

ASX ANNOUNCEMENT/MEDIA RELEASE

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BASS STRAIT MOVES TO TAP INTO LUCRATIVE EASTERN STATES

GAS MARKET WITH GIPPSLAND BASIN DEAL WITH COOPER ENERGY

Melbourne-based gas explorer and developer Bass Strait Oil Company Ltd (ASX:BAS) has today taken a significant first step to ascertaining the potential of its strategically based offshore Gippsland Basin permits to supply the evolving eastern states domestic gas market.

It has today signed non-binding agreements with Cooper Energy Ltd (ASX:"COE"), an Australian oil and gas exploration and production company, to conduct technical work on two of Bass Strait's offshore permits in the Gippsland Basin.

Under the terms of the non-binding farm-in Letter of Intent, Cooper will be assigned a 25.8% interest in the eastern most Vic/P41 permit and have the option to acquire a 50% interest in Vic/P68, a contiguous holding to the northwest of Vic/P41, in return for progressing planned work programs based around modern day geoscience technologies and capabilities.

Bass Strait Chief Executive Officer, Mr Terry White, said today that while the deal represented an "early days and early mover" scenario and it brings the Company into partnership with a well funded partner and has the potential to service the emerging gas short markets, particularly of New South Wales.

Critically, the two permits, VIC/P41 and VIC/P68, are highly prospective for gas and are close to existing subsea pipeline infrastructure linking the Gippsland fields and permits to onshore gas processing facilities near Orbost and Longford in eastern Victoria.

"Both permits contain a number of sizeable gas prospects and are located on the northern margin of the Gippsland Basin, close to existing infrastructure and a range of development and market opportunities," Mr White said.

"The current dynamics in the eastern Australian gas market are generating concerns about whether there will be sufficient volumes of gas to service the east coast domestic supply from about 2015," Mr White said.

"This concern can then be overlaid with public and political concern about the evident and inherent price rises for domestic gas that this supply/demand squeeze will bring.

"The upside of higher prices for gas is that it presents a whole new value-add for gas permit holders such as Bass Strait Oil."

“It is a market dynamic that can and will invigorate the near-term opportunities of the Gippsland Basin and we believe Cooper Energy has been at the forefront of identifying this opening and joining with Bass to evaluate and if successful, commercialise these two permits.”

“Certainly, Cooper Energy brings to these two permits, significant technical and gas commercialisation expertise.”

Bass has a 64.565% holding in Vic/P41 and is Operator with the remaining held by Oil Basins (17.935%) and Strategic Energy (17.5%).

Under the terms of the Vic/P41 agreement, Cooper Energy will reprocess and merge multiple 3D seismic datasets and selected QI/AVO analyses, including 430 sq km within the permit. Cooper will contribute funding for Bass’ share of the work undertaken, with Bass to assign a 25.8% working interest in the permit to Cooper Energy.

The proposed transaction is subject to a number of conditions including Bass receiving government approval for a proposed work program variation in permit Vic/P41 and entering into a similar agreement in relation to Vic/P68.

Vic/P68 is 100% owned by Bass and under today’s announcement, will see Cooper undertake, at its sole cost, the reprocessing and merging of multiple 3D seismic datasets and selected QI/AVO analyses, including 255 sq km within Vic/P68.

Subject to the completion of the reprocessing and data interpretation, Cooper Energy will have the option to acquire a 50% interest in Vic/P68 at no further cost.

Bass Strait Oil Company will be provided with a copy of all reprocessing work undertaken by Cooper Energy.

MEDIA CONTACT:

Mr Terry White
Bass Strait Oil Company Limited
Ph: 03 9927 3000
Email: terry.white@bassoil.com.au

Mr Rohin Muller
Adelaide Equity Partners
Ph: 08 8232 8800
Email: rmuller@adelaideequity.com.au

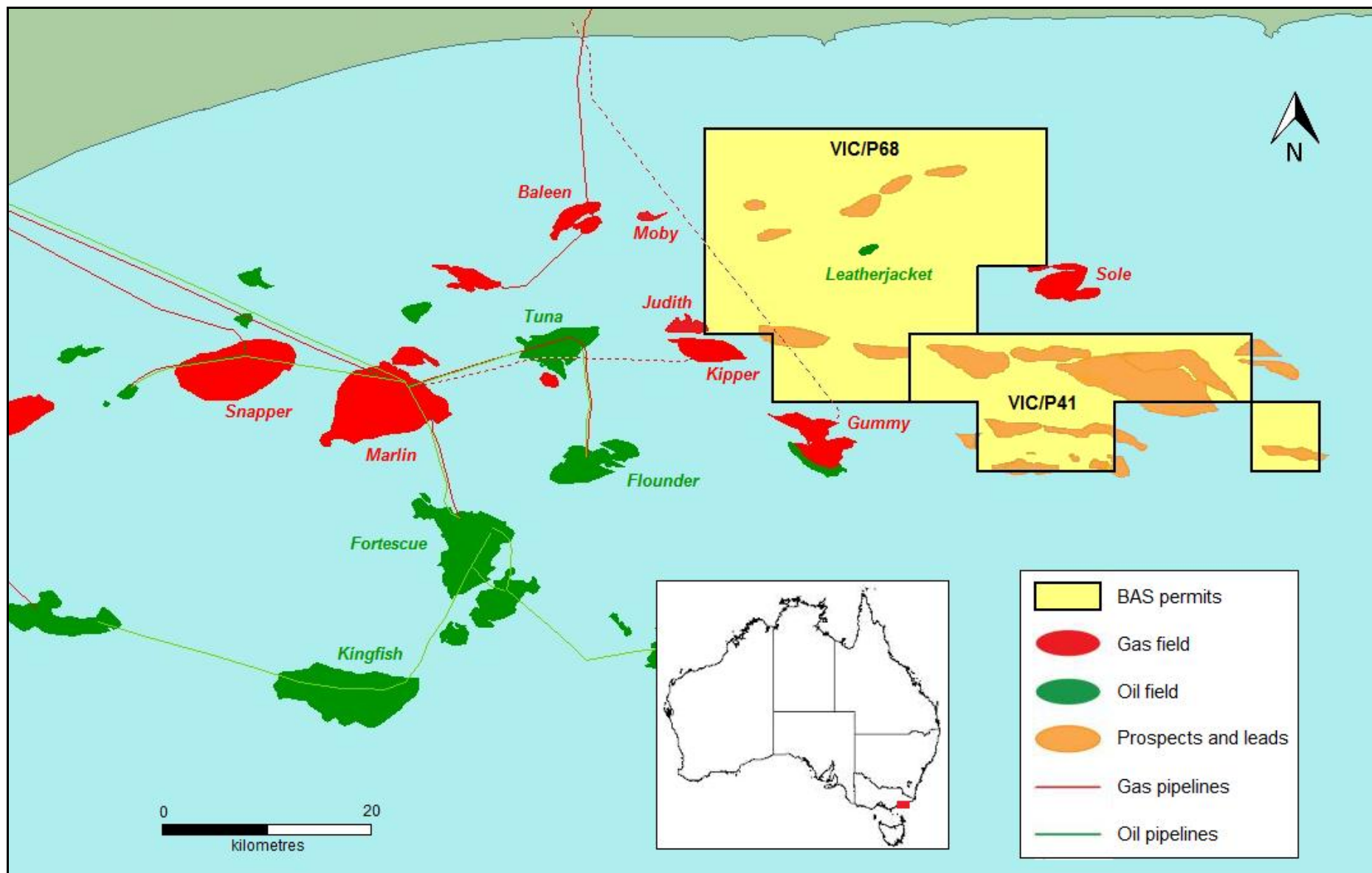


Figure 1: Permit location map