Bass Oil Limited
Level 5, 11-19 Bank Place
Melbourne, Victoria 3000
Australia

Telephone: (61) (3) 9927 3000
Fax: (61) (3) 9614 6533

Email: admin@bassoil.com.au

Dear fellow shareholders,

Bass Oil Annual Report for the Financial Year ended 31 December, 2018

Melbourne-based Bass Oil (ASX:BAS), an Australian-listed Indonesian oil producer focused on expanding oil and gas production from its onshore holdings in Indonesia's prolific South Sumatran Basin, is pleased to present the Company's annual report for the financial year ended 31 December, 2018.

The Company's principal asset is a 55% Operator interest in the long-life Tangai-Sukananti licence hosting multiple in-field, exploration, development and production opportunities.

These opportunities were significantly progressed during the year, underpinned by Bass' corporate strategy to build an even larger South East Asian energy business through 2019 and beyond.

Full Year Highlights included:

- Oil production (Bass 55% share) totalled 115,559 barrels
- Net entitlement oil totalled 57,222 barrels
- Gross revenue totalled A$3,838,237
- Gross Profit $1,442,570
- Earnings before interest, tax and depreciation and amortisation (EBITDA) $102,546
- Earnings before interest and tax (EBIT) $(99,781)
- Net Profit/(Loss) after tax $(419,615)

I commend the report to you.

Yours sincerely,

Peter Mullins
Chairman
29 March 2019

BASS OIL
LIMITED

ANNUAL REPORT

For the financial year ended

31 December 2018

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

Registered Office and Principal Administration Office

Level 5, 11-19 Bank Place
Melbourne, Victoria, 3000, Australia
Telephone +61 (3) 9927 3000
Facsimile +61 (3) 9614 6533
Email admin@bassoil.com.au

Auditors

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

Share Registry

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

Stock Exchange Listing

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

ASX Codes: BAS – Ordinary Shares

Web Site: www.bassoil.com.au

Contents

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

Dear fellow shareholders,

After a strong year's performance in 2018, it gives me pleasure on behalf of your Board to present to you the Annual Report of Bass Oil Limited for the 12 months ended 31 December, 2018.

Importantly, Bass is proud to report that it recorded zero incidents resulting in injuries over 2018, which is a credit to all staff in Indonesia and Australia.

The Company's achievements and plans for growth over 2019-2020 are being implemented within an environment of unprecedented public interest and debate around the energy sector. The sector faces increasing and intense scrutiny about the type of energy being sourced and why, how it is extracted and processed, and the impact of those operations on how much users now have to pay for power. Questions around the lack of transparent energy policy, and even whether many energy investments in the equities market are ethical, are becoming highly prominent. These sentiments are being felt in both the Australian and South East Asian energy arenas.

Bass Oil's focus is on building an energy business initially in Indonesia and potentially broadening that in the long-term through South East Asia if and when commercially sensible opportunities present.

While it would be unwise to ignore the near to medium term volatility in equity market sentiments generally around oil and gas here and overseas, Bass has no operating assets in Australia.

Your Board is confident that our three-tiered growth strategy detailed further in this report, and predicated on our cornerstone Indonesian exploration, development and production oil and gas business, is the right balance at the right time to deliver on our stated objectives and build shareholder value.

The gradual lift in production over 2018, through focused in-field optimisation and including a record performance in October, was particularly pleasing to see. The Company can look forward to measurable output and revenue expansions as our planned 2019/2020 drilling campaigns introduce extra capability and volumes into our operations.

Our engagement with and assessment of potential acquisitions and other growth building initiatives increased over the period. While no transaction moved to completion, this reflects your Company's tight due diligence and adherence to an expansion policy based on proven economics and profitability, not sentiment.

In closing, I thank particularly this year, our shareholders for your loyalty, support of the Company, and your personal encouragement through the year to our Board and management.

Finally, I thank our Melbourne-based executive team, our 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 what we continue to believe is a dynamic Australasian market for oil and gas juniors.

Peter Mullins
Chairman
29 March 2019

MANAGING DIRECTOR'S REPORT

During 2018, your Company achieved a number of key objectives while putting in place an invigorated growth structure for 2019.

The year saw Bass Oil cement its oil extraction credentials whilst casting further afield for potential acquisitions, joint ventures and new project initiatives able to contribute to your Company's further growth within Indonesia's outstanding and yet to be fully exploited energy sector.

Of particular note as 2019 commenced, was the discovery just north of our South Sumatran oil fields of Indonesia's largest onshore gas accumulation in 18 years. The Repsol, Petronas and Moeco discovery holds an estimated 2 trillion cubic feet of recoverable gas and once appraised, is expected to surpass the largest find in the Asia Pacific in 2018, the Dorado discovery in Australia.

This augurs well for Bass Oil.

The discovery is in the broader petroleum-prospective footprint which is Bass' direct 'hunting ground' for material growth opportunities as we look to double oil production this year, better deploy our strong technological capabilities in Improved Oil Recovery (IOR), work more closely with regional universities expert in petroleum recovery dynamics and apply robust assessment of potential expansion opportunities.

Securing a value accretive investment for future development is central to our growth strategy to build a sustainable and profitable South East Asian-based oil business grounded in our 2016 acquisition of a 55% stake in the Tangai-Sukananti oil production assets.

Indonesia's hydrocarbon basins are world-class and have extensive infrastructure in place – factors favouring our growth outlook and our revised corporate strategy comprising a three tiered approach:

- **Company Transforming'** (Type 1) transactions via the acquisition of producing asset(s) representing material company-changing assets. We are actively screening such opportunities;
- '**Material Growth'** (Type 2 opportunities) which would emanate from measured exposure to high impact exploration – a scenario offering larger scale potential but with a low financial commitment from Bass. Examples include Production Sharing exploration contracts, identifying prospective areas to request as KSOs, or working with Indonesia's Government body, PT Pertamina, on IOR of their legacy assets. Shortlisted opportunities are under assessment; and,
- An '**Optimisation and Technology**' focus whereby our IOR skillsets allow the assessment and potential acquisition of mature production assets offering synergies with our existing field production infrastructure. Such assets could be under-performing, stranded or dormant oil and gas fields in close proximity to our existing production footprint in southern Sumatra.

Key financial highlights of the year included completion of the second deferred payment to Cooper Energy of $500,000, and securing an extension of the remaining two payments by six months.

MANAGING DIRECTOR’S REPORT (cont’d)

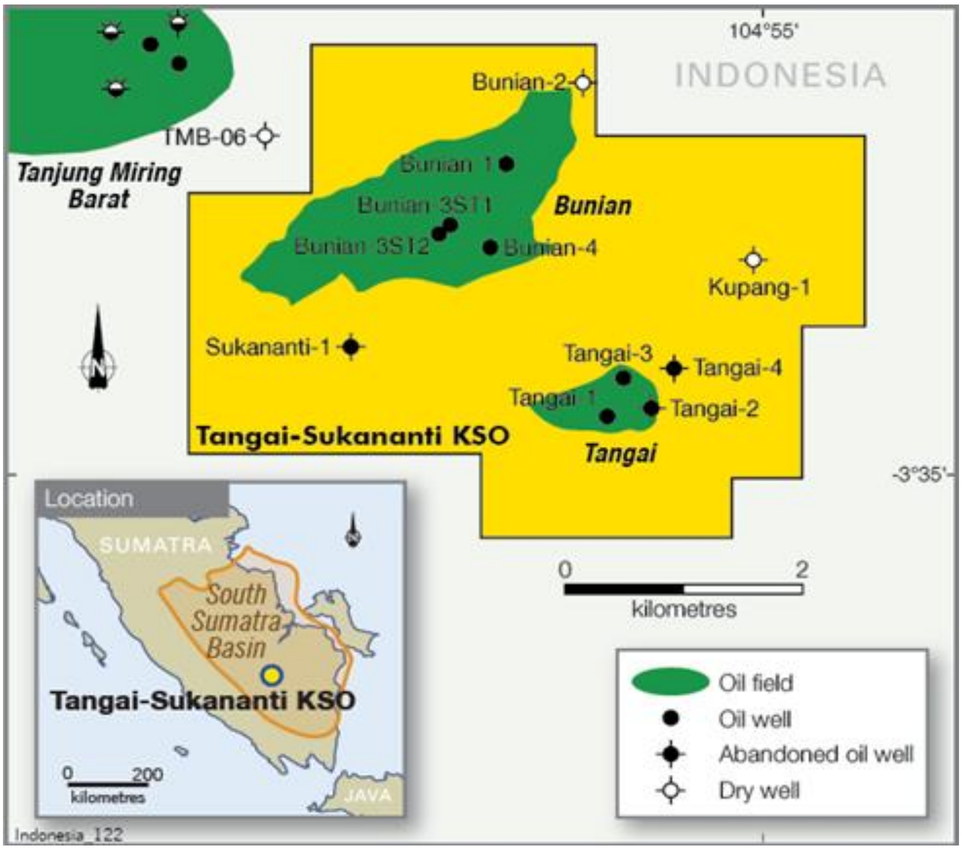

Figure 1: Tangai-Sukananti KSO

Tangai-Sukananti KSO

Bass’ experienced Indonesian on-site personnel and Jakarta-based management team operate the Tangai-Sukananti KSO production assets containing the producing Bunian and Tangai oil fields. It was pleasing to see our success from mid-2018 in optimising production within the KSO. This lifted total production capacity and increased output from selected wells. 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.

This in-field upside comes at a time Indonesia’s energy consumption is increasing with GDP (+5% in 2017). The local supply cannot meet demand. This supply pressure will provide Bass with further opportunities for growth in this regional energy market.

Since acquiring the Tangai-Sukananti KSO, Bass has sustained strong and consistent levels of production at the operations (see Figure 2). The result of the 2018 de-bottlenecking operations at Bunian-3ST2 boosted production from ~300 to more than 700 barrels of oil per day, consistently, for the 4th quarter of the year.

MANAGING DIRECTOR'S REPORT (cont'd)

Total production for the year ending 31 December 2018 was 115,559 barrels on a 55% basis (or 57,000 barrels on a net entitlement basis). Bass expects a production up-lift during 2019, due to the drilling of the Bunian 5 development well and the continued focus on implementation of field optimisation activities.

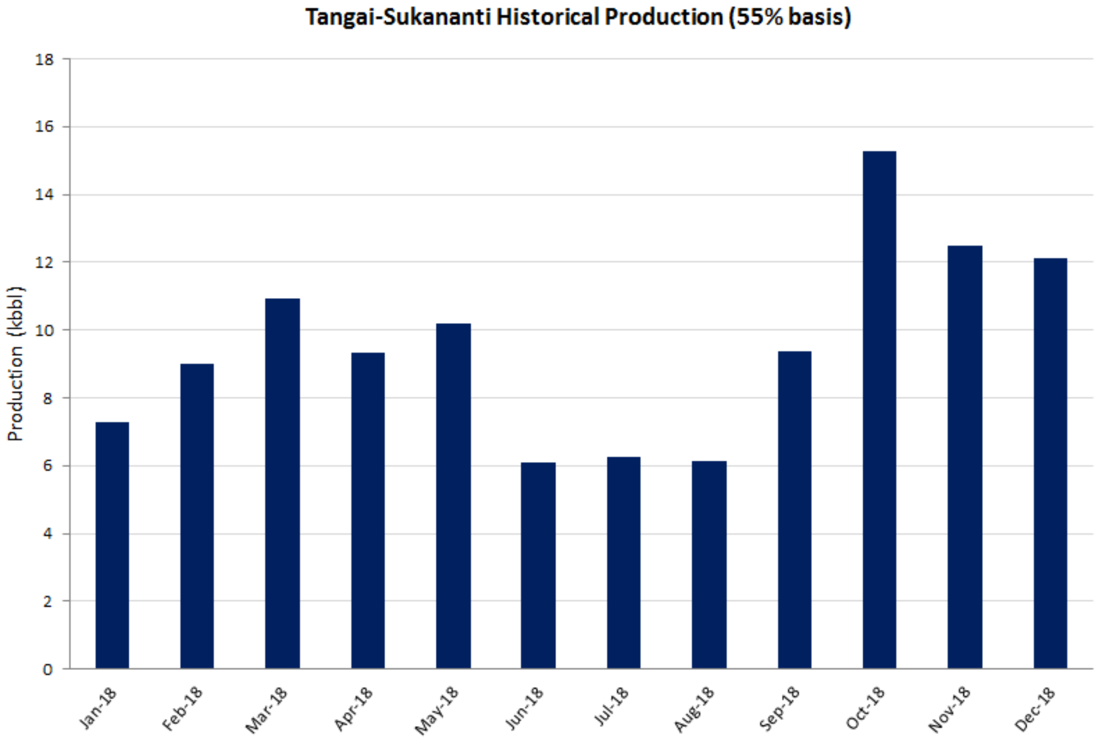

Figure 2: Tangai-Sukananti Historical Production (55% basis)

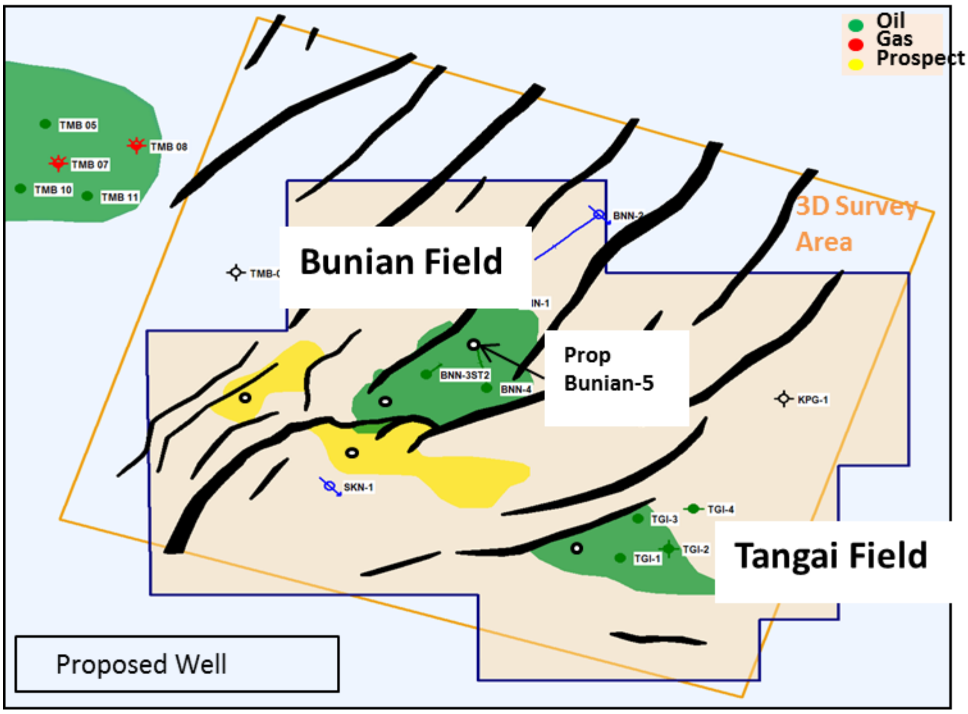

Figure 3: Tangai-Sukananti KSO Producing Oil Fields and Prospects

MANAGING DIRECTOR'S REPORT (cont'd)

Substantive technical review

In 2017-2018, Bass undertook comprehensive, integrated reservoir study and dynamic reservoir modelling studies in order to determine the best way of developing this asset.

These studies informed a Plan Of Further Development (POFD) since approved by PT Pertamina. The studies were conducted jointly by external consultants, UNPAD (University Padjadjaran) in Bandung and in-house by Bass Oil in Jakarta and Melbourne.

Development scenarios and production forecasts from the Dynamic Modelling project instruct the Company's updated 1P and 2P reserves and contingent resource cases.

The total 100% Field 2P Reserves at 31 December, 2018 are assessed to be 2.019 million barrels of oil. This reflects the reserves for the Bunian and Tangai oil Fields (Figure 1). In accordance with ASX reporting requirements for fiscal environments that use production sharing contracts or similar, Bass reports Net Entitlement 2P Reserves of 0.602 million barrels. Net Entitlement Reserves are the share of cost oil and profit oil that Bass is entitled to receive under the KSO signed with PT Pertamina. The Net Entitlement Reserves formula varies with the fiscal environment, cost recovery status and oil price.

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

Improved Oil Recovery (IOR) a future business cornerstone

There are billions of barrels of unrecovered oil in Indonesia that can potentially be exploited using currently available IOR technologies on mature fields, a growth target under our business model and a huge opportunity for experienced operators with technical expertise such as Bass Oil.

The average oil recovery factor in Indonesia is ~10-30% while analogues including the Cooper Basin are ~45% and greater.

Current estimates point to an approximate 10-25% additional recovery potential for Indonesian fields utilising available IOR technologies. Bass will pursue this value-add business stream with vigour over 2019 including developing new IOR technology specific to the Indonesian region under our newly signed Memoranda of Understandings (MOUs) with local and leading regional universities.

Vic/P68 (Bass 100%)

The cancellation of Vic/P68 was gazetted by the Joint Authority on 20 July 2018.

MANAGING DIRECTOR'S REPORT (cont'd)

Business Development

Bass entered the 2019 calendar year actively engaged in the evaluation of, and negotiations on, seven growth opportunities across our three categories of Business Development initiatives.

This strong level of potential stakeholder and project engagement resulted from a successful ramp-up during 2018 of our initiatives to develop a pipeline of emerging opportunities designed to provide short-term growth, and, medium to long-term organic increases in Bass' exposure to diverse but opportunistic and commercially economic assets.

More than 60 assets were screened over calendar 2018, many proceeding to detailed technical evaluation. This resulted over the period under review, in a shortlist of five strategically compatible opportunities, the signing of two Heads of Agreement, and the submission of Letters of Interest on two assets.

One offer of acquisition was accepted. However, the transaction did not complete due to Bass' conditions precedent not being satisfied.

Bass applies stringent and consistent evaluation criteria to all opportunities which it considers, commencing with the Petroleum System, and including all aspects of production materiality, geographic location, acquisition costs and execution risk.

The Business Development strategy will continue to be vigorously pursued over calendar 2019.

RESERVES AND RESOURCES

Reserves and Contingent Resources
(For 12 month period ending 31 December, 2018)

Substantial gains were achieved by Bass in the year under review, significantly in the key indicator of any oil and gas explorer and producer's forward business fundamentals – its 1P (Proved) reserves figure.

This is the estimate of commercial resource volumes that all of the most recently available geological, operational, financial and market modelling says exists, and that can be extracted economically, in this case, from our 55%-ownership and Operatorship of the Tangai-Sukananti KSO in southern Sumatra in Indonesia. The KSO contains the Bunian and Tangai producing oil fields.

Bass lifted its 1P Net Entitlement Reserves by 76% over the course of the year to 0.505 mmbbls compared with 0.320 mmbbls at 31 December, 2017.

This was achieved while also holding steady, our 2P (Proved plus Probable) Net Entitlement Reserves (the slightly broader resource estimate than 1P that points to wider but not yet fully proven extraction potential) to 0.602 mmbbls compared with 0.670 mmbbls at 31 December, 2017. This was a slight decrease of 2% but allows for volume reductions due to production from our fields over calendar 2018.

The 1P gains from enabling reserves in the Probable category to be moved into the Proved category, were attributable to a number of factors. These included the capability of Bass' Indonesian operations team; a stronger underlying performance of the assets; and higher production from the Bunian-3 well due to de-bottlenecking operations. Also contributing to the reserves upgrade was the completion by the Company of two years of technical studies which delivered a Dynamic Model allowing development scenarios to inform the 1P and 2P cases.

The results give your Board and management a high level of confidence in our forward development drilling program for 2019 and beyond. Strategically, the Dynamic Model can be updated with future drilling results.

Reserves

The 2P Field Reserves in the Tangai-Sukananti KSO are assessed as at 31 December, 2018, to be 2.019 million barrels of oil. This reflects the reserves for the Bunian and Tangai oilfields (Figure 1).

In accordance with ASX reporting requirements for fiscal environments that use production sharing contracts or similar, Bass reported Net Entitlement 2P Reserves of 0.602 million barrels. Net Entitlement Reserves are the share of cost oil and profit oil that Bass is entitled to receive under the KSO signed with PT Pertamina. The Net Entitlement Reserves formula varies with the fiscal environment, cost recovery status and oil price.

Contingent Resources

The total 100% field 2C Contingent Resources for the Tangai-Sukananti KSO as at 31 December, 2018, are assessed to be 0.882 million barrels of oil. The field Contingent Resources comprise volumes attributed to currently producing or future planned wells in the Bunian and Tangai oil fields post licence expiry in July, 2025. This presents a future development opportunity to increase reserves.

RESERVES AND RESOURCES (cont'd)

Resources & Reserves as at 31 December, 2018		
100% Field Reserves (MMbbl)		
Category	**Proved 1P**	**Proved & Probable 2P**
Developed & Undeveloped	**1.777**	**2.019**
BAS Net Entitlement Reserves (MMbbl)		
Category	**Proved 1P**	**Proved & Probable 2P**
Developed & Undeveloped	**0.505**	**0.602**
100% Field Contingent Resources (MMbbl)		
Category	**1C**	**2C**
Total	**0.552**	**0.882**

Resources & Reserves Movements Year-On-Year		
100% Field Reserves (MMbbl)		
Category	**Proved 1P**	**Proved & Probable 2P**
100% Field Reserves at 31 Dec 2017	**0.930**	**2.320**
CY 2018 Production	(0.207)	(0.207)
Revisions **% change from 2017**	**1.054** **+113%**	**(0.094)** **-4%**
100% Field Reserves at 31 Dec 2018	**1.777**	**2.019**
BAS Net Entitlement Reserves (MMbbl)		
Category	**Proved 1P**	**Proved & Probable 2P**
Net Entitlement Reserves at 31 Dec 2017	**0.320**	**0.670**
CY 2018 Production	(0.057)	(0.057)
Revisions **% change from 2017**	**0.242** **+76%**	**(0.011)** **-2%**
Net Entitlement Reserves at 31 Dec 2018	**0.505**	**0.602**
100% Field Contingent Resources (MMbbl)		
Category	**1C**	**2C**
100% Field Contingent Resources at 31 Dec 2017	**0.215**	**0.310**
Revisions **% change from 2017**	**0.337** **+157%**	**0.572** **+185%**
100% Field Contingent Resources at 31 Dec 2018	**0.552**	**0.882**

RESERVES AND RESOURCES (cont'd)

Notes on Calculation of Reserves and Resources

The review of reserves and contingent resources at 31 December, 2018, reflects the results from the completion of two years of geo-technical assessments. In 2017-2018, Bass undertook comprehensive, integrated geophysics, geology, petrophysics and reservoir analyses and dynamic reservoir modelling studies in order to determine the best way of developing the KSO.

These studies informed a Plan Of Further Development (POFD) since approved by PT Pertamina. The studies were conducted jointly by external consultants, UNPAD (University Padjadjaran) in Bandung and in-house by Bass Oil in Jakarta and Melbourne.

Development scenarios and production forecasts from the Dynamic Modelling project instruct the 1P and 2P reserves and contingent resource cases and also led to the decision not to report 3P reserves or resources this year.

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

All reserves and resources are estimated by deterministic estimation methodologies consistent with the definitions and guidelines in the Society of Petroleum Engineers (SPE) 2007 Petroleum Resources Management System (PRMS).

Under the SPE PRMS guidelines, "Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions". Net Entitlement Reserves are the reserves that Bass has a net economic entitlement to - that is, a share of cost oil and profit oil that Bass is entitled to receive under the KSO signed with PT Pertamina.

Contingent Resources are "those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies".

Qualified Petroleum Reserves and Resources Evaluator Statement

The information contained in this section regarding Bass Oil's 2018 reserves and contingent resources is based on and fairly represents information 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 a Fellow of the Institution of Engineers Australia (FIEAust) 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 in this section.

SAFETY

Bass Oil implements daily, a strict, industry-standard health and safety regime around its Operatorship of the Tangai-Sukananti production assets.

This approach, under our Heath, Safety, Environment, Quality and Community (HSEQC) protocols, prioritises the ongoing design, implementation and monitoring of robust and inclusive safety cultures and outcomes across the entire business but in particular, to ensure the well-being of our Indonesian field teams and reliability of field operations.

In short, we strive for ‘zero incidents’ in all activities.

Bass is proud to report that it recorded zero incidents resulting in injuries over 2018, which is a credit to all staff in Indonesia and Australia.

Australia’s national oil and gas industry lobby, APPEA, has a target of 3.0 such events in one year per one million working hours.

The total Safe Work Man Hours achieved over 2018 was 1,172,742 hours, with an average per month for the organic employee of ~ 5,000 hours, contractor 19,000 hours and outsourcing 20,000 hours.

Our successful delivery of a safe work environment over 2018 was achieved despite increases in work activity and production rates (due to well optimisation initiatives).

All staff and employees are to be commended for their diligence in making Bass a safe place to work.

The challenge, however, is always an ongoing one. We will continue to minimise potential hazards and risks associated with the operations moving forward, as our assets and operating environment change.

ENVIRONMENT

In addition to our Safety focus, the Company is highly focused to preserve the natural onshore environment in which we operate, including respect for local communities within our operating footprint.

Over 2018, our field teams fully met regulated air management and noise management requirements. Our monitoring systems indicated all parameters of ambient air quality and emissions were better than established quality standards.

Noise monitoring in production operations was conducted in accordance with the provisions of the UKL-UPL and indicated that noise levels at all locations monitored met the set quality standards.

In terms of on-site surface Water Quality and Aquatic Biota, new internal monitoring systems to ensure local water quality remains good and not impacted by production processes, are being implemented, with stability to date in the diversity index of plankton being monitored in local water bodies.

Laboratory analysis of samples of water drainage, surface water and wells showed good water quality that met biological measuring standards.

Bass Oil's environmental protocols include respect for community. In 2018 the Company continued to deliver on its Corporate Social Responsibility program, via community development assistance, especially for the villages of Tanjung Leaning and Kayu Ara.

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 year ended 31 December 2018.

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 and Risk 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 has been 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 resigned as a director of Octanex Limited - on 17 July 2018.

Mr Guglielmo served on the Audit and Risk 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.

DIRECTORS' REPORT (cont'd)

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 and Risk Committee during the period.

Mark L Lindh - Non-executive 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. He is currently a Non-Executive Director of Advanced Braking Technology Limited.

Mr Lindh served on the Audit and Risk 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	-
G Guglielmo	265,630,465	-
H M Gordon	20,266,668	-
M L Lindh	103,366,772	-

COMPANY SECRETARY

Mrs R Hamilton was appointed Company Secretary on the 31st March 2011. She has been a Chartered Accountant for over 25 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 from low cost oil production assets in Indonesia. The Company 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.

DIRECTORS' REPORT (cont'd)

OPERATING AND FINANCIAL REVIEW

Operating results for year

These financial statements are for the year ended 31 December 2018. The comparatives are for a six month period to 31 December 2017.

The Group's operating loss for the year ended 31 December 2018 after income tax was $419,615 (31 December 2017: $98,149).

Review of Financial Condition

Liquidity

The Group's consolidated statement of cash flows for the year recorded a decrease of $729,351 (31 December 2017: increase of $574,634) in cash and cash equivalents. The cash flows were derived from operating receipts of $4,084,968 (31 December 2017: $2,275,692), other receipts of $5,673 (31 December 2017: $8,757) and capital raising net of transaction costs of $nil (31 December 2017: $858,663).

Cash outflows relating to operations were $4,420,433 (31 December 2017: $2,021,261). There were cash outflows of deferred payment to Cooper Energy of $369,550 (31 December 2017: $390,000), also net cash outflows in investing activities of $26,114 (31 December 2017: $157,217) mainly relating to expenditure on oil properties.

Cash assets at 31 December 2018 were $854,117 (31 December 2017: $1,607,829).

CHANGES IN THE STATE OF AFFAIRS

During the prior year the Group 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 has re-commenced 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.

SHARE OPTIONS

Unissued shares

As at the date of this report there were nil unissued ordinary shares under options (366,688,205 at 31 December 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.

DIRECTORS' REPORT (cont'd)

INDEMNIFICATION OF OFFICERS AND AUDITORS

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

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 and Risk Committee	
	Held	Attended	Held	Attended
P F Mullins	6	5	2	1
G Guglielmo	6	6	2	2
H M Gordon	6	6	2	2
M L Lindh	6	6	2	2

REMUNERATION REPORT (AUDITED) (31 December 2018)

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
H M Gordon	Director (Non-executive)
M L Lindh	Director (Non-executive)

(ii) Executives

S J Brealey	Staff Geologist New Ventures
R M Hamilton	Company Secretary

DIRECTORS’ REPORT (cont’d)

REMUNERATION REPORT (AUDITED) (31 December 2018) (cont’d)

There have been no changes to key management personnel after 31 December 2018 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 AUD 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 and Risk Committee. The payment of additional fees for chair of the Audit and Risk 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.

DIRECTORS’ REPORT (cont’d)

REMUNERATION REPORT (AUDITED) (31 December 2018) (cont’d)

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

Board fees	AUD
Chairman	75,000
Directors	50,000
Incremental Audit and Risk 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 2018 and 31 December 2017 is detailed in Table 1 and 2 respectively of this Remuneration Report.

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.

DIRECTOR'S REPORT (cont'd)

REMUNERATION REPORT (AUDITED) (31 December 2018) (cont'd)

Employment contracts

Managing Director and Chief Executive Officer

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

The Managing Director and CEO is employed under a rolling contract and under the terms of the contract, Mr Guglielmo receives fixed remuneration of AUD$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.

Staff Geologist New Ventures

Dr S Brealey was appointed Staff Geologist New Ventures on 16 May 2018.

The Staff Geologist New Ventures is employed under a maximum term contract of 24 months and under the terms of the contract, Dr Brealey receives fixed remuneration of AUD$225,000 per annum. A short term incentive (STI) of up to 50% of his base salary will be payable in cash in July each year based upon performance against criteria to be agreed with the Managing Director.

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 three months notice in writing or by the Company paying three months salary in lieu of notice, unless mutually agreed.

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 2018 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 month's notice.

DIRECTORS' REPORT (cont'd)

REMUNERATION REPORT (AUDITED) (31 December 2018) (cont'd)

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 four and half year period:

Measure	Dec 2018	Dec 2017 (6 months)	June 2017	June 2016	June 2015
Net (loss)/profit $	(419,615)	(98,149)	(1,357,287)	(3,044,418)	(714,995)
Basic (loss) per share ¢ per share *	(0.000)	(0.000)	(0.001)	(0.001)	(0.001)
Share price at the beginning of the year * $	0.003	0.001	0.001	0.002	0.003
Share price at the end of the year * $	0.003	0.003	0.001	0.001	0.002
Dividends per share ¢	Nil	Nil	Nil	Nil	Nil

* Prices have been rounded to three 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.

Table 1: Remuneration for the year ended 31 December 2018

	Short-term benefits	Post employment	Share-based payments	Long-term benefits	
	Salary & fees	Superannuation	Options	Long service leave	Total
	USD	USD	USD	USD	USD
Non-executive Directors					
P F Mullins	55,353	5,234	-	-	60,587
H M Gordon	40,592	3,839	-	-	44,431
M L Lindh	36,901	3,490	-	-	40,391
Sub-total non-executive directors	132,846	12,563	-	-	145,409
Managing Director					
G Guglielmo	224,590	21,211	-	-	245,801
Other key management personnel					
S J Brealey	104,546	9,932	-	-	114,478
R M Hamilton	69,016	-	-	-	69,016
Sub-total non-executive directors	173,562	9,932	-	-	183,494
Totals	**530,998**	**43,706**	**-**	**-**	**574,704**

DIRECTORS' REPORT (cont'd)

REMUNERATION REPORT (AUDITED) (31 December 2018) (cont'd)

Remuneration of key management personnel (cont'd)

Table 2: Remuneration for the six months ended 31 December 2017 (restated)

	Short-term benefits	Post employment	Share-based payments	Long-term benefits	
	Salary & fees	Superannuation	Options	Long service leave	Total
	USD	USD	USD	USD	USD
Non-executive Directors					
P F Mullins	29,216	2,775	-	-	31,991
H M Gordon	21,425	2,036	-	-	23,461
M L Lindh	19,478	1,850	-	-	21,328
Sub-total non-executive directors	70,119	6,661	-	-	76,780
Managing Director					
G Guglielmo	116,865	11,102	-	-	127,967
Other key management personnel					
R M Hamilton	41,791	-	-	-	41,791
Totals	**228,775**	**17,763**	**-**	**-**	**246,538**

Table 3: Shareholdings of key management personnel

Shares held in Bass Oil Limited (number)

	1 January 2018 Balance at beginning of period	Purchases	Sales	31 December 2018 Balance at end of period
2018				
Directors				
P F Mullins	45,600,000	-	-	45,600,000
G Guglielmo	265,630,465	-	-	265,630,465
H M Gordon	20,266,668	-	-	20,266,668
M L Lindh [(a)]	202,529,453	-	(108,366,771)	94,162,682
	534,026,586	-	(108,366,771)	425,659,815
Other key management personnel				
S J Brealey	-	-	-	-
R M Hamilton	7,500,000	-	-	7,500,000

(a) Mr M Lindh's interest includes 21,508,000 (2017: 21,508,000) shares held directly and 72,654,682 (2017: 181,021,453) shares held indirectly by related parties, Marbel Capital Pty Ltd and Chesser Nominees Pty Ltd (2017: South Australian Resource Investments Pty Ltd and Chesser Nominees Pty Ltd), all subsidiaries of Adelaide Equity Partners Ltd, a director related entity of Mr M Lindh.

DIRECTORS' REPORT (cont'd)

REMUNERATION REPORT (AUDITED) (31 December 2018) (cont'd)

Remuneration of key management personnel (cont'd)

Options held in Bass Oil Limited (number)

	1 January 2018 Balance at beginning of period	Option issued	Options expired	Net change other	31 December 2018 Balance at end of period
2018					
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)	-	-
Other key management personnel					
S J Brealey	-	-	-	-	-
R M Hamilton	-	2,500,000	(2,500,000)	-	-

Options

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. The Piggy Back options were not exercised and were cancelled after they expired on 15 December 2018.

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.

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 $34,522 (31 December 2017: $35,059) (under a corporate advisory and investor relations mandate). This mandate was terminated as at 30 June 2018. The fees were provided under normal commercial terms and conditions. Amounts outstanding at balance date were $nil (31 December 2017: $6,435).

During the year the Group paid rent to Adelaide Equity Partners Limited of $3,985 (31 December 2017: $nil) (under a rental of premises mandate). The fees were provided under normal commercial terms and conditions. Amounts outstanding at balance date were $nil (31 December 2017: $nil).

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

DIRECTORS' REPORT (cont'd)

HEALTH, SAFETY AND ENVIRONMENT (cont'd)

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 year ended 31 December 2018 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 year ended 31 December 2018 is included on page 25.

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 and Risk 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 9 to the financial statements.

The directors are of the opinion that the services as disclosed in note 9 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit and Risk 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, 29 March 2019

AUDITOR'S INDEPENDENCE DECLARATION

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

29 March 2019

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 2018, 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 2018 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 2018.

On behalf of the Board

Chairman
Melbourne, 29 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	Consolidated 12 months to 31 December 2018 $	Consolidated 6 months to 31 December 2017 $
Revenue			
Oil revenue		3,838,237	2,370,639
Cost of oil sold		(2,395,667)	(1,478,890)
Gross profit		1,442,570	891,749
Other income			
Interest received		1,778	463
Operator fees		60,970	23,961
Other income	4	448,566	13,735
Total revenue and other income		1,953,884	929,908
Administrative expenses	5	(1,398,603)	(675,376)
Depreciation	6	(1,156)	(85)
Employee benefits expense	7	(622,220)	(256,752)
Finance costs	8	(31,686)	(19,199)
Change in fair value of the equity options		-	(16,566)
Profit/(loss) before income tax		(99,781)	(38,070)
Income tax expense	10(a)	(319,834)	(60,079)
Loss for the year		(419,615)	(98,149)
Other comprehensive loss, net of income tax			
Items that may be reclassified to profit or loss		-	-
Other comprehensive loss, net of income tax		-	-
Total comprehensive loss for the year		(419,615)	(98,149)
Basic and diluted (loss)/earnings per share	25	(0.000)	(0.000)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 $	Consolidated 31 December 2017 $ (Restated)	1 July 2017 $ (Restated)
ASSETS				
Current Assets				
Cash and cash equivalents	11	854,117	1,607,829	1,035,603
Trade and other receivables	12	1,312,608	1,133,418	908,134
Other current assets	13	131,060	66,442	76,046
Inventories	14	55,944	104,944	51,057
Other financial assets	15	3,882	-	12,409
Total current assets		2,357,611	2,912,633	2,083,249
Non current assets				
Trade and other receivables	12	175,898	265,189	212,122
Other financial assets	15	27,312	31,660	27,312
Plant and equipment	16	3,178	1,775	967
Oil properties	17	1,345,408	1,523,640	1,593,957
Total non-current assets		1,551,796	1,822,264	1,834,358
TOTAL ASSETS		3,909,407	4,734,897	3,917,607
LIABILITIES				
Current Liabilities				
Trade and other payables	20	751,391	792,752	412,076
Provisions	21	75,587	159,272	175,453
Provision for tax	10(e)	870,624	559,197	503,417
Other financial liabilities		-	-	280,190
Borrowings	22	896,366	1,361,093	741,503
Total current liabilities		2,593,968	2,872,314	2,112,639
Non current liabilities				
Trade and other payables	20	-	101,672	91,530
Provisions	21	246,896	281,160	297,990
Borrowings		-	-	969,784
Total non current liabilities		246,896	382,832	1,359,304
TOTAL LIABILITIES		2,840,864	3,255,146	3,471,943
NET ASSETS		1,068,543	1,479,751	445,664
EQUITY				
Contributed equity	23	25,728,503	25,720,096	24,704,769
Reserves	32	3,129,996	3,261,878	3,144,969
Accumulated losses	24	(27,789,956)	(27,502,223)	(27,404,074)
TOTAL EQUITY		1,068,543	1,479,751	445,664

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2018

		Consolidated				
	Note	Contributed equity	Accumulated losses	Currency translation reserve	Share option reserve	Total
		$	$	$	$	$
At 1 January 2018		25,720,096	(27,502,223)	3,129,996	131,882	1,479,751
Net loss for the year		-	(419,615)	-	-	(419,615)
Total comprehensive income for the period		-	(419,615)	-	-	(419,615)
Transfer on expiry and cancellation of options			131,882		(131,882)	-
Tax consequences of share issue costs		8,407	-	-	-	8,407
At 31 December 2018		25,728,503	(27,789,956)	3,129,996	-	1,068,543
At 1 July 2017		24,704,769	(27,404,074)	-	-	(2,699,305)
Currency translation differences	33	-	-	3,129,996	-	3,129,996
Net loss for the year		-	(98,149)	-	-	(98,149)
Total comprehensive income for the period		-	(98,149)	3,129,996	-	3,031,847
Shares issues on exercise of options		844,902	-	-	-	844,902
Transfer from other liabilities on exercise of options		166,122	-	-	131,882	298,004
Tax consequences of share issue costs		4,303	-	-	-	4,303
At 31 December 2017		25,720,096	(27,502,223)	3,129,996	131,882	1,479,751

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Note	Consolidated 12 months to 31 December 2018 $	 6 months to 31 December 2017 $
Cash flows from operating activities			
Receipts from customers		4,084,968	2,275,692
Payments to suppliers and employees		(4,420,433)	(2,021,261)
Interest received		1,778	463
Net cash (used in)/provided by operating activities	31	(333,687)	254,894
Cash flows from investing activities			
Proceeds from other financial assets		-	8,294
Proceeds from plant and equipment	17	3,895	-
Oil properties expenditure	17	(26,834)	(155,518)
Purchase plant and equipment	16	(3,175)	(1,699)
Net cash (used in)/provided by investing activities		(26,114)	(148,923)
Cash flows from financing activities			
Proceeds from issue of shares and equity options		-	858,663
Payment of deferred consideration	22	(369,550)	(390,000)
Net cash (used in)/provided by financing activities		(369,550)	468,663
Net (decrease)/increase in cash and cash equivalents		(729,351)	574,634
Net foreign exchange differences		(24,361)	(16,949)
Cash and cash equivalents at the beginning of the year		1,607,829	1,050,144
Cash and cash equivalents at the end of the year	11	854,117	1,607,829

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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 2018 was authorised for issue in accordance with a resolution of the directors on 28 March 2019.

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 United States 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.

Comparatives

This financial report is for the year ended 31 December 2018. The Group changed its balance date from 30 June to 31 December in order to align the reporting dates with its Indonesian operations. The comparatives are for the six months 1 July 2017 to 31 December 2017.

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 2018 the Group incurred a loss after tax of $419,615 (31 December 2017: $98,419), had a net cash outflow from operating activities of $333,687 (31 December 2017: inflows of $254,894) and had a net cash outflow from investing activities of $26,114 (31 December 2017: $148,923). At 31 December 2018, the Group has a cash balance of $854,117 (31 December 2017: $1,607,829) and the current liabilities exceed current assets by $236,357 (31 December 2017: surplus of $40,319).

The Directors have prepared cash flow forecasts which indicate that the current cash resources will not be sufficient to fund planned drilling commitments, business development opportunities and working capital requirements (which assumes the Indonesian tax authorities will agree the proposed instalment arrangement to be negotiated as disclosed in Note 10) without the raising of additional funds, and unless additional funding is obtained, cash resources will be exhausted by 30 June 2019.

The Group will be required to secure additional funding (which may include debt, a pro-rata issue to shareholders and/or a placement of shares) of at least $700,000 by 30 June 2019 and a further $1,500,000 if the Group is to proceed with the planned drilling programme and business development opportunities through to 31 March 2020.

Based on the Group's cash flow forecast and achieving the funding referred to above, the Directors believe that the Group will be able to continue as a going concern.

Note 2. Summary of Significant Accounting Policies (cont'd)

If the Group is unable to successfully secure the above additional funding, there is significant uncertainty as to whether the Group will continue as a going concern and, therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business.

No adjustments have been made relating to the recoverability and classification of recorded asset amounts and the amount and classification of liabilities that might be necessary should the Group not continue as a going concern.

(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

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 9 Financial Instruments and related amending Standards
- AASB 15 Revenue from Contracts with Customers and related amending Standards

AASB 9 Financial Instruments and related amending Standards

In the current year, the Group has applied AASB 9 Financial Instruments (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives.

There were no financial assets or financial liabilities which the Group had previously designated as at FVTPL under AASB 139 that were subject to reclassification or which the Group has elected to reclassify upon the application of AASB 9. There were no financial assets or financial liabilities which the Group has elected to designate as at FVTPL at the date of initial application of AASB 9.

The directors of the Company reviewed and assessed the Group's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of AASB 9 has had no material impact on the Group's financial assets as regards their classification and measurement.

AASB 15 Revenue from Contracts with Customers and related amending Standards

In the current year, the Group has applied AASB 15 Revenue from Contracts with Customers (as amended) which is effective for an annual period that begins on or after 1 January 2018. AASB 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios.

Note 2. Summary of Significant Accounting Policies (cont'd)

The Group's accounting policies for its revenue streams are disclosed in detail in note 2(p) below. Apart from providing more extensive disclosures for the Group's revenue transactions, the application of AASB 15 has not had a significant impact on the financial position and/or financial performance of the Group.

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 below:

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. AASB 16 will supersede the current lease guidance including AASB 117 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of AASB 16 for the Group will be 1 January 2019.

Impact of the new definition of a lease

The Group will make use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 and Interpretation 4 will continue to apply to those leases entered or modified before 1 January 2019.

- The right to obtain substantially all of the economic benefits from the use of an identified asset, and
- The right to direct the use of that asset.

The Group will apply the definition of a lease and related guidance set out in AASB 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of AASB 16, the Group has carried out an implementation project. The project has shown that the new definition in AASB 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

Impact on lessee accounting

Operating leases

AASB 16 will change how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet. On initial application of AASB 16, for all leases (except as noted below), the Group will:

- Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Under AASB 16, right-of-use assets will be tested for impairment in accordance with AASB 136 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by AASB 16.

Note 2. Summary of Significant Accounting Policies (cont'd)

As at 31 December 2018, the Group has non-cancellable operating lease commitments of $754,477 (Note 27).

A preliminary assessment indicates that $432,000 of these arrangements relate to leases other than short-term leases and leases of low-value assets, and hence the Group will recognise a right-of-use asset of $432,000 and a corresponding lease liability of $432,000 in respect of all these leases. The impact on profit or loss is to decrease other expenses by $108,000 to increase depreciation by $88,000 and to increase interest expense by $20,000.

The preliminary assessment indicates that $322,477 of these arrangements relate to short-term leases and leases of low-value assets.

Under AASB 117, all lease payments on operating leases are presented as part of cash flows from operating activities. The impact of the changes under AASB 16 would be to reduce the cash generated by operating activities by $432,000 and to increase net cash used in financing activities by the same amount.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Bass Oil Limited and its subsidiaries as at 31 December 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

Note 2. Summary of Significant Accounting Policies (cont'd)

(d) Foreign currency translation

Functional and presentation currency

The Directors have elected to change the Group's functional and presentation currency from Australian dollars ("A$") to United States (US) dollars effective from 1 January 2018. The change in functional and presentation currency is a voluntary change which is accounted for retrospectively. All other accounting policies are consistent with those adopted in the annual financial report for the six months ended 31 December 2017. The financial report has been restated to US dollars using the procedures outlined below:

1. Income Statement and Statement of Cash Flows have been translated into US dollars using average foreign currency rates prevailing for the relevant period.
2. Assets and liabilities in the Statement of Financial Position have been translated into US dollars at the closing foreign currency rates on the relevant balance sheet dates.
3. The equity section of the Statement of Financial Position, including foreign currency translation reserve, retained earnings, share capital and the other reserves, have been translated into US dollars using historical rates.
4. Earnings per share and dividend disclosures have also been restated to US dollars to reflect the change in presentation currency.

For Bass Oil Limited, the Parent company, United States Dollars (USD) is the functional currency of the company from 1 January 2018. The change was made to reflect that USD has become the predominant currency in the company, counting for a significant part of the company's cash flow, cash flow management and financing. The change has been implemented with prospective effect.

Transactions and balances

Transactions in currencies other than an entity's functional currency are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than an entity's functional currency are retranslated at the foreign exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognised in the income statement.

Foreign exchange differences that arise on the translation of monetary items that form part of the net investment in a foreign operation are recognised in the translation reserve in the consolidated financial statements.

Non-monetary assets and liabilities that are measured in terms of historical cost in currencies other than an entity's functional currency are translated using the exchange rate at the date of the initial transaction. Non-monetary assets and liabilities denominated in currencies other than an entity's functional currency that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The year-end exchange rate used for 31 December 2018 was A$/US$ 1:0.7058 (31 December 2017: 1:0.7800, 30 June 2017: 1:0.7692).

(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 (cont'd)

(f) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Note 2. Summary of Significant Accounting Policies (cont'd)

(f) Financial assets (cont'd)

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item.

(ii) Debt instruments classified as at FVTOCI

The corporate bonds held by the Group are classified as at FVTOCI. The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation

Note 2. Summary of Significant Accounting Policies (cont'd)

(f) Financial assets (cont'd)

reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Note 2. Summary of Significant Accounting Policies (cont'd)

(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) 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.

(i) 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.

(j) 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.

(k) 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.

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.

Note 2. Summary of Significant Accounting Policies (cont'd)

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

Note 2. Summary of Significant Accounting Policies (cont'd)

(p) Revenue recognition (cont'd)

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.

(q) 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.

(r) 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
- 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.

Note 2. Summary of Significant Accounting Policies (cont'd)

(r) Income tax and other taxes (cont'd)

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 is payable in the event the contractors exhaust the pool of cost recovery prior to expiry of the KSO. The cost recovery pool has been exhausted during the year and tax is now payable.

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.

(s) 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.

(t) 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.

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.

Note 2. Summary of Significant Accounting Policies (cont'd)

(t) Critical accounting estimates and judgements (cont'd)

(i) Impairment of Oil Property Assets

Oil properties impairment testing requires an estimation of the value in use 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 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 2018 are cash and cash equivalents $854,117, trade and other receivables $1,488,506, other financial assets $31,194, trade and other payables $751,391 and borrowings $896,366.

Note 3. Financial Risk Management Objectives and Policies (cont'd)

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 2018.

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 corporate costs which are denominated in Australian dollars (AUD), and oil sales costs which are denominated in Indonesian Rupiah (IDR) and United States dollars. The Group does not undertake any hedging activities.

The Group owns oil production assets in Indonesia and is 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:

	31 December 2018	
	AUD $	IDR $
Financial assets:		
Cash and cash equivalents	88,238	56,515
Trade and other receivables	5,514	414,910
Financial liabilities:		
Trade and other payables	127,625	609,940
Borrowings	896,366	-

At the reporting date, if the currencies set out in the table above, strengthened or weakened against the United States 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 2018	
	AUD $	IDR $
Impact on post tax profit		
Exchange rate +10%	(93,024)	(13,851)
Exchange rate -10%	93,024	13,851
Impact on equity		
Exchange rate +10%	(93,024)	(13,851)
Exchange rate -10%	93,024	13,851

Note 3. Financial Risk Management Objectives and Policies (cont'd)

Foreign currency risk (cont'd)

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.

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 2018 $
Impact on post tax profit	
USD oil price +10%	383,824
USD oil price -10%	(383,824)
Impact on equity	
USD oil price +10%	383,824
USD oil price -10%	(383,824)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

Note 3. Financial Risk Management Objectives and Policies (cont'd)

Interest rate risk (cont'd)

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 2018 $
Impact on post tax profit	
Interest rates +1%	8,541
Interest rates - 1%	(8,541)
Impact on equity	
Interest rates +1%	8,541
Interest rates -1%	(8,541)

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 2018, the Group had $751,391 (2017: $792,752) in trade and other payables. Trade payables are non-interest bearing and have a contractual maturity of less than 30 days. At 31 December 2018 the Group had borrowings of $896,366 (2017: $1,361,093) which are incurring interest at 7.5% (2017: interest-free).

The only financial assets are cash and cash equivalents, trade and other receivables, and other financial assets. At 31 December 2018, the Group had $854,117 (2017: $1,607,829) in cash and cash equivalents, $1,488,506 (2017: $1,398,607) in trade and other receivables, and $31,194 (2017: $31,660) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

Note 3. Financial Risk Management Objectives and Policies (cont'd)

Liquidity risk (cont'd)

	Weighted average effective interest rate	Less than one year	One to two years	Greater than two years	Total
	%	$	$	$	$
31 December 2018					
Trade and other payables	-	751,391	-	-	751,391
Borrowings	7.50	896,366	-	-	896,366
31 December 2017					
Trade and other payables	-	792,752	-	101,672	894,424
Borrowings	1.81	1,361,093	-	-	1,361,093

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. Other Income

	Note	Consolidated 12 months to 31 December 2018 $	 6 months to 31 December 2017 $
Recovery of Consultancy fees		4,050	13,735
Royalty revenue		311,632	-
Net foreign exchange gains		132,884	-
		448,566	13,735

Note 5. Administrative Expenses

	Note	Consolidated 12 months to 31 December 2018 $	 6 months to 31 December 2017 $
Audit and tax fees	9	69,179	77,965
Consultants fees other		352,120	164,188
Corporate related costs		71,853	60,679
Directors' remuneration		145,409	76,780
Foreign exchange losses		-	3,158
Insurance		28,173	12,095
Legal expenses		132,527	36,000
Loss on disposal of assets		-	815
Operating lease costs		69,409	49,489
Travel		158,330	59,602
Other administrative expenses		371,603	134,605
		1,398,603	675,376

Note 6. Depreciation and Amortisation

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

	Note	Consolidated 12 months to 31 December 2018 $	 6 months to 31 December 2017 $
Depreciation plant and equipment	16	1,156	85
Amortisation of oil properties	17	201,171	225,835
		202,327	225,920

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

Note 7. Employee Benefits Expense

	Note	Consolidated 12 months to 31 December 2018 $	 6 months to 31 December 2017 $
Wages and salaries		606,031	203,427
Superannuation		31,143	11,102
Provision for annual leave		4,041	(9,844)
Medical expense		5,808	6,500
Termination benefits		(27,425)	42,872
Workers' compensation		2,622	2,695
		622,220	256,752

Note 8. Finance Costs

	Note	Consolidated 12 months to 31 December 2018 $	 6 months to 31 December 2017 $
Interest on borrowings		6,671	-
Accretion interest		25,015	19,199
		31,686	19,199

Note 9. Auditor's Remuneration

	Note	Consolidated 12 months to 31 December 2018 $	 6 months to 31 December 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		43,823	61,938
Deloitte Touche Tohmatsu Indonesia		13,280	12,100
		57,103	74,038
The auditor of Bass Oil Limited is Deloitte Touche Tohmatsu			
Tax services paid to Deloitte Touche Tohmatsu Australia		12,076	3,927
Total		69,179	77,965

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

Note 10. Income Tax

		Note	Consolidated 12 months to 31 December 2018 $	6 months to 31 December 2017 $
(a)	**Income tax recognised in profit or loss**			
	Current tax			
	In respect of the current financial year		311,427	55,780
	Deferred tax			
	In respect of the current financial year		8,407	4,299
	Total income tax expenses recognised in profit or loss		319,834	60,079
	The income tax expense for the year can be reconciled to the accounting profit or loss as follows:			
	Profit/(loss) before tax		(99,781)	(38,070)
	Income tax calculated at 30% (2017: 30%)		(29,934)	(11,421)
	Difference in tax rates		77,857	13,945
	Cost recovery profit that is not liable to income tax in Indonesia		(15,470)	(114,636)
	Change in fair value of options recorded in other liabilities		-	4,970
	Other		54,891	245
	Current financial year temporary differences not recognised		(15,480)	(9,313)
	Current year revenue tax losses not recognised		247,970	176,289
	Income tax expense recognised in the profit or loss		319,834	60,079
(b)	**Recognised deferred tax assets and (liabilities)**			
	Deferred tax assets and (liabilities) are attributable to the following:			
	Other assets		(6,887)	(7,154)
	Trade and other payables		8,999	20,774
	Provisions		601	(494)
	Borrowings		-	5,852
	Share issue costs		11,870	20,766
			14,583	39,744
	Net deferred tax assets not recognised		(14,583)	(39,744)
	Net deferred tax assets and (liabilities)		-	-
(c)	**Unrecognised deferred tax assets**			
	Deferred tax assets have not been recognised in respect of the following items:			
	Temporary differences		14,583	39,744
	Revenue tax losses		4,890,304	4,642,335
	Capital tax losses		163,887	181,116
			5,068,774	4,863,195

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

Note 10. Income Tax (cont'd)

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

		Note	Consolidated 12 months to 31 December 2018 $	Consolidated 6 months to 31 December 2017 $
(d)	**Movement in recognised net deferred tax assets**			
	Opening balance		-	-
	Recognised in equity		(8,407)	(4,299)
	Recognised in income		8,407	4,299
	Closing balance		-	-
(e)	**Movement in provision for tax**			
	Opening balance		559,197	503,417
	Current tax expense		311,427	55,780
	Closing balance		870,624	559,197

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). There were no cost recoveries available to be carried forward at 31 December 2018, meaning that the tax is payable on 30 April 2019. The Group has entered into discussions with the Indonesian tax office regarding a payment plan for the tax provision of $870,624. The proposed terms are equal monthly instalments of $96,736 commencing April 2019 and ending December 2019. Late payments may incur interest penalties at a rate of 2% per month from the payment deadline until date of payment.

The provision for tax covers the tax years from 2010 to 2018.

Note 11. Cash and Cash Equivalents

	Note	Consolidated 12 months to 31 December 2018 $	Consolidated 6 months to 31 December 2017 $
Cash at bank and in hand		854,117	1,607,829
		854,117	1,607,829

Note 12. Trade and Other Receivables

	Note	Consolidated 12 months to 31 December 2018 $	 6 months to 31 December 2017 $
Current			
Trade debtors (i)		913,619	880,095
Other receivables		7,690	6,352
Goods and services tax		5,514	5,382
Value-added tax		385,785	241,589
		1,312,608	1,133,418
Non-current			
Other receivables		175,898	265,189
		175,898	265,189

(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 13. Other Current Assets

	Note	Consolidated 12 months to 31 December 2018 $	 6 months to 31 December 2017 $
Prepayments		56,794	59,219
Accrued revenue		74,266	7,223
		131,060	66,442

Note 14. Inventories

	Note	Consolidated 12 months to 31 December 2018 $	 6 months to 31 December 2017 $
Oil inventories in tank (at cost)		31,438	83,832
Maintenance spares (at cost)		24,506	21,112
		55,944	104,944

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

Note 15. Other Financial Assets

	Note	Consolidated 12 months to 31 December 2018 $	6 months to 31 December 2017 $
Current			
Security deposit		3,882	-
		3,882	-
Non-current			
Security deposit		27,312	31,660
		27,312	31,660

Note 16. Plant and Equipment

	Note	Consolidated 12 months to 31 December 2018 $	6 months to 31 December 2017 $
Office equipment, furniture and fittings			
Opening balance, net of accumulated depreciation		1,775	967
Purchases		3,175	1,699
Disposals		-	(816)
Foreign exchange movement		(616)	10
Depreciation charge for the year	6	(1,156)	(85)
Closing balance, net of accumulated depreciation		3,178	1,775
Cost		32,457	32,871
Accumulated depreciation		(29,279)	(31,096)
Net carrying amount		3,178	1,775

Note 17. Oil Properties

	Note	Consolidated 12 months to 31 December 2018 $	6 months to 31 December 2017 $
Tangai-Sukananti KSO		1,345,408	1,523,640
		1,345,408	1,523,640
Movement in the carrying value of oil properties			
Balance at the beginning of year		1,523,640	1,593,957
Expenditure during the period		26,834	155,518
Disposals during the period		(3,895)	-
Depreciation, depletion and amortisation	6	(201,171)	(225,835)
Balance at the end of year		1,345,408	1,523,640

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

Note 18. Subsidiaries

Name of Subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			31 Dec 18	31 Dec 17
BSOC Business Services Pty Ltd	Non-operating	Australia	100%	100%
Bass Oil Sukananti Ltd	Oil Producer	British Virgin Islands	100%	100%

Note 19. Joint Arrangements

Name of Joint Venture	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			31 Dec 18	31 Dec 17
Tangai-Sukananti KSO [(i)]	Oil Producer	Indonesia	55%	55%

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

Note 20. Trade and Other Payables

	Note	Consolidated	
		12 months to 31 December 2018 $	6 months to 31 December 2017 $
Current			
Trade payables [(i)]		191,955	191,438
Other payables		559,436	601,314
		751,391	792,752
Non-current			
Other payables		-	101,672
		-	101,672

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

Note 21. Provisions

	Note	Consolidated	
		12 months to 31 December 2018 $	6 months to 31 December 2017 $
Current			
Employee benefits		75,587	159,272
		75,587	159,272
Non-current			
Restoration		246,896	281,160
		246,896	281,160

Note 21. Provisions (cont'd)

Movement in the carrying value of restoration provision

	Note	Consolidated 12 months to 31 December 2018 $	 6 months to 31 December 2017 $
Balance at the beginning of year		281,160	297,990
Expenditure during the period		(40,532)	(20,265)
Accretion interest		6,268	3,435
Balance at the end of year		246,896	281,160

The restoration provision was agreed with Pertamina EP and will be fully paid when the license expires in July 2025.

Note 22. Borrowings

	Note	Consolidated 12 months to 31 December 2018 $	 6 months to 31 December 2017 $
Current		896,366	1,361,093
Non-current		-	-
		896,366	1,361,093

The acquisition of Cooper Energy Sukananti Ltd now Bass Oil Sukananti Limited from Cooper Energy Limited was settled on 28 February 2017. A deferred settlement of AUD 2,270,000 was agreed to be repaid by 31 December 2018. The company paid the first repayment of AUD 500,000 in December 2017 and the second repayment of AUD 500,000 in June 2018.

The Company secured an extension of 6 months for the remaining payments. The timetable for a third payment of AUD 500,000, due 30 September 2018, has been deferred until 31 March 2019 and the fourth and final payment of AUD 770,000, due 31 December 2018, has now been deferred until 30 June 2019. In return for the deferral of the final two payments, the Company has agreed to pay Cooper Energy an interest cost of 7.5% per annum on the outstanding AUD 1,270,000, over the period of the deferral.

Apart from the extension interest, the deferred settlement is interest free. The borrowing is secured by a registered charge over the shares the Company holds in Bass Oil Sukananti Limited. The amount due has been recorded at its net present value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

Note 23. Contributed Equity

	2018 Shares	2017 Shares	2018 $	2017 $
Issued and paid up capital				
Ordinary share fully paid	2,606,167,481	2,606,167,481	25,728,503	25,720,096
Movements in ordinary shares on issue				
Ordinary shares on issue at beginning of period	2,606,167,481	2,239,217,584	25,720,096	24,704,769
Exercise of options	-	366,949,897	-	844,902
Transfer from other liabilities on exercise of options (Note 21)	-	-	-	166,121
Tax consequences of share issues costs	-	-	8,407	4,304
Ordinary shares on issue at end of period	2,606,167,481	2,606,167,481	25,728,503	25,720,096

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

At 31 December 2018, the Company has nil (31 December 2017: nil) share options on issue. However in the prior period, 366,949,897 shareholders who had exercised their $0.003 options were entitled to receive a 1:1 Piggy Back option on completion of an entitlement and acceptance form. 366,688,205 shareholders accepted their Piggy Back options which were 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. On 15 December 2018 the options expired and were cancelled. No options were exercised.

	Note	Consolidated 12 months to 31 December 2018 Options	6 months to 31 December 2017 Options
Movements in options on issue			
Balance at the beginning of year		-	386,103,275
Options issued		366,688,205	-
Options exercised		-	(366,949,897)
Options expired and cancelled		(366,668,205)	(19,153,378)
Closing value		-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

Note 24. Accumulated Losses

	Note	Consolidated 12 months to 31 December 2018 $	 6 months to 31 December 2017 $
Balance at the beginning of year		(27,502,223)	(27,404,074)
Net loss		(419,615)	(98,149)
Options expired and cancelled		131,882	-
Balance at the end of year		(27,789,956)	(27,502,223)

Note 25. Earnings per Share

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

	Note	Consolidated 12 months to 31 December 2018 $	 6 months to 31 December 2017 $
Basic earnings/(loss) per share		(0.000)	(0.000)
Net loss attributable to ordinary equity shareholders of the parent		(419,615)	(98,149)

	Note	12 months to 31 December 2018 $	6 months to 31 December 2017 $
Issued ordinary shares at 1 January (2017:1 July)		2,606,167,481	2,239,217,584
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		2,606,167,481	2,281,812,425

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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:

	Note	Consolidated 12 months to 31 December 2018 $	Consolidated 6 months to 31 December 2017 $
Short-term employee benefits		530,998	228,775
Post-employment benefits		43,706	17,763
		574,704	246,538

Note 27. 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:

	Note	Consolidated 12 months to 31 December 2018 $	Consolidated 6 months to 31 December 2017 $
Within one year		13,730	18,750
After one year but not more than five years		-	14,625
		13,730	33,375

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:

	Note	Consolidated 12 months to 31 December 2018 $	Consolidated 6 months to 31 December 2017 $
Within one year		136,321	86,022
After one year but not more than five years		131,566	52,041
		267,887	138,063

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

	Note	Consolidated 12 months to 31 December 2018 $	Consolidated 6 months to 31 December 2017 $
Within one year		306,085	45,098
After one year but not more than five years		166,775	9,351
		472,860	54,449

Note 27. Commitments and Contingencies (cont'd)

(b) Employment agreements

The Group may terminate Mr Guglielmo's employment agreement by giving six months' notice. The Group has a contingent liability of $116,000 (2017: $117,000) in relation to this agreement, if Mr Guglielmo is not required to work out the notice period.

The Group may terminate Dr Brealey's employment agreement by giving three months' notice. The Group has a contingent liability of $43,000 (2017: $nil) in relation to this agreement, if Dr Brealey is not required to work out the notice period.

Note 28. Parent Entity Disclosures

Information relating to Bass Oil Limited

	Parent	
	2018 $	2017 $
Current assets	477,256	1,548,394
Total assets	2,680,639	3,750,299
Current liabilities	1,025,995	1,483,033
Total liabilities	2,851,970	3,174,686
Net assets	(171,331)	575,613
Contributed equity	25,728,504	25,720,096
Foreign exchange reserve	3,165,011	3,165,011
Share option reserve	-	131,882
Accumulated losses	(29,064,846)	(28,441,376)
Total shareholder's equity	(171,331)	575,613
Loss of the parent entity	(755,352)	(563,939)
Total comprehensive income/(loss) of the parent entity	(755,352)	(563,939)

The Parent Entity has a net asset deficiency of $171,331 as at 31 December 2018. This amount includes current liabilities pertaining to the deferred settlement to Cooper Energy Limited of $1,270,000 which is payable in two instalments by 31 March 2019 and 30 June 2019 (note 22). It is expected that the settlement on 30 June 2019 will be funded by the raising of additional funds as discussed in note 2.

The commitments and contingencies of the parent entity are the same as disclosures in Note 29 excluding the commitments relating to Tangai-Sukananti KSO.

Note 29. Related Party Disclosures

Terms and conditions of transactions with related parties other than KMP

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 $34,522 (31 December 2017: $35,059) (under a corporate advisory and investor relations mandate). This mandate was terminated as at 30 June 2018. The fees were provided under normal commercial terms and conditions. Amounts outstanding at balance date were $nil (31 December 2017: $6,435).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

Note 29. Related Party Disclosures (cont'd)

During the year the Group paid rent to Adelaide Equity Partners Limited of $3,985 (31 December 2017: $nil) (under a rental of premises mandate). The fees were provided under normal commercial terms and conditions. Amounts outstanding at balance date were $nil (31 December 2017: $nil).

The acquisition of Bass Oil Sukananti Limited formally Cooper Energy Sukananti Limited 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 AUD 500,000 cash and the issue of 180,000,000 ordinary shares, valued at AUD 360,000. Additionally, a deferred settlement of AUD 2,270,000 was agreed to be paid by 31 December 2018. The Company paid the first repayment of AUD 500,000 in December 2017 and the second repayment of AUD 500,000 in June 2018.

The Company secured an extension of 6 months for the remaining payments. The timetable for a third payment of AUD 500,000, due 30 September 2018, has been deferred until 31 March 2019 and the fourth and final payment of AUD 770,000, due 31 December 2018, has now been deferred until 30 June 2019. In return for the deferral of the final two payments, the Company has agreed to pay Cooper Energy an interest cost of 7.5% per annum on the outstanding AUD1,270,000 over the period of the deferral. The deferred settlement secured by a registered charge over the shares the Company holds in Bass Oil Sukananti Limited.

Note 30. Segment Information

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

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 year ended 31 December 2018 was from oil production.

The consolidated entity operates in the oil and gas industry in Indonesia.

The consolidated assets and liabilities as at 31 December 2018 and 2017 relate to oil production.

For the current financial year, the Group's revenue of $3,838,237 was received from the sale of oil in Indonesia to Pertamina EP (the Indonesian State owned oil Company).

Note 31. 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	
	Note	12 months to 31 December 2018 $	6 months to 31 December 2017 $
Net loss after tax		(419,615)	(98,149)
Adjustments for:			
Depreciation	6	1,156	85
Loss on disposal of fixed assets		-	815
Amortisation		201,171	225,835
Impairment of receivables		182,974	-
Change in fair value of options		-	16,566
Accretion interest		24,927	19,199
Foreign exchange adjustment		(98,854)	-
		(108,241)	164,351
Changes in assets and liabilities			
(Increase)/decrease in trade and other receivables		(375,092)	(278,777)
Decrease/(increase) in other assets		(66,361)	10,296
(Increase) in inventories		49,000	(53,887)
Increase/(decrease) in provisions		(124,165)	2,574
Increase/(decrease) in trade and other payables		(28,662)	350,058
Increase in provision for tax		311,427	55,844
Increase in deferred tax		8,407	4,304
Exchange rate fluctuation		-	131
Net cash flows used in operating activities		(333,687)	254,894

Non-cash transactions

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

Note 32. Reserves

		Consolidated	
	Note	12 months to 31 December 2018 $	6 months to 31 December 2017 $
Currency translation reserve (i)		3,129,996	3,129,996
Share option reserve (ii)		-	131,882
		3,129,996	3,216,878

(i) The Currency translation reserve was recognised at 31 December 2017 with the change in functional and presentational currency to USD. In order to derive US dollar opening balances, the Australian dollar functional currency assets and liabilities at 1 July 2017 were converted at the spot rate of US$1:A$0.77 on the reporting date; and the contributed equity, reserves and retained earnings were converted at applicable historical rates and the difference has given rise to the recognition of the Currency translation reserve.

Note 32. Reserves (cont'd)

(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 33. Foreign Currency Translation

(a) Change in functional and presentation currency of Bass Oil Limited

An entity's functional currency is the currency of the primary economic environment in which the entity operates. During the financial year 2017 the Company completed the acquisition of shares in Cooper Energy Sukananti Limited. Consequently, the directors determined that the functional currency of its subsidiary is US dollars, as the US dollar is the currency that mainly influences the revenues and costs of its main trading subsidiary, and is therefore the currency of the primary economic environment in which it operates. The parent's functional currency was previously Australian dollars. The change in functional currency of the parent entity has been applied prospectively with effect from 1 January 2018 in accordance with the accounting standards.

Following the change in functional currency, the Company has elected to change its presentational currency from Australian dollars to US dollars. The directors believe that changing the presentational currency to US dollars will enhance comparability with its industry peer group, a majority of which report in US dollars. The change in presentation currency represents a voluntary change in accounting policy, which has been applied retrospectively.

To give effect to the change in functional and presentation currency, the assets and liabilities of the parent, which had an Australian dollar functional currency at 31 December 2017 were converted to US dollars at a fixed exchange rate on 1 January 2018 of US$1:A$0.7800 and the contributed equity, reserves and retained earnings were converted at applicable historical rates. In order to derive US dollar opening balances, the Australian dollar functional currency assets and liabilities at 1 July 2017 were converted at the spot rate of US$1:A$0.7692 on the reporting date; revenue and expenses for the six month period ended 31 December 2017 were converted at the average exchange rates of US$1:A$0.7800 for the reporting period, or at the exchange rates ruling at the date of the transaction to the extent practicable, and equity balances were converted at applicable historical rates.

The above stated procedures resulted in the recognition of a foreign currency translation reserve of US$3,129,996, at 31 December 2017 which was not previously recognised, as set out in the statement of changes in equity found in the financial report for the year ended 31 December 2018.

(b) 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.

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 2018, 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 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 and of its financial performance for the 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 the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss after tax of $419,615, had a net cash outflow from operating activities of $333,687 and a net cash outflow from investing activities of $26,114 during the year ended 31 December 2018, and as of that date, the Group had a net current asset deficiency position of $236,357. As stated in Note 2, these conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Our procedures in relation to going concern included, but were not limited to:

- Inquiring of management and the directors in relation to events and conditions that may impact the assessment on the Group's ability to continue as a going concern;
- Challenging the assumptions contained in management's cash flow forecast in relation to the Group's ability to continue as a going concern; and
- Assessing the adequacy of the disclosure related to going concern in Note 2.

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td><u>Recoverability of oil properties</u>

As at 31 December 2018, the Group has a depreciated value of $1.3 million in oil properties as disclosed in Note 17.

Significant judgement is applied in assessing the recoverability of the oil properties from its continued use in production, which includes:
• Whether the facts and circumstances indicate that the oil properties should be tested for impairment;
• Estimation of recoverable value of the cash generating unit to which the deferred costs have been allocated; and
• Assessments of the technical feasibility and commercial viability of producing the reserves.</td><td>Our procedures included, but were not limited to:
• Reviewing management's assessment of impairment indicators; and
• Assessing whether any facts or circumstances existed to suggest impairment testing was required.

We also assessed the appropriateness of the disclosures included in Notes 2(n) and 2(v) to the financial statements.</td></tr>
</table>

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 year ended 31 December 2018, 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.

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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 17 to 23** of the Directors' Report for the year ended 31 December 2018.

In our opinion, the Remuneration Report of Bass Oil Limited, for the year ended 31 December 2018, 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, 29 March 2019

SHAREHOLDER AND OTHER INFORMATION

Compiled as at 28 March 2019

DISTRIBUTION OF ORDINARY SHARES

Ordinary Shares	Number of Holders	Number of Shares
1 – 1,000	198	59,526
1,001 – 5,000	309	853,462
5,001 – 10,000	190	1,590,227
10,001 – 100,000	629	26,428,055
100,001 and over	810	2,577,236,211
Total on Issue	2,136	2,606,167,481

1,453 holders held less than a marketable parcel of ordinary shares. There is no current on-market buy back.

SUBSTANTIAL SHAREHOLDERS

As disclosed in notices given to the Company.

Name of substantial shareholder	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	171,475,048	6.58

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.

SHAREHOLDER AND OTHER INFORMATION

Compiled as at 28 March 2019

THE 20 LARGEST SHAREHOLDERS OF ORDINARY SHARES

Holder	Ordinary shares	% of total issued
Somerton Energy Ltd	353,361,294	13.56
Miller Anderson Pty Ltd <Longhorn Ridge S/F>	243,200,000	9.33
Tattersfield Securities Ltd	120,004,173	4.60
Miss S Masalkovski	97,030,000	3.72
Starbush Pty Ltd <The Starbush A/C>	94,610,138	3.63
Mr M Saboundjian	76,000,000	2.92
Mr P Sciancalepore & Mrs P Sciancalepore	60,000,000	2.30
Marbel Capital Pty Ltd	58,718,059	2.25
Icon Holdings Pty Ltd <The K&A Paganin S/F A/C>	50,000,000	1.92
Wingmont Pty Ltd	45,600,000	1.75
Crescent Nominees Limited	44,706,875	1.72
Mr S H Bell & Mrs J K Berveling <Bell & Berveling Super A/C>	39,602,382	1.52
Small Business Finance Pty Ltd	37,401,351	1.44
Yavern Creek Holdings Pty Ltd	35,000,000	1.34
Black Prince Pty Ltd <Black Prince Super Fund A/C>	30,000,000	1.15
Mr W C Wheelahan	30,000,000	1.15
Mr N Guglielmo & Mr G Guglielmo <Nicola Guglielmo Family A/C>	22,430,465	0.86
Mr R Kong & Ms X Yhao	22,400,000	0.86
Mark Lindh and Belinda Lindh < Belmar Super Fund A/C>	21,508,000	0.83
Mr H Gordon	20,266,668	0.78

The 20 largest shareholders hold 1,501,839,405 shares, representing 57.63% of the issued share capital.