BOUNTY OIL & GAS NL

(ABN 82 090 625 353)

INTERIM FINANCIAL REPORT

Interim Financial Report for the half-year ended 31 December 2015
(including Appendix 4D Disclosures, Directors' Report and Financial Report)

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Appendix 4D

For the half-year ended 31 December 2015
Previous corresponding period: Half-year ended 31 December 2014

Name of entity

BOUNTY OIL & GAS N.L.

ABN

82 090 625 353

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key Information

				$
Revenues from ordinary activities	**Decreased**	**-19%**	**to**	**661,380**
Loss from continuing operations after tax attributed to members	**N/A**	**N/A**	**-**	**(785,537)**
Loss for the period attributable to members	**N/A**	**N/A**	**-**	**(785,537)**

This information is to be read in conjunction with the 2015 Annual Report, the Half-Year Financial Report and Directors' Report for the six months to 31 December 2015.

Dividends

It is not proposed to pay any dividends.

Net Asset Backing

	Current Period	Previous Period
Net asset backing per ordinary security (cents)	**0.023**	**0.030**

Details of individual and total dividends or distributions and dividends or distribution payments

There were no distributions or dividends payable or paid during the period.

Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for the participation in any dividends or distribution reinvestment plan.

There were no dividend or distribution reinvestment plans in operation.

Details of entities over which control has been gained during the period

Nil

Material interest in entities which are not controlled entities

There are no material interests in entities which are not controlled entities.

Audit Review

The accounts have been subject to review and are not subject to dispute or qualification.

Commentary on results for the period

This information should be read in conjunction with the Directors' Report and the half yearly financial statements for the period.

Graham Reveleigh

Chairman

Dated: 15 March 2016

Qualified person's statement

1. The petroleum Reserve and Resources estimates used in this report and;

2. The information in this report that relates to or refers to petroleum or hydrocarbon production, development and exploration;

3. Is based on information and reports prepared by, reviewed and/or compiled by the CEO of Bounty, Mr Philip F Kelso. Mr Kelso is a Bachelor of Science (Geology) and has practised geology and petroleum geology for in excess of 25 years. He is a member of the Petroleum Exploration Society of Australia and a Member of the Australasian Institute of Mining and Metallurgy;

4. Mr Kelso is a qualified person as defined in the ASX Listing Rules: Chapter 19 and consents to the reporting of that information in the form and context in which it appears.

DIRECTOR'S REPORT

For the Half Year Ended 31 December 2015

The directors of Bounty Oil & Gas NL ("Bounty" or "the company") submit the interim financial report of Bounty and its subsidiaries ("the Group") for the half year ended 31 December 2015. The attached Bounty Interim Financial Report forms part of this report. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follow:

Directors

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

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

Mr Graham Reveleigh was re-elected as a director of the company at the Annual General Meeting on 27 November 2015.

Review of Operations

For Bounty's schedule of permits, interests and acreages (see Bounty's 2015 Annual Report and Bounty's website: www.bountyoil.com).

1. Highlights

Tanzania – Nyuni Block

- Milestone gas sales agreement signed by TPDC effective 31 December 2015 and moves Bounty into an African gas producing phase.
- Tanzania gas sales will to add around $2.5 million pa to revenue from 2016 onwards.
- Final well preparation underway prior to commencing gas production.
- Nyuni PSA – new 3D seismic planned to image deep water turbidite gas plays of up to 1.3 TCF potential.

Australia

- Half Year ended 31 December 2015 revenue totalled $0.681 million on crude oil sales of 10,961 bbls.
- Acquired Santos QNT interest and operatorship of Eluanbrook oil pool in PL2 Alton, Surat Basin.
- Continued high impact Oil Business strategy moving Bounty's 100% AC/P 32, Timor Sea project to farmout and drill:-
    - o At Azalea Prospect, where completion of seismic project has outlined a major stratigraphic target with potential 500 MMbbls oil in place and 100 MMbbls recoverable
    - o Azalea has direct hydrocarbon indicators
    - o AC/P 32 work commitment variation approved by NOPTA and Permit in good standing

2. Overview

The principal activity of the company during the 6 months to 31 December 2015, was oil production and oil and gas exploration and development. Bounty's secondary activity is investment in listed securities. No significant change in the nature of these activities occurred during the financial half year.

During the period the economic entity made a net loss after tax of $785,537 (31 December 2014 half year: Loss: $5,287,174).

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

- Petroleum revenue (mainly from oil sales) of $681,731
- Profit on sale of listed securities of $ Nil
- An unrealized mark to market loss on listed securities of $71,046
- Interest and other income of $50,695
- Direct petroleum operating expenses of $522,196
- All other expenses including administration, employees and non-cash costs of $924,721.

Revenue from continuing operations for the period was $661,380 (HY December 2014: $821,415).

Petroleum revenue for 12 month calendar year to 31 December 2015 was $1,484,852.

In the half year to 31 December 2015 Bounty invested $439,510 in exploration and development directed principally as follows:

Australia:

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

Tanzania:

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

Details of drilling activity, exploration and development operations and cash flows for the half year ended 31 December, 2015 have been reported by the company to the Australian Securities Exchange in the Quarterly Activity Reports and Appendix 5B for each of the quarters ended 30 September and 31 December 2015 and in additional announcements on particular items. Brief details are set out below:

3. Production Operations

Revenue from production operations for the period was $ 681,731 down 38% on the previous half year (HY December 2014: $1,107,472). Revenue was derived mainly from crude oil produced from Bounty's production interests in PL 214 Utopia Field and in ATP 259P Naccowlah Block both located in southwest Queensland.

Oil Production

Revenue for the period was accrued from production of 10,288 bbls of oil and sales of 10,961 bbls.

PL 214 Utopia Block-Bounty 40%

Due to oil price declines and non-approval of budgets presented by the operator Oilwells Inc of Kentucky (OWK) no new development drilling was undertaken during the period but several workover operations were planned by the operator.

Bounty reviewed the carrying value of the interest in PL214 Utopia as at 30 June 2015. As a result it adopted an impairment expense of $4.231 million against the asset. During the period OWK commenced proceedings against Bounty for disputed cash calls and other matters. Bounty has defended the proceedings and will cross claim for materially in excess of the sums claimed by OWK, for an account and damages. Bounty and OWK are negotiating to resolve the dispute.

Following the permanent non-cash impairment expense referred to above no additional impairment was undertaken during the period but further development of the asset remains under review.

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

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

4. Development Operations

During the period, Bounty expended $253,341 (2014 Half Year: $Nil) on development operations. No development drilling was undertaken during the period but Bounty acquired a controlling interest in PL2 Alton Kooroon JV Blocks A and B for $200,000 and continued expenditure at Kiliwani North, Tanzania. Any drilling or production optimisation/ well workover expenses (see 3. above) have been classified under production operations.

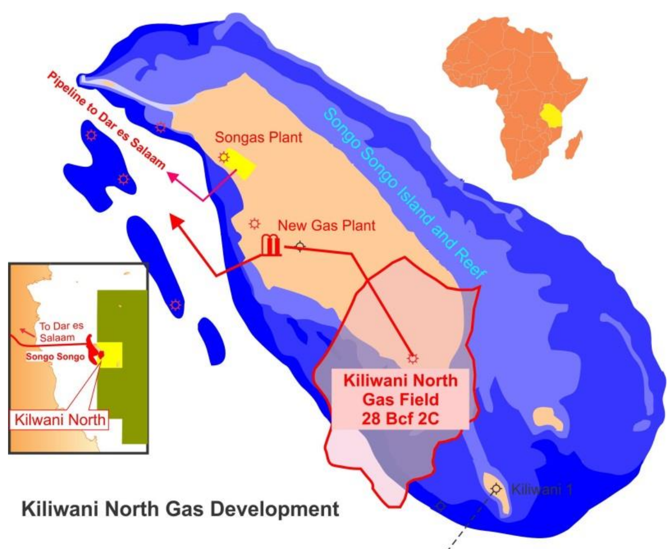
5. Main Development Project - Kiliwani North Development Licence; Tanzania -Bounty 9.5%)

Background:

Kiliwani North 1 is located on Songo Songo Island 30km offshore from Rufiji Delta Tanzania and tested at 40 MMcfg/day from the Kiliwani North Pool located only 2 km. from the new Songo Songo gas plant and pipeline to Dar es Salaam.

Significant Activities during the Half Year

During the period substantial progress was made towards development of the 45 BCF of proven gas reserves at Kiliwani North.
The Gas Sales Agreement between the Kiliwani North participants and the TPDC was signed off immediately after the end of the period and preparations for full production are underway.



Kiliwani North Gas Development

Highlights

- Milestone agreement moves Bounty into an African gas producing phase in Tanzania.
- Take-or-pay depletion contract with gas revenues payable in US Dollars
- Initial gas price of US$3.00 per mmbtu (approximately US$3.07 per mcf)
- Annual indexation of gas price from 1 January 2016
- Agreed payment security mechanism

The Kiliwani North GSA is a "take or pay" type agreement and allows for the expected depletion of production from the well over time. In each contract year TPDC will be required to purchase, take delivery of or pay for a pre-determined volume of gas. In the event that TPDC elects not to take delivery of the pre-determined volume, it will pay for the equivalent of 85% of the minimum daily quantity of gas to be supplied, initially set at 20 mmscf/day and adjusted each year in accordance with the terms of the GSA. Gas from Kiliwani North will be supplied to the recently-completed Songo Songo gas processing plant.

Testing and commissioning of the new plant and pipeline is now expected to commence during April 2016, with production being tested at varying rates. During the testing and commissioning phase, the TPDC will be invoiced for gas produced at the end of each month and required to pay on invoice.

The start of commercial operations will be mutually agreed by the TPDC and the Operator after testing and commissioning has been completed. Each month, the TPDC will be required to pay an estimate of one month's revenues in advance, secured with a letter of credit issued by the Tanzania Investment Bank. Monthly revenues will be calculated based on actual production and adjustments will be made at the end of each month for any discrepancy between estimated and actual throughput.

Gas will be sold at US$3.00 per mmbtu (approximately US$3.07 per mcf) and the price will be adjusted annually by applying an agreed United States Consumer Price Index. Gas revenues will be invoiced and payable in United States dollars and the gas delivery point will be the inlet flange at the Kiliwani North wellhead. By selling the gas at wellhead, the joint venture partners will not be responsible for pipeline transportation and processing fees.

The new gas plant will process 20 million cubic feet per day of Kiliwani North gas. Bounty's 10% equity should produce gross revenue of $ 2-2.5 million per annum and will add 364 boepd to Bounty's production.

6. Exploration and Evaluation Operations

During the period, Bounty expended $49,334 on exploration and evaluation.

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

In 2014 Bounty completed interpretation and evaluation of the reprocessed 3D seismic data and defined the Azalea Prospect with a potential 500 million barrels of oil in place of which over 100 million barrels would be recoverable. The work to date has established as far as possible that the sands in the Azalea Prospect are high porosity, sealed along strike and up dip, that target is up dip from oil discovered in the Birch 1 Well in those sands – Puffin Formation; and that there are direct indications of a possible hydrocarbon charge. In addition to Azalea; Bounty has established new structural stratigraphic leads with potential in the 10 – 40 million barrel recoverable range in the north west section of AC/P32.

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

During the period NOPTA granted a work commitment variation for AC/P 32 and the title is in good standing. Bounty continued seismic studies and farmout activities, seeking a partner to drill an exploration well at Azalea and a follow up appraisal well.

8. Other Properties

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

Corporate and Equity Issues

No share issues were undertaken by Bounty during the period and at the end of the interim reporting period at 31 December 2015 it had $ 578,834 cash and no debt.At 31 December 2015 the value of Bounty's listed investments on a mark to market basis was $17,305.

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 11 of the Financial Statements; and the following:

During the period Oilwells Inc. of Kentucky (OWK) the operator of PL214 Utopia joint venture commenced proceedings in Queensland against Bounty for disputed cash calls totalling $354,875 plus costs. Bounty has defended the proceedings and will cross claim against OWK for materially in excess of the sums claimed by OWK, seeking orders for reimbursement of the joint account by OWK, for an account and for damages. Bounty estimates there is no contingent liability arising from the litigation and is unable to estimate a contingent asset. There is no other litigation against or involving Bounty Oil & Gas N.L. or its subsidiaries of which the Directors are aware.

Events occurring after the reporting period

No matters or circumstances have arisen since the end of the half year ended 31 December 2015 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; other than the litigation referred to under Contingent liabilities and Contingent Assets above.

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the review for the half year ended 31 December 2015 is attached.

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

On behalf of the Directors

Graham Reveleigh
Chairman

Dated: 15 March 2016

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

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

dfk richard hill
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BOUNTY OIL & GAS N.L. ABN 82 090 625 353 AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF BOUNTY OIL & GAS NL

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2015 there has been:

a. No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

b. No contraventions of any applicable code of professional conduct in relation to the review.

John Skinner
Date: 15 March 2016
Address: Level 2, 32 Martin Place Sydney 2000

Consolidated statement of profit and loss and other comprehensive income for the half-year ended 31 December 2015

		Half-year ended	
		31-Dec-15	31-Dec-14
	Notes	**$**	$
Revenue	4,2e	**681,731**	1,107,472
Net Investment (loss)/income	4	**(71,046)**	(318,829)
Other income	4	**50,695**	32,772
Direct petroleum operating expenses	2e	**(522,196)**	(645,292)
Changes in inventories		**(97,066)**	(82,399)
Employee benefits expense		**(393,095)**	(388,238)
Depreciation expense		**(50,969)**	(51,140)
Amortisation of oil producing assets		**(203,616)**	(178,056)
Occupancy expense		**(55,683)**	(51,565)
Corporate activity costs		**(48,016)**	(97,781)
Rehabilitation expense		**(20,440)**	(58,041)
Foreign exchange gains		**9,879**	57,224
Impairment of oil and gas assets	11	**-**	(4,231,700)
Write off of exploration expenses		-	(301,256)
General legal and professional costs		**(24,506)**	(56,662)
Other expenses		**(41,209)**	(23,683)
Loss before Tax		**(785,537)**	(5,287,174)
Income tax expense		**-**	-
Loss for the period from continuing operations		**(785,537)**	(5,287,174)
Loss for the period		**(785,537)**	**(5,287,174)**
Other comprehensive income for the year, net of income tax		**-**	**-**
Total comprehensive loss for the period		**(785,537)**	**(5,287,174)**
Total comprehensive loss attributable to owners of the parent		**(785,537)**	**(5,287,174)**
Earnings per share			
Basic (cents per share)		**(0.08)**	(0.56)
Diluted (cents per share)		**(0.08)**	(0.56)

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

Consolidated statement of financial position
for the half-year ended 31 December 2015

	Notes	31-Dec-15 $	30-Jun-15 $
Assets			
Current assets			
Cash and cash equivalents		**578,834**	1,508,539
Trade and other receivables		**528,164**	560,942
Inventories		**73,446**	92,030
Other current financial assets	5	**17,305**	88,351
Total current assets		**1,197,749**	2,249,862
Non-current assets			
Exploration and evaluation assets	6	**9,268,008**	9,218,674
Production and development assets	6	**12,198,442**	12,011,882
Property, plant and equipment	7	**1,726,878**	1,676,758
Total non-current assets		**23,193,328**	22,907,314
Total assets		**24,391,077**	25,157,176
Liabilities			
Current liabilities			
Trade and other payables		**693,600**	695,082
Provisions		**8,134**	7,654
Total current liabilities		**701,734**	702,736
Non-current liabilities			
Rehabilitation provisions		**1,751,501**	1,731,061
Total non-current liabilities		**1,751,501**	1,731,061
Total liabilities		**2,453,235**	2,433,797
Net assets		**21,937,842**	22,723,379
Equity			
Issued capital	8	**43,440,163**	43,440,163
Reserves		**201,600**	201,600
Retained losses		**(21,703,921)**	(20,918,384)
Equity attributable to owners of the parent		**21,937,842**	22,723,379
Total equity		**21,937,842**	22,723,379

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

Consolidated statement of changes in equity
for the half-year ended 31 December 2015

	Note	Ordinary share capital $	Option reserve $	Accumulated losses $	Total $
Balance at 1 July 2014		43,275,163	201,600	(9,928,706)	33,548,057
Loss for the period		-	-	(5,287,174)	(5,287,174)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	(5,287,174)	(5,287,174)
Shares issued during the period	8	-	-	-	-
Share issue transaction costs		-	-	-	-
Balance at 31 December 2014		**43,275,163**	**201,600**	**(15,215,880)**	**28,260,883**
Balance at 1 July 2015		43,440,163	201,600	(20,918,384)	22,723,379
Loss for the period		-	-	(785,537)	(785,537)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	(785,537)	(785,537)
Shares issued during the period	8	-	-	-	-
Share issue transaction costs		-	-	-	-
Balance at 31 December 2015		**43,440,163**	**201,600**	**(21,703,921)**	**21,937,842**

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

Consolidated statement of cash flows
for the half-year ended 31 December 2015

	Half-year ended	
	31-Dec-15	**31-Dec-14**
	$	**$**
Cash flows from operating activities		
Receipts from petroleum operations	683,035	1,205,915
Proceeds from sale of available-for-sale financial assets	-	135,957
Payments for available-for-sale financial assets	-	(113,932)
Payments to suppliers and employees	(1,067,786)	(1,978,841)
Cash generated by operations	(384,751)	(750,901)
Interest received	6,857	14,183
Other	-	-
Net cash (used in) operating activities	(377,894)	(736,718)
Cash flows from investing activities		
Payments for exploration and evaluation assets	(49,334)	(213,609)
Payments for oil production & development assets	(390,176)	(132,738)
Payments for property plant and equipment	(101,089)	12,305
Loans advanced (net)/repayments	(21,091)	93,502
Net cash (used in) investing activities	(561,690)	(240,540)
Net (decrease) in cash and cash equivalents	**(939,584)**	**(977,258)**
Cash and cash equivalents at the beginning of the period	1,508,539	2,044,196
Effects of exchange rate changes on the balance of cash held in foreign currencies	9,879	57,224
Cash and cash equivalents at the end of the period	**578,834**	**1,124,162**

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

Notes to the consolidated financial statements for the half-year ended 31 December 2015

1. Corporate Information

The financial report of Bounty Oil and Gas NL and its controlled entities ("the Group") for the Half-Year ended 31 December 2015 was authorised for the issue in accordance with a resolution of the Directors.

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

2. Summary of significant accounting policies

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

The interim financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report. It is also recommended that this report be considered together with any public announcements made by the Group during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

a. Basis of preparation and accounting policies

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

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2015 and any public announcements made by the Group during the interim reporting period, in accordance with the continuous disclosure requirements of the Corporations Act 2001. The accounting policies adopted in this interim financial report are the same as those policies applied in the 2015 Annual Report, except for the adoption of new standards and interpretations as of 1 July 2015, noted below:

b. Basis of consolidation

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

c. Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.
When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:
• its assets, including its share of any assets held jointly;
• its liabilities, including its share of any liabilities incurred jointly;
• its share of the revenue from the sale of the output by the joint operation; and
• its expenses, including its share of any expenses incurred jointly.

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

d. Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the full year financial report as at and for the year ended 30 June 2015.

Notes to the consolidated financial statements
for the half-year ended 31 December 2015

e. Estimates

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

In preparing these consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation of uncertainty are the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2015.

PL 214 Joint operations - Utopia field
During the year, the Operator of PL 214 Utopia JV failed to provide accounts of joint operations for the period January 2015 to December 2015 due to a dispute with the company over the budget and operations for the Utopia JV. The company has therefore made estimates for production, revenue, operating expenses and working capital movement for the above period and recognised these estimates in the financial statement pending availability of actual accounts. The estimates were computed based on information available from regulatory bodies and actual data from preceeding periods. We do not expect the actual profit and loss impact of the above to be materially different from the estimate, but if they are then the company will recognise appropriate adjustment and restate the full year financial statements for financial year 2016.

f. Going concern basis

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

For the period ended 31 December 2015, the Group realised a net loss after tax of $785,537 (2014: loss $5,287,174). This was largely driven by reduction in revenue impacted by lower crude oil prices. The net cash used in operating activities for the period ended 31 December 2015 was $377,894 (2014: net cash used $736,718). The Group's net asset position at 31 December 2015 was $21,937,842 (30 June 2015: $22,723,379) and its cash balance amounted to $578,834 (30 June 2015: $1,508,539).
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 10) as and when they fall due for a period of at least 12 months from the date of signing of this financial report. The cash flow forecasts are dependent upon the generation of sufficient cash flows from operating activities to meet working capital requirements, the ability of the group to manage discretionary exploration and evaluation expenditure on non-core assets via farmout or disposal of certain interests and or a reduction in its future work programmes. The directors are of the opinion that the use of the going concern basis of accounting is appropriate as they are satisfied with the ability of the group to implement the above.

g. Fair value measurement

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

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

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

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

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

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

Notes to the consolidated financial statements
for the half-year ended 31 December 2015

3. Segment Information

Identification of Reportable Segments

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

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

Segment revenue and results	Segment revenue		Segment profit/(loss)	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	**681,731**	1,107,472	**(240,705)**	(4,179,631)
Development projects	**-**	-	**-**	-
Exploration projects	**-**	-	**-**	(301,256)
Secondary Segment				
Listed securities	**(71,046)**	(318,829)	**(71,046)**	(318,829)
Total from continuing operations	**610,685**	788,643	**(311,751)**	(4,799,716)
Other revenue			**60,574**	89,996
Central admin costs and directors remuneration			**(534,360)**	(577,454)
Profit before tax			**(785,537)**	(5,287,174)

Revenue reported above represents revenue/income generated from external sources. There were no intersegment sales during the period (2014: nil)

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

Information about major customers

Included in the revenue arising from direct sales of oil of $681,731 (2014: $1,107,472) are revenues of approximately $348,005 (2014: $466,047) which arose from sales to the Group's largest customer. The revenue from the Group's second largest customer was approximately $157,592 (2014:$392,310). No other single customer contributed 10% or more to the Groups revenue for both 2015 and 2014.

Other segment information	Amortisation, depreciation & depletion		Additions to non-current assets	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	**246,848**	217,095	**4,420,007**	656,587
Development projects	**-**	-	**253,341**	-
Exploration projects	**-**	-	**49,334**	317,730
Secondary Segment				
Other	**7,737**	12,101	**-**	514,534
Total	**254,585**	229,196	**4,722,682**	1,488,851

Notes to the consolidated financial statements for the half-year ended 31 December 2015

3. Segment Information (continued)

	Impairment losses(expenses)		Exploration write off	
	31-Dec-15	31-Dec-14	**31-Dec-15**	31-Dec-14
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	**-**	4,231,700	**-**	-
Development projects	**-**	-	**-**	-
Exploration projects	**-**	-	**-**	301,256
Secondary Segment				
Total	**-**	4,231,700	**-**	301,256

	Segment assets		Segment liabilities	
	31-Dec-15	30-Jun-15	**31-Dec-15**	30-Jun-15
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	**8,792,464**	8,859,245	**2,432,549**	2,277,866
Development projects	**3,405,978**	3,152,637	**8,734**	8,734
Exploration projects	**9,268,008**	9,218,674	**23,796**	23,796
Secondary Segment				
Listed securities	**17,305**	88,351	**-**	-
Unallocated	**2,907,322**	3,838,269	**(11,844)**	123,401
Total	**24,391,077**	25,157,176	**2,453,235**	2,433,797

Geographical Segment information

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

	Revenue		Carrying amounts of assets	
	31-Dec-15	31-Dec-14	**31-Dec-15**	30-Jun-15
	$	$	**$**	$
Australia	**661,380**	821,415	**20,228,578**	21,068,483
Tanzania	**-**	-	**4,162,499**	4,088,693
Total	**661,380**	821,415	**24,391,077**	25,157,176

4. Revenue and other income

	31-Dec-15	31-Dec-14
Sales revenue:	**$**	$
Oil sales	**665,501**	1,079,600
Revenue from tariffs	**16,230**	27,872
Total sales revenue	**681,731**	1,107,472
Investment income:		
Investment income from financial assets at fair value through Profit and loss (held for trading listed shares)		
Realised gain	**-**	6,661
Unrealised (loss)/gain	**(71,046)**	(325,490)
Total investment income	**(71,046)**	(318,829)
Other income:		
Interest received	**6,586**	18,164
Other income	**44,109**	14,608
Total other revenue	**50,695**	32,772
Total revenue	**661,380**	821,415

Notes to the consolidated financial statements
for the half-year ended 31 December 2015

5. Other current financial assets	31-Dec-15	30-Jun-15
	$	$
Financial assets at fair value through profit and loss - shares in listed corporations	17,305	88,351
Total current financial assets	17,305	88,351

6. Non current assets

(a) Production and development assets

SW Queensland		
Oil producing property – PL214 Utopia – at cost	8,796,475	4,504,775
Oil producing property – Naccowlah Block – at cost	3,024,077	2,968,161
Less: Amortisation – SW Queensland production assets	(1,335,411)	(1,181,411)
Less: Impairment – SW Queensland production assets	(4,231,700)	-
East Queensland		
Oil producing property – Joint venture interest PL119 Downlands – at cost	3,785,405	3,775,432
Less: Depletion and amortisation – E Queensland	(2,518,608)	(2,518,609)
Rehabilitation costs – all petroleum properties	1,272,226	1,310,897
Development assets	3,405,978	3,152,637
Total production and development assets	12,198,442	12,011,882

(b) Exploration and evaluation assets

Exploration assets	9,268,008	9,218,674
Total exploration assets	9,268,008	9,218,674

7. Plant property and equipment

Opening balance	1,676,758	1,637,283
Expenditure incurred during the period	101,089	125,786
Less: Depreciation expense	(50,969)	(86,311)
Balance carried forward	1,726,878	1,676,758

8. Issued capital

(a) Share Capital	43,641,763	43,641,763
(b) Movement in fully paid ordinary shares	**No. of Shares**	No. of Shares
Balance at beginning of period	953,400,982	953,400,982
Shares issued during the period	-	-
Balance at end of period	953,400,982	953,400,982
(c) Movement in unlised options		
Balance at beginning of period	-	20,000,000
Lapsed during the period	-	(20,000,000)
Balance at end of period	-	-

9. Interest in Subsidiaries

Set out below are the Group's subsidiaries at 31 December 2015. The subsidiaries listed below have share capital consisiting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

Name of Subsidiary	Principal place of Business	Ownership Interest held by the Group	
		31-Dec-15	30-Jun-15
Ausam Resources Pty Ltd.	Sydney, Australia	100%	100%
Interstate Energy Pty Ltd.	Sydney, Australia	100%	-

Notes to the consolidated financial statements
for the half-year ended 31 December 2015

10. Financial instruments

Fair value hierarchy

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

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

The financial assets and liabilities of the Group are recognised in the consolidated statement of financial position in accordance with the accounting policies set out in Note 2 of the 2015 Annual Report.

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

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

Consolidated		**Note**	**Fair value hierarchy**	**31-Dec-15**	30-Jun-15
				$	$
Financial assets at fair value through profit or loss	**Quoted bid prices in an active market**	**12**	Level 1	**17,305**	88,351

11. Impairment of oil & gas properties

During the half year impairments were made as follows:	**31-Dec-15**	31-Dec-14
	$	$
ATP 560/PL 214	-	4,231,700

In accordance with the Group's accounting policies and procedures, the Group performs its impairment testing at the end of each reporting period. A number of factors represented indicators of impairment as at 31 December 2015, including a decline in the oil price throughout the period. However given the volatility of the oil price, the other key asumptions as outlined in the table below, and the extend of impairment already recognised as at 30 June 2015, no impairment is recognised for this reporting period.

Key assumptions used:	**2015-2018**	**2019+**
Crude oil price (US$)	$60 increasing to $88	$92 increasing to $134
AUD:USD exchange rate	$0.80	$0.81
CPI (%)	2.5%	2.5%
Pre-tax discount rate (%)	9.0%	9.0%

12. Contingencies and commitments

As at the date this report, there were no contingent assets or liabilities, other than exploration commitments set out in table below; and the following:
During the period Oilwells Inc of Kentucky (OWK) the operator of PL214 Utopia joint venture commenced proceedings in Queensland against Bounty for disputed cash calls totalling $354,875 plus costs. Bounty has defended the proceedings and will cross claim against OWK for materially in excess of the sums claimed by OWK, seeking orders for reimbursement of the joint account by OWK, for an account and for damages. Bounty estimates there is no contingent liability arising from the litigation and is unable to estimate a contingent asset. There is no other litigation against or involving Bounty Oil & Gas N.L. or its subsidiaries of which the Directors are aware.

Notes to the consolidated financial statements for the half-year ended 31 December 2015

12. Contingencies and commitments (continued)

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

Payable	31-Dec-15 $	30-Jun-15 $
Not longer than 1 year	**1,337,990**	800,000
Longer than 1 year and not longer than 5 years	**3,344,974**	4,270,000
	4,682,964	5,070,000

13. Interest in joint operations

Set out below are the joint arrangements of the Group as at 31 December 2015, which in the opinion of the directors are material to the Group:

Name of the joint arrangement	Principal activity	Principal place of business	Proporation of participating share	
			31-Dec-15	30-Jun-15
ATP 560/PL 214 OWK Inc.	Production	Sydney, Australia	**40%**	40%
ATP 259P Naccowlah block	Production	Adelaide, Australia	**2%**	2%
ATP 754P	Exploration	Brisbane, Australia	**50%**	50%
PEP11	Exploration	Perth, Australia	**15%**	15%
Nyuni PSA	Exploration	Dar es Salaam, Tanzania	**5%**	5%
Kiliwani North	Development	Dar es Salaam, Tanzania	**10%**	10%

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

14. Events occurring after the reporting period

No matters or circumstances have arisen since the end of the half year ended 31 December 2015 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 other than the litigation with OWK referred to in Note 12 above.

Abbreviations

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

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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 Half-year Financial Report
We have reviewed the accompanying half-year financial report of Bounty Oil & Gas NL, which comprises the consolidated condensed statement of financial position as at 31 December 2015, the consolidated condensed statement of profit or loss, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity, and consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410*: Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving true and fair view of Bounty Oil & Gas NL's financial position as at 31 December 2015 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Bounty Oil & Gas NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Bounty Oil & Gas NL, would be in the same terms if provided t to the directors as at the time of this auditor's review report.

Conclusion

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

(i) giving a true and fair view of Bounty Oil & Gas NL's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

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

John Skinner
Date this 15 day of March 2016
Address: Level 2, 32 Martin Place Sydney 2000