

Quarterly report for the period ending 30 September 2017

Release Date: 20 October 2017

HIGHLIGHTS

During the quarter Bass Oil Limited (**Bass** or the **Company**) realised a material uplift in cash reserves, a result of higher oil prices received to the Company as well as strong levels of production. Bass also initiated a significant production optimisation program, which immediately reported encouraging initial results.

- **Strengthened financial position with net cash increasing ~21% to A\$1.63 million**
- **Field optimisation initiatives continuing - production capacity uplift forecast for December quarter**
- **Net production for September quarter totalled 28,853bbl**
- **Net oil sales for September quarter totalled 28,908bbl**
- **Integrated field study has identified significant field expansion opportunity at Bunian-West**
- **Reserves and Contingent Resources updated**
- **Evaluation of acquisition opportunities continuing**

Bass Managing Director Tino Guglielmo commented on the result: *"I am pleased with how strongly Bass has commenced FY18. Steadily increasing oil prices alongside strong sustained levels of month-on-month production have enabled the company to significantly increase its cash reserves and highlight the cash generating potential of our assets.*

Our Indonesian operations team have fluidly implemented the production optimisation program, which we will further expand over the coming months and subsequently expect to realise a material increase in the asset's production capacity.

The Company is also progressing the integrated field study with UNPAD, which aims to further highlight the prospectivity of the KSO, opening up additional development opportunities."

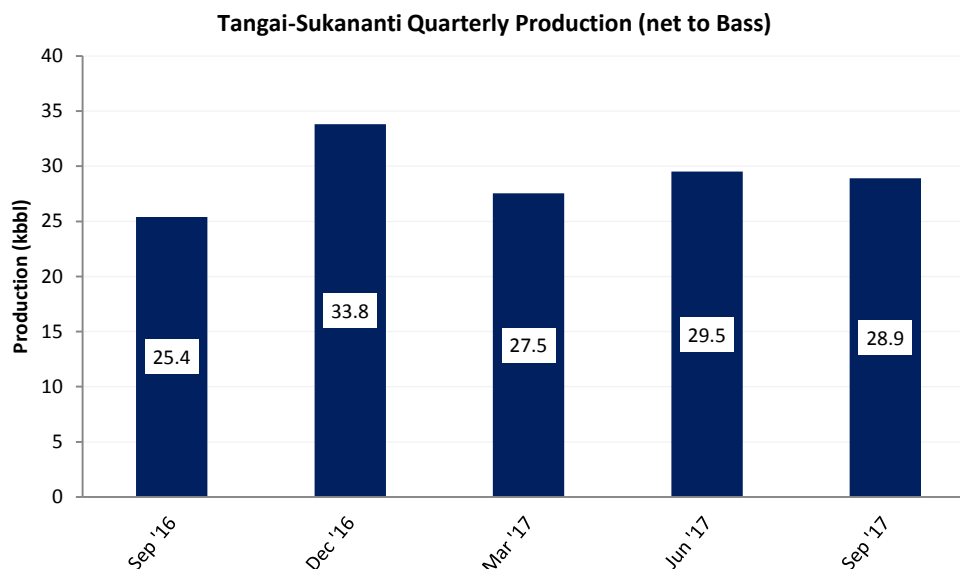
Comparative Performance:

Key Performance Metrics	September Qtr Q1 FY17	June Qtr Q4 FY17	September Qtr Q1 FY18	Qtr on Qtr Change	Full Year FY18
Net Production (mmbbl)	25.40	29.50	28.90	-2.0%	28.90
Net Oil Sales (mbbl)	25.40	28.99	28.91	-0.3%	28.91
Cash (A\$M)	0.25	1.35	1.63	21.3%	1.63
Average Realised Oil Price (\$US)	n/a	45.31	47.43	4.7%	47.43

*Oil sales from Q1 FY17 an estimate only
*Rounding errors may exist

Field Performance:

Scheduled maintenance associated with the production optimisation initiative which commenced during the quarter, resulted in a marginal 2% decline in production output, producing 28,853 barrels net to Bass. Bass expects the disruption to field production due to workover and optimisation to exhibit a one-off impact throughout the months of September and October only. Furthermore, following successful completion of the initial production optimisation program, Bass forecasts production capacity of the field to increase beyond 700BOPD.



Cash Position:

As at 30 September 2017, Bass substantially increased its cash balance by 21% to A\$1.63M – a result of strong sustained production and increasing oil prices.

Production Optimisation:

As previously mentioned, Bass commenced a production optimisation program during the September quarter aimed at increasing the field's efficiency and total production capacity. The program consists of pump and flowline maintenance, upgrades and surveys which will have a temporary impact on the field's production output however field capacity uplift is expected over the coming period subsequent to completion.

Late July, Bass successfully removed scale-restriction at the Tangai-1 well, subsequently realising uplift in output of circa 100BOPD. Bass have highlighted scope for additional increases in output at the well, subject to results from a planned bottom-hole pressure survey to be undertaken during October.

Bass expanded the optimisation program in September, mobilising a workover rig to the KSO to complete pump repairs at Bunian-1 and Tangai-3, followed by tubing repair and pump installation at Bunian-4.

Late September, Bass shut-in the Bunian-1 well to enable the replacement of the down-hole pump, found to be operating with 30% efficiency. This was the primary contributor to the marginal decline in total field production for the quarter however the pump repair is forecast to increase future production capacity of the field in excess of 100 barrels of oil per day, moving forward.

Bass will report the quantum of the rate increases at the respective wells, once workover is complete and flow has stabilised.

Field Development and Appraisal:

Concurrent to its optimisation program, Bass announced the engagement of Indonesia's UNPAD, an independent petroleum geoscience and engineering consultancy, to conduct a major multi-disciplinary integrated study over the entire KSO. An initial review was completed by Australian-based Bass geotechnical personnel soon after the Company acquired the assets which outlined a number of prospective targets and leads that warranted further testing.

As indicated in the figures below; Both Bunian-5 and Bunian-6 represent low risk development opportunities with significant flow-rate potential. Furthermore, Tangai-5 is also deemed a low risk development well and targets the up-dip potential from strongly performing Tangai-1.

Bass' Indonesian team will work to mature the development-wells in the coming period whereby the Company expects to realise significant value up-side.

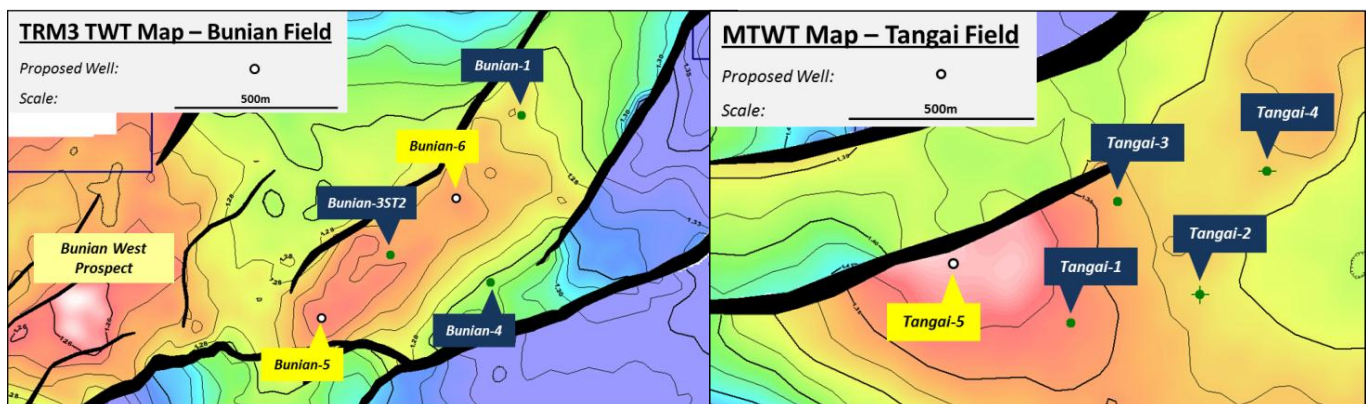


Figure 1 (above): Bunian-5 and 6 planned development wells & Bunian-West Prospect

Figure 2 (above right): Tangai-5 planned development well

The study being undertaken by UNPAD will also provide a full re-assessment of the Oil in Place, Reserve and Resource potential of the assets, incorporating prospective undrilled structures that encompass the current active well zones, namely; updip Sukananti, updip TMB-6, updip Kupang and the untested shallow gas zone, Bunian ABF (see figure 3 below).

Bass also believes a near-term field expansion opportunity is achievable at Bunian-West (refer to figure 1) and aim to mature an appraisal well in CY2018 to confirm this potential.

The integrated reservoir study is on-track for completion by year-end 2017.

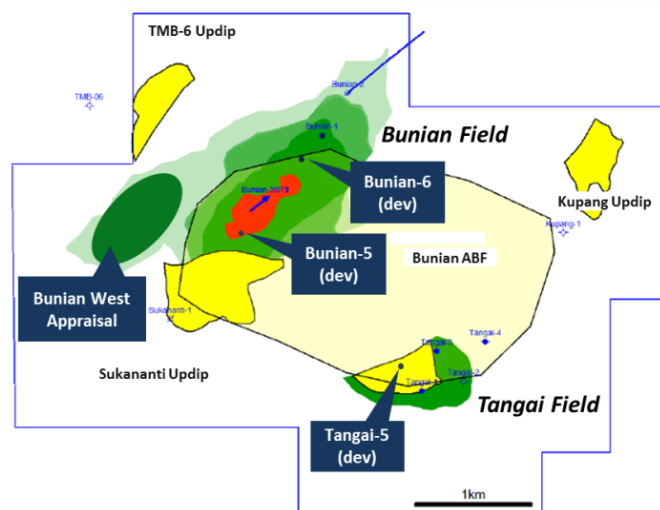


Figure 3: Tangai-Sukananti prospects & leads

Reserves and Contingent Resources Updated:

Bass released its Annual Resources and Reserves statement to the ASX on 27 September, 2017.

Bass Oil's Gross (55% share) 2P Reserves at 30 June 2017 were assessed to be 1.35 million barrels of oil. Bass reports Net 2P Oil Reserves of 0.70 million barrels whereby Net Reserves are the reserves that Bass has a net economic entitlement to that is a share of cost oil and profit oil that Bass is entitled to receive under the KSO signed with the Indonesian government body, PT Pertamina.

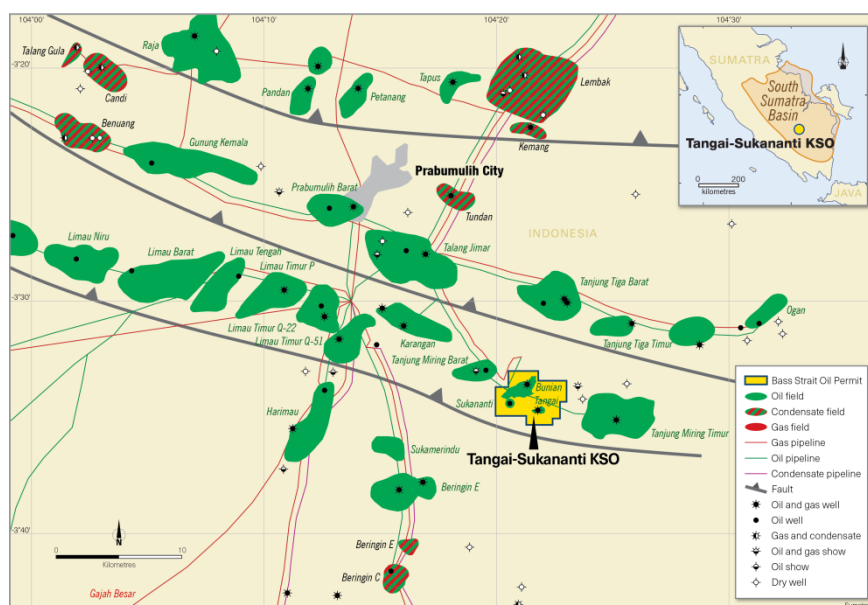
<i>Resources & Reserves (as at 30 June, 2017)</i>			
Gross (55% Share) Reserves (MMbbl)			
Category	Proved 1P	Proved & Probable 2P	Proved, Probable & Possible 3P
Developed	0.34	0.46	0.55
Undeveloped	0.25	0.89	2.02
Total	0.59	1.35	2.57
Net Reserves (MMbbl)			
Category	Proved 1P	Proved & Probable 2P	Proved, Probable & Possible 3P
Developed & Undeveloped	0.35	0.70	0.98
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

The Gross (55% share) of 2C Contingent Resources for the Tangai-Sukananti KSO at 30 June, 2017 are assessed to be 0.17 million barrels of oil. The Gross Contingent Resources comprise volumes attributed to currently producing or future planned wells post licence expiry in July 2025. In the case of the Gross 1C (55% share) Contingent Resources, they comprise volumes attributed to production post economic cut-off.

Growth Opportunities:

Bass' Tangai-Sukananti Indonesian production assets are situated within the South Sumatra basin, in close proximity to a number of prolific oil and gas fields. These assets provide the company a solid platform for future growth, and as such Bass is pursuing due diligence on value-accretive acquisition opportunities, leveraging the local Indonesian based team's extensive knowledge, experience and contact base.



For further information please contact:

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

BASS OIL LIMITED

ABN

13 008 694 817

Quarter ended ("current quarter")

30 SEPTEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,437	1,437
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production	(805)	(805)
(d) staff costs		
(e) administration and corporate costs	(304)	(304)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	328	328

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(22)	(22)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	6	6
2.6	Net cash from / (used in) investing activities	(16)	(16)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,346	1,346
4.2	Net cash from / (used in) operating activities (item 1.9 above)	328	328
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(16)	(16)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(23)	(23)
4.6	Cash and cash equivalents at end of period	1,635	1,635

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,635	1,346
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,635	1,346

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
125
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
22
-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	
8.2 Credit standby arrangements	-	
8.3 Other (please specify)	-	
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	800
9.4 Staff costs	-
9.5 Administration and corporate costs	300
9.6 Other - Cooper Energy first instalment of the Deferred Settlement	500
9.7 Total estimated cash outflows	1,600

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director)

Date: 20 October 2017

Print name: PETER MULLINS

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.