

**ASX RELEASE**

**WINDERMERE OIL PROJECT UPDATE**

Bass Strait Oil Company Ltd (ASX: BAS) is pleased to provide the following update on progress at the Windermere oil project. Windermere is located in permit PEP 167, in the onshore Otway Basin, near Portland, in western Victoria.

Preliminary mapping supports Windermere feature

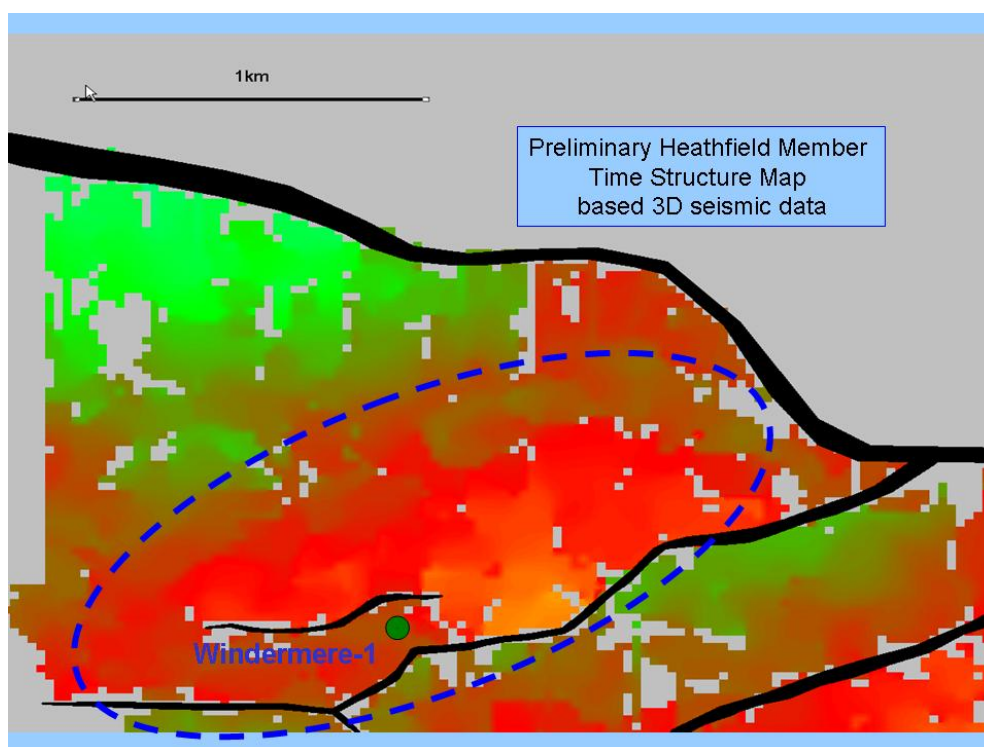
PEP 167 contains two discovery wells: the 1987 Windermere-1 oil well and the 2002 Port Fairy-1 oil and gas well. Windermere-1 produced oil on test but was not developed for production given the low oil prices and the available technology at that time.

A new 41 sq km 3D seismic survey has been recorded over the Windermere feature, with field operations concluding in April 2010. The final processed data is now available for interpretation and mapping and is providing a detailed image of the Windermere oil zone for the first time.

Preliminary structure maps based on the 3D data confirm that a significant feature exists at the Windermere-1 reservoir level.

While the 3D mapping project is still in a preliminary phase, it is clear that the results to date broadly support the case for oil potential at Windermere. The early mapping results also indicate the potential for additional leads in the immediate vicinity.

The PEP 167 joint venture plans to review final mapping of the Windermere 3D and to consider potential drilling options and schedules during the 4<sup>th</sup> quarter. A positive outcome from the 3D seismic mapping and project review could lead to drilling at the Windermere oil discovery during 2011.



Detail of Windermere-1 area from 3D data

### Windermere oil discovery

The 1987 Windermere-1 well produced oil on test but was not developed for production given the low oil prices and the available technology at that time.

Prior to investing in the new 3D seismic, BAS conducted a series of technical studies on Windermere. This review indicates that the oil-bearing reservoir at Windermere-1 was likely damaged during drilling and that there is potential to achieve commercial flow rates at Windermere by applying careful well design and modern drilling techniques.

The oil reservoir at Windermere-1 is at a relatively shallow depth of approximately 1800m which should help contain drilling costs.

In contrast to many onshore Australian oil exploration areas, the Windermere-1 well site is located on agricultural land with largely gentle terrain and with good all-weather road access. PEP 167 also benefits from local infrastructure and support and a relatively short transport distance via sealed highway to the Geelong refinery.

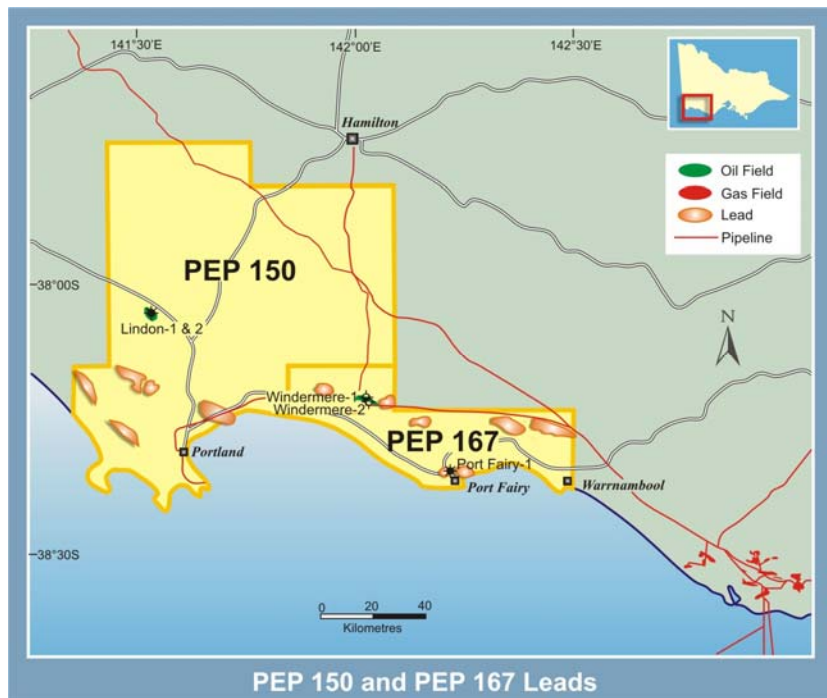
Therefore, if oil production is established at Windermere, we anticipate a relatively short development schedule and low capital and operating costs leading to robust economics.

### PEP 167 Joint Venture

PEP 167 is held by a joint venture of BAS 50% (operator) and Interra Resources (Australia) Pte Ltd 50%.

BAS and Interra have agreed to cooperate in joint exploration of the onshore Otway Basin, including in the adjacent PEP 150 area, where BAS has existing farmin rights

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



Andrew Adams  
Managing Director  
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