

28 April 2020

## Quarterly report for the period ending 31 March 2020

*Bass Oil (ASX:BAS) is an Australian-listed Indonesian oil producer with a 55% Operator interest in the Tangai-Sukananti licence in the prolific South Sumatra Basin. Bass has a three-tiered value creation strategy focussed on acquisitions, high-impact exploration, and optimisation of mature oilfields. Bass is committed to creating and maximizing value, leveraging its competitive strengths; its team, operating capability, reputation, and relationships in Indonesia.*

### HIGHLIGHTS

- Production for the March quarter averaged 713 barrels of oil per day (bopd) JV share demonstrating consistent performance from the Bunian and Tangai fields
- Net oil production for March quarter totalled 35,467 barrels<sup>1</sup>
- Net oil sales for March quarter totalled 35,682 barrels<sup>1</sup>
- Net entitlement oil to Bass for the March quarter totalled 22,818 barrels generating sales revenue of US\$1.10m
- Oil price received averaged US\$48.00 for the quarter
- Modifications to the production facility are under way to increase the water handling capacity and allow for further increases in production from the Bunian 5 well and other higher water producing wells
- Bass has taken steps to mitigate against the effect of COVID-19 and depressed oil price and to date production at Tangai-Sukananti remains largely unaffected
- The fields continue to generate positive cash contributions to the business with field operating costs at ~US\$20 per barrel

### Comparative Performance:

Key Performance Metrics	Mar Qtr Q1 FY20	Dec Qtr Q4 FY19	Qtr on Qtr Change	Mar Qtr Q1 FY19	Yr on yr Change
Net Production <sup>1</sup> (mdbl)	35.47	45.12	-21.4%	35.36	0.3%
Net Oil Sales <sup>1</sup> (mdbl)	35.68	44.52	-19.9%	35.17	1.5%
Net Entitlement to Bass (mdbl)	22.82	26.57	-14.1%	19.62	16.3%
Sales Revenue (US\$M)	1.10	1.68	-34.5%	1.01	8.9%
Average Realised Oil Price	48.00	62.41	-23.1%	59.58	-19.4%
Cash (US\$M)	0.54	0.64	-15.6%	1.01	-46.5%

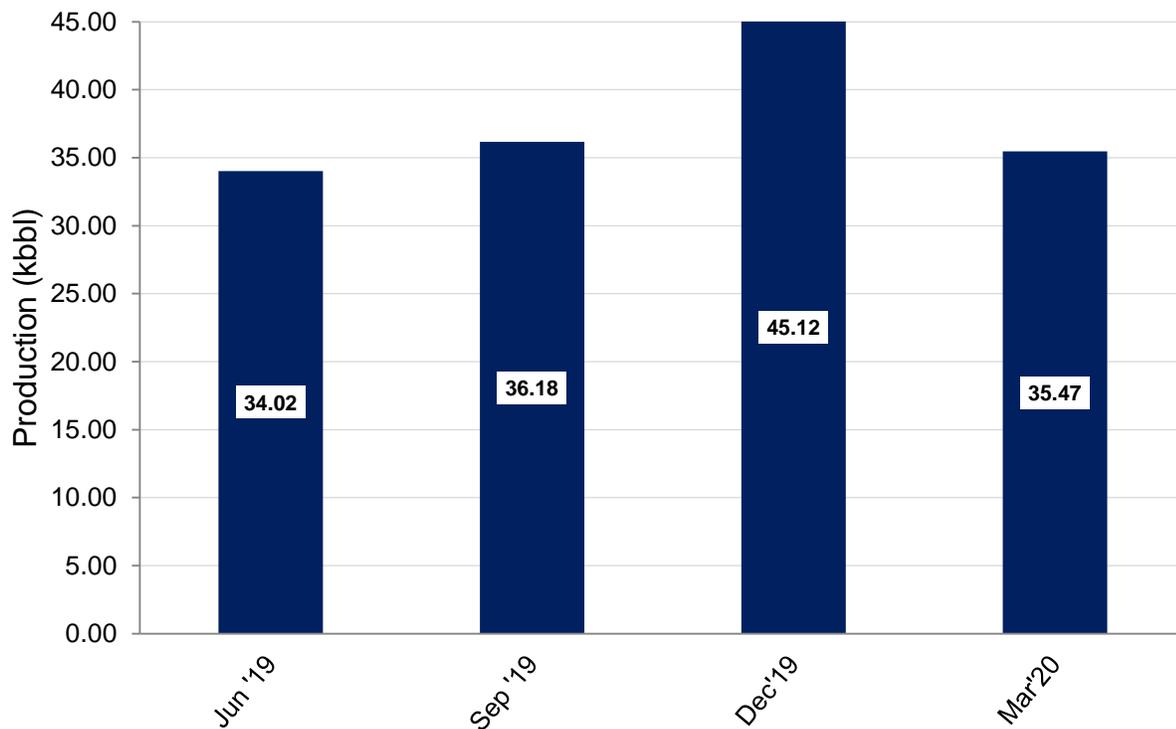
Note 1: Net Production and Oil Sales are reported at 55% of Gross Production and Oil Sales for consistency and excludes the deduction of Domestic Market Obligation (DMO)

**Bass Oil Managing Director, Mr Tino Guglielmo commented:**

*“During the March quarter the global fiscal environment has entered a period of great uncertainty as a result of the break-out of the COVID-19 pandemic. Bass has responded quickly, taking measures to ensure the health and safety of its employees and insulate the company from the financial impact of the steep falls in oil prices. The company is operating low cost assets and is well positioned to weather the current fiscal storm”*

**Field Performance:**

Tangai-Sukananti Quarterly Production (55% Bass)



Bass produced 35,467 barrels of oil (55% basis) this quarter, down 21.4% from the previous quarter. Quarterly oil sales were 35,682 barrels of oil net to Bass, down 19.9%. The net entitlement oil to Bass was 22,818 barrels of oil for the March quarter after Domestic Market Obligation (DMO), down 14.1%.

Production performance during the quarter was affected by the increasing water cut from production at the Bunian 5 well as well as water handling restrictions at the Bunian Central Processing Facility (CPF). The CPF has been undergoing modifications to increase the water handling capacity and allow for further increases from Bunian 5 and other higher water producing wells.

**Workover Activity**

A rig was mobilised to Tangai-Sukananti in December to perform a workover program. After verification of compliance processes and operational performance the rig commenced operations on the Bunian 4 location. The well is being worked over to remove a down-hole obstruction preventing the production of well fluids. Upon completion of the workover the well was returned to production from the TRM 3 oil zone. From the results of

testing on this well it appears that oil at this location has been effectively drained from by the Bunian 3 well situated updip from Bunian 4.

The rig then completed the remaining well work including the Bunian 1 and Tangai 3 pump repairs. Bunian 1 was returned to production. Meanwhile Tangai 3 is awaiting the upgrade of the water handling facilities before being returned to production.

## **Corporate:**

### **Cash Position**

As at 31 March 2020, Bass cash reserves were US\$0.54m. Overall the cash position decreased 15% in the March quarter due to the Company completing the payments for the drilling of Bunian 5. The Company realised a 23.1% decrease in the average oil price for the March quarter to US\$48.00. Bass receives ICP crude pricing, linked to the benchmark Brent crude which trades at a premium to West Texas Intermediate (WTI) crude oil. The fields continue to generate positive cash contributions to the business with field operating costs at ~US\$20 per barrel. This, along with the reductions in the corporate costs previously announced, is serving to insulate the Company from the current volatility in the global oil price.

The drilling of the Bunian 5 has resulted in the KSO returning to the cost recovery mode which accelerates the repayment of the well costs. The result is that the well cost was almost completely repaid during the December quarter with the remainder paid in the March quarter.

## **Business Development:**

Bass has suspended and where possible deferred evaluation and negotiations on a number of onshore Indonesian opportunities pending an improvement in the fiscal outlook for the energy industry. The Company has not entered into any material contracts or commitments that impact it during this period.

There is significant uncertainty about the timing of any improvement in the economic climate. The Company will vigilantly monitor the changes in outlook and will update the market on developments as appropriate.

## **Smart Water Injection Project:**

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 progressed its technology development via the Memoranda of Understanding (MoUs) with the Bandung Institute of Technology (ITB), Indonesia.

MoUs with ITB and Sejong University announced in 2019 also involve collaboration on research in relation to the implementation of “smart” low-salinity water-flooding systems for enhanced oil recovery specific to onshore Indonesian oil fields.

Bass has taken site delivery of the water treatment skid to be installed as the company prepares for the first in-field trials using water injection to lift production and reserves from oil wells at its onshore Indonesian fields (Tangai and Sukananti Fields).

During the quarter the Tangai 4 well was worked over and converted to a water injection well for the trial. However, the commencement of the trial has been delayed in response to the current fiscal climate.

**For further information please contact:**

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<b>Glossary</b>	
<b>BOPD</b>	Barrels of oil per day
<b>BOEPD</b>	Barrels of oil equivalent per day
<b>mbbl</b>	Thousands of barrels of oil
<b>mmbbl</b>	Millions of barrels of oil
<b>DMO</b>	Domestic Market Obligation (for Oil)
<b>JV</b>	Joint Venture
<b>TS</b>	Tangai-Sukananti KSO
<b>KSO</b>	'kerja sama operasi' (Indonesian) – meaning an operation cooperation contract
<b>Qtr</b>	Quarter
<b>Qtr on Qtr</b>	Quarter on Quarter
<b>Yr</b>	Year
<b>Yr on Yr</b>	Year on Year
<b>US\$m</b>	Millions of United States of America dollars

**About Bass Oil Limited:**

Bass Oil Limited (ASX:BAS) ([www.bassoil.com.au](http://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 December 2019, the Tangai-Sukananti KSO was producing on average 1009 bopd from 4 wells (100% JV share). Bass reports Net Entitlement 2P Oil Reserves 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.



## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

<b>BASS OIL LIMITED</b>
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ABN

<b>13 008 694 817</b>
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Quarter ended ("current quarter")

<b>31 MARCH 2020</b>
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<b>Consolidated statement of cash flows</b>	<b>Current quarter \$USD'000</b>	<b>Year to date (3 months) \$USD'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,492	1,492
1.2 Payments for		
(a) exploration & evaluation (if expensed)		
(b) development		
(c) production	(1,130)	(1,130)
(d) staff costs		
(e) administration and corporate costs	(232)	(232)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	(52)	(52)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>78</b>	<b>78</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation (if capitalised)	(168)	(168)
(e) investments		
(f) other non-current assets		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (3 months) \$USD'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) 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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(168)</b>	<b>(168)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(7)	(7)
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
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>(7)</b>	<b>(7)</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	641	641
4.2	Net cash from / (used in) operating activities (item 1.9 above)	78	78
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(168)	(168)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7)	(7)

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$USD'000</b>	<b>Year to date (3 months) \$USD'000</b>
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>544</b>	<b>544</b>

<b>5.</b>	<b>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	544	544
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>544</b>	<b>544</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

<b>Current quarter \$USD'000</b>
12
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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$USD'000</b>	<b>Amount drawn at quarter end \$USD'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$USD'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	78
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(168)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(90)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	544
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	544
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	6
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	

**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.

Date: 28 April 2020

Authorised by: By the Board

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.