Bass Strait Oil Company Limited
ACN 008 694 817

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

Meeting to be held at the offices of Johnson Winter & Slattery, Level 9, 211 Victoria Square, Adelaide, South Australia on Monday 13 February 2017 commencing at 10:30am (ACDT)

This Notice of Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

An independent expert's report is annexed to this Notice of Meeting and Explanatory Statement as required for the purposes of ASX Listing Rule 10.1. The report concludes that the transaction the subject of Resolution 1 in the Notice of Meeting is fair and reasonable to the Company's Non-Associated Shareholders, for the reasons set out in that report.

Capitalised terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary unless otherwise indicated.

NOTICE OF MEETING

Notice is given that a Meeting of shareholders of Bass Strait Oil Company Limited (ACN 008 694 817) (**Company** or **BAS**) will be held at the offices of Johnson Winter & Slattery, Level 9, 211 Victoria Square, Adelaide, South Australia on Monday 13 February 2017 commencing at 10:30am (ACDT).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting.

AGENDA

Resolution 1 – Approval of Proposed Acquisition

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

> *"That for the purposes of Listing Rule 10.1 and for all other purposes, approval is given for the Company to undertake the Proposed Acquisition on the terms and conditions described in the Explanatory Statement accompanying the Notice of Meeting."*

Voting Exclusion

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this resolution by a party to the Proposed Acquisition and their associates. However the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2 – Approval of issue of shares to Cooper Energy

To consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

> *"That, subject to the passing of Resolution 1 set out in the Notice of Meeting, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue 180,000,000 shares to Cooper Energy in consideration for the acquisition of all of the issued capital of Cooper Energy Sukananti on the terms and conditions described in the Explanatory Statement accompanying the Notice of Meeting."*

Voting Exclusion

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this resolution by Cooper Energy and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and their associates. However the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 3 – Approval to change name

To consider and if thought fit, to pass the following resolution as a **special resolution**:

> *"That for the purposes of Section 157 of the Corporations Act and for all other purposes, the name of the Company be changed to 'Bass Oil Limited'"*

By Order of the Board

R M Hamilton
Company Secretary
Bass Strait Oil Company Limited

12 January 2017

VOTING INFORMATION AND NOTES

Voting entitlement on a poll

On a poll, each Shareholder present has one vote for each fully paid share they hold.

Proxies

A Shareholder entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote on the Shareholder's behalf. If the Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint up to two proxies to attend and vote on the Shareholder's behalf.

If a Shareholder appoints two proxies, each proxy must be appointed to represent a specified proportion or number of the Shareholder's votes. Absent this specification, on a poll, each proxy will need to exercise half the votes.

A proxy can be either an individual or a body corporate and need not be a Shareholder. If a Shareholder appoints a body corporate as proxy, the body corporate will need to appoint an individual as its corporate representative and provide satisfactory evidence of this appointment.

If a Shareholder's instruction is to abstain from voting for a particular item of business, the Shareholder's votes will not be counted in computing the required majority on a poll.

To appoint a proxy, a proxy form must be signed by the Shareholder or the Shareholder's attorney duly authorised in writing. If the Shareholder is a corporation, the proxy form must be signed in accordance with Section 127 of the Corporations Act. To be effective, a proxy form (and, if it is signed by an attorney, the authority under which it is signed or a certified copy of the authority) must be received by the Company not later than 48 hours prior to the commencement of the Meeting. Proxy form and authorities may be lodged:

Online: www.linkmarketservices.com.au Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, Shareholders will need their ''Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

by mail:
Bass Strait Oil Company Ltd
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

by fax:
+61 2 9287 0309

by hand delivering it to:
Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12, 680 George Street
Sydney NSW 2000

Chairman acting as proxy

Shareholders may appoint the Chairman of the Meeting as their proxy.

Where the Chairman is appointed as a proxy by a Shareholder entitled to cast a vote on a particular resolution and the proxy form specifies how the Chairman is to vote on the resolution (that is, a directed proxy), the Chairman must vote in accordance with that direction.

In respect of proxies where no voting direction has been given (undirected proxies), the Chairman intends to vote all available proxies in favour of each resolution.

Entitlement to vote at the meeting

For the purpose of the Meeting, it has been determined in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that Shares in the Company will be taken to be held by those persons who are registered holders at 10.30am (ACDT) on 11 February 2017. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Quorum

The Constitution of the Company provides that five or more Shareholders present at the Meeting (whether in person, by proxy or corporate representative) and entitled to vote on a resolution at the Meeting will constitute quorum.

Appointment of a corporate representative

Corporate representatives are requested to bring appropriate evidence of appointments as a representative. Proof of identity will be required for corporate representatives.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Meeting to be held at the offices of Johnson Winter & Slattery, Level 9, 211 Victoria Square, Adelaide, South Australia on Monday 13 February 2017 commencing at 10:30am (ACDT).

This Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting. The purpose of this Explanatory Statement is to provide information to Shareholders about the business to be considered at the Meeting.

This Explanatory Statement provides a detailed outline of the Proposed Acquisition. Shareholders are also referred to the Independent Expert's Report prepared by Grant Thornton that concludes that the Proposed Acquisition is fair and reasonable to the Non-Associated Shareholders. A copy of the Independent Expert's Report is annexed to this Explanatory Statement and Shareholders are encouraged to consider the report before voting. The Independent Expert's Report is also available to Shareholders on request at no cost and may also be viewed on the Company's website at www.bassoil.com.au.

1 The Proposed Acquisition

1.1 Background to the Proposed Acquisition

As announced on 19 October 2016, the Company has entered into a share sale agreement with Cooper Energy to acquire all of the issued capital of Cooper Energy Sukananti (**Share Sale Agreement**).

The acquisition is the culmination of the Company's significant efforts to secure a strategic asset and will result in the Company transitioning from a petroleum explorer focused on south-east Australia to a south-east Asia focussed oil and gas production company.

1.2 About Cooper Energy Sukananti and the Tangai-Sukananti KSO

Cooper Energy Sukananti is a wholly owned subsidiary of Cooper Energy that holds a 55% interest (including operatorship) in the Tangai-Sukananti KSO located in the South Sumatra Basin, Indonesia. The South Sumatra basin is located adjacent to prolific oil and gas fields where over 2.3 billion barrels of oil and 6 trillion cubic feet of gas have been produced.

The remaining 45% interest in the Tangai-Sukananti KSO is held by PT Mega Adhyaksa Pratama Sukananti Ltd, an affiliate of Foster Oil & Energy Pte. Ltd., a privately owned Indonesian company which participates and operates in several oil & gas blocks.

The Tangai-Sukananti KSO is an oil and gas production asset which was producing in excess of 820 barrels of oil per day as at 1 December 2016. 450 of these barrels are for the benefit of Cooper Energy Sukananti (with the balance to the joint venture partner). The KSO hosts two producing oil fields, Tangai and Bunian. The Tangai and Bunian fields are producing from two wells each, Tangai 1 and 3 and Bunian 1 and 3. The Bunian 4 well was drilled in 2015 and is scheduled to come on line in early 2017. Bunian 4 is expected to add between 100 and 300 barrels of oil per day of additional production capacity.

The main producing field within the Tangai-Sukananti KSO, Bunian, has 3D seismic coverage and presents an opportunity for substantially higher production rates under a plan prepared by Cooper Energy. The plan, subject to review by the Company, includes an upgrade to processing and transport capacity following a development drilling campaign.

The Tangai-Sukananti KSO also contains additional near-field exploration opportunities requiring further evaluation.

The Proposed Acquisition will immediately transform the Company into a cash-flow positive producer with a strong 2P reserve position (net to the Company) of 1.73 million barrels of oil as at 30 June 2016 as reported by Cooper Energy in their 2016 Annual Report.

The Tangai-Sukananti KSO will also provide the Company with an excellent platform for further growth through low-cost development opportunities and the execution of bolt-on acquisitions within the south-east Asia region.

1.3 Share Sale Agreement

The Share Sale Agreement is a conditional agreement between the Company and Cooper Energy under which the Company is entitled, subject to the conditions outlined below, to acquire 100% of the issued capital of Cooper Energy Sukananti.

In consideration for the acquisition, the Company will pay Cooper Energy $500,000 and issue 180 million Shares to Cooper Energy (**Consideration Shares**). The Consideration Shares will have a deemed issue price of 0.15 cents per Share. The Company will also pay Cooper Energy a further $2.27 million on the date that is 12 months after the date the sale and acquisition completes (**Deferred Consideration**). The Company must also make additional payments to Cooper Energy of amounts Cooper Energy Sukananti receives in respect of any receivables that relate to the period before the effective date of transfer (expected to be $2.7 million).

The Share Sale Agreement is subject to a number of conditions precedent which must be satisfied before the sale and acquisition can occur. These conditions precedent include:

- the Indonesian Government giving all regulatory approvals required in relation to the change in ownership of Cooper Energy Sukananti;
- PT Mega Adhyaksa Pratama Sukananti Ltd, as the joint venture partner in the Tangai-Sukananti KSO, giving its consent to the change in ownership of Cooper Energy Sukananti;
- the Company obtaining from Shareholders the approvals described in Resolutions 1 and 2 in the Notice of Meeting; and
- the Company undertaking a capital raising and raising a minimum amount of $500,000 through the issue of Shares.

The Company satisfied the capital raising condition precedent by raising approximately $772,207 under its rights issue that was announced on 18 November 2016 (**Rights Issue**). The shares issued under the Rights Issue were issued on 14 December 2016.

The Share Sale Agreement is expected to complete within six days of the date of the Meeting. If the conditions are not satisfied or waived by 19 February 2017 or such other date as the parties agree, either party may terminate the Share Sale Agreement.

At completion of the Share Sale Agreement the Company is required to enter into a specific security deed with Cooper Energy. Under this deed the Company will grant a security interest over all of the shares in Cooper Energy Sukananti in favour of Cooper Energy as security for its obligation to pay Cooper Energy the Deferred Consideration.

Cooper Energy has agreed that the Consideration Shares will be subject to a 12 month voluntary escrow period during which time Cooper Energy will not be permitted to, nor be permitted to agree to, dispose of the Consideration Shares.

Cooper Energy has given a number of customary warranties for the benefit of the Company under the Share Sale Agreement. These relate to, among other things, Cooper Energy's ability to enter into the Share Sale Agreement, its ownership of the shares in Cooper Energy Sukananti, and matters relating to Cooper Energy Sukananti's assets, business and operations.

The Company has given a number of customary warranties for the benefit of Cooper Energy under the Share Sale Agreement relating to its ability to enter into the agreement, its solvency and the terms of, and its ability to issue, the Consideration Shares to Cooper Energy.

1.4 Rationale for the Proposed Acquisition

The Non-Interested Directors believe that the Proposed Acquisition is value accretive and in the best interests of the Company. The Proposed Acquisition will, if completed, immediately transform the Company from a petroleum explorer to an operating producer within a prolific oil and gas region in Indonesia.

The Proposed Acquisition will, if completed, provide the Company with a significant 2P reserve position of 1.73 million barrels of oil (as at 30 June 2016) and strong levels of production which at 1 December 2016 was in excess of 820 barrels of oil per day (of which, 450 barrels per day will be for the benefit of the Company).

The Company expects the Tangai-Sukananti KSO to deliver free cash flow to the Company of $100,000 – $150,000 per month in calendar year 2017 based on current commodity pricing.

The Proposed Acquisition also provides the Company with a platform for growth through low-cost development opportunities within the Tangai and Bunian oil fields and the execution of additional acquisitions in the south-east Asia region.

1.5 Effect of the Proposed Acquisition on the Company

1.5.1 Impact on Company's financial position

The estimated effect that the Proposed Acquisition will have on the Company and its controlled entities' total assets, equity interests and liabilities following completion of the Proposed Acquisition is as follows:

BASS STRAIT OIL COMPANY LIMITED AND CONTROLLED ENTITIES

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 JUNE 2016 (Audited) $	ADJUSTMENT FOR RIGHTS ISSUE $	ADJUSTMENT FOR COOOPER ENERGY SUKANANTI ACQUISITION $	PRO FORMA BALANCE $
ASSETS				
Current assets				
Cash and cash equivalents	457,054	672,295	(500,000)	629,349
Trade and other receivables	10,511			10,511
Other current assets	7,860			7,860
Total current assets	475,425			647,720
Non-current assets				
Other financial asset	16,133			16,133
Plant and equipment	2,674			2,674
Sukananti KSO production assets	-		3,040,000	3,040,000
Exploration and evaluation expenditure	1,034,689			1,034,689
Total non-current assets	1,053,496			4,093,496
TOTAL ASSETS	1,528,921			4,741,216
LIABILITIES				
Current liabilities				
Trade and other payables	131,145			131,145
Total current liabilities	131,145			131,145
Non-current Liabilities				
Deferred Consideration for Sukananti KSO	-		2,270,000	2,270,000
Total non-current liabilities	-			2,270,000
TOTAL LIABILITIES	131,145			2,401,145
NET ASSETS	**1,397,776**			**2,340,071**
EQUITY				
Contributed equity	32,804,092	672,295	270,000	33,746,387
Accumulated losses	(31,406,316)			(31,406,316)
TOTAL EQUITY	**1,397,776**			**2,340,071**

The pro forma Consolidated Statement of Financial Position for the Company and its controlled entities set out above takes into account the effect of the completion of the Rights Issue and the Proposed Acquisition. This statement is based on the audited accounts of the Company as at 30 June 2016, lodged with the ASX on 1 September 2016.

The pro forma Consolidated Statement of Financial Position illustrates the effect of the Rights Issue and the completion of the Proposed Acquisition based upon the following assumptions and qualifications:

- there being no material changes to the Company's Consolidated Statement of Financial Position since 30 June 2016;
- that the Company lodged an application with the National Offshore Petroleum Titles Authority (NOPTA) to request consent to surrender the title of VIC/P41, on 7 October 2016 and if and when approved the Company will recognise the write down of the net carrying cost of exploration and evaluation costs for VIC/P41 of $577,983 in the report for the half year to December 2016;
- that the Rights Issue was fully subscribed resulting in the Company issuing an additional 772,206,594 New Shares and raising a total of $772,207 before costs of $99,912;
- that on completion of the Share Sale Agreement the Company will make a cash payment to Cooper Energy of $500,000 and will issue 180,000,000 Consideration Shares at 0.15 cents per Share;
- twelve months after completion of the Share Sale Agreement the Deferred Consideration of $2,270,000 will be payable; and
- except as set out above, the activities of the Company since 30 June 2016 are not recognised in the pro forma Consolidated Statement of Financial Position.

1.5.2 Impact on Company's capital structure and control

The estimated effect that the Proposed Acquisition will have on the Company's issued share capital due to the issue of the Consideration Shares is as follows:

Securities	Current Capital Structure	Capital Structure after issue of the Consideration Shares	% Change
Shares	2,059,217,584	2,239,217,584	8.74% increase

The estimated effect that the Proposed Acquisition will have on the control of and Voting Power in the Company due to the issue of the Consideration Shares is as follows:

	Current Capital		After completion of the Proposed Acquisition and issue of Consideration Shares	
	Shares	**Shares (%)**	**Shares**	**Shares (%)**
(A) Cooper Energy and associates existing shareholdings	173,361,294	8.42%	173,361,294	7.74%
(B) Consideration Shares to be issued to Cooper Energy	-	-	180,000,000	8.04%
Cooper Energy and associates shareholdings after issue of Consideration Shares (A + B)	-	-	353,361,294	15.78%
(C) Shares held by Non-Associated Shareholders	1,885,856,290	91.58%	1,885,856,290	84.22%
Total Shares	2,059,217,584	100%	2,239,217,584	100%

1.6 Independent Expert's Report

The Non-Interested Directors have commissioned the Independent Expert to prepare a report in relation to the Proposed Acquisition and whether it is fair and reasonable to Non-Associated Shareholders as required for the purposes of Listing Rule 10.1.

The Independent Expert's Report is annexed to this Explanatory Statement. The Independent Expert has concluded that the Proposed Acquisition is fair and reasonable to the Non-Associated Shareholders.

1.7 Key Advantages and Disadvantages of the Proposed Acquisition

The Non-Interested Directors are of the view that the key advantages of the Proposed Acquisition are as follows:

- The Proposed Acquisition will, if completed, transform the Company from a petroleum explorer to an operating producer within a prolific oil and gas region in Indonesia.
- The Proposed Acquisition will deliver the Company immediate revenue and significant free cash flow at current oil prices. The Company expects the Tangai-Sukananti KSO to deliver free cash flow net to the Company of $100,000 - $150,000 per month in calendar year 2017.
- The Proposed Acquisition will provide the Company with a strong 2P reserve position of 1.73 million barrels of oil with a significant scope to pursue low-cost development opportunities within the Tangai and Bunian oil fields. The Proposed Acquisition will also provide the Company with an excellent platform to execute bolt-on acquisitions as the Company realigns its strategic focus to the south-east Asia region.

The Non-Interested Directors are of the view that the key disadvantages of the Proposed Acquisition are as follows:

- The Company has needed to engage a number of external advisors and experts to advise on, facilitate and report on the Proposed Acquisition. This work has included preparing and negotiating of the documentation to effect the Proposed Acquisition, the Notice of Meeting and Explanatory Statement and the Independent Expert's Report. The Company has also been required to seek professional advice to ensure compliance with ASX Listing Rules, Corporations Act and other statutory requirements and approvals relevant to the Proposed Acquisition. Engaging these experts and advisers has resulted in an increase in the Company's costs.
- The issue of the Consideration Shares to Cooper Energy will increase the number of Shares on issue and therefore dilute the interests of Non-Associated Shareholders in the Company.
- The Company's business activities will change from a purely Australian focused business to a south-east Asia focus by virtue of the Proposed Acquisition and yet to be identified other development and production opportunities that may arise. However, there is no guarantee that the Company will be in a position to pursue other opportunities that may arise or that these as yet to be identified projects will result in a positive return to shareholders.

2 Resolution 1 – Approval of Proposed Acquisition

2.1 Listing Rule 10.1

Listing Rule 10.1 provides that an entity must not acquire a "substantial asset" from, among other persons, a person who, with their associates, has a Relevant Interest, or had a Relevant Interest at any time in the six months before the transaction, in at least 10% of the total votes attaching to the voting shares of the entity without the approval of holders of the entity's ordinary securities.

Listing Rule 10.2 provides that an asset is a substantial asset if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX.

Pursuant to the Share Sale Agreement the Company will acquire all of the issued capital in Cooper Energy Sukananti from Cooper Energy. Cooper Energy, through its wholly owned subsidiary Somerton Energy, currently has a Relevant Interest in 173,361,294 Shares giving it Voting Power in the Company of 8.74%. Immediately prior to the issue of Shares under the Rights Issue, Cooper Energy's Voting Power in the Company was 13.47%. Accordingly, Cooper Energy is an entity to which Listing Rule 10.1 applies in relation to the Company.

The value of the Company’s equity interests as set out in its financial report for the year ended 30 June 2016 (released to ASX on 1 September 2016) is $1,397,776. The value of the consideration for the issued capital of Cooper Energy Sukananti (as set out in Section 1.3 of this Explanatory Statement and the Independent Expert’s Report) is more than 5% of this amount.

Accordingly, the Company seeks Shareholder approval for the purposes of Listing Rule 10.1 to acquire all of the issued capital of Cooper Energy Sukananti from Cooper Energy.

Listing Rule 10.10 requires a notice of meeting seeking shareholder approval for the purposes of Listing Rule 10.1 to include a report on the transaction from an independent expert and which states the expert’s opinion as to whether the transaction is fair and reasonable to shareholders who may vote on the transaction. An Independent Expert’s Report commissioned by the Non-Interested Directors and obtained for this purpose is annexed to this Explanatory Statement. The Independent Expert has concluded that the Proposed Acquisition is fair and reasonable to the Non-Associated Shareholders.

Further details regarding the Proposed Acquisition are set out in Section 1 of this Explanatory Statement and in the Independent Expert’s Report.

2.2 If Resolution 1 is passed

If Resolution 1 is passed, the Proposed Acquisition will proceed subject to satisfaction (or waiver) of the conditions precedent under the Share Sale Agreement described in Section 1.3. In this case, the Company will have successfully acquired Cooper Energy Sukananti and its 55% interest and operatorship in the Tangai-Sukananti KSO, shifting the Company’s strategic focus from the offshore Gippsland Basin (Australia) to south-east Asia. In these circumstances the Company will also evaluate additional development and production opportunities that might meet criteria capable of adding significant shareholder value.

2.3 If Resolution 1 is not passed

If Resolution 1 is not passed, the Proposed Acquisition will not proceed. In this case the Company will not have acquired a 55% interest in the Tangai-Sukananti KSO. The Company will then continue to investigate all options available to it in relation to the best path forward for Shareholders.

2.4 Director Recommendations

Each Non-Interested Director recommends that the Non-Associated Shareholders vote in favour of Resolution 1 based on the findings of the Independent Expert’s Report which states that the Proposed Acquisition is fair and reasonable to the Non-Associated Shareholders.

Mr Hector M Gordon, a non-executive independent Director of the Company, is interested in the Proposed Acquisition and the issue of the Consideration Shares to Cooper Energy as Mr Gordon currently serves on the board of Cooper Energy as an Executive Director – Exploration and Production. Mr Gordon has given the Company notice of this interest and has not been present at any Directors meetings while the Proposed Acquisition has been considered or voted at Directors meetings on matters relating to the Proposed Acquisition. Mr Gordon does not give a recommendation on how Non-Associated Shareholders should vote on Resolution 1.

3 Resolution 2 – Approval of issue of shares to Cooper Energy

3.1 Listing Rule 7.1 Approval

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of the shareholders of a listed entity is required for an issue of Equity Securities if the securities will, when aggregated with the securities issued by the entity during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The issue of the Consideration Shares to Cooper Energy does not fall within any exception to Listing Rule 7.1 and, as such, would reduce the Company's capacity to issue further Equity Securities without first obtaining Shareholder approval.

An issue is not taken into account in the calculation of the 15% threshold where the issue has the prior approval of shareholders in a general meeting. For this reason, approval is sought by Resolution 2 for the purposes of Listing Rule 7.1 for the proposed issue of the Consideration Shares to Cooper Energy.

3.2 Information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the approval of the proposed issue of the Consideration Shares:

- The maximum number of Shares to be issued pursuant to Resolution 2 is 180 million.

- The Consideration Shares are expected to be issued on completion of the Share Sale Agreement, and in any event, no later than three months after the date of the Meeting (or such other later date as permitted by any ASX waiver or modification of the Listing Rules).

- The Consideration Shares will not be issued for cash and instead will be issued in part consideration for the acquisition from Cooper Energy of all of the issued capital in Cooper Energy Sukananti. That said, the deemed issue price of the Consideration Shares is 0.15 cents per Share.

- The Consideration Shares will be issued to Cooper Energy.

- The Shares will be fully paid ordinary shares in the capital of the Company, on the same terms as the existing Shares then on issue.

- As the Consideration Shares will not be issued for cash, no funds will be raised from the issue of the Consideration Shares. Instead the Consideration Shares will be issued in part consideration for the acquisition from Cooper Energy of all of the issued capital in Cooper Energy Sukananti.

- A voting exclusion statement is included in the Notice of Meeting.

3.3 Resolution 2 dependent on Resolution 1

If Resolution 1 is not passed, the Company will not proceed with the issue of the Consideration Shares to Cooper Energy.

3.4 If Resolution 1 is passed and Resolution 2 is passed

If Resolutions 1 and 2 are passed, the Company will issue the Consideration Shares to Cooper Energy and such Shares will not be counted towards the 15% 12 month limit on the issue of Equity Securities permitted by Listing Rule 7.1.

3.5 If Resolution 1 is passed and Resolution 2 is not passed

If Resolution 1 is passed but Resolution 2 is not passed, the Company will issue the Consideration Shares to Cooper Energy within its capacity under Listing Rule 7.1. In these circumstances, the Consideration Shares will be counted towards the 15% limit on the issue of Equity Securities permitted by Listing Rule 7.1 for the next 12 months.

3.6 Director Recommendations

Each of the Non-Interested Directors recommend that the Non-Associated Shareholders vote in favour of Resolution 2 based on the findings of the Independent Expert's Report which states that the issue of the Consideration Shares to Cooper Energy is <u>fair and reasonable</u> to the Non-Associated Shareholders. Mr Gordon does not give a recommendation on how Non-Associated Shareholders should vote on Resolution 2 for the reasons set out in Section 2.4 of this Explanatory Statement.

4 Resolution 3 – Approval to change name

4.1 Change of name

In order to reflect the change in focus of the Company's activities from a petroleum explorer focused on south-east Australia to a south-east Asia focussed oil and gas production company, it is proposed to change the name of the Company to "Bass Oil Limited".

Section 157 of the Corporations Act requires a company to obtain the approval of its shareholders by special resolution to the change of the company's name. A special resolution must be passed by at least 75% of the votes cast by shareholders who are entitled to vote at the meeting.

If Resolution 3 is passed, the change to the Company's name will occur regardless of whether Resolutions 1 and 2 are passed or the Proposed Acquisition is completed.

4.2 Director Recommendations

Each Director recommends that Shareholders vote in favour of Resolution 3.

Glossary

In this Notice of Meeting and Explanatory Statement, the following words and expressions have the following meanings:

(a) “**$**” means Australian dollars;

(b) “**2P**” means the sum of proved petroleum reserves plus probable petroleum reserves. It denotes the best estimate scenario of petroleum reserves;

(c) “**ACDT**” means Central Daylight time in Australia;

(d) “**ASIC**” means the Australian Securities and Investment Commission;

(e) “**ASX**” means ASX Limited;

(f) “**Cooper Energy**” means Cooper Energy Limited (ACN 096 170 295);

(g) “**Cooper Energy Sukananti**” means Cooper Energy Sukananti Limited, a British Virgin Islands company;

(h) “**Corporations Act**” means the *Corporations Act 2001* (Cth);

(i) “**Director**” means a current director of the Company (as the context requires) and “**Directors**” means all of them;

(j) “**Equity Security**” has the same meaning as in the Listing Rules;

(k) “**Explanatory Statement**” means the explanatory statement accompanying the Notice of Meeting;

(l) “**Independent Expert**” means Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987);

(m) “**Listing Rules**” means the official listing rules of ASX as amended from time to time;

(n) “**Meeting**” means the meeting of the Shareholders to be held at the offices of Johnson Winter & Slattery, Level 9, 211 Victoria Square, Adelaide, South Australia on Monday 13 February 2017 commencing at 10:30am (ACDT);

(o) “**Non-Associated Shareholders**” means Shareholders whose votes are not to be disregarded on Resolution 1 or Resolution 2;

(p) “**Non-Interested Directors**” means all Directors other than Mr Hector M Gordon;

(q) “**Notice of Meeting**” means the notice convening the Meeting which accompanies the Explanatory Statement;

(r) “**Proposed Acquisition**” means the acquisition by the Company of all of the issued capital in Cooper Energy Sukananti from Cooper Energy;

(s) “**Proxy Form**” means a proxy form enclosed with the Notice of Meeting and Explanatory Statement;

(t) “**Relevant Interest**” has the meaning given to the term “relevant interest” in Section 608 and 609 of the Corporations Act;

(u) “**Share**” means a fully paid ordinary share in the capital of the Company;

(v) “**Shareholder**” is a person entered in the Company’s register of members as a holder of a Share;

(w) “**Somerton Energy**” means Somerton Energy Pty Ltd (ACN 089 956 150); and

(x) “**Voting Power**” has the meaning given to the term “voting power” in Section 610 of the Corporations Act.

Annexure – Independent Expert Report

The Independent Expert concludes in the Independent Expert Report that follows that the transaction the subject of Resolution 1 in the Notice of Meeting is fair and reasonable to the Company's Non-Associated Shareholders, for the reasons set out in that Report.

Bass Strait Oil Company Ltd

Independent Expert's Report and Financial Services Guide

23 December 2016

The Independent Directors
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23 December 2016

Independent Expert's Report and Financial Services Guide

Introduction

Bass Strait Oil Company Limited ("Bass" or "the Company") is substantially a shell company with three early stage petroleum exploration assets in southeast Australia. Bass is listed on the Australian Securities Exchange ("ASX") and had a market capitalisation of approximately $1.3 million as at 16 December 2016.

Cooper Energy Limited ("Cooper Energy") is an ASX-listed exploration and production company featuring low cost oil production and a growing portfolio of gas reserves and resources and exploration acreage. Cooper Energy is one of the major shareholders of Bass with a total interest of approximately 8.42% of the issued capital. Bass and Cooper Energy also have a common Director[1].

On 19 October 2016, Bass entered into a Share Sale Agreement ("SSA") to acquire a 100% interest in Cooper Energy Sukananti Limited ("CESL"), which owns a 55% interest in the Indonesian asset Tangai-Sukananti KSO ("the Asset") ("the Proposed Transaction"). The Asset is an Indonesian oil producing asset which comprises of 11 exploration and development wells drilled from 1992-2015.

Under the terms of the Proposed Transaction, Bass agreed to pay the following:

- An initial cash consideration of $0.5 million ("Initial Consideration").

- A scrip consideration of 180 million shares at 0.15 cents per share on completion of the SSA ("Consideration Share"), which is equivalent to $270,000.

[1] Mr Hector M Gordon, a non-executive independent Director of Bass currently serves on the board of Cooper Energy as an Executive Director ("Non-independent Director").

- A cash consideration of $2.27 million 12 months from completion of the SSA ("Deferred Consideration").

- A working capital pass through of $2.7 million to be paid to Cooper Energy as soon as the receivables are collected by Bass ("Working Capital Consideration"). We note that the Working Capital Consideration is related to one-off items of working capital in conjunction with the funding mechanism of the historical capital expenditure and one-off value added tax refunds. Accordingly, they do not relate to the core working capital required to operate the Asset. For the purpose of assessing the fair market value of the consideration paid for the Asset, we have considered the Working Capital Consideration as a simple pass through not related to the ongoing operations or enterprise value of the Asset purchased.

Based on the above, the total consideration paid of $5.7 million can be split as set out below:

- $3.0 million considered for the purchase of the Asset ("Asset Consideration")[2].

- $2.7 million pass through of one-off working capital items.

If the Proposed Transaction is completed, Cooper Energy will increase its interest in the Company from 8.42% to approximately 15.72% on an undiluted basis.

The Proposed Transaction is subject to a number of conditions, including but not limited to the following:

- The Indonesian Government giving all regulatory approvals required in relation to the change in ownership of Cooper Energy Sukananti Limited ("CESL") (the legal entity that holds the interest in the Asset).

- PT Mega Adhyaksa Pratama Limited ("MAP") (the joint venture partner in the Asset) giving its consent to a change in control of CESL.

- Bass obtaining all shareholder approvals required to complete the Proposed Transaction.

- Bass raising no less than $0.5 million in funds. The Company satisfied this condition previously by raising $0.77 million before transaction costs under a non-renounceable rights issue ("Rights Issue") that was announced on 18 November 2016. Eligible shareholders subscribed 3 new shares for every 5 shares at an issue price of 0.1 cent, and 1 free attached option with an exercise price of 0.3 cent and an expiry date of 15 December 2017 for every 2 new shares purchased.

Subject to the independent expert concluding and not changing its conclusion that the Proposed Transaction is fair and reasonable to the shareholders of Bass ("Bass Shareholders"), the Independent Directors have unanimously recommended that Bass Shareholders vote in favour of the resolution to effect the Proposed Transaction and intend to vote for all shares of Bass ("Bass Shares") held or controlled by them in favour of the Proposed Transaction.

[2] We note that if the Rights Issue price of 0.1 cent is adopted to value the Scrip Consideration rather than the issue price to Cooper Energy of 0.15 cent, the Asset Consideration is reduced to $2.9 million.

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An instinct for growth™

Scope of the report

Cooper Energy is currently a related party of the Company given that Bass and Cooper Energy have a common director and Cooper Energy is a substantial shareholder of Bass, given that it held more than 10% of the issued capital of Bass in the last 6 months[3]. In addition, the Asset to be purchased is a substantial asset in accordance with the Corporations Act given that the consideration payable represents greater than 5% of the last reported net assets of Bass as at 30 June 2016.

The Independent Directors of Bass have engaged Grant Thornton Corporate Finance to prepare an Independent Expert's Report stating whether, in its opinion, the Proposed Transaction is fair and reasonable to the Bass Shareholders for the purposes of ASX Listing Rule 10.1. The Independent Expert's Report is to accompany a notice of meeting and an explanatory memorandum to be sent to the shareholders.

In preparing the Independent Expert's Report, Grant Thornton Corporate Finance has had regard to Australian Securities and Investment Commission ("ASIC") Regulatory Guide 111 *Contents of expert reports* ("RG 111") and Regulatory Guide 112 *Independence of experts* ("RG 112").

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Proposed Transaction is FAIR AND REASONABLE to the Bass Shareholders.

Fairness assessment

In accordance with the requirements of ASIC RG 111, in forming our opinion in relation to the fairness of the Proposed Transaction to the Bass Shareholders, Grant Thornton Corporate Finance has compared the Asset Consideration with the assessed fair market of the Asset to be acquired.

The following table summarises our fairness assessment:

Fairness assessment $	*Section Reference*	Low	High
Fair market value of the Asset	6	3,000,000	3,500,000
Value of the Asset Consideration		3,000,000	3,000,000
Premium/ (discount) ($)		**-**	**(500,000)**
Premium/ (discount) (%)		**0.0%**	**-14.3%**

Source: GTCF Calculations.

Our assessment of the fair market value of the Asset is equal to or above the Asset Consideration. Accordingly, we have concluded that the Proposed Transaction is **FAIR** to the Bass Shareholders.

[3] We note that whilst Cooper Energy currently only holds 8.42% of the issued capital of Bass, it held 13.47% before completion of the Rights Issue on 18 November 2016. We note that Cooper Energy did not take-up its Rights Issue entitlement and accordingly it was diluted down to 8.42% on completion of the Rights Issue.

Reasonableness assessment

ASIC RG111 establishes that an offer is reasonable if it is fair. Given that our assessment of the Proposed Transaction is fair it is also reasonable. However, we have also considered the following advantages, disadvantages and other factors.

Advantages

Ability to continue Bass operations

Current Bass operations comprise of three different exploration tenements in Australia, namely Vic/P41, Vic/P68 and PEP 150. In June 2016, Bass booked an impairment charge of $3,421,325 in relation to its main exploration asset, Vic/P41. Subsequently Bass announced the following:

- PEP 150 has been under care and maintenance since 30 August 2016 when the Victorian Government announced an extension of the moratorium on onshore exploration activity till 30 June 2020. Additionally, exploration and development for unconventional resources as well as fracture stimulation have been banned.

- Vic/P68 is currently in year four of a six year drilling program. In May 2016, the Company applied to the National Offshore Petroleum Administrator ("NOPTA") to vary the work commitment set for year three to advanced geo-scientific studies which have an indicative cost of $350,000. In September 2016, the NOPTA advised that its application for a work program variation was unsuccessful. Following this announcement, Bass applied for a suspension and extension of year three work commitments which was granted on 8 December 2016. Therefore, Bass is considering alternative options for this asset.

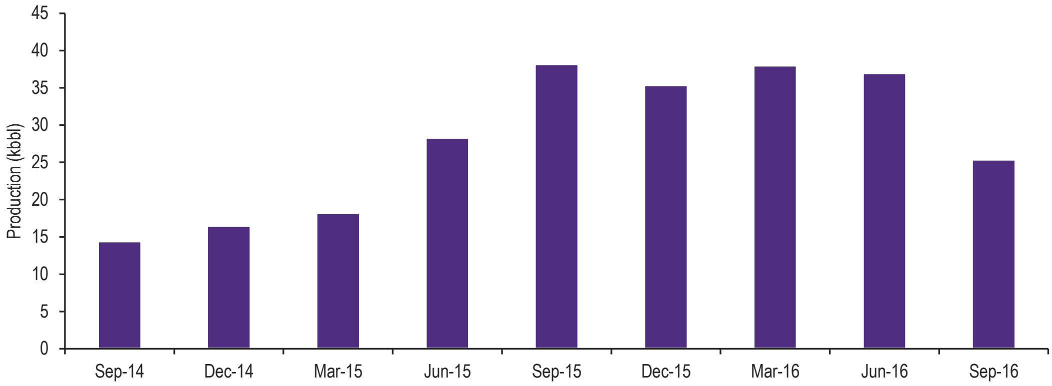
- On 3 October 2016, Bass announced its plan to apply to the NOPTA for surrendering Vic/P41. Once the final report is lodged to the NOPTA and filling fees are paid, Bass will have no further interest in or incur costs in relation to Vic/P41.

As a consequence of the above, Bass is currently a listed shell company with no operating activities.

If the Proposed Transaction is approved, it will provide Bass Shareholders with an opportunity to invest in a producing asset with a solid track record of production and low operating costs. In addition, it will transform Bass into an oil production company with a solid platform for executing low cost acquisitions in the region.

The Asset currently produces circa 820[4] barrels of oil per day ("bopd") on a 100% basis and has produced over 1.25 million barrels of oil as at June 2016 with current operating costs of circa US$35/bbl. The following graph illustrates the Asset's historical quarterly production on a 55% basis.

Tangai-Sukananti - Quarterly production (55% basis)



Source: Cooper Energy Quarterly Reports.

The Asset is generating positive cash flows which will allow Bass to pay for the Asset hence reducing Bass's capital funding requirements

As announced on 19 October 2016, Bass expects that the Asset will generate sufficient cash flows for Bass to have an ability to pay for the Deferred Consideration without the need to raise new capital. This is a significant change for the Company as it has historically been dependent on funding from its shareholders, given the early stage exploration nature of its assets.

Understanding of the Asset

Cooper Energy, Bass's main shareholder, has been the operator of the Asset since 2010. Given the existing relationship with Cooper Energy, both parties are keen to ensure a smooth transition with no disruption for the operations of the Asset.

Share issue to Cooper Energy at a premium to the Rights Issue

Under the terms of the Proposed Transaction, Bass will issue 180 million shares to Cooper Energy at 0.15 per share. This is at a premium of circa 50% to the Rights Issue of 0.10 cent (excluding the value of the free option).

[4] The Asset has increased its average daily oil production by more than 60% between October 2016 and November 2016 from 500bpod to 820bopd which equates to 451 bopd on a 55% basis. This increase was driven by a production optimisation program that was concluded in November 2016.

Disadvantages

Increased jurisdiction risk

Before the Proposed Transaction, Bass focused its operations on exploration of oil and gas projects in Australia. The Asset is operating in Indonesia which has significantly higher jurisdiction risks compared with Australia. Indonesia is ranked 91st in the world for ease of doing business by the World Bank compared with Australia's rating of 15th.

Other factors

Alternative investment opportunities

We understand that Bass Management has considered and analysed different acquisition opportunities in order to create value to Bass Shareholders. The Independent Directors are of the opinion that the Proposed Transaction represents a unique opportunity for Bass Shareholders to access the benefits associated with a low cost operating asset with significant growth opportunities.

In case this transaction is not approved, Bass Management will seek further investment opportunities and it may require additional capital raising to fund the existing operations of Bass.

The Independent Director's recommendation

As set out in the Notice of Meeting and Explanatory Memorandum, at the date of this Report, the Independent Directors of Bass have recommended that Bass Shareholders vote in favour of the Proposed Transaction subject to the independent expert concluding and not changing its conclusion that the Proposed Transaction is fair and reasonable or not fair but reasonable to Bass Shareholders.

Reasonableness conclusion

Based on the qualitative factors identified above, it is our opinion that the Proposed Transaction is REASONABLE to the Bass Shareholders.

Overall Conclusion

Based on the above, Grant Thornton Corporate Finance has concluded that the Proposed Transaction is FAIR AND REASONABLE to the Bass Shareholders.

Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to approve the Proposed Transaction is a matter for each Bass Shareholder based on their own views of value of Bass and expectations about future market conditions, Bass performance, risk profile and investment strategy. If Bass Shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD

ANDREA DE CIAN	HARLEY MITCHELL
Director	Authorised Representative

Financial Services Guide **23 December 2016**

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by Bass to provide general financial product advice in the form of an independent expert's report in relation to the Proposed Transaction. This report is included in the Bass's Notice of Meeting and Explanatory Memorandum.

2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the Report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from Bass a fee of $35,000 plus GST, which is based on commercial rates plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

5 Independence

Grant Thornton Corporate Finance is required to be independent of Bass in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in Regulatory Guide 112 *Independence of expert* issued by the Australian Securities and Investments Commission ("ASIC"). The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Bass (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the transaction.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the transaction, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of expert" issued by the ASIC."

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 367 287

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

7 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

Contents

1 Purpose and scope of the report

1.1 Purpose

Chapter 10 of the ASX Listing Rules

Chapter 10 of the ASX Listing Rules requires the approval of the non-associated shareholders of a company if the company proposes to acquire or dispose a substantial asset from a related party or a substantial holder.

ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration, is 5% or more of the equity interest of the entity as set out in the latest financial statement provided to the ASX ("Substantial Asset"). Based on ASX Listing Rule 10.1.3, a substantial holder is a person who has a relevant interest, or had a relevant interest at any time in the six months before the transaction, in at least 10% of the voting power of the company.

ASX Listing Rule 10.10.2 requires that the Notice of Meeting and Explanatory Memorandum be accompanied by a report from an independent expert stating whether the transaction is fair and reasonable to the non-associated shareholders.

We note that the Asset Consideration is greater than 5% of the net asset of Bass as at 30 June 2016 and Cooper Energy is a related party and a substantial shareholder of Bass. Accordingly, the Independent Directors of Bass have engaged Grant Thornton Corporate Finance to prepare an independent expert's report stating whether, in its opinion, the Proposed Transaction is fair and reasonable to the Bass Shareholders for the purposes of Chapter 10 of the ASX Listing Rules.

1.2 Basis of assessment

The Corporations Act does not define the meaning of 'fair and reasonable'. In preparing this Report, Grant Thornton Corporate Finance has had regard to the Australian Securities Investments Commission's ("ASIC") Regulatory Guide 111 "Content of expert reports" ("RG111"). RG111 establishes certain guidelines in respect of independent expert's report prepared for the purposes of the Corporations Act. RG111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" are in the context of a takeover offer.

RG111 states that a proposed related party transaction is 'fair' if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

In considering whether the Proposed Transaction is fair to the Non-Associated Shareholders, we have compared the Asset Consideration with the estimated fair market value of the Asset.

In considering whether the Proposed Transaction is reasonable to Non-Associated Shareholders, we have considered a number of factors, including:

- Whether the Proposed Transaction is fair.

- The implications to Bass and Non-Associated Shareholders if the Proposed Transaction is not approved.

- Other likely advantages and disadvantages associated with the Proposed Transaction as required by RG111.

- Other matters associated with the Proposed Transaction that could potentially affect Non-Associated Shareholders.

1.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to the Proposed Transaction with reference to the ASIC Regulatory Guide 112 "Independence of experts" ("RG 112").

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Proposed Transaction other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Proposed Transaction.

1.4 Consent and other matters

Our report is to be read in conjunction with the Notice of Extraordinary General Meeting and Buyer Booklet dated on or around 13 February 2017 in which this report is included, and is prepared for the exclusive purpose of assisting the Non-Associated Shareholders in their consideration of the Proposed Transaction. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Notice of Extraordinary General Meeting and Buyer Booklet.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Proposed Transaction to the Non-Associated Shareholders as a whole. We have not considered the potential impact of the Proposed Transaction on individual Bass Shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Proposed Transaction on individual shareholders.

The decision of whether or not to approve the Proposed Transaction is a matter for each Bass Shareholder based on their own views of value of Bass and expectations about future market conditions, Bass's performance, risk profile and investment strategy. If Bass Shareholders are in doubt about the action they should take in relation to the Proposed Transaction, they should seek their own professional advice.

This Report is in accordance with Accounting Professional & Ethical Standards (APES) 225.

2 Profile of the industry

2.1 Overview

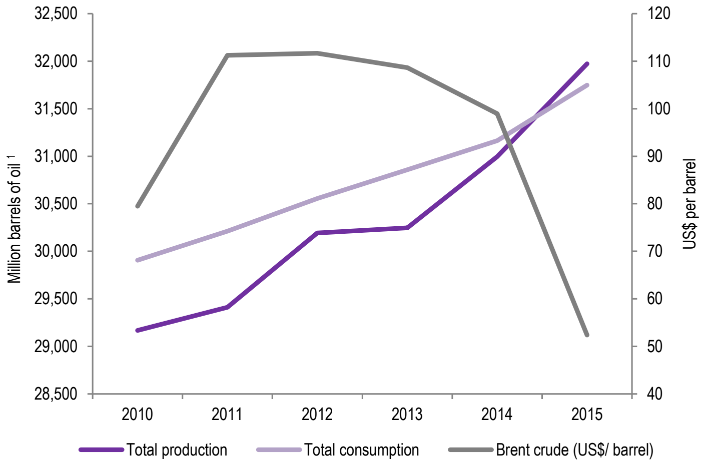
In this section we have provided an overview of the oil and gas industry, with a focus on Indonesia.

2.1.1 Supply and demand

Oil is the world's leading source of fuel, representing 32.9% of global energy consumption[5]. The worldwide consumption of oil grew by 2.04% in 2015 (as compared to 1.15% in 2014). The increase in consumption was driven by China (6.3% increase over the previous year) and India (8.1% increase over the previous year). However, slower growth was observed in oil producing countries.

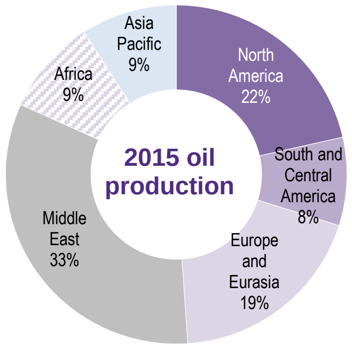
In terms of oil production, crude oil production globally grew by 3.2% in 2015. This increase was the highest since 2004. Production among the Organisation of Petroleum Exporting Countries ("OPEC") increased by 1.6 million barrels per day, driven by Iraq and Saudi Arabia. Non-OPEC production grew by 1.3 million barrels per day, which was slower than that observed in 2014.

Oil supply and demand dynamics



Source: BP Statistical Review of World Energy 2016

Note 1: Production and consumption converted from tonnes to barrels of oil at a conversion factor of 7.33 barrels per tonne.



Source: BP Statistical Review of World Energy 2016

[5] BP Statistical Review of World Energy 2016

2.1.2 Pricing

Oil prices are generally determined against one of two international benchmarks, then adjusted to reflect the particular features of the products and the ports of origin and destination:

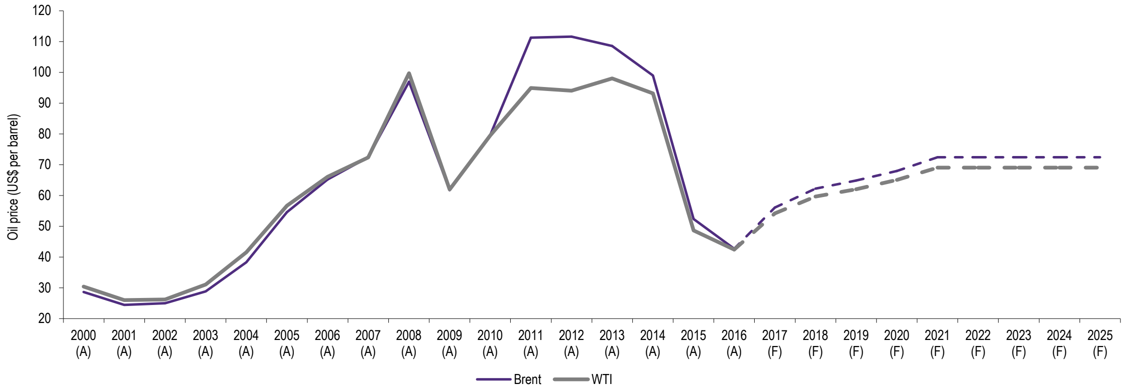
- West Texas Intermediate ("WTI"): WTI is a light, sweet crude oil and is the primary benchmark for oil produced in the US.

- Dated Brent ("Brent"): Brent is a composite blend of oils from 15 different oilfields in the North Sea. It is light, but not as much as WTI.

In the past, Brent has been used as a benchmark for crude oil, mainly in Europe. However, due to a build-up in WTI inventories (on account of increase in production and shortage of pipeline capacity to transport the same), WTI has traded at a discount to Brent since August 2010. Consequently, the relevance of WTI as an international benchmark has reduced. Instead, Brent is increasingly being used as a global benchmark price for oil.

The Brent and WTI oil prices and the Brent/WTI spread over the past ten years are illustrated below along with limited forecasts:

Historical and forecast oil prices



Source: US Energy Information Administration, Consensus Economics

The sharp decrease in oil prices since 2014 was mainly due to large excess of supply driven by several shale gas fields in the US coming on stream. As set out in the following table, there are expectations that the oil prices will stabilise in the future around the current level.

In the following table we set out the outlook of crude oil prices:

Forecast oil prices US$ per barrel	2017	2018	2019	2020	2021-25 (nominal)	2021-25 (real)
WTI						
Low	52	50	44	49	59	53
Median	54	60	63	66	66	63
High	56	70	74	81	91	73
Brent						
Low	54	52	48	53	60	53
Median	56	62	65	68	67	64
High	59	75	78	85	93	75

Source: Consensus Economics (October 2016), GT calculations

On 1 December 2016, OPEC announced that it had reached an agreement among its 14-member countries and understandings with some non-member countries, to reduce oil production from 33.7 million barrels per day to 32.5 million barrels per day. Under the deal, Saudi Arabia and Iraq are expected to reduce production by 486,000 and 200,000 barrels per day respectively. Iran is expected to limit production at its current level of 3.8 million barrels per day. There is also an informal understanding with Russia and other non-OPEC producers to reduce production by 600,000 barrels per day. The total impact of this reduction in production is estimated at 1% of global oil output.

Post the announcement, crude oil prices and the settlement price for futures rose by circa 9%. The share prices of oil and gas exploration and production companies also increased, particularly those that operate in regions where drilling has been uneconomical in the past.

2.2 Oil and gas industry in Indonesia

2.2.1 Macroeconomic environment

The Republic of Indonesia is a developing Asian economy, with real GDP growth averaging 5.35% between 2012 and 2015. Indonesia maintains a relatively flexible macroeconomic system of government, with sustained low fiscal deficits, limited to 3% of GDP each year, and relative independence of the central bank, Bank Indonesia. Its GDP is estimated to grow at 5.2% in 2016 and at an average of 4.8% from 2017 to 2021[6].

2.2.2 Overview

Indonesia first discovered oil in North Sumatra in 1885. It was a member of OPEC until 2008, when it suspended its membership after declining production. However, it rejoined OPEC in 2015.

There are 60 sedimentary basins in Indonesia, including 36 in Western Indonesia that are thoroughly explored (14 of these are producing oil and gas). 39 tertiary and pre-tertiary basins in the eastern part of Indonesia (which is relatively under-explored) are potential producers.

[6] Source: Economist Intelligence Unit

Approximately 75% of exploration and production takes place in Western Indonesia. The four main oil-producing regions are Sumatra, the Java Sea, East Kalimantan and Natuna.

In the following table, we set out the proven and potential reserves and production in Indonesia:

Key indicators	2007	2008	2009	2010	2011	2012	2013	2014	2015 [3]
Reserves [1]									
Proven	3,990	3,750	4,300	4,230	4,040	3,740	3,690	3,620	3,692
Potential	4,410	4,470	3,700	3,530	3,690	3,670	3,860	3,750	3,750
Production [2]	972	1,006	994	1,003	952	918	825	789	779

Source: PwC Indonesia Oil and Gas Guide 2016
Note 1: Measured in million barrels
Note 2: Measured in million barrels of oil per day
Note 3: Estimated figures

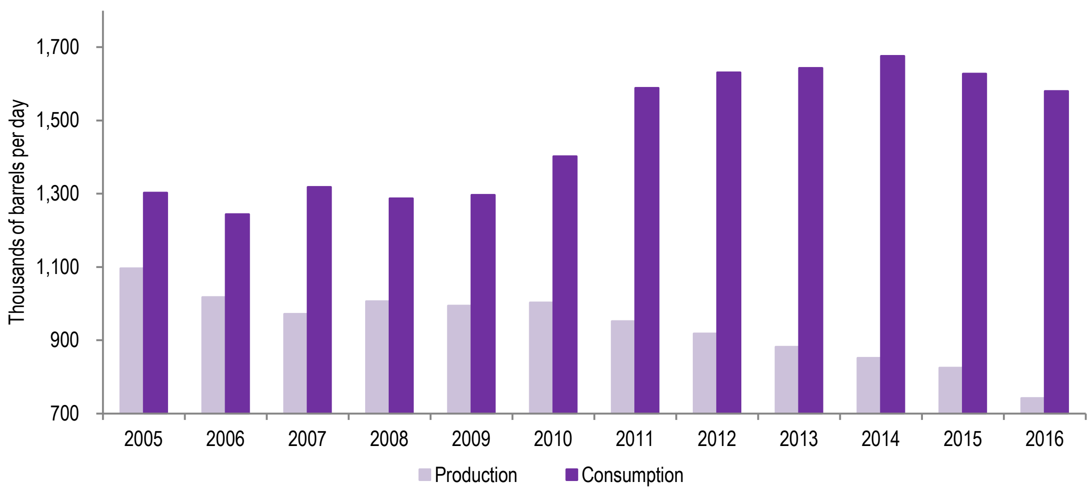
2.2.3 Indonesian Oil Production and Consumption

Indonesia has significant reserves of oil and ranks among the world's top 20 oil producers. At the end of 2015, its proven oil reserves amounted to 3.6 billion barrels (0.2% of the global total)[7].

Oil production has reduced over time, due to maturing of oilfields and lack of new investments in the same. This is evident in the reduced production target for 2017 of 740 to 760 thousand barrels per day (which is 8-10% below the production target for 2016). Production is expected to increase slowly to 925 thousand barrels per day in 2020, via new investments (including foreign investments) and an improvement of the business environment.

We have set out below the historical and forecast production and consumption:

Indonesian oil production and consumption



Source: BP Statistical Review of World Energy June 2016, OPEC

Note: The above includes crude oil, shale oil, oil sands and natural gas liquids.

[7] Economist Intelligence Unit

In terms of its consumption, oil is the biggest domestic primary energy provider in Indonesia. However, its contribution to the generation of electricity is expected to reduce from 34.9% in 2015 to 31.7% in 2020[8]. This is expected to flow from the Indonesian Government's plan to reduce dependence on oil for generating electricity (with a view to reduce petroleum imports) and to promote biofuel use for transport.

2.2.4 Regulatory environment

Operations in oil and gas are controlled by the Indonesian Government. Law No.22 dated 23 November 2001[9] regulates oil and gas activities and states that upstream activities are controlled through "Joint Cooperation Contracts" ("JCC") between the business entity and the executing agency (SKK Migas).

SKK Migas and BPH Migas control upstream and downstream activities in Indonesia respectively, and manage oil and gas contractors on behalf of the Government through JCCs. Upstream entities are not allowed to operate downstream activities and vice versa.

Foreign investment companies have been made subject to several restrictions. These include:

- Not engaging in onshore drilling.
- Maximum permissible shareholding for offshore drilling of 75%.
- Not engaging in oil and gas construction services for specified purposes.
- Not engaging in operation and maintenance of wells, design and engineering support services, or technical inspections.
- Maximum permissible shareholding for oil and gas survey services 49%.

JCCs typically take the form of Production Sharing Contracts ("PSCs") in Indonesia's upstream sector. Under a PSC, the Government and the Contractor split the production (measured based on revenue) according to agreed percentages.

2.2.5 Political environment

The President of Indonesia has delivered on some of his economic reform pledges. However, institutional reforms (especially to reduce corruption and improve efficiency in the bureaucracy) are likely to depend on vested interests of members of the legislature.

The President also aims to strengthen the economy through better infrastructure and higher foreign investment in order to meet structural deficiencies in Indonesia. Given that there is a slowdown in the resources sector (driven by low commodity prices and low demand from key economies like China), the President plans to counter this slowdown by developing Indonesia's

[8] Economist Intelligence Unit
[9] Two crucial laws pertaining to the oil and gas and mining sectors are pending reform (including Law No. 22).

manufacturing base. His administration also plans to cut down red-tapism and reduce regulations (particularly those which affect infrastructure projects).

Stimulus packages were announced from September 2015 onwards, with a view to improve competitiveness of Indonesian companies.

The country still ranks lowly across a range of international Corruption indices. Standard and Poor's rates Indonesia as a "Very High Economic Risk" nation[10] predominantly a result of high corruption.

The recent election of Joko Widodo as President is expected to bring a significant step towards a more open and free democratic system. The President was elected on 20 October 2014 and is the first President to be elected from outside the political and military elite in recent history.

[10] Standards and Poors, Banking Industry Country Risk Assessment: Indonesia, 1 June 2012.

3 Profile of Bass

3.1 Company overview

Bass currently holds two offshore permits in the Gippsland Basin (Vic/P68 and Vic/P41) and one onshore permit in the Otway Basin (Petroleum Exploration Permit ("PEP") 150).

Bass has 100% interest in Vic/P68, approximately 64.6% interest in Vic/P41 while Oil Basins Limited ("OBL"), holds the rest, and 15% interest in PEP 150.

Vic/P68

Exploration permit Vic/P68 has an area of approximately 1,074 km2 in the offshore Gippsland Basin. This block of prospects contains two principle play trends, namely the Rosedale Fault Trend and the Lake Wellington Fault Trend[11]. Additionally this permit contains the Leatherjacket Oil discovery, drilled by Exxon Mobil Corporation in 1986, which along with other similar leads presents an opportunity to test for a commercial oil cluster development in shallow water, nearshore Gippsland Basin, at a low cost.

Bass is currently in year three of a six year work programme for Vic/P68, which expires on 3 May 2019 as outlined below.

Year of permit	Permit year end	Minimum work cocmmitments	Estimated expenditure ($)
3	03-November-2016	225 sq km 3D seismic survey	3,000,000
4	03-May-2017	Geotechnical studies	250,000
5	03-May-2018	One exploration well	20,000,000
6	03-May-2019	Geotechnical studies	250,000

Source: Bass Annual Report 2016

As shown above, the commitment for year three was expected to be met on 3 November 2016 with a 225 km2 3D seismic survey12 completed, costing $3,000,000. However, in May 2016, the Company applied to NOPTA to vary the work commitment set for year three to advanced geo-scientific studies which have an indicative cost of $350,000. In September 2016, the NOPTA advised that its application for a work program variation was unsuccessful. Following this announcement, Bass applied for a suspension and extension of year three work commitments which was granted on 8 December 2016.

Vic/P41

As at the date of this Report, Bass has announced its intention to relinquish its interest in Vic/P41 as the forward work programme is considered uneconomical.

[11] Play trend may be defined as a group of oil fields or prospects in the same region which are controlled by the same set of geological circumstances.
[12] A study to produce detailed images and information of the various rock types and their location underneath the surface of Earth.

PEP 150

Exploration permit PEP 150 has an area of approximately 3,253 km2, located near Portland. The permit area has existing road access and infrastructure, which could potentially allow rapid and cost effective commercialisation of any oil discoveries, while the extensive gas pipeline network and deregulated gas market in South East Australia may enhance the potential to commercialise any gas discoveries.

However, we note that there has been minimal activities undertaken by the Company in this permit area given the Victorian government has placed a moratorium on onshore exploration activities, effective until 30 June 2020. Furthermore, exploration and development for unconventional resources, as well as fracture stimulation[13] have been banned by the government.

3.2 Financial information

3.2.1 Income statement

The consolidated statements of profit or loss of Bass for the year ended 30 June 2014 ("FY14"), 30 June 2015 ("FY15"), and 30 June 2016 ("FY16") are set out in the following table.

Consolidated statements of profit or loss and other comprehensive income	FY14	FY15	FY16
for the year ended:	30-Jun-14	30-Jun-15	30-Jun-16
$	Audited	Audited	Audited
Revenue			
Management services arising as operator of petroleum exploration joint arrangements	32,533	55,459	18,072
Other income			
Rents received	-	6,500	16,900
Interest received	46,677	13,135	6,065
Gain on sale of Otway Permits	-	189,566	-
Total revenue and other income	**79,210**	**264,660**	**41,037**
Expenses			
Employee benefit expense	(582,445)	(332,168)	(698)
Administrative expenses	(824,841)	(728,019)	(609,163)
Exploration costs impaired and written off	(1,721,045)	-	(3,421,325)
Depreciation and amortization	(12,835)	(6,132)	(3,104)
Profit/(Loss) before income tax	**(3,061,956)**	**(801,659)**	**(3,993,253)**
Income tax expense	(30,037)	(34,593)	(37,487)
Net profit/(loss)	**(3,091,993)**	**(836,252)**	**(4,030,740)**
Total comprehensive income/(loss) for the year	(3,091,993)	(836,252)	(4,030,740)

Source: Annual financial reports 2014-2016

We note the following in relation to the consolidated income statements of Bass.

- FY15 revenues were driven by the sale of the exploration permits, PEP 167 and PEP 175, in the Otway Basin for $189,566.

- The significant difference between the total comprehensive losses recorded for FY15 and FY16 was driven by an impairment of the carrying value of the exploration permit Vic/P41 in the Gippsland Basin in FY16. The impairment charge was $3,421,325.

[13] A technique adopted in underground resource development to reach oil and gas deep beneath the earth's surface, with high-pressure mixture of water, sand and additives.

- Administrative expenses are mainly composed of audit fees, consultant fees, directors' remuneration and operating lease costs.

3.2.2 Balance sheet

The consolidated statements of financial position of Bass as at 30 June 2015 and 30 June 2016 are set out in the table below.

Consolidated statements of financial position as at $	30-Jun-15 Audited	30-Jun-16 Audited
Current assets		
Cash and cash equivalents	751,625	457,054
Trade and other receivables	29,300	10,511
Other financial assets	55,920	-
Other current assets	24,459	7,860
Total current assets	**861,304**	**475,425**
Non-current Assets		
Plant and equipment	8,037	2,674
Exploration and evaluation expenditure	4,249,757	1,034,689
Other financial assets	-	16,133
Total non-current assets	**4,257,794**	**1,053,496**
Total assets	**5,119,098**	**1,528,921**
Current liabilities		
Trade and other payables	162,466	131,145
Total current liabilities	**162,466**	**131,145**
Total liabilities	**162,466**	**131,145**
Net assets	**4,956,632**	**1,397,776**
Equity		
Contributed equity	32,332,208	32,804,092
Accumulated losses	(27,375,576)	(31,406,316)
Total equity	**4,956,632**	**1,397,776**

Source: Annual financial report 2015-2016

We note the following in relation to the balance sheet of Bass:

- Exploration and evaluation expenditure balance has decreased substantially due to the impairment charge of $3,421,325 for the exploration permit Vic/P41 in FY16.

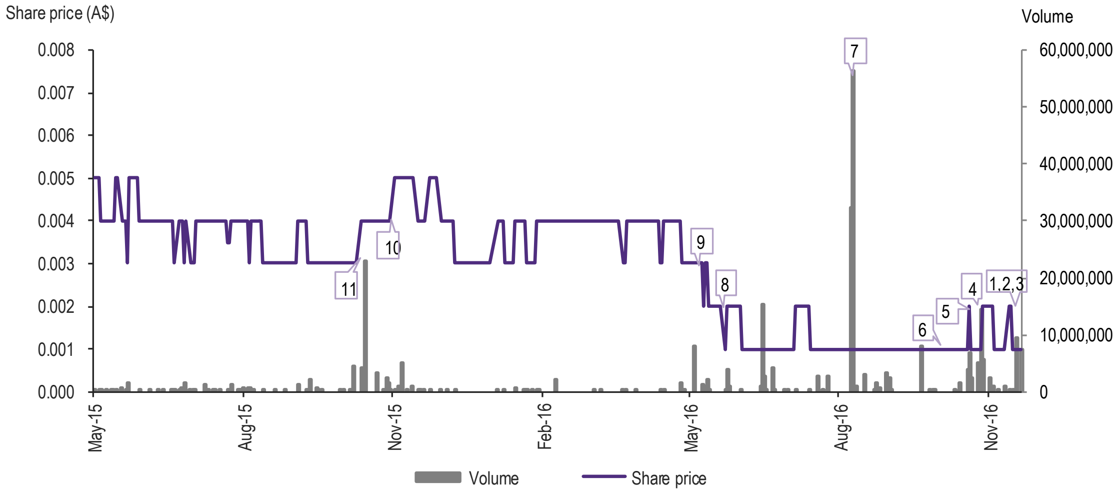
- Bass undertook a capital raising in May 2016 via a three for five non-renounceable pro-rata entitlement offer of new shares at an issue price of $0.001 per new share, raising approximately $482,629. In March 2015, Bass raised $1,430,479 by way of a rights issue of one new share for every three ordinary shares held at an issue price of $0.005 per new share.

3.3 Share capital structure

Bass has 2,059,217,584 fully paid listed ordinary shares on issue.

The daily movements in Bass's share price and volumes traded for the period from May 2015 to November 2016 are set out below:

Historical share trading prices and volume for Bass



Source: S&P Global and Grant Thornton Corporate Finance calculations

As can be seen in the graph above, over the period May 2015 to November 2016, Bass Shares have traded at a high of $0.005 in November 2015 and a low of $0.001 in June 2016. We note the following with regard to the share price history over the last 18 months.

No.	Date	Comments
1	18 November 2016	Bass released the prospectus for the Rights Issue, a pro-rata non-renounceable rights issue of three new shares for every five shares held at 23 November 2016, at an issue price of A$0.001 to raise approximately A$772,207 before issue costs. The offer comes with one free attaching option which has an exercise price of A$0.003 and an expiry date of 15 December 2017 for every two new shares purchased. Bass's share price closed at $0.001.
2	17 November 2016	Bass shares were placed on a voluntary trading halt. Bass's share price closed at $0.001.
3	16 November 2016	Bass announced an update on the acquisition of Tangai-Sukananti KSO in South Sumatra Basin. Bass's share price closed at $0.001.
4	28 October 2016	Bass released the activities report for the quarter ended 30 September 2016. Bass's share price closed at $0.002.
5	19 October 2016	Bass announced that an agreement has been signed with Cooper Energy to acquire 55% interest in the Tangai-Sukananti KSO, South Sumatra Basin in Indonesia. The asset was secured for the Company to transition from an explorer to producer. Bass's share price closed at $0.001.
6	3 October 2016	The Company advised that an agreement has been reached with Oil Basins Limited to surrender their joint interest in Vic/P41 as the forward work programme is uneconomical and it was in all parties' interest to surrender the title. Bass's share price closed at $0.001.
7	9 August 2016	A change in substantial holding driven by Tattersfield Securities Limited disposing approximately 27 million ordinary shares. Bass's share price closed at $0.001.
8	17 May 2016	Bass dispatched the offer document in relation to a three for five non-renounceable rights issue offer announced on 9 May 2016. Bass's share price closed at $0.002.
9	9 May 2016	The Company announced a capital raising by way of fully underwritten non-renounceable pro-rate rights issue at an issue price of A$0.001 per new share. The offer was made on the basis of three new shares for every five ordinary shares held, with an expectation to issue approximately 482,629,002 new shares and to raise up to circa A$483,000 before costs. Bass's share price closed at $0.003.
10	3 October 2015	NOPTA approved a 12 month work programme variations for Gippsland Basin permit Vic/P41. Bass's share price closed at $0.003.
11	15 October 2015	A change in substantial holding resulted by South Australian Resource Investments Pty Ltd selling approximately 1.55 million and purchasing 4.03 million ordinary shares, and Chesser Investments Pty Ltd and associates selling around 25 million ordinary shares. Bass's share price closed at $0.004.

Source: ASX announcements

Set out below is the volume weighted average price ("VWAP") analysis performed on Bass's shares.

Month end	Volume traded ('000)	Monthly VWAP ($)	Total value of shares traded ($'000)	Volume traded as % of total shares
May 2015	3,693	0.0042	16	0.5%
Jun 2015	3,529	0.0038	14	0.4%
Jul 2015	5,398	0.0039	21	0.7%
Aug 2015	1,529	0.0035	5	0.2%
Sep 2015	4,925	0.0032	16	0.6%
Oct 2015	40,363	0.0040	162	5.0%
Nov 2015	7,747	0.0049	38	1.0%
Dec 2015	128	0.0040	1	0.0%
Jan 2016	1,946	0.0039	8	0.2%
Feb 2016	2,157	0.0032	7	0.3%
Mar 2016	852	0.0039	3	0.1%
Apr 2016	2,222	0.0031	7	0.3%
May 2016	17,709	0.0026	45	2.2%
Jun 2016	23,575	0.0010	24	2.9%
Jul 2016	6,375	0.0011	7	0.8%
Aug 2016	99,374	0.0010	100	12.4%
Sep 2016	10,679	0.0010	11	0.8%
Oct 2016	40,340	0.0014	56	3.1%
Min				**0.02%**
Average				**2.10%**
Median				**0.79%**
Max				**12.35%**

Source: S&P Capital IQ and GTCF calculations

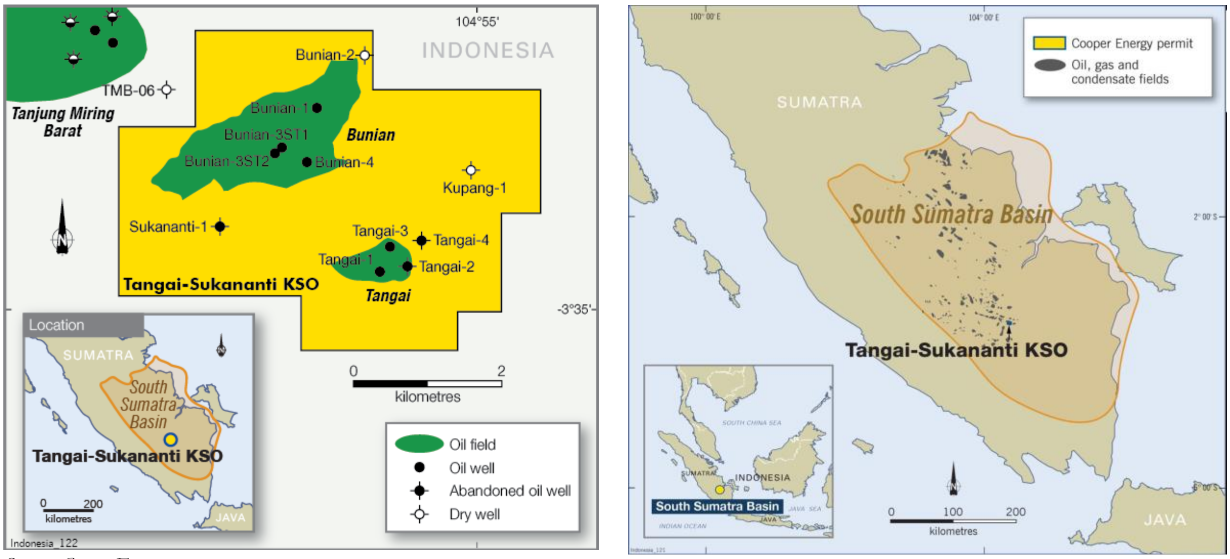
Apparent from the graphs and tables above is the thinly traded nature of Bass Shares. Over the last 18 months, the average volume of shares traded as a percentage of Bass Shares is 2.1%. The volume of shares traded in August 2016 was due to one-off changes in substantial holdings of shares in the Company.

4 Overview of the Asset

4.1 Introduction

The Asset is an Indonesian oil producing asset which comprises of 11 exploration and development wells drilled from 1992-2015. It is located in the onshore South Sumatra Basin province in Indonesia situated in Western Indonesia, which is prolific and responsible for circa 75% of the oil and gas exploration and production in the country[14].

Illustrated below is the area covered by the Asset which includes Sukananti, Bunian and Tangai fields covering 18.25km[2] with reservoir depth of 1,400-1,600 metres.



Source: Cooper Energy

The Asset is owned by a 55:45 joint venture between CESL and MAP. CESL is the sole operator of the Asset.

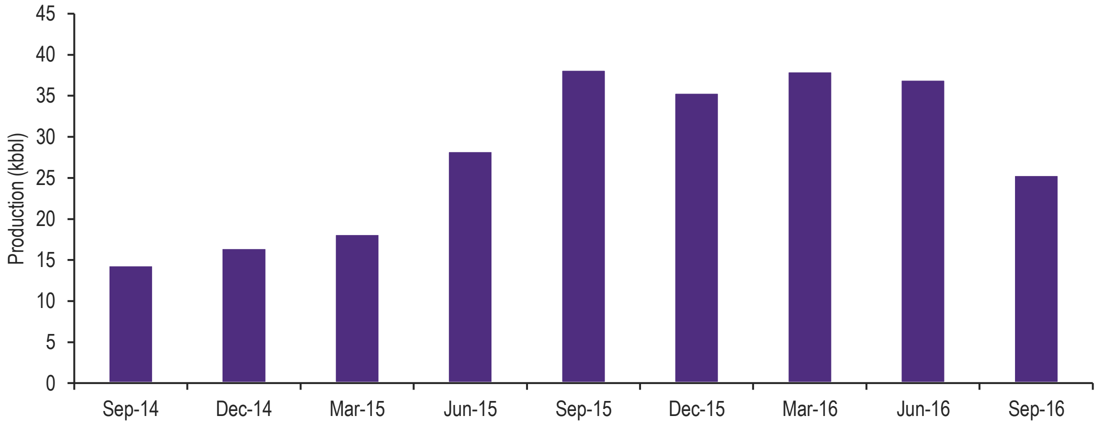
The joint venture signed a production permit issued by Pertamina, an Indonesian state-owned oil and natural gas corporation in 26 July 2010 and has a term of 15 years expiring on 25 July 2025. The permit allowed the joint venture to engage in oil and gas production activities within the area covered by the Asset.

4.2 Historical production

The Asset currently produces circa 820 bopd on a 100% basis and has produced over 1.25 million barrels as at June 2016 with current operating costs of circa US$35/bbl. The following graph illustrates the Asset's historical quarterly production on a 55% basis.

[14] PwC, "Oil and Gas in Indonesia - Investment and Taxation Guide", May 2016 – 7th edition.

Tangai-Sukananti - Quarterly production (55% basis)



Source: Cooper Energy Quarterly Reports

We note quarterly production levels have increased exponentially from March 2015 to September 2015. During this period, CESL successfully conducted development drilling of oil wells on the Bunian field, which only had one producing well in the area up until May 2015. These additional wells have contributed 2.45 million barrels ("MMbbl") of additional proved and probable reserves[15].

During the September 2016 quarter, the production of the Asset was 25.4 kbbl compared with 37.0 kbbl in the previous quarter. This decrease is driven by Cooper Energy reallocation of capital and resources to domestic growth opportunities in Australia.

In November 2016, a production optimisation program was concluded. This included improving the surface facility fluid handling capacity, crude oil haulage and access to the downstream pipeline network. The Asset has increased its average daily oil production by more than 60% between October 2016 and November 2016 from 500bpod to 820bopd which equates to 451 bopd on a 55% basis.

4.2.1 Resources and reserves

The Asset has technically and economically recoverable reserves as well as estimated quantities of petroleum which are potentially recoverable from identified undrilled structures. The following tables illustrate the quantum of contingent resources and reserves on a 55% basis as at 30 June 2016.

[15] Bunian-3 and Bunian-4 wells have contributed to "proved and probable" reserves addition of 2.19MMbbl and 0.26MMbbl respectively.

Tangai-Sukananti Asset - Contingent resources	Gas	Total
Category	PJ	MMboe
1C[1]	1.2	0.2
2C[2]	2.3	0.4
3C[3]	4.3	0.7

Source: Cooper Energy 2016 Annual Report
Note 1: Low estimate contingent resources.
Note 2: Best estimate contingent resources.
Note 3: High estimate contingent resources.

Tangai-Sukananti Asset - Reserves (MMbbl)	Developed	Undeveloped	Total
Proved (1P)	0.50	0.31	0.81
Proved and probable (2P)	0.93	0.80	1.73
Proved, probable and possible (3P)	1.39	1.70	3.09

Source: Cooper Energy 2016 Annual Report

4.3 Financial information

4.3.1 Income and cash flow statement

The consolidated statements of profit or loss of CESL and the cash flow statement for the period ended 30 June 2016 ("FY16"), and 30 October 2016 ("YTD") are set out in the following table.

Consolidated statements of profit or loss and other comprehensive income	FY16	YTD
for the year ended:	30-Jun-16	30-Oct-16
$	Unaudited	Unaudited
Revenue	7,169,463	1,697,485
Cost of sales		
Production Expenses	(3,040,644)	(713,987)
Royalties	(1,071,692)	(254,623)
Amortization of Development	(1,251,285)	(80,854)
Total cost of sales	**(5,363,621)**	**(1,049,464)**
Administration and other expenses	(908,421)	(53,209)
Depreciation of PPE	(176,384)	(34,364)
Impairment of non current asset	(1,808,706)	-
Loss on the sale of equipment	(304,080)	(123,666)
Unrealised FX (Profit)/loss	(30,653)	-
Total other expenses	**(3,228,245)**	**(211,239)**
Profit/(Loss) before income tax	**(1,422,404)**	436,782
Income tax expense	(226,734)	(54,646)
Total comprehensive income/(loss) for the year	**(1,649,138)**	**382,136**

Consolidated statements of cash flow statement	FY16	YTD
for the year ended:	30-Jun-16	30-Oct-16
$	Unaudited	Unaudited
Operating cash flow	1,683	598
Invesment cash flow	(3,325)	(295)
Financial cash flow	1,133	(429)
Total cash flow	**(509)**	**(126)**

Source: Cooper Energy 2016 Annual Report

We note the following in relation to the above information:

- FY16 losses were caused by significant non-cash items. In particular, CESL booked an impairment charge of $1.8 million for its investment in the Asset which negatively impacted the results for the year.

- In FY16, CESL incurred in $3.3 million capital expenditure due to the drilling of the Bunian-4 well (from July-September 2015).

- The Asset has generated positive operating cash flows of approximately $600,000 from 30 June 2016 to 30 October 2016. As discussed earlier in the report, in November 2016, a production optimisation program was concluded which increased its average daily oil production by more than 60%.

5 Valuation methodologies

5.1 Introduction

As part of assessing whether or not the Proposed Transaction is fair to the Bass Shareholders, Grant Thornton Corporate Finance has compared:

- Fair market value of Bass Shares before the Proposed Transaction on a control basis.
- Fair market value of Bass Shares after the Proposed Transaction on a minority basis.

In each case, Grant Thornton Corporate Finance has assessed value using the concept of fair market value. Fair market value is commonly defined as:

"the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length."

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, capital reductions, schemes of arrangement, takeovers and prospectuses. The indicated methodologies include:

- The discounted cash flow method and the estimated realisable value of any surplus assets ("DCF Method").
- The application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets ("FME Method").
- The amount that would be available for distribution to security holders on an orderly realisation of assets ("NAV Method").
- The quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value ("Quoted Security Price Method").
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe the above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

5.3 Selected valuation methods

5.3.1 Valuation assessment of Bass before the Proposed Transaction on a control basis

As discussed in the Introduction section of this Report, Bass is proposing to acquire the Asset for an Asset Consideration of $3.0 million.

Grant Thornton Corporate Finance has considered any recent genuine offers received by Cooper Energy in relation to the Asset as the basis of our valuation. We understand that Cooper Energy recently undertook a robust and competitive sales process where received several binding offers and it has provided access to all relevant information on the process undertaken.

As a cross check, we have adopted the market approach, specifically a rule of thumb valuation methodology based on a multiple of resources.

6 Valuation assessment of the Asset

As discussed in Section 5.3, we have had regard to the genuine offers received by Cooper Energy recently for the purpose of assessing the fair market value of the Asset. We have set out in the table below a summary of our assessed valuation range.

Valuation of the Asset	*Section Reference*	Low $	High $
Bass Offer	*6.1.1*	3,040,000	3,040,000
Lamara Offer	*6.1.1*	3,500,000	3,500,000
Grant Thornton selected valuation range		**3,000,000**	**3,500,000**

Source: GTCF calculations

6.1.1 Cooper Energy sale process

In the last quarter of 2015, Cooper Energy announced its intention to divest its Indonesian exploration and producing assets in order to focus on its operations in Australia. In June 2016, Cooper Energy announced an agreement for the sale of its Indonesian exploration assets (excluding the producing assets) to Mandala Energy Limited for a final total consideration of US$9.07 million.

During the first half of 2016, Cooper Energy also focused on the sale process of its Indonesian producing assets, which include its 55% interest in the Asset. The sale process undertook by Cooper Energy involved the following:

- Cooper Energy received 27 enquiries or responses to the opportunity of acquiring the Asset. Cooper Energy management reviewed each of the enquiries received and provided a confidentiality agreement to each of the entities in order to progress in the sale process.
- A total of 14 confidential agreements were executed and received by Cooper Energy.
- Cooper Energy distributed the Information Memorandum of the Asset, which included all the relevant information for the Asset, to 11 companies and they received 10 expressions of interest.
- Each of the interested parties had sufficient time to undertake technical and financial due diligences, a data room with all the relevant information was made available to the short-listed parties.
- Cooper Energy finally received 4 binding offers ranging from different considerations and subject to different conditions[16].

[16] The 4 offers received were no materially different.to the Asset Consideration.

After reviewing all binding offers, Cooper Energy selected the offer that has the maximum upfront cash consideration as the preferred offer. Subsequently on 7 June 2016, Cooper Energy announced an agreement with ACL International Limited, a Canadian Oil and gas company (through its wholly subsidiary Bow Energy International Holdings Inc.) and Lamara Energy Pte, a Singapore based oil and gas company for the sale of its 55% interest in the Asset for a total consideration of $5.9 million[17] inclusive of a Working Capital pass through ("Lamara Offer").

The net consideration of the Asset was approximately $3.5 million. This transaction was conditional, among other things, to regulatory approvals. Subsequently on 24 August 2016, Cooper Energy announced that regulatory approvals required for the completion of the transaction were not secured in time; therefore the buyers of the asset exercised their right to terminate the sale and purchase agreement. Cooper Energy also announced that the sale process would continue with different parties.

On 19 October 2016, Cooper Energy announced an agreement was reached with Bass for the sale of the Asset for a total consideration of $5.7 million including the Working Capital[18] pass through. The net consideration of the Asset is approximately $3.0 million.

Based on a review of the information provided to us by Cooper Energy and discussions with Cooper Energy's personnel in charge of the sale process, we are satisfied that all potential interested parties to the purchase of the Asset have been canvassed. In addition, we are of the opinion that all parties were provided with sufficient time and data to form an opinion in relation to the fair market value of the Asset. We note that the remaining binding offers received by Cooper Energy varied in terms of conditions, value and payment timing however were broadly consistent to the Bass offer.

Based on the above, we have assessed the fair market value of the Asset between $3,000,000 (Bass offer) to $3,500,000 (Lamara offer) and the terms of the Proposed Transaction have been negotiated at arm's length between the parties.

6.1.2 Market approach

As discussed in Section 5.3, we have considered the reasonableness of the assessed value of the Asset having regard to the mineral resource multiples observed for listed comparable companies and recent transactions.

This method provides a high-level indication of the market value as the mineral resource multiples may vary significantly between the different listed comparable companies and recent transactions due to size of the blocks, availability of infrastructure, cost structure and level resources.

In our selection of comparable companies and recent transactions, we have had regard to Companies with its flagship project focused on conventional oil and gas and located in Indonesia.

[17] Under the terms of this agreement, Cooper Energy would receive US$0.26 million as a deposit, US$3.4 million on completion of the agreement with the balance to be received through deferred payments and as a receivable fall due.

[18] In June 2010, CESL and MAP entered into a funding agreement under which CESL provides the initial funds for the development of the Asset. Under this term, MAP agreed to provide 10% of its profit as a repayment of the initial funds ("the Working Capital pass through"). As at the date of the Proposed Transaction, this was equivalent to $2.70 million. For the purpose of the valuation of the Asset we have deducted the Working Capital Pass Through off the total consideration.

Our assessment of Bass based on the Asset Consideration implies a 2P reserve multiple of $1.73 per boe and a 2P+2C resource multiple of $1.41 per boe. We have summarised below our calculations.

Cross check - resource multiple	Consideration[1]	Reserves and resources (mmboe)		Implied multiples of reserves and resources (A$/boe)[6]	
	$m	2P[2]	2P+2C[3]	2P[4]	2P+2C[5]
Tangai-Sukananti Asset	3	1.73	2.13	1.73x	1.41x

Note 1: Consideration is the enterprise value on 55% basis
Note 2: 2P= proven and probable reserves
Note 3: 2C = best estimate of contingent resources
Note 4: Consideration divided by 2P reserves
Note 5: Consideration divided by 2C resources
Note 6: boe = barrel of oil equivalent
Source: ASX announcements and GTCF calculations

6.1.3 Mineral resource multiple of listed comparable companies

When considering the Enterprise Value ("EV") to mineral resource multiples of the trading comparable companies, we note the following:

- The 2P reserve multiples and 2P+2C resource multiples listed below have been calculated based on the market price for minority or portfolio shareholdings and do not include a premium for control[19], whereas our valuation assessment of the Asset has been undertaken on a 100% control basis.

- For the purpose of our valuation, we have calculated the 2P reserve and 2P+2C resource multiples of each company based on their ownership interest in their respective oil and gas producing and developing assets.

[19] Evidence from Grant Thornton's and other various studies in Australia indicates that premiums for control on successful takeovers have frequently been in the range of 20% to 40% and that the premiums vary significantly from transaction to transaction.

Set out below are the EV/reserves multiples of the comparable companies of Bass that are engaged in oil and gas production. Refer to Appendix B for further descriptions of the comparable companies.

Company	Market capitalisation[1] $m	Enterprise value[1] $m	Reserves and resources (mmboe) 2P	2P+2C	Multiples of reserves and resources (A$/boe)[6] 2P	2P+2C
Tier 1 - Companies with producing assets in Indonesia						
Cue Energy Resources Limited	61	40	3.20	6.07	12.61x	6.64x
New Zealand Oil & Gas Limited	197	118	14.28	62.90	8.28x	1.88x
PT Energi Mega Persada Tbk	245	370	179.00	530.00	2.07x	0.70x
KrisEnergy Ltd.	256	702	105.90	215.30	6.63x	3.26x
RH PetroGas Limited	76	94	19.80	66.80	4.73x	1.40x
Interra Resources Limited	37	28	5.03	60.52	5.59x	0.47x
Average (Tier 1)			**54.53**	**156.93**	**6.65x**	**2.39x**
Median (Tier 1)			**17.04**	**64.85**	**6.11x**	**1.64x**
Tier 2 - Australian companies with producing assets						
AWE Limited	343	326	71.00	173.50	4.59x	1.88x
Cooper Energy Limited	217	168	11.60	93.61	14.46x	1.79x
Senex Energy Limited	300	198	83.40	291.40	2.37x	0.68x
Beach Energy Limited	1,660	1,607	164.00	204.00	9.80x	7.88x
Average (Tier 2)			**82.50**	**190.63**	**7.80x**	**3.06x**
Median (Tier 2)			**77.20**	**188.75**	**7.19x**	**1.83x**
Average (All)			**65.72**	**170.41**	**7.11x**	**2.66x**
Median (All)			**45.40**	**133.56**	**6.11x**	**1.83x**

Note 1: Market capitalisation and enterprise value as at valuation date 2 December 2016
Note 2: boe = barrel of oil equivalent
Note 3: Reserve and resource information based on latest available as at valuation date 2 December 2016
Source: S&P Capital IQ, company presentations and websites, other publicly available information and GTCF calculations.

In relation to the comparability of the above assessed mineral resource multiples, we note the following key considerations:

- We have categorised the selected comparable companies into two tiers. Tier 1 includes oil and gas companies with producing assets located in Indonesia whilst Tier 2 companies are oil and gas Australian companies with producing assets in various jurisdictions.

- In terms of Tier 1 companies, we consider Cue Energy Limited and New Zealand Oil and Gas Limited to be less comparable to the Asset as these companies have a well-diversified portfolio of assets in Australia, New Zealand and Indonesia. The reserves and resources attributable to their Indonesian asset are less than 30% of the overall reserves and resources. Hence we consider these companies less exposed to similar political and regulatory risks than the Asset.

- Amongst the remaining companies within Tier 1, whilst none of the peer companies are perfectly comparable to the Asset, we believe the selected comparable companies as a whole provides a guidance for the multiples applicable to the Asset. The comparable companies in general face similar business risks and market exposures to the Asset. The 2P multiples observed in these companies range from $2.4 to $6.6 per boe. However, we note the following for the selected companies
  - All of the observable companies have 2P reserves materially more than the Asset.
  - All the companies have more than one operating asset which diversifies the operational risk for the portfolio. In addition most of the comparable companies have different assets in different stages of exploration and development.
  - We note that the production of each company is materially higher than the production of the Asset.

Based on the above, we would expect that the Asset to trade at a discount to the Tier 1 peers' resource multiples.

6.1.4 Mineral resource multiple of recent transactions

We have also undertaken research for potentially comparable transactions in the Indonesian oil and gas production industry. We note that we have not found publicly available information in relation to asset transactions located in Indonesia, for that reason we have expanded our research to include all relevant recent transactions involving Australian and New Zealand companies. In the following table we set out a summary of the recent transactions.

Target company	Bidder company	Announcement date	Consideration $m	Reserves and resources (mmboe)		Implied EV at 100%	Transaction multiples of reserves and resources ($/boe)	
				2P	2P+2C	$m	2P	2P+2C
Victorian gas assets from Santos Limited	Cooper Energy Limited	24/10/2016	82	10.3	31.1	82	7.96	2.64
Stag Oilfield from Santos Limited	Mitra Energy Inc.	26/07/2016	13	91.8	91.8	13	0.14	0.14
Drillsearch Energy Limited	Beach Energy Limited	23/10/2015	397	25.7	112.6	416	16.19	3.69
Mereenie Oil and Gas field from Santos Limited	Central Petroleum Limited	04/06/2015	45	21.1	41.8	90	4.26	2.15
Apache Energy Limited (nka. Quadrant Energy	Macquarie Group Limited	08/04/2015	2,749	323.0	323.0	2,749	8.51	8.51
Cue Energy Resources Limited	New Zealand Oil & Gas	12/02/2015	20	3.8	3.8	70	18.22	18.22
Cue Energy Resources Limited	New Zealand Oil & Gas	22/12/2014	14	3.8	3.8	70	18.11	18.11
Roc Oil Company Limited	Fosun International Limited	04/08/2014	405	17.4	51.1	405	23.26	7.92
WestSide Corporation Limited	Shandong Landbridge	24/04/2014	117	59.7	59.7	117	1.96	1.96
Bridgeport Energy Limited	New Hope Corporation	25/07/2012	45	59.6	59.6	70	1.17	1.17
Australia Pacific LNG	Sinopec International	23/01/2012	1,045	1,004.0	1,004.0	10,450	10.41	10.41
Average							**9.98**	**6.45**
Median							**8.24**	**3.17**

Source: S&P Capital IQ, Mergermarket, company presentations and websites, other publicly available information and GTCF calculations.

6.1.5 Cross check conclusion

Based on a review of the resource multiples of the comparable listed companies and transactions, we conclude that our valuation assessment of the Asset is not unreasonable based on market evidence discussed in sections 6.1.3 and 6.1.4. We note that our valuation approach for the Asset provides further support to our conclusion that no financial benefit is provided to Cooper Energy as part of the acquisition of the Asset.

7 Sources of information, disclaimer and consents

7.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Annual reports of Bass for 2014, 2015 and 2016.
- Releases and announcements by Bass and Cooper Energy on the ASX.
- Bass and Cooper Energy websites.
- Review of the offers received for the Asset.
- Other financial and legal documents.
- ASX announcements.
- Management accounts.
- Monthly board presentations.
- Discussions with management.
- S&P Capital IQ.
- Broker's reports.
- Other publicly available information.

In preparing this report, Grant Thornton Corporate Finance has also held discussions with, and obtained information from Management of Bass and its advisers.

7.2 Qualifications and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to Bass and all other parties involved in the Proposed Transaction with reference to the ASIC Regulatory Guide 112 "Independence of expert" and APES 110 "Code of Ethics for Professional Accountants" issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to Bass, its shareholders and all other parties involved in the Proposed Transaction.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Bass or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Proposed Transaction, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Proposed Transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

7.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by Bass and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by Bass through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of Bass.

This report has been prepared to assist the Non-Interested Directors of Bass in advising the Bass Shareholders in relation to the Proposed Transaction. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Proposed Transaction is fair and reasonable to the Bass Shareholders.

Bass has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by Bass, which Bass knew or should have known to be false and/or reliance on information, which was material information Bass had in its possession and which Bass knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. Bass will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

7.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Notice of General Meeting and Explanatory Memorandum to be sent to Basss Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

Appendix A – Valuation methodologies

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Appendix B – Comparable companies

Company	Description
Tier 1	
Cue Energy Resources Limited	Cue Energy Resources Limited explores for, develops, and produces petroleum. It explores for hydrocarbons through its projects located in Australia, New Zealand, Indonesia, and the United States. It has 100% interest in 2 exploration permits and 40% interest in another exploration permit in the Carnarvon Basin, Offshore Western Australia; it also has 5% interest in the Maari and Manaia Oil Fields located in the Taranaki Basin, Offshore New Zealand, as well as 20% interest in an exploration asset in the same region. Furthermore, the company holds 15% interest in a production and exploration asset in East Java Basin, Indonesia
New Zealand Oil and Gas Limited	New Zealand Oil & Gas Limited explores for, evaluates, develops, produces, and sells oil and gas in New Zealand, Indonesia, Australia, and the United States. It primarily explores for crude oil, natural gas, liquefied petroleum gas, and condensate. The company holds 15% interest in the Kupe; 27.5% interest in the Tui; and 5% interest in the Maari oil and gas fields that are located in the offshore Taranaki basin, New Zealand. It also holds 15% interest in the Sampang production sharing contract comprising 2 producing fields, including Oyong oil and gas field, and Wortel gas field, which is located in the Madura Straight offshore Madura Island in East Java, Indonesia; and 80% interest in the Pine Mills oil fields located in the onshore Wood Country, East Texas, the United States. In addition, the company is involved in the exploration and evaluation of hydrocarbons in the offshore Taranaki basin and offshore Canterbury basin, New Zealand; and in Indonesia. New Zealand Oil & Gas Limited was founded in 1981 and is headquartered in Wellington, New Zealand.
PT Energi Mega Persada Tbk	PT Energi Mega Persada Tbk, an independent upstream oil and gas company, engages in the exploration, development, and production of crude oil and natural gas in Indonesia and internationally. It has interests in oil and gas properties located in Kangean Island, East Java province, Riau, Jambi, North Sumatra, East Kalimantan, and West Java province. The company operates 11 oil, gas assets, and coal bed methane assets with net proved and probable reserves of 531 mmboe. PT Energi Mega Persada Tbk was founded in 2001 and is headquartered in South Jakarta, Indonesia.
KrisEnergy Limited	KrisEnergy Ltd., an independent upstream oil and gas company, focuses on the exploration, development, and production of oil and gas in Southeast Asia. The company holds interest in 19 licenses in Bangladesh, Cambodia, Indonesia, Thailand, and Vietnam covering a gross acreage of approximately 55,351 square kilometers. Its portfolio contains the B8/32, B9A, G10/48, G11/48, and G6/48 oil and gas fields in the Gulf of Thailand; the onshore Bangora gas field in Block 9 in Bangladesh; Block A in offshore Cambodia; Bulu PSC offshore in East Java and Block A Aceh in onshore Sumatra; and 10 exploration/appraisal blocks in Bangladesh, Indonesia, Thailand, and Vietnam. The company was formerly known as KrisEnergy Holdings II Ltd. and changed its name to KrisEnergy Ltd. in July 2012. KrisEnergy Ltd. was founded in 2009 and is based in Singapore.
RH PetroGas Limited	RH Petrogas Limited, an investment holding company, engages in the exploration, development, and production of oil and gas resources in Indonesia, the People's Republic of China, Singapore, and Malaysia. The company develops and produces hydrocarbon resources in Fuyu 1 block covering an area of approximately 255 square kilometers located in the Songliao Basin, Jilin province, the People's Republic of China. It also holds a 60% interest in the basin production sharing contract (PSC), and a 33.2% interest in the Island PSC, which are contiguous blocks located in the Birds Head area of West Papua, Indonesia covering an area of approximately 1,969 square kilometers onshore and offshore; and a 40% interest in the SK331 Onshore Sarawak block covering an area of approximately 11,600 square kilometers located in the Balingian Basin through PSC. The company was formerly known as Tri-M Technologies Singapore Limited and changed its name to RH Petrogas Limited in November 2009. RH Petrogas Limited was incorporated in 1987 and is headquartered in Singapore.
Interra Resources Limited	Interra Resources Limited, an investment holding company, engages in petroleum exploration and production business. The company has a 100% interest in the Tanjung Miring Timur technical assistance contract (TAC) covering an area of approximately 61 square kilometers located in Prabumulih and Palembang; and a 58.38% interest in the Linda Sele TAC covering an area of approximately 19 square kilometers situated in Sorong, Indonesia. It also holds a 67.5% interest in the Kuala Pambuang exploration block covering an area of approximately 8,150 square kilometers located in Palangkaraya, Indonesia; and a 60% interest in the Chauk and Yenangyaung fields covering approximately 1,800 square kilometers located along the Ayeyarwaddy River, Myanmar. Further, it trades in photographic equipment and optical goods. The company was incorporated in 1973 and is based in Singapore.

Company	Description
Tier 2	
AWE Limited	AWE Limited engages in the exploration and production of oil and gas properties in Australia, New Zealand, and Indonesia. It produces and sells gas, crude oil, condensate, and LPG products. The company's producing assets include the BassGas project situated in offshore Bass Strait, Tasmania; the Casino gas project located in the offshore Otway Basin, Victoria; the Tui Area oil project, which are located in offshore Taranaki basin, New Zealand; and the onshore Perth Basin interests in Western Australia. The company was formerly known as Australian Worldwide Exploration Limited and changed its name to AWE Limited in November 2009. AWE Limited was founded in 1997 and is headquartered in North Sydney, Australia.
Cooper Energy Limited	Cooper Energy Limited discovers, develops, and sells oil and gas properties. The company holds interests in petroleum exploration tenements in the Cooper, Otway, and Gippsland basins in Australia; the South Sumatra basin in Indonesia; and the Bargou, Nabeul, and Hammamet permit areas off the coast of Tunisia. As of June 30, 2016, it had proved and probable reserves of approximately 3.1 million barrels of oil. The company is headquartered in Adelaide, Australia.
Senex Energy Limited	Senex Energy Limited explores, develops, and produces oil and gas resources in Australia. It holds a portfolio of oil and gas assets in Australia's Cooper-Eromanga Basin, as well as coal seam gas tenements in Queensland's Surat Basin. The company was formerly known as Victoria Petroleum NL and changed its name to Senex Energy Limited in 2010. Senex Energy Limited is headquartered in Brisbane, Australia.
Beach Energy Lmited	Beach Energy Limited explores, develops, produces, and sells oil, gas, and gas liquids. It holds interests in approximately 300 exploration and production tenements in Australia, Tanzania, and New Zealand. The company was formerly known as Beach Petroleum Limited and changed its name to Beach Energy Limited in December 2009. Beach Energy Limited was founded in 1961 and is headquartered in Glenside, Australia.

Source: S&P Capital IQ

Appendix C – Glossary

$	Australian dollar
ASIC	Australian Securities and Investment Commission
Asset Consideration	$3.0 million
Asset	A 55% interest in the Indonesian asset Tangai-Sukananti KSO
ASX	Australian Securities Exchange
Bass or the Company	Bass Strait Oil Company Limited
bopd	Barrel of oil per day
Brent	Dated Brent
CESL	Cooper Energy Sukananti Limited
Consideration Share	A scrip consideration of 180 million of shares at 0.15 cents per share on completion of the SSA
Cooper Energy	Cooper Energy Limited
Corporations Act	The Corporations Act, 2001
DCF Method	Discounted Cash Flow method
Deferred Consideration	A cash consideration of $2.27 million 12 months from completion of the SSA
EMH	Efficient Market Hypothesis
EV	Enterprise Value
FME Method	Future Maintainable Earnings method
FSG	Financial Services Guide
FY	Financial year
Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd
GTCF	Grant Thornton Corporate Finance Pty Ltd
Independent Director	Means all Directors other than Mr Hector M Gordon
Initial Consideration	An initial cash consideration of $0.5 million
JCC	Joint Cooperation Contracts
Lamara Offer	Offer received by Cooper Energy in June 2016 in relation to the Asset
MAP	PT Mega Adhyaksa Pratama Limited
MMbbl	Million barrels
NAV Method	Net Asset Value method
Non-independent Director	Mr Hector M Gordon, a non-executive independent Director of Bass currently serves on the board of Cooper Energy as an Executive Director
NOPTA	National Offshore Petroleum Administrator
OBL	Oil Basins Limited
OPEC	Organisation of the Petroleum Exporting Countries
PEP	Petroleum Exploration Permit
Proposed Transaction	Transaction to acquire a a 55% interest in the Indonesian asset Tangai-Sukananti KSO
PSCs	Production Sharing Contracts
Quoted Security Price Model	The quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value
RG 111	Regulatory Guide 111 Contents of expert reports
RG 112	Regulatory Guide 112 Independence of experts
RG 76	Regulatory Guide 76 “Related party Transactions”
Rights Issue	The Company raised $0.77 million before transaction costs under a non-renounceable rights issue as announced on 18 November 2016.
SSA	Share Sale Agreement
Substantial Asset	ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration, is 5% or more of the equity interest of the entity as set out in the latest financial statement provided to the ASX

VWAP	Volume weighted average price
Working Capital Consideration	A working capital of $2.7 million to be collected as receivables, including Value Added Tax, as are realised
WTI	West Texas Intermediate

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LODGE YOUR VOTE

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C/- Link Market Services Limited
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BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: 1300 554 474 Overseas: +61 2 9287 0303

X99999999999

PROXY FORM

I/We being a member(s) of Bass Strait Oil Company Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐ **the Chairman of the Meeting *(mark box)***

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **10:30AM(ACDT) on Monday, 13 February 2017 at the offices of Johnson Winter & Slattery, Level 9, 211 Victoria Square, Adelaide, South Australia** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions	**For**	**Against**	**Abstain***
1 Approval of Proposed Acquisition	☐	☐	☐
2 Approval of issue of shares to Cooper Energy	☐	☐	☐
3 Approval to change name	☐	☐	☐

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

BAS PRX1601A

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30AM(ACDT) on Saturday, 11 February 2017,** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged:

ONLINE
www.linkmarketservices.com.au
Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

BY MAIL
Bass Strait Oil Company Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

BY FAX
+61 2 9287 0309

BY HAND
delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

or

Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU. THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.