

VIC/P41 JOINT VENTURE, GIPPSLAND BASIN ACTIVITIES UPDATE MAY 2007

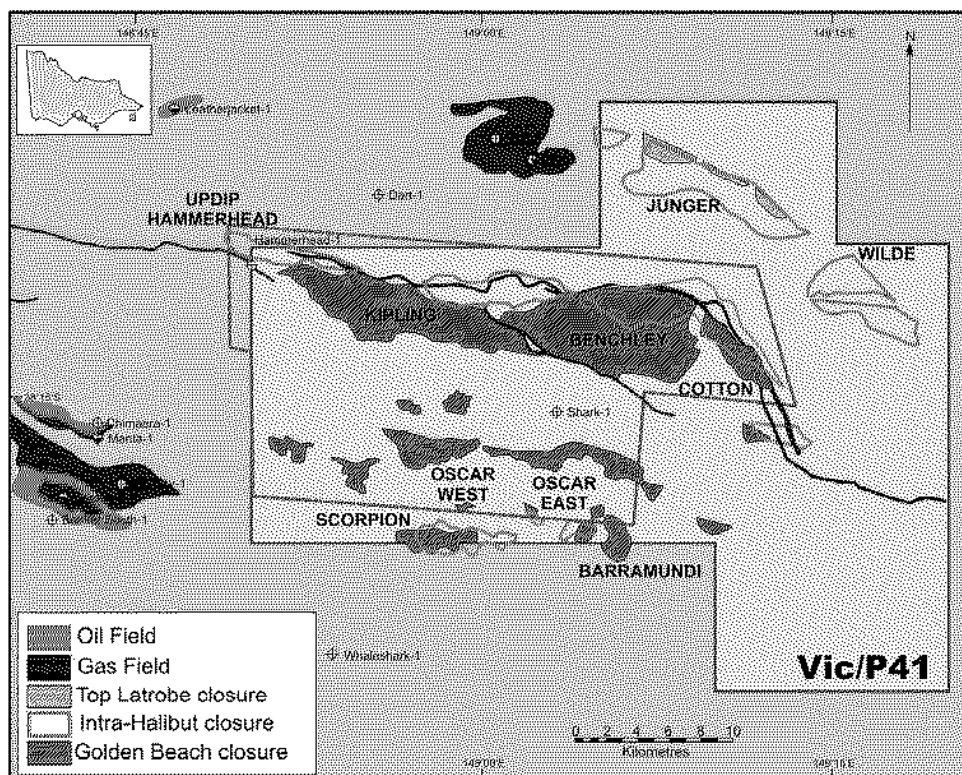
The Vic/P41 Joint Venture consists of:

Bass Strait Oil Company Ltd (ASX code: BAS)	45% and Operator
Moby Oil & Gas Limited (ASX code: MOG)	30% (reducing to 25% subject to farmin by OBL)
Eagle Bay Resources NL (ASX code: EBR)	25% (reducing to 17.5% subject to farmin by OBL)
Oil Basins Limited (ASX code: OBL)	12.5% (subject to farmouts by MOG and EBR)

The following review summarises the results of prospect mapping and studies conducted by the Vic/P41 Joint Venture. Additional detail is available on the prospect montages released to the ASX under the BAS code on 23 April 2007.

BAS and co-venturers are seeking farmin parties to earn an interest in Vic/P41 by funding the drilling of its 3D seismic defined prospects. Timing of any potential drilling is dependent on the availability of a semi-submersible drilling rig in the Gippsland Basin (which is not likely before early 2008) and on the progress of farmout negotiations.

Prospect mapping and assessment based on the Joint Venture's 2005 3D seismic has now been finalised. Several significant prospects have been mapped on the 3D and there are also several high potential leads still defined only on 2D seismic. Work is continuing on the potential of a new play type in the older Emperor Subgroup in the Vic/P41 permit.



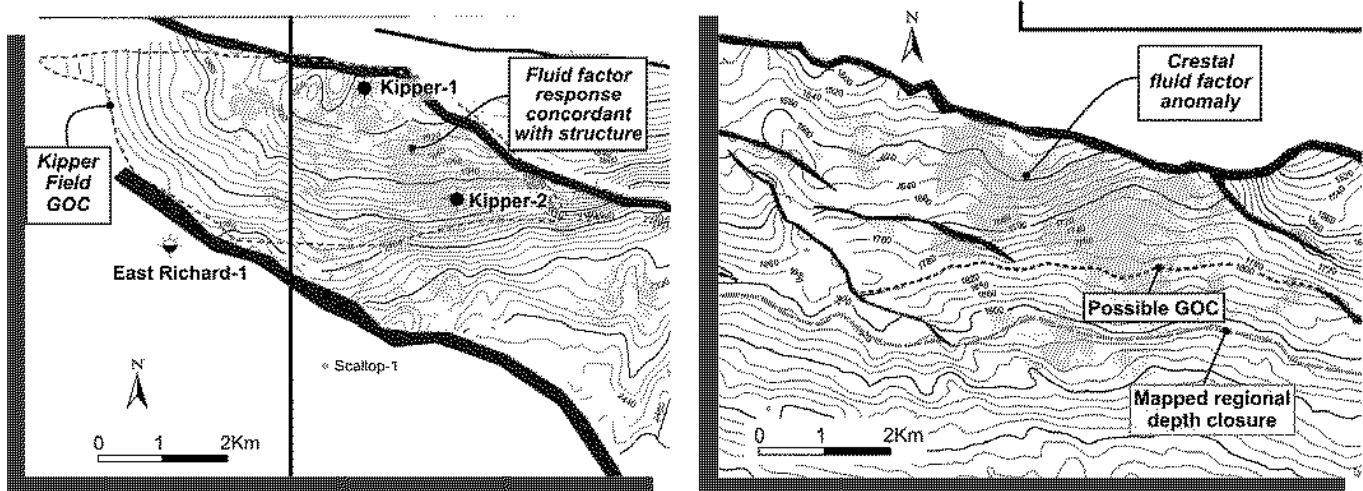
Vic/P41 Permit map

Oil vs Gas and AVO in the Vic/P41 Area

The primary exploration focus in this area is for oil rather than gas. Hydrocarbon charge to this area is expected to comprise significant amounts of oil together with gas, as is indicated by maturity studies and as also evidenced at the nearby Kipper and Basker/Manta/Gummy (BMG) fields.

As previously reported, the Vic/P41 joint venture has funded Amplitude vs Offset (AVO) seismic analysis work to further define the prospectivity of the permit. AVO can be used in some settings to highlight the presence of gas in subsurface traps. An AVO response that is concordant with structure, and that is calibrated to well data (as in this case), indicates a higher probability of a gas accumulation. The presence of a gas accumulation indicates a functioning hydrocarbon trap, which in the Vic/P41 area would be likely to contain a significant proportion of oil as well as gas. AVO does not usually respond to oil (nor does it always respond to gas)

The Joint Venture has identified several AVO anomalies associated with large prospects in Vic/P41 and, significantly, similar AVO anomalies have been identified over the Kipper oil and gas field to the west.



Comparison of AVO response of Kipper oil and gas field with Vic/P41 Kipling Prospect

While the Vic/P41 AVO responses are generally moderate and display only moderate concordance with structure, this is also characteristic of the Kipper field anomaly. Therefore BAS believes that this result substantially increases the probability that gas, and consequently oil, may be present in those Vic/P41 prospects with AVO anomalies.

A summary of the updated Vic/P41 prospect inventory is as follows:

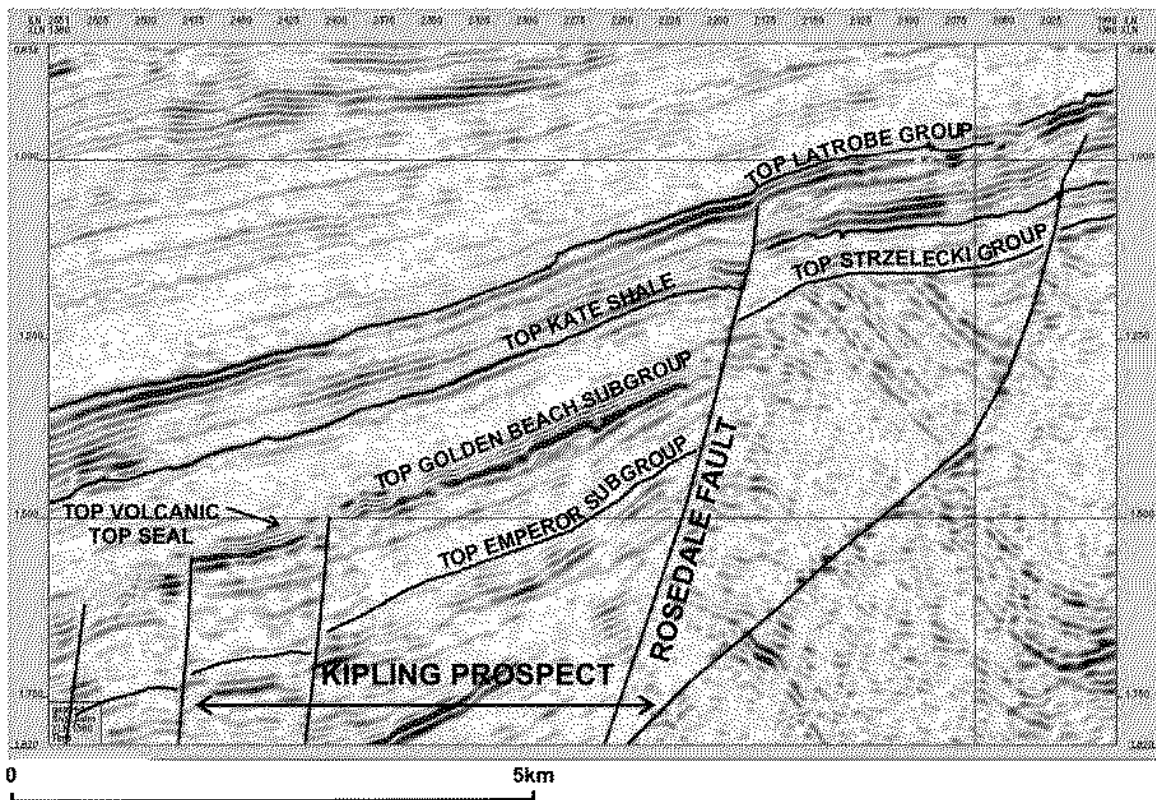
Kipling Prospect

- P50 prospective recoverable resource estimate 124 MMbbl oil and 620 Bcf gas
- AVO support for closure
- 3D defined and ready to drill in 2008 campaign

Kipling is a downthrown fault closure at the Golden Beach level along the Rosedale Fault, analogous to the Kipper Field to the west. An areal closure of 20 sq km and vertical closure of 260 m has been mapped. Total depth for a Kipling exploration well is notionally 2100 metres subsea.

South

North



Oscar XLN-1380 showing Kipling Prospect downthrown fault closure

3D seismic line through the Kipling Prospect

Benchley Prospect

- P50 prospective recoverable resource estimate 184 MMbbl oil and 1440 Bcf gas (simple sum of estimates in two zones)
- AVO support for closure
- 3D defined and ready to drill in 2008 campaign

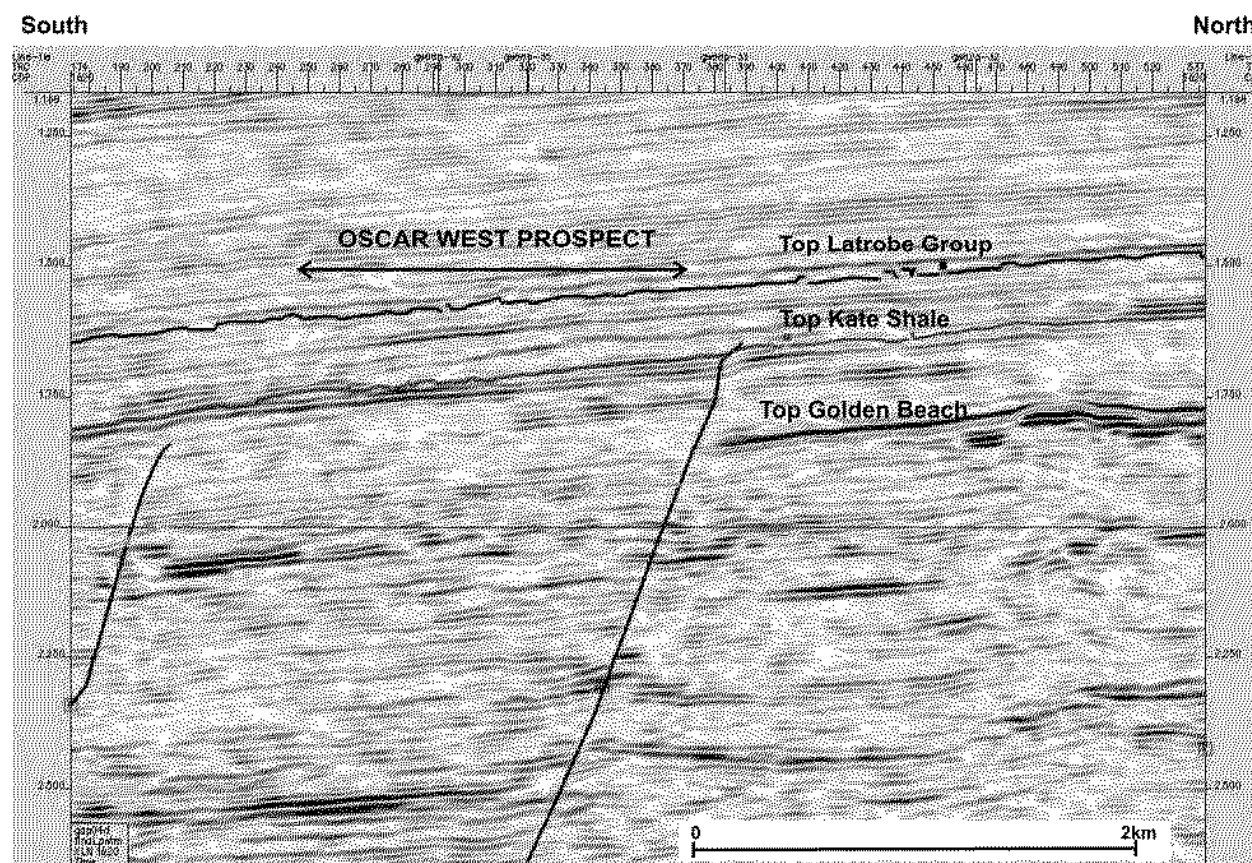
Benchley is a downthrown fault closure to the east of the Kipling prospect along the Rosedale Fault. Closure separating Benchley from Kipling is supported by Golden Beach AVO anomalies occurring at different depth in the two features. Benchley exhibits closure at both Golden Beach and the shallower Halibut Subgroup levels. The structure is separated into two components by faulting. The areal closure mapped at Golden Beach level is a total of 15.4 sq km with a maximum of 330m of vertical closure.

Oscar Prospects

- Oscar West P50 prospective recoverable resource estimate 19 MMbbl oil and 12 Bcf gas
- Oscar East P50 prospective recoverable resource estimate 19 MMbbl oil and 18 Bcf gas
- On trend with BMG oil and gas fields
- 3D defined and ready to drill in 2008 campaign

The Oscar Prospects are a series of tilted fault closures at Top Golden Beach level, along trend from the Basker/Manta/Gummy oil and gas fields. Significant fault throws and bright seismic events in the Golden Beach are similar to BMG. Although smaller than the Rosedale Fault features to the north,

the Oscar prospects are considered relatively low risk by analogy with the BMG accumulations. There is no AVO response at Oscar (the Joint Venture is not aware of available AVO studies over BMG for comparison) which could indicate either the absence of closure or an oil only accumulation. BAS has accordingly incorporated a significantly greater trap and seal risk in to its prospective resource estimates. Total depth for an Oscar West exploration well is notionally 2700 metres subsea. Minor closures are also mapped at Oscar North and Oscar Northwest.



Oscar XLN-1380 showing Kipling Prospect downthrown fault closure
3D seismic through the Oscar West Prospect

Additional potential

Vic/P41 also contains the 3D defined Cotton prospect (P50 prospective recoverable resource estimate 73 MMbbl oil and 1 Bcf gas, simple sum of estimates in two zones) and the Scorpion lead, which is defined on a tight 2D seismic grid and straddles the southern boundary of the permit. A number of other interesting leads are identified in the sparsely explored eastern area of the permit, providing excellent potential for further exploration.

Prospective Resource Estimates

The following table shows the BAS's estimates for recoverable prospective resources in each of the 3D defined prospects in Vic/P41. In stochastic (or 'probability-based') estimates, the underlying geological and engineering factors (eg reservoir porosity) are assigned ranges of possible values and associated probabilities. These are combined in a Monte Carlo simulation which gives a range of potential prospect sizes, assuming a discovery is made. The 'P90' values indicate that it is estimated that a discovery at that prospect or zone would have a 90% chance of being at least this size. Likewise, there is a 50% probability that a discovery would be at least as large as the P50 value, etc.

The P50 is equivalent to the 'most likely' size. P10 represents the 'upside'. The probability of a discovery of any size at each prospect is assessed separately as the 'probability of success'. These range from 15% to 25%. Further technical detail can be found on the prospect montage displays released to the ASX under the 'BAS' code.

PROSPECT	Probability of Success	STOCHASTIC PROSPECTIVE RESOURCES (RECOVERABLE)					
		P90		P50		P10	
		OIL MMb	GAS Bcf	OIL MMb	GAS Bcf	OIL MMb	GAS Bcf
KIPLING (Vic/P41 only)	Gas 22% Oil 15%	66	388	124	620	205	944
BENCHLEY (Golden Beach)	Gas 17% Oil 13%	76	863	145	1366	245	1992
BENCHLEY (Halibut SG)	Gas 24% Oil 16%	13	58	39	75	74	95
COTTON (Golden Beach)	4%	38	-	60	1	87	4
COTTON (Halibut SG)	16%	9	-	13	-	19	-
OSCAR WEST	25%	-	-	19	12	41	30
OSCAR EAST	19%	-	-	19	18	42	46

Prospective resource estimates for Vic/P41 3D seismic defined prospects

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