

Quarterly report for the period ending 31 December 2015

Release date 28 January 2016

HIGHLIGHTS

- **Technical review complete – Bass permits contain significant oil and gas potential**
- **Data room open with potential farmin parties reviewing Gippsland portfolio**
- **NOPTA approves a work program variation for Vic/P41**
- **Bass reviewing a number of growth opportunities**

EXPLORATION ACTIVITIES

Gippsland basin offshore - VIC/P68 (Bass 100%) and VIC/P41 (Bass 64.565% and operator)

During the quarter Bass Strait Oil Company Limited (ASX: BAS) completed a Gippsland Basin Technical Review. The review has uncovered significant upside in BAS' 100% owned Leatherjacket Oil Discovery (Leatherjacket). The review also identified a number of possible oil targets on trend with Leatherjacket and revealed a notable gas play in the Emperor Formation which is similar in characteristic and on trend with the nearby Longtom Gas Field. In summary the key findings of the review were:

- The first comprehensive review of Bass 100% owned Leatherjacket Oil Discovery estimates net unrisked 2C Contingent Resources of 8 million barrels of recoverable oil
- Identification of significant oil targets on trend with the Leatherjacket Oil Discovery
- New gross Prospective Resources of over 1.75 TCF identified in Emperor Formation (unrisked Best Estimate)

Leatherjacket Oil Discovery – Vic/P68 (BAS 100%)

The comprehensive Technical Review of Leatherjacket undertaken by BAS, estimates that net unrisks 2C Contingent Resources contained in the upper Latrobe group reservoirs in Vic/P68 are in the order of 8 million barrels of recoverable oil. This is the first comprehensive review of Leatherjacket since it was drilled by Esso in 1986 resulting in the discovery of an oil column in excess of 25 metres as indicated by wireline logs. Oil samples in high quality reservoir were recovered using wireline sampling techniques.

Contingent Resource (2) – Leatherjacket (BAS 100%)	1C	2C	3C
Oil (1) (mmbbl)	6.0	8.0	10.9

Table 1: Unrisks Contingent Resource estimates in upper Latrobe group reservoirs, Leatherjacket, offshore Gippsland Basin, Victoria

- (1) Oil: Crude oil from reservoirs
- (2) Probabilistically determined with no development risk applied

Mapping undertaken by the BAS technical team has also identified an additional number of targets on trend with Leatherjacket. These targets, including Leatherjacket itself, will be further evaluated following the acquisition of a 225 square kilometre 3D seismic survey during the 2016/17 Bass Strait weather window. The most significant lead is LJ 3, as illustrated on Map 1 below.

Prospective Resource (2) – LJ 3 (BAS 100%)	Low Estimate (P90)	Best Estimate (P50)	High Estimate (P10)
Oil (1) (mmbbl)	9	22	57

Table 2: Unrisks Prospective Resource estimates for LJ 3, offshore Gippsland Basin, Victoria

- (1) Oil: Crude oil from reservoirs
- (2) Probabilistically determined with no exploration or development risk applied

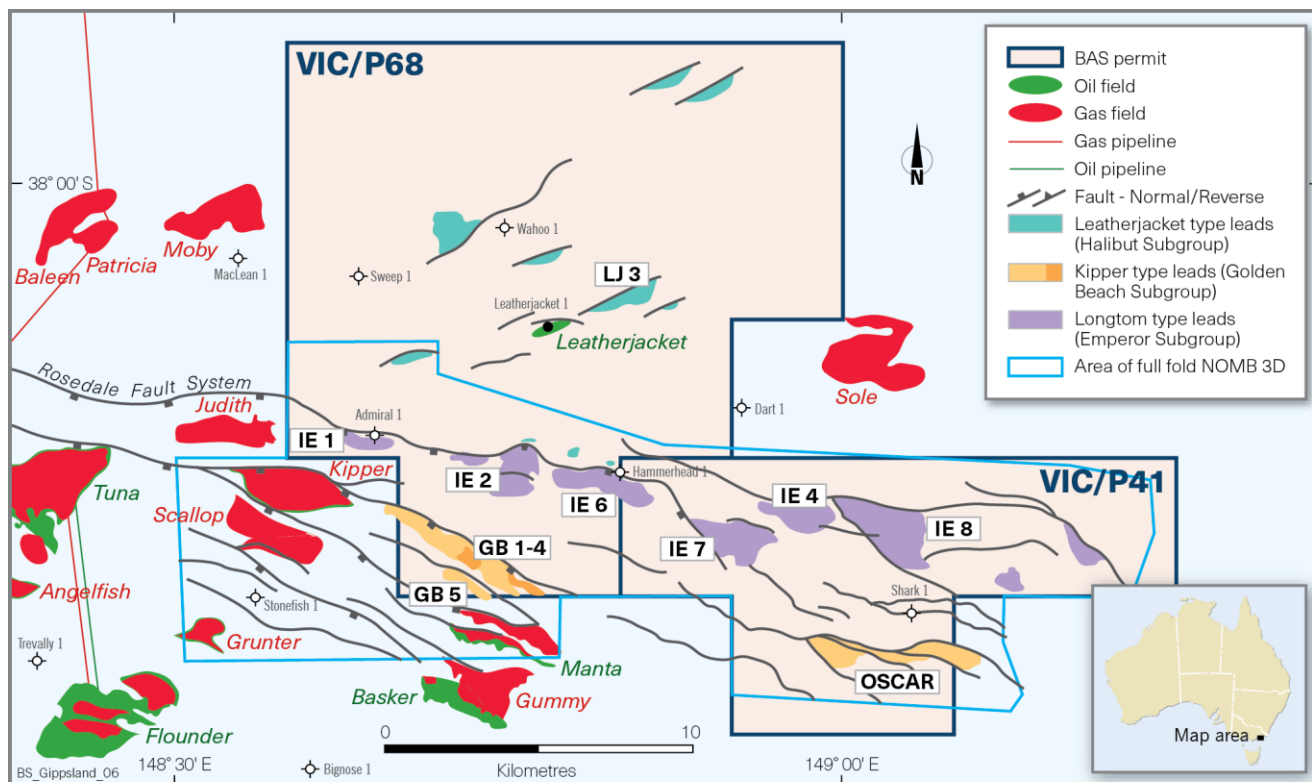
Emperor Formation Gas Potential – Vic/P68 (BAS 100%) and Vic/41 (BAS 64.565%)

The Technical Review also evaluated the gas play in the Emperor Formation in Vic/P68 and Vic/P41 for the first time and concluded that exciting new exploration opportunities exist. The identified targets are similar in characteristic and on trend with the nearby Longtom Gas Field. In a best estimate scenario, the gross unrisks (P50) Prospective Resource contained in the 5 largest leads total over 1.75 TCF of gas.

Gross Prospective Resources (2) – Emperor	Low Estimate (P90)	Best Estimate (P50)	High Estimate (P10)
Gas (1) - IE 1 (BCF)	95	149	247
Gas - IE 2 (BCF)	352	514	765
Gas - IE 4 (BCF)	313	422	566
Gas - IE 6 (BCF)	132	334	876
Gas - IE 7 (BCF)	247	425	737

Table 3: Unrisks Prospective Resources contained in the 5 largest Emperor Formation targets, offshore Gippsland Basin, Victoria

- (1) Gas: Non-associated gas from gas reservoirs
- (2) Probabilistically determined with no exploration or development risk applied – refer to Map 1 below for individual locations



Map 1: New targets identified during the BAS Technical Review

During the quarter NOPTA approved a work program variation for Vic/P41. The permit is currently at the beginning of year 4 of the 5 year term. The application sought was to delay the drilling of an exploration well from permit year 4 to year 5. The variation was requested to allow the aggregation of the drilling commitment with the work of other operators to reduce the overall cost of drilling the well.

Data room open for potential farmin partners

During the quarter Bass opened up a data room for a number of parties expressing interest in farming into Bass' Gippsland basin portfolio. Discussions have commenced and the Company will advise on progress with those discussions as they mature.

Onshore Otway basin - PEP 150 (Bass 15%)

Minimal activity and expenditure has been undertaken in the permit given that exploration activities in the permit are subject to a Victorian government moratorium on exploration activities.

On 8 December 2015 the Victorian Legislative Council Environment and Planning Standing Committee tabled its final report into Onshore Unconventional Gas in Victoria. In summary the report identified a number of areas of further work required before a recommendation could be made to lift the moratorium on onshore activities. The timing for the completion of the additional studies has not been finalised.

As a result of the moratorium the joint venture has applied to the authorities for a further suspension of the work program and extension of the permit term as a result. If approved, the permit year 1 will be extended to 25 August 2016 and the permit term will be extended to 25 August 2020.

CORPORATE ACTIVITIES

The current subdued state of the energy markets is presenting a number of investment opportunities. The Company is reviewing a number of opportunities to establish a new phase of future growth.

Contingent and Prospective Resources

Note: Contingent and prospective resources referred to in this document were announced to the ASX 28 October 2015. The data herein should be read in conjunction with the information provided on the calculation of the contingent and prospective resources provided in that ASX release. Bass Strait Oil Company is not aware of any new information or data that materially affects the information provided in that release and all material assumptions and technical parameters underpinning the assessment provided in the announcement continues to apply.

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About Bass Strait Oil Company

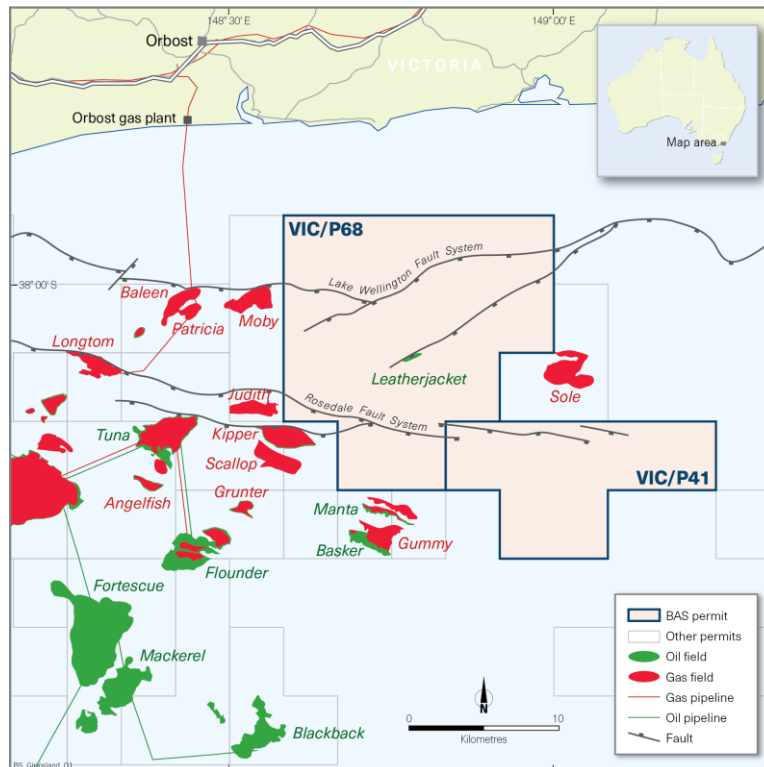
Bass Strait Oil Company Ltd (ASX code: BAS) is a petroleum explorer with an exploration portfolio currently focused on southeast Australia, in particular the world class Gippsland basin.

In the Gippsland basin, our portfolio is focussed on the Rosedale Fault Trend on the northern margin of the basin. Bass has high equity interests and operates two permits, Vic/P41 (64.565%) and Vic/P68 (100%) along the trend and these contain both appraisal and exploration targets. These are generally within subsea completion tie back distances to existing developments. The portfolio is covered by extensive 3D seismic datasets. In the Otway Basin, our portfolio comprises of one eastern onshore permit, PEP 150 (15%).

The Company's consistent technical focus on the region and the proximity of the portfolio to infrastructure and market ensures that Bass is well placed to benefit from the changing dynamics of the Eastern Australian gas market.

The Company has a strong committed shareholder base, with the Board and management holding a 30% interest and Cooper Energy holding a 22% interest. The Board's focus is to extract value from its Gippsland Basin permits for all shareholders.

The BAS exploration permit portfolio targets both conventional oil and gas and unconventional gas plays. It contains a balance of offshore and onshore activity with near term appraisal opportunities and longer term exploration opportunities. The Company believes that this acreage position provides high-impact discovery potential.



BAS Gippsland Basin Permit Map

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")

31 December 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	6	28
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(106)	(348)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	2	5
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other		
Net Operating Cash Flows	(98)	(315)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) exploration & evaluation (b) equity investments (c) other fixed assets	(80) - -	(191) (16)
1.9 Proceeds from sale of: (a) exploration & evaluation (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other		
Net investing cash flows	(80)	(207)
1.13 Total operating and investing cash flows (carried forward)	(178)	(522)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(178)	(522)
	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	(178)	(522)
1.20	Cash at beginning of quarter/year to date	463	807
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	285	285

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

+ See chapter 19 for defined terms.

Add notes as necessary for an understanding of the position.

	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	20
4.2 Development	
4.3 Production	
4.4 Administration	150
Total	170

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	285	408
5.2 Deposits at call		55
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	285	463

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.

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	804,381,671	804,381,671		
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>	-	-	<i>Exercise price</i>	<i>Expiry Date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				

+ See chapter 19 for defined terms.

7.11	Debentures <i>(totals only)</i>		
7.12	Unsecured notes <i>(totals only)</i>		

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 January 2016
(Director)

Print name: Peter F Mullins

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.