



BASS STRAIT OIL COMPANY LTD
ABN 13 008 694 817

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2009

Corporate directory

Directors

John L C McInnes (Chairman)
Andrew R Adams (Managing Director)
Henry J Askin
John G Tuohy

Company Secretary

Andrew R Adams
Level 1, 99 William Street
Melbourne, Victoria 3000 Australia

Registered office

and principal place of business

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Telephone +61 (3) 9927 3000
Facsimile +61 (3) 9614 6533
Email admin@bassoil.com.au

Auditors

Ernst & Young
8 Exhibition Street
Melbourne, Victoria 3000 Australia

Share register

Link Market Services Limited
Level 9, 333 Collins Street
Melbourne, Victoria 3000 Australia
Telephone +61 (3) 9615 9800
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Stock exchange listing

Australian Stock Exchange Ltd
525 Collins Street
Melbourne, Victoria 3000 Australia

ASX codes: BAS – Ordinary Shares

Web site: www.bassoil.com.au

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Currency

The group's functional and presentation currency is Australian Dollars.

FORWARD LOOKING STATEMENTS

This half-year report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.

BASS STRAIT OIL COMPANY LTD

ABN 13 008 694 817

Directors' report

The Directors of Bass Strait Oil Company Ltd and its subsidiary ("BAS" or "Company") submit their report for the half-year ended 31 December 2009.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

John L C McInnes (Chairman)
Andrew R Adams (Managing Director)
E Geoffrey Albers (resigned 31 August 2009)
Henry J Askin
John G Tuohy (appointed 31 August 2009)

REVIEW AND RESULTS OF OPERATIONS

During the half-year, BAS successfully concluded the following matters:

- a capital raising via an underwritten pro-rata rights issue and also a placement of shares;
- the funding of the Windermere 3D seismic survey via a farmout to an international exploration company making its first investment in Australia; and
- the renewal of two permits as well as the variation of commitments in three others.

As a result, the Company is now in a stronger position in terms of working capital and also project funding, while the tenure of the Company's exploration portfolio has been both extended and rationalised.

The following sections provide more detail on these matters.

Consolidated net loss for the half-year, after income tax, was \$331,160 (2008:\$367,902).

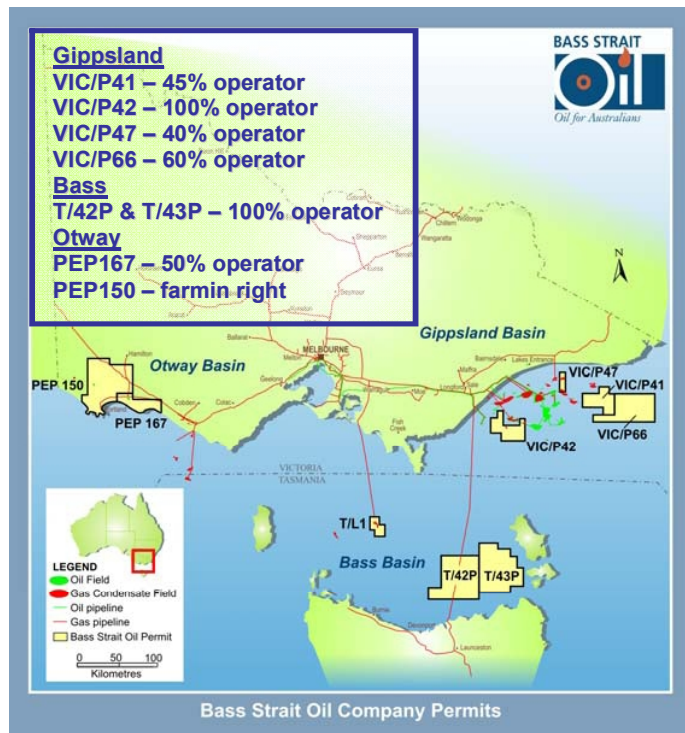
EXPLORATION ACTIVITIES

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

This area is located near Portland, in western Victoria and contains the undeveloped 1987 Windermere oil discovery. Initial field operations for the Windermere 3D seismic survey commenced during February and data recording is now scheduled for late March 2010. This survey is designed to define a possible drilling location to appraise the Windermere discovery.

The survey is being conducted under a \$2 million farmout to a subsidiary of Interra Resources Limited (ASX: ITR) whereby:

- 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



BAS retains a 50% interest in the permit and operatorship of the new PEP 167 joint venture.

Directors' report (continued)

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.

A new five year term was granted on 16 November 2009 with minimum work requirements of seismic reprocessing and studies committed in the first three years.

The renewed permit consists of 3 graticular blocks (203 sq km) and 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%

On 18 September 2009, Vic/P42 was also renewed for a second five-year term. The renewed permit consists of 14 graticular blocks (939 sq km) and 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.

In the deeper water areas to the east, 2D seismic has confirmed the potential of the Vic/P41 'Lead A' prospect. Lead A is located on a further extension of the Rosedale Fault trend and is also interpreted to extend in to Vic/P66. Seismic mapping in Vic/P66 confirms this potential and it is planned that 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.

Since period end, BAS was 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.

Directors' report (continued)

CORPORATE MATTERS

During the half-year the Company successfully completed a renounceable pro-rata rights issue and a placement of shares resulting in 135,579,297 new BAS shares being issued on 30 October 2009. 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.

Auditor's independence declaration

We have obtained an independence declaration from our auditor, Ernst & Young, a copy of which is attached to this report.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Andrew Adams', with a stylized flourish at the end.

Andrew Adams
Managing Director
Melbourne, 5 March 2010



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Auditor's Independence Declaration to the Directors of Bass Strait Oil Company Ltd

In relation to our review of the financial report of Bass Strait Oil Company Ltd for the half-year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Brett Croft'.

Brett Croft
Partner
5 March 2010

Directors' declaration

In accordance with a resolution of the directors of Bass Strait Oil Company Ltd, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) give a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Andrew Adams
Managing Director
Melbourne, 5 March 2010

Statement of financial position
 As at 31 December 2009

	Note	Consolidated 31/12/2009 \$	30/6/2009 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	3,973,496	701,916
Trade and other receivables		23,449	3,486
Other current assets		88,455	49,048
		-----	-----
Total current assets		4,085,400	754,450
		-----	-----
Non-current assets			
Plant and equipment		79,051	94,536
Intangible assets	8	164,359	176,000
Exploration and evaluation costs	5	8,482,962	8,427,280
		-----	-----
Total non-current assets		8,726,372	8,697,816
		-----	-----
TOTAL ASSETS		12,811,772	9,452,266
		-----	-----
LIABILITIES			
Current liabilities			
Trade and other payables		111,269	176,217
Provisions		185,547	171,798
		-----	-----
Total current liabilities		296,816	348,015
		-----	-----
TOTAL LIABILITIES		296,816	348,015
		-----	-----
NET ASSETS		12,514,956	9,104,251
		=====	=====
EQUITY			
Contributed equity	6	26,897,081	23,159,750
Share based payment reserve		104,762	100,228
Accumulated losses		(14,486,887)	(14,155,727)
		-----	-----
TOTAL EQUITY		12,514,956	9,104,251
		=====	=====

The above statement of financial position should be read in conjunction with the accompanying notes.

Condensed statement of comprehensive income
For the half-year ended 31 December 2009

		Consolidated	
	Note	31/12/2009	31/12/2008
		\$	\$
Total revenue	3	186,484	292,293
Total expenses	3	(501,625)	(651,137)
Profit/(loss) before income tax		(315,141)	(358,844)
Income tax (expense)/benefit		(16,019)	(9,058)
Net profit/(loss) for the period		(331,160)	(367,902)
Total comprehensive income for the period		(331,160)	(367,902)
		Cents	Cents
Basic (loss) per share (cents per share)		(0.16)	(0.24)
Diluted (loss) per share (cents per share)		(0.16)	(0.24)

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of changes in equity
 For the half-year ended 31 December 2009

	Contributed Equity \$	Accumulated Losses \$	Consolidated Share based Payments Reserve \$	Total \$
At 1 July 2009	23,159,750	(14,155,727)	100,228	9,104,251
Profit/(loss) for the period	-	(331,160)	-	(331,160)
Total comprehensive income for the period	-	(331,160)	-	(331,160)
Transactions with owners in their capacity as owners				
Share-based payments	-	-	4,534	4,534
Issue of shares	4,067,379	-	-	4,067,379
Share issue costs	(346,067)	-	-	(346,067)
Income tax on items recognised directly in equity	16,019	-	-	16,019
Balance at 31 December 2009	<u>26,897,081</u> =====	<u>(14,486,887)</u> =====	<u>104,762</u> =====	<u>12,514,956</u> =====
At 1 July 2008	23,141,633	(13,215,152)	210,380	10,136,861
Profit/(loss) for the period	-	(367,902)	-	(367,902)
Total comprehensive income for the period	-	(367,902)	-	(367,902)
Transactions with owners in their capacity as owners				
Share-based payments	-	-	18,340	18,340
Options cancelled	-	90,210	(90,210)	-
Income tax on items recognised directly in equity	9,058	-	-	9,058
Balance at 31 December 2008	<u>23,150,691</u> =====	<u>(13,492,844)</u> =====	<u>138,510</u> =====	<u>9,796,357</u> =====

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows
 For the half-year ended 31 December 2009

	Note	Consolidated	
		31/12/2009	31/12/2008
		\$	\$
Cash flows from operating activities			
Receipts from customers		98,011	270,991
Payments to suppliers and employees		(512,703)	(603,254)
Interest received		12,606	79,597
Net cash used in operating activities		<u>(402,086)</u>	<u>(252,666)</u>
Cash flows from investing activities			
Petroleum exploration expenditure recoveries		250,000	-
Petroleum exploration expenditure		(297,646)	(1,689,876)
Net cash used in investing activities		<u>(47,646)</u>	<u>(1,689,876)</u>
Cash flows from financing activities			
Proceeds from issue of shares		4,067,379	-
Share issue costs		(346,067)	-
Net cash from financing activities		<u>3,721,312</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		3,271,580	(1,942,542)
Cash and cash equivalents at beginning of period		701,916	3,324,309
Cash and cash equivalents at end of period	4	<u>3,973,496</u> =====	<u>1,381,767</u> =====

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the half-year ended 31 December 2009

Note 1. Basis of preparation and accounting policies

Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2009 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by Bass Strait Oil Company Ltd during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policy

From 1 July 2009, the consolidated group (the "Group") has adopted AASB 101 (revised) *Presentation of Financial Statements* which is mandatory for annual reporting periods beginning on or after 1 January 2009. The adoption of this standard has impacted the presentation of the financial statements through the replacement of the balance sheet, income statement, statement of recognised income and expense, and cash flow statement with a statement of financial position, a statement of comprehensive income, a statement of changes in equity, and a statement of cash flows.

In addition, the Group also adopted AASB 8 *Operating Segments* from 1 July 2009 which is mandatory for annual reporting periods beginning on or after 1 January 2009. The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. Therefore, segments are now being reported in a manner that is consistent with the internal reporting provided to the Board of Directors of the Group (the Chief Operating Decision Maker). As the basis of reporting to the Board of Directors is consistent with previous segment reporting, under AASB 114 *Segment Reporting*, there were no changes to the segments identified under the new accounting standard.

The Group has not elected to early adopt any other new standards or amendments.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Exploration and evaluation costs

At each reporting period, the Group assesses indicators of impairment. Exploration and evaluation costs are deferred until exploration and evaluation activities reach a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operation are continuing.

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure. In the judgement of the Directors, at 31 December 2009 exploration activities in each area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Substantive expenditure in relation to each area of interest is planned based on permit commitments and cash reserves of the Group and on the basis that nothing has come to the attention of Directors to indicate future economic benefits will not be realised. The Directors are continually monitoring the areas of interest and continue to assess and explore alternatives for funding the development of areas of interest when economically recoverable reserves are confirmed. If new information becomes available that suggests the recovery of expenditure is unlikely, the amounts capitalised will need to be reassessed at that time.

Going concern

The financial report has been prepared on a going concern basis, which assumes that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. This includes the Group's exploration expenditure commitments, being the minimum work requirements under exploration permits for petroleum as set out in Note 7.

Notes to the financial statements
 For the half-year ended 31 December 2009

Note 2. Segment information

The consolidated entity operates in the petroleum exploration industry within Australia.

Note 3. Revenue and expenses

	Consolidated	
	31/12/2009	31/12/2008
	\$	\$
Loss before income tax includes the following revenue and expenses:		
Revenue		
Exploration management services	152,819	226,926
Bank interest	33,165	57,741
Sundry income	500	-
Royalties received	-	7,626
	186,484	292,293
	=====	=====
Expenses		
Audit costs	30,000	33,500
Amortisation of intangible assets	11,640	10,646
Computer expenses	4,717	4,889
Consultants fees	10,042	34,910
Depreciation of non-current assets	7,447	9,856
Directors remuneration	76,300	81,655
Insurance	10,638	10,310
Marketing	898	1,149
Printing and stationery	14,170	12,974
Rent and premises costs	32,635	37,056
Salaries employee benefits and costs	221,273	290,584
Share based payment	4,534	18,340
Stock exchange and registry costs	52,721	49,047
Travel and corporate promotion costs	1,591	3,067
Other expenses from ordinary activities	23,019	53,154
	501,625	651,137
	=====	=====

Note 4. Cash and cash equivalents

	Consolidated	
	31/12/2009	31/12/2008
	\$	\$
For the purposes of the half-year statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	373,496	119,501
Short-term deposits	3,600,000	1,262,266
	3,973,496	1,381,767
	=====	=====

Note 5. Exploration and evaluation assets

Exploration and evaluation expenditure capitalised in the half-year to 31 December 2009 amounted to \$305,682 (2008 half-year \$443,933). Expenditure in the half-year mainly related to geological and geophysical studies on the offshore Gippsland permits and the onshore Otway permit PEP 167.

Exploration and evaluation expenditure was reduced by the receipt of farmin monies of \$250,000, for the reimbursement of past expenditure incurred in PEP 167.

Capitalised exploration and evaluation costs at 31 December 2009 are \$8,482,962 (June 2009: \$8,427,280).

Notes to the financial statements
 For the half-year ended 31 December 2009

Note 6. Contributed equity

	Consolidated	
	31/12/2009	30/6/2009
	\$	\$
Ordinary shares fully paid	26,897,081	23,159,750
	=====	=====
	No.	\$
Movement in ordinary shares on issue		
At 1 July 2008	155,450,953	23,141,633
Deferred tax on share issue costs	-	18,117
At 30 June 2009	155,450,953	23,159,750
Share issue on 30 October 2009	135,579,297	4,067,379
Costs of share issue	-	(346,067)
Deferred tax on share issue costs	-	16,019
At 31 December 2009	291,030,250	26,897,081
	=====	=====

Note 7. Commitments and contingencies

	Consolidated	
	31/12/2009	31/12/2008
	\$	\$
Expenditure commitments		
Within one year	522,500	1,490,000
After one year but not more than five years	2,975,000	3,260,000
More than five years	-	-
	3,497,500	4,750,000
	=====	=====

Permit commitments comprise minimum work obligations with associated indicative costings for the initial 3 year period of exploration permits (and thereafter annually) and obligations arising from farmin arrangements.

Vic/P41 (currently in Year 4)

The committed work program consists of geological and geophysical studies in Year 4 (\$112,500) and an optional commitment for Year 5.

Vic/P42 (currently in Year 1)

The renewal was granted on 18 September 2009. The committed work program consists of geological and geophysical studies in Years 1 (\$100,000) and 2 (\$100,000) and seismic reprocessing in Year 3 (\$500,000).

Vic/P47 (currently in Year 1)

The renewal was granted on 16 November 2009. The committed work program consists of geological and geophysical studies in Year 1 (\$100,000), seismic reprocessing in Year 2 (\$100,000) and geological and geophysical studies in Year 3 (\$400,000).

Vic/P66 (currently in Year 2)

The Year 1 commitment of geological and geophysical studies has been completed. The committed work program consists of geological and geophysical studies in Year 2 (\$210,000) and a 2D seismic survey in Year 3 (\$450,000).

T/42P (currently in Year 4)

All permit commitments have been met to date. Since period end, a variation to Year 5 has been granted which consists of further geological and geophysical studies. The completion of Year 6 is optional.

Notes to the financial statements

For the half-year ended 31 December 2009

Note 7. Commitments and contingencies (continued)

T/43P (currently in Year 4)

All permit commitments have been met to date. Since period end, a variation to Year 5 has been granted which consists of further geological and geophysical studies. The completion of Year 6 is optional.

PEP 167 (currently in Year 3)

The Year 3 commitment of a 3D seismic survey has been farmed out. The committed work program consists of geological and geophysical studies to be completed in Year 4 and a well in Year 5 (\$1,425,000).

Non-cancellable operating lease commitments

	Consolidated	
	31/12/2009	31/12/2008
	\$	\$
Within one year	73,961	71,115
After one year but not more than five years	136,322	210,283
More than five years	-	-
	<u>210,283</u>	<u>281,398</u>
	=====	=====

Note 8. Yolla royalty

The Yolla Royalty is a 0.0648% overriding royalty from the total net production of the Production Licence T/L1, being the area of the Yolla Field, and the adjacent T/RL1 in the Bass Basin. The royalty was acquired in 2003 and has a finite life depending upon economic gas and oil condensate reserves in the field. The amortisation of the royalty was based on the units of production method. The current owners commenced commercial production in early July 2006. The Company and the Group has received only minimal royalty amounts to date, and the methodology used by the owners in calculating payment sums is in dispute.

Note 9. Subsequent events

Other than the matters discussed in Note 7, no matters or circumstances have arisen since the end of the reporting period which have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial periods.



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To the members of Bass Strait Oil Company Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Bass Strait Oil Company Ltd, which comprises the statement of financial position as at 31 December 2009, and the condensed statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bass Strait Oil Company Ltd and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

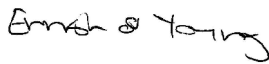
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bass Strait Oil Company Ltd is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Brett Croft'.

Brett Croft
Partner
Melbourne
5 March 2010