BASS OIL LIMITED

HALF-YEAR FINANCIAL REPORT

30 June 2021

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

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Melbourne, Victoria, 3000, Australia
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Email admin@bassoil.com.au

Auditors

Grant Thornton Australia Ltd
Collins Square
Tower 5/727 Collins Street
Melbourne, Victoria, 3008, 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

Contents

Forward Looking Statements

This Half Year Financial 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.

MANAGING DIRECTOR'S REPORT

Comment from the Managing Director, Mr Tino Guglielmo

The first half of 2021 saw a welcome and significant improvement in both the global economy and oil markets. The price of Brent crude oil rose from some US$50 per barrel to over US$70 per barrel.

Unfortunately, after some positive signs that the COVID-19 global pandemic was being brought under control, the Delta variant took hold and started spreading. The impact of COVID-19 has been hardest felt in developing countries such as Indonesia. I am pleased to report that the Indonesian based Bass oil team has worked diligently to ensure that there has been no significant interruption to production through the duration of this pandemic. However, I am saddened to report that almost every member of the Bass oil team has lost a family member or a friend to the virus. On a positive note, a significant proportion of the population has now been vaccinated.

Bass maintained a tight focus on operating costs throughout the period. In combination with the increasing oil prices, particularly during the June quarter this year, the Company saw an increase in free cash from operations and its cash balance.

Production for the period was lower due to normal field decline combined with the end of the 'flush production' period of the newly drilled Bunian 5 well. As previously reported, there is a significant proportion of undeveloped oil potential in both the Bunian and Tangai fields waiting to be tapped. Bass has recently announced that the Tangai 5 development well will be drilled in early 2022, with procurement activities well underway.

Sales revenue was impacted by the decline in field production but partially offset by the increased oil price during the period. The Company reported a small loss after tax due to non-cash elements of the financial reporting such as depreciation and depletion.

Bass is in the fortunate position of having no debt and no permit obligations and material production upside in its project portfolio. As such the Company is well-positioned to improve its performance for the balance of 2021 and into 2022.

Half Year Summary

(All amounts are in United States dollars unless otherwise stated)

- **38% decrease in production to 44,000 barrels (1H CY20 71,000 barrels) due to natural field decline after initial flush production from Bunian 5**
- **23% decrease in 1H CY21 sales revenue to $1.36 million (1H CY20 $1.77 million) due to lower production which was partially offset by higher crude oil prices**
- **Cash position $0.20 million as at 30 June 2021**
- **A NPAT of approximately -$0.30milllion (1H CY20 approximately -$0.27 million)**

MANAGING DIRECTOR'S REPORT (cont'd)

Financial and Operating Performance

Key Performance Metrics	1H CY21	1H CY20	Change
Net Production (,000 bbls)	44.12	71.08	-37.9%
Net Oil Sales (,000 bbls)	44.51	71.37	-37.6%
Net Entitlement Oil (,000 bbls)	23.15	50.45	-54.1%
Sales Revenue ($ million)	1.36	1.77	-23.2
Cash ($ million)	0.20	0.10	117%
Average Realised Oil Price (USD)	60.67	37.92	60.0%
EBITDA[1]($,000)	(62)	86	-172.1%
NPAT[2]($,000)	(319)	(274)	-

[1]. Earnings Before Income Tax, Depreciation and Amortisation
[2]. Net Profit After Tax

Bass produced 44,116 barrels of oil (55% basis) during the half year ending 30 June 2021, down 38%% from the prior comparable period. Half-yearly oil sales were 44,507 barrels of oil net to Bass, down 38%. The net entitlement oil to Bass was 23,149 barrels for the half-year after Domestic Market Obligation (DMO), down 54%. The reduction in the net entitlement oil was mainly due to the impact on cost recoveries from increasing oil prices.

The Company realised a 23% decrease in sales revenue, primarily on the back of decreased production, which has been partially offset by the recovery in the global oil markets.

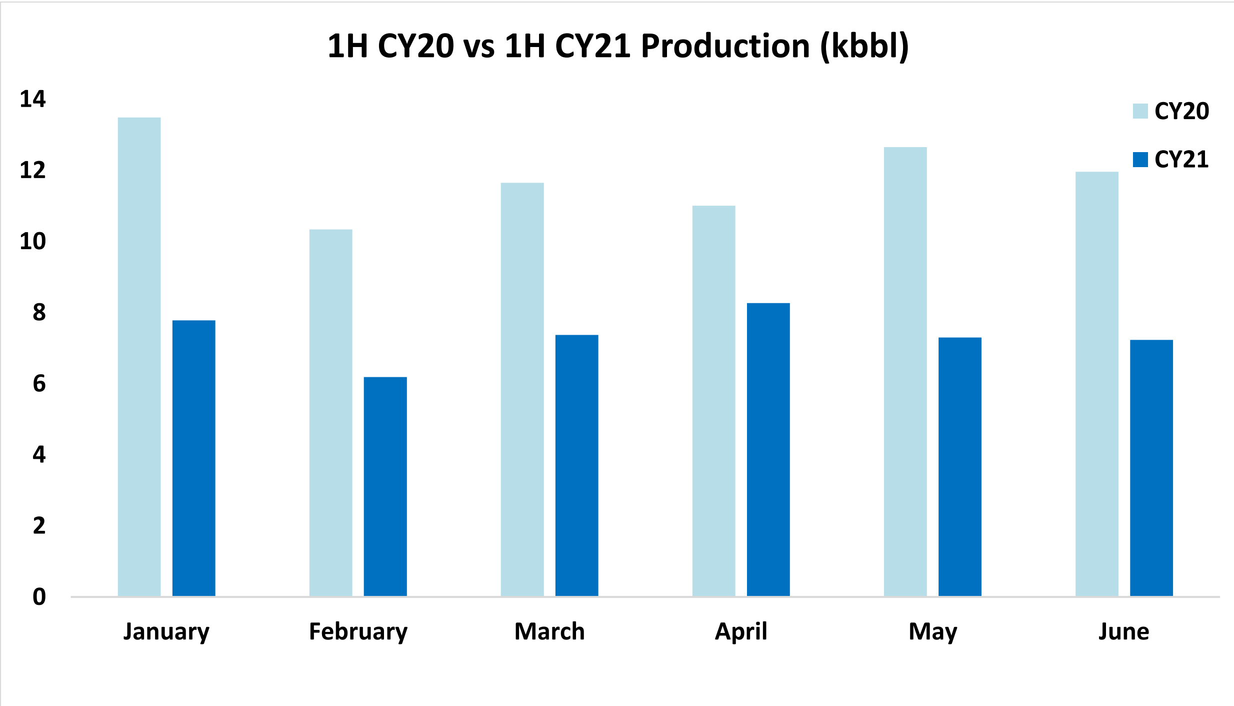

Figure 1: Tangai-Sukananti Historical Production (55% basis)

MANAGING DIRECTOR'S REPORT (cont'd)

Liquidity / Cash Position:

As at 30 June 2021, Bass cash reserves increased to $0.20m from $0.10 as at 31 December 2020. This was due to the Company's continued focus on operating costs and improvements in oil prices, particularly in the quarter ending 30 June 2021.

Post balance date, the Company announced a placement to professional and sophisticated investors to raise A$1.00 million followed by a fully underwritten non-renounceable rights issue to raise approximately A$1.54 million before costs. The funds raised via the placement and rights issue are to be used to acquire a Cooper Basin portfolio of properties from Cooper Energy Limited announced 12 July 2021.

The Company is not carrying any debt and has no material permit obligations.

Balance Sheet

Impairment Indicators

The Directors have undertaken a review of the key indicators of impairment that could negatively impact the carrying value of its investments in associates to determine whether any impairment has arisen and are satisfied that no such indicators of impairment existed at the reporting date.

Development Planning:

In the half-year, Bass continued to progress procurement activities related to the upcoming drilling program (announced 25 March 2021) consisting of one firm development well in the highly productive Tangai field, Tangai 5.

The drilling opportunities were identified by the integrated field studies completed in 2020 which also informed the YE 2020 reserves review. The studies have increased the confidence levels of the future development program.

The engineering team are continuing with well design and planning. The commencement of drilling is anticipated in early 2022.

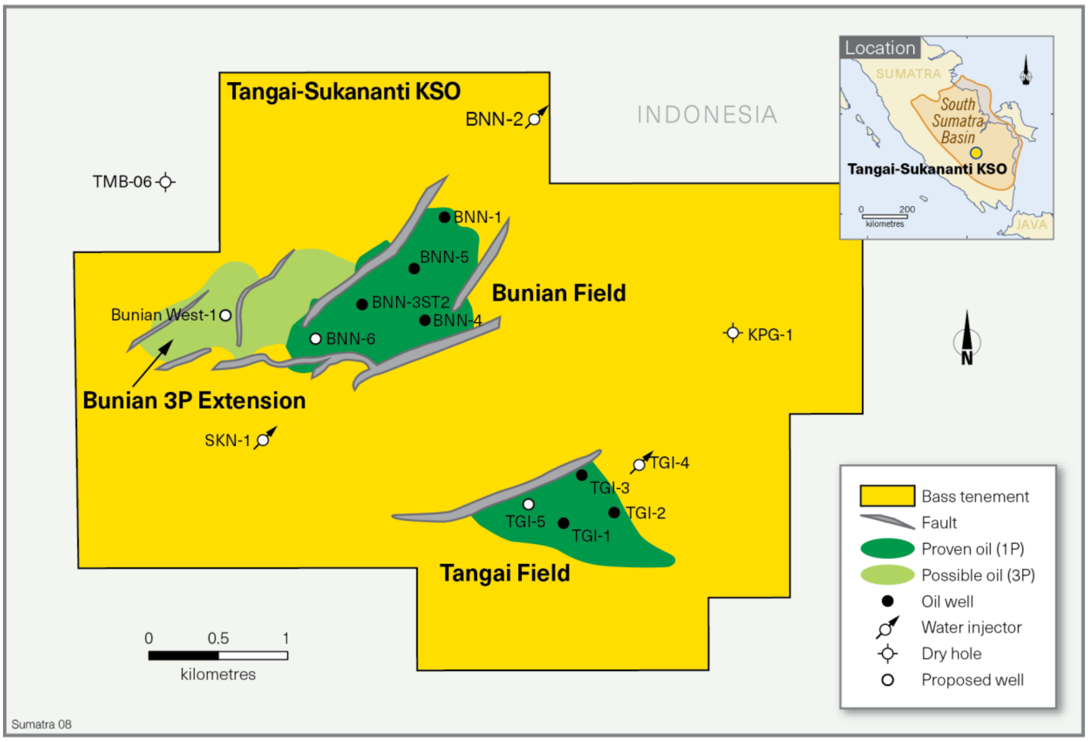

Figure 2: Tangai-Sukananti KSO Location Map

Business Development:

During the period the company assessed multiple opportunities in Indonesia and Australia. The company progressed discussions with multiple counterparties across several opportunities. In doing so, the company selected the most appropriate opportunity, which subsequently resulted in Bass engaging with Cooper Energy to transact on the recently announced acquisition.

Bass is targeting producing properties that also contain low risk exploration potential which provide a material upside potential.

Post balance date, Bass has entered into a conditional sale and purchase agreement (SPA) with Cooper Energy Limited for the acquisition of three non-operated Cooper Basin assets including a 30% interest in the producing Worrior oil field and interests in highly prospective exploration acreage for a total cash consideration of A$650,000.

The transaction represents a unique opportunity for Bass to acquire a quality portfolio of assets in the Cooper Basin, which will provide a platform from which to secure additional interests in this prolific hydrocarbon province. The assets are to all be operated by the highly regarded Beach Energy Ltd.

MANAGING DIRECTOR’S REPORT (cont’d)

Operating primarily as an onshore Indonesian oil producer to date, Bass has been seeking for some time to expand its exploration, development and production assets around its existing Sumatran production footprint and considers that the market is now right to include Australian based acquisitions within its portfolio.

The capital raising program described above will provide the necessary funds to develop the assets being acquired from Cooper Energy.

The transaction remains subject to a number of conditions precedent, including relevant regulatory approvals and the consent of Cooper Energy’s financiers.

The assets to be acquired are summarised as follows:

License	Participating Interest	Comments
PPL 207	30%	Contains the producing Worrior oil field
Ex PEL 93 (PRLs 231-233)	30%	Contains the drill ready Tyrell oil prospect
Ex PEL 100 (PRLs 183-190)	19.17%	Contains the drill ready Athelstan oil prospect
Ex PEL 110 (PRLs 207-209) & PRL 237	20%	Contains the large Frostfang oil prospect

MANAGING DIRECTOR'S REPORT (cont'd)

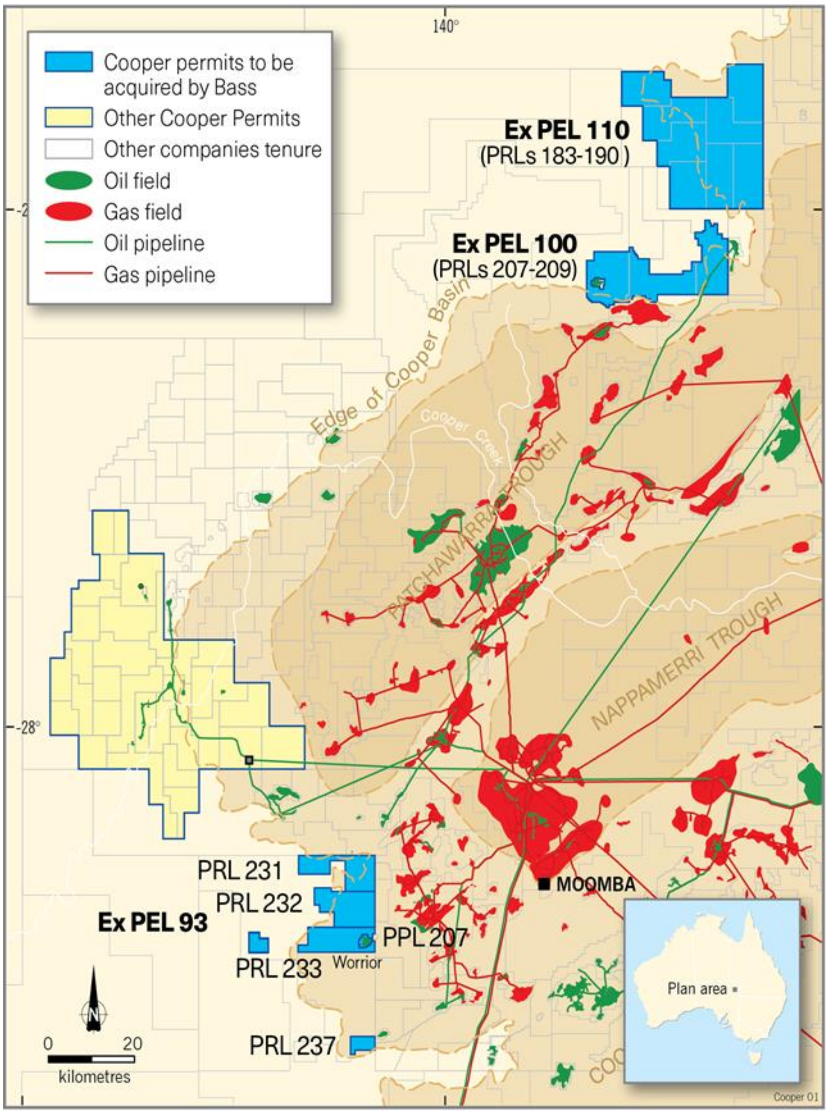

Figure 1: Cooper Basin properties to be acquired by Bass

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 half-year ended 30 June 2021.

DIRECTORS

The names and details 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 the entire period unless otherwise stated.

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

PRINCIPAL ACTIVITY

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

REVIEW AND RESULTS OF OPERATIONS

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

The Group's operating loss for the half-year ended 30 June 2021 after income tax was $318,879 (30 June 2020: $273,520).

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 12 July 2021 the Company announced that it had entered into a conditional sale and purchase agreement (SPA) with Cooper Energy Limited (Cooper) for the acquisition of three non-operated Cooper Basin assets including a 30% interest in the producing Worrior oil field and interests in highly prospective exploration acreage for a total cash consideration of A$650,000.

The transaction remains subject to a number of conditions precedent, including relevant regulatory approvals, Bass raising the funds required to complete the acquisition and the consent of Cooper Energy's financiers.

On 30 July 2021, 1,761,120 options were exercised at A$0.004 raising $7,044 and the remaining 366,225,208 options expired.

On 26 August the Company announced that it had received binding commitments to raise $1.0 million from sophisticated and professional investors through the issue of 500,000,000 new ordinary shares at $0.002 per share. Each two shares subscribed for under the placement will include the grant of one free attaching option exercisable at $0.004 on or before 30 September 2024. The Placement shares were allotted on 30 August 2021.

The Company also announced the launch of a one for five fully underwritten pro-rata, non-renounceable rights issue to eligible shareholders to raise up to approximately $1.5 million. The shares issued pursuant to the Rights Issue will be issued at the same price as issued under the Placement ($0.002 per share) and Rights Issue participants will also receive one free attaching option for every two shares subscribed for on the same terms as the Placement Options. The Company will seek quotation of the Options.

The Rights Issue is fully underwritten in the amount of $1,537,560 by CoPeak Corporate Pty Ltd as trustee for the Peak Asset Management Unit Trust.

DIRECTORS' REPORT (cont'd)

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

We have obtained an independence declaration from our auditor, Grant Thornton Audit Pty Ltd, a copy of which is attached to this report.

Signed in accordance with a resolution of the Directors

Chairman
Melbourne, 9 September 2021

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Auditor's Independence Declaration

To the Directors of Bass Oil Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Bass Oil Limited for the half year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

T S Jackman
Partner – Audit & Assurance

Melbourne, 9 September 2021

DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

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

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the Directors

Peter F Mullins
Chairman
Melbourne, 9 September 2021

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2021

	Note	Consolidated 6 months to 30 June 2021 $	 6 months to 30 Jun 2020 $
Revenue			
Oil revenue		1,362,255	1,774,673
Cost of oil sold		(890,241)	(1,453,599)
Gross profit		472,014	321,074
Other income			
Interest received		-	340
Operator fees		34,914	46,324
Other income	3	12,185	105,138
Total revenue and other income		519,113	472,876
Administrative expenses	4	(296,513)	(292,933)
Employee benefits expense		(423,010)	(361,013)
Finance costs	6	(4,646)	(8,628)
Profit/(loss) before income tax		(205,056)	(189,698)
Income tax expense		(113,823)	(83,822)
Loss for the half year		(318,879)	(273,520)
Other comprehensive loss, net of income tax		-	-
Total comprehensive loss for the half year		(318,879)	(273,520)
Basic and diluted (loss)/earnings per share		(0.000)	(0.000)

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

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	Consolidated 30 June 2021 $	31 December 2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	207,582	95,642
Trade and other receivables		1,104,628	1,270,434
Other current assets		17,123	12,467
Inventories		153,661	176,586
Other financial assets		4,135	4,236
Total current assets		1,487,129	1,559,365
Non-current assets			
Trade and other receivables		291,595	300,900
Other financial assets		27,469	27,469
Plant and equipment	8	9	423
Right of use assets	9	40,036	78,973
Oil properties	10	1,913,048	1,935,331
Total non-current assets		2,272,157	2,343,096
TOTAL ASSETS		3,759,286	3,902,461
LIABILITIES			
Current Liabilities			
Trade and other payables		1,078,114	1,007,065
Provisions		238,226	200,875
Provision for tax		652,638	589,023
Lease liabilities	11	55,477	68,123
Total current liabilities		2,024,455	1,865,086
Non-current liabilities			
Provisions		99,635	99,909
Lease liabilities	11	-	13,950
Total non-current liabilities		99,635	113,859
TOTAL LIABILITIES		2,124,090	1,978,945
NET ASSETS		1,635,196	1,923,516
EQUITY			
Contributed equity	12	26,687,795	26,684,884
Reserves		3,157,644	3,129,996
Accumulated losses		(28,210,243)	(27,891,364)
TOTAL EQUITY		1,635,196	1,923,516

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2021

	Note	Contributed equity $	Accumulated losses $	Share based payments reserve $	Currency translation reserve $	Total $
At 1 January 2020		26,674,268	(27,391,538)	-	3,129,996	2,412,726
Net profit for the year		-	(499,826)	-	-	(499,826)
Total comprehensive income for the period		-	(499,826)	-	-	(499,826)
Reversal of transaction costs on share issues		2,340	-	-	-	2,340
Tax consequences of share issue costs		8,276	-	-	-	8,276
At 31 December 2020		**26,684,884**	**(27,891,364)**	**-**	**3,129,996**	**1,923,516**
At 1 January 2021		26,684,884	(27,891,364)	-	3,129,996	1,923,516
Net loss for the period		-	(318,879)	-	-	(318,879)
Total comprehensive income for the period		-	(318,879)	-	-	(318,879)
Share-based payments		-	-	27,648	-	27,648
Tax consequences of share issue costs		2,911	-	-	-	2,911
At 30 June 2021		**26,687,795**	**(28,210,243)**	**27,648**	**3,129,996**	**1,635,196**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2021

	Note	Consolidated 30 June 2021 $	 30 June 2020 $
Cash flows from operating activities			
Receipts from customers		2,088,358	2,195,089
Payments to suppliers and employees		(1,795,661)	(2,111,260)
Taxation paid		(50,208)	(208,001)
Interest paid		(4,646)	-
Interest received		-	340
Net cash (used in)/provided by operating activities		237,843	(123,832)
Cash flows from investing activities			
Oil properties expenditure		(81,002)	(193,912)
Net cash (used in)/provided by investing activities		(81,002)	(193,912)
Cash flows from financing activities			
Principal elements of lease payments		(44,901)	(51,332)
Payment share issue costs		-	(6,736)
Net cash (used in)/provided by financing activities		(44,901)	(58,068)
Net (decrease)/increase in cash and cash equivalents		111,940	(375,812)
Net foreign exchange differences		-	-
Cash and cash equivalents at the beginning of the year		95,642	640,871
Cash and cash equivalents at the end of the half year	7	**207,582**	**265,059**

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

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2021

Note 1. Corporate Information

The consolidated financial statements of Bass Oil Limited ("Parent Entity" or "Company") and its controlled entities (collectively as "Consolidated Entity" or "the Group") for the half-year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 9 September 2021.

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

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

Note 2. Summary of Significant Accounting Policies

Basis of Preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2020 annual financial report for the financial year ended 31 December 2020, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

Except where indicated otherwise, all amounts are presented in United States dollars.

Going Concern

The consolidated financial statements have 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.

For the financial half-year ended 30 June 2021 the Group incurred a loss after tax of $318,879 (30 June 2020: $273,520), had a net cash inflow from operating activities of $237,843 (30 June 2020: outflow $123,832), a net cash outflow from investing activities of $81,002 (30 June 2020: $193,912) and had a net cash outflow from financing activities of $44,901 (30 June 2020: $58,068).

At 30 June 2021, the Group has a cash balance of $207,582 (31 December 2020: $95,642) and the current liabilities exceed current assets by $537,326 (31 December 2020: current assets exceed current liabilities by $305,721). While current liabilities exceed current assets, $842,299 of current liabilities are not expected to be payable in the near future.

On 26 August the Group announced that it had received binding commitments to raise $1.0 million from sophisticated and professional investors through the issue of 500,000,000 new ordinary shares at $0.002 per share. Each two shares subscribed for under the placement will include the grant of one free attaching option exercisable at $0.004 on or before 30 September 2024. The Placement shares were allotted on 30 August 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2021

Note 2. Summary of Significant Accounting Policies (cont'd)

The Group also announced the launch of a one for five fully underwritten pro-rata, non-renounceable rights issue to eligible shareholders to raise up to approximately $1.5 million. The shares issued pursuant to the Rights Issue will be issued at the same price as issued under the Placement ($0.002 per share) and Rights Issue participants will also receive one free attaching option for every two shares subscribed for on the same terms as the Placement Options. The Group will seek quotation of the Options.

The Rights Issue is fully underwritten in the amount of $1,537,560 by CoPeak Corporate Pty Ltd as trustee for the Peak Asset Management Unit Trust.

The Directors have prepared a cash flow forecast through to September 2022 which indicates that the Group needs to invest in further drilling if production levels are to be maintained. The cash resources at 30 June 2021 are not sufficient to fund planned drilling commitments, business development opportunities and working capital requirements without securing additional funds which is why the Group has made the recent placement and launched a fully underwritten pro-rata, non-renounceable rights issue post balance date.

Based on the Group's cash flow forecast and achieving the funding referred to above, the Directors believe that the Group will be able to continue as a going concern.

Should the Group be unsuccessful in achieving the initiatives set out above, a material uncertainty would exist that may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business.

The financial report does not include any adjustments 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.

(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

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2021.

Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)

During the financial year the International Financial Reporting Interpretations Committee IFRIC identified that various approaches to customisation and configuration costs for cloud computing arrangements were utilised by companies depending on internal policy. These policies varied from expensing all costs in full to capitalisation of all costs in full, with most entities taking a more nuanced approach in their capitalisation policy and differentiating between expenditure with different underlying fact patterns.

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2021

Note 2. Summary of Significant Accounting Policies (cont'd)

(b) New Accounting Standards and Interpretations (cont'd)

The Agenda Decision requires that management capitalise those elements of expenditure that meet the definition of an "Intangible Asset" as defined by AASB 138 Intangible Assets and recognise any additional amounts as an expense as the entity benefits from the expenditure - either by applying AASB 138 or applying another accounting standard.

The impact of this decision has not had a material impact on the group's financial statements.

(c) Critical accounting estimates and judgements

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

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

(i) Impairment of Oil Property Assets

Oil properties impairment testing requires an estimation of the value in use of the cash generating unit to which deferred costs have been allocated. The value in use 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 available reserves and oil prices.

(ii) Useful Life of Oil Property Assets

As detailed at Note 2 (l) in the Annual Report, 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 commenced. No amortisation is charged on areas under development where production has not yet commenced. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2021

Note 3. Other income

	Note	Consolidated 30 June 2021 $	Consolidated 30 June 2020 $
Government Grants - Cashflow Boost		-	66,020
Government Assistance – Jobkeeper Receipts		12,185	18,263
Net foreign exchange gains		-	20,855
		12,185	105,138

Note 4. Administrative Expenses

	Note	Consolidated 30 June 2021 $	Consolidated 30 June 2020 $
Audit fees		15,036	18,195
Consultants fees other		61,055	70,054
Corporate related costs		19,263	19,375
Directors' remuneration		74,905	49,402
Net foreign exchange losses		6,528	-
Insurance		10,018	12,705
Legal expenses		9,231	22,613
Cost of short term and low value leases		-	11,411
Travel		1,703	10,379
Other administrative expenses		98,774	78,799
		296,513	292,933

Note 5. Depreciation and Amortisation

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

	Note	Consolidated 30 June 2021 $	Consolidated 30 June 2020 $
Depreciation of plant and equipment	8	686	-
Depreciation of right of use assets	9	38,719	43,740
Amortisation of oil properties	10	103,285	223,252
		142,690	266,992

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2021

Note 6. Finance Costs

	Note	Consolidated 30 June 2021 $	 30 June 2020 $
Interest		113	-
Interest on leases		4,533	8,628
		4,646	8,628

Note 7. Cash and Cash Equivalents

	Note	Consolidated 30 June 2021 $	 31 December 2020 $
Cash at bank and in hand		207,582	95,642
		207,582	95,642

Note 8. Plant and Equipment

	Note	Consolidated 30 June 2021 $	 31 December 2020 $
Office equipment, furniture and fittings			
Opening balance, net of accumulated depreciation		423	1,769
Purchases		-	-
Disposals		-	-
Foreign exchange movement		272	19
Depreciation charge for the year	5	(686)	(1,365)
Closing balance, net of accumulated depreciation		9	423
Cost		34,341	35,181
Accumulated depreciation		(34,332)	(34,758)
Net carrying amount		9	423

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2021

Note 9. Right of use assets

	Consolidated 30 June 2021			
	Office Premises	**Computers**	**Motor Vehicles**	**Total**
Opening Balance	40,818	411	37,744	78,973
Depreciation	(10,712)	(414)	(27,593)	(38,719)
Foreign exchange movement	(120)	3	(101)	(218)
Closing balance, net of accumulated depreciation	**29,986**	**-**	**10,050**	**40,036**

	Consolidated 31 December 2020			
	Office Premises	**Computers**	**Motor Vehicles**	**Total**
Opening balance	63,428	11,436	94,915	169,779
Depreciation	(21,096)	(10,702)	(54,687)	(86,485)
Foreign exchange movement	(1,514)	(323)	(2,484)	(4,321)
Closing balance, net of accumulated depreciation	**40,818**	**411**	**37,744**	**78,973**

Note 10. Oil Properties

	Note	Consolidated 30 June 2021 $	Consolidated 31 December 2020 $
Tangai-Sukananti KSO		1,913,048	1,935,331
		1,913,048	1,935,331
Movement in the carrying value of oil properties			
Balance at the beginning of year		1,935,331	1,945,213
Expenditure during the period		81,002	360,308
Disposals during the period		-	-
Depreciation, depletion and amortisation	5	(103,285)	(370,190)
Balance at the end of period		1,913,048	1,935,331

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2021

Note 11. Leases

The Group leases several assets including buildings, IT equipment and vehicles. The average lease term is 3 years (2020: 3 years).

Amounts recognised in profit and loss

	Note	Consolidated	
		30 June 2021 $	31 December 2020 $
Depreciation expense on right-of-use assets		38,719	43,740
Interest expense on lease liabilities		4,533	8,628
Expense relating to short term leases		-	-
Expense relating to leases of low value assets		-	-

The total cash outflow for leases amounts to $44,901.

(a) Lease Liabilities

	Note	Consolidated	
		30 June 2021 $	31 December 2020 $
Current		55,477	84,439
Non-current		-	34,542
		55,477	120,981

Maturity analysis:

	Note	Consolidated	
		30 June 2021 $	31 December 2020 $
Year 1		55,477	84,439
Year 2		-	36,542
Year 3		-	-
Year 4		-	-
Year 5		-	-
Onwards		-	-
		55,477	120,981

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2021

Note 12. Contributed Equity

	30 June 2021 Shares	31 December 2020 Shares	30 June 2021 $	31 December 2020 $
Issued and paid up capital				
Ordinary share fully paid	3,342,140,096	3,342,140,096	26,687,795	26,684,884
Movements in ordinary shares on issue				
Ordinary shares on issue at beginning of period	3,342,140,096	3,342,140,096	26,684,884	26,674,268
Transaction costs	-	-	-	2,340
Tax consequences of share issues costs	-	-	2,911	8,276
Ordinary shares on issue at end of period	3,342,140,096	3,342,140,096	26,687,795	26,684,884

The tax consequences of share issue costs are derived as the Company can claim a tax deduction for share issue costs, spread over 5 years.

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 2021, the Company has 367,986,328 (31 December 2020: 367,986,328) share options on issue, exercisable on a 1:1 basis for 367,986,328 (31 December 2020: 367,986,328) ordinary shares of the Company at an exercise price of A$0.004 and an expiry date of 30 July 2021.

		Consolidated	
	Note	30 June 2021 Options	31 December 2020 Options
Movements in options on issue			
Balance at the beginning of year		367,986,328	367,986,328
Options issued		-	-
Options exercised		-	-
Options expired and cancelled		-	-
Closing value		367,986,328	367,986,328

Note 13. Related Party Disclosures

Terms and conditions of transactions with related parties other than Key Management Personnel

The Group paid no corporate advisory and investor relations fees to Adelaide Equity Partners Limited (a director related entity of Mr M Lindh) during the period (30 June 2020: $18,651). The prior period fees (under a corporate advisory and investor relations mandate) were provided under normal commercial terms and conditions. There were no amounts outstanding at balance date (30 June 2020: $nil).

The Group paid no rent to Adelaide Equity Partners Limited during the period (30 June 2020: $3,332). The prior period rental (under a rental of premises mandate) was provided under normal commercial terms and conditions. There were no amounts outstanding at balance date (30 June 2020: $nil).

Note 14. Segment Information

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

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

The Board does not currently receive segment Statement of Financial Position and Statement of Comprehensive Income information. For 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 six months ended 30 June 2021 and the comparative period was from oil production.

The consolidated entity operates in the oil and gas industry in Indonesia. The consolidated assets and liabilities as at 30 June 2021 and 31 December 2020 relate to oil production.

For the current financial period, the Group's revenue of $1,362,255 was received from the sale of oil in Indonesia to Pertamina EP (the Indonesian State owned oil Company).

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 June 2021

Note 15. Subsequent Events

On 12 July 2021 the Company announced that it had entered into a conditional sale and purchase agreement (SPA) with Cooper Energy Limited (Cooper) for the acquisition of three non-operated Cooper Basin assets including a 30% interest in the producing Worrior oil field and interests in highly prospective exploration acreage for a total cash consideration of A$650,000.

The transaction remains subject to a number of conditions precedent, including relevant regulatory approvals, Bass raising the funds required to complete the acquisition and the consent of Cooper Energy's financiers.

On 30 July 2021, 1,761,120 options were exercised at A$0.004 raising $7,044 and the remaining 366,225,208 options expired.

On 26 August the Company announced that it had received binding commitments to raise $1.0 million from sophisticated and professional investors through the issue of 500,000,000 new ordinary shares at $0.002 per share. Each two shares subscribed for under the placement will include the grant of one free attaching option exercisable at $0.004 on or before 30 September 2024. The Placement shares were allotted on 30 August 2021.

The Company also announced the launch of a one for five fully underwritten pro-rata, non-renounceable rights issue to eligible shareholders to raise up to approximately $1.5 million. The shares issued pursuant to the Rights Issue will be issued at the same price as issued under the Placement ($0.002 per share) and Rights Issue participants will also receive one free attaching option for every two shares subscribed for on the same terms as the Placement Options. The Company will seek quotation of the Options.

The Rights Issue is fully underwritten in the amount of $1,537,560 by CoPeak Corporate Pty Ltd as trustee for the Peak Asset Management Unit Trust.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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Independent Auditor's Review Report

To the Members of Bass Oil Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year 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 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

(a) giving a true and fair view of the Bass Oil Limited's financial position as at 30 June 2021 and of its performance for the half year ended on that date; and

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

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of $318,879 during the half year ended 30 June 2021 and, as of that date, the Group's current liabilities exceeded its current assets by $537,326. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 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*.

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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

T S Jackman
Partner – Audit & Assurance

Melbourne, 9 September 2021