



Oil for Australians

ASX Announcement

19 October 2016

LANDMARK ACQUISITION OF INDONESIAN PRODUCTION ASSETS

HIGHLIGHTS

- **Agreement signed for acquisition of Cooper Energy's Tangai-Sukananti KSO interest**
- **Generation of sufficient free cash flow to pay deferred acquisition costs**
- **Transformation of Bass into a SE Asia-focussed production company – ability for growth through additional low-cost acquisitions**
- **Substantial low-risk and low-cost development options**

Bass Strait Oil Company (ASX: BAS) announces today that it has signed an agreement with Cooper Energy (ASX: COE) to acquire its 55% interest in the Tangai-Sukananti KSO, South Sumatra Basin, Indonesia. The acquisition is the culmination of significant efforts in securing a strategic asset as the Company moves from explorer to producer.

Under the terms of the agreement, Bass will pay Cooper Energy upfront cash consideration of A\$0.5 million and scrip consideration of 180 million shares at 0.15 cents per share in the Company at completion which is expected in 3 months. Cooper Energy will also receive a further A\$2.27 million in cash 12 months from completion, and additional payments made up of existing receivables as they fall due.

Importantly, Bass expects that the assets will generate sufficient free cash flow for the Company to have an ability to pay for the deferred acquisition costs without the need to source new capital subsequent to transaction completion. Bass' share of the KSO represents current production of approximately 250 bopd, equating to A\$100-150,000 of free cash flow per month using an oil price of US\$50 per barrel.

Bass has evaluated numerous opportunities targeting those which are value accretive at today's oil pricing, are significantly leveraged to improved market conditions and have substantial growth potential. Bass believes that this asset acquisition meets these investment objectives.

The acquisition will transform Bass into a SE Asia-focussed oil & gas production company and provides a solid platform for executing additional low-cost acquisitions within the region. The Company has the ability to complete bolt-on acquisitions with minimal additional corporate overheads. Bass also notes there are multiple low-cost and low-risk development opportunities within the Tangai and Bunian oil fields which the Company is currently assessing.

Bass Executive Director, Tino Guglielmo, said that “Acquiring the KSO represents a significant milestone for the Company and is the result of an extensive search for a cornerstone project which will form a solid platform for future regional growth.

“We expect the assets to generate sufficient free cash flow for Bass to pay the deferred acquisition costs without a need for sourcing new equity subsequent to transaction completion.

“Cooper Energy has delivered a vote of confidence in the upside potential of this producing asset by retaining a significant exposure via its share ownership in Bass. Cooper Energy has an excellent reputation in Indonesia and has developed a positive relationship with the license holder, Pertamina.

In light of other Australian opportunities available to Cooper Energy, Bass is well-placed to focus on extracting value from the Tangai-Sukanati KSO and developing a substantial oil & gas business in South East Asia. Cooper Energy remains Bass’ largest shareholder and continues to be supportive of the Company’s growth strategy”.

The transaction is subject to conditions such as the conduct of a capital raising, regulatory consent and approval of existing shareholders at a General Meeting. Details of the proposed General Meeting will follow.

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