

Quarterly report for the period ending 30 September 2018

Release Date: 30 October 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 Sumatra 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\$0.73 million as at 30 September 2018
- Net oil production for September quarter totalled 21,774 barrels
- Net oil sales for September quarter totalled 21,033 barrels¹
- Scale remediation program completed
- Oil production up over 50% in October 2018, averaging almost 900 barrels of oil per day (JV share) in response to optimisation projects completed
- Two highly prospective field development targets identified for drilling program – contract for rig to be awarded in December 2018
- Bass has entered into an MoU with two leading Asian universities to identify opportunities to improve recovery from its Indonesian oilfields

Bass Oil Managing Director, Mr Tino Guglielmo:

"Bass is entering an exciting period in its history. We have significantly increased our production during the month of October, following our remediation and optimisation programs during July and August. We expect that production improvement to be sustained and reflected in our December quarter performance. We are also commencing our development drilling program as soon as possible after the award of the drilling contract expected in December. The Company has identified and is targeting the acquisition of some exciting growth opportunities in the prolific oil and gas basins of Indonesia and has partnered with high-achieving local universities and collaborators to improve recovery from existing fields and potentially, acquisition targets."

Comparative Performance:

Key Performance Metrics	Previous Quarter			Previous Corresponding Period	
	Sep Qtr Q3 FY18	Jun Qtr Q2 FY18	Qtr on Qtr Change	Sep Qtr Q1 CY17	Qtr on Qtr Change
Net Production (kbbl)	21.77	25.58	-14.9%	28.90	-24.7%
Net Oil Sales (kbbl) ¹	21.03	25.47	-17.4%	28.91	-27.3%
Cash (US\$M) ²	0.73	0.99	-26.3%	1.27	-42.5%
Average Realised Oil Price (\$US/barrel)	70.28	68.11	3.2%	47.43	48.2%

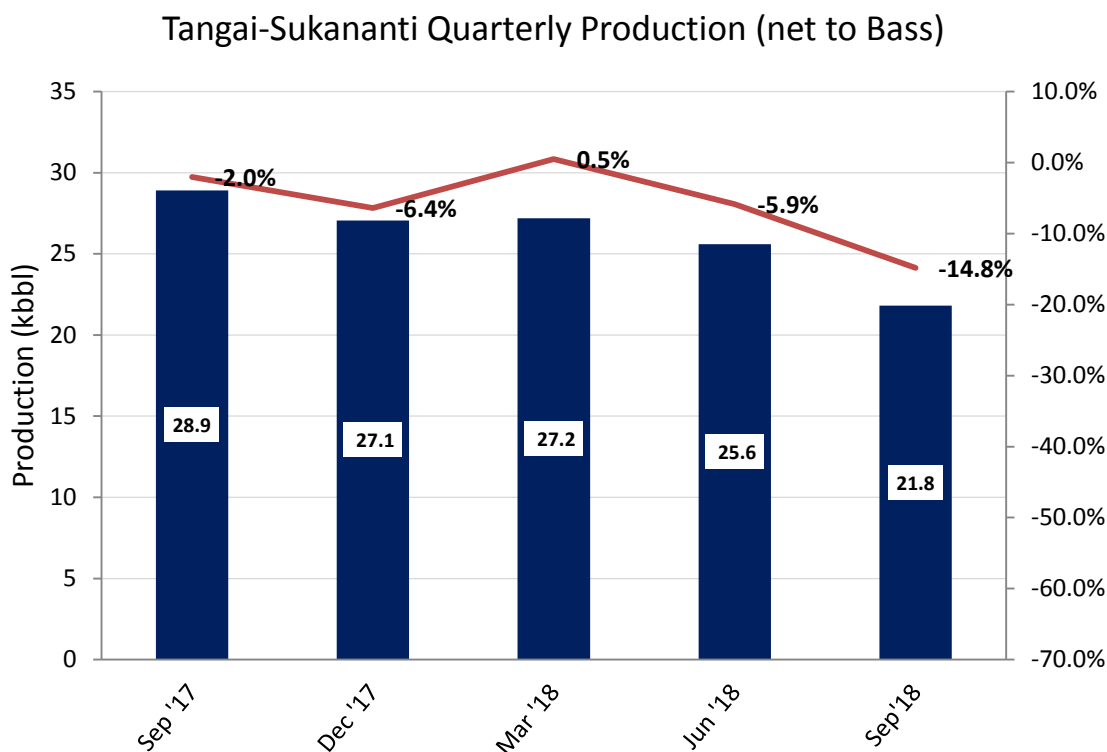
Note 1: Net Sales are reported at 55% of Gross Oil Sales for consistency and excludes the deduction of Domestic Market Obligation (DMO)

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

Field Performance:

Total production in September showed a return to previous monthly high levels following the completion of the well repairs and scale remediation program undertaken in July and August. October production has commenced strongly and has achieved sustained high daily oil production levels averaging almost 900 barrels of oil per day (bopd) Joint Venture share, at the Tangai-Sukananti KSO. This is directly attributable to the completed production optimisation initiatives taking hold following the completion of the scale remediation program.

Bass produced 21,774 barrels of oil (55% basis) this quarter, a decline of 14.9% from the previous quarter. Quarterly oil sales declined 17.4% to 21,033 barrels of oil net to Bass. The Company realised a 3% increase in oil prices, noting an average oil price received for the September quarter of US\$70.28.



Development Planning:

Planning is advanced for a new two well drilling program at Tangai-Sukananti. The contract for the drilling rig is expected to be awarded in December 2018 with the mobilisation and spud of the first well, Bunian 5 to occur as soon as possible thereafter.

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:

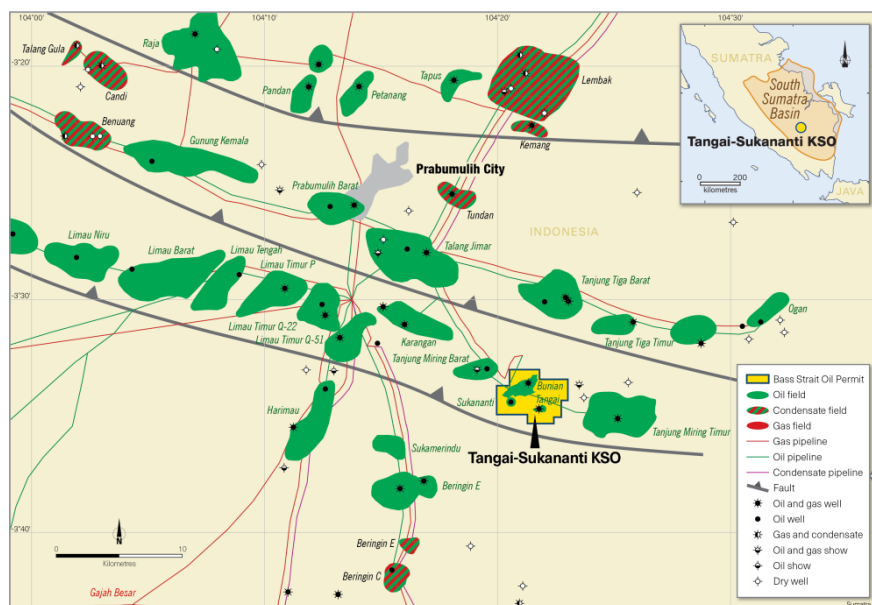
As at 30 September 2018, Bass cash reserves were US\$0.73 m.

The cash position in the September quarter excludes the receipt of the cash settlement payment from a party to a royalty dispute. The payment pertains to a confidential settlement of past, present and future claims under the royalty agreement announced by Bass in the ASX release from 4 October 2018. The funds are expected in October 2018.

The recent uplift in production directly impacts on the cash receipts, with a two month lag, due to normal cashflow processes.

Business Development:

Bass continues to evaluate a number of onshore and offshore 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.



Memorandum of Understanding:

Bass has observed that, on average, oil recovery factors achieved in Indonesian oil fields remain relatively low when compared to other regional analogues. This presents a significant business opportunity.

In order to quantify this opportunity, Bass has entered into a further Memorandum of Understanding (MoU) with the Bandung Institute of Technology (ITB), Indonesia, and Sejong University, South Korea.

The MoU is to focus research on “Carbon Dioxide-Enhanced Oil Recovery” (CO2-EOR), designing and performing CO2-EOR to improve oil recovery from oil fields operated by Bass and on future acquisition targets.

Bass will supply oil field samples, for laboratory experiments, to ITB and Sejong University. ITB will provide the technical evaluation and engineering support, and Sejong University will provide the facilities to conduct laboratory work for CO2-EOR analysis and design, to maximize the value of small-scale onshore oil fields.

The announcement follows an MoU with ITB and Sejong University announced earlier this year to collaborate on research in relation to the implementation of smart, low-salinity water-flooding systems for enhanced oil recovery specific to small-scale onshore Indonesian oil fields.

The smart-water project study has reached approximately 35% completion covering the final stage of reservoir simulation and preliminary laboratory work to model relative permeability-shifting using synthetic water-core systems and pre-designed surface facilities. The research team is currently obtaining oil samples and designing the dilution and injection equipment to accommodate the field trial. The work is now concluding the first year of the 3-year project.

For further information please contact:

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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 16% 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 September 2018

Consolidated statement of cash flows	Quarter Ending 30 Sept 2018 \$USD'000	Year to 30 Sept (9 months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	825	2,822
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production	(771)	(2,402)
(d) staff costs		
(e) administration and corporate costs	(314)	(905)
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	(260)	(484)

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

Consolidated statement of cash flows		Quarter Ending 30 Sept 2018 \$USD'000	Year to 30 Sept (9 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
2.6	Net cash from / (used in) investing activities	-	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)
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)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	991	1,608
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(260)	(484)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	5
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(386)
4.5	Effect of movement in exchange rates on cash held	(3)	(15)
4.6	Cash and cash equivalents at end of period	728	728

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	728	991
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)	728	991

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 \$USD'000
95
-

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 \$USD'000
7
-

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
\$USD'000**

**Amount drawn at
quarter end
\$USD'000**

-

-

-

9. Estimated cash outflows for next quarter

\$USD'000

9.1 Exploration and evaluation

9.2 Development

9.3 Production

9.4 Staff costs

9.5 Administration and corporate costs

9.6 Other -

9.7 Total estimated cash outflows

-

-

900

-

300

-

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	VicP68		100%	-
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: 30 October 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.