

**QUARTERLY REPORT  
SEPTEMBER 2011**

Bass Strait Oil Company Ltd (“BAS” or “Company”) presents a summary of its activities for the quarter ended 30 September 2011.

During the quarter the Company expanded its technical team following the appointment of Mr James Martindale and Ms Monica McInnes. The addition of Mr Martindale and Ms McInnes supports the specialised, experienced team at BAS with skills that will be beneficial to the Company’s drilling of the Windermere-3 well and ongoing exploration activity.

Mr Martindale, a geoscientist, has a Bachelor of Science (First class Honours) from the University of Western Australia and over 5-years experience working in the onshore portion of the BAS focus area of southeast Australia. He brings an operational focus which will directly benefit the Company’s upcoming drilling of Windermere-3. He also has a key role in the assessment and characterisation of the tight gas sands play and conventional to hybrid oil plays in the Gippsland Basin in addition to conventional gas plays in the Otway Basin which fits with the Company’s vision of onshore conventional and unconventional hydrocarbon exploration.

Ms McInnes is a graduate engineer having completed her Bachelor of Petroleum Engineering degree from the Australian School of Petroleum at the University of Adelaide. Her Honours thesis, Steps in the Development of an Onshore Oilfield Development Plan, has particular relevance in the drilling of the Windermere-3 well in the event of success.

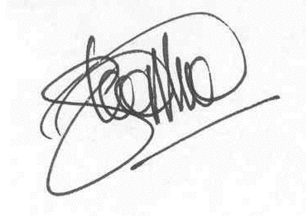
The Company continued to maintain its focus on the Windermere oil project in the PEP 167 permit in the onshore Otway Basin, where the Windermere-3 well is to be drilled in 4<sup>th</sup> Quarter 2011, as well as progressing key studies and farm out discussions in the offshore Gippsland and Bass Basins. A simultaneous seismic inversion project was initiated in Vic/P47 to assist in appraising the Judith and Moby gas discoveries. An application to renew the Vic/P41 permit for a further 5 years was submitted to the Designated Authority.

Beyond the ongoing projects at Windermere and our various offshore areas, the Company is continuing discussions in its efforts to attract drilling investment partners as well as reviewing new opportunities and strategies.

A more detailed review of the various Exploration activities is contained in the recently released 2011 Annual Report.

During the quarter the Company commenced a Rights Issue that was concluded in October 2011 (outside the reporting quarter). The Rights Issue has resulted in raising approximately \$2.43 million before costs. Along with existing funds on hand, the proceeds from the Rights Issue will be used to drill the Windermere-3 well in the onshore Otway Basin (PEP 167) and progress exploration programs in the Company’s Gippsland and Bass Basin permits. BAS is now in a strong financial position with a fully funded committed work program and the ability to pursue exploration opportunities. We thank all shareholders who participated in the Rights Issue for their continued support and welcome new shareholders to the register. Following the completion of the Rights Issue, BAS has 388,039,613 fully paid ordinary shares on issue and 10,000,000 unlisted options exercisable at \$0.04 per share, with an expiry date of 14 October 2014.

For and on behalf of the Company



Dr Steve Mackie  
Chief Executive Officer  
24 October 2011

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

BASS STRAIT OIL COMPANY LTD

ABN

13 008 694 817

Quarter ended ("current quarter")

30 September 2011

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	67	67
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(303)	(303)
1.3 Dividends received	9	9
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(227)</b>	<b>(227)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) exploration & evaluation (b) equity investments (c) other fixed assets	(45) (23)	(45) (23)
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)		
<b>Net investing cash flows</b>	<b>(68)</b>	<b>(68)</b>
1.13 Total operating and investing cash flows (carried forward)	(295)	(295)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(295)	(295)
	<b>Cash flows related to financing activities</b>		
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)	(2)	(2)
	<b>Net financing cash flows</b>	<b>(2)</b>	<b>(2)</b>
	<b>Net increase (decrease) in cash held</b>	<b>(297)</b>	<b>(297)</b>
1.20	Cash at beginning of quarter/year to date	2,255	2,255
1.21	Exchange rate adjustments to item 1.20		
		<b>1,958</b>	<b>1,958</b>
1.22	<b>Cash at end of quarter</b>		

**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	49
1.24	Aggregate amount of loans to the parties included in item 1.10	-

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

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

+ See chapter 19 for defined terms.

	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	1,800
4.2 Development	
4.3 Production	
4.4 Administration	300
<b>Total</b>	<b>2,100</b>

### 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	231	223
5.2 Deposits at call	1,727	2,032
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,958</b>	<b>2,255</b>

### 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			

+ 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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	291,030,250	291,030,250		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)		
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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: ..... Date: 24 October 2011  
(Director)

Print name: John L C McInnes

## 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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