BASS OIL LIMITED

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED

30 JUNE 2017

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

Registered Office and
Principal Administration Office
Level 2, 15 Queen Street
Melbourne, Victoria 3000 Australia
Telephone +61 (3) 9927 3000
Facsimile +61 (3) 9614 6533
Email admin@bassoil.com.au

Auditors
Deloitte Touche Tohmatsu
11 Waymouth Street
Adelaide SA 5000 Australia

Share Registry
Link Market Services Limited
Tower 4, 727 Collins Street
Melbourne, Victoria 3008 Australia
Telephone +61 (3) 9615 9800
Facsimile +61 (3) 9615 9900

Stock Exchange Listing
Australian Stock Exchange Ltd
525 Collins Street
Melbourne, Victoria 3000 Australia

ASX Codes: BAS – Ordinary Shares

Web Site: www.bassoil.com.au

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FORWARD LOOKING STATEMENTS

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

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

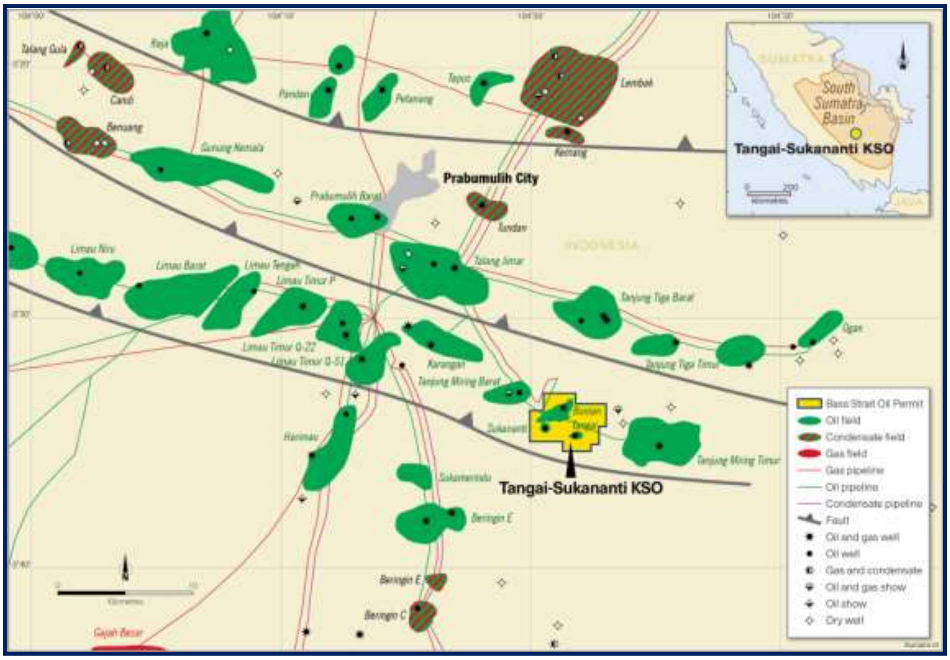
CHAIRMAN'S MESSAGE

On behalf of the Board, I present to you the Annual Report of your company, Bass Oil Limited ("Bass") for the year ended 30 June 2017.

Amidst the ongoing subdued state of the oil and gas market, Bass has taken the opportunity to refocus the Company's corporate strategy and as a result, established an emerging South-east Asia focused oil production business.

In October 2016, Bass announced the acquisition of Cooper Energy Limited's 55% interest in the Tangai-Sukananti KSO which lies in the South Sumatra Basin, Indonesia. The acquisition was a culmination of significant efforts in securing a strategic project and project team which has transformed the Company from an Australian explorer to an Indonesian oil producer.

Bass has successfully established a solid platform for near-term expansion of its oil business across South-east Asia. Following transaction completion in February 2017, the Company began searching for and has since undertaken due diligence on additional growth opportunities in close proximity to the existing KSO, within the prolific hydrocarbon province.



Location of Bass' Indonesian operations in relation to neighbouring oil and gas fields

The Company is also focusing its efforts on production optimisation and resource development at the existing operations in an effort to increase total production of the field over the coming period and maximise field recoveries.

Bass is grateful for the support of existing shareholders, particularly during the non-renounceable rights issue undertaken in November 2016. The Company raised approximately $772,000 to fund the up-front costs associated with the recent Tangai-Sukananti KSO acquisition. This support demonstrates the confidence in the future potential of Bass' team, its assets and our ability to create shareholder value.

Finally, I wish to thank the executive team based in Melbourne, the Indonesian-based operations team and my fellow directors for their diligent attention to the affairs of your Company, as we continue to work on strategically positioning ourselves for future growth.

Peter Mullins
Chairman
27 September 2017

MANAGING DIRECTORS' REPORT

Over the past year, Bass revised its corporate strategy in transforming from an Australian-based explorer to a South-east Asian oil producer. The new strategy places the Company in a position to grow shareholder value allowing it to significantly benefit from a sector recovery, whilst growing the value of its production assets and pursuing acquisitions.

On 19 October 2016, Bass entered into a Share Sale Agreement to acquire Cooper Energy Limited's 55% interest in the Tangai-Sukananti Indonesia KSO – an Indonesian producing asset comprising 11 exploration and development wells drilled from 1992 to 2015. The transaction was completed 28 February 2017, with an effective date of 1 October 2016.

The transaction consideration is outlined below:

- Upfront cash consideration of $500,000
- Upfront Scrip consideration of 180 million shares at 0.2 cent per share (being the share price on date of issue), equivalent to $360,000
- Deferred cash consideration of $2.27million, payable in four instalments between 31 December 2017 and 31 December 2018
- Bass to take on all the existing Indonesian-based office and field staff

The recent acquisition of the Tangai-Sukananti production asset provides an ability to pursue regional growth opportunities through acquisitions within the world-class Indonesian hydrocarbon province. In the June quarter, the Company commenced production optimisation activities at the KSO, and subsequently expects total production uplift at the field in due course.

With the overwhelming support of its shareholders, Bass has been able to seamlessly implement its revised corporate strategy in securing a value accretive investment, and will now focus on growth, building a sustainable and profitable South-east Asian based oil business.

Bass will continue to take advantage of the subdued market and build a portfolio of assets which share synergies with existing operations. Bass will target potential acquisitions of certain assets no longer core to the portfolios of other companies, and prospective late development stage or non-core producing assets that have become un-economic to run for larger operators and which lie in close proximity to Bass' existing operations.

The highlights of a busy year in review include:

- The successful acquisition of Tangai-Sukananti KSO, South Sumatra Basin
- The evaluation and implementation of production optimisation opportunities at Tangai-Sukananti
- Ongoing due diligence and screening of regional growth opportunities in Indonesia
- Completion of a successful Rights Issue in December 2016, raising approximately $772,000 to fund the upfront transaction costs to purchase the Tangai-Sukanati KSO
- Relinquishing Bass' interests in offshore Gippsland Basin permit Vic/P41 during the March Quarter
- Reviewing options for the Company's Vic/P68 Gippsland Basin permit, including a farm-out or potential sale or surrendered
- Minimising activity and expenditure in the Otway Basin on permit PEP 150 due to the Victorian Government moratorium on onshore exploration activities

Figure 1: Tangai-Sukananti KSO

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 Limited on 28 February 2017, Bass assumed the operator role and retained the experienced Indonesian on-site personnel and the Jakarta based management teams, who have proven experience in efficiently managing the operation. The KSO contains four producing wells in two fields, Bunian and Tangai. The Bunian field is the main producer and contains the greatest potential for expansion.

The KSO is considered long-life with production expected beyond current licence expiry in mid-2025. Historically it has been possible to negotiate extensions to licence terms within 3 years of expiry. Bass will likely apply for an extension of this licence in 2022. The assets provide a future platform for growth through low-cost field development opportunities and execution of value-accretive acquisitions whereby minimal additional corporate overheads are required given Bass' established Jakarta-based personnel.

Since acquiring the Tangai-Sukananti KSO, Bass has sustained strong, consistent levels of production, as seen in figure 2. The asset has performed at expectations, producing approximately 116,000 barrels (55% basis) for year ending 30 June 2017. Bass has now commenced a field optimisation program which aims to further increase output at the operation.

The optimisation program thus far has led to the removal of scale restriction in the Tangai-1 flowline, subsequently increasing production from 50 to 150BOPD from the Tangai-1 well. Bass continues to expand its development and optimisation program, aiming to further increase the field's total production and efficiency, which the Company expects to be reflected in the upcoming financial year.

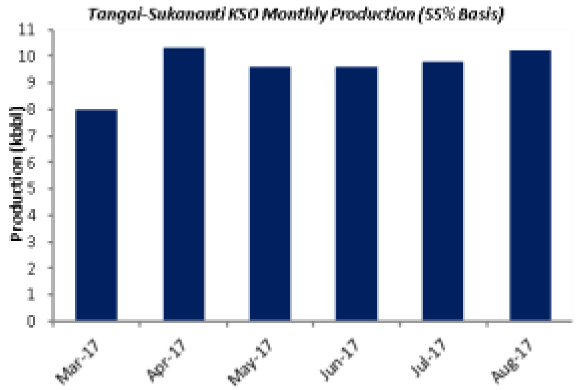


Figure 2: Strong sustained production at the Indonesian KSO since Bass assumed operatorship in March

As at 30 June 2017, the Tangai-Sukananti KSO was producing over 600 barrels of oil per day (BOPD) from 4 wells (100% JV Share) and contained 2P oil reserves of 1.35 million barrels (55% JV share) with net attributable 2P reserves to Bass of 0.7 million barrels (refer to 2017 reported Resource & Reserves). Sixty five percent of 2P reserves currently remain undeveloped, representing substantial low-risk upside potential.

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.

The Company believes there is a substantial quantity of oil reserves that remain undeveloped, within the Bunian and Tangai Fields. Significant expansion opportunities have also been identified at Bunian-West, and will likely be tested with a planned future appraisal well in 2018. Additionally, Bunian-5 and 6 represent low-risk development opportunities with high flow-rate potential.

The Tangai Field also shows potential for further development, with Tangai-5 highlighted as a low risk development well targeting the up-dip potential from strongly performing Tangai-1.

A further three un-drilled structures have been identified for future evaluation. Those are, Updip Sukananti, Updip TMB-6 and Updip Kupang and an untested shallow gas zone, Bunian ABF, which extends beyond the existing active well zones.

Bass is currently undertaking an integrated reservoir study, in order to evaluate this potential and determine the best way of addressing these opportunities. This study is due for completion by year end 2017.

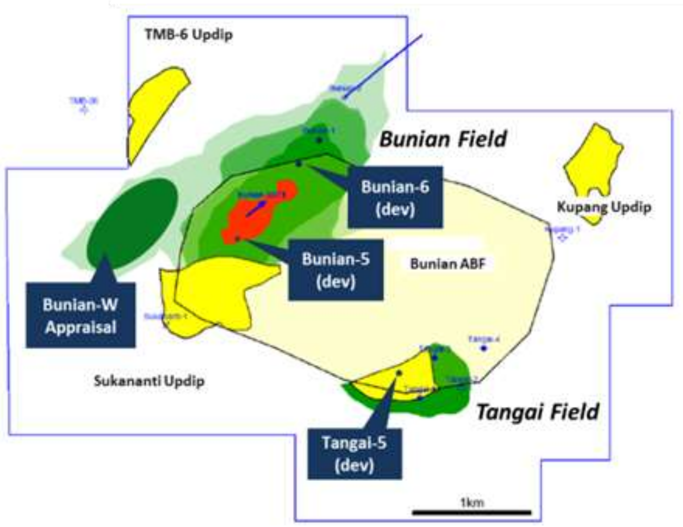


Figure 3: Tangai-Sukananti Prospects Leads

MANAGING DIRECTORS' REPORT (continued)

PERMIT MANAGEMENT

Vic/P68 (Bass 100%)
PEP 150 (Bass 15%)
Vic/P41 (relinquished)

In December 2016, the National Offshore Petroleum Administrator (NOPTA) advised Bass that its application for a suspension and extension of the permit duration for Vic/P68 in the Gippsland Basin was successful. Year three now expires on 3 November 2017, with year five of the primary term now ending 3 November 2019. Year three requires the acquisition of 225sq km of 3D seismic. In the absence of a farmout or sale of the tenement, Vic/P68 is likely to be surrendered in November 2017.

In relation to PEP 150 in the Otway Basin, minimal activity and expenditure was undertaken over the past year, given the Victorian Government moratorium on onshore exploration activities. The Government has legislated for a permanent ban on the use of fracture simulation. Subsequent to the year end, Bass has withdrawn from this Joint Venture as the interest is immaterial and no longer a part of its core strategy.

During the March quarter, Bass advised the market of its decision to relinquish its interests in the Vic/P41, Gippsland Basin permit, in line with its revised corporate strategy. The permit was relinquished on the 13th January, 2017.

RESERVES and RESOURCES

Reserves:
Bass Oil's Gross (55% share) 2P Reserves at 30 June 2017 are assessed to be 1.35 million barrels of oil.

In accordance with ASX reporting requirements for fiscal environments that use production sharing contracts or similar, Bass reports Net 2P Oil Reserves of 0.70 million barrels. Net Reserves are the reserves to which Bass has a net economic entitlement, consisting of a share of cost oil and profit oil that Bass is entitled to receive under the terms of the KSO signed with the Indonesian government body, PT Pertamina.

Resources & Reserves (as at 30 June, 2017)			
Gross (55% Share) Reserves (MMbbl)			
Category	**Proved 1P**	**Proved & Probable 2P**	**Proved, Probable & Possible 3P**
Developed	**0.34**	**0.46**	**0.55**
Undeveloped	**0.25**	**0.89**	**2.02**
Total	**0.59**	**1.35**	**2.57**
Net Reserves (MMbbl)			
Category	**Proved 1P**	**Proved & Probable 2P**	**Proved, Probable & Possible 3P**
Developed & Undeveloped	**0.37**	**0.70**	**1.01**
Gross (55% Share) Contingent Resources (MMbbl)			
Category	**1C**	**2C**	**3C**
Total	**0.12**	**0.17**	**0.57**

(1) Aggregated 1P, estimates may be conservative and aggregated 3P estimates may be optimistic due to the effects of arithmetic summation.
(2) Totals may not exactly reflect arithmetic addition due to rounding
(3) Deterministic methods have been used

MANAGING DIRECTORS' REPORT (continued)

Notes on Calculation of Reserves:

The approach for all reserves and resources estimates is consistent with the definitions and guidelines in the Society of Petroleum Engineers (SPE) 2007 Petroleum Resources Management System (PRMS). Reserves are estimated by deterministic estimation methodologies consistent with the PRMS definitions and guidelines.

The Bunian Field has three producing reservoirs (TRM3, GRM and K1 sandstones) and the Tangai Field has one producing reservoir (the M sandstone).

Qualified Petroleum Reserves and Resources Evaluator Statement:

The information contained in this report regarding the Bass Oil Limited reserves is based on and fairly represents the data and supporting documentation reviewed by Mr Giustino Guglielmo who is an employee of Bass Oil Limited and holds a Bachelor of Engineering (Mech). He is a member of the Society of Petroleum Engineers (SPE) and as such is qualified in accordance with ASX listing rule 5.4.1 and has consented to the inclusion of this information in the form and context in which it appears.

RISC consents that the Developed Producing Reserves forecasts used in this report relating to the Bunian and Tangai fields are based on an independent review conducted by RISC Operations Pty Ltd (RISC) and fairly represent the information and supporting documentation reviewed.

The review was carried out under the supervision of Mr Antony Corrie-Keilig, a Principal Petroleum Engineer at RISC, a leading independent petroleum advisory firm. Mr Corrie-Keilig is a Chartered Professional Engineer (CPEng) and is registered on the National Engineering Register (NER) in Petroleum Engineering. He is a Fellow of the Institution of Engineers Australia (FIE Aust) and is a member of both the Society of Petroleum Engineers (SPE) and Society of Petroleum Evaluation Engineers (SPEE). His qualifications include a Bachelor of Engineering (Mechanical) from Monash University and a Graduate Diploma (Petroleum Engineering) from University of New South Wales. Mr Corrie-Keilig consents to the inclusion of this information in this report.

HEALTH and SAFETY PERFORMANCE

Upon assuming control of the Tangai-Sukananti Production assets in March 2017, Bass integrated the Indonesian health, safety and environmental management system with its own corporate management system and implemented a focus on quality and quality outcomes. The initiatives maintain a robust and inclusive safety culture, reporting continued positive safety statistics.

The Company is highly focussed on the well-being of the Indonesian crew, reliability of operations, preservation of the environment and respect for the local communities within the area which we work. We make certain this is our absolute priority and thus ensure this focus is maintained.

Since March, Bass has steadily increased the number of Safe Man Hours at the operation (see figure 4), despite increases in work activity and production rates due to optimisation initiatives in the recent quarter. Furthermore, Bass reduced the occurrence of reportable incidents, which led to a significant decline in the TRIR of ~47% (see figure 5). Bass is pleased to confirm there were no lost-time injuries or work-related recordable injuries that required medical treatment in this recent period.

The Company is committed to delivering exceptional standards of health and safety year-on-year, and will focus on developing its current health, safety environment, quality and community (HSEQC) management processes, to further improve and monitor our ability to identify, manage and subsequently minimise potential hazards and risks associated with the operations moving forward.

Figure 4: Tangai-Sukananti Safe Man Hours

MANAGING DIRECTORS' REPORT (continued)

Figure 5: Tangai-Sukananti Total Recordable Incident Rate

DIRECTORS' REPORT

The Directors present their report on the results of Bass Oil Limited consolidated entity ("BAS" or "Bass" or "the Company" or "the Group") for the year ended 30 June 2017.

DIRECTORS

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

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

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

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

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

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

Mr Mullins served on the audit committee during the period.

Giustino (Tino) Guglielmo BEng (Mech) – Managing director from 1 February 2017, previously was Executive Director (*Appointed 16 December 2014*)

Mr Guglielmo is a Petroleum Engineer with over 36 years of technical, managerial and senior executive experience in Australia and internationally.

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

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

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

Mr Guglielmo served on the audit committee during the period.

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

Mr Gordon currently serves on the Board of Cooper Energy Limited as a Non-Executive Director.

Mr Gordon is a geologist with over 40 years of experience in the upstream petroleum industry, primarily in Australia and southeast Asia. Until June 2017 Mr Gordon was employed by Cooper Energy Limited as Executive Director - Exploration & Production.

Mr Gordon's previous employers also include Beach Energy, Santos Limited, AGL Petroleum, TMOC Resources, Esso Australia and Delhi Petroleum Pty Ltd. He is currently a Non-Executive Director of Cooper Energy Limited, which is a substantial shareholder of Bass Oil Limited.

Mr Gordon is a member of the American Association of Petroleum Geologists and a member of the Society of Petroleum Engineers.

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

DIRECTORS' REPORT (CONTINUED)

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

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

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

Mr Lindh served on the audit committee during the period.

INTERESTS IN THE SHARES & OPTIONS OF THE COMPANY

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

	Number of Ordinary Shares	Number of Options over Ordinary Shares
P F Mullins	38,400,000	7,200,000
G Guglielmo	223,688,815	41,941,650
H M Gordon	17,066,668	3,200,000
M L Lindh (a)	215,829,397	40,295,515

(a) Mr Lindh's interest includes 18,112,000 shares held directly and 197,717,397 shares held indirectly by a related party, South Australian Resource Investments Pty Ltd, a subsidiary of Adelaide Equity Partners Ltd.

COMPANY SECRETARY

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

DIVIDENDS

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

PRINCIPAL ACTIVITY

The principal activities of the Group during the year were oil and gas exploration and 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 landmark 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.

OPERATING AND FINANCIAL REVIEW

Operating results for year

During the financial year, the Group acquired a subsidiary which has a 55% interest in Tangai-Sukananti KSO, an oil producing asset in South Sumatra. This is a significant transaction for the Group and enables the Group to have a future income stream and other opportunities in this prolific oil producing basin.

These financial statements are the twelve months ended 30 June 2017 and reflect the change in the Groups strategic direction for a period of four months, after the acquisition of the oil producing assets was completed on the 28 February 2017.

The Company's operating loss for the year ended 30 June 2017 after income tax was $1,795,591 (2016: $4,030,740) and includes impairment of the Gippsland exploration assets of $1,062,325.

Review of Financial Condition

Liquidity
The Group's consolidated statement of cash flows for the year recorded an increase of $916,822 (2016: decrease of $294,571) in cash and cash equivalents. The cash flows were derived from operating receipts of $963,991 (2016: $38,933), other receipts of $3,178 (2016: $6,162), proceeds from sale of assets $nil (2016: $56,148), capital raising net of transaction costs of $712,429 (2016: $434,397) and the net cash acquired on the acquisition of a subsidiary of $587,066 (2016:$nil)

Cash outflows relating to operations of $1,255,563 (2016: $607,821). There were also cash outflows in investing activities of $94,279 (2016: net cash outflows $166,242) mainly relating to petroleum exploration expenditure activities and oil properties.

DIRECTORS' REPORT (CONTINUED)

Cash assets at 30 June 2017 were $1,346,338 (2016: $457,054).

CHANGES IN THE STATE OF AFFAIRS

On 27 February 2017 the Group with shareholder approval, changed its name from Bass Strait Oil Company Ltd to Bass Oil Limited.

On 28 February 2017 the Group acquired a subsidiary, Cooper Energy Sukananti Ltd, which has a 55% interest in Tangai-Sukananti KSO, an oil producing asset in South Sumatra, Indonesia and has moved its focus from exploration in Australia to oil production and exploration in South East Asia.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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.

The Company believes there is a substantial quantity of oil reserves that remain undeveloped, within the Bunian and Tangai Fields.

Bass is currently undertaking an integrated reservoir study, in order to evaluate this potential and determine the best way of addressing these opportunities. This study is due for completion by year end 2017.

SHARE OPTIONS

Unissued shares

As at the date of this report there were 386,103,297 unissued ordinary shares under options (nil at 30 June 2016).

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

INDEMNIFICATION OF AUDITORS

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

DIRECTORS' MEETINGS

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

	Board Meetings		Audit Committee	
	Held	**Attended**	**Held**	**Attended**
P F Mullins	9	9	2	2
G Guglielmo	9	9	2	2
H M Gordon	9	9	2	2
M L Lindh	9	9	2	2

REMUNERATION REPORT (AUDITED) (30 June 2017)

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

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

(i) Directors

P F Mullins	Chairman
G Guglielmo	Managing Director (was an Executive Director until 1 February 2017)
H M Gordon	Director (Non-executive)
M L Lindh	Director (Non-executive)

(ii) Executives

R M Hamilton	Company Secretary

There have been no changes to key management personnel after 30 June 2017 and before the date the financial report was authorised for issue.

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

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

Remuneration Philosophy

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

- Provide competitive rewards to attract high calibre executives.

Remuneration Structure

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

Non-Executive Director Remuneration

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

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

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

REMUNERATION REPORT (AUDITED) (30 June 2017) (continued)

The table below summaries the non-executive director remuneration (excluding superannuation):

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

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

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

The remuneration of non-executive directors for the period ending 30 June 2017 and 30 June 2016 is detailed in Table 1 and 2 respectively of this Remuneration Report.

The Directors agreed to a reduction of 50% of the above amounts to 31 January 2017 when they reverted to the above agreed levels based on the strengthening of the Company's cash position. As at the date of this report no further reassessment has occurred.

Executive Remuneration

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

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

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

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

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

Fixed remuneration

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

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

Employment contracts
Managing Director and Chief Executive Officer
Mr G Guglielmo was appointed Managing Director and Chief Executive Officer ("CEO") on 1 February 2017.

Prior to this date, Mr Guglielmo was an executive director engaged on a Consultancy Services Agreement that required a minimum of 2 days per week at $150,000 per annum, from 2 February 2015.

The Managing Director and CEO is employed under a rolling contract and under the terms of the contract, Mr Guglielmo receives fixed remuneration of $300,000 per annum. If there is cause for termination, the Company can terminate the contract immediately without compensation, other than any employee entitlements up to the date of termination. Otherwise, the contract may be terminated at any time by either side giving six months notice in writing or by the Company paying six months salary in lieu of notice, unless mutually agreed.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (30 June 2017) (continued)

Consultancy Services Agreements

The Group has entered into consultancy agreements with Robyn Hamilton.

Details of the agreements entered into by the Group and outstanding as at 30 June 2017 are set out below:

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

Company performance

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

Measure	2017	2016	2015	2014	2013
Net (loss)/profit - $	(1,795,591)	(4,030,740)	(836,252)	(3,091,993)	(3,641,170)
Basic (loss) per share – cents per share	(0.001)	(0.001)	(0.001)	(0.006)	(0.007)
Share price at the beginning of year* - $	0.001	0.002	0.003	0.004	0.010
Share price at end of year* - $	0.001	0.001	0.002	0.003	0.004
Dividends per share – cents	Nil	Nil	Nil	Nil	Nil

* Prices have been rounded to two decimal points

Remuneration of key management personnel

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

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (30 June 2017) (continued)

Table 1: Remuneration for the year ended 30 June 2017

	Short-term benefits	Post employment	Share-based payments	Long-term benefits	
	Salary & fees $	Super-annuation $	Options $	Long service leave $	Total $
Non-executive Directors					
P F Mullins	53,125	5,047	-	-	58,172
H M Gordon	38,958	3,701	-	-	42,659
M L Lindh	35,416	3,364	-	-	38,780
Sub-total non-executive directors	127,499	12,112	-	-	139,611
Managing Director					
G Guglielmo	189,375	35,000	-	-	224,375
Other key management personnel					
R M Hamilton	54,680	-	-	-	54,680
Totals	**371,554**	**47,112**	**-**	**-**	**418,666**

Table 2: Remuneration for the year ended 30 June 2016

	Short-term benefits	Post employment	Share-based payments	Long-term benefits	
	Salary & fees $	Super-annuation $	Options $	Long service leave $	Total $
Non-executive Directors					
P F Mullins	37,500	3,563	-	-	41,063
H M Gordon	27,500	2,612	-	-	30,112
M L Lindh	25,000	2,375	-	-	27,375
Sub-total non-executive directors	90,000	8,550	-	-	98,550
Executive Director					
G Guglielmo	150,000	-	-	-	150,000
Other key management personnel					
R M Hamilton	41,080	-	-	-	41,080
Totals	**281,080**	**8,550**	**-**	**-**	**289,630**

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (30 June 2017) (continued)

Table 3: Shareholdings of key management personnel

Shares held in Bass Oil Limited (number)

	1 July 2016 Balance at beginning of period	Participation in Rights Issue	Net change other	**30 June 2017** Balance at end of period
2017				
Directors				
P F Mullins	24,000,000	14,400,000	-	38,400,000
G Guglielmo	139,805,515	83,883,300	-	223,688,815
H M Gordon	10,666,668	6,400,000	-	17,066,668
M L Lindh (a)	135,118,377	80,591,030	119,990	215,829,397
	309,590,560	185,274,330	119,990	494,984,880
Other key management personnel				
R M Hamilton	-	5,000,000	-	5,000,000
	-	5,000,000	-	5,000,000

(a) Mr M Lindh's interest includes 18,112,000 (2016: 11,320,000) shares held directly and 197,717,397 (2016: 121,385,043) shares held indirectly by related parties, South Australian Resource Investments Pty Ltd and Chesser Nominees Pty Ltd, both subsidiaries of Adelaide Equity Partners Ltd, a director related entity of Mr M Lindh.

Options held in Bass Oil Limited (number)

	1 July 2016 Balance at beginning of period	Participation in Rights Issue	Net change other	**30 June 2017** Balance at end of period
2017				
Directors				
P F Mullins	-	7,200,000	-	7,200,000
G Guglielmo	-	41,941,650	-	41,941,650
H M Gordon	-	3,200,000	-	3,200,000
M L Lindh (b)	-	40,295,515	-	40,295,515
	-	92,637,165	-	92,637,165
Other key management personnel				
R M Hamilton	-	2,500,000	-	2,500,000
	-	2,500,000	-	2,500,000

(b) Mr M Lindh's interest includes 3,396,000 (2016: nil) options held directly and 36,899,515 (2016: nil) options held indirectly by related parties, South Australian Resource Investments Pty Ltd and Chesser Nominees Pty Ltd, both subsidiaries of Adelaide Equity Partners Ltd, a director related entity of Mr M Lindh.

Rights Issue

On 14 December 2016 the Company issued 772,206,594 ordinary shares completing a non-renounceable rights issue of three new shares for every five shares held at an issue price of $0.001 cents per share. The company also issued one free attaching option to every two new shares purchased with an exercise price of $0.003 cents and an expiry date of 15 December 2017. Each new option upon exercise will receive one new piggy back option having an exercise price of $0.006 cents and an expiry date of 15 December 2018. The Company issued 386,103,275 options.

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

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

- the non-executive Directors of Bass Oil Limited; and
- certain executives in the Managing Director's senior leadership team.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (30 June 2017) (continued)

During the year the Group paid corporate advisory and investor relations fees to Adelaide Equity Partners Limited (a director related entity of Mr M Lindh) of $97,500 (2016:$60,000) (under a corporate advisory and investor relations mandate). The fees were provided under normal commercial terms and conditions. Amounts outstanding at balance date were $8,250 (2016: $5,500). The corporate advisory and investor relations mandate has a monthly retainer of $7,500 per month and can be terminated at anytime by written notice to the other party.

HEALTH, SAFETY AND ENVIRONMENT

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

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

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

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement for the year ended 30 June 2017 may be accessed from the Company's website at www.bassoil.com.au.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the year ended 30 June 2017 is included on page 17.

Non-audit services

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Audit Committee, in conjunction with the Chief Financial Officer, assesses the provision of non-audit services by the auditors to ensure that the auditor independence requirements of the Corporation Act 2001 in relation to the audit are met.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 8 to the financial statements.

The directors are of the opinion that the services as disclosed in note 8 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Signed in accordance with a resolution of the Directors

Chairman
Melbourne, 27 September 2017

Deloitte Touche Tohmatsu
ABN 74 490 121 060
11 Waymouth Street
Adelaide, SA, 5000
Australia

Phone: +61 8 8407 7000
www.deloitte.com.au

27 September 2017

The Board of Directors
Bass Oil Limited
Level 2
15 Queen Street
MELBOURNE VIC 3000

Dear Board Members

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 audit of the financial statements of Bass Oil Limited for the financial year ended 30 June 2017, 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

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Bass Oil Limited, I state that:

In the opinion of the directors:

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

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and it's performance for the year ended on that date; and

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

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

(c) the financial statements and notes comply with International Financial Reporting Standards as stated in Note 2(a).

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

On behalf of the Board

Chairman
Melbourne, 27 September 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated 2017 $	2016 $
Revenue			
Oil revenue		1,911,320	-
Cost of oil sold		(901,843)	-
Gross profit		1,009,477	-
Other income			
Interest received		3,178	6,065
Operator fees		25,590	18,072
Rent received		-	16,900
Total revenue and other income		1,038,245	41,037
Administrative expenses	4	(909,556)	(609,163)
Depreciation		(1,578)	(3,104)
Employee benefits expense	6	(323,341)	(698)
Finance costs	7	(16,516)	-
Exploration costs impaired and written off	16	(1,062,325)	(3,421,325)
Change in fair value of the equity options	23	(262,727)	-
Acquisition expenses	18	(189,774)	-
Loss before income tax		(1,727,572)	(3,993,253)
Income tax expense	9	(68,019)	(37,487)
Loss for the year		(1,795,591)	(4,030,740)
Other comprehensive income, net of income tax			
Items that may be reclassified to profit or loss			
Exchange difference on translation of foreign operations		(16,740)	-
Other comprehensive income, net of income tax		(16,740)	-
Total comprehensive income/(loss) for the year		(1,812,331)	(4,030,740)
Basic and diluted (loss)/earnings per share	27	($0.001)	($0.005)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Consolidated 2017 $	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	10	1,346,338	457,054
Trade and other receivables	11	1,180,622	10,511
Other current assets	12	98,864	7,860
Inventories	13	66,376	-
Other financial assets	14	16,133	-
Total current assets		2,708,333	475,425
Non-current assets			
Trade and other receivables	11	275,770	-
Other financial assets	14	35,507	16,133
Plant and equipment	15	1,257	2,674
Exploration and evaluation expenditure	16	-	1,034,689
Oil properties	17	2,072,227	-
Total non-current assets		2,384,761	1,053,496
TOTAL ASSETS		5,093,094	1,528,921
LIABILITIES			
Current liabilities			
Trade and other payables	21	585,936	131,145
Provisions	22	177,883	-
Provision for tax	9(e)	654,468	-
Other financial liabilities	23	364,261	-
Borrowings	24	963,993	-
Total current liabilities		2,746,541	131,145
Non-current liabilities			
Trade and other payables	21	118,994	-
Provisions	22	387,403	-
Borrowings	24	1,260,769	-
Total non-current liabilities		1,767,166	-
TOTAL LIABILITIES		4,513,707	131,145
NET ASSETS		**579,387**	**1,397,776**
EQUITY			
Contributed equity	25	33,798,034	32,804,092
Reserves		(16,740)	-
Accumulated losses	26	(33,201,907)	(31,406,316)
TOTAL EQUITY		**579,387**	**1,397,776**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

		Consolidated			
	Note	Contributed equity $	Accumulated losses $	Currency translation reserve $	Total $
At 1 July 2016		32,804,092	(31,406,316)	-	1,397,776
Net loss for the year		-	(1,795,591)	-	(1,795,591)
Foreign currency translation differences		-	-	(16,740)	(16,740)
Total comprehensive income for the period		-	(1,795,591)	(16,740)	(1,812,331)
Shares issued	25	1,030,672	-	-	1,030,672
Transaction costs on share issues	25	(59,777)	-	-	(59,777)
Tax consequences of share issue costs	25 & 9	23,047	-	-	23,047
At 30 June 2017		**33,798,034**	**(33,201,907)**	**(16,740)**	**579,387**
At 1 July 2015		32,332,208	(27,375,576)	-	4,956,632
Net loss for the year		-	(4,030,740)	-	(4,030,740)
Total comprehensive income for the period		-	(4,030,740)	-	(4,030,740)
Shares issued	25	482,629	-	-	482,629
Transaction costs on share issues	25	(48,232)	-	-	(48,232)
Tax consequences of share issue costs	25 & 9	37,487	-	-	37,487
At 30 June 2016		**32,804,092**	**(31,406,316)**	**-**	**1,397,776**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated 2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		963,991	38,933
Payments to suppliers and employees		(1,255,563)	(607,821)
Interest received		3,178	6,162
Net cash used in operating activities	34	(288,394)	(562,726)
Cash flows from investing activities			
Proceeds from the disposal of plant & equipment		-	228
Proceeds from other financial asset		-	55,920
Oil properties expenditure	17	(66,643)	(16,133)
Net cash inflow on acquisition of subsidiary	18	587,066	-
Petroleum exploration expenditure	16	(27,636)	(206,257)
Net cash provided by/(used in) investing activities		492,787	(166,242)
Cash flows from financing activities			
Proceeds from issue of shares and equity options		772,206	482,629
Transaction costs on issue of shares		(59,777)	(48,232)
Net cash provided by financing activities		712,429	434,397
Net (decrease)/increase in cash and cash equivalents		916,822	(294,571)
Net foreign exchange differences		(27,538)	-
Cash and cash equivalents at the beginning of the year		457,054	751,625
Cash and cash equivalents at the end of the year	10	**1,346,338**	**457,054**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 27 September 2017.

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 and exploration.

Note 2. Summary of Significant Accounting Policies

Basis of Preparation

The financial report has 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 Australian dollars, unless otherwise noted.

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.

(a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated statements of the Group. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards.

(b) New Accounting Standards and Interpretations

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

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020

<u>Impact of New and Revised Requirements</u>

AASB 9 'Financial Instruments' (December 2009), and the relevant amending standards

AASB 9 applies to annual periods beginning on or after 1 January 2018. The directors of the Company anticipate that the application of AASB 9 in the future is not anticipated to have a material impact on amounts reported, based on current transactions, in respect of the Group's financial assets and financial liabilities, but will affect disclosures made in the Group's consolidated financial statements.

Note 2. Summary of Significant Accounting Policies (continued)

(b) New Accounting Standards and Interpretations (continued)

AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15, and AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15

AASB 15 applies to annual periods beginning on or after 1 January 2018. The directors of the Company anticipate that the application of AASB 15 in the future will not have a material impact on the amounts reported, based on current transactions, but will affect disclosures made in the Group's consolidated financial statements.

AASB 16 'Leases'

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The accounting model for lessees will require lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets.

AASB 16 applies to annual periods beginning on or after 1 January 2019. The directors of the Company anticipate that the application of AASB 16 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of AASB 16 until the Group performs a detailed review.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Bass Oil Limited and its subsidiaries as at 30 June each year (the Group).

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

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

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

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

(d) Foreign currency translation

(i) Functional and presentation currency
Both the functional and presentation currency of Bass Oil Limited and its subsidiaries is Australian dollars ($).

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

(e) Cash and cash equivalents

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

Note 2. Summary of Significant Accounting Policies (continued)

(e) Cash and cash equivalents (continued)

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

(f) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less an allowance for impairment.

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

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(h) Investments and other financial assets

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

Recognition and Derecognition

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

(i) Joint arrangements

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

(j) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Office furniture and equipment – over 3 to 10 years

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

(k) Leases

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

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

Note 2. Summary of Significant Accounting Policies (continued)

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

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

The Group conducts an annual internal review of asset values, which is used as a source of information to assess any indicators for impairment. If any impairment exists, an estimate of the asset's recoverable amount is calculated.

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

(m) Exploration and evaluation expenditure

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

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

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the area of interest level whenever facts and circumstances suggest that the carrying value may exceed its recoverable amount.
An impairment exists when the carrying amount of capitalised exploration and evaluation expenditure relating to an area of interest exceeds its recoverable amount. The asset is then written down to its recoverable amount and any impairment losses are recognised in profit or loss.

(n) Oil properties

Oil properties are carried at cost including construction, installation of infrastructure such as roads and the cost of development of wells.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it's probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Oil properties are amortised on the Units of Production basis using the latest approved estimate of Proven (1P) Reserves. Amortisation is charged only once production has commences. No amortisation is charged on areas under development where production has not yet commenced.

(o) Provision for restoration

The Group records the present value of its share of the estimated cost to restore operating locations. The provision is based on the net present value of the current agreed monthly payment to Pertamina to cover the anticipated obligations relating to the reclamation, waste site closure, plant closure, production facility removal and other costs associated with the restoration of the site. Pertamina is responsible for all restoration.

When the liability is recorded the carrying amount of the production asset is increased by the restoration costs which are depreciated over the producing life of the asset. Over time, the liability is increased for the change in the present value based on a risk free discount rate and monthly payment to Pertamina. The unwinding of the discount is recorded as an accretion charge within finance costs.

Any changes in the estimate of the provision for restoration arising from changes in the amount required to be paid to pertamina or changes in the discount rate of the restoration provision are recorded by adjusting the provision and the carrying amount of the production or exploration asset and then depreciated over the producing life of the asset. Any change in the discount rate is applied prospectively.

Note 2. Summary of Significant Accounting Policies (continued)

(q) Trade and other payables

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

(r) Contributed equity

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

(s) Revenue recognition

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is recognised and measured at the fair value of the consideration or contributions received, net of goods and service tax ("GST"), to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sales revenue
Sales revenue is recognised on the basis of the Group's interest in a producing field ("entitlements" method), when the physical product and associated risks and rewards of ownership pass to the purchaser, which is at the time the oil is received at the Pertamina terminal. Revenue earned under a production sharing contract ("KSO") is recognised on a net entitlements basis according to the terms of the KSO.

Other income
Other income is recognised in profit or loss at the fair value of the consideration received or receivable, net of GST, when the significant risks and rewards of ownership have been transferred to the buyer or when the service has been performed.

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

(t) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered.

Liabilities recognised in respect of short term employee benefits, are measured at their nominal values using the remuneration rate expected at the time of settlement.

(u) Income tax and other taxes

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

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

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

Note 2. Summary of Significant Accounting Policies (continued)

(u) Income tax and other taxes (continued)

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

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

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

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

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

Indonesian First Tranche Petroleum

A provision for deferred income tax payable related to tax potentially payable by the Group on its share of First Tranche Petroleum which has already been recovered from Tangai-Sukananti KSO production. This tax will only be payable in the event the contractors exhaust the pool of cost recovery prior to expiry of the KSO.

Based on the amount of the cost recovery pool, the Group believes that the cost recovery pool could be exhausted in 2018 and that the tax will become payable in the 2019.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST or VAT except:

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

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

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

(v) Earnings per share

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

(w) 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.

Note 2. Summary of Significant Accounting Policies (continued)

(w) Critical accounting estimates and judgements (continued)

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.

(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) 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. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, cash, deposits and borrowings.

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

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

Primarily responsibility for identification and control of financial risks rests with the Managing Director under the authority of the Board. The Board reviews and agrees management's assessment for managing each of the risks identified below.

The carrying amounts and net fair values of the Group's financial assets and liabilities at 30 June 2017 are cash and cash equivalents $1,346,338, trade and other receivables $1,456,392, other financial assets $51,640, trade and other payables $704,930 and borrowings $2,224,762.

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

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, commodity price risk and interest rate risk. Financial instruments affected by market risk include deposits, trade and other receivables, trade and other payables, and borrowings.

The sensitivity analyses in the following sections relate to the position as at 30 June 2017.

The sensitivity analyses have been prepared on the basis that the amount of the financial instruments in foreign currencies is all constant. The sensitivity analyses are intended to illustrate the sensitivity changes in market variables on the Group's financial instruments and show the impact on profit and loss and shareholders' equity, where applicable.

Foreign currency risk

The Group has transactional currency exposure arising from oil sales which are denominated in United States dollars (USD), whilst costs are denominated in Indonesian Rupiah (IDR), USD and Australian dollars. The Group does not undertake any hedging activities.

During the year the Group acquired oil production assets in Indonesia and is now exposed to foreign currency risk arising from various currency exposures, to the United States dollar.

The Board approved the policy of holding certain funds in United States dollars to manage foreign exchange risk. The Group's exposure to foreign exchange risk at the reporting date was as follows (holdings are shown in AUD equivalent):

	30 JUNE 2017	
	USD	**IDR**
	$	$
Financial assets:		
Cash and cash equivalents	1,038,530	136,950
Trade and other receivables	1,224,590	218,584
Financial liabilities:		
Trade and other payables	28,429	591,253

At the reporting date, if the currencies set out in the table above, strengthened or weakened against the Australian dollar by the percentage shown, with all other variables held constant, net profit for the year would increase/(decrease) and net assets would increase/(decrease) by:

	30 JUNE 2017	
	USD	**IDR**
	$	$
Impact on post tax profit		
Exchange rate +10%	223,469	(23,571)
Exchange rate -10%	(223,469)	23,571
Impact on equity		
Exchange rate +10%	223,469	(23,571)
Exchange rate -10%	(223,469)	23,571

Management believes the risk exposures as at the reporting date are representative of the risk exposure inherent in the financial instruments. A movement of +/– 10% is selected because a review of recent exchange rate movements and economic data suggests this range is reasonable.

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

Commodity Price Risk

The Group is exposed to commodity price fluctuations through the sale of petroleum products denominated in US dollars. The Group may enter into commodity crude oil price swap and option contracts to manage its commodity price risk.

If the US dollar oil price changed by +/-10% from the average oil price during the period since acquisition (4 months), with all other variables held constant, the estimated impact on post-tax profit and equity would have been:

	30 JUNE 2017 USD $
Impact on post tax profit	
USD dollar oil price +10%	191,132
USD dollar oil price -10%	(191,132)
Impact on equity	
USD dollar oil price +10%	191,132
USD dollar oil price -10%	(191,132)

Interest rate risk

The Group's exposure to market interest rates is related primarily to the Group's cash and cash equivalents.

The Group constantly analyses its interest rate opportunity and exposure. Within analysis consideration is given to existing positions and alternative arrangement on fixed or variable deposits.

The following sensitivity analysis is based on the interest rate opportunity/risk in existence at reporting date.

At reporting date, if interest rates changed by +/- 1%, with all other variables held constant, the estimated impact on post-tax profit and equity would have been:

	30 JUNE 2017 $
Impact on post tax profit	
Interest rates +1%	13,463
Interest rates -1%	(13,463)
Impact on equity	
Interest rates +1%	13,463
Interest rates -1%	(13,463)

A movement of + and-1% is selected because this is historically within the range of rate movements and available economic data suggests this range is reasonable.

Liquidity risk

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

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

The financial liabilities are trade and other payables, and borrowings. At 30 June 2017, the Group had $704,930 (2016: $131,145) in trade and other payables. Trade payables are non-interest bearing and have a contractual maturity of less than 30 days. At 30 June the Group had borrowings of $2,224,762 and are interest free.

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

The only financial assets are cash and cash equivalents, trade and other receivables, and other financial assets. At 30 June 2017, the Group had $1,346,338 (2016: $457,054) in cash and cash equivalents, $1,456,392 (2016: $10,511) in trade and other receivables, and $51,640 (2016: $16,133) in other financial assets.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than one year	One to two years	Greater than two years	Total
	%	$	$	$	$
2017					
Trade and other payables	-	585,936	-	118,994	704,930
Borrowings	1.81%	1,000,000	1,270,000	-	2,270,000
2016					
Trade and other payables	-	131,145	-	-	131,145

Credit risk

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

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

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

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

Apart from Pertamina, the Indonesian State owned oil Company, the largest customer of the Group, the Group does not have significant credit risk exposure to any other counterparty.

The credit risk on liquid funds is banks with high ratings assigned by international credit rating agencies.

Fair value of financial instruments

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

Capital management

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

The Group will seek to raise further capital, if required, to fund its future strategy for the development of the Tangai-Sukananti field.

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

Note 4. Administrative expenses

	Note	Consolidated 2017 $	2016 $
Audit and tax fees		78,443	35,000
Consultants fees other		250,440	143,061
Corporate related costs		32,992	38,091
Directors' remuneration (i)		227,111	248,550
Foreign exchange losses		3,807	-
Insurance		12,542	11,926
Legal expenses		3,375	34,523
Loss on disposal of assets		123	2,031
Operating lease costs		82,758	49,886
Travel		103,022	5,102
Other administrative expenses		114,943	40,993
		909,556	609,163

(i) Mr Guglielmo's remuneration is included in directors' remuneration when he was an Executive Director until he was appointed Managing Director on 1 February 2017. From that date, his remuneration is included in Employee benefits expense.

Note 5. Depreciation and amortisation

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

		Consolidated 2017 $	2016 $
Depreciation of plant and equipment	14	1,578	3,104
Amortisation of oil properties		184,824	-
		186,402	3,104

Note 6. Employee benefits expense

		Consolidated 2017 $	2016 $
Wages and salaries		240,151	-
Superannuation		35,000	-
Provision for annual leave		10,525	-
Medical expenses		3,097	-
Termination benefits		34,532	-
Workers compensation		36	698
		323,341	698

Note 7. Finance costs

		Consolidated 2017 $	2016 $
Accretion interest		16,516	-
		16,516	-

Note 8. Auditor's Remuneration

.	Note	Consolidated 2017 $	2016 $
Amounts received or due and receivable by Deloitte for:			
An audit or review of the financial report of the entity paid to: Deloitte Touche Tomatsu Australia		61,000	35,000
Deloitte Touche Tomatsu Indonesia		29,942	-
Total		90,942	35,000

The auditor of Bass Oil Limited is Deloitte Touche Tohmatsu.
Audit costs included in acquisition costs amounted to $12,499, refer to Note 18.

Note 9. Income Tax

	Consolidated 2017 $	2016 $
(a) Income tax recognised in profit or loss		
Current tax	44,972	-
In respect of the current year		
Deferred tax	23,047	37,487
In respect of the current year		
Total income tax expenses recognised in profit or loss	68,019	37,487
The income tax expense for the year can be reconciled to the accounting profit or loss as follows:		
Loss before tax	(1,727,572)	(3,993,253)
Income tax calculated at 30% (2016: 30%)	(518,272)	(1,197,976)
Difference in tax rates	11,243	-
Cost recovery profit that is not liable to income tax in Indonesia	(167,629)	-
Change in fair value of options recorded in other liabilities	78,818	-
Expenses associated with the acquisition	56,932	-
Other	37	-
Tax losses previously recognised now not recognised	48,710	944,228
Current year revenue tax losses not recognised	558,180	291,235
Income tax expense recognised in the profit or loss	68,019	37,487
(b) Recognised deferred tax assets and (liabilities)		
Deferred tax assets and (liabilities) are attributable to the following:		
Other assets	(7,829)	(2,358)
Exploration and evaluation expenditure	-	(310,406)
Plant and equipment	-	159
Trade and other payables	27,383	15,191
Provisions	3,158	-
Share issue costs	32,142	37,255
	54,854	(260,159)
Net deferred tax assets not recognised	(54,854)	-
Tax value of revenue losses carried forward	-	260,159
Net deferred tax assets and (liabilities)	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Note 9. Income Tax (continued)

	Consolidated 2017 $	2016 $
(c) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Temporary differences	54,854	-
Revenue tax losses	6,017,585	5,403,696
Capital tax losses	232,200	232,200
	6,304,639	5,635,896

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

(d) Movement in recognised net deferred tax asset		
Opening balance	-	-
Recognised in equity	(23,047)	(37,487)
Recognised in income	23,047	37,487
Closing balance	-	-

(e) Movement in provision for tax		
Opening balance	-	-
Provision acquired on acquisition	610,911	-
Income tax expense	44,972	-
Foreign exchange movement	(1,415)	-
Closing balance	654,468	-

The provision for tax relates to income tax payable in Indonesia. The tax only becomes payable when there are no cost recoveries available to be carried forward at the end of the tax year in Indonesia (31 December).

Based on the current life of field model, there will be no cost recoveries carried forward at 31 December 2019, meaning that the tax will become payable on 30 April 2020.

The provision for tax covers the tax years from 2010 to 2016 and the six months to 30 June 2017.

Note 10. Cash and Cash Equivalents

	Consolidated 2017 $	2016 $
Cash at bank and in hand	1,346,338	457,054
	1,346,338	457,054

Note 11. Trade and Other Receivables

	Consolidated 2017 $	2016 $
Current:		
Trade debtors (i)	948,865	-
Other receivables	7,896	3,543
Goods and services tax	5,276	6.968
Value-added tax	218,585	-
	1,180,622	10,511
Non-current:		
Other receivables	275,770	-
	275,770	-

(i) At balance date, there are no trade receivables that are past due but not impaired. Due to the short-term nature of these receivables, their carrying value approximates fair value. Trade receivables are non-interest bearing and are generally on 60 day terms. Details regarding the credit risk of receivables are disclosed in Note 3. All sales from the Tangai-Sukananti KSO are to Pertamina, the Indonesia State owned oil Company.

Note 12. Other Current Assets

	Consolidated 2017 $	2016 $
Prepayments	83,515	6,974
Accrued revenue	15,349	886
	98,864	7,860

Note 13. Inventories

	Consolidated 2017 $	2016 $
Oil inventories in tank (at cost)	33,022	-
Maintenance spares (at cost)	33,354	-
	66,376	-

Note 14. Other Financial Assets

	Consolidated 2017 $	2016 $
Current		
Security Deposit	16,133	-
	16,133	-
Non-current:		
Security Deposits	35,507	16,133
	35,507	16,133

Note 15. Plant and Equipment

	Note	Consolidated 2017 $	2016 $
Office equipment, furniture and fittings			
Opening balance, net of accumulated depreciation		2,674	8,037
Assets acquired on acquisition	18	284	-
Disposals		(123)	(2,259)
Depreciation charge for the year	5	(1,578)	(3,104)
Closing balance, net of accumulated depreciation		1,257	2,674
Cost		81,382	66,367
Accumulated depreciation		(80,125)	(63,693)
Net carrying amount		1,257	2,674

Note 16. Exploration and Evaluation Costs

	Consolidated 2017 $	2016 $
Exploration and evaluation costs	-	1,034,689
	-	1,034,689

Movement in the carrying value of exploration and evaluation costs

	Consolidated 2017 $	2016 $
Petroleum tenements in the exploration phase		
Balance at the beginning of year	1,034,689	4,249,757
Cost capitalised for the year	27,636	206,257
Exploration costs impaired and written off	(1,062,325)	(3,421,325)
Balance at the end of year	-	1,034,689

The net carrying amount of exploration and evaluation costs is represented by Vic/P41 $nil (2016: $577,983), Vic/P68 $nil (2016: $401,091) and PEP 150 $nil (2016: $55,615).

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

In the current year, Vic/P41 was surrendered prior to the commencement of Year 5 work program and the capitalised expenditure was written off.

As a result of the change in the strategic direction of the Group, no further work is planned to be performed in relation Vic/P68 and the amounts capitalised have been fully impaired. The Group had been seeking to farm out or sell this permit but has been unable to gain sufficient interest. It is likely the permit will be surrendered at the end of the permit year.

Costs associated with PEP 150 have been written off after the Victorian Government extended the moratorium on onshore exploration activity till 30 June 2020.

Commitments and tenure of each permit are included in Note 30.

Note 17. Oil Properties

	Consolidated 2017 $	2016 $
Tangai-Sukananti KSO	2,072,227	-
	2,072,227	-

Movement in the carrying value of oil properties

	Consolidated 2017 $	2016 $
Balance at the beginning of year	-	-
Oil properties acquired on acquisition (Note 18)	2,187,609	-
Expenditure during the period	66,643	-
Foreign exchange movement	2,799	-
Depreciation, depletion and amortisation	(184,824)	-
Balance at the end of year	2,072,227	-

Note 18. Business Combinations

(a) Subsidiaries acquired

	Principal activity	Date of Acquisition	Proportion of shares acquired	Consideration transferred $
Cooper Energy Sukananti Ltd	Oil Producer	28/02/2017	100%	860,000

Cooper Energy Sukananti Ltd holds a 55% interest in the Tangai-Sukananti KSO, an oil producing field, located in South Sumatra, Indonesia.

(b) Consideration for the acquisition

	Consolidated 2017 $	2016 $
Cash	500,000	-
Issue of 180,000,000 fully paid ordinary shares	360,000	-
	860,000	-
Deferred consideration agreement	2,211,444	-
	3,071,444	-

The Deferred consideration of $2,270,000 is payable over four instalments between 31 December 2017 and 31 December 2018 and has been recorded at the net present value amount.

Acquisition related costs amounting to $189,774 have been excluded from the consideration transferred and have been recognised as an expense in the profit or loss in the current year, within the 'acquisition expenses' line item.

Note 18. Business Combinations (continued)

(c) Assets acquired and liabilities assumed at the date of acquisition

	Cooper Energy Sukananti Ltd $
Current assets	
Cash and cash equivalents	1,087,066
Trade and other receivables	1,507,296
Other current assets	47,268
Inventories	55,279
Non-current assets	
Trade and other receivables	178,028
Other financial assets	35,606
Plant and equipment	284
Oil properties	2,187,609
Current liabilities	
Trade and other payables	(633,097)
Provisions	(269,852)
Provision for tax	(610,910)
Non-current liabilities	
Trade and other payables	(111,075)
Provisions	(402,058)
Fair value of asset and liabilities acquired	3,071,444
Less consideration for the acquisition	(3,071,444)
	-

Some of the above fair values have been accounted for on a provisional basis, as the transaction only recently occurred.

(d) Net cash inflow on acquisition of subsidiaries

	Consolidated 2017 $	2016 $
Consideration paid in cash	(500,000)	-
Cash and cash equivalent balances acquired	1,087,066	-
Net cash inflow on acquisition of subsidiaries	587,066	-

(e) Impact of acquisition on the results of the Group

Included in the loss for the year is $626,223 profit attributable to the additional business generated by Cooper Energy Sukananti Ltd. Revenue for the year includes $1,911,320 in respect of Cooper Energy Sukananti Ltd.

Had these business combinations been effected at 1 July 2016, the revenue of the Group from continuing businesses would have been $5,733,963, and the loss for the year from continuing operations would have been $543,146. The directors of the Group consider these ‘pro-forma’ numbers to present an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for future comparisons.

Note 19. Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of Subsidiary	Principal activity	Place of Incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			30/06/17	30/06/16
BSOC Business Services Pty Ltd	Non-operating	Australia	100%	100%
Cooper Energy Sukananti Ltd	Oil Producer	British Virgin Islands	100%	-

Note 20. Joint Arrangements

The Group has interests in a number of joint arrangements which are classified as joint operations. Details of the Group's joint arrangements at the end of the reporting period are as follows:

Name of Joint Venture	Principal activity	Place of Incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			30/06/17	30/06/16
(i) Joint arrangements in which Bass Oil Limited is the operator				
Vic/P41	Oil & Gas exploration	Australia	-	64.6%
Tangai-Sukananti KSO	Oil Producer	Indonesia	55%	-
(ii) Joint arrangements in which Bass Oil Limited is not the operator				
PEP 150	Oil & Gas exploration	Australia	15%	15%

Note 21. Trade and Other Payables

	Consolidated 2017 $	2016 $
Current:		
Trade payables (i)	164,294	52,176
Other payables	421,642	78,969
	585,936	131,145
Non-current:		
Other payables	118,994	-
	118,994	-

(i) The Groups settles creditors on average within 30 days and no interest is charged.

Note 22. Provisions

	Consolidated 2017 $	2016 $
Current		
Employee benefits	177,883	-
	177,883	-
Non-current:		
Restoration	387,403	-
	387,403	-

Movement in the carrying value of restoration provision

	Consolidated 2017 $	2016 $
Balance at the beginning of year	-	-
Restoration provision acquired on acquisition (Note 18)	402,058	-
Expenditure during the period	(11,611)	-
Accretion interest	(3,196)	-
Foreign exchange movement	152	-
Balance at the end of year	387,403	-

The restoration provision was agreed with Pertamina for when the licenses expire in July 2025.

Note 23. Other financial liabilities

Movement in equity options

	Consolidated 2017 $	2016 $
Balance at the beginning of year	-	-
Value on issue	101,534	-
Change in fair value	262,727	-
Closing value	364,261	-

The equity option relates to the piggy back option as disclosed in Note 25 and Note 29.

This liability will not result in a payment by the Group, as when the equity options are exercised the amount associated with the exercised option will be transferred to equity and if the options are not exercised by the expiry date, 15 December 2017, the equity option will be transferred to the profit or loss.

Note 24. Borrowings

	Consolidated 2017 $	2016 $
Current	963,993	-
Non-current	1,260,769	-
	2,224,762	-

The acquisition of Cooper Energy Sukananti Ltd (see Note 18) from Cooper Energy Limited 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 $500,000 cash and the issue of 180,000,000 ordinary shares, valued at $360,000. Additionally a deferred settlement of $2,270,000 was agreed to be repaid by 31 December 2018. The deferred settlement is interest free. The borrowings are 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 25. Contributed Equity

			Consolidated	
	2017 Shares	**2016 Shares**	**2017 $**	**2016 $**
Issued and paid up capital				
Ordinary shares fully paid	2,239,217,584	1,287,010,990	33,798,034	32,804,092
Movements in ordinary shares on issue				
Ordinary shares on issue at beginning of period	1,287,010,990	804,381,671	32,804,092	32,332,208
Entitlements Issue	772,206,594	482,629,319	670,672	482,629
Consideration for acquisition	180,000,000	-	360,000	-
Transaction costs	-	-	(59,777)	(48,232)
Tax consequences of share issue costs	-	-	23,047	37,487
	2,239,217,584	1,287,010,990	33,798,034	32,804,092

On 14 December 2016 the Company issued 772,206,594 ordinary shares after undertaking a non-renounceable rights issue of three new shares for every five shares held at an issue price of $0.001 cents per share. The company also issued one free attaching option to every two new shares purchased with an exercise price of $0.003 cents and expiry date of 15 December 2017. Each new option upon exercise will receive one new piggy back option having an exercise price of $0.006 cents and an expiry date of 15 December 2018. The Company issued 386,103,297 options. The rights issue raised $772,206 before costs and expenses.

As the new option will result in a piggy back option being granted on exercise, AASB 132 “Financial Instruments: Presentation” requires the option to be treated as a financial liability instead of equity. Therefore, the Company recognised the option as a financial liability at fair value through profit and loss. See Note 23.

On 28 February 2017 the Company issued 180,000,000 ordinary shares to Cooper Energy Limited in part consideration for the acquisition of Cooper Energy Sukananti Ltd. The issue price was $0.002 cents per share. The shares are being held in subject to a voluntarily agreed escrow agreement for a period of twelve months.

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
As at 30 June 2017, the Company has 386,103,275 (2016: nil) share options on issue, exercisable on a 1:1 basis for 386,103,275 (2016: nil) ordinary shares of the Company at an exercise price of $0.003 and an expiry date of 15 December 2017.

Note 26. Accumulated Losses

	Consolidated	
	2017	**2016**
	$	$
Balance at beginning of year	(31,406,316)	(27,375,576)
Net loss	(1,795,591)	(4,030,740)
Balance at end of year	(33,201,907)	(31,406,316)

Note 27. Earnings per Share

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

	Consolidated	
	2017	**2016**
	$	$
Basic earnings/(loss) per share	(0.001)	(0.005)
Net loss attributable to ordinary equity shareholders of the parent	(1,795,591)	(4,030,740)

Weighted average number of ordinary shares:

	2017 Number	**2016 Number**
Issued ordinary shares at 1 July	1,287,010,990	804,381,671
Effect of shares issued June 2016	-	25,668,107
Effect of shares issued December 2016	418,895,632	-
Effect of shares issued February 2017	60,164,384	-
Weighted average number of ordinary shares at 30 June	1,766,071,006	830,049,778

Note 28. Key Management Personnel Disclosures

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

	Consolidated	
	2017	**2016**
	$	$
Short-term employee benefits	371,554	281,080
Post-employment benefits	47,112	8,550
	418,666	289,630

Note 29. Financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ Financial liabilities	Fair value as at 30/06/17 $	Fair value as at 30/6/16 $	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Other financial liability – equity option	$364,261	$-	Level 3	Black Scholes option pricing model. The option call price was estimated based on the market observable share price, historical share price volatility and prevailing interest rates.	The share price volatility used in the valuation was estimated based on the average volatility of a peer group of companies.	A higher stock price volatility would result in a higher fair value, and vice versa.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Reconciliation of Level 3 fair value measurements:

		Held to Maturity – Options for Company Equities $
Opening balance		-
Issued during the year		101,534
Change in fair value taken to profit or loss		262,727
Closing balance		364,261

Note 30. Commitments and contingencies

(a) Permit work commitments

Set out below are the minimum work obligations with associated indicative costings under the current significant exploration permits the group has as at 30 June 2017.

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

The Group is currently in year three of a six year work programme which expires on 3 May 2019. The table below shows details of the commitments:

Year of permit	Permit year end	Minimum work commitments	Estimated expenditure
3	3 November 2017	225sq km 3D seismic survey	3,000,000
4	3 May 2018	Geotechnical studies	250,000
5	3 May 2019	One exploration well	20,000,000
6	3 May 2020	Geotechnical studies	250,000

The commitment for year 3 has not been met as at 30 June 2017. The Group has been seeking to farm out or sell this permit but has been unable to gain sufficient interest. It is likely the permit will be surrendered at the end of the permit year.

(b) 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	
	2017	2016
	$	$
Within one year	11,000	44,000
After one year but not more than five years	-	11,000
	11,000	55,000

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	
	2017	2016
	$	$
Within one year	143,159	-
After one year but not more than five years	114,873	-
	258,032	-

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

	Consolidated	
	2017	2016
	$	$
Within one year	157,012	-
After one year but not more than five years	14,147	-
	171,159	-

(c) Employment Agreements

The Group may terminate Mr Guglielmo's employment agreement by giving six months' notice. The Group has a contingent liability of $150,000 in relation to this agreement, if Mr Guglielmo is not required to work out the notice period.

Note 31. Parent Entity Disclosures

Information relating to Bass Oil Limited

	Parent	
	2017	**2016**
	$	$
Current assets	1,321,608	475,053
Total assets	4,143,431	1,528,921
Current liabilities	1,123,424	131,145
Total liabilities	4,073,528	131,145
Net assets	69,903	1,397,776
Contributed equity	33,798,034	32,804,092
Accumulated losses	(33,728,131)	(31,406,316)
Total shareholders' equity	69,903	1,397,776
Loss of the parent entity	(2,321,815)	(4,030,740)
Total comprehensive income/(loss) of the parent entity	(2,321,815)	(4,030,740)

The commitments and contingencies of the parent entity are the same as disclosures in Note 30 excluding the commitments relating to Tangai-Sukananti KSO.

Note 32. Related Party Disclosures

Terms and conditions of transactions with related parties other than KMP

During the year the Group paid corporate advisory and investor relations fees of $97,500 (2016:$60,000) (under a corporate advisory & investor relations mandate) and a capital raising fee of $nil (2016: $22,105) 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 $8,250 (2016: $5,500). The Group has a corporate advisory & investor relations mandate with Adelaide Equity Partners. The mandate has a monthly retainer of $7,500 per month.

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 $500,000 cash and the issue of 180,000,000 ordinary shares, valued at $360,000. Additionally a deferred settlement of $2,300,000 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.

Note 33. Segment Information

For management purposes there is only one operating segment, which was exploration until 28 February 2017 and oil production from 1 March 2017

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 exploration activities the Board managed each exploration activity of each permit through review and approval of joint venture cash calls, Authority for Expenditure (AFE's) and other operational 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 year from exploration activities was a loss of $1,169,368 and from oil production was a profit of $626,223. For the prior year the result related to exploration activities only.

The consolidated entity operated in the petroleum exploration industry within Australia until 28 February 2017 and in the oil and gas industry in Indonesia from 1 March 2017.

Note 33. Segment Information (continued)

The consolidated assets and liabilities as at 30 June 2017 relate to oil production and the consolidated assets and liabilities as at 30 June 2016 related to exploration activities.

For the current year the Group's revenue of $1,911,320 was received from the sale of oil in Indonesia to Pertamina (the Indonesian State owned oil Company).

Note 34. Reconciliation of Cash flows from Operating Activities

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

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

	Consolidated	
	2017 $	2016 $
Net loss after tax	(1,795,591)	(4,030,740)
Adjustments for:		
Depreciation	1,578	3,104
Loss on disposal of fixed assets	123	2,031
Amortisation	184,824	-
Write-down in exploration	1,062,325	3,421,325
Change in fair value of options	262,727	-
Accretion interest	16,516	-
	(267,496)	(604,280)
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	241,110	18,789
(Increase)/decrease in other assets	(43,074)	16,599
(Increase) in inventories	(10,790)	-
(Decrease) In provisions	(103,068)	-
(Decrease)/increase in trade and other payables	(167,291)	(31,321)
Increase In provision for tax	39,169	-
Increase/(decrease) in deferred tax	23,047	37,487
Net cash flows used in operating activities	(288,394)	(562,726)

Non-cash transactions
During the current year the Group entered into the following non-cash investing and financing activities which are not reflected in the statement of cash flows:

- As part of the consideration paid for Cooper Energy Sukananti Ltd, on the 28th February 2017 the Group issued 180,000,000 shares valued at $360,000 to Cooper Energy Limited.
- Deferred consideration of the $2,211,444 relating to the balance of the consideration due for the acquisition of Cooper Energy Sukananti Ltd.
- The issue of shares ($670,672) and equity options ($101,534) as a result of the rights issue that occurred during December 2016.

Note 35. General Information

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

Level 2, 15 Queen Street
Melbourne, VIC 3000
Australia

Deloitte Touche Tohmatsu
ABN 74 490 121 060
11 Waymouth Street
Adelaide, SA, 5000
Australia

Phone: +61 8 8407 7000
www.deloitte.com.au

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bass Oil Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Accounting for acquisitions On 28 February 2017 the Group acquired Cooper Energy Sukananti Limited ("CESL") for gross consideration of $3,071,444. This is a significant acquisition for the Group and details are disclosed in Note 18. Accounting for this acquisition requires significant judgement by management to determine the fair value of the acquired assets and liabilities.	Our procedures included, but were not limited to: • obtaining an understanding of the terms and conditions of the share sale agreement to enable us to assess management's accounting treatment including the determination of the deferred consideration; • evaluating the process that management and the directors were following to account for the acquisition; • assessing the fair values of the assets and liabilities acquired; and • assessing the fair values of the consideration payable. We also assessed the appropriateness of the Groups' disclosures in note 18 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 16 of the Director's Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Bass Oil Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants
Adelaide, 27 September 2017

SHAREHOLDER AND OTHER INFORMATION

Compiled as at 22 September 2017

DISTRIBUTION OF ORDINARY SHARES

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

Ordinary Shares	No. of Holders	No. of Shares
1 – 1,000	192	59,073
1,001 – 5,000	313	872,051
5,001 – 10,000	203	1,711,595
10,001 – 100,000	663	27,722,823
100,001 and over	696	2,208,852,042
TOTAL ON ISSUE	2,067	2,239,217,584

1,480 holders held less than a marketable parcel of ordinary shares. There is no current on-market buy-back.

DISTRIBUTION OF OPTIONS EXP 15 DECEMBER 2017 @$0.003

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

Ordinary Shares	No. of Holders	No. of Shares
1 – 1,000	11	6,212
1,001 – 5,000	28	91,881
5,001 – 10,000	26	197,937
10,001 – 100,000	126	5,221,350
100,001 and over	165	380,585,895
TOTAL ON ISSUE	356	386,103,275

260 holders held less than a marketable parcel of ordinary shares.

SUBSTANTIAL SHAREHOLDERS

As disclosed in notices given to the Company.

Name of Substantial Shareholders	Interest in Number of Shares *Beneficial and non-beneficial*	% of Shares
Cooper Energy Ltd	353,361,294	15.78
Miller Anderson Pty Ltd	223,688,815	9.99
South Australian Resource Investments Pty Ltd	215,829,397	9.64
Tattersfield Group	197,978,993	8.84

SHAREHOLDER AND OTHER INFORMATION (Continued)

Compiled as at 22 September 2017

VOTING RIGHTS

At meetings of members or classes of members:

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

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

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

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

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

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

THE 20 LARGEST HOLDERS OF ORDINARY SHARES

Holder	Ordinary Shares	% of Total Issued
Somerton Energy Ltd	353,361,294	15.78
Miller Anderson Pty Ltd	204,800,000	9.15
Tattersfield Securities Ltd	104,108,778	4.65
South Australian Resource Investments Pty Ltd	100,867,999	4.50
Icon Holdings Pty Ltd	96,151,310	4.29
Chesser Nominees Pty Ltd	92,068,120	4.11
Crescent Nominees Pty Ltd	88,174,215	3.94
Wingmont Pty Ltd	38,400,000	1.71
Small Business Finance Pty Ltd	37,401,351	1.67
Mr P Sciancalepore & Mrs P Sciancalepore	26,886,372	1.20
Starbush Pty Ltd	24,337,000	1.09
Mr T Burrows	23,371,076	1.04
BNP Paribas Nominees Pty Ltd	21,781,006	0.97
Mr P H Chua	20,230,000	0.90
Mr D Vigolo	20,000,000	0.89
Mr M A Tkocz & Ms S E Evans	20,000,000	0.89
Mr S H Bell & Mrs J K Berveling	19,704,765	0.88
Yavern Creek Holdings Pty Ltd	19,704,765	0.88
Mr N Guglielmo & Mr G Guglielmo	18,888,815	0.84
Mr M Lindh & Mrs B Lindh	18,112,000	0.81

The 20 largest shareholders hold 1,348,348,866 shares representing 60.22% of the issued share capital.

SHAREHOLDER AND OTHER INFORMATION (Continued)
Compiled as at 22 September 2017

THE 20 LARGEST HOLDERS OF OPTIONS EXP 15 DECEMBER 2017 @$0.003

Holder	Ordinary Shares	% of Total Issued
Miller Anderson Pty Ltd	38,400,000	9.95
South Australian Resource Investments Pty Ltd	18,912,745	4.90
Icon Holdings Pty Ltd	18,028,370	4.67
Chesser Nominees Pty Ltd	17,262,770	4.47
Crescent Nominees Pty Ltd	16,532,660	4.28
Tattersfield Securities Ltd	13,895,395	3.60
Small Business Finance Pty Ltd	11,700,675	3.03
Mr S H Bell & Mrs J K Berveling	9,602,382	2.49
Yavern Creek Holdings Pty Ltd	9,602,382	2.49
Mr M A Tkocz & Ms S E Evans	8,456,381	2.19
Mr C L Bollam	8,219,563	2.13
Allowside Pty Ltd	7,776,929	2.01
Margadh Stoc Pty Ltd	7,671,348	1.99
Mr M Burford	7,653,751	1.98
Wingmont Pty Ltd	7,200,000	1.86
Mr O J Foster	6,000,000	1.55
Mr A D Beijl	5,724,138	1.48
Campbell Trading Co. Ltd	5,402,051	1.40
Mr P Sciancalepore & Mrs P Sciancalepore	5,041,195	1.31
Mr D G Knight	5,000,003	1.29