Oil Basins Limited

ABN 56 006 024 764

Annual Report - 30 June 2016

Oil Basins Limited
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Directors	Carl Dumbrell (Non-Executive Director) Daniel Justyn Douglas Peter (Non-Executive Director) Vazrick (Vaz) Hovanessian (Non-Executive Director)
Company secretary	Carl Dumbrell
Registered office	Level 4, 100 Albert Road South Melbourne, VIC 3205 Ph: (03) 9692 7222 Fax: (03) 9077 9233
Principal place of business	Level 4, 100 Albert Road South Melbourne, VIC 3205
Share register	Computershare Investor Services Pty Ltd 452 Johnson Street Abbotsford VIC 3067 Telephone: (03) 9415 5000
Auditor	Deloitte Touche Tohmatsu Chartered Accountants 550 Bourke Street Melbourne VIC 3000
Stock exchange listing	Oil Basins Limited shares are listed on the Australian Securities Exchange (ASX code: OBL)
Website	www.oilbasins.com.au

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Capital
On 30 September 2015, OBL raised $150,000 by a share placement of 37.5 million new ordinary OBL shares.

On 6 November 2015, OBL entered into a funding agreement with The Australian Special Opportunity Fund LP, a New York-based institutional investor managed by The Lind Partners, LLC (collectively **Lind**).

OBL received a net AU$380,000 in funds after fees (Convertible Note with the face value of the convertible being AU$460,000).

In addition, as part of the Agreement, Lind received:

- 67,000,000 new OBL unlisted options at the time of funding. Options will be exercisable for 36 months with an exercise price equal to 130% of the average of the daily VWAPs during the 20 trading days before the date of execution of the Agreement (**these options have been issued and priced at 0.4658 cents per share exercisable on or before 17 November 2018**).

- 25,000,000 new OBL Collateral ordinary shares, which will be credited, or returned, to OBL upon conversion, in full, of all outstanding Face Value amounts. Lind has the right but not the obligation to acquire the OBL collateral shares at any time during the term of the note.

Lind converted this facility into equity on four occasions and heavily sold the equity on the market, causing the OBL share price to decline significantly.

On 9 August 2016 OBL paid the outstanding balance of $155,000 to Lind. The company does not intent to draw down any further funds from this facility.

10 for 1 Consolidation
At the 8 April 2016 EGM the OBL shareholders approved a 10 for 1 consolidation. OBL's share capital became:

OBL	OBLAI	OBLAK	OBLAA
Ordinary Shares	90 cents 30/06/16	23.2 cents 14/09/17	4.658 cents 17/11/18
113,959,055	4,800,000	800,000	6,700,000

At the 8 April 2016 EGM shareholders agreed to permit Lind to progressively convert its loan (priced under the conversion formula of the OBL-Lind Agreement) and also for the directors to convert outstanding directors fees. Consolidated share trading commenced on 21 April 2016.

Funding Support
On 13 July 2016 OBL and Ochre Group Holdings Limited (ASX code OGH) entered into a conditional provisional agreement for OGH to assist OBL with advice and financing. OGH provided OBL with an initial short term interest free unsecured loan of $150,000.

On 8 August 2016 OBL received a further short term loan from OGH of $250,000. OBL and OGH agreed to undertake an underwritten renounceable rights issue of $3 million and up to $5 million.

On 11 August 2016 OBL raised $255,500 by a share placement of 36.5 million new ordinary OBL shares, the CEO appointed two new directors to the board as part of this share placement and asked Mr. Nigel Harvey to resign.

On 24 August 2016 OBL and OGH agreed to terminate this rights issue. OBL has agreed to sell its wholly owned royalties company (Oil Basin Royalties Pty Ltd) to OGH for $400,000 (been full repayment of the two short term interest free unsecured loans).

Management
With the loss of operatorship of the Derby Block to RLS, as the day to day involvement in EP 487 (Derby Block) is expected to be less than with OBL as Operator, the OBL board took a number of immediate cost-cutting measures.

The board has unanimously agreed to give Notice to Executive Directors, Mr. Kim McGrath (Executive Chairman) and Mr. Neil Doyle (Executive Director and Chief Executive Officer).

In addition, OBL has reduced its operating staff to the minimum, including terminating its full time Environment Manager on 30 June 2016.

on 13 January 2016 Mr. Justin Mouchacca resigned as company secretary. Mr. Carl Dumbrell was appointed company secretary.

On 15 August 2016 Mr. Nigel Harvey was asked by the CEO to resign as a director to allow the appointment of Mr. Justyn Peters and Mr. Vaz Hovanessian as directors.

On 19 September 2016 Mr. Neil Doyle and Mr. Kim McGrath were removed from office by the shareholders.

Royalties

Oil Basins Royalties Pty Ltd (a wholly owned subsidiary of Oil Basins Limited) owns the following over-riding royalty interests (**ORRI**):

Cyrano R3/R1	2.0% ORRI
Judith/Moby Location Vic/P47	2.0% ORRI
EP487 (Derby Block)	2.0% ORRI (subject to regulatory approvals)

On 24 August 2016 OBL agreed to sell Oil Basin Royalties Pty Ltd to Ochre Group Holdings Limited (ASX:OGH) for $400,000.

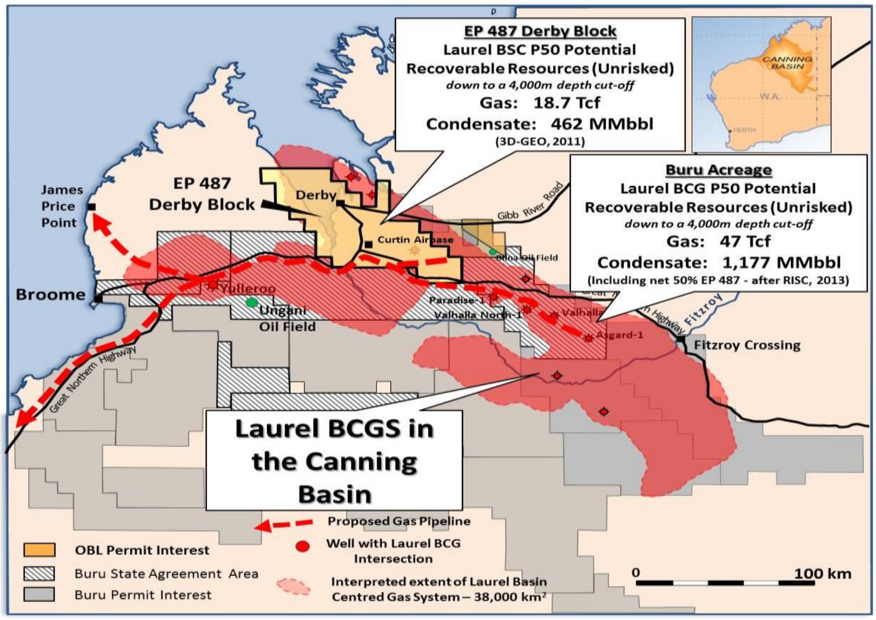
EP487 (Derby Block)

The joint venture comprises:

Oil Basins Limited	50%
Rey Lennard Shelf Pty Ltd (Operator)	50%

On 26 May 2016 OBL lost the operatorship of EP487 to Rey Lennard Shelf Pty Ltd, wholly owned subsidiary of *Rey Resources Limited (ASX code **REY**)*. REY brought action in the Supreme Court of Western Australia following OBL failure to resign on 1 January 2016. RLS was awarded costs by the court.

The new board of OBL are working to improve our relationship with RLS and to create value for our shareholders through this cornerstone asset.



OBL Derby Block Interests are well positioned and nearby the Valhalla BCG Asset

- Environment Plan (2D Seismic Survey) complete and approved by the DMP in late July 2015 and DMP website summary in early September 2015.
- Application for a force majeure and/or work program variation with unavailability of seismic survey equipment and a new geological interpretation.
- In late November 2015 OBL prepared new mapping in support of variation application which confirms a potentially significant wet gas resource within the onshore eastern portion of the Derby Block (bounded by bitumen roads).
- On 15 January 2016 OBL announced that following an preliminary independent expert assessment of the new OBL mapping and recent public available well data from nearby recent exploration wells confirms that the overall gross prospective potential recoverable P50 resources down to 5000m within the onshore eastern portion of the Derby Block is now independently assessed at 28.7 Tcf and 717.7 MMbbls of associated condensate in accordance with SPE PRMS (2011). This is a significant increase in overall gross prospective recoverable resources previously estimated at 18.7 Tcf and 440 MMbbls on 14 February 2013.

3D-GEO's **preliminary assessment** of the gross prospective potential recoverable resources, in accordance SPE PRMS (2011), of the newly mapped OBL Wet Laurel BCG play is as follows:

Permit EP487 Onshore Eastern Portion	Prospective Resources SPE PRMS (2011)			
Product	P90	P50	P10	Mean
Gas-in-Place Tcf	56.9	142.1	346.5	180.3
Recoverable Gas Tcf	8.5	24.6	71.2	34.3
Recoverable Condensate MMbbl	203.7	614	1815	868
Recoverable BOE (MMBOE)	1,583	4,579	13,268	6,390

Preliminary Assessment of Permit EP487
Gross prospective potential recoverable resources (3D-GEO January 2016)

Notes to Table , as advised by independent expert

Barrel *Assumed 1 bbl of condensate equals 1 bbl of crude*

Gas *6.22 Bcf of gas per MMstb of crude (which is a conservative conversion ratio compared with the normal 6.0 and corrects the earlier OBL ASX release dated 13 April 2016).*

- On 2 February 2016, the WA Department of Mines and Petroleum (**DMP**) formally approved that the EP487 Joint Venture vary the work program condition of Year 1 requiring the completion of 500 km New 2D Seismic Survey and Indicative Minimum Expenditure for Year 2 . Under this approved variation, Year 1 is now deemed complete. The EP487 (Derby Block) completed Year 1 work program and the newly approved Year 2 work program is as follows.

EP487			
Permit Year	**Year End**	**Minimum Work Requirements**	**Expenditure (AUD)**
1	13.12.15	Replace 500 km New 2D Seismic Survey with Attaining Environmental Plan Approvals for 533.7km 2D Seismic Survey and Reprocessing minimum of 140 line km of Vintage 2D Seismic to assess deep unconventional Laurel formation prospectivity as delineated by encouraging test results in nearby on-trend EP371 R2 BCG discoveries (Valhalla North-1 and Asgard-1).	$1,010,000
2	13.12.16	Two (2) Deep Exploration Wells	$12,500,000

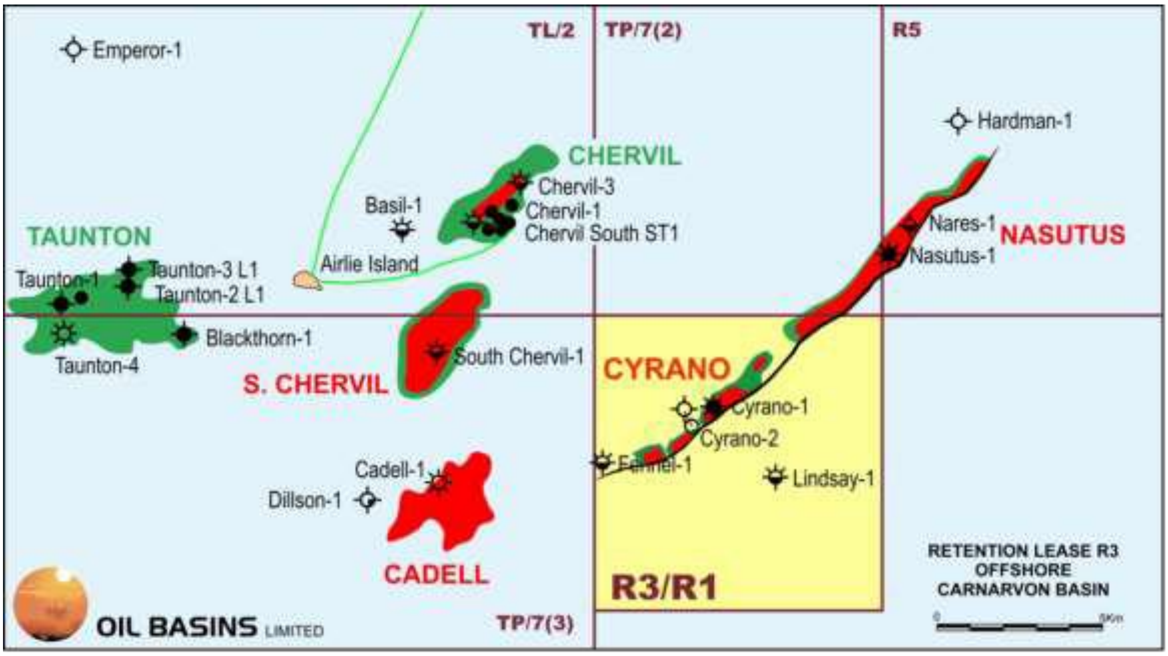
3	13.12.17	Two (2) Exploration Wells	$3,000,000
4	13.12.18	200 km New 2D Seismic Survey	$1,100,000
5	13.12.19	One (1) Exploration Well	$1,125,000
6	13.12.20	One (1) Exploration Well	$1,125,000

- OBL will be seeking third party farmin interest to fund its net 50% interest in EP487.

Cyrano R3/R1

OBL owns 100% of this retention lease and is the operator.

- Nearby to Airlie Island – jetty and 2 x 150,000 storage tanks, gas lift and gas/water separation facilities.
- Cyrano Oil Field defined by 4 vintage wells and modern 3D seismic (estimates over $50 million expenditure in $2015 terms).
- Field contains 10m net heavy 22.8 API, low sulphur oil, and 21m gas cap, with crude oil viscosity 3.95cp.
- Water depth only 12m to 17m and vertical wells are a shallow circa 600m total depth.



Regional Location of R3/R1 and latest view of the Cyrano Oil Field (Top of Barrow Group)

New independent static reservoir engineering studies on the main Cyrano Oil Pool discovery confirms the previous 1P and 2P assessment with significant upside potential possible with a future discretionary dynamic study.

New static study confirms that the Cyrano central oil pool (only) has 2C/P50 risked recoverable oil resources of overall 3.4 MMbbls. Assessed recoverable resources are still considered conservative as they assume no pumps, no water injection and no gas lift (which would be deemed essential for the heavy oil production).

R3/R1 is in good standing with a modest work program commitment of $200,000 in the current Year 4.

Backreef Area

OBL own 100% of Backreef. OBL is the operator.

- OBL advises that a comprehensive well management plan for Backreef-1 (presently cased and suspended at 1155m PBTD) was submitted to the title owner Buru Energy Limited (ASX code BRU) and the DMP in late June prior to the WA legislation becoming in force on 1 July 2016.

- OBL Group's Backreef Area interests remains in good standing.

Permit Vic/P47

OBL and its wholly owned subsidiary Shelf Oil Pty Ltd own 100% of Vic/P47. OBL is the operator of this permit.

The Company on 21 July 2015, OBL and its wholly owned subsidiary Shelf Oil Pty Ltd (collectively the "Vic/P47 Joint Venture") submitted a formal application to the offshore regulator NOPTA and the Joint Authority to grant a two year extension for the Moby Location.

The Company advise that on 28 July 2015 it received formal approval of its application of a two year Extension for the Moby Location.

An application for a 12 month suspension and extension lodged with National Offshore Petroleum Titles Authority (NOPTA) was formally approved on 7 December 2015.

Permit Vic/P41

The joint venture partners are:

Bass Strait Oil Company Ltd	64.565%
Oil Basins Limited	17.935%
Shelf Oil Pty Ltd	17.5%
Total	100%

Bass Strait Oil Company Ltd (Bass Strait) is the operator. Bass Strait, OBL and Shelf Oil Pty Ltd have agreed to surrender this title and will be advising the National Offshore Petroleum Titles Administrator (NOPTA).

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Oil Basins Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2016.

Directors

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

Mr Carl Dumbrell (Non-Executive Director, appointed 3 July 2015) (Company Secretary, appointed 13 January 2016)
Mr Daniel Justyn Douglas Peters (appointed 12 August 2016)
Mr Vazrick (Vaz) Hovanessian (appointed 12 August 2016)
Mr Kim W McGrath (Executive Chairman) (removed by shareholders at EGM 19 September 2016)
Mr Neil F Doyle (Executive Director and CEO) (removed by shareholders at EGM 19 September 2016)
Mr Nigel H Harvey (Non-Executive Director) (resigned 12 August 2016)

Principal activities

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

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $2,367,411 (30 June 2015: $1,157,113).

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

Financial Position

The net assets of the consolidated entity decreased by $1,810,239 to $3,766,983 as at 30 June 2016 (2015: $5,577,222).

The consolidated entity's working capital, being current assets less current liabilities was in deficit at 30 June 2016, in the amount of $514,413 (2015: deficit $166,824). During the period the consolidated entity had a negative cash flow from operating activities of $694,465 (2015: $1,023,453) and expended $430,773 (2015: $572,676) in relation to exploration and evaluation activities.

Significant changes in the state of affairs

On 2 July 2015, the Company issued 24,500,000 fully paid ordinary shares to Directors of the Company, in accordance with the terms outlined in the Notice of General Meeting dated 8 May 2015. The shares were issued at a deemed issue price of $0.005 (0.5 cents) per share.

On 2 July 2015, the Company issued 4,200,000 fully paid ordinary shares to a nominee of a party for expected future services under an agreement at a deemed issue price of $0.005 (0.5 cents) per share.

On 6 October 2015, the Company issued 37,500,000 fully paid ordinary shares to existing and new sophisticated investors at $0.004 (0.4 cents) per share raising $150,000 (before costs).

On 6 November 2015, the Company announced a new institutional funding agreement for a total funding commitment of up to $1,200,000 by way of a zero coupon Senior Unsecured Convertible Note. Under the agreement with Lind, OBL received a net $380,000 after fees on the $400,000 advanced as the first tranche Convertible Note with the face value of the convertible being $460,000.

On 18 November 2015, the Company issued 25,000,000 fully paid ordinary shares (collateral shares) and 67,000,000 unlisted options exercisable at $0.004658 on or before 17 November 2018 to the Australian Special Opportunity Fund LP (or their nominee) in accordance with the new institutional funding agreement announced on 6 November 2015.

On 15 February 2016, the Company announced that in relation to onshore petroleum exploration permit EP487 (Derby Block), that OBL has been served with a Summons filed in the Supreme Court of Western Australia dated 10 February 2016 and a Notice of Defendant under the Service and Execution Process Act 1992. The action has been brought by Rey Resources Limited (ASX Code: REY) and its subsidiary Rey Leonard Shelf Pty Ltd (RLS).

The principal issue related to an RLS claim of its right to be Operator of EP487 from 1 January 2016 under the Deed of Settlement and Release and Joint Operating Agreement executed on 29 May 2015. Subsequently on 30 May 2016, the Company resigned as Operator of EP 487 (Derby Block) and this role was assumed by Rey Lennard Shelf Pty Ltd, a subsidiary of Rey Resources Limited (REY). OBL retains its 50% interest in EP 487 (Derby Block) and retained its position with the Joint Venture operating committee.

On 19 April 2016, the Company announced that it had completed the consolidation of its ordinary share capital on a one (1) for ten (10) basis. As a result of the Consolidation, the total number of ordinary shares on issue have been reduced from 1,139,587,360 to 113,959,055 shares. The unlisted options on issue have been similarly consolidated in number on a one (1) for ten (10) basis with the relevant strike price for each option being increased by a factor of ten (10).

On 29 April 2016, the Company issued 8,493,806 fully paid ordinary shares with 5,555,556 fully paid ordinary shares issued to the nominee of Lind in accordance with the Convertible Security Funding Agreement at a deemed issue price of $0.009 (0.9 cents) per share and 2,938,250 fully paid ordinary shares at a deemed issue price of $0.03 (3.0 cents) per share to nominees of Directors of the Company, as approved by shareholders at the company's general meeting held on 8 April 2016.

On 24 May 2016, the Company issued 7,142,857 fully paid ordinary shares to the nominee of Lind in accordance with the Convertible Security Funding Agreement at a deemed issue price of $0.007 (0.7 cents) per share.

On 2 June 2016, the Company issued a total of 6,250,000 fully paid ordinary shares at an issue price of $0.008 (0.8 cents) per share raising a total of $50,000 (before costs).

On 8 June 2016, the Company issued a total of 10,000,000 fully paid ordinary shares in accordance with the Convertible Security Funding Agreement at a deemed issue price of $0.005 (0.5 cents) per share.

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

Matters subsequent to the end of the financial year

On 13 July 2016, OBL and Ochre Group Holdings Limited (ASX code OGH) entered into a conditional provisional agreement for OGH to assist OBL with advice and financing. An initial short term interest free unsecured loan of $150,000 was provided by OGH. A further $250,000 was provided by OGH in August 2016.

On 9 August 2016, OBL and Ochre Group Holdings Limited (ASX code OGH) and its subsidiary Ochre Capital Management Pty Ltd (Ochre) entered into a mandate agreement for Ochre to provide financial accommodation and ongoing corporate advisory and capital market services for a term of six months. The agreement provided for arrangements in respect of OBL undertaking an underwritten renounceable rights issue for $3 million and up to $5 million with attaching options.

On 9 August 2016, the Company announced that it had repaid the full amount outstanding of AU$155,000 in respect of the Convertible Security Funding Agreement dated 5 November 2015 with The Australian Special Opportunity Fund, LP.

On 11 August 2016, the Company announced that it had agreed the Placement of 36,500,000 fully paid ordinary shares at $0.007 (0.7 cents) per share raising a gross amount of $255,500 (before costs).

On 24 August 2016, the Company entered an agreement with Ochre Group Holdings Limited (OGH) and its wholly owned subsidiary, Ochre Capital Management Pty Limited (Ochre), for the sale of its wholly owned subsidiary, Oil Basins Royalties Pty Limited (OBR). OBR owns 2% royalties in Vic/P47, Derby Block EP 487, Cyrano R3/R1. The consideration for the sale will be the advance of $400,000 by OGH to OBL (Loan). The Loan will be extinguished in lieu of the transfer of shares in OBR. OBL and OGH agreed to terminate the rights issue as part of this transaction.

On 7 September 2016, the company announced a Share Purchase Plan offer to all shareholders registered on the Company’s share register. Under the offer the company will issue up to 64,618,068 new shares at $0.008 (0.8 cents) per share.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

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.

Environmental regulation

The company holds participating interests in a number of exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agencies, during the year ended 30 June 2016.

Information on directors

Name:	Mr Carl Dumbrell
Title:	Non-Executive Director (appointed 3 July 2015)
Qualifications:	BCom MTAX CA ACA (England & Wales) CTA MAICD JP
Experience and expertise:	Mr. Dumbrell is a partner of a Sydney firm with 20 years experience in taxation, assurance service and capital markets in Australian and England. Mr Dumbrell has extensive experience with Mining, and Oil & Gas companies. He is actively involved in capital market transactions in Australia, Asia and London. Mr Dumbrell has a Bachelor of Commerce and Masters of Taxation Law, he is a Chartered Accountant in Australia, England & Wales, as well as being a Chartered Tax Advisor and Registered Company Auditor in Australia.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	1,333,250 fully paid ordinary shares
Interests in options:	None

Name:	Daniel Justyn Douglas Peters
Title:	Non-Executive Directors (appointed 12 August 2016)
Qualifications:	BLaw, BA (politics/jurisprudence) GDLP
Experience and expertise:	Mr Peters – has graduate law and politics degrees and is Executive Chairman of ASX listed Leigh Creek Energy Limited which is advancing the development of the Leigh Creek Energy Project in South Australia. Previously he was Executive General Manager for Linc Energy and held a wide range of senior executive appointments for over 6 years. His experience across a broad range of onshore development activities will prove invaluable in assisting OBL developing the Company’s Canning projects. Previously Justyn was employed at the Queensland EPA as Head of Investigations and Compliance and then as acting Director of Central and Northern Regions. He earlier managed the integration of the environmental regulation of Queensland mining into the EPA.
Other current directorships:	Leigh Creek Energy Limited (ASX: LCK), Allied Resource Partners Pty Ltd (ASX: ARP)
Former directorships (last 3 years):	None
Interests in shares:	None
Interests in options:	None

Name:	Vazrick Hovanessian
Title:	Non-Executive Director (appointed 12 August 2016)
Qualifications:	B.Bus., M.App.Fin, CPA, FCSA, FGIA
Experience and expertise:	Mr Hovanessian has graduate and postgraduate degrees in Accounting and Finance with over 25 years' experience with junior oil & gas and mining companies and has held directorship, secretarial and finance roles in several of them. He has served on the Boards or had Company Secretarial/CFO roles in ASX listed Beach Petroleum, Stirling Resources, Capital Energy, Zephyr Minerals, and Silver Mines and currently is an executive director on Mandalong Resources Ltd and Broad Investments Ltd. Vaz has extensive corporate advisory, finance and property and tourism experience and in the ASX listed junior resources area, and has been instrumental in or assisted with the ASX listing by IPO or back-door listing of such companies.
Other current directorships:	Broad Investment Ltd (ASX: BRO), Mandalong Resources Limited (ASX: MDD)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	18,250,000 fully paid ordinary shares

Name:	Kim W McGrath
Title:	Executive Chairman (removed by shareholders at EGM 19 September 2016)
Qualifications:	BEc (Hons) LLB FAICD CPA CTA
Experience and expertise:	Mr McGrath is an internationally experienced resources finance and investment banking executive. He is the Managing Director of Delta Corporate Finance Pty Limited a specialist advisory group based in Sydney with active business interests in Australia and the UK. His prior positions in Australia have included legal roles with Comalco and ICL, General Counsel and Company Secretary of Bank of America Australia, General Counsel with Bell Resources responsible for negotiating international lines of finance and business acquisitions, and in strategy and development as General Manager, Strategy and Planning with Industrial Equity. During the mid 1990s Mr McGrath was based in London and worked on the restructure of companies in eastern Europe and particularly on major operations in CIS metals and oil trading, and associated financing in both London and Geneva. After returning to Australia in 1998, Mr McGrath continued to hold full practising certificates as a Solicitor in both England and Wales and in Victoria, as well as holding qualifications as a CPA and more recently as a CTA.
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Special responsibilities:	N/A
Interests in shares:	N/A
Interests in options:	N/A

Name:	Neil F Doyle
Title:	Executive Director and CEO (removed by shareholders at EGM 19 September 2016)
Qualifications:	BEng MEngSc MSPE, MSME
Experience and expertise:	Neil Doyle is an energy specialist with both significant upstream and investment banking experience in the sector. He is a qualified engineer with post-graduate qualifications in geomechanics (Monash Uni) with significant operations experience covering both the upstream (onshore and offshore) oil and gas sector notably with BHP Petroleum and Esso Exploration and Production Australia and also in the downstream refining products / LPG sector with Shell Australia. Subsequently, he has held senior management roles at commercial, technical and business development levels with a number of diversified resources groups and investment banks – specialising in energy-related financial markets investment banking, international cross-border transactions and both initiating and advising on significant mergers and acquisitions within the energy sector within Australia and NZ with JPMorganChase as Senior Vice President as a member of their Global Energy Investment Banking Team. He has had ASX listed public Company experience within the junior resources sector at Managing Director level prior to joining Patersons Securities Limited in March 2004 as a Director of Corporate Finance.
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Special responsibilities:	N/A
Interests in shares:	N/A
Interests in options:	N/A

Name:	Nigel H Harvey
Title:	Non-Executive Director (resigned 15 August 2016)
Qualifications:	BA (Hons)
Experience and expertise:	Mr Harvey has worked two decades in the financial and commodity markets for the international energy banks The Chase Manhattan Bank, Barclays Bank and JPMorganChase (Director - Head of Asia Pacific Energy Derivatives) and more recently Macquarie Bank (Division Director - Energy Markets). He worked initially in credit and corporate finance but mainly in treasury divisions. There he gained extensive crude oil and energy products markets, derivatives, risk management and wider commodity and financial derivatives and markets experience. He focussed on delivering tailored risk management and hedging solutions for producers, airlines and other clients across the Asia Pacific. He has since developed an independent market risk consulting practice. His previous background of almost a decade in business journalism covering the Middle East, its oil sector and related topics equipped him with strong industry knowledge. He is a member of the Australian Institute of Company Directors and the Society of Petroleum Engineers (SPE).
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Special responsibilities:	N/A
Interests in shares:	N/A
Interests in options:	N/A

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

All shares and options noted in the directors report are holdings at the date of this report.

Geological Consultant

The company's geological and geophysical technical team since the company's requotation on the ASX in 2006 has been headed by Geoff Geary a consultant petroleum geologist (formerly with Oil Company of Australia and Mobil Oil) with over 29 years in the profession. He has had significant experience in company mergers, acquisitions, acreage promotion and farmouts in his career, both with junior, national and with major multi-nationals oil companies. He is experienced in sedimentary basin analysis, sequence stratigraphy, structural geology, seismic interpretation, basin modelling and oil and gas field evaluation and development.

Company secretary
Carl Dumbrell was appointed Company Secretary on 13 January 2016. Refer to Carl's Bio in the information on directors above.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2016, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
Mr K McGrath	6	7	2	2
Mr N Doyle	7	7	2	2
Mr N Harvey	7	7	2	2
Mr C Dumbrell	7	7	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- alignment of executive compensation
- transparency

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives ('program participants'). The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

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

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Remuneration Committee.

ASX listing rules requires that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 25 November 2009, where the shareholders approved an aggregate remuneration of $500,000.

Executive remuneration
The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and
- long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value to the executive.

The long-term incentives ('LTI') include long service leave and share-based payments. Options may be awarded to executives based on long-term incentive measures. In addition, Executive directors may receive a bonus payment on the principles of a contract for difference in respect of the value of 5,000,000 fully paid ordinary shares of the company (adjusted for any reconstruction of capital) as determined from a benchmark price on the ASX being the volume weighted average price of the fully paid ordinary shares of the company for the five trading days to and including the close of trading on the respective last day of trading for the 2016 and 2015 financial years.

Consolidated entity performance and link to remuneration
The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. The achievement of this aim has been through the issue of options to directors and executives to encourage the alignment of personal and shareholder interests.

Non-Executive directors, other key management personnel and other senior employees have been granted options over ordinary shares. The recipients of options are responsible for growing the Company and increasing shareholder value. The options provide an incentive to the recipients to remain with the Company and to continue to work to enhance the Company's value.

Director and senior management details

The following persons acted as directors of the company during or since the end of the financial year:

- Mr C Dumbrell (Non-Executive Director, appointed 3 July 2015)
- Mr Daniel Justyn Douglas Peters (appointed 12 August 2016)
- Mr Vazrick (Vaz) Hovanessian (appointed 12 August 2016)
- Mr K McGrath (Executive Chairman) (removed by shareholders at EGM 19 September 2016)
- Mr N Doyle (Executive Director and CEO) (removed by shareholders at EGM 19 September 2016)
- Mr N Harvey (Non-Executive Director) (resigned 12 August 2016)

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current positions for the whole of the financial year and since the end of the financial year:

- Mr J Mouchacca (Company Secretary) (resigned 13 January 2016)
- Mr C Dumbrell (Company Secretary) (appointed 13 January 2016)
- Mr G Geary (Geological Consultant)

Voting and comments made at the company's 30 November 2015 Annual General Meeting ('AGM')
The company received 56.38% of 'for' votes in relation to its remuneration report for the year ended 30 June 2015. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2016	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled *** $	Total $
Non-Executive Directors:							
Mr N Harvey	10,500	-	-	998	-	34,493	45,991
Executive Directors:							
Mr K McGrath	178,384	-	-	16,648	-	30,660	225,692
Mr N Doyle	195,884	-	-	18,310	-	11,498	225,692
Mr C Dumbrell	10,500	-	-	998	-	32,498	43,996
Other Key Management Personnel:							
Mr J Mouchacca *	48,000	-	-	-	-	-	48,000
Mr G Geary **	74,800	-	-	-	-	-	74,800
	518,068	-	-	36,954	-	109,149	664,171

* Amount consists of fees paid to Leydin Freyer Corp Pty Ltd in respect of company secretarial and accounting services. Mr J Mouchacca represents Leydin Freyer Corp and is not remunerated separately for Company Secretarial and Accounting services. Mr Mouchacca resigned as company secretary on effective 13 January 2016 and thus no payments made to Leydin Freyer after this date are required to be disclosed.

** Amount consists of fees paid to Focus on Australia Pty Ltd in respect of Consulting Fees provided.

*** The equity settled remuneration represents fully paid ordinary shares issued to directors as approved by shareholders during the financial year. This amounts also includes 4,200,000 fully paid ordinary shares provided to Carl Dumbrell on appointment on 3 July 2015

2015	Short-term benefits: Cash salary and fees $	Short-term benefits: Bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
Mr N Harvey	49,178	-	-	4,672	-	7,500	61,350
Executive Directors:							
Mr K McGrath	277,079	-	-	18,783	-	57,500	353,362
Mr N Doyle	277,079	-	-	18,783	-	57,500	353,362
Other Key Management Personnel:							
Mr J Mouchacca *	96,000	-	-	-	-	-	96,000
Mr G Geary **	82,750	-	-	-	-	-	82,750
	782,086	-	-	42,238	-	122,500	946,824

* Amount consists of fees paid to Leydin Freyer Corp Pty Ltd in respect of company secretarial and accounting services. Mr J Mouchacca represents Leydin Freyer Corp and is not remunerated separately for Company Secretarial and Accounting services.

** Amount consists of fees paid to Focus on Australia Pty Ltd in respect of Consulting Fees provided.

*** The equity settled remuneration represents a total of 24,500,000 fully paid ordinary shares issued to directors on 2 July 2015 as approved by shareholders at the company's General Meeting held on 9 June 2015.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2016	Fixed remuneration 2015	At risk - STI 2016	At risk - STI 2015
Non-Executive Directors:				
Mr N Harvey	25%	88%	75%	12%
Executive Directors:				
Mr K McGrath	86%	84%	14%	16%
Mr N Doyle	95%	84%	5%	16%
Mr C Dumbrell	50%	-	50%	-
Other Key Management Personnel:				
Mr G Geary	100%	100%	-	-
Mr J Mouchacca	100%	100%	-	-

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr Kim McGrath
Title:	Executive Chairman (removed by shareholders at EGM 19 September 2016)
Agreement commenced:	30 November 2010
Term of agreement:	No fixed term
Details:	The Employment Agreement may be terminated in circumstances described below with the remuneration consequences as noted to the extent permitted by the Corporations Act and Listing Rules. Termination by the company giving six months notice in writing or payment in lieu thereof, or a combination of notice and payment in lieu. The Company can immediately terminate employment with cause, in a number of circumstances, including where there is a serious breach of the Employment Agreement, serious misconduct, bankruptcy or conviction of any criminal offence.

Name:	Mr Neil Doyle
Title:	Executive Director & CEO (removed by shareholders at EGM 19 September 2016)
Agreement commenced:	30 November 2010
Term of agreement:	No fixed term
Details:	The Employment Agreement may be terminated in circumstances described below with the remuneration consequences as noted to the extent permitted by the Corporations Act and Listing Rules. Termination by the company giving six months notice in writing or payment in lieu thereof, or a combination of notice and payment in lieu. The Company can immediately terminate employment with cause, in a number of circumstances, including where there is a serious breach of the Employment Agreement, serious misconduct, bankruptcy or conviction of any criminal offence.

Share-based compensation

Issue of shares
On 9 June 2015 shareholders approved shares to be issued to directors following the company's decision to reduce directors fees. It was approved that Mr Kim McGrath and Mr Neil Doyle would be issued fully paid ordinary shares as consideration for the reduction in both Executives base salary. The shares proposed to be issued to both Mr McGrath and Mr Doyle equated to A$10,000 per calendar month (A$50,000 in total) at 0.5 cents per share (being 10 million shares in total). As consideration for the reduction in Directors fees for both executives fully paid ordinary shares to be issued equated to $A1,500 per calendar month (A$7,500 in total) at 0.5 cents per share (being 1.5 million in total).

Non-executive director Mr Nigel Harvey was also issued shares as consideration for the reduction in Directors fees. The shares approved to be issued equated to $A1,500 per calendar month (A$7,500 in total) at 0.5 cents per share (being 1.5 million shares in total).

All equity approved by shareholders at the general meeting held on 9 June 2015 was issued subsequent to year end on 2 July 2015 but has been taken up as a liability and included in the 2015 remuneration report.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
September and October 2012	Immediately	30 June 2016	$0.0900	$0.009

Options granted carry no dividend or voting rights.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2016.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2016 are summarised below:

	2016 $	2015 $	2014 $	2013 $	2012 $
Revenue	-	383,660	14,551	45,545	2,471,790
Net Profit/ (loss) before tax	(2,367,411)	(1,157,113)	(6,312,040)	(6,051,450)	842,515
Net Profit/ (loss) after tax	(2,367,411)	(1,157,113)	(6,312,040)	(6,051,450)	842,515

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2016	2015	2014	2013	2012
Share price at financial year start ($)	0.003	0.010	0.010	0.030	0.030
Share price at financial year end ($)	0.006	0.003	0.010	0.010	0.030
Basic earnings per share (cents per share)	(2.055)	(1.257)	(0.950)	(0.830)	0.260

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other*	Balance at the end of the year
Ordinary shares					
Mr K McGrath**	26,875,000	21,720,000	-	(43,735,499)	4,859,501
Mr N Doyle*	11,000,000	15,332,500	-	(24,582,499)	1,750,001
Mr N Harvey**	6,626,550	12,997,500	-	(17,661,645)	1,962,405
Mr C Dumbrell	-	383,250	9,500,000	(8,550,000)	1,333,250
	44,501,550	50,433,250	9,500,000	(94,529,643)	9,905,157

* On 19 April 2016 the Company completed a consolidation of its ordinary share capital on a one (1) for ten (10) basis. The Consolidation was approved by shareholders at a General Meeting of the Company held on 8 April 2016.

** On 2 July 2015 the directors above were issued fully paid ordinary shares as approved by shareholders at the company's general meeting held on 9 June 2015 (for further information refer to 'Share based compensation' in the directors report)

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as part of remuneration	Exercised	Expired/Other	Balance at the end of the year
Options over ordinary shares					
Mr K McGrath	20,000,000	-	-	(20,000,000)	-
Mr N Doyle	20,000,000	-	-	(20,000,000)	-
Mr J Mouchacca	3,000,000	-	-	(3,000,000)	-
Mr G Geary	3,000,000	-	-	(3,000,000)	-
	46,000,000	-	-	(46,000,000)	-

* On 19 April 2016 the Company completed a consolidation of its unlisted options on a one (1) for ten (10) basis. The Consolidation was approved by shareholders at a General Meeting of the Company held on 8 April 2016.

** On 30 June 2016 the remaining unlisted options lapsed.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Oil Basins Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
March 2014*	14 September 2017	$0.2320	800,000
November 2015*	17 November 2018	$0.0465	6,700,000
			7,500,000

* On 19 April 2016 the Company completed a consolidation of its ordinary share capital on a one (1) for ten (10) basis. The Consolidation was approved by shareholders at a General Meeting of the Company held on 8 April 2016.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Oil Basins Limited issued on the exercise of options during the year ended 30 June 2016 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors of the company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Deloitte Touche Tohmatsu
There are no officers of the company who are former partners of Deloitte Touche Tohmatsu.

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

Auditor
Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

Oil Basins Limited
Directors' report
30 June 2016

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Carl Dumbrell
Non-Executive Director

30 September 2016
Melbourne

Deloitte.

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

30 September 2016

Dear Board Members

Oil Basins Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Oil Basins Limited.

As lead audit partner for the audit of the financial statements of Oil Basins Limited for the financial year ended 30 June 2016, 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 sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountants

Oil Basins Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	Consolidated 2016 $	2015 $
Other income	5	540,607	383,660
Expenses			
Corporate expenses		(327,892)	(528,971)
Administration expenses		(45,385)	(94,536)
Employee benefits expense	6	(287,323)	(776,555)
Share based payments	6	(109,148)	(122,500)
Depreciation and amortisation expense	6	(14,150)	(17,961)
Impairment of investments		(1,000)	-
Loss on sale of investments		-	(250)
Exploration costs written off		(1,917,192)	-
Finance costs		(205,928)	-
Loss before income tax expense		(2,367,411)	(1,157,113)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of Oil Basins Limited		(2,367,411)	(1,157,113)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Gain on the revaluation of available-for-sale financial assets, net of tax		(500)	(800)
Other comprehensive income for the year, net of tax		(500)	(800)
Total comprehensive income for the year attributable to the owners of Oil Basins Limited		(2,367,911)	(1,157,913)
		Cents	**Cents**
Basic earnings per share	36	(2.055)	(1.257)
Diluted earnings per share	36	(2.055)	(1.257)

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

Oil Basins Limited
Statement of financial position
As at 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Assets			
Current assets			
Cash and cash equivalents	8	24,308	335,215
Trade and other receivables	9	62,562	95,318
Other	10	284,554	20,495
Total current assets		371,424	451,028
Non-current assets			
Other financial assets	11	1,700	3,200
Property, plant and equipment	12	1,733	20,587
Petroleum exploration expenditure	13	4,277,963	5,764,382
Total non-current assets		4,281,396	5,788,169
Total assets		4,652,820	6,239,197
Liabilities			
Current liabilities			
Trade and other payables	14	549,782	424,510
Employee benefits	15	106,642	193,342
Convertible note	16	30	-
Other financial liabilities	17	229,383	-
Total current liabilities		885,837	617,852
Non-current liabilities			
Employee benefits	18	-	44,123
Total non-current liabilities		-	44,123
Total liabilities		885,837	661,975
Net assets		3,766,983	5,577,222
Equity			
Issued capital	19	22,460,115	22,010,313
Reserves	20	267,870	582,900
Accumulated losses		(18,961,002)	(17,015,991)
Total equity		3,766,983	5,577,222

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

Oil Basins Limited
Statement of changes in equity
For the year ended 30 June 2016

Consolidated	Contributed equity $	Accumulated losses $	Reserves $	Total equity $
Balance at 1 July 2014	19,738,956	(15,858,878)	583,700	4,463,778
Loss after income tax expense for the year	-	(1,157,113)	-	(1,157,113)
Other comprehensive income for the year, net of tax	-	-	(800)	(800)
Total comprehensive loss for the year	-	(1,157,113)	(800)	(1,157,913)
Transactions with owners in their capacity as owners:				
Share-based payments (note 37)	120,000	-	-	120,000
Issue of shares (note 19)	2,228,513	-	-	2,228,513
Costs of capital raising (note 19)	(77,156)	-	-	(77,156)
Balance at 30 June 2015	22,010,313	(17,015,991)	582,900	5,577,222

Consolidated	Contributed equity $	Accumulated losses $	Reserves $	Total equity $
Balance at 1 July 2015	22,010,313	(17,015,991)	582,900	5,577,222
Loss after income tax expense for the year	-	(2,367,411)	-	(2,367,411)
Other comprehensive income for the year, net of tax	-	-	(500)	(500)
Total comprehensive loss for the year	-	(2,367,411)	(500)	(2,367,911)
Transactions with owners in their capacity as owners:				
Lapse of options (note 20)	-	422,400	(422,400)	-
Issue of options (note 20)	-	-	107,870	107,870
Issue of shares (note 19)	465,618	-	-	465,618
Costs of capital raising (note 19)	(15,816)	-	-	(15,816)
Balance at 30 June 2016	22,460,115	(18,961,002)	267,870	3,766,983

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

Oil Basins Limited
Statement of cash flows
For the year ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(775,314)	(1,388,278)
Interest received		1,959	5,647
Interest and other finance costs paid		-	(8,822)
Refunds from settlement of legal matters		-	368,000
R&D Tax Incentive Concession		78,890	-
Net cash used in operating activities	34	(694,465)	(1,023,453)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(4,000)
Payments for exploration and evaluation		(430,773)	(572,676)
Payments for equity investments		-	(650)
Proceeds from disposal of investments		-	20,263
Net cash used in investing activities		(430,773)	(557,063)
Cash flows from financing activities			
Proceeds from issue of equity securities		450,148	1,928,513
Payments of share issue costs		(15,817)	(77,156)
Net proceeds from borrowings		380,000	-
Net cash from financing activities		814,331	1,851,357
Net increase/(decrease) in cash and cash equivalents		(310,907)	270,841
Cash and cash equivalents at the beginning of the financial year		335,215	64,374
Cash and cash equivalents at the end of the financial year	8	24,308	335,215

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

Note 1. General information

The financial statements cover Oil Basins Limited as a consolidated entity consisting of Oil Basins Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Oil Basins Limited's functional and presentation currency.

Oil Basins Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4
100 Albert Road
SOUTH MELBOURNE 3025

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2016. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

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

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

During the financial year ended 30 June 2016, the consolidated entity incurred a loss after tax of $2,367,411 (2015: $1,157,113) and had net cash outflows from operating and exploration activities of $1,125,238 (2015: $1,596,129). At 30 June 2016 the consolidated entity had net assets of $3,766,983 (30 June 2015: $5,577,222).

Note 2. Significant accounting policies (continued)

The consolidated entity currently does not have any production income and in order to continue as a going concern is therefore reliant on achieving a combination of the following matters:-

a) Raising additional equity capital or debt funding including proceeds from the share purchase plan to be received by no later than 31 October 2016;
b) Receiving the proceeds from either the full or partial sale of its existing tenement portfolio; and
c) Securing farm-out arrangements of its existing tenement portfolio or obtaining approval for the deferral of the current work programs.

The directors of the consolidated entity have prepared a detailed cash flow forecast through to 31 December 2017 and based on the budgeted expenditure the consolidated entity will be required to raise additional funds (through the methods set out above) with a minimum overall raising over the next twelve months of approximately $7.7 million to finance planned exploration plans and corporate overheads.

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

1. Securing a short term interest-free loan of $150,000 from Ochre Group Holdings Limited (OGH) in July 2016.
2. Securing an additional short term interest free loan of $250,000 from OGH in August 2016. OBL also entered into an agreement with OGH for the sale of OBL's wholly-owned subsidiary, Oil Basins Royalties Pty Limited (OBR). Consideration for the sale of OBR to OGH will be the total of both short term interest free loans from OGH being $400,000.
3. In August 2016, a new share placement to sophisticated investors was completed. Under this placement, 36.5 million new ordinary OBL shares were issued at $0.007 per share raising a gross amount of $255,500.
4. In September 2016, OBL announced its intention to make a share purchase plan offer to all shareholders at $0.008 per share. OBL expects to raise between $300,000 and $400,000 under this share purchase plan.
5. In August 2016, OGH and OBL have been negotiating an underwriter rights facility for OBL to make an underwritten renounceable rights issue for a minimum amount of $3 million and up to $5 million with attaching options. OBL is still negotiating a potential underwritten rights deal.
6. The company will receive a R&D Tax refund in the second quarter of FY17 for approximately $200,000 (net of costs).
7. The company has budgeted to receive a R&D Tax refund in the second half of FY17 for approximately $300,000 (net of costs).

The company and consolidated entity have taken actions to reduce their operation costs including;

1. Giving notice to terminate the contracts of the Executive Chairman and Executive CEO in May 2016;
2. Ending the employment and consultants contracts of the environmental and technical staff in June 2016;
3. Reviewing all expenditure and implementing a cost reduction program across the company; and
4. The company paid directors fees payable in equity rather than cash.

Cash flow forecasts prepared by management demonstrate that the company and consolidated entity have sufficient funds to meet their commitments over the next twelve months based on the successful completion of the above factors and for this reason the financial statements have been prepared on the going concern basis. In the event that the company and the consolidated entity are unsuccessful in the matters set out above, there is material uncertainty whether the company and the consolidated entity will continue as going concerns and therefore whether they will realise its assets and discharge their liabilities in the normal course of business and at the amounts stated in the financial report.

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Note 2. Significant accounting policies (continued)

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for the revaluation of available-for-sale financial assets.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Oil Basins Limited ('company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. Oil Basins Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 2. Significant accounting policies (continued)

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or 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 nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period, or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Other receivables are recognised at amortised cost, less any provision for impairment.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-7 years

Note 2. Significant accounting policies (continued)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Financial Assets
All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ('FVTPL'), 'held-to-maturity' investments, 'available-for-sale' ('AFS') financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables
Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised directly in the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Petroleum exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:
(i) the rights to tenure of the area of interest are current; and
(ii) at least one of the following conditions is also met:
(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
(b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Note 2. Significant accounting policies (continued)

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

Financial Liabilities
Financial liabilities are classified as other financial liabilities.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 2. Significant accounting policies (continued)

Compound instruments
The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Conversion options that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Provision for Restoration and Rehabilitation
A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration, development, production, transportation or storage activities undertaken, it is probable than an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include costs of removing facilities, abandoning sites/wells and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The initial estimate of the restoration and rehabilitation provision relating to exploration, development and production facilities is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of the discounting on the provision is recognised as a finance cost rather than being capitalized into the cost of the related asset.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 2. Significant accounting policies (continued)

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 2. Significant accounting policies (continued)

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
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.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Note 2. Significant accounting policies (continued)

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Oil Basins Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Interests in jointly controlled operations
Classification of joint arrangements

Exploration, development and production activities of the group are conducted primarily through arrangements with other parties. Each arrangement has a contractual agreement which provides the participating parties rights to the assets and obligations for the liabilities of the arrangement. Under certain agreements, more than one combination of participants can make decisions about the relevant activities and therefore joint control does not exist. Where the arrangement has the same legal form as a joint operation but is not subject to joint control, the group accounts for its interest in accordance with the contractual agreement by recognising its share of jointly held assets, liabilities, revenues and expenses of the arrangement.
The group's interest in other arrangements with same legal form as a joint operation but that are not subject to joint control are disclosed in note 31.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. Refer to Note 14 for further details.

Note 4. Operating segments

The consolidated entity is organised into one segment: petroleum exploration and investment within Australia. The operating segment is based on the internal reports that are reviewed by the directors (who are identified as Chief Decision Makers) in assessing performance and allocation of resources.

Note 5. Other income

	Consolidated	
	2016	**2015**
	$	**$**
Gain on sale of available-for-sale financial assets	-	10,013
Interest	1,960	5,647
Research and development tax concession	78,890	-
Gain on movement in option derivatives on convertible notes	428,527	-
Other income	31,230	368,000
Other income	540,607	383,660

Note 6. Expenses

	Consolidated 2016 $	Consolidated 2015 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Depreciation of non-current assets	14,150	17,961
Employment Benefits:		
Post employment benefit - Contribution plans	41,951	38,348
Other employee benefits	220,666	709,707
Consultant fees	24,706	28,500
Total Employment Benefits	287,323	776,555
Share-based payments		
Equity settled share based payments - Directors	109,148	122,500

Note 7. Income tax expense

	Consolidated 2016 $	Consolidated 2015 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(2,367,411)	(1,157,113)
Tax at the statutory tax rate of 30%	(710,223)	(347,134)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	32,744	36,750
Other permanent differences	29,425	1,205
Movements in provisions	(39,247)	(89,997)
Movements in accrued expenditure	6,592	1,980
Capitalised deductible exploration expenditure	(129,232)	(207,803)
Capital raising costs	(47,123)	(67,819)
Other non-deductible expenses	600,446	-
	(256,618)	(672,818)
Current year tax losses not recognised	256,618	672,818
Income tax expense	-	-

	Consolidated 2016 $	Consolidated 2015 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	21,753,704	20,898,311
Potential tax benefit @ 30%	6,526,111	6,269,493

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 7. Income tax expense (continued)

	Consolidated 2016 $	Consolidated 2015 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses	6,526,111	6,269,493
Temporary differences	(1,753,999)	(2,120,147)
Total deferred tax assets not recognised	4,772,112	4,149,346

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised.

(ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law, and

(iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

Note 8. Current assets - cash and cash equivalents

	Consolidated 2016 $	Consolidated 2015 $
Cash at bank	24,308	335,215

Note 9. Current assets - trade and other receivables

	Consolidated 2016 $	Consolidated 2015 $
Other receivables	62,922	80,551
GST receivable	(360)	14,767
	62,562	95,318

The average credit period on trade and other receivables is 30 days. Due to the short term nature of the receivables their carrying value is assumed to approximate their fair value. No collateral or security is held. No interest is charged on the receivables. The consolidated entity has financial risk management policies in place to ensure that all receivables are received within the credit timeframe.

Note 10. Current assets - other

	Consolidated 2016 $	Consolidated 2015 $
Prepayments	8,914	20,495
Prepaid transaction cost	179,851	-
Other current assets	95,789	-
	284,554	20,495

Note 11. Non-current assets - other financial assets

	Consolidated 2016 $	Consolidated 2015 $
Available-for-sale investments carried at fair value - quoted shares	1,700	3,200

Quoted shares noted above represents the company's holding in Strategic Energy Resources (ASX : SER) and Octanex N.L (ASX : OXX). The amount denoted above is the fair value as at 30 June 2016 & 2015.

Note 12. Non-current assets - property, plant and equipment

	Consolidated 2016 $	Consolidated 2015 $
Motor vehicles - at cost	-	50,179
Less: Accumulated depreciation	-	(33,976)
	-	16,203
Computer equipment - at cost	36,988	36,988
Less: Accumulated depreciation	(35,255)	(32,604)
	1,733	4,384
	1,733	20,587

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Motor Vehicles $	Computer Equipment $	Total $
Balance at 1 July 2014	28,748	5,800	34,548
Additions	-	4,000	4,000
Depreciation expense	(12,545)	(5,416)	(17,961)
Balance at 30 June 2015	16,203	4,384	20,587
Write off of assets	(4,704)	-	(4,704)
Depreciation expense	(11,499)	(2,651)	(14,150)
Balance at 30 June 2016	-	1,733	1,733

Note 13. Non-current assets - Petroleum exploration expenditure

	Consolidated 2016 $	Consolidated 2015 $
Petroleum Exploration Expenditure	4,277,963	5,764,382

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Petroleum Exploration $	Total $
Balance at 1 July 2014	5,071,706	5,071,706
Additions	692,676	692,676
Balance at 30 June 2015	5,764,382	5,764,382
Expenditure during the year	430,773	430,773
Impairment of assets	(1,917,192)	(1,917,192)
Balance at 30 June 2016	4,277,963	4,277,963

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

A review of the company's tenement areas was undertaken at the end of the financial year and management made the decision to write off the carrying value of exploration expenditure totalling $1,917,192 in relation to VIC/P41 and VIC/P47.

Note 14. Current liabilities - trade and other payables

	Consolidated 2016 $	Consolidated 2015 $
Trade payables	161,211	113,783
Liabilities to be settled by the issuance of shares	-	122,500
Other payables *	388,571	188,227
	549,782	424,510

Refer to note 22 for further information on financial instruments.

The average credit period on purchases is 30 days. No interest is charged on the trade payables. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. Included in the other payables are amounts payable to Mr. K. McGrath and Mr. N. Doyle following their removal from office at the EGM on 19 September 2016. The new board is seeking legal advice in relation to their Executive Service Agreements and in respect to these amounts outstanding. Subject to legal advice the new board believes that a substantial part of these balances may not be payable.

Note 15. Current liabilities - employee benefits

	Consolidated 2016 $	Consolidated 2015 $
Annual leave	106,642	193,342

Note 15. Current liabilities - employee benefits (continued)

Included in the Annual leave balance are amounts payable to Mr. K. McGrath and Mr. N. Doyle following their removal from office at the EGM on 19 September 2016. The new board is seeking legal advice in relation to their Executive Service Agreements and in respect to these amounts outstanding. Subject to legal advice the new board believes that a substantial part of these balances may not be payable.The board is reviewing the balances due to Mr K. McGrath and Mr. N. Doyle following their removal from office at the EGM on 19 September 2016.

Note 16. Current liabilities - Convertible note

	Consolidated	
	2016 $	2015 $
Convertible note	30	-

On 6 November 2015 the consolidated entity entered into a convertible note funding agreement with The Australian Special Opportunity Fund LP, a New York-based institutional investor managed by The Lind Partners, LLC (collectively Lind) for a total funding commitment of up to AU$1.2 million by way of a zero coupon Senior Unsecured Convertible note .

Under the agreement with Lind, executed effective 5 November 2015, OBL received a net AU$380,000 in funds after fees on the AU$400,000 advanced as the first tranche convertible note with the face value of the convertible note being $460,000.

The agreement has a term of up to 2 years, and the first tranche is made up of:
a) a zero coupon convertible note in the face amount of AU$460,000, and
b) the convertible note will not be convertible until 3 February 2016 (“Lock-Up”).
c) After the Lock-Up, Investor will have the option to convert any outstanding Face Value amounts into ordinary shares at a price per share equal to the lower of
(i)130% of the average of the three daily VWAPs, chosen by the Investor, during the 20 trading days before the date of execution of the Agreement or
(ii) 90% of the average of the three consecutive daily VWAPs, chosen by the Investor, during the 20 trading days before the date of conversion (“Conversion Price”).

In addition, as part of the Agreement, Lind will receive:
(a) 6,700,000 new OBL unlisted options at the time of funding. Options will be exercisable for 36 months with an exercise price equal to 130% of the average of the daily VWAPs during the 20 trading days before the date of execution of the Agreement (these options have been issued and priced at 0.04658 cents per share exercisable on or before 17 November 2018).
(b) 2,500,000 new OBL Collateral ordinary shares, which will be credited, or returned, to OBL upon conversion, in full, of all outstanding Face Value amounts, unless the options to acquire the OBL collateral ordinary shares are exercised.

The figures for unlisted options, option exercise price and shares above have been updated to reflect the consolidation of OBL’s shares and unlisted options on a one (1) for ten (10) basis.

The net proceeds received from the issue of the convertible notes have been split between the financial liability element and an equity component, representing the residual attributable to the option to convert the financial liability into equity of the Company, as follows.

	$
Proceeds of issue	380,000
Liability component at date of issue	(272,130)
Equity component	107,870

The liability component is measured at amortised cost. The interest expense for the year ($40) is calculated by applying an effective interest rate of 67,000% p.a. to the liability component for the seven-month period since the loan notes were issued. The difference between the carrying amount of the liability component at the date of issue ($1) and the amount reported in the statement of financial position at 30 June 2016 ($30) represents the effective interest rate less interest paid to that date.

Note 17. Current liabilities - Other financial liabilities

	Consolidated 2016 $	2015 $
Option derivatives on issue of convertible notes	229,383	-

Note 18. Non-current liabilities - employee benefits

	Consolidated 2016 $	2015 $
Long service leave	-	44,123

Note 19. Equity - issued capital

	Consolidated 2016 Shares	2015 Shares	2016 $	2015 $
Ordinary shares - fully paid	145,845,718	1,048,387,360	22,535,115	22,010,313
Treasury shares	-	-	(75,000)	-
	145,845,718	1,048,387,360	22,460,115	22,010,313

Movements in ordinary share capital

Details	Date	Shares	$
Balance	1 July 2014	722,742,978	19,738,956
OBLOB Option Conversion	4 July 2014	25,335	1,013
Acquisition of 25% of Vic P/47	8 July 2014	6,000,000	120,000
Placement	9 July 2014	35,000,000	437,500
Lind Tranche T4	8 August 2014	9,375,000	75,000
Lind Tranche T5	11 September 2014	14,285,714	100,000
Placement	24 September 2014	70,000,000	560,000
Share Placement Plan	10 October 2014	50,625,000	405,000
Lind Tranche T6	15 October 2014	20,833,333	125,000
Placement	9 January 2015	47,000,000	235,000
Placement	4 May 2015	72,500,000	290,000
Less cost of capital raising		-	(77,156)
Balance	30 June 2015	1,048,387,360	22,010,313
Issue of Share to Directors	2 July 2015	24,500,000	122,500
Issue of Share to Third Party	2 July 2015	4,200,000	21,000
Lind funds for prior Issued capital	28 August 2015	-	33,961
Placement	6 October 2015	37,500,000	150,000
Issue of Collateral share to Lind	18 November 2015	25,000,000	75,000
Share Consolidation	19 April 2016	(1,025,628,305)	-
Issue of conversion shares to Lind	29 April 2016	5,555,556	3
Issue of shares in lieu of directors fees	29 April 2016	2,938,250	88,148
Issue of conversion shares to Lind	24 May 2016	7,142,857	3
Issue of shares for placement	2 June 2016	6,250,000	50,000
Issue of conversion shares to Lind	8 June 2016	10,000,000	3
Less cost of capital raising		-	(15,816)
Balance	30 June 2016	145,845,718	22,535,115

Note 19. Equity - issued capital (continued)

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

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

Treasury Shares
The Treasury shares listed above relate to the collateral shares issued to Lind as part of the convertible note funding arrangement.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 20. Equity - reserves

	Consolidated	
	2016 $	**2015 $**
Available-for-sale reserve	-	500
Options reserve	267,870	582,400
	267,870	582,900

Available-for-sale reserve
The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.

Note 20. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Available for sale reserve $	Options Reserve $	Total $
Balance at 1 July 2014	1,300	582,400	583,700
Devaluation of shares	(800)	-	(800)
Balance at 30 June 2015	500	582,400	582,900
Options expired during the period	-	(422,400)	(422,400)
Devaluation of shares	(500)	-	(500)
Options Issued	-	107,870	107,870
Balance at 30 June 2016	-	267,870	267,870

Note 21. Equity - dividends

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

Note 22. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks.

Market risk

Price risk
The consolidated entity is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes.

	Average price increase			Average price decrease		
Consolidated - 2016	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Available-for-sale investments carried at fair value - quoted shares	10%	-	170	10%	-	(170)

Note 22. Financial instruments (continued)

	Average price increase			Average price decrease		
Consolidated - 2015	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Available-for-sale investments carried at fair value - quoted shares	10%	-	320	10%	-	(320)

Interest rate risk
The consolidated entity's main interest rate risk arises from cash deposits. The consolidated entity has no borrowings, and during the year held cash in accessible current accounts for liquidity purposes.

As at the reporting date, the consolidated entity had the following variable interest rates:

	2016		2015	
Consolidated	**Weighted average interest rate %**	**Balance $**	**Weighted average interest rate %**	**Balance $**
Cash at bank	2.00%	120,097	2.00%	335,215
Net exposure to cash flow interest rate risk		120,097		335,215

The impact would not be material on bank balances held at 30 June 2016 or 30 June 2015.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 22. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2016	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	549,782	-	-	-	549,782
Total non-derivatives		549,782	-	-	-	549,782

Consolidated - 2015	Weighted average interest rate %(p.a)	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	424,510	-	-	-	424,510
Total non-derivatives		424,510	-	-	-	424,510

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 23. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2016	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Ordinary shares	1,700	-	-	1,700
Total assets	1,700	-	-	1,700

Consolidated - 2015	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Ordinary shares	3,200	-	-	3,200
Total assets	3,200	-	-	3,200

Note 23. Fair value measurement (continued)

There were no transfers between levels during the financial year.

Note 24. Key management personnel disclosures

Directors
The following persons were directors of Oil Basins Limited during the financial year:

Mr K W McGrath (Executive Chairman)	(removed by shareholders at EGM 19 September 2016)
Mr N F Doyle (Executive Director and CEO)	(removed by shareholders at EGM 19 September 2016)
Mr N Harvey (Non-Executive Director)	(resigned 12 August 2016)
Mr C Dumbrell (Executive Director)	(appointed 3 July 2015)

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Mr J Mouchacca (Company Secretary)	(resigned 13 January 2016)
Mr C Dumbrell (Company Secretary)	(appointed 13 January 2016)
Mr G Geary (Geological Consultant)	

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

	Consolidated	
	2016 **$**	**2015** **$**
Short-term employee benefits	518,068	782,086
Post-employment benefits	36,954	42,238
Long-term benefits	109,149	122,500
	664,171	946,824

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the company:

	Consolidated	
	2016 **$**	**2015** **$**
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	48,700	32,250

Note 26. Contingent liabilities

As a result of participation in the Nyikina Mangala native title case (WAD6099/1998), the Company was presented by the Kimberley Land Council ('KLC') on behalf of the native title applicants with Bills of Costs for $186,548 and then $77,432. The first amount has been taxed down to $161,248.23 while the latter amount has not yet been taxed. The Company has formally objected to these Bills of Costs saying the native title applicants (and therefore the Company) have no legal liability to pay these costs as there was no agreement to do so and the KLC (the representative body) is federally funded for this purpose and provides the services without invoice or cost to the native title applicants. Accordingly application has been successfully made to the Federal Court to review the taxation and it has been listed for hearing on 26 November 2015. The amount of $161,248.23 has meanwhile been paid into a solicitors account (50% by OBL and 50% by REY) and the obligation to pay the taxed amount has been stayed by the Federal Court.

Any adjustment arising from the result of the taxing process, the Federal Court review or any settlement reached, may impact future cash flows.

Other than its own costs of such appeal, if the matter is unsuccessful on appeal (and no appeal is made to the High Court) then OBL will be further liable for the taxed amounts resulting from the Bills of Costs referred to above and any additional Bill of Costs of the Applicants relating to the Full Federal Court appeal. Equally if the appeal to the Full Federal Court is successful (without further appeal) then OBL will recover the monies paid into the solicitor's account together with its taxed costs of all proceedings to date concerning the costs issue and will avoid liability for the additional Bills of Costs totalling almost $164,000 from the Applicants.

Note 27. Commitments

	Consolidated	
	2016 $	2015 $
Petroleum exploration commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	3,426,000	2,226,870
One to five years	6,509,004	15,008,653
More than five years	625,000	575,000
	10,560,004	17,810,523

The consolidated entity has interests in exploration and evaluation permits. These interests give rise to expenditure commitments.

Note 27. Commitments (continued)

Derby Block EP 487

On 28 February 2014 OBL was formally offered by the WA DMP the Offer documents and Request for Grant pro-forma for Permit EP487 (formerly application 5/07-8 EP). On behalf of Joint 5/07-8 EP Applicants, OBL as operator on 7 March 2014 formally lodged acceptance of the Offer. On 21 March 2014, the Company was formally advised by the Minister for Mines and Petroleum of the grant of petroleum exploration permit EP 487 (Derby Block) effective from 14 March 2014. On 13 October 2014, OBL applied for a 12 month suspension and extension of the Permit to account for the rainy season. The DMP granted OBL a 9 month extension and Year 3 was extended to 13 December 2015. OBL lodged the Environmental Plan (533km 2D Seismic Survey) on 31 October 2014 with the DMP. In 2HY 2014, OBL commenced legal actions in District Court, Magistrates Court and State Administration Tribunal against its Application partner Backreef Oil Pty Limited.

All legal actions against Backreef Oil Pty Limited were teminated on 31 May 2015 when OBL settled all the disputes (Settlement Deed) with Rey Resources Limited (REY) whose subsidiary Rey Lennard Shelf Pty Ltd (RLS) is a 50% JV partner. On 15 June 2015, OBL as required under Condition 6 of the Grant of EP487 lodged a Heritage Impact Assessment Notice with all traditional Owners impacted by the 2D survey in strict accordance with the National Native Title Tribunal Determination dated 1 February 2013.

Following two subsequent revisions, on 30 July 2015, the DMP approved the Environmental Plan (533km 2D Seismic Survey) Revision 3. On 8 September 2015, the DMP aproved the public notice summary of this EP. On 17 September 2015, Terrex Seismic have advised that they will be unable to provide seismic equipment to commence and complete the Year 1 circa 11 week seismic survey (estimated gross cost $3.2 million) during 2015. In late September 2015, OBL as operator of EP487 (with JV support) sought DMP approval to vary out the Year 1 work program with reprocessing vintage 2D seismic and if two drill sites can be delineated to move to Year 2 drilling from 14 December 2015.

Approval was formally granted by the DMP on 2 February 2016 and Year 1 was formally declared complete. Plans were then progressed by the Company to finalise a Plan and Budget for Year 2 (pending a REY legal action determination - discussed below).
OBL and REY had a dispute early in January 2016 as to the intepretation of the Settlement Deed entered into on 31 May 2015. REY commnenced legal action in the WA Supreme Court against OBL to install RLS as operator and was the WA Supreme Court ruled in RLS's favour on 26 May 2016.
RLS as new operator advises that actual delays in attaining technical data, interpretation and re-assesment to finalise the Year 2 drilling locations work plan and budget may cause the drilling of 2 wells (planned by 4Q2016) to be delayed into mid to late 2017.

The JV plan remains to farmout ahead of committing to the 2 well program (gross $12,500,000) in 2017.

Backreef area
There are no work program obligations apart from routine well head monitoring in 2016/17. A site visit was held in June 2015 to review the rehabilitation works at East Blina-1 conducted in October 2014. The Company is seeking farmin interest for up to 50% in 2016/2017 which will greatly reduce future exposures. In June 2016 and ahead of the 30 June 2016 deadline, OBL successfully reported as operator under the new DMP Guidelines on the status of the suspended well Backreef-1. Backreef Area is in good standing.

Cyrano R3/R1
Oil Basins Limited is operator and has 100% interest of tenement - for a period of 5 years, expiring Oct 2016, the Company intends to renew this application with an average annual expenditure commitment of $200,000 (to encompass further engineering and economic studies).

Under the work program OBL is required to spend a minimum $200kp.a. (including management time). Given OBL conducted a large number of technical studies in 2015 and the current low oil price a more modest spend is budgeted in 2016 (management time only).

Work program: The Company successfully booked 3.0 million barrels oil 2P reserves in May 2015. Once modern equipment has been selected for the EPT Study, new dynamic reservoir simulation studies are planned for late 2018/2019 (Year 2 and Year 3 of the proposed renewal).

Note 27. Commitments (continued)

No adjustments have been made relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern, particularly the write down of capitalised exploration expenditure should the exploration permits be ultimately surrendered or cancelled.

Note 28. Related party transactions

Parent entity
Oil Basins Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 30.

Joint ventures
Interests in joint ventures are set out in note 31.

Key management personnel
Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 29. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2016	**2015**
	$	**$**
Loss after income tax	(3,170,643)	(1,157,112)
Total comprehensive income	(3,170,643)	(1,157,112)

Note 29. Parent entity information (continued)

Statement of financial position

	Parent 2016 $	Parent 2015 $
Total current assets	371,173	450,772
Total assets	3,965,832	6,239,192
Total current liabilities	1,002,082	617,852
Total liabilities	1,002,081	661,975
Equity		
Issued capital	22,460,115	22,010,313
Available-for-sale reserve	-	500
Options reserve	267,870	582,400
Accumulated losses	(19,764,234)	(17,015,996)
Total equity	2,963,751	5,577,217

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2016 and 30 June 2015.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 30 June 2016 and 30 June 2015.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
OBL Backreef No.10 Pty Ltd	Australia	100.00%	100.00%
Canning Basin Oil Limited	Australia	100.00%	100.00%
(formerly OBL Backreef No. 15 Pty Ltd)		-	-
Wantok Oil Limited	Papua New Guinea	100.00%	100.00%
Oil Basins Royalties Pty Ltd	Australia	100.00%	100.00%
Shelf Oil Pty Ltd	Australia	100.00%	100.00%
Backreef Energy Pty Ltd	Australia	100.00%	100.00%

Note 31. Interests in joint ventures

The group participates in arrangements with other parties that have the same legal form as a joint operation but are not subject to joint control (as described in note 2(Interest in Joint Operations)). The group's interests in these arrangements is as follows:

		Ownership interest	
	Principal place of business /	2016	2015
Name	Country of incorporation	%	%
VIC P/41	Oil and gas exploration	35.44%	35.44%
Derby Block EP 487	Oil and gas exploration	50.00%	50.00%
VIC P/47	Oil and gas exploration	100.00%	100.00%

Note 32. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Oil Basins Limited
Canning Basin Oil Limited

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission ('ASIC').

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Oil Basins Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

	2016	2015
Statement of profit or loss and other comprehensive income	**$**	**$**
Other income	540,607	383,660
Corporate expenses	(328,720)	(528,972)
Administration expenses	(45,198)	(94,539)
Employee benefits expense	(287,322)	(776,555)
Share based payments	(109,148)	(122,500)
Depreciation and amortisation expense	(14,150)	(17,961)
Impairment of investments	(1,000)	(250)
Write off of intercompany loan	(527,340)	-
Exploration costs written off	(1,737,065)	-
Finance costs	(205,928)	-
Loss before income tax expense	(2,715,264)	(1,157,117)
Income tax expense	-	-
Loss after income tax expense	(2,715,264)	(1,157,117)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(2,715,264)	(1,157,117)

Note 32. Deed of cross guarantee (continued)

Equity - retained profits	2016 $	2015 $
Accumulated losses at the beginning of the financial year	(17,175,638)	(16,018,521)
Loss after income tax expense	(2,715,264)	(1,157,117)
Transfer from revaluation surplus reserve	422,400	-
Accumulated losses at the end of the financial year	(19,468,502)	(17,175,638)

Statement of financial position	2016 $	2015 $
Current assets		
Cash and cash equivalents	24,069	334,975
Trade and other receivables	158,341	99,576
Other	188,861	16,229
	371,271	450,780
Non-current assets		
Other financial assets	7,496	657,665
Property, plant and equipment	1,733	20,588
Petroleum exploration expenditure	3,764,914	4,950,516
	3,774,143	5,628,769
Total assets	4,145,414	6,079,549
Current liabilities		
Trade and other payables	549,877	424,510
Employee benefits	106,642	193,341
Convertible note	29	-
Other financial liabilities	229,383	-
	885,931	617,851
Non-current liabilities		
Employee benefits	-	44,123
	-	44,123
Total liabilities	885,931	661,974
Net assets	3,259,483	5,417,575
Equity		
Issued capital	22,460,115	22,010,313
Reserves	267,870	582,900
Accumulated losses	(19,468,502)	(17,175,638)
Total equity	3,259,483	5,417,575

Note 33. Events after the reporting period

On 13 July 2016, OBL and Ochre Group Holdings Limited (ASX code OGH) entered into a conditional provisional agreement for OGH to assist OBL with advice and financing. An initial short term interest free unsecured loan of $150,000 was provided by OGH. A further $250,000 was provided by OGH in August 2016.

On 9 August 2016, OBL and Ochre Group Holdings Limited (ASX code OGH) and its subsidiary Ochre Capital Management Pty Ltd (Ochre) entered into a mandate agreement for Ochre to provide financial accommodation and ongoing corporate advisory and capital market services for a term of six months. The agreement provided for arrangements in respect of OBL undertaking an underwritten renounceable rights issue for $3 million and up to $5 million with attaching options.

Note 33. Events after the reporting period (continued)

On 9 August 2016, the Company announced that it had repaid the full amount outstanding of AU$155,000 in respect of the Convertible Security Funding Agreement dated 5 November 2015 with The Australian Special Opportunity Fund, LP.

On 11 August 2016, the Company announced that it had agreed the Placement of 36,500,000 fully paid ordinary shares at $0.007 (0.7 cents) per share raising a gross amount of $255,500 (before costs).

On 24 August 2016, the Company entered an agreement with Ochre Group Holdings Limited (OGH) and its wholly owned subsidiary, Ochre Capital Management Pty Limited (Ochre), for the sale of its wholly owned subsidiary, Oil Basins Royalties Pty Limited (OBR). OBR owns 2% royalties in Vic/P47, Derby Block EP 487, Cyrano R3/R1. The consideration for the sale will be the advance of $400,000 by OGH to OBL (Loan). The Loan will be extinguished in lieu of the transfer of shares in OBR. OBL and OGH agreed to terminate the rights issue as part of this transaction.

On 7 September 2016, the company announced a Share Purchase Plan offer to all shareholders registered on the Company's share register. Under the offer the company will issue up to 64,618,068 new shares at $0.008 (0.8 cents) per share.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 34. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2016 $	2015 $
Loss after income tax expense for the year	(2,367,411)	(1,157,113)
Adjustments for:		
Depreciation and amortisation	14,150	17,961
Net loss on disposal of property, plant and equipment	4,704	-
Exploration costs written off	1,917,192	-
Movement in fair value of derivatives	(428,527)	-
Impairment of available for sale assets	1,000	-
Gain on disposal of available for sale financial assets	-	(9,763)
Interest capitalised into loan	-	12,916
Share based payments	109,148	122,500
Amortisation of transaction cost	205,929	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	32,756	(68,216)
Decrease/(increase) in prepayments	(168,270)	6,545
Increase/(decrease) in trade and other payables	115,687	(23,330)
Increase/(decrease) in employee benefits	(130,823)	75,047
Net cash used in operating activities	(694,465)	(1,023,453)

Note 35. Non-cash investing and financing activities

	Consolidated 2016 $	2015 $
Conversion shares issued to Lind	150,000	-

During the financial year, the consolidated entity issued conversion shares to The Australian Special Opportunity Funds ('Lind') at various deemed issue prices as listed below:

On 29 April 2016, the Company issued 8,493,806 fully paid ordinary shares with 5,555,556 fully paid ordinary shares issued to the nominee of Lind in accordance with the Convertible Security Funding Agreement at a deemed issue price of $0.009 (0.9 cents) per share

On 24 May 2016, the Company issued 7,142,857 fully paid ordinary shares to the nominee of Lind in accordance with the Convertible Security Funding Agreement at a deemed issue price of $0.007 (0.7 cents) per share.

On 8 June 2016, the Company issued a total of 10,000,000 fully paid ordinary shares in accordance with the Convertible Security Funding Agreement at a deemed issue price of $0.005 (0.5 cents) per share.

Note 36. Earnings per share

	Consolidated 2016 $	2015 $
Loss after income tax attributable to the owners of Oil Basins Limited	(2,367,411)	(1,157,113)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	115,226,568	92,021,741
Weighted average number of ordinary shares used in calculating diluted earnings per share	115,226,568	92,021,741
	Cents	**Cents**
Basic earnings per share	(2.055)	(1.257)
Diluted earnings per share	(2.055)	(1.257)

Diluted Earnings Per Share

In the current year, the options held by option holders were not included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they did not meet the requirements for inclusion is AASB 133 "Earnings per Share". The options were non-dilutive as the consolidated entity generated a loss during the financial year.

Note 37. Share-based payments

On 2 July 2015, the Company issued 24,500,000 fully paid ordinary shares to Directors of the Company, in accordance with the terms outlined in the Notice of General Meeting dated 8 May 2015. The shares were issued at a deemed issue price of $0.005 (0.5 cents) per share. For further details refer to 'share based compensation' in the directors report. On 29 April 2016 the Company issued 2,938,250 fully paid ordinary shares at a deemed issue price of $0.03 (3.0 cents) per share to nominees of Directors of the Company, as approved by shareholders at the company's general meeting held on 8 April 2016.

Note 37. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other*	Balance at the end of the year
30/09/2012	30/06/2016	$0.0000	48,000,000	-	-	(48,000,000)	-
19/03/2014	14/09/2017	$0.2320	8,000,000	-	-	(7,200,000)	800,000
18/11/2015	17/11/2018	$0.0465	-	67,000,000	-	(60,300,000)	6,700,000
			56,000,000	67,000,000	-	(115,500,000)	7,500,000

* On 19 April 2016 the Company completed a consolidation of its unlisted options on a one (1) for ten (10) basis. The Consolidation was approved by shareholders at a General Meeting of the Company held on 8 April 2016.

** The 48,000,000 unlisted options expired, unexercised on 30 June 2016.

2015

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30/09/2012	30/06/2016	$0.0900	48,000,000	-	-	-	48,000,000
19/03/2014	14/09/2017	$0.0232	8,000,000	-	-	-	8,000,000
			56,000,000	-	-	-	56,000,000

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2016 Number	2015 Number
30/09/2012	30/06/2016	-	48,000,000
19/03/2014	14/09/2017	800,000	8,000,000
18/11/2015	17/11/2018	6,700,000	-
		7,500,000	56,000,000

Oil Basins Limited
Directors' declaration
30 June 2016

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 32 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Carl Dumbrell
Non-Executive Director

30 September 2016
Melbourne

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

Report on the Financial Report

We have audited the accompanying financial report of Oil Basins Limited, which comprises the statement of financial position as at 30 June 2016, 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 23 to 60.

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 consolidated 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 Oil Basins Limited, 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 Oil Basins Limited 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 2016 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 the Continuation as a Going Concern

Without modifying our opinion, we draw attention to Note 2 in the financial report which indicates that the consolidated entity incurred a net loss of $2,367,411 and had net cash outflows from operating and exploration activities of $1,125,238 during the year ended 30 June 2016. These conditions, along with other matters set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the 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 and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 19 of the directors' report for the year ended 30 June 2016. 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 Oil Basins Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Craig Bryan
Partner
Chartered Accountants
Melbourne, 30 September 2016

Oil Basins Limited
Shareholder information
30 June 2016

The shareholders information set out below was applicable as at 14 September 2016.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	560
1,001 to 5,000	442
5,001 to 10,000	288
10,001 to 100,000	551
100,001 and over	190
	2,031
Holding less than a marketable parcel	1,785

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Raxigi Pty Ltd	18,250,000	8.47
Sama Zaraah Pty Ltd	18,050,000	8.38
Mr Colin Robert Searl + Mrs Cynda Searl	12,410,000	5.76
BNP Pariba's Nominees Pty Ltd (Albert Fried Customer DRP)	10,948,345	5.08
Rocket Science Pty Ltd (The Trojan Capital Fund A/C)	9,629,575	4.47
Whittingham Securities Pty Limited	8,000,000	3.71
Mr Paul Stanley Harris	5,446,941	2.53
ACEC Superannuation Fund Pty Ltd (ACEC Super Fund A/C)	4,940,000	2.29
Margadh Stoc Pty Ltd	4,169,393	1.94
Mrs Gwendolen Joy Dettmar	3,501,000	1.63
Navigator Australia Ltd (MLC Investment Sett A/C)	3,305,525	1.53
Mr Neil Francis Doyle + Ms Lisa Materano (Intrepid Super Fund A/C)	3,000,000	1.39
Highgate Superannuation Pty Ltd (Ian Awford A/F A/C)	3,000,000	1.39
S M K Investments Pty Ltd	3,000,000	1.39
Mr William Joseph O'Brien	2,897,500	1.35
Mr Nidhish Hukamichand Bhandari + Mrs Reena Radhika Bhandari (Aran Superfund A/C)	2,500,888	1.16
Mr John Edward Barbera (Lilyfield Super Fund A/C)	2,500,000	1.16
J P Morgan Nominees Australia Limited	2,415,213	1.12
Mr Gavin William Kerr	2,000,000	0.93
Romanna Pty Ltd (ICM Super Fund A/C)	1,730,000	0.80
	121,694,380	56.48

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	7,500,000	2

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Raxigi Pty Ltd	18,250,000	8.47
Sama Zaraah Pty Ltd	18,050,000	8.38
Mr Colin Robert Searl + Mrs Cynda Searl	12,410,000	5.76
BNP Pariba's Nominees Pty Ltd (Albert Fried Customer DRP)	10,948,345	5.08

Voting rights
The voting rights attached to ordinary shares are set out below:

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

There are no other classes of equity securities.