

23 January 2020

Quarterly report for the period ending 31 December 2019

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

- Bunian 5 well successfully tested and brought on-line with multiple reservoir horizons confirmed
- Field production is being optimised, highlighting the Company's confidence in sustained long-term performance of the Bunian Field
- Net oil production for December quarter totalled 45,123 barrels at an average ~892 bopd gross daily production, a new quarterly production record for Bass
- Modifications are under way to the production facility to allow for the anticipated further increases in production from the Bunian 5 well and other higher water producing wells
- Net oil sales for December quarter totalled 44,520 barrels¹ generating sales revenue of US\$1.68m (A\$2.44m)
- Oil price received averaged US\$62.41 for the quarter
- Completion of the placing of the Rights Issue Shortfall (a further US\$0.57 million or A\$0.84m)
- High impact business development opportunities under advanced evaluation

Comparative Performance:

Key Performance Metrics	Dec Qtr Q4 FY19	Sep Qtr Q3 FY19	Qtr on Qtr Change	Dec Qtr Q4 FY18	Yr on yr Change
Net Production ¹ (mbbl)	45.12	36.18	24.7%	39.92	13.0%
Net Oil Sales ¹ (mbbl)	44.52	36.73	21.2%	40.92	8.8%
Net Entitlement to Bass (mbbl)	26.57	22.26	19.4%	21.17	25.5%
Sales Revenue (US\$M)	1.68	1.33	26.3%	1.33	26.3%
Average Realised Oil Price	62.41	59.33	5.2%	65.01	-4.0%
Cash (US\$M)	0.64	0.27	137.0%	0.85	-24.7%

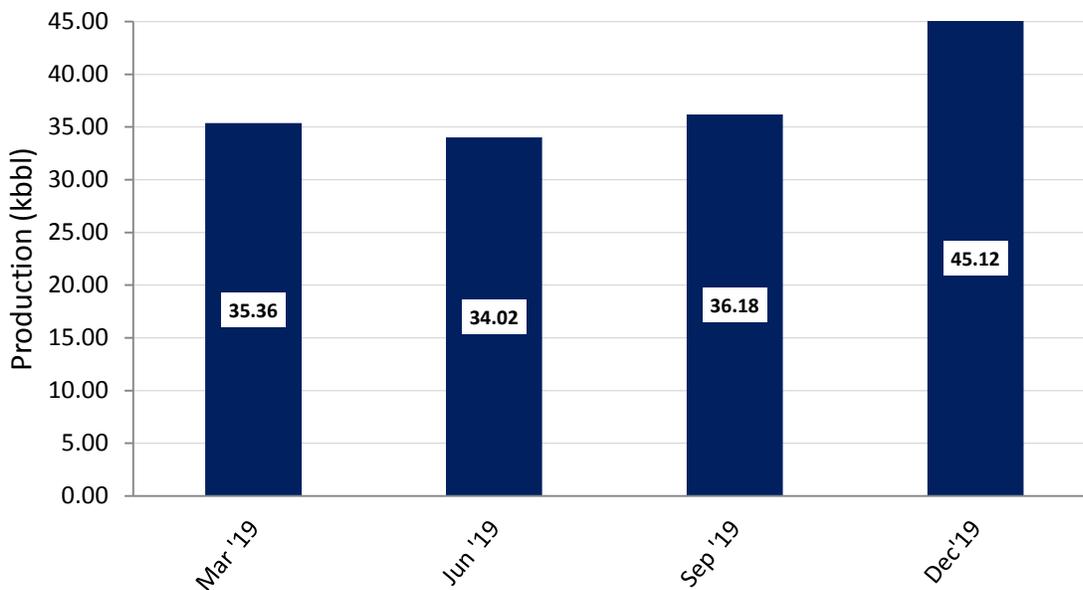
Note 1: Net Production and Oil Sales are reported at 55% of Gross Production and Oil Sales for consistency and excludes the deduction of Domestic Market Obligation (DMO)

Bass Oil Managing Director, Mr Tino Guglielmo:

“December was a very significant quarter for Bass. We effectively achieved our goal of doubling the field production through the drilling of the Bunian 5 well. Bunian 5 has performed exceedingly well, presenting two economic reservoir horizons, TRM 3 and the K Sandstone, which delivered stabilised flow rates of 860 bopd and 650 bopd respectively. The success of the Bunian 5 well has further increased our understanding and knowledge of the Bunian Field, which will assist with future development and our upcoming Smart Water Injection Program. The Bunian Field now presents a strong platform for Bass to grow its business in Indonesia, facilitating the identification and potential execution of exciting growth opportunities within the prolific, well established, oil and gas basins of Indonesia.

Field Performance:

Tangai-Sukananti Quarterly Production (55% Bass)



Bass produced 45,123 barrels of oil (55% basis) this quarter, up 24.7% from the previous quarter and a new quarterly production record. Quarterly oil sales were 44,520 barrels of oil net to Bass, up 21.2%. The net entitlement oil to Bass was 26,569 barrels of oil for the December quarter after Domestic Market Obligation (DMO) up 19.4%.

The uplift in production recorded in the December quarter was as a result of the commissioning of the successful Bunian 5 well, which was drilled, completed and tested in November 2019. Bass’ production assets have delivered two successive months of record production in November and December.

Late in the quarter, production was impacted by the pump failure in Bunian 1, which produces over 100 bopd. The pump is expected to be replaced with the well being returned to production in early February.

The production facility has been undergoing modifications to allow for the anticipated further increases in production from the Bunian 5 well and other higher water producing wells. The current field producing, processing and exporting limit is approximately 1,100 bopd while the facilities modifications continue.

A workover 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. The well will be brought back into production from the TRM 3 oil zone. This should add to the total production capacity of the KSO.

The rig will then move to complete the remaining well work including the Bunian 1 and Tangai 3 pump repairs. These wells account for approximately 125 bopd of field production.

The workover program will conclude with the Tangai 4 conversion to water injection. Tangai 4 will host the field pilot for the Smart-Water injection trial. The pilot is targeting an increase in field recovery via the injection of tailored low salinity water to improve oil recoveries. The pilot will likely commence in late Q1 2020.

Development:

During 2019 the Sukananti JV committed to the drilling of the Bunian 5 development well. The well was drilled and completed in the December quarter. The well cost was budgeted at \$2.3 million and came in under budget at a cost of \$2.0 million. The well was drilled, completed and connected without incident and under budget. The success of the operation was a credit to the Indonesian office and field teams.

Bass is encouraged by the multiple confirmed reservoirs of the Bunian 5 well. The two primary zones, the TRM 3 sandstone and the K sandstone, have independently delivered peak flow rates of 860 and 650 bopd respectively on test. These results confirm that Bunian 5 has a prolific production capacity from two productive zones. The well is currently on-line and producing from the TRM 3 reservoir.

Bass is particularly encouraged by the results of the Bunian 5 well and is in the process of integrating these results into the static and dynamic reservoir models. Initial results from the post-drill studies currently underway appear to upgrade the potential of the southern and western areas of the Bunian field. This includes the potential of the Bunian West structure which is a target for field expansion.

The studies are due to be completed around mid-year and will allow a detailed reassessment of reserves, also informing the next drilling program to be undertaken in the KSO.

Corporate:

Cash Position

As at 31 December 2019, Bass cash reserves were US\$0.64m. Overall the cash position increased 137% in the December quarter due to the Company completing the shortfall of the Capital raising. The Company realised a 5.2% increase in the average oil price for the December quarter to US\$62.41.

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.

Capital Raising

Further to the Rights Issue which closed on 30 July 2019, the Company completed the Rights Issue Shortfall to raise A\$0.84m through the issue of New Shares at \$0.002 (0.2 cents) per share in October. Each New share has a 1 for 2 free attaching option exercisable at \$0.004 on or before 30 July 2021.

Business Development:

Bass continues to evaluate and negotiate on a number of onshore and offshore Indonesian opportunities, as the Company looks to add additional prospective oil and gas properties to its portfolio during 2020.

The very active business development program has a three-tiered strategy designed to create and maximise value through:

1. company transforming acquisitions,
2. material growth exploration opportunities, and
3. optimisation of existing mature fields through the application of proven technologies.

Within Indonesia, there are a number of very high impact oil and gas projects that fall into each of these categories which Bass is in an excellent position to acquire. Bass expects that a combination of these business development opportunities will firmly place the Company in the mid-tier/junior ASX listed oil and gas producer sector, i.e. 2,000-5,000 boepd.

After several years of successful proven Indonesian operatorship, Bass is highly regarded in-country and has formed deep and strong relationships with local operators and is well known by the Indonesian upstream oil and gas regulatory authorities. All of these factors place Bass in an ideal position to successfully execute on this strategy and the Company looks forward to updating the market on these developments at the appropriate time in the future.

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).

Preparatory work ahead of the trials has pointed to a potential increase in output and ultimate recoveries of around 10% per well – a target to be tested by Bass when it moves in the first half of 2020 to a six month water injection pilot.

Simulation work for Smart Water Enhanced Oil Recovery is continuing, taking into account adjustments for fluid properties in conjunction with new core data from the field. Bass expects that the study will complete in February. The TGI-4 well has been selected as the water injection well. The work-over of this well to convert it into a water-injector, supporting reservoir pressure and field production, is scheduled for completion in February.

For further information please contact:

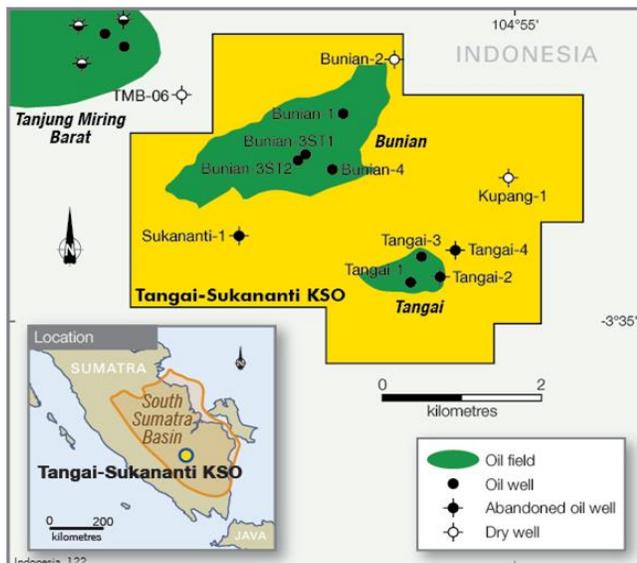
Tino Guglielmo
Managing Director
Bass Oil Limited
Ph: +61 3 9927 3000
Email: tino.guglielmo@bassoil.com.au

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

About Bass Oil Limited:

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 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 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 2019

Consolidated statement of cash flows	Quarter Ending 31 Dec 19 \$USD'000	Year to 31 Dec (12 months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,561	5,072
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production	(869)	(2,849)
(d) staff costs		
(e) administration and corporate costs	(237)	(1,135)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(8)	(48)
1.6 Income taxes paid	-	(487)
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	447	553

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(601)	(754)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows		Quarter Ending 31 Dec 19 \$USD'000	Year to 31 Dec (12 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)		
2.6	Net cash from / (used in) investing activities	(601)	(754)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	533	945
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	-	(884)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (principle elements of lease payments)	(9)	(74)
3.10	Net cash from / (used in) financing activities	524	(13)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	270	854
4.2	Net cash from / (used in) operating activities (item 1.9 above)	447	553
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(601)	(754)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	524	(13)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Quarter Ending 31 Dec 19 \$USD'000	Year to 31 Dec (12 months) \$USD'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	640	640

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	640	270
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)	640	270

6. Payments to directors of the entity and their associates	Current quarter \$USD'000
6.1 Aggregate amount of payments to these parties included in item 1.2	123
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	

--

7. Payments to related entities of the entity and their associates	Current quarter \$USD'000
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	

--

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$USD'000	Amount drawn at quarter end \$USD'000
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.		

--

9. Estimated cash outflows for next quarter	\$USD'000
9.1 Exploration and evaluation	200
9.2 Development	-
9.3 Production	700
9.4 Staff costs	-
9.5 Administration and corporate costs	200
9.6 Other – Income Tax payments of Deferred Tax to Indonesia Tax office	100
9.7 Total estimated cash outflows	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: 23 January 2020

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.