



**BASS STRAIT OIL COMPANY Ltd**

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**ASX RELEASE**

**Two New Permits Awarded to Bass Strait Oil Company Ltd**

Bass Strait Oil Company Ltd (ASX Code: BAS) is pleased to announce that it has been awarded two new offshore Bass Basin exploration permits. Permits T/42P and T/43P comprise a total of some 6,120 sq km covering the Bass Basin's Durroon Sub-basin off the north coast of Tasmania. Only two wells have been drilled in the Durroon Sub-basin, neither of which penetrated the older section where BAS is initially targeting new play concepts. The Company views these under-explored areas as a 'grass roots' exploration opportunity, where its early-phase geological and geophysical work has the potential to add significant value to the permit.

The new T/42P and T/43P permits complement the Company's existing Bass Basin asset, the Yolla Field royalty. Yolla Field operator, Origin Energy, reports that full production is due to commence in April this year. BAS will also secure a strategic interest in the onshore Otway Basin with the drilling of the Pritchard-1 well scheduled for late this month in permit PEP151. Together with the Company's three offshore Gippsland Basin permits, BAS is now exploring in all of the productive basins of southeast Australia – Gippsland, Bass and Otway. See the attached map for BAS acreage interests.

The Durroon Sub-basin consists of a series of high-relief northwest trending troughs that were formed approximately 80 to 100 million years ago when Tasmania failed to completely rift away from the Australian mainland. These troughs are now buried several kilometres below the floor of the Bass Strait. They are interpreted to have been elongate, restricted freshwater lakes. Seismic data indicates the deeper areas of these troughs accumulated large thicknesses of sediment as the surrounding ranges eroded and subsidence continued over millions of years. These sections of the 'Durroon Formation' have never been drilled.

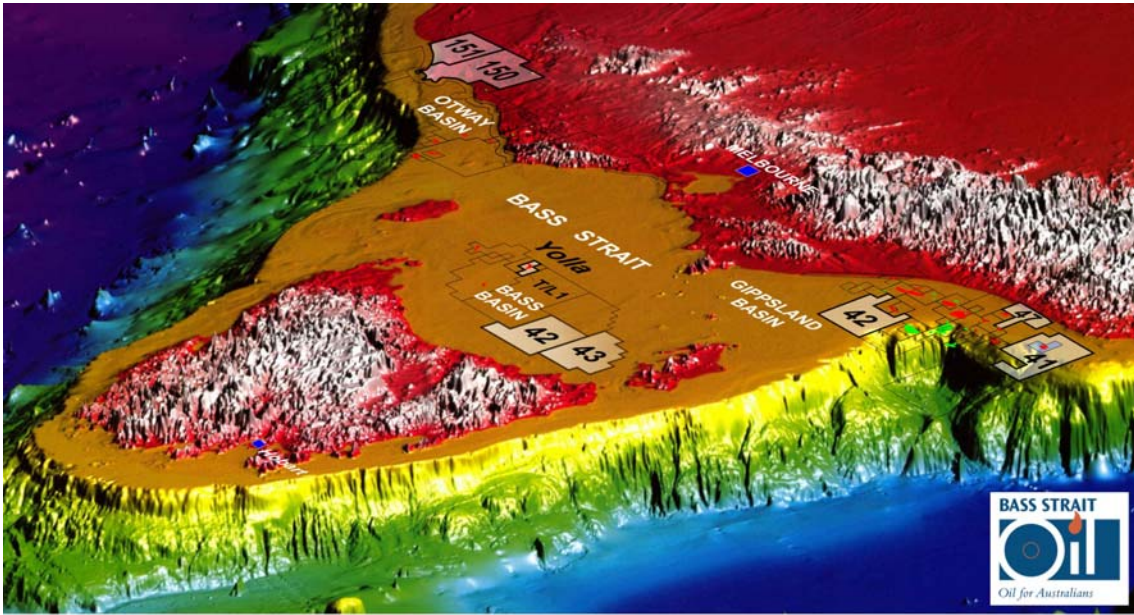
While there is relatively little geological data relating to these large permits, one attractive play concept the Company will evaluate is that of turbidite sand deposits within the lacustrine (ie lake-deposited) shales of the Durroon Formation. Turbidites are submarine sediment flows that can deposit sandy reservoir units and can lead to a prospective combination of a sandy reservoir unit encased in sealing shale.

High amplitude events and mounded structures evident on the relatively sparse existing seismic data can be interpreted as sandy turbidite facies. These features are believed to represent turbid flow deposits which originated on the exposed areas of the Tasmanian land mass and then ran out into the rapidly subsiding Durroon lake system. Abundant granites in these areas could have sourced good sands when carried far enough out into the lake by high velocity flows. This interpretation is supported by seismic evidence of drape suggesting differential compaction over sand units in a shale prone sequence. These features are often close to faults which could allow migration of hydrocarbons generated from deeper levels in the Otway Group.

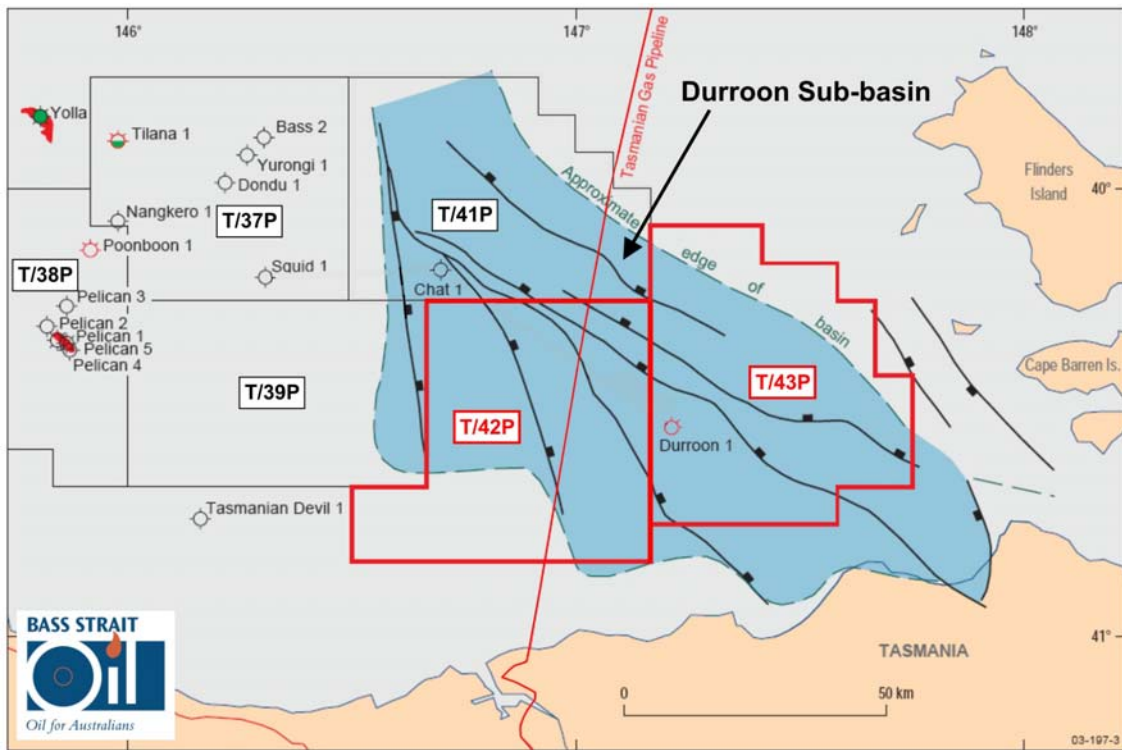
The Durroon Sub-basin turbidite play is still conceptual at this stage. However, BAS believes there is strong potential for further development of this and other play concepts in T/42P and T/43P. BAS will pursue a technically-driven programme of data analysis and data acquisition with the initial aim of adding value to these permits by maturing this potential into drillable targets.

A handwritten signature in black ink, appearing to read "Andrew Adams", is written over a white background.

**Andrew Adams**  
Chief Executive Officer  
8 March 2006



**BAS Permit Interests**



**Durroon Sub-basin Location Map**

*After Edgerly and Taylor 1990, 2004 Gazettal package*