BASS STRAIT OIL COMPANY LTD

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2015

CORPORATE DIRECTORY

ABN 13 008 694 817

Directors
Peter F Mullins, Chairman (Appointed 16 December 2014)
Giustino Guglielmo (Appointed 16 December 2014)
Hector M Gordon (Appointed 27 October 2014)
Mark L Lindh (Appointed 16 December 2014)
John L C McInnes OAM (Resigned 16 December 2014)
Andrew P Whittle (Resigned 16 December 2014)
David J Lindh OAM (Resigned 16 December 2014)

Executive Director
Giustino Guglielmo (Appointed 2 February 2015)

Company Secretary
Robyn M Hamilton

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

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Principal Administration Office
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Share Registry
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Telephone +61 (3) 9615 9800
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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

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FORWARD LOOKING STATEMENTS

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

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

CHAIRMAN'S MESSAGE FOR 2015 ANNUAL REPORT

On behalf of the Board I present to you the Annual Report of Bass Strait Oil Company (Bass) for the year ended 30th June 2015.

This year has seen your company take the first steps in what is likely to prove a significant transformation for Bass. The need for this transformation has been known to your Directors for some time and has now been well documented in the financial press, namely the downturn in the commodity markets and the loss of desire in equity markets for investments in small non-producing oil and gas explorers.

Last year at the AGM, shareholders were asked to appoint a new Board of Directors following the resignation of the previous Board. The new board sought and received approval to subscribe for a significant share placement providing much needed capital to Bass. Subsequently, Bass successfully concluded a fully underwritten rights issue to provide additional working capital to the company.

The Company is grateful for the support of new and existing major shareholders and the support from smaller shareholders for the rights issue. This support is seen as a demonstration of confidence in the future economic potential of Bass' assets and the ability of the Bass team to realise that potential.

The working capital raised has been applied to the mapping of Bass' core Gippsland basin permits, Vic/P41 and Vic/P68. The focus of this work has been to enhance the prospectivity of these permits.

Your Board's belief in these permits being the basis for providing both increased shareholder value and funds to enable your company to seek out new opportunities is based on anticipated shortage of gas on the East Coast of Australia leading to higher gas prices and heightened focus by the Industry in the Gippsland Basin. The acquisition by our largest shareholder, Cooper Energy, of a 50% interest in the Sole gas field development as well as their 65% equity in the Basker Manta Gummy production licences gives the Board confidence that any identified prospects in our Vic/P41 and Vic/P68 permits will attract potential farm-in partners.

Bass has a portfolio heavily weighted to the offshore environment. The offshore environment is characterized by a long gestation period of prospect maturation and drilling. Bass has commenced a review of new business opportunities that can balance the Company's portfolio providing lower risk and lower cost growth options over shorter time horizons. This work is ongoing.

Concurrently Bass has been taking prudent steps to reduce the company's cost base in this commercial environment. Such steps include maintaining Directors fees at 50% of previous levels, an initiative commenced by the previous Board, as well as maintaining a tight cost focus.

In the coming year the company will continue to pursue opportunities to add value to Bass by seeking farm-in arrangements or the sale of existing permits and to seek out new business opportunities which are becoming increasingly available in this business environment.

Finally, I wish to thank the previous Board and my fellow Directors for their diligent attention to the affairs of your Company and thank you, the shareholders, for your ongoing support in what has been a challenging year.

Peter Mullins
Chairman
2 September 2015

EXECUTIVE DIRECTOR'S REPORT

Overview

The 2015 Financial year has been a challenging year both in our industry and equity markets.

The Company, with the overwhelming support of its shareholders, has been able to weather the storm and continue to examine opportunities to position the company for growth within its existing portfolio and seeking out new business opportunities. Highlights for the year were:

- The Company successfully raising over $1.4 million of new capital via a placement to Directors and a fully underwritten 1 for 3 rights issue.
- The Company achieved a work program variation along with permit suspensions and extensions in Vic/P41 and Vic/P68 allowing the commencement of a prospectivity review of its core Gippsland basin permits.
- The ongoing technical evaluation across Vic/P41 and Vic/P68 provides encouragement on the potential of these permits to host commercial hydrocarbons.
- Bass' largest shareholder, Cooper Energy acquiring a 50% interest in the Sole gas field development adding to their Gippsland basin holdings in the Basker Manta Gummy production licenses. All these field are immediately adjacent to the Company's core assets in Vic/P41 and Vic/P68.
- New Executive Director appointed with the immediate focus to review the forward expenditure and the corporate strategy.

Corporate Strategy

During the year the Board and management completed a review of the Company's strategy. The outcome of the review called for maintaining a tight reign on costs, the commencement of a review of the prospectivity of its core Gippsland basin permits and the commencement of a review of new business opportunities.

This year an extensive technical evaluation has enabled the most reliable prospectivity review of this area of the Gippsland basin to ever be undertaken. The review is nearing completion and yielding pleasing results. The review will be completed before year end and will assist the company in its efforts to attract farm-in partners for its core permits, Vic/P41 and Vic/P68.

Bass has commenced a rigorous search to identify new opportunities in onshore oil and gas plays in Australia and adjacent neighbours. In this market there are increasing numbers of valuable producing properties are being listed for divestment by companies wishing to rationalise their portfolios. A number of opportunities are under review and active consideration. Once any of these meet the Company's investment criteria they will be progressed through an acquisition process.

Exploration Projects

An update of the exploration activities in each of our permits is as follows:

GIPPSLAND BASIN OFFSHORE

Bass is the holder of interests in two adjacent exploration permits offshore in the Gippsland basin. The two permits, Vic/P41 and Vic/P68 are located approximately 40 kilometers south of the Victorian coast line. Both permits lie on an easterly extension of proven producing trends.

These permits provide Bass exposure to the valuable East coast gas markets at a time where the demand for gas in this market is experiencing a 'once in a generation' step change increase in demand due to the construction and commissioning of the LNG plants in north Queensland.

During the year a significant seismic Pre-Stack Time Migration (PSTM) and Quantitative Interpretation (QI) processing program was completed. Using these data the geoscience team conducting a detailed prospectivity review in these permits have identified oil and gas opportunities similar to and on trend with the Longtom, Basker/Manta/Gummy and Kipper fields.

The team has identified a number of follow up oil targets on trend with Bass' wholly owned Leatherjacket oil discovery contained in the Vic/P68 permit. Mapping and integrating additional vintage 2D seismic acquired over the Leatherjacket discovery has identified the potential for a significant increase in the recoverable resource potential.

EXECUTIVE DIRECTOR'S REPORT (Continued)

Leatherjacket was drilled by Esso in 1986 and discovered a net oil column of over 20 metres in the highly productive upper LaTrobe group. The next step is to commence planning a small 3D seismic survey targeting the oil play over and around the Leatherjacket discovery.

This prospectivity review is scheduled for completion before 31 December 2015 following which the company will be in a position to approach key players in the Gippsland basin or with an interest in entering the basin with a view to attracting a farmin partner to progress the identified opportunities.

Vic/P68: BAS 100% and Operator

Exploration permit Vic/P68 lies to the west of Vic/P41 in the offshore Gippsland Basin with water depths increasing from 50 to 150 metres towards the southeast. This block comprises 1074 km2 and contains two primary play trends; the Rosedale Fault Trend and the Lake Wellington Fault Trend.

During the year the National Offshore Titles Authority (NOPTA) approved a 6 month suspension of the work program for Vic/P68.

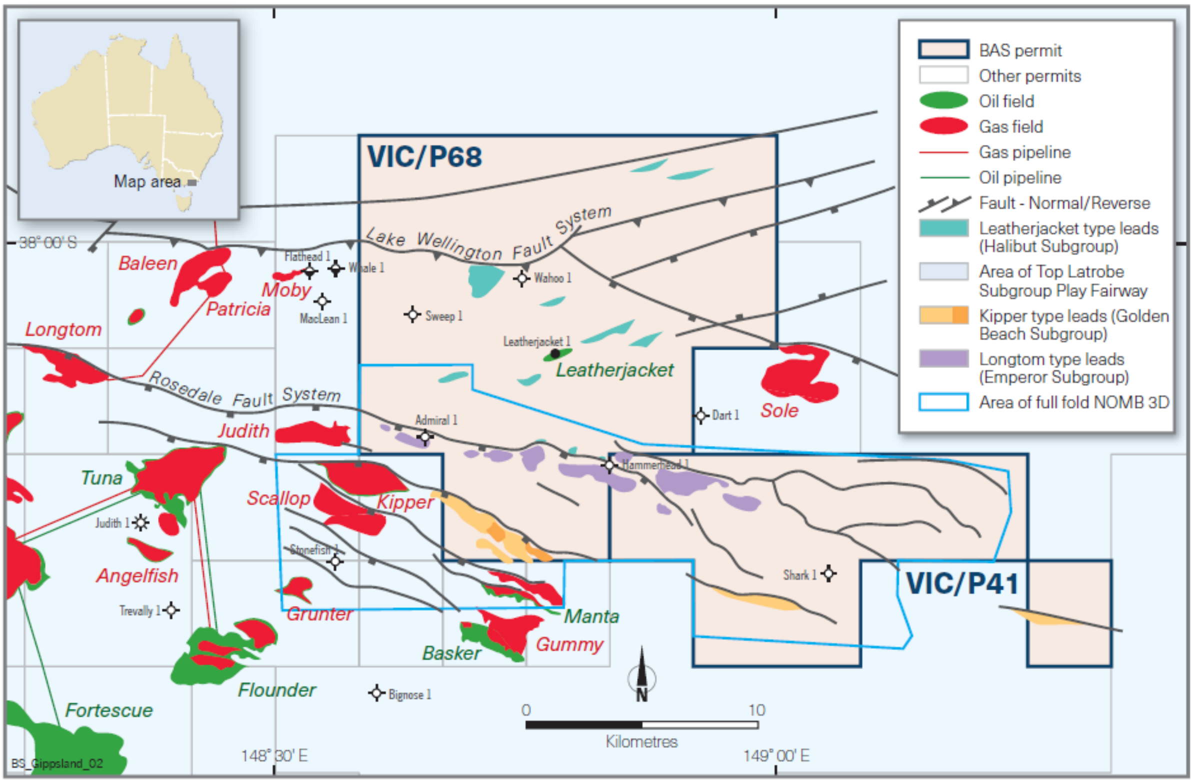

Figure 3: 3D Seismic reprocessing across Vic/P41 and Vic/P68

The Company shortly will be applying to NOPTA for a further 12 month suspension and extension of this permit.

Vic/P41: BAS 64.565% and Operator

Exploration permit Vic/P41 (539 km2) is located to the east of Vic/P68 in the offshore Gippsland Basin, approximately 40 kilometres south of the Victorian coast.

During the year the National Offshore Titles Authority (NOPTA) approved a 6 month suspension of the work program along with a six month extension of the permit term for Vic/P41.

The Company shortly will be applying to NOPTA for a further 12 month suspension and extension of this permit.

EXECUTIVE DIRECTOR'S REPORT (Continued)

OTWAY BASIN ONSHORE

PEP 150: BAS 15%

This permit of 3,253 km2 is located near Portland and contains the 1989 Lindon and 1995 Digby 1 wells, both of which recovered oil on test. On 26 August 2013 the petroleum permit PEP 150 in the onshore Otway Basin was awarded to a consortium operated by Beach Petroleum Ltd. The permit is considered to be prospective for both oil and gas in the Sawpit and Casterton Formations, in both conventional and unconventional plays. Initial activity is expected to consist of acquisition of 3D and/or 2D seismic data.

Minimal activity and expenditure has been undertaken in the permit this year given that exploration activities in the permit are subject to a Victorian government moratorium on petroleum operations.

As a result of the moratorium the joint venture has applied to the authorities for a further suspension of the work program and extension of the permit term. If approved, the permit year 1 will be extended to 25 August 2016 and the permit term will be extended to 25 August 2020.

On 26 May the Victorian Legislative Council resolved that the Environment and Planning Standing Committee inquire into Unconventional Gas in Victoria. Submissions to the Committee by all interested parties closed 10 July 2015. The Committee is required to report no later than 1 December 2015. Therefore only minimum work has been carried out.

Giustino Guglielmo
Executive Director
2 September 2015

DIRECTORS' REPORT

The Directors present their report on the results of Bass Strait Oil Company Ltd consolidated entity ("BAS" or "the Company" or "the Group") for the year ended 30 June 2015.

DIRECTORS

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

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

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

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

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

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

Mr Mullins served on the audit committee during the period.

Giustino (Tino) Guglielmo BEng (Mech) – Executive director (*Appointed 16 December 2014*)

Mr Guglielmo is the Principal of a specialist advisory consultancy, Petroleum Advisors. He is a Petroleum Engineer with over 33 years of technical, managerial and senior executive experience in Australia and internationally.

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

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

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

Mr Guglielmo served on the audit committee during the period.

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

Mr Gordon currently serves on the Board of Cooper Energy Limited as an Executive Director – Exploration and Production. Mr Gordon is a geologist with over 35 years' experience in the petroleum industry. Mr Gordon was previously Managing Director Somerton Energy Limited until it was acquired by Cooper Energy in 2012. Previously, he was an Executive Director with Beach Energy Limited where he was employed for more than 16 years. In this time Beach Energy experienced significant growth and Mr Gordon held a number of roles including Exploration Manager, Chief Operating Officer and, ultimately, Chief Executive Officer.

Mr Gordon's previous employers also include Santos Limited, AGL Petroleum, TMOC Resources, Esso Australia and Delhi Petroleum Pty Ltd.

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

DIRECTORS' REPORT (CONTINUED)

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

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

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

Mr Lindh served on the audit committee during the period.

John L C McInnes OAM BCom FCA - Chairman and non-executive independent director *(Appointed 1/10/2008, Resigned 16 December 2014)*

Mr McInnes holds an Economics and Commerce degree from the University of Melbourne and is a Chartered Accountant. He was the founding partner of McInnes Graham & Gibbs, which in 2006 merged with Mutual Trust Pty Ltd, of which he is now a non-executive director and Deputy Chairman. Mr McInnes is also currently a director of a number of listed and unlisted companies including Haoma Mining NL Group.

He is a Fellow of the Institute of Chartered Accountants in Australia and in 2007 he was awarded a Medal of the Order of Australia in recognition of his services to sport, business and the community.

Mr McInnes served on the audit committee during the period.

Andrew P Whittle BSc (Hons) - Non-executive independent director (*Appointed 9/8/2011, Resigned 16 December 2014*)

Mr Whittle has over 40 years experience in the petroleum exploration and production industries world wide, with a focus on SE Asia and Australia. His experience includes over 21 years with several affiliates of Exxon Corporation, finally in the position of Geological Manager of Esso Australia.

He is also currently Chairman of Central Petroleum Limited and is a founding Director of Petroval Australasia Pty Ltd, as well as other unlisted companies.

He is a member of the American Association of Petroleum Geologists and the Petroleum Exploration Society of Australia.

Mr Whittle served on the audit committee during the period.

David J Lindh OAM LLB – Non executive director (*Appointed 25/11/2011, Resigned 16 December 2014*)

Mr Lindh has over 30 years experience as both a lawyer and company director. Mr Lindh is currently the Chairman of ASX listed Island Sky Australia Ltd and has been the Chairman of Enterprise Energy Ltd, Orca Petroleum Ltd and Centrex Metals Ltd.

Mr Lindh is also currently Chairman of Adelaide Equity Partners Limited, a director of various other unlisted companies and a consultant with Minter Ellison lawyers in Adelaide. Mr Lindh was awarded a Medal of the Order of Australia in recognition of his services to business and equestrian sport.

Mr Lindh served as Chair on the audit committee during the period.

INTERESTS IN THE SHARES & OPTIONS OF THE COMPANY

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

	Number of Ordinary Shares	Number of Options over Ordinary Shares
P F Mullins	14,000,000	-
G Guglielmo	84,000,000	-
H M Gordon	6,666,668	-
M L Lindh (a)	116,316,634	-

DIRECTORS' REPORT (CONTINUED)

(a) Mr Lindh's interest includes 11,320,000 shares held directly and 104,996,634 shares held indirectly by a related party, South Australian Resource Investments Pty Ltd, a subsidiary of Adelaide Equity Partners Ltd.

COMPANY SECRETARY

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

DIVIDENDS

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

PRINCIPAL ACTIVITY

The principal activity during the year was exploration for oil and gas in onshore and offshore areas of south-eastern Australia. This principal activity remains unchanged from the previous financial year. The interests and exploration programs in which the Company has interests are not mature and should be regarded as highly speculative.

OPERATING AND FINANCIAL REVIEW

Operating results for year

The Company's operating loss for the year ended 30 June 2015 after income tax was $836,252 (2014: ($3,091,993)).

The administration expenses for the year have reduced to $728,019 (2014: $824,841).

At balance date, the Group was the operator of two exploration permits, which is down from the previous year when the Group operated four permits. Revenue has increased to $55,459 (2014: $32,533) during this financial year.

Review of Operations

During the financial year, the Company:

- Investigated a number of potential opportunities and farmin opportunities
- Progressed the 3D Seismic Reprocessing and Quantitative Interpretation Studies in Vic/P41 and Vic/P68.

Review of Financial Condition

Liquidity
The Group's consolidated statement of cash flows for the year recorded an increase of $93,025 (2014: decrease of $1,584,750) in cash and cash equivalents. The cash flows were derived from operating receipts of $62,505 (2014: $30,544), other receipts of $13,946 (2014: $55,881) and capital raising net of transaction costs of $1,354,535 (2014: $nil).

Cash outflows relating to operations of $1,014,089 (2014: $1,368,869) exceeded the total operating inflows. There were also cash outflows in investing activities of $323,827 (2014: $302,306) mainly relating to petroleum expenditure activities. Cash assets at 30 June 2015 were $751,625 (2014: $658,600).

CHANGES IN THE STATE OF AFFAIRS

Total equity increased to $4,956,632 from $4,403,756, an increase of $552,876. The movement was the result of capital raising of $1,354,535 partially offset by the operating loss for the year of $836,252.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The likely developments in the Group's operations in future years and the expected result from those operations are dependent on exploration success in the permit areas in which the Group currently holds an interest and the ability to fund the ongoing operations.

FUTURE PROSPECTS AND BUSINESS RISKS

The Group is exposed to a range of operational, financial and governance risks. The Group has risk management and internal control systems in place to manage business risks.

DIRECTORS' REPORT (CONTINUED)

Funding risks

The future growth of the Group is dependant on acquiring new opportunities and raising capital. Adequacy and availability of funding will, for the immediate future remain a key focus for the Group and its Shareholders. The Group will likely need to raise additional capital to implement and complete its business plans and meet all work and planned and unexpected expenditure commitments on its permits. In the unlikely event that work program commitments can not be met, permits if not surrendered, can be cancelled by the relevant authorities.

If the above mentioned additional funding is not raised, there is uncertainty regarding the ability of the Group to continue as a going concern, as set out in Note 2(c) of the financial report, the audit report contains an emphasis of matter paragraph in relation to going concern.

Regulatory risks

Operations by the Group may require approvals from regulatory authorities which may not be forthcoming, either at all or in a timely manner, or which may not be able to be obtained on terms acceptable to the Group. While the Group can reasonably believe that all requisite approvals will be forthcoming, and whilst the Group's obligations for expenditure will be predicated on any requisite approvals being obtained, the Group cannot guarantee that any or all requisite approvals will be obtained. A failure to obtain any approval would mean that the ability of the Group to participate in or develop any project, or possibly acquire any project, may be limited or restricted either in part or absolutely.

Exploration and drilling risks

Petroleum exploration involves significant inherent risks in predicting the location and nature of potential petroleum accumulations in the sub-surface. The Group cannot give any assurance that its exploration program will result in the discovery of any accumulation of oil or gas, nor that any discovery will be commercially viable or recoverable. Risks in relation to drilling operations include break-downs, delays due to weather or sea conditions and shortages of critical equipment or materials. There are also the financial and environmental risks of drilling incidents such as blow-outs, fires and oil spills. The Group mitigates these risks via its safety and environmental policies, plans and procedures and will arrange appropriate insurances for particular risks. All of these risks may materially affect the cost of drilling or other operations and adversely impact on any outcome from those operations.

In the event that exploration programs prove to be unsuccessful, this will likely lead to: a diminution in the value of any of the Group's permits subject to such unsuccessful exploration activities; a reduction in the cash reserves of the Group by virtue of the costs of such activities; possible increased difficulty in raising additional funds following any such unsuccessful activity (particularly drilling); and possible relinquishment of permits.

Discovery risks

Any discovery may not be commercially viable or recoverable. For a wide variety of reasons, not all discoveries are commercially producible.

Contract risks

The Group operates through a series of contractual relationships with operators, technical experts, project managers and contractors generally. All contracts carry risks associated with the performance by the parties of their obligations as to time and quality of work performed. Given that the Group is in joint arrangements with various other parties and has, or may, enter into farm out agreements where its obligations are assumed by others, the incapacity of those joint venturers or farminees to meet contracted obligations would adversely affect the Group's capacity to carry out its own activities.

Environmental compliance and risks

In carrying out operations, the Group and its relevant Joint Arrangement participants are required to comply with the *Environment Protection and Biodiversity Conservation Act 1999 (Cwth)* ("EPBC Act") which specifies and regulates the environmental protections needed to be put in place by operators to avoid and minimise adverse environmental impact from those operations. The EPBC Act sets out stringent conditions which operator must comply and imposes rigid conditions that must be met before operations can commence. In the event of breaching any such conditions, the Group may be liable to prosecution and the imposition of penalties.

DIRECTORS' REPORT (CONTINUED)

Further, following cessation of any production from future operations, the Group will be required to participate in abandonment programs resulting from operations in which it participates, removal of disused plant and equipment and where necessary, restoration of the environment that has been disturbed in the course of operations. The cost of that participation may be considerable if operations result in significant environmental liabilities being incurred. In such a case, any allowance made for rehabilitation could possibly be inadequate.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were no unissued ordinary shares under options (10,000,000 at 30 June 2014). There were no shares issued during the period from the exercise of options (2014: nil).

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

INDEMNIFICATION OF AUDITORS

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

DIRECTORS' MEETINGS

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

	Board Meetings		**Audit Committee**	
	Held	**Attended**	**Held**	**Attended**
P F Mullins	10	10	1	1
G Guglielmo	10	10	1	-
H M Gordon	11	11	1	1
M L Lindh	10	8	1	1
J L C McInnes	3	3	1	1
A P Whittle	3	3	1	1
D J Lindh	3	3	1	1

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (30 June 2015)

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

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

(i) Directors

P F Mullins	Chairman (Appointed 16 December 2014)
G Guglielmo	Director (Appointed 16 December 2014, Executive Director appointed 2 February 2015)
H M Gordon	Director (Non-executive) (Appointed 23 October 2014)
M L Lindh	Director (Non-executive) (Appointed 16 December 2014)
J L C McInnes	Chairman (Resigned 16 December 2014)
A P Whittle	Director (Non-executive) (Resigned 16 December 2014)
D J Lindh	Director (Non-executive) (Resigned 16 December 2014)
J A McCoy	Director (Non-executive) (Resigned 31 August 2013)

(ii) Executives

S R Noske	Chief Executive Officer (Re-appointed 29 September 2014, terminated 2 February 2015)
T A White	Chief Executive Officer (Appointed 3 December 2012, Resigned 5 December 2013)
R M Hamilton	Company Secretary

There have been no other changes to key management personnel after 30 June 2015 and before the date the financial report was authorised for issue.

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

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

Remuneration Philosophy

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

- Provide competitive rewards to attract high calibre executives.

Remuneration Structure

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

Non-Executive Director Remuneration

Remuneration policy

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

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

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (30 June 2015) (continued)

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

The table below summaries the non-executive director remuneration:

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

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

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

The remuneration of non-executive directors for the period ending 30 June 2015 and 30 June 2014 is detailed in Table 1 and 2 respectively of this Remuneration Report.

The Directors waived accrued but unpaid Directors fees for the year ended 30 June 2014 and agreed to a reduction of 50% of the above amounts for 1 July 2015 onwards, to be reassessed subsequent to a strengthening of the Company's cash position. As at the date of this report no reassessment has occurred.

Executive Remuneration

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

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

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

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

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

Fixed remuneration

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

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

Employment contracts

The company currently has no employment contracts in place.

DIRECTORS’ REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (30 June 2015) (continued)

Consultancy Services Agreements

The Group has entered into consultancy agreements with Giustino Guglielmo and Robyn Hamilton.

Details of the agreements entered into by the Group and outstanding as at 30 June 2015 are set out below:

Director	Type	Details	Term
Giustino Guglielmo	Consultancy	Minimum of 2 days per week at $150,000 per annum, from 2 February 2015.	The agreement is on a going forward basis with the Company being able to terminate the agreement, at no less than one months notice.
Robyn Hamilton	Consultancy	Minimum of 1 day per week at an agreed hourly rate, from 6 October 2014.	The agreement is on a going forward basis with the Company being able to terminate the agreement, at no less than one months notice.

Payments applicable to outgoing executives

The following arrangements applied to outgoing executives in office during the 2015 financial year:

- Mr Noske was terminated by the Company on 2 February 2015 and received a termination payment of $175,000, equivalent to 6 months fixed remuneration, in accordance with the terms of his employment contract. From 1 July 2014 through to 15 July 2014 Mr Noske received a daily rate of $1,500 per day, 3 days per week. From 15 July 2014 through to 29 September 2014 Mr Noske worked full time on a daily rate of $1,500 per day. Mr Noske was entitled to a success fee of $15,000 being 5% of the net cash consideration on the sale of the Otway Basin permits PEP167 and PEP 175. The amount is included in short term benefits disclosed in Table 1. Mr Noske’s employment contract was executed on 29 September 2014 when he was re-appointed as Chief Executive Officer on a full-time executive agreement and received remuneration of $350,000 per annum plus other short term and long term incentives. If there was no cause, the executive agreement could be terminated at any time by the Company giving 2 months written notice and payment of a termination amount equivalent to 4 months fixed remuneration.

The following arrangements applied to outgoing executives in office during the 2014 financial year:

- Mr White resigned with effect on 5 December 2013 and was not paid any termination benefits.

Company performance

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

Measure	2015	2014	2013	2012	2011
Net (loss)/profit - $	(836,252)	(3,091,993)	(3,641,170)	(4,369,935)	(932,078)
Basic (loss) per share – cents per share	(0.001)	(0.006)	(0.007)	(0.012)	(0.003)
Share price at the beginning of year* - $	0.01	0.01	0.02	0.03	0.03
Share price at end of year* - $	0.01	0.01	0.01	0.02	0.03
Dividends per share – cents	Nil	Nil	Nil	Nil	Nil

* Prices have been rounded to two decimal points

Remuneration of key management personnel

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

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (30 June 2015) (continued)

Table 1: Remuneration for the year ended 30 June 2015

	Short-term benefits	Post employ-ment	Share-based payments	Long-term benefits	Termin-ation payments	
	Salary & fees	Super-annuation	Options	Long service leave		Total
	$	$	$	$	$	$
Non-executive Directors						
P F Mullins (c)	20,312	1,930	-	-	-	22,242
G Guglielmo (b)	65,922	-	-	-	-	65,922
H M Gordon (a)	18,321	1,740	-	-	-	20,061
M L Lindh (c)	13,542	1,286	-	-	-	14,828
J L C McInnes (d)	17,396	1,653	-	-	-	19,049
A P Whittle (d)	11,597	1,102	-	-	-	12,699
D J Lindh (d)	12,757	1,212	-	-	-	13,969
Sub-total non-executive directors	159,847	8,923	-	-	-	168,770
Other key management personnel						
S Noske (e)	216,119	12,478	-	-	175,000	403,597
R M Hamilton	59,720	-	-	-	-	59,720
Sub-total other KMP	275,839	12,478	-	-	175,000	463,317
Totals	435,686	21,401	-	-	175,000	632,087

(a) Appointed 23 October 2014
(b) Appointed Non-executive Director 16 December 2014, Appointed Executive Director 2 February 2015
(c) Appointed 16 December 2014
(d) Resigned 16 December 2014
(e) Contract basis, Re-appointed CEO 29 September 2014, Terminated 2 February 2015

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (30 June 2015) (continued)

Table 2: Remuneration for the year ended 30 June 2014

	Short-term benefits	Post employment	Share-based payments	Long-term benefits	
	Salary & fees	Super-annuation	Options	Long service leave	Total
	$	$	$	$	$
Non-executive Directors					
J L C McInnes	65,625	6,070	-	-	71,695
A P Whittle	43,750	4,047	-	-	47,797
D J Lindh	48,125	4,452	-	-	52,577
J A McCoy (a)	9,083	-	-	-	9,083
Sub-total non-executive directors	166,583	14,569	-	-	181,152
Other key management personnel					
T White (b)	137,182	12,689	-	-	149,871
S Noske (c)	143,864	12,440	-	-	156,304
R M Hamilton	79,300	-	-	-	79,300
Sub-total other KMP	360,346	25,129	-	-	385,475
Totals	526,929	39,698	-	-	566,627

(a) Resigned 31 August 2013
(b) Resigned 5 December 2013
(c) Appointed 6 January 2014, re-negotiated to a contract basis from 15 May 2014

Table 3: Shareholdings of key management personnel

Shares held in Bass Strait Oil Company Ltd (number)

	1 July 2014 Balance at beginning of period	Directors Placement	Participation in Rights Issue	Net change other	**30 June 2015** Balance at end of period
2015					
Directors					
P F Mullins (b)	-	10,000,000	4,000,000	-	14,000,000
G Guglielmo (b)	-	60,000,000	20,000,000	4,000,000	84,000,000
H M Gordon (a)	-	5,000,000	1,666,668	-	6,666,668
M L Lindh (b),(d)	-	10,000,000	3,433,334	102,583,300	116,316,634
J L C McInnes (c)	1,500,000	-	-	(1,500,000)*	-
A P Whittle (c)	466,666	-	-	(466,666)*	-
D J Lindh (c),(e)	78,141,784	-	-	(78,141,784)*	-
	80,108,450	85,000,000	29,100,002	26,474,850	220,983,302

* shareholding at time of resignation

(a) Appointed 23 October 2014
(b) Appointed 16 December 2014
(c) Resigned 16 December 2014, balance is at the time of resignation

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (30 June 2015) (continued)

(d) Mr M Lindh's interest includes 11,320,000 (2014: nil) shares held directly and 104,996,634 (2014: nil) shares held indirectly by related parties, South Australian Resource Investments Pty Ltd and Chesser Nominees Pty Ltd, both subsidiaries of Adelaide Equity Partners Ltd, a director related entity of Mr M Lindh.

(e) Mr D Lindh's interest includes 2,683,332 (2014: 2,683,332) shares held directly and 75,458,452 (2014: 75,458,452) shares held indirectly by related parties, South Australian Resource Investments Pty Ltd and Chesser Nominees Pty Ltd, both subsidiaries of Adelaide Equity Partners Ltd, a director related entity of Mr D Lindh.

Director's placement

On 30 December 2014 the Company completed a placement to incoming directors which resulted in the issue of 85,000,000 ordinary shares at $0.005 cents per share.

Rights Issue

On 2 April 2015 the Company completed a non-renounceable rights issue of one fully paid ordinary share for every three shares held, which resulted in the issue of 201,095,924 ordinary shares at an issue price of $0.005 cents per share.

No other KMP held shares in the Company.

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

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

- the non-executive Directors of Bass Strait Oil company Ltd; and
- certain executives in the Executive Director's senior leadership team.

Cooper Energy Limited (a director related entity of Mr H Gordon) sub-underwrote the Company's non-renounceable rights issue that occurred during the year, up to a maximum of 20,000,000 new shares. No fee was paid to Cooper Energy Limited.

During the year the Group paid corporate advisory & investor relations fees of $39,333 (under a corporate advisory & investor relations mandate) and a capital raising fee of $4,250 to Adelaide Equity Partners Ltd (a director related entity of Mr M Lindh). The fees were provided under normal commercial terms and conditions. Amounts outstanding at balance date were $5,500 (2014: $nil). The Group has a corporate advisory & investor relations mandate with Adelaide Equity Partners. The mandate has a monthly retainer of $5,000 per month and can be terminated at anytime by written notice to the other party.

HEALTH, SAFETY AND ENVIRONMENT

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

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

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

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement for the year ended 30 June 2015 may be accessed from the Company's website at www.bassoil.com.au.

DIRECTORS' REPORT (CONTINUED)

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the year ended 30 June 2015 is included on page 17.

Non-audit services
Deloitte Touche Tohmatsu has provided no non-audit services during the period.

Signed in accordance with a resolution of the Directors

Chairman
Melbourne, 2 September 2015

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

2 September 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 audit of the financial statements of Bass Strait Oil Company Ltd for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jody Burton
Partner
Chartered 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 consolidated entity, are in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and it's performance for the year ended on that date; and
- (ii) complying with Accounting Standards and Corporations Regulations 2001; and

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

(c) the financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

On behalf of the Board

Chairman
Melbourne, 2 September 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $	Consolidated 2014 $
Revenue			
Management services arising as operator of petroleum exploration joint arrangements		55,459	32,533
Other income			
Gain on sale of Otway permits		189,566	-
Interest received		13,135	46,677
Rent received		6,500	-
Total Revenue and Other Income		264,660	79,210
Administrative expenses	4	(728,019)	(824,841)
Depreciation	5	(6,132)	(12,835)
Employee benefits expense	6	(332,168)	(582,445)
Exploration costs impaired and written off	14	-	(1,721,045)
Loss before income tax		(801,659)	(3,061,956)
Income tax expense	8	(34,593)	(30,037)
Net loss for the year		(836,252)	(3,091,993)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(836,252)	(3,091,993)
Basic (loss)/earnings per share	21	($0.001)	($0.006)
Diluted (loss)/earnings per share	21	($0.001)	($0.006)

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	2015 $	Consolidated 2014 $
ASSETS			
Current assets			
Cash and cash equivalents	9	751,625	658,600
Trade and other receivables	10	29,300	8,288
Other current assets	11	24,459	24,753
Other financial asset	12	55,920	-
Total current assets		861,304	691,641
Non-current assets			
Other financial asset	12	-	54,054
Plant and equipment	13	8,037	15,179
Exploration and evaluation expenditure	14	4,249,757	3,798,518
Total non-current assets		4,257,794	3,867,751
TOTAL ASSETS		5,119,098	4,559,392
LIABILITIES			
Current liabilities			
Trade and other payables	16	162,466	153,790
Total current liabilities		162,466	153,790
Non-current liabilities			
Other payables		-	1,846
Total non-current liabilities		-	1,846
TOTAL LIABILITIES		162,466	155,636
NET ASSETS		**4,956,632**	**4,403,756**
EQUITY			
Contributed equity	18	32,332,208	30,943,080
Accumulated losses	19	(27,375,576)	(26,616,715)
Share-based payments reserve	20	-	77,391
TOTAL EQUITY		**4,956,632**	**4,403,756**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Consolidated Contributed equity $	Accumulated losses $	Share-based payments $	Total $
At 1 July 2014		30,943,080	(26,616,715)	77,391	4,403,756
Net loss for the year		-	(836,252)	-	(836,252)
Total comprehensive income for the period		-	(836,252)	-	(836,252)
Transactions with owners in their capacity as owners:					
Shares issued	18	1,430,479	-	-	1,430,479
Transaction costs on share issues	18	(75,944)	-	-	(75,944)
Share options expired & cancelled		-	77,391	(77,391)	-
Tax consequences of share issue costs	8	34,593	-	-	34,593
At 30 June 2015		32,332,208	(27,375,576)	-	4,956,632
At 1 July 2013		30,913,043	(23,524,722)	77,391	7,465,712
Net loss for the year		-	(3,091,993)	-	(3,091,993)
Total comprehensive income for the period		-	(3,091,993)	-	(3,091,993)
Transactions with owners in their capacity as owners:					
Tax consequences of share issue costs	8	30,037	-	-	30,037
At 30 June 2014		30,943,080	(26,616,715)	77,391	4,403,756

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $	Consolidated 2014 $
Cash flows from operating activities			
Receipts from customers		62,505	30,544
Payments to suppliers and employees inclusive of GST		(1,014,089)	(1,368,869)
Interest received		13,946	55,881
Net cash used in operating activities	27	(937,638)	(1,282,444)
Cash flows from investing activities			
Proceeds from disposal petroleum exploration permits		270,000	30,000
Payment for other financial assets		(1,866)	-
Petroleum exploration expenditure		(592,006)	(332,306)
Net cash used in investing activities		(323,872)	(302,306)
Cash flows from financing activities			
Proceeds from issue of shares		1,430,479	-
Transaction costs on issue of shares		(75,944)	-
Net cash from financing activities		1,354,535	-
Net increase/(decrease) in cash and cash equivalents		93,025	(1,584,750)
Cash and cash equivalents at the beginning of the year		658,600	2,297,404
Cash and cash equivalents at the end of the year	9	**751,625**	**658,600**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 1. Corporate Information

The financial report of Bass Strait Oil Company Ltd (the Group, being the Company and its controlled entity) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 2 September 2015.

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

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

Note 2. Summary of Significant Accounting Policies

Basis of Preparation

The financial report is a general-purpose financial report of a 'for-profit' entity which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on an historical cost basis.

The financial report is presented in Australian dollars.

(a) Compliance with IFRS

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial reporting Standards ('IFRS').

(b) New Accounting Standards and Interpretations

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period, resulting in no changes to accounting policy changes and no changes to recognition and measurement.

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

(c) Going concern

The financial report has been prepared on the going concern basis, which assumes that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. This includes the Group's exploration expenditure commitments, being the minimum work requirements under exploration permits for petroleum as set out in Note 23.

For the year ended 30 June 2015 the Group incurred a net loss of $836,252 (30 June 2014 $3,091,993) and had a net cash outflow from operating activities of $937,638 (30 June 2014 $1,282,444). At 30 June 2015, the Group has cash reserves of $751,625 (30 June 2014:$658,600).

Note 2. Summary of Significant Accounting Policies (continued)

(c) Going concern (continued)

In order to meet the Group's exploration commitments, and continue to pay its debts as and when they fall due and payable, the Group is dependent on achieving the following:

- Meeting its additional exploration commitment obligations by either farmout or partial sale of the Group's exploration interests;
- Raising capital by one of 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; and
- Obtaining approval for the twelve month suspension and extension applications to be lodged for the Year 4 work programme in respect of Vic/P41 and the Year 3 work programme in respect of Vic/P68.

If the Company and the Group are unable to successfully complete the above steps, there is significant uncertainty as to whether the Company and the Group will continue as going concerns and, therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business.

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

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Bass Strait Oil Company Ltd and its subsidiary as at 30 June each year (the Group).

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

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

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

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

Investments in subsidiaries held by Bass Strait Oil Company Ltd are accounted for at cost by the parent entity less any impairment charges.

(e) Foreign currency translation

(i) Functional and presentation currency
Both the functional and presentation currency of Bass Strait Oil Company Ltd and it's subsidiary is Australian dollars ($).

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

Note 2. Summary of Significant Accounting Policies (continued)

(f) Cash and cash equivalents

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

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

(g) Trade and other receivables

Trade and other receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost less an allowance for impairment.

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

(h) Investments and other financial assets

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

Recognition and Derecognition

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

(i) Joint arrangements

Joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement, have rights to assets, and obligations for the liabilities of the joint arrangement. Joint control is the contractual agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for its share of the joint operation assets, and liabilities it has incurred, its share of any liabilities jointly incurred with other ventures, income from the sale or use of its share of the joint operation's output, together with its share of the expenses incurred by the joint operation, and any expenses it incurs in relation to its interest in the joint operation.

(j) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

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

Note 2. Summary of Significant Accounting Policies (continued)

(j) Plant and equipment (continued)

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

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

(k) Leases

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

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

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

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

The Group conducts an annual internal review of asset values, which is used as a source of information to assess any indicators for impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any impairment exists, an estimate of the asset’s recoverable amount is calculated.

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

(m) Exploration and evaluation expenditure

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

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

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

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

Farmouts
The Group will account for farm-out arrangements as follows:

- The Group will not record any expenditure by the farminee on the Group’s behalf;
- The Group will not recognise a gain or loss on the farm-out arrangement but rather will redesignate any costs previously capitalised in relation to the whole interest as relating to the partial interest retained; and
- Any cash consideration to be received will be credited against costs previously capitalised in relation to the whole interest with any excess to be accounted for by the Group as gain on disposal.

Note 2. Summary of Significant Accounting Policies (continued)

(n) Trade and other payables

Trade payables and other payables are carried at amortised cost due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Share-based payment transactions

Equity settled transactions:
The Group has an Employee Share Option Plan (ESOP), which provides benefits to directors and senior executives in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Bass Strait Oil Company Ltd (market conditions), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to profit or loss is the product of:
(i) the grant date fair value of the award;
(ii) the current best estimate of the number of awards that will vest; and
(iii) the expired portion of the vesting period.
The charge to profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

If an equity award is cancelled, it is treated as if it had vested on the day of cancellation, and any expense not yet recognised for the award is recognised immediately.

The ESOP has not been used by the Group for a number of years.

(p) Contributed equity

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

(q) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services
Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.
The stage of completion of the contract is determined by revenue from time and material contracts are recognised at the contractual rates of labour hours are delivered and direct expenses are incurred.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

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

Note 2. Summary of Significant Accounting Policies (continued)

(r) Income tax and other taxes

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

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

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

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

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

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

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

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

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

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

(s) Earnings per share

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

Note 2. Summary of Significant Accounting Policies (continued)

(s) Earnings per share (continued)

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

Diluted earnings per share are calculated as net profit/(loss) attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends);
- The after tax effect of interest associated with dilutive potential ordinary shares that have been recognised as expenses; and/or
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares and adjusted for any bonus element.

(t) 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
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 30 June 2015 exploration activities in each area of interest where amounts remain capitalised have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Active and significant operations in relation to each of those areas of interest are planned and nothing has come to the attention of the Directors to indicate future economic benefits will not be achieved.

In the event where ongoing committed activities cannot be funded by existing financial resources, the Group will either need to raise additional capital, or meet its obligations either by farm-out or partial sale of the company’s exploration interests, or subject to negotiation and approval, vary the minimum work requirements. The Directors are continually monitoring those areas of interest and are exploring alternatives for funding the development of those areas of interest when economically recoverable reserves are confirmed. If new information becomes available that suggests the recovery of expenditure is unlikely, the amounts capitalised will need to be reassessed at that time. Refer to Note 14 for details of exploration and evaluation costs written off during the year.

Note 3. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits.

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

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes. The use of financial instruments is governed by the Company's and the Group's policies approved by the Board, which provide written principles on the use of financial derivatives.

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

Credit risk

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

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

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

It is the Group's policy that all parties who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are assessed for each individual party and are regularly monitored.

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

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics, other than deposits with the Group's bankers. The credit risk on liquid funds is banks with high ratings assigned by international credit rating agencies.

Liquidity risk

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

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

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

Adequacy and availability of funding will, for the immediate future remain a substantial issue for the Group and its Shareholders. The Group will, from time to time, likely need to raise additional capital to implement and complete its business plans and meet all work and planned and unexpected expenditure commitments on its permits. In the unlikely event that work program commitments can not be met, permits if not surrendered, can be cancelled by the relevant authorities.

The only financial liabilities are trade and other payables. At 30 June 2015, the Group had $162,466 (2014: $153,790) in trade and other payables. Trade payables are non-interest bearing and have a contractual maturity of less than 30 days.

The only financial assets are cash and cash equivalents, trade and other receivables, and other financial assets. At 30 June 2015, the Group had $751,625 (2014: $658,600) in cash and cash equivalents, $29,300 (2014: $8,288) in trade and other receivables, and $55,920 (2014: $54,054) in other financial assets.

Market risk

Market risk is that changes in market prices, such as foreign exchange rates, interest rates and commodity prices will affect the Group's income or the value of it's holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group has no material exposure to market risk.

Foreign currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the respective functional currency of the Group.

The majority of the Group's cash flow is denominated in AUD and, as a result, the Group's exposure to foreign currency risk is minimal.

The carrying amount of the Group's foreign currency denominated financial assets and liabilities at the reporting date are $nil (2014: nil).

Interest rate risk

The following table demonstrates the estimated sensitivity to a 1% increase and decrease in the interest rate, where all other variables are held constant. Reasonably possible movements in interest rates were determined based on a review of historical movements. The sensitivity is based on the interest rate exposures in existence as at balance date.

		Consolidated
	2015	**2014**
	$	$
Judgements of reasonably possible movements		
Impact on post tax profit		
+1% (100 basis points)	7,516	6,586
-1% (100 basis points)	(7,516)	(6,586)

There is no impact on equity other than the impact of the above post tax profit sensitivities would have on accumulated (losses)/profits.

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

Fair value of financial instruments

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

Capital management

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

The Group will seek to raise further capital, if required, as and when necessary to meet its projected operations. The decision of how the Group will raise future capital will depend on market conditions existing at that time. It is the Group's plan that this capital will be raised by any one or a combination of the following: placement of shares to excluded offerees, pro-rata issue to shareholders, the exercise of outstanding options, and/or a further issue of shares to the public. Should these methods not be considered to be viable, or in the best interests of shareholders, then it would be the company's intention to meet its obligations by either partial sale of the company's interests or farmout, the latter course of action being part of the company's overall strategy.

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

Note 4. Administrative expenses

			Consolidated
	Note	**2015**	**2014**
		$	$
Audit fees	7	52,000	69,500
Consultants fees other		192,544	228,699
Corporate related costs		42,933	37,112
Directors' remuneration		168,770	181,152
Computer costs		15,812	31,012
Foreign exchange losses		1,094	-
Insurance		13,973	17,877
Legal expenses		32,314	75,776
Loss on disposal of assets		-	326
Operating lease costs		152,694	107,058
Other expenses		23,457	41,303
Printing & stationery		-	8,473
Travel		32,428	26,553
		728,019	824,841

Note 5. Depreciation

			Consolidated
	Note	**2015**	**2014**
		$	$
Depreciation	13	6,132	12,835

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 6. Employee benefits expense

		Consolidated
	2015	**2014**
	$	$
Wages and salaries	113,783	458,183
Superannuation	13,792	61,344
Workers compensation	19	4,964
Payroll tax	(439)	14,931
Annual leave	30,013	43,023
Termination payments	175,000	-
	332,168	582,445

These employee benefits are in the statement of profit or loss and other comprehensive income. Additionally employee benefits of $38,090 (2014: $61,860) have been included in deferred exploration costs.

Note 7. Auditor's Remuneration

The auditor of Bass Strait Oil Company Ltd is Deloitte Touche Tohmatsu (2014: EY).

			Consolidated
	Note	**2015**	**2014**
		$	$
Amounts received or due and receivable by Deloitte for:			
An audit or review of the financial report of the entity and any other entity in the consolidated group		35,000	-
		35,000	-
Amounts received or due and receivable by EY for:			
An audit or review of the financial report of the entity and any other entity in the consolidated group		17,000	69,500
		17,000	69,500
Total	4	52,000	69,500

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

Note 8. Income Tax

		Consolidated
	2015	**2014**
	$	$
Income tax recognised in profit or loss		
The income tax expense for the year can be reconciled to the accounting profit or loss as follows:		
Loss before tax	(801,659)	(3,061,956)
Income tax calculated at 30% (2014: 30%)	(240,498)	(918,587)
Non-deductible expenditure:		
Other	891	98
Exploration expenditure written off	-	516,314
Current year revenue tax losses not realised	205,014	432,212
Income tax expense recognised in the profit or loss	34,593	30,037
Recognised deferred tax assets and (liabilities)		
Deferred tax assets and (liabilities) are attributable to the following:		
Trade and other receivables	(7,338)	(7,699)
Exploration and evaluation expenditure	(1,274,927)	(1,139,555)
Plant and equipment	241	418
Trade and other payables	21,900	12,000
Share issue costs	60,273	72,083
	(1,199,851)	(1,062,753)
Tax value of losses carried forward	1,199,851	1,062,753
Net deferred tax assets and (liabilities)	-	-
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Revenue tax losses	8,275,576	8,070,562
Capital tax losses	232,200	232,200
	8,507,776	8,302,762

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

Movement in recognised net deferred tax asset		
Opening balance	-	-
Recognised in equity	34,593	30,037
Recognised in income	(34,593)	(30,037)
Closing balance	-	-

Note 9. Cash and Cash Equivalents

		Consolidated
	2015	2014
	$	$
Cash at bank and in hand	751,625	160,013
Bank term deposits	-	498,587
	751,625	658,600

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Bank term deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective term deposit rates.

The fair value of cash and cash equivalents is $751,625 (2014: $658,600).

The Group has no undrawn borrowing facilities (2014: Nil).

Note 10. Trade and Other Receivables

		Consolidated
	2015	2014
	$	$
Other receivables	20,140	2,878
Goods and services tax and withholding tax refunds	9,160	5,410
	29,300	8,288

At balance date, there are no receivables that are past due but not impaired. Due to the short-term nature of these receivables, their carrying value approximates fair value. Trade receivables are non-interest bearing and are generally on 30 day terms. Details regarding the credit risk of receivables are disclosed in Note 3.

Note 11. Other Current Assets

		Consolidated
	2015	2014
	$	$
Prepayments	21,448	15,816
Accrued revenue	3,011	8,937
	24,459	24,753

Note 12. Other Financial Assets

	Note	2015 $	Consolidated 2014 $
Current			
Bank term deposits	28	55,920	-
		55,920	-
Non-current:			
Bank term deposits	28	-	54,054
		-	54,054

Bank term deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective term deposit rates.

Note 13. Plant and Equipment

	Note	2015 $	Consolidated 2014 $
Office equipment, furniture and fittings			
Opening balance, net of accumulated depreciation and impairment		15,179	29,505
Disposals		-	(326)
Depreciation charge for the year	5	(6,132)	(12,835)
Depreciation charge for the year – deferred exploration costs		(1,010)	(1,165)
Closing balance, net of accumulated depreciation and impairment		8,037	15,179
Cost		85,251	85,251
Accumulated depreciation and impairment		(77,214)	(70,072)
Net carrying amount		8,037	15,179

Note 14. Exploration and Evaluation Costs

		Consolidated
	2015	**2014**
	$	$
Petroleum tenements in the exploration phase		
Balance at the beginning of year	3,798,518	5,217,257
Cost capitalised for the year	561,673	302,306
Disposals	(110,434)	-
Exploration costs impaired and written off	-	(1,721,045)
Balance at the end of year	4,249,757	3,798,518

The net carrying amount of exploration and evaluation costs is represented by Vic/P41 $3,908,518 (2014: $3,637,719), Vic/P68 $290,529 (2014: $95,773), PEP 167 $nil (2014: $43,446), PEP 175 $nil (2014: $20,297) and other $50,710 (2014: $1,283).

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 30 June 2015 exploration activities in each area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Active and significant operations in relation to each area of interest are ongoing. Nothing has come to the attention of the Directors to indicate future economic benefits will not be achieved.

In the event where ongoing committed activities cannot be funded by existing financial resources, the Group will either need to raise additional capital, or meet its obligations either by farm-out or partial sale of the company's exploration interests, or subject to negotiation and approval, vary the minimum work requirements. The Directors are continually monitoring the areas of interest and are exploring 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, the amounts capitalised will need to be reassessed at that time.

In the previous year, costs of $1,721,490 associated with Vic/P42 were written off. The permit had an optional work programme requirement to drill one (1) exploration well in permit Year 5 which the Group was unable to fund and alternatively, unable to attract a farminee willing to fund the well. The permit was therefore relinquished.

Commitments and tenure of each permit are included in Note 23.

Note 15. Investments in Controlled Entities

BSOC Business Services Pty Ltd, is a non-operating subsidiary, which is 100% owned and incorporated in Australia.

Note 16. Trade and Other Payables

		Consolidated
	2015	**2014**
	$	$
Trade payables	48,284	27,189
Other payables	114,182	126,601
	162,466	153,790

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Note 17. Joint Arrangements

The Group has interests in a number of joint arrangements which are classified as joint operations. These joint operations are involved in the exploration and development of petroleum in Australia. The Group has the following interests in joint arrangements.

	Interest 2015	Interest 2014
(i) Joint arrangements in which Bass Strait Oil Company Ltd is the operator		
Vic/P41	64.6%	64.6%
(ii) Joint arrangements in which Bass Strait Oil Company Ltd is not the operator		
PEP 150	15%	15%

Refer to Note 14 for financial interests in permits.

Note 18. Contributed Equity

	2015 Shares	2014 Shares	Consolidated 2015 $	2014 $
Issued and paid up capital				
Ordinary shares fully paid	804,381,671	518,285,747	32,332,208	30,913,043
Movements in ordinary shares on issue				
Ordinary shares on issue at beginning of period	518,285,747	518,285,747	30,943,080	30,913,043
Placement to Directors	85,000,000	-	425,000	-
Entitlements Issue	201,095,924	-	1,005,479	-
Transaction costs	-	-	(75,944)	-
Tax consequences of share issue costs	-	-	34,593	30,037
	804,381,671	518,285,747	32,332,208	30,943,080

On 30 December 2014 the Company completed a placement to incoming directors which resulted in the issue of 85,000,000 ordinary shares at $0.005 cents per share.

On 2 April 2015 the Company completed a non-renounceable rights issue of one fully paid ordinary share for every three shares held, which resulted in the issue of 201,095,924 ordinary shares at an issue price of $0.005 cents per share.

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

(ii) Share Options
On 14 October 2011, 10,000,000 options with an exercise price of 4 cents each and expiring on 14 October 2014 were granted under the Underwriting Agreement in association with the October 2011 capital raising. These options expired during the year. There are no cash settlement alternatives.

Note 18. Contributed Equity (continued)

The following table illustrates the number and weighted average exercise prices (WAEP) of movements in share options:

	2015 Number	2015 WAEP	2014 Number	2014 WAEP
Outstanding at the beginning of year	10,000,000	0.04	10,000,000	0.04
Options granted	-	-	-	-
Options forfeited	(10,000,000)	(0.04)	-	-
Outstanding at the end of the year	-	-	10,000,000	0.04
Exercisable at the end of the year	-	-	10,000,000	0.04

The weighted average remaining contractual life for the share options outstanding at 30 June 2015 is nil (2014: 0.29 years).

Note 19. Accumulated (Losses)/Profits

	Note	2015 $	Consolidated 2014 $
Balance at beginning of year		(26,616,715)	(23,524,722)
Net (loss)		(836,252)	(3,091,993)
Share options expired and cancelled	20	77,391	-
Balance at end of year		(27,375,576)	(26,616,715)

Note 20. Reserves

	2015 $	Consolidated 2014 $
Share-based payments reserve	-	77,391

Share-based payments reserve relates to the value of share options issued as part of the remuneration paid to the underwriters in October 2011 capital raising. Refer to Note 18 for further details of these share options.

Note 21. Earnings per Share

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

		Consolidated
	2015	**2014**
	$	$
Net loss attributable to ordinary equity shareholders of the parent	(836,252)	(3,091,993)

Weighted average number of ordinary shares:

	2015 Number	**2014 Number**
Issued ordinary shares at 1 July	518,285,747	518,285,747
Effect of shares issued December 2014	42,383,562	-
Effect of shares issued April 2015	45,421,436	-
Weighted average number of ordinary shares at 30 June	606,090,745	518,285,747

Share options have not been included in the diluted earnings per share calculation as they are antidilutive for the periods presented.

Note 22. Key Management Personnel Disclosures

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

		Consolidated
	2015	**2014**
	$	$
Short-term employee benefits	435,686	526,929
Post-employment benefits	21,401	39,698
Termination benefits	175,000	-
	632,087	566,627

Note 23. Commitments

Permit work commitments

Set out below are the minimum work obligations with associated indicative costings under the current significant exploration permits the group has as at 30 June 2015.

Vic/P41 (Group's interest 64.565%)

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

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

The commitment for year 3 has been met as at 30 June 2015.

The Group is planning on applying to NOPTA for a further suspension and extension to vary out the remaining work commitments for a further 12 months.

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:

Year of permit	Permit year end	Minimum work commitments	Estimated expenditure
3	3 November 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 30 June 2015.

The Group is planning on applying to NOPTA for a further suspension and extension to vary out the remaining work commitments (including the year 3 commitment) for a further 12 months.

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

Non-cancellable operating lease commitments

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

		Consolidated
	2015	**2014**
	$	$
Within one year	20,669	81,883
After one year but not more than five years	-	20,669
	20,669	102,552

Note 24. Parent Entity Disclosures

Information relating to Bass Strait Oil Company Ltd

	Parent 2015 $	2014 $
Current assets	861,303	745,694
Total assets	5,119,098	4,559,392
Current liabilities	162,466	153,790
Total liabilities	162,466	155,636
Net assets	4,956,632	4,403,756
Contributed equity	32,332,208	30,943,080
Accumulated losses	(27,375,576)	(26,616,715)
Share-based payments reserve	-	77,391
Total shareholders' equity	4,956,632	4,403,756
Loss of the parent entity	(836,252)	(3,091,993)
Total comprehensive income/(loss) of the parent entity	(836,252)	(3,091,993)

The commitment and contingent liabilities of the parent entity are the same as disclosures in Note 23 and Note 28 respectively.

Note 25. Related Party Disclosures

Entity with significant influence over the Group

Cooper Energy Limited (a director related entity of Mr H Gordon) acquired further ordinary shares in Bass Strait Oil Company Ltd (as a result of a non-renounceable rights issue) and now holds 21.55%.

Cooper Energy Limited (a director related entity of Mr H Gordon) sub-underwrote the Company's non-renounceable rights issue that occurred during the year, up to a maximum of 20,000,000 new shares. No fee was paid to Cooper Energy Limited.

Terms and conditions of transactions with related parties other than KMP

During the year the Group paid corporate advisory & investor relations fees of $39,333 (under a corporate advisory & investor relations mandate) and a capital raising fee of $4,250 to Adelaide Equity Partners Ltd (a director related entity of Mr M Lindh). The fees were provided under normal commercial terms and conditions. Amounts outstanding at balance date were $5,500 (2014: $nil). The Group has a corporate advisory & investor relations mandate with Adelaide Equity Partners. The mandate has a monthly retainer of $5,000 per month and can be terminated at anytime by written notice to the other party.

Note 26. Segment Information

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

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

The Board does not currently receive segment Statement of Financial Position and Statement of Comprehensive Income information. The Board manages each exploration activity of each permit through review and approval of joint venture cash calls, Authority for Expenditure (AFE's) and other operational information.

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

Note 27. Reconciliation of Cash flows from Operating Activities

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

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

		Consolidated
	2015	2014
	$	$
Net loss after tax	(836,252)	(3,091,993)
Adjustments for:		
Depreciation	6,132	12,835
Write-down of intangibles	-	1,000
Gain on disposal Otway permits	(189,566)	-
Loss on disposal of fixed assets	-	326
Write-down in exploration	-	1,721,045
	(1,019,686)	(1,356,787)
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	(21,012)	4,161
Decrease/(increase) in other assets	294	16,595
Increase/(decrease) in trade and other payables	68,174	38,245
Increase/(decrease) in deferred tax	34,593	30,037
(Decrease)/increase in provisions	-	(14,692)
Net cash flows used in operating activities	(937,638)	(1,282,444)

Note 28. Contingent Liabilities

The Group has a bank guarantee in favour of the landlord as a condition of the lease. The total nominal amount of the guarantee at balance date is $55,920 (2014: $54,054).

Note 29. General Information

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

Level 1, 99 William Street
Melbourne, VIC 3000
Australia

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

Report on the Financial Report

We have audited the accompanying financial report of Bass Strait Oil Company Ltd, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 18 to 43.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2 the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, 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.

Opinion

In our opinion:

(a) the financial report of Bass Strait Oil Company Ltd is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion, we draw attention to Note 2 in the financial report which indicates that for year ended 30 June 2015 the consolidated entity incurred a net loss of $836,252 (30 June 2014 $3,091,993) and had a net cash outflow from operating activities of $937,638 (30 June 2014 $1,282,444). 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 company and the consolidated entity to continue as going concerns and therefore the company and the consolidated entity may be unable to realise their assets and extinguish their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 10 to 15 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Bass Strait Oil Company Ltd for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jody Burton
Partner
Chartered Accountants
Adelaide, 2 September 2015

SHAREHOLDER AND OTHER INFORMATION

Compiled as at 24 August 2015

DISTRIBUTION OF ORDINARY SHARES

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

Ordinary Shares	No. of Holders	No. of Shares
1 – 1,000	409	64,526
1,001 – 5,000	781	962,805
5,001 – 10,000	229	1,905,054
10,001 – 100,000	338	32,350,784
100,001 and over	201	769,098,502
TOTAL ON ISSUE	1,958	804,381,671

1,651 holders held less than a marketable parcel of ordinary shares. There is no current on-market buy-back.

SUBSTANTIAL SHAREHOLDERS

As disclosed in notices given to the Company.

Name of Substantial Shareholders	Interest in Number of Shares *Beneficial and non-beneficial*	% of Shares
Cooper Energy Ltd	173,361,294	21.55
South Australian Resource Investments Pty Ltd	116,316,633	14.46
Miller Anderson Pty Ltd	84,000,000	10.44
Icon Holdings Pty Ltd	47,157,739	5.86
Crescent Nominees Pty Ltd	42,717,195	5.31

VOTING RIGHTS

At meetings of members or classes of members:

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

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

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

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

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

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

SHAREHOLDER AND OTHER INFORMATION (Continued)
Compiled as at 24 August 2015

THE 20 LARGEST HOLDERS OF ORDINARY SHARES

Holder	Ordinary Shares	% of Total Issued
Somerton Energy Ltd	173,361,294	21.55
Miller Anderson Pty Ltd	80,000,000	9.95
Chesser Nominees Pty Ltd	57,848,398	7.19
Icon Holdings Pty Ltd	47,157,739	5.86
South Australian Resource Investments Pty Ltd	39,401,568	4.90
Crescent Nominees Pty Ltd	34,443,065	4.28
Wingmont Pty Ltd	14,000,000	1.74
Mr M A Tkocz & Mrs S E Evans	14,000,000	1.74
Mr M Lindh & Mrs B Lindh	11,320,000	1.41
Mr J R Malyon	7,755,555	0.96
Mr O J Foster	7,555,593	0.94
Small Business Finance Pty Ltd	7,000,000	0.87
Andrew Duncan & A&A Duncan Investments Pty Ltd	6,800,035	0.85
Mr H Gordon	6,666,668	0.83
Mr G K Mocatta	6,128,566	0.76
Chesser Investments Pty Ltd	5,333,334	0.66
Mr P Sciancalepore & Mrs P Sciancalepore	5,251,246	0.65
Mr A T Bone & Mrs K J Bone	4,600,000	0.57
Triple Eight Gold Pty Ltd	4,533,356	0.56
Mr J A Innes & Mrs L Innes	4,500,000	0.56

The 20 largest shareholders hold 545,040,315 shares representing 67.76% of the issued share capital.