

ASX RELEASE

GIPPSLAND BASIN UPDATE

APPROVAL FOR A SIX MONTH EXTENSION IN VIC/P41

Bass Strait Oil Company Ltd (**ASX: BAS**) ("**BAS or the Company**") is pleased to advise that the Commonwealth-Western Australia Offshore Petroleum Joint Authority ("Joint Authority") has granted a six (6) month suspension and extension to the Vic/P41 Permit Year 3 work program.

The Company is also pleased to provide an update on the Vic/P41 and Vic/P68 ongoing activities.

Highlights:

- **Granting of the extension allows the Company to fully evaluate Vic/P41 and to finalise drill ready prospect(s).**
- **3D reprocessed seismic interpretation nearing completion with positive outcomes for the prospectivity in Vic/P41 and Vic/P68.**
- **New mapping confirms existing prospects and firms up the Kipling West prospect straddling Vic/P41 and Vic/P68.**
- **Early discussions with potential international partners.**
- **Formal farm-out activities including opening of the dataroom can now commence in the short term.**
- **Six month extension in Vic/P41 aligns the required work program with the expected timetable for the Basker Manta Gummy development.**

VIC/P41 Extension

The Company on behalf of the Vic/P41 Joint Venture applied to suspend and extend Petroleum Exploration Permit Vic/P41 under the Offshore Petroleum and Greenhouse Gas Storage Act 2006 in late July 2014. The Joint Authority has formally advised the Company that it has granted a six month extension to permit year 3 work programme and a corresponding six month extension to the permit term.

The revised Vic/P41 Permit minimum work programme is shown in Table 1 below.

Year of Term of permit	Permit Year Starts	Permit Year Ends	Minimum Work Requirements	Estimated Expenditure (\$A)
1	29/11/2011	28/11/2012	Geotechnical Studies (completed)	150,000
2	29/11/2012	28/11/2013	430 km2 3D seismic Reprocessing (complete), Quantitative Interpretation (complete), Other	800,000
3	29/11/2013	28/05/2015	Geological and Geophysical Studies	200,000
4	29/05/2015	28/05/2016	1 Exploration Well	30,000,000
5	29/05/2016	28/05/2017	Geotechnical Studies	150,000

Table 1 Vic/P41 Remaining minimum work programme commitments and revised dates

The granting of the six month extension is significant as it not only demonstrates the support for the Joint Venture activities in Vic/P41 by the Joint Authority but also affords the required time to complete the activities necessary to enter into the Year 4 exploration well period thereby enhancing the value of permit to prospective farminees.

Joint Venture partners in Vic/P41 are:

Bass Strait Oil Company Limited (ASX code BAS)	64.565%
Oil Basins Limited (ASX code OBL)	17.935%
Shelf Oil Pty Ltd (OBL's 100% owned subsidiary)	17.5%

VIC/P41 and Vic/P68 Update

The exploration permit Vic/P41 (circa 539 sqkm) is located in the offshore Gippsland Basin, approximately 40 kilometres south of the Victorian coast – refer to figure 1.

The permit provides the Company with exposure to the easterly extension of proven producing trends. The recent acquisition of equity in the Basker-Manta-Gummy (BMG) Retention Leases by Cooper Energy Limited (ASX code COE) provides the opportunity for prospective resource in Vic/P41 and Vic/P68 to be commercialised via a redevelopment of the BMG infrastructure.

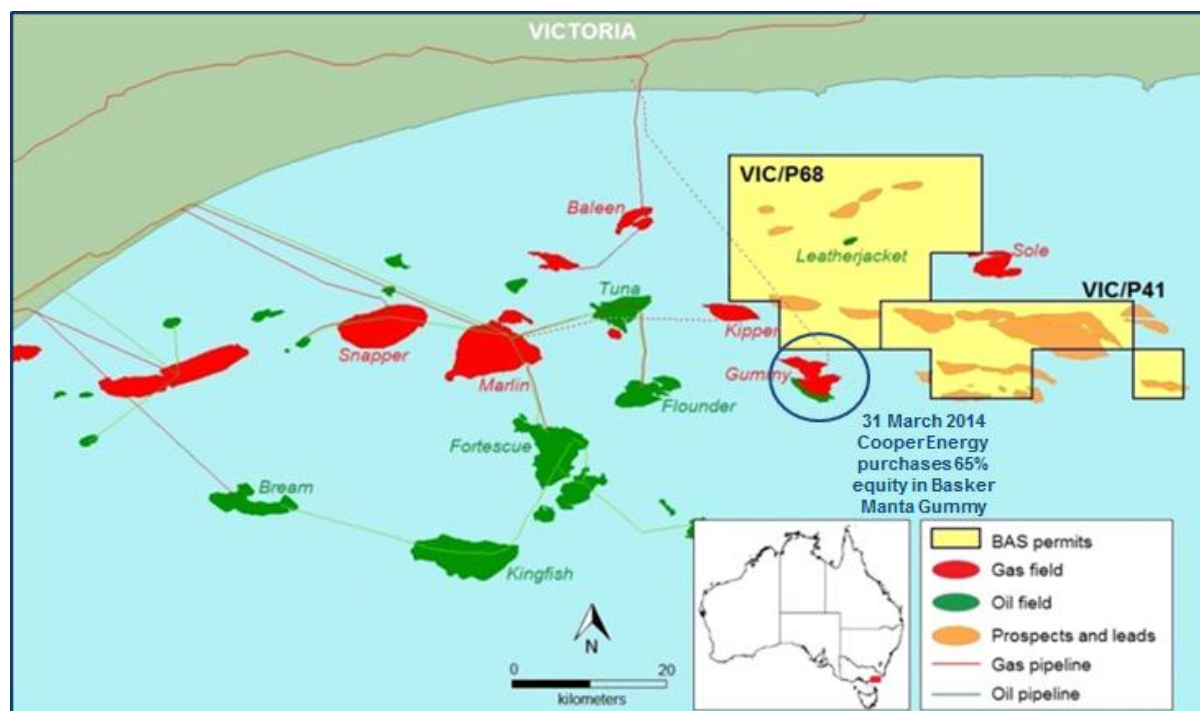


Figure 1. Vic/P41 and Vic/P68 Location Map

Reprocessing and merging of multiple 3D datasets and selected Quantitative Inversion (QI) and Amplitude versus Offset (AVO), including 430 sqkm within the Vic/P41 permit has been completed. As announced to the ASX on 18th July, the Company had received the reprocessed 3D seismic dataset covering Vic/P41 and its wholly owned Vic/P68 totaling 950 km² ("Nomb 3D") including the adjacent ExxonMobil/BHP Billiton Petroleum/Santos Kipper Gas Field.

Mapping of the Nomb 3D (figure 2) has confidently differentiated the Kipling, Kipling West and Benchley prospects. The superior resolution of the new data has allowed detailed analysis of the coexistence and interaction of the Rosedale Fault System, pinch-out of the Golden Beach Group reservoir and the volcanic seal. Depth mapping was based on key interval velocities tied to all relevant wells for the Top Campanian event.

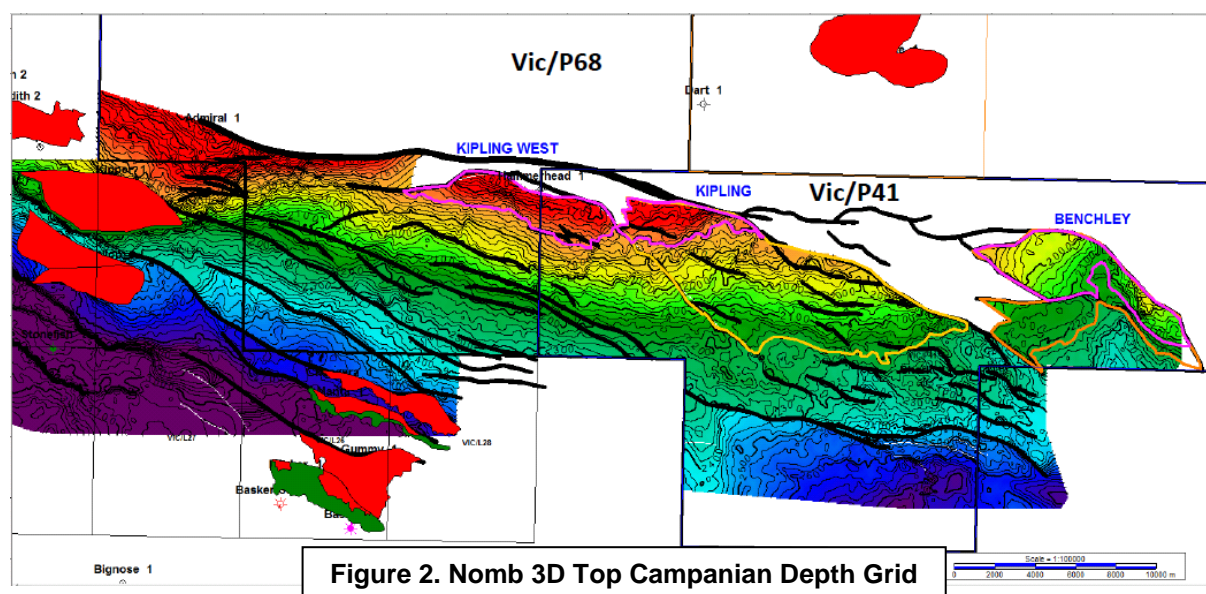


Figure 2. Nomb 3D Top Campanian Depth Grid

A circa gross \$700,000 QI study using the reprocessed data was undertaken to determine if the seismic response seen in the Kipper Field is similar to that seen in the Vic/P41 prospects. The Kipper Field is one of the last significant discoveries in the Gippsland Basin and contains 620 billion cubic feet of recoverable gas and 30 million barrels of condensate/LPG.

The objective of the QI work is to produce seismic inversion datasets predictive of reservoir and possible hydrocarbons over the entire study area. This will provide direct comparison between anomalies representative of hydrocarbons in the Kipper Field and any such anomalies present in prospects such as Kipling and Benchley in the Company permits. This work is now complete and data associated with the QI/AVO analyses is expected to be received in the next few days.

Forward work includes:

- Finalising the Nomb 3D mapping aiming at the identification of additional prospectivity across Vic/P41 and Vic/P68.
- Revising the resource estimates for the mapped prospects.
- Integrating the inversion data into the Nomb 3D interpretation.

The Company anticipates further updates to the ASX shortly once this work has progressed.

Farm-out of VIC/P41 and Vic/P68

The activities noted above and nearing completion in the BAS Gippsland Basin portfolio coupled with the six month extension in Vic/P41 provides confidence that the Company is well placed to undertake a farm-out campaign.

In parallel, the Company has already had initial discussions with potential international partners.

The Bass Strait Oil Company CEO, Steven Noske commented: "The Company sees its Gippsland portfolio as the foundation to return the Company to growth. The six month time extension in Vic/P41 coupled with the activities completed across Vic/P41 and Vic/P68 has added to the value of our Gippsland portfolio. We are now ready, with a successful farm-out of these permits, to deliver value back to our shareholders.

The Company expects to provide a further update on its business activities in the short term.

A handwritten signature in black ink, appearing to read "S Noske". The signature is fluid and cursive, with a small dot at the end.

Steve Noske
Chief Executive Officer
16th October 2014