



## **BASS STRAIT OIL COMPANY LTD**

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## **QUARTERLY REPORT SEPTEMBER 2012**

Bass Strait Oil Company Ltd ("BAS" or "Company") presents a summary of its activities for the quarter ended 30 September 2012.

### **COMPANY PROGRESS**

- BAS has engaged IndigoPool, a subsidiary of Schlumberger, to help market its extensive acreage in the world class petroleum province of the Gippsland Basin.
- BAS is preparing to shoot the Stanton 3D Seismic Survey in Vic/P41 and Vic/P66. The survey is expected to take place between Q1 2013 and Q2 2013, subject to Joint Venture approval and seismic vessel availability.
- In August 2012, BAS placed 56.2 million shares at 1.5 cents per share to Somerton Energy Ltd, a wholly owned subsidiary of Cooper Energy Ltd for total proceeds of \$843,089.
- Further, BAS has struck an in principle agreement with Cooper Energy under which BAS may utilise the technical and commercial resources of Cooper Energy including geological, geophysical and engineering studies, economic analyses and management of seismic and drilling operations.
- In September 2012 BAS raised approximately \$1.1 million through a fully underwritten non-renounceable entitlement issue of 74,040,192 ordinary shares.
- BAS now has cash on hand of \$3,502 million.
- BAS advised that judgment has been handed down by the Federal Court in the proceeding initiated by Oil Basins Limited (ASX:OBL) seeking to set aside the shares issued to Somerton Energy Limited. The Federal Court has declined to make the orders sought by OBL and, accordingly, the shares issued to Somerton Energy Limited are not affected by the judgment.
- BAS considers that this legal action by OBL has been an unnecessary and costly distraction and, in view of the decision, intends to seek to recover its legal costs from OBL.

### **EXPLORATION ACTIVITIES**

#### **OTWAY BASIN ONSHORE**

##### **PEP 167: BAS 100% and Operator**

Exploration permit PEP 167 is located in the onshore Otway Basin, near Port Fairy, in western Victoria. BAS holds a 100% interest in the permit, which comprises some 408 km<sup>2</sup>.

The permit was renewed for a second five year term this quarter, subject to the Company completing the future act provisions of the *Native Title Act (1993)*, with BAS relinquishing the western region of the permit. The relinquishment was based on retaining the most prospective area, which primarily addresses the Casterton unconventional play.

#### **PEP 175 (application area): BAS 100% and Operator**

In July 2012, BAS was awarded PEP 175, in the onshore Otway Basin, subject to the Company completing the future act provisions of the *Native Title Act (1993)* within two years. The permit comprises 1,419 km<sup>2</sup> and encompasses 21 graticular blocks adjacent to permits PEP 150 and PEP 167.

The area lies in the central northern part of the Victorian sector of the onshore Otway Basin, covering parts of the Tyrendarra Embayment, the Koroit Trough, the Morenda Trough and the Killara Trough. This area has been interpreted to hold both conventional and unconventional resource trends, but primarily addresses the Casterton unconventional play.

#### **PEP 150 (application area): BAS 15% (Operator: Beach Energy)**

This area is located in the onshore Otway Basin, near Portland, Victoria, and contains the 1989 Lindon and 1995 Digby oil discoveries.

Grant of PEP 150 is contingent on entering into an agreement with native title claimants. Earlier in the year the farmin negotiations with Somerton Energy were completed in relation to BAS's 15% interest, and the Operator has indicated the permit is expected to be granted during the last quarter of 2012.

#### **GIPPSLAND BASIN OFFSHORE**

BAS has engaged IndigoPool, a subsidiary of the multi-national oil and gas services company Schlumberger Ltd, to act as its agent in marketing the Company's extensive interests in the Gippsland Basin a host of world class oil and gas provinces.

BAS currently holds large interests (ranging from 40% to 100%) in a portfolio of five Gippsland Basin permits, Vic/P41, Vic/P42, Vic/P47, Vic/P66 and Vic/P68. These permits range from near term appraisal/development opportunities (Judith and Moby gas fields in Vic/P47) through to wildcat (Vic/P41, Vic/P42 and Vic/P68) and frontier exploration opportunities (Vic/P66).

#### **Vic/P47: BAS 40% and Operator**

Permit Vic/P47, covering approximately 200 km<sup>2</sup>, is located in the offshore Gippsland Basin, approximately 10 km from the coast and south of the Victorian town of Orbost. Water depths range up to 80 metres, and the permit comprises three graticular blocks which include the Judith and Moby Gas Fields.

The Judith gas resource has been certified by Gaffney Cline & Associates (GCA) to hold 194 BCF (2C) proved plus probable recoverable contingent resources and 934 BCF (3C) proved plus probable plus possible recoverable contingent resources. Both Judith and Moby are in close proximity to existing or planned infrastructure in adjacent licences.

During the quarter, BAS continued the interpretation of the simultaneous seismic inversions undertaken on the reprocessed Moby 3D seismic volume and 200 km<sup>2</sup> of the Northern Fields 3D seismic survey. The work covered the Moby and Judith Fields and was aimed at delineating the field boundaries as a precursor to the Year 5 well planning process.

**Vic/P41: BAS 45% and Operator and Vic/P66: BAS 60% and Operator**

Permits Vic/P41 (539 km<sup>2</sup>) and Vic/P66 (2160 km<sup>2</sup>) are located adjacent to each other in the east of the offshore Gippsland Basin, approximately 40 kilometres south of the Victorian coast. Together, these permits provide BAS with exposure to the easterly extension of proven producing trends. BAS maps extensions of two producing trends in its East Gippsland permit.

To defray the high cost of seismic vessel mobilisation and demobilisation, seismic acquisition expert, Enquest has been engaged to put together a group of like minded parties to carry out seismic surveying in the southern margin basins of Australia and Tasman Sea basins. To this end Enquest has located a suitable seismic vessel operated by Seabird and has formed a consortium of six Australian and New Zealand companies to share the high cost of mobilisation and de-mobilisation as well as any other fixed costs.

**Vic/P42: BAS 100% and Operator**

Vic/P42 comprises approximately 930 km<sup>2</sup>, and is almost entirely covered by modern 3D seismic surveys. Vic/P42 is located adjacent to Kingfish, Australia's largest oil field, as well as Bream and other producing Esso/BHP oil and gas fields. Existing non-producing gas and condensate discoveries within Vic/P42 at Zane Grey and Omeo further underline the prospectivity of the area.

This quarter has been focussed on 3D simultaneous seismic inversion of the merged 3D seismic volumes, which will facilitate determining the best prospect for drilling.

**Vic/P68: BAS 100% and Operator**

The Vic/P68 exploration permit, awarded to BAS in May 2012, covering approximately 1,080 km<sup>2</sup>, lies in the north-eastern part of Gippsland Basin, and covers parts of the Central Deep, Northern Terrace and Northern Platform. Water depths increase in this region from 50 to 150 metres towards the southeast.

This block contains two primary source trends; the Rosedale Fault Trend and the Lake Wellington Fault Trend. The Rosedale Fault Trend has been a key focus of activity for BAS over the last few years, and the addition of Vic/P68 to the three other permits along this trend (Vic/P41, Vic/P47 and Vic/P66) accounts for approximately 4,000 acres focussed on this trend.

During the quarter, the Company has been focussed on gathering seismic data and regional maps to allow the undertaking of a high resolution 3D seismic over the Lake Wellington Fault Trend leads and Philbrick/Hugo on the Rosedale Fault Trend in 2014 (subject to acquisition vessel availability).

For and on behalf of the Company



John Remfry  
General Manager  
24 October 2012

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

BASS STRAIT OIL COMPANY LTD

ABN

13 008 694 817

Quarter ended ("current quarter")

30 September 2012

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	34	34
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(441)	(441)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	42	42
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(365)</b>	<b>(365)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) exploration & evaluation (b) equity investments (c) other fixed assets	(33)	(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)		
<b>Net investing cash flows</b>	<b>(33)</b>	<b>(33)</b>
1.13 Total operating and investing cash flows (carried forward)	(398)	(398)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(398)	(398)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	1,954	1,954
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (Share Issue Costs)	(169)	(169)
	<b>Net financing cash flows</b>	<b>1,785</b>	<b>1,785</b>
	<b>Net increase (decrease) in cash held</b>	<b>1,387</b>	<b>1,387</b>
1.20	Cash at beginning of quarter/year to date	2,115	2,115
1.21	Exchange rate adjustments to item 1.20		
		<b>3,502</b>	<b>3,502</b>
1.22	<b>Cash at end of quarter</b>		

**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	49
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

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

+ See chapter 19 for defined terms.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	0	0
3.2 Credit standby arrangements	0	0

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	
4.3 Production	
4.4 Administration	300
<b>Total</b>	<b>550</b>

### 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	1,416	465
5.2 Deposits at call	2,086	1,650
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,502</b>	<b>2,115</b>

### 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	PEP 175	-	100%

+ 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.*

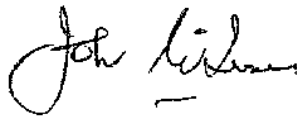
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	518,285,747	518,285,747		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	130,246,134	130,246,134	1.5	1.5
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	10,000,000	-	<i>Exercise price</i> 4	<i>Expiry Date</i> 14/10/2014
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	(2,000,000)		4	14/10/2014
7.11 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )		
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## 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: 24 October 2012  
(Director)

Print name: John L C McInnes

## 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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+ See chapter 19 for defined terms.