

ASX RELEASE

SALE OF OTWAY BASIN PERMITS PEP167 AND PEP175

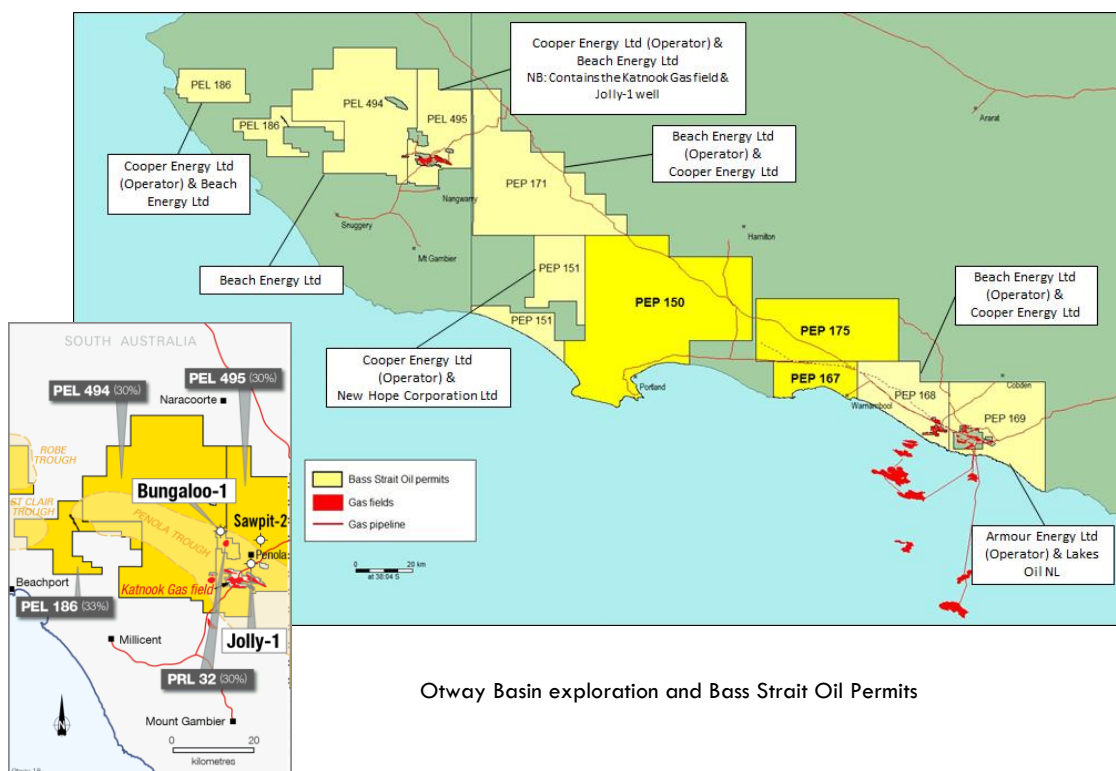
Bass Strait Oil Company Ltd (“BAS” or “The Company”) today announces that it has entered into an agreement with Lakes Oil NL for the sale of its equity in onshore exploration permits PEP167 and PEP175, which is now subject only to regulatory approval.

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. The consideration includes recognition of past expenditure. The Company expects the transaction to be finalised once regulatory approval has been received. It is expected that this approval will be finalised shortly and funds paid in July.

As part of the Company’s review of its business, these permits which are located in the onshore Otway Basin in Victoria have been viewed as non-core to the Company’s future. The Company remains committed to onshore exploration in the western portion of the Otway basin via its equity in PEP 150 (BAS 15%).

The Company is encouraged with the results of Bungaloo-1 (Beach Energy 70%, Cooper Energy 30%) where it was noted that Bungaloo-1 in the South Australian Otway 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 in the Sawpit Sandstone also opens up the potential for deeper conventional plays.

The Company is also pleased to announce the regulatory authority has granted the permit holders a twelve month suspension and extension to the scheduled Permit Work Programme of Permit PEP150.



Otway Basin exploration and Bass Strait Oil Permits

The Company is further encouraged by the recent acquisition by Cooper Energy Ltd of 65% equity in the Basker Manta Gummy ("BMG") production licenses and notes Cooper Energy's reference to its BMG interest being complemented by its 22.9% shareholding in the Company.

The Company's strategic review has delivered expenditure savings and now additional funds into the Company associated with non-core asset divestment.

These funds will allow the Company to fully review its forward strategy for its Gippsland Basin portfolio with a view to secure the best outcome for the Company's shareholders that may include divestment or farm-in. The Company previously advised that GMP Securities had been engaged to assist the Company in this process.

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

Commenting on the Company's portfolio activities, Steven Noske, the Bass Strait Oil Company CEO notes "With the divestment of PEP 167 and PEP175, the Company is well placed to ensure the value of its Gippsland Basin portfolio, now enhanced by the Cooper acquisition of BMG, is able to be realised in a structured process that will yield the best outcome for all our shareholders".

A handwritten signature in black ink, appearing to read "S. Noske". The signature is fluid and cursive, with a horizontal line extending to the right.

Steve Noske
Chief Executive Officer
11th July 2014