

QUARTERLY REPORT MARCH 2005

Bass Strait Oil Company Ltd (BAS or Company) presents its summary of exploration activities covering the quarter ended 31 March 2005.

HIGHLIGHTS

- 3D seismic surveys completed in both Vic/P41 and Vic/P47.
- ZaneGrey-1 well in Vic/P42 made a small oil/condensate discovery. Potential for production is being assessed.
- Exercised option for drilling slot on Ocean Patriot rig for third quarter well.

EXPLORATION ACTIVITIES

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

3D seismic recording over the Moby gas discovery in the offshore Gippsland Basin commenced in early January and was successfully concluded on Saturday, 15 January 2005.

The survey utilised the Western Trident seismic vessel and was recorded without incident over six days of fine weather and sea conditions. Acquisition of this 148 km² survey completes the 3D seismic coverage to the south and east of the Moby-1 discovery well. BAS plans to use this new 3D data to design and locate a Moby-2 appraisal well and to define such leads as Maclean/Walton to a drillable exploration prospect status. Data processing for the Moby 3D survey is now nearing completion at seismic data processor WesternGeco in Perth.

During the quarter, evaluation of all data from the Moby-1 well, including sidewall core samples and petrophysical data, was completed. Based on analysis of this data, BAS has classified the Moby gas accumulation as an 'undeveloped reserve' under Society of Petroleum Engineers (SPE) guidelines. Recoverable reserves within Vic/P47 are now estimated at 60 billion cubic feet (bcf) of gas on a P50 basis. The P50 measure is equivalent to 'Proved and Probable' (or 2P) and is a 'most likely' estimate of the size of the reserve. P50 indicates that there is a 50% probability that there is at least 60 bcf of recoverable gas reserves.

The Moby-1 discovery verified that the previously recognised 3D seismic amplitude anomaly corresponds to the gas accumulation. The chief uncertainty in the Moby reserves estimates relates to the extent and continuity of the accumulation to the east and south of the Moby-1 discovery well. The Moby 3D data now being processed is designed, in part, to address this issue.

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

During the quarter BAS drilled the ZaneGrey-1 exploration well. The Ocean Patriot rig arrived on location on 27 January 2005 and was released on 18 March 2005. The well resulted in a small hydrocarbon discovery. BAS will continue to analyse data and hydrocarbon samples from ZaneGrey-1 and will review potential for future commercialisation, in the light of changing market and pricing conditions.

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.

In light of this important development of the company's intellectual property, we are now reassessing our other nearby Vic/P42 prospects, several of which are covered by modern 3D seismic recorded by BAS in 2002.

Vic/P42 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 western half of this permit.

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

The 575 km² Oscar 3D seismic survey was successfully concluded on Tuesday, 1 March 2005. The survey utilised the Western Trident seismic vessel and was recorded without incident over thirteen days of fine weather and sea conditions.

The data is now being processed prior to interpretation, which together is expected to take approximately six months.

No 3D seismic had previously been recorded in Vic/P41 and the \$5 million investment in the Oscar survey is significantly in excess of the Vic/P41 permit commitment. The Vic/P41 Joint Venture approved this investment in order to delineate a number of prospective leads identified on 2D seismic data. It is envisaged that the Oscar 3D survey will generate a number of prospects that may be suitable drilling targets. Subject to joint venture approval, a well on the permit could be drilled in late 2005 or early 2006.

The Kipling feature is the highest-ranked Vic/P41 lead, with scope for prospective recoverable resources of 118 million barrels of oil and 820 bcf of gas. It is on trend with the Kipper oil and gas field.

BAS and Moby Oil & Gas Limited both earned farm-in interests in Vic/P41 by meeting the costs of the first 250 km² of the survey.

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 second quarter 2005.

CORPORATE MATTERS

During the quarter BAS exercised one of its three options over slots on the Ocean Patriot drilling rig and, subsequent to the end of the quarter, has also exercised the second of these options. BAS expects these wells to be drilled starting September 2005.

One of these slots will be used to drill at a location yet to be determined, but potentially Moby-2. The other well will be the Gilbert-1 farmout well in Vic/P47. BAS will operate Gilbert-1 but will have no direct interest in the well.

A handwritten signature in black ink, appearing to read 'E. G. Albers', written in a cursive style.

E. G. Albers
Chief Executive Officer
Melbourne, Australia
29 April 2005

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")

31 MARCH 2005

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	161	598
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(2,339)	(8,157)
1.3 Dividends received	(256)	(875)
1.4 Interest and other items of a similar nature received	36	102
1.5 Interest and other costs of finance paid	(3)	(5)
1.6 Income taxes paid	(567)	(567)
1.7 GST on exploration expenditure	(567)	(567)
Net Operating Cash Flows	(2,968)	(8,904)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(30)	(30)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets	(30)	(30)
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(30)	(30)
1.13 Total operating and investing cash flows (carried forward)	(2,998)	(8,934)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,998)	(8,934)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	50	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	(1)	(983)
	Net financing cash flows	49	15,114
	Net increase (decrease) in cash held	(2,949)	6,180
1.20	Cash at beginning of quarter/year to date	9,233	104
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	6,284	6,284

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	241
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	4,500
4.2 Development	
Total	4,500

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	4,331	9,233
5.2 Deposits at call	1,953	
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	6,284	9,233

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	200,000	100,000		
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		<i>Exercise price</i> 30 cents 25 cents	<i>Expiry date</i> 30/6/2007 30/9/2008
7.8 Issued during quarter				
7.9 Exercised during quarter	200,000		25 cents	30/9/2008
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: 29/4/2005
(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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