# BOUNTY OIL & GAS NL

**(ABN 82 090 625 353)**

# INTERIM FINANCIAL REPORT

**Interim Financial Report for the half-year ended 31 December 2022**
**(Including Directors' Report and Financial Report)**

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# DIRECTOR'S REPORT

**For the Half Year Ended 31 December 2022**

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 2022. 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 half-year and up to the date of this report:

| | |
|---|---|
| Graham Charles Reveleigh | *(Non-Executive Chairman)* |
| Charles Ross | *(Non-Executive Director)* |
| Sachin Saraf | *(Executive Director) (appointed 19 September 2022)* |
| Roy Payne | *(Non-Executive Director)(retired 23 September 2022)* |

Mr. C Ross and Mr. S Saraf were re-elected as directors of the company at the Annual General Meeting on 30 November 2022.

**Review of Operations**

For Bounty's schedule of permits, interests and acreages (see Bounty's 2022 Annual Report and Bounty's website: www.bountyoil.com).

***1. Highlights***

***Group Petroleum Sales***

- Petroleum revenue (crude oil) for the half year to 31 December 2022 was $1.1 million on sales of 7,278 barrels of crude oil.
- Petroleum revenue for 12 month calendar year to 31 December 2022 was: $1.59 million.

***Oil development***

- Bounty expects to maintain its oil production volumes from Naccowlah Block; SW Queensland in 2023 and with strong A$ oil prices revenue will be stable. Oil appraisal drilling resumed in 2022 with an excellent discovery in Cooroo NW7 Well which was cased and tied in for production. A further three (3) to four (4) appraisal/development wells are programmed for 2023. Naccowlah drilling is expected to maintain Block oil reserves.
- Bounty is planning to resume oil production at PL 2 in the Surat Basin now there is some clarity on crude oil marketing and with higher oil prices expected to continue this will upgrade its oil resources at PL 2.

***Oil/Gas exploration***

- Petroleum Exploration Permit 11 (PEP 11) Offshore Sydney Basin: At the end of the period Bounty maintained its 15% interest in PEP 11 and continuation of the title was re-confirmed by order of the Federal Court of Australia. The National Offshore Petroleum Titles Administrator ("NOPTA") is considering a fresh decision on applications by the JV to extend PEP 11 and a decision is anticipated in the next 3 months.

- Cerberus Project; Carnarvon Basin, West Australia: In 2021 Bounty entered a farmin agreement with Coastal Oil and Gas Pty Ltd. (Coastal) to earn a 25% interest in the Cerberus Project a 600 mmbbl potential oil exploration project, in four offshore permits within Carnarvon Basin, West Australia and is waiting for funding progress by the operator.

- There were no exploration impairments during the period.

## 2. *Overview*

The principal activity of the group during the 6 months to 31 December 2022 was oil production and oil and gas exploration and development. Bounty's secondary activity is investment in listed securities. No significant change in the nature of these activities occurred during the financial half year.

During the period the economic entity made a net loss after tax of $198,000 (31 December 2021 half year loss: $493,000) (rounded off to nearest thousand).

The operating loss for the half-year was determined after taking into account the following material items (rounded off to nearest thousand):

- Petroleum revenue of $1,106,000
- Direct petroleum operating expenses of $510,000
- All other general administration expenses and employee benefits of $616,000
- Group net loss before non-cash items of $22,000
- Non cash amortisation, rehabilitation and depreciation expenses of $177,000.

Revenue from oil production operations for the period was $1,106,000 (December 2021 HY: $816,000).

Petroleum revenue for 12 month calendar year to 31 December 2022 was: $2.19 million.

In the half year to 31 December 2022 Bounty invested total capital expenditure of $443,000.

Details of exploration and development operations and cash flows for the half year ended 31 December, 2022 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 2022 and in additional announcements on particular items.

## 3. *Production Operations - ATP 1189P Naccowlah Block and Associated PL's; SW Queensland.*

Revenue from production operations for the period was $ 1,106,000 up 35% on the previous half year (HY: December 2021: $ 816,000). Revenue was derived from crude oil produced from Bounty's production joint venture interest in ATP 1189 Naccowlah Block.

***Oil Production***

Revenue for the period was accrued from production of 5,767 bbls of oil and sales of 7,278 bbls.

At the end of the period Bounty's oil production averaged 32 bopd.

***Gas Production***

There was no gas production in the period.

***Production Facilities***

During the period Bounty participated in installing pipelines and other production infrastructure in Naccowlah Block to lift oil from prior period discoveries and to move produced oil to the transportation system.

Production optimisation is ongoing and contributes significantly to maintaining production. The pace of further development drilling is reviewed in the light of oil price movements.

***4. Oil Development Drilling Operations***

Any drilling or production optimisation / well workover expenses have been classified under production operations. During the period, Bounty also expended $77,000 (December 2021 HY: $70,000) on other development operations.

Bounty had one (1) well from prior period drilling awaiting tie-in and all other cased oil discovery wells from previous financial years ended 30 June 2022 and prior periods were on production in the period from July 2022 to the end of the reporting period.

Following recommendations from the Block operator; Santos Limited; Bounty will in 2023 participate in at least three (3) development and appraisal wells at Cooroo NW Field and at other locations in the Block and installing new production infrastructure.

During the period Bounty held 100% of the Alton Block JV (including the Alton Oilfield) Surat Basin, SE Queensland and an 81.75% interest in the surrounding PL 2 Alton Kooroon JV Blocks A and B. It held other development permits in the Surat Basin and is undertaking reservoir studies and well integrity system work as a prelude to commencing oil production from PL 2 Alton in the 2023 period.

***5. Exploration and Evaluation Operations***

During the period, Bounty expended $58,000 on exploration and evaluation in connection with its other wholly owned and joint venture interests located in Queensland, New South Wales and Western Australia, both onshore and offshore.

***Major Growth Project:***

***Cerberus Project Offshore Carnarvon Basin WA – Bounty earning 25%***

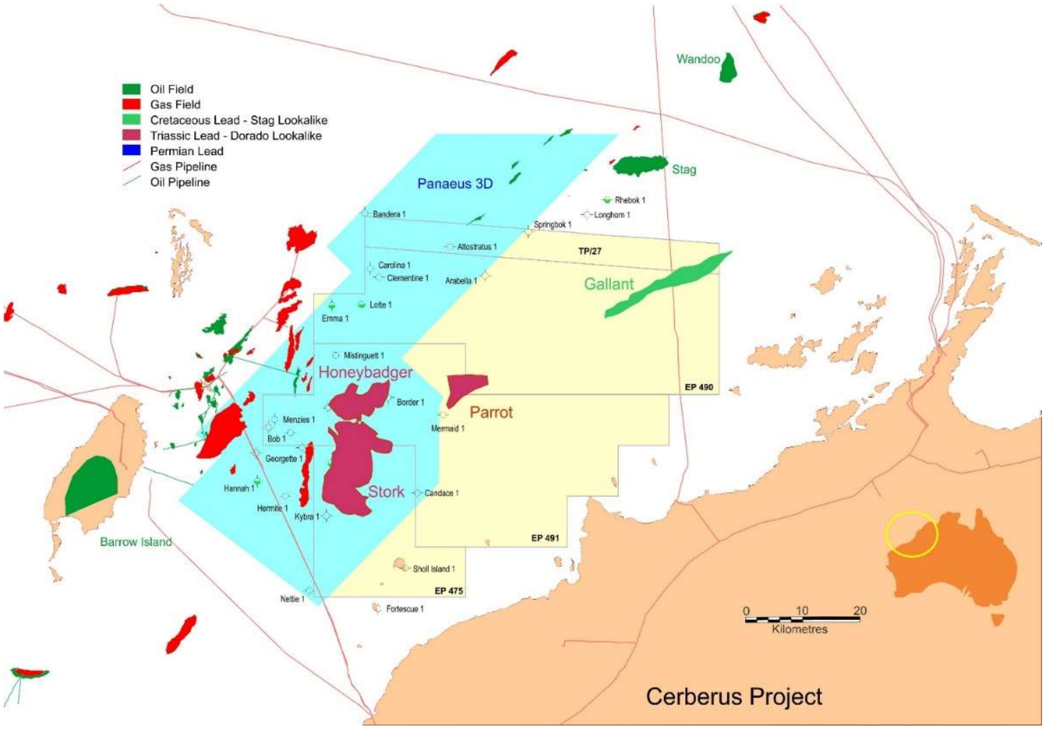
**Location:** 70 km. East of Barrow Island WA

**Titles:** EP 475, 490 and 491, TP 27 totalling 3,759 km$^2$ (Cerberus Permits)

**Background:**

On 7 October 2021 Bounty entered a farmin agreement with Coastal Oil and Gas Pty Ltd (Coastal) to earn a 25% interest in the Cerberus Permits. The project is right in the heart of Australia's most active oil production area and offers a large number of prospects and leads, many drill ready, with prospective resources of over 600 million barrels.

Bounty has contributed $600,000 to the farmin joint account and has completed its initial expenditure. It may earn a 25% interest in the Cerberus Permits by paying a further A$5.5 million towards the cost of drilling 3 wells and retains an option to earn an additional tranche of 25% by pro rata contributions to the well costs or finding farmin partners. The project is principally targeting oil in a lower Triassic source rock and reservoir sequence at the base of the Locker Shale, in lookalikes to the highly successful Dorado Project (2C reserves of 344 MMboe) being developed by Santos Limited and Carnarvon Petroleum Ltd in the Browse Basin to the northeast.




**Cerberus Activities - 2023**

Bounty is jointly operating the project with Coastal and is waiting for Coastal to confirm funding for drill tests. The primary prospects of interest for drilling are the Triassic stratigraphic plays outlined above. Coastal and Bounty are not expecting commencement of the Drilling Program until at least late 2023 subject to regulatory approvals. Since executing the farmin agreement, Bounty and Coastal have acquired reprocessed 3D seismic over the main areas of prospectivity to lock down 3 target locations.

Drilling slots in the West Australia offshore areas in late 2023 are potentially available subject to funding by the operator.  Two jackup offshore drill rigs will be active in the area in 2023.  Bounty and Coastal are in discussions with rig contractors.

**PEP 11 Offshore Sydney Basin**

During a prior period Asset Energy Pty Limited (Asset Energy) as the PEP 11 Joint Venture operator lodged two applications with NOPTA for variation, suspension and extension of the PEP 11 permit offshore Sydney Basin.  Advent has an 85% interest in the PEP 11 Joint Venture, the other 15% being held by Bounty.

The first application was lodged in January 2020 and the second in February 2021. The operator supplied NOPTA with additional information in respect of the applications.  In December 2021 NOPTA served a notice of intention to refuse the January 2020 application. The NOPTA notice only referred to the first application.

The second application was made under a COVID application process and was accepted but not dealt with pending resolution of the first application.
Under the provisions of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*, PEP 11 continues until final decisions are made.

The Joint Venture continued planning to drill Sea Blue 1 at the Baleen Prospect however in a play for Green vote preferences at the May 2022 Federal Election in December 2021 the Federal Government announced that PEP 11 would not be extended. The joint venture did however in accordance with its rights make submissions to NOPTA. However in March 2022 NOPTA on behalf of the Commonwealth - New South Wales Offshore Petroleum Joint Authority (Joint Authority) rejected the submissions and refused the first application but did not formally announce termination of PEP 11.

Asset Energy commenced proceedings in the Federal Court of Australia (WAD106/2022) (the Proceedings) to have the NOPTA decision quashed. The JV remained fully compliant, including payment of all rents. Bounty continued to pay its 15% share of the Annual rental but did not join the Federal Court action as a party.

The Proceedings challenged the decision of the Joint Authority made 26 March 2022 to refuse the first application and the related refusal to grant an extension of term.
Evidence and documents filed in the Federal Court Proceedings in preparation for hearing established that the Joint Authority could not defend the Proceedings and that the NOPTA decision should be quashed.

On 14 February 2023 Bounty and BPH Energy Limited (BPH) (ASX: BPH) (Asset Energy's controlling entity) as the PEP 11 Joint Venture announced to ASX the resolution of the Proceedings with the Commonwealth Minister for Resources et al and filed Consent Orders. See **Events occurring after the reporting period** below.

Justice Jackson the trial judge agreed with the consent position reached by the parties and concluded that the decision of the Joint Authority was affected by a reasonable apprehension of bias. This was because a fair-minded observer would have reasonably apprehended that the former Prime Minister of Australia the Hon Scott Morrison MP, (who had been appointed as the relevant Minister) as a member of the Joint Authority, did not bring a fair mind to determine Asset Energy's application.
The Consent orders made by his Honour on 14 February 2023 were:

- The decision of the Joint Authority to reject Asset's applications is set aside;
- The decision of the Joint Authority must be remade according to law; and
- Asset Energy is entitled to its reasonable costs.

His Honour's reasons for decision were published. The matter is now under new consideration by NOPTA and we have some confidence that the JV will have PEP 11 continued.

**Corporate – Current Assets**

As at 31 December 2022 Bounty had current assets of $2.6 million including $ 2.3 million cash and no debt. At 31 December 2022 the value of Bounty's listed investments on a mark to market basis was $68,000.

**Equity Issues and Share Options**

During the half year there were no new issue of ordinary shares or options to subscribe for ordinary shares by the Company or any other entity comprising the consolidated entity. No ordinary shares of the company were issued pursuant to exercise of options during the half year ending 31 December 2022.

**Contingent Assets and Contingent Liabilities**

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 during the half-year or subsequently.

**Events Occurring After The Reporting Period**

On 14 February 2023, the PEP 11 Joint Venture announced to ASX the resolution of the Proceedings with the Commonwealth Minister for Resources et al and filed Consent Orders. The proceedings involved the decision made on 26 March 2022 by the Commonwealth - New South Wales Offshore Petroleum Joint Authority (Joint Authority) to refuse Asset Energy's Application (as PEP 11 JV operator) for a variation and suspension of the conditions to which PEP 11 is subject and a related refusal to grant an extension of term (the Decision). The presiding Judge Justice Jackson has agreed with the consent position reached by the parties, quashed the Decision and concluded that the Decision of the Joint Authority was affected by apprehended bias.

In the meantime, PEP 11 continues in force and the Joint Venture is in compliance with the contractual terms of PEP 11 with respect to such matters as reporting, payment of rents and the various provisions of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Further commentary is available on page 5 of Director's Report under Review of Operations).

No other matters or circumstances have arisen since the end of the half year ended 31 December 2022 that in the opinion of the directors has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the Group's state of affairs 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 2022 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 2023

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

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

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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 2022, 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.

**Moyes Yong & Co Partnership**

**William M Moyes – Partner**

**Dated: 16 March 2023**

## Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2022

| | Notes | Half-year ended 31-Dec-22 $ | 31-Dec-21 $ |
|---|---|---|---|
| Revenue | 4 | **1,106,079** | 816,587 |
| Net Investment income | 4 | **(11,367)** | 12,437 |
| Other income | 4 | **1,192** | 33,740 |
| Direct petroleum operating expenses | | **(510,230)** | (464,121) |
| Changes in inventories | | **(13,589)** | 9,238 |
| Employee benefits and contractor expense | | **(377,532)** | (530,970) |
| Depreciation expense | | **(51,584)** | (51,106) |
| Amortisation of oil producing assets | | **(120,307)** | (134,094) |
| Occupancy expense | | **(80,358)** | (71,139) |
| Corporate activity costs | | **(78,409)** | (103,443) |
| Rehabilitation expense | | **(4,700)** | (13,732) |
| Foreign exchange gain/(loss) | | **8,408** | 46,394 |
| General legal and professional costs | | **(47,722)** | (23,338) |
| Other expenses | | **(18,243)** | (19,863) |
| **Loss before Tax** | | **(198,362)** | (493,410) |
| Income tax expense | | **-** | - |
| Loss for the period from continuing operations | | **(198,362)** | (493,410) |
| **Loss for the period** | | **(198,362)** | (493,410) |
| Other comprehensive income for the year, net of income tax | | **-** | - |
| **Total comprehensive loss for the period** | | **(198,362)** | (493,410) |
| **Total comprehensive loss attributable to owners of the parent** | | **(198,362)** | (493,410) |
| **Earnings per share** | | | |
| Basic (cents per share) | | **(0.01)** | (0.04) |
| Diluted (cents per share) | | **(0.01)** | (0.04) |

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 2022

| | Notes | 31-Dec-22 $ | 30-Jun-22 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | **2,323,889** | 3,162,884 |
| Trade and other receivables | | **169,708** | 41,009 |
| Inventories | | **41,195** | 54,785 |
| Other current financial assets | 5 | **68,260** | 79,626 |
| **Total current assets** | | **2,603,052** | 3,338,304 |
| **Non-current assets** | | | |
| Other receivables | | **25,850** | 25,850 |
| Exploration and evaluation assets | 6 | **2,077,515** | 2,019,076 |
| Production and development assets | 6 | **5,778,579** | 5,656,942 |
| Property, plant and equipment | 7 | **910,781** | 798,937 |
| **Total non-current assets** | | **8,792,725** | 8,500,805 |
| **Total assets** | | **11,395,777** | 11,839,109 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | **1,672,551** | 1,870,455 |
| Provisions | | **99,421** | 103,165 |
| **Total current liabilities** | | **1,771,972** | 1,973,620 |
| **Non-current liabilities** | | | |
| Unearned revenue | | **-** | - |
| Provisions | | **1,282,988** | 1,326,310 |
| **Total non-current liabilities** | | **1,282,988** | 1,326,310 |
| **Total liabilities** | | **3,054,960** | 3,299,930 |
| **Net assets** | | **8,340,817** | 8,539,179 |
| **Equity** | | | |
| Issued capital | 8 | **47,426,757** | 47,426,757 |
| Reserves | | **201,600** | 201,600 |
| Retained losses | | **(39,287,540)** | (39,089,178) |
| **Equity attributable to owners of the parent** | | **8,340,817** | 8,539,179 |
| **Total equity** | | **8,340,817** | 8,539,179 |

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

## Consolidated statement of changes in equity
## for the half-year ended 31 December 2022

| | Note | Ordinary share capital $ | Option reserve $ | Accumulated losses $ | Total $ |
|---|---|---|---|---|---|
| **Balance at 1 July 2021** | | 44,860,163 | 201,600 | (36,606,425) | 8,455,338 |
| Loss for the period | | - | - | (493,410) | (493,410) |
| Other comprehensive income for the period | | - | - | - | - |
| **Total comprehensive loss for the period** | | - | - | (493,410) | (493,410) |
| Shares issued during the period | 8 | 2,741,000 | - | - | 2,741,000 |
| Share issue transaction costs | | (174,406) | - | - | (174,406) |
| **Balance at 31 December 2021** | | **47,426,757** | **201,600** | **(37,099,835)** | **10,528,522** |
| | | | | | |
| **Balance at 1 July 2022** | | 47,426,757 | 201,600 | (39,089,178) | 8,539,179 |
| Loss for the period | | - | - | (198,362) | (198,362) |
| Other comprehensive income for the period | | - | - | - | - |
| **Total comprehensive loss for the period** | | - | - | (198,362) | (198,362) |
| Shares issued during the period | 8 | - | - | - | - |
| Share issue transaction costs | | - | - | - | - |
| **Balance at 31 December 2022** | | **47,426,757** | **201,600** | **(39,287,540)** | **8,340,817** |

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 2022

| | Half-year ended | |
|---|---|---|
| | 31-Dec-22 | 31-Dec-21 |
| | $ | $ |
| **Cash flows from operating activities** | | |
| Receipts from petroleum operations | 1,087,988 | 934,324 |
| Payments to suppliers and employees | (1,444,536) | (1,394,156) |
| Interest and dividend received | 804 | 208 |
| Net cash used in operating activities | (355,744) | (459,624) |
| **Cash flows from investing activities** | | |
| Payments for exploration and evaluation assets | (181,824) | (193,495) |
| Payments for oil production & development assets | (285,255) | (83,354) |
| Payments for property plant and equipment | (3,796) | (1,613) |
| Proceeds from sale of available-for-sale financial assets | - | 14,833 |
| Payment for available for sale financial assets | - | (52,006) |
| Net cash used in investing activities | (470,875) | (315,635) |
| **Cash flows from financing activities** | | |
| Proceeds from issue of shares | - | 2,741,000 |
| Costs associated with issue of shares | - | (174,406) |
| Net cash generated by/(used in) financing activities | - | 2,566,594 |
| Net increase/(decrease) in cash and cash equivalents | **(826,619)** | **1,791,335** |
| **Cash and cash equivalents at the beginning of the period** | 3,162,884 | 1,410,397 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (12,376) | 49,855 |
| **Cash and cash equivalents at the end of the period** | **2,323,889** | **3,251,587** |

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 2022

### 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 2022 was authorised for the issue in accordance with a resolution of the Directors.

Bounty Oil & 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 2022 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 2022 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 2022 Annual Report, except for the adoption of new standards and interpretations as of 1 July 2022, 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 2022.

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 2023 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 2022. 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.

**New accounting standards for application in subsequent period:**

There are amendments and revisions to accounting standards that have not been early adopted, however these changes are not expected to result in any material changes to the Group’s financial performance or financial position.

**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;

## Notes to the consolidated financial statements
## for the half-year ended 31 December 2022

**c. Interests in joint operations (continued)**

• 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.

**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 2022.

**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 2022.

On 14 February 2023, the PEP 11 Joint Venture announced to ASX the resolution of the Proceedings with the Commonwealth Minister for Resources et al and filed Consent Orders. The proceedings involved the decision made on 26 March 2022 by the Commonwealth - New South Wales Offshore Petroleum Joint Authority (Joint Authority) to refuse Asset Energy's Application (as PEP 11 JV operator) for a variation and suspension of the conditions to which PEP 11 is subject and a related refusal to grant an extension of term (the Decision). The presiding Judge Justice Jackson has agreed with the consent position reached by the parties, quashed the Decision and concluded that the Decision of the Joint Authority was affected by apprehended bias. In the meantime,the matter is now under new consideration by NOPTA and we have some confidence that the JV will have PEP 11 continued.
However, notwithstanding the current position the above conditions indicate a material uncertainty that may affect the ability of Bounty to realise the carrying value of $0.55 million for it's interest in the PEP 11 exploration permit in the ordinary course of business.

**f. 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 2022

### 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-22** | 31-Dec-21 | **31-Dec-22** | 31-Dec-21 |
| **Core Oil & Gas Segment** | **$** | $ | **$** | $ |
| Production projects | **1,106,079** | 816,587 | **426,682** | 190,552 |
| Development projects | **-** | - | | |
| Exploration projects | **-** | - | **(14,000)** | (14,000) |
| **Secondary Segment** | | | | |
| Listed securities | **(11,367)** | 12,437 | **(11,367)** | 12,437 |
| **Total from continuing operations** | **1,094,712** | 829,024 | **401,315** | 188,989 |
| Other revenue | | | **9,600** | 80,134 |
| Central admin costs and directors remuneration | | | **(609,277)** | (762,533) |
| **Loss before tax** | | | **(198,362)** | (493,410) |

Revenue reported above represents revenue/income generated from external sources. There were no intersegment sales during the period (2021: 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 $1,093,000 (2021: $816,587) is revenue of approximately $728,000 (2021: $543,847 ) which arose from sales to the Group's largest customer. Revenue from the Group's second largest customer was approximately $365,000 (2021: $272,740). No other single customer contributed 10% or more to the Groups revenue for both 2022 and 2021.

| **Other segment information** | **Amortisation, depreciation & depletion** | | **Additions to non-current assets** | |
|---|---|---|---|---|
| | **31-Dec-22** | 31-Dec-21 | **31-Dec-22** | 31-Dec-21 |
| **Core Oil & Gas Segment** | **$** | $ | **$** | $ |
| Production projects | **150,878** | 164,418 | **307,740** | 24,071 |
| Development projects | **-** | - | **77,177** | 70,238 |
| Exploration projects | **14,000** | 14,000 | **58,439** | 237,495 |
| **Secondary Segment** | | | | |
| **Other** | **7,013** | 6,782 | **3,796** | - |
| **Total** | **171,891** | 185,200 | **447,152** | 331,804 |

## Notes to the consolidated financial statements for the half-year ended 31 December 2022

### 3. Segment Information (continued)

| | Impairment losses(expenses) | | Exploration write off | |
|---|---|---|---|---|
| | **31-Dec-22** | 31-Dec-21 | **31-Dec-22** | 31-Dec-21 |
| **Core Oil & Gas Segment** | **$** | $ | **$** | $ |
| Production projects | - | - | - | - |
| Development projects | - | - | - | - |
| Exploration projects | - | - | - | - |
| **Secondary Segment** | | | | |
| **Total** | - | - | - | - |

| | Segment assets | | Segment liabilities | |
|---|---|---|---|---|
| | **31-Dec-22** | 30-Jun-22 | **31-Dec-22** | 30-Jun-22 |
| **Core Oil & Gas Segment** | **$** | $ | **$** | $ |
| Production projects | **4,682,386** | 4,589,382 | **2,300,966** | 2,398,661 |
| Development projects | **1,964,463** | 1,887,286 | - | 71,171 |
| Exploration projects | **2,259,515** | 2,019,076 | - | 38,836 |
| **Secondary Segment** | | | | |
| Listed securities | **68,260** | 79,626 | - | - |
| **Unallocated** | **2,421,153** | 3,263,739 | **753,994** | 791,262 |
| **Total** | **11,395,777** | 11,839,109 | **3,054,960** | 3,299,930 |

**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-22** | 31-Dec-21 | **31-Dec-22** | 30-Jun-22 |
| | **$** | $ | **$** | $ |
| Australia | **1,095,904** | 862,764 | **8,792,725** | 8,500,805 |
| **Total** | **1,095,904** | 862,764 | **8,792,725** | 8,500,805 |

### 4. Revenue and other income

| | **31-Dec-22** | 31-Dec-21 |
|---|---|---|
| **Sales revenue:** | **$** | $ |
| Oil and gas sales | **1,092,779** | 806,630 |
| Revenue from tariffs | **13,300** | 9,957 |
| **Total sales revenue** | **1,106,079** | 816,587 |
| **Investment income:** | | |
| Investment income from financial assets at fair value through Profit and loss (held for trading listed shares) | | |
| Net realised gain/(loss) | - | 9,773 |
| Net unrealised gain/(loss) | **(11,367)** | 2,664 |
| **Total investment income** | **(11,367)** | 12,437 |
| **Other income:** | | |
| Interest and dividend received | **1,192** | 740 |
| Govt. assistance - Covid -19 related | - | 33,000 |
| **Total other income** | **1,192** | 33,740 |
| **Total revenue** | **1,095,904** | 862,764 |

## Notes to the consolidated financial statements for the half-year ended 31 December 2022

| **5. Other non current financial assets** | **Note** | **31-Dec-22** | 30-Jun-22 |
|---|---|---|---|
| | | **$** | $ |
| Financial assets at fair value through profit and loss - shares in listed corporations | | **68,260** | 79,626 |
| **Total non current financial assets** | | **68,260** | 79,626 |

**6. Non current assets**

**(a) Production and development assets**

| | | | |
|---|---|---|---|
| **SW Queensland** | | | |
| Joint operation interest in ATP1189 Naccowlah Block – at cost | 13 | **3,834,279** | 3,749,894 |
| Less: Amortisation | | **(2,657,640)** | (2,553,992) |
| **East Queensland** | | | |
| PL 441 Downlands – at cost | | **4,606,345** | 4,525,963 |
| Less: Depletion and amortisation | | **(2,518,608)** | (2,518,608) |
| Rehabilitation costs – all petroleum properties | | **549,740** | 566,399 |
| All other development assets | | **1,964,463** | 1,887,286 |
| **Total production and development assets** | | **5,778,579** | 5,656,942 |

**(b) Exploration and evaluation assets**

| | | | |
|---|---|---|---|
| Exploration assets | 13 | **2,077,515** | 2,019,076 |
| **Total exploration assets** | | **2,077,515** | 2,019,076 |

**7. Plant property and equipment**

| | | |
|---|---|---|
| Opening balance | **798,937** | 892,097 |
| Expenditure incurred during the period | **163,428** | 9,010 |
| Less: Depreciation expense | **(51,584)** | (102,170) |
| **Balance carried forward** | **910,781** | 798,937 |

**8. Issued capital**

| | | |
|---|---|---|
| **(a) Share Capital** | **47,426,757** | 47,426,757 |
| **(b) Movement in fully paid ordinary shares** | **No. of Shares** | No. of Shares |
| Balance at beginning of period | **1,370,500,982** | 1,096,400,982 |
| Shares issued during the period | **-** | 274,100,000 |
| Balance at end of period | **1,370,500,982** | 1,370,500,982 |
| **(c) Movement in listed options** | | |
| Balance at beginning of period | **290,565,681** | - |
| Options issued during the period | **-** | 290,565,681 |
| Lapsed during the period | **-** | - |
| Balance at end of period | **290,565,681** | 290,565,681 |

**9. Controlled entities**

Set out below are the Group's subsidiaries at 31 December 2022. 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 entity** | **Country of Incorporation** | **Class of shares** | **Equity holding %** | |
|---|---|---|---|---|
| | | | **31-Dec-22** | 30-Jun-22 |
| Ausam Resources Pty Ltd. | Australia | Ordinary | **100%** | 100% |
| Interstate Energy Pty Ltd. | Australia | Ordinary | **100%** | 100% |
| Rough Range Oil Pty Ltd. | Australia | Ordinary | **100%** | 100% |

## Notes to the consolidated financial statements for the half-year ended 31 December 2022

**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 2022 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**

| | **31-Dec-22** | 31-Dec-21 |
|---|---|---|
| During the half year impairments, if any, were made as follows: | **$** | $ |
| | **-** | - |

In accordance with the Group's accounting policies and procedures, the Group performs its impairment testing at the end of each reporting period. A number of factors represented indicators of impairment. As at 31 December 2022, no impairment was deemed necessary. Further commentary on impairment is included in the Directors' Report.

| **Key assumptions used for current period:** | **2023-2024** | **2025+** |
|---|---|---|
| Crude oil price (US$) | **$80.00** | $70.00 |
| Average AUD:USD exchange rate | **$0.70** | $0.73 |
| CPI (%) | **5.0%** | 3.0% |
| Pre-tax discount rate (%) | **8.0%** | 6.0% |

**12. Contingencies and 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:

| | **31-Dec-22** | 30-Jun-22 |
|---|---|---|
| **Payable** | **$** | $ |
| Not longer than 1 year | **1,100,000** | 883,000 |
| Longer than 1 year and not longer than 5 years | **2,860,000** | 2,295,800 |
| | **3,960,000** | 3,178,800 |

There are no lease commitments at the balance date, except short term office lease.

# Notes to the consolidated financial statements for the half-year ended 31 December 2022

## 13. Interest in joint operations

Set out below are the joint arrangements of the Group as at 31 December 2022, 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 (%) | |
|---|---|---|---|---|---|
| | | | | **31-Dec-22** | 30-Jun-22 |
| ATP 1189P Naccowlah block | Production | Proportionate | Adelaide, Australia | **2%** | 2% |
| PEP11 | Exploration | Proportionate | Perth, Australia | **15%** | 15% |

The company holds 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.

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

On 14 February 2023, the PEP 11 Joint Venture announced to ASX the resolution of the Proceedings with the Commonwealth Minister for Resources et al and filed Consent Orders. The proceedings involved the decision made on 26 March 2022 by the Commonwealth - New South Wales Offshore Petroleum Joint Authority (Joint Authority) to refuse Asset Energy's Application (as PEP 11 JV operator) for a variation and suspension of the conditions to which PEP 11 is subject and a related refusal to grant an extension of term (the Decision). The presiding Judge Justice Jackson has agreed with the consent position reached by the parties, quashed the Decision and concluded that the Decision of the Joint Authority was affected by apprehended bias.

In the meantime, PEP 11 continues in force and the Joint Venture is in compliance with the contractual terms of PEP 11 with respect to such matters as reporting, payment of rents and the various provisions of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Refer to page 5 of Director's Report under Review of Operations) for further details).

No other matters or circumstances have arisen since the end of the half year ended 31 December 2022 that in the opinion of the directors has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the Group's state of affairs 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**
Level 7 283 George Street
Sydney, NSW 2000
Tel: (02) 9299 7200

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

**Abbreviations**

Bbl(s): barrel(s) of oil
mmbo/mmbl: 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)
PL: Petroleum production lease
ATP: Authority to prospect for petroleum
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**

The directors of Bounty Oil and Gas N.L. declare that:

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 2022 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 2023**

moyes yong + co
my business solutions

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# INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bounty Oil & Gas NL

## 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 Consolidated Entity) which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 Consolidated Entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

*(i)* complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

### *Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Consolidated Entity 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* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### *Emphasis of matter – Material uncertainty related to the carrying value of the interest in the PEP 11 exploration permit included in Exploration and Evaluation assets*

We draw attention to note 2.e) in the financial report, which indicates that a material uncertainty exists in relation to the Consolidated Entity's ability to realise the carrying value of the company's interest in the PEP 11 exploration permit in the ordinary course of business. Our conclusion is not modified in respect of this matter.

### *Responsibilities of the directors for the financial report*

The Directors of the Consolidated Entity are responsible for the preparation of the half-year 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. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidate Entity's financial position as at 31 December 2022 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*.

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 other 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.

**Independence**

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

**Moyes Yong & Co Partnership**

**William M Moyes – Partner**

**Dated: 16 March 2023**