

QUARTERLY REPORT TO 30 JUNE 2005

EXPLORATION ACTIVITIES

Bass Strait Oil Company Ltd (ASX Code: BAS) (BAS or Company) presents its summary of exploration activities covering the quarter ended 30 June 2005.

VIC/P47, GIPPSLAND BASIN (BAS 40% and operator)

Interpretation of 3D Seismic

During the quarter, BAS received the final processed data from the Moby 3D seismic survey acquired in January 2005. Integration of the Moby survey with existing data provides good quality 3D seismic coverage over the entire southern area of the permit.

Interpretation of the Vic/P47 Moby 3D seismic data indicates that the Flathead Anticline, which contains the Moby gas field, is split by a number of significant faults. These faults effectively 'compartmentalise' the gas field and at the same time offer further potential for additional petroleum accumulations in undrilled fault blocks (eg Maclean Prospect).

Moby-1 Gas Discovery

Assessment of the Moby-1 gas discovery, in conjunction with interpretation of the Moby 3D seismic survey, continued during the quarter. The fault block in which the Moby-1 gas discovery was drilled is interpreted to not be in communication with the other to the east, as there is some indication from seismic data that the gas, which generates a significant anomalous response, is sealed against the fault. Interpretation of the area to the east of Moby is masked by the Flathead gas chimney. Potential compartmentalisation may reduce recoverable reserves from any production well, and would increase the cost of a full development through the need for a separate well in each compartment.

The Society of Petroleum Engineers defines petroleum reserves as those quantities of petroleum, which are anticipated to be commercially recovered from known accumulations from a given date forward. Given the potential effect of compartmentalisation, BAS considers that the Moby Gas Field should be redefined as a contingent resource, a lesser category of petroleum resource definition, until such time as commercial status can be demonstrated. In the meantime, BAS will continue to determine the likely range of volumes of gas in the Moby Field across the various fault blocks of the Flathead Anticline. Such work will also require notional development plans together with reservoir modeling to estimate likely deliverable and recoverable volumes, as well as financial modelling to confirm that any potential development was economically viable.

The Vic/P47 Joint Venture commenced discussions with a potential purchaser of Moby gas.

Further Exploration/Appraisal/Development Drilling

BAS had previously negotiated an option to drill an additional well in Vic/P47. The Joint Venture considered the possibility of drilling a Moby development well with this option. However, the timing of such a well, amongst other matters, is determined by the drilling sequence of the Ocean Patriot, which is anticipated to be in late September 2005. So quite apart from short period available to undertake the further detailed studies (see above) needed to justify such development drilling, analysis of the

equipment required to drill and complete a Moby well as a potential production well indicated that it would not be feasible to obtain the completion equipment for such a well in the timeframe.

Maclean Prospect

The Vic/P47 Joint Venture has decided to drill the Maclean Prospect in late September 2001.

The recently acquired Moby 3D seismic data clearly shows that older Latrobe reservoirs occur in significant thickness on the south and southeastern flank of the Flathead Anticline, especially to the south of a major west-east fault that provides the potential trap for the Maclean Prospect.

This reservoir thickening offers significantly greater potential for the Maclean Prospect, than for fields of a similar lateral extent in the thinner Gurnard Formation reservoirs. As the Maclean Prospect is both downdip and outside of the area of gas related seismic amplitude anomalies, any petroleum encountered is considered more likely to be oil than gas. The occurrence of significant oil shows in the existing wells Moby-1, Flathead-1 and Whale-1, also within gas bearing intervals, indicates that the Flathead Anticline received migrating oil at one time in its geological past.

BAS considers that the oil potential of Maclean offers the greatest prospectivity within Vic/P47. Any success in drilling of the Maclean Prospect would see a well on the Walton Prospect, to the east, as a natural follow-up.

VIC/P42, GIPPSLAND BASIN (BAS 50% and operator)

ZaneGrey Gas/Condensate Discovery

Technical assessment of the ZaneGrey-1 well results continued during the quarter. The work highlighted the equivocal nature of the data interpretation. One of the problems in the evaluation was the selection of valid wireline pressure data to determine the nature of the hydrocarbons encountered in the well, complicated by inaccuracy due to the operational problems encountered during drilling and the nature of the deviated hole. The critical depths in the interpretation relate to the pressure measurement derived in the hydrocarbon bearing 'Nannygai Sandstone'. The pressure measurement taken at the point in the well where gas and light oil was sampled is considered invalid, as hydrocarbons undoubtedly occur at this point. In addition, it is uncertain which pressure measurements to use to establish a water gradient and therefore to determine the extent of the hydrocarbon columns laterally in the 'Nannygai Sandstone'. The reason that some pressure measurements may be invalid is due to the wireline tool not always establishing communication with the reservoir fluid.

The gas and light oil sample was subjected to compositional analysis. This was done by raising it to the pressure and temperature conditions of the reservoir, at which point the light oil went into solution in the gas, indicating that it most probably represents a saturated gas / condensate. This would allow for (but there is no direct evidence of) the occurrence of an oil leg beneath the gas condensate accumulation. In conclusion, pressure and sample data in ZaneGrey-1 are interpreted to confirm the existence of 'wet' gas in the 'Nannygai Sandstone', but inadequate pressure data are available to determine if an oil leg also exists. As previously advised, the Company believes that this discovery is currently non-commercial.

From a technical perspective, the discovery at ZaneGrey-1 has proven that the application of our sophisticated depth conversion techniques can successfully unravel the complex structural picture in the Gippsland Basin.

Other Prospects

We are also reviewing our other nearby Vic/P42 prospects, several of which are covered by modern 3D seismic recorded by BAS in 2002; namely, Edina Deep, Gurnard Deep and Hemingway.

Vic/P42 also contains the Omeo-1 gas/condensate discovery drilled by Aquitaine in 1982, which is being assessed, in conjunction with joint venture partner Inpex, for further delineation work including the possibility of a new 3D seismic program over this discovery and the north west of this permit.

VIC/P41, GIPPSLAND BASIN (BAS 45% and operator)

The Vic/P41 Oscar Survey is designed to improve the structural definition of leads identified along the main Central Deep area of the Gippsland Basin. These leads extend along trend from the Kipper oil and gas field towards the west and south of the Sole gas field to the north. The survey will be used to map structures identified along the Rosedale Fault trend and further southwards. The data will improve structural definition of these leads defined on existing 2D seismic data and potentially prove direct indicators of the existence of hydrocarbons. Any of these leads may produce prospects that will be potential future exploration drilling targets.

During the quarter, processing began using contractor WesternGeco in Perth in late March and the final dataset is expected to be delivered to BAS later this month. Interpretation of the survey will follow.

TL/1, BASS BASIN (BAS 0.0648% over-riding royalty)

The BassGas project is experiencing delays in commissioning and is now expected to commence production in the third quarter 2005.

CORPORATE MATTERS

During the previous quarter BAS exercised the first fixed price option of its three options over slots on the Ocean Patriot drilling rig (to be used for drilling Maclean-1 in Vic/P47) and, during this quarter, also exercised the second of these options, which is reserved for the Gilbert-1 well. The third option has lapsed.

BAS will operate Gilbert-1, but will have no direct interest in the well. However, the Gilbert-1 well will provide BAS with a management fee, and will also assist in meeting permit commitments.

This report is based on information compiled by BAS's General Manager – Exploration, 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.



E. G. Albers
Chief Executive Officer
Melbourne, Australia
28th July 2005

Risk Factors

Various statements in this release constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, expectations, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or impliedly portrayed herein.

Furthermore, exploration for oil and gas is speculative, expensive and subject to a wide range of risks. Summaries of some of the risks inherent in an investment in Bass Strait Oil Company Ltd are set out on page 92 of our Prospectus dated 24 August 2004 and lodged with the Australian Securities and Exchange Commission. Individual investors should consider these matters in light of their personal circumstances (including financial and taxation affairs) and seek professional advice from their accountant, lawyer or other professional adviser as to the suitability for them of an investment in the Company.

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

ABN

13 008 694 817

Quarter ended ("current quarter")

30 JUNE 2005

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	247	845
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(4,894)	(13,051)
1.3 Dividends received	303	(572)
1.4 Interest and other items of a similar nature received	263	365
1.5 Interest and other costs of finance paid	(1)	(6)
1.6 Income taxes paid		
1.7 GST on exploration expenditure	567	-
Net Operating Cash Flows	(3,515)	(12,419)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(3)	(33)
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)		
Net investing cash flows	(3)	(33)
1.13 Total operating and investing cash flows (carried forward)	(3,518)	(12,452)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(3,518)	(12,452)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	16,097
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Share issue costs	(10)	(993)
	Net financing cash flows	(10)	15,104
	Net increase (decrease) in cash held	(3,528)	2,652
1.20	Cash at beginning of quarter/year to date	6,284	104
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,756	2,756

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	61
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

+ 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		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	
Total	500

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	1,732	4,331
5.2 Deposits at call	1,024	1,953
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2,756	6,284

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 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	119,242,468	102,316,043		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	4,092,056 3,200,000 100,000		<i>Exercise price</i> 30 cents 25 cents 55 cents	<i>Expiry date</i> 30/6/2007 30/9/2008 30/9/2008
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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: Date: 28/7/2005
(Director)

Print name: D.B. HILL

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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