

Quarterly report for the period ending 30 June 2019

Release Date: 24 July 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. Bass is set to drill its first development well in 2019 aiming to double production from current levels.

HIGHLIGHTS

- Net oil production for June quarter totalled 34,022 barrels and ~680 bopd gross daily production
- Gross daily production averaging 780 bopd since end June after pump repairs
- Cash position US\$0.77 million as at 30 June 2019 – currently undertaking \$3m capital raising
- Net oil sales for June quarter totalled 33,578 barrels¹
- Oil price received averaged US\$65.39 for the quarter
- High impact business development opportunities under advanced evaluation

Bass Oil Managing Director, Mr Tino Guglielmo:

“Bass is focussed on growing the business in Indonesia as we prepare for our upcoming drilling program and delivering on our business development strategy. It is an exciting and busy time for the company. The team has identified and is targeting the acquisition of some exciting growth opportunities in the prolific oil and gas basins of Indonesia and is looking to double production by drilling the Bunian 5 development well in October this year.”

Comparative Performance:

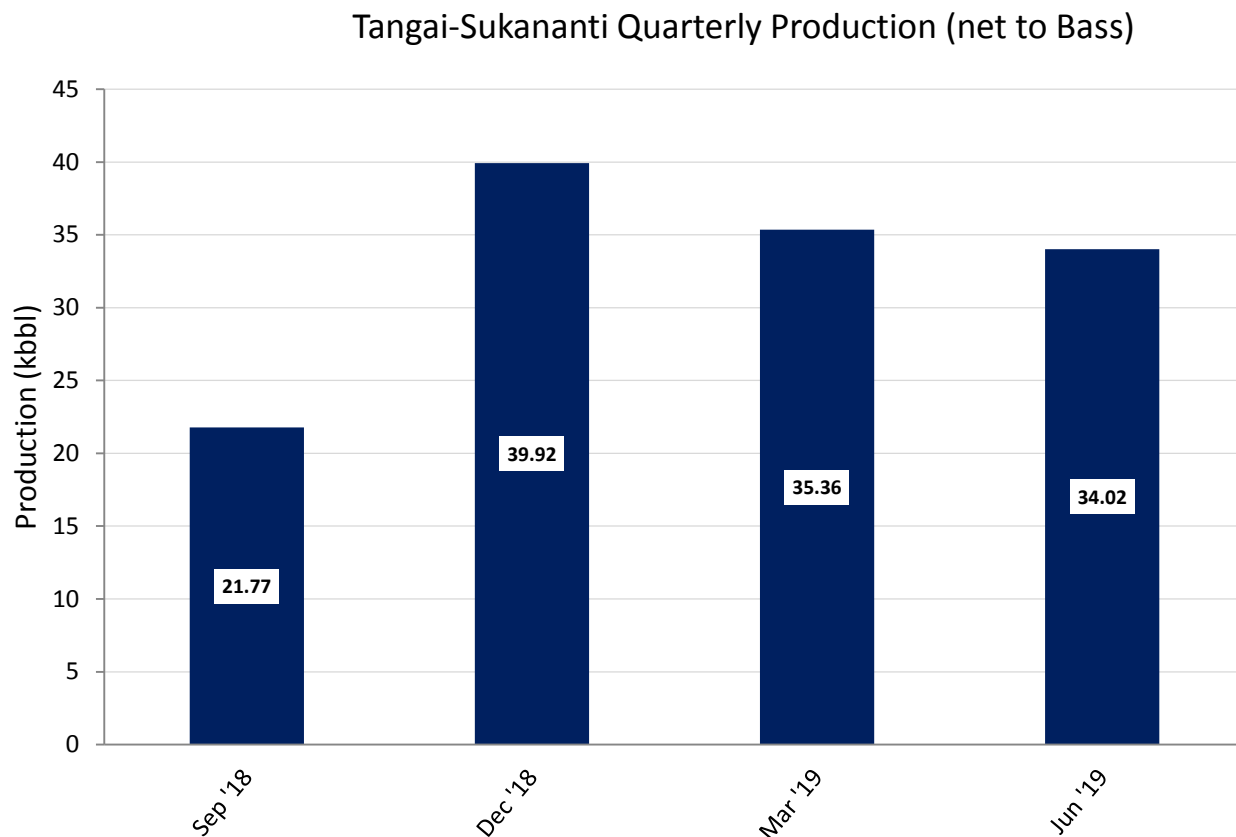
Key Performance Metrics	Jun Qtr Q2 FY19	Mar Qtr Q1 FY19	Qtr on Qtr Change	Jun Qtr Q2 FY18	Yr on yr Change
Net Production (mbbl)	34.02	35.36	-3.8%	25.58	33.0%
Net Oil Sales ¹ (mbbl)	33.58	35.17	-4.5%	25.47	31.8%
Net Entitlement Oil (mbbl)	14.83	19.62	-24.4%	11.91	24.5%
Sales Revenue (US\$m)	0.97	1.12	-13.1%	0.84	15.9%
Cash (US\$m)	0.77	1.01	-23.8%	0.99	-22.2%
Realised Oil Price (US\$/bbl)	65.39	59.58	9.8%	68.11	-4.0%

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

Field Performance:

Total field production for the June Quarter averaged 680 bopd. Since the end of June production has increased to an average of 780 bopd following pump repairs completed at the Bunian 1 and Tangai 1 wells.

Bass produced 34,020 barrels of oil (55% basis) this quarter, down 3.8% from the previous quarter. Quarterly oil sales were 33,578 barrels of oil net to Bass down 4.5%. The net entitlement oil to Bass was 14,828 barrels of oil for the June quarter after DMO. The Company realised a 9.8% increase in the average oil price for the June quarter to US\$65.39.



Development Planning:

Bass has received tenders for the provision of 750 horsepower capacity drilling rig for the drilling of the Bunian 5 well. The team in Jakarta is negotiating and finalising contract terms and conditions with the preferred tenderer. The contract award expected shortly. The aim is to drill the Bunian 5 as soon as the rig is available which is now likely to be October.

Bunian 5 is expected to double production from the field from around 700 bopd to 1,400 bopd, taking up the remaining available production capacity of the field facilities as well as increasing developed reserves.

Corporate:

Cash Position

As at 30 June 2019, Bass cash reserves were US\$0.77m. Overall the cash position decreased 23.8% in the June quarter due mainly to the Company making the third deferred settlement payment of \$370,000 to Cooper Energy in April 2019.

As a result of the delay in sales receipts from Pertamina last quarter, the final Cooper Energy deferred settlement payment of \$539,000 which was due in June 2019 has been shifted to the end of July 2019. Cash receipts from Pertamina are now up-to-date.

Capital Raising

On 5 July 2019, the Company announced that it has successfully arranged a A\$0.15m private placement to sophisticated and professional investors through the issue of New Shares at \$0.002 (0.2 cents) per share. The Placement includes a 1 for 2 free attaching option exercisable at \$0.004 on or before 30 July 2021.

In parallel, the Company also announced a A\$2.7 million pro rata non-renounceable entitlement offer of new shares on a 1 for 2 basis, at an issue price of \$0.002 (0.2 cents) per share. The Rights Issue also includes a 1 for 2 free attaching option ('Option') exercisable at \$0.004 on or before 30 July 2021.

The Rights Issue will provide an opportunity for all eligible shareholders to participate in the capital raising on the same terms as the Placement.

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 properties to its portfolio during 2019.

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 that Bass is in an excellent position to pick up. 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 regulator. 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.

Memorandum of Understanding:

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, and Sejong University, South Korea.

Bass continues to supply oil and water samples to ITB for laboratory studies associated with the Carbon Dioxide-Enhanced Oil Recovery (CO₂-EOR) technology development program, which seeks to maximise the value of small-scale onshore oil fields.

MoUs with ITB and Sejong University announced earlier this year 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.

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 next year to a six month water injection pilot.

For further information please contact:

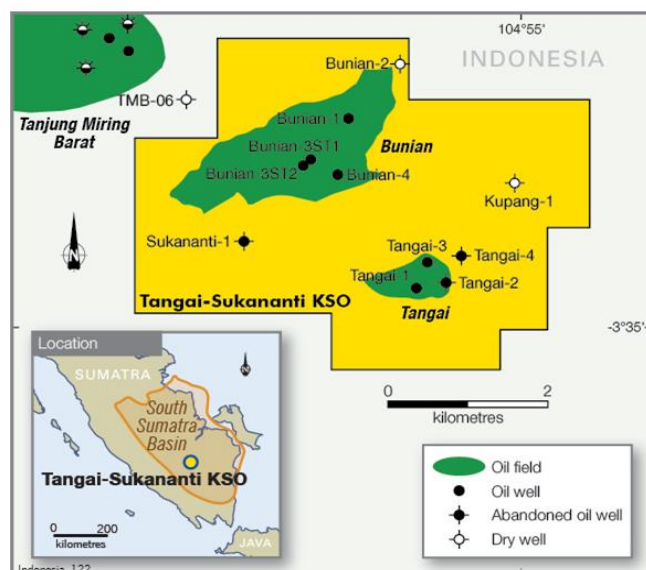
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Glossary	
BOPD	Barrels of oil per day
BOEPD	Barrels of oil equivalent per day
mbbl	Thousands of barrels of oil
mmbbl	Millions of barrels of oil
JV	Joint Venture
TS	Tangai-Sukananti KSO
KSO	'kerja sama operasi' (Indonesian) – meaning an operation cooperation 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 June 2019, the Tangai-Sukananti KSO was producing on average 632 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")

30 June 2019

Consolidated statement of cash flows	Quarter Ending 30 Jun 19 \$USD'000	Year to 30 Jun (6 months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,472	2,407
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production	(719)	(1,210)
(d) staff costs		
(e) administration and corporate costs	(345)	(630)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(16)	(16)
1.6 Income taxes paid	(208)	(208)
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	184	343

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(76)	(76)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows		Quarter Ending 30 Jun 19 \$USD'000	Year to 30 Jun (6 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	(76)	(76)

3.	Cash flows from financing activities		
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	(353)	(353)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(353)	(353)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,013	854
4.2	Net cash from / (used in) operating activities (item 1.9 above)	184	343
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(76)	(76)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(353)	(353)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	768	768

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	768	1,013
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)	768	1,013

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

Current quarter \$USD'000
92
-

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

Current quarter \$USD'000
-
-

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.		

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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	350
9.6	Other – Income Tax payments of Deferred Tax to Indonesia Tax office	350
	Final Deferred Payment Cooper Energy	540
9.7	Total estimated cash outflows	2,140

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 July 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.