

Quarterly report for the period ending 31 December 2017

Release Date: 22 January 2018

During the quarter Bass Oil Limited (**Bass** or the **Company**) further increased its cash reserves, a function of consistent levels of production against the backdrop of a strong recent oil price run and overwhelming shareholder support through conversion of its previously listed options.

Bass progressed its multi-disciplinary study, which is expected to result in a significant increase in future production potential and identify further reserve increases from a near field exploration and appraisal drilling program.

Bass completed the first phase of its production optimisation initiative, reporting encouraging results with multiple follow-up opportunities.

HIGHLIGHTS

- Increased cash position to A\$2.1M
- First A\$500K deferred acquisition payment made to Cooper Energy
- Phase-1 field optimisation initiatives complete
- Net production for December quarter totalled 27,055 barrels
- Net oil sales for December quarter totalled 25,220 barrels
- Material uplift in future production potential expected following completion of multi-disciplinary study

Bass Managing Director Mr Tino Guglielmo commented, *"I am pleased with how strongly Bass ended 2017 and look forward to carrying this momentum into the New Year. We have continued to grow our cash position with the help of those shareholders involved in our recent options issue and the increasingly favourable oil price environment."*

We are on track to complete our integrated field study and expect to report positive results, highlighting our asset's future potential. I look forward to executing our development strategy in conjunction with our plans to materially grow Bass' production asset portfolio through strategic acquisition."

Comparative Performance:

Key Performance Metrics	Previous Quarter			Previous Corresponding Period	
	December Qtr Q4 CY17	September Qtr Q3 CY17	Qtr on Qtr Change	December Qtr Q4 CY16	Qtr on Qtr Change
Net Production (kbbl)	27.10	28.90	-6%	33.80	-19.8%
Net Oil Sales (kbbl)	25.22	25.40	-1%	33.80	-25.4%
Cash (A\$M)	2.10	1.63	29%	0.74	183.8%
Average Realised Oil Price (\$US/barrel)	56.19	47.43	18%	-	-

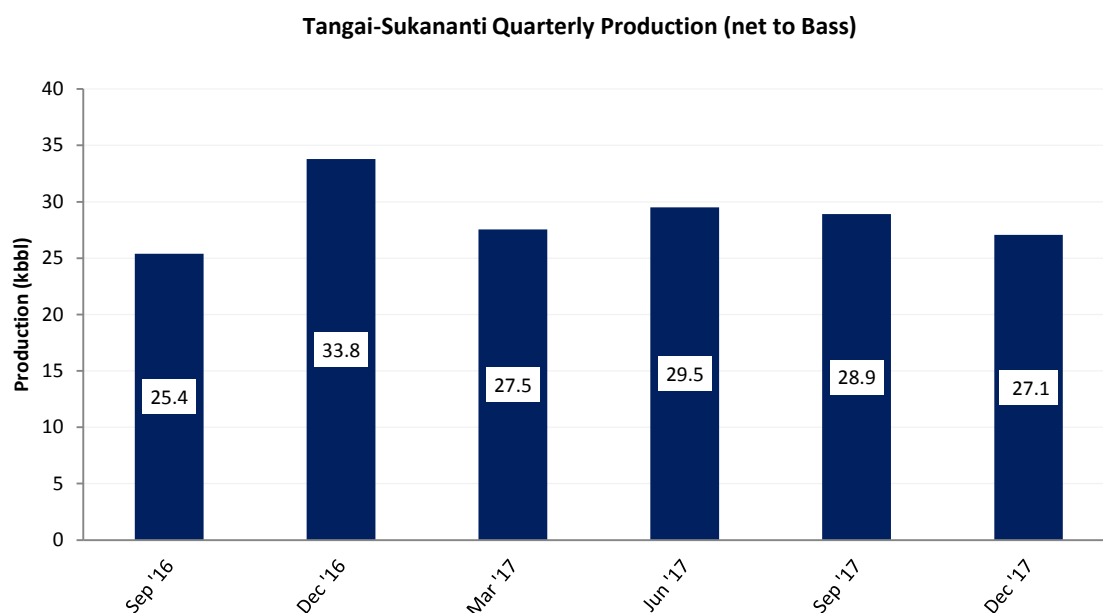
Note: Moving forward, Bass will revert to a 12-month financial year, commencing 1 January and ending 31 December

Field Performance:

Last quarter Bass reported consistent production levels despite disruptions due to field optimisation, producing 27,055 barrels of oil net to Bass. The Company completed its well workover program in December, which included various undertakings aimed at improving flow line and pump efficiency across the Tangai-Sukananti KSO.

Bunian-1, Tangai-1 and Tangai-3 were all subject to downhole maintenance with Bass achieving significant flow rate uplifts from each target and subsequent pump speed increases also.

A marginal 6% decline on previous September quarter production was evident and primarily due to wells coming offline to enable the completion of maintenance. Bass expects a recovery in field output over the coming quarter with the forecast improvement on the basis of Bunian-1 and Bunian-4 operating at full capacity with minimal disruptions for maintenance.



Production Optimisation:

As previously mentioned, Bass completed phase-1 of its production optimisation program during the December quarter, aimed at increasing the field's efficiency and total production capacity. The program consisted of pump and flowline maintenance, upgrades and surveys which had a temporary impact on the field's production output however Bass now expects to realise a long-term field capacity uplift.

During October, Bass realized a combined flow rate increase of ~95BOPD from two wells, namely Tangai-1 and 3, and subsequently achieved an increase of 55BOPD from Bunian-1 in mid-November. Bunian-4 remains offline whilst the Company continues remedial activity at the well, updates to follow.

Field Development and Appraisal:

In December, Bass announced its intentions to pursue a two-well drilling program, consisting of Bunian-5 and Tangai-5 development wells. Drilling is anticipated to commence third quarter this calendar year. Further details regarding drilling will be communicated to the market over the coming months.

Concurrent plans are in place for the upgrade of the KSO's production facilities, a requirement given the expected increase in fluid production rates, following completion of the drilling program.

Bass is also pleased to advise the multi-disciplinary UNPAD study is progressing as planned. A static geological model has been finalised and the reservoir simulation phase is now underway.

Work completed to date strongly supports the Company's view of the asset's significant development and appraisal potential, expected to result in a material uplift in future production.

Corporate:

Cash Position:

As at 31 December 2017, Bass increased its cash balance by a substantial 29% to A\$2.1M, after cash outflows of A\$500k for the first of four deferred acquisition payments to Cooper Energy.

This is a positive result for the Company and a function of strong sustained production, increasing oil prices and the additional funds raised through the exercise of its previously listed options.

Bass Options:

The Company received overwhelming support from shareholders in relation to the exercise of previously listed options (ASX:BASO), which expired on the 15 December, 2017.

Of the 386,103,275 options able to be exercised, the Company received total acceptances of 366,949,897 representing a conversion rate of ~95% of all options initially on offer and raising a total of A\$1,100,850 which will be used to grow the Indonesian production business.

This was an incredible result for Bass and the Board of Directors wish to express their gratitude to all option holders who supported the Company and demonstrated confidence in our strategy for future growth.

IABC Conferences – Surabaya & Adelaide

Bass Managing Director, Tino Guglielmo, had the pleasure of speaking at the recent Adelaide and Surabaya chapters of the Indonesia Australia Business Council (IABC).

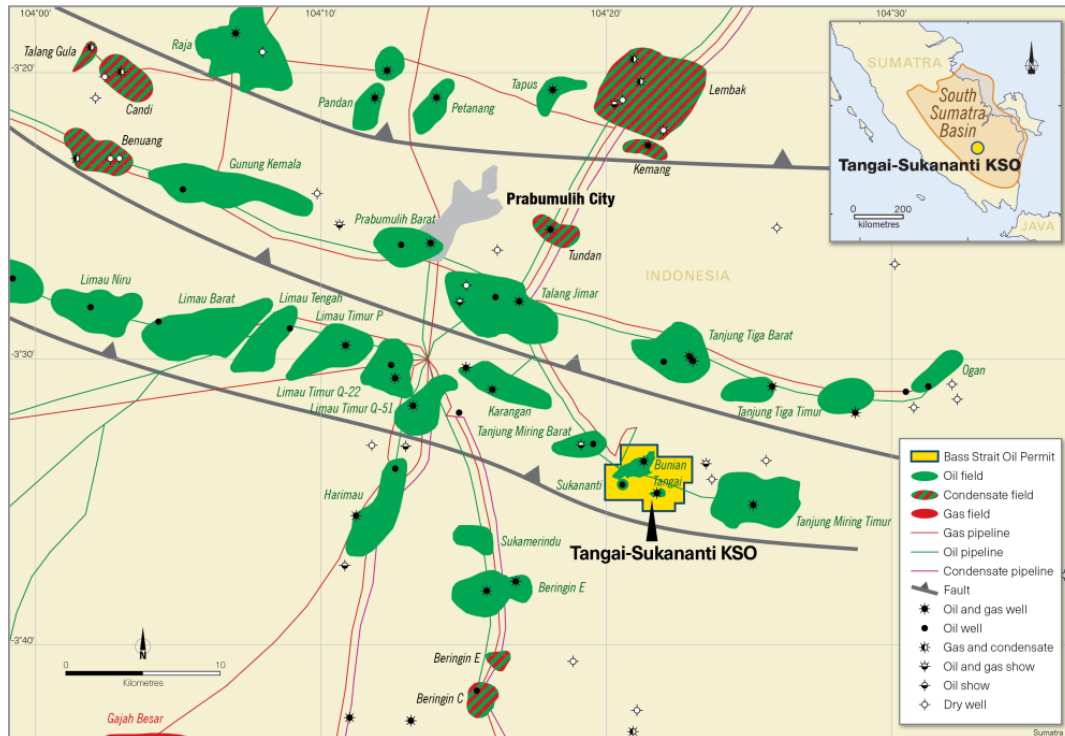
The forum aims to facilitate introductions between Indonesian regional governments, Australian investors and business stakeholders.

Mr Guglielmo discussed Bass' intentions to expand its Indonesian footprint in relation to future business plans and opportunities.

Business Development:

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 continues to evaluate a number of acquisition targets, as the Company looks to add additional prospective oil properties to its portfolio during 2018.



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")

31 DECEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,165	2,602
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production	(781)	(1,586)
(d) staff costs		
(e) administration and corporate costs	(474)	(778)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
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	(89)	239

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(94)	(116)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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)	10	16
2.6	Net cash from / (used in) investing activities	(84)	(100)

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	1,101	1,101
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings – Cooper Energy 1 st Instalment deferred settlement	(500)	(500)
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	601	601

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,635	1,346
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(89)	239
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(84)	(100)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	601	601
4.5	Effect of movement in exchange rates on cash held	1	(22)
4.6	Cash and cash equivalents at end of period	2,064	2,064

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	2,064	1,635
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)	2,064	1,635

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
136
-

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
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Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available

Add notes as necessary for an understanding of the position

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.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	
-	
-	

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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	400
9.6 Other -	-
9.7 Total estimated cash outflows	1,200

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: 22 January 2018

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.