Bounty Oil & Gas NL

ANNUAL REPORT 2016

Front Cover
Kiliwani Gas Production Operations
Songo Songo Island; Tanzania

KEY outcomes

Australia

- Bounty group revenue expected to approach $3 million pa in 2017 with:
- Tanzanian gas sales, and
- Commencement of oil production in south Surat Basin at Alton
- Group petroleum revenue for the year down 44% to $1.08 million (2015: $1.91 million) impacted by lower oil prices
- Total revenue of $1.30 million (2015: $1.83 million)
- Cash and current assets at 30 June 2016 were $1.92 million with nil debt
- Tanzanian Gas + Australian Oil Business strategy on track to provide further growth with Surat Basin production and 500 mmbbl OOIP prospect delineated in AC/P32 Timor Sea.

Tanzania – Nyuni Block

- Gas flowing into the East Tanzania gas pipeline and plant and commissioning completed
- Kiliwani North (KN) gas field anticipated to contribute revenue additions of $2 million pa
- New 3D seismic planned to image deep water turbidite gas plays of up to 1.3 TCF potential

Annual General Meeting

The 2016 Annual General Meeting will be held at Amora Hotel Jamison Sydney, 11 Jamison Street, Sydney NSW 2000 on 25 November 2016 commencing at 11.00 a.m.

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

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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:

The 2016 Annual General Meeting will be held at Amora Hotel Jamison Sydney, 11 Jamison Street, Sydney NSW 2000, on 25 November 2016, commencing at 11.00 a.m.

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CHAIRMAN'S REVIEW

Dear Shareholder

The highlight of financial year 2016 was Bounty's diversification into gas production in Tanzania.

Gas from Kiliwani North commenced flowing into the East Africa pipeline system on 4 April 2016 and after several months commissioning is now on full-time production. It is accruing revenue to Bounty. Gas sales are being made under the Sales Agreement with Tanzania Petroleum Development Corporation signed in January 2016 and are expected to contribute around AU$2 million p.a. revenue to Bounty.

This was a milestone development for your company during a financial year in which the oil and gas industry faced very significant challenges as a result of low oil prices and which required significant permanent impairments against Bounty's long-term petroleum assets.

As part of its Queensland rationalization strategy Bounty exited from the PL 214 Utopia Joint Venture interest and entered an asset swap agreement with the operator, Bridgeport Energy Limited, which saw Bounty paid $300,000 and obtain full ownership of Petroleum Lease 2 Alton. Alton Field is located 440 km from the Brisbane Refinery in the Southern Surat Basin and has produced 2 million barrels of oil with estimated remaining 2P reserves of approximately 1.136 million barrels. During the year Bounty also increased its interest in the Eluanbrook Updip prospect located within the Alton lease and now holds 81% of Eluanbrook, and is operator. It plans to drill an updip appraisal well.

Withdrawal from the PL 214 Utopia Joint Venture required a non-cash permanent impairment of AU$2.95 million but with the upside that Bounty has replaced this value in its property portfolio with the acquisition of the Alton oilfield, and will now operate its own oil production at Alton.

Bounty now has a significant portfolio of oil reserves and development interests in the southern Surat Basin and is actively reviewing the acquisition of additional oil interests to compliment Alton.

The global downturn has affected all the major producers and explorers, who have withdrawn from greenfields exploration except where previously committed. This has made it difficult this year to attract interest in AC/P32 Vulcan Sub-basin in the Timor Sea but we remain positive about farmout as the world continues to use almost 90 million barrels of oil per day and the Permit has been extended to 2017.

As Bounty receives revenue from Kiliwani North it will actively look for additional gas appraisal and production opportunities in Tanzania with access to the gas pipeline system and gas market.

Bounty's transformation to a diversified petroleum producer in a year of oil price challenges has been assisted by the support from shareholders as we look forward to an exciting growth and development period for Bounty.

I would therefore like to take this opportunity to thank my fellow Board members, and the Company's dedicated executive team for another year of hard work, and the Company's shareholders for their support and patience during this transformative period in the Company's history. Bounty is poised to realize its plans to become a progressive Australian gas exploration and production company.

Graham Reveleigh
Chairman

25 October 2016

CEO'S REVIEW

Introduction

Bounty has commenced gas sales in Tanzania and group revenue in financial year 2017 should recover to around $3 million per annum. Tanzanian gas has lifted group daily production to around 390 barrels of oil equivalent per day.

Bounty pursued a rationalisation of existing oil assets while obtaining additional strategically located oil revenue generating opportunities. Bounty is still looking to finance a drill test of the major Azalea Prospect in AC/P 32 Timor Sea.

The energy sector downturn is providing opportunities for counter cyclical investors.

Bounty expects good revenue growth in 2017 and beyond based on:-

- Tanzanian gas while it seeks other appraisal opportunities in Tanzania. Successful exploration of Bounty's Tanzania offshore targets longer term has the potential to launch Bounty as a significant gas producer with increasing revenue in coming years.
- Commencement of oil production in the Surat Basin, Queensland.

More details on current projects are set out in the **Project and Operations Review** below.

Highlights for the Year:

- Bounty petroleum revenue expected to re-bound strongly in 2017 with Tanzanian gas sales after group oil revenue for the year down 44% to $1.08 million (2015: $1.91 million) impacted by lower oil prices and exit from PL 214 Utopia.
- Total revenue of $1.30 million (2015: $1.83 million).
- Cash and current assets at 30 June 2016 were $1.92 million (2015: $2.25 million) and Bounty is debt free.
- Unrealised (mark to market) loss on trading listed securities of $0.069 million (2015: $0.19 million profit).
- Net loss after tax of $ 4.43 million (2015: Loss $ 10.98 million) following non cash impairment of oil & gas assets and write off of exploration costs.
- Kiliwani North gas project in Tanzania now in production and selling gas into East Tanzania gas system with initial payments received.
- 500 mmbbl OOIP prospect delineated in AC/P32 Timor Sea and Work Program varied. Permit in good standing until 2017.
- Bounty group acquired full control of PL 2 Alton, Surat Basin.

Oil Business

While the south-west Queensland projects continued at much lower investment levels Bounty continued to put resources into additional Queensland oil and gas production, development and exploration areas.

SW Queensland – Eromanga Basin

Oil production decreased to 18,669 bbls (2015: 24,008 bbls) and petroleum revenues declined to $1.08 million.

On the production front the Santos Limited operated ATP 1189 Naccowlah Block has continued to provide oil revenue but at lower rates due to the impact of lower oil prices and deferral of development drilling. Potential appraisal wells in 2017 are being considered in the context of oil price recovery probably in the Irtalie East pool where between 9 and 12 metres of net oil pay in the Basal Birkhead/Hutton Formations were discovered in 2013.There are a potential 3 appraisal locations in that area.

SE Queensland – Surat Basin

Petroleum Lease 2 Alton (PL2) – see Map in **Project and Operations Review** below.

After acquiring certain rights of first refusal in the PL2 Alton - Kooroon Joint Venture (Kooroon JV) during the year Bounty was able to move to an 81.75% interest in the Kooroon JV and thereby control appraisal of the Eluanbrook Updip target in PL2.

The main features of Eluanbrook Updip are:

- Bounty 81.75%.
- Development: The estimated recoverable resource is 186,000 bbls from P50 OOIP of 625,000 bbls.
- Middle Triassic age Showgrounds Sandstone reservoir.
- Up dip from proven 53^o API gravity oil with associated gas.

Further in May 2016 Bounty resolved its dispute with the PL 214 Utopia Joint Venture via a purchase and sale agreement the material terms of which were:

- Bridgeport (Surat Basin) Pty Ltd (a Bridgeport Energy subsidiary) transferred all of its interests in Petroleum Lease 2 Alton Oilfield and the Alton Block to Bounty with the result that Bounty now holds 100% of the Alton Oilfield and is the registered holder.
- Payment of $300,000 to Bounty.
- Bounty transferred its 40% PL 214 participating interest in the Utopia Joint Venture (JOA) to Oilwells Inc of Kentucky (also a Bridgeport Energy subsidiary) and was released from all claims/cross claims and all past or future liabilities. The estimated quantum of these claims and liabilities was $500,000.

As a result Bounty is now operator of Petroleum Lease 2 and holds:

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

Bounty anticipates that as operator it will commence oil production at Alton in the next 6 months which is expected to exceed Bounty's share of PL214 Utopia production but with very significant upside from three undrilled locations; enhanced recovery and later an appraisal well at Eluanbrook. Alton is 440 km west of Brisbane and oil will be transported and sold into the Brisbane Refinery.

Oil Growth Projects - AC/P32 Timor Sea

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

Bounty's efforts at farming out AC/P 32 have been made difficult by heavy oil price declines in 2016 but we are seeing signs of recovery in October 2016 and are still aiming to obtain a farm-out and subsequent drill test of the Azalea Prospect. The prospect is located 25 km northeast of the Montara Oil Development in the Timor Sea.

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.

Bounty is fully compliant with its work commitment program and the permit is in good standing until mid-2017.

A discovery will lift Bounty into a major project and to being a mid-level Australian oil operator.

Tanzania – Kiliwani North & Gas Commercialisation

Gas production from Kiliwani North 1 commenced on 4 April 2016 and until the end of the period commissioning gas was supplied to the system filling the pipeline and used in commissioning the gas plant. Production rates during commissioning were in the range 15 - 30 MMcfg/d and are currently at 15-17 MMcfg/d.

All gas supplied is being sold under a Gas Sales Agreement with the Tanzania Petroleum Development Corporation (TPDC) on a take or pay basis in US dollars at $3/MMbtu (approx. US$3.07 per Mcf), indexed to the US CPI and delivered at well head. Bounty's share of cash revenue is anticipated to be between A$2.00 and A$2.50 million pa once full production is achieved. The well is also producing some condensate which is stripped and will be sold to third parties.

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.

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 Block.

Tanzania - Nyuni Area PSA

The Nyuni Area PSA was renewed in late 2011 for an eleven year period.

After the period Bounty increased its interest in the Nyuni Area PSA to 10% pending the formal transfer of a former partner's interest.

Bounty also remains focused on the deep water sector of the Nyuni Area PSA with an agreed work program to enable the acquisition of deep water 3D seismic in the outboard sector of the PSA area and the deferral of the two exploration well drilling commitment.

Once the variations to the work commitment licence has been granted, a re-tender process is planned to select a 3D seismic contractor capable of acquiring high resolution 3D seismic over the key Pande West lead and to identify other potential prospects in the deep water with a view to bringing them to drill-ready status. Pande West is analogous to some of the recent major deep water discoveries in the vicinity. The drilling success rate achieved by other operators, based on 3D seismic in the main fairway east of Nyuni Area, is over 90%. The joint venture is reviewing ways to enable the potential monetisation of discoveries on the shelf and deep water through delivery into the Tanzania National Gas Gathering System.

Unconventional Gas Business

Looming gas supply shortages in eastern Australia continue to provide encouragement for the pursuit of conventional and unconventional gas in PRL's 33 – 49 (formerly PEL 218) (Nappamerri Project); Cooper Basin, South Australia and for coal seam gas in some of Bounty's other permits principally ATP 754P; Surat Basin.

Petroleum Exploration and Development

With ongoing publicity on the looming gas supply shortfall in New South Wales the operator of PEP 11 Sydney Basin has indicated that it is preparing to proceed with either 2D or 3D seismic surveys in 2017.

Conclusion

Management continues to look for additional opportunities to be funded by gas revenue from Tanzania and most pleasingly Bounty now has control of its own operated oil reserves in the Surat Basin which will be placed on production.

On the Growth front Bounty is seeking additional opportunities so shareholders may also obtain good leverage through a drill test in AC/P 32 Azalea and pursuit of our major gas prospects in Tanzania.

Bounty holds excellent Permits and is well placed for a recovery in the petroleum business.

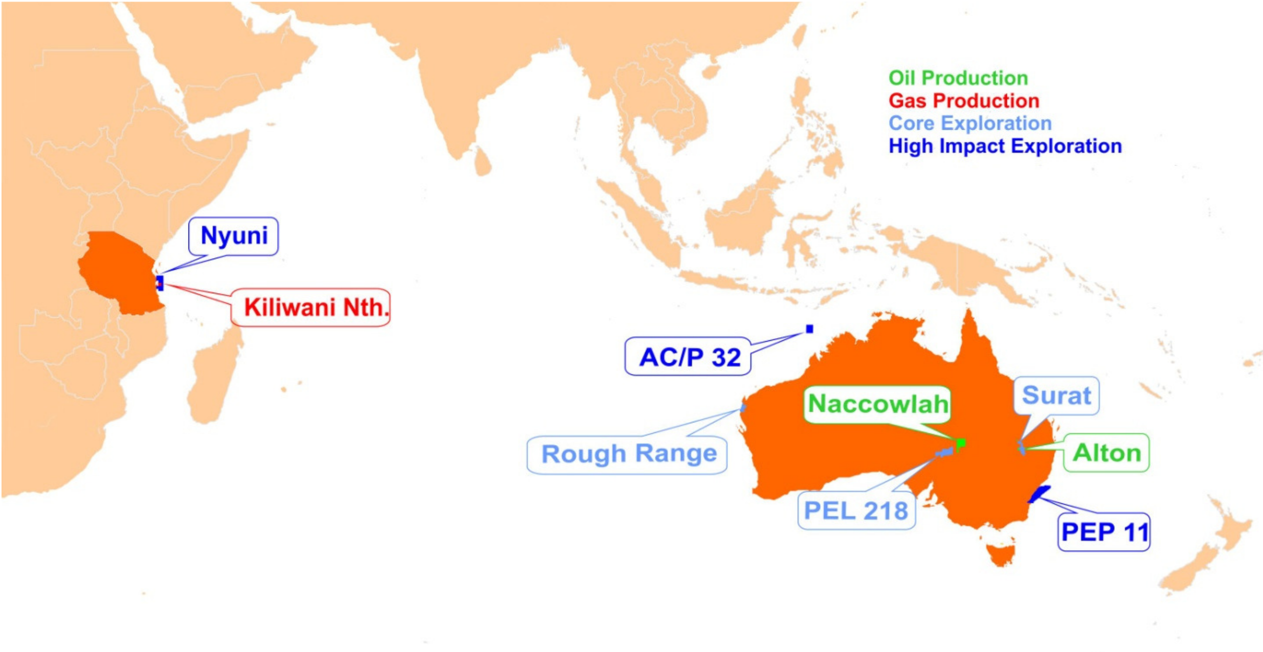
PHILIP F. KELSO
Chief Executive Officer

25 October 2016

PROJECT and OPERATIONS REVIEW

Bounty Projects

Bounty has production and exploration operations in Africa and Australia.



Summary Land Position

Offshore Australia	Equity	Gross Km^2	Net Km^2
AC/P 32	100.00%	336.0	336.0
PEP 11	15.00%	4576.5	686.5
Offshore Tanzania			
Nyuni PSA	10.00%	844.9	84.5
Kiliwani North	9.50%	168.0	16.0
Onshore Australia			
Naccowlah Block Eromanga Basin	2.00%	2544.1	127.2
Nappamerri South Australia	23.28%	1603.6	373.3
Surat Basin Queensland	Various	1128.2	572.3
Rough Range Carnarvon Basin	Various	1270.4	345.1
	Total	**12,471.7**	**2,540.8**

This table summarises Bounty's land position as at 30 June 2016. Bounty's full schedule of tenements as at 30 June 2016 is included in Additional Information Required by ASX Listing Rules at the end of this Annual Report.

OIL BUSINESS

Production

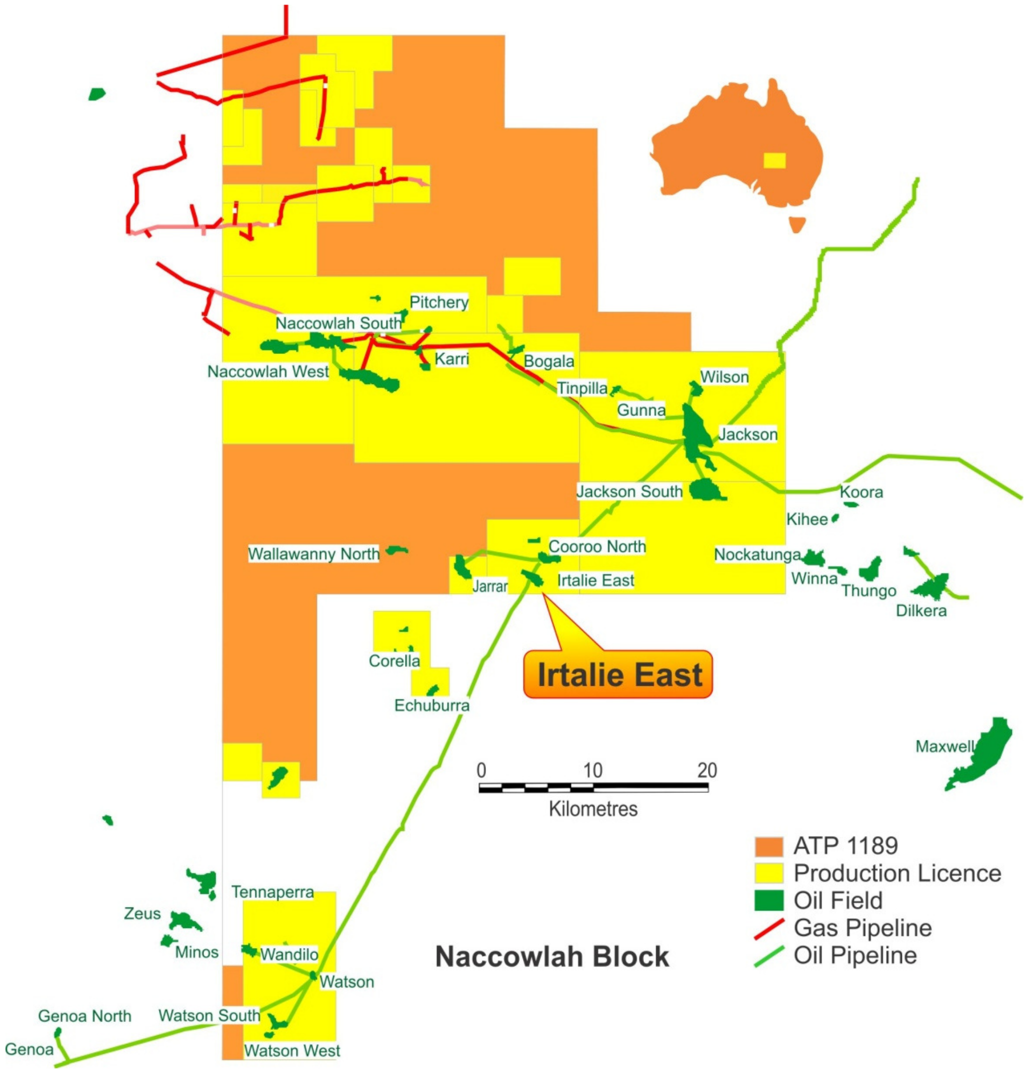
During the year ended 30 June 2016 the company continued to produce light sweet crude oil from several oil fields and leases in ATP 1189P (formerly ATP 259P), Naccowlah Block SW Queensland. SW Queensland production was materially lower due to Bounty's sale of its PL 214 Utopia interests and a severe drop in oil prices which has resulted in deferral of production optimisation operations which had in 2015 maintained production at a fairly stable level.

Commencing on 4 April 2016 the Kiliwani North 1 gas well in Tanzania came on stream at a rate of around 20 MMcfg/d (1.9 MMcfg/d net to Bounty or 345 boepd) and 150 bopd condensate (14.25 bopd net to Bounty) raising Bounty's production to 390 boepd.

Bounty's petroleum production and sales for the year ended 30 June 2016 are summarised in the Review of Operations set out in the Directors Report.

Development

ATP 1189P (formerly ATP 259P) Naccowlah Block and Associated PL's SW Queensland - Bounty 2%



Location: Surrounding Jackson, Naccowlah and Watson Oilfields

Background

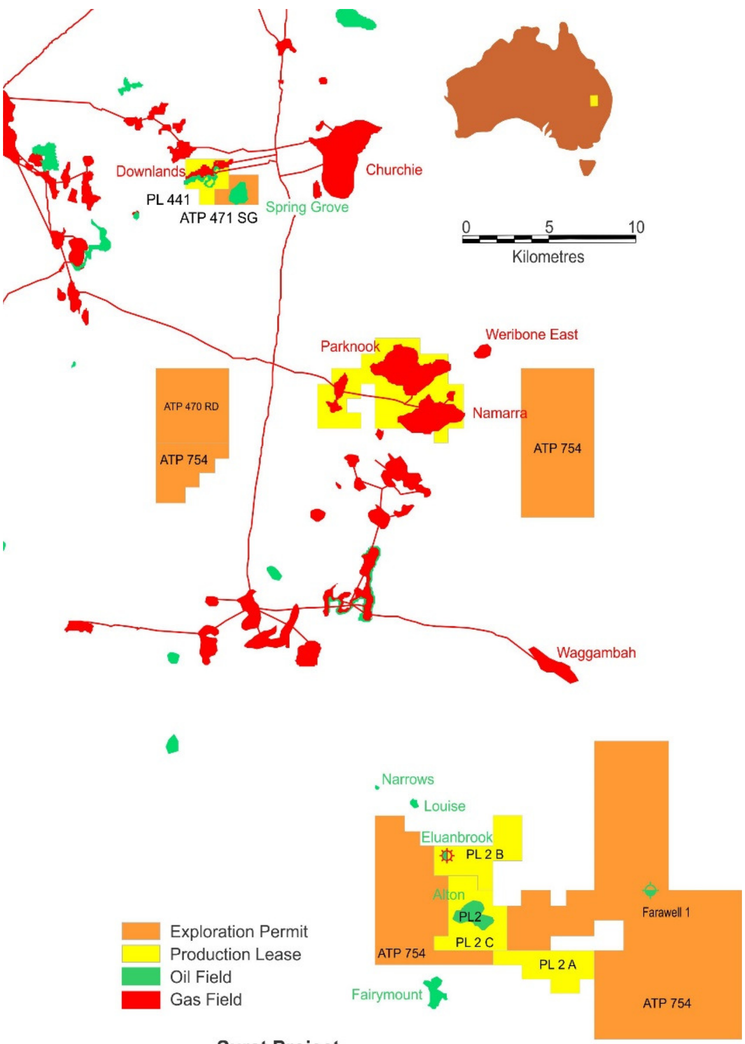
The Naccowlah Block covers 2544 km^2, 42% of which is covered by ATP 1189P and the remainder in 22 petroleum leases (PL's) covering producing fields. There is significant production infrastructure. This area produces 30 BOPD net to Bounty and Bounty holds 2P + 2C (Contingent) reserves of 135,000 bbls. In past years the Operator (Santos Limited) has been very successful in maintaining production at a constant level through production optimisation, completing oil behind pipe and successful near field exploration, notably Irtalie East but deferred new development drilling in 2016.

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

2016/17 Development

While low oil prices continue to challenge the economics of further development drilling, production and optimisation work in the Naccowlah Block, work however continues and twelve month payback projects addressing in-well bore opportunities will be considered. In addition work has continued on evaluating further development drilling opportunities at the Irtalie East Field and it is anticipated that one or two wells will be drilled in 2017.

Surat Basin, Southeast Queensland



Surat Project Tenements

Group Interests in this project are

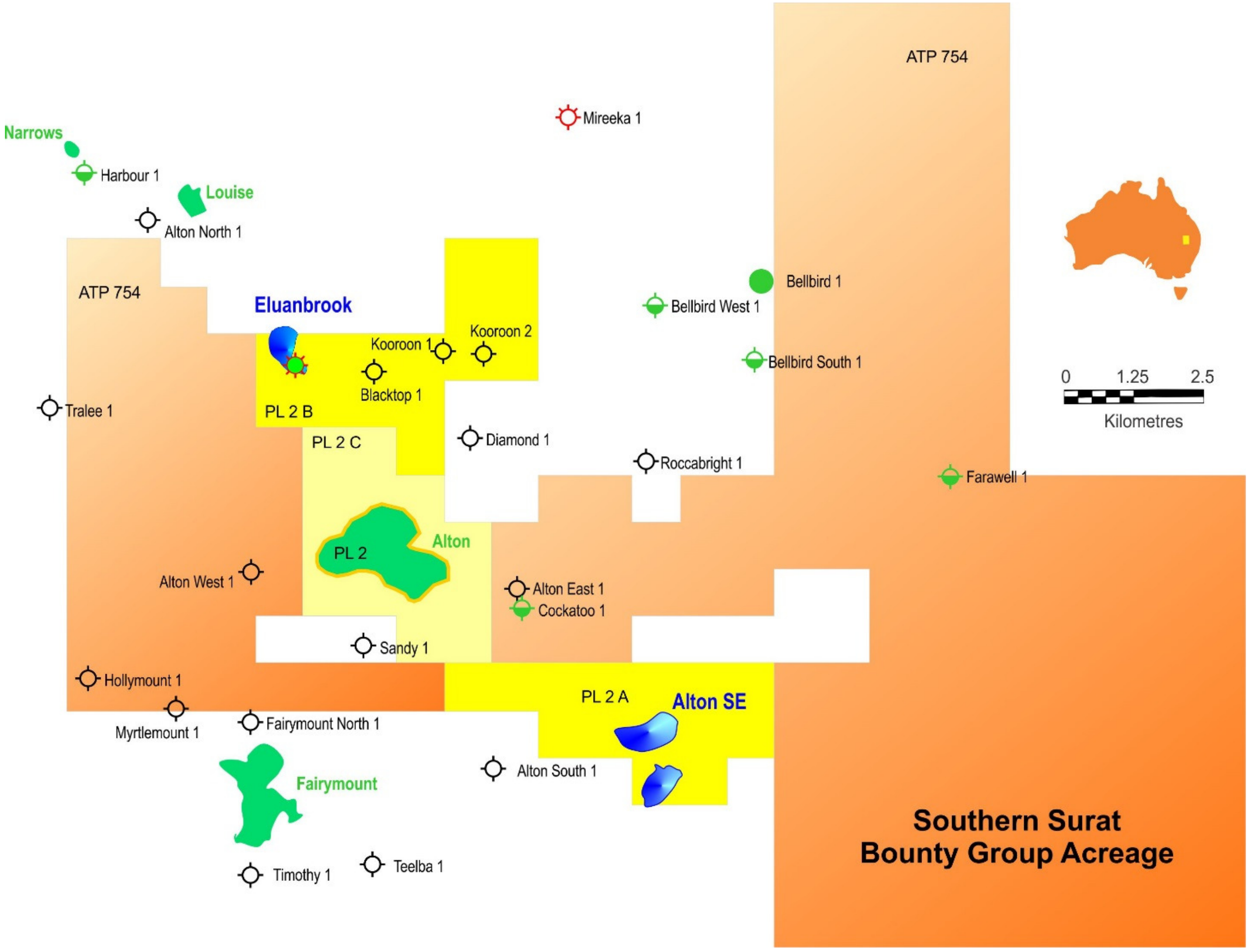
Permit	Status	Interest
ATP 471 SG	Granted	24.75%
ATP 754	Granted	50.0%
PL 119/PL 441	Renewing	100.0%
Alton Oilfield		
PL 2 C	Granted	100.0%
PL 2 Alton	Granted	100.0%
Kooroon JV Block		
PL 2 A	Granted	81.75%
PL 2 B	Granted	81.75%
PL 71	Renewing	20.0%

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 acquisition. In 2016 it exercised a first right of refusal to acquire from Santos Limited their interest in PL 2 A and B giving the group a controlling interest in the Kooroon Block. In May 2016 it exchanged control over PL 2C and PL2 Alton Oilfield for Bounty's equity in the PL214 Utopia Oilfield. 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.

The northern section of Bounty's acreage includes the Permian age 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. Work continued on renewal of PL 119/441 during the year.



PL 2 Alton - Bounty 100%
PL 2 Kooroon Block – Bounty 81.75%

Location: 70 km. East of St George SE Queensland

Background

PL 2 (Alton Field) was acquired by Bounty in May 2016 (see **CEO Review**). Alton has to date produced over 2 million barrels from the Jurassic Age Evergreen Formation. Bounty estimates 2P reserves at Alton of 1.136 million bbls.

2016/17 Operations

In 2017 Bounty will work over 2-3 wells at Alton and commence oil production while it generates a full field development plan and plan to drill an up dip appraisal well at Eluanbrook in the northwest section of PL2.

Initial production of 20 bopd is expected from the Evergreen Formation and then moving to develop attic oil with potential recoverable oil of 167,000 bbls.

Surat Exploration

2015/16 Activities and Further Programmes

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

Now that Bounty has operatorship it intends to advance the Eluanbrook Updip appraisal well which Bounty considers could have 186,000 - 200,000 barrels of recoverable oil from 625,000 bbls of P50 001P up dip from proven Showgrounds Formation reservoir containing oil and gas. In addition there are several prospects at Alton Southeast to be reviewed and there are considerable indications of oil in PL 2 in the Showgrounds Formation.

ATP 754P: In addition; during the period Bounty became operator of ATP754P where seismic surveys have indicated targets at Alton Southeast immediately southeast of PL2 Alton. Bounty holds a 50% interest.

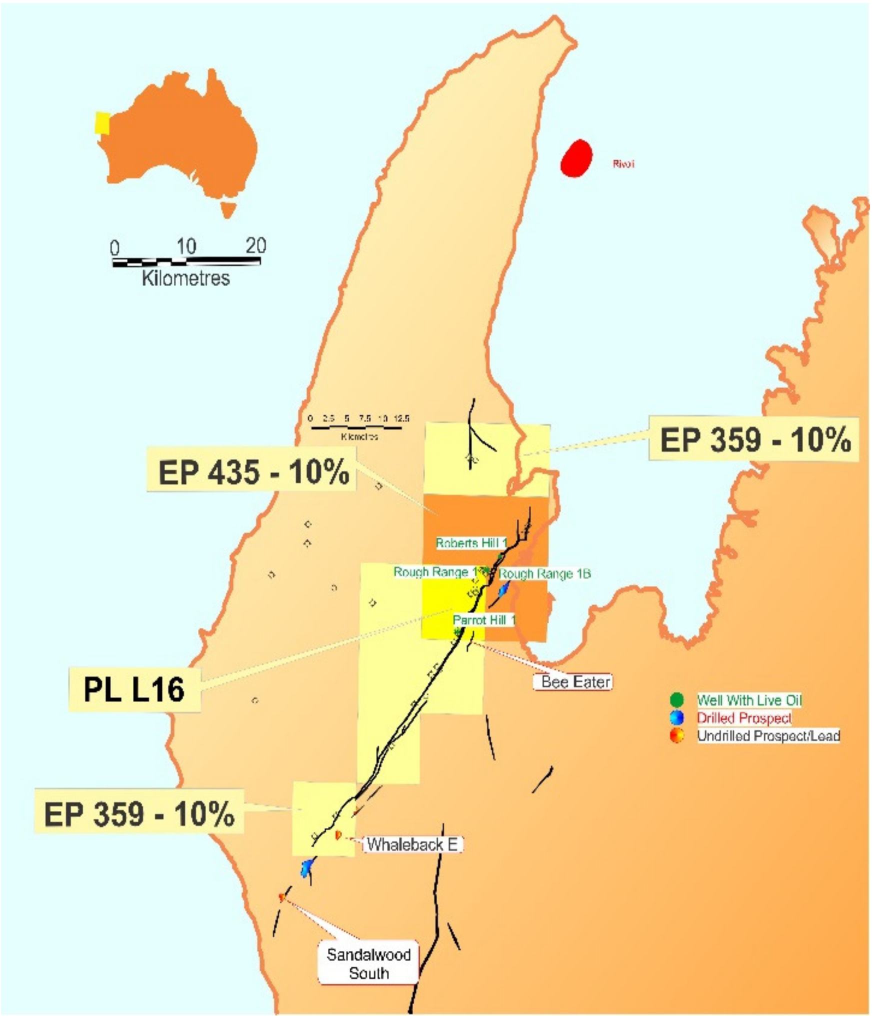
ATP 1190 SG: This property contains proven oil in Tinowan Formation sands which were production tested with inconclusive results. It is a sub-block of a larger permit in which Bounty has no interest but there are plans to revisit the Spring Grove (SG) oil discovery in future periods.

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 continuing with the protracted process of renewing the Petroleum Lease and negotiating Native Title matters as a precursor to renewing oil production from the Downlands 3 Well.

Having now secured a significant interest and operatorship over the PL 2 and ATP 754P areas Bounty sees potential for projects in this area to deliver 200 - 300 bopd once the workover and drilling operations outlined above have been completed. Along with the production from the Company's African Gas operations success in this venture would transform the company.

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 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. The SPJV drilled Wakefield 1 in September 2009 through which Bounty earned its interest. This well 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.

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 gas (and possibly oil) potential of the SPJV Eromanga Basin sequence.

EP 435, Production Licence L16 and EP 359 (Bounty 10% in each) Rough Range Oil Pty Ltd 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 north south along the western edge of the Licences. Oil has migrated a short distance into Rough Range Anticline. Three oil pools, charged with late migrating oil, are known within Bounty's lands - Rough Range, Roberts Hill and Parrot Hill. Attempts to pursue these pools and find others has been frustrated by pervasive faulting and poor seismic imaging along the crest of structures.

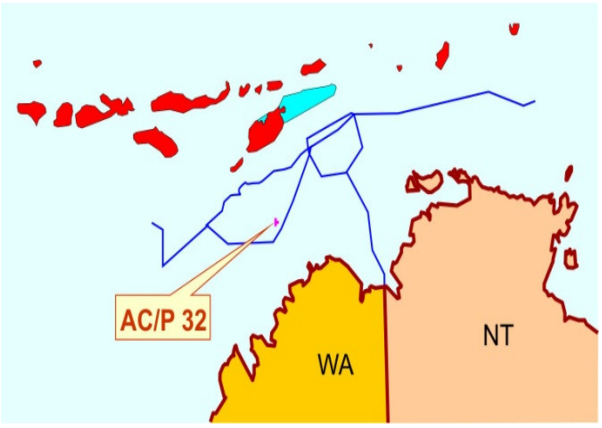
Exploration of older structures targeting early migrating oil has been challenging due to the selection of large targets which had no cross fault seal.

2015/16 Exploration

The Permits are in good standing. Bounty is looking at alternative targets for both early and late migrating oil and has identified several leads where good cross fault seal is expected.

Growth Projects

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



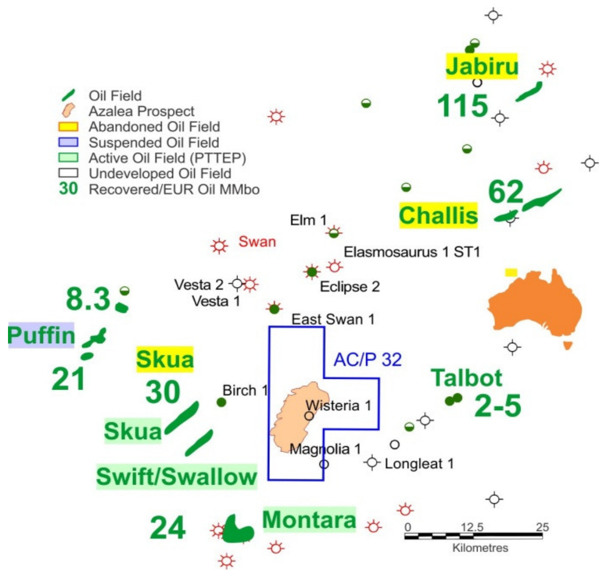
Location: Offshore 500 Km west of Darwin, NT.

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 ~ 100 metres



2015/16 Exploration

Protracted low oil prices have held back farmout efforts with even oil majors slashing exploration budgets.

Future Work

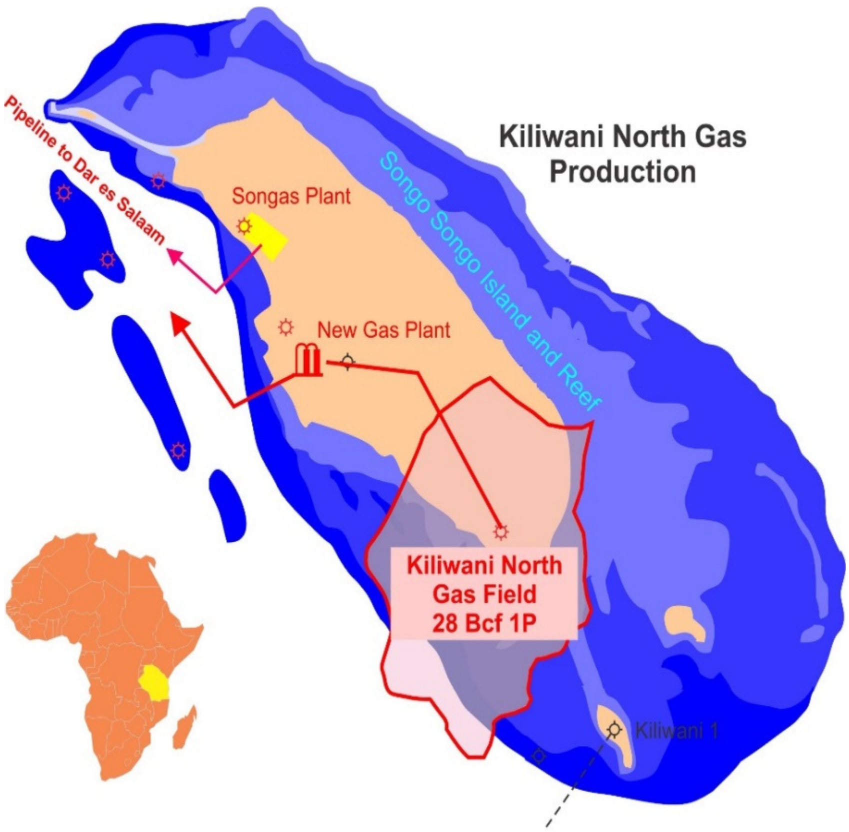
Bounty will continue its international farmout campaign and maintain its interest in the face of low prices. The permit is in good standing until 2017.

GAS/CONDENSATE BUSINESS

Development

Kiliwani North Development - Nyuni Block Offshore Mandawa Basin Tanzania – Bounty 9.5%

Location: 30 Km offshore from Rufiji Delta Tanzania



Background

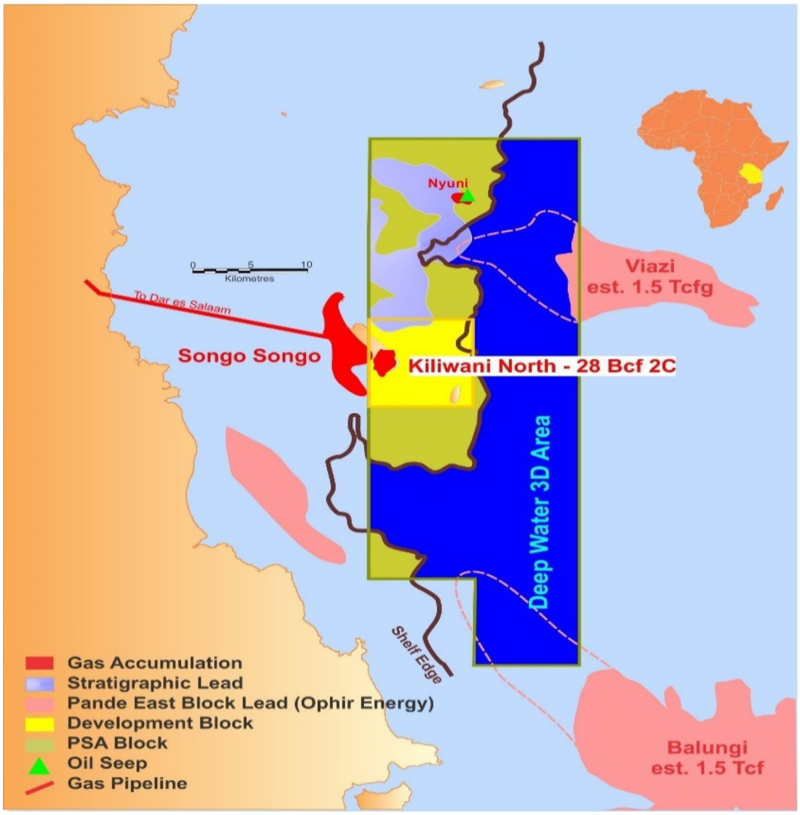
Kiliwani North 1 well was drilled in 2008 and hit gas in Neocomian (Lower Cretaceous age) Sands, the same reservoir as at the adjacent Songo Songo Gas Field. The field was tested at 40MMcfg/d and a reserve of 28 Bcf gas (Bounty 2.66 Bcf) was established. A 24 year production Licence was issued in 2011.

Progress During 2015/2016

The new infrastructure including pipeline to well head was completed, tested and commissioned during this period and the well commenced producing commissioning gas in April 2016 reaching a stabilised flow of around 15 - 17 MMcfg/d in August 2016 accompanied by 150 bpd of condensate.

Future Development 2016/17

Production to date has established gas reserves in the Kiliwani North pool at 28 BCF (2.66 BCF or 500,000 boes net to Bounty.)



The well will be on full production for most of the year providing Bounty with around A$2.0 – 2.5 million in net revenue per year.

Growth Projects

Nyuni PSA Block – Offshore Mandawa Basin Tanzania - Bounty 10%

Location: 30 Km offshore from Rufiji Delta Tanzania

Background

This licence lies up dip from over 20 Tcf of gas discoveries which are in the early stages of being bought on stream to a three train LNG export facility onshore. There are several large leads with amplitude anomalies within the Nyuni PSA Block which are stratigraphic targets with potential for some 2.6 TCF gas, at least half of which is in shallow water.

There has been over a 90% drilling success rate with 3D seismic in adjacent, analogous plays to the east of the Block and over 185 TCF discovered to date in the same play throughout Tanzania and Mozambique.

Nyuni Block PSA Exploration – 2014/15

A 3D seismic survey is planned over the deep water area in the Permit during 2017 subject to deferral of exploration wells.

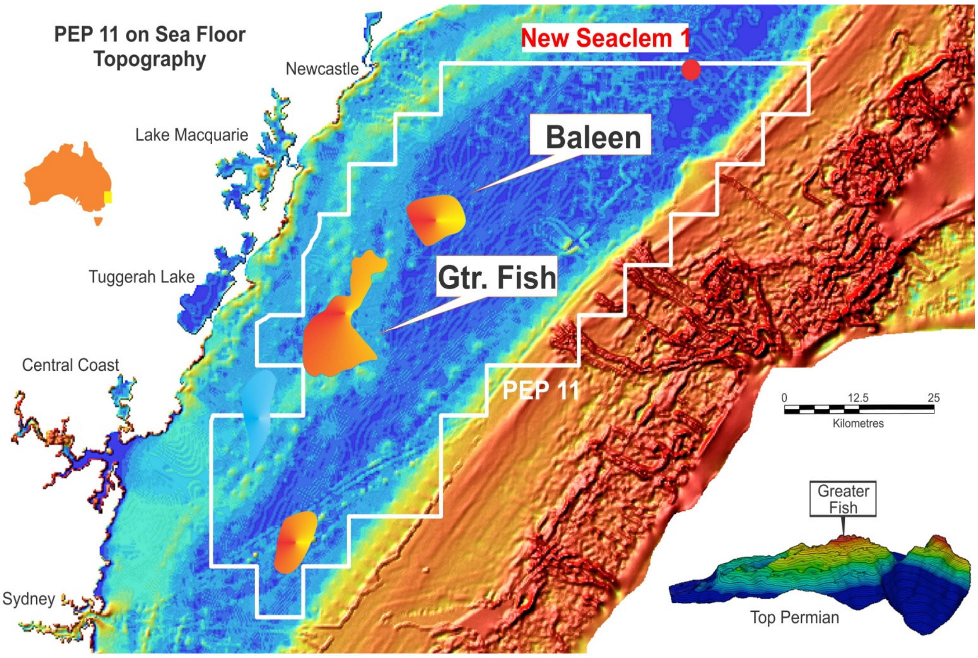
The survey is designed to detail the up dip extension of Lead 3 in the adjacent Ophir/RakGas East Pande permit which independent consultants suggest could contain 1.3 TCF gas within the Nyuni PSA area. There are numerous other deep water channel/fan features apparent from the limited seismic coverage available with associated seismic anomalies. The Exploration Licence is in good standing.

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 operator and joint venturer Advent Energy Ltd ("Advent") has proven an active hydrocarbon generation and migration system as well as establishing an inventory of leads and prospects in Permo-Triassic sequences 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. 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 being highly prospective for gas.

2016 Exploration

During 2016 the operator carried out new interpretations to more closely define the sequence ages and leads at Baleen and Greater Fish (see Map) and is continuing efforts to secure a seismic vessel to acquire high resolution 2D seismic data at Baleen to define a drill location located approximately 30 km south east of Newcastle, New South Wales.

This "Baleen HR" survey will cover approximately 200 line km and is also proposed to be tied-in to the New Seaclem-1 well location to provide lithological control.

The Nyuni Block un-risked GIIP is >5 TCF (gross)*.

Bounty Oil and Gas NL – Group Petroleum Reserves and Resources (As at 30 June 2016)

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 2016:-

	MMboe[8] (Recoverable)			Note
Discovered[3]				
Producing[4]	**1P**	**2P**	**3P**	
Naccowlah	0.033	0.093	0.194	1
Kiliwani North Gas	0.484	0.484	0.692	1
Kiliwani North Condensate	0.020	0.020	0.029	1
Total Producing	**0.517**	**0.577**	**0.885**	
Contingent[5]	**1C**	**2C**	**3C**	
Alton Shut In	0.048			1
Alton Attic		0.168		1
Downlands Gas Field	0.020	0.360	0.360	1
Downlands Oil Leg		0.340	0.340	2
Eluanbrook	0.101	0.143	0.197	2
Naccowlah	0.015	0.042	0.111	1
Spring Grove		0.347	0.347	2
Total Contingent	**0.183**	**1.399**	**1.354**	
Total Discovered	**0.700**	**1.977**	**2.240**	
Undiscovered Prospective[6]	**Low**	**Best**	**High**	
Surat (Mardi Prospect)	0.08	0.21	0.42	2
AC/P 32	20	113	302	2
Nyuni	15	24	44	2
PEP 11	10.7	128.8	128.8	2
Total Undiscovered	**45.8**	**266.2**	**475.4**	

Method / Notes

1. Deterministic Estimates – based on actual measurements of a petroleum reservoir and contained petroleum.
2. Probabilistic Estimates (P90 ≡ 1P, P50 ≡ 2P, P10 ≡ 3P) – in probabilistic maths the solution or outcome is a prediction with uncertainties that can be measured using chance or probability.
3. Drilled and proven moveable oil or gas
4. Discovered oil which is on production including nearby undeveloped oil
5. Discovered oil or gas whose commercial worth is contingent upon signing sales contract, production testing and proving economic viability, shut in petroleum awaiting renewal of permit, or zones adjacent to Discovered oil requiring further appraisal drilling
6. Specific targets for exploration based on volume estimation from seismic surveys and based on untested models for hydrocarbon generation, migration and entrapment.
7. Estimates as at June 30, 2016
8. Converted at the rate of 182 MMboe = 1 MMcfg

Material Changes: Material changes over the year are:

1. The loss of Utopia Reserves and Resources due to disposal of the asset,
2. The transfer of Kiliwani North Contingent Resources to Producing, and
3. The inclusion of Contingent Resources from PL 2 Alton which was added to the land portfolio during the year, and
4. Other changes due to production, and minor adjustments based on better data and slight changes in categorisation of resources.

CORPORATE GOVERNANCE STATEMENT

Bounty Oil and Gas NL's Corporate Governance Statement is on its website www.bountyoil.com and has been released to the ASX.

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 2016.

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)

Company Secretary

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

- S. Saraf

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 loss of the group attributable to equity holders after providing for income tax amounted to $4,429,742 (see comparative details below).

	Consolidated 2016	Consolidated 2015
	$	$
Profit/(loss) from ordinary activities before income tax	($4,427,200)	($10,989,678)
Income tax attributable to loss	-	-
Net profit/(loss) after income tax	($4,427,200)	($10,989,678)

Revenue from continuing operations for the period was $ 1,077,497 down 44% on the previous year (2015: $ 1,910,593).

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

- Petroleum revenue; (mainly from oil and gas sales) of $1,077,497
- An unrealized mark to market (loss) on listed securities of ($ 69,245).

- Direct petroleum operating expenses of ($ 1,104,439).
- Employee benefits expense of ($ 820,309).
- Non-cash expenses for:
    - Impairment of production and development assets of ($ 2,949,269)
    - Write off of capitalised exploration expenses of ($ 48,883)
    - Amortisation expenses of ($ 340,320)

Details of drilling activity, exploration and development operations and cash flows for the year ended 30 June 2016 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.

A summary of revenues and results of significant business and geographical segments is set out in Note 4 to the Financial Statements**.** Brief details are set out below:

Review of Operations

Production & Sales:

During the year ended 30 June 2016, the company:

- Produced oil from several oil fields and leases operated by Santos Limited in ATP 1189P (formerly ATP 259), Naccowlah Block, SW Queensland.

- Until sale of the interest with an effective date of 1 April 2016 (see below) produced light sweet crude oil from the Utopia Field, SW Queensland and continued to sell the oil to the Eromanga Refinery.

- Commenced producing commissioning gas from Kiliwani North Licence, Tanzania.

- Received other income (profit on sale) of $207,200 from the sale of a real estate interest.

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)	Kiliwani North Licence Bounty Share (9.5%)	Total
Revenue $	233,598	826,025	17,874	1,077,497
Production boe	5,300	12,646	723	18,669

Exploration and Development

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

Australia

Onshore

- *Utopia Block; SW Queensland:*

PL 214: During the year Bounty reviewed the carrying value of its interests in PL214 Utopia and with an effective date of 1 April 2016 Bounty entered a Sale and Purchase Agreement (SPA) with Oilwells Inc. of Kentucky (OWK) the operator of the PL214 Utopia Joint Venture (PL 214 JV) and Bridgeport (Surat Basin) Pty Ltd. The SPA provided for Bounty to exit the PL 214 JV; and to settle proceedings commenced against Bounty for disputed cash calls and other matters and Bounty's claims by way of set off against OWK as operator.

The material terms of the SPA were as follows:

- Payment of $300,000 to Bounty less adjustments.
- Bounty to transfer its 40% participating interest in the PL214 JV under the relevant joint operating agreement (JOA) to OWK and be released from claims under the JOA and all past or future liabilities.
- Outstanding litigation claiming $354,875 (As at 30 September 2015) plus interest and costs to be discontinued with mutual releases for pending Bounty cross-claims upon Queensland government approval of petroleum lease transfers.
- Bridgeport (Surat Basin) Pty Ltd to transfer all of its interests in the Alton Oilfield and Alton Block (all in PL 2) to the Bounty group (see PL 2 Alton below).
- Usual conditions and adjustments.

  As a result Bounty recognised a permanent impairment of the PL214 JV of $2.949 million and expensed all remaining balances in the PL214 JV.

- *Naccowlah Block; SW Queensland:*

- *ATP 1189P (formerly ATP 259P):* Oil production operations continued satisfactorily at the producing fields including Jackson and from wells such as Irtalie East 4 and 5.
  - Later Development Plans were filed progressively for the Petroleum Leases within the Naccowlah Block ATP 1189P.
  - Further development drilling was deferred due to low oil prices and pending cost cutting reviews by the operator Santos Limited however such drilling is likely to involve potential additional appraisal wells in the Irtalie East - Cooroo North West project areas.
- Surat Basin; Eastern Queensland:
  - *Petroleum Lease 2 Alton (PL 2):* Under the SPA with OWK and Bridgeport (Surat Basin) Pty Ltd (See PL214 above) Bounty group now holds 100% of the Alton Oilfield, 100% of the Alton JV Block and 81.75%% of the Kooroon JV all within Pl2 Alton.
  - As a result Bounty is holding in the Alton Oilfield; development reserves of 167,000 bbls of recoverable oil in the early Triassic age Basal Evergreen sand reservoir plus a potential 1.136 million bbls of 2P reserves located in the three sands of the Boxvale/Evergreen Formations.
  - And an estimated recoverable resource of 186,000 bbls from P50 OOIP of 625,000 bbls in the Middle Triassic age Showgrounds Sandstone reservoir at the Eluanbrook Prospect within that part of PL2 known as the Kooroon JV.
  - Bounty will now move to development of these resources.
  - *ATP 754P:* Bounty group is now the operator of the ATP 754P joint venture. Drilling of a multi-zone test in ATP 754P is planned for 2017 to test for oil, gas and coal seam gas in several zones down to the Permian age sequence.

Offshore

- *AC/P 32 Ashmore Cartier Territory; Timor Sea*: Bounty holds 100% of this potentially major project.
    - 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 now in 2017. The principal target is the Azalea Prospect a 500 MMbbl original oil in place potential pool with a recoverable oil estimate of 100 MMbbls.
    - In 2015 Bounty carried out a campaign to farm out AC/P 32 focussing on the Azalea Prospect and significant farm in interest was tempered by oil price declines in 2015 and the consequent drastic cuts in E&P expenditures.
    - The National Offshore Titles Authority granted a variation from 24 June 2015 to combine the work commitments for 3 years until 2017.
    - The Azalea Prospect is:
        - Located in a prolific hydrocarbon province – the Vulcan Sub-basin.
        - 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 – i.e. 120 metres.
- *PEP 11; offshore New South Wales:* Bounty retains a 15% interest. The operator is planning to issue tenders for a 2D/3D seismic survey in 2016/2017 and the permit is in good standing with major gas supply issues developing in eastern Australia. The operator has identified a new target at Baleen Prospect with AVO analysis of seismic data.

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.

Tanzania

During the period and following completion in 2015 of the main 36" south-north pipeline system (East Tanzania Gas Pipeline); the Songo-Songo 24" lateral and the Songo-Songo Gas Processing Plant owned by TPDC; Bounty as a joint venture participant entered a Gas Sales Agreement ("GSA") with the Tanzania Petroleum Development Corporation ("TPDC") for sale of gas produced from the Kiliwani North gas field.

As a result Bounty started its first African gas production in Tanzania.

The material GSA contract terms are:

- 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 secured with a letter of credit issued by the Tanzania Investment Bank.
- Gas sold at wellhead, so the joint venture partners will not be responsible for pipeline transportation and processing fees.

The operator of the Kiliwani North Development Licence JV is Ndovu Resources Ltd (a subsidiary of Aminex PLC).

Commissioning gas was supplied to the recently-completed Songo Songo gas processing plant commencing 4 April 2016. TPDC was invoiced for gas produced at the end of each month and the JV commenced receiving revenue after the end of the period.

Immediately after the end of the period (2-3 July 2016), gas production from the Kiliwani North-1 well reached 30 mmcf per day (approximately 5,000 barrels of oil equivalent per day) with stable pressure recordings at that rate and commissioning was completed.

Nyuni PSA:

During the period Bounty increased its interest to 10% and new 3D seismic was planned to image deep water turbidite gas plays of up to 1.3 TCF potential for early 2017.

A major gas target named Pande West has been identified in the deep water eastern section of the Nyuni Block where Bounty holds a 5% interest and 3D seismic surveys are planned.

Other income

During the period Bounty sold a real estate interest for net $1.2 million accruing a profit on sale of $ 207,200.

Corporate – Share Issues

During the year ended 30 June 2016 the company did not make any equity issues.

Dividends Paid or Recommended

No dividends have been paid or declared for payment for the year ended 30 June 2016 and no dividend is recommended.

Financial Position

The net assets of the group decreased by $ 4.43 million to $ 18.3 million in the period 1 July 2015 to 30 June 2016. This decrease resulted from the following non-cash expenses:

- Impairment of production and development assets of $ 2.949 million.
- Write off of capitalised exploration expenses of $ 0.050 million.

At 30 June 2016 current assets were $ 1.92 million.

During the financial year the company invested:-

- $ 0.75 million on petroleum development property acquisitions and in completions and surface production facility upgrades to further exploit its existing proved producing oil reserves and to increase its oil reserves.
- $ 70,000 in petroleum exploration projects in Australia and Tanzania as summarised in the Review of Operations above.

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.

Contingent liabilities and Contingent Assets

As at the date this report, there were no contingent assets or liabilities, other than the exploration commitments set out in Note 21 and the following:

Litigation: Under the terms of an agreement dated 13 May 2016 Bounty and Oilwells of Kentucky Inc. (OWK) as operator of the PL 214 Utopia joint venture agreed to settle all claims and contingent or related claims in connection with the joint venture immediately upon grant of Queensland government approval of certain petroleum lease transfers pursuant to the agreement. See Directors Report PL214 Utopia and PL2 Alton above. The Directors anticipate such approvals will be granted in the normal course.

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

Events 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, other than the litigation with OWK referred to in Contingent liabilities and contingent assets above.

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 if successful 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;
- Production of its developed gas reserves and deep water gas exploration in the Kiliwani North and Nyuni Blocks, 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 Bounty group companies, AGL 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 2016, are:-

Graham Reveleigh	—	*Non-Executive Director*
Qualifications	—	BSc. MSc, M. Aus IMM.
Experience	—	Mr Reveleigh is a professional geologist and has nearly 42 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 its Canadian subsidiary. 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 22 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 31 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.

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 2013 to present
Mr C. Ross	TSX Listed Companies; Canada: Goldex Resources Corporation, Norzan Enterprises Ltd., Halio Energy Inc. and Tearlach Resources Limited.	1 July 2013 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	23,377,928	-
Mr C. Ross	3,200,000	-
Mr R. Payne	-	-

Meetings of Directors/Committees

During the financial year, eleven (11) 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	11	11
Mr C. Ross	11	11
Mr R. Payne	11	11

The company does not have separate audit or remuneration committees.

Indemnifying Officers or Auditor

During the financial year ended 30 June 2016 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 $12,541 for all nominated directors.

Share Options

All options over ordinary shares or securities of Bounty Oil & Gas NL issued in a prior period have lapsed unexercised. No options were issued during the year ending 30 June 2016 or have since been issued up to the date of this report.

Accordingly at balance date on 30 June 2016 and 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. No ordinary shares of the company were issued pursuant to exercise of options during the year ending 30 June 2016.

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 other than as disclosed above under **Contingent liabilities and contingent assets**.

Non-Audit Services

The independent auditor to the company; Mr John Skinner has not provided non audit services to the company during or after the end of the financial year.

Remuneration of Directors and Management

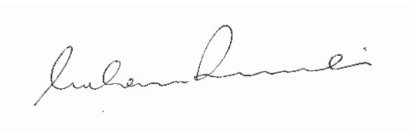
Information on the remuneration of directors and other key management personnel is contained in the Remuneration Report which forms part of this Directors Report and is set out on the following pages.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on Page 16.

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: 30 September 2016

REMUNERATION REPORT

This remuneration report forms part of the Directors Report for the year ended 30 June 2016 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)

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 2016.

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 executive of Bounty Oil & Gas N.L. are set out in the following tables.

Key Management Remuneration						
2016	**$**					
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	-	-	-	-	30,000
Mr R. Payne	-	-	-	20,000	-	20,000
Other Key Management Personnel – Chief Executive officer						
Mr P.F. Kelso (1)	398,000	59,962	-			457,962

1. Paid to a personally related entity of the director/executive.
2. Compensation for the 2016 financial year as set out in this column included non-cash benefits of $59,962.

Key Management Remuneration						
2015	**$**					
Key Management Person	**Short-term Benefits**			**Post-employment Benefits**	**Share based payment**	**Total**
	Cash, salary and commissions	**Cash bonus and Non-cash benefits** (4)	**Consulting Fees + Other**	**Super-annuation**	**Options**	
Non-Executive Directors						
Mr G. Reveleigh (3)	60,000	-	-	-	-	60,000
Mr C. Ross (3)	30,000	-	-	-	-	30,000
Mr R. Payne	-	-	-	20,000	-	20,000
Other Key Management Personnel – Chief Executive officer						
Mr P.F. Kelso (3)	398,000	51,307	-			449,307

3. Paid to a personally related entity of the director/executive.
4. Compensation for the 2015 financial year as set out in this column included non-cash benefits of $51,307.

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 2016 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 2016 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

No loans were made to key management personnel including their personally related entities during the financial year ended 30 June 2016 and no loans were outstanding at the end of the prior period, except that during the year, the group advanced short term loans totalling $64,516 to entities controlled by the CEO Mr. P. Kelso. The advances were set off against management fees due under a service agreement with a personally related entity of the CEO during the financial year.

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 2016 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 2016.

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 2016 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.

John Skinner

Date: 30 September 2016

Address: Level 2, 32 Martin Place Sydney 2000

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Level 2, 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 2016

	Notes	Year-ended 30-Jun-16 $	30-Jun-15 $
Oil revenue	5	**1,077,497**	1,910,593
Net Investment (loss)/income	5	**(69,245)**	(203,638)
Other income	5	**285,360**	121,502
Direct petroleum operating expense	5	**(1,104,439)**	(1,258,777)
Changes in inventories		**9,385**	(6,288)
Employee benefits expense	6	**(820,309)**	(728,320)
Depreciation expense		**(88,457)**	(86,311)
Amortisation of oil producing assets		**(340,320)**	(228,048)
Occupancy expense		**(134,303)**	(120,377)
Corporate activity costs		**(67,922)**	(106,851)
Rehabilitation expense		**(37,110)**	(101,624)
Impairment of oil and gas assets	13/14	**(2,949,269)**	(5,482,725)
Impairment of exploration and evaluation assets		**(48,883)**	(4,511,836)
General legal and professional costs		**(97,009)**	(158,552)
Other expenses		**(42,176)**	(28,426)
Loss before Tax		**(4,427,200)**	(10,989,678)
Income tax expense	7	-	-
Loss for the period from continuing operations		**(4,427,200)**	(10,989,678)
Loss for the year		**(4,427,200)**	(10,989,678)
Other comprehensive income for the year, net of income tax		-	-
Total Comprehensive loss for the period		**(4,427,200)**	**(10,989,678)**
Total comprehensive income/(loss) attributable to owners of the parent		**(4,427,200)**	**(10,989,678)**
Earnings/(loss) per share			
Basic (cents per share)		**(0.47)**	(1.17)
Diluted (cents per share)		**(0.47)**	(1.17)

The above consolidated statement of comprehensive income should to be read in conjunction with the accompanying notes.

Consolidated statement of financial position
as at 30 June 2016

	Notes	30-Jun-16 $	30-Jun-15 $
Assets			
Current assets			
Cash and cash equivalents	9	**1,760,668**	1,508,539
Trade and other receivables	10	**89,092**	560,942
Inventories	11	**49,034**	92,030
Other current financial assets	12	**24,450**	88,351
Total current assets		**1,923,244**	2,249,862
Non-current assets			
Exploration and evaluation assets	14 (b)	**9,124,857**	9,218,674
Production and development assets	14(a)	**8,384,715**	12,011,882
Property, plant and equipment	13	**629,112**	1,676,758
Total non-current assets		**18,138,684**	22,907,314
Total assets		**20,061,928**	25,157,176
Liabilities			
Current liabilities			
Trade and other payables	15	**475,498**	695,082
Provisions	16	**26,764**	7,654
Total current liabilities		**502,262**	702,736
Non-current liabilities			
Provisions	16	**1,263,487**	1,731,061
Total non-current liabilities		**1,263,487**	1,731,061
Total liabilities		**1,765,749**	2,433,797
Net assets		**18,296,179**	22,723,379
Equity			
Issued capital	17	**43,440,163**	43,440,163
Reserves		**201,600**	201,600
Retained losses		**(25,345,584)**	(20,918,384)
Equity attributable to owners of the parent		**18,296,179**	22,723,379
Total equity		**18,296,179**	22,723,379

The above consolidated statement of financial position should to be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 30 June 2016

	Notes	Ordinary share capital $	Option reserve $	Retained earnings/ (Accumulated losses) $	Total $
Balance at 1 July 2014		43,275,163	201,600	(9,928,706)	33,548,057
Loss for the year		-	-	(10,989,678)	(10,989,678)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(10,989,678)	(10,989,678)
Shares issued during the year	17	165,000	-	-	165,000
Share issue transaction costs		-	-	-	-
Option reserve listed separately		-	-	-	-
Balance at 30 June 2015		**43,440,163**	**201,600**	**(20,918,384)**	**22,723,379**
Balance at 1 July 2015		43,440,163	201,600	(20,918,384)	22,723,379
Loss for the year		-	-	(4,427,200)	(4,427,200)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(4,427,200)	(4,427,200)
Shares issued during the year	17	-	-	-	-
Share issue transaction costs		-	-	-	-
Balance at 30 June 2016		**43,440,163**	**201,600**	**(25,345,584)**	**18,296,179**

The above consolidated statement of changes in equity should to be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
for the year ended 30 June 2016

	Notes	Year-ended 30-Jun-16 $	30-Jun-15 $
Cash flows from operating activities			
Receipts from petroleum operations		**1,177,989**	2,148,024
Proceeds from sale of listed shares		**-**	908,369
Payments for acquisition of listed shares		**(5,344)**	(124,032)
Payments to suppliers and employees		**(1,883,301)**	(2,729,987)
Interest received		**13,259**	26,742
Other		**9,275**	13,871
Net cash generated by/(used in) operating activities	18	**(688,122)**	242,987
Cash flows from investing activities			
Payments for exploration and evaluation assets		**(83,350)**	(396,454)
Payments for oil production & development assets		**(656,954)**	(397,098)
Payments for property plant and equipment		**-**	(125,786)
Proceeds from disposal of other assets		**1,320,000**	-
Proceeds from disposal of oil production & development assets		**340,000**	-
Loans repayment/(advanced)		**13,000**	26,963
Net cash generated by/(used in) investing activities		**932,696**	(892,375)
Cash flows from financing activities			
Proceeds from issue of shares		**-**	50,600
Net cash generated by/(used in) financing activities		**-**	50,600
Net increase/(decrease) in cash and cash equivalents		**244,574**	**(598,788)**
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		**7,555**	63,131
Cash and cash equivalents at the end of the period	9	**1,760,668**	**1,508,539**

The above consolidated statement of cash flow should 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 2016

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 2016. Supplementary financial information about the parent entity is disclosed in Note 28. 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 30 September 2016.

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

The following standards and interpretations which became effective and were applied for the first time during the year ended 30 June 2016 were assessed to have no material impact on the Group:

The Group has adopted the following new and amended Australian Accounting Standard and AASB Interpretations as of 1 July 2015:

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instrument

AASB2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 materiality.

Accounting standards and interpretations issued but not yet effective

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

- AASB 9 Financial Instruments

Notes to the consolidated financial statements
for the year ended 30 June 2016

b. 'Accounting standards and interpretations issued but not yet effective (continued)

- AASB 15 Revenue from Contracts with Customers

- AASB 16 Lease accounting

- IFRS 2 Classification and measurement of Share-based Payment Transactions (Amendments to IFRS 2)

- AASB 1057 Application of Australian Accounting Standards

- AASB 2104–3 Amendments to Australian Accounting standards – Accounting for Acquisitions of Interests in Joint Operations

- AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation

- AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements

- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

- AASB 2015-1 Annual Improvements to IFRSs 2012- 2014 Cycle

- AASB 2015-2 Amendments to Australian Accounting Standards- Disclosure Initiatives: Amendments to AASB 101

- AASB 2015-5 Amendments to Australian Accounting Standards- Investment Companies: Applying the Consolidation Exempt

- AASB 2015-9 Amendments to Australian Accounting Standards – Scope & application in respect of AASB 8, AASB 133 & AASB 1057

- 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

- 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107, Statement of Cash Flows

c. Basis of consolidation

(i) Controlled entities

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 entities that Bounty Oil & Gas NL had were Ausam Resources Pty Limited (100% owned) and Interstate Energy Pty Limited (100% owned from 15 June 2015).

Notes to the consolidated financial statements
for the year ended 30 June 2016

c. Basis of consolidation (continued)

(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.

(iii) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.
At the acquisition date, the identifiable assets acquired and the liabilities assumed are, with limited exceptions, recognised at their fair value at the acquisition date.

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.
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.

Notes to the consolidated financial statements
for the year ended 30 June 2016

e. Income tax (continued)

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 2016, the Group realised a net loss after tax of $4,427,200 (2015: $10,989,678). This was largely as a result of non-cash impairment of production assets disposed during the year. The net cash utilised by operating activities for the period ended 30 June 2016 was $688,122 (2015: net cash generated $242,987). The Group's net asset position at 30 June 2016 was $18,296,179 (30 June 2015: $22,723,379) and its cash balance amounted to $1,760,668 (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 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 determined.

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 2016

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.

Notes to the consolidated financial statements
for the year ended 30 June 2016

j. Depreciation (continued)

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.

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 2016

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 2016

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 2016

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

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 2016

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 2(k) & (l). 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 tested for impairment 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.

During the year, the group carried out semi-annual reviews of its petroleum production, development and exploration properties. The reviews led to the recognition of an impairment loss of $2.9 million in relation to PL 214 Utopia joint venture (Utopia JV) which was sold during the period and on other petroleum properties, which has been recognised in profit or loss. These properties are reported as in the core oil and gas segment.

Notes to the consolidated financial statements
for the year ended 30 June 2016

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-16	30-Jun-15	**30-Jun-16**	30-Jun-15
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	**1,077,497**	1,910,593	**(3,420,938)**	(3,932,926)
Development projects	**-**	-	**16,336**	(1,251,025)
Exploration projects	**-**	-	**(48,883)**	(4,511,836)
Secondary Segment				
Listed securities	**(69,245)**	(203,638)	**(69,245)**	(203,638)
Total from continuing operations	**1,008,252**	1,706,955	**(3,522,730)**	(9,899,425)
Other revenue			**285,360**	121,502
Central admin costs and directors remuneration			**(1,189,830)**	(1,211,755)
Loss before tax			**(4,427,200)**	(10,989,678)

Segment revenue

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

Information about major customers

Included in the revenue arising from direct sales of oil and gas of $1,077,497 (2015: 1,910,593) are revenues of approximately $549,307 (2015:$851,531) which arose from sales to the Group's largest customer. The revenue from the Group's second largest customer was approximately $233,598 (2015:$632,017). The revenue from the Group's third largest customer was approximately $167,848 (2015: $258,400). No other single customer contributed 10% or more to the Groups revenue for both 2016 and 2015.

Other segment information	Amortisation, depreciation & depletion		Additions to non-current assets	
	30-Jun-16	30-Jun-15	**30-Jun-16**	30-Jun-15
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	**414,785**	294,127	**376,247**	1,072,591
Development projects	**-**	-	**377,564**	32,445
Exploration projects	**-**	-	**69,466**	511,206
Other	**13,992**	20,232	**-**	-
Total	**428,777**	314,359	**823,277**	1,616,242

	Impairment losses (expenses)	
	30-Jun-16	30-Jun-15
Core Oil & Gas Segment	**$**	$
Production projects	**2,949,269**	4,231,700
Development projects	**-**	1,251,025
Exploration projects	**48,883**	4,511,836
Total	**2,998,152**	**9,994,561**

Notes to the consolidated financial statements
for the year ended 30 June 2016

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-16	30-Jun-15	**30-Jun-16**	30-Jun-15
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	**7,364,626**	8,859,245	**1,431,794**	2,277,866
Development projects	**1,020,089**	3,152,637	**8,734**	8,734
Exploration projects	**9,124,857**	9,218,674	**23,796**	23,796
Secondary Segment				
Listed securities	**24,450**	88,351	**-**	-
Unallocated	**2,527,906**	3,838,269	**301,425**	123,401
Total	**20,061,928**	25,157,176	**1,765,749**	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	
	30-Jun-16	30-Jun-15	**30-Jun-16**	30-Jun-15
	$	$	**$**	$
Australia	**1,293,612**	1,828,457	**15,869,694**	21,068,483
Tanzania	**-**	-	**4,192,234**	4,088,693
Total	**1,293,612**	1,828,457	**20,061,928**	25,157,176

5. Revenue and other income

	30-Jun-16	30-Jun-15
Sales revenue:	**$**	$
Oil sales	**1,046,307**	1,862,156
Revenue from tariffs	**31,190**	48,437
Total sales revenue	**1,077,497**	1,910,593
Investment income:		
Investment income from financial assets at fair value through Profit and loss (held for trading listed shares)		
Realised gain	**-**	193,346
Unrealised gain/(loss)	**(69,245)**	(396,984)
Total investment income	**(69,245)**	(203,638)
Other income:		
Interest received	**13,259**	27,169
Unrealised gains on foreign currency	**7,555**	63,131
Other income	**264,546**	31,202
Total other revenue	**285,360**	121,502
Total revenue	**1,293,612**	1,828,457

Other income primarily includes gain made on sale of real estate assets for $1.2 million during the year and research and development grant received for preceding year.

Notes to the consolidated financial statements
for the year ended 30 June 2016

6. Employee benefit expense	**30-Jun-16**	30-Jun-15
	$	$
Directors fees	**110,000**	110,000
Consultancy fees - Internal	**398,000**	358,000
Wages & salaries	**222,219**	181,105
Other employee benefit expenses	**90,090**	79,215
Total Employee benefit expense	**820,309**	728,320

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% (2015: 30%)	**$**	$
Consolidated group	**(1,325,475)**	(3,295,017)
Add: tax effect of non-deductible expenses	**1,056,376**	3,239,870
Less: tax effect of expenditure claimed as deduction	**(57,411)**	(316,380)
Tax effect of Unused tax losses not recognised as deferred tax asset	**(326,510)**	(371,527)
Income tax expense attributable to loss from ordinary activities	**-**	-

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 Company 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/ (loss) per share

Basic earnings/ (loss) per share (cents per share)	**(0.47)**	(1.17)
Diluted earnings/ (loss) per share (cents per share)	**(0.47)**	(1.17)
Net (loss)/profit used in the calculation of basic and diluted earnings/ (loss) per share	**(4,427,200)**	(10,989,678)
	No. of Shares	No. of Shares
Weighted average number of ordinary shares for the purposes of basic and diluted EPS	**953,400,982**	953,400,982

9. Cash and cash equivalents	**$**	$
Deposits on call	**75,413**	73,775
Cash at bank	**1,685,255**	1,434,764
Total Cash and cash equivalents	**1,760,668**	1,508,539

Notes to the consolidated financial statements
for the year ended 30 June 2016

10. Trade and other receivables

	30-Jun-16	30-Jun-15
Current	**$**	$
Trade receivables	**60,130**	483,144
Prepayments	**3,512**	30,504
Other receivables	**450**	22,294
Loans to third party	**25,000**	25,000
Total trade and other receivables	**89,092**	560,942

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 balance outstanding at 30 June 2016 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 2016.

Ageing of past due but not impaired	**$**	$
60 – 90 days	-	825
90-120 days	-	825
120+ days	-	1,650
Total	-	3,300

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	**40,243**	42,391
Other inventory	**8,791**	49,639
	49,034	92,030

12. Other current financial assets	**Note**	**$**	$
Financial assets at fair value through profit and loss - shares in listed corporations	**23(d)**	**24,450**	88,351
Total current financial assets		**24,450**	88,351

13. Property, plant and equipment

Plant and Equipment	**$**	$
Plant and equipment – at cost	**811,921**	1,110,044
Less accumulated depreciation	**(182,809)**	(418,190)
	629,112	691,854
Real Estate Properties		
Real estate properties at cost	-	989,828
Less: Accumulated depreciation	-	(4,924)
	-	984,904
Total Property, plant and equipment	**629,112**	1,676,758

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	**1,676,758**	1,676,758
Additions	**115,186**	125,786
Impairment of production assets	**(89,983)**	-
Disposal	**(984,392)**	-
Depreciation	**(88,457)**	(86,311)
Carrying amount at the end of the year	**629,112**	1,676,758

During the financial year the Company disposed its real estate for $1.2 million and sold its 40% working interest in PL 214 to Oilwells Inc. of Kentucky, which include written down book value of $89,983 for office and field equipments.

Notes to the consolidated financial statements
for the year ended 30 June 2016

14. Non current assets	**30-Jun-16**	30-Jun-15
(a): Production and development assets	**$**	$
SW Queensland		
Oil producing property – PL214 Utopia – at cost	-	4,504,775
Oil producing property – Naccowlah Block – at cost	**3,025,444**	2,968,161
Less: Amortisation	**(400,000)**	(1,181,411)
East Queensland		
Oil producing property – Joint venture interest PL119 Downlands – at cost	**3,785,404**	3,775,432
Less: Depletion and amortisation	**(2,518,609)**	(2,518,609)
Nyuni Block, Tanzania- Kiliwani North		
Nyuni Block, Tanzania- Kiliwani North - at cost	**2,624,512**	-
Less: Amortisation	-	-
Rehabilitation costs – all petroleum properties	**847,875**	1,310,897
All other development assets	**1,020,089**	3,152,637
Total production and development assets	**8,384,715**	12,011,882

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	**12,011,882**	16,741,340
Additions	**261,061**	271,632
Movement in rehabilitation	**(463,022)**	709,683
Reclassification from exploration asset	**114,400**	-
Disposal of PL 214 Utopia	**(340,000)**	-
Impairment of production and development assets (i)	**(2,859,286)**	(5,482,725)
Amortisation of production assets	**(340,320)**	(228,048)
Carrying amount at the end of the year	**8,384,715**	12,011,882

(i) During the financial year the Company sold its 40% working interest in PL 214 to Oilwells Inc. of Kentucky, generating a permanent impairment of $2.859 million for oil and gas properties and $89,983 for office and field equipments totaling $2.949 million. Refer to note 3 for impairment accounting assumptions.

(b): Exploration and evaluation assets	**$**	$
Exploration assets	**9,124,857**	9,218,674
Total exploration and evaluation assets	**9,124,857**	9,218,674

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	**9,218,674**	13,221,369
Additions	**69,466**	509,141
Reclassification to development asset	**(114,400)**	-
Write off – Exploration and evaluation asset	**(48,883)**	(4,511,836)
Carrying amount at the end of the year	**9,124,857**	9,218,674

15. Trade and other payables	**$**	$
Current		
Trade payables	**98,170**	169,213
Amounts owing to Joint Operations	**200,837**	485,288
GST, FBT, PAYG & superannuation liability	**176,491**	40,581
Total trade and other payables	**475,498**	695,082

Notes to the consolidated financial statements
for the year ended 30 June 2016

16. Provisions	**30-Jun-16 $**	30-Jun-15 $
Current - Provision for employee leave entitlement	**26,764**	7,654
Non-current - Provision for employee leave entitlement	**7,373**	-
	34,137	7,654
Non-current - Rehabilitation costs – petroleum properties	**1,256,114**	977,732
Movement in provisions		
Opening balance	**1,731,061**	977,732
Unwinding of discount on provision	**37,110**	101,624
De-recognition of rehabilitation provisions on disposal of petroleum asset	**(506,970)**	-
Net rehabilitation provisions (expensed)/recognised	**(5,087)**	651,705
Balance at the end of the period	**1,256,114**	1,731,061

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. The discount rate used in the calculation of the provision as at 30 June 2016 was 3%, broadly equivalent to the Australian Government 10 year bond rate.

17. Issued capital		
A reconciliation of the movement in capital for the Company can be found in the Consolidated Statement of Changes in Equity	**$**	$
953,400,982 fully paid ordinary shares (2015: 953,400,982)	**43,440,163**	43,440,163
Nil options transferred to reserve on expiry (2015: Nil)	**201,600**	201,600
	43,641,763	43,641,763
(a) Movement in fully paid ordinary shares	**No. of Shares**	No. of Shares
Balance at beginning of period	**953,400,982**	938,400,982
Shares issued during the period	**-**	15,000,000
Balance at end of period	**953,400,982**	953,400,982
(b) Movement in unlisted options		
Balance at beginning of period	**-**	20,000,000
Lapsed during the period	**-**	(20,000,000)
Balance at end of period	**-**	-

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	**(4,427,200)**	(10,989,678)
Non-cash flows in profit/(loss) from continuing operations:		
Depreciation and Amortisation	**428,777**	314,359
Unrealised (gain)/loss on listed securities	**69,245**	396,984
Unrealised foreign exchange (gain)/loss	**(7,555)**	(63,131)
Rehabilitation expense	**37,110**	101,624
(Profit)/loss on sale of property, plant & equipment	**(207,198)**	-
Impairment of exploration assets	**48,883**	4,511,836
Impairment of petroleum production assets	**2,949,269**	5,482,725
Accrued interest income	**-**	(427)
(Increase) in trade and other receivables	**(5,470)**	46,372
Decrease in financial assets through profit and loss	**(5,344)**	590,991
(Increase)/Decrease in inventory	**(9,385)**	49,172
Movement in rehabilitation obligation	**89,320**	22,637
Increase/(Decrease) in trade & other payables	**351,426**	(220,477)
Net Cash from continuing operations	**(688,122)**	242,987

Notes to the consolidated financial statements
for the year ended 30 June 2016

19. Share based payments

2016

No share based payment compensation was granted to directors or senior management during the financial year ended 30th June 2016 and there was Nil expensed (2015: Nil). During the year, no directors or senior management exercised options that were granted to them as part of their compensation in prior periods.

2015

No share based payment compensation was granted to directors or senior management during the financial year ended 30th June 2015 and there was Nil expensed. During the year, no directors or senior management exercised options that were granted to them as part of their compensation in prior periods while 20 million options granted in a prior period lapsed unexercised on

20. Key management personnel

a) Key Management Personnel Compensation

The aggregate remuneration made to Key Management Personnel of the group is set out below:	**30-Jun-16** **$**	30-Jun-15 $
Short term employee benefits	**607,962**	559,307
Share based payments	-	-
Total	**607,962**	559,307

Apart from the details disclosed in this note, no director or key management person has entered into a material contract with the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' or executives' interests existing at year-end.

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: Nil

ii) 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:

2016 Directors	Balance at Start of the Year	Purchases	Received on exercise of Options	Received other	Sales	Held at the end of Year
G Reveleigh	**23,377,928**		**-**	**-**	**-**	**23,377,928**
R Payne	**-**	**-**	**-**	**-**	**-**	**-**
C Ross	**3,200,000**	**-**	**-**	**-**	**-**	**3,200,000**
Executives						
P Kelso	**52,696,662**	**-**	**-**	**-**	**655,826**	**52,040,836**
2015						
Directors						
G Reveleigh	17,479,118	5,898,810	-	-	-	23,377,928
R Payne	-	-	-	-	-	-
C Ross	3,200,000	-	-	-	-	3,200,000
Executives						
P Kelso	48,096,662	4,600,000	-	-	-	52,696,662

No shares were granted to key management personnel during the financial year or during the previous financial year.

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 2016 and no loans were outstanding at the end of the prior period, except that during the year, the Group advanced short term loans totaling $64,516 to entities controlled by the CEO Mr. P. Kelso. The advances were set-off against management fees payable to a personally related entity of the CEO during the year.

Notes to the consolidated financial statements
for the year ended 30 June 2016

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 at market rates to a firm controlled by the CEO Mr. P. Kelso.

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-16	30-Jun-15
	$	$
Legal, corporate fees	**-**	-
Rent of office	**30,000**	30,000
	30,000	30,000

21. 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	650,000	800,000
Longer than 1 year and not longer than 5 years	2,275,000	4,270,000
	2,925,000	5,070,000

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 in the Directors Report.

Controlled entities

Details of the percentage of ordinary shares held in controlled entities 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:

The Group has a related party relationship with its joint ventures/joint operations (note 25) and with its key management personnel. The Company and its controlled entities engage in a variety of related party transactions in the ordinary course of business. These transactions are generally conducted on normal terms and conditions.

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 last financial year. 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 2016

23. Financial instruments (continued)

The gearing ratio at the end of the reporting period was nil (2015: nil).

b) Categories of financial instruments:	Note	30-Jun-16	30-Jun-15
Financial assets		**$**	$
Cash and cash equivalents		**1,760,668**	1,508,539
Loans and receivables		**89,092**	560,942
Available for sale financial assets designated as at FVTPL	12	**24,450**	88,351
Total financial assets		**1,874,210**	2,157,832
Financial liabilities			
Other amortised cost - trade creditors		**(475,498)**	(695,082)
Total financial liabilities		**(475,498)**	(695,082)

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. Natural gas sales are governed by a fixed price contract. 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-16	30-Jun-15
				$	$
Financial assets at fair value through profit or loss	**Quoted bid prices in an active market**	12	Level 1	**24,450**	88,351

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 2016

24. Controlled entities

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

Name of entity	Country of Incorporation	Class of shares	30-Jun-16 Equity holding % (1)	30-Jun-15
Ausam Resources Pty Ltd.	Australia	Ordinary	**100**	100
Interstate Energy Pty Ltd.	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 2016, which in the opinion of the directors are material to the Group:

Name of the joint arrangement	Principal activity	Measurement Method	Principal place of business	Ownership interest (%) (*approx.)	
ATP 1189P Naccowlah block	Production	Proportionate	Adelaide, Australia	**2%**	2%
Nyuni PSA	Exploration	Proportionate	Dar es Salaam, Tanzania	**10%**	5%
Kiliwani North	Production	Proportionate	Dar es Salaam, Tanzania	**9.5%***	10%
ATP 754P	Exploration	Proportionate	Brisbane, Australia	**50%**	50%
PEP11	Exploration	Proportionate	Perth, Australia	**15%**	15%

The Group's joint venture agreements require majority consent from all parties for all relevant activities. The joint participants own the assets of the joint venture as tenants in common and are jointly and severally liable for the liabilities incurred by the joint venture. 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) & 2(d).

The accounting policies adopted for the group's joint operations are consistent with those in 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 and development joint venture interests included in the Consolidated Statements as follows:

(i) a 9.5% interest in Kiliwani Gas Development Block as part of larger, the Nyuni Block in Tanzania.

(ii) a 2% interest in various Petroleum Leases and part of ATP 1189P, 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 Kiliwani Gas Development Block, ATP 1189P and ATP560P/PL 214 (for 9 months ended 31 March 2016 only) joint operations and the company's share of the assets and liabilities employed in these joint operations are as follows:

	$	$
Revenue from petroleum	**1,077,497**	1,910,593
Petroleum and all other expenses	**(1,532,830)**	(1,611,819)
Net Profit/(Loss) from joint operations	**(455,333)**	298,774
Current assets		
Trade receivables	**56,658**	406,722
Inventories	**49,035**	92,030
Non current assets		
Property, plant & equipment (net of accumulated depreciation)	**492,327**	532,462
Other non-current assets	**6,082,891**	7,576,775
Total assets in joint operations	**6,680,911**	8,607,989
Current liabilities		
Trade and other payables	**200,837**	485,288
Non current liabilities		
Provisions	**1,038,789**	1,528,424
Total liabilities in joint operations	**1,239,626**	2,013,712
Net interest in joint operations	**5,441,285**	6,594,277

Notes to the consolidated financial statements
for the year ended 30 June 2016

25. Interest in joint operations (continued)

Interests in other joint operation entities

Also included in the Consolidated Financial Statements as at 30 June 2016, 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 ATP1189P Naccowlah Block and Kiliwani North, Tanzania 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. Business combinations

Control gained over entities during the year

2016	Name of entity	Principal activity	Date of acquisition	Proportion of shares acquired (%)	Consideration transferred $
	-	-	-	-	-
2015					
Interstate Energy Pty Ltd.		Oil & Gas Exploration	15/06/2015	100%	114,400

28. Parent entity information

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-16**	30-Jun-15
Assets	**$**	$
Current assets	**6,649,795**	6,776,534
Non-current assets	**14,400,508**	19,356,128
Total Assets	**21,050,303**	26,132,662
Liabilities		
Current liabilities	**509,411**	701,916
Non-current liabilities	**1,075,373**	1,563,386
Total Liabilities	**1,584,784**	2,265,302
Net Assets	**19,465,519**	23,867,360
Equity		
Issued capital	**43,440,163**	43,440,163
Reserves	**201,600**	201,600
Retained earnings/Accumulated losses	**(24,176,244)**	(19,774,403)
Total Equity	**19,465,519**	23,867,360
Statement of Profit and Loss and other Comprehensive Income		
Loss for the year	**(4,401,841)**	(5,539,461)
Other comprehensive income/ (loss)	**-**	-
Total Comprehensive loss for the year	**(4,401,841)**	(5,539,461)
Commitments for Capital Expenditure		
No longer than 1 year	**450,000**	660,000
Longer than 1 year and not longer than 5 years	**1,800,000**	3,520,000
Total	**2,250,000**	4,180,000

There are no operating lease commitments at the balance date.

Notes to the consolidated financial statements
for the year ended 30 June 2016

29. Contingent liabilities and contingent assets

As at the date this report, there were no contingent assets or liabilities, other than the exploration commitments set out in Note 21 and the following:
Litigation: Under the terms of an agreement dated 13 May 2016 Bounty and Oilwells of Kentucky Inc. (OWK) as operator of the PL 214 Utopia joint venture agreed to settle all claims and contingent or related claims in connection with the joint venture immediately upon grant of Queensland government approval of certain petroleum lease transfers pursuant to the agreement. See Directors Report PL214 Utopia and PL2 Alton Block. The Directors anticipate such approvals will be granted in the normal course.
There is no other litigation against or involving Bounty Oil & Gas N.L. or its subsidiaries of which the Directors are aware.

30. 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 other than the litigation with OWK referred to in Contingent liabilities and contingent assets above.

31. Auditors remuneration	30-Jun-16	30-Jun-15
Remuneration of the auditors of the Company for:	$	$
- Auditing or reviewing the financial reports for year	48,000	62,500
- Other services	-	-
	48,000	62,500

The auditor to Bounty Oil & Gas NL is John Skinner, Level 2, 32 Martin Place, Sydney NSW 2000.

32. 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 31 to 57 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 2016 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: 30 September 2016

dfkrichard hill
LEADING ACCOUNTANTS AND BUSINESS ADVISERS

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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 2016, 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.

ABN 92 662 058 215
Level 2, 32 Martin Place Sydney NSW 2000
GPO Box 104 Sydney NSW 2001

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 2016 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 2016. 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 2016, complies with s 300A of the *Corporation Act 2001*.

JSkinner.

John Skinner

Address: Level 2, 32 Martin Place Sydney 2000

Dated this 30 day of September 2016

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 26 September 2016:

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

No. of Securities	No. of Shareholders
1 – 1,000	206
1,001 – 5,000	119
5,001 – 10,000	461
10,001 – 100,000	1,851
100,001 and above	1,103
	3,740

b) Twenty largest holders of quoted equity securities at 26 September 2016:

	Ordinary Shareholders	Fully paid number	%
1	Comadvance Pty Ltd.	43,356,018	4.55%
2	Les Selwood Pty Ltd.	41,774,867	4.38%
3	Red Kite Capital Inc.	27,022,000	2.83%
4	Tri-Ex Holdings Pty Ltd.	20,400,000	2.14%
5	Bang Vi Kanh	18,160,000	1.90%
6	WH Ave LLC	18,000,000	1.89%
7	G E Reveleigh & Co Pty Ltd.	17,167,974	1.80%
8	David Alan McSeveny	16,958,214	1.78%
9	Robert A Hutchfield	15,720,200	1.65%
10	Kestrel Petroleum Pty Ltd.	15,175,000	1.59%
11	Gleneagle Securities Australia Pty Ltd.	11,284,254	1.18%
12	Barry Sheedy & Associates Pty Ltd.	10,393,700	1.09%
13	Granborough Pty Ltd.	8,000,000	0.84%
14	Ann Spooner	7,772,217	0.82%
15	William John & S Tyler	7,000,000	0.73%
16	Jordan Vujic	6,330,937	0.66%
17	Cheveso Pty Ltd.	6,000,000	0.63%
18	Simon Saliba	6,000,000	0.63%
19	Zanamere Pty Ltd.	5,898,810	0.62%
20	Milica Vujic	5,459,275	0.57%
	Total Top 20 Holders	**307,873,466**	**32.29%**

c) Options at 26 September 2016:

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 26 September 2016 there were no substantial shareholders as disclosed in substantial shareholders notices given to the company.

3. Issued Shares and Distribution

a) The total number of fully paid ordinary shares on issue on 26 September 2016 was 953,400,982.

b) There were 416 holders of less than a marketable parcel of ordinary shares, totalling 997,554 shares.

c) The percentage of the total holding of the 20 largest shareholders of ordinary shares was 29.85% of issued capital.

4. 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.

5. Income Tax

The company is taxed as a public company.

6. 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.

7. 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.

8. Secretary

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

9. Share Buy Back

There is no current on market share buy back.

Schedule of Petroleum Tenements - 30th of September 2016

Permit	Basin	Interest	Gross km²	Net km²	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[1]
ATP 1189P (formerly 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 2 Alton Oilfield	Qld - Surat Basin	100%	16	16	Bounty
PL 2A	Qld - Surat Basin	81.75%	66.8	54.6	Santos [2]
PL 2B	Qld - Surat Basin	81.75%	136.7	111.7	Santos [2]
PL 2C	Qld - Surat Basin	100%	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 471P (SG) (4)	Qld - Surat Basin	24.748%	15.3	3.8	AGL
ATP 754P	Qld - Surat Basin	50%	833	416.5	Bounty
Tanzania Offshore					
Nyuni Block	Mandawa Basin	10%	1,682	168.2	Ndovu[5]
Kiliwani North Development Block	Mandawa Basin	9.5%	168	16.8	Ndovu[5]
Total			**13,449.6**	**2,643.9**	
1. Beach Energy Limited					
2. Santos Limited group companies					
3. Rough Range Oil Pty Ltd.					
4. (SG) – Spring Grove joint venture block					
5. 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.

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Roy Payne

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