

QUARTERLY REPORT JUNE 2007

Bass Strait Oil Company Ltd ("BAS" or "Company") presents a summary of its activities for the quarter ended 30 June 2007.

EXPLORATION ACTIVITIES

OTWAY BASIN

The Company has moved to refocus its onshore Otway Basin exploration effort.

BAS was recently awarded the new PEP 167 permit. Acquiring a 100% interest and operatorship in PEP 167 strengthens BAS's onshore Otway Basin presence and the Company also retains its right to a 15% interest in the adjacent PEP 150 permit. However, it has been decided not to continue in PEP 151, and BAS has given notice of withdrawal from its 25% interest in that permit.

The onshore Otway area complements the Company's offshore holdings in the Gippsland and Bass Basins, creating a coherent and diversified portfolio which now covers almost 14,000 sq km of southeast Australian exploration permits.

PEP 167, BAS 100%

BAS has been awarded new exploration permit PEP 167 in the onshore Otway Basin, 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.

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 awarded subject to negotiation of Native Title.

PEP 151, BAS 25%

BAS has decided not to participate in the revised Year 5 work programme for this permit and has submitted a notice of withdrawal to the joint venture operator. Subject to final documentation, BAS's withdrawal will take effect on 16 August 2007, the revised start of Year 5.

The Company will now focus its Otway exploration effort on its 100% owned PEP 167 permit. BAS also awaits resolution of Native Title issues that will see the granting of the adjacent PEP 150 permit and the commencement of an exploration programme in that area.

GIPPSLAND BASIN

Vic/P41, BAS 45% and Operator

Prospect mapping and assessment based on the Company's 2005 3D seismic survey has defined a number of large prospects in Vic/P41. Several of these prospect exhibit AVO anomalies and, significantly, similar AVO anomalies have also been identified over the Kipper oil and gas field which is on-trend to the west.

Vic/P41 also contains several high potential leads still defined only on 2D seismic. The joint venture has agreed to acquire additional 2D seismic data in the eastern area of the permit where several of these leads are defined only on sparse existing data. It is planned to undertake these operations as part of a multi-operator consortium seeking to mobilise a seismic acquisition vessel to southeast Australia starting late 2007 / early 2008.

BAS is seeking farmin parties to earn an interest in Vic/P41 by funding the drilling of its 3D seismic defined prospects. Timing of any potential drilling is dependent on the availability of a semi-submersible drilling rig in the Gippsland Basin (which is not likely before mid 2008) and on the progress of farmout negotiations.

Detailed prospect information and an activity update for this permit were released to the ASX during the quarter.

Vic/P42, BAS 50% and Operator, reducing to 20% after farmout

The 503 sq km 'Marie' 3D seismic survey is now being processed to the stage of Pre Stack Depth Migration, with a scheduled completion in September / October 2007. 'Fast-track' processed data volumes are now scheduled to be available from mid August. The Marie survey will be interpreted together with existing seismic surveys, which are being reprocessed in conjunction with the Marie data, in order to high-grade a Vic/P42 prospect for planned drilling in 2008.

The recording, processing and interpretation of the Marie survey are being fully funded by Apache Energy under the first phase of its Vic/P42 farmin.

The second phase of the Vic/P42 farmin requires Apache to fully fund the drilling of an exploration well in order to complete its obligations and thereby earn a 60% interest and operatorship in the permit. BAS and Inpex would each retain a 20% interest.

Subject to successful prospect mapping incorporating the Marie survey data, Apache is planning to drill a Vic/P42 exploration well as part of its Gippsland Basin drilling programme starting early 2008.

The Vic/P42 permit contains a number of prospects and leads, as well as the ZaneGrey and Omeo gas and condensate discoveries. The permit lies adjacent to producing fields at Kingfish, which is Australia's largest oil field, and the Bream oil and gas field.

Vic/P47, BAS 40% and Operator

Permit Vic/P47 includes the Moby-1 well, which is a gas discovery in the Gurnard Formation, and the Judith-1 well which is interpreted to be gas-bearing in the Emperor Subgroup based on logs and shows. The southern part of the permit, including both Moby-1 and Judith-1, is covered by modern 3D seismic surveys.

The prospective Judith Gas Accumulation is analogous to the Longtom Gas Field located 22km west of Judith. The recent success of the Longtom-3 appraisal/development well, which flowed at up to 77 MMscf/d from the Emperor Subgroup, as well as recent studies by BAS, indicates similar appraisal/development potential at Judith.

Currently the joint venturers are seeking parties to earn equity in Vic/P47 by contributing to drilling costs in a Judith gas appraisal programme.

It is anticipated that at least two drilling rigs will be active in the Gippsland Basin in 2008, including the West Triton jackup rig, which is believed to be scheduled for development drilling at Longtom. The West Triton would be suitable for appraisal drilling at Judith and slots are available in 2008.

Detailed prospect information and an activity update for this permit were released to the ASX during the quarter.

BASS BASIN

T/42P and T/43P, BAS 100% and Operator

The Company has reserved an option to acquire at least 1100 km of 2D seismic in these Durroon Sub-basin permits. If this option is exercised, BAS would undertake these operations as part of a multi-operator consortium seeking to mobilise a seismic acquisition vessel to southeast Australia starting late 2007 / early 2008.

BAS is continuing geological and geophysical studies in order to optimise seismic operations.

TL/1 BassGas Project, Yolla Field (BAS 0.0648% Over-Riding Royalty)

The BassGas project is now on production. Royalty payments and procedures are being arranged with the TL/1 participants.



Andrew Adams
Managing Director
30 July 2007

This exploration report is based on information compiled by BAS's Technical Advisor, Mr Ian Reid. Mr Reid is engaged by BAS, is a qualified person as defined under the ASX Listing Rule 5.11 and has consented in writing to the inclusion of the above estimates in this report, in the form and context in which they appear.

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

ABN

13 008 694 817

Quarter ended ("current quarter")

30 JUNE 2007

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (...12...months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	133	570
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(135)	(504)
1.3 Dividends received	(280)	(1,176)
1.4 Interest and other items of a similar nature received	14	115
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(268)	(995)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c)other fixed assets	(1)	(9)
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)		
Net investing cash flows	(1)	(9)
1.13 Total operating and investing cash flows (carried forward)	(269)	(1,004)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(269)	(1,004)
	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	(269)	(1,004)
1.20	Cash at beginning of quarter/year to date	1,935	2,670
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,666	1,666

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	97
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

Add notes as necessary for an understanding of the position.

Amount available \$A'000	Amount used \$A'000

+ See chapter 19 for defined terms.

3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	250
4.2	Development	-
Total		250

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	266	255
5.2 Deposits at call	1,400	1,680
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,666	1,935

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 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	129,242,468	129,242,468		
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>	500,000 3,200,000 600,000 1,050,000 550,000 1,500,000	- - - - - -	<i>Exercise price</i> 15 25 15 25 30 15	<i>Expiry date</i> 30/6/2008 30/9/2008 30/11/2009 30/6/2010 30/6/2010 20/6/2010
7.8 Issued during quarter	1,500,000	-	15	30/6/2010
7.9 Exercised during quarter				
7.10 Expired during quarter	10,092,056	9,092,056		
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<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: 30 July, 2007

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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