

**ASX RELEASE**

**ONSHORE OIL APPRAISAL PROJECT**  
**WINDERMERE UPDATE**

Bass Strait Oil Company Ltd ("BAS") holds a 100% interest in exploration permit PEP 167 in the onshore Otway Basin, near Portland, in western Victoria. PEP 167 contains discovery wells at the 1987 Windermere-1 well and at the 2002 Port Fairy-1 oil and gas discovery well.

BAS is pleased to advise that its review of the 1987 Windermere-1 oil discovery supports the drilling of an appraisal well and also indicates significant value potential. The review incorporated reservoir engineering, petrophysics and seismic studies.

Early stage planning has commenced, with a view to drilling in the second quarter of 2008.



**Windermere Field Background**

Windermere-1 produced 32 barrels of 41 API oil from an open-hole test of the Heathfield Sandstone member. This test provides 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.

#### Forward Plan and Value Potential

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. To help optimise these factors, BAS has opened discussion with a potential technical expert partner. This partner would contribute state-of-the-art drilling and completion techniques, including horizontal drilling, and also earn equity in the field by funding a portion of costs.

Structural control for the field is provided by a grid of fair quality 2D seismic lines, which are currently being reprocessed. Preliminary deterministic estimates by BAS, based on existing seismic data, indicate that Windermere has scope for recoverable oil potential as follows:

P90 = 0.78 million barrels

P50 = 2.30 million barrels

P10 = 5.78 million barrels

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. A guide to the success case value potential of Windermere can be estimated using an indicative generic range of A\$25 /barrel to A\$40 /barrel (indicative unrisksed net present value).

On this basis the unrisksed net present value of the Windermere P50 volume of 2.3 million barrels could be significant:

- \$57.5 million to \$92 million,  
or approximately
- 44 to 71 cents per share.

*This release is based on information reviewed by BAS's Technical Advisor, Mr Ian Reid. Mr Reid is engaged by BAS, is a qualified person as defined under the ASX Listing Rule 5.11 and has consented in writing to the inclusion of the above estimates in this report, in the form and context in which they appear.*



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