



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  
SEPTEMBER 2007**

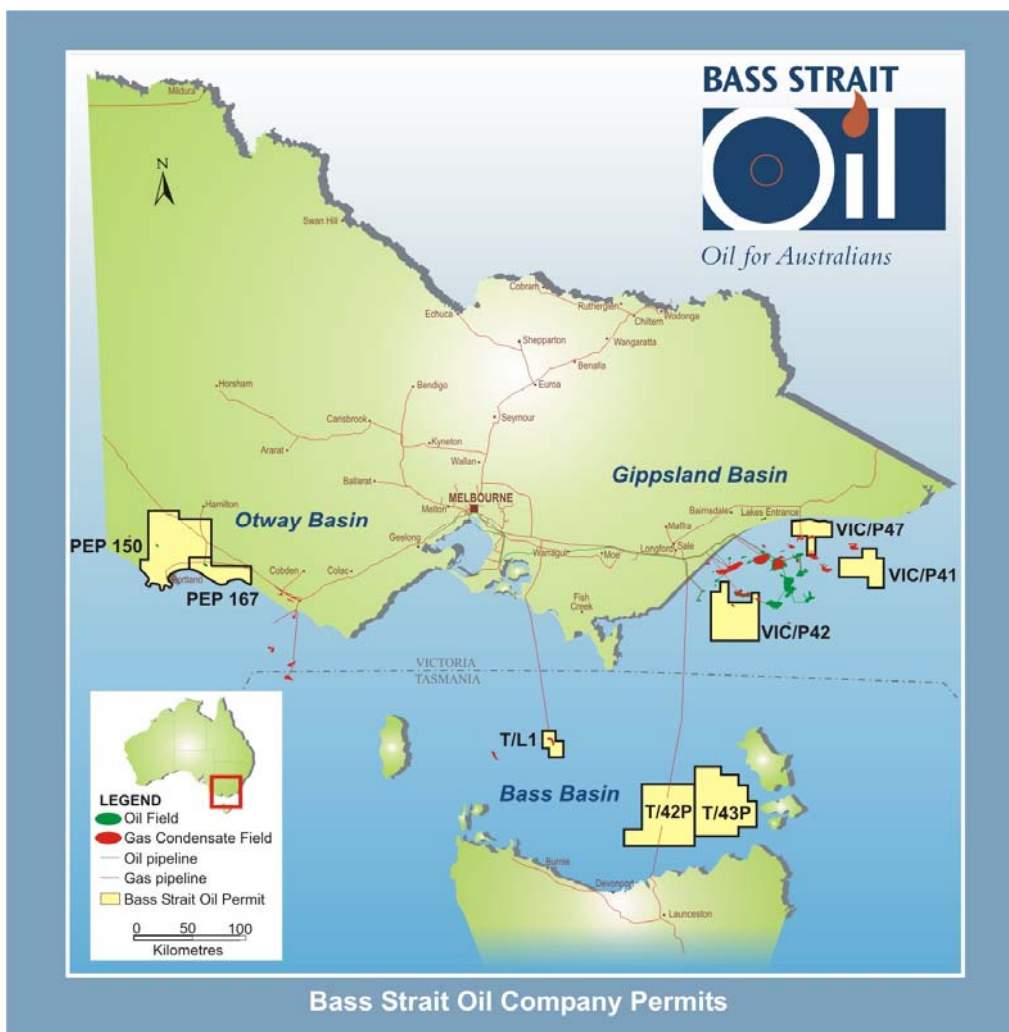
Bass Strait Oil Company Ltd (“BAS” or “Company”) presents a summary of its activities for the quarter ended 30 September 2007.

**EXPLORATION ACTIVITIES**

During the quarter, the Company announced an expansion of its exploration team in anticipation of increased activity both offshore and onshore.

Dr Keith Jackson has been appointed to the position of Exploration Manager and will lead the BAS exploration team. Dr Jackson brings a wealth of experience acquired during more 30 years in the petroleum exploration and production business world wide.

BAS has also engaged Martens Petroleum Consulting to augment its technical capacity by providing project-based geoscience services. Together with current BAS explorationists, Ian Reid and Anne Powell, these appointments create a strengthened and revitalised team.



## **GIPPSLAND BASIN**

### **Vic/P41, BAS 45% and Operator**

Vic/P41 work programme commitments call for a 250 km 2D seismic survey in Year 3, i.e. by September 2009. The joint venture has agreed to accelerate the acquisition of this 2D seismic data to better define the eastern area of the permit where several leads are delineated 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 early 2008.

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 in the Gippsland Basin (which is not likely before late 2008) and on the progress of farmout negotiations.

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

BAS has now received the 'fast-track' processed data from the 503 sq km 'Marie' 3D seismic survey recorded by Apache Energy in April 2007. Interpretation of this preliminary data is due to commence in November. Apache Energy is continuing work on the full Pre Stack Depth Migration processing, which is now expected to be available in December 2007.

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 interpreted as analogous to the Longtom Gas Field which is located 22km west, outside the BAS permit area. The Longtom-3 appraisal/development well has flowed gas at up to 77 MMscf/d from the Emperor Subgroup, indicating for the first time the commercial potential of gas accumulations in this zone. A production licence was recently granted for the Longtom field and operator Nexus Energy is proceeding with field development targeting first gas in the third quarter of 2008.

BAS has completed a technical review of Judith comprising 3D mapping, petrophysics, palynology, incorporation of public-domain Longtom well data, prospective resource estimates, a field deliverability study and notional development scenarios.

Significantly, this review suggests that Judith has similar appraisal/development potential to Longtom. Judith requires appraisal drilling to acquire more data on the accumulation and 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 three drilling rigs will be active in the Gippsland Basin and associated areas by late 2008. This includes the West Triton jackup rig which is scheduled for development drilling at Longtom and would be suitable for appraisal drilling at Judith (the West Triton is due to arrive in the Gippsland in February 2008 and is also scheduled for Vic/P42 drilling in the second quarter of 2008 - see above).

## **OTWAY BASIN**

### **PEP 167, BAS 100%**

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 has commenced a preliminary review of the Windermere-1 oil discovery. This will encompass petrophysics, reservoir engineering and re-mapping based on existing data. BAS believes the economic potential of PEP 167 has been enhanced by current pricing and market conditions and the results of the Windermere review will be used to determine operations planning for the 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 awarded subject to negotiation of Native Title.

## **BASS BASIN**

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

BAS is continuing geological and geophysical studies in order to optimise planned seismic operations. 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 early 2008.

## **CORPORATE MATTERS**

### **Change of Address and Phone and Fax Numbers**

As of 29 October 2007, Bass Strait Oil Company Ltd has relocated its registered office and principal place of business to:

Level 1, 99 William Street, Melbourne, Victoria, Australia 3000  
Phone (+61 3) 9927 3000, Fax (+61 3) 9614 6653



Andrew Adams  
Managing Director  
30 October 2007

# 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 SEPTEMBER 2007
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (...3...months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	(79)	(79)
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(5)	(5)
1.3 Dividends received	275	275
1.4 Interest and other items of a similar nature received		
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>(191)</b>	<b>(191)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c)other fixed assets	(3)	(3)
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>(3)</b>	<b>(3)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(194)</b>	<b>(194)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(194)	(194)
	<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>	(194)	(194)
1.20	Cash at beginning of quarter/year to date	1,666	1,666
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	1,472	1,472

**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	76
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	-
<b>Total</b>		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	472	266
5.2 Deposits at call	1,000	1,400
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	1,472	1,666

**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	PEP 167	-	100

+ 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>	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 <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 2,300,000 600,000 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				
7.9 Exercised during quarter				
7.10 Expired during quarter	200,000			
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: 30 October, 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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