BASS OIL LIMITED

HALF-YEAR FINANCIAL REPORT

31 December 2016

Corporate directory

Directors
Peter F Mullins (Chairman)
Hector M Gordon
Giustino (Tino) Guglielmo (Executive Director)
Mark L Lindh

Company Secretary
Robyn M Hamilton

Registered office
and principal place of business
Level 2, 15 Queen Street
Melbourne, Victoria 3000 Australia
Telephone +61 (3) 9927 3000
Facsimile +61 (3) 9614 6533
Email admin@bassoil.com.au

Auditors
Deloitte Touche Tohmatsu
11 Waymouth Street
Adelaide, South Australia, 5000 Australia

Share register
Link Market Services Limited
Tower 4, 727 Collins Street
Melbourne, Victoria 3008 Australia
Telephone +61 (3) 9615 9800
Facsimile +61 (3) 9615 9900

Stock exchange listing
Australian Stock Exchange Ltd
525 Collins Street
Melbourne, Victoria 3000 Australia

ASX codes: BAS – Ordinary Shares
BASO – $0.003 cents Options Expiring 15 December 2017

Web site: www.bassoil.com.au

Contents

Currency

The Group's functional and presentation currency is Australian Dollars.

FORWARD LOOKING STATEMENTS

This half-year report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.

Directors' report

The directors of Bass Oil Limited (the "Company") and its subsidiary ("BAS" or the "Group") submit their report for the half-year ended 31 December 2016.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Peter F Mullins (Chairman)
Hector M Gordon
Giustino (Tino) Guglielmo (Executive Director)
Mark L Lindh

REVIEW AND RESULTS OF OPERATIONS

The main projects undertaken by the company during the half-year were:

- Agreement signed for acquisition of Cooper Energy Limited's 55% interest in the Tangai–Sukananti KSO
- A completed Non-renounceable rights issue which was oversubscribed
- NOPTA approved a work program suspension and extension for Vic/P68
- NOPTA consented to the surrender of Vic/P41

The following section provides more detail on these matters.

The consolidated net loss for the half-year, after income tax was $1,563,367 (2015:$286,929).

Tangai-Sukananti KSO acquisition

On 19 October 2016, Bass announced the signing of an agreement with Cooper Energy Limited for the acquisition of its 55% interest and operatorship of the Tangai-Sukananti KSO. The interest is held in Cooper Energy Limited's wholly owned subsidiary Cooper Energy Sukananti Limited (CESL). Bass is acquiring all the shares of CESL. The KSO is located in the prolific South Sumatra basin, Indonesia. This acquisition, effective 1 October, marks the transition for Bass from an explorer to a profitable production company.

PT Pertamina EP, the Indonesian national oil company, and PT Mega Adhyaksa Pratama Limited, the Joint Venture partner in the KSO and Bass shareholders have approved the transaction. These approvals satisfy the last remaining conditions precedent associated with the Share Sale Agreement executed by Bass and Cooper Energy. Completion of the transaction occurred 28 February 2017.

Through its ownership of CESL Bass will obtain the services of Cooper Energy Limited's current Indonesian based team and effectively assume operatorship of the Tangai-Sukananti Joint Venture. The highly skilled CESL team has been managing the asset since inception of the project in 2010. More recently the team has been undertaking production optimisation activities which have seen the oil production rate increase from 500 barrels per day to between 600 to 800 barrels per day (100% JV share). The KSO contains 2P reserves (net to Bass) of 1.73 million barrels of oil as at 30 June 2016 (reported by Cooper Energy Limited in their 2016 annual report). The KSO is a long dated production licence not due to expire until July 2025.

Under the terms of the agreement, Bass paid Cooper Energy Limited upfront consideration of A$500,000 and a scrip consideration of 180 million shares. Cooper Energy Limited will receive a further A$2.27 million in cash over a 12 month period from 31 December 2017.

Rights Issue

Bass raised the maximum amount of $772,207, before costs, from a Non-Renounceable Rights issue announced 18 November 2016. The funds were raised through the issue of 772,206,594 shares. Under the terms of the offer, eligible shareholders were invited to subscribe for 3 new shares for every 5 shares held at the record date at an issue price of 0.1 cent with 1 free attaching option having an exercise price of 0.3 cents and an expiry date of 15 December 2017 for every 2 new shares purchased. Each new option will, upon exercise, entitle the holder to 1 ordinary share and 1 new piggy back option having an exercise price of 0.6 cents and an expiry date of 15 December 2018. The share offer was closed substantially over subscribed.

Directors' report continued

The proceeds of the rights issue directly funded the upfront costs associated with the acquisition of Cooper Energy Limited's production assets. The successful rights issue satisfied another condition precedent associated with the Share Sale Agreement.

Bass change of name

In addition to approving this transaction at the General Meeting held on 13 February 2017 Bass shareholders approved the proposal to change the Company name from Bass Strait Oil Company Limited to Bass Oil Limited. Directors are of the view that this new name is more appropriate going forward given the change of focus for the Company to Southeast Asia.

EXPLORATION ACTIVITIES

As foreshadowed throughout 2016 the Company has evaluated a number of acquisition opportunities leading to the recent acquisition of the Tangai-Sukananti KSO in Indonesia. As a result Bass has changed its strategic focus to South East Asia and consequently has written down all of the capitalised exploration costs associated with its Australian projects.

Permit Management - VIC/P68 (Bass 100%), VIC/P41 (Bass 64.565% and operator) and PEP 150 (Bass 15%)

Vic/P68; In December the National Offshore Petroleum Administrator (NOPTA) advised Bass that its application for a suspension and extension of the permit duration for Vic/P68 was successful. Year 3 now expires 3 November 2017 with year 5 of the primary term now ending 3 November 2019. Year 3 requires the acquisition of 225 square km of 3D seismic. Bass is reviewing future options for the permit including farm out or sale. As a result $408,591 of capitalised exploration costs associated with this permit has been written down to nil.

Vic/P41; In December NOPTA also approved the Joint Venture's application to surrender the Vic/P41 permit with no obligation outstanding. Consequent upon the surrender of this permit $583,099 of capitalised exploration costs associated with this permit has been written down to nil.

PEP 150; Minimal activity and expenditure have been undertaken in the permit given Victorian Government moratorium on exploration activities onshore. The Government is also planning a permanent ban on the use of fracture stimulation. The joint venture is evaluating its position in response to these developments and Bass is reviewing the future fit of this permit in its portfolio. Due to the uncertainty surrounding the future of this permit $60,635 of capitalised exploration costs associated with this permit has been written down to nil.

EVENTS SUBSEQUENT TO BALANCE DATE

On 19 October 2016, the Company announced that it had entered into a share sale agreement with Cooper Energy Limited ("Cooper") to acquire all the issued Capital of Cooper Energy Sukananti, a wholly owned subsidiary of Cooper, which holds a 55% interest in the Tangai-Sukananti KSO joint venture, which holds an oil and gas production asset in South Sumatra, Indonesia. The consideration for the acquisition from Cooper is as follows:

- Payment of $500,000 and the issue of 180,000,000 fully paid ordinary shares to Cooper; and
- Payment of $2,270,000 on the date that is 12 months from when the above payment and shares are issued.

On 28 February 2017 the Company paid $500,000 to Cooper and issued to Cooper 180 million fully paid ordinary shares in the Company (valued at $270,000). The Company also reached agreement with Cooper that the $2,270,000 to be paid to Cooper on 28 February 2018 will now be paid over a 12 month period from 31 December 2017.

As per the agreement, net cash derived from the assets since 1 October 2016, some US$688,000, has accrued to the Company. The funds received as part of the transaction will provide working capital to the Group as it transitions into a South East Asia focused oil and gas business, and will assist the Company as it seeks to grow through strategic acquisition. Immediately following completion of the acquisition the Group now has a total of $1.2 million cash at bank.

Directors' report continued

The initial accounting for the business combination has not been completed as the acquisition date occurred immediately prior to the finalisation of these financial statements. Accordingly, information is not currently available about the following items:

- The identification and measurement of acquired assets and assumed liabilities
- The current and deferred tax consequences arising from the acquisition
- The determination of any goodwill arising from the business combination.

Information about the business combination will be included in the financial statements of the company for the year ended 30 June 2017.

No other matters or circumstances have arisen since the end of the reporting period which have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial periods.

Auditor's independence declaration

We have obtained an independence declaration from our auditor, Deloitte Touche Tohmatsu, a copy of which is attached to this report.

Signed in accordance with a resolution of the directors.

Peter F Mullins
Chairman
Melbourne, 8 March 2017

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Australia

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8 March 2017

The Board of Directors
Bass Oil Limited
Level 2
15 Queen Street
MELBOURNE VIC 3000

Dear Board Members

Re: Bass Oil Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Bass Oil Limited.

As lead audit partner for the review of the financial statements of Bass Oil Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants

Directors' declaration

In accordance with a resolution of the directors of Bass Oil Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:

  (i) give a true and fair view of the financial position as at 31 December 2016 and the performance for the half-year ended on that date of the Group; and

  (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Peter F Mullins
Chairman
Melbourne, 8 March 2017

Condensed statement of financial position

As at 31 December 2016

	Note	Consolidated 31/12/2016 $	30/06/2016 $
ASSETS			
Current assets			
Cash and cash equivalents	4	737,443	457,054
Trade and other receivables		15,715	10,511
Other current assets		10,885	7,860
Other financial assets		16,133	-
Total current assets		780,176	475,425
Non-current assets			
Other financial asset		-	16,133
Plant and equipment		1,784	2,674
Exploration and evaluation expenditure	5	-	1,034,689
Total non-current assets		1,784	1,053,496
TOTAL ASSETS		781,960	1,528,921
LIABILITIES			
Current liabilities			
Trade and other payables		145,596	131,145
Other financial liabilities	7	203,553	-
Total current liabilities		349,149	131,145
TOTAL LIABILITIES		349,149	131,145
NET ASSETS		432,811	1,397,776
EQUITY			
Contributed equity	6	33,402,494	32,804,092
Accumulated losses		(32,969,683)	(31,406,316)
TOTAL EQUITY		432,811	1,397,776

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

Condensed statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2016

	Note	Consolidated 31/12/2016 $	Consolidated 31/12/2015 $
Total revenue & other income	3	5,044	34,403
Total expenses	3	(400,770)	(304,035)
Exploration costs impaired & written off	5	(1,052,325)	-
Change in fair value of the options	7	(103,019)	-
Loss before income tax		(1,551,070)	(269,632)
Income tax expense		(12,297)	(17,297)
Net Loss for the period		(1,563,367)	(286,929)
Total comprehensive income for the period		(1,563,367)	(286,929)
Basic (loss)/earnings per share		(0.000)	(0.000)
Diluted (loss)/earnings per share		(0.000)	(0.000)

The above condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed statement of changes in equity

For the half-year ended 31 December 2016

	Consolidated			
	Contributed Equity $	Accumulated Losses $	Share based Payments Reserve $	Total $
At 1 July 2016	32,804,092	(31,406,316)	-	1,397,776
Net Loss for the period	-	(1,563,367)	-	(1,563,367)
Total comprehensive income for the period	-	(1,563,367)	-	(1,563,367)
Transactions with owners in their capacity as owners				
Shares issued	671,672	-	-	671,672
Transaction costs on share issues	(85,567)	-	-	(85,567)
Income tax on items recognised directly in equity	12,297	-	-	12,297
Balance at 31 December 2016	33,402,494	(32,969,683)	-	432,811
	=========	=========	========	========
At 1 July 2015	32,332,208	(27,375,576)	-	4,956,632
Net Loss for the period	-	(286,929)	-	(286,929)
Total comprehensive income for the period	-	(286,929)	-	(286,929)
Transactions with owners in their capacity as owners				
Income tax on items recognised directly in equity	17,297	-	-	17,297
Balance at 31 December 2015	32,349,505	(27,662,505)	-	4,687,000
	=========	=========	========	========

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed statement of cash flows
For the half-year ended 31 December 2016

	Note	Consolidated 31/12/2016 $	Consolidated 31/12/2015 $
Cash flows from operating activities			
Receipts from customers		7,796	28,480
Payments to suppliers and employees inclusive of GST		(429,088)	(348,600)
Interest received		1,678	4,844
Net cash used in operating activities		(419,614)	(315,276)
Cash flows from investing activities			
Sale of plant & equipment		-	227
Release of bank guarantee		-	55,920
Petroleum exploration expenditure		(17,636)	(189,130)
Security deposit Lombard House Pty Ltd		-	(16,133)
Net cash used in investing activities		(17,636)	(149,116)
Cash flows from financing activities			
Proceeds from issue of shares		772,206	-
Transaction costs on issue of shares		(54,567)	-
Net cash provided by financing activities		717,639	-
Net increase/(decrease) in cash and cash equivalents		280,389	(464,392)
Cash and cash equivalents at beginning of period		457,054	751,625
Cash and cash equivalents at end of period	4	737,443	287,233

The above condensed statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements
For the half-year ended 31 December 2016

Note 1. Basis of preparation and accounting policies

Basis of preparation
This condensed financial report for the half-year ended 31 December 2016 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2016 and considered together with any public announcements made by Bass Oil Limited during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policy

Adoption of new and revised accounting standards
In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period, resulting in accounting policy changes but not changes to recognition and measurement.

Various other Standards and Interpretations were on issue but were not yet effective at the date of authorisation of the financial report. The issue of these Standards and Interpretations does not affect the Group's present policies and operations. The Directors anticipate that the adoption of these Standards and Interpretations in future periods will not materially affect the amounts recognised in the financial statements of the Group but may change the disclosure presently made in the financial statements of the Group.

Going concern
The financial report has been prepared on the going concern basis, which assumes that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

For the half-year ended 31 December 2016 the Group incurred a net loss of $1,563,357 (31 December 2015: $286,929), had a net cash outflow from operating activities of $419,614 (31 December 2015: $315,276) and cash exploration expenditure outflows of $17,636 (31 December 2015: $189,130). At 31 December 2016, the Group has cash and cash equivalents of $737,443 (30 June 2016:$457,054).

On 28 February 2017 the Group acquired Cooper Energy Limited's 55% interest in the Tangai-Sukananti KSO joint venture, which holds an oil and gas production asset in South Sumatra, Indonesia and the Group is now entitled to the cash that has accumulated in the Indonesian entity from 1 October 2016. After paying the initial part of the purchase price to Cooper with the balance due over a 12 month period from 31 December 2017, the Group has a cash balance of $1.2 million. Additional information about the acquisition is disclosed in Note 11.

Based on an assessment of the Group's forecast cash flows to 31 March 2018, which includes net cash inflows from the Indonesian oil and gas production asset, the Directors believe that the Group will be able to pay its debts as when they become due and that it is therefore appropriate to continue to prepare the financial statements on the going concern basis.

Notes to the financial statements
For the half-year ended 31 December 2016

Note 2. Operating Segments

For management purposes there is only one operating segment, which is exploration.

The chief operating decision maker only reviews consolidated financial information. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board.

The Board does not currently receive segment financial position and profit or loss information. The Board manages each exploration activity of each permit through review and approval of joint venture cash calls, Authority for Expenditure (AFE's) and other operational information.

The consolidated entity operates in the petroleum exploration industry within Australia.

Note 3. Revenue and expenses

	Consolidated	
	31/12/2016	**31/12/2015**
	$	**$**
Loss before income tax includes the following revenue and expenses:		
Revenue		
Exploration management services	3,366	12,756
Other income		
Bank interest	1,678	4,747
Rent received	-	16,900
	1,678	21,647
Total revenue & other income	5,044	34,403
Expenses		
Audit costs	9,000	12,500
Computer expenses	1,531	11,396
Consultants fees	139,150	71,760
Depreciation of non-current assets	764	1,562
Directors remuneration	124,275	124,275
Insurance	4,553	6,245
Legal	46,691	4,620
Loss on disposal of assets	126	2,031
Printing and stationery	1,364	6,251
Rent and premises costs	26,225	25,156
Salaries, employee benefits and costs	36	698
Stock exchange and registry costs	13,521	20,325
Travel and corporate promotion costs	21,418	3,434
Other expenses from ordinary activities	12,116	13,782
Total expenses	400,770	304,035

Notes to the financial statements
For the half-year ended 31 December 2016

Note 4. Cash and cash equivalents

	Consolidated	
	31/12/2016	**30/06/2016**
	$	**$**
For the purposes of the half-year statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	737,443	457,054
Short-term deposits	-	-
	737,443	457,054
	=======	=======

Note 5. Exploration and evaluation assets

The Group assesses the carrying value of capitalised exploration and evaluation expenditure for impairment at the area of interest level whenever facts and circumstances suggest that the carrying value may exceed its recoverable amount.

An impairment exists when the carrying amount of capitalised exploration and evaluation expenditure relating to an area of interest exceeds its recoverable amount. The asset is then written down to its recoverable amount. Any impairment losses are recognised in profit or loss.

In the current period costs of $583,099 associated with Vic/P41 have been written off after the Joint Venture agreed to surrender the permit prior to the commencement of the year 5 work program which required the drilling of one exploration well. The Company has been assessing how Vic/P68 fits strategically within the Company's shifted focus to South East Asia and has decided that capitalised costs of $408,591 associated with Vic/P68 should be written off. Costs associated with PEP150 of $60,635 have been written off after the Victorian Government extended the moratorium on onshore exploration activity until 30 June 2020.

Capitalised exploration and evaluation costs at 31 December 2016 are $nil (30 June 2016: $1,034,689).

Note 6. Contributed equity

On 14 December 2016 the Company issued 772,206,594 ordinary shares after undertaking a non-renounceable rights issue of three new shares for every five shares held at an issue price of $0.001 cents per share. The company also issued one free attaching option to every two new shares purchased with an exercise price of $0.003 cents and expiry date of 15 December 2017. Each new option upon exercise will receive one new piggy back option having an exercise price of $0.006 cents and an expiry date of 15 December 2018. The Company issued 386,103,297 options. The rights issue raised $772,206 before costs and expenses. As the new option will result in a piggy back option being granted on exercise, AASB 132 "Financial Instruments: Presentation" requires the option to be treated as a financial liability instead of equity. Therefore, the Company recognised the option as a financial liability at fair value through profit and loss. See Note 7.

Notes to the financial statements
For the half-year ended 31 December 2016

Note 7. Financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ Financial liabilities	Fair value as at 31/12/16 $	Fair value as at 30/6/16 $	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Other financial liability – equity option	$203,553	-	Level 3	Black Scholes option pricing model. The option call price was estimated based on the market observable share price, historical share price volatility and prevailing interest rates.	The share price volatility used in the valuation was estimated based on the average volatility of a peer group of companies.	A higher stock price volatility would result in a higher fair value, and vice versa.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Reconciliation of Level 3 fair value measurements:

	Held to Maturity – options For the Company Equities $
Opening balance	-
Issued during the year	100,534
Change in fair value taken to profit or loss	103,019
Closing balance	203,553

Notes to the financial statements
For the half-year ended 31 December 2016

Note 8. Commitments and contingencies

Set out below are the minimum work obligations with associated indicative costings under the current significant exploration permit the group has as at 31 December 2016.

Vic/P68 (Group's interest is 100%)

The Group is currently in year three of a six year work programme which expires on 3 May 2020. The table below shows details of the commitments:

Year of permit	Permit year end	Minimum work commitments	Estimated expenditure
3	3 November 2017	225sq km 3D seismic survey	3,000,000
4	3 May 2018	Geotechnical studies	250,000
5	3 May 2019	One exploration well	20,000,000
6	3 May 2020	Geotechnical studies	250,000

The work commitment for Year 3 has not been met as at 31 December 2016. The Year 5 & 6 minimum work commitments are optional commitments.

The company is reviewing future options to meet the Year 3 work commitment, including the potential farm out or sale of its interest in the exploration permit. If a suitable option cannot be secured, it is the current intention of the company to surrender the permit.

Non-cancellable operating lease commitments

Future operating lease rentals relating to the rent of the Group's office in Melbourne are not provided for in the financial statements and payable:

	Consolidated	
	31/12/2016	**31/12/2015**
	$	**$**
Within one year	34,000	44,000
After one year but not more than five years	-	33,000
	34,000	77,000
	======	=======

Note 9. Related party transactions

During the half-year the Group paid Adelaide Equity Partners Limited consultancy fees of $30,000 (31 December 2015: $30,000) and capital raising fees of $32,722 (31 December 2015: $nil). A Director, M L Lindh is also a Director of Adelaide Equity Partners Limited. The consultancy services were paid under normal commercial terms and conditions. Amounts outstanding at balance date were $11,000 (31 December 2015: $5,500).

Note 10. Contingent liabilities

There have been no changes in relation to other contingent liabilities as set out in the 30 June 2016 financial report.

Notes to the financial statements
For the half-year ended 31 December 2016

Note 11. Subsequent events

On 19 October 2016, the Company announced that it had entered into a share sale agreement with Cooper Energy Limited ("Cooper") to acquire all the issued Capital of Cooper Energy Sukananti, a wholly owned subsidiary of Cooper, which holds a 55% interest in the Tangai-Sukananti KSO joint venture, which holds an oil and gas production asset in South Sumatra, Indonesia. The consideration for the acquisition from Cooper is as follows:

- Payment of $500,000 and the issue of 180,000,000 fully paid ordinary shares to Cooper; and
- Payment of $2,270,000 on the date that is 12 months from when the above payment and shares are issued.

On 28 February 2017 the Company paid $500,000 to Cooper and issued to Cooper 180 million fully paid ordinary shares in the Company (valued at $270,000). The Company also reached agreement with Cooper that the $2,270,000 to be paid to Cooper on 28 February 2018 will now be paid over a 12 month period from 31 December 2017.

As per the agreement, net cash derived from the assets since 1 October 2016, some US$688,000, has accrued to the Company. The funds received as part of the transaction will provide working capital to the Group as it transitions into a South East Asia focused oil and gas business, and will assist the Company as it seeks to grow through strategic acquisition. Immediately following completion of the acquisition the Group now has a total of $1.2 million cash at bank.

The initial accounting for the business combination has not been completed as the acquisition date occurred immediately prior to the finalisation of these financial statements. Accordingly, information is not currently available about the following items:

- The identification and measurement of acquired assets and assumed liabilities
- The current and deferred tax consequences arising from the acquisition
- The determination of any goodwill arising from the business combination.

Information about the business combination will be included in the financial statements of the company for the year ended 30 June 2017.

No other matters or circumstances have arisen since the end of the reporting period which have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial periods.

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Independent Auditor's Review Report to the Members of Bass Oil Limited

We have reviewed the accompanying half-year financial report of Bass Oil Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2016, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, and a summary of significant accounting policies and other explanatory information, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 16.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Bass Oil Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Bass Oil Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Bass Oil Limited is not prepared, in all material respects, in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants
Adelaide, 8 March 2017