



BASS STRAIT OIL COMPANY LTD

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BASS STRAIT OIL COMPANY LTD CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING 3 NOVEMBER 2010

At last year's Annual General Meeting I was able to report that we had just successfully completed a capital raising which raised \$4 Million and had executed a farmin agreement with the Interra Resources Ltd of the Windermere PEP 167 area. The farmin entitled Interra to a 50% interest in the permit area after meeting virtually all the costs associated with the 3D seismic survey and making a payment to the Company for our costs incurred up to the date of the farmin.

Importantly, these two achievements enabled us to complete the 3D seismic survey of the Windermere PEP 167 area. The early results of the interpretation of the 3D survey data gives us considerable confidence that there will be a sound geological and economic case to drill in the area. The Managing Director and Exploration Manager will provide more details of this important development later in the meeting.

As an exploration company, which to date does not have a productive asset, the funding of costs associated with exploring and developing our permit areas by necessity comes from equity contributed by shareholders or from farmin arrangements with other parties. Accordingly, success at Windermere is important as it could have the potential to provide ongoing cash flow for the company to help fund our exploration activities.

Importantly it could also lead to the share price increasing to a level which, in my view, better represents the underlying net asset value of the company.

As I said in my letter to shareholders in the Company's annual report, almost half of the current market capitalisation of the company is represented by cash which effectively ascribes a value of only around \$3.5 Million to all of our exploration interests. In my view, the current share price is not representative of the underlying value of Bass Strait Oil.

The current depressed share price has restricted our opportunity to pursue corporate actions aimed at expanding the size and geographic spread of areas of interests for your company. In the absence of having the necessary cash resources for acquisitions, we must by necessity rely on transactions involving Bass Strait Oil shares. Unless the market perception of the value of the target company's assets and underlying value is relative to ours, it is difficult to negotiate a transaction which would be value accretive to Bass Strait Oil shareholders.

Nevertheless, we continue to look for opportunities for corporate actions which have the capacity to advantage our shareholders and continue to actively explore farm in opportunities for our exploration areas, particularly in the Gippsland Basin which is a proven world class oil province and one which we think provides opportunities for more commercial discoveries.

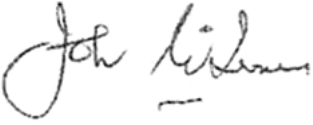
During the 2009/10 financial year there has been a significant change to the composition of the Board.

Geoffrey Albers retired as a Director on 31st August 2009 after serving on the Board since the formation of the company in 1981. Geoffrey was instrumental in founding the company and was Chief Executive Officer until 2005 when he became a Non-executive Director. He has a great knowledge of the oil and gas industry and during his twenty eight years of direct involvement in the management of the company was the driving force behind its development. I am delighted to say that Geoffrey, through his various interests, remains a major shareholder in the Company.

We were fortunate to have Jack Tuohy fill the casual vacancy on the Board following the retirement of Geoffrey Albers. Jack's experience in the oil and gas industry and his general corporate knowledge have been invaluable in Board deliberations.

Before closing I want to thank my fellow Directors for their work and support during the last year, and to express the Board's sincere appreciation of the contributions of the management team under the leadership of our Managing Director, Andrew Adams.

Thank you for your attention and we will now address the formal business of the meeting.

A handwritten signature in black ink, appearing to read "John L C McInnes". The signature is written in a cursive style with a horizontal line underneath the name.

John L C McInnes
Chairman