



T/42P & T/43P FARMIN OPPORTUNITY

DURROON SUB-BASIN (BASS BASIN) OFFSHORE SOUTH EAST AUSTRALIA

OPPORTUNITY TO PARTICIPATE IN AN EARLY PHASE EXPLORATION CAMPAIGN

- **HIGH VOLUME PROSPECTS AND LEADS IDENTIFIED**
- **UNDER EXPLORED SUB-BASIN IN PROVEN HYDROCARBON PROVINCE**
- **2008 SEISMIC SURVEY FIRST IN OVER 15 YEARS**
- **100% INTEREST IN “WHOLE OF BASIN” STYLE PLAY (6120 SQ KM)**
- **MULTIPLE PLAY TYPES**
- **NEARBY ESTABLISHED PRODUCTION AND INFRA-STRUCTURE**
- **NEAR TO THE GROWTH ENERGY MARKETS OF SE AUSTRALIA**
- **SIGNIFICANT EQUITY AVAILABLE (BASS STRAIT OIL 100%)**

PERMIT and BASS BASIN SUMMARY

Exploration permits T/42P and T/43P cover a total area of 6,120 sq kms encompassing almost the entire Durroon Sub-basin, located in the eastern Bass Basin, offshore Tasmania (Figures 1 & 2). Water depths across the permits are less than 100 metres.

T/42P and T/43P were awarded to Bass Strait Oil Company Ltd (BAS, 100%) on 24th February 2006 for an initial six year term. The Years 1 to 3 firm work commitments have now been met with the acquisition in May 2008 of the Targa 2D seismic survey. The secondary work programme for Years 4 to 6 now carries one well in T/42P to be drilled in Permit Year 6 (24th February 2011 to 23rd February 2012). G&G studies are required in T/43P. BAS is seeking farminee(s) in order to fund the forward exploration drilling programme.

The Bass Basin comprises two sub-basins - Cape Wickham and Durroon - separated by the Chat Accommodation Zone, CAZ (Figure 2). Prior exploration has focused on the Cape Wickham Sub-basin with gas, condensate and oil bearing reservoirs intersected in several exploration wells. The liquids rich Yolla gas field has been in production since 2006 (the Bass Gas project), with the Trefoil and White Ibis discoveries potential Yolla satellite developments.

The Durroon Sub-basin remains under explored with only two wells drilled - 1972 Durroon-1 and 1986 Chat-1 (Figures 2 and 3). Both wells are interpreted to be structurally invalid tests with neither well penetrating the full geological section as now evident on modern seismic. All available 2D seismic in the combined permit area has been used in the evaluation including reprocessed 1988 and 1990 data as well as the 2008 Targa data (Figure 3).

The permits are well located to tap into the growing SE Australian energy market. The regional infra-structure now in place also offers potential synergies for future developments.

PETROLEUM SYSTEM and PROSPECTIVITY

The Bass Basin is a productive intra-cratonic rift basin, geologically related to, but separated from the prolific Gippsland Basin to the north east and from the producing Otway Basin to the west (Figure 1). All three basins formed as a result of two major rifting episodes in the Late Jurassic to Early Cretaceous and the Late Cretaceous. NE/SW strike slip fault planes, such as the CAZ, were active during the Early Cretaceous. The structural style of the Bass Basin is characterised by NW/SE aligned depositional troughs (source kitchen areas) with sedimentary thickness up to 10 kms (Figure 4). The Bark, Anderson and Boobyalla troughs are located within the Durroon Sub-basin. Post rift gradual subsidence resulted in widespread sedimentation with greatest impact in the Cape Wickham Sub-basin.

The Durroon petroleum system differs from the Cape Wickham area, reflecting the evolution of the two sub-basins. Primary Durroon plays are within the Early to Late Cretaceous rift

sequence (Otway and Durroon sequences) not penetrated in the Cape Wickham Sub-basin. The post rift Tertiary is the primary target for the Cape Wickham plays (Figure 5). The Durroon petroleum system has been assessed using all available data from both sub-basins supported by BAS technical studies (e.g. basin modelling), and by analogy with the Otway Basin. Exploration in the Otway has demonstrated an effective petroleum system (source, reservoir, seal) within time equivalents of the Durroon's Otway and Durroon sequences.

It is concluded that the key geological elements – generative source kitchens, favourable timing for hydrocarbon generation/migration and trap formation, and reservoir/seal pairs - are likely effective within the Durroon Sub-basin.

Interpretation of the seismic data base has identified multiple play types. Several prospects and leads have been mapped at Furneaux, Durroon and Otway levels (Figures 6 and 7). Plays include prominent basement high trends, hanging wall features along graben margins, mid graben highs and stratigraphic traps. Estimated prospect volume potential is high. For example, the Targa prospect in T/42P has unrisks recoverable reserves estimated at P50 level of ca 640 MMbbls (oil only case). Within T/43P similarly large volume potential has been estimated for prospects such as Rossarden and Sideling.

The Durroon play elements (Figure 8) and prospectivity can be summarised as follows:

- Primary reservoir targets include sands within
 - Late Cretaceous Bass Furneaux sequence
 - Late Cretaceous Durroon Formation
 - Early Cretaceous Otway Group.
- Intra-formational shales act as seals for the Cretaceous targets
- Sands within Tertiary sequences are secondary targets due to a likely lack of seal
- Recognised source rock intervals within the Bass Basin are:
 - Palaeocene to Miocene coals
 - Shales and coals within the Furneaux Formation
 - Shales and coals within the Otway Group
 - Possibly the Durroon Formation but speculative due to a lack of data
- Cretaceous source rocks (primarily Otway Group) will be oil and gas generative within Durroon Sub-basin depocentres – the Bark, Anderson and Boobyalla troughs
- The timing of hydrocarbon expulsion and migration from the Otway source is favourable with respect to trap formation
- Generation and expulsion of substantial hydrocarbon volumes is predicted
- Structural and stratigraphic trapping potential is recognised on current mapping
- Several high volume prospects mapped
- Short/focused migration pathways for most identified prospects (Figure 7).

In the exploration success case, the relatively low cost offshore setting, Australia's ever increasing demand for domestic oil production and the developing SE Australian gas market all bode well for an early development.

FARMIN TERMS

BAS is looking to farmout equity in the T/42P permit in return for funding the forward exploration drilling programme. Farmin terms and deal structure are negotiable and can include gaining equity in T/43P.

CONTACTS

Bass Strait Oil Company
 Level 1, 99 William Street
 Melbourne, Victoria, Australia
 Phone +61 3 9927 3000
 Website: www.bassoil.com.au

Dr Steve Mackie, Acting Chief Executive Officer and Exploration Manager
steven.mackie@bassoil.com.au

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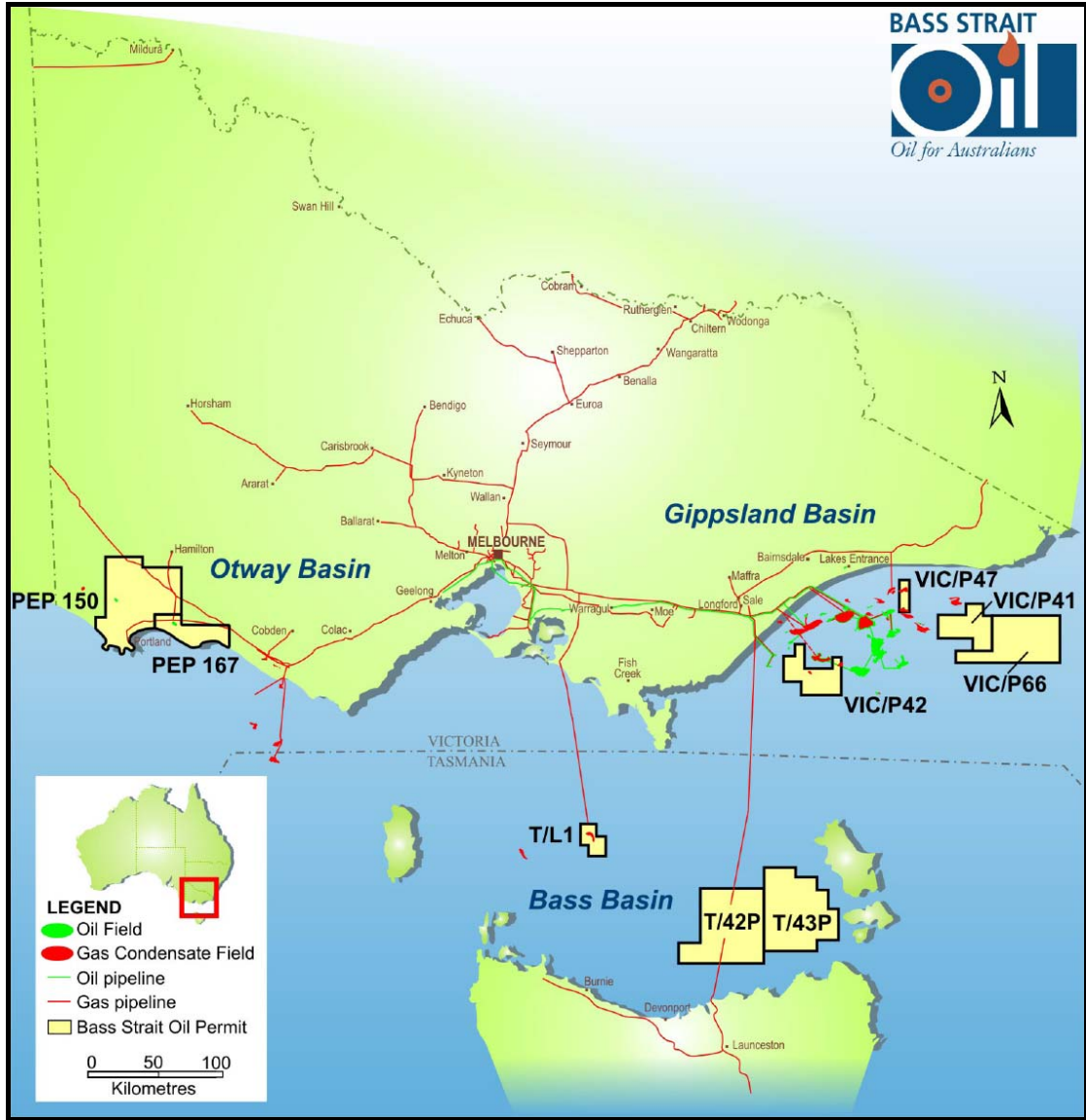


Figure 1: BAS permit interests, SE Australia, including T/42P and T/43P

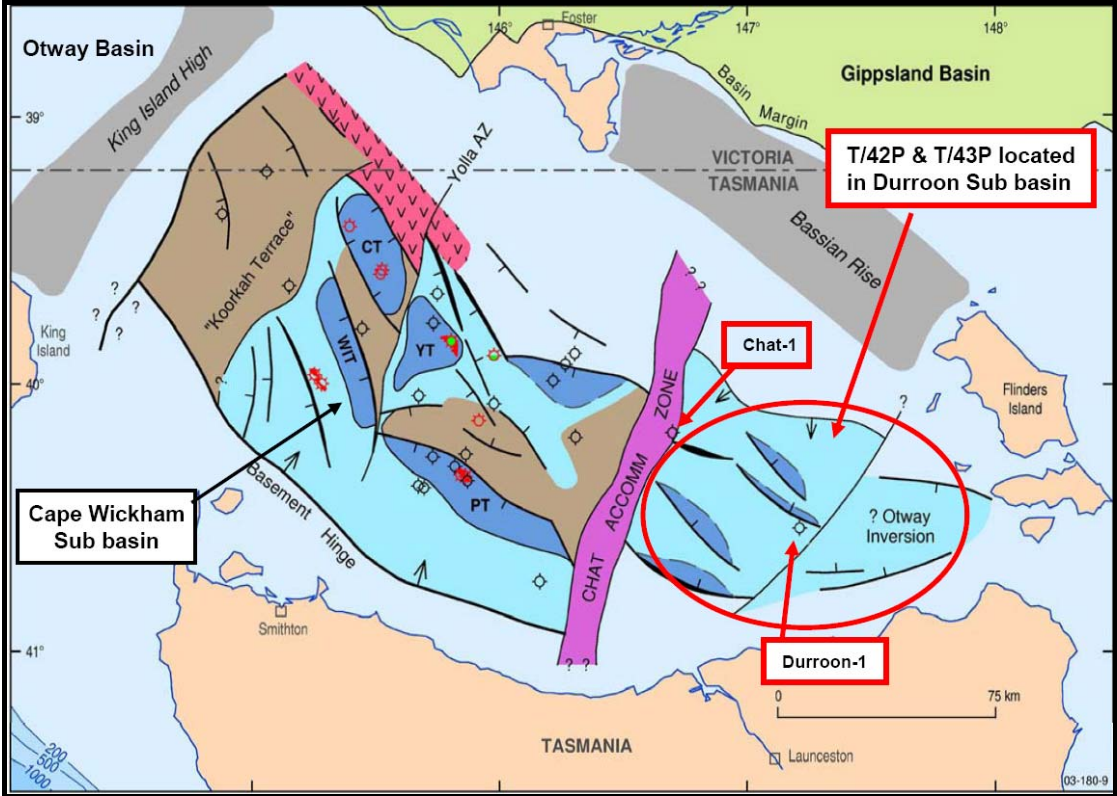


Figure 2: Bass Basin tectonic elements and basement fault trends

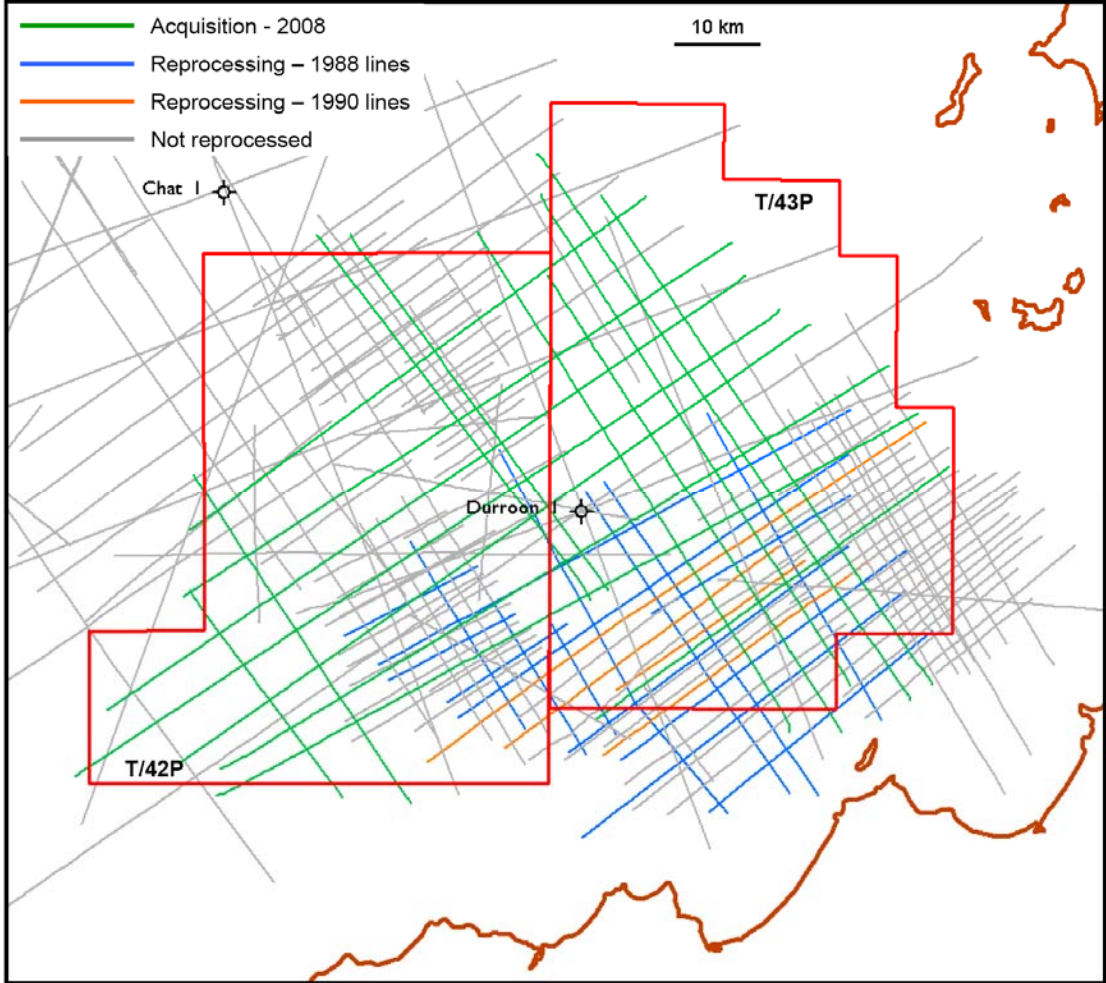


Figure 3: T/42P and T/43P - Seismic and well control used in permit evaluation

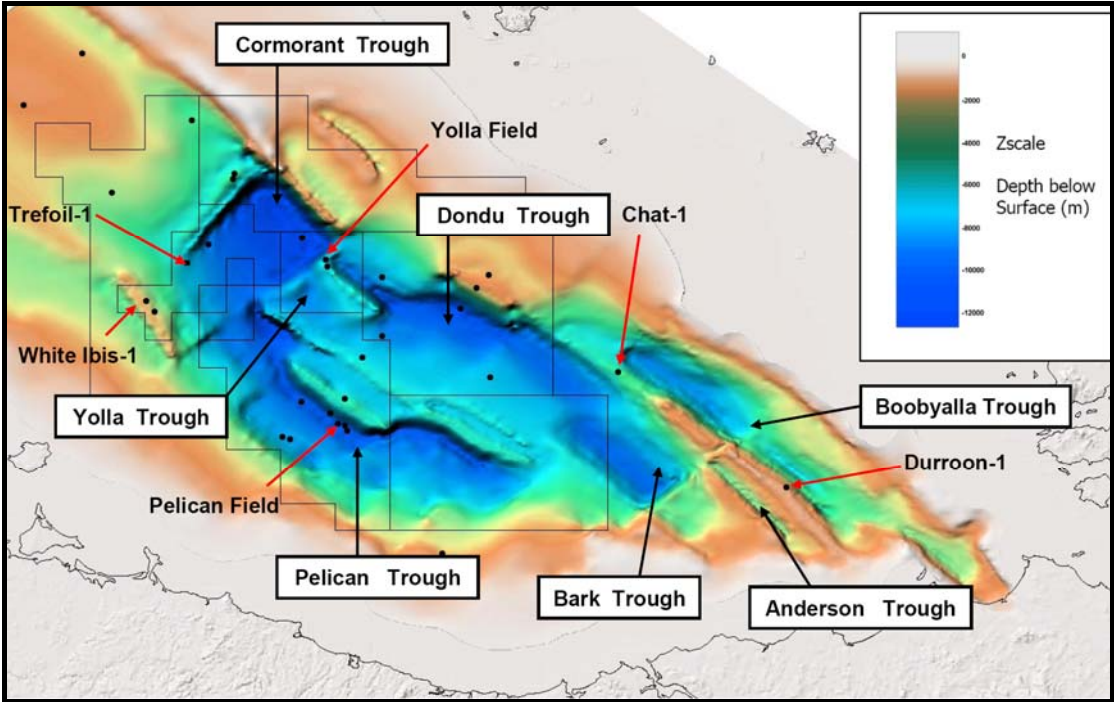


Figure 4: Depth to basement map, Bass Basin

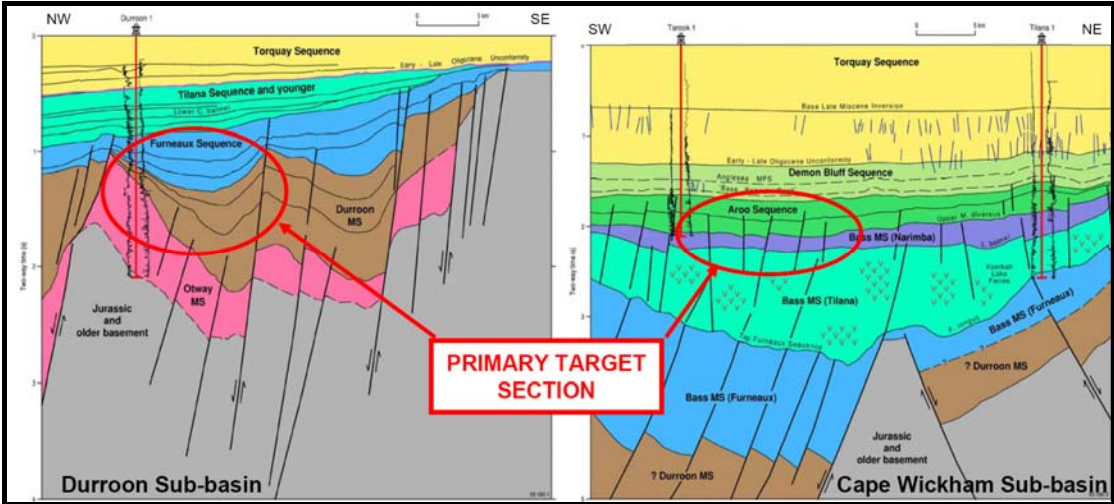


Figure 5: Schematic cross sections showing primary targets for the Durroon and Cape Wickham sub-basins

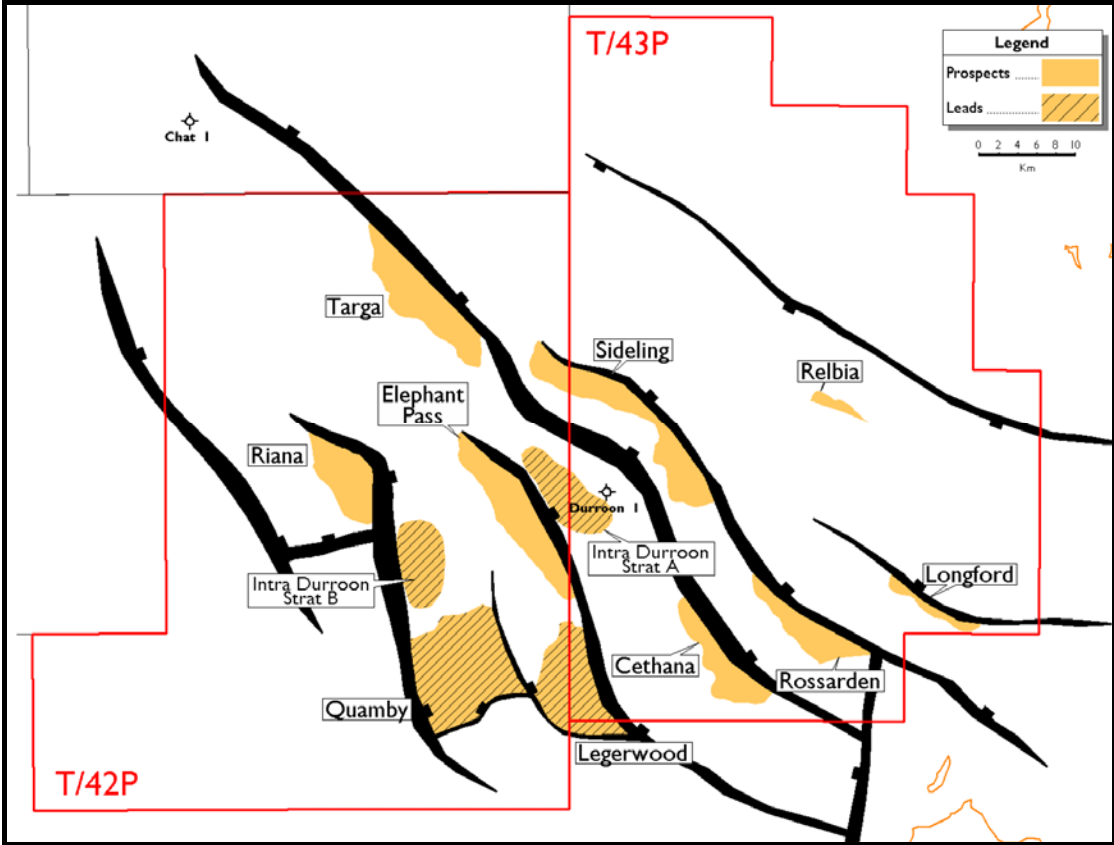


Figure 6: T/42P and T/43P – prospects and leads map

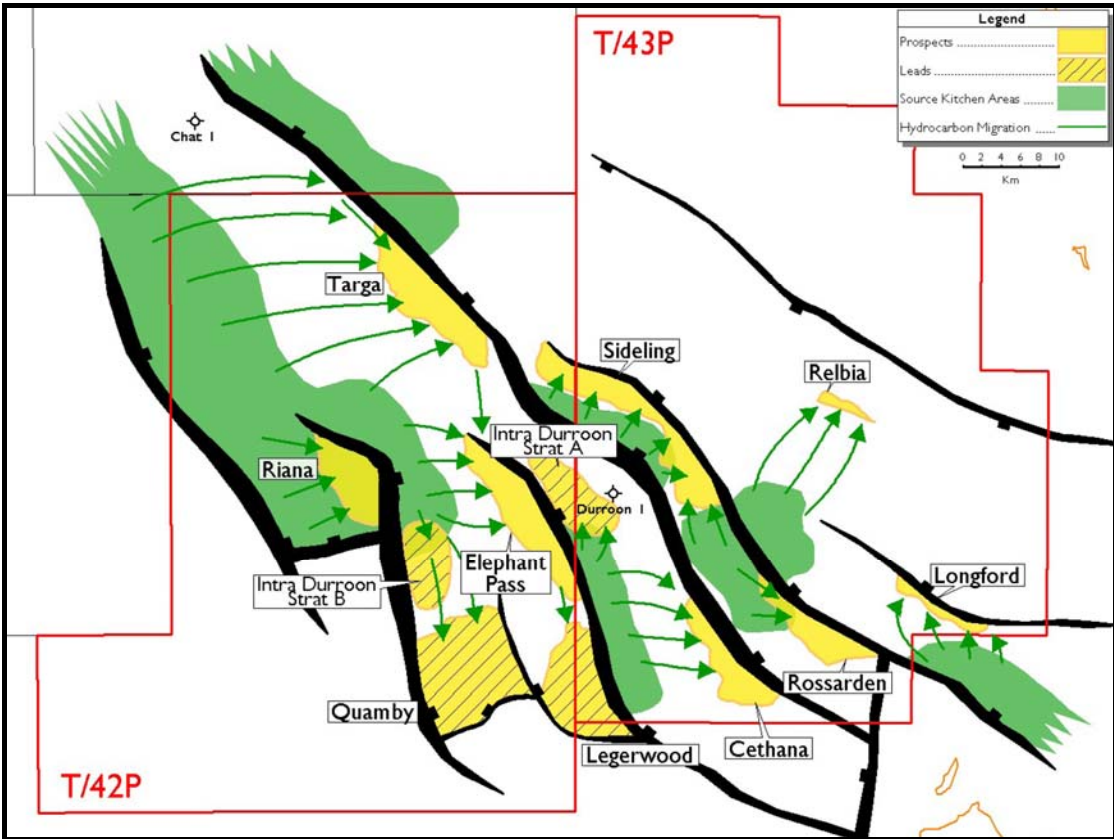


Figure 7: T/42P and T/43P prospects and leads map showing hydrocarbon migration pathways

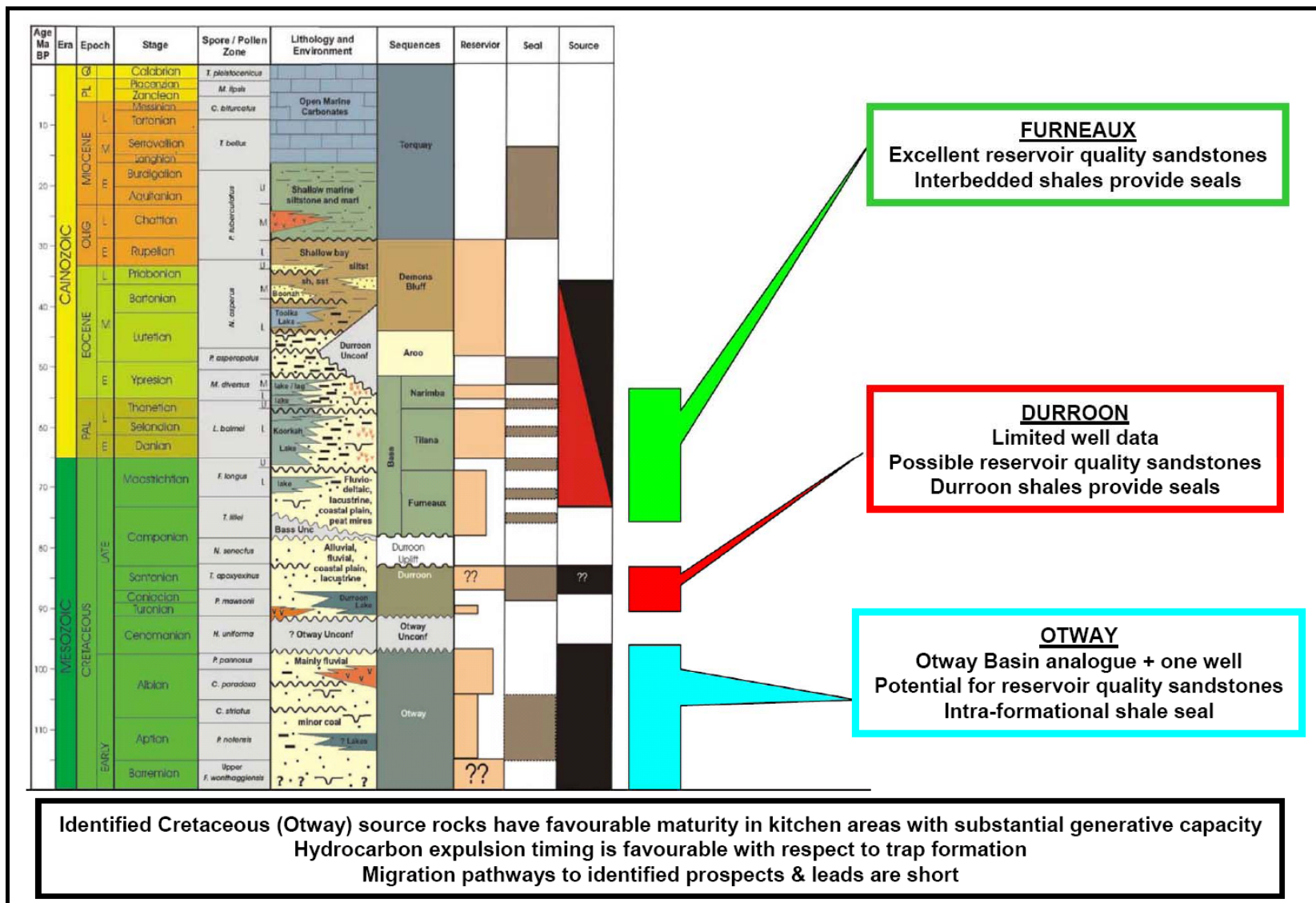


Figure 8: Durroon Sub-basin play elements