

## Quarterly report for the period ending 31 December 2018

Release Date: 24 January 2019

### Highlights:

- **Oil production up over 83%** in the December 2018 Quarter from the prior quarter, averaging almost 800 barrels of oil per day (JV share) as a result of optimisation projects completed
- **Quarterly Production:** Net oil production for December quarter totalled 39,920 barrels
- **Quarterly Sales:** Net oil sales for December quarter totalled 40,920 barrels<sup>1</sup>
- **Cash on hand:** Cash position increases to US\$0.85 million as at 31 December 2018
- **Development:** Two highly prospective field development targets identified for drilling program – contract for rig to be awarded in 1<sup>st</sup> Quarter 2019
- **New Ventures:** Bass has elected to withdraw from the acquisition of a 100% participating interest in the North Madura Production Sharing Contract (PSC) (Java) from AziPac Limited

### Bass Oil Managing Director, Mr Tino Guglielmo:

*"Bass is entering an exciting period in its history. We have significantly increased our production during the quarter, following our successful optimisation programs and ongoing debottlenecking."*

*"Our development drilling program will commence as soon as possible after the award of the drilling contract expected in 1<sup>st</sup> Quarter 2019, based on rig availability."*

*"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 highly respected local universities and collaborators to improve recovery from our existing fields as well as potentially, from acquisition targets."*

### Comparative Performance:

Key Performance Metrics	Previous Quarter			Previous Corresponding Period	
	Dec Qtr Q4 FY18	Sep Qtr Q3 FY18	Qtr on Qtr Change	Dec Qtr Q4 FY17	Qtr on Qtr Change
Net Production (mbbl)	39.92	21.77	83.4%	27.10	47.3%
Net Oil Sales (mbbl) <sup>1</sup>	40.92	21.03	94.6%	25.22	62.3%
Cash (US\$M) <sup>2</sup>	0.85	0.73	17.0%	1.64	-47.9%
Average Realised Oil Price	65.01	70.28	-7.5%	56.19	15.7%

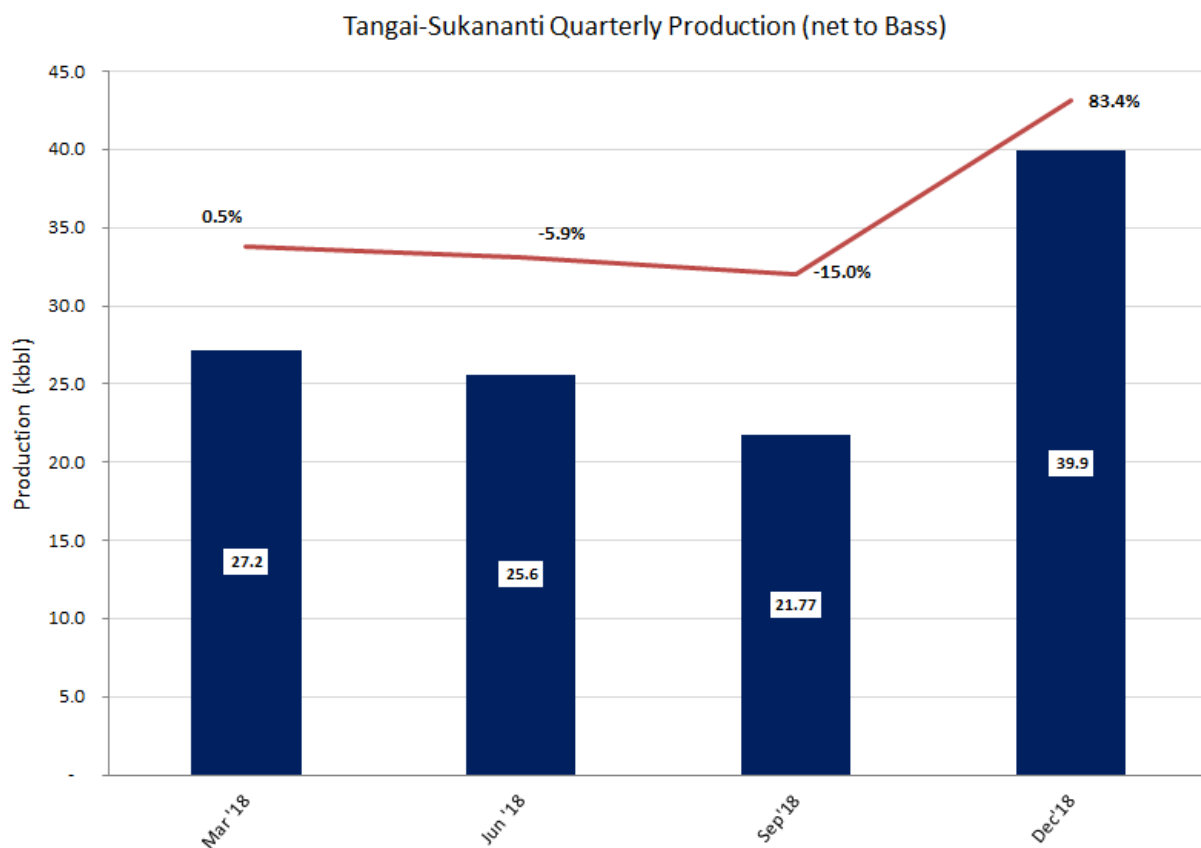
Note 1: Net Oil Sales are reported at 55% of Gross Oil Sales for consistency and excludes the deduction of Domestic Market Obligation (DMO)

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

## Field Performance:

Total production in the quarter has continued at sustained high daily oil rates with the field achieving its highest quarterly production at least since 2014. This is directly attributable to the success of the completed production optimisation initiatives consistently resulting in improved monthly production since completion.

Bass produced 39,920 barrels of oil (55% basis) this quarter, an increase of 83.4% from the previous quarter. Quarterly oil sales increased 94.6% to 40.92 barrels of oil net to Bass. The Company realised a 7.5% decrease in oil prices from the previous quarter, noting an average oil price received for the December quarter of US\$65.01. The average realised oil price for 2018 was US\$65.75.



## Development Planning:

Planning is advanced for a new drilling program at Tangai-Sukananti. The contract for the drilling rig is expected to be awarded in 1<sup>st</sup> Quarter 2019 with the mobilisation and spud of the first well, Bunian 5, to occur as soon as possible thereafter based on rig availability. The construction of the Bunian 5 surface drilling location has been completed.

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:

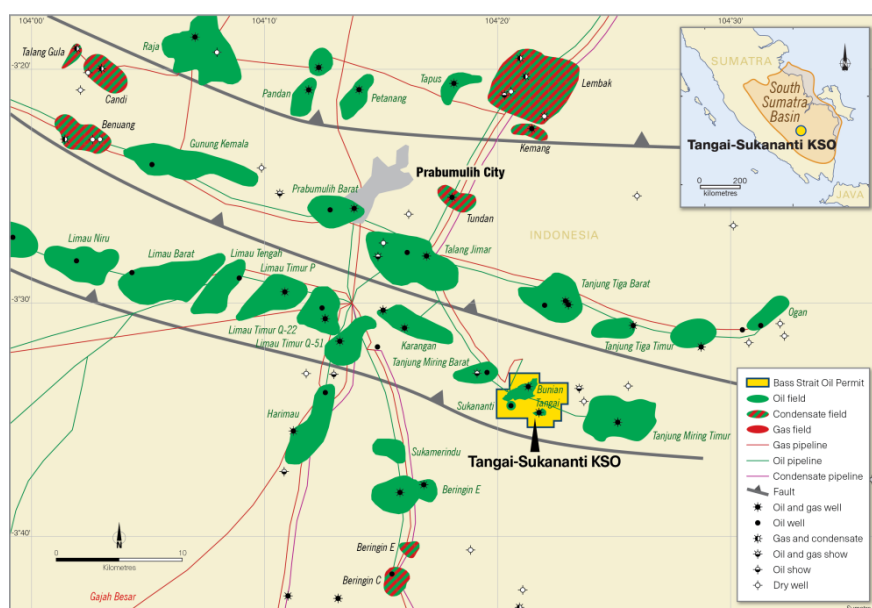
As at 31 December 2018, Bass cash reserves were US\$0.85 million, an increase of 17% over the previous quarter. There is a two month lag from production to cash receipts as a result of prescribed invoicing processes. As a result the 1st quarter 2019 will benefit from the remainder of sales in the December quarter.

During the quarter Bass received into cash a part settlement of a royalty dispute of US\$312,000 from the Settlement Party in a confidential settlement of past, present and future claims under the royalty agreement as per the announcement to the ASX on 4 October 2018.

### Business Development:

Bass is actively pursuing several acquisition opportunities in Indonesia on its short list in line with its strategy of expanding its footprint in that country and building a diversified portfolio of exploration, development, enhanced production and producing assets. Bass continues to evaluate a number of onshore and offshore Indonesian acquisition targets for placement on its short list, 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 2019.

Bass recently announced to the ASX (20 December 2018) its decision to withdraw from the acquisition of a 100% participating interest in the North Madura Production Sharing Contract (PSC) (Java) from AziPac Limited. Finalisation of the acquisition was subject to the execution of a detailed sale and purchase agreement and Bass being satisfied with the results of its due diligence enquiries. As neither of the two conditions were met, Bass elected to withdraw from the transaction as it was entitled to do under the terms of the Heads of Agreement.



### **Memorandums of Understanding – Improved Oil Recovery:**

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 for those with the technology and operations capability to access the additional oil that can be recovered from existing fields.

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

The collaborations focus on the studies into and pilot implementation of smart, low-salinity water-flooding systems and CO<sub>2</sub> enhanced oil recovery (EOR) technologies which can be applied to small, mature fields in Indonesia including the currently operated fields by Bass, and those acquired by Bass in the future. The most recent MoU on CO<sub>2</sub>-EOR was announced to the ASX on 29 October 2018.

### **For further information please contact:**

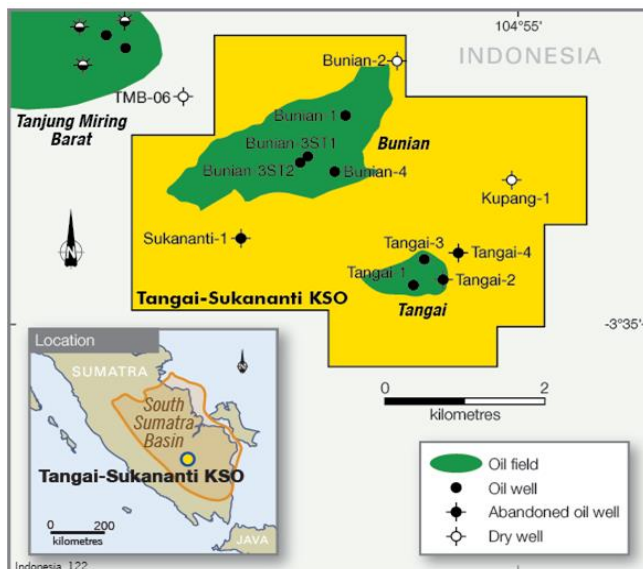
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## About Bass Oil Limited:

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")

31 December 2018

Consolidated statement of cash flows	Quarter Ending 31 Dec 2018 \$USD'000	Year to 31 Dec (12 months) \$USD'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	969	3,791
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production	(781)	(3,183)
(d) staff costs		
(e) administration and corporate costs	(341)	(1,246)
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)	312	312
<b>1.9 Net cash from / (used in) operating activities</b>	<b>159</b>	<b>(325)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(26)	(29)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

<b>Consolidated statement of cash flows</b>		<b>Quarter Ending 31 Dec 2018 \$USD'000</b>	<b>Year to 31 Dec (12 months) \$USD'000</b>
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)	(5)	3
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(31)</b>	<b>(26)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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 <sup>nd</sup> Instalment deferred settlement	-	(386)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>(386)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	728	1,608
4.2	Net cash from / (used in) operating activities (item 1.9 above)	159	(325)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(31)	(26)
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	(2)	(17)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>854</b>	<b>854</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$USD'000</b>	<b>Previous quarter \$USD'000</b>
5.1 Bank balances	854	728
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>854</b>	<b>728</b>

**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

<b>Current quarter \$USD'000</b>
123
-

**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

<b>Current quarter \$USD'000</b>
-
-

## 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				
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: 24 January 2019

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.