

Quarterly report for the period ending 30 June 2018

Release Date: 27 July 2018

Australia's ASX-listed Bass Oil (ASX:BAS) has a focus, along with its Indonesian-based field teams and partners, on expanding onshore oil production from its holdings in Indonesia's prolific South Sumatran Basin. The principal asset is a 55% Operator interest in the long-life Tangai-Sukananti licence hosting multiple in-field exploration & production options.

HIGHLIGHTS

- Cash position to US\$0.99 million as at 30 June 2018
- Net production for June quarter totalled 25,580 barrels
- Net oil sales for June quarter totalled 25,470 barrels¹
- Remediation program underway to address scale and pump problems at production wells as well as planned upgrade works expected to double future production from two existing production wells
- Two highly prospective field development targets identified for drilling program expected to commence in the December quarter 2018
- 2nd acquisition settlement payment to Cooper Energy of US\$386k (A\$500k) paid during quarter; successfully negotiated the deferral of the remaining two payments for six months respectively

Bass Oil Managing Director, Mr Tino Guglielmo:

"Bass continues to work towards additional future upside with a focus on the completion of a suite of initiatives infield and the planned drilling of two new prospective targets within the existing KSO. Though June production has been impacted by recent scale and pump issues, Bass has made progress towards its production and optimisation plans, as well as its exploration, development and project partnering strategies for the remainder of calendar 2018. Bass continues to look for acquisition and partnership opportunities to add to our maiden production assets. Ideally, any such growth would involve stranded or dormant oil assets close to our existing infrastructure in which our highly experienced on-ground field teams are already operating in South Sumatra."

Comparative Performance:

Key Performance Metrics	Previous Quarter			Previous Corresponding Period	
	June Qtr Q2 FY18	March Qtr Q1 FY18	Qtr on Qtr Change	June Qtr Q2 CY17	Qtr on Qtr Change
Net Production (kbbbl)	25.58	27.19	-6.6%	29.50	-13.3%
Net Oil Sales (kbbbl) ¹	25.47	28.14	-9.5%	28.99	-12.1%
Cash (US\$M) ²	0.99	1.43	-30.7%	1.35	-26.6%
Average Realised Oil Price (\$US/barrel)	68.11	61.28	11.1%	45.24	50.6%

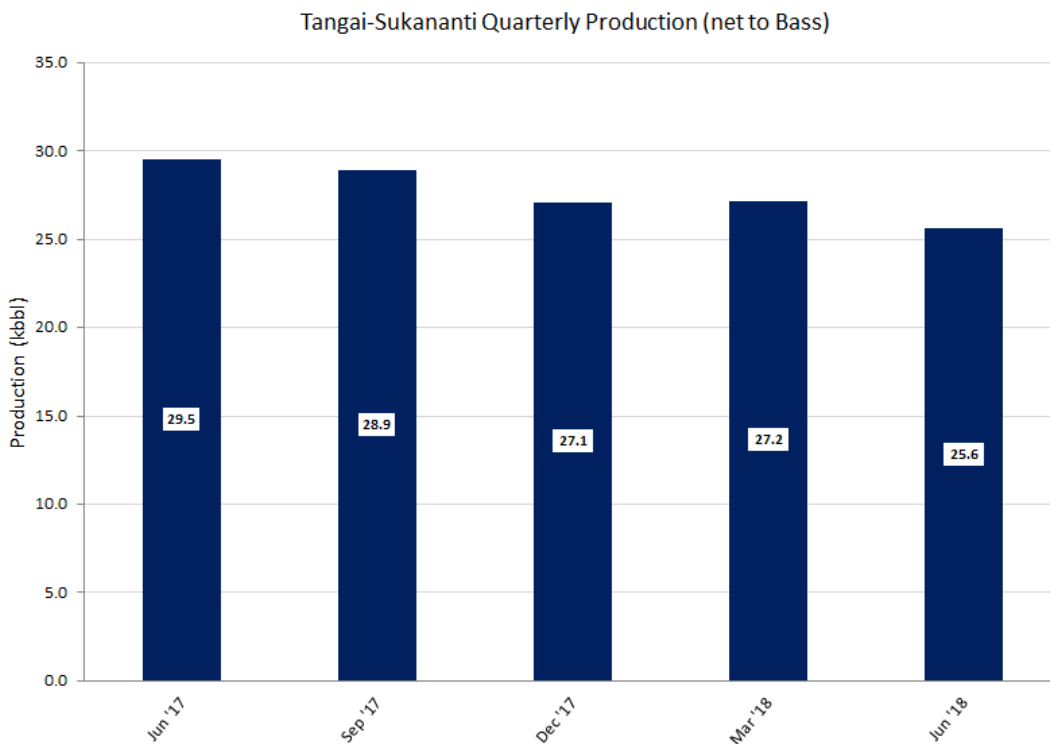
Note 1: The payment of the Domestic Market Obligation (DMO) is now impacting on Net Sales, reported above as 55% of Gross Oil Sales for consistency

Note 2: Jun Qtr 2017 Cash has been converted to US\$ using the year-end exchange rate of 0.78

Field Performance:

Aggregate production for the June quarter declined on March primarily due to the scale formation in Bunian 3 well and the pump wear on the Bunian 1 sucker rod pump noted in the June Operations report. Bass is planning to replace the Bunian 1 pump with an Electric Submersible Pump (ESP) during the September Quarter. The ESP is expected to significantly increase the offtake from this well, increase pump reliability and run life. The Bunian 3 well has returned to production in July after a partially successful scale clean out utilising a wireline unit, with further remediation of the well with a coiled tubing unit to address the remaining scale buildup.

Bass produced 25,580 barrels of oil (55% basis), a decline of 6.6% from the previous quarter. Quarterly oil sales declined 9.5% to 25,470 barrels of oil net to Bass. The Company realised an 11% increase in oil prices, noting an average oil price received for the June quarter of US\$68.11.



Remediation and Upgrade Program, Bunian 1 and Bunian 3 Production wells:

Following Bass' Optimisation program in the March quarter, two producing wells require remediation to return to full production capacity as detailed in the ASX release from 20 July 2018, 'Onshore Indonesian Oil Operations Update – June 2018'.

The Bunian 1 sucker rod pump is showing signs of pump wear. Bass has progressed toward installation of an Electric Submersible Pump (ESP) to replace the sucker rod pump during the September quarter at Bunian 1. The pump is expected to significantly increase the offtake from this well, increase pump reliability and run life.

The Bunian 3 well production has been impacted by scale formation in the wellhead and the upper section of the wellbore. Works were undertaken during June to perform a scale clean out. Production continues to be impacted by ongoing scale buildup following the initial clean out with further remediation works to address the scale issue planned in the September quarter.

Development Planning:

Bass' detailed development planning and approvals process continues for the drilling program expected to commence in the December 2018 quarter. The scope of the first phase of the program includes the drilling of up to two development wells, at Bunian 5 and Tangai 5.

It is expected that the drilling of these two proposed development wells will significantly increase the production capacity of the Tangai-Sukananti field as well as increase developed reserves.

Planning work for the upgrade of the Bunian and Tangai production facilities continues. A facility upgrade is required to process the additional fluid production anticipated following the completion of the drilling phase of the work program.

Corporate:

Cash Position:

As at 30 June 2018, Bass cash reserves were US\$0.99 m.

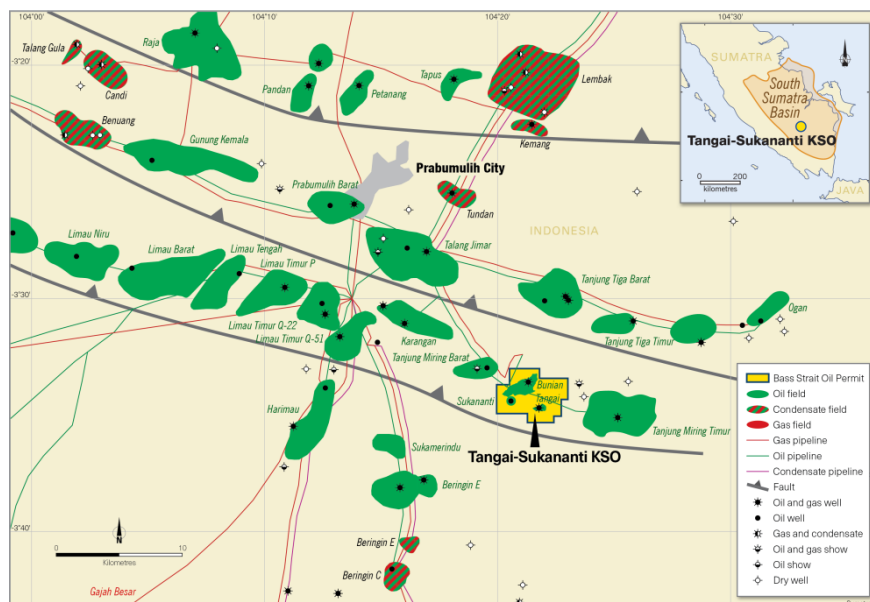
The cash position in the June quarter includes the second acquisition settlement payment to Cooper Energy (ASX: COE) of A\$500k (US\$386k). The remaining two acquisition settlement payments have been deferred six months respectively as per the release dated 2 July 2018, 'Bass Oil extension of acquisition settlement terms with Cooper Energy'.

Under the agreed new payback terms, the timetable for a third payment of A\$500,000, due 30 September this year, has been deferred until 31 March next year. The fourth and final payment of A\$770,000, due to be paid by Bass to Cooper Energy by 31 December this year, has now been deferred until 30 June 2019.

The extension of the settlement will allow Bass to commence the development drilling program at the Bunian field without the need to raise additional capital.

Business Development:

Bass continues to evaluate a number of onshore Indonesian acquisition targets, particularly those situated in close proximity to its existing production infrastructure, as the Company looks to add additional prospective oil properties to its portfolio during 2018.



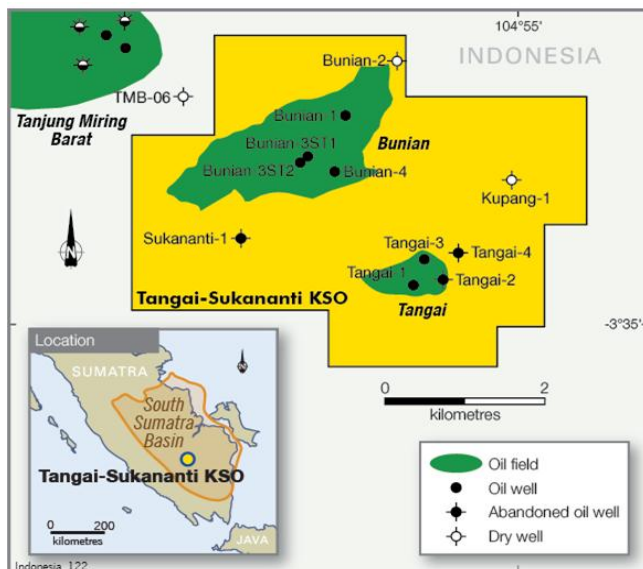
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About Bass Oil Limited:

Bass Oil Limited (ASX:BAS) is an ASX-listed exploration and production company featuring low cost onshore oil production in Indonesia and a management and Board team with a proven track record in delivering shareholder value. Bass has realigned its corporate strategy following the landmark acquisition of a 55% interest in the Tangai-Sukananti KSO producing assets located in the prolific oil & gas region of South Sumatra, Indonesia. As at 31 December 2017, Bass Oil's Gross (55% share) 2P Reserves are assessed to be 1.28 million barrels of oil. In accordance with ASX reporting requirements for fiscal environments that use production sharing contracts or similar, Bass reports Net 2P Oil Reserves of 0.67 million.

Bass is building towards a substantial onshore Indonesian oil & gas business with a clear focus on executing opportunities in South Sumatra as they present. Bass has a strong and committed shareholder base with Board and management holding in excess of 20% of issued capital.



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 June 2018

Consolidated statement of cash flows	Quarter Ending 30 June 2018 \$USD'000	Year to 30 June (6 months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,148	1,997
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production	(859)	(1,631)
(d) staff costs		
(e) administration and corporate costs	(328)	(591)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	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	(39)	(224)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(3)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Quarter Ending 30 June 2018 \$USD'000	Year to 30 June (6 months) \$USD'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)	8	8
2.6	Net cash from / (used in) investing activities	5	5

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 – Cooper Energy 2 nd Instalment deferred settlement	(386)	(386)
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	(386)	(386)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,426	1,608
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(39)	(224)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	5	5
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(386)	(386)
4.5	Effect of movement in exchange rates on cash held	(15)	(12)
4.6	Cash and cash equivalents at end of period	991	991

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 \$USD'000	Previous quarter \$USD'000
5.1 Bank balances	991	1,426
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)	991	1,426

6. Payments to directors of the entity and their associates	Current quarter \$USD'000
6.1 Aggregate amount of payments to these parties included in item 1.2	99
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	

7. Payments to related entities of the entity and their associates	Current quarter \$USD'000
7.1 Aggregate amount of payments to these parties included in item 1.2	20
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	

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 \$USD'000	Amount drawn at quarter end \$USD'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	\$USD'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	900
9.4 Staff costs	-
9.5 Administration and corporate costs	300
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: 27 July 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.