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ASX RELEASE

Forward Program

Bass Strait Oil Company Ltd (**ASX:BAS**) wishes to keep shareholders updated on the company's forward exploration program in the three key areas of its portfolio; the onshore Otway Basin, the offshore Gippsland Basin and the offshore Bass Basin.

Otway Basin

The focus of exploration over the past 5 years (the initial permit term) has been on the Heathfield sandstone play. This is a volcanogenic sandstone that is restricted in its areal extent to the central part of PEP 167. The company acquired a 3D seismic survey in the area and has now completed the drilling of Windermere-3 to test that play. The preliminary results of the drilling have indicated the Heathfield reservoir is extremely variable in its makeup, very tight and although oil, generated from deeper in the basin, has migrated into the area it is difficult to predict where it will pool. Further exploration of the play is, therefore, warranted but will need to be focused on determining what controls the permeability of the reservoir and how to interpret where the more commercially productive areas are. There are, however, two other play types in PEP 167 and surrounding areas. The first, focussed in the southeast of the permit, is the Waarre play which has yielded the major gas fields both onshore and offshore to the east. Whilst the second is the unconventional Casterton oil shale play, which is focussed to the north of the permit. These plays will likely form the focus of exploration in the second 5 year permit term of PEP 167 as well as driving the tactics of acquiring acreage via farmin, new application or other means in the basin.

Gippsland Basin

The company holds interests in four offshore permits in the Gippsland Basin. Vic/P41, Vic/P47 and Vic/P66 form the focus of the Golden Beach and Emperor plays on the Northern Terrace of the basin. Bass has 2 discoveries in these permits; the Judith and Moby gas fields. In addition the Zane Grey and Omeo gas/condensate fields are held in Vic/P42. The company is focussed on commercialising the largest of these discoveries, the Judith Field, which has certified contingent resources of 194 BCF (2C) and 934 BCF (3C). To this end the company is in negotiations with several exploration companies as to the appraisal and development of this field and the associated prospective resources nearby. Recent simultaneous (AVO) inversion of the Oscar, Moby and part of the Northern Fields 3D seismic surveys has highgraded several prospects in this area as well as more clearly defining the extent of the Moby and Judith fields. Vic/P41 has just been renewed for a further 5 year term and Vic/P66 received authority, this week, to suspend permit obligations for 1 year in order to allow the acquisition of a 3D seismic survey over Lead A jointly with the Vic/P41 Joint Venture. This survey will likely occur towards the end of 2012.

Bass Basin

Two permits, T/42P and T/43P, are held covering the frontier Durroon Basin. The company has acquired 2D seismic data and undertook a major basin analysis of the area during the first permit term. This resulted in defining 12 prospects and leads with upside prospective resource estimates in the order of 500 to 1,000 BCF. Negotiations to renew these permits for a further 5 years are currently on-going with the Designated Authority.

Dr Steve Mackie
Chief Executive Officer
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