



BASS STRAIT OIL COMPANY LTD

HALF-YEAR FINANCIAL REPORT

31 December 2015

Corporate directory

Directors

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

Company Secretary

Robyn M Hamilton

Registered office

and principal place of business

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, South Australia, 5000 Australia

Share register

Link Market Services Limited
Level 9, 333 Collins Street
Melbourne, Victoria 3000 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

Contents

Directors' report.....	2
Auditor's independence declaration.....	6
Directors' declaration.....	7
Condensed statement of financial position.....	8
Profit and loss statement and other comprehensive income	9
Condensed statement of changes in equity	10
Condensed statement of cash flows	11
Notes to the half-year financial statements	12
Independent auditor's review report.....	18

Currency

The Group's functional and presentation currency is Australian Dollars.

FORWARD LOOKING STATEMENTS

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

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

Directors' report

The directors of Bass Strait Oil Company Ltd (the "Company") and its subsidiary ("BAS" or the "Group") submit their report for the half-year ended 31 December 2015.

DIRECTORS

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

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

REVIEW AND RESULTS OF OPERATIONS

The main projects undertaken by the company during the half-year were:

- Technical review – Bass permits contain significant oil and gas potential
- Data room open with potential farmin parties reviewing Gippsland portfolio
- NOPTA approves a work program suspension and extension for Vic/P68
- NOPTA approves a work program variation for Vic/P41
- Bass reviewing a number of growth opportunities

The following section provides more detail on these matters.

The consolidated net loss for the half-year, after income tax was \$286,929 (2014:\$ 264,692).

EXPLORATION ACTIVITIES

GIPPSLAND BASIN OFFSHORE

During the period Bass Strait Oil Company Limited (ASX: BAS) completed a Gippsland Basin Technical Review. The review has uncovered significant upside in BAS' 100% owned Leatherjacket Oil Discovery (Leatherjacket). The review also identified a number of possible oil targets on trend with Leatherjacket and revealed a notable gas play in the Emperor Formation which is similar in characteristic and on trend with the nearby Longtom Gas Field. In summary the key findings of the review were:

- The first comprehensive review of Bass 100% owned Leatherjacket Oil Discovery estimates net unrisks 2C Contingent Resources of 8 million barrels of recoverable oil
- Identification of significant oil targets on trend with the Leatherjacket Oil Discovery
- New gross Prospective Resources of over 1.75 TCF identified in Emperor Formation (unrisks Best Estimate)

Vic/P41: BAS 64.565% and Operator

During the period NOPTA approved a work program variation for Vic/P41. The permit is currently in year 4 of the 5 year term. The application sought was to delay the drilling of an exploration well from permit year 4 to year 5. The variation was requested to allow the aggregation of the drilling commitment with the work of other operators to reduce the overall cost of drilling the well.

Leatherjacket Oil Discovery – Vic/P68 (BAS 100%)

During the period NOPTA approved a work program suspension and extension for Vic/P68. The permit is currently at in year 3 of the 6 year term. The year 3 work program entails the acquisition of 225 square kilometres of 3D seismic. The variation of the work program was to allow the aggregation of the seismic work with other operators to reduce the cost of the survey and for the survey to occur during the normal summer acquisition window of 2016/2017.

The comprehensive Technical Review of Leatherjacket undertaken by BAS, estimates that net unrisks 2C Contingent Resources contained in the upper Latrobe group reservoirs in Vic/P68 are in the order of 8 million barrels of recoverable oil. This is the first comprehensive review of Leatherjacket since it was drilled by Esso in 1986 resulting in the discovery of an oil column in excess of 25 metres as indicated by wireline logs. Oil samples in high quality reservoir were recovered using wireline sampling techniques.

Directors' report continued

Contingent Resource (2) – Leatherjacket (BAS 100%)	1C	2C	3C
Oil (1) (mmbbl)	6.0	8.0	10.9

Table 1: Unrisked Contingent Resource estimates in upper Latrobe group reservoirs, Leatherjacket, offshore Gippsland Basin, Victoria

- (1) Oil: Crude oil from reservoirs
- (2) Probabilistically determined with no development risk applied

Mapping undertaken by the BAS technical team has also identified an additional number of targets on trend with Leatherjacket. These targets, including Leatherjacket itself, will be further evaluated following the acquisition of a 225 square kilometre 3D seismic survey during the 2016/17 Bass Strait weather window. The most significant lead is LJ 3, as illustrated on Map 1.

Prospective Resource (2) – LJ 3 (BAS 100%)	Low Estimate (P90)	Best Estimate (P50)	High Estimate (P10)
Oil (1) (mmbbl)	9	22	57

Table 2: Unrisked Prospective Resource estimates for LJ 3, offshore Gippsland Basin, Victoria

- (1) Oil: Crude oil from reservoirs
- (2) Probabilistically determined with no exploration or development risk applied

Emperor Formation Gas Potential – Vic/P68 (BAS 100%) and Vic/41 (BAS 64.565%)

The Technical Review also evaluated the gas play in the Emperor Formation in Vic/P68 and Vic/P41 for the first time and concluded that exciting new exploration opportunities exist. The identified targets are similar in characteristic and on trend with the nearby Longtom Gas Field. In a best estimate scenario, the gross unrisked (P50) Prospective Resource contained in the 5 largest leads total over 1.75 TCF of gas.

Gross Prospective Resources (2) – Emperor	Low Estimate (P90)	Best Estimate (P50)	High Estimate (P10)
Gas (1) - IE 1 (BCF)	95	149	247
Gas - IE 2 (BCF)	352	514	765
Gas - IE 4 (BCF)	313	422	566
Gas - IE 6 (BCF)	132	334	876
Gas - IE 7 (BCF)	247	425	737

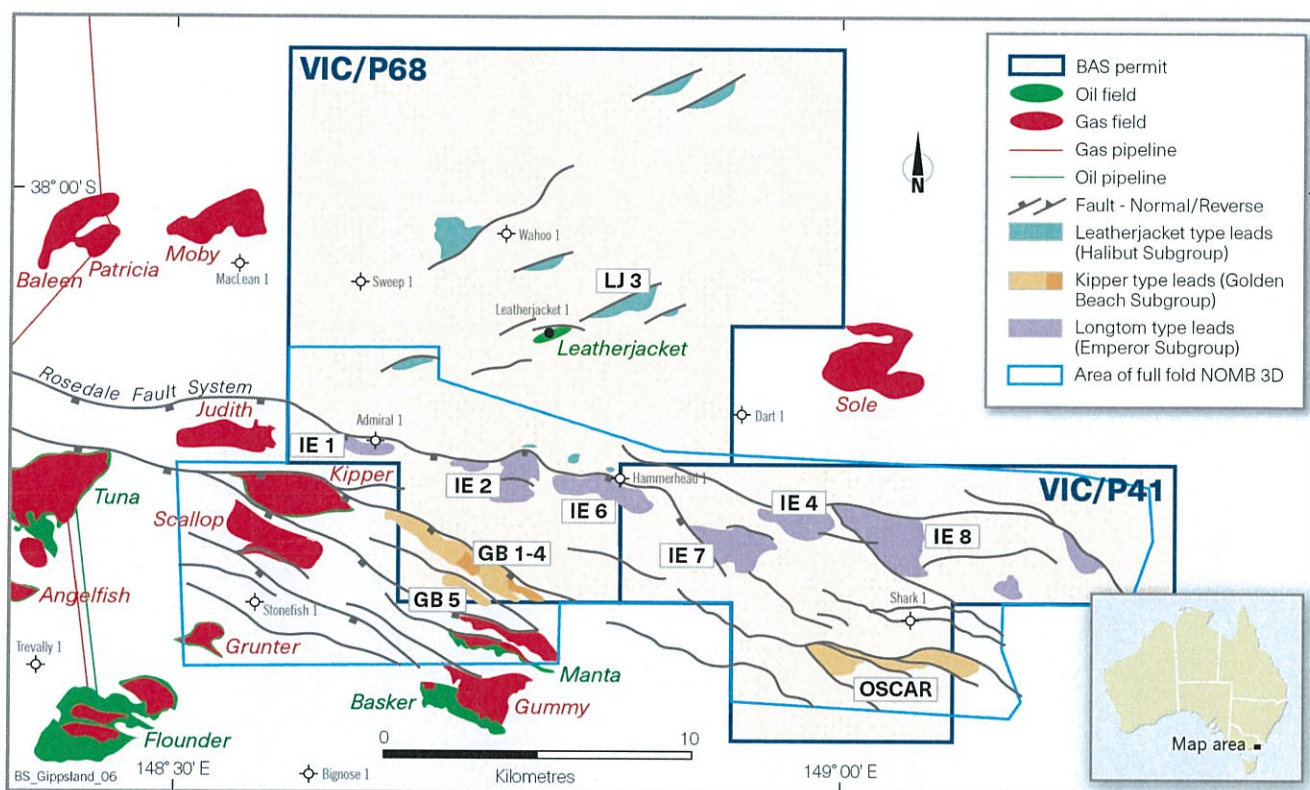
Table 3: Unrisked Prospective Resources contained in the 5 largest Emperor Formation targets, offshore Gippsland Basin, Victoria

- (1) Gas: Non-associated gas from gas reservoirs
- (2) Probabilistically determined with no exploration or development risk applied – refer to Map 1 below for individual locations

Note: Contingent and Prospective Resources

Contingent and prospective resources referred to in this document were announced to the ASX 28 October 2015. The data herein should be read in conjunction with the information provided on the calculation of the contingent and prospective resources provided in that ASX release. Bass Strait Oil Company is not aware of any new information or data that materially affects the information provided in that release and all material assumptions and technical parameters underpinning the assessment provided in the announcement continues to apply.

Directors' report continued



Map 1: New targets identified during the BAS Technical Review

Data room open for potential farmin partners

During the period Bass opened up a data room for a number of parties expressing interest in farming into Bass' Gippsland basin portfolio.

OTWAY BASIN ONSHORE

PEP 150: BAS 15% (Operator: Beach Energy)

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

On 8 December 2015 the Victorian Legislative Council Environment and Planning Standing Committee tabled its final report into Onshore Unconventional Gas in Victoria. In summary the report identified a number of areas of further work required before a recommendation could be made to lift the moratorium on onshore activities. The timing for the completion of the additional studies has not been finalised.

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

EVENTS SUBSEQUENT TO BALANCE DATE

No other matters or circumstances have arisen since the end of the reporting period which have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial periods.

Directors' report continued

Auditor's independence declaration

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

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'P. Mullins', is positioned above the printed name.

Peter F Mullins
Chairman
Melbourne, 9 March 2016

The Board of Directors
Bass Strait Oil Company Ltd
Level 2
15 Queen Street
MELBOURNE VIC 3000

9 March 2016

Dear Board Members

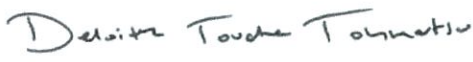
Re: Bass Strait Oil Company Ltd

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

As lead audit partner for the review of the financial statements of Bass Strait Oil Company Ltd for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review

Yours faithfully


DELOITTE TOUCHE TOHMATSU


Darren Hall
Partner
Charter Accountants

Directors' declaration

In accordance with a resolution of the directors of Bass Strait Oil Company Ltd, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
 - (i) give a true and fair view of the financial position as at 31 December 2015 and the performance for the half-year ended on that date of the Group; and
 - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the 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.

On behalf of the Board



Peter F Mullins
Chairman
Melbourne, 9 March 2016

Condensed statement of financial position

As at 31 December 2015

	Note	31/12/2015 \$	Consolidated 30/06/2015 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	287,233	751,625
Trade and other receivables		18,472	29,300
Other current assets		18,022	24,459
Other financial assets		16,133	55,920
Total current assets		339,860	861,304
Non-current assets			
Plant and equipment		4,217	8,037
Exploration and evaluation expenditure	5	4,438,887	4,249,757
Total non-current assets		4,443,104	4,257,794
TOTAL ASSETS		4,782,964	5,119,098
LIABILITIES			
Current liabilities			
Trade and other payables		95,964	162,466
Total current liabilities		95,964	162,466
TOTAL LIABILITIES		95,964	162,466
NET ASSETS		4,687,000	4,956,632
EQUITY			
Contributed equity	6	32,349,505	32,332,208
Accumulated losses		(27,662,505)	(27,375,576)
TOTAL EQUITY		4,687,000	4,956,632

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

Profit and loss statement and other comprehensive income

For the half-year ended 31 December 2015

	Note	Consolidated	
		31/12/2015	31/12/2014
		\$	\$
Total revenue & other income	3	34,403	251,323
Total expenses	3	(304,035)	(500,776)
Loss before income tax		(269,632)	(249,453)
Income tax expense		(17,297)	(15,239)
Net Loss for the period		(286,929)	(264,692)
Total Comprehensive Income for the period		(286,929)	(264,692)
Basic (loss)/earnings per share		(0.000)	(0.000)
Diluted (loss)/earnings per share		(0.000)	(0.000)

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

Condensed statement of changes in equity

For the half-year ended 31 December 2015

	Contributed Equity \$	Accumulated Losses \$	Consolidated Share based Payments Reserve \$	Total \$
At 1 July 2015	32,332,208	(27,375,576)	-	4,956,632
Net Loss for the period	-	(286,929)	-	(286,929)
Total comprehensive income for the period	-	(286,929)	-	(286,929)
Transactions with owners in their capacity as owners				
Income tax on items recognised directly in equity	17,297	-	-	17,297
Balance at 31 December 2015	<u>32,349,505</u> =====	<u>(27,662,505)</u> =====	<u>-</u> =====	<u>4,687,000</u> =====
 At 1 July 2014	 30,943,080	 (26,616,715)	 77,391	 4,403,756
Net Loss for the period	-	(264,692)	-	(264,692)
Total comprehensive income for the period	-	(264,692)	-	(264,692)
Transactions with owners in their capacity as owners				
Shares issued	425,000	-	-	425,000
Transaction costs on share issues	(7,350)	-	-	(7,350)
Share options expired & cancelled	-	77,391	(77,391)	-
Income tax on items recognised directly in equity	15,239	-	-	15,239
Balance at 31 December 2014	<u>31,375,969</u> =====	<u>(26,804,016)</u> =====	<u>-</u> =====	<u>4,571,953</u> =====

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

Condensed statement of cash flows

For the half-year ended 31 December 2015

	Note	Consolidated	
		31/12/2015	31/12/2014
		\$	\$
Cash flows from operating activities			
Receipts from customers		28,480	54,424
Payments to suppliers and employees inclusive of GST		(348,600)	(443,806)
Interest received		4,844	7,445
Net cash used in operating activities		<u>(315,276)</u>	<u>(381,937)</u>
Cash flows from investing activities			
Sale of petroleum exploration permits		-	270,000
Sale of plant & equipment		227	-
Release of bank guarantee		55,920	-
Petroleum exploration expenditure		(189,130)	(247,307)
Security deposit Lombard House Pty Ltd		(16,133)	-
Net cash provided by/(used in) investing activities		<u>(149,116)</u>	<u>22,693</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	425,000
Net cash from financing activities		<u>-</u>	<u>425,000</u>
Net increase/(decrease) in cash and cash equivalents		(464,392)	65,756
Cash and cash equivalents at beginning of period		751,625	712,654
Cash and cash equivalents at end of period	4	<u>287,233</u> =====	<u>778,410</u> =====

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

Notes to the financial statements

For the half-year ended 31 December 2015

Note 1. Basis of preparation and accounting policies

Basis of preparation

This condensed financial report for the half-year ended 31 December 2015 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2015 and considered together with any public announcements made by Bass Strait Oil Company Ltd during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policy

Adoption of new and revised accounting standards

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 accounting policy changes but not changes to recognition and measurement.

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

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Exploration and evaluation costs

At each reporting period, the Group assesses indicators of impairment. Exploration and evaluation costs are deferred until exploration and evaluation activities reach a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operation are continuing.

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure. In the judgement of the Directors, at 31 December 2015 exploration activities in each area of interest where costs are carried forward, that is Vic/P41, Vic/P68 and PEP 150 have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Substantive expenditure in relation to each area of interest is planned based on permit commitments and cash reserves of the Group and on the basis that nothing definitive has come to the attention of Directors to indicate future economic benefits will not be realised.

The Directors are continually monitoring the areas of interest and continue to assess and explore alternatives for funding the development of areas of interest when economically recoverable reserves are confirmed. If new information becomes available that suggests the recovery of expenditure is unlikely, or further substantive activity or expenditure is no longer planned the amounts capitalised will need to be reassessed at that time.

Going concern

The financial report has been prepared on the going concern basis, which assumes that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. This includes the Group's exploration expenditure commitments, being the minimum work requirements under exploration permits for petroleum as set out in Note 7.

Notes to the financial statements

For the half-year ended 31 December 2015

Note 1. Basis of preparation and accounting policies (continued)

For the half-year ended 31 December 2015 the Group incurred a net loss of \$286,929 (31 December 2014: \$264,692), had a net cash outflow from operating activities of \$315,276 (31 December 2014: \$381,937) and cash exploration expenditure outflows of \$189,130 (31 December 2014: \$247,307). At 31 December 2015, the Group has cash and cash equivalents of \$287,233 (30 June 2015: \$751,625).

In order to meet the Group's exploration commitments, and continue to pay its debts as and when they fall due and payable, the Group will rely on taking appropriate steps, including:

- Being successful in raising additional funds of at least \$250,000 by 31 May 2016 for working capital requirements;
- Raising further capital by one or a combination of the following: placement of shares, pro-rata issue to Shareholders and/or further issue of shares to the public; or
- Meeting its obligations by either farmout or full or partial sale of the Group's exploration interests.

If the Group is unable to successfully complete the above steps, there is significant uncertainty as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business.

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

Note 2. Operating Segments

The Group operates in the petroleum exploration industry within Australia.

The Group determines its operating segments by reference to internal reports that are reviewed and used by the Board of Directors of the Group (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The executive management team currently receive consolidated Statement of Financial Position and Statement of Comprehensive Income information that is prepared in accordance with Australian Accounting Standards therefore there is no additional information to disclose.

The executive team does not currently receive segment Statement of Financial Position and Statement of Comprehensive Income information. The executive team manages the exploration activities of each permit through review and approval of joint venture cash calls, joint venture budgets and other operational information.

Note 3. Revenue and expenses

	Consolidated	
	31/12/2015	31/12/2014
	\$	\$
Loss before income tax includes the following revenue and expenses:		
Revenue		
Exploration management services	12,756	55,222
Other income		
Bank interest	4,747	6,527
Other interest	-	9
Rent received	16,900	-
Net gain on sale of permits	-	189,565
	<u>21,647</u>	<u>196,101</u>
Total Revenue & Other income	<u>34,403</u>	<u>251,323</u>
	=====	=====

Notes to the financial statements

For the half-year ended 31 December 2015

Note 3. Revenue and expenses (continued)

	Consolidated	
	31/12/2015	31/12/2014
	\$	\$
Expenses		
Audit costs	12,500	27,500
Computer expenses	11,396	3,173
Consultants fees	71,760	125,090
Depreciation of non-current assets	1,562	3,702
Directors remuneration	124,275	54,713
Insurance	6,245	7,195
Legal	4,620	8,692
Loss on disposal of assets	2,031	-
Printing and stationery	6,251	-
Rent and premises costs	25,156	101,689
Salaries, employee benefits and costs	698	117,077
Stock exchange and registry costs	20,325	24,729
Travel and corporate promotion costs	3,434	16,579
Exploration expenses	-	266
Other expenses from ordinary activities	13,782	10,371
	<u>304,035</u>	<u>500,776</u>
	=====	=====

Note 4. Cash and cash equivalents

	Consolidated	
	31/12/2015	30/06/2015
	\$	\$
For the purposes of the half-year statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	287,233	751,625
Short-term deposits	-	-
	<u>287,233</u>	<u>751,625</u>
	=====	=====

Note 5. Exploration and evaluation assets

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

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

Capitalised exploration and evaluation costs at 31 December 2015 are \$4,438,887 (30 June 2015: \$4,249,757).

The net carrying amount of exploration and evaluation costs are represented by: Vic/P41 \$4,034,609 (30 June 2015: \$3,908,518), Vic/P68 \$350,592 (30 June 2015: \$290,529) and other permits \$53,686 (30 June 2015: \$50,710).

Notes to the financial statements

For the half-year ended 31 December 2015

Note 6. Contributed equity

	Consolidated	
	31/12/2015	30/06/2015
	\$	\$
Ordinary shares fully paid	32,349,505	32,332,208
	=====	=====
	No.	\$
Movement in ordinary shares on issue		
At 1 July 2014	518,285,747	30,943,080
Placement to Directors	85,000,000	425,000
Entitlements issue	201,095,924	1,005,479
Transaction costs	-	(75,944)
Tax consequences of share issue costs	-	34,593
At 30 June 2015	804,381,671	32,332,208
Tax consequences of share issue costs	-	17,297
At 31 December 2015	804,381,671	32,349,505
	=====	=====

Note 7. Commitments and contingencies

Set out below are the minimum work obligations with associated indicative costings under the current significant exploration permits the group has as at 31 December 2015.

Vic/P41 (Group's interest 64.565%)

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

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

The commitment for Year 4 has not been met as at 31 December 2015. The Year 5 minimum work commitments are optional commitments.

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

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

Year of permit	Permit year end	Minimum work commitments	Estimated expenditure
3	3 November 2016	225sq km 3D seismic survey	3,000,000
4	3 May 2017	Geotechnical studies	250,000
5	3 May 2018	One exploration well	20,000,000
6	3 May 2019	Geotechnical studies	250,000

The commitment for Year 3 has not been met as at 31 December 2015. The Year 5 & 6 minimum work commitments are optional commitments.

Notes to the financial statements

For the half-year ended 31 December 2015

Note 7. Commitments and contingencies (continued)

Non-cancellable operating lease commitments

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

	Consolidated	
	31/12/2015	31/12/2014
	\$	\$
Within one year	44,000	62,008
After one year but not more than five years	33,000	-
	<u>77,000</u>	<u>62,008</u>
	=====	=====

Note 8. Related party transactions

During the half-year the Group paid Adelaide Equity Partners Limited consultancy fees of \$30,000 (31 December 2014: \$nil) and share issue costs of \$nil (31 December 2014: \$4,250). A Director, M L Lindh is also a Director of Adelaide Equity Partners Limited. The consultancy services were paid under normal commercial terms and conditions. Amounts outstanding at balance date were \$5,500 (31 December 2014: \$4,250).

Note 9. Contingent liabilities

The Group has negotiated a number of bank guarantees in favour of various government authorities and service providers. The total nominal amount of these guarantees at balance date is \$nil (2015: \$55,920).

There have been no changes in relation to other contingent liabilities as set out in the 30 June 2015 financial report.

Note 10. Subsequent events

No other matters or circumstances have arisen since the end of the reporting period which have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial periods.

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

We have reviewed the accompanying half-year financial report of Bass Strait Oil Company Ltd, which comprises the condensed consolidated statement of financial position as at 31 December 2015, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, and a summary of significant accounting policies and other explanatory information, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 16.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Bass Strait Oil Company Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Bass Strait Oil Company Ltd is not prepared, in all material respects, in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our conclusion, we draw attention to Note 1 in the financial report which indicates that for the half-year ended 31 December 2015 the consolidated entity incurred a net loss of \$ 286,929 (31 December 2014: \$264,692), had a net cash outflow from operating activities of \$315,276 (31 December 2014: \$381,937) and cash outflows relating to exploration expenditure of \$189,130 (31 December 2014: \$247,307). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and extinguish its liabilities in the normal course of business.



DELOITTE TOUCHE TOHMATSU



Darren Hall
Partner
Chartered Accountants
Adelaide, 9 March 2016