

# **Oil Basins Limited**

**ABN 56 006 024 764**

## **Half-year Financial Report - 31 December 2014**

**Oil Basins Limited**  
**Contents**  
**31 December 2014**

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**Oil Basins Limited  
Corporate Directory  
31 December 2014**

Directors	Kim W McGrath (Executive Chairman) Neil F Doyle (Executive Director & CEO) Nigel H Harvey (Non-Executive Director)
Company secretary	Justin Mouchacca
Registered office	Level 4 100 Albert Road South Melbourne VIC 3205 Telephone: +61 3 9692 7222
Principal place of business	Level 4 100 Albert Road South Melbourne VIC 3205 Telephone: +61 3 9692 7222
Share register	Computershare Investor Services Pty Ltd 452 Johnson Street ABBOTTSFORD VIC 3067 Telephone: + 61 3 9415 5000
Auditor	Deloitte Touche Tohmatsu Chartered Accountants 550 Bourke Street MELBOURNE VIC 3000
Stock exchange listing	Oil Basins Limited shares are listed on the Australian Securities Exchange (ASX code: OBL)
Website	<a href="http://www.oilbasins.com.au">www.oilbasins.com.au</a>

## Operations Highlights

During the half year ended, Oil Basins Limited (**OBL** or **Company**) significantly increased its asset portfolio via:

- Booking circa 20 MMBOE of underlying 2C contingent resources (100% Judith Gas Field 2C 16.8 MMBOE and 100% R3/R1 2C 3.01MMbbls)
- OBL attains a 2.0% over-riding royalty interest in Vic/P47
- OBL books circa net 78.7 MMBOE P50 prospective potential resources in Vic/P41
- With respect to its restructured Gippsland assets, OBL's asset base is in close proximity to two existing subsea gas hubs (Patricia-Baleen and Kipper) both adjacent to Vic/P47 and two announced subsea gas hubs (Sole 2018 and Basker-Manta-Gummy 2019).

## Operated Assets

1. **Derby Block** – refer to Figure 1.

### Operations:

- EP 487 Derby Block (OBL 50% and Operator) field operations concluded in late September 2014. EP 487 Derby Environmental Plan Seismic lodged with DMP Environment (**DMP**) on 31 October 2014.
- Comments have been received from the DMP and OBL is presently planning to resubmit the final environmental plan by mid-March 2015.
- Planning continues for a 500km seismic survey commencing late in 3Q2015.

### Update on third party ownership claims:

- On 2 January 2015, Buru Energy Limited (ASX code: **BRU**) announced that it had not renewed its agreement with Backreef Oil Pty Limited (BOPL) which lapsed on 31 December 2014, and consequently its claim to a 50% interest in the Derby Block effectively lapsed.
- On 27 January 2015, Octanex NL (ASX code: **OXX**) by its wholly owned subsidiary Octanex Operations Pty Ltd (**Operations**) has, after expiry of the year extension, decided to terminate the Deed of Sale and Co-Operation made between Operations and OBL dated 23 January 2013. As a result OXX has no interest in or claim on EP 487. OBL thanks OXX for its previous support.
- On 28 November 2014, Rey Resources Limited (ASX code: **REY**) announced that its wholly owned subsidiary Rey Lennard Shelf Pty Ltd (**RLS**) had entered into a Sale and Purchase Agreement with BOPL for its 50% interest under certain prescribed terms and conditions. Subsequently, on 2 January 2015, REY advised that with BRU's withdrawal one condition had been met and that "RLS will also assume the conduct of, and bear the costs of, the SAT proceedings and outstanding legal claims on BOPL by Oil Basins in the WA District Court and Magistrates Court in connection with the expenses incurred on management of the Derby Block to date. RLS will have the ability to terminate the Agreement and be relieved from any obligation to conduct and bear the costs of these proceedings at any time on the giving of 14 days' notice to BOPL."
- At the time of this report preparation, OBL advises that it presently doesn't recognise REY's continued claims and without fully recognising OBL's rights under the binding Memoranda of Understanding with BOPL, including payment of outstanding costs, OBL will not consent to a transfer of title to REY.

### WA State Administration Tribunal:

During the 2HY2014, the Company made a formal application to the WA State Administrative Tribunal (**SAT**) under the Petroleum and Geothermal Energy Resources Act 1967 asking SAT to order rectification of the Register and to order the removal of Backreef Oil Pty Limited (**BOPL**) from the title of EP 487 (Derby Block) – refer to Figure 1.

If successful, this would mean that only OBL would remain on the title.

- An initial SAT directions hearing was held on 21 July 2014, and the full SAT hearing was heard in front of the President of SAT, Justice Curthoys, on 18 September 2014.
- The Company was then asked by SAT to make possible further submissions on a very recent judgement delivered in the WA Court of Appeal on 14 November 2014, Commissioner of State Revenue v Abbotts Exploration Pty Ltd [2014] WASCA 211, which had apparent relevance.
- The Company made the supplementary submissions on 2 December 2014 saying the observations made by the Court of Appeal in Abbotts Case support Oil Basins' submission that BOPL was not 'the applicant' for the Permit within the meaning of sections 31 and 32 of the PGER Act due to the contractual rights purportedly granted by BOPL to Buru Energy Limited.

The Company has been formally advised that the timetable for decision and reasons in the matter has been extended now until 16 March 2015 (third such extension).

### ***Payment of outstanding Cash Calls:***

- In addition to OBL seeking resolution of the on-going ownership of EP 487. OBL has commenced legal action in the WA District Court and WA Magistrates Court for non-payment of cash calls by BOPL, the total net amount immediately claimed with costs (but excluding 2013 back costs) exceeds \$180,000. Including backcosts the net amount exceeds circa \$450,000.
- Magistrates Court Proceedings – the pre-trial conference of the proceedings was heard on 13 February 2015 and the Registrar gave orders that OBL's formal pleadings to be formally lodged by 6 March 2015 and BOPL's formal defence to be lodged by 20 March 2015 for a court hearing to be set down in April 2015.
- District Court Proceedings – a confidential mediation conference of the proceedings was held on 19 February 2015. The OBL and BOPL bundles of documents being relied on are expected to be formally lodged on 20 March 2015 with then a further confidential mediation by 31 March 2015. A full hearing would be expected to commence in May 2015.

### **2. *Backreef Area*** – refer to Figure 1.

- Backreef Area (OBL Group 100% beneficial interest and Operator) East Blina-1 sump rehabilitation operations concluded 20 October 2014 with no out-of-specification contaminants reported from extensive soil testing.
- Backreef Area remains in good standing with no obligation work program commitments.
- OBL is seeking farmin interest for the wholly discretionary Backreef Deep-1 (re-entry) well.
- A new Environmental Plan Drilling and Production Testing was lodged with the regulator, DMP Environment, on 31 October 2014 but OBL has recently been advised that this will now need resubmitting in a different format.

### **3. *Offshore Carnarvon*** – refer to Figure 2.

- A new independent resource assessment was performed by 3D-Geo Pty Ltd (**3D-GEO**) to define the in-place and recoverable oil and gas resources within the Mardie and Barrow reservoirs in the Greater Cyrano Oil Field and Elimia Oil Prospect within the Company's wholly-owned R3/R1 Retention Lease.
- For the Greater Cyrano Oil Fields and Elimia Prospect the new study concluded:
- Proven P90, Probable P50 and Possible P10 oil-originally-in-place resources (STOOIP) are independently assessed at 9.7 MMstb, 13.4 MMstb and 20.9 MMstb respectively.
- The overall percentage STOOIP upgrades amount to
  - P90 by 74% to 9.7 MMstb

- P50 by 28% to 13.4 MMstb
- P10 by 10% to 20.9 MMstb
- Using standard SPE PRMS guidelines with respect to recovery factors (ie adopting 10%, 15% and 20%), the Proven P90, Probable P50 and Possible P10 recoverable prospective oil resources (including contingent recoverable oil resources) are independently assessed at 2.08 MMstb, 2.68 MMstb and 4.10 MMstb respectively.
- When resources from the Nasutus Extension in R3/R1 (from the nearby Apache Energy operated Retention Lease R5) are included, the overall recoverable prospective oil resources within R3/R1 (including contingent recoverable oil resources) are independently assessed at 2.28 MMstb, 3.01 MMstb and 4.59 MMstb respectively.
- R3/R1 is in good standing with a modest work program commitment of \$200,000 in Year 4 ending October 2015.

#### **4. Offshore Gippsland** – refer to Figure 3.

- In November 2014 OBL elected not to surrender but to increase its interest in offshore exploration permit Vic/P47 Gippsland Basin from a 25% Non-operated interest to a 100% Operated-interest. Permit Vic/P47 hosts the Judith Gas Field Discovery and the Moby Gas Field Location. The remaining 75% interest in Vic/P47 was acquired from the Albers Group.
- Subsequently, as designated Operator, OBL renegotiated and submitted a revised work program for a variation to the regulator, National Offshore Petroleum Titles Administrator (**NOPTA**), for the Vic/P47 Year 5 work program to comprise reprocessing of 3D seismic and conducting a seismic inversion of the new reprocessed 3D in lieu of drilling an exploration well in 2015.
- On 13 December 2014 the regulator NOPTA approved OBL's variation and indicated that on a successful renewal an obligation well must be drilled in the first term, effectively by the end of 2018. This approval defers for up to 4 years a significant cost estimated at over AUD\$35 million to drill an obligation well.
- Permit Vic/P47 is in good standing with a modest work program commitment of some \$581,000 in Year 5 ending October 2016 for the QI/AVO studies.
- On 8 January 2015, OBL received formal approval and registration from the regulator NOPTA consenting to OBL's wholly owned subsidiary Oil Basins Royalties Pty Limited attaining a 2.0% over-riding royalty interest (**ORRI**) on all hydrocarbons produced within the three graticular blocks comprising offshore Gippsland Basin Permit Vic/P47 and in particular the undeveloped Judith and Moby Gasfields.
- With the ORRI now in place, OBL is seeking expressions from suitably qualified operators to acquire up to 100% of Permit Vic/P47.

#### **Non-operated Assets**

#### **Offshore Gippsland** – refer to Figure 3.

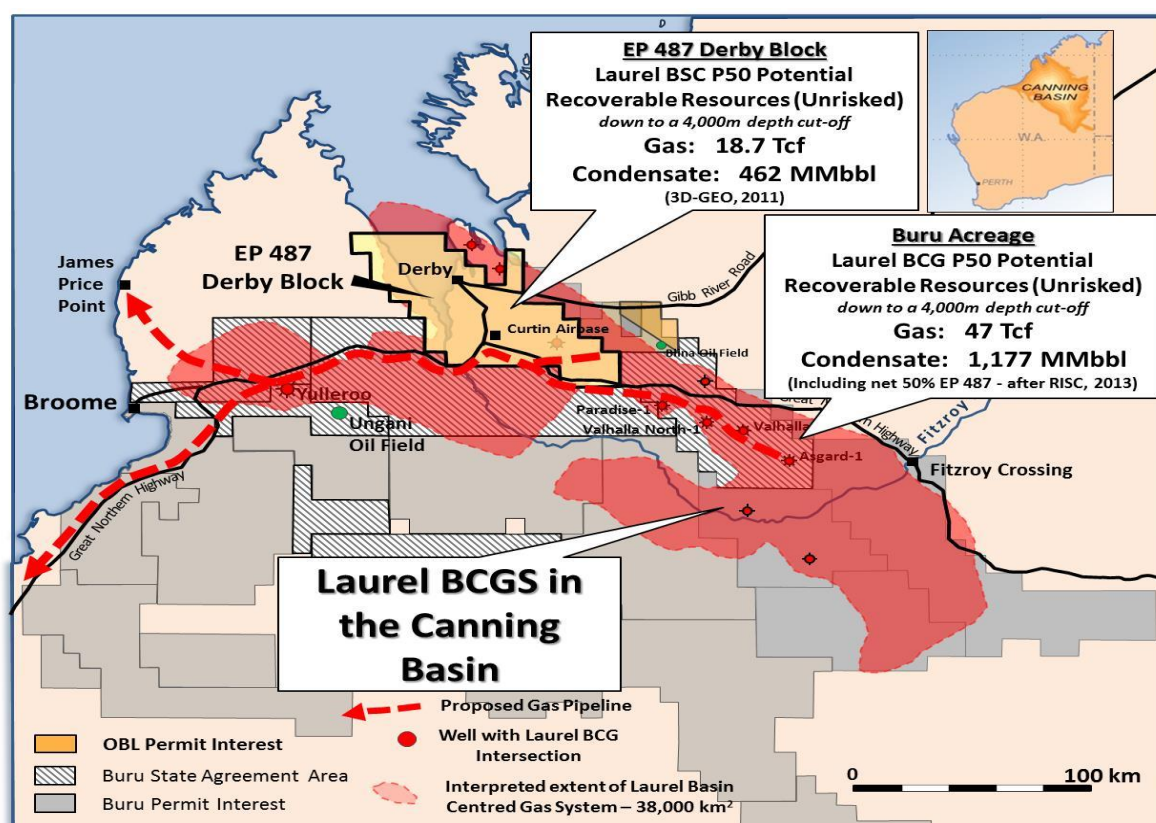
- In 2HY 2014, the Vic/P41 Joint Venture (OBL Group 35.435%) attained consent and approval of the regulator NOPTA for the suspension and extension of the current mandatory Year 3 Work Program by a period of 6 months until 28 May 2015.
- Best estimate SPE PRMS recoverable prospective resources have significantly increased over the Greater Kipling Prospect.
- A total recoverable best estimate of 1,197 BCF is mapped across the Rosedale Fault Trend within the Golden Beach formation covering Vic/P41 and Vic/P68, with the majority within Vic/P41.
- The Kipling, Kipling West and Benchley prospects are each of significant size thereby providing confidence that exploration success could lead to development.
- OBL's net best estimate recoverable prospective resource within Vic/P41 is estimated at circa 367.1 BCF and 17.5 MMbbls liquids (circa 78.7 MMBOE).

- Late in December 2014 the Vic/P41 Joint Venture (OBL Group 35.435%) attained the new seismic inversion study and work is progressing co-operatively with the operator Bass Strait Oil Company Ltd (ASX code: **BAS**) to review and critique the latest view of the Vic/P41 overall prospectively, including the possibility of requesting a further appropriate suspension from NOPTA for the Joint Venture to complete this work to define a derisked drilling location.
- The Vic/P41 Joint Venture is presently about 85% through its Year 3 Work Program gross commitment of around \$900,000.

## **Royalty Interests**

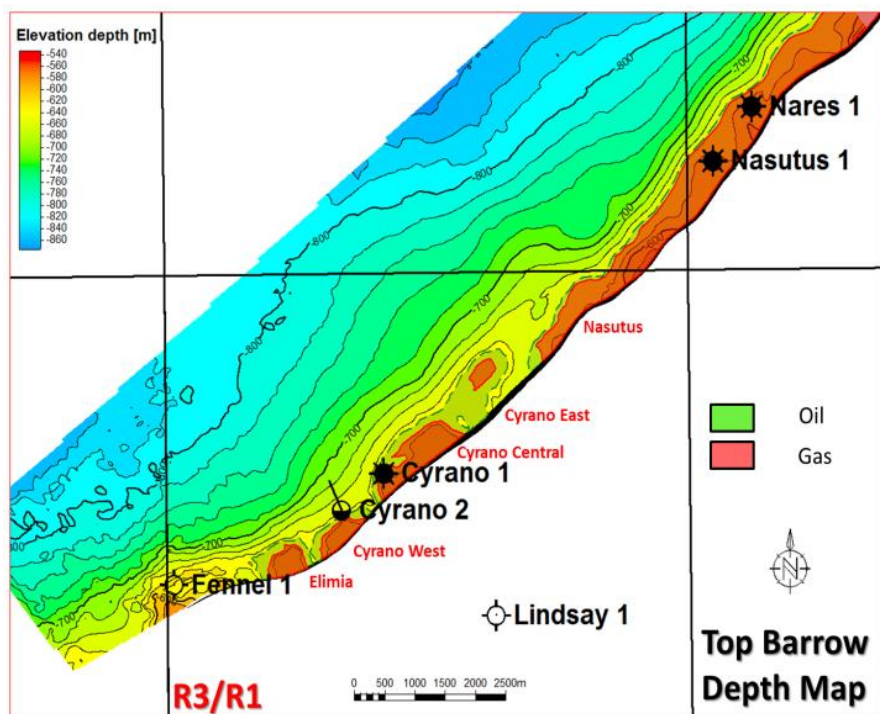
With the recent approval of a royalty in offshore Gippsland Permit Vic/P47, OBL's wholly owned subsidiary Oil Basins Royalties Pty Ltd now owns the following over-riding royalty interests (ORRI):

Cyrano R3/R1	2.0% ORRI
Judith/Moby Vic/P47	2.0% ORRI



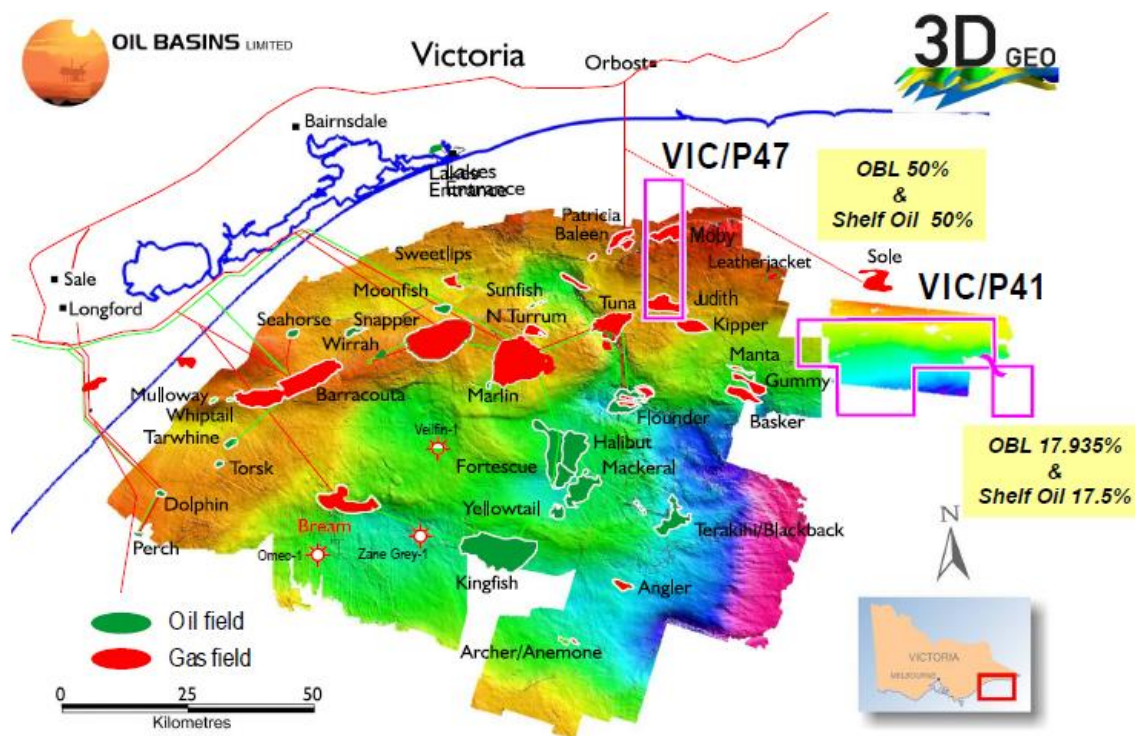
**Figure 1**

Company's exposure to the new Laurel Wet BCG Play is significant with gross a 18.7 Tcf USG P50 delineated in Derby Block down to 4000m



**Figure 2**

Company's exploration interests in the Carnarvon Basin 100% Cyrano Oil Project



**Figure 3**

Company's exploration interests in the Gippsland Basin

**Oil Basins Limited**  
**Directors' report**  
**31 December 2014**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Oil Basins Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

**Directors**

The following persons were directors of Oil Basins Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Kim W McGrath (Executive Chairman)  
Mr Neil F Doyle (Executive Director and CEO)  
Mr Nigel H Harvey (Non-Executive Director)

**Principal activities**

During the financial half-year the principal continuing activities of the consolidated entity consisted of investment in selected exploration, production and development opportunities in the upstream oil and gas sector.

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$939,152 (31 December 2013: \$864,706).

A detailed review of operations is presented on the previous pages.

**Financial Position**

The net assets of the consolidated entity increased by \$834,799 to \$5,298,577 as at 31 December 2014 (30 June 2014: \$4,463,778).

The consolidated entity's working capital, being current assets less current liabilities was in deficit at 31 December 2014, in the amount of \$262,281 (30 June 2014: deficit \$623,435). During the period the consolidated entity had a negative cash flow from operating activities of \$861,618 (2013: \$671,891) and expended \$379,022 (2013: \$144,747) in relation to exploration and evaluation activities.

**Significant changes in the state of affairs**

On 4 July 2014 the consolidated entity issued 25,335 fully paid ordinary shares through the exercise of OBLOB options at the exercise price of \$0.04 per share. On 9 July 2014 the consolidated entity completed a share placement issuing 35,000,000 fully paid ordinary shares at \$0.0125 per share raising \$437,500. The consolidated entity also continued to utilise the funding agreement with The Lind Partners Australia, LLC issuing a total of 44,494,047 fully paid ordinary shares raising a total of \$300,000.

During the period the consolidated entity announced that it would undertake a Share Purchase Plan at a price of \$0.008 per share with the maximum number of shares to be issued capped at 236 million. Following the closure of the Share Purchase Plan on 8 October 2014 the Company issued 50,625,000 fully paid ordinary shares on 10 October 2014 which raised a total of \$405,000 before costs.

On 3 July 2014 the consolidated entity received regulator, National Offshore Petroleum Titles Administrator (**NOPTA**), approval and registration to acquire a 25% interest in Offshore Gippsland Permit Vic/P47 from Strategic Energy Resources Limited (ASX code: **SER**). In consideration, the consolidated entity issued 6 million fully paid ordinary shares to SER at a deemed price of \$0.02 per share.

On 15 October 2014, the Company was advised that it had received consent and approval of the regulator NOPTA for the suspension and extension of the offshore Gippsland Permit Vic/P41 mandatory Year 3 Work Program for a period of 6 Months until 28 May 2015.

On 14 November 2014 OBL elected not to surrender but to increase its interest in offshore exploration permit Vic/P47 Gippsland Basin from a 25% Non-operated interest to a 100% Operated-interest. Permit Vic/P47 hosts the Judith Gas Field Discovery and the Moby Gas Field Location. The 75% interest in Vic/P47 was acquired from the Albers Group for \$nil consideration.

On 19 November 2014 OBL received approval from the regulator WA Department of Mines and Petroleum (**DMP**) for the suspension and extension of the Derby Block Year 1 Work Program for a further 9 months until 13 December 2015.

**Oil Basins Limited**  
**Directors' report**  
**31 December 2014**

Subsequently, as designated Operator, OBL renegotiated and submitted a revised work program for a variation to the regulator NOPTA for the Vic/P47 Year 5 Work Program to comprise reprocessing of 3D seismic and conducting a seismic inversion of the new reprocessed 3D in lieu of drilling an exploration well in 2015.

On 13 December 2014 the regulator NOPTA approved OBL's variation and indicated that on a successful renewal an obligation well must be drilled in the first term, effectively by the end of 2018, thereby deferring for up to 4 years a significant cost estimated at over AUD\$35 million.

Permit Vic/P47 is in good standing with a more modest NOPTA approved work program commitment of \$581,000 in Year 5 for the QI/AVO studies.

Subsequent to half year end the Vic/P41 Joint Venture has on 3 March 2015 lodged a formal application with NOPTA for a further 12 month suspension and extension to complete the technical studies. If the Application is approved by NOPTA no obligatory Year 4 well will be required until 28 May 2017.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Neil F Doyle  
Director & CEO

16 March 2015  
MELBOURNE

The Board of Directors  
Oil Basins Limited  
Level 4  
100 Albert Road  
SOUTH MELBOURNE VIC 3025

16 March 2015

Dear Board Members

**Oil Basins 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 Oil Basins Limited.

As lead audit partner for the review of the financial statements of Oil Basins Limited for the half-year 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

  
Craig Bryan  
Partner  
Chartered Accountant

**Oil Basins Limited**  
**Condensed Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2014**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Interest		3,266	1,946
Other income	2	10,013	-
<b>Expenses</b>			
Corporate expenses		(373,492)	(228,918)
Administration expenses		(42,251)	(72,617)
Employee benefits expense		(526,726)	(552,633)
Depreciation and amortisation expense		(9,962)	(12,484)
<b>Loss before income tax expense</b>		(939,152)	(864,706)
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Oil Basins Limited</b>		(939,152)	(864,706)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of available-for-sale financial assets, net of tax		-	88,954
Other comprehensive income for the half-year, net of tax		-	88,954
<b>Total comprehensive income for the half-year attributable to the owners of Oil Basins Limited</b>		<b>(939,152)</b>	<b>(775,752)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	13	(0.111)	(0.136)
Diluted earnings per share	13	(0.111)	(0.136)

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

**Oil Basins Limited**  
**Condensed Statement of financial position**  
**As at 31 December 2014**

		<b>Consolidated</b>	
		<b>31 December</b>	
	<b>Note</b>	<b>2014</b>	<b>30 June 2014</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		196,148	64,374
Trade and other receivables		36,200	31,361
Other		33,629	22,774
Total current assets		<u>265,977</u>	<u>118,509</u>
<b>Non-current assets</b>			
Fair value of financial investments	3	5,400	13,850
Property, plant and equipment		24,586	34,548
Exploration and evaluation	4	5,570,728	5,071,706
Total non-current assets		<u>5,600,714</u>	<u>5,120,104</u>
<b>Total assets</b>		<u>5,866,691</u>	<u>5,238,613</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		348,953	312,418
Borrowings		-	300,000
Employee benefits		179,305	129,526
Total current liabilities		<u>528,258</u>	<u>741,944</u>
<b>Non-current liabilities</b>			
Employee benefits		39,856	32,891
Total non-current liabilities		<u>39,856</u>	<u>32,891</u>
<b>Total liabilities</b>		<u>568,114</u>	<u>774,835</u>
<b>Net assets</b>		<u>5,298,577</u>	<u>4,463,778</u>
<b>Equity</b>			
Issued capital	5	21,511,107	19,738,956
Reserves	6	585,500	583,700
Accumulated losses		(16,798,030)	(15,858,878)
<b>Total equity</b>		<u>5,298,577</u>	<u>4,463,778</u>

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

**Oil Basins Limited**  
**Condensed Statement of changes in equity**  
**For the half-year ended 31 December 2014**

<b>Consolidated</b>	<b>Contributed equity \$</b>	<b>Accumulated losses \$</b>	<b>Reserves \$</b>	<b>Total equity \$</b>
Balance at 1 July 2013	18,103,069	(9,887,038)	762,600	8,978,631
Loss after income tax expense for the half-year	-	(864,706)	-	(864,706)
Other comprehensive income for the half-year, net of tax	-	-	88,954	88,954
Total comprehensive income for the half-year	-	(864,706)	88,954	(775,752)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	777,857	-	-	777,857
Share-based payments	640,000	-	-	640,000
Balance at 31 December 2013	<u>19,520,926</u>	<u>(10,751,744)</u>	<u>851,554</u>	<u>9,620,736</u>
<b>Consolidated</b>	<b>Contributed equity \$</b>	<b>Accumulated losses \$</b>	<b>Reserves \$</b>	<b>Total equity \$</b>
Balance at 1 July 2014	19,738,956	(15,858,878)	583,700	4,463,778
Loss after income tax expense for the half-year	-	(939,152)	-	(939,152)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(939,152)	-	(939,152)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	1,772,151	-	-	1,772,151
Revaluation Reserve	-	-	1,800	1,800
Balance at 31 December 2014	<u>21,511,107</u>	<u>(16,798,030)</u>	<u>585,500</u>	<u>5,298,577</u>

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

**Oil Basins Limited**  
**Condensed Statement of cash flows**  
**For the half-year ended 31 December 2014**

	<b>Consolidated</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees (inclusive of GST)	(857,784)	(673,837)
Interest received	3,266	1,946
Interest and other finance costs paid	(7,100)	-
	<u>(861,618)</u>	<u>(671,891)</u>
Net cash used in operating activities		
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	-	(2,524)
Payments for exploration and evaluation	(379,022)	(144,747)
Proceeds from sale of investments	20,263	-
	<u>(358,759)</u>	<u>(147,271)</u>
Net cash used in investing activities		
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	1,703,513	825,000
Repayment of borrowings	(300,000)	-
Payments for capital raising costs	(51,362)	(47,143)
	<u>1,352,151</u>	<u>777,857</u>
Net cash from financing activities		
Net increase/(decrease) in cash and cash equivalents	131,774	(41,305)
Cash and cash equivalents at the beginning of the financial half-year	64,374	104,509
	<u>196,148</u>	<u>63,204</u>
Cash and cash equivalents at the end of the financial half-year		

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

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

**Basis of preparation**

The consolidated financial statements have been prepared on the basis of historical cost. Historical cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian Dollars, unless otherwise stated.

**New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

*AASB 10 Consolidated Financial Statements*

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged. Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

*AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The consolidated entity has applied AASB 2012-2 from 1 January 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

**Note 1. Significant accounting policies (continued)**

*AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*

The consolidated entity has applied AASB 2013-3 from 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

*AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting*

The consolidated entity has applied AASB 2013-4 from 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations.

*AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities*

The consolidated entity has applied AASB 2013-5 from 1 January 2014. The amendments allow entities that meet the definition of an 'investment entity' to account for their investments at fair value through profit or loss. An investment entity is not required to consolidate investments in entities it controls, or apply AASB 3 'Business Combinations' when it obtains control of another entity, nor is it required to equity account or proportionately consolidate associates and joint ventures if it meets the criteria for exemption in the standard.

*AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (Part B)*

The consolidated entity has applied Part B of 2013-9 from 1 January 2014, which amends particular Australian Accounting Standards to delete references to AASB 1031 Materiality as part of the AASB's aim to eventually withdraw AASB 1031.

*Interpretation 21 Levies*

The consolidated entity has applied Interpretation 21 from 1 January 2014. The Interpretation clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.

*AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)*

The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

*AASB 1031 'Materiality'*

AASB 1031 'Materiality' removes the Australian guidance on materiality that is not available in IFRSs. This change would not change the level of disclosure presently specified by other accounting standards. The adoption of AASB 1031 does not have any material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

**Note 1. Significant accounting policies (continued)**

**Going concern**

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

For the six months ended 31 December 2014, the consolidated entity incurred a loss after tax of \$939,152 (2013:\$775,752) and had net cash outflows from operating and exploration activities of \$1,240,640 (2013: \$816,638). At 31 December 2014 the consolidated entity had net current liabilities of \$261,964 and net assets of \$5,298,577 (30 June 2014: \$4,463,778).

The consolidated entity currently does not have any production income and in order to continue as a going concern, is therefore reliant on:-

- (i) raising additional equity capital or debt funding;
- (ii) receiving the proceeds from either the full or partial sale of its existing tenement portfolio;
- (iii) securing farm-out arrangements of its existing tenement portfolio; or
- (iv) a combination of the above

where existing cash reserves are insufficient to fund the consolidated entity's forecast exploration and development plan and corporate costs.

During and since the end of the financial period, the directors have taken a number of steps to ensure that the consolidated entity can continue to fund its operations and further explore and develop the consolidated entity's tenements. These steps comprise:-

- a share placement on 24 September 2014 for the issue of 70,000,000 fully paid ordinary shares at an issue price of \$0.008 per share raising a total of \$560,000;
- a Share Purchase Plan with existing shareholders on 10 October 2014 with 50,625,000 fully paid ordinary shares being issued at a price of \$0.008 per share raising a total of \$405,000;
- continuing its funding arrangement with The Lind Partners Australia, LLC ("Lind") and issuing a total of 44,494,047 fully paid ordinary shares which raised a total of \$300,000; and
- completing a share placement on 9 January 2015 for the issue of 47,000,000 fully paid ordinary shares at an issue price of \$0.005 per share raising a total of \$235,000.

While the consolidated entity has a demonstrable track record of raising funds which historically has been supported by its shareholders, the ability of the consolidated entity to continue as a going concern for the coming year is dependent on the following factors occurring:-

- i. the consolidated entity's ability to raise additional equity capital;
- ii. the consolidated entity's ability to secure additional debt funding if required; and
- iii. the consolidated entity's ability to realise its interests in the existing tenement portfolio or secure farm-out arrangements for the consolidated entity's tenements if required.

The directors have prepared a detailed cash flow forecast through to 30 June 2016 and based on budgeted expenditure the consolidated entity will be required to raise additional funds of approx. \$3m (via a combination of the above factors) over the next twelve months. This cashflow forecast includes allowance for:-

- (i) an equity raising of no less than \$500,000 by 31 March 2015;
- (ii) the receipt of \$450,000 owing from unpaid exploration cash calls by 30 April 2015; and
- (iii) the re-instatement of the Lind funding agreement resulting in monthly loan drawdowns of no less than \$100,000 per month.

**Note 1. Significant accounting policies (continued)**

**Going concern (continued)**

On the basis that the consolidated entity achieves successful outcomes in relation to the above matters, cash flow forecasts prepared by management assuming minimum cash burn to maintain its assets and manage corporate overheads, demonstrate that the consolidated entity has sufficient funds to meet its commitments over the next twelve months, and for this reason the financial statements have been prepared on the basis that the consolidated entity is a going concern.

In the event that the consolidated entity is unsuccessful in the matters set out above, there is a material uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

**Note 2. Other income**

	<b>Consolidated</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>\$</b>	<b>\$</b>
Gain on sale of available-for-sale financial assets	10,013	-

**Note 3. Non-current assets - Fair value of financial investments**

	<b>Consolidated</b>	
	<b>31 December 2014</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
Available-for-sale investments	5,400	13,850

All financial assets held by the consolidated entity at fair value are valued in accordance with AASB 13, using Level 1 of the fair value hierarchy - quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair values of the financial assets held have been determined by reference to the quoted price of Strategic Energy Resources (ASX code :SER) on the ASX at 31 December 2014.

**Note 4. Non-current assets - exploration and evaluation**

	<b>Consolidated</b>	
	<b>31 December 2014</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation - at cost	5,570,728	5,071,706

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

**Oil Basins Limited**  
**Notes to the financial statements**  
**31 December 2014**

**Note 4. Non-current assets - exploration and evaluation (continued)**

On 8 July 2014 the Company announced that it had acquired a 25% interest in the Offshore Gippsland Permit Vic/P47 from Strategic Energy Resources Limited (ASX code: SER). Under the terms of the agreement the company issued 6,000,000 fully paid ordinary shares at \$0.02 (2 cents) per share. The ownership of Vic P47 was divided equally between OBL and OBL's wholly owned subsidiary Shelf Oil Pty Ltd.

On 14 November 2014 OBL elected not to surrender but to increase its interest in offshore exploration permit Vic/P47 Gippsland Basin from a 25% Non-operated interest to a 100% Operated-interest. Permit Vic/P47 hosts the Judith Gas Field Discovery and the Moby Gas Field Location. The 75% interest in Vic/P47 was acquired from the Albers Group for a \$nil consideration. The ownership of Vic P47 was again divided equally between OBL and OBL's wholly owned subsidiary Shelf Oil Pty Ltd.

**Note 5. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 December 2014 Shares</b>	<b>30 June 2014 Shares</b>	<b>31 December 2014 \$</b>	<b>30 June 2014 \$</b>
Ordinary shares - fully paid	<u>928,887,360</u>	<u>722,742,978</u>	<u>21,511,107</u>	<u>19,738,956</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>No of shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2014	722,742,978		19,738,956
OBLOB Option Conversion	4 July 2014	25,335	\$0.0400	1,013
Acquisition of 25% of Vic P/47	8 July 2014	6,000,000	\$0.0200	120,000
Placement	9 July 2014	35,000,000	\$0.0125	437,500
Lind Tranche T4	8 August 2014	9,375,000	\$0.0080	75,000
Lind Tranche T5	11 September 2014	14,285,714	\$0.0070	100,000
Placement	24 September 2014	70,000,000	\$0.0080	560,000
Share Purchase Plan	10 October 2014	50,625,000	\$0.0080	405,000
Lind Tranche T6	15 October 2014	20,833,333	\$0.0060	125,000
Capital raising costs		-		(51,362)
Balance	31 December 2014	<u>928,887,360</u>		<u>21,511,107</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Note 6. Equity - reserves**

	<b>Consolidated</b>	
	<b>31 December 2014 \$</b>	<b>30 June 2014 \$</b>
Available-for-sale reserve	3,100	1,300
Options reserve	<u>582,400</u>	<u>582,400</u>
	<u>585,500</u>	<u>583,700</u>

**Note 7. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Note 8. Contingent liabilities**

As a result of participation in the Nyikina Mangala native title case (WAD6099/1998), the Company has been presented by the Kimberley Land Council ('KLC') on behalf of the native title applicants with Bills of Costs for \$186,548 and \$77,432. The Company has formally objected in the taxing process to these Bills of Costs being served on the Company saying the native title applicants (and therefore the Company) have no legal liability to pay these costs as the KLC (the representative body) is federally funded for this purpose and provides the services without invoice or cost to the native title applicants. The Company has alternatively submitted that the Bills of Cost, which the Company believes contain irrelevant, unsubstantiated or inappropriate matters and amounts, should be taxed at 'Nil'. Any adjustment arising from the result of this taxing process, or any settlement reached, may impact future cash flows.

**Note 9. Commitments**

	<b>Consolidated</b>	
	<b>31 December</b>	<b>30 June 2014</b>
	<b>2014</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<i>Exploration and evaluation</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	2,191,435	1,645,000
One to five years	15,008,653	14,877,500
More than five years	575,000	575,000
	<u>17,775,088</u>	<u>17,097,500</u>

**Derby Block EP487**

On 28 February 2014 OBL was formally offered by the WA Department of Mines & Petroleum ('DMP') the Offer documents and Request for Grant pro-forma for application 5/07-8 EP. On behalf of the Joint 5/07-8 EP Applicants, OBL as operator on 7 March 2014 formally lodged acceptance of the Offer. On 21 March 2014, the Company was formally advised by the Minister for Mines and Petroleum of the grant of petroleum exploration permit EP 487 (Derby Block) effective from 14 March 2014. OBL 50% and Operator immediately called meetings with affected permit parties and prepared tenders for the 2014 Work Program and met with the DMP to review and discuss/revise the work program to take into account DMP advice.

Despite non-attendance by other stakeholders, EP 487 Derby Block (OBL 50% and Operator) operations commenced and presently OBL is paying 100% of the work program cash calls as it is in dispute with Backreef Oil Pty Limited for non-payment of cash calls since 14 March 2014. OBL took this matter to the WA District Court for expedited resolution in October 2014.

In addition, OBL is seeking resolution of the ownership of EP 487 and has commenced legal action at the WA State Administrative Tribunal to attain 100%. The SAT President has advised that a decision will be handed down by 16 March 2015. Terrex have confirmed to OBL at a meeting in Perth on 13 February 2015 that a seismic crew will be available to commence work in September 2015. Depending upon Traditional Owner clearance approvals the 500km work program may need to be split over two years with the northern smaller area being surveyed first at a substantial gross cost reduction (circa \$1 million) with the Year 1 extended by another circa 6 months.

### **Cyrano R3/R1**

R3/R1 is a Retention Lease (RL) where Oil Basins Limited is operator and has 100% interest in the tenement. The RL has a minimum annual expenditure commitment of \$200,000 including relevant administration costs (to encompass further geological and geophysical studies, including those relating to the Nasutus Oil Field extension into R3, and advanced engineering studies for a possible scoping of a staged low-cost development / Extended Well Test). The impact of the year 3 work program was to significantly increase to over 3 MMbbls from the Greater Cyrano Project (refer to ASX release on 10 December 2014). Under the work program OBL is required to spend \$200k per annum on geological and geophysical and/or new engineering studies. If OBL cannot farmout in the first half of 2015, OBL is presently considering commissioning in Year 4 further studies to better assess the recoverable oil resources and/or a new pre-front-end engineering study by a Singapore based Mobile Offshore Production Unit (Jackup) provider to review the application costs of their new low cost re-deployable modular equipment to assist with assessment of standalone project economics in Year 5.

### **Vic P/41**

Indicative expenditure commitments include minimum work obligations for the initial 3 year period of exploration (and thereafter annually) and obligations arising from farm-in arrangements. The Group is dependent on certain factors to be able to meet these minimum work requirements. These are set out in the Notes below:

The permit is in Year 3 of a second term. The Year 1 work programme was for geological and geophysical studies and was completed on time. The Year 2 committed work program consisted of 3D seismic reprocessing, fault seal and qualitative interpretation studies. The committed work program for Year 3 consists of geological and geophysical studies. The Year 4 work program has an optional well commitment (refer to the Notes below).

In December 2014, the Vic/P41 Joint Venture attained the new seismic QI/AVO and work has been progressing to review and assess/critique this latest view of Vic/P41's overall prospectively. It is now evident that this expensive work (managed by Cooper Energy Limited on behalf of operator Bass Strait Oil Company Ltd) has certain fundamental deficiencies/flaws and cannot be adequately QC assessed/corrected in time to complete the definition of a re-risked drilling location for the operational Year 4 work program.

On 3 March 2015, the Joint Venture claimed force majeure and has lodged a 12 month Suspension and Extension Application with NOPTA. The Year 4 well commitment of gross \$30,000,000 is optional if the Joint Venture commits to Years 4 and 5 at the end of Year 3.

Failure of approval by NOPTA of the proposed work program changes in Vic/P41 will (in the absence of a farmin) see the OBL Group immediately withdrawing from permit Vic/P41 to avoid the well obligations (\$10.635 million in Vic/P41).

The OBL Group will also rely on taking appropriate steps, including:

- Meeting its additional obligations by either farmout or partial sale of the Group's exploration interests;
- Raising capital by one or a combination of the following: placement of shares, pro-rata issue to shareholders, the exercise of outstanding share options, and/or further issue of shares to the public;
- In some circumstances, subject to negotiation and approval, minimum work requirements may be varied or suspended, and/or permits may be surrendered or cancelled; and/or
- Other avenues that may be available to the Group.

**Oil Basins Limited**  
**Notes to the financial statements**  
**31 December 2014**

**Note 10. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 31 December	
		2014 %	30 June 2014 %
OBL Backreef No.10 Pty Ltd	Australia	100.00%	100.00%
Canning Basin Oil Limited	Australia	100.00%	100.00%
Wantok Oil Limited	Papua New Guinea	100.00%	100.00%
Oil Basins Royalties Pty Ltd	Australia	100.00%	100.00%
Shelf Oil Pty Ltd	Australia	100.00%	100.00%
Backreef Energy Pty Ltd	Australia	100.00%	100.00%

**Note 11. Events after the reporting period**

On 2 January 2015, Buru Energy Limited (ASX code: **BRU**) announced that it had not renewed its agreement with Backreef Oil Pty Limited (**BOPL**) which lapsed on 31 December 2014, and consequently its claim to a 50% interest in the Derby Block effectively lapsed. As a result BRU has no interest in or claim on Derby Block (EP487).

On 8 January 2015, OBL received formal approval and registration from the regulator NOPTA consenting to OBL's wholly owned subsidiary Oil Basins Royalties Pty Limited attaining a 2.0% over-riding royalty interest (**ORRI**) on all hydrocarbons produced within the three graticular blocks comprising offshore Gippsland Basin Permit Vic/P47 and in particular the undeveloped Judith and Moby Gasfields.

On the 9 January 2015 the consolidated entity undertook a share placement issuing 47,000,000 fully paid ordinary shares at an issue price of \$0.005 (0.5 cents per share) raising a total of \$235,000 before costs. The issue was to fund working capital and ongoing projects.

On the 27 January 2015 a wholly owned subsidiary of Octanex NL (ASX code : **OMX**) by its wholly owned subsidiary Octanex Operations Pty Ltd (**Operations**) announced that it had terminated the Deed of Sale and Co-Operation between Operations and OBL dated 23 January 2013. As a result OMX has no ongoing interest in or claim on Derby Block (EP487).

On the 4 February 2015 the consolidated entity announced a sixty day suspension of its funding agreement with The Lind Partners Australia, LLC until 31 March 2015.

No other matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 12. Non-cash investing and financing activities**

	Consolidated	
	31 December 2014 \$	31 December 2013 \$
Acquisition of Petroleum Exploration Permit Vic/P47	120,000	-

On the 8 July 2014 the Company issued 6 million fully paid ordinary shares at a deemed price of \$0.02 per share as part consideration for acquiring a 25% interest in the Offshore Gippsland Petroleum Exploration Permit Vic/P47 to be held equally between OBL and its wholly owned subsidiary Shelf Oil Pty Ltd.

**Oil Basins Limited**  
**Notes to the financial statements**  
**31 December 2014**

**Note 13. Earnings per share**

	<b>Consolidated</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Oil Basins Limited	<u>(939,152)</u>	<u>(864,706)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>848,411,852</u>	<u>635,449,331</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>848,411,852</u>	<u>635,449,331</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.111)	(0.136)
Diluted earnings per share	(0.111)	(0.136)

**Oil Basins Limited**  
**Directors' declaration**  
**31 December 2014**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Neil F Doyle  
Director & CEO

16 March 2015  
MELBOURNE

## **Independent Auditor's Review Report to the Members of Oil Basins Limited**

We have reviewed the accompanying half-year financial report of Oil Basins Limited, which comprises the condensed statement of financial position as at 31 December 2014, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity 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 10 to 23.

### *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 gives a true and fair view and 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 Oil Basins Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

## *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

## *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 Oil Basins Limited 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 Accounting Standard AASB 134 *Interim Financial Reporting* 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 the consolidated entity incurred a net loss of \$939,835 and had net cash outflows from operating and exploration activities of \$1,240,640 during the half year ended 31 December 2014. These conditions, along with other matters set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the company and consolidated entity's ability to continue as going concerns and therefore, the company and consolidated entity may be unable to realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the half year financial report.

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU

  
Craig Bryan  
Partner  
Chartered Accountants  
Melbourne, 16 March 2015