

Tangai-Sukananti - January Operations Update

HIGHLIGHTS

- Sales of 17,260 barrels (JV Share) or 9,493 barrels (net to Bass) shipped at record high US\$64.20/barrel
- Strong 8.5% uplift in average price of oil received in January versus previous month
- January production of 13,256 barrels of oil (JV Share) or 7,290 barrels of oil (net to Bass)
- Production optimisation initiative to remove bottleneck at Bunian-3 forecast to increase output by circa 75BOPD
- MOU signed with research consortium
- UNPAD study results imminent

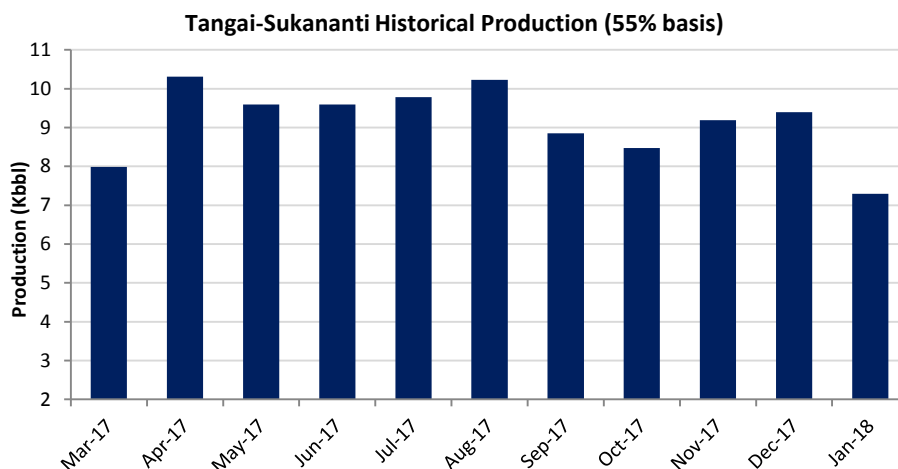
Monthly Production

Bass Oil Limited (ASX:BAS) is pleased to provide shareholders with a January operations update on the Company's Indonesian oil production assets.

Sales volume for the month of January totaled 17,260 barrels of oil (JV Share) or 9,493 barrels of oil (net to Bass). Oil was shipped at record high prices for the Company, with Bass realising an average monthly price of US\$64.20 per barrel, a significant 8.5% uplift on the previous month.

Field production during January decreased to 13,256 barrels (JV Share) or 7,290 (net to Bass) due to a constraint identified last month requiring Bass to initiate a scale removal program on the pipework of a water separation tank. This subsequently resulted in deferred production of ~4,000 barrels of oil however Bass expects field output to return to normal this coming month.

Bass was able to offset the lower January production volumes with an extra shipment from inventory, taking advantage of the strong continued price support for oil and benefitting from a subsequent increase in cash flow.



Field Optimisation

Bass has commenced a maintenance initiative involving the replacement of the existing 2-7/8" flowline, connecting Bunian-3 to its production facility, with a 4-1/2" flowline. This will remove the bottleneck

currently constraining production from the well, and following completion is expected to increase production by in excess of 75 barrels of oil per day.

UNPAD Field Development Study

The Multi-disciplinary field development study being performed by UNPAD is nearing completion. The Company is now finalising reservoir models and production forecasts, with subsequent results to be presented to the regulators Pertamina and SKK Migas for approval over the coming week.

Work completed to date strongly supports the Company's view on the asset's significant development and appraisal potential, which will result in a material uplift in future production.

Research and Development

Bass is pleased to inform shareholders that it has signed an MOU with Indonesian-based Bandung Institute of Technology and South Korean-based Sejong University, to collaborate on research in relation to: Implementation of smart, low salinity, water flooding systems for enhanced oil recovery specific to small-scale onshore Indonesian oil fields.

Bass welcomes this opportunity to work alongside the Universities and their research teams in a mutually beneficial relationship which would see the Company significantly benefit from the outcomes of the study in improving its oil recovery techniques.

Field Development Planning

Bass continues to plan for a two-well drilling program, consisting of the Bunian-5 and Tangai-5 development wells. Drilling is anticipated to commence in the third quarter of this calendar year.

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 this drilling phase of the work program.

Business Development

Bass continues to evaluate a number of acquisition targets, as the Company looks to add additional prospective oil properties to its portfolio during 2018.

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About Bass Oil Limited:

Bass Oil Limited (ASX:BAS) is an ASX-listed exploration and production company featuring low cost 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 30 June, 2017 are assessed to be 1.35 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 0.7 million.

Bass intends to build a substantial oil & gas business with a clear focus on executing opportunities in the South-East Asia region. Bass has a strong and committed shareholder base with Board and management holding in excess of 20% of issued capital.

