



Oil for Australians

**BASS STRAIT OIL COMPANY LTD**

ACN 008 694 817

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Melbourne Victoria 3000 Australia

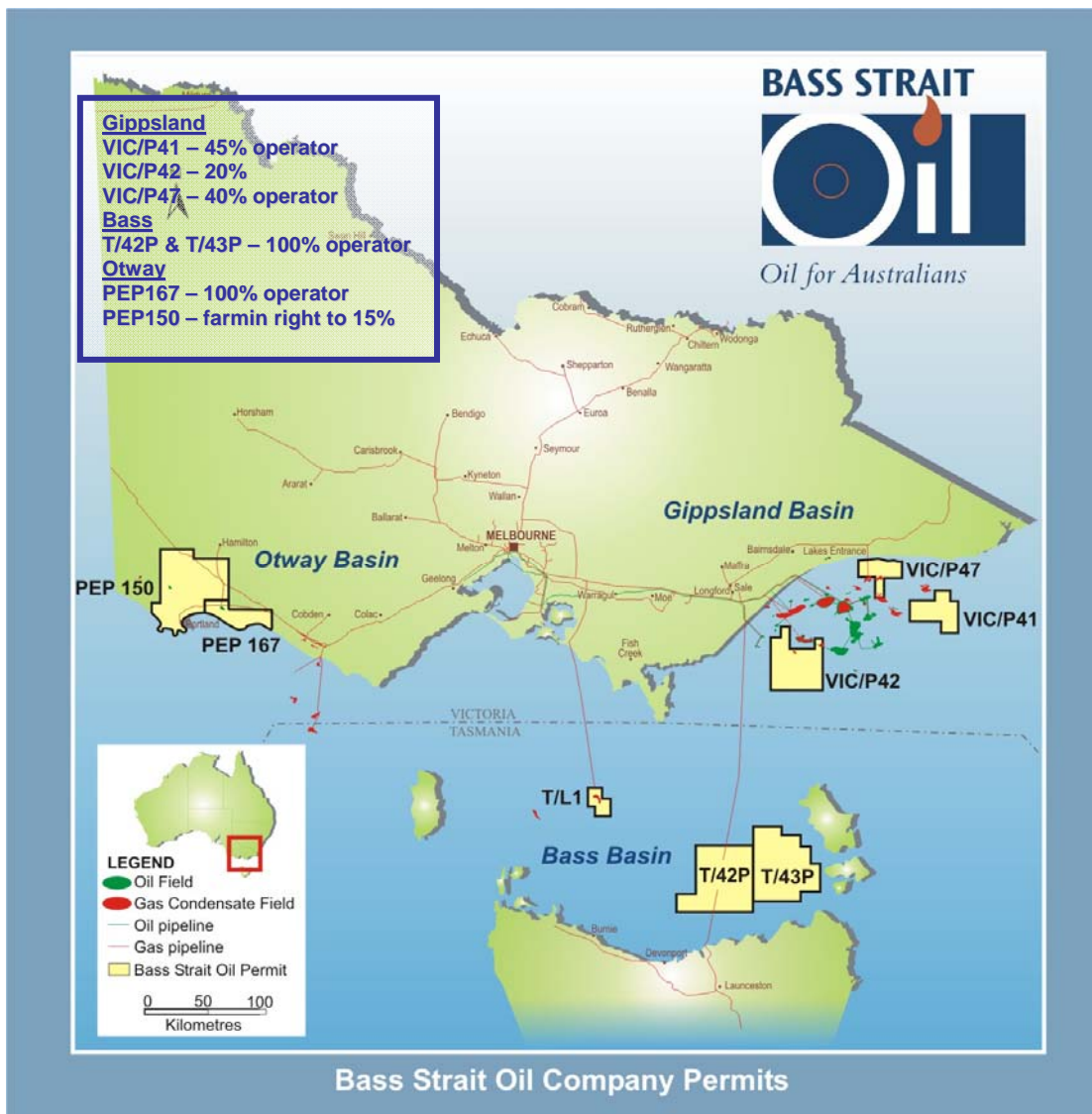
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**QUARTERLY REPORT  
SEPTEMBER 2008**

Bass Strait Oil Company Ltd (“BAS” or “Company”) presents a summary of its activities for the quarter ended 30 September 2008.

**EXPLORATION ACTIVITIES**

BAS holds interests in a balanced portfolio of southeast Australian petroleum exploration permits. The portfolio includes 5 offshore and 2 onshore permits located across the productive Gippsland, Bass and Otway Basins.



## **Gippsland Basin offshore**

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

Permit Vic/P41 is located in the offshore Gippsland Basin, approximately 40 km south of the eastern Victorian coast.

The June 2008 Vic/P41 2D seismic survey recorded a total of 295 km of new seismic data in the east of the permit. This survey has fulfilled the Vic/P41 Year 3 work programme commitment.

Processing and interpretation of the new seismic data, as well as re-processing of older data in the area, continued during the quarter. Mapping based on the new data will better define several leads which have been defined only on sparse older data.

In the western area of Vic/P41, modern 3D seismic data defines several large prospects along the Rosedale Fault trend. These prospects are interpreted as analogous to the Kipper oil and gas field, which lies on-trend to the west, outside Vic/P41. Development plans for Kipper have been announced targeting first production for 2011. Further to the south within Vic/P41, 3D seismic also defines 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 to the west. BMG commenced oil production in December 2006.

While the Vic/P41 3D-defined prospects are ready to be tested, the 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 2010) and on the progress of farmout negotiations.

### **Vic/P42, BAS 20%**

Vic/P42 is located approximately 40 km offshore in water depths range 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 Billiton producing oil and gas fields. Gas and condensate discoveries at ZaneGrey (BAS, 2005) and Omeo, lie within Vic/P42.

The Vic/P42 joint venture has met or exceeded all permit commitments during the first permit term. The permit is currently undergoing the renewal and relinquishment process prior to starting a new five year permit term in which the permit would be reduced to 50% of the original permit area. The joint venture expects that all prospective blocks within the original permit will be retained.

Vic/P42 now has extensive modern 3D seismic coverage and a strong inventory of undrilled prospects and leads. In particular, the SE Tarra prospect remains an attractive exploration target, and may be addressed in the future.

### **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. Vic/P47 will enter a renewal and relinquishment process towards the end of its first permit term on 27 December 2008. It is anticipated that this process will lead to a new five year permit term in which the permit would be reduced to 50% of the original permit area. 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 by Shell in 1989, but not production tested or appraised. 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 timing of any potential drilling at Judith is dependent on further appraisal studies and planning, the availability of drilling rig slots and on the progress of funding / farmout discussions by the Vic/P47 joint venture.

## **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.

The Company is now planning a new 3D seismic survey over the area of the 1987 Windermere-1 well. This survey is provisionally scheduled for first quarter 2009.

Windermere-1 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 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.

### **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**

In the Bass Basin, the Company holds a 100% interest in permits T/42P and T/43P covering virtually the entire Durroon Sub-basin. 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. These permits cover approximately 6140 sq km and provide BAS with the potential to create significant value by pursuing this 'grass roots' exploration opportunity.

Data from the Company's 2008 'Targa' offshore 2D seismic survey is now being interpreted in order for BAS to create new and more detailed subsurface mapping of the Durroon Sub-basin area of the Bass Basin. The new Targa 2D data will be integrated with existing geological and geophysical data, some of which BAS is re-processing to modern standards in conjunction with the new survey. The resulting updated maps will allow BAS to further define a number of high-potential leads identified from our existing database.

The Targa survey is the first new exploration investment in this area since the early 1990s. BAS views the Durroon Sub-basin as a prospective and under-explored area which forms an integral part of its regional acreage portfolio strategy.

The Targa survey fulfils the Year 3 permit obligation for both permits.



Andrew Adams  
Managing Director  
27 October 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
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ABN

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

30 SEPTEMBER 2008
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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	156	156
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(380)	(380)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	59	59
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>(165)</b>	<b>(165)</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	(1,522)	(1,522)
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>(1,522)</b>	<b>(1,522)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,687)</b>	<b>(1,687)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(1,687)	(1,687)
	<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>	(1,687)	(1,687)
1.20	Cash at beginning of quarter/year to date	3,324	3,324
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	1,637	1,637

**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	118
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	300
4.2 Development	-
<b>Total</b>	300

### 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	82	1,623
5.2 Deposits at call	1,555	1,701
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	1,637	3,324

### 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>	300,000 1,050,000 550,000 1,500,000 1,500,000	- - - - -	<i>Exercise price</i> 15 25 30 15 15	<i>Expiry date</i> 30/11/2009 30/6/2010 30/6/2010 20/6/2010 3/06/2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	2,300,000	-	25	30/09/2008
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: 27 October, 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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