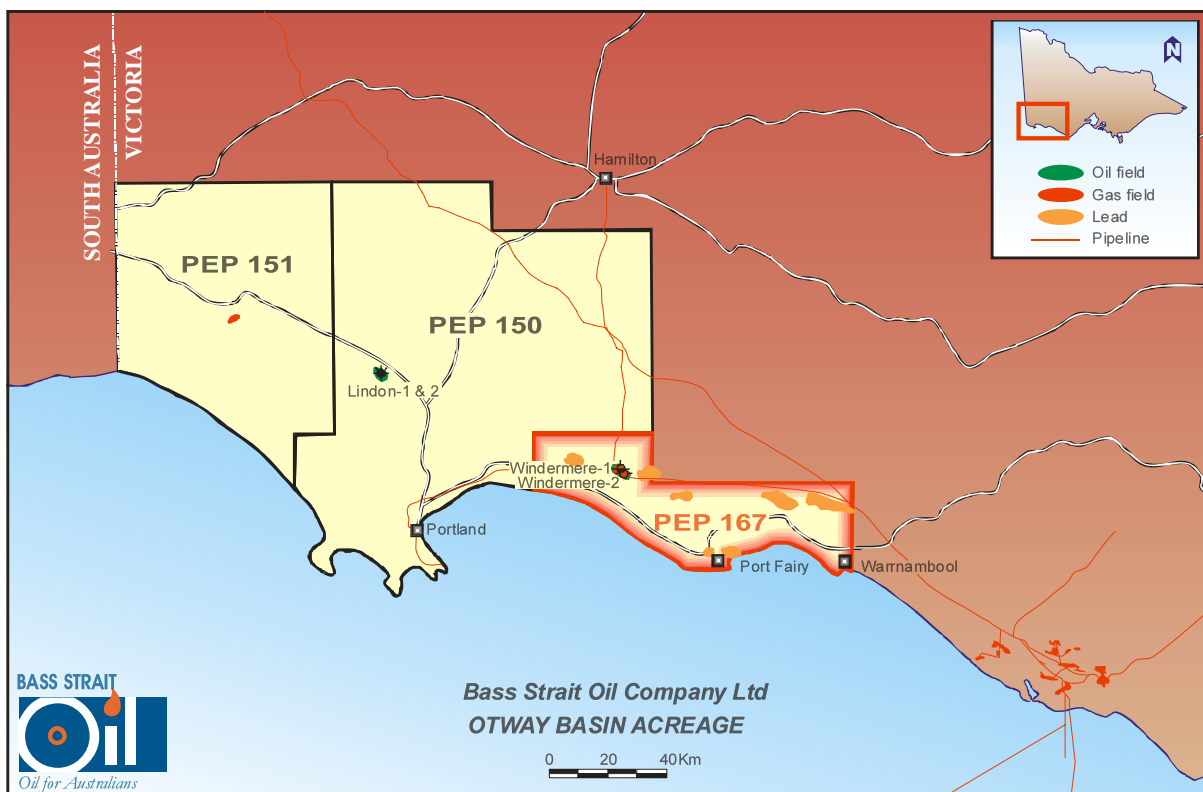


ASX RELEASE

Successful Bid for New Otway Basin Permit

Bass Strait Oil Company Ltd (ASX Code: BAS) is pleased to advise that it has been awarded new exploration permit PEP 167 in the onshore Otway Basin.

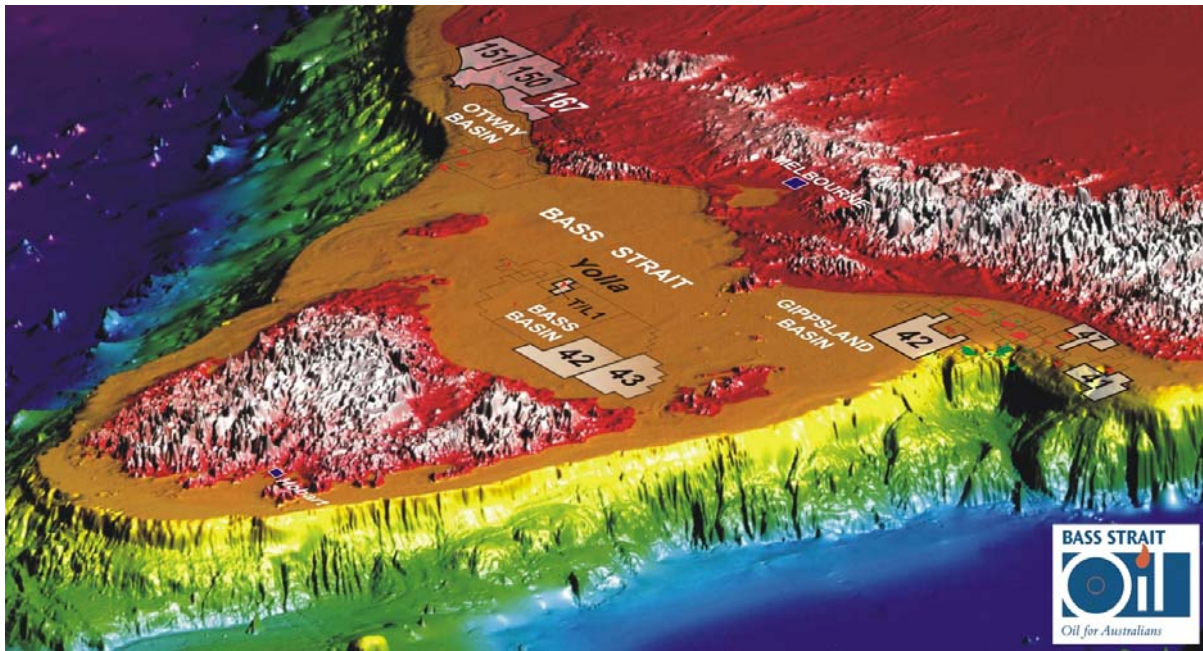
Permit PEP 167 is centred on Port Fairy, near Portland, in western Victoria. BAS holds a 100% interest in the new permit which comprises some 833 sq km.



PEP 167 contains discovery wells at the 1987 Windermere-1 well, which produced oil on test, and at the 2002 Port Fairy-1 oil and gas discovery well. The adjacent PEP 150 permit also contains an oil discovery at the Lindon-1 and 2 wells. More generally, there have been numerous hydrocarbon shows and recoveries in this area of the Otway Basin, often in wells that may have failed to intersect valid structural closures due to sparse and poor quality seismic data. These existing oil and gas discoveries demonstrate an active petroleum system with the potential to charge economic accumulations.

BAS plans to re-evaluate the economic potential of PEP 167 in the light of current pricing and market conditions. In particular, the area has good road access and infrastructure which could allow rapid and cost effective commercialisation of any oil discoveries. The extensive gas pipeline network in the Victorian Otway Basin also enhances the potential to commercialise any gas discoveries.

An existing database of seismic and well data provides a basis for further exploration in the PEP 167 area. BAS will undertake an initial programme of geological and geophysical studies, leading to field operations in the second and third years of the permit. The principal exploration targets are sandstones within the Eumeralla Formation, with the underlying Crayfish Subgroup and overlying Sherbrook Group as secondary objectives.



BAS Permit Interests

With the award of PEP 167, BAS now holds interests in three contiguous permits in this prospective onshore area – PEP 150, PEP 151 and PEP 167. The Company's 100% interest in the new permit serves to consolidate its presence in the onshore Otway Basin. This acreage complements the Company's offshore acreage in the Gippsland and Bass Basins, creating a diversified portfolio comprising over 15,000 sq km of southeast Australian exploration assets.

A handwritten signature in black ink, appearing to read 'Andrew Adams'.

Andrew Adams
Managing Director
11 July 2007