

Tangai-Sukananti KSO

Reserves and Contingent Resources - Year ending 31 December, 2018

Release Date: 25 February 2019

Bass Oil Limited (ASX:BAS) announces its reserves and resources assessment as at 31 December, 2018.

Bass Oil is the Operator and holds a 55% share of the Tangai-Sukananti KSO that contains the Bunian and Tangai producing oil Fields.

- **1P (Proved) Net Entitlement Reserves of 0.505 mmbbls compared with 0.320 mmbbls at 31 December, 2017 – a 76% increase**
- **2P (Proved plus Probable) Net Entitlement Reserves of 0.602 mmbbls compared with 0.670 mmbbls at 31 December, 2017 – a decrease of 2% due to 2018 production**
- **Increased production from Bunian-3 due to de-bottlenecking operations contributed to the uplift in 1P reserves**
- **The completion of technical studies has delivered a Dynamic Model that allows development scenarios to inform the 1P and 2P cases. This has provided a high confidence level to the significant increase in reserves in the 1P “proved” category**

Comments from the Managing Director, Tino Guglielmo

“The 76% increase in Net Entitlement 1P Reserves is a strong demonstration of the Indonesian operations team capability and the strong underlying performance of the asset. Record production in 2018 and strong performance of the wells has moved reserves into the Proved category from the Probable, which increases confidence and value assigned to the asset moving into the period of development drilling in 2019 and beyond”.

<i>Resources & Reserves as at 31 December, 2018</i>		
100% Field Reserves (MMbbl)		
Category	Proved (1P)	Proved & Probable (2P)
Developed & Undeveloped	1.777	2.019
BAS Net Entitlement Reserves (MMbbl)		
Category	Proved (1P)	Proved & Probable (2P)
Developed & Undeveloped	0.505	0.602
100% Field Contingent Resources (MMbbl)		
Category	1C	2C
Total	0.552	0.882

Reserves

The total 100% Field 2P Reserves in Bass Oil's Tangai-Sukananti KSO at 31 December, 2018 are assessed to be 2.019 million barrels of oil. This reflects the reserves for the Bunian and Tangai oil Fields (figure 1). In accordance with ASX reporting requirements for fiscal environments that use production sharing contracts or similar, Bass reports Net Entitlement 2P Reserves of 0.602 million barrels. Net Entitlement Reserves are the share of cost oil and profit oil that Bass is entitled to receive under the KSO signed with the Indonesian government body, PT Pertamina. The Net Entitlement Reserves formula varies with the fiscal environment, cost recovery status and oil price.

Contingent Resources

The total 100% Field 2C Contingent Resources for the Tangai-Sukananti KSO at 31 December, 2018 are assessed to be 0.882 million barrels of oil. The Field Contingent Resources comprise volumes attributed to currently producing or future planned wells in the Bunian and Tangai oil fields post licence expiry in July, 2025. This presents a future development opportunity to increase reserves.

Year-On-Year Movements in Reserves and Contingent Resources (net of Production)

<i>Resources & Reserves as at 31 December, 2018</i>		
100% Field Reserves (MMbbl)		
Category	Proved 1P	Proved & Probable 2P
100% Field Reserves at 31 Dec 2017	0.930	2.320
CY 2018 Production	(0.207)	(0.207)
Revisions	1.054	(0.094)
% change from 2017	+113%	-4%
100% Field Reserves at 31 Dec 2018	1.777	2.019
BAS Net Entitlement Reserves (MMbbl)		
Category	Proved 1P	Proved & Probable 2P
Net Entitlement Reserves at 31 Dec 2017	0.320	0.670
CY 2018 Production	(0.057)	(0.057)
Revisions	0.242	(0.011)
% change from 2017	+76%	-2%
Net Entitlement Reserves at 31 Dec 2018	0.505	0.602
100% Field Contingent Resources (MMbbl)		
Category	1C	2C
100% Field Contingent Resources at 31 Dec 2018	0.552	0.882
Revisions	0.337	0.572
% change from 2017	+157%	+185%
100% Field Contingent Resources at 31 Dec 2017	0.215	0.310

The year-on-year movements show that the overall level of reserves are similar however, the reserves have been firmed up into the 1P “Proved” case as evidenced by the 113% and 76% increases in the 100% Field Reserves and the BAS Net Entitlement Reserves respectively. The significant improvement in the 1P reserves is the result of both de-bottlenecking operations at Bunian-3 (boosting production from approximately 300 to over 700 barrels of oil per day) and the completion of 2 years of technical studies achieving a Dynamic Model that allows well production forecasts and development scenarios to inform the 1P and 2 P cases. The model can be updated with future drilling results.

As the contingent resources comprise the volumes of oil left behind in currently producing or future planned wells in the Bunian and Tangai oil fields post licence expiry in July, 2025, the movements in contingent resources will echo movements in reserves.

Notes on Calculation of Reserves and Resources:

The review of reserves and contingent resources at 31 December, 2018 reflects the results from the completion of 2 years of geo-technical assessments. In 2017-2018, Bass has undertaken comprehensive, integrated geophysics, geology, petrophysics and reservoir analyses and dynamic reservoir modelling studies in order to determine the best way of developing this asset.

These studies have informed a Plan Of Further Development (POFD) that has been approved by the national oil company, PT Pertamina. The studies have been conducted jointly by external consultants UNPAD (University Padjadjaran) in Bandung and in-house by Bass Oil in Jakarta and Melbourne. Development scenarios and production forecasts from the Dynamic Modelling project instruct the 1P and 2P reserves and contingent resource cases and also led to the decision not to report 3P reserves or resources this year.

The Bunian Field has two producing reservoirs (TRM3 and K1 sandstones) and the Tangai Field has one producing reservoir (the M sandstone).

All reserves and resources are estimated by deterministic estimation methodologies consistent with the definitions and guidelines in the Society of Petroleum Engineers (SPE) 2007 Petroleum Resources Management System (PRMS).

Under the SPE PRMS guidelines, “Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions”. Net Entitlement 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

Contingent Resources are “those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies”.

Qualified Petroleum Reserves and Resources Evaluator Statement:

The information contained in this report regarding the Bass Oil Limited reserves and contingent resources is based on and fairly represents information and supporting documentation reviewed by Mr Giustino Guglielmo who is an employee of Bass Oil Limited and holds a Bachelor of Engineering (Mech). He is a member of the Society of Petroleum Engineers (SPE) and a Fellow of the Institution of Engineers Australia (FIEAust) and as such is qualified in accordance with ASX listing rule 5.4.1 and has consented to the inclusion of this information in the form and context in which it appears.

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Bass Oil Limited (ASX:BAS) (www.bassoil.com.au) 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 January 2019, the Tangai-Sukananti KSO was producing on average 710 bopd from 4 wells (100% JV share). Bass Oil's 2P net entitlement Reserves at 31 December, 2018 are assessed of 0.602 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.

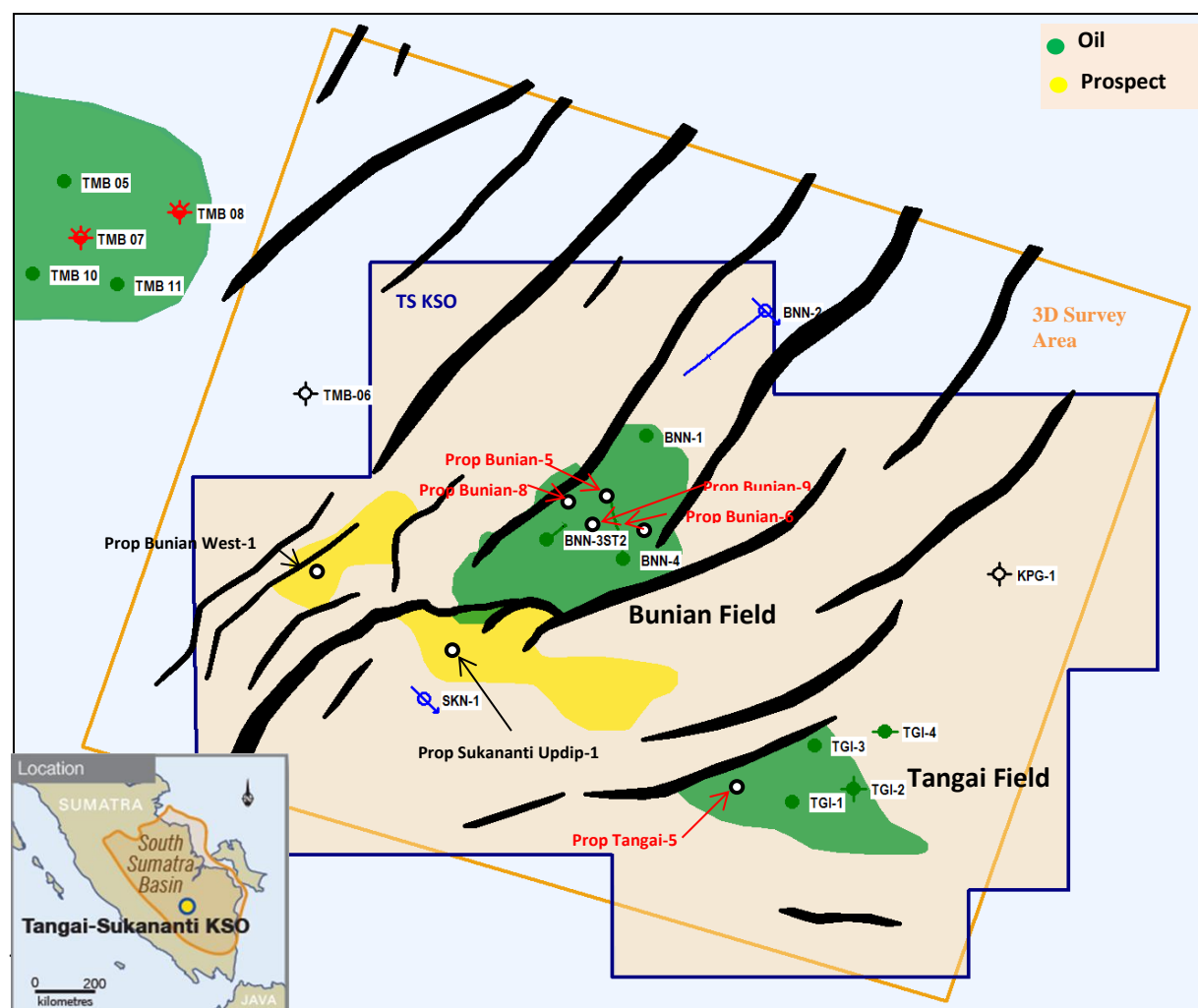


Figure 1 Tangai-Sukananti KSO Location Map