

ASX RELEASE

NEW FARMIN FUNDS 3D SEISMIC FOR WINDERMERE OIL DISCOVERY

Bass Strait Oil Company Ltd (ASX: BAS) is pleased to announce that it has executed a farmin agreement and a joint venture operating agreement with a subsidiary of Interra Resources Limited (ITR). Key points are as follows:

- ITR will fund the Windermere 3D seismic survey and other agreed costs to earn a 50% interest in onshore Otway Basin permit PEP 167
- Total value of ITR's contributions under the farmin agreement will be \$2million
- BAS will retain operatorship in a new 50/50 PEP 167 joint venture
- BAS and ITR have also agreed to cooperate in joint exploration of the onshore Otway Basin, including in the PEP 150 area, where BAS has existing farmin rights

The agreement is conditional on government approvals and registration of the transfer of the permit interest.

Interra Resources Limited is a Singapore-based exploration and production company with onshore oil production in both Indonesia and Myanmar, as well as exploration interests in Thailand. ITR is listed in Singapore and also on the ASX under the code ITR.

The potential of the Windermere project is underscored by the fact that ITR will invest in PEP 167 as its first petroleum exploration interest in Australia. Furthermore, the Windermere project is of a broadly similar nature to ITR's existing onshore oil production and exploration operations, where they have applied new seismic and drilling techniques. Since 2007 BAS has completed a suite of technical studies which support the commercial potential of Windermere and ITR has drawn on this work, as well as its own experience, in assessing its investment in Windermere and PEP 167.

ITR's relevant operational experience qualifies it as an ideal partner in the Windermere oil appraisal project. BAS welcomes this new joint venture and looks forward to a successful and expanding partnership with ITR.

Permit PEP 167

Exploration permit PEP 167 is located in the onshore Otway Basin, near Portland, in western Victoria. The permit covers 833 sq kms of primarily agricultural land with largely gentle terrain and good internal road access.

PEP 167 contains two discovery wells: the 1987 Windermere-1 oil well and at the 2002 Port Fairy-1 oil and gas well.

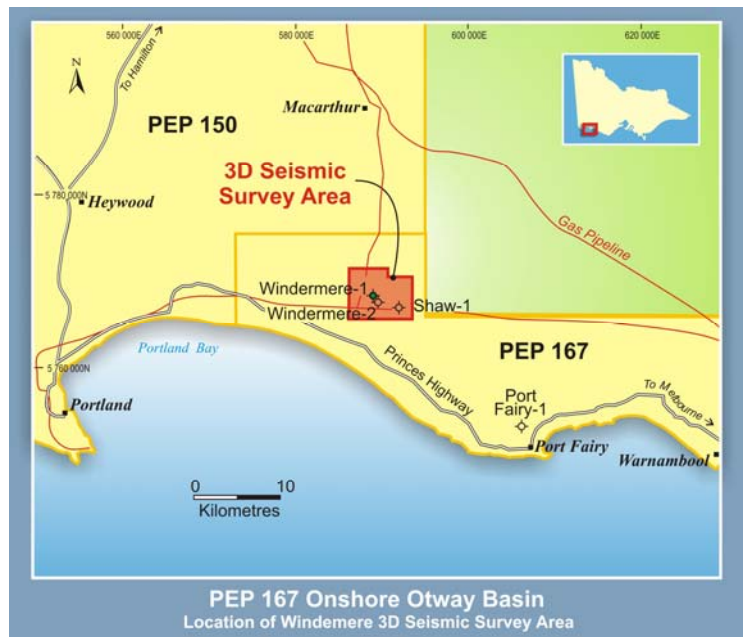
The adjacent PEP 150 area contains the 1989 Lindon oil discovery, but the permit is yet to be granted subject to negotiation of Native Title.



Windermere Oil Discovery and 3D Seismic Programme

Preparation for the Windermere 3D seismic programme in PEP 167 is well advanced. The survey will cover approximately 40 sq km and recording is scheduled for early 2010. Cost of the survey is expected to be in the region of \$1.8 million. The Windermere 3D seismic survey will fulfil the PEP 167 Year 3 permit obligation.

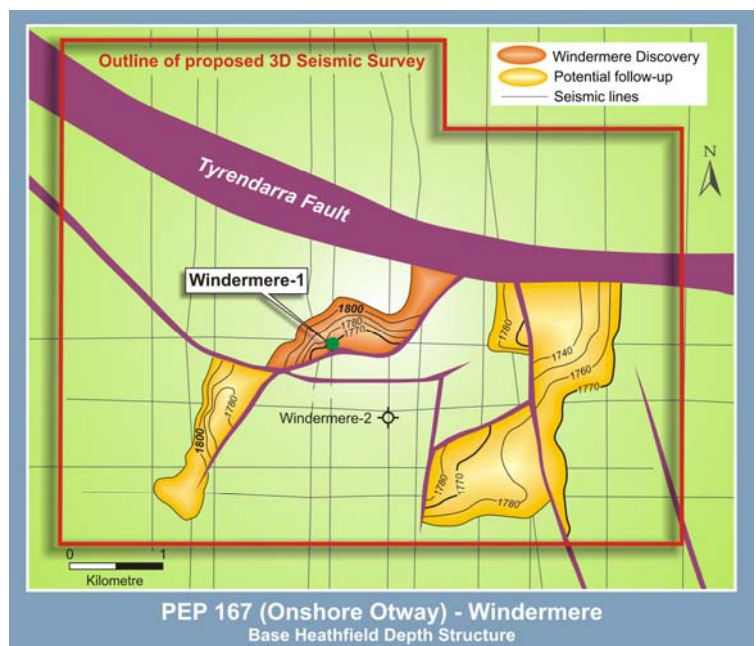
The 1987 Windermere-1 well produced oil on test but was ultimately abandoned as uneconomic given the oil prices and the available technology at that time. BAS's review indicates that the oil bearing formation may have been damaged during drilling operations and that there is good potential to achieve commercial flow rates at Windermere, particularly given careful well design, modern drilling techniques and potentially employing horizontal drilling.



Imaging of the complexly faulted subsurface at the Windermere discovery has proven difficult on the existing 1980s vintage 2D seismic data. However, it is expected that the new 3D data will provide high quality definition of the Windermere oil zone for the first time.

The objective of the new Windermere 3D survey is to define the nature and extent of the Windermere accumulation and to allow detailed planning and optimisation for appraisal drilling. Surrounding follow-up leads will also be addressed by the new survey.

A successful 3D seismic survey could lead to appraisal drilling for Windermere oil by later next year.



A key factor in the Windermere project is that the economics of any oil production that may be established in this area are favourable, with good access, local infrastructure and support and relatively short transport distance via sealed highway to the Geelong refinery.

Andrew Adams
Managing Director
23 November 2009