



Oil for Australians

BASS STRAIT OIL COMPANY LTD

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**QUARTERLY REPORT
DECEMBER 2009**

Bass Strait Oil Company Ltd (“BAS” or “Company”) presents a summary of its activities for the quarter ended 31 December 2009.

EXPLORATION ACTIVITIES

Otway Basin onshore - PEP 167: BAS 50% and Operator

Exploration permit PEP 167 is located in the onshore Otway Basin, near Portland, in western Victoria.

This area contains the undeveloped 1987 Windermere oil discovery where a new 3D seismic survey is scheduled to be recorded in February 2010. This survey is designed to define a possible drilling location to appraise the Windermere discovery.

During the quarter, BAS completed a \$2 million farmout of a 50% interest in PEP 167 to a subsidiary of Interra Resources Limited (ASX: ITR). BAS retains a 50% interest in the permit and operatorship of the new PEP 167 joint venture.

- ITR is funding 100% of the Windermere 3D seismic survey costs, up to a value of \$1.75 million. Thereafter, BAS and ITR will contribute 50 / 50.
- ITR has paid \$250,000 to BAS for prior costs in the permit.
- BAS and ITR have also agreed to cooperate in joint exploration of the onshore Otway Basin, including in the PEP 150 area, where BAS has existing farmin rights

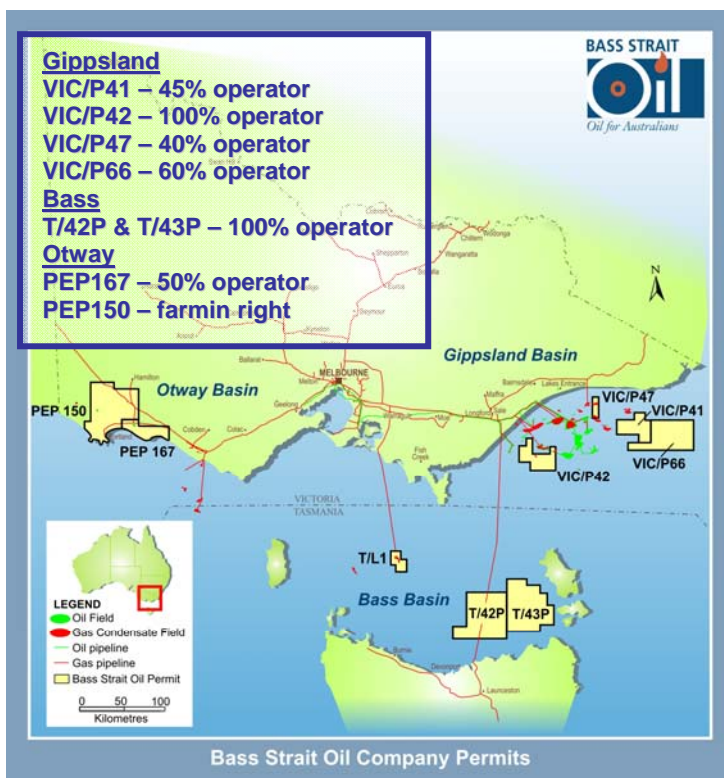
Otway Basin onshore - PEP 150 (application area)

BAS, in conjunction with ITR, can earn an interest in PEP 150 by contributing to the drilling of a well. This area contains the 1989 Lindon oil discovery, but the permit is yet to be granted subject to negotiation of Native Title.

Gippsland Basin offshore - Vic/P47, BAS 40% and Operator

The Vic/P47 exploration permit is located in the offshore Gippsland Basin, 14 km from the coast and south of the Victorian town of Orbost, with water depths ranging up to 80 metres.

During the quarter a new five year term for the Vic/P47 exploration permit was granted. The minimum



work requirements for the new term comprise seismic reprocessing and studies committed in the first three years.

The renewed permit contains the Judith and Moby gas discoveries. Judith contains certified gas resources (Gaffney Cline & Associates 2008) and both Judith and Moby are in close proximity to existing and planned infrastructure in adjacent licences. 22 km to the west, the Longtom Field has commenced gas production – the first production from the same geological unit as the Judith discovery - and the Kipper Field to the south of Vic/P47 is being developed for first gas production in 2011.

Gippsland Basin offshore - Vic/P42, BAS 100%

Vic/P42 is located approximately 40 km offshore in moderate water depths of 50 to 80 metres. The permit is adjacent to Kingfish, Australia's largest oil field, as well as to Bream and other producing Esso/BHP oil and gas fields. Existing non-producing gas and condensate discoveries within Vic/P42 at ZaneGrey and Omeo further underline the prospectivity of the area.

BAS is re-evaluating known 3D-defined prospects such as Tarra Southeast, which was mapped as a low risk prospect by the previous operator. It is also planned to re-assess the full inventory of identified prospects and leads as well as investigate new plays in the permit.

Eastern Gippsland Basin offshore - Vic/P41, BAS 45% and Operator plus Vic/P66, BAS 60% and Operator

Permits Vic/P41 and Vic/P66 are located adjacent to each other in the east of the offshore Gippsland Basin, from approximately 40 km south of the Victorian coast. Together, these permits provide BAS with exposure to proven Gippsland trends from adjacent areas as they traverse across the BAS permits and extend further out in to the basin. BAS maps extensions of two trends in its East Gippsland permits:

- the eastward extension Rosedale Fault system sets up prospects analogous to the Kipper oil and gas field (first production scheduled for 2011 for Esso et al)
- further south, a second trend extension is analogous to the Basker / Manta / Gummy oil and gas fields (in production since December 2006 for Roc Oil et al) .

Vic/P41 contains a number of large prospects defined on modern 3D seismic notably Kipling, Benchley and Oscar.

2D seismic recorded in 2008 has confirmed the potential of the eastern area of the Vic/P41 permit and has pointed to further potential in the adjacent Vic/P66 permit. The Vic/P41 Lead A prospect, located on the Rosedale Fault trend, is interpreted to extend in to Vic/P66. Seismic mapping in Vic/P66 has confirmed this trend extension and it is planned that this prospect and the extension of this trend will become a focus of future work in the permit.

Bass Basin offshore Tasmania - T/42P and T/43P, BAS 100%

These permits cover approximately 6120 sq km off the north coast of Tasmania, in an area of the Bass Basin known as the Durroon Sub-basin.

BAS has completed a comprehensive modern exploration programme in T/42P and T/43P - the first exploration effort in this area since the early 1990s. Seismic mapping has defined a number of prospects, each with the scope to contain several hundred million barrels of recoverable oil. Basin modelling studies indicate a series of interpreted petroleum 'kitchen' areas with the potential to have generated large quantities of oil and gas.

BAS has been successful in its application to vary the T/42P and T/43P permit commitments. The revised terms are consistent with the Company's exploration programme and farmout objectives and will allow for further assessment of drillable prospects prior to entering in to any drilling commitment.

CORPORATE MATTERS

During the quarter the Company successfully completed a renounceable rights issue and a placement of shares resulting in 135,579,297 new BAS shares being issued. There are now 291,030,250 BAS shares on issue.

The rights issue and placement combined raised a total of \$4,067,379 before costs.

A handwritten signature in black ink, appearing to read "Andrew Adams". The signature is fluid and cursive, with a large initial 'A' and a long, sweeping tail.

Andrew Adams
Managing Director
29 January 2010

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 DECEMBER 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	323	346
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(265)	(500)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	9	13
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	67	(141)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) exploration and evaluation (b) equity investments (c) other fixed assets	(130)	(309)
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	(130)	(309)
1.13 Total operating and investing cash flows (carried forward)	(63)	(450)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(63)	(450)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	4,067	4,067
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)	(346)	(346)
	Net financing cash flows	3,721	3,721
	Net increase (decrease) in cash held	3,658	3,271
1.20	Cash at beginning of quarter/year to date	315	702
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,973	3,973

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	166
1.24	Aggregate amount of loans to the parties included in item 1.10	0

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	0	0
3.2 Credit standby arrangements	0	0

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	-
Total	150

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	373	115
5.2 Deposits at call	3,600	200
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,973	315

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	PEP 167		100%	50%
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	291,030,250	291,030,250		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	135,579,297	135,579,297	3	3
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>	500,000 1,500,000 1,500,000 600,000	- - - -	Exercise price 25 15 15 15	Expiry date 30/06/2010 20/06/2010 3/06/2011 21/10/2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<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:

(Managing Director)

Date: 29, January 2010

Print name: Andrew R. Adams

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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