BASS OIL LIMITED

HALF-YEAR FINANCIAL REPORT

30 JUNE 2018

CORPORATE DIRECTORY

ABN 13 008 694 817

Directors
Peter F Mullins, Chairman
Giustino Guglielmo
Hector M Gordon
Mark L Lindh

Managing Director
Giustino Guglielmo

Company Secretary
Robyn M Hamilton

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Stock Exchange Listing
Australian Stock Exchange Ltd
525 Collins Street
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ASX Codes: BAS – Ordinary Shares

Web Site: www.bassoil.com.au

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Currency

The functional and presentational currency of Bass Oil and all other controlled entities of Bass Oil Limited is United States Dollars (US$).

FORWARD LOOKING STATEMENTS

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

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

Managing Director’s Report

As an Australian ASX-listed company, Bass Oil (ASX:BAS) has a focus, along with our Indonesian-based field teams and partners, on expanding onshore oil production from our onshore holdings in Indonesia’s prolific South Sumatran Basin. The principal asset is a 55% Operator interest in the long-life Tangai-Sukananti licence hosting multiple in-field exploration & production options.

HIGHLIGHTS

- **Cash position to US$0.99 million as at 30 June 2018**
- **Net production for half year totalled 52,770 barrels (net to Bass)**
- **Net oil sales for half year totalled 53,612 barrels (net to Bass)**
- **Remediation program underway to address scale and pump problems at production wells in addition to planned upgrade works expected to increase future production from two existing production wells**
- **Two highly prospective field development targets identified for drilling programs expected to commence in the December quarter 2018.**
- **2nd acquisition settlement payment to Cooper Energy of US$0.39 million (A$0.5 million) paid; successfully negotiated the deferral of the remaining two payments for six months respectively.**

Bass Oil Managing Director, Mr Tino Guglielmo:

“Bass continues to work towards additional future oil production upside with a focus on the completion of a suite of initiatives infield and the planned drilling of two new prospective targets within the existing KSO. Although June 2018 quarterly production was impacted by recent scale and pump issues, Bass has made progress towards its production and optimisation plans, as well as its exploration, development and project partnering strategies for the remainder of calendar 2018. Bass continues to look for acquisition and partnership opportunities to add to our maiden production assets. Ideally, any such growth would involve stranded or dormant oil assets close to our existing infrastructure in which our highly experienced on-ground field teams are already operating in South Sumatra.”

During the half, the Company commenced ongoing strategic development and production optimisation initiatives at the KSO, resulting already in total production capacity uplift at the field and subsequent increased output from selected wells.

Concurrent to existing KSO development, Bass is targeting potential acquisitions of assets sharing synergies with existing operations. Of particular interest are those which are no longer core to the portfolios of other companies, or prospective late development stage or non-core producing assets that have become uneconomic for larger operators to run, and, which lie in close proximity to Bass’ existing operations.

Managing Director's Report (continued)

REVIEW OF OPERATIONS

Tangai-Sukananti KSO

Bass holds a 55% interest in the Tangai-Sukananti production assets, located within the South Sumatra Basin, a prolific Indonesian oil and gas region. Following the acquisition from Cooper Energy on 28 February 2017, Bass assumed the Operator role and retained the experienced Indonesian on-site personnel and the Jakarta-based management teams, which have proven experience in efficiently managing the operation.

The KSO is considered a long-life asset, with production expected beyond license expiry in mid-2025. The assets provide a future platform for growth through low-cost field development opportunities and execution of value-accretive acquisitions requiring minimal additional corporate overheads, given Bass' established Jakarta-based personnel.

Since acquiring the Tangai-Sukananti KSO, Bass has sustained strong and consistent levels of production from the asset and has commenced a field optimisation program at the KSO which thus far has led to material flow-rate improvements at all producing wells. Further to this, the Company has also implemented upgrades to selected well pumps to further improve field efficiency.

Bass continues to evaluate additional development and optimisation activities aimed at further increasing the field's total production output, which the Company expects to be reflected in the 2018 financial year.

The asset has generally performed at expectations since acquisition. Total production for the half year ending 30 June 2018 was 93kbbl. Bass expects a production uplift during the second half of calendar 2018 following remediation works to wells due to scale and pump issues, and the implementation of field optimisation activities.

Bass aims to increase production from the Tangai-Sukananti KSO to beyond 700 barrels of oil per day (BOPD) (100% JV Share), and the contained 2P oil reserves of 0.67 million barrels net to Bass. A high proportion of the 2P Reserves currently remains undeveloped, representing substantial low-risk upside potential.

The payment of Domestic Market Obligation (DMO) has also negatively affected Net Sales.

DEVELOPMENT and APPRAISAL

Since assuming the Operator role at the Tangai-Sukananti KSO, Bass has highlighted a number of prospective targets and leads that warrant further testing and development.

Significant near-field expansion opportunities have been identified at Bunian West as well as updip of the Sukananti 1 location (see Figure 1). These targets have been added to the planned 2018/19 drilling program. Additionally, the 18/19 drilling program contains the proposed Bunian-5 and 6 low-risk development opportunities with high flow-rate potential. Bunian 5 and Tangai 5 budgets have been approved by PT Pertamina, as previously announced to the market on 27 August 2018. The Bunian 5 well is currently planned to commence drilling in the December 2018 quarter.

Managing Director's Report (continued)

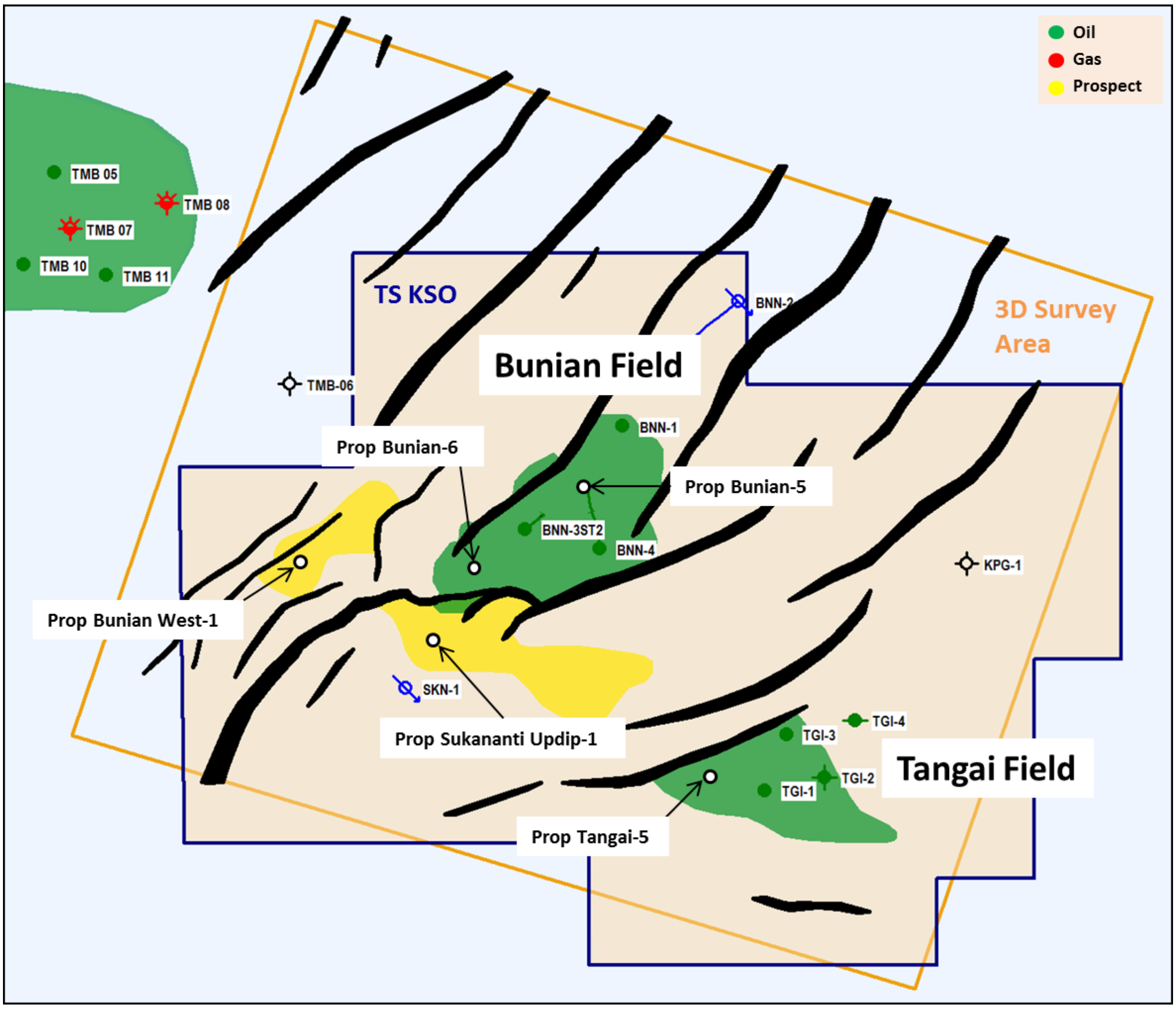

Figure 1: Tangai-Sukananti Prospects Leads

Director's Report

For the half year ended 30 June 2018

The Directors of Bass Oil Limited ("the Company" or "the Group" or "Bass") present their report on the consolidated Financial Report for the half-year ended 30 June 2018. The dollar figures are expressed in United States dollars unless otherwise indicated.

DIRECTORS

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

Peter F Mullins (Chairman)
Hector M Gordon
Giustino (Tino) Guglielmo (Managing Director)
Mark L Lindh

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was oil production after the completion of the acquisition of low cost oil production assets in Indonesia. The Company has realigned its corporate strategy following the acquisition of a 55% interest in Tangai-Sukananti KSO which contains producing assets located in the prolific oil and gas region of South Sumatra, Indonesia.

REVIEW AND RESULTS OF OPERATIONS

A review of the operations of the Company can be found in the Review of Operations on page 3.

The Company's operating loss for the half-year ended 30 June 2018 after income tax was $554,050 (31 December 2017: $98,149).

SIGNIFICANT EVENTS AFTER BALANCE DATE

Refer to Note 13 of the Notes to the Financial Statements.

Auditor's independence declaration

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

Signed in accordance with a resolution of the directors.

Hector Gordon

Hector M Gordon
Acting Chairman
Melbourne, 6 September 2018

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6 September 2018

The Board of Directors
Bass Oil Limited
Level 5, 11-19 Bank Place
MELBOURNE VIC 3000

Dear Board Members

Re: Bass Oil Limited

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

As lead audit partner for the review of the financial statements of Bass Oil Limited for the half-year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants

Directors' declaration

The directors declare that:

(a) in the directors' opinion, 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

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors

Hector Gordon

Hector M Gordon
Acting Chairman
Melbourne, 6 September 2018

Condensed Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 30 June 2018

	Note	Consolidated 6 months to 30 Jun 2018 $	6 months to 31 Dec 2017 $
Revenue			
Oil revenue		1,659,155	2,370,639
Cost of oil sold		(1,261,601)	(1,478,890)
Gross profit		397,554	891,749
Other income			
Interest received		1,322	463
Operator fees		39,053	23,961
Other income		94,664	13,735
		532,593	929,908
Administrative expenses	3	(582,174)	(675,376)
Depreciation	4	(38)	(85)
Employee benefits expense		(331,414)	(256,752)
Finance costs		(15,206)	(19,199)
Change in fair value of the equity options		-	(16,566)
Loss before income tax		(396,239)	(38,070)
Income tax expense		(157,811)	(60,079)
Loss for the half year		(554,050)	(98,149)
Other comprehensive loss, net of income tax		-	-
Other comprehensive loss, net of income tax		-	-
Total comprehensive loss for the half year		(554,050)	(98,149)
Basic and diluted (loss)/earnings per share		($0.000)	($0.000)

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

Condensed statement of financial position

As at 30 June 2018

	Note	Consolidated 30 Jun 2018 $	31 Dec 2017 $
ASSETS			
Current assets			
Cash and cash equivalents	5	990,991	1,607,829
Trade and other receivables		908,043	1,133,418
Other current assets		68,040	66,442
Inventories		44,179	104,944
Other financial assets		-	-
Total current assets		2,011,253	2,912,633
Non-current assets			
Trade and other receivables		387,015	265,189
Other financial assets		26,955	31,660
Plant and equipment		4,881	1,775
Oil properties	6	1,400,992	1,523,640
Total non-current assets		1,819,843	1,822,264
TOTAL ASSETS		3,831,096	4,734,897
LIABILITIES			
Current liabilities			
Trade and other payables		771,683	792,752
Provisions		91,124	159,272
Provision for tax		712,923	559,197
Borrowings	7	931,835	1,361,093
Total current liabilities		2,507,565	2,872,314
Non-current liabilities			
Trade and other payables		129,622	101,672
Provisions		264,129	281,160
Total non-current liabilities		393,751	382,832
TOTAL LIABILITIES		2,901,316	3,255,146
NET ASSETS		**929,780**	**1,479,751**
EQUITY			
Contributed equity		25,724,175	25,720,096
Reserves		3,261,878	3,261,878
Accumulated losses		(28,056,273)	(27,502,223)
TOTAL EQUITY		**929,780**	**1,479,751**

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

Condensed Statement of Changes in Equity
For the half year ended 30 June 2018

	Note	Contributed equity $	Accumulated losses $	Consolidated Currency translation reserve $	Share Option Reserve $	Total $
At 1 January 2018		25,720,096	(27,502,223)	3,129,996	131,882	1,479,751
Net loss for the year		-	(554,050)	-	-	(554,050)
Total comprehensive income for the period		-	(554,050)	-	-	(554,050)
Tax consequences of share issue costs		4,079	-	-	-	4,079
At 30 June 2018		**25,724,175**	**(28,056,273)**	**3,129,996**	**131,882**	**929,780**
At 1 July 2017		24,704,769	(27,404,074)	-	-	(2,699,305)
Currency translation differences	1	-	-	3,129,996	-	3,129,996
Net loss for the year		-	(98,149)	-	-	(98,149)
Total comprehensive income for the period		-	(98,149)	3,129,996	-	3,031,847
Shares issued on exercise of options		844,902	-	-	-	844,902
Transfer from other liabilities on exercise of options		166,122	-	-	131,882	298,003
Tax consequences of share issue costs		4,303	-	-	-	4,303
At 31 December 2017		**25,720,096**	**(27,502,223)**	**3,129,996**	**131,882**	**1,479,751**

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

Condensed Statement of Cashflows

For the half year ended 30 June 2018

	Note	Consolidated 6 months to 30 Jun 2018 $	 6 months to 31 Dec 2017 $
Cash flows from operating activities			
Receipts from customers		1,997,430	2,275,692
Payments to suppliers and employees		(2,222,328)	(2,021,261)
Interest received		1,322	463
Net cash provided by/(used in) operating activities		(223,576)	254,894
Cash flows from investing activities			
Proceeds from other financial asset		4,480	8,294
proceeds from oil properties		3,282	(155,518)
Purchase property, plant & equipment		(3,357)	(1,699)
Net cash provided by/(used in) investing activities		4,405	(148,923)
Cash flows from financing activities			
Proceeds from issue of shares and equity options		-	858,663
Payment of deferred consideration		(385,596)	(390,000)
Net cash provided by financing activities		(385,596)	468,663
Net (decrease)/increase in cash and cash equivalents		(604,767)	574,634
Net foreign exchange differences		(12,071)	(16,949)
Cash and cash equivalents at the beginning of the year		1,607,829	1,050,144
Cash and cash equivalents at the end of the year	5	**990,991**	**1,607,829**

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

Notes to the Financial Statements
For the half year ended 30 June 2018

Note 1. Corporate Information

The consolidated financial statements of Bass Oil Limited ("Parent Entity" or "Company") and its controlled entities (collectively as "Consolidated Entity" or "the Group") for the half-year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 6 September 2018.

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

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

Note 2. Significant Accounting Policies

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in United States dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2017 annual financial report for the financial year ended 31 December 2017, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Reporting Standards.

In the application of the Group's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Comparatives

This half-year report is for the six months ended 30 June 2018. The Group changed it's balance date from 30 June to 31 December in order to align the reporting dates with its Indonesian operations. The comparatives are for the six months 1 July 2017 to 31 December 2017. The financial report for the period end 31 December 2017 was for a six month period.

Going Concern

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

For the financial half year ended 30 June 2018 the Group made a loss after tax of $554,050 (31 December 2017: $98,419), provided net cash from operating activities of $(223,576) (31 December 2017: 254,894) and received from oil properties activities of $(3,282)(31 December 2017: expenditure $155,518). At 30 June 2018 the Group has a cash balance of $990,991 (31 December 2017: $1,607,829) and a current asset deficit of $496,312 (31 December 2017: $40,319 surplus).

The Directors consider that at the date of this report that there will be sufficient funds generated from oil properties and cash on hand to cover administration costs and the deferred acquisition payments to Cooper Energy Limited.

Note 2. Summary of Significant Accounting Policies (continued)

Going Concern (continued)

The Company has received formal approval from Indonesia's State-owned oil and natural gas corporation, PT Pertamina, for the budget to drill two onshore development oil wells, Bunian 5 and Tangai 5 within the existing KSO. Drilling is scheduled to commence in December 2018 and it is expected that the drilling of these two proposed oil development wells will significantly increase the production capacity of Bass's 55%-owned Tangai-Sukananti field as well as increase developed reserves.

The Company has also agreed an extension of the acquisition settlement terms with Cooper Energy. Under the agreed new payback terms, the timetable for a third payment of A$500,000, due 30 September this year, has been deferred until 31 March next year. The fourth and final payment of A$770,000, due to be paid by Bass to Cooper Energy by 31 December this year, has now been deferred until 30 June 2019. In return for the deferral of the final two payments, Bass has agreed to pay Cooper Energy an interest cost of 7.5% per annum on the outstanding $1.27 million, over the period of the deferral.

New Accounting Standards and Interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half -year.

Change in functional and presentation currency of Bass Oil Limited

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

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

To give effect to the change in functional and presentation currency, the assets and liabilities of the parent, which had an Australian dollar functional currency at 31 December 2017 were converted to US dollars at a fixed exchange rate on 1 January 2018 of US$1:A$0.78 and the contributed equity, reserves and retained earnings were converted at applicable historical rates. In order to derive US dollar opening balances, the Australian dollar functional currency assets and liabilities at 1 July 2017 were converted at the spot rate of US$1:A$0.77 on the reporting date; revenue and expenses for the six month period ended 31 December 2017 were converted at the average exchange rates of US$1:A$0.78 for the reporting period, or at the exchange rates ruling at the date of the transaction to the extent practicable, and equity balances were converted at applicable historical rates.

The above stated procedures resulted in the recognition of a foreign currency translation reserve of US$3,129,996, at 31 December 2017 which was not previously recognised, as set out in the condensed statement of changes in equity found in the financial report for the half-year ended 30 June 2018.

Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These accounting policies have been consistently applied by each entity in the consolidated entity, and the estimates and underlying assumptions are reviewed on an ongoing basis. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

Note 2. Summary of Significant Accounting Policies (continued)

Critical accounting estimates and judgements (continued)

(i) Impairment of Oil Property Assets
Oil properties impairment testing requires an estimation of the fair value less cost to sell of the cash generating unit to which deferred costs have been allocated. The fair value less cost to sell calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Other assumptions used in the calculations which could have an impact on future years includes USD rates, available reserves and oil prices.

(ii) Useful Life of Oil Property Assets
As detailed at Note 2. (n) in the Annual Report oil properties are amortised on a unit-of-production basis, with separate calculations being made for each resource. Estimates of reserve quantities are a critical estimate impacting amortisation of oil property assets.

(iii) Estimates of Reserve Quantities
The estimated quantities of Proven and Probable hydrocarbon reserves reported by the Company are integral to the calculation of the amortisation expense relating to oil properties, and to the assessment of possible impairment of these assets. Estimated reserve quantities are based upon interpretations of geological and geophysical models and assessments of the technical feasibility and commercial viability of producing the reserves. These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations. Reserves estimates are prepared in accordance with the Company's policies and procedures for reserves estimation which conform to guidelines prepared by the Society of Petroleum Engineers.

Note 3. Administrative expenses

	Consolidated	
	30 Jun 2018 $	**31 Dec 2017 $**
Audit and tax fees	13,365	77,965
Consultants fees other	100,677	164,188
Corporate related costs	124,764	60,679
Directors' remuneration	74,611	76,780
Foreign exchange losses	-	3,158
Insurance	16,110	12,095
Legal expenses	21,653	36,000
Loss on disposal of assets	-	815
Operating lease costs	34,757	49,489
Travel	69,210	59,602
Other administrative expenses	127,027	134,605
	582,174	675,376

Note 4. Depreciation and amortisation

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

	Consolidated	
	30 Jun 2018 $	**31 Dec 2017 $**
Depreciation of plant and equipment	38	85
Amortisation of oil properties	119,366	225,835
	119,404	225,920

Note 5. Cash and Cash Equivalents

	Consolidated	
	30 Jun 2018	31 Dec 2017
	$	$
Cash at bank and in hand	990,991	1,607,829
	990,991	1,607,829

Note 6. Oil Properties

	Consolidated	
	30 Jun 2018	31 Dec 2017
	$	$
Tangai-Sukananti KSO	1,400,992	1,523,640
	1,400,992	1,523,640

Movement in the carrying value of oil properties

	Consolidated	
	30 Jun 2018	31 Dec 2017
	$	$
Balance at the beginning of year	1,523,640	1,616,336
Expenditure during the period	-	155,518
Depreciation, depletion and amortisation	(122,648)	(226,095)
Foreign exchange movement	-	(22,119)
Balance at the end of year	1,400,992	1,523,640

Note 7. Borrowings

	Consolidated	
	30 Jun 2018	31 Dec 2017
	$	$
Current	931,835	1,361,093
Non-current	-	-
	931,835	1,361,093

The acquisition of Cooper Energy Sukananti Ltd from Cooper Energy Limited was settled on the 28 February 2017. A deferred settlement of A$2,270,000 was agreed to be repaid by 31 December 2018.

The Company paid the second repayment of A$500,000 in June 2018 and has negotiated an extension to the settlement terms. Under the agreed new payback terms, the third payment of A$500,000, due 30 September this year, has been deferred until 31 March 2019 and the fourth and final payment of A$770,000, due 31 December 2018 has been deferred until 30 June 2019. The Company has agreed to pay Cooper Energy an interest cost of 7.5% per annum on the outstanding A$1.27 million, over the period of the extended deferral.

The borrowing is secured by a registered charge over the shares the Company holds in Cooper Energy Sukananti Ltd. The amount due has been recorded at its net present value.

Note 8. Contributed Equity

	30 Jun 2018 Shares	31 Dec 2017 Shares	Consolidated 30 Jun 2018 $	31 Dec 2017 $
Issued and paid up capital				
Ordinary shares fully paid	2,606,167,481	2,606,167,481	25,724,175	25,720,096
Movements in ordinary shares on issue				
Ordinary shares on issue at beginning of period	2,606,167,481	2,239,217,584	25,720,096	24.704,769
Exercise of options	-	366,949,897	-	844,902
Transfer from other liabilities on exercise of options	-	-	-	166,122
Tax consequences of share issue costs	-	-	4,079	4,303
	2,606,167,481	2,606,167,481	25,724,175	25,720,096

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

Share Options on Issue
At 30 June 2018, the Company has 366,688,205 (31 Dec 2017: nil) share options on issue. The options are exercisable on a 1:1 basis for 366,688,205 ordinary shares of the Company at an exercise price of $0.006 and an expiry date of 15 December 2018.

	Consolidated 30 June 2018 Options	31 Dec 2017 Options
Movements in options on issue		
Balance at the beginning of period	-	386,103,275
Options issued	366,688,205	-
Options exercised	-	(366,949,897)
Options expired and cancelled	-	(19,153,378)
Closing value	366,688,205	-

Dividends
During the half-year ended 30 June 2018, Bass oil Limited did not declare or pay any dividends (31 December 2017:$nil).

Note 9. Reserves

	Consolidated 30 Jun 2018 $	31 Dec 2017 $
Share Option Reserve (i)	131,882	131,882
Currency translation reserve (ii)	3,129,996	3,129,996
	3,261,878	3,261,878

Note 9. Reserves (continued)

	Consolidated	
	30 June 2018	**31 Dec 2017**
	$	$
Movements in currency translation reserve		
Balance at the beginning of period	3,129,996	3,157,846
Permanent exchange difference on functional currency conversion	-	(27,850)
Balance at the end of the period	3,129,996	3,129,996

(i) The Share Option Reserve relates to the fair value of the share options and the amount will be released into issued capital as the options are exercised.
(ii) The foreign currency translation reserve is used to record exchange differences arising from the translation of operations to the functional and presentational currency.

Note 10. Commitments and contingencies

(a) Non-cancellable operating lease commitments

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

	Consolidated	
	30 Jun 2018	**31 Dec 2017**
	$	$
Within one year	18,477	19,500
After one year but not more than five years	4,619	14,625
	23,096	34,125

Set out below are the Group's share of operating lease commitments that are in Tangai –Sukananti KSO.

Future operating lease rentals relating to the rental of the Jakarta office and equipment in the Jakarta office that are not provided for in the financial statements and payable:

	Consolidated	
	30 Jun 2018	**31 Dec 2017**
	$	$
Within one year	109,946	86,022
After one year but not more than five years	102,252	52,041
	212,198	138,063

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

	Consolidated	
	30 Jun 2018	**31 Dec 2017**
	$	$
Within one year	175,539	45,098
After one year but not more than five years	142,400	9,351
	317,939	54,449

Note 11. Related Party Disclosures

Terms and conditions of transactions with related parties other than KMP

During the half- year the Group paid corporate advisory and investor relations fees of A$45,000 (31 December 2017: A$45,000) (under a corporate advisory & investor relations mandate) to Adelaide Equity Partners Ltd (a director related entity of Mr M Lindh). The fees were provided under normal commercial terms and conditions. Amounts outstanding at balance date were A$8,250 (31 December 2017: A$8,250). The Group has a corporate advisory & investor relations mandate with Adelaide Equity Partners. The mandate has a monthly retainer of A$7,500 per month. The mandate was terminated on 31 July 2018.

The acquisition of Cooper Energy Sukananti Ltd from Cooper Energy Limited (a shareholder and director related entity) was agreed and approved by shareholders at a Special General Meeting on 13 February 2017. The transaction was settled on the 28 February 2017 with the payment of A$500,000 cash and the issue of 180,000,000 ordinary shares, valued at A$360,000. Additionally, a deferred settlement of A$2,270,000 was agreed to be paid by 31 December 2018. The deferred settlement is interest free and secured by a registered charge over the shares the Company holds in Cooper Energy Sukananti Ltd. The amount paid during the year was A$500,000. The amount outstanding at 30 June 2018 is A$1,270,000. An extension to the deferred settlement has been negotiated and interest of 7.5% is payable on the extended deferral period. The deferred settlement will now be paid by 30 June 2019.

Note 12. Segment Information

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

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

The Board does not currently receive segment Statement of Financial Position and Statement of Comprehensive Income information. For oil production (from the Tangai–Sukananti KSO located in South Sumatra Basin in Indonesia) the Board manages the activity through review of production details, review and approval of the joint venture cash calls and other operational information.

The result for the six months to 30 June 2018 and for the comparative period was from oil production.

The consolidated assets and liabilities as at 30 June 2018 and 31 December 2017 relate to oil production.

For the current financial period, the Group’s revenue of $1,659,155 (31 December 2017:$2,370,639) was received from the sale of oil in Indonesia to Pertamina (the Indonesian State owned oil Company).

Note 13. Subsequent Events

The Company has received formal approval from Indonesia’s State-owned oil and natural gas corporation, PT Pertamina, for the budget to drill two onshore development oil wells, Bunian 5 and Tangai 5, from December this year in Bass’s onshore oil fields in southern Sumatra.

Pertamina’s approval is a pre-requisite prior to Bass commencing the procurement process for drilling services and equipment for the two well schedule.

The current intent is for the drilling of Bunian-5 first, during December 2018, followed by the proposed Tangai-5 well.

It is expected that the drilling of these two proposed oil development wells will significantly increase the production capacity of Bass’s 55%-owned Tangai-Sukananti field as well as increase developed reserves.

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Independent Auditor's Review Report to the members of Bass Oil Limited

We have reviewed the accompanying half-year financial report of Bass Oil Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2018, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-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 end of the half-year or from time to time during the half-year as set out on pages 6 to 17.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Bass Oil Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants
Adelaide, 6 September 2018