

## QUARTERLY REPORT JUNE 2009

Bass Strait Oil Company Ltd (“BAS” or “Company”) presents a summary of its activities for the quarter ended 30 June 2009.

### EXPLORATION ACTIVITIES

BAS is a petroleum exploration company focused on southeast Australia. Over a ten year period, the highly experienced BAS team has assembled a quality exploration portfolio across the Gippsland, Bass and Otway Basins. Exploration highlights for the quarter included:

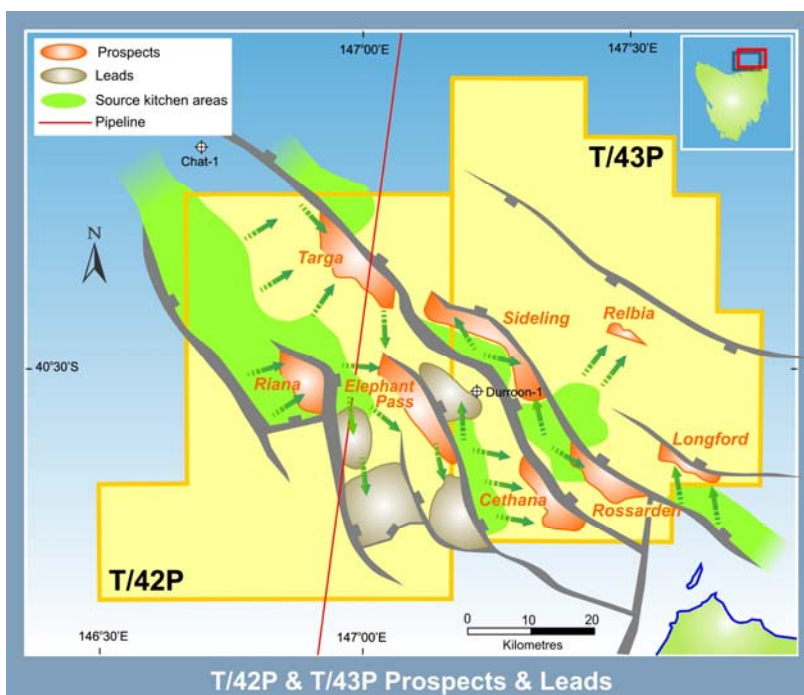
- The strong potential of the Company’s offshore Tasmanian acreage was highlighted by positive results from seismic and basin modeling studies
- 3D seismic is now planned to follow-up a 1987 onshore oil discovery at Windermere in western Victoria and an associated PEP167 permit variation was granted
- Gippsland permit Vic/P42 is now set to be renewed with 100% BAS interest
- Web-based ‘virtual data room’ service is being utilized for international marketing of offshore and onshore farmout opportunities

### Bass Basin offshore Tasmania

#### **T/42P and T/43P, BAS 100%**

These permits are located off the north coast of Tasmania, in an area of the Bass Basin known as the Durroon Sub-basin. The industry’s positive view of Bass Basin potential generally is underlined by three new exploration wells scheduled by other operators in nearby permits over the coming months.

The Durroon Sub-basin extends north from approximately 15 km off the north coast of Tasmania, in water depths ranging from 35 to 80 metres. The T/42P and



T/43P permits cover approximately 6120 sq km and have been little explored in the past. BAS mapping has now defined a number of prospects, each with the scope to contain several hundred million barrels of recoverable oil. And just-completed basin modelling indicates that the area has the potential to have generated large quantities of oil and gas.

Over the last 2½ years BAS has conducted a comprehensive modern exploration programme in T/42P and T/43P - the first exploration effort in this area since the early 1990s. BAS's programme has consisted of:

- recording, processing and interpreting the 1192 km Targa seismic survey
- reprocessing and integrating 790 km of existing older seismic
- modelling the petroleum generation potential of the area
- analysing and integrating previous exploration results and data

The results of this programme are highly encouraging for the BAS permits. In summary:

- the area is interpreted to contain a series of petroleum 'kitchen' areas which have the potential to have generated large volumes of oil and gas
- an inventory of large prospects has been defined on high quality data and a number of play types have been identified
- basin modelling indicates short and direct migration pathways from the kitchen areas to prospects
- the interpreted timing of generation and trapping supports potential for untested accumulations
- prospect integrity is interpreted to have been maintained since migration, preserving any accumulation
- seismic mapping indicates that the two wells previously drilled in this region did not test valid traps and basin modelling indicates that these wells were not located on migration pathways

Having invested in defining and developing the understanding of this opportunity, BAS is now seeking industry partners to assist in funding future exploration operations. This is consistent with BAS's strategy of applying its geoscience skills and experience to create value in these prospective and under-explored permit areas.

## **Gippsland Basin offshore Victoria**

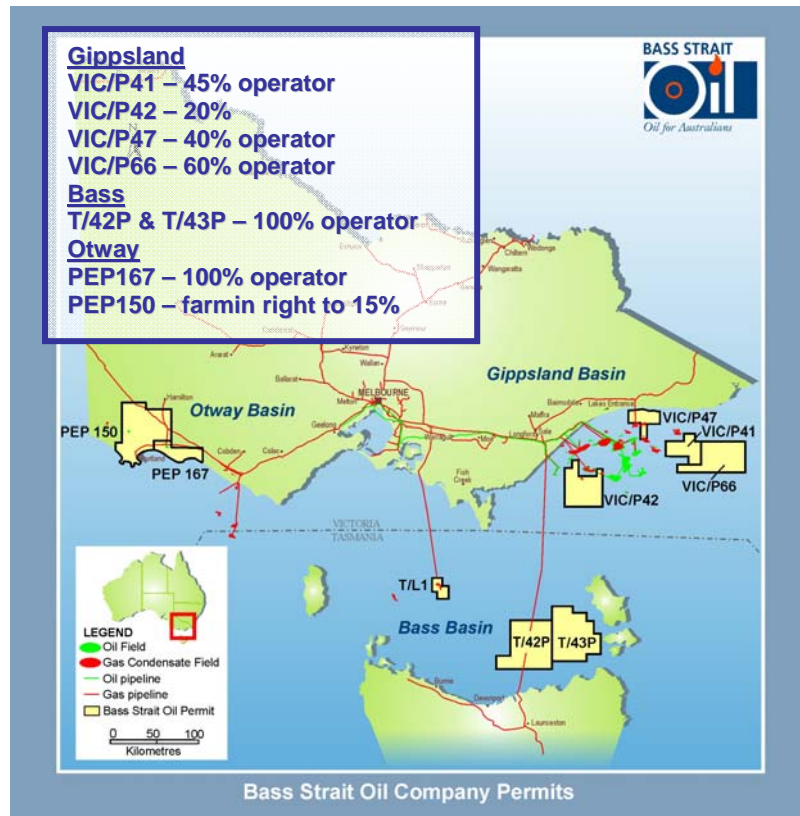
### **Eastern Gippsland: Vic/P41, BAS 45% and Operator plus Vic/P66, BAS 60% and operator**

Permits Vic/P41 and Vic/P66 are located adjacent to each other in the east of the offshore Gippsland Basin, from approximately 40 km south of the Victorian coast. Together, these permits provide BAS with exposure to proven Gippsland trends from adjacent areas as they traverse across the BAS permits and extend further out in to the basin. BAS maps extensions of two trends in its East Gippsland permits:

- the eastward extension Rosedale Fault system sets up prospects analogous to the Kipper oil and gas field (first production scheduled for 2011 for Esso et al)
- further south, a second trend extension is analogous to the Basker / Manta / Gummy oil and gas fields (in production since December 2006 for Roc Oil et al) .

The Vic/P41 joint venture has invested in both 2D and 3D seismic over the last several years and this permit is the more mature of the two areas. It contains a number of large prospects defined on modern 3D seismic notably Kipling, Benchley and Oscar. 2D seismic recorded last year has confirmed the potential of eastern area of the Vic/P41 permit and pointed to further potential in the adjacent Vic/P66 permit. The Lead A, Junger and Wilde features, previously defined only on sparse older data, all demonstrate structural closure based on the updated mapping.

Significantly, Lead A also exhibits anomalous amplitude responses that may be indicative of hydrocarbons and which warrant further investigation. Lead A is also interpreted to extend in to Vic/P66 and it is planned that this feature will become a focus of future work in that permit.



The Vic/P41 joint venture is currently seeking farmin parties to fund the forward exploration programme in that permit.

**Vic/P42, BAS 20%**

Vic/P42 is located approximately 40 km offshore in water depths ranging from 50 to 80 metres. The permit lies adjacent to Kingfish, Australia’s largest oil field, as well as a number of other Esso/BHP producing oil and gas fields. Existing non-producing gas and condensate discoveries within Vic/P42 at ZaneGrey and Omeo further underline the prospectivity of the area

BAS now expects to retain a 100% interest in the Vic/P42 permit. Subject to government approval and registration of joint venture documents, BAS is now in a position to pursue the renewal of Vic/P42 for a new 5 year term as operator and sole interest holder.

It is anticipated that BAS’s pending renewal application could effectively result in the northern area of the permit being retained for a second term. This prospective northern area is now almost entirely covered by modern 3D seismic surveys. BAS is proposing a 3 year work programme based on the reprocessing and reinterpretation of this valuable dataset, along with the integration of 3D surveys acquired via data trades over Esso/BHP’s adjacent producing fields at Kingfish and Bream.

BAS studies indicate that a strong inventory of prospects and leads remains in Vic/P42. Assuming successful renewal, BAS plans to undertake a thorough re-assessment of the prospectivity of the permit incorporating the 3D data reprocessing and further new drilling and seismic data as it becomes available open-file. BAS intends to pay particular attention to depth conversion of seismic data (a key Gippsland Basin mapping issue) and will also focus on prospects such as Tarra Southeast, which is updip from the Omeo discovery and was covered with 3D seismic for the first time in 2007.

## **Vic/P47, BAS 40% and Operator**

Permit Vic/P47 is located in the offshore Gippsland Basin, approximately 5 km offshore, south of the Victorian town of Orbost. Water depths range from 20 to 80 metres and the permit covers an area of some 718 sq km.

The Vic/P47 joint venture has met or exceeded all permit commitments during the first six year permit term. The permit is currently undergoing the renewal and relinquishment process and it is anticipated that this will result in a new five year permit term in which the permit area would be reduced. The joint venture expects that all prospective blocks within the original permit area will be retained.

The permit contains the Judith Gas Discovery, which was drilled without being production tested or appraised by Shell in 1989. During June 2008, consultants Gaffney, Cline & Associates (GCA) completed an independent resource certification of the Judith Gas Discovery and associated prospects in Vic/P47. GCA reported that a gross gas column of 290 metres can be interpreted from Judith-1 electric log data and GCA's petrophysical analysis indicated 135.5 metres of net gas pay in the Judith-1 well. GCA's certification provides independent confirmation that, subject to successful appraisal, the Judith Gas Discovery has the resource volume potential to underpin a commercial development.

The Vic/P47 joint venture is currently seeking farmin parties to fund the forward exploration programme in this permit.

## **Otway Basin onshore**

### **PEP 167: BAS 100%**

Exploration permit PEP 167 is located in the onshore Otway Basin, near Portland, in western Victoria. BAS holds a 100% interest in the permit which comprises some 833 sq km. A variation of the PEP 167 permit conditions was granted during the quarter. This variation recognises BAS's revised programme which now includes recording a new 3D seismic survey in the Windermere area, planned for the first half of 2010.

The 1987 Windermere-1 well produced 32 barrels of oil from an open-hole test. BAS's review indicates that there is good potential to achieve commercial flow rates at Windermere, particularly given careful well design, modern drilling techniques and potentially employing horizontal drilling. The planned 3D seismic will be designed to allow optimisation of drilling plans. The economics of any oil production that may be established in this area are favourable, with good access and relatively short transport distance to the Geelong refinery.

BAS is currently seeking farmin parties to fund the forward exploration programme in this permit.

### **PEP 150 (application area), BAS to earn 15% via farmin**

BAS can earn a 15% interest in PEP 150 by contributing to the drilling of a well. This area contains the Lindon oil discovery, but the permit is yet to be granted subject to negotiation of Native Title. BAS looks forward to a resolution of Native Title issues that will allow the granting of the PEP 150 permit and the commencement of an exploration programme in the area.



Andrew Adams  
Managing Director  
29 July 2009

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

BASS STRAIT OIL COMPANY LTD
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ABN

13 008 694 817
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Quarter ended ("current quarter")

30 JUNE 2009
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	67	338
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(187)	(993)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	5	101
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(115)</b>	<b>(554)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) exploration and evaluation (b) equity investments (c) other fixed assets	(164)	(2,068)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>(164)</b>	<b>(2,068)</b>
1.13 Total operating and investing cash flows (carried forward)	(279)	(2,622)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(279)	(2,622)
	<b>Cash flows related to financing activities</b>		
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)		
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(279)	(2,622)
1.20	Cash at beginning of quarter/year to date	981	3,324
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	702	702

**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	117
1.24	Aggregate amount of loans to the parties included in item 1.10	0

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

+ See chapter 19 for defined terms.

### Financing facilities available

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	200
4.2 Development	-
<b>Total</b>	200

### 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	172	101
5.2 Deposits at call	530	880
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	702	981

### 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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	155,450,953	155,450,953		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	500,000 1,500,000 1,500,000 600,000	- - - -	Exercise price 25 15 15 15	Expiry date 30/06/2010 20/06/2010 3/06/2011 21/10/2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	150,000 500,000 500,000	- - -	15 30 25	30/11/2009 30/06/2010 30/06/2010
7.11 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )		
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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:

(Managing Director)

Date: 29 July 2009

Print name: Andrew R. Adams

## 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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