

**BASS STRAIT OIL COMPANY LTD
CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING
16 NOVEMBER 2011**

The Annual General Meeting provides an opportunity for the Board and Management to meet with Shareholders and provide an update on their Company, especially in relation to events and developments since the date of the Annual Report.

While the CEO, Dr Steve Mackie, will speak in more detail about the Company's activities, particularly in relation to the permit areas where we have an interest, there are several matters I want to refer to.

The last year has been one of considerable change and progress for your Company. The key features can be summarised as follows –

- Finalisation of plans for the drilling of the Windermere 3 on shore well in the Otway Basin next month. There are good reasons why we have cause to be optimistic about the outcome of this project.
- The appointment of Dr Steve Mackie as Chief Executive Office in April of this year. Steve has brought a new vitality and drive to the activities of the company.
- The negotiation of a Joint Study Agreement with CNOOC (China National Offshore Oil Corporation) to review Australian acreage. This is an important relationship which we hope will continue to grow as we work together.
- The appointment of Andrew Whittle to the Board as a Non-executive Director. Andy brings to Bass a wealth of knowledge and industry experience.
- Continuing management and exploration on all of our permit areas and commencement of renewed farm out discussions.
- The capital raising which was completed last month and raised approximately \$2.4 Mill. before underwriting fees and other expenses incurred in connection with the issue.

All of this has involved the Board in a significant amount of time and effort. I want to publicly recognise the efforts of my fellow Directors and the support they have given.

However the market price of Bass shares continues to sit at a level which, in my view, does not properly recognise the real value of the underlying assets of the Company. This, together with the fact that we do not yet have a productive asset or a large "war chest" makes it difficult to expand the size of the Company and the geographic spread of our interests.

As a result of the recent underwritten capital issue a new group of shareholders has joined the company. This, in addition to Adelaide Equity Partners Limited who acquired approximately 7% of the issued capital during the last year.

It is hoped that these new shareholders, together with Adelaide Equity, will bring new ideas and opportunities to the Company.

Your Directors have had discussions with representatives of these new shareholders and as a result there will be some changes to the composition of the Board subsequent to this meeting.

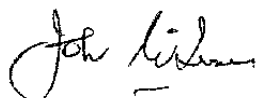
- Mr David Lindh, the Chairman of Adelaide Equity Partners Pty Ltd, will join the Board. Mr Lindh is a lawyer with extensive corporate experience.
- The Board will work towards adding another Director who can bring to the Company extensive industry knowledge and expertise so as to assist in the expansion of our activities.

Additionally, and as announced in my Chairman's Letter in the Annual Report, Dr Henry Askin previously advised the Board that he will retire on 31st December 2011. I want to particularly recognise the contribution that Henry Askin has made to the Company during his time as a Director. Henry Askin's in depth knowledge of oil and gas exploration has been invaluable to your Company during his 10 years on the Board. Henry has served your Company well and he deserves the heartfelt thanks of the Shareholders.

Before closing I also want to thank Steve Mackie, our CEO, and his small group of talented staff for their efforts on behalf of the Shareholders. Steve is highly respected in the oil and gas industry for his technical expertise and since his appointment in early April has wasted no time in pursuing opportunities for the Company.

Your Board looks forward to continuing to work towards outcomes that enhance Shareholder value and I am optimistic that significant progress can be achieved during the next year.

Thank you for your attention and we will now proceed with the formal part of the meeting.



John McInnes
Chairman