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ASX Release

Gippsland Offshore Petroleum acquires Browse basin acreage

Takeover of Finder Exploration

Gippsland Offshore Petroleum Ltd (ASX:GOP) has agreed to acquire a 100% interest in a highly prospective Browse basin permit through a proposed takeover offer for privately owned oil and gas explorer, Finder Exploration Pty Ltd (Finder).

Finder directors have unanimously accepted a \$A25 million offer consisting of 80 million Gippsland Offshore shares at a price of 31¢ per share.

Together Gippsland Offshore and Finder will create an ASX listed upstream oil and gas company with a market capitalisation of approximately \$65 million offering Gippsland Offshore shareholders a wider range of exploration projects.

Gippsland Offshore managing director, Cathy Norman, said, "The deal will create an entity with an excellent asset portfolio spread across seven countries. The addition of Finder's 100% owned Browse basin permit to Gippsland Offshore's portfolio gives us a strong position in Australia's premier exploration acreage."

Through the takeover of Finder, Gippsland Offshore will have exploration projects in Australia, Jamaica, Madagascar, France, Kenya, the UK and New Zealand.

"The combination of Gippsland Offshore and Finder will consolidate the emergence of our company as one of the new breed of exciting and fast growing oil and gas companies listed on the ASX", Ms Norman said.

Gippsland Offshore and Finder are equal partners in the key Jamaica exploration project after jointly being awarded 5 blocks in the first Jamaica licencing round for 20 years. Already the partners have acquired an extensive 2D seismic survey and the unique airborne gravity gradiometry data using the advanced BHP Billiton FALCON® system to enable regional mapping and prospect identification.

"The asset portfolio of Finder is a logical fit with our own offshore operations. The combined entity will benefit from owning 100% of our exciting Jamaica exploration project. Our two companies have been working together on this project and we welcome the addition of Finder's technical and entrepreneurial skills to complement our exploration team," Ms Norman said.

Gippsland Offshore's offer provides compelling benefits for shareholders, including:

- Highly complementary assets – increased exposure in Jamaica (100%) and possible new venture activities in Madagascar
- 100% interest in AC/P 36 in the Browse basin
- Interests in exploration acreage in New Zealand and the UK
- A skilled exploration team that complements Gippsland Offshore's existing team
- Strengthening the management team with proven performance and excellent new ventures skills

The AC/P 36 permit in the Browse Basin, offshore Western Australia is 100% owned by Finder and sits 80 kms north of the Inpex operated Ichthys gas field estimated to contain approximately 8 trillion cubic feet of natural gas. The Browse region is fast gaining importance as an area likely to host global scale Liquefied Natural Gas developments. The Browse permit has complete 3D seismic data coverage and Finder has undertaken interpretation and seismic inversion to delineate and characterise drillable prospects. There is a well commitment in this block in 2009.

Further information can be found at the Finder website at www.finderexp.com.au.

A nominee of Finder will be invited to join the board of Gippsland Offshore.

The offer for Finder remains conditional on Gippsland Offshore completing satisfactory due diligence on Finder and the signing of a sale and purchase agreement between the parties. These are expected to be completed early in September.

The issue of Gippsland Offshore shares under the takeover offer is subject to approval of the shareholders who will receive details of the transaction in due course.

The merger will increase the Gippsland Offshore capital from 129,982,380 ordinary shares to 209,982,380 ordinary shares.

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