



# BOUNTY OIL & GAS NL

(ABN 82 090 625 353)

## INTERIM FINANCIAL REPORT

Interim Financial Report for the half-year ended 31 December 2017  
(Including Directors' Report and Financial Report)

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## DIRECTOR'S REPORT

### For the Half Year Ended 31 December 2017

The directors of Bounty Oil & Gas NL ("Bounty" or "the company") submit the interim financial report of Bounty and its subsidiaries ("the Group") for the half year ended 31 December 2017. The attached Bounty Interim Financial Report forms part of this report. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follow:

#### Directors

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

Graham Charles Reveleigh	<i>(Non-Executive Chairman)</i>
Roy Payne	<i>(Non-Executive Director)</i>
Charles Ross	<i>(Non-Executive Director)</i>

Mr Roy Payne was re-elected as a director of the company at the Annual General Meeting on 29 November 2017.

#### Review of Operations

For Bounty's schedule of permits, interests and acreages (see Bounty's 2017 Annual Report and Bounty's website: [www.bountyoil.com](http://www.bountyoil.com)).

#### 1. Highlights

##### *Group Petroleum Sales*

- Petroleum revenue (mainly crude oil) for the half year to 31 December 2017 was \$0.820 million on sales of 20,828 barrels of oil equivalent (boe).

##### *Tanzania – Nyuni Block*

- Kiliwani North gas project: Bounty continued gas production.
- Tanzania gas sales (net to Bounty) contributed 14,875 boe and generated \$0.34 million in revenue for the half year. Production has been curtailed due to reservoir compartmentalisation and reservoir studies continue.
- Nyuni PSA – new 3D seismic planned to image deep water turbidite gas plays of up to 1.3 TCF potential later in 2018.

##### *Australia*

- Half Year ended 31 December 2017 revenue totalled \$0.48 million on crude oil sales of 5,953 bbls.
- PL 2 Alton oilfield, Surat Basin: Bounty preparing for oil production operated by Bounty.
- Continued high impact Oil Business strategy moving Bounty's 100% AC/P 32, Timor Sea project to potential farmout.

## **2. Overview**

The principal activity of the company during the 6 months to 31 December 2017 was oil and gas production, exploration and development. Bounty's secondary activity is investment in listed securities. No significant change in the nature of these activities occurred during the financial half year.

During the period the economic entity made a net loss after tax of \$923,629 (31 December 2016 half year loss: \$301,970). Underlying earnings for the period before non-cash impairment items were \$456,629.

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

- Petroleum revenue of \$819,927
- A foreign currency translation loss of \$12,122
- Interest and other income of \$5,811
- Direct petroleum operating expenses of \$364,225
- A non-cash impairment loss on the Kiliwani North asset of \$467,000.
- All other expenses including for administration, joint operation expenses and employees of \$906,020.

Revenue from continuing operations for the period was \$825,738 (HY December 2016: \$1,312,573).

Petroleum revenue for 12 month calendar year to 31 December 2017 was: \$2,199,633.

In the half year to 31 December 2017 Bounty invested \$124,109 in exploration and development directed principally as follows:

### ***Australia:***

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

Bounty participated in drilling the Irtalie East 6 development well in ATP 1189 Naccowlah Block during the period. The well was cased and suspended as a potential oil producer.

### ***Tanzania:***

The Kiliwani North gas project (Bounty 9.5%) had diminished gas production and sales during the period. Exploration for larger gas targets in the surrounding Nyuni Block PSA (Bounty 10%) continues.

Details of exploration and development operations and cash flows for the half year ended 31 December, 2017 have been reported by the company to the Australian Securities Exchange in the Quarterly Activity Reports and Appendix 5B for each of the quarters ended 30 September and 31 December 2017 and in additional announcements on particular items.

## **3. Production Operations**

Revenue from production operations for the period was \$ 0.82 million down 37% on the previous half year (HY: December 2016: \$ 1.3 million). Revenue was derived mainly from gas produced from Bounty's production joint operation interest at Kiliwani North Field located in Tanzania and in ATP 1189 Naccowlah Block located in southwest Queensland.

### ***Oil Production***

Revenue for the period was accrued from production of 6,300 bbls of oil and sales of 5,953 bbls.

*Gas Production*

Revenue for the period was accrued from production of 86.3 mmscf (14,875 boe) of sales gas. Bounty expensed a non-cash impairment of \$467,000 on this asset. The operator undertook reservoir studies expected to lead to installation of field compression aimed at lifting production.

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

All new production wells in the Irtalie East field were on line. The Irtalie East 6 Development Well was drilled, cased and completed during the period. Subject to oil price improvements and recommendations from the Block operator; Santos Limited further development wells at Irtalie East and Cooroo North West are likely to be drilled in 2018. Production optimisation is ongoing and contributes significantly to maintaining production. The pace of further development drilling will be reviewed in the light of oil price movements.

**4. Development Operations**

During the period, Bounty expended \$87,967 (2016 Half Year: \$46,673) on development operations. No development drilling was undertaken during the period but following 2016 acquisitions Bounty held 100% of the Alton Block JV (including the Alton Oilfield) and an 81.75% interest in the surrounding PL2 Alton Kooroon JV Blocks A and B. It is preparing to commence oil production in the next period – 2018. Bounty continued minor expenditure at Kiliwani North, Tanzania. Any drilling or production optimisation/ well workover expenses (see 3. above) have been classified under production operations.

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

**Background:**

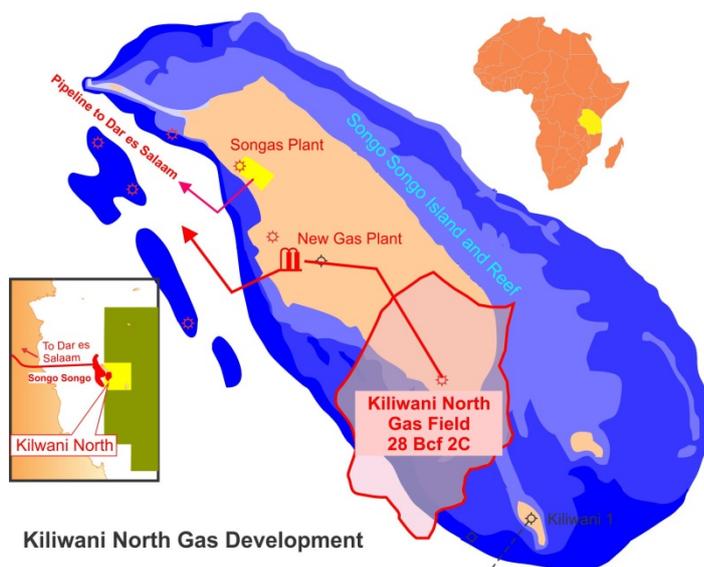
Kiliwani North 1 is located on Songo Songo Island 30km offshore from Rufiji Delta Tanzania and tested at 40 MMcfg/day from the Kiliwani North Pool located only 2 km. from the new Songo Songo gas plant and pipeline to Dar es Salaam.

**Significant Activities during the Half Year**

During the period gas production continued but at significantly lower rates.

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

Reservoir studies determined that the main reservoir is compartmentalised and reserves were reduced. New seismic mapping identified a potentially large structure at Kiliwani South.



Gas is sold at US\$3.00 per mmbtu (approximately US\$3.07 per mcf) and the price is adjusted annually by applying an agreed United States Consumer Price Index. Gas revenues are invoiced and payable in United States dollars and the gas delivery point is the inlet flange at the Kiliwani North wellhead. By selling the gas at wellhead, the joint operation partners are not responsible for pipeline transportation and processing fees. TPDC is invoiced for gas produced at the end of each month but the joint operation has encountered delays in payment.

**6. Exploration and Evaluation Operations**

During the period, Bounty expended \$36,142 on exploration and evaluation.

## 7. Other Properties

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

### Corporate and Equity Issues

No share issues were undertaken by Bounty during the period and at the end of the interim reporting period at 31 December 2017 it had \$ 833,245 cash and no debt. At 31 December 2017 the value of Bounty's listed investments on a mark to market basis was \$38,796.

### Contingent liabilities and Contingent Assets

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

There was no litigation involving Bounty Oil & Gas NL or its subsidiaries during the half-year or subsequently.

### Events occurring after the reporting period

No matters or circumstances have arisen since the end of the half year ended 31 December 2017 which have significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

### Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the review for the half year ended 31 December 2017 is attached.

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

On behalf of the Directors



**Graham Reveleigh**  
Chairman

Dated: 16 March 2018

For further details of the activities of the Group, see the Bounty Oil & Gas N.L. website [www.bountyoil.com](http://www.bountyoil.com).

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



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## AUDITOR'S INDEPENDENCE DECLARATION

### To the directors of Bounty Oil & Gas NL

In accordance with section 307C of the Corporations Act 2001, as lead audit partner for the review of the financial statements of Bounty Oil & Gas NL and its controlled entities for the half-year ended 31 December 2017, 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 16<sup>th</sup> day of March 2017

**Consolidated statement of profit and loss and other comprehensive income  
for the half-year ended 31 December 2017**

	Notes	Half-year ended	
		31-Dec-17 \$	31-Dec-16 \$
Revenue	4	<b>819,927</b>	1,298,095
Net Investment income	4	<b>3,047</b>	6,514
Other income	4	<b>2,764</b>	7,964
Direct petroleum operating expenses		<b>(364,225)</b>	(258,791)
Changes in inventories		<b>(76,404)</b>	(59,406)
Employee benefits and contractor expense		<b>(380,418)</b>	(387,683)
Depreciation expense		<b>(22,858)</b>	(24,827)
Amortisation of oil producing assets		<b>(263,770)</b>	(179,857)
Occupancy expense		<b>(41,753)</b>	(38,771)
Corporate activity costs		<b>(41,806)</b>	(51,219)
Rehabilitation expense		<b>(12,863)</b>	(15,438)
Foreign exchange (loss)/gain		<b>(12,122)</b>	21,165
Impairment of oil and gas assets	11	<b>(467,000)</b>	(518,142)
Exploration expenses write off		<b>(1,373)</b>	(10,263)
General legal and professional costs		<b>(21,850)</b>	(20,006)
Other expenses		<b>(42,925)</b>	(71,305)
<b>Loss before Tax</b>		<b>(923,629)</b>	(301,970)
Income tax expense		-	-
Loss for the period from continuing operations		<b>(923,629)</b>	(301,970)
<b>Loss for the period</b>		<b>(923,629)</b>	(301,970)
Other comprehensive income for the year, net of income tax		-	-
<b>Total comprehensive loss for the period</b>		<b>(923,629)</b>	(301,970)
<b>Total comprehensive loss attributable to owners of the parent</b>		<b>(923,629)</b>	(301,970)
<b>Earnings per share</b>			
Basic (cents per share)		<b>(0.10)</b>	(0.03)
Diluted (cents per share)		<b>(0.10)</b>	(0.03)

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

**Consolidated statement of financial position  
for the half-year ended 31 December 2017**

	Notes	31-Dec-17 \$	30-Jun-17 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		833,245	1,024,462
Trade and other receivables		1,586,293	1,319,983
Inventories		22,989	26,270
<b>Total current assets</b>		<b>2,442,527</b>	<b>2,370,715</b>
<b>Non-current assets</b>			
Trade receivables		29,957	39,943
Exploration and evaluation assets	6	9,726,905	9,688,826
Production and development assets	6	6,755,561	7,329,025
Property, plant and equipment	7	557,197	559,403
Other non current financial assets	5	38,796	24,939
<b>Total non-current assets</b>		<b>17,108,416</b>	<b>17,642,136</b>
<b>Total assets</b>		<b>19,550,943</b>	<b>20,012,851</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		1,228,932	783,882
Provisions		28,828	24,162
<b>Total current liabilities</b>		<b>1,257,760</b>	<b>808,044</b>
<b>Non-current liabilities</b>			
Unearned revenue		4,416	5,888
Provisions		1,304,005	1,290,528
<b>Total non-current liabilities</b>		<b>1,308,421</b>	<b>1,296,416</b>
<b>Total liabilities</b>		<b>2,566,181</b>	<b>2,104,460</b>
<b>Net assets</b>		<b>16,984,762</b>	<b>17,908,391</b>
<b>Equity</b>			
Issued capital	8	43,440,163	43,440,163
Reserves		201,600	201,600
Retained losses		(26,657,001)	(25,733,372)
<b>Equity attributable to owners of the parent</b>		<b>16,984,762</b>	<b>17,908,391</b>
<b>Total equity</b>		<b>16,984,762</b>	<b>17,908,391</b>

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

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**Consolidated statement of changes in equity  
for the half-year ended 31 December 2017**

		Ordinary share capital	Option reserve	Accumulated losses	Total
	Note	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>		43,440,163	201,600	(25,345,584)	18,296,179
Loss for the period		-	-	(301,970)	(301,970)
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	(301,970)	(301,970)
Shares issued during the period	8	-	-	-	-
Share issue transaction costs		-	-	-	-
<b>Balance at 31 December 2016</b>		<b>43,440,163</b>	<b>201,600</b>	<b>(25,647,554)</b>	<b>17,994,209</b>
<b>Balance at 1 July 2017</b>		43,440,163	201,600	(25,733,372)	17,908,391
Loss for the period		-	-	(923,629)	(923,629)
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</b>		-	-	(923,629)	(923,629)
Shares issued during the period	8	-	-	-	-
Share issue transaction costs		-	-	-	-
<b>Balance at 31 December 2017</b>		<b>43,440,163</b>	<b>201,600</b>	<b>(26,657,001)</b>	<b>16,984,762</b>

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

**Consolidated statement of cash flows  
for the half-year ended 31 December 2017**

	Half-year ended	
	31-Dec-17	31-Dec-16
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from petroleum operations	769,696	663,380
Payments to suppliers and employees	(811,666)	(628,134)
Cash generated by/(used in) operations	(41,970)	35,246
Interest received	1,259	7,962
Net cash (used in)/generated by operating activities	(40,711)	43,208
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation assets	(36,142)	(21,195)
Payments for oil production & development assets	(87,967)	(621,272)
Payments for property plant and equipment	-	(34,358)
Payment for available for sale financial assets	(10,810)	-
Loans advanced (net)	(10,000)	(62,389)
Net cash used in investing activities	(144,919)	(739,214)
Net decrease in cash and cash equivalents	(185,630)	(696,006)
<b>Cash and cash equivalents at the beginning of the period</b>	1,024,462	1,760,668
Effects of exchange rate changes on the balance of cash held in foreign currencies	(5,587)	21,165
<b>Cash and cash equivalents at the end of the period</b>	<b>833,245</b>	<b>1,085,827</b>

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

## Notes to the consolidated financial statements for the half-year ended 31 December 2017

### 1. Corporate Information

The financial report of Bounty Oil and Gas NL and its controlled entities ("the Group") for the Half-Year ended 31 December 2017 was authorised for the issue in accordance with a resolution of the Directors.

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

### 2. Summary of significant accounting policies

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

The interim financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report. It is also recommended that this report be considered together with any public announcements made by the Group during the half-year ended 31 December 2017 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

#### a. Basis of preparation and accounting policies

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

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2017 and any public announcements made by the Group during the interim reporting period, in accordance with the continuous disclosure requirements of the Corporations Act 2001. The accounting policies adopted in this interim financial report are the same as those policies applied in the 2017 Annual Report, except for the adoption of new standards and interpretations as of 1 July 2017, noted below:

#### New accounting standards and interpretations

The Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2017.

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 2018 Annual Report as a consequence of these amendments.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business.

#### b. Basis of consolidation

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

#### c. Interests in joint operations

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

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

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

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

## Notes to the consolidated financial statements for the half-year ended 31 December 2017

### d. Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the full year financial report as at and for the year ended 30 June 2017.

### e. Estimates

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

In preparing these consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation of uncertainty are the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2017.

### f. Going concern basis

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

For the period ended 31 December 2017, the Group realised a net loss after tax of \$923,629 (2016: loss \$301,970). This was largely driven by non recurring impairment charge on fair valuation of interest in Nyuni Block - Kiliwani North joint operations. The net cash spent on operating activities for the period ended 31 December 2017 was \$40,711 (2016: net cash generated \$43,208). The Group's net asset position at 31 December 2017 was \$16,984,762 (30 June 2017: \$17,908,391) and its cash balance amounted to \$833,245 (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 12) as and when they fall due for a period of at least 12 months from the date of signing of this financial report. The cash flow forecasts are dependent upon the generation of sufficient cash flows from operating activities to meet working capital requirements, the ability of the group to manage discretionary exploration and evaluation expenditure on non-core assets via farmout or disposal of certain interests and or a reduction in its future work programmes. The directors are of the opinion that the use of the going concern basis of accounting is appropriate as they are satisfied with the ability of the group to implement the above.

### g. Fair value measurement

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

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

- level 1: Measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- level 2: Measurements based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- level 3: Measurements based on unobservable inputs for the asset or liability.

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

## Notes to the consolidated financial statements for the half-year ended 31 December 2017

### 3. Operating segment Information

#### Identification of Reportable Segments

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

Core Petroleum Segment - Oil and gas exploration, development and production

Secondary Segment - Investment in listed shares and securities.

#### Segment revenue and results

	Segment revenue		Segment profit/(loss)	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	\$	\$	\$	\$
<b>Core Oil &amp; Gas Segment</b>				
Production projects	819,927	1,298,095	(378,538)	222,704
Development projects	-	-	-	-
Exploration projects	-	-	(1,373)	(10,263)
<b>Secondary Segment</b>				
Listed securities	3,047	6,514	3,047	6,514
<b>Total from continuing operations</b>	<b>822,974</b>	<b>1,304,609</b>	<b>(376,864)</b>	<b>218,955</b>
Other revenue			(9,358)	29,129
Central admin costs and directors remuneration			(537,407)	(550,054)
<b>Loss before tax</b>			<b>(923,629)</b>	<b>(301,970)</b>

Revenue reported above represents revenue/income generated from external sources. There were no intersegment sales during the period (2016: nil)

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

#### Information about major customers

Included in the revenue arising from direct sales of petroleum of \$819,927 (2016: \$1,298,095) are revenue of approximately \$337,114 (2016: \$1,001,108) which arose from sales to the Group's largest customer. Revenue from the Group's second largest customer was approximately \$321,554 (2016: \$197,800). No other single customer contributed 10% or more to the Groups revenue for both 2017 and 2016.

Other segment information	Amortisation, depreciation & depletion		Additions to non-current assets	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	\$	\$	\$	\$
<b>Core Oil &amp; Gas Segment</b>				
Production projects	285,316	199,772	61,420	466,528
Development projects	-	-	77,448	46,673
Exploration projects	-	-	39,452	21,195
<b>Secondary Segment</b>				
<b>Other</b>	<b>1,312</b>	<b>4,912</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>286,628</b>	<b>204,684</b>	<b>178,320</b>	<b>534,396</b>

## Notes to the consolidated financial statements for the half-year ended 31 December 2017

### 3. Segment Information (continued)

	Impairment losses(expenses)		Exploration write off	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	\$	\$	\$	\$
<b>Core Oil &amp; Gas Segment</b>				
Production projects	467,000	518,142	-	-
Development projects	-	-	-	-
Exploration projects	-	-	1,373	10,263
<b>Secondary Segment</b>				
<b>Total</b>	<b>467,000</b>	<b>518,142</b>	<b>1,373</b>	<b>10,263</b>

	Segment assets		Segment liabilities	
	31-Dec-17	30-Jun-17	31-Dec-17	30-Jun-17
	\$	\$	\$	\$
<b>Core Oil &amp; Gas Segment</b>				
Production projects	5,579,967	6,782,937	1,807,313	1,842,602
Development projects	1,175,594	1,098,146	272,189	8,734
Exploration projects	9,726,905	9,688,826	171,438	23,796
<b>Secondary Segment</b>				
Listed securities	38,796	24,939	-	-
<b>Unallocated</b>	<b>3,029,681</b>	<b>2,418,003</b>	<b>315,241</b>	<b>229,328</b>
<b>Total</b>	<b>19,550,943</b>	<b>20,012,851</b>	<b>2,566,181</b>	<b>2,104,460</b>

### 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	
	31-Dec-17	31-Dec-16	31-Dec-17	30-Jun-17
	\$	\$	\$	\$
Australia	488,625	311,465	13,572,052	13,514,153
Tanzania	337,113	1,001,108	3,536,364	4,103,044
<b>Total</b>	<b>825,738</b>	<b>1,312,573</b>	<b>17,108,416</b>	<b>17,617,197</b>

### 4. Revenue and other income

	31-Dec-17	31-Dec-16
	\$	\$
<b>Sales revenue:</b>		
Oil and gas sales	806,575	1,284,702
Revenue from tariffs	13,352	13,393
<b>Total sales revenue</b>	<b>819,927</b>	<b>1,298,095</b>
<b>Investment income:</b>		
Investment income from financial assets at fair value through Profit and loss (held for trading listed shares)		
Realised gain	-	-
Unrealised (loss)/gain	3,047	6,514
<b>Total investment income</b>	<b>3,047</b>	<b>6,514</b>
<b>Other income:</b>		
Interest and dividend received	2,764	7,964
<b>Total other income</b>	<b>2,764</b>	<b>7,964</b>
<b>Total revenue</b>	<b>825,738</b>	<b>1,312,573</b>

## Notes to the consolidated financial statements for the half-year ended 31 December 2017

5. Other non current financial assets	Note	31-Dec-17	30-Jun-17
		\$	\$
Financial assets at fair value through profit and loss - shares in listed corporations		<b>38,796</b>	24,939
<b>Total non current financial assets</b>		<b>38,796</b>	24,939
<b>6. Non current assets</b>			
<b>(a) Production and development assets</b>			
<b>SW Queensland</b>			
Joint operation interest in ATP1189 Naccowlah Block – at cost	13	<b>3,192,780</b>	3,123,441
Less: Amortisation		<b>(690,000)</b>	(565,000)
Less: Impairment		(834,259)	(834,259)
<b>East Queensland</b>			
PL119 Downlands – at cost		<b>3,827,937</b>	3,818,960
Less: Depletion and amortisation		<b>(2,518,608)</b>	(2,518,609)
Rehabilitation costs – all petroleum properties		<b>732,984</b>	770,533
<b>Nyuni Block Tanzania - Kiliwani North</b>			
Joint operation interest in Nyuni Block - Kiliwani North at cost	13	<b>2,636,133</b>	2,635,813
Less: Amortisation		<b>(300,000)</b>	(200,000)
Less: Impairment		<b>(467,000)</b>	-
All other development assets		<b>1,175,594</b>	1,098,146
<b>Total production and development assets</b>		<b>6,755,561</b>	7,329,025
<b>(b) Exploration and evaluation assets</b>			
Exploration assets	13	<b>9,726,905</b>	9,688,826
<b>Total exploration assets</b>		<b>9,726,905</b>	9,688,826
<b>7. Plant property and equipment</b>			
Opening balance		<b>559,403</b>	629,112
Expenditure incurred during the period		<b>20,652</b>	56,346
Reclassification to receivables		-	(78,644)
Less: Depreciation expense		<b>(22,858)</b>	(47,411)
Disposals during the period		-	-
<b>Balance carried forward</b>		<b>557,197</b>	559,403
<b>8. Issued capital</b>			
<b>(a) Share Capital</b>			
		<b>43,440,163</b>	43,440,163
<b>(b) Movement in fully paid ordinary shares</b>			
Balance at beginning of period		<b>953,400,982</b>	953,400,982
Shares issued during the period		-	-
Balance at end of period		<b>953,400,982</b>	953,400,982

### 9. Controlled entities

Set out below are the Group's subsidiaries at 31 December 2017. The controlled entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. Each entity's country of incorporation or registration is also its principal place of business.

Name of Subsidiary	Principal place of Business	Ownership Interest held by the Group	
		31-Dec-17	30-Jun-17
Ausam Resources Pty Ltd.	Sydney, Australia	100%	100%
Interstate Energy Pty Ltd.	Sydney, Australia	100%	100%

## Notes to the consolidated financial statements for the half-year ended 31 December 2017

### 10. Financial instruments

#### Fair value hierarchy

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

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

The financial assets and liabilities of the Group are recognised in the consolidated statement of financial position in accordance with the accounting policies set out in Note 2 of the 2017 Annual Report.

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

#### Trade and other receivables

The carrying value is a reasonable approximation of fair value due to the short-term nature of trade receivables.

#### Available for sale investments

The fair value of available for sale investments is determined by reference to their quoted market price on a prescribed equity stock exchange at the reporting date, and hence is a Level 1 fair value measurement.

#### Trade and other payables

The carrying value is a reasonable approximation of fair value due to the short-term nature of trade payables.

### 11. Impairment of oil and gas properties

During the half year impairments were made as follows:

	31-Dec-17	31-Dec-16
	\$	\$
Nyuni Block Tanzania - Kiliwani North	467,000	-
ATP 1189 Naccowlah JOA		518,142

In accordance with the Group's accounting policies and procedures, the Group performs its impairment testing at the end of each reporting period. A number of factors represented indicators of impairment for Nyuni Block Kiliwani North assets as at 31 December 2017, including low gas recovery throughout the period. No other impairments are recognised for this reporting period.

#### Key assumptions used:

	2017-2019	2020+
Crude oil price (US\$)	\$58 increasing to \$70	\$78 increasing to \$109
Average AUD:USD exchange rate	\$0.79	\$0.77
CPI (%)	2.5%	2.5%
Pre-tax discount rate (%)	9.0%	9.0%

### 12. Contingencies and commitments

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

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

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

	31-Dec-17	30-Jun-17
	\$	\$
<b>Payable</b>		
Not longer than 1 year	1,172,663	1,236,046
Longer than 1 year and not longer than 5 years	2,931,658	3,090,115
	<b>4,104,321</b>	<b>4,326,161</b>

## Notes to the consolidated financial statements for the half-year ended 31 December 2017

### 13. Interest in joint operations

Set out below are the joint arrangements of the Group as at 31 December 2017, which in the opinion of the directors are material to the Group:

Name of the joint arrangement	Principal activity	Measurement Method	Principal place of business	Ownership interest (%) (* approx.)	
				31-Dec-17	30-Jun-17
ATP 1189P Naccowlah block	Production	Proportionate	Adelaide, Australia	2%	2%
ATP 754P	Exploration	Proportionate	Sydney, Australia	50%	50%
PEP11	Exploration	Proportionate	Perth, Australia	15%	15%
Nyuni PSA	Exploration	Proportionate	Dar es Salaam, Tanzania	10%	10%
Kiliwani North	Production	Proportionate	Dar es Salaam, Tanzania	9.5%*	9.5%*

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

### 14. Events occurring after the reporting period

No matters or circumstances have arisen since the end of the half year ended 31 December 2017 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 .

### 15. 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, Sydney, NSW, 2000, Australia Tel: (02) 9299 7200	Level 7, 283 George Street, Sydney, NSW, 2000, Australia Tel: (02) 9299 7200

#### Abbreviations

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

**DIRECTORS' DECLARATION**

In the Director's opinion:

- a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001 and:
- (i) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date
- b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Graham Reveleigh  
Director

Dated: 16 March 2018



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## INDEPENDENT AUDITOR'S REVIEW REPORT

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

### Report on the half-year financial report

#### **Conclusion**

We have reviewed the accompanying half-year financial report of Bounty Oil & Gas NL and its controlled entities (the Group) which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

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

- (i) giving a true and fair view of the group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

#### **Material uncertainty related to going concern**

We draw attention to Note 2 (f) of the consolidated financial report, which indicated that the Group incurred a net operating loss after taxation of \$923,629 (2016: \$301,970) during the half year ended 31 December 2017. This condition, 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.

#### **Responsibilities of the Directors for the half-year 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.



### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the group's financial position as at 31 December 2017 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Bounty Oil & Gas NL and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.



**William M Moyes - Partner**

**Moyes Yong & Co Partnership**

Dated this 16<sup>th</sup> day of March 2018

