27 September, 2011

ASX / MEDIA RELEASE

Financial Statements – Year to 30 June, 2011

In accordance with ASX Listing Rule 4.3A, attached for release to the market is:

Bounty Oil & Gas N.L. Audited Financial Statements and Directors' Report for the year ended 30 June, 2011

Highlights:

- Record group oil revenue for the year of $1.72 million up 164% (2010: $659,000).
- Cash and current assets at 30 June 2011 of $6.04 million.
- Strong balance sheet with nil debt and net assets of $ 28.28 million.
- Net loss reduced to $0.25 million (2010: Loss $1.625 million).
- Bounty increased its 2P oil reserves by completing the purchase of a 2% interest in the Naccowlah Block, SW Queensland and progressing other Australian projects to increase core oil reserves and production.
- Contracts to purchase the Kiliwani North pipeline tangibles let as development of the KN 1 gas reserves commences in Nyuni Block, Tanzania.
- Participating in Nyuni 2 exploration well with side track drilling about to commence.
- Major gas prospects and leads in PEP 11 yet to be tested and the permit has been extended for 3 years following the New Seaclem 1 exploration well. The future work program will include 2D or 3D seismic and a second well.

Commenting; Bounty's CEO, Philip Kelso said:

"Bounty has commenced 2012 in a strong position with a 164 % increase in petroleum revenue to $ 1.72 million for the full year, and additions to its proved producing oil reserves and strategic additions to its acreage in the Cooper and Surat Basins.

Bounty's focus on its core oil projects enabled it to improve revenue while advancing its other exciting growth projects. Commercialisation of the KN1 gas pool in Nyuni Block will be a significant project in 2012, as we look for additional reserves in the Block. At the Nyuni 2 well the joint venture is about to deepen the well with a sidetrack.

The development drilling in Utopia Block has extended reserves and the recently completed 3D seismic surveys have indicated that the Utopia oil pool contains up to 8 million barrels of 2P reserves above the oil water contact.

During the half year Bounty continued to invest in seismic reprocessing and studies in ACP 32 in the Vulcan Graben offshore Western Australia, where better definition of the Wisteria / Azalea target is giving us confidence that in 2012 we will advance to another drill test of this 174 million barrel oil target. This will be an exciting test for Bounty shareholders given Bounty's increased interest of 15%.

Bounty is also continuing to place significant resources and effort into advancing its Surat Basin oil projects. It will shortly undertake 3D seismic surveys to prepare for a multi-zone test updip from the Farrawell 1 oil discovery in ATP 754P. The well will also test for conventional gas/condensate and CSG.

Bounty's focus in the next year will be to again lift its revenue while endeavouring to maintain low overheads and pursuing its high impact projects."

For further information, please contact:

Philip F. Kelso
Chief Executive Officer
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Email: corporate@bountyoil.com
Website: www.bountyoil.com

Bounty is an Australian ASX listed oil producer and explorer (ASX Code: BUY). Its core petroleum production and exploration assets are located in the Cooper/Eromanga Basins and in the Surat Basin in Queensland and South Australia. Its growth assets are spread over a number of high impact projects in Australia and Tanzania where it is exploring for oil and gas. In Australia it is a participant in PEP 11, Sydney Basin. There is up to a total 16 (TCF) gas potential in the whole permit.

Bounty has other permits including Tanzania where it is a participant in the Kiliwani North Gas Field and is exploring additional gas pools with up to 1 TCF potential.

Bounty has reserves and resources approaching 4 million barrels of oil equivalent.

[Information in this release that relates to or refers to petroleum or hydrocarbon reserves or resources is based on information compiled by Mr Philip F Kelso the CEO of Bounty Oil & Gas NL. Mr Kelso is a Bachelor of Science (Geology) and has practised geology and petroleum geology for in excess of 20 years. He is a member of the Petroleum Exploration Society of Australia and a Member of the Australasian Institute of Mining and Metallurgy. He has consented to the reporting of that information in the form and context in which it appears in this release.]

BOUNTY OIL & GAS NL

(ABN: 82 090 625 353)

FINANCIAL STATEMENTS

Year ended 30th June 2011

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Website

Bounty maintains a website at:

www.bountyoil.com

On our website you will find full information about the Company. Every announcement made to the Australian Securities Exchange (ASX) is published on the website. You will also find detailed information about the Company's Exploration and Production Permits.

Stock Exchange Listing

Bounty Oil & Gas N.L. securities are listed on the Australian Securities Exchange.

ASX Code: BUY

Bounty Oil & Gas NL
ACN: 090 625 353
ABN: 82 090 625 353

DIRECTORS' REPORT

Your directors present their report on the consolidated entity Bounty Oil & Gas NL ("Bounty", "company" or "the group") being the company and its controlled entities for the financial year ended 30 June 2011.

Directors

The names of the directors in office at any time during or since the end of the financial year are:

- G. C. Reveleigh (Chairman)
- C. Ross (Non executive Director)
- J. G. Higginbotham (Non executive Director)

Company Secretary

J. G. Higginbotham held the position of company secretary and chief financial officer during and at the end of the financial year:

Principal Activities

The principal activity of the company and the group during the financial year was that of exploration for, development, production and marketing of oil and gas (petroleum). Investment in listed entities is treated as a secondary activity and business segment..

There were no significant changes in the nature of the company's principal activities during the financial year.

Operating Results

Consolidated loss of the group attributable to equity holders after providing for income tax amounted to $251,208 (see comparative details below).

	Consolidated 2011	Consolidated 2010
	$	**$**
Profit/(loss) from ordinary activities before income tax	(251,208)	(1,625,305)
Income tax attributable to loss	-	-
Net profit/(loss) after income tax	(251,208)	(1,625,305)

Revenue from continuing operations for the period was $ 1,741,563 up 164 % on the previous year (2010: $659,148).

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

- Petroleum revenue; (mainly from oil sales) of $1,719,825
- A profit on trading listed securities of $1,328,313
- An unrealized mark to market gain on listed securities of $204,978.
- Direct petroleum operating expenses of $1,260,130
- Non cash expenses for depreciation, amortisation and impairment of $650,517
- Petroleum property rehabilitation expense of $147,087

Details of drilling activity, exploration and development operations and cash flows for the year ended 30 June 2011 have been reported by the company to the Australian Securities Exchange in the Quarterly Activity Report and Appendix 5B for each of the quarters during the year and in additional announcements on particular items. Brief details are set out below:

A summary of revenues and results of significant business and geographical segments is set out in Note 17 to the Financial Statements.

Review of Operations

Production & Sales:

During the year ended 30th June 2011, the company:

- produced light sweet crude oil from the Murta Zone in the Utopia Field, SW Queensland and continued to sell the oil to the Eromanga Refinery 50 km north of the field.
- produced oil from several oil fields and leases in ATP 259P, Naccowlah Block, SW Queensland.
- obtained minor revenue from oil/gas/condensate production at PL 119 in the Surat Basin, Queensland.
- achieved revenue from sale of listed investments.

Petroleum revenue, production and sales are summarised below:

	Utopia PL214 Bounty Share (40% interest)	Naccowlah Block Bounty Share (2% interest)	Downlands PL 119 Bounty Share (24.748%)*	Total
Revenue $	751,469	924,936	43,420	1,719,825
Production boe	10,083	10,302	144	20,529

* 2011 production includes of 12,637 GJ of gas which was sold from PL 119 Surat Basin. PL 119 was shut in early April,

Exploration and Development

Significant events, which occurred during the year under review:

<u>Australia</u>

Onshore

- *Utopia Block, SW Queensland*
  - *PL 214:* Bounty participated at its 40% interest in the drilling of 2 oil development wells at Utopia Field. The wells were completed as oil producers and put on production during the period. Further drilling is planned. It also participated in a 200 sq. km. 3D seismic survey involving expenditure of $878,000 to provide the frame work for further development of the proved producing oil reserves in PL 214. Interpretation of this data commenced with a view to preparing a comprehensive oil development plan.
  - *ATP 560P:* Ubute 1 an exploration well was drilled, plugged and abandoned during the period and Bounty expensed $453,000 as its share of costs. Additional 2D seismic surveys were also completed.
- *Naccowlah Block; SW Queensland:* Bounty purchased a 2% interest in Naccowlah Block during the year with an effective date for adjustments of 1 April 2010 and accounted for revenue and expenses after completion of the contract on 28 January 2011.It participated at its 2% interest in three near field exploration wells during the above period of which Watson West 1 and Irtalie East 1 were new oil discoveries. Both wells will be tied in during early 2011/12 and further development and appraisal drilling is planned for Irtalie East in 2011/12.
- *Surat Basin; Eastern Queensland*:
  - *ATP 745P:* Following a complete seismic data review Bounty will participate at its 50% interest in the acquisition of the Farrawell 3D seismic survey to delineate a structure up dip from oil discovered in the Farrawell 1 well. This well proved hydrocarbons in the Permian section of this permit. Drilling of a multi-zone test for oil, gas and coal seam gas is planned for 2012.
  - *ATP 470P:* During the period Bounty commenced negotiations to acquire additional interests in ATP 470P.
- *Rough Range Carnarvon Basin; WA:* A Production Licence covering the Rough Range 1A oil pool was granted.

Offshore

- *AC/P 32 Ashmore Cartier Territory; offshore Western Australia*: Bounty continued to participate at its 15% interest in a major project to re-evaluate the 174 MMbo Azalea Prospect at the up dip pinchout of the Puffin Sands, which contain producing oil fields in this vast region of the Timor Sea. Recent seismic interpretation suggests that the 2008 Wisteria 1 well narrowly missed this major oil target and the joint venture will in 2012 likely commit to a new exploration well to test this prospect.

- *PEP 11 offshore, New South Wales*: During the period Bounty participated in the first well to be drilled in the offshore Sydney Basin when it was free carried through the cost of drilling New Seaclem 1. The well tested a potentially large shallow gas accumulation offshore from Newcastle, NSW. The well did not encounter hydrocarbons although it intersected excellent reservoir as predicted. The farm in partner Advent Energy Limited has now earned an additional 60% through funding the well and Bounty retains a 15% interest. As a result of drilling the well the permit has been renewed for a further period of three years and the next program is likely to involve 2D/3D seismic surveys to delineate the multi TCF gas targets in this permit.

Tanzania

Commercialisation operations on Kiliwani North gas field commenced in September, 2011, with purchase of pipeline tangibles. Tie in of the well to the sales gas plant and production is planned for 2012. The Nyuni 2 exploration well targeting 1.2 TCF gas in place up dip from the Nyuni 1 gas discovery commenced on 17 June 2011.

Other Properties

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

Corporate and Forward Development

During the period in mid December, 2010, the company completed a 1:10 non-renounceable rights issue at $0.10 to raise a total of $5.331 million before issue expenses details of which are set out in Note 24 to the Financial Statements.

Dividends Paid or Recommended

No dividends have been paid or declared for payment for the year ended 30th June 2011 and no dividend is recommended.

Financial Position

The net assets of the group increased by $4.62 million to $28.28 million in the period 1 July, 2010 to 30 June, 2011. This increase resulted from the following main factors:

- Continuing oil production with sales of $1.719 million.
- New capital raisings of $ 5.331million.
- Profit on trading of listed investments of $ 1.328 million.

At 30 June, 2011 current assets were $6.04 million.

During the financial year the company invested in:

- Development drilling, completions and surface production facility upgrades to further exploit its existing proved producing oil reserves held in the Utopia Joint Venture, PL 214, Queensland.
- Acquisition of proved producing oil reserves held in the Naccowlah Block, ATP 259P, Queensland and development drilling in the Block.
- Other petroleum exploration projects in Australia and Tanzania as summarised in the Review of Operations above.
- Shares in listed public companies.

The directors believe the company is in a stable financial position to expand and grow its current operations.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the company during the financial year.

After Balance Date Events

Subsequent to balance date, the following material events have occurred:

On 1st August 2011 the company placed 20,000,000 fully paid shares at $0.024 to raise $480,000 before issue expenses, with each share having an unlisted 3 year share option exercisable at $0.032 and expiring 31 July 2014.

Except for the above no other matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future Developments, Prospects and Business Strategies

Subject to the amount of its ongoing oil revenues and the availability of new capital; consistent with that income and the available cash reserves of the group, Bounty will continue:

- Production, development and exploration for oil and natural gas (petroleum);
- Expand in the business of the exploration for, development of and production of petroleum;
- To conduct such Operations principally in Australia and Tanzania.

In the coming year the group will focus on the:

- Development of its existing oil reserves in the Surat Basin and in the Cooper Basin, Queensland aimed at increasing group oil revenue;
- Acquisition of additional petroleum properties with existing petroleum production or reserves and resources considered to have potential to develop and/or produce petroleum within an acceptable time frame;
- Appraisal and commercialization of its gas reserves in the Nyuni Block, Tanzania; and,
- Development of new business opportunities including other overseas projects.

Environmental regulations or Issues

The company's operations are subject to significant environmental regulation under the law of the Commonwealth and its States and Territories in respect of its operated and non-operated interests in petroleum exploration, development and production. Its oil and gas production interests in the State of Queensland are operated by Oil Wells of Kentucky Inc, and AGL Group, who comply with all relevant environmental legislation. Its offshore exploration operations in PEP 11, New South Wales and AC/P 32 Timor Sea, are conducted by competent operators in full compliance with all relevant environmental legislation of the Commonwealth of Australia. Its non operated interests in Tanzania are operated by a company incorporated in that jurisdiction which is a wholly owned subsidiary of a United Kingdom based operator. It complies with all relevant environmental legislation.

Information on Directors

The names and particulars of the directors of the company during or since the end of the financial year ended 30th June, 2011, are:

Graham Reveleigh	—	Non-Executive Director
Qualifications	—	BSc. MSc M Aus IMM CP(Man)
Experience	—	Mr Reveleigh is a professional geologist and has nearly 41 years experience in the resources industry both in Australia and overseas. Early in his career, he worked in the oil industry, then spent most of his career in exploration, mine management and construction in the mineral industry. Mr Reveleigh has had extensive experience in petroleum in recent years as a director of Drillsearch Energy Limited and a director of Canadian producer: Circumpacific Energy Corporation. He retired as a director of those companies in late 2007. He is a Member of the Australasian Institute of Mining and Metallurgy, and is a Chartered Professional (Management) of that body. He was appointed a director and chairman in 2005.
Special responsibilities:		Chairman of the company.

Charles Ross	—	Non-Executive Director
Qualifications	—	BSc.
Experience		Mr. Ross has had extensive experience in the private and public equity and corporate finance market in Canada, USA and Europe for 18 years. He has operated extensively in corporate asset acquisition and divestiture, review and development of corporate financing strategies, administration, compliance procedures and investor relations in North America and the Euro zone. He was a director of Circumpacific Energy Corporation (a subsidiary of Drillsearch Energy Limited) from 1992 until 2008. This has included management involvement in most aspects of petroleum exploration, development and production operations in the Western Canada Basin and other areas. He was appointed a director in 2005.
Special responsibilities:		None.

J. Gary Higginbotham	—	Non Executive Director.
Qualifications	—	Bachelor of Economics (Sydney)
Experience	—	Mr Higginbotham has practised as an accountant for 35 years. He has held a number of positions as financial controller. He has had wide experience in commercial negotiations, taxation and corporate finance. He was appointed a director on 14 March 2008.
Special responsibilities:		Company secretary and chief financial officer.

Directorships of other listed companies

Directorships of other listed companies currently held by the directors or held in the 3 years immediately before the end of the financial year are as follows:

Name	**Company**	**Period of directorship**
Mr G. Reveleigh	Hill End Gold Limited, Peninsula Resources Limited and Gulf Mines Limited.	1 July 2008 to present
Mr C. Ross	Goldex Resources Corporation, Norzan Enterprises Ltd., Tearlach Resources Limited, Tower Energy Limited, Peninsula Resources Limited	1 July 2008 to present
Mr J. G. Higginbotham	Nil	NA

Directors shareholdings

The following table sets out each Directors interest in shares and options over shares of the Company or a related body corporate as at the date of this report:

	Bounty Oil & Gas NL	
	Fully paid ordinary shares Number	**Share options (1) Number**
Mr G. Reveleigh	3,479,118	4,000,000
Mr C. Ross	200,000	2,000,000
Mr J.G. Higginbotham	1,106,720	2,000,000

(1) Options over ordinary shares in Bounty Oil & Gas NL exercisable at $0.14 expiring 23rd December, 2012.

Meetings of Directors/Committees

During the financial year, eighteen (18) meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Graham Reveleigh	18	18
Charles Ross	18	18
J Gary Higginbotham	18	18

The company does not have separate audit or remuneration committees.

Indemnifying Officers or Auditor

During the financial year ended 30th June 2011 the company has not entered indemnity and access deeds with any of the directors indemnifying them against liabilities incurred as directors, including costs and expenses in successfully defending legal proceedings. The company has not, during or since the financial year, in respect of any person who is or has been an auditor of the company or a related body corporate indemnified or made any agreement for indemnifying against a liability incurred as an auditor, including costs and expenses in successfully defending legal proceedings.

The company has paid premiums to insure each of the following directors namely Messrs G. C. Reveleigh, C. Ross and J. G. Higginbotham and the chief executive officer, P. F. Kelso against liabilities up to a limit of $5 million for damages and for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was $22,110 for all nominated directors.

Share Options

2011
At the date of this report, the following unissued ordinary shares of Bounty Oil & Gas NL were under option:

Date options granted	Expiry Date	Exercise Price	Number under Option
23.12.2009(1)	23.12.2012	$0.14	16,000,000
1.8.2011	28.7.2014	$0.024	20,000,000
Total			36,000,000

(1) The options in Bounty Oil & Gas NL granted on 23 December, 2009, were included as an expense item in Note 4 of the 2010 Financial Statements in the amount of $201,600 (2011: $ Nil).
The options are not quoted on ASX. No ordinary shares of the company were issued pursuant to exercise of options during the year or have been issued to the date of this report. There are no share options or options on other interests in any other entity comprising the consolidated entity.

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

Legal Matters or Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.
The company was not a party to any such proceedings or any other litigation during or since the year end.

Non-Audit Services

The independent auditors to the company J. K. Tompsett & Co have not provided non audit services to the company during or after the end of the financial year. The board of directors is satisfied that the provision of non-audit services by the company's former auditors DFK-Richard Hill; Chartered Accountants during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the former external auditor's independence for the following reasons:
- all non-audit services are reviewed and approved by the board of directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the company's former external auditors DFK-Richard Hill; Chartered Accounts during the year ended 30 June 2011:

	2011	2010
	$	$
Taxation services	7,150	5,370

Remuneration of Directors and Management

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

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on Page 14.

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

On behalf of the Directors.

J. GARY HIGGINBOTHAM
Director/Company Secretary

Dated: 26 September, 2011

REMUNERATION REPORT

This remuneration report forms part of the Directors Report for the year ended 30 June 2011 and details the nature and amount of remuneration for the Bounty Oil & Gas NL non-executive directors and other key management personnel of the group.

The prescribed details for each person covered by this report are detailed below under the following headings:

- Director and senior management details
- Remuneration policy
- Non-executive directors policy
- Senior management personnel policy
- Remuneration of directors and key management
- Key terms and employment contracts

Directors and key management details

The term "key management" as used in this remuneration report to refers to the following directors and executives.

Directors

The following persons acted as directors of the company during or since the end of the financial year:

- Mr. G. C. Reveleigh (Chairman)
- Mr. C. Ross (Non-Executive Director)
- Mr. J. G. Higginbotham (Non-Executive Director)

Executives

The following persons acted as senior management of the company during or since the end of the financial year:

- Mr. P. F. Kelso (Chief Executive Officer)

The company does not consider other employees and consultants to be Key Management Personnel.

Remuneration policy

The remuneration policy of Bounty Oil & Gas NL has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and bonuses issued at the discretion of the board of the company. The board of Bounty Oil & Gas NL believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the company, as well as create goal congruence between directors, executives and shareholders.

All remuneration paid to key management personnel (directors and others) is valued at the cost to the company and expensed or where appropriate transferred to capital items.. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by the key management person. Share options are valued using the Black- Scholes methodology. Shares and options granted to key management personnel (directors and others) are subject to any necessary approvals required by the ASX Listing Rules.

Performance-based remuneration

Remuneration of directors or other key management personnel is not performance based.

Non executive directors policy

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The maximum aggregate amount of fees that can be paid to non-executive directors is within the maximum amount specified in the company's Constitution. Any increase of that amount is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the company.

Remuneration of non-executive directors is determined by the Board exclusive of the director under consideration after considering the individual time commitment, duties and function of the subject Director. Further considerations of the amount of remuneration are made by referral to amounts paid to Directors, both executive and non executive, by other listed entities of comparable size to the Company in the oil and gas exploration industry.

The board of directors as a whole determines the proportion of any fixed and variable compensation for each other key management person.

Any consulting fees payable to Directors as to specific projects outside the normal day to day duties of the Directors are agreed upon prior to commencement of work on the specific projects.

The company makes cash bonus payments to key directors from time to time. Bonus payments by way of share based payments are made from time to time subject to any necessary shareholder approval. All such payments are expensed at the time of issue at the prevailing market price.

Each director is paid in cash. Share options have been granted to directors as part of their remuneration.

Senior management personnel policy

The board's policy for determining the nature and amount of remuneration of key management personnel who are senior management executives of the company is as follows:

The remuneration structure comprises a combination of, short term benefits including base fees and long term incentives and is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key executive management personnel are for fixed terms which may continue at the end of the term. There were no provisions for retirement benefits in contracts with senior management executives of the company made or continued during the year ended 30 June 2011.

The company may make cash bonus payments to senior management executives and to selected employees from time to time. Bonus payments and long term incentives by way of share based payments are classed as long term incentives and are made from time to time subject to any necessary shareholder approval. All such payments are expensed at the time of issue at the prevailing market price.

Key management personnel who are employees receive a superannuation guarantee contribution required by the government, which is currently up to 10%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

The chief executive officer, Mr. P. F. Kelso is engaged through a service agreement with a personally related entity containing the following material conditions:

- Management fees of $390,000 per annum payable by equal monthly instalments.
- Payment of lease fees for an Australian sedan motor vehicle and parking.
- Escalation of fees of 3% from 1 July, 2012 and 5% from 1 July, 2013.
- Bonuses at the discretion of the board of directors.
- The contract expires on 30 June, 2014 and there are no retirement or other benefits as noted above.
- The personally related entity is responsible for all statutory entitlements.
- Services: To include non-exclusive executive management, capital raising, communication, management strategy, budgets, investment policy and all other duties normally incidental to the position of chief executive officer.

Other than the directors and the chief executive officer, at the date of this Report all other personnel are permanent or part time employees of the company and not classified as key management personnel.

Key Management Remuneration

Details of the remuneration of directors and the other key management personnel of the group (as defined in AASB 124 Related Party Disclosures) and the one highest paid executives of Bounty Oil & Gas N.L. are set out in the following tables.

No options were granted to key management persons as part of their remuneration during the financial year ended 30th June 2011 (see below).

Key Management Remuneration 2011

Key Management Person	Short-term Benefits	$		Post-employment Benefits	Share based payment	Total
	Cash, salary and commissions	Cash bonus and Non-cash benefits	Consulting Fees + Other	Super-annuation	Options	
Non-Executive Directors						
Mr G. Reveleigh (1)	50,000		18,000			68,000
Mr C. Ross (1)	25,000		6,000			31,000
Mr J.G. Higginbotham	25,000		41,000			66,000
Other Key Management Personnel –Executive officer						
Mr P.F. Kelso (1)	390,000	50,000	39,495			479,495

1 Paid to a personally related entity of the executive.

Key Management Remuneration 2010

Key Management Person	Short-term Benefits	$		Post-employment Benefits	Share based payment	Total
	Cash, salary and commissions	Cash bonus and Non-cash benefits	Consulting Fees + Other	Super-annuation	Options	
Non-Executive Directors						
Mr G. Reveleigh (1)	50,000		44,000		50,400	144,400
Mr C. Ross (1)	25,000		29,000		25,200	79,200
Mr J.G. Higginbotham	25,000		55,018		25,200	105,218
Other Key Management Personnel –Executive officers						
Mr P.F. Kelso (1)	313,498	18,174	60,000		100,800	492,472
Mr M.L. Hutt (2)	47,832			37,058	-	84,890

1 Paid to a personally related entity of the director
2 Retired as company secretary 15/01/2010

No director or senior management person appointed during the above periods received a payment as part of his consideration for agreeing to hold that position.

Bonuses

The following bonuses were granted as compensation for the 2011 financial year: Mr P.F. Kelso was granted a cash bonus by way of a payment to a personally related entity.

No cash bonuses were granted in the 2010 financial year.

Share –based payments

During the financial year, the following share-based payment arrangements were in existence:

Share option series	Grant date	Expiry date	Grant date fair value	Vesting date
Series 1 (issued: 23 December 2009 (1))	23/12/2009	22/12/2012	$0.0126	Vested at date of grant

(1) Following shareholder approval, a total of 16,000,000 options exercisable at $0.14 per share; expiring 22 December 2012, were issued to directors and key management personnel or executives as part of their remuneration on 23 December, 2009.

There were no service or performance criteria required prior to the above options vesting and the options are vested in the holder.

No share based payment compensation was granted to directors or senior management during the financial year ended 30th June 2011.During the year, no directors or senior management exercised options that were granted to them as part of their compensation in previous periods and no such options lapsed.

Loans to directors and executives

There were no loans to directors and senior management made during the year or outstanding in the year to 30 June, 2011.

Other Key Management Personnel Disclosures:

Further information on disclosure in connection with Key Management Personnel and Share Base Payments are set out in the following Notes to the Financial Statements:

1. Note 20: Share Based Payments
2. Note 21: Key Management Personnel Disclosures
3. Note 22: Related Party Transactions.

Performance income as a proportion of total remuneration

The percentage of remuneration paid to directors and key management personnel during the financial year ended 30th June 2011 which was performance based was: Nil.

Employee Share Scheme

No ordinary shares of Bounty Oil & Gas N.L. granted under the Bounty Oil & Gas N.L. Employee Option Plan were issued during the year ending 30 June, 2011.No such shares have been granted since that date.

J.K.Tompsett
& Co. CHARTERED ACCOUNTANT
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John K. Tompsett Grad Dip Fin., C.A., A.C.I.S.

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Bounty Oil & Gas NL

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

(a) no contraventions of the auditor independence requirements of the *Corporation Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

JOHN K TOMPSETT
PRINCIPAL
J K TOMPSETT & CO

Sydney
26 September 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For Year Ended 30 June, 2011

	Note	Consolidated 2011 $	2010 $
Revenue from continuing operations	3	**1,741,563**	659,148
Investment income	3	**1,533,290**	974,795
Other income	3	**187,683**	170,537
Direct petroleum operating expenses		**(1,260,130)**	(142,624)
Changes in inventories		**74,797**	-
Employee benefits expense	4	**(662,649)**	(980,658)
Depreciation and amortisation expense		**(196,484)**	(461,497)
Rehabilitation expense		**(147,087)**	-
Occupancy expenses		**(97,149)**	(88,049)
Corporate activity costs		**(258,668)**	(252,968)
Finance costs		**(2,647)**	-
Impairment of exploration expenditure		**(454,033)**	(500,000)
Exploration costs expensed		**(45,289)**	(332,372)
Fair value unrealised profit/(loss) on foreign currency		**(55,867)**	-
General, legal and professional costs		**(317,793)**	(282,184)
Other expenses		**(290,745)**	(389,433)
(Loss) from continuing operations before income tax expense		**(251,208)**	(1,625,305)
Income tax expense relating to continuing operations	5	**-**	-
Net (loss) attributable to members of the company		**(251,208)**	(1,625,305)
Earnings per share			
From continuing and discontinued operations			
- Basic (cents per share)		**(0.03)**	(0.25)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June, 2011

	Note	Consolidated 2011 $	2010 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	**2,540,837**	4,067,577
Trade and other receivables	8	**389,701**	431,918
Inventories	9	**72,404**	9,520
Other financial assets	10	**3,039,577**	2,958,859
Total Current Assets		**6,042,519**	7,467,874
NON-CURRENT ASSETS			
Property, plant and equipment	11	**669,937**	672,017
Production and development	12(a)	**14,324,132**	8,747,762
Exploration and evaluation	12(b)	**8,658,725**	8,145,489
Total Non-Current Assets		**23,652,794**	17,565,268
TOTAL ASSETS		**29,695,313**	25,033,142
LIABILITIES			
Current Liabilities			
Trade and other payables	13(a)	**724,364**	719,937
Financial liabilities	13(b)	**32,914**	102,601
Total Current Liabilities		**757,278**	822,538
NON-CURRENT LIABILITIES			
Provisions	14	**657,214**	558,753
Total Non-Current Liabilities		**657,214**	558,753
TOTAL LIABILITIES		**1,414,492**	1,381,291
NET ASSETS		**28,280,821**	23,651,851
EQUITY			
Issued capital	15	**39,973,118**	35,092,940
Accumulated losses		**(11,441,089)**	(9,815,784)
Current year earning		**(251,208)**	(1,625,305)
Total Equity		**28,280,821**	23,651,851

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For Year Ended 30 June, 2011

	Note	Consolidated 2011 $	2010 $
Cash Flows from Operating Activities			
Receipts from petroleum operations		**1,088,322**	659,148
Proceeds from sale of securities in listed corporations		**1,987,974**	971,589
Payments for securities in listed corporations		**(535,401)**	(1,994,747)
Payments to suppliers and to employees		**(2,466,010)**	(1,986,279)
Interest received		**160,143**	154,089
Other receipts		**9,199**	16,448
GST refund		**314,165**	-
Net cash provided by/(used in) operating activities	16	**558,392**	(2,179,752)
Cash Flows from Investing Activities			
Payments for oil production and development assets		**(5,212,248)**	(3,202,641)
Payments for exploration and evaluation assets		**(1,522,625)**	(2,000,999)
Payments for property plant and equipment		**(54,472)**	(516,380)
Proceeds from sale of exploration assets		**-**	412,500
Loans advanced		**(292,000)**	(250,000)
Repayment of Borrowings		**200,848**	-
Net cash provided by/(used in) investing activities		**(6,880,497)**	(5,557,520)
Cash Flows from Financing Activities			
Proceeds from issue of shares		**5,341,594**	10,858,974
Costs associated with issue of shares		**(490,461)**	(766,231)
Net cash provided by/(used in) financing activities		**4,851,133**	10,092,743
Net increase/(decrease) in cash held		**(1,470,971)**	2,355,471
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(55,769)**	-
Cash at beginning of financial year		**4,067,577**	1,712,106
Cash at End of Financial Year	7	**2,540,837**	4,067,577

This statement of cash flows is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For Year Ended 30 June, 2011

CONSOLIDATED GROUP

	Share Capital	*Accumulated Losses*	*Total*
	$	**$**	**$**
Balance at 1 July, 2010	**35,092,940**	**(11,441,089)**	**23,651,851**
Shares issued during the period	5,331,122	-	5,331,122
Transaction costs	(450,944)	-	(450,944)
Adjustments during the year	-	-	-
Profit/(loss) attributable to members	-	(251,208)	(251,208)
Balance as at 30 June, 2011	**39,973,118**	**(11,692,297)**	**28,280,821**
Balance at 1 July, 2009	**24,080,036**	**(9,812,784)**	**14,267,252**
Shares issued during the period	11,577,535	-	11,577,535
Transaction costs	(564,631)	-	(564,631)
Adjustments during the year	-	(3,000)	(3,000)
Net loss for the period	-	(1,625,305)	(1,625,305)
Balance as at 30 June, 2010	**35,092,940**	**(11,441,089)**	**23,651,851**

PARENT ENTITY - BOUNTY OIL & GAS N.L.

	Share Capital	*Accumulated Losses*	*Total*
	$	**$**	**$**
Balance at 1 July, 2010	**35,092,940**	**(16,806,089)**	**18,286,851**
Shares issued during the period	5,331,122	-	5,331,122
Transaction costs	(450,944)		(450,944)
Profit/(loss) attributable to members	-	(82,810)	(82,810)
Balance as at 30 June, 2011	**39,973,118**	**(16,888,899)**	**23,084,219**
Balance at 1 July, 2009	**24,080,036**	**(15,989,972)**	**8,090,064**
Shares issued during the period	11,577,535	-	11,577,535
Transaction costs	(564,631)	-	(564,631)
Net loss for the period	-	(816,117)	(816,117)
Balance as at 30 June, 2010	**35,092,940**	**(16,806,089)**	**18,286,851**

CONTENTS OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Bounty Oil & Gas NL and controlled entities ("Consolidated Group" or "Group") and the separate financial statements and notes of Bounty Oil & Gas NL as an individual parent entity ("Parent Entity").

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Bounty Oil & Gas NL at the end of the reporting period. A controlled entity is any entity over which Bounty Oil & Gas NL has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 26 to the financial statements.

In preparing the consolidated financial statements all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognize, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognized where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill (refer to Note 1(n) or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognized in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognized in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognized as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is re-measured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation
Bounty Oil & Gas NL and its wholly owned Australian subsidiary have not formed an income tax consolidation group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand alone taxpayer' approach to allocation.

c) **Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition for land development and resale debtors, and no more than 30 days for other debtors.
Collection of trade receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount for the provision is recognised in the income statement.

d) **Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

e) **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of petroleum products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads.

f) **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and building are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement or comprehensive income. Each year the difference between depreciation based on the re-valued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the assets original cost is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

g) **Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation on assets is calculated over their estimated useful life as follows:

Class of fixed asset	**Estimated useful life**
Office furniture and fittings	5 years
Computer equipment	4 years
Plant and equipment	5 years

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

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

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

h) Exploration and Evaluation Expenditure

Exploration and Evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and,
- at least one of the following conditions is also met:

  i) the exploration and evaluation expenditures are expected to be recouped through successful exploration and development of the area of interest, or alternatively, by its sale; or,
  ii) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable petroleum reserves or resources and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, geophysical surveys, studies, exploratory drilling, sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

i) Production and Development Assets

The group follows the full cost method of accounting for production and development assets whereby all costs, less any incentives related to the acquisition, exploration and development of oil and gas reserves are capitalised. These costs include land acquisition costs, geological and geophysical expenses, the costs of drilling both productive and non productive wells, non producing lease rentals and directly related general and administrative expenses. Proceeds received from the disposal of properties are normally credited against accumulated costs.

When a significant portion of the properties is sold, a gain or loss is recorded and reflected in profit or loss.

With respect to production and development assets, depletion of production and development assets and amortisation of production facilities and equipment are calculated using the unit of production method based on estimated proven oil and gas reserves. For the purposes of depletion calculation proved oil and gas reserves before royalties are converted to a common unit measure.

The estimated costs for developing proved underdeveloped reserves, future decommissioning and abandonments, net of estimated values, are provided for on the unit of production method included in the provision for depletion and amortisation.

In applying the full cost method of accounting, the capitalised costs less accumulated depletion are restricted from exceeding and amount equal to the estimated discounted future net revenues, based on year end prices and costs, less the aggregate estimate future operating and capital costs derived from proven and probable reserves.

Changes in factors such as estimates of proved and probable reserves that affect unit of production calculations are dealt with on a prospective basis.

i) Leased Assets

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

j) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transactions costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

k) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

l) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial asset held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

m) Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation. They are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

n) Interests in Joint Ventures

The Group's share of the assets, liabilities, revenue and expenses of its joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the Group's material joint venture petroleum production interests are shown at Note 26.

The Group's interests in joint venture entities are brought to account using the cost method of accounting in the financial statements.

o) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency is measured using the currency of the primary economic environment in which the Group operates. The financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

p) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

q) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

r) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

s) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST)

t) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

v) Earnings Per Share

i) *Basic earnings per share*
Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) *Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

w) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

x) Critical Accounting Estimates and Judgments in Applying the Entity's Accounting Policies

In the application of the group's accounting policies, which are described in Note 1, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical and industry experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments that management has made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Exploration and evaluation assets

The group's policy is discussed in Note 1(h). Its policy for production and development assets is discussed in Note 1(i). The application of these policies requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off through profit or loss.

Estimate of reserve quantities

The estimated quantities of proven and probably hydrocarbon reserves and resources reported by the group are integral to the calculation of amortisation (depletion) and depreciation expense and to assessments of possible impairment of assets. Estimated reserve quantities are based upon data from exploration and development drilling, interpretations of geological and geophysical models and assessment of the technical feasibility and commercial viability of producing the reserves. Management prepares reserve estimates which conform to guidelines prepared by the Society of Petroleum Engineers, USA. Where appropriate these estimates are then verified by independent technical experts.

These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological or reservoir data is generated during the course of operations.

Provision for rehabilitation and decommissioning

The group estimates the future removal and decommissioning costs of oil and gas production facilities, wells, pipelines and related assets at the time of installation of the assets. In most instances the removal of these assets will occur many years in the future. The estimates of future removal costs therefore requires management to make adjustments regarding the removal date, future environmental legislation, the extent of decommissioning activities and future removal technologies.

Impairment of production and development assets

The group assesses whether oil and gas assets are impaired on semi-annual basis. This requires an estimation of the recoverable amount from the cash generating unit to which each asset belongs. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and or subsequent disposal. The expected net cash flows are discounted to their present values in determining the recoverable amount.

y) 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.

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 19) 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 flows 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 option that the use of the going concern basis of accounting is appropriate as they are satisfied as to the ability of group to implement the above.

The financial report was authorised for issue on 26th September, 2011, by the board of directors.

NOTE 2 – ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

2.1 Early adoption of new and revised accounting standards

The directors have elected under s.334(5) of the Corporation Act, 2001, to apply Amendments to AASB 101 “presentation of Financials Statements” in advance of their effective date. The Standard is not required to be applied until annual reporting periods beginning on or after 1 January 2011. The impact of the adoption of this standard is disclosed in Note 2.2 below.

2.2 Standards and interpretations affecting amounts in the current period (and or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in Section

2.3. Standards affecting presentation and disclosure

Amendments to AASB 5 “Non-Current Assets Held for Sale and Discontinued Operations”	Disclosures in these financial statements have been modified to reflect the clarification in AASB 2009-5 “Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project” that the disclosure requirements in Standards other than AASB 5 do not generally apply to non-current assets classified as held for sale and discontinued operations.
Amendments to AASB 101 “Presentation of Financial Statements” (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 201-4 “Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project”) clarify that an entity may chose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
Amendments to AASB 107 “Statement of Cash Flows”	The amendments (part of AASB 2009-5 “Further Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project”) specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

2.4 Standards and interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2009-5 “Further Amendments to Australian Accounting Standards arising from Annual Improvements Project”	Except for the amendments to AASB 5 and AASB 107 described earlier in this section, the application of AASB 2009-5 has not had any material effect on amounts reported in the financial statements.
AASB 2009-8 “Amendments to Australian Accounting Standards – Group Cash Settled Share-based Payments Transactions”	The application of AASB 2009-8 makes amendments to AASB 2 “Share-based Payments” to clarify the scope of AASB 2, as well as the accounting for group cash settled share-based payment transactions in the separate financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.
AASB 21009-10 “Amendments to Australian Accounting Standards – Classification of Rights Issues”	The application of AASB 2009-10 makes amendments to AASB 132 “Financial Instruments: Presentation” to address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the group has not entered into any arrangements that would fall within the scope of the amendments.

AASB 2010-3 "Amendments to Australian Accounting Standards arising from the Annual Improvements Project"	The application of AASB 2010-3 makes amendments to AASB 3(2008) "Business Combinations" to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by other Standards. In addition, the application of AASB 2010-3 makes amendments to AASB 3(2008) to give more guidance regarding the accounting for share-based payment transactions of the acquired that are not replaced should be measured in accordance with AASB 2 "Share-based Payment at the acquisition date ("market-based measure").
AASB 2010-4 "Further Amendments to Australian Standards arising from the Annual Improvements Project"	Except for the amendments to AASB 7 and AASB 101 described earlier in this section, the application of AASB 2010-4 has not had any material effect on amounts reported in the financial statements.
Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments"	This Interpretation provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. In particular, the equity instruments issued under such arrangements will be measured by fair value and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss. To date, the group has not entered into transactions of this nature.

2.5 Standards and Interpretations in issue not yet adopted

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

Standard/Interpretation	*Effective for annual reporting periods beginning on or after*	*Expected to be initially applied in the financial year ending*
AASB 124 "Related Party Disclosures" (revised December 2009), AASB 2009-12 "Amendments to Australian Accounting Standards"	1 January, 2011	30 June, 2012
AASB 9 "Financial Instruments", AASB 2009-11 "Amendments to Australian Accounting Standards arising from AASB 9" and AASB 2010-7 "Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)"	1 January, 2013	30 June, 2014
AASB 2008-14 "Amendments to Australian Interpretation – Prepayments of Minimum Funding Requirement"	1 January, 2011	30 June, 2012
AASB 7 "Financial Instruments: Disclosure", AASB 2010-4 "Further Amendments to Australian Accounting Standards arising from Annual Improvements Project"	1 January, 2011	30 June, 2012
AASB 2010-5 "Amendments to Australian Accounting Standards"	1 January, 2011	30 June, 2012
AASB 2010-6 "Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets"	1 July, 2011	30 June, 2012
AASB 2010-8 "Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets"	1 January, 2012	30 June, 2013

NOTE 3 – REVENUE	Notes	Consolidated 2011 $	2010 $
Sales Revenue:			
Oil sales		**1,719,825**	659,148
Revenue from tariffs		**21,738**	-
Total Sales Revenue		**1,741,563**	659,148
Investment Income:			
Profit on sale of listed securities		**1,328,312**	432,245
Fair value unrealised gain on listed securities		**204,978**	542,550
Total Investment Income:		**1,533,290**	974,795
Other Income:			
Interest received		**182,758**	154,089
Fair value unrealised gain on foreign currency		**-**	15,327
Other income		**4,925**	1,121
Total Other Revenue		**187,683**	170,537
Total Revenue		**3,462,536**	1,804,480

NOTE 4 – EMPLOYEE BENEFITS EXPENSE	Consolidated 2011 $	2010 $
Directors Fees	**100,000**	100,000
Consultancy fees - Internal	**375,000**	501,515
Wages & salaries	**100,267**	112,983
Share based payments	**-**	201,600
Other Employee Benefit Expenses	**87,382**	64,560
	662,649	980,658

NOTE 5 – INCOME TAX EXPENSE

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	Consolidated 2011 $	2010 $
Prima facie tax payable on profit/(losses) from ordinary activities before income tax at 30% (2010: 30%)		
- consolidated group	**(75,363)**	(487,592)
Add:		
Tax effect of:		
- other non-allowable items	**69,847**	286,761
- non deductible amortisation of rehabilitation provision	**44,127**	-
- foreign currency exchange loss - unrealised	**15,599**	-
	54,211	(200,831)
Less:		
Tax effect of:		
- capital profit not subject to income tax	**61,493**	162,765
- foreign currency exchange profit not subject to income tax	**-**	4,598
- other deductible items	**417**	87,002
- black hole expenses write off	**100,958**	77,689
- exploration and evaluation expense	**919,966**	444,513
Tax effect of Unused tax losses not recognised as deferred tax asset	**(1,075,874)**	(977,398)
Income tax expense attributable to loss from ordinary activities	**-**	-

NOTE 6 – LOSS PER SHARE	Consolidated 2011 $	2010 $
Basic (loss) per share ($ per share)	**(0.0003)**	(0.0025)
Net (loss)used in the calculation of basic loss per share	**(251,208)**	(1,625,305))
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	**727,613,215**	674,506,554

NOTE 7 – CASH AND CASH EQUIVALENTS	Consolidated 2011 $	2010 $
Deposits on call	**169,651**	30,684
Cash at bank	**2,371,186**	4,036,893
Total Cash and Cash Equivalents	**2,540,837**	4,067,577

NOTE 8 – TRADE AND OTHER RECEIVABLES	Consolidated 2011 $	2010 $
Current		
Trade debtors	**23,508**	4,367
Prepayments	**14,956**	17,634
Sundry and other debtors	**76,617**	46,732
Loan other	**-**	11,676
GST	**54,456**	84,940
Accrued debtors	**7,060**	11,617
Amount receivable - 3rd party loans:	**213,104**	254,952
Total Trade and Other Receivables	**389,701**	431,918

NOTE 9 – INVENTORIES	Consolidated 2011 $	2010 $
Oil in inventory	**72,404**	9,520

NOTE 10 – OTHER CURRENT FINANCIAL ASSETS	Consolidated 2011 $	2010 $
Financial assets at fair value through profit & loss – shares in listed corporations	**3,039,577**	2,958,859
Total available for sale financial assets	**3,039,577**	2,958,859

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2011 $	2010 $
Property, Plant and Equipment		
Plant and equipment – at cost	**550,635**	541,302
Less accumulated depreciation	**(384,876)**	(360,244)
	165,759	181,058
Real Estate Properties		
Real estate properties at cost	**505,002**	490,959
Less: Accumulated depreciation	**(824)**	-
	504,178	490,959
Total Property, Plant and Equipment	**669,937**	672,017

Movement in carrying amounts:
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and end of the financial year.

	2011	2010
Opening Balance	**672,017**	191,238
Additions	**49,136**	516,380
Depreciation	**(51,216)**	(35,601)
Carrying amount at the end of the year	**669,937**	672,017

NOTE 12 – OTHER NON-CURRENT ASSETS

	Consolidated 2011 $	2010 $
12(a): Production and Development Assets		
Oil producing property – Joint venture interest PL119 Downlands – at cost	**3,164,876**	3,100,817
Less: Depletion and amortisation	**(2,518,608)**	(2,373,340)
Oil producing property – PL214 Utopia – at cost	**6,611,273**	3,565,691
Oil producing property – Naccowlah Block- at cost	**2,037,151**	-
Development Assets	**4,541,490**	3,954,334
Rehabilitation costs – petroleum properties	**487,950**	500,260
Total Production and Development Assets	**14,324,105**	8,747,762
12(b):Exploration and Evaluation asserts		
Exploration Assets	**8,658,725**	8,145,487
Total Exploration Assets	**8,658,725**	8,145,487

NOTE 13 – TRADE AND OTHER PAYABLES

	Consolidated 2011 $	2010 $
a) Current		
Trade creditors	**627,090**	171,873
Accrued creditors	**76,688**	97,544
Tax liability including PAYG	**8,968**	10,123
Other creditors	**11,618**	440,397
Total Trade and Other Payables	**724,364**	719,937
b) Financial Liabilities		
Loan – Others	**32,914**	102,601
Total Financial Liabilities - Current	**32,914**	102,601

NOTE 14 – PROVISIONS

	Consolidated 2011 $	2010 $
Non Current		
Rehabilitation costs – petroleum properties	**657,214**	558,753
Total Provisions	**657,214**	558,753
Movement in Carrying Amounts		
Opening balance	**558,753**	87,857
Provisions made during the year	**98,461**	470,896
Balance at the end of the period	**657,214**	558,753

NOTE 15 – ISSUED CAPITAL

	Consolidated 2011 $	2010 $
A reconciliation of the movement in capital for the Company can be found in the Consolidated Statement of Changes in Equity		
a) 752,150,982 fully paid ordinary shares (2010: 698,839,762)	**39,771,518**	34,891,340
b) 16,000,000 options over fully paid shares (2010: $201,600)	**201,600**	201,600
	39,973,118	35,092,940

c) Movements in ordinary share capital of the company during the past two years were as follows:

	Number of shares
Balance 30 June 2009	**453,370,569**
Issue of shares on 6 July 2009 @ $0.015	70,000,000
Issue of shares on 15 July 2009 @ $0.015	30,000,000
Issue of shares on 25 August 2009 @ $0.050	52,000,000
Issue of shares on 15 December 2009 @ $0.080	83,469,193
Issue of shares on 15 April 2010 @ $0.080	10,000,000
Balance 30 June 2010	**698,839,762**
Issue of shares on 17 December 2010 @ 0.10	53,311,220
Balance 30 June, 2011	**752,150,982**

d) Movement in share options of the company during the past two years were as follows:

	Number of options
Balance 30 June 2009	
Issue of options on 23 December, 2009	16,000,000
Balance 30 June 2010	**16,000,000**
Balance 30 June 2011	**16,000,000**

NOTE 16 – RECONCILIATION OF CASH FLOW FROM CONTINUING OPERATIONS

	Consolidated 2011 $	2010 $
Reconciliation of Cash Flow from operations with loss from ordinary activities after income tax.		
Loss from ordinary activities after income tax	**(251,208)**	(1,625,305)
Non-cash flows in loss from ordinary activities:		
Depreciation	**51,216**	35,601
Depletion Amortisation	**145,268**	425,896
Unrealised foreign exchange loss	**55,867**	-
Rehabilitation expense	**147,086**	-
Written off exploration assets	**17,437**	-
Impairment of Exploration Expenditure	**454,033**	759,471
Increase/(Decrease) in trade and other receivables	**29,681**	(98,061)
Increase/(Decrease) in other Assets	**43,413**	94,571
Increase/(Decrease) in Financial Asset through profit and loss	**(80,717)**	(1,997,953)
(Increase)/Decrease in Inventory	**(62,884)**	-
(Increase)/Decrease in petroleum property rehabilitation asset	**(20,947)**	-
Sale of Exploration Assets	**-**	(412,500)
(Decrease)/Increase in trade & other payables	**2,883**	188,528
Decrease)/Increase in other liabilities	**(58,011)**	-
Decrease)/Increase in Provisions	**85,276**	450,000
Net Cash from Operating Activities	**558,392**	(2,179,752)

NOTE 17 – SEGMENT REPORTING

Identification of Reportable Segments

The Group operates predominately in two business segments as follows:

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

Investment in listed securities is presented in these 2011 financial statements and report as an additional and new segment which has necessitated certain re-allocations from the prior 2010 period.

Segment revenues and results

The following is an analysis of the group's revenue and results from continuing operations by reportable business unit.

	Segment revenue		Segment profit/(loss)	
	2011	2010	2011	2010
	$	$	$	$
Core Oil & Gas Segment				
Production projects	1,741,563	659,148	(429,787)	(1,072,876)
Development projects	-	-	-	-
Exploration projects	-	-	(45,289)	(332,372)
Secondary Segment				
Listed securities	1,533,290	974,795	1,524,212	974,795
Total from continuing operations	3,274,853	1,633,943		
Other revenue			187,683	170,537
Central admin costs and directors remuneration			(1,485,380)	(1,365,389)
Finance costs			(2,647)	-
Loss before tax (continuing operations)			(251,208)	(1,625,305)

Revenue reported above represents revenue/income generated from external sources.

The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 1. Segment profit/(loss) 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.

Other Segment information

	Amortisation, depreciation & depletion		Additions to non-current assets	
	2011	2010	2011	2010
	$	$	$	$
Core Oil & Gas Segment				
Production projects	196,484	461,497	5,146,552	2,771,556
Development projects	-	-	587,156	-
Exploration projects	-	-	513,476	1,193,009
Secondary Segment				
Listed securities	-	-	-	-
Total	196,484	461,497	6,247,184	3,964,565

	Impairment losses(expenses)		Exploration write off	
	2011	2010	2011	2010
	$	$	$	$
Core Oil & Gas Segment				
Production projects	-	-	-	-
Development projects	-	-	-	-
Exploration projects	454,033	500,000	45,289	332,372
Secondary Segment				
Listed securities	-	-	-	-
Total	454,033	500,000	45,289	332,372

Geographical Segment information

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

	Revenue		Carrying amounts of Assets	
	2011	2010	2011	2010
	$	$	$	$
Australia	3,462,536	1,804,480	27,832,843	23,637,664
Tanzania	-	-	1,862,470	1,395,478
Total	3,462,536	1,804,480	29,695,313	25,033,142

NOTE 18 – AUDITORS REMUNERATION	Consolidated 2011 $	2010 $
Remuneration of the auditors of the Company for:		
- Auditing or reviewing the financial reports for year	**60,500**	67,000
- Other services	**7,150**	5,370
	67,650	72,370

NOTE 19- EXPLORATION COMMITMENTS

In order to maintain current rights of tenure to its exploration permits, the Company has certain obligations to perform work in accordance with the work programmes, as approved by the relevant statutory body, when the permits are granted. These work programmes form the exploration commitment which may be renegotiated, varied between permits, or reduced due to farm-out, sale, reduction of exploration area and/or relinquishment of non-prospective permits. Work in excess of the work programmes may also be undertaken.

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

	Consolidated 2011 $	2010 $
Payable		
- Not later than 1 year	**1,980,000**	4,200,000
- Later than 1 year but not later than 5 years	**2,595,000**	4,500,000
Sum Total	**4,575,000**	8,700,000

There are no lease commitments at the balance date.

NOTE 20 – SHARE BASED PAYMENTS

The following share based payment arrangements were in existence during the current and comparative reporting periods:

Share option series	Grant date	Expiry date	Grant date fair value	Vesting date
Issued 23 December 2009 (1)	23/12/2009	22/12/2012	$0.0126	Vested at date of grant

2011

1. No share based payment compensation was granted to directors or senior management during the financial year ended 30th June 2011 and there was Nil expensed (2010:$201,600). During the year, no directors or senior management exercised options that were granted to them as part of their compensation in previous periods and no options lapsed.
2. As at 30th June 2011; 16,000,000 options exercisable at $0.14 per share; expiring 22 December 2012, were on issue to directors and key management personnel or executives and available for exercise as at the end of the financial tear. The remaining contractual life of the options was 540 days (2010:905 days)

2010

Following shareholder approval, a total of 16,000,000 options exercisable at $0.14 per share; expiring 22 December 2012, were issued to directors and key management personnel or executives as part of their remuneration on 23 December, 2009. There were no services or performance criteria required prior to the above options vesting and the options vested in the holder on the date of grant. The options are not listed, hold no voting or dividend rights and are not transferable. The weighted average fair value of the options granted during 2010 was estimated at $0.0126 each and based on the issue of 16,000,000 options the options have were fully expensed in the period at $201,600.

NOTE 21 – KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Details of Key Management Personnel

The directors and other Key Management Personnel of the group during the year were:

- Mr G. C. Reveleigh (Chairman)
- Mr C. Ross (Non executive Director)
- Mr J. G. Higginbotham (Non-executive Director)
- Mr P. F. Kelso (Chief Executive Officer)

b) Key Management Personnel Compensation

The aggregate compensation made to Key Management Personnel of the group is set out below:

	2011 $	2010 $
Short term employee benefits	648,067	667,522
Post employment benefits	-	37,058-
Long term benefits	-	-
Termination benefits	-	-
Share based payments	-	201,600
Total	648,067	906,180

Detailed remuneration disclosures are provided in the Remuneration Report contained in the Directors' Report.

c) Equity Instrument Disclosures Relating to Key Management Personnel

i) Options provided as remuneration and shares issued on exercise of such options.
Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Remuneration Report contained in the Directors' Report.

ii) Option holdings
The number of options over ordinary shares in the company held during the financial year by each director of Bounty Oil & Gas N.L. and other key management personnel of the group, including their personally related parties, are set out below:

2011 Name	Balance at Start of the Year	Granted as Compen-sation	Exercised	Other Changes	Balance at end of the Year	Vested and Exercis-able
Directors of Bounty Oil & Gas N.L.						
G Reveleigh	4,000,000				4,000,000	4,000,000
G Higginbotham	2,000,000				2,000,000	2,000,000
C Ross	2,000,000				2,000,000	2,000,000
Other Key Management Personnel of the group						
P Kelso	8,000,000				8,000,000	8,000,000

All vested options are exercisable until expiry on 22 December 2012.

2010 Name	Balance at Start of the Year	Granted as Compen-sation	Exercised	Other Changes	Balance at end of the Year	Vested and Exercis-able
Directors of Bounty Oil & Gas N.L.						
G Reveleigh		4,000,000			4,000,000	4,000,000
G Higginbotham		2,000,000			2,000,000	2,000,000
C Ross		2,000,000			2,000,000	2,000,000
Other Key Management Personnel of the group						
P Kelso		8,000,000			8,000,000	8,000,000

iii) Share holdings

The numbers of shares in the company held during the financial year by each director of Bounty Oil & Gas N.L. and other key management personnel of the group, including their personally related parties, are set out below. There were no shares granted as compensation during the reporting period.

2011 Name	Balance at Start of the Year	Received During the Year on the Exercise of Options	Other Changes During the Year	Balance at the End of the Year
Directors of Bounty Oil & Gas N.L.				
G Reveleigh	2,987,834	-	491,284-	3,479,118
G Higginbotham	915,200	-	191,520-	1,106,720
C Ross	-	-	200,000-	200,000
Other Key Management Personnel of the group				
P Kelso	9,847,485	-	(3,317,841)-	6,529,644

2010	Balance at	Received	Other Changes	Balance at the

Name	Start of the Year	During the Year on the Exercise of Options	During the Year	End of the Year
Directors of Bounty Oil & Gas N.L.				
G Reveleigh	1,249,545	-	1,738,289	2,987,834
G Higginbotham	166,667	-	748,533	915,200
C Ross	-	-	-	-
Other Key Management Personnel of the group				
P Kelso	4,883,089		4,964,396	9,847,485

d) Loans to Key Management Personnel

No loans were made to key management personnel including their personally related entities during the financial year ended 30 June 2011 and no loans were outstanding at the end of the prior period.

e) Other Transactions with Key Management Personnel

Other than the transactions disclosed in the Remuneration Report contained in the Directors' Report, nil, except that during the period to 30th June, 2011, $30,000 was paid for rent and $22,000 was paid in legal fees to a firm in which Mr. P. Kelso is a principal .

Aggregate amounts of each of the above types of other transactions with key management personnel of Bounty Oil & Gas NL:

	2011 $	2010 $
Legal fees	22,000	74,000
Rent of office	30,000	30,000
Total	52,000	104,000

NOTE 22 – RELATED PARTY TRANSACTIONS

a) **Equity Interests in Related Parties - subsidiaries**

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 25.

b) **Key Management Personnel**

Disclosures relating to key management personnel are set out in Note 21.

c) **Loans to Key Management Personnel**

No loans were made to or outstanding from key management personnel including their personally related entities during the financial year ended 30 June 2011 - see Note 21.

d) **Transactions with other related parties**

There were no transactions with related parties other than as disclosed in this Note 22.

NOTE 23 – FINANCIAL RISK MANAGEMENT

a) Financial risk management policies:

The company's financial instruments consist mainly of deposits with banks, or other regulated financial institutions, short term investments, accounts receivable and payable, short term loans and the like. The directors and key management persons monitor financial risk exposure in the context of market conditions and forecasts.

b) Financial risk exposures and management:

The main risks the company is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

Interest rate risk:

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2011 the company had no debt other than trade and other payables.

Foreign currency risk:

Foreign currency risk is managed by retaining in excess of 90% of its cash and receivables in Australian currency. Petroleum sales are received in USD.

Liquidity risk:

Liquidity risk is managed by monitoring forecast cash flows and ensuring that adequate unutilised cash and equivalents are maintained.

Credit risk:

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Company does not have any material credit risk exposure to any single debtor or company of debtors under financial instruments or collateral securities entered into by the Company.

Price risk:

The sales revenue of the company is derived from sales of oil at the prevailing TAPIS oil price on the Singapore market in United States currency and sales volumes are not sufficient to undertake the expense and risk of the company entering derivative contracts to manage that risk.

(c) Net Fair Value of Financial Assets and Liabilities:

Net fair value of financial assets and liabilities are determined on the following basis:

On-balance sheet financial instruments.

The net fair value of listed shares/securities included in “Financial Assets” which are traded in an organised financial market, are determined by valuing them at the current quoted bid price, adjusted for transaction costs necessary to realise the asset.

For other financial assets and liabilities the net fair value approximates their carrying value.

(d) Financial instrument composition and effective weighted interest rate analysis:

The Company’s exposure to interest rate risk, which is the risk that a financial instrument’s value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

CONSOLIDATED

	Weighted Average Effective Interest rate		**Floating Interest Rate**		**Non-Interest Bearing**		**Total**	
	% **2011**	% **2010**	$ **2011**	$ **2010**	$ **2011**	$ **2010**	$ **2011**	$ **2010**
Financial Assets								
Cash	3.56	4.75	2,490,467	4,067,577	50,370	-	2,540,837	4,067,577
Receivables	-	-	-	-	389,701	431,918	389,701	431,918
Loans	-	-	-	-	-	-		-
Total Financial Assets	-	-	2,490,467	4,067,577	440,071	431,918	2,930,538	4,499,495
Financial Liabilities								
Trade Creditors	-	-	-	-	724,365	719,937	724,365	719,937
Loans	6.2	-	32,914	-	-	102,601	32,914	102,601
Total Financial Liabilities	-	-	32,914	-	724,365	822,538	757,279	822,538
Net Financial Assets/ (Liabilities)	-	-	2,457,553	4,067,577	(284,294)	(390,620)	2,173,259	3,676,957

(e) Sensitivity Analysis

The company does not perform sensitivity analysis with respect to interest rate risk, foreign currency risk, liquidity risk, credit risk or price risk.

NOTE 24 - EVENTS AFTER BALANCE SHEET DATE

Subsequent to balance date, the following material events have occurred:

On 1st August 2011 the company placed 20,000,000 fully paid shares at $0.024 to raise $480,000 before issue expenses, with each share having an unlisted 3 year share option exercisable at $0.032 and expiring 31 July 2014.

Except for the above no other matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

NOTE 25 – SUBSIDIARIES AND TRANSACTIONS WITH NON CONTROLLING INTERESTS

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(a).

Name of entity	Country of Incorporation	Class of shares	Equity holding (1)	
			2011	2010
			%	%
Ausam Resources Pty Limited	Australia	Ordinary	100	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.
(2) There were no transactions with non controlling interests in the year to 30th June 2011,

NOTE 26 – SIGNIFICANT JOINT VENTURES

The company's share of revenue and expenses from joint venture operations are included in the Consolidated Statement of Comprehensive Income. The company's share of the assets and liabilities held in joint venture operations are included in the Consolidated Statement of Financial Position.

Interest in Joint Venture Production Operations

The company holds significant petroleum production joint venture interests included in the Consolidated Statements as follows:

(i) a 40% interest in Petroleum Lease 214 and part of ATP 560P, Queensland and associated oil production tangibles referred to as the Utopia Joint Venture.
(ii) a 2% interest in various Petroleum Leases and part of ATP 259, Queensland and associated oil production tangibles and pipelines referred to as the Naccowlah Block Joint Venture. This production interest was acquired during the reporting period ended 30th June 2011.

Details of the total revenue and expenses derived from or incurred in those joint venture operations and the company's share of the assets and liabilities employed in these joint ventures are as follows:

	Parent Entity	
	2011	2010
	$	$
REVENUE		
Revenue from petroleum	**1,718,576**	568,348
EXPENSES		
Petroleum and all other expenses	**(2,060,387)**	(884,863)
Net Loss from Joint Ventures	**(341,811)**	(316,516)
CURRENT ASSETS		
Cash assets	**180,847**	79,949
Receivables	**116,203,**	29,084
Inventories	**72,404**	9,520
Total Current Assets	**369,454**	118,553

NON CURRENT ASSETS		
Property, plant & equipment (net of accumulated depreciation)	**136,958**	158,422
Other non-current assets	**9,045,329**	3,730,298
Total Non Current Assets	**9,182,287**	3,888,720
Total Assets in Joint Venture	**9,551,741**	4,007,273
CURRENT LIABILITIES		
Trade and other payables	**505,972**	59,683
NON CURRENT LIABILITIES		
Provisions	**509,322**	164,368
Total Liabilities in Joint Venture	**1,018,294**	224,051
Net Interest in Joint Venture	**8,533,447**	3,783,222

Interests in other Joint Venture Entities

Also included in the Consolidated Statements as at 30 June 2011, the group held interests in joint ventures whose principal activities were exploration, evaluation and development of oil and gas but not accruing material revenue. The company contributes cash funds to the joint ventures by way of cash calls for a specified percentage of total exploration and development activities. Other than the Utopia and Naccowlah Block production Joint Ventures none of the joint ventures hold any material assets and accordingly the Company's share of exploration, evaluation and development expenditure is accounted for in accordance with the policy set out in Note 1(o)

NOTE 27 – ECONOMIC DEPENDENCY

The company is not dependent on any external entity.

NOTE 28 – CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent assets or liabilities on the reporting date, other than those exploration commitments set out in Note 19.

NOTE 29 - PARENT ENTITY FINANCIAL INFORMATION

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

Financial Position

	2011 **$**	2010 $
Assets		
Current assets	**5,239,909**	5,743,382
Non-current assets	**16,087,807**	10,335,488
Assets classified as held for sale	**3,039,577**	2,958,859
Total Assets	**24,367,293**	19,037,729
Liabilities		
Current liabilities	**745,278**	286,510
Non-current liabilities	**537,799**	464,368
Assets classified as held sale	**-**	-
Total Liabilities	**1,283,077**	750,878
Net Assets	**23,084,216**	18,286,851
Equity		
Issue capital	**39,973,118**	35,092,940
Reserves	**(16,806,092)**	(15,989,972)
Retained earnings	**(82,810)**	(816,117)
Total Equity	**23,084,216**	18,286,851

Financial Performance

	2011 $	2010 $
Profit/(loss) for the year	**(82,810)**	(816,117)
Other comprehensive income	**-**	-
Total Comprehensive Income	**(82,810)**	(816,117)

Commitments for Expenditure

	2011 $	2010 $
Capital Expenditure Commitments		
Not later than 1 year	**558,000**	3,500,000
Later than 1 year and not later than 5 years	**945,000**	4,000,000
Total Commitments	**1,503,000**	7,500,000

There are no office lease commitments at the balance date.

NOTE 30 – 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

DIRECTORS' DECLARATION

a) The directors of Bounty Oil and Gas NL ("the Company") declare that the financial statements and notes, as set out on pages 15 to 41 are in accordance with the Corporations Act 2001 and:

(i) comply with Accounting Standards and the Corporations Regulations 2001; and
(ii) give a true and fair view of the financial position as at 30th June 2011 and of the performance for the year ended on that date of the Company;

b) The Chief Executive Officer and the Chief Financial Officer have each declared that:

(i) The financial records of the company for the financial year have been properly maintained in accordance with Section 286 of the *Corporations Act 2001.*
(ii) The financial statements and notes for the financial year comply in all material respects with the Accounting Standards;
(iii) The financial statements and notes give a true and fair view.

c) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

J. GARY HIGGINBOTHAM
Director

Dated: 26 September, 2011

J.K.Tompsett
&Co. CHARTERED ACCOUNTANT
Suite 9, 281-287 Sussex Street, Sydney NSW 2000. PO Box Q444, Sydney NSW 1230. Telephone (02) 9266 2555. Facsimile (02) 9266 2599
John K. Tompsett Grad Dip Fin., C.A., A.C.I.S.

BOUNTY OIL & GAS N.L. ABN 82 090 625 353

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOUNTY OIL & GAS N.L.

Report on the Financial Report

We have audited the accompanying financial report of Bounty Oil & Gas N.L which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report.

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB101: *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

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

Opinion

In our opinion:

a. the financial report of Bounty Oil & Gas N.L. is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b. the consolidated financial statements also comply with international Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Bounty Oil & Gas N.L. for the year ended 30 June, 2011 complies with section 300A of the *Corporations Act, 2011.*

J K TOMPSETT & CO

JOHN K TOMPSETT
Principal
Chartered Accountant
Sydney, 26 September, 2011.

ADDITIONAL INFORMATION REQUIRED BY ASX LISTING RULES

The following is additional information provided in accordance with the listing requirements of the Australian Securities Exchange Limited.

1. Analysis of equity security holders as at 13th September, 2011:

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

No. of Securities	*No. of Shareholders*
1 – 1,000	210
1,001 – 5,000	146
5,001 – 10,000	590
10,001 – 100,000	2,606
100,001 and above	1,355
	4,907

b) Twenty Largest Shareholders at 13th September 2010

	Holder Name	**Number Held**	**Percentage**
1	G H Services Pty Limited	18,767,171	2.43
2	W H Ave LLC	18,000,000	2.33
3	Kestrel Petroleum Pty Limited	16,575,000	2.15
4	Tri-Ex Holdings Pty Limited	10,000,000	1.3
5	Barry Sheedy & Associates Pty Limited	8,253,700	1.07
6	D. A. McSeveny	8,147,699	1.06
7	W. J & S. Tyler	7,000,000	.91
8	Claymore Capital Pty Limited	6,907,910	.89
9	Commission Advance Co. Pty Limited	6,119,298	.79
10	Citicorp Nominees Pty Limited	5,267,366	.68
11	CEEC Pty Limited	5,000,000	.65
12	Justin Nuff Pty Limited	5,000,000	.65
13	J P Morgan Nominees Aust Limited	4,556,687	.59
14	C. & J. Viney Pty Limited	4,400,000	.57
15	Bang Vi Khanh	4,250,000	.55
16	Forty Traders Limited	4,176,858	.54
17	R. A. Boas	4,025,000	.52
18	Y. Kucukbas	3,500,000	.45
19	TransOceanic Nominees Pty Limited	3,363,402	.44
20	Maldew Holdings Pty Ltd	3,300,000	.43
	Total Top 20 Holders	**146,610,091**	**19.00%**

c) As at 13th September 2011:

i) there were no listed and quoted options over ordinary shares.

ii) there 16,000,000 unlisted options: exercise price $0.14, expiry date 22 December, 2012 – see Note 22.

iii) there were 20,000,000 unlisted options: exercise price $0.032, expiry date 27 July, 2014.

2. **Substantial Shareholders**

As at 13th September 2011 there were no substantial shareholders as disclosed in substantial shareholders notices given to the company.

3. There were 1,678 holders of less than a marketable parcel of ordinary shares, totalling 17,192,085 shares.

4. The percentage of the total holding of the 20 largest shareholders of ordinary shares was 19% of issued capital.

5. The total number of fully paid ordinary shares on issue on 13th September 2011 was 772,150,982.

6. **Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the company on the Australian Securities Exchange (ASX) under the code BUY.

7. **Income Tax**

The company is taxed as a public company.

8. **Voting Rights**

On show of hands one vote for every registered Shareholder and on a poll, one vote for each share held by a registered Shareholder.

9. Additional Information

Information in the annual report and in these financial statements that relates to or refers to petroleum exploration and prospectivity or petroleum or hydrocarbon reserves or resources is based on information compiled and/or written by Mr Philip F Kelso the CEO of Bounty Oil & Gas NL. Mr Kelso is a Bachelor of Science (Geology) and has practised geology and petroleum geology for in excess of 25 years. He is a member of the Petroleum Exploration Society of Australia and a Member of the Australasian Institute of Mining and Metallurgy. He has consented to the reporting of that information in the form and context in which it appears in this report.

The company continues to comply with the ASX Listing Rules disclosure requirements. The company reports to ASX which makes available all reports to those who wish to access them. All ASX releases and other background information are posted regularly on the company's website. The company intends to post on its website its annual report and all other required notices to its shareholders.

The board reviews and receives advice on areas of operational and financial risks. Business risk management strategies are developed as appropriate to mitigate all identified risks of the business. The directors are aware of the guidelines for the content of a code of conduct to guide compliance with legal and other obligations to shareholders but have not formally established such a code. Where applicable to its activities, the directors ensure that the company is responsible to its shareholders, employees, contractors, advisers, individuals and the community.

10. Secretary

The name of the Secretary of the company is John Gary Higginbotham.

11. Share Buy Back

There is no current on market share buy back.

12. Schedule of Petroleum Tenements

Permit	Basin	Interest	Gross km^2	Net km^2	Operator
Australia Offshore					
AC/P32	Ashmore Cartier Territory - Vulcan Basin	15%	504	75.6	PTTEP [4]
PEP 11	NSW - Sydney Basin	15%	8,267	1,240.1	Advent Energy
Australia Onshore					
PEL 218 (Post Permian)	SA – Cooper - Eromanga Basin.	23.28%	1,603.5	373.3	Beach Petroleum
PL 214 Utopia Block	SW Qld – Cooper - Eromanga Basin.	40%	221	88.4	OWK [1]
ATP 560P	SW Qld – Cooper - Eromanga Basin.	40%	86	34.4	OWK [1]
ATP 789P [6]	SW Qld – Cooper - Eromanga Basin.	100%	1,478.2	1,478.2	Bounty
ATP 259P Naccowlah Block	SW Qld – Cooper - Eromanga Basin.	2%	1,645.3	32.9	Santos [5]
PL 23	SW Qld – Cooper - Eromanga Basin.	2%	234.6	4.7	Santos [5]
PL 24	SW Qld – Cooper - Eromanga Basin.	2%	200.9	4.0	Santos [5]
PL 25	SW Qld – Cooper - Eromanga Basin.	2%	256	5.1	Santos [5]
PL 26	SW Qld – Cooper - Eromanga Basin.	2%	255.9	5.1	Santos [5]
PL 35	SW Qld – Cooper - Eromanga Basin.	2%	136.5	2.7	Santos [5]
PL 36	SW Qld – Cooper - Eromanga Basin.	2%	60.9	1.2	Santos [5]
PL 62	SW Qld – Cooper - Eromanga Basin.	2%	64.7	1.3	Santos [5]
PL 76	SW Qld – Cooper - Eromanga Basin.	2%	39.5	0.8	Santos [5]
PL 77	SW Qld – Cooper - Eromanga Basin.	2%	12.2	0.2	Santos [5]
PL 78	SW Qld – Cooper - Eromanga Basin.	2%	12.1	0.2	Santos [5]
PL 79	SW Qld – Cooper - Eromanga Basin.	2%	6.5	0.1	Santos [5]
PL 82	SW Qld – Cooper - Eromanga Basin.	2%	10.4	0.2	Santos [5]
PL 87	SW Qld – Cooper - Eromanga Basin.	2%	27.5	0.6	Santos [5]
PL 105	SW Qld – Cooper - Eromanga Basin.	2%	12.2	0.2	Santos [5]
PL 107	SW Qld – Cooper - Eromanga Basin.	2%	12.2	0.2	Santos [5]
PL 109	SW Qld – Cooper - Eromanga Basin.	2%	9.2	0.2	Santos [5]
PL 133	SW Qld – Cooper - Eromanga Basin.	2%	12.2	0.2	Santos [5]
PL 149	SW Qld – Cooper - Eromanga Basin.	2%	12.2	0.2	Santos [5]
PL 175	SW Qld – Cooper - Eromanga Basin.	2%	27.5	0.6	Santos [5]
PL 181	SW Qld – Cooper - Eromanga Basin.	2%	18.3	0.4	Santos [5]

PL 182	SW Qld – Cooper - Eromanga Basin.	2%	27.5	0.6	Santos [5]
PL 189	SW Qld – Cooper - Eromanga Basin.	2%	18.3	0.4	Santos [5]
EP 359 (ii)	WA - Carnarvon Basin	10%	160	16.0	Rough Range[2]
EP 359 (iii)	WA - Carnarvon Basin	10%	396.7	39.7	Rough Range[2]
EP 435	WA - Carnarvon Basin	10%	237	23.7	Rough Range[2]
PL 104-L16 (Petroleum Lease)	WA - Carnarvon Basin	10%	80	8	Rough Range[2]
EP 412	WA - Carnarvon Basin	65%	944	613.6	Bounty
PL 2A	Qld - Surat Basin	24.25%	67	16.2	Santos [5]
PL 2B	Qld - Surat Basin	24.25%	137	33.1	Santos [5]
PL 2C	Qld - Surat Basin	36.5%	45	16.5	Santos [5]
PL 71 (Part)	Qld - Surat Basin	20%	134	26.9	Origin Energy
PL 119	Qld - Surat Basin	24.748%	21	5.3	AGL
ATP 470P (FD) [8]	Qld - Surat Basin	100%	253	253.4	Origin Energy
ATP 471P (SG) [7]	Qld - Surat Basin	24.748%	15	3.8	AGL
ATP 552P	Qld - Surat Basin	33.33%	124	41.5	Bounty
ATP 754P	Qld - Surat Basin	50%	2,761	1,380.4	Origin Energy
Tanzania Offshore					
Nyuni Block	Mandawa Basin	5%	2,860	143	Ndovu[3]
Total			**23,508**	**5,973**	
1. Oil Wells Inc of Kentucky Pty Ltd (a wholly owned subsidiary of Bridgeport Energy Limited)					
2. Rough Range Oil Pty Ltd (a wholly owned subsidiary of Empire Oil and Gas NL)					
3. Ndovu Resources Limited (a subsidiary of Aminex PLC)					
4. PTT Exploration and Production Public Company Limited					
5. Santos Limited group companies					
6. Subject to renewal					
7. (SG) Spring Grove joint venture					
8. Formosa Downs					

CORPORATE DIRECTORY

Board of Directors

Graham C Reveleigh (Chairman)
Charles Ross
J. Gary Higginbotham

Chief Executive Officer

Philip F. Kelso

Company Secretary

J. Gary Higginbotham

Registered and Principal Office

Level 7 , 283 George Street,
Sydney, NSW, 2000, Australia,

Telephone: +612 9299 2007
Facsimile: +612 9299 7300
Email: corporate@bountyoil.com
Website: www.bountyoil.com

Auditors

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Chartered Accountant
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Sydney NSW 2000

Telephone: +61 2 9266 2555
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Applecross WA 6153

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Investec Bank (Australia) Ltd, Sydney

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