BOUNTY
Oil & Gas NL

ANNUAL REPORT
2018

Front Cover Images:
Ensign 950 drilling Jarrar 5 oil appraisal well
Naccowlah Block SW Queensland.
October 2018

KEY OUTCOMES & OUTLOOK

OIL PRODUCTION AND DEVELOPMENT

- Bounty group achieving strengthening oil revenue in Queensland expected to reach $2.6 million in 2019 with:-
    - Three successful Birkhead zone oil appraisal wells at Watkins and Jarrar Fields; Naccowlah Block, South-west Queensland
    - Further 6 - 8 appraisal wells programmed
    - Planning for 2019 commencement of Surat Basin oil production
    - Improving oil output and strong A$ oil prices at around A$100
- Naccowlah drilling expected to increase oil reserves

OIL EXPLORATION

- Bounty oil and gas exploration acreage in Surat Basin will underwrite future resource and revenue growth
- Bounty achieves full control of Rough Range oil project, Western Australia
- Bounty pursuing AC/P 32 Timor Sea farm-out as oil prices strengthen

FULL YEAR 2018 - RESULTS

- Group petroleum revenue for the year down 41% to $1.57 million (2017: $2.7 million) primarily due to reduced Tanzania gas sales
- Operating loss of $0.27 million (2017: Profit $0.9 million) before non-cash expenses
- Cash and current assets at 30 June 2018 were $2.48 million with nil debt

ANNUAL GENERAL MEETING

The 2018 Annual General Meeting will be held at
Amora Hotel Jamison Sydney, 11 Jamison Street, Sydney NSW 2000
on 27 November 2018 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 2018 Annual General Meeting will be held at Amora Hotel Jamison Sydney, 11 Jamison Street, Sydney NSW 2000, on 27 November 2018, commencing at 11.00 a.m.

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CHAIRMAN'S REVIEW

Dear Shareholder

Bounty has always pursued conventional oil and gas production and the very recent strengthening of the oil price to around A$107 (USD76) plus recent drilling success; sees your company likely to significantly increase petroleum revenue in 2019. This follows a challenging and difficult year for your company. The price of crude oil languished in 2014 to 2017 with a decrease in drilling activity and the operator of our Kiliwani North gas project in Tanzania has so far failed to collect overdue payments for gas sold by Bounty to the Tanzania power authority under contract. Gas production from the Kiliwani North gas well declined sharply in late 2017 and the reservoir was compartmentalised, meaning the initial gas reserves likely cannot be recovered without additional drilling. Bounty doubts that further investment in the Field is justified. The well was shut-in to allow pressure build up for most of the last half-year.

These factors resulted in a reduction in income from petroleum production to AU$1.57 million for the year and a non-cash impairment of Bounty's interest in the Tanzania joint venture of $1.27 million.

However, on a much brighter note, the Naccowlah Block in SW Queensland, has had four successful oil wells, Irtalie 6, Watkins 2, Watkins 3 and Jarrar 4 cased and suspended during and since year end. The Watkins wells intersected an extensive oil pool in the Birkhead/Hutton zones and are excellent producers of light sweet crude. The Tapis crude oil price has risen sharply in the last few months to peak at AU$126 per barrel. The production from these wells exceeded delivery capacity, and additional pipeline capacity has been installed which will lift production in coming periods. Jarrar 4 has recently been cased and suspended pending production.

This will have a very significant positive effect on your company's income for the current year.

Progress with preparation of the Alton Oilfield and Downland Gas Field in the southern Surat Basin of Eastern Queensland to recommence production has been slow due to operational and environmental permitting. However, the permitting process is nearing completion, and Alton and Downlands are expected to come back on line in 2019, adding significantly to the company's petroleum income.

There has been some interest in a farm-in to the AC/P 32 permit on the NW Shelf of Western Australia, with two companies reviewing the data, while the operators of PEP 11 have completed a 2D seismic survey on the Baleen play, and we await further activity.

With increased crude oil prices, excellent production from Naccowlah Block, and additional production from Surat Basin, the company is looking forward to a much improved result for 2019.

I wish to thank shareholders for their patience during this hard year. I would also like to thank my fellow Board members for their support, and Bounty's employees for their continued good work and dedication during this year.

Graham Reveleigh
Chairman

29 October 2018

CEO'S REVIEW

Introduction

Subsequent to year end in July 2018 Bounty participated in two exceptional oil appraisal wells at the Watkins Field in the Naccowlah Block and it has participated in a further success with Jarrar 4.

With significant sales increases since the end of the period and dramatically improved oil prices peaking at A$126 per barrel Bounty will participate in 6 - 8 additional appraisal and NFE oil wells in Naccowlah Block.

Bounty is actively working to recommence oil production at PL 2 Alton and gas production at PL 441 Downlands after finally obtaining Native Title clearance by dismissal of the long-standing Mandandanji claim at Surat, Queensland. Bounty has other Surat Basin gas exploration opportunities to contribute to future revenue growth in the reconstituted ATP 2028P (formerly ATP 754P). Bounty also holds 15% of PEP 11 Offshore Sydney Basin in what will have the potential to lead up to a new exploration drill of a major gas exploration project near Newcastle, NSW. Offshore operations are not affected by the various onshore gas exploration road blocks.

At Rough Range, Western Australia Bounty now has 100% ownership of the Rough Range Oilfield and tangibles.

Bounty has faced frustrating technical and commercial dealings with the Tanzania gas project due to shut-in of the Kiliwani North well; TPDC defaulting on gas payments and sovereign risk.

Bounty anticipates revenue growth to $2.6 million in 2019 and beyond.

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

Highlights for the Year:

- Cash and current assets at 30 June 2018 were $2.48 million (2017: $2.39 million) with nil debt.
- As oil prices strengthen Bounty is planning to increase oil production and revenue in 2019 to $2.6 million from its Cooper Basin and Surat Basin, Queensland assets.
- Bounty achieved lower petroleum revenue down 41% to $1.57 million (2017:$2.68 million) with significantly less contribution from Tanzanian gas sales.
- Operating loss of $0.27 million (2017: operating profit $0.89 million) before non-cash expenses including impairment and amortisation of oil & gas assets of $1.8 million.
- Net loss of $2.08 million (2017: $0.38 million loss).

Summary

See the Directors Report for further 2018 production and revenue details.

Bounty's petroleum revenue is expected to increase to around $2.6 million in 2019 by material contributions from the recent Birkhead zone discoveries at Watkins Field, Naccowlah Block. The joint venture is planning 6 – 8 appraisal wells in Naccowlah Block and a project to increase pipeline capacity at Watkins Field has been completed. In addition Bounty will move to produce its 100% Surat Basin oil and gas development properties.

Oil has entered a recovery phase and the energy sector remains the world's most important business exposed to global growth. As Australia confronts the challenge of finding more domestic oil Bounty is increasing its acreage and oil reserves and is well placed for growth. It will wherever possible focus on Bounty operated projects.

SW Queensland – Cooper Basin

Oil production increased to 13,162 bbls (2017: 11,058 bbls) and with steadily rising oil prices, revenues jumped 89% to $1.22 million.

On the production front the Santos Limited operated ATP 1189 Naccowlah Block has continued to provide oil revenue. Revenue was impacted by lower rates due to the impact of lower oil prices in 2017 and deferral of development drilling.

In July 2017 Bounty had success with the Irtalie East 6 appraisal well discovering good up dip oil in the Basal Birkhead Formation. Three additional appraisal locations Watkins 2 and 3 at Watkins Field and Jarrar 4 at Jarrar Field were drilled after the period.

SE Queensland – Surat Basin

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

Bounty is now operator of Petroleum Lease 2 and holds:

- 100% of the Alton Oilfield and Alton Block.
- Alton is 440 km west of Brisbane and Alton oil will be transported and sold into the Brisbane Refinery.
- 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 is now planning to commence oil production at Alton in 2019 which is expected to generate additional revenue of up to $1 million per annum with significant upside from four undrilled locations; enhanced recovery and later an appraisal well at Eluanbrook (see below).

Bounty holds an 81.75% interest in the Kooroon JV within PL2 Alton and thereby controls appraisal of the Eluanbrook Updip target in PL2.

The main features of Eluanbrook Updip are:

- Development: The estimated recoverable resource is 186,000 bbls of oil 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.

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 were made difficult by heavy oil price declines in 2016 and 2017 but we are seeing signs of recovery in late 2017 and Bounty is 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 negotiating to acquire the Cygnus/Polarcus long offset 3D data set to maintain its work commitment program. The permit is in good standing until mid-2019.

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 contributed net 88,768 mcf (15,303 boe) to Bounty during the year. Production rates were under 10 MMcfg/d with the well shut-in in early 2018 for pressure build-up and testing.

Tanzania - Nyuni Area PSA

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

The operator, Aminex PLC, was negotiating a work program variation with TPDC 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.

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 deep gas in some of Bounty's other permits principally ATP 2028P (formerly ATP 754P); Surat Basin.

Conclusion

Oil revenue increases to $2.6 million are expected in 2019.

Management will pursue additional oil opportunities from within its own operated oil reserves at Alton in the Surat Basin which will be placed on production in 2019. Further afield it will fully review the Rough Range permit and seek parties for an exploration well in PL 16 Rough Range.

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. Bounty holds excellent Permits as has been demonstrated by the Naccowlah Block successes.

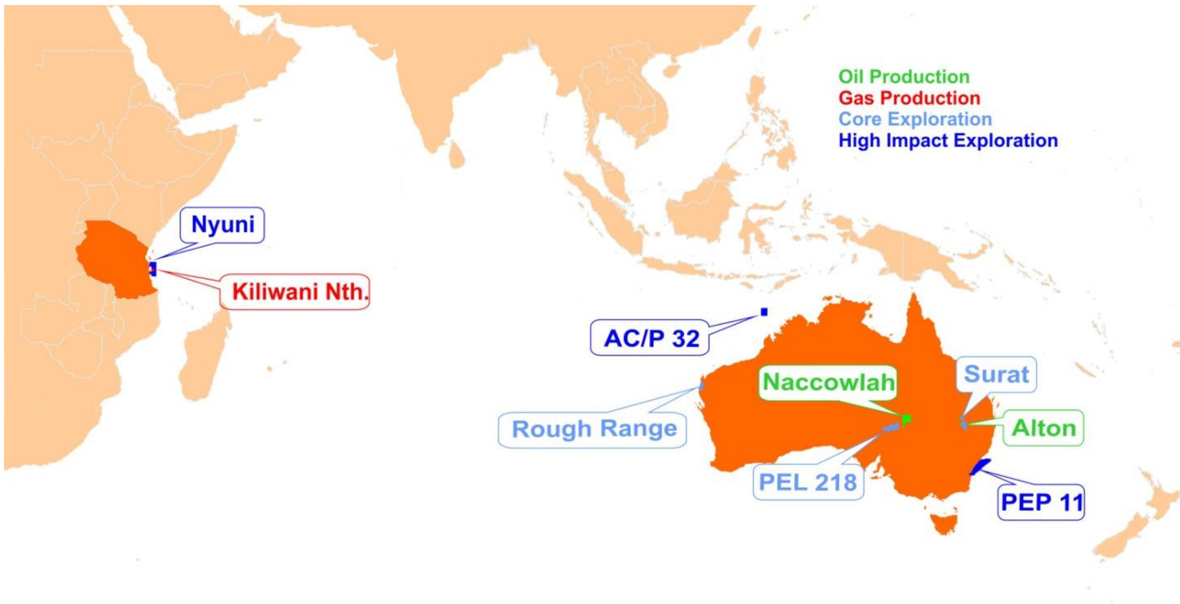
PHILIP F. KELSO
Chief Executive Officer

29 October 2018

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%	2556.3	51.1
Nappamerri South Australia	23.28%	1603.6	373.3
Surat Basin Queensland	Various	1003.3	559.2
Rough Range Carnarvon Basin	Various	873.9	799.7
	Total	**11,962.5**	**2,906.3**

This table summarises Bounty's land position as at 30 June 2018. Bounty's full schedule of tenements as at 30 June 2018 is included in Additional Information Required by ASX Listing Rules at the end of this Annual Report.

Bounty projects not specifically referred to below in this Project Review are summarised in Bounty's 2017/8 Quarterly Activity Reports to the ASX and on Bounty's website: www.bountyoil.com

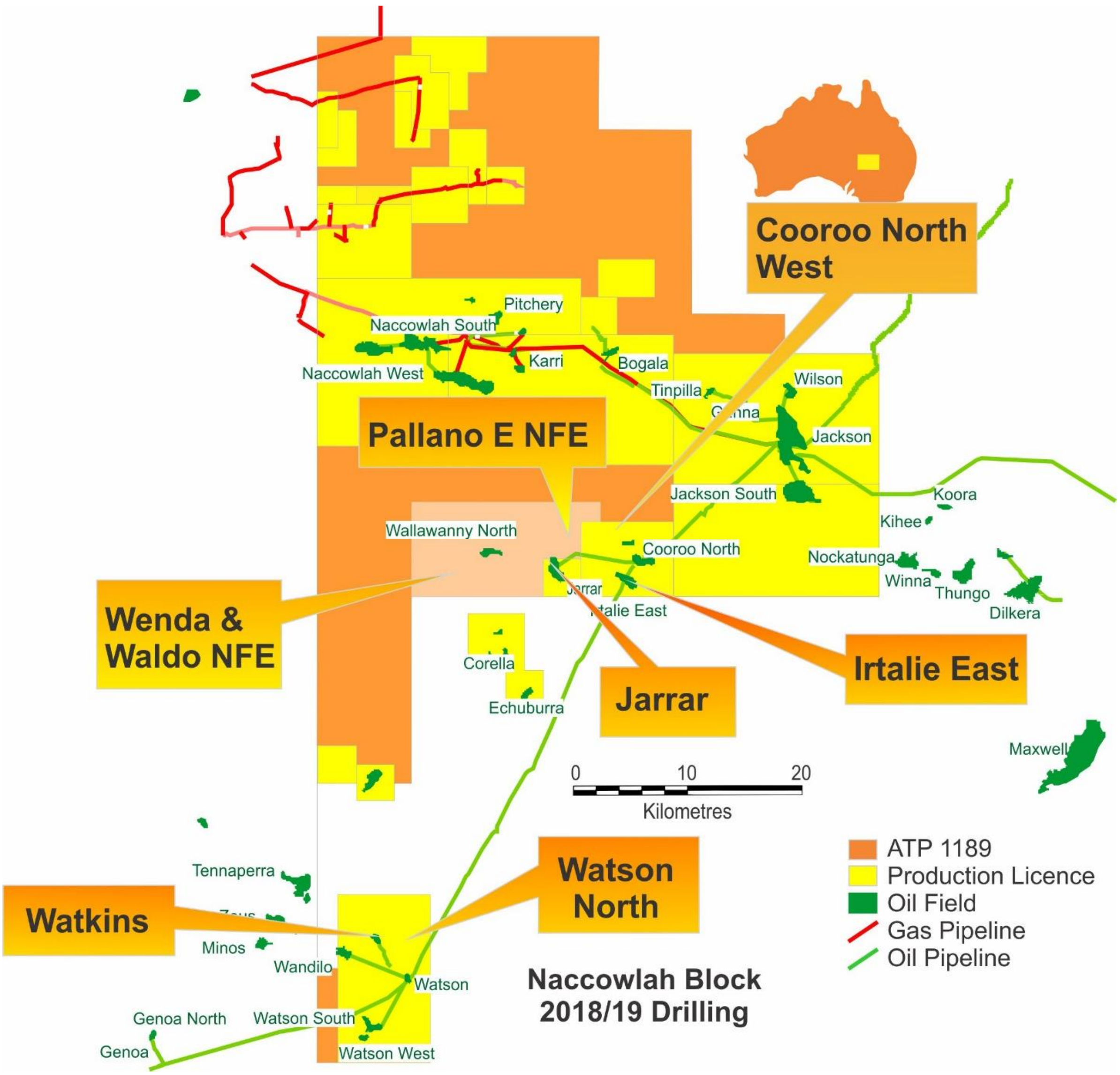
OIL BUSINESS

Production

Bounty's petroleum production and sales for the year ended 30 June 2018 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 2556 km^2, 42% of which is covered by ATP 1189P and the remainder in 24 petroleum leases (PL's) and applications covering producing fields and one retention application (potential commercial areas). There is significant production infrastructure and pipelines. The Naccowlah Block averaged just over 40 BOPD net to Bounty in the last quarter and Bounty holds 2P + 2C (Contingent) reserves of 127,000 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. An example of this action this year was the outstanding success in conversion of the Cooroo NW 1 Well from a linear rod pump to a beam pump which tripled production.

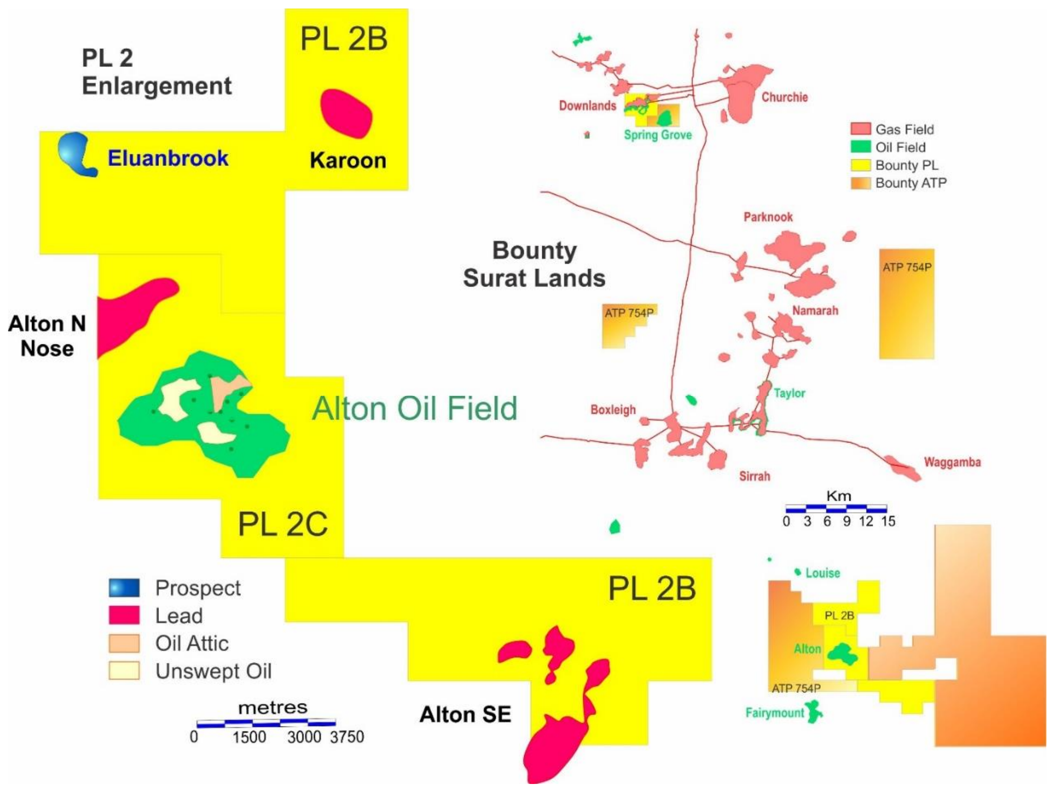
The Jackson and Jackson South fields and associated production facilities are one of the largest in onshore Australia.

2018/2019 Development

The Irtalie East 6 well was spudded on 17 July 2017 drilled to total depth of 2,070 metres and was cased and suspended as a future Birkhead Formation oil producer. The joint venture has drilled 3 wells since June 2018 with significant Birkhead zone discoveries at Watkins Field and Jarrar Field. A further 6 – 8 wells are planned.

Improving oil prices have allowed the JV to bring forward plans for up to eight wells to be drilled in 2018/19 at locations tagged in the Figure above, potentially adding significantly to Bounty's reserves and production from this area.

Surat Basin, Southeast Queensland



Group Interests in this project are

Permit	Status	Interest
ATP 471 SG	Granted	24.75%
ATP 2028	Renewed	50.0%
PL 441	Renewing	100.0%
Alton Oilfield		
PL 2 C	Renewing	100.0%
PL 2 Alton	Renewing	100.0%
Kooroon JV Block		
PL 2 A	Renewing	81.75%

PL 2 B	Renewing	81.75%

Location: From Surat to Alton Oil Field, SE 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 acquired full control of PL 2. 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 441 (exPL119) Downlands property, good porosity and permeability. Work continued on renewal of PL 441 during 2018 and at the end of the period the area received native title clearance.2019 work will involve obtaining gas sales contracts and gas facilities upgrades.

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) has to date produced over 2 million barrels from the Jurassic Age Evergreen Formation. Bounty estimates 2P reserves at Alton of 0.216 million bbls.

2019 Operations

Following regulatory clearances in 2019 Bounty will work over 2-3 wells at Alton and commence oil production while it generates a full field development plan including a plan to drill an up-dip appraisal well at Eluanbrook in the northwest section of PL2 and to drill up to 3 attic oil locations within the Alton pool.

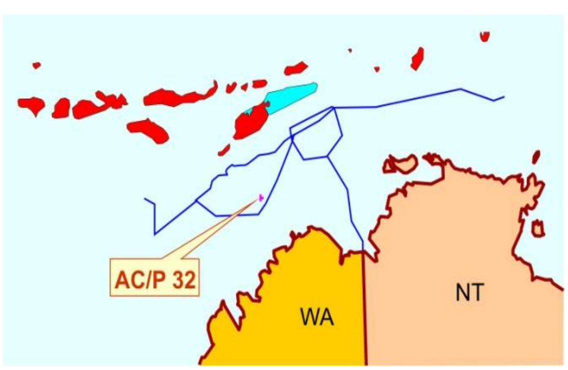
Initial production of 45 bopd is expected from the Evergreen Formation and then moving to develop attic oil with potential recoverable oil of 167,000 bbls. Bounty is commencing studies on the potential for significant resources in the underlying Showgrounds Formation.

Exploration - Surat Basin, Queensland and Nappamerri Trough, South Australia

Other exploration projects in these Basins have been summarised in Bounty's 2017/2018 Quarterly Activities Reports to the ASX.

2018 Activities and Further Programmes

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

2018 Exploration

Further interpretation and evaluation of the reprocessed seismic and inversion continued to define the Azalea Prospect with a potential 500 million barrels of oil in place of which over 100 million barrels would be recoverable.

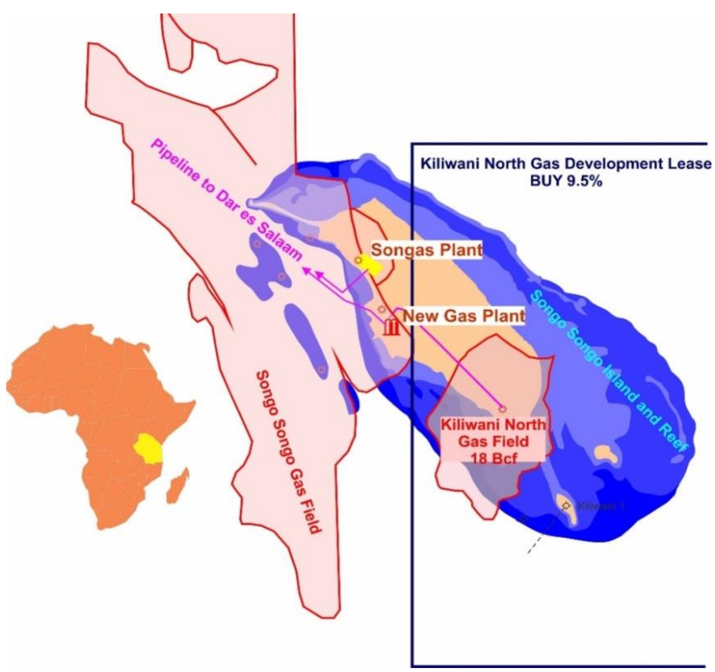
In addition to Azalea; Bounty has established other new structural stratigraphic leads with potential in the 10 – 40-million-barrel recoverable range.

Bounty obtained an extension to the licence term from NOPTA to enable more definitive studies of the potential fluid content of the Azalea Prospect and at the end of the period was negotiating to acquire the long offset modern 3D seismic data recently acquired by Polarcus over the permit.

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.

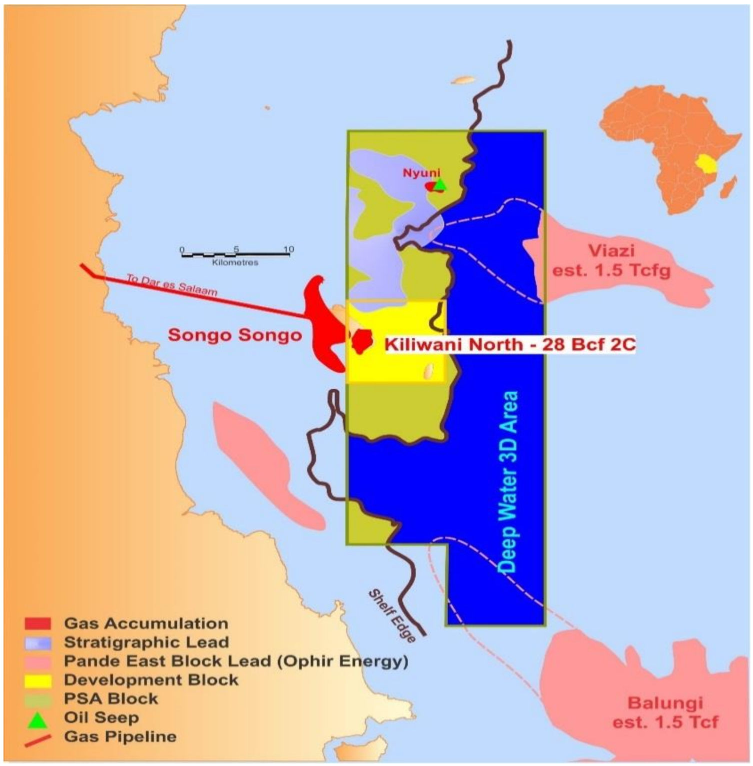
2018

Gas production from Kiliwani North 1 was halted during the year as it became apparent that the reservoir was compartmentalised with a very slow recharge into the well bore. Late in the period testing also indicated that the lower perforations may be compromised and that a re-perforation may allow a further 8 BCF gas to be extracted from the well.

Future Development 2019

Reprocessing of the existing seismic and careful mapping was undertaken to attempt to delimit faults compartmentalising the reservoir. The aim is to find a new drill location for another well to tap around 30 BCF potentially still left in the pool.

Growth Projects



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

Location: 30 Km offshore from Rufiji Delta Tanzania

Nyuni Block PSA Exploration – 2018

Planning for a 3D seismic survey over the deep-water area in the Permit continued during 2018.

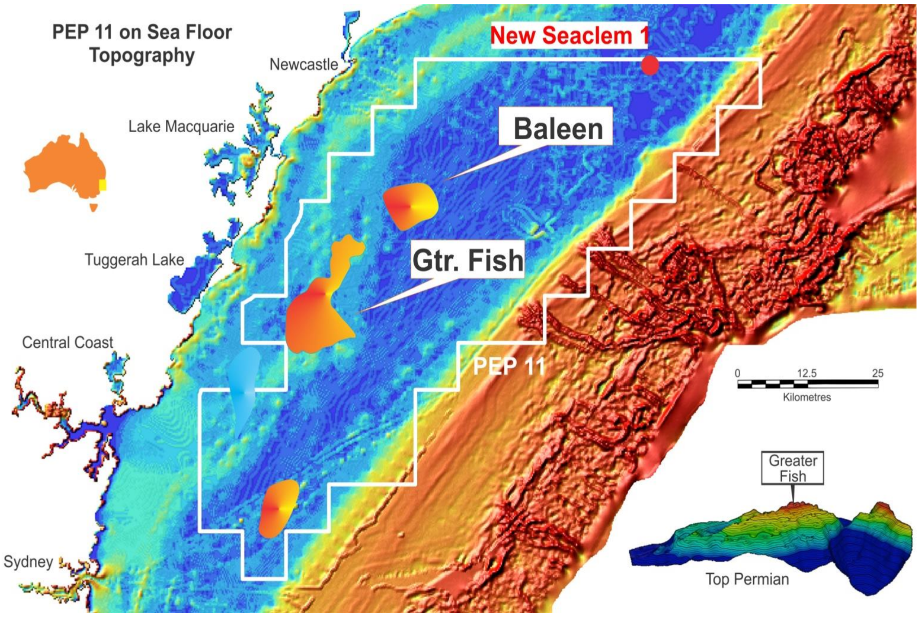
At the end of the period the operator, Aminex PLC, was still negotiating a work program variation with TPDC to enable the acquisition of deep water 3D seismic in the outboard sector of the PSA area and the deferral of the two exploration well drilling commitment.

Once the variation to the work commitment licence is 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 in 2019 and to identify other potential prospects in the deep water section with a view to bringing them to drill-ready status. The survey was 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 Bounty's 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.



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.

2018 Exploration

During the period the operator completed a small 2D seismic survey at Baleen to attempt to define a drill location located approximately 30 km south east of Newcastle, New South Wales in PEP 11, as a work commitment for the petroleum title. This "Baleen HR" survey covered approximately 200-line km and was also tied-in to the New Seaclem-1 well location to provide lithological control.

Bounty conducted a full review of the permit during the period. The title is in good standing.

Subsequent commitments in PEP 11 include an exploration well with a possible 3D seismic survey to be undertaken in 2019/2020. The present gas shortage in NSW has provided increased interest in the offshore potential of PEP 11. The Potential for discovery of commercial quantities of natural gas in PEP 11 provides an exciting prospect for the PEP 11 Joint Venture including Bounty.

Bounty Oil and Gas NL – Group Petroleum Reserves and Resources - at 30 June 2018

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 2018:-

	MMboe[8] (Recoverable)			Note
Discovered[3]				
Producing[4]	**1P**	**2P**	**3P**	
Naccowlah	0.034	0.081	0.143	1
Kiliwani North	0.000	0.000	0.000	1
Total Producing	**0.034**	**0.081**	**0.143**	
Contingent[5]	**1C**	**2C**	**3C**	
Alton Shut In	0.048	0.048	0.048	1
Alton Attic		0.168	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
Kiliwani North		0.138	0.501	2
Naccowlah	0.018	0.046	0.122	1
Spring Grove		0.347	0.347	2
Total Contingent	**0.187**	**1.590**	**2.083**	
Total Discovered	**0.221**	**1.670**	**2.227**	
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, 2017
8. Converted at the rate of 182 boe = 1 MMcfg

Material Changes: Material changes from the prior period are:

1. Failure of Kiliwani North well Tanzania reduced producing reserves, along with natural decline
2. The inclusion of Contingent Resources from Kilwani North due to well shut-in increased contingent resources
3. 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 2018.

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 $2.08 million (see comparative details below).

	Consolidated 2018	Consolidated 2017
	$ million	**$ million**
Profit/(loss) from ordinary activities before income tax	(2.08)	(0.39)
Income tax attributable to loss	-	-
Net profit/(loss) after income tax	(2.08)	(0.39)

Revenue from continuing operations for the period was down 41% on the previous year (2017: $2.7 million) primarily due to material decline in gas production in Tanzania.

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

- Petroleum revenue; (mainly from oil and gas sales) of $1.57 million
- Direct petroleum operating expenses of $0.94 million
- Employee benefits expense of $0.72 million

- Non-cash expenses for:
    - Impairment charge to oil and gas assets of $1.38 million
    - Amortisation and depreciation expenses of $0.50 million

Details of drilling activity, exploration and development operations and cash flows for the year ended 30 June 2018 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 2018, the company:

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

- Produced and sold natural gas from Kiliwani North Licence, Tanzania operated by Aminex PLC.

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

	Naccowlah Block Bounty Share (2% interest)	Kiliwani North Licence Bounty Share (10%)	Total
Revenue $	$1.22 million	$0.35 million	$1.57 million
Production boe	13,162	15,303	28,465

Exploration and Development

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

Australia

Onshore

Cooper Basin, South-western Queensland

- ***ATP 1189P Naccowlah Block; SW Queensland****:* Oil production operations continued satisfactorily at the producing fields including Jackson and from wells including recent wells in the Irtalie East, Watson and Watkins Fields.

    - Most Later Development Plans had been filed for the Petroleum Leases within the Naccowlah Block ATP 1189P.

    - Further development drilling was completed and new drilling planned by the operator Santos Limited as oil prices recovered in 2018 and after cost cutting. During the period a new development well – Irtalie East 6 was drilled and cased as a potential new producer from the Birkhead Zone. Further appraisal wells in the Watkins project areas were committed at the end of June 2018.

Surat Basin; Eastern Queensland

- ***Petroleum Lease 2 Alton:*** Further planning is underway to develop these reserves in 2019 initially by producing oil from Alton Oilfield.

- Bounty group now holds 100% of the Alton Oilfield, 100% of the Alton JV Block and 81.75%% of the Kooroon JV all within PL 2 Alton.

- As a result Bounty group 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.

- Following commencement of oil production in early 2019 Bounty will continue development of these resources.

ATP 2028P (formerly ATP 754P):

- Bounty group as the operator of the ATP 754P joint venture co-operated with Armour Energy (Surat Basin) Pty Ltd to file Later Work Programs for and obtain the grant of ATP 2028P covering the southern section of former ATP 754P. The northern section was granted 100% to Armour as ATP 2029P and the group joint venture interest in PL 71 (Exploration) was transferred to Armour. Armour has a seismic option aimed at conducting a drill test of the Mardi Prospect in which Bounty group will be free-carried. Drilling of that multi-zone test in ATP 2028P is planned for 2019 to test for oil and gas in several zones down to the Permian age sequence.

Rough Range, Western Australia

- During the period the group increased its interest in EP 435, EP 357 and Petroleum Licence L16 onshore Carnarvon Basin and the Rough Range Oilfield and production tangibles to 100% by acquisition of Rough Range Oil Pty Limited.

Offshore

AC/P 32 Ashmore Cartier Territory; Timor Sea: Bounty 100%

  - In 2012 Bounty acquired a 100% interest in the permit. The principal target is the Azalea Prospect a 500 MMbbl original oil in place potential pool with a recoverable oil estimate of 100 MMbbls.

  - During the period NOPTA granted an extension of the Year 1 to 3 program for Bounty to licence and interpret 252km2 of the Polarcus Cygnus 3D Survey Data. This will enable more definitive studies of the potential fluid content of the Azalea Prospect based on the long offset modern data acquired over the area by that new 3D survey. Bounty was negotiating acquisition of this 3D data at the end of the period.

  - 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; New South Wales: Bounty 15% interest: The operator undertook a 2D seismic survey in early 2018 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 and South Australia and Western Australia. Bounty is actively seeking additional projects.

Tanzania

Kiliwani North Development Licence

During the period Bounty continued gas production and sales in Tanzania with accrued sales of $0.35 million. Gas is sold under a Gas Sales Agreement (“GSA”) to the Tanzania Petroleum Development Corporation (“TPDC”).

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

TPDC was invoiced for gas produced at the end of each month and the JV received revenue during the period. There were however material delays in receipt of revenue from TPDC under the GSA.

During the year ended 30 June 2018 gas production from the Kiliwani North-1 well was curtailed and the well shut in for pressure build-up and studies aimed at recovering additional reserves.

Nyuni PSA:

Bounty’s interest decreased to 6.66% and new 3D seismic surveys were planned to image deep water turbidite gas plays of up to 1.3 TCF potential.

A major gas target named Pande West has been identified in the deep water eastern section of the Nyuni PSA Block.

Corporate – Share Issues

During the year ended 30 June 2018 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 2018 and no dividend is recommended.

Financial Position

The net assets of the group reduced by $2.1 million in the period 1 July 2017 to 30 June 2018. The significant underlying movements resulted from the following items:

- Impairment of oil and gas assets of $1.38 million.
- Amortisation of production assets $0.5 million.

At 30 June 2018 current assets were $2.5 million.

During the financial year the company invested:-

- $ 0.34 million on petroleum development property acquisitions and in completions and surface production facility upgrades mainly in ATP 1189P Queensland to further exploit its existing proved producing oil reserves and to increase its oil reserves.

- $ 0.49 million in petroleum exploration projects and acquisitions 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 a disputed litigation claim for $104,280 which has been included in capital commitments set out in Note 21.

There was no other litigation against or involving Bounty Oil & Gas N.L. or its subsidiaries.

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.

Future Developments, Prospects and Business Strategies

Subject to the amount of its ongoing oil and gas 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, Armour Energy (Surat Basin) Pty Ltd 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 Asset Energy Pty Ltd 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 2018, are:-

Graham Reveleigh	—	*Non-Executive Director*
Qualifications	—	BSc. MSc, M. Aus IMM.
Experience	—	Mr Reveleigh is a professional geologist and has nearly 49 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 24 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 33 years' experience. Prior to working in private practice as a lawyer he worked for the Department of Justice', Queensland for 13 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 was the chairman

	and director for many years 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 2015 to present
Mr C. Ross	TSX Listed Companies; Canada: Goldex Resources Corporation, Norzan Enterprises Ltd., Halio Energy Inc. and Tearlach Resources Limited.	1 July 2015 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, ten (10) 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	10	10
Mr C. Ross	10	10
Mr R. Payne	10	10

The company does not have separate audit or remuneration committees.

Indemnifying Officers or Auditor

During the financial year ended 30 June 2018 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 $5 million for damages and for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was $15,400 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 2018 or have since been issued up to the date of this report.

Accordingly at balance date on 30 June 2018 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 2018.

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 during the reporting period.

Non-Audit Services

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

Remuneration of Directors and Management

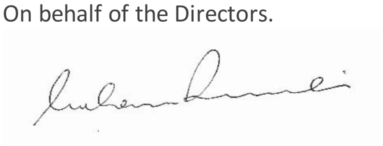
Information on the remuneration of directors and other key management personnel is contained in the Remuneration Report which forms part of this Directors Report and is set out on the following pages.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on Page 15.

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

On behalf of the Directors.



GRAHAM REVELEIGH
Chairman

Dated: 28 September 2018

REMUNERATION REPORT

This remuneration report forms part of the Directors Report for the year ended 30 June 2018 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 2018.

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 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 3% from 1 July 2019.
- 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						
2018	**$**					
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	11,237	8,400	-	-	417,637

1. Paid to a personally related entity of the director/executive.
2. Compensation for the 2018 financial year as set out in this column included only non-cash benefits of $11,237

Key Management Remuneration						
2017	**$**					
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	52,212	17,868	-	-	468,080

3. Paid to a personally related entity of the director/executive.
4. Compensation for the 2017 financial year as set out in this column included only non-cash benefits of $52,212.

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 2018 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 2018 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 2018 and no loans were outstanding at the end of the prior period, except that during the previous year, the Group advanced sums totalling $104,107 to the operator of joint operations in which the Group has petroleum interests. During the financial year this balance and any further advances made, were converted into intercompany loans upon acquisition of the operator Rough Range Oil Pty Ltd by the Group as its 100% controlled subsidiary. Refer to note 26 for further details.

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 2018 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 2018.

moyes yong + co
my business solutions

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AUDITOR'S INDEPENDENCE DECLARATION

To the directors of Bounty Oil & Gas NL

In accordance with section 307C of the Corporations Act 2001, as lead audit partner for the audit of the financial statements of Bounty Oil & Gas NL and its controlled entities for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

William M Moyes - Partner

Moyes Yong & Co Partnership

Dated this 28th day of September 2018

Consolidated statement of profit and loss and other comprehensive income
for the year ended 30 June 2018

		Year-ended	
		30-Jun-18	30-Jun-17
	Notes	**$**	$
Petroleum revenue	5	**1,572,593**	2,677,801
Net Investment income	5	**10,068**	8,775
Other income	5	**6,462**	12,992
Direct petroleum operating expense	5	**(943,419)**	(634,119)
Changes in inventory		**10,173**	(122)
Employee benefits and contractor expense	6	**(721,562)**	(781,870)
Depreciation expense		**(45,366)**	(47,411)
Amortisation of oil producing assets		**(422,492)**	(439,242)
Occupancy expense		**(105,715)**	(100,826)
Corporate activity costs		**(48,423)**	(82,143)
Rehabilitation finance costs		**(25,015)**	(25,816)
Foreign exchange gain/(loss)		**90,806**	(20,193)
Impairment of oil and gas assets	13/14	**(1,382,853)**	(834,259)
Exploration expenses write off		**(1,373)**	(10,263)
General legal and professional costs		**(35,100)**	(58,133)
Other expenses		**(39,102)**	(52,959)
Loss before Tax		**(2,080,318)**	(387,788)
Income tax expense	7	**-**	-
Loss for the period from continuing operations		**(2,080,318)**	(387,788)
Loss for the year		**(2,080,318)**	(387,788)
Other comprehensive income for the year, net of income tax		**-**	-
Total Comprehensive loss for the period		**(2,080,318)**	**(387,788)**
Total comprehensive income/(loss) attributable to owners of the parent		**(2,080,318)**	**(387,788)**
Earnings/(loss) per share			
Basic (cents per share)		**(0.22)**	0.04
Diluted (cents per share)		**(0.22)**	0.04

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 2018

	Notes	30-Jun-18 $	30-Jun-17 $
Assets			
Current assets			
Cash and cash equivalents	9	**541,124**	1,024,462
Trade and other receivables	10	**1,870,546**	1,319,983
Inventories	11	**20,229**	26,270
Other current financial assets	12	**45,816**	24,939
Total current assets		**2,477,715**	2,395,654
Non-current assets			
Trade receivables	10	**19,972**	39,943
Exploration and evaluation assets	14 (b)	**9,758,171**	9,688,826
Production and development assets	14(a)	**5,939,819**	7,329,025
Property, plant and equipment	13	**854,573**	559,403
Total non-current assets		**16,572,535**	17,617,197
Total assets		**19,050,250**	20,012,851
Liabilities			
Current liabilities			
Trade and other payables	15	**1,867,404**	783,882
Provisions	16	**34,708**	24,162
Total current liabilities		**1,902,112**	808,044
Non-current liabilities			
Unearned revenue		**2,944**	5,888
Provisions	16	**1,317,121**	1,290,528
Total non-current liabilities		**1,320,065**	1,296,416
Total liabilities		**3,222,177**	2,104,460
Net assets		**15,828,073**	17,908,391
Equity			
Issued capital	17	**43,440,163**	43,440,163
Reserves		**201,600**	201,600
Retained losses		**(27,813,690)**	(25,733,372)
Equity attributable to owners of the parent		**15,828,073**	17,908,391
Total equity		**15,828,073**	17,908,391

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 2018

	Notes	Ordinary share capital $	Option reserve $	Retained earnings/ (Accumulated losses) $	Total $
Balance at 1 July 2016		43,440,163	201,600	(25,345,584)	18,296,179
(Loss) for the year		-	-	(387,788)	(387,788)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	(387,788)	(387,788)
Shares issued during the period	17	-	-	-	-
Balance at 30 June 2017		**43,440,163**	**201,600**	**(25,733,372)**	**17,908,391**
Balance at 1 July 2017		43,440,163	201,600	(25,733,372)	17,908,391
Loss for the period		-	-	(2,080,318)	(2,080,318)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	(2,080,318)	(2,080,318)
Shares issued during the period	17	-	-	-	-
Balance at 30 June 2018		**43,440,163**	**201,600**	**(27,813,690)**	**15,828,073**

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 2018

	Notes	Year-ended 30-Jun-18 $	30-Jun-17 $
Cash flows from operating activities			
Receipts from petroleum operations		**1,140,669**	1,617,215
Proceeds from sale of quoted investments		**-**	52,605
Payments for acquisition of quoted investments		**(10,809)**	(44,319)
Payments to suppliers and employees		**(1,498,769)**	(2,002,886)
Interest and dividend received		**4,825**	12,173
Net cash (used in) operating activities	18	**(364,084)**	(365,212)
Cash flows from investing activities			
Payments for exploration and evaluation assets		**(13,882)**	(508,296)
Payments for oil production & development assets		**(127,169)**	244,030
Payments for property plant and equipment		**(1,950)**	(7,428)
Acquisition of subsidiaries,net of cash acquired		**(258)**	-
Loans repayment/(advanced)		**-**	(79,107)
Net cash (used in) investing activities		**(143,259)**	(350,801)
Net (decrease) in cash and cash equivalents		**(507,343)**	(716,013)
Cash and cash equivalents at the beginning of the period		**1,024,462**	1,760,668
Effects of exchange rate changes on the balance of cash held in foreign currencies		**24,005**	(20,193)
Cash and cash equivalents at the end of the period	9	**541,124**	1,024,462

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 2018

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 2018. Supplementary financial information about the parent entity is disclosed in Note 26. 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 28 September 2018.

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 dollar, unless otherwise indicated.

b. Application of new and revised accounting standards

None of the new standards and amendmends to standards that are mandatory for the first time for the financial year beginning 1 July 2017 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Notes to the consolidated financial statements
for the year ended 30 June 2018

b. 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.

Title	**Application date for the Group**
AASB 15 Revenue from Contracts with Customers	1 July 2018
AASB 9 and relevant amending standards - Financial Instruments	1 July 2018
AASB 16 Leases	1 July 2019
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	1 July 2018
AASB 2017-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	1 July 2018
AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 July 2018
AASB 2018-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2017 Cycle	1 July 2018
AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle	1 July 2018
AASB Interpretation 23 Uncertainty over Income Tax Treatments	1 July 2019

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%), Interstate Energy Pty Limited (100%), Rough Range Pty Limited (100%) and Lansvale Oil & Gas Pty Ltd (100%).

Notes to the consolidated financial statements
for the year ended 30 June 2018

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

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.
The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.
Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e., gain on a bargain purchase) is recognised in profit or loss immediately.

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 2018

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 liability.

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 2018, the Group realised a net loss after tax of $2,080,318 (2017: $387,788). This was largely as a result of non-cash impairment of $1,267,000 to gas production assets. The net cash utilised by operating activities for the period ended 30 June 2018 was $364,084 (2017: net cash utilised $365,212). The Group's net asset position at 30 June 2018 was $15,828,073 (30 June 2017: $17,908,391) and its cash balance amounted to $541,124 (30 June 2017: $1,024,462).

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; contemplating issue of additonal equity by the Group; 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 the Group to

g. Fair value measurement

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilites. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets and liabilites carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value
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 liabilites recorded in the financial statements approximates their respective fair values, determined in accordance with the acounting policies described above and adjusted for capitalised transaction costs, if any.

Notes to the consolidated financial statements for the year ended 30 June 2018

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 30 days.

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.

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
Office furniture and fittings	5 years
Computer equipment	4 years
Plant and equipment	5 years

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

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

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

Notes to the consolidated financial statements
for the year ended 30 June 2018

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 an 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 2018

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) 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 2018

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 2018

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 2018

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 $1.38 million in relation to Kiliwani North joint operations ($1.27 million) and Bakersfield ($0.11 million). This non-cash loss has been recognised in the Group's profit or loss statement. These properties are reported as in the core oil and gas segment.

Business combination

Management uses valuation techniques in determining the fair values of the various elements of a business combination. See Note 2(c)(iii).

Notes to the consolidated financial statements
for the year ended 30 June 2018

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-18	30-Jun-17	**30-Jun-18**	30-Jun-17
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	**1,572,593**	2,677,801	**(1,095,362)**	735,253
Development projects	**-**	-	**-**	-
Exploration projects	**-**	-	**(117,226)**	(10,263)
Secondary Segment				
Listed securities	**10,068**	8,775	**10,068**	8,775
Total from continuing operations	**1,582,661**	2,686,576	**(1,202,520)**	733,765
Other revenue			**97,268**	(7,201)
Central admin costs and directors remuneration			**(975,066)**	(1,114,352)
Loss before tax			**(2,080,318)**	(387,788)

Segment revenue
Revenue reported above represents revenue/income generated from external sources. There were no intersegment sales during the period (2017: nil).

Accounting policies of reportable segments
The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 1. Segment profit/(loss) in this Note represents the profit/(loss) earned by each segment without allocation of central administration costs and directors remuneration, other investment revenue such as interest earned, finance costs and income tax expense. This is the measure reported to the Chief Operating Decision Maker for the purpose of resource allocation and assessment of segment performance.

Information about major customers

Included in the revenue arising from direct sales of oil and gas of $1,572,593 (2017: $2,677,801) are revenues of approximately $815,921 (2017: $2,031,018) which arose from sales to the Group's largest customer. The revenue from the Group's second largest customer was approximately $347,302 (2017: $430,110). No other single customer contributed 10% or more to the Groups revenue for both 2018 and 2017.

Other segment information	Amortisation, depreciation & depletion		Additions to non-current assets	
	30-Jun-18	30-Jun-17	**30-Jun-18**	30-Jun-17
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	**465,586**	479,074	**223,857**	722,626
Development projects	**-**	-	**113,388**	78,057
Exploration projects	**-**	-	**486,571**	117,621
Other	**2,272**	7,579	**1,951**	7,427
Total	**467,858**	486,653	**825,767**	925,731

	Impairment losses (expenses)	
	30-Jun-18	30-Jun-17
Core Oil & Gas Segment	**$**	$
Production projects	**1,267,000**	834,259
Development projects	**-**	-
Exploration projects	**117,226**	10,263
Total	**1,384,226**	**844,522**

Notes to the consolidated financial statements
for the year ended 30 June 2018

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 liabilites incude 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-18	30-Jun-17	**30-Jun-18**	30-Jun-17
Core Oil & Gas Segment	**$**	$	**$**	$
Production projects	**5,575,835**	6,782,937	**2,800,274**	1,842,602
Development projects	**1,211,534**	1,098,146	**8,734**	8,734
Exploration projects	**9,758,171**	9,688,826	**23,796**	23,796
Secondary Segment				
Listed securities	**45,816**	24,939	**-**	-
Unallocated	**2,458,894**	2,418,003	**389,373**	229,328
Total	**19,050,250**	20,012,851	**3,222,177**	2,104,460

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 non current assets**	
	30-Jun-18	30-Jun-17	**30-Jun-18**	30-Jun-17
	$	$	**$**	$
Australia	**1,332,627**	648,356	**13,805,305**	13,514,153
Tanzania	**347,302**	2,031,018	**2,767,230**	4,103,044
Total	**1,679,929**	2,679,375	**16,572,535**	17,617,197

5. Revenue and other income

	30-Jun-18	30-Jun-17
Sales revenue:	**$**	$
Oil and gas sales	**1,544,446**	2,655,056
Revenue from tariffs	**28,147**	22,745
Total sales revenue	**1,572,593**	2,677,801
Investment income:		
Investment income from financial assets at fair value through		
Profit and loss (held for trading listed shares)		
Realised gain	**-**	14,396
Unrealised gain/(loss)	**10,068**	(5,621)
Total investment income	**10,068**	8,775
Other income:		
Interest income	**6,457**	12,985
Gains/(losses) on foreign currency	**90,806**	(20,193)
Other income	**5**	7
Total other revenue	**97,268**	(7,201)
Total revenue	**1,679,929**	2,679,375

Notes to the consolidated financial statements
for the year ended 30 June 2018

6. Employee benefit expense	**30-Jun-18**	30-Jun-17
	$	$
Directors fees	**110,000**	110,000
Consultancy fees - Internal	**398,000**	398,000
Wages & salaries	**186,563**	218,389
Other employee benefit expenses	**26,999**	55,481
Total Employee benefit expense	**721,562**	781,870

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 27.5% (2017: 30%)	**$**	$
Consolidated group	**(572,087)**	(116,337)
Add: tax effect of non deductible expenses	**637,834**	303,801
Less: tax effect of expenditure claimed as deduction	**(303,980)**	(169,396)
Tax effect of Unused tax losses not recognised as deferred tax asset	**(238,233)**	18,068
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)	**(0.22)**	(0.04)
Diluted earnings/(loss) per share (cents per share)	**(0.22)**	(0.04)
Net (loss)/profit used in the calculation of basic and diluted earnings/(loss) per share	**(2,080,318)**	(387,788)
	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	**63,479**	126,981
Cash at bank	**477,645**	897,481
Total Cash and cash equivalents	**541,124**	1,024,462

Notes to the consolidated financial statements
for the year ended 30 June 2018

10. Trade and other receivables

	30-Jun-18	30-Jun-17
Current	**$**	$
Trade receivables	**1,859,171**	1,208,775
Prepayments	**3,926**	2,686
Other receivables	**2,086**	105,376
GST receivable	**-**	3,146
Acquisition through business combination	**5,363**	-
Non-current		
Trade receivables	**19,972**	39,943
Total trade and other receivables	**1,890,518**	1,359,926

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 of $1.86 million outstanding at 30 June 2018 is primarily in relation to sales made to the major customers during the financial year, a significant portion of which has been settled in September 2018. All other current trade receivables were outstanding for an average period of 260 days as at 30 June 2018 but the customer is a sovereign nation and expected to pay the dues in near future.

Ageing of past due but not impaired	**$**	$
60 – 90 days	**46,147**	372,681
90-120 days	**64,396**	57,302
120+ days	**1,381,164**	119,783
Total	**1,491,707**	549,765

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.

11. Inventories	**$**	$
Oil and other inventory	**20,229**	26,270
	20,229	26,270

12. Other current financial assets	**Note**	**$**	$
Financial assets at fair value through profit and loss - shares in listed corporations	**23(d)**	**45,816**	24,939
Total current financial assets		**45,816**	24,939

13. Property, plant and equipment

Plant and Equipment	**$**	$
Plant and equipment – at cost	**1,117,531**	776,996
Less accumulated depreciation	**(262,958)**	(217,593)
Total Property, plant and equipment	**854,573**	559,403

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	**559,403**	629,112
Additions	**40,536**	56,346
Acquisition through business combination	**300,000**	-
Reclassification to receivables	**-**	(78,644)
Depreciation	**(45,366)**	(47,411)
Carrying amount at the end of the year	**854,573**	559,403

Notes to the consolidated financial statements
for the year ended 30 June 2018

14. Non current assets	Note	30-Jun-18	30-Jun-17
(a): Production and development assets		**$**	$
SW Queensland			
Joint operation interest in ATP1189 Naccowlah Block – at cost	25	**2,463,113**	3,123,441
Less: Amortisation		**(815,000)**	(565,000)
Less: Impairment		**-**	(834,259)
East Queensland - PL 441 (ex-PL119) Downlands – at cost		**3,828,635**	3,818,960
Less: Depletion and amortisation		**(2,518,609)**	(2,518,609)
Nyuni Block, Tanzania- Kiliwani North			
Joint operation interest in Nyuni Block - Kiliwani North at cost	25	**2,637,479**	2,635,813
Less: Amortisation		**(300,000)**	(200,000)
Less: Impairment		**(1,267,000)**	-
Rehabilitation costs – all petroleum properties		**699,667**	770,533
All other development assets		**1,211,534**	1,098,146
Total production and development assets		**5,939,819**	7,329,025

Movement in carrying amounts of production & development assets:	$	$
Opening balance at the beginning of the year	**7,329,025**	8,384,715
Additions	**298,660**	751,764
Movement in rehabilitation	**(70,866)**	(77,342)
Reclassification to exploration asset of ATP1189 Naccowlah costs	**-**	(456,611)
Impairment of production and development assets (i)	**(1,267,000)**	(834,259)
Amortisation of production assets	**(350,000)**	(439,242)
Carrying amount at the end of the year	**5,939,819**	7,329,025

(i) In accordance with the Group's accounting policies and procedures, the Group performs its impairment testing at the end of each reporting period. A number of factors presented indicators of impairment for the Kiliwani North Joint Operations during the reporting period ended 30 June 2018, including low recovery of gas throughout the period. No other impairments are recognised for this reporting period.

Key assumptions used:	2018-2020	2021+
Crude oil price (US$)	$72 increasing to $77	$82 increasing to $110
Average AUD:USD exchange rate	$0.730	$0.75
CPI (%)	2.5%	2.5%
Pre-tax discount rate (%)	9.0%	9.0%

(b): Exploration and evaluation assets	Note	$	$
Exploration assets	25	**9,758,171**	9,688,826
Total exploration and evaluation assets		**9,758,171**	9,688,826

Movement in carrying amounts of exploration and evaluation assets:	$	$
Opening balance at the beginning of the year	**9,688,826**	9,124,857
Additions	**90,634**	117,621
Acquisition through business combination	**95,937**	-
Reclassification from (to) development asset	**-**	456,611
Write off – Exploration and evaluation asset	**(117,226)**	(10,263)
Carrying amount at the end of the year	**9,758,171**	9,688,826

15. Trade and other payables	$	$
Current		
Trade payables	**203,627**	171,597
Trade payables acquired through business combination	**121,280**	-
Amounts owing to Joint Operations	**1,542,136**	597,682
GST, FBT, PAYG & superannuation liability	**361**	14,603
Total trade and other payables	**1,867,404**	783,882

Notes to the consolidated financial statements
for the year ended 30 June 2018

16. Provisions	30-Jun-18 $	30-Jun-17 $
Current - Provision for employee leave entitlement	**34,708**	24,162
	34,708	24,162
Non-current - Provision for employee leave entitlement	**9,827**	8,598
Non-current - Rehabilitation costs – petroleum properties	**1,307,294**	1,281,930
	1,317,121	1,290,528
Movement in provisions		
Opening balance	**1,290,528**	1,256,114
Unwinding of discount on provision	**25,015**	25,816
Net provisions recognised/(expensed)	**1,578**	8,598
Balance at the end of the period	**1,317,121**	1,290,528

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 2018 was 3%, broadly equivalent to the Australian Government 10 year bond

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 (2017: 953,400,982)	**43,440,163**	43,440,163
Nil options transferred to share option reserve on expiry (2017: 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**	953,400,982
Balance at end of period	**953,400,982**	953,400,982

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	**(2,080,318)**	(387,788)
Non-cash flows in profit/(loss) from continuing operations:		
Unearned income on rental lease	**(2,944)**	8,832
Depreciation and amortisation	**467,858**	486,653
Fair value movement in quoted investments	**(10,068)**	5,621
Foreign exchange differences	**(97,252)**	20,193
Movement in employee obligation	**11,774**	5,996
Bad debt expense	**-**	13,000
Acquisition costs included in investing	**323**	-
Impairment and Write-off of exploration assets	**117,226**	10,263
Impairment of petroleum production assets	**1,267,000**	834,259
Accrued interest income	**(1,636)**	(819)
Change in trade and other receivables	**(554,453)**	(1,125,264)
Decrease in financial assets through profit and loss	**(10,809)**	(6,110)
Change in inventory	**6,041**	122
Change in rehabilitation obligation	**97,507**	100,058
Change in trade & other payables	**425,667**	(330,228)
Net Cash from continuing operations	**(364,084)**	(365,212)

Notes to the consolidated financial statements for the year ended 30 June 2018

19. Share based payments

No share based payment compensation was granted to directors or senior management during the financial year ended 30th June 2018 and there was Nil expensed (2017: Nil). During the year, no directors or senior management exercised options that were granted to them as part of their compensation in prior periods.

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-18** **$**	30-Jun-17 $
Short term employee benefits	**527,637**	578,081
Share based payments	**-**	-
Total	**527,637**	578,081

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 instrument disclosures as permitted by the 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, inculding related parties, is as follows:

2018 **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	52,879,980	1,349,153	-	-	3,250,000	50,979,133
2017						
Directors						
G Reveleigh	23,377,928		-	-	-	23,377,928
R Payne	-	-	-	-	-	-
C Ross	3,200,000	-	-	-	-	3,200,000
Executives						
P Kelso	52,040,836	839,144	-	-	-	52,879,980

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

c) Key Management Personnel - other loans and advances

No loans were made to key management personnel including their personally related entities during the financial year ended 30 June 2018 and no loans were outstanding at the end of the prior period, except that during the previous year, the Group advanced sums totalling $104,107 to the Operator of joint operations in which the Group has petroleum interests. During the financial year this balance and any further advances made, were converted into consideration transferred upon acquisition of the Operator Rough Range Oil Pty Ltd. by the Group as its 100% controlled subsidiary. Refer to note 26 for further details.

Notes to the consolidated financial statements
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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, $33,000 was paid for office rent, and $8,400 for site management services to firms in which Mr. P. Kelso is a director.

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-18	30-Jun-17
	$	$
Legal, corporate fees	**-**	17,868
Site management services for PL2	**8,400**	-
Rent of office	**33,000**	30,000
	41,400	47,868

21. Commitments

In order to maintain current rights of tenure to its licences and 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 capital commitment which may be renegotiated, varied between permits, or reduced due to farm-out, sale, reduction of permit/licence area and/or relinquishment of non-prospective permits. Work in excess of the work programs may also be undertaken.

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

Payable	**$**	$
Not longer than 1 year	1,776,833	1,236,046
Longer than 1 year and not longer than 5 years	4,442,082	3,090,115
	6,218,915	4,326,161

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 2018

23. Financial instruments (continued)

The gearing ratio at the end of the reporting period was nil (2017: nil).

b) Categories of financial instruments:	**Note**	**30-Jun-18**	30-Jun-17
Financial assets		**$**	$
Cash and cash equivalents		**541,124**	1,024,462
Loans and receivables		**1,890,518**	1,359,926
Available for sale financial assets designated as at FVTPL	**12**	**45,816**	24,939
Total financial assets		**2,477,458**	2,409,327
Financial liabilities			
Other amortised cost - trade creditors		**(1,867,404)**	(783,882)
Total financial liabilities		**(1,867,404)**	(783,882)

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-18**	30-Jun-17
				$	$
Financial assets at fair value through profit or loss	**Quoted bid prices in an active market**	**12**	**Level 1**	**45,816**	24,939

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 2018

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-18 Equity holding % (1)	30-Jun-17
Ausam Resources Pty Ltd.	Australia	Ordinary	**100**	100
Interstate Energy Pty Ltd.	Australia	Ordinary	**100**	100
Rough Range Oil Pty Ltd.	Australia	Ordinary	**100**	-
Lansvale Oil & Gas Pty Ltd.	Australia	Ordinary	**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 2018, 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	**6.66%***	10%
Kiliwani North	Production	Proportionate	Dar es Salaam, Tanzania	**10%**	9.5%
ATP 2028P (ex-ATP 754P)	Exploration	Proportionate	Brisbane, Australia	**50%**	50%
PEP11	Exploration	Proportionate	Perth, Australia	**15%**	15%

The Group's joint operations agreements require majority consent from all parties for all relevant activities. The joint participants own the assets of the joint operations as tenants in common and are jointly and severally liable for the liabilities incurred by the joint operations. 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 operations interests included in the Consolidated Statements as follows:

(i) a 10% 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.

Details of the total revenue and expenses derived from or incurred in Kiliwani Gas Development Block and ATP 1189P joint operations and the company's share of the assets and liabilities employed in these joint operations are as follows:

	$	$
Revenue from petroleum	**1,572,593**	2,677,801
Petroleum and all other expenses	**(1,400,955)**	(1,108,289)
Net Profit/(Loss) from joint operations	**171,638**	1,569,512
Current assets		
Trade receivables	**1,823,959**	1,169,722
Inventories	**20,229**	26,270
Non current assets		
Property, plant & equipment (net of accumulated depreciation)	**502,533**	504,228
Other non-current assets	**3,418,259**	4,926,296
Total assets in joint operations	**5,764,980**	6,626,516
Current liabilities - Trade and other payables	**1,432,481**	525,832
Non current liabilities - Provisions	**1,062,806**	1,049,917
Total liabilities in joint operations	**2,495,287**	1,575,749
Net interest in joint operations	**3,269,693**	5,050,767

Notes to the consolidated financial statements
for the year ended 30 June 2018

25. Interest in joint operations (continued)

Interests in other joint operation entities

Also included in the Consolidated Financial Statements as at 30 June 2018, 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. Business combination

On 1 April 2018, the Group acquired 100% of the equity shares of Rough Range Oil Pty Ltd and its subsidiary Lansvale Oil & Gas Pty ltd (Rough Range entities), a Western Australia focused oil exploration business, thereby obtaining control from Kestrel Petroleum Pty Ltd., a personally related entity of the CEO. The acquisition was made to consolidate the Group's position in the EP435, EP359 oil exploration permits and L16 lease. Rough Range entities have approximately 90% interest in these licences.

Fair value of consideration transferred

Rough Range Oil Pty Ltd. including its 100% controlled subsidiary Lansvale Oil & Gas Pty Ltd. (Rough Range entities) were acquired for a deferred cash consideration of $15,000 and fair value of advances made previously to the acquiree noted below.

Fair value of consideration on acquisition	**31-Mar-18**
	$
Fair value of deferred consideration payable	15,000
Add: fair value of monies advanced previously to the acquiree	267,455
	282,455
Recognised amounts of identifiable net assets	
Cash and cash equivalents	65
Trade and other receivables	5,363
Total current assets	**5,428**
Property, plant and equipment	300,000
Oil and gas assets	95,938
Total non-current assets	**395,938**
Trade and other payables	(118,911)
Total current liabilities	**(118,911)**
Identifiable net assets	**282,455**
Goodwill on acquisition	**-**
Consideration transferred settled in cash	-
Cash and cash equivalent acquired	(65)
Net cash outflow on acquisition	**(65)**
Acquisition costs charged to expenses	323
Net cash paid relating to the acquisition	**258**
Deferred cash consideration payable	**15,000**

The initial accounting for the acquisition has only been provisionally determined at the end of the reporting period. For tax purposes, the tax values of assets are required to be reset based on market values. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the directors' best estimate of the likely tax values.

No goodwill arose on the acquisition based on the provisional calculation.

As at 30 June 2018, there have been no changes in the estimate of the probable cash outflow but the liability has increased to $121,280 due to the accrual of interest expense on outstanding trade payables.

Acquisition-related costs amounting to $323 are not included as part of the consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss, as part of other expenses.

Identifiable net assets

The fair value of the trade payables acquired as part of the business combination amounted to $118,911. As of the acquisition date, the Group's advances to the acquiree company amounted to $267,455, and eliminated on combination.

Notes to the consolidated financial statements
for the year ended 30 June 2018

26. Business combinations (continued)

Rough Range entities contribution to the Group results

Rough range entities incurred a loss of $3,271 from 1 April 2018 to the reporting date, primarily due to general administration costs. If the acquisition had occurred on 1 July 2017, the contribution to revenue would have been nil and the loss would have increased by $511,219.

27. 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. After review of policies, the Board resolved to reclassify the intercompany loans to controlled entities as non current assets.

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

Statement of Financial Position	**30-Jun-18**	30-Jun-17
Assets	**$**	$
Current assets	**2,366,392**	2,173,027
Non-current assets	**17,581,371**	18,839,432
Total Assets	**19,947,763**	21,012,459
Liabilities		
Current liabilities	**1,777,004**	795,621
Non-current liabilities	**1,110,250**	1,096,721
Total Liabilities	**2,887,254**	1,892,342
Net Assets	**17,060,509**	19,120,117
Equity		
Issued capital	**43,440,163**	43,440,163
Reserves	**201,600**	201,600
Retained earnings/Accumulated losses	**(26,581,254)**	(24,521,646)
Total Equity	**17,060,509**	19,120,117
Statement of Profit and Loss and other Comprehensive Income		
Loss for the year	**(2,059,608)**	(345,401)
Other comprehensive income/(loss)	**-**	-
Total Comprehensive loss for the year	**(2,059,608)**	(345,401)
Commitments for Capital Expenditure		
No longer than 1 year	**1,501,833**	1,083,546
Longer than 1 year and not longer than 5 years	**3,754,583**	2,708,865
Total	**5,256,416**	3,792,411

There are no operating lease commitments at the balance date.

28. Contingent liabilities and contingent assets

As at the date this report, there were no contingent assets or liabilities, other than a disputed litigation claim for $104,280 which has been included in capital commitments set out in Note 21.

There was no other litigation against or involving Bounty Oil & Gas N.L. or its subsidiaries.

29. Events occurring after the reporting period

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years, other than those referred to in note 28 above.

Notes to the consolidated financial statements for the year ended 30 June 2018

30. Auditors remuneration

	30-Jun-18	30-Jun-17
Remuneration of the auditors of the Company for:	**$**	$
- Auditing or reviewing the financial reports for year	**26,500**	26,500
- Other services	**-**	-
	26,500	26,500

The auditor to Bounty Oil & Gas NL is William M Moyes, Suite 1301, Level 13, 115 Pitt Street, Sydney NSW 2000.

31. Company details

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

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

DIRECTORS' DECLARATION

a) The directors of Bounty Oil and Gas NL ("the Company") declare that the financial statements and notes, as set out on pages 16 to 43 are in accordance with the Corporations Act 2001:

(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 2018 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: 28 September 2018

moyes yong + co
my business solutions

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INDEPENDENT AUDITOR'S REPORT

To the members of Bounty Oil and Gas NL

Report on the audit of the financial report

Opinion

We have audited the financial report of Bounty Oil and Gas NL (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position of the Group as at 30 June 2018 and of its financial performance for the year ended on that date; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 2 (f) in the financial statements, which indicated that the Group incurred a net operating loss of $2,080,318; net cash outflows from operating activities of $364,084 and had a cash balance of $541,124 for the year ended 30 June 2018. As stated in Note 2 (f), these events or conditions, along with other matters as set forth in Note 2 (f), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial report.

1. Carrying value of production and development assets

Why Significant	How our audit addressed the key audit matter:
At 30 June 2018, the Group owns total production and development assets with a carrying value of approximately $5.9 million. This amount represents the second largest item of the Group's total assets. Management has assessed the Group's production and development assets for internal and external indicators of impairment. Factors taken into consideration included the price of oil and gas, the AUD to USD rate of exchange and projected output volumes. Based on the outcome of this assessment of production and development assets, the Group recognised an impairment charge of $1.267 million on its' Nyuni Block, Tanzania - Kiliwani North project during the year. Disclosure can be found under Note 14 a). No other impairments to production and development assets were recognised in the current year. Therefore in our assessment one of the focal points of our audit, involving a considerable amount of time and communication with management, was the Group's determination of the carrying value of the production and development assets, having regards to the following: • the quantum of the carrying value of the asset representing the second most significant group of assets in the Group and their impact on the users' understanding of its financial position; • the complex and judgemental nature of impairment testing; and • the existence of assumptions and estimates influenced by both internal and external factors.	Our audit procedures were mainly but not limited to the following: • Review of the overall content of the report on impairment as supplied to us by management. • Assessment of the valuation methodology. • Review of the currency of holding for all the Group's oil and gas assets including obtaining and assessing relevant external documentation • Review of assumptions made in the report regards price of oil and gas, currency exchange rates and the projected output volumes. • Review of reports sourced from third parties on the production problems experienced by the operator of the Kiliwani North project.

2. **Business combinations – acquisition of Rough Range Oil Pty Ltd**

Why Significant	How our audit addressed the key audit matter:
On 1 April 2018 the Group acquired 100% of the shares in Rough Range Oil Pty Ltd and its subsidiary Lansvale Oil & Gas Pty Ltd (RRA). RRA was previously a fully owned subsidiary of Kestrel Petroleum Pty Ltd, a related entity of the Group's CEO (refer to Note 26 to the Financial Report). The acquisition was made to consolidate the Group's position in the EP435, EP359 oil exploration permits and L16 lease. Prior to acquisition the Group held a 10% participation interest. RRA was acquired for a deferred cash consideration of $15,000 plus fair value of a debt owed to the Group which existed prior to the date of acquisition totalling $267,455.	Our audit procedures were mainly but not limited to the following: • We satisfied ourselves with regards to the material amounts associated with the acquisition • We reviewed all documentation provided by management including relevant board minutes and a copy of the Share Sale Agreement. • We reviewed documentation supporting the valuation of the assets acquired. • We reviewed the notes to the financial report to ensure there was relevant disclosure for both business combinations and related party transactions.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, the matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at:
www.auasb.gov.au/auditors_files/ar2.pdf . This description forms part of our audit report.

Report on the audit of the remuneration report

Opinion on the remuneration report

We have audited the remuneration report included on pages 11 to 14 of the directors' report for the year ended 30 June 2018. In our opinion, the remuneration report of Bounty Oil and Gas NL for the year ended 30 June 2018 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

William M Moyes - Partner

Moyes Yong & Co Partnership

Dated this 28th day of September 2018

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 27 September 2018:

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

No. of Securities	No. of Shareholders
1 – 1,000	209
1,001 – 5,000	123
5,001 – 10,000	432
10,001 – 100,000	1,669
100,001 and above	1,019
	3,452

b) Twenty largest holders of quoted equity securities at **27 September 2018**:

	Ordinary Shareholders	Fully paid number	%
1	Comadvance Pty Ltd.	46,490,563	4.88%
2	Robert A Hutchfield	41,580,200	4.36%
3	Red Kite Capital Inc.	27,022,000	2.83%
4	David Alan McSeveny	24,663,006	2.59%
5	G E Reveleigh	23,377,928	2.45%
6	Bang Vi Khanh	21,880,000	2.29%
7	Tri-Ex Holdings Pty Ltd.	19,177,778	2.01%
8	WH Ave LLC	18,000,000	1.89%
9	Kestrel Petroleum Pty Ltd.	15,175,000	1.59%
10	Granborough Pty Ltd.	15,000,000	1.57%
11	Barry Sheedy & Associates Pty	13,893,700	1.46%
12	Level 1 PL	11,284,254	1.18%
13	Simon Saliba	10,000,000	1.05%
14	Jordan Vujic	9,160,690	0.96%
15	Colin M & K S Roche	8,900,000	0.93%
16	Ann Spooner	7,772,217	0.82%
17	William John & S Tyler	7,000,000	0.73%
18	GH Services Pty Ltd	6,783,061	0.71%
19	Robert Cameron Galbraith	6,500,000	0.68%
20	Milica Vujic	6,017,870	0.63%
	Total Top 20 Holders	**339,678,267**	**35.63%**

c) Options as at **27 September 2018**:

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 27 September 2018 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 27 September 2018 was 953,400,982.

b) There were 2,272 holders of less than a marketable parcel of ordinary shares, totalling 59,841,773 shares.

c) The percentage of the total holding of the 20 largest shareholders of ordinary shares was 35.63% 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

The voting rights attaching to ordinary shares are governed by the Constitution. At a meeting of members every person present who is a member or representative of a member shall on a show of hands have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. No options have any voting rights.

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 40 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 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 Mr. Sachin Saraf.

9. Share Buy Back

There is no current on market share buy back.

Schedule of Petroleum Tenements - 27 September 2018

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	Asset Energy PL[8]
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 496 (ex PL 107)	SW Qld – Cooper - Eromanga Basin.	2%	12.2	0.2	Santos [2]
PL 495 (ex PL 109)	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/PL 1026	SW Qld – Cooper -	2%	18.3	0.4	Santos [2]

	Eromanga Basin.				
PL 302	SW Qld – Cooper - Eromanga Basin.	2%	12.2	0.2	Santos [2]
PL 1047	SW Qld – Cooper - Eromanga Basin.	2%	30.6	0.6	Santos [2]
PCA 247	SW Qld – Cooper - Eromanga Basin.	2%	127.8	2.6	Santos [2]
PL 2 Alton Oilfield	Qld - Surat Basin	100%	16	16	Bounty
PL 2A	Qld - Surat Basin	81.75%	66.8	54.6	Bounty
PL 2B	Qld - Surat Basin	81.75%	136.7	111.7	Bounty
PL 2C	Qld - Surat Basin	100%	45.2	45.2	Bounty
PL 441 (ex PL 119)	Qld - Surat Basin	100%	21.4	21.4	Ausam
ATP 1190 PCA (SG) (4)	Qld - Surat Basin	24.748%	13.2	3.3	AGL
ATP 2028	Qld - Surat Basin	50%	554.4	277.2	Ausam[7]
PPL 58 Pipeline Licence[6]	Qld – Surat Basin	100%			Ausam[7]
EP 359	WA - Carnarvon Basin	10%	555	555	Rough Range [3]
EP 435	WA - Carnarvon Basin	10%	238	238	Rough Range [3]
PL 104-L16 (Petroleum Lease)	WA - Carnarvon Basin	10%	79.1	79.1	Rough Range [3]
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			**12,795**	**3,036**	
1. Beach Energy Limited					
2. Santos Limited group companies					
3. Rough Range Oil Pty Ltd. - is a wholly owned subsidiary of Bounty Oil & Gas NL					
4. PCA (SG) – Potential Commercial Area Spring Grove joint venture block					
5. Ndovu Resources Limited (a subsidiary of Aminex PLC)					
6. Pipeline Licence 58					
7. Ausam Resources Pty Ltd - is a wholly owned subsidiary of Bounty Oil & Gas NL					
8. Asset Energy Pty Ltd is a wholly owned subsidiary of Advent Energy Ltd					

ABBREVIATIONS

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

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

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

CORPORATE DIRECTORY

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Roy Payne

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