

QUARTERLY REPORT SEPTEMBER 2009

Bass Strait Oil Company Ltd ("BAS" or "Company") presents a summary of its activities for the quarter ended 30 September 2009.

CORPORATE MATTERS

On 22 September 2009 BAS announced that it would conduct a renounceable rights issue. The rights issue was successful and was closed over-subscribed on 20 October 2009. A further placement of shares was also undertaken, as announced today. As a result of the rights issue and placement, 135,579,297 new BAS shares were issued, bringing the total BAS shares on issue at 30 October 2009 to 291,030,250.

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

The Company plans to apply these funds to its ongoing exploration programme, as well as to general working capital. BAS is currently preparing to record an onshore 3D seismic survey over the Windermere oil discovery in its western Victorian PEP 167 permit (see below). The Windermere 3D survey is planned for the first quarter of 2010.

Effective on 31 August 2009, Mr. Geoffrey Albers resigned from his role as non-executive Director of the Company. The Board thanked and commended Mr. Albers for his unique contribution in establishing and driving the Company. BAS has benefited enormously from his great knowledge of the oil and gas industry and from his consistent support for the Company in all its endeavours. Mr Albers, through his various interests, remains a major shareholder in the Company. Also effective 31 August 2009, Mr. Jack Tuohy was appointed as a non-executive Director of the Company. Mr. Tuohy is a chartered accountant with many years experience of working in the oil and gas industry, originally in New Zealand and more recently in Australia.

The Board of Bass Strait Oil Company Ltd is now comprised of non-executive Directors John McInnes (Chairman), Henry Askin and Jack Tuohy, together with Managing Director Andrew Adams.

EXPLORATION ACTIVITIES

Otway Basin onshore - PEP 167: BAS 100%

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 and has the potential to become the Company's first oil producing project. Discussions regarding a potential farm-in are at an advanced stage and could lead to external funding of a new 3D seismic survey in the Windermere area. This survey is scheduled to be recorded in early 2010 and planning and preparation are underway.

BAS holds a 100% interest in the permit which comprises some 833 sq km of primarily agricultural land with gentle terrain and good internal road access. Unlike more remote parts of Australia, PEP167 boasts local significant industry and related infrastructure and services, including a deep water port at Portland. The economics of any oil production that may be established in this area are

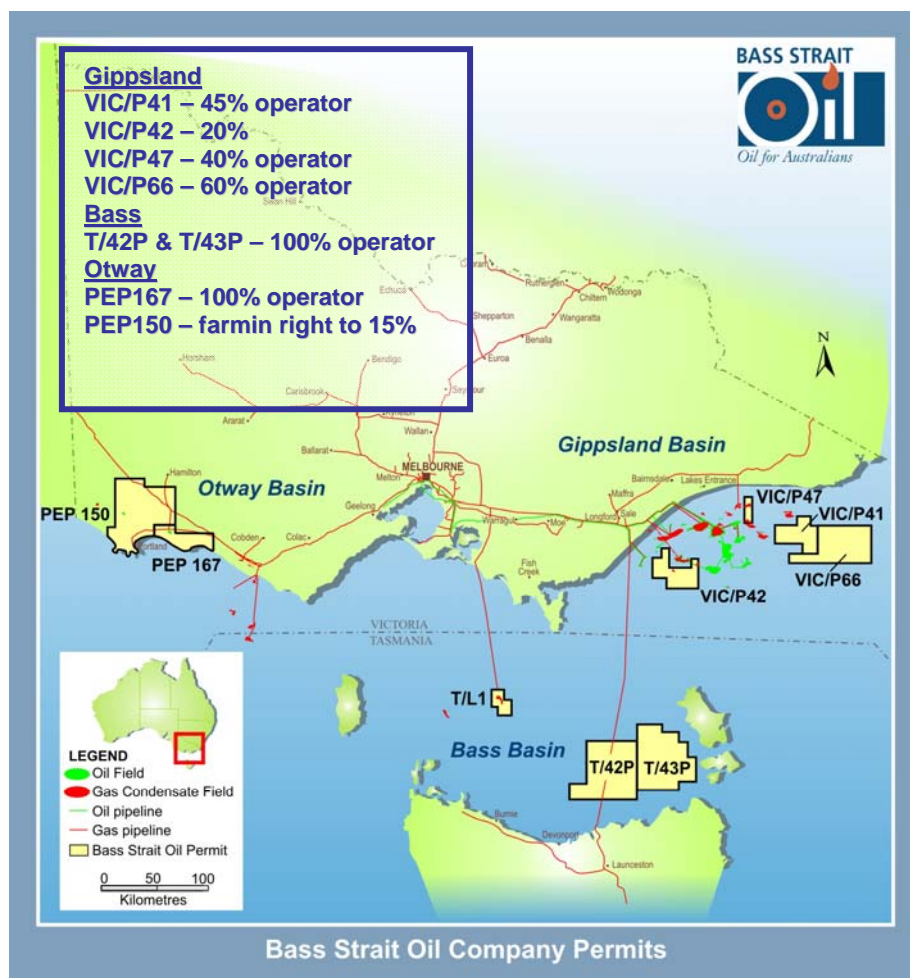
favourable, with good access and relatively short transport distance by sealed highway to the Geelong refinery.

The Company's exploration focus in PEP 167 is on pursuing the potential of known discoveries in the permit: at the 1987 Windermere-1 well, which produced oil on test, and also at the 2002 Port Fairy-1 oil and gas discovery well. The adjacent PEP 150 permit also contains an oil discovery at the Lindon-1 and 2 wells.

BAS has completed an extensive review of the Windermere-1 discovery which indicates that there is good potential to achieve commercial oil production rates at Windermere, particularly given careful well design, modern drilling techniques and potentially employing horizontal drilling.

Otway Basin onshore - PEP 150 (application area): BAS 15% farmin right

BAS can earn a 15% 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. BAS looks forward to a resolution of Native Title issues that will allow the granting of the PEP 150 permit and the commencement of an exploration programme in the area.



Gippsland Basin offshore - Vic/P47, BAS 40% and Operator (renewal pending)

The Vic/P47 joint venture has accepted the offer of a new five year renewal term for the Vic/P47 exploration permit. The new term is expected to be granted in a matter of weeks.

The minimum work requirements for the renewal term are modest, with only seismic reprocessing and studies committed in the first three years.

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.

The permit contains the Judith and Moby gas discoveries. The Judith gas resource was certified by international consultants Gaffney Cline & Associates in 2008 (see details below) and both Judith and Moby are in close proximity to existing and planned infrastructure in adjacent licences. The Longtom Field to the west recently commenced gas production and the Kipper Field to the south is being developed for first gas production in 2011.

The 200 sq km renewal area comprises the 3 graticular blocks from the original permit area which include the Judith and Moby Gas Fields. This area contains approximately 160 sq km of existing 3D seismic data and a commitment to reprocess this data is included in the terms of renewal for Vic/P47.

Judith Gas Resource Certification

Judith-1 was drilled by Shell in 1989 and discovered gas in the same geological unit as the nearby Longtom Gas Field, but was not production tested or appraised. The Vic/P47 joint venture has invested in a complete review of the Judith discovery and during June 2008, consultants Gaffney, Cline & Associates (GCA) completed an independent resource certification of the Judith Gas Field and associated prospects in Vic/P47.

GCA's certification provides independent confirmation that, subject to successful appraisal, the Judith Gas Discovery has the resource volume potential to underpin a commercial development. GCA reported that a gross gas column of 290 metres can be interpreted from Judith-1 electric log data and GCA's petrophysical analysis indicated 135.5 metres of net gas pay in the Judith-1 well. GCA estimated a 'high' or upside case of 1,735 Bscf (Contingent + Prospective Recoverable Gas Resources for the Greater Judith Area).

The GCA report also indicates a 'best' estimate for the area around the Judith-1 discovery well of 312 Bscf (Contingent + Prospective Recoverable Gas Resources). This is the area that could be addressed by an initial appraisal drilling programme. Consultants RPS Energy have completed a study of Judith appraisal drilling options.

By way of comparison and as an indication of potential commerciality, 22 km to the west of Judith, the Longtom Field is being developed by Nexus Energy Ltd. This development is proceeding on the basis of a contract to sell a similar volume to the Judith best case estimate, in that case 350 PJ (approximate conversion = 325 BScf) of sales gas. BAS's 20 June 2008 ASX release, available on the BAS website www.bassoil.com.au, provides more details of the GCA report and an explanation of abbreviations and resource categories quoted here.

Note: all volumetric estimates quoted for Judith are 100% Vic/P47 joint venture volumes. Bscf = Billion standard cubic feet

The Vic/P47 joint venture notes that it is seeking farmin partners to fund operations and that the opportunity has attracted credible interest. While no offers have been received to date, evaluation and assessment is continuing.

Gippsland Basin offshore - Vic/P42, BAS 100%

Vic/P42 is located approximately 40 km offshore in moderate water depths of 50 to 80 metres. Vic/P42 is located 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.

On 18 September 2009 BAS was granted a 100% interest in a new 5 year term for the Vic/P42 permit. The renewal area comprises approximately 930 square kilometres and is almost entirely covered by modern 3D seismic surveys. The committed programme for the first 3 years of the renewal period requires BAS to reprocess 750 square kilometres of 3D seismic.

BAS will initially focus on 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.

BAS considers that its return to 100% interest and operatorship of Vic/P42 is an excellent opportunity with the potential to provide the Company with high-impact drilling targets in a prolific area.

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

Vic/P41 joint venture has been successful in its application to vary the Vic/P41 permit commitments. The revised work programme is consistent with the joint venture's exploration programme and farmout objectives and will allow for further assessment of drillable prospects within the Vic/P41 permit prior to entering in to a drilling commitment.

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) .

The Vic/P41 joint venture has invested in both 2D and 3D seismic over the last several years and this permit is the more mature of the two areas. It 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. Recent mapping of the available seismic data 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 are located off the north coast of Tasmania, in an area of the Bass Basin known as the Durroon Sub-basin. The T/42P and T/43P permits cover approximately 6120 sq km and have been little explored in the past.

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. The results of this programme are highly encouraging. Seismic mapping has now defined a number of prospects, each with the scope to contain several hundred million barrels of recoverable oil. Recent basin modelling indicates a series of interpreted petroleum 'kitchen' areas with the potential to have generated large quantities of oil and gas. Also, the migration pathways between the 'kitchens' and the prospects are relatively short and direct, enhancing the likelihood of petroleum accumulations in the mapped prospects.



Andrew Adams
Managing Director
30 October 2009

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")

30 SEPTEMBER 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	23	23
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(235)	(235)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	4	4
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	(208)	(208)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) exploration and evaluation (b) equity investments (c) other fixed assets	(179)	(179)
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	(179)	(179)
1.13 Total operating and investing cash flows (carried forward)	(387)	(387)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(387)	(387)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
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)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(387)	(387)
1.20	Cash at beginning of quarter/year to date	702	702
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	315	315

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	120
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	250
4.2 Development	-
Total	250

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	115	172
5.2 Deposits at call	200	530
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	315	702

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			
6.2	Interests in mining tenements acquired or increased	Vic P42	20%	100%

+ 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	155,450,953	155,450,953		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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: 30 October 2009

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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+ See chapter 19 for defined terms.