

QUARTERLY REPORT SEPTEMBER 2014

Bass Strait Oil Company Ltd (**ASX: BAS**) ("**BAS or the Company**") presents a summary of its activities for the quarter ended 30 September 2014.

Highlights:

- **CEO re-engaged on a full time basis to drive the Company's business plan.**
- **New Board member appointed.**
- **Six month extension in permit Vic/P41 adds value to the Company's Gippsland basin portfolio.**
- **3D reprocessed seismic interpretation across Vic/P68 and Vic/P41 nears completion.**
- **New mapping confirms existing prospects and firms up the Kipling West prospect straddling Vic/P41 and Vic/P68.**
- **Formal farm-out activities including opening of the dataroom planned to commence shortly.**
- **Early discussions ongoing with potential international partners.**
- **Divestment of non-core assets in the Otway Basin for \$300,000 completed and funds received.**

CORPORATE ACTIVITIES

During the quarter, the Company entered into an agreement with Lakes Oil NL for the sale of its equity in onshore exploration permits PEP 167 and PEP 175.

Under the terms of the sale, Lakes Oil NL will acquire 100% equity in PEP 167 and 175 from BAS and be responsible for the ongoing work programme in return for a A\$300,000 cash payment to BAS. This sale is now complete and funds have been received.

Cash at the end of the quarter stood at \$749,000 with the Company looking to finalise plans for additional capital during the December quarter.

Chief Executive Officer re-engagement.

The Company's has now completed its review of its future strategic direction and is now focusing on the technical evaluation activities in its core Gippsland basin permits Vic/P41 and Vic/P68. BAS views the Gippsland basin permits as the Company's core assets to underpin a return to growth. BAS is of the opinion that the value of its acreage position in the Gippsland Basin has been enhanced in the market with the Cooper Energy acquisition of 65% equity in the Basker Manta Gummy production licenses.

Recognizing the move by the Company into a delivery and growth phase the Board agreed to the re-engagement of Mr. Steven Noske as its permanent Chief Executive Officer with focus to deliver growth.

Hector Gordon joins the Bass Board as non - executive director.

Subsequent to the end of the quarter Hector Gordon joined the Bass Board of Director. Mr. Gordon currently serves on the Board of Cooper Energy as Executive Director – Exploration and Production. Mr. Gordon is a very successful geologist with over 35 years' experience in the petroleum industry. Mr. Gordon's experience will assist greatly to the Company to progress its valuable exploration portfolio.

EXPLORATION ACTIVITIES

GIPPSLAND BASIN OFFSHORE

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 formally advised the Company during the quarter 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 Exploration

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. During the Quarter the Company received the reprocessed 3D seismic dataset covering Vic/P41 and its wholly owned Vic/P68 totalling 950 km² ("Nomb 3D") including the adjacent ExxonMobil/BHP Billiton Petroleum/Santos Kipper Gas Field.

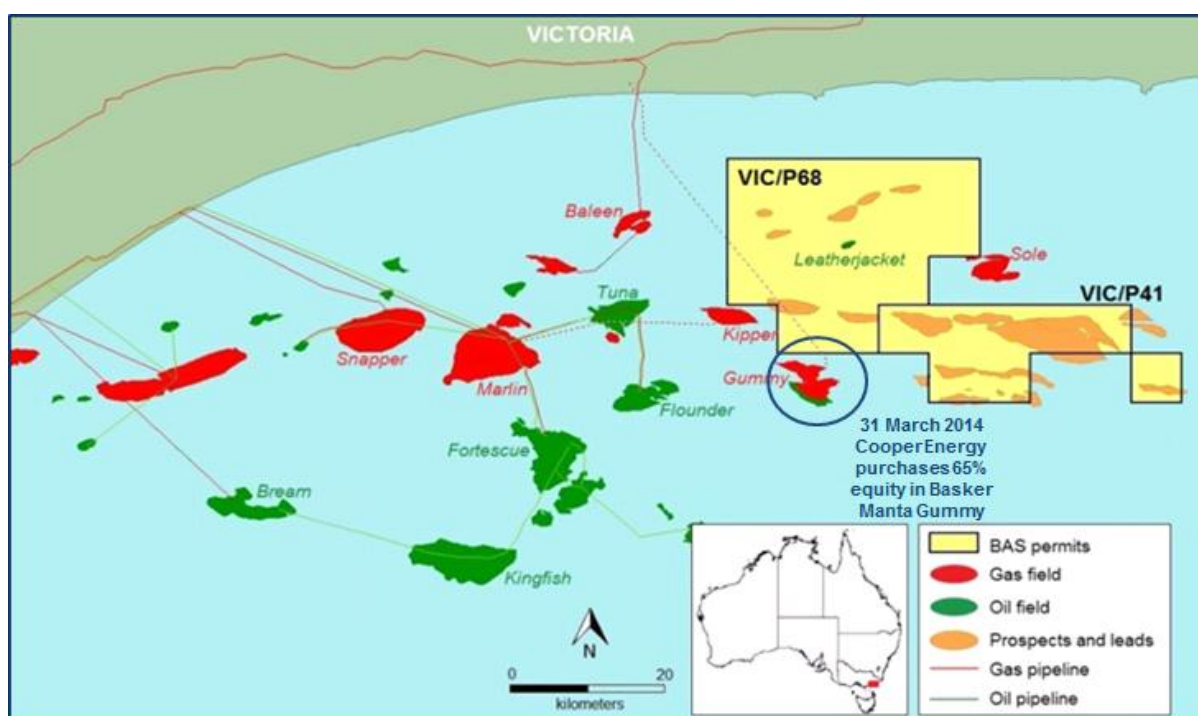


Figure 1 Vic/P41 and Vic/P68 Location Map

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.

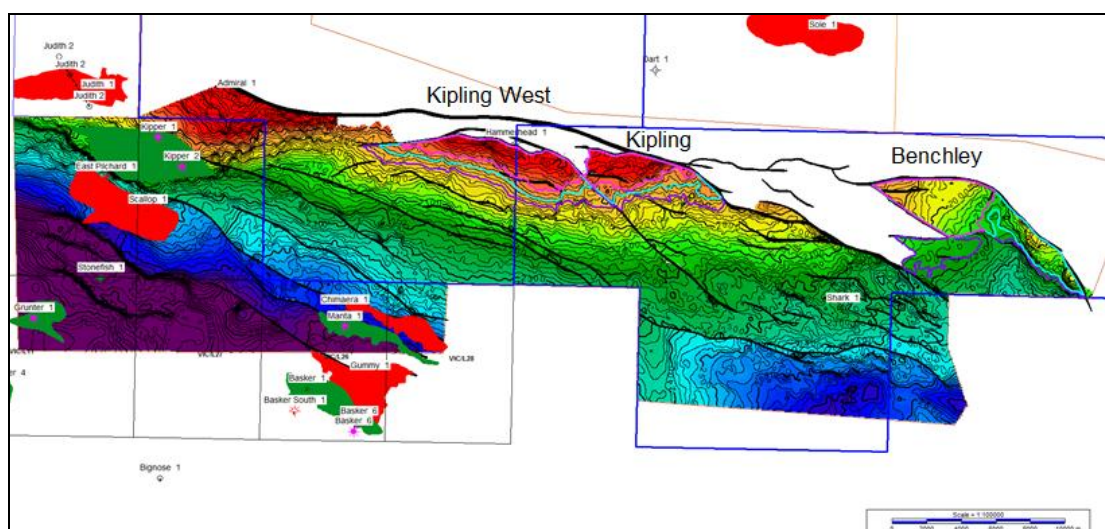


Figure 2 Nomb 3D Top Campanian Depth Grid

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 most recent 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 was completed during by DownUnder GeoSolutions during the quarter and the data was received in the subsequent quarter.

Forward work planned for the December quarter 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.

Farm-out of VIC/P41 and VIC/P68

With the completion of the 3D seismic reprocessing, preliminary interpretation and the near finalisation of the forward work planned for the December quarter, the Company is preparing to commence a formal farm-out campaign early in the December quarter.

During the quarter the Company held initial discussions with potential international partners. These discussions are ongoing.

OTWAY BASIN ONSHORE

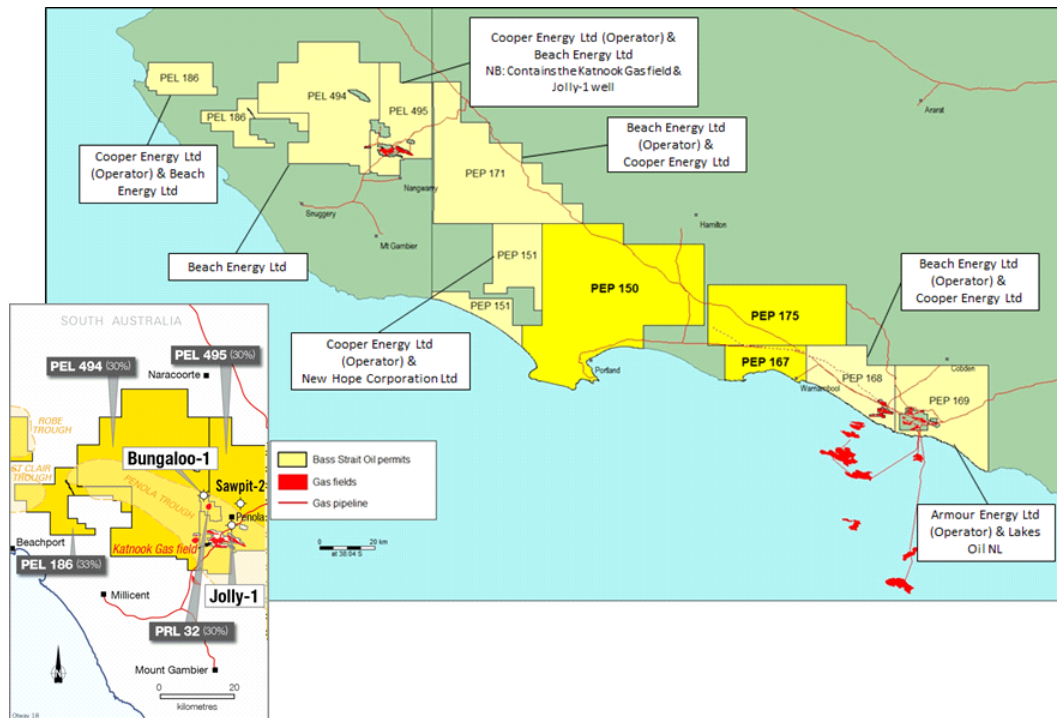
PEP 167 and PEP 175: BAS 100% and Operator

During the quarter the Company completed divestment of PEP167 and PEP175 to Lakes Oil NL. Under the terms of the sale Lakes Oil NL has acquired 100% equity in PEP 167 and 175 from BAS and is now responsible for the ongoing work programme.

PEP 150: BAS 15% (Operator: Beach Energy)

The Company announce during the quarter that the regulatory authority had granted the permit holders a twelve month suspension and extension to the scheduled work programme of PEP150.

The Joint Venture has agreed a budget for the August 14/15 permit year that reflects minimal expenditure in the permit given that exploration activities in the permit are subject to a Victorian government moratorium.



The Company remains encouraged with the results of Bungaloo-1 (Beach Energy 70% Cooper Energy 30%) where it was noted that the exploration well in the South Australian Otway basin had encountered elevated gas shows over the Lower Sawpit Shale and Casterton Formation confirming the potential for unconventional gas plays within the Penola Trough and by extension the area of PEP150. The well was subsequently cased and suspended. Better than expected reservoir quality observed in the Sawpit Sandstone also opens up the potential for deeper conventional plays.

The nearby encouragement and low expenditure required in the permit supports the Company's plan to retain exposure to the onshore western Otway basin.

For and on behalf of the Company

SR Noske

Steve Noske
Chief Executive Officer
30th October 2014

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

BASS STRAIT OIL COMPANY LTD

ABN

13 008 694 817

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (3 months) \$A'ooo
1.1	Receipts from product sales and related debtors	19	19
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(186)	(186)
1.3	Dividends received	3	3
1.4	Interest and other items of a similar nature received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other		
	Net Operating Cash Flows	(164)	(164)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) exploration & evaluation (b) equity investments (c) other fixed assets	(70)	(70)
1.9	Proceeds from sale of: (a) exploration & evaluation (b) equity investments (c) other fixed assets	270	270
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other		
	Net investing cash flows	200	200
1.13	Total operating and investing cash flows (carried forward)	36	36

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	36	36
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (Share Issue Costs)		
	Net financing cash flows		
	Net increase (decrease) in cash held	36	36
1.20	Cash at beginning of quarter/year to date	713	713
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	749	749

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	0
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

	Amount available \$A'ooo	Amount used \$A'ooo
3.1 Loan facilities	0	0
3.2 Credit standby arrangements	0	0

Estimated cash outflows for next quarter

	\$A'ooo
4.1 Exploration and evaluation	150
4.2 Development	
4.3 Production	
4.4 Administration	250
Total	400

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'ooo	Previous quarter \$A'ooo
5.1 Cash on hand and at bank	449	160
5.2 Deposits at call	300	553
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	749	713

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

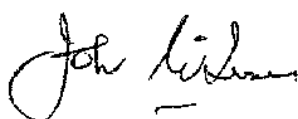
		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	518,285,747	518,285,747		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	10,000,000	-	<i>Exercise price</i> 4	<i>Expiry Date</i> 14/10/2014
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Director)

Date: 30 October 2014

Print name: John L C McInnes

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.