ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED

31 December 2017

CORPORATE DIRECTORY

ABN 13 008 694 817

Directors
Peter F Mullins, Chairman
Giustino Guglielmo
Hector M Gordon
Mark L Lindh

Managing Director
Giustino Guglielmo

Company Secretary
Robyn M Hamilton

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Stock Exchange Listing
Australian Stock Exchange Ltd
525 Collins Street
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ASX Codes: BAS – Ordinary Shares

Web Site: www.bassoil.com.au

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FORWARD LOOKING STATEMENTS

This Annual 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 Group or not currently considered material by the Group.

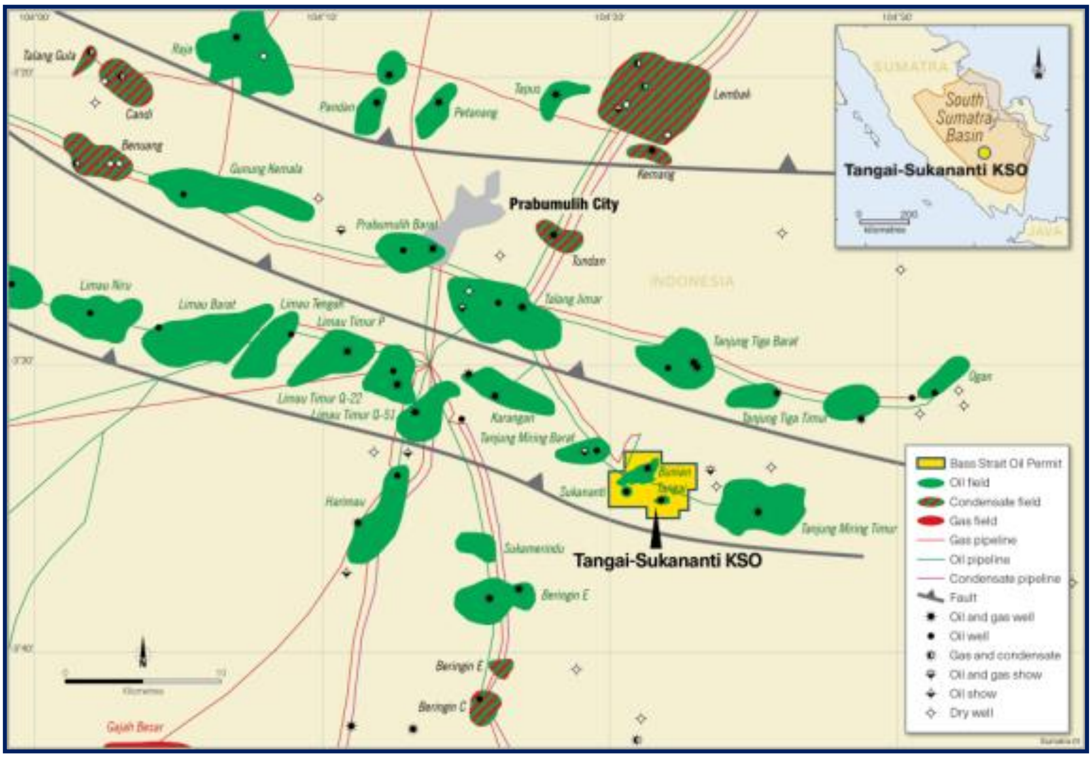
CHAIRMAN’S MESSAGE

On behalf of your Board, I present to you the Annual Report of Bass Oil Limited for the financial year ended 31 December 2017.

Over that period, Bass took the opportunity to refocus the Company’s corporate strategy and as a result, established an emerging South East Asia focused oil production business. The timing has been opportune for Bass, given recent strong support for oil prices – a market uplift which Bass continues to capitalise on.

In October 2016, Bass announced the acquisition of Cooper Energy’s 55% interest in the Tangai-Sukananti KSO which is located in the prolific South Sumatra Basin, Indonesia and contains at least two producing fields. The transaction completed in February 2017.The acquisition was the culmination of significant efforts by your Company to secure a strategic project and project team to transform Bass from an Australian explorer to an oil producer, with its initial flagship production assets in Indonesia.

Bass has since successfully established a solid platform for near-term expansion of our oil business across South East Asia. This continues to include due diligence on additional growth opportunities elsewhere in Indonesia as well as those in close proximity to Tangai-Sukananti KSO.



Location of Bass ‘Indonesian operations in relation to neighbouring oil and gas fields

In the latter half of last year, Bass focused its efforts on production optimisation and resource development at the existing operations in an effort to increase total production capacity at the KSO to subsequently optimise output and field recoveries over the coming period.

Bass was overwhelmed by the support of existing shareholders, particularly in relation to the exercise of its previously listed options, which expired 15 December 2017, at a conversion rate of 95%. This is a most pleasing result for Bass and on behalf of the Board; I express our gratitude to all who participated. This support demonstrates the confidence in the future potential of Bass’ team, its assets and our strategy for growth.

Finally, I thank our Melbourne-based executive team, the Indonesian-based operations team and my fellow Directors for their diligent attention to the affairs of your Company. We will continue to work on strategically positioning ourselves for growth amidst this dynamic and exciting Australasian market for oil and gas juniors.

Peter Mullins
Chairman
22 March 2018

MANAGING DIRECTORS' REPORT

With the overwhelming support of its shareholders, especially in relation to its recent Option Issue, Bass has been able to seamlessly implement its revised corporate strategy in securing a value accretive investment for future development and is now focusing on growing a sustainable and profitable South East Asian-based oil business.

The acquisition of the Tangai-Sukananti oil production assets provides an ability to pursue regional growth opportunities through bolt-on acquisitions within this world-class Indonesian hydrocarbon province. In the June quarter, the Company commenced ongoing strategic development and production optimisation initiatives at the KSO, resulted already in total production capacity uplift at the field and subsequent increased output from selected wells.

Concurrent to existing KSO development, Bass is targeting potential acquisitions of assets sharing synergies with existing operations. Of particular interest are those which are no longer core to the portfolios of other companies, or prospective late development stage or non-core producing assets that have become uneconomic to run for larger operators and which lie in close proximity to Bass' existing operations.

Highlights of a busy financial year in review include:

- The evaluation and implementation of production optimisation opportunities at Tangai-Sukananti;
- Ongoing due diligence and screening of regional oil growth opportunities in Indonesia;
- Engagement of UNPAD, Indonesia to conduct a multi-disciplinary integrated KSO field study;
- Completion of a successful Options Issue in December 2017, raising A$1,100,850 to fund deferred Tangai-Sukananti KSO acquisition costs; and
- Payment of the first deferred payment to Cooper Energy of $500,000.

Figure 1: Tangai-Sukananti KSO

MANAGING DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS

Tangai-Sukananti KSO

Bass holds a 55% interest in the Tangai-Sukananti production assets, located within the South Sumatra Basin, a prolific Indonesian oil and gas region. Following the acquisition from Cooper Energy on 28 February 2017, Bass assumed the Operator role and retained the experienced Indonesian on-site personnel and the Jakarta-based management teams, which have proven experience in efficiently managing the operation.

The KSO is considered long-life with production expected beyond license expiry in mid-2025. The assets provide a future platform for growth through low-cost field development opportunities and execution of value-accretive acquisitions requiring minimal additional corporate overheads, given Bass' established Jakarta-based personnel.

Since acquiring the Tangai-Sukananti KSO, Bass has sustained strong and consistent levels of production at the operations (see Figure 3) and has commenced a field optimisation program at the KSO which thus far has led to material flow-rate improvements at all producing wells. Further to this, the Company has also implemented upgrades to selected well pumps to further improve field efficiency.

Bass continues to evaluate additional development and optimisation activities aimed at further increasing the field's total production output, which the Company expects to be reflected in the coming year.

The asset has performed at expectations since acquisition. Total production for year ending 31 December 2017 was 93kbbl (55% basis). Bass expects a production uplift during the upcoming year, due to the continual focus on implementation of field optimisation activities.

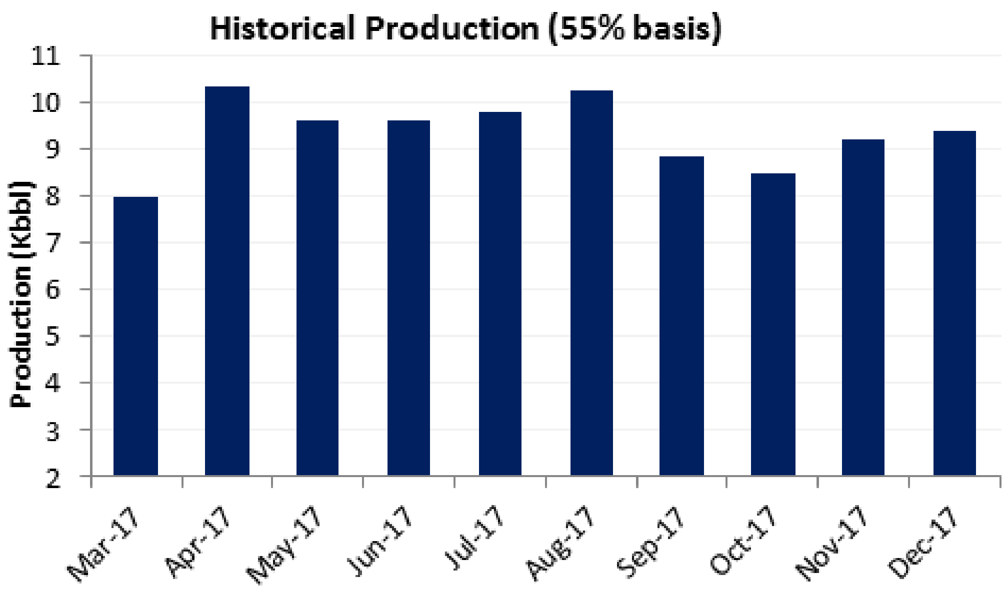


Figure 2: Strong sustained production at the Indonesian KSO since Bass assumed operatorship in March

Bass aims to increase production from the Tangai-Sukananti KSO to beyond 700 barrels of oil per day (BOPD) from 4 wells (100% JV Share), and the contained 2P oil reserves of 0.67 million barrels net to Bass. A high proportion of the 2P Reserves currently remains undeveloped, representing substantial low-risk upside potential.

DEVELOPMENT and APPRAISAL

Since assuming the Operator role at the Tangai-Sukananti KSO, Bass has highlighted a number of prospective targets and leads that warrant further testing and development.

Significant near-field expansion opportunities have been identified at Bunian West as well as updip of the Sukananti 1 location. These targets have been added to the planned 2018/19 drilling program. Additionally, the 18/19 drilling program contains the proposed Bunian-5 and 6 low-risk development opportunities with high flow-rate potential.

MANAGING DIRECTOR'S REPORT (continued)

Bass has engaged UNPAD, Indonesia to conduct a multi-disciplinary reservoir study which encompasses a full reassessment of the oil-in-place, Reserve and Resource potential of the Tangi-Sukananti asset. Work completed to date strongly supports the Company's view on the asset's significant potential, which Bass expects to result in a material uplift in future production.

Further to the field development study, Bass is planning infrastructure upgrades to the Bunian and Tangai production facilities to support additional fluid production rate uplifts which are anticipated following completion of the drilling phase of the field development program.

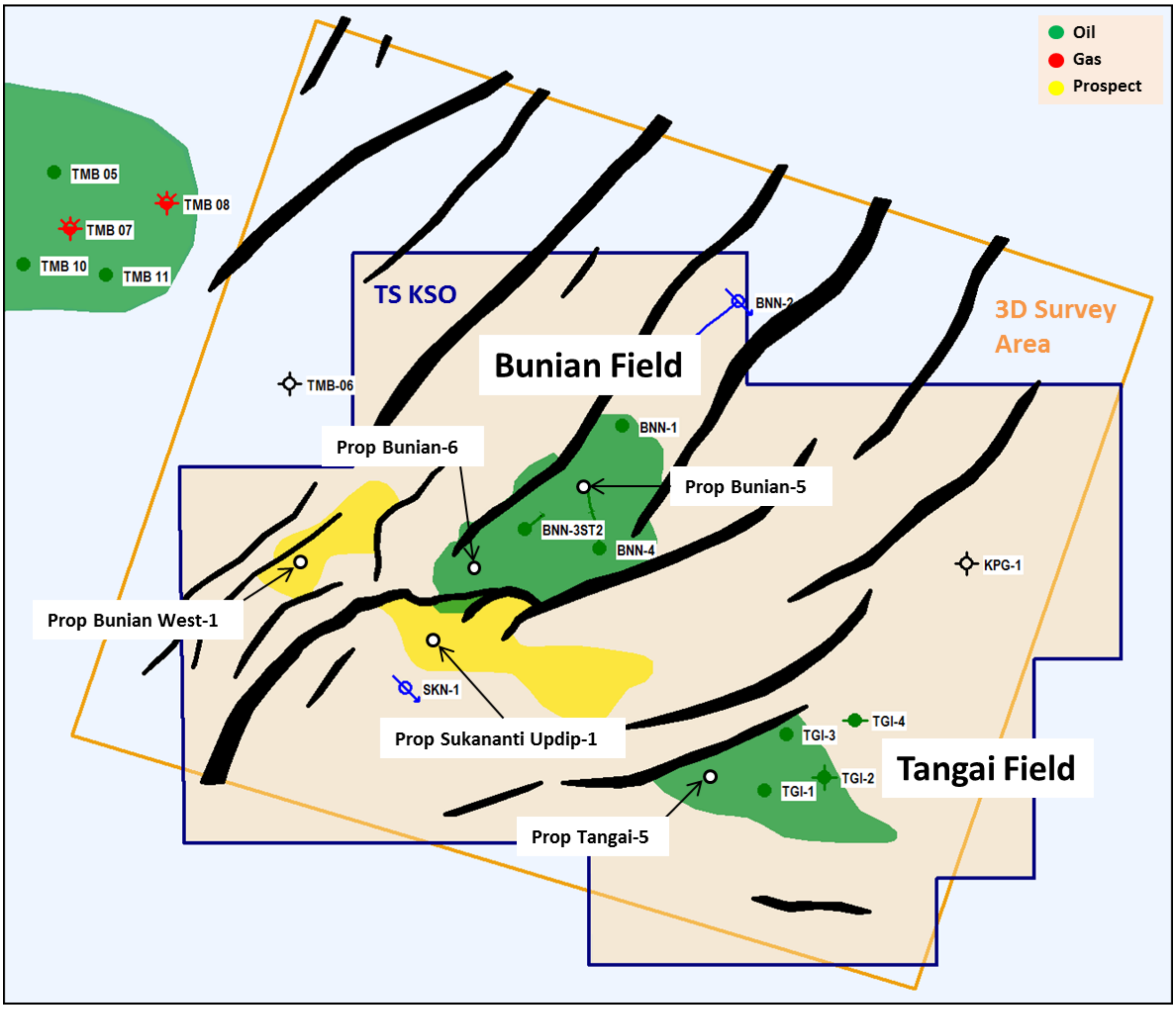


Figure 3: Tangai-Sukananti Prospects Leads

PERMIT MANAGEMENT

Vic/P68 (Bass 100%): Bass assessed the prospectivity of its Vic/P68 licence and formed a view that the permit did not warrant further significant exploration expenditure. The Year Three work program required the acquisition of 225 square kilometres of 3D seismic by the expiry date of 3 November 2017. Bass advised the National Offshore Petroleum Administrator (NOPTA) of its view on that permit. Accordingly, NOPTA has initiated cancellation of the permit.

PEP 150 (Bass 15%): Bass has withdrawn from this Joint Venture as the interest is immaterial and no longer a part of the Company's core strategy.

<u>MANAGING DIRECTORS' REPORT</u> (continued)

HEALTH and SAFETY PERFORMANCE

Upon assuming control of the Tangai-Sukananti Production assets on 28 February 2017, Bass integrated the Indonesian health, safety and environmental management system with its own corporate management system and implemented a focus on quality and quality outcomes. The initiatives maintain a robust and inclusive safety culture, reporting continued positive safety statistics.

The Company is highly focussed on the well-being of the Indonesian crew, reliability of operations, preservation of the environment and respect for the local communities within the area which we work. We make certain this is our absolute priority and thus ensure this focus is maintained.

Since March 2017, Bass has steadily increased the number of Safe Man Hours at the operation despite increases in work activity and production rates due to optimisation initiatives. Furthermore, Bass reduced the occurrence of reportable incidents, which led to a significant decline in the TRIR. Bass is pleased to confirm there were no lost-time injuries or work-related recordable injuries that required medical treatment in this recent period.

The Company is committed to delivering exceptional standards of health and safety year-on-year, and will focus on developing its current health, safety environment, quality and community (HSEQC) management processes, to further improve and monitor our ability to identify, manage and subsequently minimise potential hazards and risks associated with the operations moving forward.

RESERVES and RESOURCES

In July 2017, Bass engaged UNPAD, an independent petroleum geoscience and engineering consultancy group, in Indonesia to conduct a major, multi-disciplinary, integrated study over the entire Tangai Sukananti KSO including the producing Bunian and Tangai fields. The objectives of this project are to inform a full re-assessment of the Oil in Place, Reserve and Resource Potential of this asset. The UNPAD study results are scheduled to be finalised after this document is published. The next detailed full review of reserves will occur after the UNPAD study has been completed.

In this period prior to the completion of the UNPAD study, the Company has completed an interim update of the most recent reserves review to 30 June 2017 in order to bring the reserves into line with the changed reporting period from a Financial Year to Calendar Year basis ending 31 December 2017. During this period Bass has produced 46,010 barrels of oil (55% share).

Table 1 below summarises the Gross (55% share) Reserves for the KSO. At 31 December 2017 Bass's Gross (55% share) 2P Reserves are assessed to be 1.28 million barrels of oil.

Resources & Reserves (as at 31 December, 2017)			
Gross (55% Share) Reserves (MMbbl)			
Category	**Proved 1P**	**Proved & Probable 2P**	**Proved, Probable & Possible 3P**
Developed & Undeveloped (30 June 2017)	**0.59**	**1.35**	**2.57**
Production	**0.05**	**0.05**	**0.05**
Developed & Undeveloped (31 Dec 2017)	**0.51**	**1.28**	**2.50**
% change from 30 June 2017	**-14%**	**-5%**	**-3%**

Table 1. Resources and Reserves as at 31 December, 2017 - Gross (55% share) Reserves (mmbbl).

Table 2, below summarises the Net Reserves for the KSO. This is in accordance with ASX reporting requirements for fiscal environments that use production sharing contracts or similar. Net Reserves are the reserves to which Bass has a net economic entitlement, consisting of a share of cost oil and profit oil that Bass is entitled to receive under the terms of the KSO signed with the Indonesian government body, PT Pertamina in July 2010. At 31 December, 2017 Bass reports Net 2P Oil Reserves of 0.67 million barrels.

Resources & Reserves (as at 31 December, 2017)			
Net Reserves (MMbbl)			
Category	**Proved 1P**	**Proved & Probable 2P**	**Proved, Probable & Possible 3P**
Developed & Undeveloped (30 June 2017)	**0.37**	**0.70**	**1.01**
Production	**0.05**	**0.05**	**0.05**
Developed & Undeveloped (31 Dec 2017)	**0.32**	**0.67**	**1.10**
Revision	**0.00**	**(0.02)**	**0.14**
% change from 30 June 2017	**-14%**	**-4%**	**9%**

Table 2. Resources and Reserves as at 31 December, 2017 - Net Reserves (mmbbl).

RESERVES AND RESOURCES (continued)

Table 3 below, summarises the Contingent Resources for the KSO. These are calculated as the Oil Reserves remaining after the expiry date of the KSO or an earlier economic cut-off dictated by production levels.

Resources & Reserves (as at 31 December, 2017)			
Gross (55% Share) Contingent Resources (MMbbl)			
Category	1C	2C	3C
Total at 30 June 2017	0.12	0.17	0.57
Total at 31 Dec 2017	0.12	0.17	0.56
% change from 30 June 2017	0%	0%	2%

Table 3. Resources and Reserves as at 31 December, 2017 - Gross (55% share) Contingent Resources (mmbbl)

Notes on Calculation of Reserves:

Aggregated 1P, estimates may be conservative and aggregated 3P estimates may be optimistic due to the effects of arithmetic summation. Totals may not exactly reflect arithmetic addition due to rounding. Deterministic methods have been used.

The approach for all reserves and resources estimates is consistent with the definitions and guidelines in the Society of Petroleum Engineers (SPE) 2007 Petroleum Resources Management System (PRMS). Reserves are estimated by deterministic estimation methodologies consistent with the PRMS definitions and guidelines.

The Bunian Field has three producing reservoirs (TRM3, GRM and K1 sandstones) and the Tangai Field has one producing reservoir (M sandstone).

Qualified Petroleum Reserves and Resources Evaluator Statement:

The information contained in this report regarding the Bass Oil Limited reserves is based on and fairly represents the data and supporting documentation reviewed by Mr Giustino Guglielmo who is an employee of Bass Oil Limited and holds a Bachelor of Engineering (Mech). He is a member of the Society of Petroleum Engineers (SPE) and as such is qualified in accordance with ASX listing rule 5.4.1 and has consented to the inclusion of this information in the form and context in which it appears.

DIRECTORS' REPORT

The Directors present their report on the results of Bass Oil Limited consolidated entity ("BAS" or "Bass" or "the Company" or "the Group") for the six months ended 31 December 2017.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report follow. Directors were in office for the entire period unless otherwise stated.

Peter F Mullins FFin – Chairman and non-executive independent director (*Appointed 16 December 2014*)

Mr Mullins has over 40 years banking experience in Australia and New York, USA, specialising in Institutional and Corporate Finance across the Agriculture, Defence, Energy, Infrastructure, Mining, Oil & Gas, Property and Wine industries. He is experienced in Mergers and Acquisitions, Privatisations, Structured Finance, IPO's and Capital Raisings.

Mr Mullins retired as Head of Institutional Banking SA&NT with the Commonwealth Bank of Australia in 2009 to take up a part time role as Senior Advisor, Institutional, Corporate and Business Banking for Commonwealth Bank in SA&NT. He retired from this role in 2013.

Mr Mullins was a Director of Somerton Energy Limited, a listed oil and gas exploration company, from April 2010 until it merged with Cooper Energy Limited in July 2012.

He is a Fellow of the Financial Services Institute of Australasia and graduated from the Advanced Management Program at the University of Melbourne – Mt Eliza, in 1987.

Mr Mullins served on the audit committee during the period.

Giustino (Tino) Guglielmo BEng (Mech) – Managing director from 1 February 2017, previously was Executive Director (*Appointed 16 December 2014*)

Mr Guglielmo is a Petroleum Engineer with over 36 years of technical, managerial and senior executive experience in Australia and internationally.

Mr Guglielmo was the CEO and Managing Director of two ASX listed companies; Stuart Petroleum Limited for seven years and Ambassador Oil & Gas Limited for three years. Both companies merged with larger ASX listed companies generating significant value for shareholders following the identification of compelling resource potential in their respective petroleum resource portfolios.

Mr Guglielmo also worked at Santos Limited, Delhi Petroleum Limited, and internationally with NYSE listed Schlumberger Corp. His experience spans the Cooper basin, Timor Sea, Gippsland basin, and exposure to US land and other international basins.

Mr Guglielmo is currently a director of Octanex NL and a member of the Resources and Infrastructure Task Force and the Minerals and Energy Advisory Council, both South Australian Government advisory bodies. He is a Fellow of the Institution of Engineers, Australia, a member of the Society of Petroleum Engineers and Australian Institute of Company Directors.

Mr Guglielmo served on the audit committee during the period.

Hector M Gordon BSc (Hons) – Non-executive independent director (*Appointed 23 October 2014*)

Mr Gordon currently serves on the Board of Cooper Energy Limited as a Non-Executive Director.

Mr Gordon is a geologist with over 40 years of experience in the upstream petroleum industry, primarily in Australia and southeast Asia. Until June 2017 Mr Gordon was employed by Cooper Energy Limited as Executive Director - Exploration & Production.

Mr Gordon's previous employers also include Beach Energy, Santos Limited, AGL Petroleum, TMOC Resources, Esso Australia and Delhi Petroleum Pty Ltd. He is currently a Non-Executive Director of Cooper Energy Limited, which is a substantial shareholder of Bass Oil Limited.

Mr Gordon is a member of the American Association of Petroleum Geologists and a member of the Society of Petroleum Engineers.

Mr Gordon served as Chair of the audit committee during the period.

Mark L Lindh - Non-executive non-independent director (*Appointed 16 December 2014*)

Mr Mark Lindh is a corporate advisor with in excess of 15 years' experience in advising mining and resources companies with a particular focus on the energy sector.

He is a founding director of Adelaide Equity Partners Limited, an investment and advisory company.

Mr Lindh served on the audit committee during the period.

INTERESTS IN THE SHARES & OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in the shares and options of Bass Oil Limited were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
P F Mullins	45,600,000	7,200,000
G Guglielmo	265,630,465	41,941,650
H M Gordon	20,266,668	3,200,000
M L Lindh (a)	202,529,453	40,295,515

(a) Mr Lindh's interest includes 22,593,334 shares held directly and 179,936,119 shares held indirectly by a related party, South Australian Resource Investments Pty Ltd, a subsidiary of Adelaide Equity Partners Ltd.

COMPANY SECRETARY

Mrs R Hamilton was appointed Company Secretary on the 31st March 2011. She has been a Chartered Accountant for over 20 years.

DIVIDENDS

During the year and to the date of this report, no dividends were recommended, provided for or paid.

PRINCIPAL ACTIVITY

The principal activity of the Group during the year was oil production after the completion of the acquisition of low cost oil production assets in Indonesia. The Company has realigned its corporate strategy following the acquisition of a 55% interest in Tangai-Sukananti KSO which contains producing assets located in the prolific oil and gas region of South Sumatra, Indonesia.

OPERATING AND FINANCIAL REVIEW

Operating results for year

These financial statements are for the six months ended 31 December 2017. The comparatives are for a twelve month period to 30 June 2017 and reflect the change in the Groups strategic direction for a period of four months, after the acquisition of the oil producing assets was completed on the 28 February 2017.

The Company's operating loss for the year ended 31 December 2017 after income tax was $125,977 (30 June 2017: $1,795,591).

Review of Financial Condition

Liquidity
The Group's consolidated statement of cash flows for the year recorded an increase of $736,710 (30 June 2017: increase of $916,822) in cash and cash equivalents. The cash flows were derived from operating receipts of $2,917,553 (30 June 2017: $963,991), other receipts of $594 (30 June 2017: $3,178), capital raising net of transaction costs of $1,100,850 (30 June 2017: $712,429) and the net cash acquired on the acquisition of a subsidiary of $nil (30 June 2017: $ 587,066).

Cash outflows relating to operations were $2,591,360 (30 June 2017: $1,255,563). There were cash outflows of deferred payment to Cooper Energy of $500,000 (30 June 2017: $nil), also net cash outflows in investing activities of $190,927 (30 June 2017: $94,279) mainly relating to expenditure on oil properties.

Cash assets at 31 December 2017 were $2,061,319 (30 June 2017: $1,346,338).

DIRECTORS' REPORT (CONTINUED)

CHANGES IN THE STATE OF AFFAIRS

The Group has changed the Company's financial year end from 30 June to 31 December in order to align the reporting dates with its Indonesian operations. Previously our financial years started on the 1st July and ended on the 30th June. Bass had a shorter six month financial year from 1 July 2017 to 31 December 2017 and will then re-commence with a twelve month financial year starting on 1 January 2018 and ending on 31 December 2018.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Since assuming the operator role at the Tangai-Sukananti KSO, Bass has highlighted a number of prospective targets and leads that warrant further testing and development.

The Company's view is that there is a substantial quantity of oil reserves that remain undeveloped, within the Bunian and Tangai Fields.

Bass is currently undertaking an integrated reservoir study, in order to evaluate this potential and determine the best way of addressing these opportunities. This study is due for completion in the first half of 2018.

SHARE OPTIONS

Unissued shares

As at the date of this report there were 366,688,205 unissued ordinary shares under options (386,103,275 at 30 June 2017).

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

BAS maintains a directors and officers insurance policy and has paid an insurance premium for the policy. The contract of insurance prohibits disclosure of the amount of the premium and the nature of the liabilities insured. Pursuant to the constitution the Company has entered into Deeds of Indemnity with the Directors and Chief Financial Officer.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Deloitte Touche Tohmatsu, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Deloitte Touche Tohmatsu during or since the financial year.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Board Meetings		Audit Committee	
	Held	Attended	Held	Attended
P F Mullins	5	5	1	1
G Guglielmo	5	5	1	1
H M Gordon	5	4	1	1
M L Lindh	5	5	1	1

REMUNERATION REPORT (AUDITED) (31 December 2017)

This Remuneration Report outlines the director and executive remuneration arrangements of the Group in accordance with the *Corporations Act 2001* and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the Company Secretary.

Details of Key Management Personnel (including executives of the Group)

(i) Directors

P F Mullins	Chairman
G Guglielmo	Managing Director (was an Executive Director until 1 February 2017)
H M Gordon	Director (Non-executive)
M L Lindh	Director (Non-executive)

(ii) Executives

R M Hamilton	Company Secretary

There have been no changes to key management personnel after 31 December 2017 and before the date the financial report was authorised for issue.

The Board of Directors ("the Board") is responsible for determining and reviewing remuneration arrangements for the directors and executives. No remuneration consultant was engaged nor was any remuneration advice sought during the period.

The Board assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from retention of a high quality, high performing executive team.

Remuneration Philosophy

The performance of the Company largely depends upon the quality of its directors and executives. To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

Remuneration policy
The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually. The Board considers advice from external consultants if required, as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

The Company's constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 3 October 2001, when shareholders approved an aggregate remuneration of $250,000 per year.

Structure
The remuneration of non-executive directors consists of director's fees and committee fees for the non-executive director who chairs the Audit committee. The payment of additional fees for chair of the Audit committee recognises the additional time commitment required by a non-executive director who chairs a sub-committee. The non-executive directors also receive retirement benefits in the form of superannuation. There are no other retirement benefits, other than superannuation.

REMUNERATION REPORT (AUDITED) (31 December 2017) (continued)

The table below summaries the non-executive director remuneration (excluding superannuation):

Board fees	
Chairman	$75,000
Directors	$50,000
Incremental Audit Committee fees	
Chairman	$5,000

No other fees are paid for serving on Board committees or on boards of wholly owned subsidiaries.

Non-executive directors have been encouraged by the Board to hold shares in the Company.

The remuneration of non-executive directors for the period ending 31 December 2017 and 30 June 2017 is detailed in Table 1 and 2 respectively of this Remuneration Report.

The Directors agreed to a reduction of 50% of the above amounts to 31 January 2017 when they reverted to the above agreed levels based on the strengthening of the Company's cash position. As at the date of this report no further reassessment has occurred.

Executive Remuneration

Objective
The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to:

- Reward executives for individual performance;
- Align the interests of executives with those of shareholders; and
- Ensure that total remuneration is competitive by market standards.

Structure
In determining the level and make-up of executive remuneration, the Board engages external consultants as needed to provide independent advice. No consultant was engaged in the current year.

Remuneration consists of fixed remuneration being base salary and superannuation and/or consultancy fees.

The proportion of base salary and superannuation and/or consultancy fees for each executive is set out in Table 1.

Fixed remuneration

Objective
Fixed remuneration is reviewed regularly by the Board, with access to external advice if required.

Structure
Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and superannuation. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue costs for the Company. The fixed remuneration component of executives is detailed in Table 1.

Employment contracts
Managing Director and Chief Executive Officer
Mr G Guglielmo was appointed Managing Director and Chief Executive Officer ("CEO") on 1 February 2017.

Prior to this date, Mr Guglielmo was an executive director engaged on a Consultancy Services Agreement that required a minimum of 2 days per week at $150,000 per annum, from 2 February 2015.

The Managing Director and CEO is employed under a rolling contract and under the terms of the contract, Mr Guglielmo receives fixed remuneration of $300,000 per annum. If there is cause for termination, the Company can terminate the contract immediately without compensation, other than any employee entitlements up to the date of termination. Otherwise, the contract may be terminated at any time by either side giving six months notice in writing or by the Company paying six months salary in lieu of notice, unless mutually agreed.

REMUNERATION REPORT (AUDITED) (31 December 2017) (continued)

Consultancy Services Agreements

The Group has entered into consultancy agreements with Robyn Hamilton.

Details of the agreements entered into by the Group and outstanding as at 31 December 2017 are set out below:

	Type	Details	Term
Robyn Hamilton	Consultancy	Minimum of 1 day per week at an agreed hourly rate, from 6 October 2014.	The agreement is on a going forward basis with the Company being able to terminate the agreement, at no less than one months notice.

Company performance

The remuneration of Bass executives and contractors is not formally linked to financial performance measures of the Company. In accordance the Section 300A of the Corporations Act 2001 the following table summarises Bass' performance over a five year period:

Measure	Dec 2017	Jun 2017	Jun 2016	Jun 2015	Jun 2014
Net (loss)/profit - $	(125,977)	(1,795,591)	(4,030,740)	(836,252)	(3,091,993)
Basic (loss) per share – cents per share	(0.000)	(0.001)	(0.001)	(0.001)	(0.006)
Share price at the beginning of year* - $	0.001	0.001	0.002	0.003	0.004
Share price at end of year* - $	0.003	0.001	0.001	0.002	0.003
Dividends per share – cents	Nil	Nil	Nil	Nil	Nil

* Prices have been rounded to two decimal points

Remuneration of key management personnel

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (31 December 2017) (continued)

Table 1: Remuneration for the six months ended 31 December 2017

	Short-term benefits	Post employment	Share-based payments	Long-term benefits	
	Salary & fees	Superannuation	Options	Long service leave	Total
	$	$	$	$	$
Non-executive Directors					
P F Mullins	37,500	3,562	-	-	41,062
H M Gordon	27,500	2,613	-	-	30,113
M L Lindh	25,000	2,375	-	-	27,375
Sub-total non-executive directors	90,000	8,550	-	-	98,550
Managing Director					
G Guglielmo	150,000	14,250	-	-	164,250
Other key management personnel					
R M Hamilton	53,640	-	-	-	53,640
Totals	**293,640**	**22,800**	**-**	**-**	**316,440**

Table 2: Remuneration for the year ended 30 June 2017

	Short-term benefits	Post-employment	Share-based payments	Long-term benefits	
	Salary & fees	Superannuation	Options	Long service leave	Total
	$	$	$	$	$
Non-executive Directors					
P F Mullins	53,125	5,047	-	-	58,172
H M Gordon	38,958	3,701	-	-	42,659
M L Lindh	35,416	3,364	-	-	38,780
Sub-total non-executive directors	127,499	12,112	-	-	139,611
Executive Director					
G Guglielmo	189,375	35,000	-	-	224,375
Other key management personnel					
R M Hamilton	54,680	-	-	-	54,680
Totals	**371,554**	**47,112**	**-**	**-**	**418,666**

REMUNERATION REPORT (AUDITED) (31 December 2017) (continued)

Table 3: Shareholdings of key management personnel

Shares held in Bass Oil Limited (number)

	1 July 2017 Balance at beginning of period	Options exercised	Net change other	**31 December 2017** Balance at end of period
2017				
Directors				
P F Mullins	38,400,000	7,200,000	-	45,600,000
G Guglielmo	223,688,815	41,941,650	-	265,630,465
H M Gordon	17,066,668	3,200,000	-	20,266,668
M L Lindh (a)	215,829,397	40,295,515	(53,595,459)	202,529,453
	494,984,880	92,637,165	(53,595,459)	534,026,586
Other key management personnel				
R M Hamilton	5,000,000	2,500,000	-	7,500,000
	5,000,000	2,500,000	-	7,500,000

(a) Mr M Lindh's interest includes 21,508,000 (2017: 18,112,000) shares held directly and 181,021,453 (2016: 197,717,397) shares held indirectly by related parties, South Australian Resource Investments Pty Ltd and Chesser Nominees Pty Ltd, both subsidiaries of Adelaide Equity Partners Ltd, a director related entity of Mr M Lindh.

Options held in Bass Oil Limited (number)

	1 July 2017 Balance at beginning of period	Options exercised	Net change other	**31 December 2017** Balance at end of period
2017				
Directors				
P F Mullins	7,200,000	(7,200,000)	-	-
G Guglielmo	41,941,650	(41,941,650)	-	-
H M Gordon	3,200,000	(3,200,000)	-	-
M L Lindh	40,295,515	(40,295,515)	-	-
	92,637,165	(92,637,165)	-	-
Other key management personnel				
R M Hamilton	2,500,000	(2,500,000)	-	-
	2,500,000	(2,500,000)	-	-

Options

Of the 386,103,275 options expiring on 15 December 2017, the Company received total acceptances for and issued 366,949,897 new Shares, raising a total of A$1,100,850 which will be used to grow our Indonesian production business. As part of the option terms, for every option exercised Option holders are entitled to be granted an additional attaching option ('Piggy Back Option'), exercisable at A$0.006 and expiring on 15 December 2018 upon completion of an Entitlement and Acceptance form. On 20 February 2018 Piggy Back options were issued to key management personnel as follows:. P F Mullins 7,200,000; G Guglielmo 41,941,850; H M Gordon 3,200,000; M L Lindh 40,295,515 and R M Hamilton 2,500,000.

Other transactions and balances with key management personnel and their related parties

In accordance with AASB 124: "Related Party Disclosures", key management personnel (KMP) have authority and responsibility for planning, directing and controlling the activities of the Bass Oil Limited. Hence, KMP are deemed to include the following:

- the non-executive Directors of Bass Oil Limited; and
- certain executives in the Managing Director's senior leadership team.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (31 December 2017) (continued)

During the year the Group paid corporate advisory and investor relations fees to Adelaide Equity Partners Limited (a director related entity of Mr M Lindh) of $45,000 (30 June 2017: $97,500) (under a corporate advisory and investor relations mandate). The fees were provided under normal commercial terms and conditions. Amounts outstanding at balance date were $8,250 (30 June 2017: $8,250). The corporate advisory and investor relations mandate has a monthly retainer of $7,500 per month and can be terminated at anytime by written notice to the other party.

HEALTH, SAFETY AND ENVIRONMENT

The Company has adopted an Environment Policy and a Safety Policy and conducts its operations in accordance with the APPEA Code of Environmental Practice 2008.

The Company's petroleum exploration and development activities are subject to environmental conditions specified in the Offshore Petroleum and Greenhouse Gas Storage Act 2006, associated Regulations and Directions, as well as the Environment Protection and Biodiversity Conservation Act 1999. During the period there were no known contraventions by the Company of any relevant environmental regulations.

The Company considers all injuries are avoidable and has policies and procedures to ensure employees and contractors manage safety accordingly. There is a continuous process of monitoring and evaluating our procedures. During the year there were no recorded health and safety incidents.

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement for the six months ended 31 December 2017 may be accessed from the Company's website at www.bassoil.com.au.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the six months ended 31 December 2017 is included on page 17.

Non-audit services

The Directors are satisfied that the provision of non-audit services, during the period, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Audit Committee, in conjunction with the Chief Financial Officer, assesses the provision of non-audit services by the auditors to ensure that the auditor independence requirements of the Corporation Act 2001 in relation to the audit are met.

Details of amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in note 8 to the financial statements.

The directors are of the opinion that the services as disclosed in note 8 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Signed in accordance with a resolution of the Directors

Chairman
Melbourne, 22 March 2018

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Australia

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www.deloitte.com.au

22 March 2018

The Board of Directors
Bass Oil Limited
Level 5
11 -19 Bank Place
MELBOURNE VIC 3000

Dear Board Members

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 audit of the financial statements of Bass Oil Limited for the financial year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit

(ii) Any applicable code of professional conduct in relation to the audit.

Yours faithfully

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 consolidated entity, are in accordance with the Corporations Act 2001, including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the year ended on that date; and

 (ii) complying with Accounting Standards and 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; and

(c) the financial statements and notes comply with International Financial Reporting Standards as stated in Note 2(a).

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 31 December 2017.

On behalf of the Board

Chairman
Melbourne, 22 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated 6 months to 31 Dec 2017 $	12 months to 30 June 2017 $
Revenue			
Oil revenue		3,042,791	1,911,320
Cost of oil sold		(1,898,203)	(901,843)
Gross profit		1,144,588	1,009,477
Other income			
Interest received		594	3,178
Operator fees		30,755	25,590
Other income		17,629	-
Total revenue and other income		1,193,566	1,038,245
Administrative expenses	4	(866,867)	(909,556)
Depreciation		(109)	(1,578)
Employee benefits expense	6	(329,549)	(323,341)
Finance costs	7	(24,642)	(16,516)
Exploration costs impaired and written off		-	(1,062,325)
Change in fair value of the equity options	21	(21,263)	(262,727)
Acquisition expenses		-	(189,774)
Loss before income tax		(48,864)	(1,727,572)
Income tax expense	9	(77,113)	(68,019)
Loss for the year		(125,977)	(1,795,591)
Other comprehensive loss, net of income tax			
Items that may be reclassified to profit or loss			
Exchange difference on translation of foreign operations		(48,185)	(16,740)
Other comprehensive loss, net of income tax		(48,185)	(16,740)
Total comprehensive loss for the year		(174,162)	(1,812,331)
Basic and diluted (loss)/earnings per share	25	($0.000)	($0.001)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	Consolidated 31 Dec 2017 $	30 June 2017 $
ASSETS			
Current assets			
Cash and cash equivalents	10	2,061,319	1,346,338
Trade and other receivables	11	1,453,100	1,180,622
Other current assets	12	85,182	98,864
Inventories	13	134,543	66,376
Other financial assets	14	-	16,133
Total current assets		3,734,144	2,708,333
Non-current assets			
Trade and other receivables	11	339,986	275,770
Other financial assets	14	40,590	35,507
Plant and equipment	15	2,276	1,257
Oil properties	16	1,953,385	2,072,227
Total non-current assets		2,336,237	2,384,761
TOTAL ASSETS		6,070,381	5,093,094
LIABILITIES			
Current liabilities			
Trade and other payables	19	1,016,348	535,720
Provisions	20	204,195	228,099
Provision for tax	9(e)	716,919	654,468
Other financial liabilities	21	-	364,261
Borrowings	22	1,744,991	963,993
Total current liabilities		3,682,453	2,746,541
Non-current liabilities			
Trade and other payables	19	130,349	118,994
Provisions	20	360,462	387,403
Borrowings	22	-	1,260,769
Total non-current liabilities		490,811	1,767,166
TOTAL LIABILITIES		4,173,264	4,513,707
NET ASSETS		**1,897,117**	**579,387**
EQUITY			
Contributed equity	23	35,120,847	33,798,034
Reserves	33	104,154	(16,740)
Accumulated losses	24	(33,327,884)	(33,201,907)
TOTAL EQUITY		**1,897,117**	**579,387**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Consolidated				
	Note	**Contributed equity $**	**Accumulated losses $**	**Currency translation reserve $**	**Share Option Reserve $**	**Total $**
At 1 July 2017		33,798,034	(33,201,907)	(16,740)	-	579,387
Net loss for the year		-	(125,977)	-	-	(125,977)
Foreign currency translation differences		-	-	(48,185)	-	(48,185)
Total comprehensive income for the period		-	(125,977)	(48,185)	-	(174,162)
Shares issued on exercise of options	23	1,100,850	-	-	-	1,100,850
Transfer from other liabilities on exercise of options (Note 21)	23	216,445	-	-	169,079	385,524
Tax consequences of share issue costs	23 & 9	5,518	-	-	-	5,518
At 31 December 2017		**35,120,847**	**(33,327,884)**	**(64,925)**	**169,079**	**1,897,117**
At 1 July 2016		32,804,092	(31,406,316)	-	-	1,397,776
		-	(1,795,591)	-	-	(1,795,591)
Net loss for the year						
		-	-	(16,740)	-	(16,740)
Total comprehensive income for the period		-	(1,795,591)	(16,740)	-	(1,812,331)
Shares issued	23	1,030,672	-	-	-	1,030,672
Transaction costs on share issues	23	(59,777)	-	-	-	(59,777)
Tax consequences of share issue costs	23 & 9	23,047	-	-	-	23,047
At 30 June 2017		**33,798,034**	**(33,201,907)**	**(16,740)**	**-**	**579,387**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated 6 months to 31 Dec 2017 $	12 months to 30 June 2017 $
Cash flows from operating activities			
Receipts from customers		2,917,553	963,991
Payments to suppliers and employees		(2,591,360)	(1,255,563)
Interest received		594	3,178
Net cash provided by/(used in) operating activities	32	326,787	(288,394)
Cash flows from investing activities			
Proceeds from other financial asset		10,633	-
Oil properties expenditure	16	(199,382)	(66,643)
Purchase property, plant & equipment	15	(2,178)	-
Net cash inflow on acquisition of subsidiary		-	587,066
Petroleum exploration expenditure		-	(27,636)
Net cash provided by/(used in) investing activities		(190,927)	492,787
Cash flows from financing activities			
Proceeds from issue of shares and equity options		1,100,850	772,206
Transaction costs on issue of shares		-	(59,777)
Payment of deferred consideration		(500,000)	-
Net cash provided by financing activities		600,850	712,429
Net (decrease)/increase in cash and cash equivalents		736,710	916,822
Net foreign exchange differences		(21,729)	(27,538)
Cash and cash equivalents at the beginning of the year		1,346,338	457,054
Cash and cash equivalents at the end of the year	10	**2,061,319**	**1,346,338**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Note 1. Corporate Information

The consolidated financial statements of Bass Oil Limited ("Parent Entity" or "Company") and its controlled entities (collectively as "Consolidated Entity" or "the Group") for the year ended 31 December 2017 was authorised for issue in accordance with a resolution of the directors on 22 March 2018.

Bass Oil Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are oil production.

Note 2. Summary of Significant Accounting Policies

Basis of Preparation

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

In the application of the Group's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Going Concern

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

For the financial year ended 31 December 2017 the Group made a loss after tax of $125,977 (30 June 2017: $1,795,591), provided net cash from operating activities of $326,787 (30 June 2017: (288,394)) and used cash in oil properties activities of $190,927. At 31 December 2017 the Group has a cash balance of $2,061,319 (30 June 2017: $1,346,338) and a current asset surplus of $57,443 (30 June 2017: $(38,208)).

The Directors consider that at the date of this report that there will be sufficient funds generated from oil properties and cash on hand to cover administration costs and the deferred acquisition payments to Cooper Energy Limited.

To fund the Group's planned development wells in the last quarter of 2018 and during 2019, the Group will require additional funds. Funds can be raised through either the issue of shares and/or the exercise of Piggy Back options.

(a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated statements of the Group. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards.

(b) New Accounting Standards and Interpretations

In the current financial 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 no accounting policy changes and no changes to recognition and measurement

At the date of authorisation of the financial statements the new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective and would have an effect the financial statements, is set out in the table below:

Note 2. Summary of Significant Accounting Policies (continued)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 'Leases'	1 January 2019	31 December 2020

Impact of AASB 16 'Leases'

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The accounting model for lessees will require lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets.

AASB 16 applies to annual periods beginning on or after 1 January 2019. The directors of the Company anticipate that the application of AASB 16 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of AASB 16 until the Group performs a detailed review.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Bass Oil Limited and its subsidiaries as at 30 June each year (the Group).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(d) Foreign currency translation

(i) Functional and presentation currency
Both the functional and presentation currency of Bass Oil Limited and its subsidiaries is Australian dollars ($).

(ii) Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates applicable at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and short term deposits with an original maturity of three months or less that are readily convertible to known cash amounts of cash which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Note 2. Summary of Significant Accounting Policies (continued)

(f) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less an allowance for impairment.

An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(h) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held to maturity financial assets or available for sale financial assets. The classification depends on the purpose for which the assets were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories. When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transactions costs.

Recognition and Derecognition

All regular purchases and sales of financial assets are recognised on the trade date. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all of the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the asset.

(i) Joint arrangements

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

(j) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:
Office furniture and equipment – over 3 to 10 years

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each financial year end. Gains or losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit or loss.

(k) Leases

The determination of whether an arrangement is or contains a lease is based on substance of the arrangement and requires assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(l) Impairment of non-financial assets other than indefinite life intangibles

Non-financial assets other than indefinite life intangibles are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Note 2. Summary of Significant Accounting Policies (continued)

(l) Impairment of non-financial assets other than indefinite life intangibles (continued)

The Group conducts an annual internal review of asset values, which is used as a source of information to assess any indicators for impairment. If any impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an assets fair value less costs of disposal and value in use. Non-financial assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(m) Exploration and evaluation expenditure

Exploration and evaluation expenditure is carried forward separately for each area of interest provided that the rights to tenure of the area of interest is current and either:

- the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in or relating to, the area of interest are continuing.

The carrying value of capitalised exploration and evaluation expenditure is assessed 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 and any impairment losses are recognised in profit or loss.

(n) Oil properties

Oil properties are carried at cost including construction, installation of infrastructure such as roads and the cost of development of wells.

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

Oil properties are amortised on the Units of Production basis using the latest approved estimate of Proven (1P) Reserves. Amortisation is charged only once production has commenced. No amortisation is charged on areas under development where production has not yet commenced.

(o) Provision for restoration

The Group records the present value of its share of the estimated cost to restore operating locations. The provision is based on the net present value of the current agreed monthly payment to Pertamina to cover the anticipated obligations relating to the reclamation, waste site closure, plant closure, production facility removal and other costs associated with the restoration of the site. Pertamina is responsible for all restoration.

When the liability is recorded the carrying amount of the production asset is increased by the restoration costs which are depreciated over the producing life of the asset. Over time, the liability is increased for the change in the present value based on a risk free discount rate and monthly payment to Pertamina. The unwinding of the discount is recorded as an accretion charge within finance costs.

Any changes in the estimate of the provision for restoration arising from changes in the amount required to be paid to Pertamina or changes in the discount rate of the restoration provision are recorded by adjusting the provision and the carrying amount of the production or exploration asset and then depreciated over the producing life of the asset. Any change in the discount rate is applied prospectively.

(q) Trade and other payables

Trade payables and other payables are carried at amortised cost due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Note 2. Summary of Significant Accounting Policies (continued)

(r) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Revenue recognition

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is recognised and measured at the fair value of the consideration or contributions received, net of goods and service tax ("GST"), to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sales revenue
Sales revenue is recognised on the basis of the Group's interest in a producing field ("entitlements" method), when the physical product and associated risks and rewards of ownership pass to the purchaser, which is at the time the oil is received at the Pertamina terminal. Revenue earned under a production sharing contract ("KSO") is recognised on a net entitlements basis according to the terms of the KSO.

Other income
Other income is recognised in profit or loss at the fair value of the consideration received or receivable, net of GST, when the significant risks and rewards of ownership have been transferred to the buyer or when the service has been performed.

Interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(t) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered.

Liabilities recognised in respect of short term employee benefits, are measured at their nominal values using the remuneration rate expected at the time of settlement.

(u) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

Note 2. Summary of Significant Accounting Policies (continued)

(u) Income tax and other taxes (continued)

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Indonesian First Tranche Petroleum
A provision for deferred income tax payable related to tax potentially payable by the Group on its share of First Tranche Petroleum which has already been recovered from Tangai-Sukananti KSO production. This tax will only be payable in the event the contractors exhaust the pool of cost recovery prior to expiry of the KSO.

Based on the amount of the cost recovery pool, the Group believes that the cost recovery pool could be exhausted in 2018 and that the tax will become payable in the 2019.

Other taxes
Revenues, expenses and assets are recognised net of the amount of GST or VAT except:

- when the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST or VAT included.

The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST or VAT recoverable from, or payable to, the taxation authority.

(v) Earnings per share

Basic earnings per share is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

(w) Changes in Company's Year end

The Company has changed its year end from 30 June to 31 December. Therefore, this financial year is for the six months from 1 July 2017 to 31 December 2017 and the comparatives are for the twelve months from 1 July 2016 to 30 June 2017.

(x) Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Note 2. Summary of Significant Accounting Policies (continued)

(x) Critical accounting estimates and judgements (continued)

These accounting policies have been consistently applied by each entity in the consolidated entity, and the estimates and underlying assumptions are reviewed on an ongoing basis. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

(i) Impairment of Oil Property Assets
Oil properties impairment testing requires an estimation of the fair value less cost to sell of the cash generating unit to which deferred costs have been allocated. The fair value less cost to sell calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Other assumptions used in the calculations which could have an impact on future years includes USD rates, available reserves and oil prices.

(ii) Useful Life of Oil Property Assets
As detailed at Note 2 (n) oil properties are amortised on a unit-of-production basis, with separate calculations being made for each resource. Estimates of reserve quantities are a critical estimate impacting amortisation of oil property assets.

(iii) Estimates of Reserve Quantities
The estimated quantities of Proven and Probable hydrocarbon reserves reported by the Company are integral to the calculation of the amortisation expense relating to oil properties, and to the assessment of possible impairment of these assets. Estimated reserve quantities are based upon interpretations of geological and geophysical models and assessments of the technical feasibility and commercial viability of producing the reserves. These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations. Reserves estimates are prepared in accordance with the Company's policies and procedures for reserves estimation which conform to guidelines prepared by the Society of Petroleum Engineers.

Note 3. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, cash, deposits and borrowings.

The Group manages its exposure to key financial risks, including oil price, interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, commodity price risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rates, foreign exchange and commodity prices. The risks are summarised below.

Primarily responsibility for identification and control of financial risks rests with the Managing Director under the authority of the Board. The Board reviews and agrees management's assessment for managing each of the risks identified below.

The carrying amounts and net fair values of the Group's financial assets and liabilities at 31 December 2017 are cash and cash equivalents $2,061,319, trade and other receivables $1,793,086, other financial assets $34,838, trade and other payables $1,187,880 and borrowings $1,744,991.

Note 3. Financial Risk Management Objectives and Policies (continued)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, commodity price risk and interest rate risk. Financial instruments affected by market risk include deposits, trade and other receivables, trade and other payables, and borrowings.

The sensitivity analyses in the following sections relate to the position as at 31 December 2017.

The sensitivity analyses have been prepared on the basis that the amount of the financial instruments in foreign currencies is all constant. The sensitivity analyses are intended to illustrate the sensitivity changes in market variables on the Group's financial instruments and show the impact on profit and loss and shareholders' equity, where applicable.

Foreign currency risk

The Group has transactional currency exposure arising from oil sales which are denominated in United States dollars (USD), whilst costs are denominated in Indonesian Rupiah (IDR), USD and Australian dollars. The Group does not undertake any hedging activities.

During the year the Group acquired oil production assets in Indonesia and is now exposed to foreign currency risk arising from various currency exposures, to the United States dollar.

The Board approved the policy of holding certain funds in United States dollars to manage foreign exchange risk. The Group's exposure to foreign exchange risk at the reporting date was as follows (holdings are shown in AUD equivalent):

	31 December 2017	
	USD	**IDR**
	$	$
Financial assets:		
Cash and cash equivalents	1,325,767	72,832
Trade and other receivables	1,436,861	308,729
Financial liabilities:		
Trade and other payables	83,223	945,216

At the reporting date, if the currencies set out in the table above, strengthened or weakened against the Australian dollar by the percentage shown, with all other variables held constant, net profit for the year would increase/(decrease) and net assets would increase/(decrease) by:

	31 December 2017	
	USD	**IDR**
	$	$
Impact on post tax profit		
Exchange rate +10%	267,940	(56,365)
Exchange rate -10%	(267,940)	56,365
Impact on equity		
Exchange rate +10%	267,940	(56,365)
Exchange rate -10%	(267,940)	56,365

Management believes the risk exposures as at the reporting date are representative of the risk exposure inherent in the financial instruments. A movement of +/– 10% is selected because a review of recent exchange rate movements and economic data suggests this range is reasonable.

Note 3. Financial Risk Management Objectives and Policies (continued)

Commodity Price Risk

The Group is exposed to commodity price fluctuations through the sale of petroleum products denominated in US dollars. The Group may enter into commodity crude oil price swap and option contracts to manage its commodity price risk.

If the US dollar oil price changed by +/-10% from the average oil price during the period, with all other variables held constant, the estimated impact on post-tax profit and equity would have been:

	31 December 2017 USD $
Impact on post tax profit	
USD dollar oil price +10%	304,279
USD dollar oil price -10%	(304,279)
Impact on equity	
USD dollar oil price +10%	304,279
USD dollar oil price -10%	(304,279)

Interest rate risk

The Group's exposure to market interest rates is related primarily to the Group's cash and cash equivalents.

The Group constantly analyses its interest rate opportunity and exposure. Within analysis consideration is given to existing positions and alternative arrangement on fixed or variable deposits.

The following sensitivity analysis is based on the interest rate opportunity/risk in existence at reporting date.

At reporting date, if interest rates changed by +/- 1%, with all other variables held constant, the estimated impact on post-tax profit and equity would have been:

	31 December 2017 $
Impact on post tax profit	
Interest rates +1%	20,613
Interest rates -1%	(20,613)
Impact on equity	
Interest rates +1%	20,613
Interest rates -1%	(20,613)

A movement of + and-1% is selected because this is historically within the range of rate movements and available economic data suggests this range is reasonable.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk framework for the management of the Group's short, medium and longer term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities through monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of the settlement of financial assets and liabilities.

The financial liabilities are trade and other payables, and borrowings. At 31 December 2017, the Group had $1,146,697 (30 June 2017: $654,714) in trade and other payables. Trade payables are non-interest bearing and have a contractual maturity of less than 30 days. At 31 December the Group had borrowings of $1,744,991 which are interest free.

Note 3. Financial Risk Management Objectives and Policies (continued)

The only financial assets are cash and cash equivalents, trade and other receivables, and other financial assets. At 31 December 2017, the Group had $2,061,319 (30 June 2017: $1,346,338) in cash and cash equivalents, $1,793,086 (30 June 2017: $1,456,392) in trade and other receivables, and $34,838 (30 June 2017: $51,640) in other financial assets.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than one year	One to two years	Greater than two years	Total
	%	$	$	$	$
31 December 2017					
Trade and other payables	-	1,016,348	-	130,349	1,146,697
Borrowings	1.81%	1,770,000	-	-	1,770,000
30 June 2017					
Trade and other payables	-	535,720	-	118,994	654,714
Borrowings	1.81%	1,000,000	1,270,000	-	2,270,000

Credit risk

Credit risk arises from financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, and other financial assets.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of any collateral or other security obtained.

In addition, receivable balances are monitored on an ongoing basis with the result being that the Group's exposure to bad debts is not significant. Currently there are no receivables that are impaired or past due but not impaired.

Apart from Pertamina, the Indonesian State owned oil Company, the largest customer of the Group, the Group does not have significant credit risk exposure to any other counterparty.

The credit risk on liquid funds is banks with high ratings assigned by international credit rating agencies.

Fair value of financial instruments

The Directors consider that the carrying amount of the financial assets and liabilities recorded in the financial statements approximate their fair values unless otherwise stated.

Capital management

Capital is defined as equity. When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders.

The Group will seek to raise further capital, if required, to fund its future strategy for the development of the Tangai-Sukananti field.

The Group is not subject to any externally imposed capital requirements.

Note 4. Administrative expenses

	Note	Consolidated 6 months to 31 Dec 2017 $	Consolidated 12 months to 30 Jun 2017 $
Audit and tax fees		100,071	78,443
Consultants fees other		210,740	250,440
Corporate related costs		77,883	32,992
Directors' remuneration (i)		98,550	227,111
Foreign exchange losses		4,053	3,807
Insurance		15,524	12,542
Legal expenses		46,208	3,375
Loss on disposal of assets		1,046	123
Operating lease costs		63,521	82,758
Travel		76,501	103,022
Other administrative expenses		172,770	114,943
		866,867	909,556

(i) Mr Guglielmo's remuneration is included in directors' remuneration when he was an Executive Director until he was appointed Managing Director on 1 February 2017. From that date, his remuneration is included in Employee benefits expense.

Note 5. Depreciation and amortisation

Depreciation and amortisation included in the profit and loss is as follows:

		Consolidated 6 months to 31 Dec 2017 $	Consolidated 12 months to 30 Jun 2017 $
Depreciation of plant and equipment	15	109	1,578
Amortisation of oil properties	16	289,866	184,824
		289,975	186,402

Note 6. Employee benefits expense

	Consolidated 6 months to 31 Dec 2017 $	Consolidated 12 months to 30 Jun 2017 $
Wages and salaries	261,105	240,151
Superannuation	14,250	35,000
Provision for annual leave	(12,635)	10,525
Medical expenses	8,343	3,097
Termination benefits	55,027	34,532
Workers compensation	3,459	36
	329,549	323,341

Note 7. Finance costs

	Consolidated 6 months to 31 Dec 2017 $	Consolidated 12 months to 30 Jun 2017 $
Accretion interest	24,642	16,516
	24,642	16,516

Note 8. Auditor's Remuneration

.	Note	Consolidated 6 months to 31 Dec 2017 $	Consolidated 12 months to 30 Jun 2017 $
Amounts received or due and receivable by Deloitte for:			
An audit or review of the financial report of the entity paid to:			
Deloitte Touche Tohmatsu Australia		79,500	61,000
Deloitte Touche Tohmatsu Indonesia		15,531	29,942
		95,031	90,942
The auditor of Bass Oil Limited is Deloitte Touche Tohmatsu.			
Tax services paid to Deloitte Touche Tohmatsu Australia		5,040	-
Total		100,071	90,942

Note 9. Income Tax

	Consolidated 6 months to 31 Dec 2017 $	Consolidated 12 months to 30 Jun 2017 $
(a) Income tax recognised in profit or loss		
Current tax	71,595	44,972
In respect of the current financial year		
Deferred tax	5,518	23,047
In respect of the current financial year		
Total income tax expenses recognised in profit or loss	77,113	68,019
The income tax expense for the year can be reconciled to the accounting profit or loss as follows:		
Loss before tax	(48,864)	(1,727,572)
Income tax calculated at 30% (2017: 30%)	(14,659)	(518,272)
Difference in tax rates	17,899	11,243
Cost recovery profit that is not liable to income tax in Indonesia	(147,139)	(167,629)
Change in fair value of options recorded in other liabilities	6,379	78,818
Expenses associated with the acquisition	-	56,932
Other	314	37
Current financial year temporary differences not recognised	(11,953)	-
Tax losses previously recognised now not recognised	-	333,856
Current year revenue tax losses not recognised	226,272	273,034
Income tax expense recognised in the profit or loss	77,113	68,019
(b) Recognised deferred tax assets and (liabilities)		
Deferred tax assets and (liabilities) are attributable to the following:		
Other assets	(9,172)	(7,829)
Trade and other payables	26,633	27,383
Provisions	(633)	3,158
Borrowings	7,503	13,571
Share issue costs	26,623	32,142
	50,954	68,425
Net deferred tax assets not recognised	(50,954)	(68,425)
Net deferred tax assets and (liabilities)	-	-

Note 9. Income Tax (continued)

	Consolidated	
	6 months to 31 Dec 2017	**12 months to 30 Jun 2017**
	$	$
(c) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Temporary differences	50,954	68,425
Revenue tax losses	5,951,711	5,725,440
Capital tax losses	232,200	232,200
	6,234,865	6,026,065

Deferred tax assets have not been recognised in respect to these items as it is not probable at this time that future taxable profits will be available against which the group can utilise the benefit.

(d) Movement in recognised net deferred tax asset		
Opening balance	-	-
Recognised in equity	(5,518)	(23,047)
Recognised in income	5,518	23,047
Closing balance	-	-

(e) Movement in provision for tax		
Opening balance	654,468	-
Provision acquired on acquisition	-	610,911
Income tax expense	71,595	44,972
Foreign exchange movement	(9,144)	(1,415)
Closing balance	716,919	654,468

The provision for tax relates to income tax payable in Indonesia. The tax only becomes payable when there are no cost recoveries available to be carried forward at the end of the tax year in Indonesia (31 December).

Based on the current life of field model, there will be no cost recoveries carried forward at 31 December 2019, meaning that the tax will become payable on 30 April 2020.

The provision for tax covers the tax years from 2010 to 2017.

Note 10. Cash and Cash Equivalents

	Consolidated	
	31 Dec 2017	**30 Jun 2017**
	$	$
Cash at bank and in hand	2,061,319	1,346,338
	2,061,319	1,346,338

Note 11. Trade and Other Receivables

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Current:		
Trade debtors (i)	1,128,327	948,865
Other receivables	8,144	7,896
Goods and services tax	6,900	5,276
Value-added tax	309,729	218,585
	1,453,100	1,180,622
Non-current:		
Other receivables	339,986	275,770
	339,986	275,770

(i) At balance date, there are no trade receivables that are past due but not impaired. Due to the short-term nature of these receivables, their carrying value approximates fair value. Trade receivables are non-interest bearing and are generally on 60 day terms. Details regarding the credit risk of receivables are disclosed in Note 3. All sales from the Tangai-Sukananti KSO are to Pertamina, the Indonesia State owned oil Company.

Note 12. Other Current Assets

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Prepayments	75,922	83,515
Accrued revenue	9,260	15,349
	85,182	98,864

Note 13. Inventories

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Oil inventories in tank (at cost)	107,476	33,022
Maintenance spares (at cost)	27,067	33,354
	134,543	66,376

Note 14. Other Financial Assets

	Consolidated	
	31 Dec 2017	30 Jun 2017
	$	$
Current		
Security Deposit	-	16,133
	-	16,133
Non-current:		
Security Deposits	40,590	35,507
	40,590	35,507

Note 15. Plant and Equipment

	Note	Consolidated 31 Dec 2017 $	30 Jun 2017 $
Office equipment, furniture and fittings			
Opening balance, net of accumulated depreciation		1,257	2,674
Assets acquired on acquisition		-	284
Purchases		2,178	-
Disposals		(1,046)	(123)
Foreign exchange movement		(4)	-
Depreciation charge for the year	5	(109)	(1,578)
Closing balance, net of accumulated depreciation		2,276	1,257
Cost		42,143	81,382
Accumulated depreciation		(39,867)	(80,125)
Net carrying amount		2,276	1,257

Note 16. Oil Properties

	Consolidated 31 Dec 2017 $	30 Jun 2017 $
Tangai-Sukananti KSO	1,953,385	2,072,227
	1,953,385	2,072,227

Movement in the carrying value of oil properties

	Note	Consolidated 31 Dec 2017 $	30 Jun 2017 $
Balance at the beginning of year		2,072,227	-
Oil properties acquired on acquisition		-	2,187,609
Expenditure during the period		199,382	66,643
Depreciation, depletion and amortisation	5	(289,866)	(184,824)
Foreign exchange movement		(28,358)	2,799
Balance at the end of year		1,953,385	2,072,227

Note 17. Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of Subsidiary	Principal activity	Place of Incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			31/12/17	30/06/17
BSOC Business Services Pty Ltd	Non-operating	Australia	100%	100%
Cooper Energy Sukananti Ltd	Oil Producer	British Virgin Islands	100%	100%

Note 18. Joint Arrangements

The Group has interests in a number of joint arrangements which are classified as joint operations. Details of the Group's joint arrangements at the end of the reporting period are as follows:

Name of Joint Venture	Principal activity	Place of Incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			31/12/17	30/06/17
Tangai-Sukananti KSO (i)	Oil Producer	Indonesia	55%	55%

(i) Joint arrangements in which Bass Oil Limited is the operator.

Note 19. Trade and Other Payables

	Consolidated	
	31 Dec 2017 $	30 Jun 2017 $
Current:		
Trade payables (i)	245,433	164,294
Other payables	770,915	371,426
	1,016,348	535,720
Non-current:		
Other payables	130,349	118,994
	130,349	118,994

(i) The Groups settles creditors on average within 30 days and no interest is charged.

Note 20. Provisions

	Consolidated	
	31 Dec 2017	**30 Jun 2017**
	$	$
Current		
Employee benefits	204,195	228,099
	204,195	228,099
Non-current:		
Restoration	360,462	387,403
	360,462	387,403

Movement in the carrying value of restoration provision

	Consolidated	
	6 months to 31 Dec 2017	**12 months to 30 Jun 2017**
	$	$
Balance at the beginning of year	387,403	-
Restoration provision acquired on acquisition (Note 18)	-	402,058
Expenditure during the period	(26,011)	(18,004)
Accretion interest	4,409	3,196
Foreign exchange movement	(5,339)	153
Balance at the end of year	360,462	387,403

The restoration provision was agreed with Pertamina and will be fully paid when the licenses expire in July 2025.

Note 21. Other financial liabilities

Movement in equity options

	Consolidated	
	6 months to 31 Dec 2017	**12 months to 30 Jun 2017**
	$	$
Balance at the beginning of year	364,261	-
Value on issue	-	101,534
Change in fair value of options and cancelled options	21,263	262,727
Transfer to issued capital on exercise of options	(216,445)	-
Transfer to share option reserve on exercise of options	(169,079)	-
Closing value	-	364,261

The equity option relates to the piggy back option as disclosed in Note 23 and Note 27.

Note 22. Borrowings

	Consolidated	
	31 Dec 2017 $	**30 Jun 2017** $
Current	1,744,991	963,993
Non-current	-	1,260,769
	1,744,991	2,224,762

The acquisition of Cooper Energy Sukananti Ltd from Cooper Energy Limited was settled on the 28 February 2017. A deferred settlement of $2,270,000 was agreed to be repaid by 31 December 2018. The Company paid the first repayment of $500,000 in December 2017. The deferred settlement is interest free. The borrowing is secured by a registered charge over the shares the Company holds in Cooper Energy Sukananti Ltd. The amount due has been recorded at its net present value.

Note 23. Contributed Equity

			Consolidated	
	31 Dec 2017 **Shares**	**30 Jun 2017** **Shares**	**31 Dec 2017** **$**	**30 Jun 2017** **$**
Issued and paid up capital				
Ordinary shares fully paid	2,606,167,481	2,239,217,584	35,120,847	33,798,034
Movements in ordinary shares on issue				
Ordinary shares on issue at beginning of period	2,239,217,584	1,287,010,990	33,798,034	32,804,092
Entitlements Issue	-	772,206,594	-	670,672
Consideration for acquisition	-	180,000,000	-	360,000
Exercise of options	366,949,897	-	1,100,850	-
Transfer from other liabilities on exercise of options (Note 21)	-	-	216,445	-
Transaction costs	-	-	-	(59,777)
Tax consequences of share issue costs	-	-	5,518	23,047
	2,606,167,481	2,239,217,584	35,120,847	33,798,034

Between 2 November and 20 December 2017 the Company issued 366,949,897 ordinary shares as $0.003 share options with an expiry date of 15 December 2017 were exercised. As part of the option terms, for every option exercised shareholders are entitled to be granted an additional attaching option (‘Piggy Back Option’), having an exercise price of $0.006 cents and an expiry date of 15 December 2018.

Terms and Conditions of Contributed Equity
Ordinary shares entitle the holder to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Share Options on Issue
As at 31 December 2017, the Company has nil (2017: 386,103,275) share options on issue. However, shareholders who exercised their $0.003 options received an entitlement and acceptance form for 1 Piggy Back Option for every option exercised. At the date of this report, 366,688,205 Piggy Back options have been issued and will be exercisable on a 1:1 basis for 366,688 205 ordinary shares of the Company at an exercise price of $0.006 and an expiry date of 15 December 2018.

At 30 June 2017, 386,103,275 options were exercisable on a 1:1 basis for 386,103,275 ordinary shares of the Company at an exercise price of $0.003 and an expiry date of 15 December 2017.

Note 23. Contributed Equity (continued)

	Consolidated	
	31 Dec 2017 Options	**30 Jun 2017 Options**
Movements in options on issue		
Balance at the beginning of year	386,103,275	-
Options issued	-	386,103,275
Options exercised	(366,949,897)	-
Options expired and cancelled	(19,153,378)	-
Closing value	-	386,103,275

Note 24. Accumulated Losses

	Consolidated	
	6 months to 31 Dec 2017	**12 months to 30 Jun 2017**
	$	$
Balance at beginning of year	(33,201,907)	(31,406,316)
Net loss	(125,977)	(1,795,591)
Balance at end of year	(33,327,884)	(33,201,907)

Note 25. Earnings per Share

The following reflects the income used in the basic earnings per share computations.

	Consolidated	
	31 Dec 2017	**30 Jun 2017**
	$	$
Basic earnings/(loss) per share	(0.000)	(0.001)
Net loss attributable to ordinary equity shareholders of the parent	(125,977)	(1,795,591)
Weighted average number of ordinary shares:		
	31 Dec 2017 Number	**30 Jun 2017 Number**
Issued ordinary shares at 1 July	2,239,217,584	1,287,010,990
Effect of shares issued December 2016	-	418,895,632
Effect of shares issued February 2017	-	60,164,384
Effect of shares issued November 2017	15,656,861	-
Effect of shares issued December 2017	26,937,980	-
Weighted average number of ordinary shares at 31 December	2,281,812,425	1,766,071,006

Note 26. Key Management Personnel Disclosures

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	31 Dec 2017	**30 Jun 2017**
	$	$
Short-term employee benefits	293,640	371,554
Post-employment benefits	22,800	47,112
	316,440	418,666

Note 27. 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 31/12/17 $	Fair value as at 30/6/17 $	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	$-	$364,261	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 Company Equities $
Opening balance	364,261
Exercised during the year	(194,362)
Cancelled during the year	(18,070)
Transfer to Share Option reserve	(151,829)
Closing balance	-

Note 28. Commitments and contingencies

(a) Non-cancellable operating lease commitments

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

	Consolidated	
	31 Dec 2017	**30 Jun 2017**
	$	$
Within one year	25,000	11,000
After one year but not more than five years	18,750	-
	43,750	11,000

Set out below are the Group's share of operating lease commitments that are in Tangai –Sukananti KSO.

Future operating lease rentals relating to the rental of the Jakarta office and equipment in the Jakarta office that are not provided for in the financial statements and payable:

	Consolidated	
	31 Dec 2017	**30 Jun 2017**
	$	$
Within one year	110,285	143,159
After one year but not more than five years	66,719	114,873
	177,004	258,032

Future operating lease rentals relating to the field equipment & vehicles in Indonesia that are not provided for in the financial statements and payable:

	Consolidated	
	31 Dec 2017	**30 Jun 2017**
	$	$
Within one year	57,818	157,012
After one year but not more than five years	11,988	14,147
	69,806	171,159

(c) Employment Agreements

The Group may terminate Mr Guglielmo's employment agreement by giving six months' notice. The Group has a contingent liability of $150,000 (30 June 2017: $150,000) in relation to this agreement, if Mr Guglielmo is not required to work out the notice period.

Note 29. Parent Entity Disclosures

Information relating to Bass Oil Limited

	Parent	
	31 Dec 2017	**30 Jun 2017**
	$	$
Current assets	1,985,120	1,321,608
Total assets	4,808,076	4,143,431
Current liabilities	1,901,324	1,123,424
Total liabilities	4,070,110	4,073,528
Net assets	737,965	69,903
Contributed equity	35,120,847	33,798,034
Share option reserve	169,079	-
Accumulated losses	(34,551,961)	(33,728,131)
Total shareholders’ equity	737,965	69,903
Loss of the parent entity	(723,834)	(2,321,815)
Total comprehensive income/(loss) of the parent entity	(723,834)	(2,321,815)

The commitments and contingencies of the parent entity are the same as disclosures in Note 28 excluding the commitments relating to Tangai-Sukananti KSO.

Note 30. Related Party Disclosures

Terms and conditions of transactions with related parties other than KMP

During the financial year the Group paid corporate advisory and investor relations fees of $45,000 (30 June 2017: $97,500) (under a corporate advisory & investor relations mandate) to Adelaide Equity Partners Ltd (a director related entity of Mr M Lindh). The fees were provided under normal commercial terms and conditions. Amounts outstanding at balance date were $8,250 (30 June 2017: $8,250). The Group has a corporate advisory & investor relations mandate with Adelaide Equity Partners. The mandate has a monthly retainer of $7,500 per month.

The acquisition of Cooper Energy Sukananti Ltd from Cooper Energy Limited (a shareholder and director related entity) was agreed and approved by shareholders at a Special General Meeting on 13 February 2017. The transaction was settled on the 28 February 2017 with the payment of $500,000 cash and the issue of 180,000,000 ordinary shares, valued at $360,000. Additionally, a deferred settlement of $2,270,000 was agreed to be paid by 31 December 2018. The deferred settlement is interest free and secured by a registered charge over the shares the Company holds in Cooper Energy Sukananti Ltd. The amount paid during the year was $500,000. The amount outstanding at 31 December 2017 is $1,770,000.

Note 31. Segment Information

For management purposes there is only one operating segment, which is oil production. This commenced 1 March 2017. Previously, until 28 February 2017 the operating segment was 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 Statement of Financial Position and Statement of Comprehensive Income information. For exploration activities the Board managed each exploration activity of each permit through review and approval of joint venture cash calls, Authority for Expenditure (AFE’s) and other operational information. For oil production (from the Tangai–Sukananti KSO located in South Sumatra Basin in Indonesia) the Board manages the activity through review of production details, review and approval of the joint venture cash calls and other operational information.

The result for the six months to 31 December 2017 was from oil production. For the prior year the result from exploration activities was a loss of $1,169,368 and from oil production was a profit of $626,223.

The consolidated entity operates in the oil and gas industry in Indonesia (from 1 March 2017). Previously, until 28 February 2017 operations in petroleum exploration were within Australia.

Note 31. Segment Information (continued)

The consolidated assets and liabilities as at 31 December 2017 and 30 June 2017 relate to oil production.

For the current financial year, the Group's revenue of $3,042,791 was received from the sale of oil in Indonesia to Pertamina (the Indonesian State owned oil Company).

Note 32. Reconciliation of Cash flows from Operating Activities

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, and short term deposits at call.

Reconciliation of profit after income tax to net cash provided/used in operating activities

	Consolidated	
	6 months to 31 Dec 2017	**12 months to 30 Jun 2017**
	$	$
Net loss after tax	(125,977)	(1,795,591)
Adjustments for:		
Depreciation	109	1,578
Loss on disposal of fixed assets	1,046	123
Amortisation	289,867	184,824
Write-down in exploration	-	1,062,325
Change in fair value of options	21,263	262,727
Accretion interest	24,642	16,516
	210,950	(267,496)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(357,406)	241,110
Decrease/(increase)in other assets	13,200	(43,074)
(Increase) in inventories	(69,166)	(10,790)
Increase/(decrease) in provisions	3,304	(103,068)
Increase/(decrease) in trade and other payables	448,792	(167,291)
Increase in provision for tax	71,595	39,169
Increase in deferred tax	5,518	23,047
Net cash flows used in operating activities	326,787	(288,394)

Non-cash transactions
There were no non-cash transactions during the current financial year.

During the comparative year the Group entered into the following non-cash investing and financing activities which are not reflected in the statement of cash flows:

- As part of the consideration paid for Cooper Energy Sukananti Ltd, on the 28th February 2017 the Group issued 180,000,000 shares valued at $360,000 to Cooper Energy Limited.
- Deferred consideration of the $2,211,444 relating to the balance of the consideration due for the acquisition of Cooper Energy Sukananti Ltd.
- The issue of shares ($670,672) and equity options ($101,534) as a result of the rights issue that occurred during December 2016.

Note 33. Reserves

	Consolidated	
	31 Dec 2017	**30 Jun 2017**
	$	$
Currency translation reserve (i)	(64,925)	(16,740)
Share Option Reserve (ii)	169,079	-
	104,154	(16,740)

Note 33. Reserves (continued)

(i) The Group has a wholly owned foreign subsidiary based in Indonesia. Exchange differences relating to the translation of the foreign currency of those entities into Australian dollars are brought to account by entries directly to the foreign currency translation reserve.

(ii) The Share Option Reserve relates to the fair value of the piggy back share options and the amount will be released into issued capital as the piggy back options are exercised.

Note 34. General Information

Bass Oil Limited (the Company) is a listed public company incorporated in Australia. The address of its registered office and principle place of business is as follows:

Level 5, 11-19 Bank Place
Melbourne, VIC 3000
Australia

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
11 Waymouth Street
Adelaide, SA, 5000
Australia

Phone: +61 8 8407 7000
www.deloitte.com.au

Independent Auditor's Report to the members of Bass Oil Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bass Oil Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the financial year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Funding of planned development wells As at 31 December 2017 the group has made a loss of $125,977 and has a current net asset surplus of $57,443.	Our procedures included, but were not limited to: • Challenging the underlying assumptions reflected in management's cash flow forecasts. This included agreeing assumptions to underlying documentation, sensitising key judgmental inputs and involved our specialists to confirm the accuracy of the monthly oil price;

Deloitte.

Key Audit Matter (cont'd)	How the scope of our audit responded to the Key Audit Matter
To fund the Group's planned development wells in the last quarter of 2018 and during 2019, the Group will require additional funds, through either the issue of shares and/or the exercise of piggyback options. The directors have assessed that at the date of this report there will be sufficient funds generated from oil properties and cash on hand to cover administration costs and the deferred acquisition payments to Cooper Energy Limited.	• Assessing the historical accuracy of the forecasts prepared by management; and • Inquiring with management and the Directors as to knowledge of events and conditions that may impact the assessment on the group's ability to pay its debts as and when they fall due. We also assessed the appropriateness of the disclosures in Note 2 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the financial year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 16 of the Director's Report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Bass Oil Limited, for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants
Adelaide, 22 March 2018

SHAREHOLDER AND OTHER INFORMATION

Compiled as at 15 March 2018

DISTRIBUTION OF ORDINARY SHARES

Numbers of members by size of holding and the total number of shares on issue:

Ordinary Shares	No. of Holders	No. of Shares
1 – 1,000	196	59,372
1,001 – 5,000	313	867,902
5,001 – 10,000	197	1,652,362
10,001 – 100,000	648	27,038,953
100,001 and over	811	2,576,548,892
TOTAL ON ISSUE	2,165	2,606,167,481

1,401 holders held less than a marketable parcel of ordinary shares. There is no current on-market buy-back.

DISTRIBUTION OF OPTIONS EXP 15 DECEMBER 2018 @$0.006

Numbers of members by size of holding and the total number of shares on issue:

Ordinary Shares	No. of Holders	No. of Shares
1 – 1,000	3	1,081
1,001 – 5,000	8	22,585
5,001 – 10,000	5	43,005
10,001 – 100,000	61	2,469,920
100,001 and over	94	364,151,614
TOTAL ON ISSUE	171	366,688,205

108 holders held less than a marketable parcel of ordinary shares.

SUBSTANTIAL SHAREHOLDERS

As disclosed in notices given to the Company.

Name of Substantial Shareholders	Interest in Number of Shares *Beneficial and non-beneficial*	% of Shares
Cooper Energy Ltd	353,361,294	13.56
Miller Anderson Pty Ltd	265,630,465	10.19
Tattersfield Group	231,475,048	8.88
South Australian Resource Investments Pty Ltd	201,444,119	7.73

SHAREHOLDER AND OTHER INFORMATION (Continued)
Compiled as at 15 March 2018

VOTING RIGHTS

At meetings of members or classes of members:

(a) each member entitled to vote may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a member or a proxy, attorney or representative of a member has one vote; and

(c) on a poll, every person present who is a member or a proxy, attorney or representative of a member has:

 (i) for each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, one vote for the share;

 (ii) for each partly paid share, only the fraction of one vote which the amount paid (not credited) on the share bears to the total amounts paid and payable on the share (excluding amounts credited),

subject to any rights or restrictions attached to any shares or class or classes of shares.

THE 20 LARGEST HOLDERS OF ORDINARY SHARES

Holder	Ordinary Shares	% of Total Issued
Somerton Energy Ltd	353,361,294	13.56
Miller Anderson Pty Ltd	243,200,000	9.33
Tattersfield Securities Ltd	120,004,173	4.60
Chesser Nominees Pty Ltd	109,330,890	4.20
Crescent Nominees Pty Ltd	104,706,875	4.02
Icon Holdings Pty Ltd	88,028,370	3.38
Starbush Pty Ltd	71,200,638	2.73
South Australian Resource Investments Pty Ltd	70,605,229	2.71
Wingmont Pty Ltd	45,600,000	1.75
Mr S H Bell & Mrs J K Berveling	39,602,382	1.52
Small Business Finance Pty Ltd	37,401,351	1.44
Mr P Sciancalepore & Mrs P Sciancalepore	35,000,000	1.34
Yavern Creek Holdings Pty Ltd	35,000,000	1.34
Citicorp Nominees Pty Ltd	34,746,928	1.33
CS Fourth Nominees Pty Ltd	32,000,000	1.23
Black Prince Pty Ltd	30,000,000	1.15
Miss S Masalkovski	29,000,000	1.11
Mr N Guglielmo & Mr G Guglielmo	22,430,465	0.86
Mark Lindh & Belinda Lindh	21,508,000	0.83

The 20 largest shareholders hold 1,522,726,595 shares representing 58.43% of the issued share capital.

SHAREHOLDER AND OTHER INFORMATION (Continued)
Compiled as at 15 March 2018

THE 20 LARGEST HOLDERS OF OPTIONS EXP 15 DECEMBER 2018 @$0.006

Holder	Ordinary Shares	% of Total Issued
Mr M Burford	70,000,000	19.09
Miller Anderson Pty Ltd	38,400,000	10.47
Icon Holdings Pty Ltd	18,028,370	4.92
South Australian Resource Investments Pty Ltd	17,979,415	4.90
Chesser Nominees Pty Ltd	17,262,770	4.71
Crescent Nominees Pty Ltd	16,532,660	4.51
Tattersfield Securities Ltd	13,854,569	3.79
Starbush Pty Ltd	13,854,569	3.78
Mr M S Hobbs & Ms A Kelly	10,000,000	2.73
Mr M A Tkocz	10,000,000	2.73
Mr S H Bell & Mrs J K Berveling	9,602,382	2.62
Yavern Creek Holdings Pty Ltd	9,602,382	2.62
Wingmont Pty Ltd	7,200,000	1.96
Gazump Resources Pty Ltd	6,000,000	1.64
Mr D G Knight	5,000,003	1.36
Mr C P Yacopetti	5,000,000	1.36
Mr L G Wood	5,000,000	1.36
Mrs L M Banducci	3,869,108	1.06
Mrs S S Ko	3,862,069	1.05