BASS STRAIT

Oil

Oil for Australians

BASS STRAIT OIL COMPANY LTD

HALF-YEAR FINANCIAL REPORT

31 December 2014

Corporate directory

Directors
Peter F Mullins (Chairman, Appointed 16 December 2014)
Hector M Gordon (Appointed 28 October 2014)
Giustino (Tino) Guglielmo (Appointed 16 December 2014, Appointed Executive Director 2 February 2015)
Mark L Lindh (Appointed 16 December 2014)
John L C McInnes, OAM (Chairman, Resigned 16 December 2014)
Andrew P Whittle (Resigned 16 December 2014)
David J Lindh, OAM (Resigned 16 December 2014)

Company Secretary
Robyn M Hamilton

Chief Executive Officer
Steven Noske (Re-engaged 29 September 2014, terminated 2 February 2015)

Registered office and principal place of business
Level 1, 99 William Street
Melbourne, Victoria 3000 Australia
Telephone +61 (3) 9927 3000
Facsimile +61 (3) 9614 6533
Email admin@bassoil.com.au

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

Share register
Link Market Services Limited
Level 9, 333 Collins Street
Melbourne, Victoria 3000 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

Currency

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

FORWARD LOOKING STATEMENTS

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

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

Directors' report

The directors of Bass Strait Oil Company Ltd (the "Company") and its subsidiary ("BAS" or the "Group") submit their report for the half-year ended 31 December 2014.

DIRECTORS

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

Peter F Mullins (Chairman, Appointed 16 December 2014)
Hector M Gordon (Appointed 28 October 2014)
Giustino (Tino) Guglielmo (Appointed 16 December 2014, appointed Executive Director 2 February 2015)
Mark L Lindh (Appointed 16 December 2014)
John L C McInnes (Chairman, Resigned 16 December 2014)
Andrew P Whittle (Resigned 16 December 2014)
David J Lindh (Resigned 16 December 2014)

REVIEW AND RESULTS OF OPERATIONS

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

- New Board elected to drive growth
- New Board has injected $425,000 of new capital
- Six-month suspension and extension received in Vic/P41 for Permit Year 3 and to the Permit term
- Divestment of non-core assets in the Otway Basin completed

The following section provides more detail on these matters.

The consolidated net loss for the half-year, after income tax was $264,692 (2013:$ 2,465,231).

EXPLORATION ACTIVITIES

GIPPSLAND BASIN OFFSHORE

Vic/P41: BAS 64.565% and Operator

Vic/P41 (536 km2) is located to the east of Vic/P68 in the offshore Gippsland Basin, approximately 40 kilometres south of the Victorian coast. The permit provides BAS with exposure to the easterly extension of proven producing hydrocarbon trends.

A six month extension to the Permit Year 3 work programme was received in July 2014 and is significant as it not only demonstrates support for the Joint Venture activities in Vic/P41 by the Joint Authority but also affords the time to complete the activities necessary to enter into the Year 4 exploration well period thereby enhancing the value of the permit.

During the period the Company continued its mapping of prospects and leads in Vic/P41. A significant Quantitative Interpretation (QI) and Amplitude versus Offset (AVO) processing program has been ongoing during the year and was completed and the data was received in late 2014.

Forward work planned for the remainder of the year includes:

- Integrating the inversion data into the NOMB 3D interpretation.
- Reviewing the NOMB 3D mapping to ensure consistency with the outcomes from the QI.
- Assessment of prospective resources in key prospects.

Vic/P68: BAS 100% and Operator

Vic/P68 (1,074 km^2) lies to the west of Vic/P41, in the offshore Gippsland Basin, and covers parts of the Central Deep, Northern Terrace and Northern Platform, with water depths increasing from 50 to 150 metres towards the southeast. The block contains two play trends, the Rosedale Fault Trend and the Lake Wellington Fault Trend.

Reprocessing and merging of multiple 3D seismic surveys and selected quantitative inversion has been completed.

Directors' report continued

As with the Vic/P41 permit the forward work planned for the remainder of the year includes:

- Integrating the inversion data into the NOMB 3D interpretation.
- Reviewing the NOMB 3D mapping to ensure consistency with the outcomes from the QI.
- Assessment of prospective resources in key prospects.
- Examine the prospectivity around the Leatherjacket oil discovery.

OTWAY BASIN ONSHORE

PEP 167: BAS 100% and PEP 175: BAS 100%

During the period the Company announced the completion of the sale of the permits to Miraboo Ridge Pty Ltd a 100% subsidiary of Lakes Oil NL for $300,000 ($30,000 was received as a deposit prior to the 30 June 2014).

PEP 150: BAS 15% (Operator: Beach Energy)

Exploration permit PEP 150 is located in the onshore Otway Basin, near Portland, Victoria.

The permit was granted for an initial 5 year term effective from 26 August 2014. The permit is considered to be prospective for both oil and gas in the Sawpit and Casterton Formations, in both conventional and unconventional plays.

During the period minimal activity and expenditure was incurred given that exploration activities in the permit are subject to a Victorian government moratorium.

EVENTS SUBSEQUENT TO BALANCE DATE

On 2 February 2015 the Group terminated the contract with the CEO, Mr Steven Noske and appointed Mr Tino Guglielmo as an Executive Director. Mr Noske received a termination payment of $175,000, equivalent to six months fixed remuneration, in accordance with the terms of his employment contract. Mr Guglielmo will receive fixed remuneration of $150,000 per annum.

On 10 February 2015 the Group applied for a 12 month suspension and extension of the Year 3 work program for Vic/P68 with the National Offshore Petroleum Titles Administrator. At the date of this report, the outcome of this application is pending.

On 3 March 2015 the Group applied for a 12 month suspension and extension of the Year 3 work program for Vic/P41 with the National Offshore Petroleum Titles Administrator. At the date of this report, the outcome of this application is pending.

On 3 March 2015 the Group announced a fully underwritten non-renounceable Entitlements Issue. Each eligible shareholder will be entitled to subscribe for one new share for every three ordinary shares held, at an issue price of $0.005 (0.5 cents) per new share. Under the Entitlement Offer a maximum of approximately 201 million shares will be issued to raise up to approximately $1 million (before costs and expenses). The Entitlement offer is scheduled to close on the 26 March 2015.

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

Auditor's independence declaration

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

Signed in accordance with a resolution of the directors.

Peter F Mullins
Chairman
Melbourne, 11 March 2015

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

11 Waymouth Street
Adelaide SA 5000
GPO Box 1969
Adelaide SA 5001 Australia

Tel: +61 (0) 8 8407 7000
Fax: +61 (0) 8 8407 7003
www.deloitte.com.au

The Board of Directors
Bass Strait Oil Company Ltd
Level 1
99 William Street
MELBOURNE VIC 3000

11 March 2015

Dear Board Members

Re: Bass Strait Oil Company Ltd

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 Strait Oil Company Ltd.

As lead audit partner for the review of the financial statements of Bass Strait Oil Company Ltd for the year-half ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
(ii) any applicable code of professional conduct in relation to the review

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

P J Woods
Partner
Charter Accountants

Directors' declaration

In accordance with a resolution of the directors of Bass Strait Oil Company Ltd, I state that:

In the opinion of the Directors:

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

  (i) give a true and fair view of the financial position as at 31 December 2014 and the performance for the half-year ended on that date of the Group; and

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

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

On behalf of the Board

Peter F Mullins
Chairman
Melbourne, 11 March 2015

Condensed statement of financial position
As at 31 December 2014

	Note	Consolidated 31/12/2014 $	Consolidated 30/06/2014 $
ASSETS			
Current assets			
Cash and cash equivalents	4	778,410	712,654
Trade and other receivables		14,948	17,225
Other current assets		12,643	15,816
Total current assets		806,001	745,695
Non-current assets			
Plant and equipment		10,467	15,179
Exploration and evaluation expenditure	5	3,904,048	3,798,518
Total non-current assets		3,914,515	3,813,697
TOTAL ASSETS		4,720,516	4,559,392
LIABILITIES			
Current liabilities			
Trade and other payables		142,128	153,790
Provisions		6,435	-
Total current liabilities		148,563	153,790
Non-current liabilities			
Other payables		-	1,846
Total non-current liabilities		-	1,846
TOTAL LIABILITIES		148,563	155,636
NET ASSETS		4,571,953	4,403,756
EQUITY			
Contributed equity	6	31,375,969	30,943,080
Accumulated losses		(26,804,016)	(26,616,715)
Share-based payment reserve		-	77,391
TOTAL EQUITY		4,571,953	4,403,756

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

Condensed statement of comprehensive income

For the half-year ended 31 December 2014

	Note	Consolidated 31/12/2014 $	31/12/2013 $
Total revenue & other income	3	251,323	52,895
Total expenses	3	(500,776)	(2,503,108)
Loss before income tax		(249,453)	(2,450,213)
Income tax expense		(15,239)	(15,018)
Net Loss for the period		(264,692)	(2,465,231)
Total Loss for the period		(264,692)	(2,465,231)
		Cents	**Cents**
Basic (loss)/earnings per share		(0.05)	(0.48)
Diluted (loss)/earnings per share		(0.05)	(0.48)

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

Condensed statement of changes in equity
For the half-year ended 31 December 2014

	Consolidated			
	Contributed Equity $	Accumulated Losses $	Share based Payments Reserve $	Total $
At 1 July 2014	30,943,080	(26,616,715)	77,391	4,403,756
Net Loss for the period	-	(264,692)	-	(264,692)
Total comprehensive income for the period	-	(264,692)	-	(264,692)
Transactions with owners in their capacity as owners				
Shares issued	425,000	-	-	425,000
Transaction costs on share issues	(7,350)	-	-	(7,350)
Share options expired & cancelled	-	77,391	(77,391)	-
Income tax on items recognised directly in equity	15,239	-	-	15,239
Balance at 31 December 2014	31,375,969	(26,804,016)	-	4,571,953
	=========	=========	========	========
At 1 July 2013	30,913,043	(23,524,722)	77,391	7,465,712
(Loss) for the period	-	(2,465,231)	-	(2,465,231)
Total comprehensive income for the period	-	(2,465,231)	-	(2,465,231)
Transactions with owners in their capacity as owners				
Income tax on items recognised directly in equity	15,018	-	-	15,018
Balance at 31 December 2013	30,928,061	(25,989,953)	77,391	5,015,499
	=========	=========	========	========

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

Condensed statement of cash flows
For the half-year ended 31 December 2014

	Note	Consolidated 31/12/2014 $	Consolidated 31/12/2013 $
Cash flows from operating activities			
Receipts from customers		54,424	22,105
Payments to suppliers and employees inclusive of GST		(443,806)	(753,906)
Interest received		7,445	41,552
Net cash used in operating activities		(381,937)	(690,249)
Cash flows from investing activities			
Sale of petroleum exploration permits		270,000	-
Petroleum exploration expenditure		(247,307)	(225,229)
Net cash provided by/(used in) investing activities		22,693	(225,229)
Cash flows from financing activities			
Proceeds from issue of shares		425,000	-
Net cash from financing activities		425,000	-
Net increase/(decrease) in cash and cash equivalents		65,756	(915,478)
Cash and cash equivalents at beginning of period		712,654	2,297,404
Cash and cash equivalents at end of period	4	778,410	1,381,926

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

Notes to the financial statements
For the half-year ended 31 December 2014

Note 1. Basis of preparation and accounting policies

Basis of preparation
This condensed financial report for the half-year ended 31 December 2014 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2014 and considered together with any public announcements made by Bass Strait Oil Company Ltd during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

Changes in accounting policy

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

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

Significant accounting estimates and assumptions
The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Exploration and evaluation costs
At each reporting period, the Group assesses indicators of impairment. Exploration and evaluation costs are deferred until exploration and evaluation activities reach a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operation are continuing.

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure. In the judgement of the Directors, at 31 December 2014 exploration activities in each area of interest where costs are carried forward, that is Vic/P41, Vic/P68 and PEP 150 have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Substantive expenditure in relation to each area of interest is planned based on permit commitments and cash reserves of the Group and on the basis that nothing definitive has come to the attention of Directors to indicate future economic benefits will not be realised.

The Directors are continually monitoring the areas of interest and continue to assess and explore alternatives for funding the development of areas of interest when economically recoverable reserves are confirmed. If new information becomes available that suggests the recovery of expenditure is unlikely, or further substantive activity or expenditure is no longer planned the amounts capitalised will need to be reassessed at that time.

Going concern
The financial report has been prepared on a going concern basis, which assumes that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. This includes the Group's exploration expenditure commitments, being the minimum work requirements under exploration permits for petroleum as set out in Note 7.

Notes to the financial statements

For the half-year ended 31 December 2014

Note 1. Basis of preparation and accounting policies (continued)

For the half-year ended 31 December 2014 the Group incurred a net loss of $264,692 (31 December 2013 $2,465,231) and had a net cash outflow from operating activities of $381,937 (31 December 2013 $690,249). At 31 December 2014, the Group has cash reserves of $778,410 (30 June 2014: $712,654).

In order to meet these exploration commitments, and continue to pay its debts as and when they fall due and payable, the Group will rely on taking appropriate steps, including:

- Raising $1,000,000 via a fully underwritten rights issue that was announced on 3 March 2015;
- Obtaining approval for the 12 month suspension and extension applications lodged for Year 3 work programmes in respect of Vic/P41 & Vic/P68;
- Raising further capital by one of a combination of the following: placement of shares, pro-rata issue to Shareholders and/or further issue of shares to the public; or
- Meeting its obligations by either farmout or full or partial sale of the Group's exploration interests.

If the Group is unable to successfully complete the above steps, there is significant uncertainty as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business.

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

Note 2. Operating Segments

The Group operates in the petroleum exploration industry within Australia.

The Group determines its operating segments by reference to internal reports that are reviewed and used by the Board of Directors of the Group (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The executive management team currently receive consolidated Statement of Financial Position and Statement of Comprehensive Income information that is prepared in accordance with Australian Accounting Standards therefore there is no additional information to disclose.

The executive team does not currently receive segment Statement of Financial Position and Statement of Comprehensive Income information. The executive team manages the exploration activities of each permit through review and approval of joint venture cash calls, joint venture budgets and other operational information.

Note 3. Revenue and expenses

	Consolidated	
	31/12/2014	31/12/2013
	$	$
Loss before income tax includes the following revenue and expenses:		
Revenue		
Exploration management services	55,222	19,441
Other income		
Bank interest	6,527	33,453
Other interest	9	1
Net gain on sale of permits	189,565	-
	196,101	33,454
Total Revenue & Other income	251,323	52,895

Notes to the financial statements
For the half-year ended 31 December 2014

Note 3. Revenue and expenses (continued)

		Consolidated	
		31/12/2014	31/12/2013
		$	$
Expenses			
Audit costs		27,500	29,500
Computer expenses		3,173	15,482
Consultants fees		125,090	140,258
Depreciation of non-current assets		3,702	5,954
Directors remuneration		54,713	107,408
Insurance		7,195	9,210
Legal		8,692	70,947
Printing and stationery		-	7,417
Rent and premises costs		101,689	53,524
Salaries, employee benefits and costs		117,077	279,365
Stock exchange and registry costs		24,729	18,015
Travel and corporate promotion costs		16,579	27,336
Exploration expenses		266	72
Other expenses from ordinary activities		10,371	16,426
Exploration expenditure write down	5	-	1,722,194
		500,776	2,503,108

Note 4. Cash and cash equivalents

	Consolidated	
	31/12/2014	30/06/2014
	$	$
For the purposes of the half-year statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	724,356	160,012
Short-term deposits	54,054	552,641
	778,410	712,654

Note 5. Exploration and evaluation assets

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

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

Capitalised exploration and evaluation costs at 31 December 2014 are $3,904,048 (30 June 2014: $3,798,518).

The exploration and evaluation costs are represented by: Vic/P41 $3,761,607 (30 June 2014: $3,637,719) and other permits $142,441 (30 June 2014: $160,799).

Notes to the financial statements
For the half-year ended 31 December 2014

Note 6. Contributed equity

	Consolidated	
	31/12/2014	**30/06/2014**
	$	**$**
Ordinary shares fully paid	31,375,969	30,943,080
	==========	==========

	No.	**$**
Movement in ordinary shares on issue		
At 1 July 2013	518,285,747	30,913,043
Deferred tax on share issue costs	-	30,037
At 30 June 2014	518,285,747	30,943,080
Share placement on 30 December 2014	85,000,000	425,000
Costs of share issue	-	(7,350)
Deferred tax on share issue costs	-	15,239
At 31 December 2014	603,285,747	31,375,969
	==========	=========

On 30 December 2014, the company issued 85,000,000 ordinary shares at an issue price of $0.005 each to the new Directors.

On 14 October 2011, 10,000,000 options with an exercise price of 4 cents each and expiring on 14 October 2014 lapsed. They had been granted under the Underwriting Agreement in association with the October 2011 capital raising.

Note 7. Commitments and contingencies

Set out below are the minimum work obligations with associated indicative costings under the current significant exploration permits the group has as at 31 December 2014.

Vic/P41 (Group's interest 64.565%)

The Group is currently in year three of a five year work programme which expires on 28 May 2017. The table below shows details of the commitments:

Year of permit	Permit year end	Minimum work commitments	Estimated expenditure
3	28 May 2015	Geological and geophysical studies	200,000
4	28 May 2016	One exploration well	30,000,000
5	28 May 2017	Geotechnical studies	150,000

The commitment for year 3 has been met as at 31 December 2014.

On 3 March 2015, the Group lodged an application for a twelve month suspension and extension of the permit. If granted, the new permit year end date for Year 3 will be 28 May 2016 and the permit will expire on 28 May 2018.

The Year 4 & 5 minimum work commitments are optional commitments.

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

The Group is currently in year three of a six year work programme which expires on 3 May 2018. The table below shows details of the commitments:

Notes to the financial statements
For the half-year ended 31 December 2014

Note 7. Commitments and contingencies (continued)

Year of permit	Permit year end	Minimum work commitments	Estimated expenditure
3	3 May 2015	225sq km 3D seismic survey	3,000,000
4	3 May 2016	Geotechnical studies	250,000
5	3 May 2017	One exploration well	20,000,000
6	3 May 2018	Geotechnical studies	250,000

The commitment for year 3 has not been met as at 31 December 2014.

On 10 February 2015, the Group lodged an application for a twelve month suspension and extension of the permit. If granted, the new permit year end date for Year 3 will be 3 May 2016 and the permit will expire on 3 May 2019.

The Year 5 & 6 minimum work commitments are optional commitments.

Non-cancellable operating lease commitments

	Consolidated	
	31/12/2014	31/12/2013
	$	$
Within one year	62,008	80,293
After one year but not more than five years	-	62,008
More than five years	-	-
	62,008	142,301

Note 8. Related party transactions

During the half-year the Group paid Adelaide Equity Partners Limited consultancy fees of $nil (31 December 2013: $45,000) and share issue costs of $4,250 (31 December 2013: $nil). Directors, M L Lindh and D J Lindh are also Directors of Adelaide Equity Partners Limited. The consultancy services were paid under normal commercial terms and conditions. Amounts outstanding at balance date were $4,250 (31 December 2013: $5,500).

Note 9. Contingent liabilities

The Group has negotiated a number of bank guarantees in favour of various government authorities and service providers. The total nominal amount of these guarantees at balance date is $55,920 (2013: $54,054).

There have been no changes in relation to other contingent liabilities as set out in the 30 June 2014 financial report.

Note 10. Subsequent events

On 2 February 2015 the Group terminated the contract with the CEO, Mr Steven Noske and appointed Mr Tino Guglielmo as an Executive Director. Mr Noske received a termination payment of $175,000, equivalent to six months fixed remuneration, in accordance with the terms of his employment contract. Mr Guglielmo will receive fixed remuneration of $150,000 per annum.

On 10 February 2015 the Group applied for a 12 month suspension and extension of the Year 3 work program for Vic/P68 with the National Offshore Petroleum Titles Administrator. At the date of this report, the outcome of this application is pending.

Notes to the financial statements
For the half-year ended 31 December 2014

Note 10. Subsequent events (continued)

On 3 March 2015 the Group applied for a 12 month suspension and extension of the Year 3 work program for Vic/P41 with the National Offshore Petroleum Titles Administrator. At the date of this report, the outcome of this application is pending.

On 3 March 2015 the Group announced a fully underwritten non-renounceable Entitlements Issue. Each eligible shareholder will be entitled to subscribe for one new share for every three ordinary shares held, at an issue price of $0.005 (0.5 cents) per new share. Under the Entitlement Offer a maximum of approximately 201 million shares will be issued to raise up to approximately $1 million (before costs and expenses). The Entitlement offer is scheduled to close on the 26 March 2015.

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

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

11 Waymouth Street
Adelaide SA 5000
GPO Box 1969
Adelaide SA 5001 Australia

Tel: +61 8 8407 7000
Fax: +61 (0) 8407 7001
www.deloitte.com.au

Independent Auditor's Report to the Members of Bass Strait Oil Company Ltd

We have reviewed the accompanying half-year financial report of Bass Strait Oil Company Ltd, which comprises the condensed consolidated statement of financial position as at 31 December 2014, and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equityand the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 15.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Bass Strait Oil Company Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Deloitte.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bass Strait Oil Company Ltd is not in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

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

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our conclusion, we draw attention to Note 2 in the financial report which indicates that for the half year ended 31 December 2014 the consolidated entity incurred a net loss of $264,692 (31 December 2013 $2,465,231) and had a net cash outflow from operating activities of $381,937 (31 December 2013 $690,249). These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and extinguish its liabilities in the normal course of business.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

P J Woods
Partner
Chartered Accountants
Adelaide, 11 March 2015