



Oil for Australians

BASS STRAIT OIL COMPANY LTD

ACN 008 694 817

Level 1
99 William Street
Melbourne Victoria 3000 Australia

Tel: (+61 3) 9927 3000
Fax: (+61 3) 9614 6533
Email: admin@bassoil.com.au
Website: www.bassoil.com.au

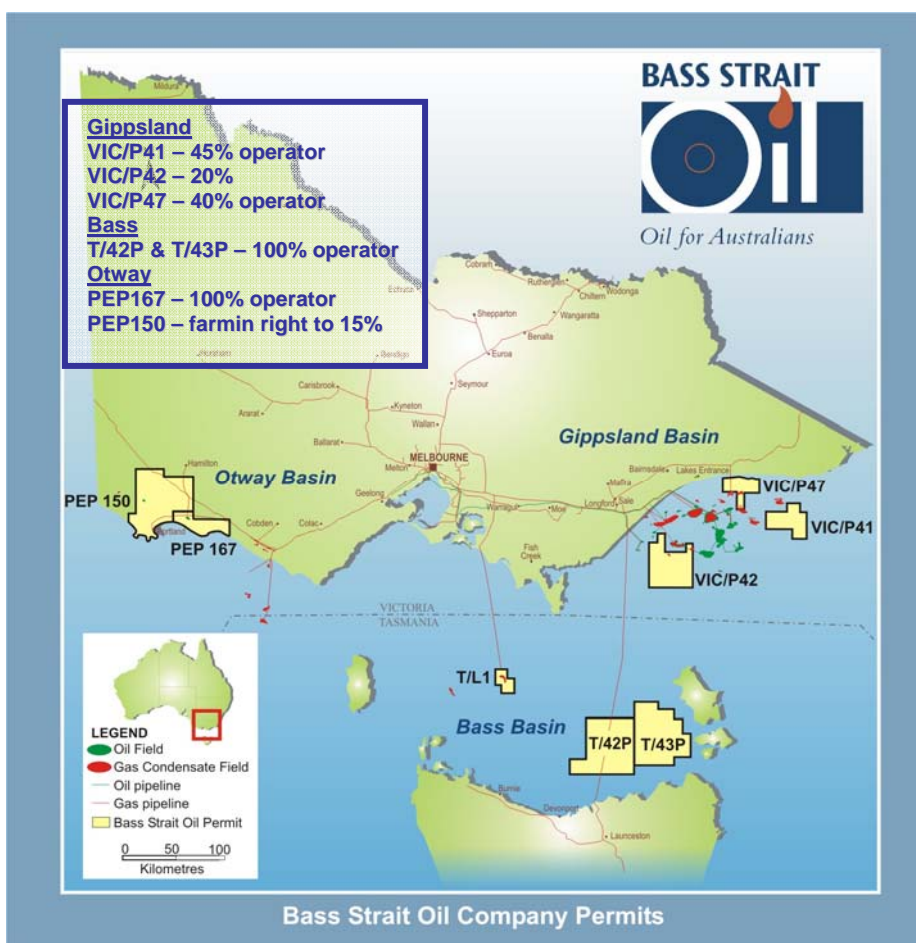
QUARTERLY REPORT MARCH 2008

Bass Strait Oil Company Ltd (“BAS” or “Company”) presents a summary of its activities for the quarter ended 31 March 2008.

EXPLORATION ACTIVITIES

The Company’s immediate exploration plans include:

- A new survey of 1,100 km of 2D seismic data in the offshore Bass Basin which is scheduled to be recorded during May 2008. (BAS 100% and operator)
- A second new survey of 250 km of 2D seismic in our Vic/P41 offshore Gippsland permit, which is scheduled to follow the Bass Basin survey in late May or June. (BAS 45% and operator)
- An appraisal programme of drilling or seismic at the Windermere-1 oil discovery in PEP167 in the onshore Otway Basin is being evaluated. While BAS has not yet confirmed an operational schedule for this project, we are actively progressing this attractive opportunity. (BAS 100% and operator)



- In addition to these projects, BAS has also identified high-impact Gippsland Basin potential with ready-to-drill targets in both its Vic/P41 and Vic/P47 permits. Together with our joint venturers, BAS has invested in 3D seismic data in both these permits and is seeking farmin partners to assist with drilling costs.
- In Vic/P42, BAS believes there is significant remaining potential, and the joint venture will review the future programme for this property. (BAS 20%, Apache operator)
- In an extension of our commitment to Australian exploration, BAS has made application for new acreage in the current bidding round.

A block-by-block review of the Company's activities follows.

Gippsland Basin offshore

Vic/P41, BAS 45% and Operator

The Vic/P41 joint venture has committed to a 250 km 2D seismic survey in the east of Vic/P41. This survey is scheduled to be recorded in late May or June 2008 as part of a multi-operator consortium conducting 2D seismic acquisition in various permits in southeast Australia. The survey is designed to better define the eastern area of the permit where several leads are delineated only on sparse existing data.

While BAS continues to invest in new seismic data, most of the permit is already covered by modern 3D seismic. The joint venture is seeking farmin parties to earn an interest in Vic/P41 by funding drilling of its 3D seismic defined prospects. Several large prospects along the Rosedale Fault trend are interpreted as analogous to the Kipper oil and gas field which lies on-trend to the west, outside Vic/P41. Further to the south in this permit are the Oscar prospects, which are interpreted to be on trend with and analogous to the producing Basker / Manta / Gummy (BMG) fields, which are outside the BAS permit area. BMG commenced oil production in December 2006.

Timing of any potential drilling is dependent on the availability of a semi-submersible drilling rig slot in the Gippsland Basin (with current scheduling indicating potential availability in late 2009) and on the progress of farmout negotiations.

Vic/P42, BAS 20%

Permit operator Apache Energy spudded the Speke South-1 exploration well on 7 April 2008. The well was drilled to a depth of 3137 metres and reached the primary objective Golden Beach Subgroup with no significant shows or indications of pay. Speke South-1 has been plugged and abandoned in accordance with the approved drilling programme and the West Triton rig has moved out of Vic/P42.

Apache fully funded the Speke South-1 well to complete its Vic/P42 farmin obligation. BAS retains a 20% interest in the permit.

Vic/P42 now has extensive modern 3D seismic coverage and the future potential of the permit resides in a strong inventory of undrilled prospects and leads. The prospects and leads inventory will be updated utilising the latest 3D seismic data and geological data from Speke South-1 well.

Vic/P42 lies adjacent to Kingfish, Australia's largest oil field, as well as a number of other Esso/BHPB producing oil and gas fields. Gas and condensate discoveries at ZaneGrey (BAS, 2005) and Omeo, lie within Vic/P42.

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. Judith-1 was drilled by Shell in 1989 and, based on logs and shows, is interpreted to be gas-bearing in the Emperor Subgroup.

The Judith feature is interpreted as analogous to the Longtom Gas Field which is located 22km west, outside the Vic/P47 permit area. A strong test flow from the Longtom-3 appraisal/development well demonstrated the commercial gas potential of the Emperor Subgroup for the first time. Longtom field operator, Nexus Energy, is proceeding with field development targeting first gas in early 2009.

Judith-1 encountered a tilted fault block in the Emperor Subgroup, where bright seismic events correspond to gas shows in the well. BAS has completed an internal technical review of Judith which suggests that Judith has similar appraisal/development potential to Longtom. Further mapping and technical review is ongoing.

The southern part of Vic/P47, including both the Moby-1 gas discovery and Judith-1, is covered by modern 3D seismic surveys. However, Judith needs appraisal drilling to acquire more subsurface data, and the joint venturers are seeking parties to earn equity in Vic/P47, by contributing to drilling costs in a Judith gas appraisal programme.

The West Triton jack-up rig is scheduled for development drilling at Longtom in mid 2008 and would be suitable for appraisal drilling at Judith with availability in early 2009.

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.

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.

Windermere-1 produced 32 barrels of 41 API oil from an open-hole test of the Heathfield Sandstone member, providing valid data for modern analysis. Subsequent cased hole tests were unsuccessful, but may have been adversely affected by formation damage during drilling and completion operations. A 1989 follow-up well at Windermere-2 did not record any hydrocarbons, but is separated from the discovery well by a significant fault. Oil prices and available drilling techniques would likely not have supported further follow-up at that time.

While uncertainties remain, the fact of the 1987 oil recovery underpins confidence in the project. 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.

Structural control for the field is provided by a grid of fair quality 2D seismic lines and a test line is currently being reprocessed. Preliminary deterministic estimates by BAS, based on existing seismic data, indicate that Windermere has scope for potentially commercial recoverable oil volumes. 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.

While no operational schedule has yet been confirmed, appraisal strategies including seismic and / or drilling are being evaluated.

PEP 150 (application area): BAS 15% farmin right

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.

Bass Basin offshore

The Targa Seismic Survey is scheduled to be recorded in May or June 2008. The survey will acquire a total of 1100 km of 2D seismic across these Durroon Sub-basin permits. This will fulfil the Year 3 permit obligation for both of these tenements. The Targa survey is part of a multi-operator consortium conducting 2D seismic acquisition in various permits in southeast Australia.

During its initial studies, BAS collected all available data in the area, including reprocessed seismic data. Interpretation of this integrated database indicates both structural and stratigraphic trapping potential at several levels. A number of large volume-potential leads have been identified. For example, BAS mapping indicates that the Targa lead has 70 sq km areal closure and the Cethana lead has 30 sq kms areal closure. These leads are well located to receive hydrocarbon charge from postulated nearby 'kitchen' areas.

There has been little recent exploration in this area which BAS views as an under-explored, 'grass roots' exploration opportunity. The Bass Basin area is now fully permitted, indicating increasing industry interest in this region. Beach Petroleum has farmed-in to drill new prospects in the neighbouring permits with operations scheduled for late 2008.

CORPORATE MATTERS

Capital Raising

On 8 February 2008 the Company announced a non-renounceable 1:5 pro-rata rights issue of ordinary shares in the Company. The issue price was 12.5 cents. The offer closed on 7 March 2008 and resulted in the issue of 25,908,485 ordinary shares which raised \$3,238,561 before costs. Holding statements were issued on 17 March 2008.

The Company now has 155,450,953 ordinary shares on issue.

Company Secretary

On 24 April 2008 Mr John Nethersole resigned from the position of Company Secretary and Mr Andrew Adams was appointed as Company Secretary.



Andrew Adams
Managing Director
28 April 2008

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")

31 MARCH 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (...9...months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	91	306
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(215)	(478)
1.3 Dividends received	(309)	(884)
1.4 Interest and other items of a similar nature received	7	64
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	(426)	(992)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c)other fixed assets	29	(74)
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	29	(74)
1.13 Total operating and investing cash flows (carried forward)	(397)	(1,066)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(397)	(1,066)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	3,239	3,284
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(46)	-
1.18	Dividends paid		
1.19	Other (Share issue costs)	(188)	(188)
	Net financing cash flows	3,005	3,096
	Net increase (decrease) in cash held	2,608	2,030
1.20	Cash at beginning of quarter/year to date	1,088	1,666
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,696	3,696

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	114
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

+ 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		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,250
4.2 Development	-
Total	1,250

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	211	138
5.2 Deposits at call	3,485	950
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,696	1,088

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	155,450,953	155,450,953		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	25,908,485	25,908,485		
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 2,500,000 300,000 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				
7.9 Exercised during quarter				
7.10 Expired during quarter				
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: 28 April, 2008

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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