

## Quarterly report for the period ending 31 December 2016

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Release date 23 January 2017

### HIGHLIGHTS

- **Pertamina and Joint Venture approvals for the sale of the Tangai-Sukananti KSO interest to Bass have been received, removing two key conditions precedent associated with the acquisition**
- **Bass to take on all of Cooper Energy's existing Indonesian based employees**
- **Rights issue closes oversubscribed and raises maximum amount of \$772,207**
- **Vic/P68 - application to suspend and extend the permit term approved**
- **Vic/P41 – application to surrender the permit approved**

### CORPORATE

#### Tangai-Sukananti KSO acquisition

On 19 October 2016, Bass (ASX:BAS) announced the signing of an agreement with Cooper Energy Limited (ASX:COE) for the acquisition of its 55% interest and operatorship of the Tangai-Sukananti KSO. The interest is held in Cooper Energy's wholly owned subsidiary Cooper Energy Sukananti Limited (CESL). Bass is acquiring all the shares of CESL. The KSO is located in the prolific South Sumatra basin, Indonesia. This acquisition, effective 1 October, marks the transition for Bass from an explorer to a profitable production company.

PT Pertamina EP, the Indonesian national oil company, and PT Mega Adhyaksa Pratama Limited, the Joint Venture partner in the KSO, have both approved the transaction. These approvals satisfy the last remaining conditions precedent (with the exception of approval by Bass shareholders noted below) associated with the Share Sale Agreement executed by Bass and Cooper Energy. Shareholders will vote to approve the transaction at a General Meeting to be held on Monday 13 February 2017. Completion of the transaction is expected to follow shortly thereafter. The Notice of Meeting (NOM) was dispatched to shareholders 12 January 2017. Annexed to the NOM is an Independent Experts (IE) report commissioned by the Non-Interested Directors in which the IE concludes that the proposed transaction is both fair and reasonable to the non-associated shareholders.

Through its ownership of CESL Bass will obtain the services of Cooper Energy's current Indonesian based team and effectively assume operatorship of the Tangai-Sukananti Joint Venture. The highly skilled CESL team has been managing the asset since inception of the project in 2010. More recently the team has been undertaking production optimisation activities which have seen oil production rate increase from 500 barrels per day to between 600 to 800 barrels per day (100% JV share). The KSO contains 2P reserves (net to Bass) of 1.73 million barrels of oil as at 30 June 2016 (reported by Cooper Energy in their 2016 annual report).

Under the terms of the agreement, Bass will pay Cooper Energy upfront consideration of A\$500,000 and a scrip consideration of 180 million shares. Cooper Energy will 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.

## **Rights Issue**

Bass raised the maximum amount of \$772,207, before costs, from a Non-Renounceable Rights issue announced 18 November 2016. The funds were raised through the issue of 772,206,594 shares. Under the terms of the offer, eligible shareholders were invited to subscribe for 3 new shares for every 5 shares held at the record date at an issue price of 0.1 cent with 1 free attaching option having an exercise price of 0.3 cents and an expiry date of 15 December 2017 for every 2 new shares purchased. Each new option will, upon exercise, entitle the holder to 1 ordinary share and 1 new piggy back option having an exercise price of 0.6 cents and an expiry date of 15 December 2018. The share offer was closed substantially over subscribed.

The proceeds of the rights issue will directly fund the upfront costs associated with the acquisition of Cooper Energy's production assets. The successful rights issue satisfied another condition precedent associated with the Share Sale Agreement.

## **Bass change of name**

In addition to approving this transaction at the upcoming General Meeting on 13 February 2017 Bass shareholders will be asked for approval to change its name from Bass Strait Oil Company Limited to Bass Oil Limited. Directors are of the view that this new name is more appropriate going forward given the change of focus for the Company to Southeast Asia.

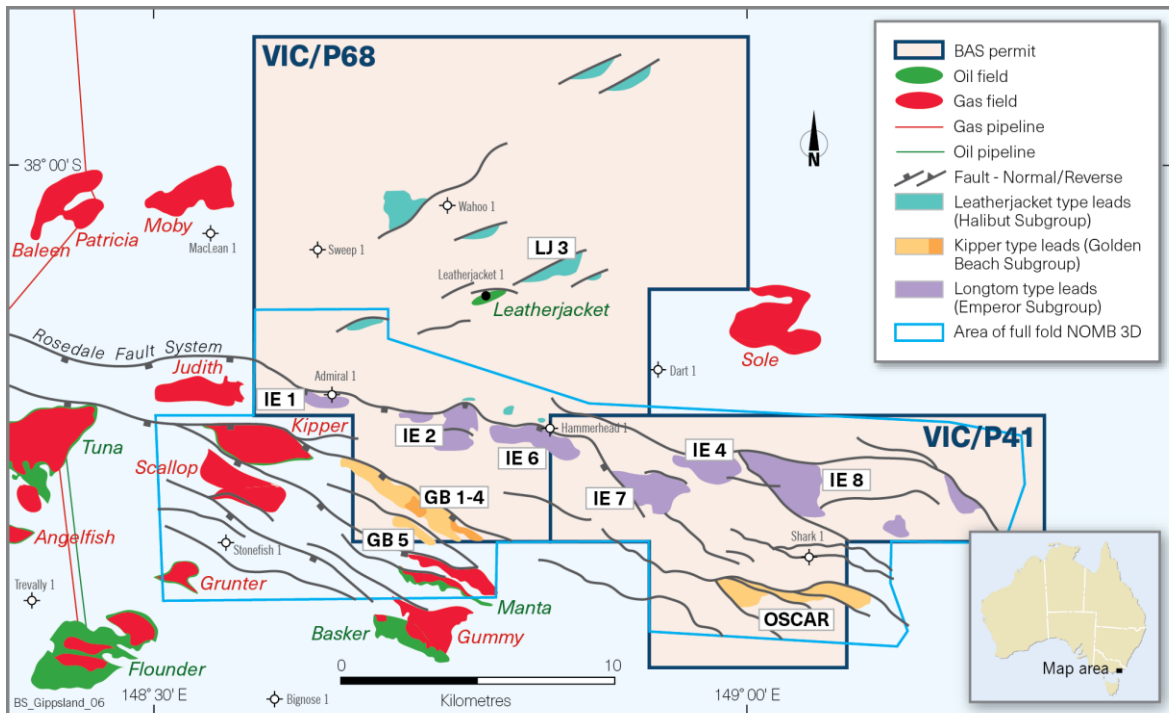
## **EXPLORATION ACTIVITIES**

### **Permit Management - VIC/P68 (Bass 100%), VIC/P41 (Bass 64.565% and operator) and PEP 150 (Bass 15%)**

Vic/P68; In December the National Offshore Petroleum Administrator (NOPTA) advised Bass that its application for a suspension and extension of the permit duration for Vic/P68 was successful. Year 3 now expires 3 November 2017 with year 5 of the primary term now ending 3 November 2019. Year 3 requires the acquisition of 225 square km of 3D seismic. Bass is reviewing future options for the permit including farm out or sale.

Vic/P41; In December NOPTA also approved the Joint Venture's application to surrender the Vic/P41 permit with no obligation outstanding.

PEP 150; Minimal activity and expenditure has been undertaken in the permit given Victorian Government moratorium on exploration activities onshore. The Government is also planning a permanent ban on the use of fracture stimulation. The joint venture is evaluating its position in response to these developments and Bass is reviewing the future fit of this permit in its portfolio.



Map 1: Exploration targets identified in Vic/P68

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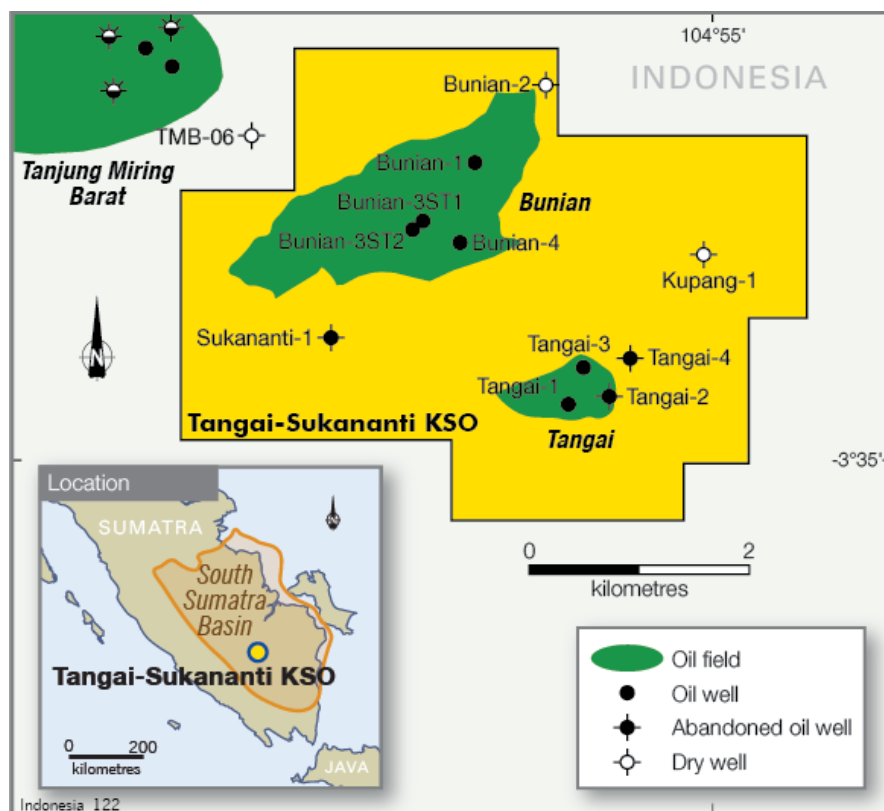
## About Bass Strait Oil Company

Bass Strait Oil Company (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 in delivering shareholder value.

BAS has realigned its corporate strategy following the landmark acquisition of Cooper Energy's 55% interest in the Tangai-Sukananti KSO producing assets located in the prolific oil & gas region of South Sumatra, Indonesia.

As at 30 September 2016 the Tangai-Sukananti KSO was producing 500 barrels of oil per day from 4 wells (100% JV share) and contained 2P oil reserves of 1.73 million barrels (net to BAS at 30 June 2016 reported in the Cooper Energy 2016 annual report)

BAS intends to build a substantial oil & gas business with a clear focus on executing opportunities in the South-East Asia region. BAS 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 STRAIT OIL COMPANY LIMITED

### ABN

13 008 694 817

### Quarter ended ("current quarter")

31 DECEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	4	8
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(238)	(445)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	2
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>(233)</b>	<b>(435)</b>

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

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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>(10)</b>	<b>(10)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	772	772
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	(46)	(46)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
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>726</b>	<b>726</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	255	457
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(233)	(435)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(10)	(10)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	726	726
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>738</b>	<b>738</b>

5. <b>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	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	738	255
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>738</b>	<b>255</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	64
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. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	18
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

<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 \$A'000</b>	<b>Amount drawn at quarter end \$A'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>\$A'000</b>
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	180
9.6 Other (Cash Payment for purchase of Tangai-Sukananti KSO)	500
<b>9.7 Total estimated cash outflows</b>	<b>680</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: 23 January 2017

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.