

## Quarterly report for the period ending 31 March 2018

Release Date: 24 April 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

- Increased cash position to US\$1.8 million (A\$2.35 million) as at 4 April 2018
- Significant oil production capacity uplift due to successful production optimisation
- Two highly prospective field development targets defined in multi-disciplinary integrated field study
- Net production for March quarter totalled 27,190 barrels
- Net oil sales for March quarter totalled 28,142 barrels

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

*"Bass continues to show positive growth trends and future upside with welcomed increases to production following the completion of a suite of optimisation initiatives and the definition of two new prospective drilling targets within the existing KSO. I am pleased with progress we have made in this quarter as it underpins not just our production plans, but our exploration, development and project partnering strategies for the remainder of calendar 2018. We continue 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:

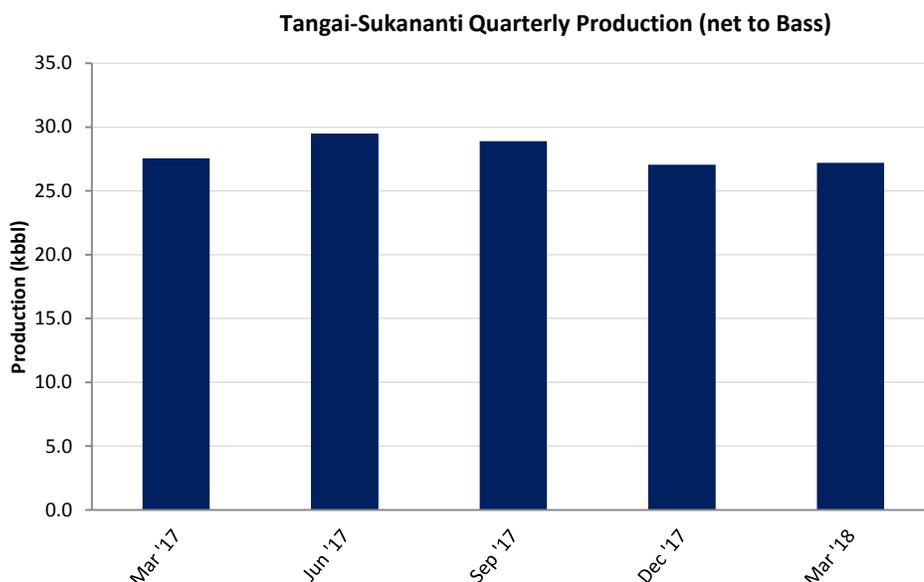
Key Performance Metrics	Previous Quarter			Previous Corresponding Period	
	March Qtr Q1 CY18	December Qtr Q4 CY17	Qtr on Qtr Change	March Qtr Q1 CY17	Qtr on Qtr Change
Net Production (kbbl)	27.20	27.10	0.4%	26.50	2.6%
Net Oil Sales (kbbl)	28.14	5.22	12%	27.54	2.2%
Cash (A\$M) <sup>1</sup>	2.35	2.06	14%	1.30	80.9%
Average Realised Oil Price (\$US/barrel)	61.28	56.19	9%	-	-

Note 1: The Cash position in the March quarter includes the delayed receipt from Pertamina of January revenue due for payment in mid-March. This was received after the March quarter ended on the 4th April and has been included to reflect a consistent cash position.

## **Field Performance:**

Aggregate production for the March quarter lifted marginally on December despite noted disruptions to production due to the completion of field optimisation activities. Optimisation work produced circa 20% uplift in daily output to 650 barrels of oil per day (bopd) (100% basis) which was offset last quarter by disruptions due to the requisite field work being undertaken to achieve target production rates. Bass expects to realise the material effect of the rate increase over the coming period along with an additional forecasted 150-250 bopd increase from Bunian-3.

Bass produced 27,190 barrels of oil (55% basis) and is now producing consistently at circa 650 bopd (100% basis). Quarterly oil sales lifted 12% on the previous December period to 28,146 barrels of oil net to Bass. The Company realised significant subsequent increases in cash flow due to upward trending oil prices, noting an average oil price received for the March quarter of US\$61.28, a strong 9% uplift on the prior December quarter.



## **Production Optimisation:**

Bass' successful optimisation program increased overall production capacity of the field, lifted current production rates to circa 650 bopd with a further 150-250 bopd increase anticipated in the coming weeks.

Bass commissioned the new 4-1/2" flowline at the Bunian-3 well in mid-March and as previously reported, this larger flowline was installed to remove the bottleneck identified at Bunian-3, facilitating significant improvements in production rates. The removal of this bottleneck has doubled the flow capacity of this well from 350 bopd up to approximately 700 bopd. The well is currently producing 450 bopd with production to be gradually increased in April to its maximum. This successful flowline installation is in addition to other previously announced optimisation work, including:

- Bunian-1 pump speed improvements
- Tangai-1 scale removal program, and;
- Efficiency gains from scale removal from the water separation tank and associated pipework at the Bunian Central Processing Facility.

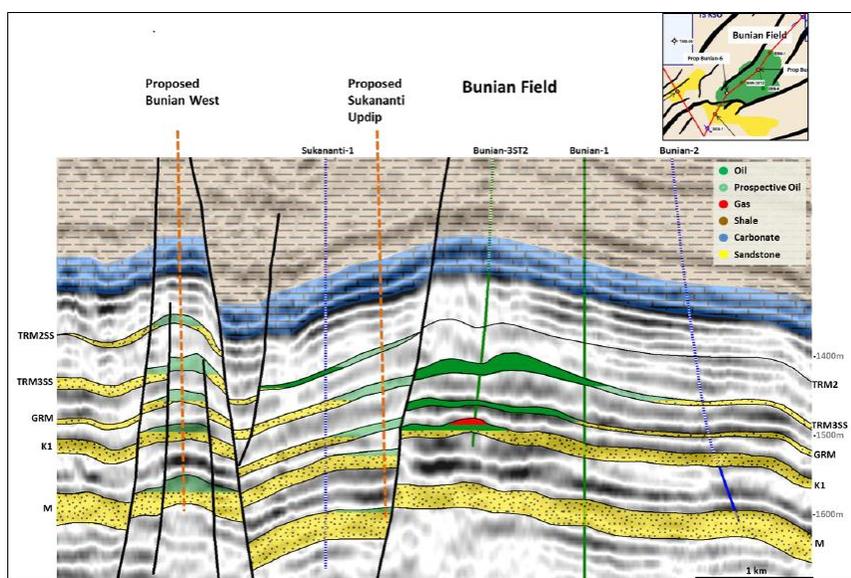
The production gains indicate the success of the strategy of identifying and removing any restriction to production and processing capacity. The Indonesian-based field team has worked diligently to complete the various planned field initiatives and the Company is now positioned to capitalise on a strong subsequent uplift to total field output and a strong oil price environment.

### Field Development and Appraisal:

Early in March, Bass announced initial results from its multi-disciplinary UNPAD field development study which materially upgraded the prospectivity of Bass' 55% stake in the oil producing Tangai-Sukananti KSO. Reported results highlight an additional 1.62 million barrels of oil (893,000 net to Bass) of un-risked, prospective oil resources which have been identified in two, near field prospects. The newly defined prospects target oil potential at multiple reservoir levels in the existing Bunian (TRM3SS, GRM and K1 sands) and Tangai (K1 and M sands) fields. Once approved by the regulator, the drilling costs of both wells will be fully cost recoverable against existing production under the terms of the KSO.

The prospects have the potential to significantly increase recoverable oil from the KSO licence and the targets have subsequently been included into the Company's existing 2018/2019 drill program.

Concurrent planning work for the upgrade of the Bunian and Tangai production facilities is also underway. A facility upgrade is required to process the additional oil and fluid production rates anticipated following the completion of the drilling phase of the work program.



*Figure 1: TS KSO schematic geological cross-section over a seismic section showing Bunian West and Sukananti Updip prospects*

Prospect	Low Estimate P90 million barrels of oil Recoverable		Best Estimate P50 million barrels of oil Recoverable		High Estimate P10 million barrels of oil Recoverable		Probability Of Success %
	100%	Net to Bass	100%	Net to Bass	100%	Net to Bass	
Sukananti Updip	0.357	0.196	1.278	0.703	3.156	1.736	30
Bunian West	0.088	0.048	0.345	0.190	0.814	0.448	32
<b>Total</b>	<b>0.445</b>	<b>0.244</b>	<b>1.623</b>	<b>0.893</b>	<b>3.970</b>	<b>2.184</b>	

*Figure 2: Bunian West and Sukananti Updip Prospective Resources*

## Corporate:

### **Cash Position:**

As at 4 April 2018, Bass increased its cash reserves by 14% to A\$2.35 million. This is a positive result for the Company and a function of strong sustained production in an increasing oil price environment.

The cash position in the March quarter includes the delayed receipt from Pertamina of January revenue due for payment in mid-March. This was received on the 4<sup>th</sup> April after the March quarter ended and has been included to reflect a consistent cash position.

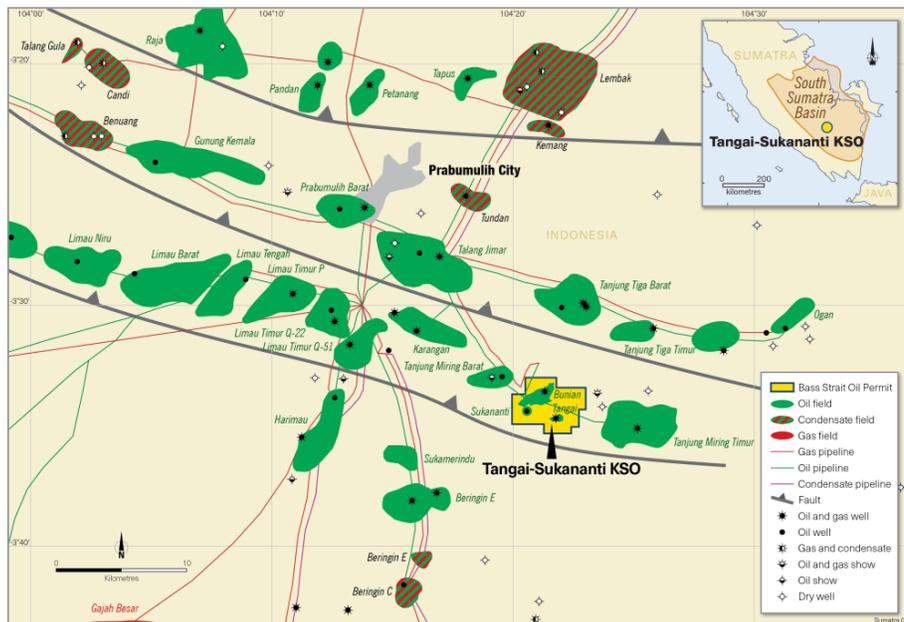
### **Bass Options:**

Following the exercise of 95% of the Company's previously listed Options with exercise price of A\$0.003 last quarter, Bass issued 366,688,205 Piggy Back Options in February, which have an exercise price of A\$0.006 and an expiry date of 15 December 2018. This number represents a 99.9% take-up of the Entitlement & Acceptance Forms sent to Option holders with a short form prospectus.

Bass advises that these Piggy Back Options have been granted quotation on the Official List of the ASX, under a new class of listed security BASOA.

## 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.



**For further information please contact:**

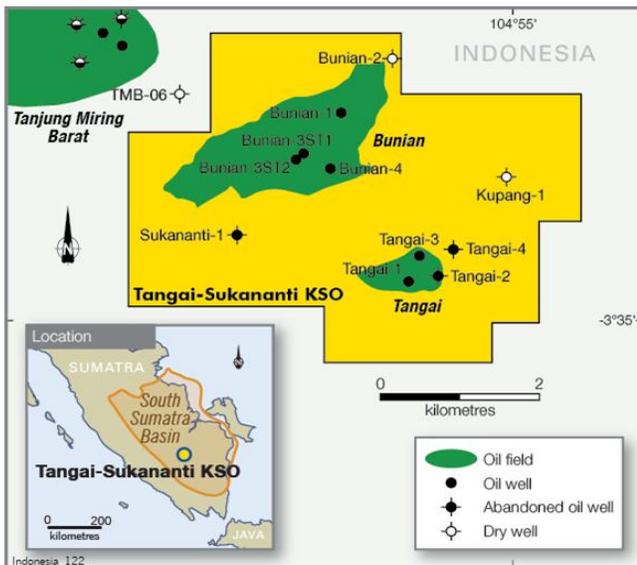
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**About Bass Oil Limited:**

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, the Tangai-Sukananti KSO was producing on average 600BOPD from 4 wells (100% JV share). Bass Oil’s Gross (55% share) 2P Reserves at 31 December, 2017 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")

31 March 2018

Consolidated statement of cash flows	Quarter ending 31 March 2018 \$USD'000	March quarter Extended to 4 April 2018 \$USD'000	Year to 31 March (3 months) \$USD'000
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers	849	1,215	849
1.2 Payments for			
(a) exploration & evaluation			
(b) development			
(c) production	(772)	(772)	(772)
(d) staff costs			
(e) administration and corporate costs	(263)	(263)	(263)
1.3 Dividends received (see note 3)			
1.4 Interest received	1	1	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)			
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(185)</b>	<b>181</b>	<b>(185)</b>

*Revenue during the quarter was reduced due to the delayed receipt from Pertamina of January revenue, received after the quarter end.*

<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire:			
(a) property, plant and equipment			
(b) tenements (see item 10)			

<b>Consolidated statement of cash flows</b>	<b>Quarter ending 31 March 2018 \$USD'000</b>	<b>March quarter Extended to 4 April 2018 \$USD'000</b>	<b>Year to 31 March (3 months) \$USD'000</b>
(c) investments			
(d) other non-current assets			
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)			
<b>2.6 Net cash from / (used in) investing activities</b>	-	-	-

<b>3. 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 1 <sup>st</sup> Instalment deferred settlement			
3.7 Transaction costs related to loans and borrowings			
3.8 Dividends paid			
3.9 Other (provide details if material)			
<b>3.10 Net cash from / (used in) financing activities</b>	-	-	-

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>			
4.1 Cash and cash equivalents at beginning of period	1,610	1,610	1,610
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(185)	181	(185)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-	-

<b>Consolidated statement of cash flows</b>		<b>Quarter ending 31 March 2018 \$USD'000</b>	<b>March quarter Extended to 4 April 2018 \$USD'000</b>	<b>Year to 31 March (3 months) \$USD'000</b>
4.5	Effect of movement in exchange rates on cash held	3	3	3
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,428</b>	<b>1,794</b>	<b>1,428</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	1,428	1,610
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>1,428</b>	<b>1,610</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>
102
-

**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>
17
-

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$USD'000</b>	<b>Amount drawn at quarter end \$USD'000</b>
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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<b>9. Estimated cash outflows for next quarter</b>	<b>\$USD'000</b>
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	1,000
9.4 Staff costs	-
9.5 Administration and corporate costs	300
9.6 Other -	-
<b>9.7 Total estimated cash outflows</b>	<b>1,300</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
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 April 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.