



BASS STRAIT OIL COMPANY LTD

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QUARTERLY REPORT JUNE 2014

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

Highlights:

- **Company strategic review completed**
- **Formal divestment/farm-out process for offshore Gippsland Basin portfolio commenced.**
- **Divestment of non-core assets in the Otway Basin for \$300,000 being finalised.**
- **Reprocessed 3D seismic dataset covering Vic/P41 and Vic/P68, as well as the adjacent Exxon/BHPB Kipper Field received and under analysis.**

CORPORATE ACTIVITIES

During the quarter the Company completed its strategic review of its business led by the CEO and the Board. The review had identified non-core assets in the Otway Basin. Subsequent to the end of 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.

Across Vic/P41 (BAS - 64.565%) and Vic/P68 (BAS - 100%), the Company holds a large trend focused acreage position containing significant conventional oil and gas prospects. 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.

A forward strategy to capture value for the Company's Gippsland Basin portfolio was agreed which included the engagement of GMP Securities Australia Pty Ltd to assist with the divestment/farm-out process.

During the quarter Mr Noske formally agreed to continue as CEO for the Company. In addition Ms Robyn Hamilton will remain as Company Secretary.

EXPLORATION ACTIVITIES

OTWAY BASIN ONSHORE

PEP 167 and PEP 175: BAS 100% and Operator

Subsequent to the end of the June quarter BAS announced the sale of PEP 167 and PEP 175 to a subsidiary of Lakes Oil NL. ("Lakes").

Lakes Oil NL will acquire 100% equity in PEP 167 and 175 from BAS in return for a A\$300,000 cash payment to BAS. The consideration includes recognition of past expenditure.

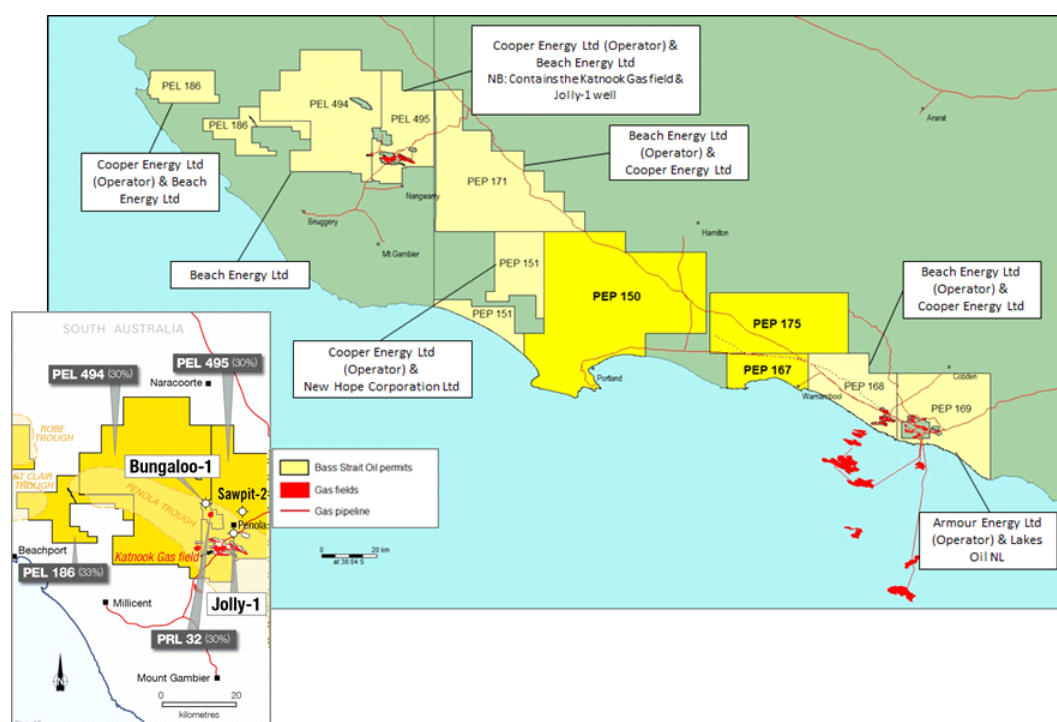
As part of the Company's review of its business, these permits which are located in the onshore Otway Basin in Victoria have been viewed as non-core to the Company's future. Lakes have completed due diligence and transfer applications have been lodged with the regulator.

The Company expects the transaction to be finalised once regulatory approval has been received which is expected early in the September quarter.

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

Exploration permit PEP 150 is located in the onshore Otway Basin, near Portland, Victoria, and contains the 1989 Lindon and 1995 Digby oil discoveries.

The permit was granted for an initial 5 year term effective from 26 August 2013. The permit is considered to be prospective for both oil and gas with potential for conventional oil and gas in a range of Tertiary through Cretaceous plays and for unconventional hydrocarbons in the Casterton/sawpit section.



Initial activity is expected to consist of acquisition of 3D and 2D seismic data.

During the quarter the Operator on behalf of the Joint Venture applied for and was granted a twelve month suspension and extension to the scheduled Permit Work Programme of Permit PEP150.

GIPPSLAND BASIN OFFSHORE

Vic/P68: BAS 100% and Operator

During the quarter geological and geophysical studies continued.

Vic/P41: BAS 64.565% and Operator

Exploration permit Vic/P41 (539 km²) is located to the east of Vic/P68 in the offshore Gippsland Basin, approximately 40 kilometres south of the Victorian coast. The permit provides BAS with exposure to the easterly extension of proven producing trends.

The recent acquisition of equity in the Basker-Manta-Gummy (“BMG”) leases by Cooper provides the opportunity for prospective resource in Vic/P41 to be commercialised via a redevelopment of the BMG infrastructure. The Vic/P41 Joint Venture is of the opinion that the BMG development will require additional near field resources making any resource in Vic/P41 a potential supply into the BMG project.

During the quarter reprocessing and merging of multiple 3D datasets and selected QI/AVO analyses, including 430 km² within the permit were finalised. Subsequent to the end of the quarter the Company announced that it has received the reprocessed 3D seismic dataset covering Vic/P41 and Vic/P68 as well as the adjacent Exxon/BHPB Kipper Field.

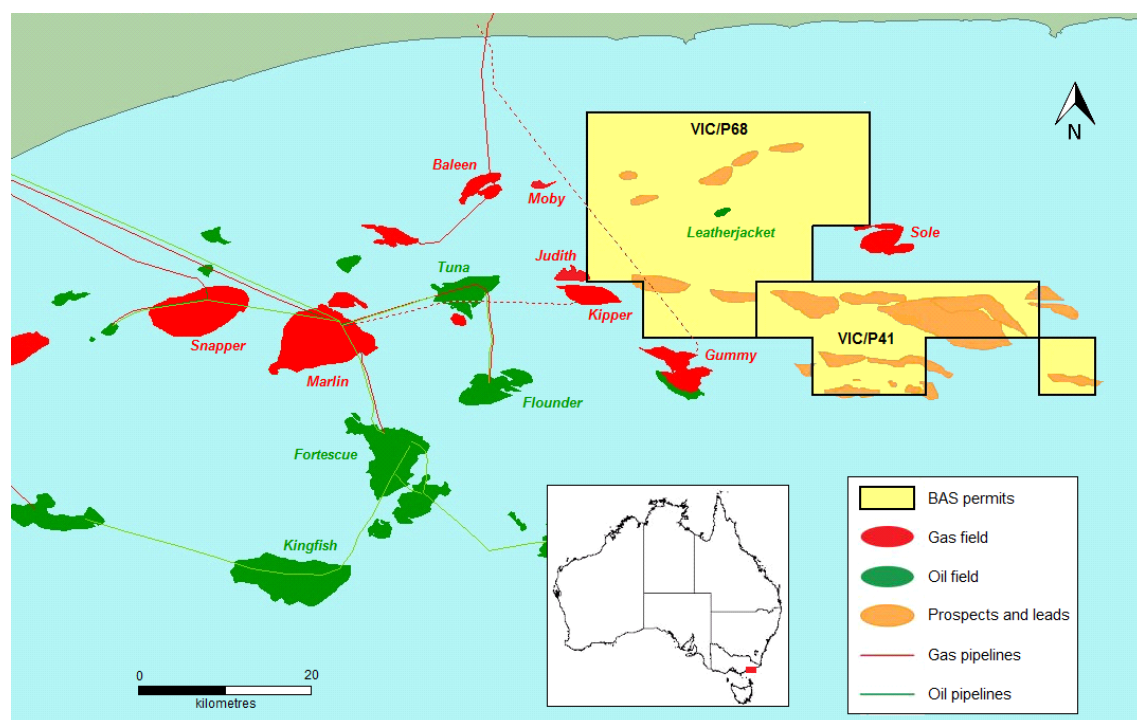


Figure 1 Location of Vic/P41 and Vic/P68 in relation to Kipper and Basker Manta Gummy

The nature of this work is to provide a 'like-for-like' comparison along the Rosedale Fault trend from the analogue field (Kipper) in the west to the prospects identified by BAS in Vic/P41 (Kipling and Benchley). A QI study is to be undertaken using the reprocessed data to investigate 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 major discoveries in the Gippsland Basin and contains 620 billion cubic feet of recoverable gas and 30 million barrels of condensate/LPG.

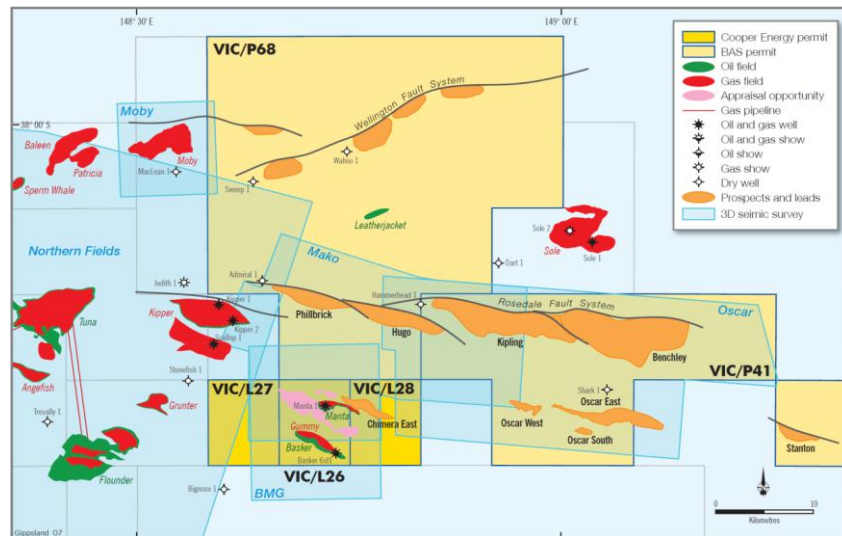


Figure 2 3D Seismic across Vic/P41 and Vic/P68

The second phase of the work is the QI and will ultimately 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.

Seismic interpretation over the reprocessed seismic dataset will be undertaken during the September quarter in anticipation of the second phase of deliverables and in conjunction it is hoped the work will 'high-grade' a number of prospects in Vic/P41 and Vic/P68.

NEW OPPORTUNITIES

The Company has begun to deliver on the objectives arising out of the Strategic Review with the divestment of its non-core Otway basin permits.

Focus remains on the delivery of value back to shareholders associated with the Company's Gippsland Basin portfolio and delivery of this objective will open up the Company to wider growth opportunities into the future.

For and on behalf of the Company

Steve Noske

Chief Executive Officer

28 July 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 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	(4)	31
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(222)	(1,375)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	6	56
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other		
Net Operating Cash Flows	(220)	(1,288)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) exploration & evaluation (b) equity investments (c) other fixed assets	(71)	(326)
1.9 Proceeds from sale of: (a) exploration & evaluation (b) equity investments (c) other fixed assets	30	30
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other		
Net investing cash flows	(41)	(296)
1.13 Total operating and investing cash flows (carried forward)	(261)	(1,584)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(261)	(1,584)
	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	(261)	(1,584)
1.20	Cash at beginning of quarter/year to date	974	2,297
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	713	713

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	25
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'000	Amount used \$A'000
3.1 Loan facilities	0	0
3.2 Credit standby arrangements	0	0

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	
4.3 Production	
4.4 Administration	225
Total	325

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'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	160	224
5.2 Deposits at call	553	750
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	713	974

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.

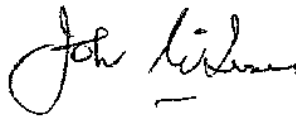
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +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 (totals only)		
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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: Date: 28 July 2014
(Director)

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.