

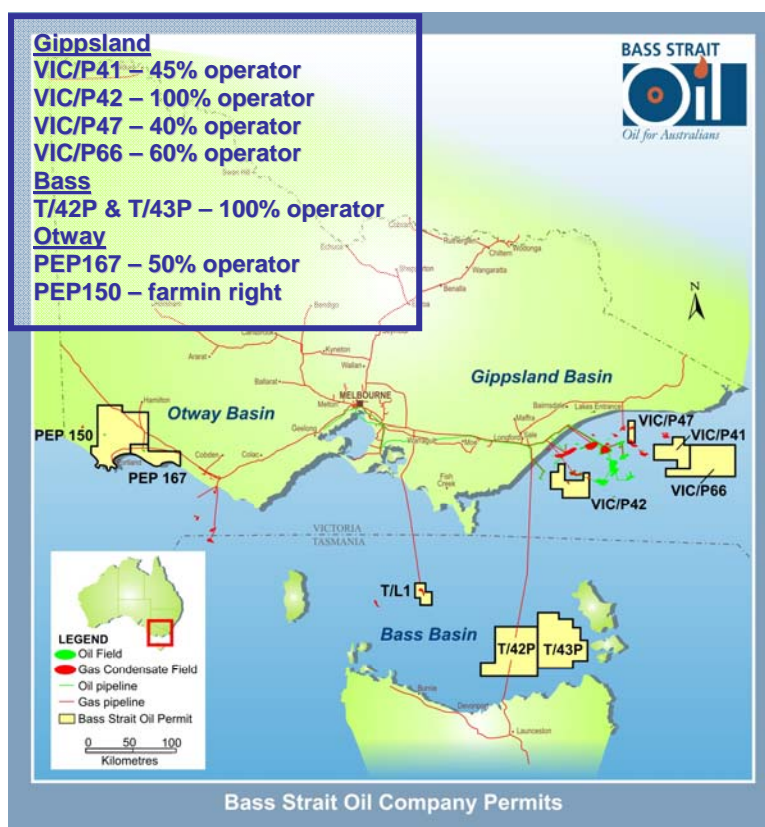
**QUARTERLY REPORT
 JUNE 2010**

Bass Strait Oil Company Ltd (“BAS” or “Company”) presents a summary of its activities for the quarter ended 30 June 2010.

BAS holds a portfolio of seven exploration permit interests across three productive basins in southeast Australia.

Highlights for the June quarter include:

- Final data processing of new Windermere 3D seismic in PEP 167 is nearing completion ahead of interpretation and mapping for a potential drilling decision later this year
- A seismic inversion project is now underway for both 3D and 2D data areas in Gippsland permit Vic/P41. This project is aimed at further defining potential hydrocarbon anomalies in several major prospects in the permit
- A basin modeling project is now underway in Gippsland permits Vic/P41 and Vic/P66. This project complements the ongoing seismic inversion work and is designed to confirm the nature and timing of the hydrocarbon charge in to these areas.
- 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



EXPLORATION ACTIVITIES

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

Exploration permit PEP 167 contains the undeveloped 1987 Windermere oil discovery where recording of a 41 sq km 3D seismic programme was completed in early April. Data processing has been ongoing during the quarter and is now scheduled for completion in early August. Interpretation

of the 3D data will then commence and assessment of the Windermere oil accumulation is anticipated during the second half of 2010.

The objectives of the Windermere 3D survey are, firstly, to better define the nature and extent of the Windermere oil accumulation where mapping has been a key uncertainty due to the poor quality of the existing 1980s 2D seismic. Secondly, the survey should allow for detailed well planning and optimisation, in anticipation of a follow-up drilling programme that could include horizontal drilling or other stimulation techniques that were not available at the time of the initial discovery. Thirdly, the 3D survey also addresses several surrounding leads that would make natural follow-up targets in the event of success.

Early processing results are encouraging both in terms of defining the Windermere accumulation and also for potential additional leads in the immediate vicinity.

Based on the new 3D seismic survey, a positive interpretation of the Windermere oil discovery could lead to follow-up drilling in the next year.

Otway Basin onshore - PEP 150 (application area)

BAS 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.

Vic/P47 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.

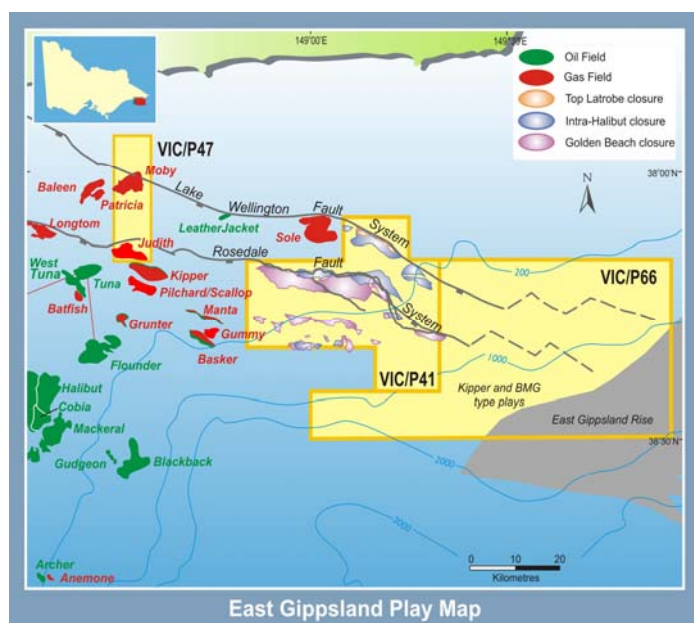
A short distance to the south of the Judith field, ExxonMobil is currently drilling Kipper field development wells with a target of first production of gas and liquids in 2011.

Discussions with potential Vic/P47 farminees are ongoing.

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. BAS maps extensions of two productive trends across its East Gippsland permits:

- the eastward extension Rosedale Fault system sets up prospects analogous to the Kipper oil and gas field (development drilling underway ahead of first production scheduled for 2011)
- 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 and partners).



Vic/P41 contains a number of large prospects defined on modern 3D seismic, notably Kipling, Benchley and Oscar, whereas Vic/P66, while containing part of the 2D-defined 'Lead A' feature, is still at an early stage of exploration with clear potential to further extend the Rosedale trend in to new areas.

The recent ExxonMobil/BHP Billiton discovery at SE Remora-1 provides new impetus to exploration of these trends and the nearby investment in the Kipper development is directly relevant to the Kipling and Benchley prospects in Vic/P41.

To further define and 'de-risk' these opportunities two new technical studies were initiated during the quarter. The seismic inversion project (Vic/P41) will analyse both 2D and 3D seismic over Rosedale trend prospects and leads (i.e. Kipper analogues) for indications of hydrocarbon anomalies and other factors. A basin modelling project (jointly funded by Vic/P41 and Vic/P66) is aimed at defining the nature of hydrocarbon charge in to the east Gippsland area. (i.e. oil vs gas) as well as the timing and migration pathways of this charge.

During the quarter, the Vic/P41 joint venture commenced a non-exclusive farmout agency arrangement with Oil Basins Limited. This arrangement expires on 31 July 2010.

Gippsland Basin offshore - Vic/P42, BAS 100%

Vic/P42 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.

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.

The Company's comprehensive modern exploration programme included recording new seismic data in T/42P and T/43P and the resulting mapping has defined a number of prospects, each with the scope to contain several hundred million barrels of recoverable oil. Mapping has also confirmed that neither of the 2 existing wells in the area were valid tests. Basin modelling studies indicate a series of interpreted petroleum 'kitchen' areas with the potential to have generated large quantities of oil and gas.



Andrew Adams
Managing Director
29 June 2010

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 JUNE 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	179	430
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(254)	(1,048)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	68	116
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	(7)	(502)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) exploration and evaluation (b) equity investments (c) other fixed assets	(89)	(224)
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	(89)	(224)
1.13 Total operating and investing cash flows (carried forward)	(96)	(726)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(96)	(726)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	4,067
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)	-	(346)
	Net financing cash flows	-	3,721
	Net increase (decrease) in cash held	(96)	2,995
1.20	Cash at beginning of quarter/year to date	3,793	702
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	3,697	3,697

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	88
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	150
4.2 Development	-
Total	150

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	229	160
5.2 Deposits at call	3,468	3,633
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,697	3,793

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 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	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 +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>	1,500,000 600,000	- -	Exercise price 15 15	Expiry date 3/06/2011 21/10/2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	500,000 1,500,000	- -	25 15	30/06/2010 20/06/2010
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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: 29 July 2010

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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