income tax benefit) from continuing operations before income tax at 30% (2013: 30%)	$	$
Consolidated group	341,491	(449,091)
Add tax effect of non-deductible expenses	258,076	709,963
Less tax effect of expenditure claimed as deduction	(607,763)	(1,206,734)
Tax effect of Unused tax losses not recognised as deferred tax asset	**(8,196)**	(945,862)
Income tax expense attributable to profit/(loss) from continuing operations	**-**	-

The potential future income tax benefit arising from tax losses and timing differences has not been recognised as an asset because recovery of tax losses is not probable and recovery of timing differences is not assured beyond reasonable doubt.

The potential future income tax benefit will be obtained if:

1) The relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be realised by another company in the Group in accordance with Division 170 of the Income Tax Assessment Act 1997;

2) the relevant company and/or group continues to comply with the conditions for deductibility imposed by the Act; and

3) No changes in tax legislation adversely affect the parent and/or the group in realizing the benefit. Bounty Oil and Gas NL and its wholly-owned subsidiaries have not formed a tax consolidation group.

8. Earnings/(losses) per share

Basic earnings per share (cents per share)	0.12	(0.18)
Diluted earnings per share (cents per share)	0.12	(0.18)
Net (loss)/profit used in the calculation of basic and diluted earnings per share	1,138,302	(1,496,969)
	No. of Shares	No. of Shares
Weighted average number of ordinary shares for the purposes of basic and diluted EPS	938,400,982	846,737,283

9. Cash and cash equivalents	$	$
Deposits on call	72,025	342,292
Cash at bank	1,972,171	1,640,181
Total Cash and cash equivalents	**2,044,196**	1,982,473

Notes to the consolidated financial statements
for the year ended 30 June 2014

10. Trade and other receivables

Current	30-Jun-14 $	30-Jun-13 $
Trade receivables	**576,316**	522,302
Prepayments	**3,657**	16,773
Other receivables	**1,914**	68,745
GST receivable	**-**	35,537
Loans to third party	**51,963**	127,521
Total trade and other receivables	**633,850**	770,878

The average credit period on sale of goods is 30 days. The Group generally recognise an allowance for doubtful debts for receivables if management forms an opinion that receivable may not be recoverable. The increase in trade receivables is a result of rise in oil sales. The balance outstanding at 30 June 2014 is primarily in relation to oil sales made in the final month of the period, the majority of which was received subsequent to year end. The trade receivables were outstanding for an average period of 15 days as at 30 June 2014.

Ageing of past due but not impaired	$	$
60 – 90 days	**-**	-
90-120 days	**-**	-
120+ days	**-**	68,295
Total	**-**	68,295

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is unrelated and includes large companies.

11. Inventories	$	$
Oil in inventory	**48,678**	65,848
Other inventory	**42,885**	-
	91,563	65,848

12. Other current financial assets	Note	$	$
Financial assets at fair value through profit and loss - shares in listed corporations	**23(d)**	**1,076,326**	2,791,141
Total current financial assets		**1,076,326**	2,791,141

13. Property, plant and equipment

Plant and Equipment	$	$
Plant and equipment – at cost	**984,258**	455,590
Less accumulated depreciation	**(332,904)**	(179,726)
	651,354	275,864
Real Estate Properties		
Real estate properties at cost	**989,828**	505,002
Less: Accumulated depreciation	**(3,899)**	(2,874)
	985,929	502,128
Total Property, plant and equipment	**1,637,283**	777,992

Movement in carrying amounts:

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and end of the financial year.	$	$
Opening Balance	**777,992**	644,768
Additions	**1,013,496**	171,097
Depreciation	**(154,205)**	(37,873)
Carrying amount at the end of the year	**1,637,283**	777,992

Notes to the consolidated financial statements for the year ended 30 June 2014

14. Non current assets

(a): Production and development assets

	30-Jun-14	30-Jun-13
	$	$
SW Queensland		
Oil producing property – PL214 Utopia – at cost	**8,534,668**	7,754,228
Oil producing property – Naccowlah Block – at cost	**2,964,870**	2,964,940
Less: Amortisation	**(976,000)**	(770,589)
East Queensland		
Oil producing property – Joint venture interest PL119 Downlands – at cost	**3,763,979**	3,708,831
less: Depletion and amortisation	**(2,518,608)**	(2,518,608)
Rehabilitation costs – all petroleum properties	**601,214**	455,309
Development assets	**4,371,217**	4,310,163
Total production and development assets	**16,741,340**	15,904,274

Movement in carrying amounts:

Movements in the carrying amounts for each class of production & development assets between the beginning and end of the financial year.

	$	$
Opening balance	**15,904,274**	14,848,026
Additions	**896,572**	2,507,926
Movement in rehabilitation	**145,905**	105,378
Impairment of production and development assets	**-**	(775,759)
Amortisation of production assets	**(205,411)**	(781,297)
Carrying amount at the end of the year	**16,741,340**	15,904,274

(b): Exploration and evaluation assets

	$	$
Exploration assets	**13,221,369**	12,300,901
Total exploration and evaluation assets	**13,221,369**	12,300,901

Movement in carrying amounts:

Movements in the carrying amounts for each class of exploration and evaluation assets between the beginning and end of the financial year.

	$	$
Opening balance	**12,300,901**	10,360,751
Additions	**921,371**	1,967,266
Write off – Exploration and evaluation asset	**(903)**	(27,116)
Carrying amount at the end of the year	**13,221,369**	12,300,901

15. Trade and other payables

Current	**$**	$
Trade creditors	**788,350**	1,172,121
Accrued creditors	**74,695**	160,263
GST, FBT, PAYG & super liability	**54,397**	40,374
Total trade and other payables	**917,442**	1,372,758

16. Provisions

	$	$
Current - Provision for annual leave	**2,696**	3,055
Non-current - Rehabilitation costs – petroleum properties	**977,732**	807,939

Movement in provisions		
Opening balance	**807,939**	623,852
Unwinding of discount	**99,588**	78,709
Net movement in rehabilitation provisions made during the year	**70,205**	105,378
Balance at the end of the period	**977,732**	807,939

The provision for rehabilitation costs represents the present value of the Directors' best estimate of the future sacrifice of economic benefits that will be required to remove the facilities and restore the affected areas at the Group's operation sites. The rehabilitation of the petroleum properties is expected to be undertaken between 1 to 20 years.

Notes to the consolidated financial statements
for the year ended 30 June 2014

17. Issued capital

	30-Jun-14	30-Jun-13
A reconciliation of the movement in capital for the Company can be found in the Consolidated Statement of Changes in Equity	**$**	$
938,400,982 fully paid ordinary shares (2013: 938,400,982)	**43,275,163**	43,275,163
Nil options transferred to reserve on expiry (2013: 16,000,000)	**201,600**	201,600
	43,476,763	43,476,763

(a) Movement in fully paid ordinary shares	**No. of Shares**	No. of Shares
Balance at beginning of period	**938,400,982**	938,400,982
Balance at end of period	**938,400,982**	938,400,982

(b) Movement in unlisted options		
Balance at beginning of period	**20,000,000**	20,000,000
Lapsed during the period	**-**	-
Balance at end of period	**20,000,000**	20,000,000

18. Reconciliation of cash flow from continuing operations

Reconciliation of Cash Flow from continuing operations with profit/ (loss) after income tax.	**$**	$
Profit/(Loss) from continuing operations after income tax	**1,138,302**	(1,496,969)
Non-cash flows in profit/(loss) from continuing operations:		
Equity settled share based payment expense	**-**	497,250
Depreciation and Amortisation	**279,700**	269,327
Unrealised (gain)/loss on listed securities	**380,610**	555,483
Unrealised foreign exchange (gain)/loss	**(10,576)**	(74,447)
Rehabilitation expense	**99,588**	78,710
Written off exploration assets	**903**	27,116
Impairment of petroleum development assets	**-**	775,759
Accrued interest income	**(6,387)**	(13,279)
(Increase) in trade and other receivables	**61,778**	(341,570)
Decrease in financial assets through profit and loss	**1,334,205**	241,820
(Increase)/Decrease in inventory	**17,170**	(10,794)
Increase in petroleum property rehabilitation obligation	**37,662**	105,377
Increase/(Decrease) in trade & other payables	**(477,026)**	493,868
Net Cash from continuing operations	**2,855,929**	1,107,651

19. Share based payments

2014

No share based payment compensation was granted to directors or senior management during the financial year ended 30th June 2014 and there was Nil expensed (2013:$497,250). During the year, no directors or senior management exercised options that were granted to them as part of their compensation in previous periods and no options lapsed.

2013

Share based payment compensation was granted to directors, senior management and employees during the financial year ended 30 June 2013. The shares were issued at $0.005 per share in accordance with approvals from shareholders at the Annual General Meeting held on 22 November 2012.

38,250,000 ordinary shares were granted on 21 December 2012. Total share based payment expensed during the year amounted to $497,250.

20. Key management personnel

a) Key Management Personnel Compensation

The aggregate compensation made to Key Management Personnel of the group is set out below:	**$**	$
Short term employee benefits	**600,164**	601,870
Share based payments	**-**	455,000
Total	**600,164**	1,056,870

Notes to the consolidated financial statements
for the year ended 30 June 2014

20. Key management personnel (continued)

a) Key Management Personnel Compensation (continued)

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

b) Equity Instrument Disclosures Relating to Key Management Personnel

i) Options provided as remuneration and shares issued on exercise of such options.

During the year there were no options provided as remuneration.

ii) Option holdings

The number of options over ordinary shares in the company held during the financial year by each director of Bounty Oil & Gas N.L. and other key management personnel of the group, including their personally related parties, are set out below:

2014	Held at 1 July 2013	Granted as Compensation	Exercised	Expired	Held at 30 June 2014	Vested and Exercisable at 30 June 2014
Directors	-	-	-	-	-	-
Executives	-	-	-	-	-	-

2013	Held at 1 July 2012	Granted as Compensation	Exercised	Expired	Held at 30 June 2013	Vested and Exercisable at 30 June 2013
Directors						
G Reveleigh	4,000,000	-	-	(4,000,000)	-	-
G Higginbotham	2,000,000	-	-	(2,000,000)	-	-
C Ross	2,000,000	-	-	(2,000,000)	-	-
Executives						
P Kelso	8,000,000	-	-	(8,000,000)	-	-

All vested options were not exercised and expired on 22 December 2012.

iii) Share holdings

The movement during the reporting period in the number of ordinary shares in Bounty Oil and Gas N.L. held, directly, indirectly or beneficially, by each key management person, including related parties, is as follows:

2014	Balance at Start of the Year	Purchases	Received on exercise of Options	Received other	Sales	Held at the end of Year
Directors						
G Reveleigh	17,479,118	-	-	-	-	17,479,118
R Payne	-	-	-	-	-	-
G Higginbotham	3,106,720	-	-	-	-	3,106,720
C Ross	3,200,000	-	-	-	-	3,200,000
Executives						
P Kelso	29,574,141	18,522,521	-	-	-	48,096,662
2013						
Directors						
G Reveleigh	3,479,118	-	-	14,000,000	-	17,479,118
G Higginbotham	1,106,720	-	-	2,000,000	-	3,106,720
C Ross	200,000	-	-	3,000,000	-	3,200,000
Executives						
P Kelso	6,579,644	-	-	22,994,497	-	29,574,141

No shares were granted to key management personnel during the financial year. During the previous year fully paid ordinary shares were granted at a discounted price as compensation pursuant to shareholder approval (see Remuneration Report contained in the 2013 Directors' Report for more details).

c) Loans to Key Management Personnel

No loans were made to key management personnel including their personally related entities during the financial year ended 30 June 2014 and no loans were outstanding at the end of the prior period.

Notes to the consolidated financial statements
for the year ended 30 June 2014

20. Key management personnel (continued)

d) Other Transactions with Key Management Personnel

Other than the transactions disclosed in the Remuneration Report contained in the Directors' Report, during the financial year, $30,000 was paid for rent and $20,000 was paid in legal fees to a firm in which Mr. P. Kelso is a principal.

Aggregate amounts of each of the above types of other transactions with entities associated with key management personnel of Bounty Oil & Gas NL:

	30-Jun-14	30-Jun-13
	$	$
Legal, corporate fees	**20,000**	60,327
Rent of office	**30,000**	30,000
	50,000	90,327

21. Exploration commitments

In order to maintain current rights of tenure to its exploration permits, the company has certain obligations to perform work in accordance with the work programmes, as approved by the relevant statutory body, when the permits are granted. These work programs form the exploration commitment which may be renegotiated, varied between permits, or reduced due to farm-out, sale, reduction of exploration area and/or relinquishment of non-prospective permits. Work in excess of the work programs may also be undertaken.

The following discretionary exploration expenditure requirements have not been provided for in the accounts:

Payable	**$**	$
Not longer than 1 year	2,300,000	2,400,000
Longer than 1 year and not longer than 5 years	1,950,000	1,800,000
	4,250,000	4,200,000

There are no lease commitments at the balance date.

22. Related party transactions

a. The Group's main related parties are as follows:

Key Management Personnel

Any person(s) having authority or responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group are considered as key management personnel.

Disclosures relating to key management personnel are set out in Note 20 and Directors' report pages 11 to 14.

Subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 24.

All inter-company loans and receivables are eliminated on consolidation and are interest free with no set repayment terms.

b. Transactions with other related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no transactions with related parties other than as disclosed in Note 20 and this Note 22.

23. Financial instruments

a) Capital management:

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders. The Group's overall strategy remains unchanged from 2013.The Group's capital structure consists of equity (comprising issued capital, reserves and retained earnings as detailed in Consolidated Statement of Changes in Equity) and no debt. The Group is not subject to any externally imposed capital requirements.

The Board reviews the capital structure of the Group on an on-going basis. As part of this review, the Board considers the cost of capital and associated risks.

Notes to the consolidated financial statements for the year ended 30 June 2014

23. Financial instruments (continued)

The gearing ratio at the end of the reporting period was nil (2013: nil)

b) Categories of financial instruments:	**Note**	**30-Jun-14**	30-Jun-13
Financial assets		**$**	$
Cash and cash equivalents		**2,044,196**	1,982,473
Loans and receivables		**633,850**	770,878
Available for sale financial assets designated as at FVTPL	**12**	**1,076,326**	2,791,141
Total financial assets		**3,754,372**	5,544,492
Financial liabilities			
Other amortised cost - trade creditors		**(917,442)**	(1,372,758)
Total financial liabilities		**(917,442)**	(1,372,758)

c) Financial risk management objectives:

The main risks the company is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

Foreign currency risk:

Foreign currency risk is managed by retaining majority of its cash and payables in Australian currency. Petroleum sales are received in USD with short term credit terms.

Liquidity risk:

The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Credit risk:

The Group has adopted a policy of only dealing with credit worthy counterparties and only transacts with financial institutions that are rated the equivalent of AA and above. The Group’s exposure and the credit ratings of its counterparties are continuously monitored and transactions concluded are spread amongst approved counterparties. Trade receivables consist of a limited number of customers, all of which are large creditworthy organisations.

The Company does not have any material credit risk exposure to any single debtor or company of debtors under financial instruments or collateral securities entered into by the Company.

Commodity risk:

The sales revenue of the company is derived from sales of oil at the prevailing TAPIS or Dated Brent oil price on the Singapore market in USD. Sales volumes are not sufficient to undertake the expense of entering derivative contracts to manage that risk.

d) Fair value of financial instruments:

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

The fair values of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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**	**30-Jun-14**	30-Jun-13
				$	$
Financial assets at fair value through profit or loss	**Quoted bid prices in an active market**	**12**	**Level 1**	**1,076,326**	2,791,141

e) Sensitivity analysis

The company does not perform sensitivity analysis with respect to interest rate risk, foreign currency risk, liquidity risk, credit risk or price risk.

Notes to the consolidated financial statements for the year ended 30 June 2014

24. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2 (c)(i).

Name of entity	Country of Incorporation	Class of shares	30-Jun-14 Equity holding % (1)	30-Jun-13 Equity holding % (1)
Ausam Resources Pty Limited	Australia	Ordinary	**100**	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.

25. Interest in joint operations

Set out below are the joint arrangements of the Group as at 30 June 2014, which in the opinion of the directors are material to the Group:

Name of the joint arrangement	Principal activity	Principal place of business	Ownership interest (%)	
ATP 560/PL 214 OWK Inc.	Production	Sydney, Australia	**40%**	40%
ATP 259P Naccowlah block	Production	Adelaide, Australia	**2%**	2%
Nyuni PSA	Exploration	Dar es Salaam, Tanzania	**5%**	5%
Kiliwani North	Development	Dar es Salaam, Tanzania	**10%**	10%
ATP 754P	Exploration	Brisbane, Australia	**50%**	50%
PEP11	Exploration	Perth, Australia	**15%**	15%

The Group's joint venture agreements require unanimous consent from all parties for all relevant activities. The joint operators own the assets of the partnership as tenants in common and are jointly and severally liable for the liabilities incurred by the partnership. These entities are therefore classified as joint operations and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in note 2(c)(ii) and 2(d).

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

The company's share of revenue and expenses from joint operations are included in the Consolidated Statement of Comprehensive Income. The company's share of the assets and liabilities held in joint operations are included in the Consolidated Statement of Financial Position.

The company holds significant petroleum production joint venture interests included in the Consolidated Statements as follows:

(i) a 40% interest in Petroleum Lease 214 and part of ATP 560P, Queensland and associated oil production tangibles referred to as the Utopia JV.

(ii) a 2% interest in various Petroleum Leases and part of ATP 259P, Queensland and associated oil production tangibles and pipelines referred to as the Naccowlah Block JV.

Details of the total revenue and expenses derived from or incurred in ATP 259P and ATP560P/PL 214 joint operations and the company's share of the assets and liabilities employed in these joint operations are as follows:

	$	$
Revenue from petroleum	**3,142,946**	2,173,663
Petroleum and all other expenses	**(1,642,312)**	(2,000,951)
Net Profit/(Loss) from joint operations	**1,500,634**	172,712
Current assets		
Cash and cash equivalents	**72,439**	120,637
Trade receivables	**481,914**	584,046
Inventories	**91,564**	65,848
Non current assets		
Property, plant & equipment (net of accumulated depreciation)	**463,628**	240,970
Other non-current assets	**11,088,398**	10,356,827
Total assets in joint operations	**12,197,943**	11,368,328
Current liabilities		
Trade and other payables	**762,891**	796,788
Non current liabilities		
Provisions	**789,781**	634,676
Total liabilities in joint operations	**1,552,672**	1,431,464
Net interest in joint operations	**10,645,271**	9,936,864

Notes to the consolidated financial statements for the year ended 30 June 2014

25. Interest in joint arrangements (continued)

Interests in other joint operation entities

Also included in the Consolidated Financial Statements as at 30 June 2014, the group held interests in joint operations whose principal activities were exploration, evaluation and development of oil and gas but not accruing material revenue.

The company contributes cash funds to the joint operations by way of cash calls for a specified percentage of total exploration and development activities. Other than the Utopia and Naccowlah Block production Joint Operations none of the joint operations hold any material assets and accordingly the Company's share of exploration, evaluation and development expenditure is accounted for in accordance with the policy set out in Note 1.

26. Economic dependency

The company is not dependent on any external entity.

27. Parent entity disclosures

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are same as those applied in the consolidated financial statements. Refer to Note 1 for a summary of the significant accounting policies relating to the Group.

The individual financial statements for the parent entity Bounty Oil & Gas NL show the following aggregate amounts:

Statement of Financial Position	**30-Jun-14**	30-Jun-13
Assets	**$**	$
Current assets	**8,350,255**	9,842,092
Non-current assets	**22,634,826**	20,225,771
Total Assets	**30,985,081**	30,067,863
Liabilities		
Current liabilities	**920,138**	1,335,138
Non-current liabilities	**823,121**	666,395
Total Liabilities	**1,743,259**	2,001,533
Net Assets	**29,241,822**	28,066,330
Equity		
Issued capital	**43,275,163**	43,275,162
Reserves	**201,600**	201,600
Retained earnings/Accumulated losses	**(14,234,942)**	(15,410,432)
Total Equity	**29,241,821**	28,066,330
Statement of Profit and Loss and other Comprehensive Income		
(Loss) profit for the year	**1,175,491**	(677,737)
Other comprehensive income	**-**	-
Total Comprehensive (Loss)/Income for the year	**1,175,491**	(677,737)
Commitments for Capital Expenditure		
No longer than 1 year	2,180,000	2,000,000
Longer than 1 year and not longer than 5 years	1,600,000	1,400,000
Total	**3,780,000**	3,400,000

There are no operating lease commitments at the balance date.

28. 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 21. There is no litigation against or involving Bounty Oil & Gas N.L. or its subsidiaries of which the Directors are aware.

29. Events occurring after the reporting period

No matters or circumstances have arisen since the end of the financial year 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.

Notes to the consolidated financial statements for the year ended 30 June 2014

30. Auditors remuneration

	30-Jun-14	30-Jun-13
	$	$
Remuneration of the auditors of the Company for:		
- Auditing or reviewing the financial reports for year	48,000	50,500
- Other services	11,350	-
	59,350	50,500

The auditors to Bounty Oil & Gas NL are DFK Richard Hill, Sydney.

31. Company details

Bounty Oil & Gas NL's registered office and its principal place of business are as follows:

Registered Office	**Principal place of business**
Level 7, 283 George Street,	Level 7, 283 George Street,
Sydney, NSW, 2000, Australia	Sydney, NSW, 2000, Australia
Tel: (02) 9299 7200	Tel: (02) 9299 7200

DIRECTORS' DECLARATION

a) The directors of Bounty Oil and Gas NL ("the Company") declare that the financial statements and notes, as set out on pages 16 to 42 are in accordance with the Corporations Act 2001 and:

(i) comply with Accounting Standards and the Corporations Regulations 2001; and

(ii) give a true and fair view of the financial position as at 30th June 2014 and of the performance for the year ended on that date of the Company;

b) The Chief Executive Officer and the Chief Financial Officer have each declared that:

(i) The financial records of the company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001.

(ii) The financial statements and notes for the financial year comply in all material respects with the Accounting Standards;

(iii) The financial statements and notes give a true and fair view.

c) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Graham Reveleigh
Director

Dated: 16 September 2014

dfk richard hill
LEADING ACCOUNTANTS AND BUSINESS ADVISERS

Partners:
Richard L S Hill
BCom FCA FCPA (PNG)
David G Sharp
BCom FCA
Michael J Schlederer
BCom CA CTA

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BOUNTY OIL & GAS N.L. ABN 82 090 625 353 AND CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOUNTY OIL & GAS N.L.

Report on the Financial Report

We have audited the accompanying financial report of Bounty Oil & Gas N.L. which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS)

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Bounty Oil & Gas N.L., would be in the same terms if provided to the directors as at the time of this auditor's report.

Chartered Accountants
Liability Limited by a scheme approved under Professional Standards Legislation

ABN 92 662 058 215
United Overseas Bank Building
Level 11, 32 Martin Place Sydney NSW 2000
GPO Box 104 Sydney NSW 2001

A member firm of DFK International
A worldwide association of independent Accounting firms and business advisers

Auditor's Opinion

In our opinion:

a. the financial report of Bounty Oil & Gas N.L.is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the remuneration report included the report of the directors for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporation Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Bounty Oil & Gas N.L. for the year ended 30 June 2014, complies with s 300A of the *Corporation Act 2001*.

Richard Hill

Address: Level 11, 32 Martin Place Sydney 2000

Dated this 16 day of September 2014

1. Additional Information Required by ASX Listing Rules

The following is additional information provided in accordance with the Listing Rules of the Australian Securities Exchange Limited.

Analysis of equity security holders as at 9th September, 2014:

a) Analysis of numbers of holders of fully paid ordinary shares:

No. of Securities	No. of Shareholders
1 – 1,000	207
1,001 – 5,000	122
5,001 – 10,000	489
10,001 – 100,000	2,054
100,001 and above	1,206
	4,078

b) Twenty largest holders of quoted equity securities at 9th September, 2014:

	Ordinary Shareholders	Fully paid number	Percentage
1	Commission Advance Company Pty	39,355,320	4.19
2	Robert A Hutchfield	28,300,200	3.02
3	Red Kite Capital Inc	27,022,000	2.88
4	G E Reveleigh & Co Pty Limited	23,066,784	2.46
5	WH Ave LLC	18,000,000	1.92
6	Mr. Vi Khanh Bang	16,660,000	1.78
7	Kestrel Petroleum Pty Limited	15,175,000	1.62
8	Gleneagle Securities Australia PL	11,284,254	1.20
9	Barry Sheedy & Associates Pty Limited	13,893,700	1.48
10	Mr David Alan McSeveny	10,378,214	1.11
11	Tri-Ex Holdings Pty Limited	10,000,000	1.07
12	Scintilla Strategic	10,000,000	1.07
13	Mrs. Anna Spooner	7,772,217	.83
14	Mr William John Tyler & Mrs. Sybil Tyler	7,000,000	.75
15	Mr Jordon Vujic	6,100,429	.65
16	Gary Brett Harvey	5,225,000	.56
17	Citicorp Nominees Pty Limited	5,057,172	.54
18	CEEC Pty Limited	5,000,000	.53
19	Norman Paul Greaves	5,000,000	.53
20	C & J Viney Pty Limited	4,400,000	.47
	Total Top 20 Holders	**268,690,290**	**28.63%**

c) Options at 9th September, 2014:

i) there were no listed and quoted options over ordinary shares.

ii) there were no unlisted options over ordinary shares.

2. Substantial Shareholders

As at 9th September 2014 there were no substantial shareholders as disclosed in substantial shareholders notices given to the company.

3. There were 1,862 holders of less than a marketable parcel of ordinary shares, totalling 26,627,366 shares.

4. The percentage of the total holding of the 20 largest shareholders of ordinary shares was 28.63% of issued capital.

5. The total number of fully paid ordinary shares on issue on 9th September 2014 was 938,400,982.

6. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on the Australian Securities Exchange (ASX) under the code BUY.

7. Income Tax

The company is taxed as a public company.

8. Voting Rights

On show of hands one vote for every registered Shareholder and on a poll, one vote for each share held by a registered Shareholder.

9. Additional Information

Information in these financial statements (or in the annual report) that relates to or refers to petroleum exploration and prospectivity or petroleum or hydrocarbon reserves or resources is based on information compiled and/or written by Mr Philip F Kelso the CEO of Bounty Oil & Gas NL. 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. 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. He has consented to the reporting of that information in the form and context in which it appears in this report.

The company continues to comply with the ASX Listing Rules disclosure requirements. The company reports to ASX which makes available all reports to those who wish to access them. All ASX releases and other background information are posted regularly on the company's website. The company intends to post on its website its annual report and all other required notices to its shareholders.

The board reviews and receives advice on areas of operational and financial risks. Business risk management strategies are developed as appropriate to mitigate all identified risks of the business. The directors are aware of the guidelines for the content of a code of conduct to guide compliance with legal and other obligations to shareholders but have not formally established such a code. Where applicable to its activities, the directors ensure that the company is responsible to its shareholders, employees, contractors, advisers, individuals and the community.

10. Secretary

The name of the Secretary of the company is Sachin Saraf.

11. Share Buy Back

There is no current on market share buy back.

Schedule of Petroleum Tenements -9th of September 2014

Permit	Basin	Interest	Gross km^2	Net km^2	Operator
Australia Offshore					
AC/P32	Ashmore Cartier Territory - Vulcan Basin	100%	336	336	Bounty
PEP 11	NSW - Sydney Basin	15%	4,577	686.5	Advent Energy
Australia Onshore					
PRL 33 – PRL 49 FO inclusive replacing EL 218 (Post Permian)	SA – Cooper - Eromanga Basin.	23.28%	1,603.5	373.3	Beach Energy
PL 214 Utopia Block	SW Qld – Cooper - Eromanga Basin.	40%	220.5	88.2	OWK [1]
ATP 560P	SW Qld – Cooper - Eromanga Basin.	40%	86	34.4	OWK [1]
ATP 259P Naccowlah Block	SW Qld – Cooper - Eromanga Basin.	2%	1,064.5	21.3	Santos [2]
PL 23	SW Qld – Cooper - Eromanga Basin.	2%	234.6	4.7	Santos [2]
PL 24	SW Qld – Cooper - Eromanga Basin.	2%	200.9	4.0	Santos [2]
PL 25	SW Qld – Cooper - Eromanga Basin.	2%	256	5.1	Santos [2]
PL 26	SW Qld – Cooper - Eromanga Basin.	2%	255.9	5.1	Santos [2]
PL 35	SW Qld – Cooper - Eromanga Basin.	2%	136.5	2.7	Santos [2]
PL 36	SW Qld – Cooper - Eromanga Basin.	2%	60.9	1.2	Santos [2]
PL 62	SW Qld – Cooper - Eromanga Basin.	2%	64.7	1.3	Santos [2]
PL 76	SW Qld – Cooper - Eromanga Basin.	2%	39.5	0.8	Santos [2]
PL 77	SW Qld – Cooper - Eromanga Basin.	2%	12.2	0.2	Santos [2]
PL 78	SW Qld – Cooper - Eromanga Basin.	2%	12.1	0.2	Santos [2]
PL 79	SW Qld – Cooper - Eromanga Basin.	2%	6.5	0.1	Santos [2]
PL 82	SW Qld – Cooper - Eromanga Basin.	2%	10.4	0.2	Santos [2]
PL 87	SW Qld – Cooper - Eromanga Basin.	2%	27.5	0.6	Santos [2]
PL 105/PL 287	SW Qld – Cooper - Eromanga Basin.	2%	12.2	0.2	Santos [2]
PL 107/PL 496	SW Qld – Cooper - Eromanga Basin.	2%	12.2	0.2	Santos [2]
PL 109/PL 495	SW Qld – Cooper - Eromanga Basin.	2%	9.2	0.2	Santos [2]
PL 133	SW Qld – Cooper - Eromanga Basin.	2%	12.2	0.2	Santos [2]
PL 149	SW Qld – Cooper - Eromanga Basin.	2%	12.2	0.2	Santos [2]
PL 175	SW Qld – Cooper - Eromanga Basin.	2%	27.5	0.6	Santos [2]
PL 181	SW Qld – Cooper - Eromanga Basin.	2%	18.3	0.4	Santos [2]
PL 182	SW Qld – Cooper - Eromanga Basin.	2%	27.5	0.6	Santos [2]

PL 189	SW Qld – Cooper - Eromanga Basin.	2%	18.3	0.4	Santos [2]
PL 302	SW Qld – Cooper - Eromanga Basin.	2%	12.2	0.2	Santos [2]
EP 359	WA - Carnarvon Basin	10%	556	55.6	Rough Range [3]
EP 435	WA - Carnarvon Basin	10%	238.4	23.8	Rough Range [3]
PL 104-L16 (Petroleum Lease)	WA - Carnarvon Basin	10%	79.5	7.9	Rough Range [3]
EP 412	WA - Carnarvon Basin	65%	396.5	257.7	Bounty
PL 2A	Qld - Surat Basin	24.25%	66.8	16.2	Santos [2]
PL 2B	Qld - Surat Basin	24.25%	136.7	33.1	Santos [2]
PL 2C	Qld - Surat Basin	36.5%	45.2	16.5	Santos [2]
PL 71 (Part)	Qld - Surat Basin	20%	134.3	26.9	Origin Energy
PL 119 (PL 441)	Qld - Surat Basin	100%	21.4	21.4	Ausam
ATP 470P (F) 4	Qld - Surat Basin	100%	253	253	Ausam
ATP 470P (RD) 5	Qld - Surat Basin	100%	76.3	76.3	Ausam
ATP 471P (SG) 6	Qld - Surat Basin	24.748%	15.3	3.8	AGL
ATP 754P	Qld - Surat Basin	50%	833	416.5	Origin Energy
Tanzania Offshore					
Nyuni Block	Mandawa Basin	5%	1,682	84.1	Ndovu [7]
Kiliwani North Development Block	Mandawa Basin	10%	168	16.8	Ndovu [7]
Total			**14,069**	**2,879**	
1. Oil Wells Inc of Kentucky Pty Ltd (a wholly owned subsidiary of Bridgeport Energy Limited)					
2. Santos Limited group companies					
3. Rough Range Oil Pty Ltd (a wholly owned subsidiary of Empire Oil and Gas NL)					
4. (FD) – Formosa Downs joint venture block					
5. (RD) – Redcap joint venture block					
6. (SG) – Spring Grove joint venture block					
7. Ndovu Resources Limited (a subsidiary of Aminex PLC)					

ABBREVIATIONS

The following definitions are provided for readers who are unfamiliar with industry terminology:

AVO	Specialised analysis of seismic data comparing amplitude of sound waves versus collection point offsets
Barrel (bbl/BBL)	A unit of volume of oil production, one barrel equals 42 US gallons, 35 imperial gallons or approximately 159 litres
Basin	A segment of the earth's crust which has down warped and in which sediments have accumulated, such areas may contain hydrocarbons.
BCF/Bcf	Billion cubic feet, i.e. 1,000 million cubic feet (equivalent to approximately 28.3 million cubic metres) of gas.
BOPD/BPD	Barrels of oil per day; barrels per day.
Contingent Resources	Discovered resources, not yet fully commercial
CSG	Coal seam gas.
GIIP	Gas initially in place
Lead	A structural or stratigraphic feature which has the potential to contain hydrocarbons
License	An agreement in which a national or state government gives an oil Company the rights to explore for and produce oil and/or gas in a designated area.
MCF/Mcf	Thousand cubic feet – the standard measure for natural gas.
MDRT	Measured depth below Rotary Table
MMB/mmb, MMBO/mmbo	Million barrels, million barrels of oil.
MMCF/mmcf, MMCFG/mmcfg, MMCFGPD/mmcfgpd	Million cubic feet, million cubic feet of gas, million cubic feet of gas per day
P10	10% probability of occurrence
P90	90% probability of occurrence
Permeability	The degree to which fluids such as oil, gas and water can move through the pore spaces of a reservoir rock.
Permit	A petroleum tenement, lease, licence or block.
Play	A geological concept which, if proved correct, could result in the discovery of hydrocarbons.
Plug and Abandon (P&A)	The process of terminating operations in a well. Cement plugs are set in the borehole and the rig moves off the location. The borehole is thus left in a safe condition. In some cases, where the Operator considers it possible that the well may be re-entered at a later date, the well may be only temporarily plugged and abandoned.
P_{mean}	The average (mean) probability of occurrence
Porosity	The void space in a rock created by cavities between the constituent mineral grains. Liquids are contained in the void space.
Prospect (petroleum)	A geological or geophysical anomaly that has been surveyed and defined, usually by seismic data, to the degree that its configuration is fairly well established and on which further exploration such as drilling can be recommended.

Prospective Resources	Undisclosed resources
PSA	Production Sharing Agreement
PSC	Production Sharing Contract
PRL	Petroleum Retention Lease
Reserves	Quantities of economically recoverable hydrocarbons estimated to be present within a trap, classified as prove, probably or possible.
Reservoir	A subsurface volume of rock of sufficient porosity and permeability to permit the accumulation of crude oil and natural gas under adequate trap conditions.
Seal, Sealing Formation	A geological formation that does not permit the passage of fluids. Refer also to Cap Rock.
Seismic Survey	A type of geophysical survey where the travel times of artificially created seismic waves are measured as they are reflected in a near vertical sense back to the surface from subsurface boundaries. This data is typically used to determine the depths to the tops of stratigraphic units and in making subsurface structural contour maps and ultimately in delineating prospective structures.
Spud	To start the actual drilling of a well.
Stratigraphic Trap	A type of petroleum trap which results from variations in the lithology of the reservoir rock, which cause a termination of the reservoir, usually on the up dip extension.
Structure	A discrete area of deformed sedimentary rocks, in which the resultant bed configuration is such as to form a potential trap for migrating hydrocarbons.
Sub-basin	A localised depression within a basin.
TCF/Tcf	Trillion cubic feet.
TVDS	Total vertical depth below Sea Level
Up-dip	At a structurally higher elevation within dipping strata.

CORPORATE DIRECTORY

Board of Directors

Graham C Reveleigh (Chairman)
Charles Ross
Roy Payne

Chief Executive Officer

Philip F. Kelso

Company Secretary

Sachin Saraf

Registered and Principal Office

Level 7 , 283 George Street,
Sydney, NSW, 2000, Australia,

Telephone: +612 9299 2007
Facsimile: +612 9299 7300
Email: corporate@bountyoil.com
Website: www.bountyoil.com

Auditors

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Level 11
32 Martin Place
Sydney, NSW, 2000

Telephone: +61 2 9221 0444
Facsimile: +61 2 9221 5935

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, WA, 6153

Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233
Email: registrar@securitytransfer.com.au

Bankers

BankWest, Sydney
Commonwealth Bank of Australia, Sydney
Investec Bank (Australia) Ltd, Sydney

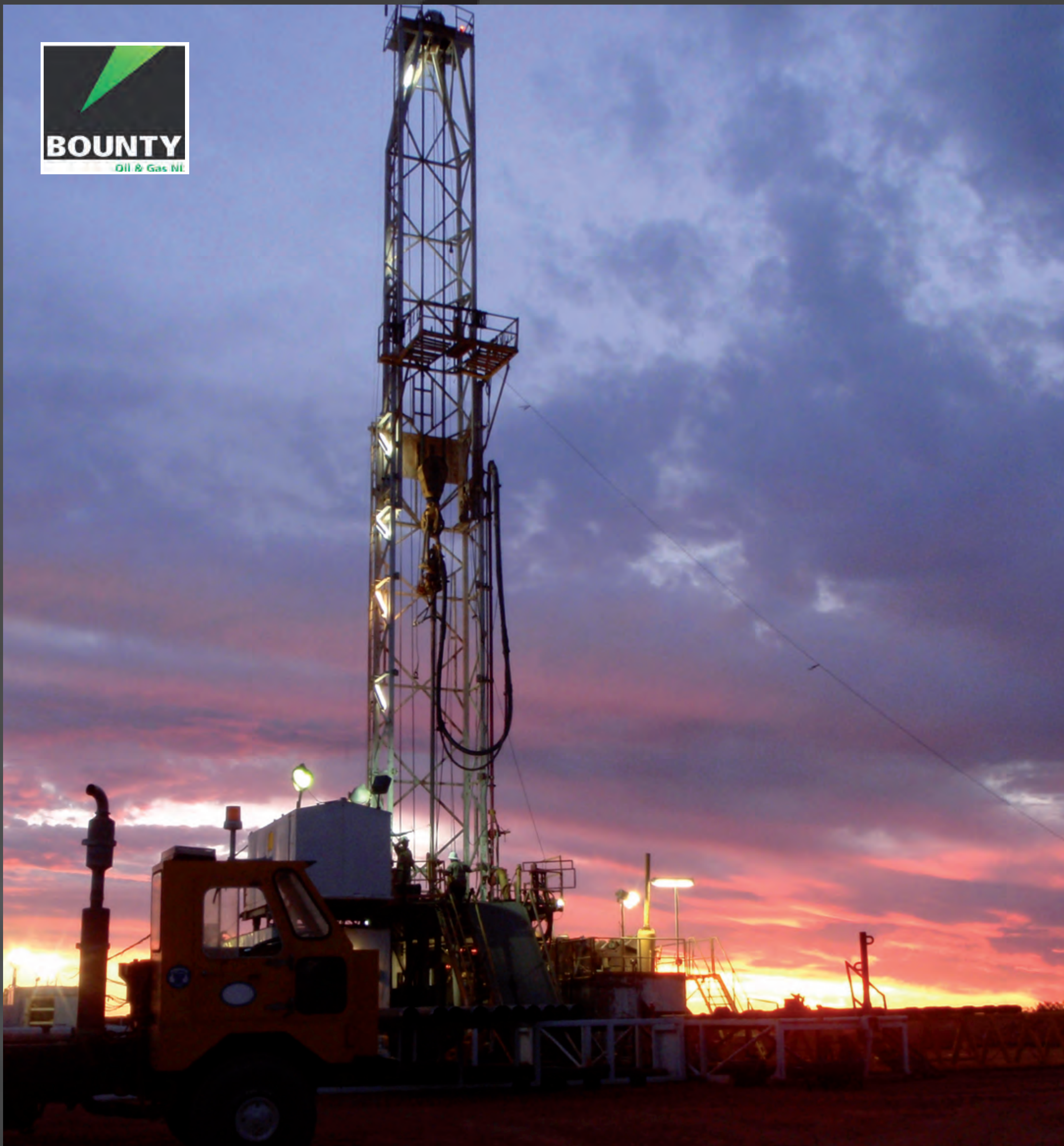
Legal Counsel

Gadens Lawyers
77 Castlereagh Street
Sydney, NSW, 2000

Independent Consulting Petroleum Engineers

AWT International Pty Limited
27 Douglas Street, Brisbane, QLD, 4000
PO Box 2098, Milton, QLD, 4064

Apex Energy Consultants Inc,
700, 815 8th Avenue S.W.
Calgary, Alberta, T2P 3P2
Canada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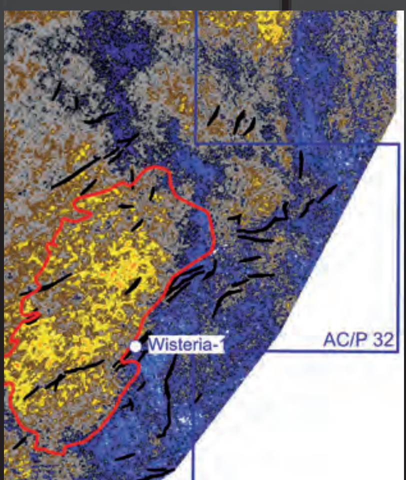
Oil & Gas NL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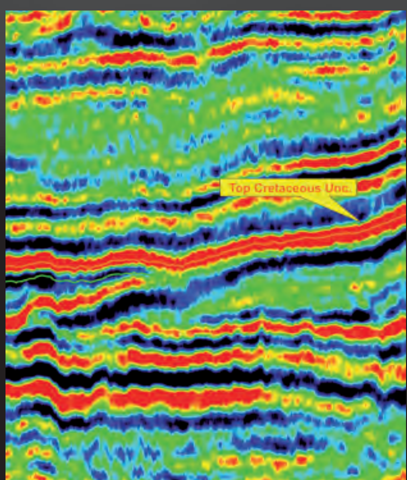
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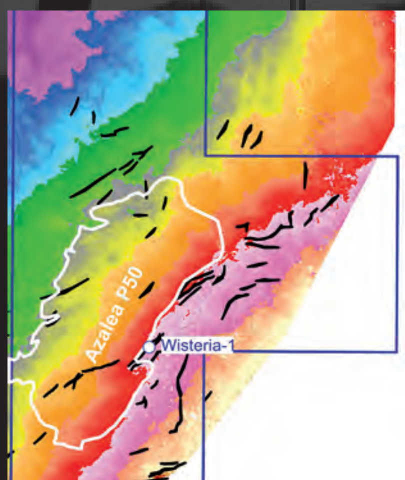
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