UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of September, 2010

Commission File Number 0-30314

BONTAN CORPORATION INC

(Translation of registrant's name into English)

47 Avenue Rd., Suite 200, Toronto, Ontario, Canada M5R 2G3

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F. Form 20-F . Form 40-F .

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ____

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes . No.

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_______________.

EXHIBIT 1 - QUARTERLY FINANCIAL STATEMENTS

EXHIBIT 2 - MANAGEMENT DISCUSSION & ANALYSIS

EXHIBIT 3 - CERTIFICATION OF CEO

EXHIBIT 4 - CERTIFICATION OF CFO

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 29, 2010

BONTAN CORPORATION INC.

By: /S/

Kam Shah

Chief Executive Officer

Bontan Corporation Inc.

Consolidated Financial Statements

For the Three and Six Months Ended September 30, 2010 and 2009

(Canadian Dollars)

(UNAUDITED – see Notice to Reader dated November 24, 2010)

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BONTAN CORPORATION INC.

NOTICE TO READER OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements for Bontan Corporation Inc. for the three and six months ended September 30, 2010 have been prepared by management in accordance with Canadian generally accepted accounting principles, consistently applied. These consolidated financial statements have not been reviewed by the auditors of the Company.

These financial statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgement. Recognizing that the management is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

November 24, 2010

Bontan Corporation Inc.

Consolidated Balance Sheets
(Canadian Dollars)
(Unaudited – see Notice to Reader dated November 24, 2010)

	Note	September 30, 2010	March 31, 2010 (Audited)
Assets			
Current			
Cash		**$351,752**	$2,350,526
Short term investments	**3,13(vii) & (viii)**	**1,731,555**	1,359,431
Prepaid consulting services	**5**	**49,405**	50,792
Other receivables	**13(ix)**	**700,340**	129,869
		$2,833,052	$3,890,618
Office equipment and furniture	**4**	**$10,173**	$8,802
Oil & gas properties and related expenditure	**6,13(iv)**	**$7,352,753**	$6,520,367
		$10,195,978	$10,419,787
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable	**13(vi)**	**$1,496,524**	$1,410,327
Audit and consulting fees accrued		**376,581**	1,043,583
Short term loans		**-**	1,065,578
Total current liabilities		**$1,873,105**	$3,519,488
Shareholders' Equity			
Capital stock	**7**	**$36,021,347**	$35,298,257
Warrants	**9**	**8,690,756**	7,343,886
Contributed surplus		**4,759,651**	4,573,748
Accumulated other comprehensive loss		**(1,587,127)**	(2,696,213)
Deficit		**(39,077,496)**	(37,262,565)
		(40,664,623)	(39,958,778)
Total shareholders' equity		**$8,807,131**	$7,257,113
Non-controlling interests		**$(484,258)**	$(356,814)
Total equity		**$8,322,873**	$6,900,299
		$10,195,978	$10,419,787

Commitments and Contingent Liabilities (Note 12)
Related Party Transactions (Note 13)

Approved by the Board ”Kam Shah” Director ”Dean Bradley” Director
(signed) (signed)

The accompanying notes are an integral part of these consolidated financial statements.

Bontan Corporation Inc.

Consolidated Statements of Operations
(Canadian Dollars)
(Unaudited – see Notice to Reader dated November 24, 2010)

	Note	Three months ended	Six months ended	Three months ended	Six months ended
		September 30, 2010		September 30, 2009	
Income					
			-	-	
Expenses					
Professional fees	13(iv)	225,206	465,193	8,592	18,873
Consulting fees	11,13(v)	465,465	674,154	111,264	197,612
Shareholders information	13(i)	35,359	78,632	34,679	71,917
Travel, meals and promotions	13(iv)	79,027	111,696	16,870	37,658
Office and general	13(ii)	39,328	67,977	8,446	17,709
Payroll		8,724	21,136	10,203	21,720
Rent	13(ii)	6,281	12,671	4,504	9,370
Communication		2,363	7,838	2,704	6,069
Transfer agents fees		1,854	6,671	1,183	1,908
Bank charges and interest		577	4,812	285	815
Amortisation		637	1,217	515	1,030
Loss on disposal of short term investments		536,290	536,290	542,096	539,277
Exchange (gain)loss		5,971	-37,374	21,742	44,762
		1,407,082	1,950,913	763,083	968,720
		(1,407,082)	(1,950,913)	(763,083)	(968,720)
Non-controlling interests		77,812	135,982	-	-
Net loss for period		(1,329,270)	(1,814,931)	(763,083)	(968,720)
Basic and diluted loss per share information					
Net Loss per share	10	(0.02)	(0.02)	$(0.02)	$(0.03)

The accompanying notes are an integral part of these consolidated financial statements.

Bontan Corporation Inc.

Consolidated Statements of Cash Flows
(Canadian Dollars)
(Unaudited – see Notice to Reader dated November 24, 2010)

For the three months ended June 30,	Note	Three months ended	Six months ended	Three months ended	Six months ended
		September 30, 2010		September 30, 2009	
Cash flows from operating activities					
Net loss for year		**(1,329,270)**	**$(1,814,931)**	$(763,083)	$(968,720)
non-controlling interests		**(77,812)**	**(135,982)**	$-	
Amortization of office equipment and furniture		**637**	**1,217**	515	1,030
Loss on disposal of short term investments		**536,290**	**536,290**	542,096	539,277
Consulting fees settled for common shares and options	**5**	**204,527**	**227,395**	20,804	41,288
Net change in working capital components					
Other receivables		**(129,255)**	**(570,471)**	-10,611	18,816
Accounts payable		**(291,401)**	**86,197**	-69,332	-35,624
Audit and consulting fees accrued		**285,420**	**(667,002)**	-45,677	-33,898
		$(800,864)	**$(2,337,287)**	$(325,288)	$(437,831)
Cash flow from(into) investing activities					
Purchase of office equipment and furniture		**(690)**	**(2,587)**	-	-
Acquisition of oil & gas propertries		**(154)**	**(658,433)**	-	
Net proceeds from sale of short term investments		**209,209**	**209,209**	183,369	250,248
		$208,365	**$(451,811)**	$183,369	$250,248
Cash flow from financing activities					
Short term loan		**-**	**(1,239,531)**	-	-
Common shares issued net of issuance costs		**-**	**2,029,855**	74,414	74,414
		$-	**$790,324**	$74,414	$74,414
Decrease in cash during period		**(592,499)**	**(1,998,774)**	(67,505)	(113,169)
Cash at beginning of period		**944,251**	**2,350,526**	307,294	352,958
Cash at end of period		**$351,752**	**$351,752**	$239,789	$239,789
Supplemental disclosures					
Non-cash operating activities					
Consulting fees settled for common shares and options and expensed during the period	**5**	**(204,527)**	**(227,395)**	-20,804	-41,288
Consulting fees prepaid in shares	**5**	**18,624**	**(49,405)**	0	-
		$(185,903)	**$(276,800)**	$(20,804)	$(41,288)

The accompanying notes are an integral part of these consolidated financial statements.

Bontan Corporation Inc.

Consolidated Statement of Shareholders' Equity
(Canadian Dollars)
For the six months ended September 30, 2010
(Unaudited – see Notice to Reader dated November 24, 2010)

	Number of Shares	Capital Stock	Warrants	Contributed surplus	Accumulated Deficit	Accumulated other comprehensive loss	Shareholders' Equity
Balance March 31, 2009	**30,820,743**	**$32,854,075**	**$2,192,927**	**$4,154,266**	**$(33,335,321)**	**$(4,425,018)**	**$1,440,929**
Issued under private placement	34,050,000	5,726,794	-				5,726,794
Finder fee		(572,679)					(572,679)
Value of warrants issued under private placement		(2,859,141)	2,859,141			-	
Value of warrants issued as finders fee		(289,687)	289,687			-	
Subscriptions received		303,480					303,480
Shares cancelled	(350,000)	(81,957)					(81,957)
Issued under 2009 Consultant Stock Option Plan	708,333	217,372					217,372
Value of warrants issued to induce short term loans			278,325				278,325
Value of warrants issued as part of acquisition of oil & gas properties			1,723,806				1,723,806
Options revaluation upon changes in the terms				419,482			419,482
Net loss					(3,927,244)		(3,927,244)
Unrealised gain on short term investments,net of tax considered available for sale						1,728,805	1,728,805
Balance, March 31, 2010	**65,229,076**	**35,298,257**	**7,343,886**	**4,573,748**	**-37,262,565**	**-2,696,213**	**7,257,113**
subscription received in fiscal 2010 reversed on issuance of shares		-303,480					(303,480)
Issued under private placement	12,700,000	2,564,925					2,564,925
Finder fee		-256,493					(256,493)
Value of warrants issued under private placement		-1,232,145	1,232,145			-	
Value of warrants issued as finders fee		-123,214	123,214			-	
Issued under 2009 Consultant stock compensation plan	135,000	40,105					40,105
Issued on exercise of warrants	250,000	24,903					24,903
Value of warrants exercised		8,489	-8,489			-	
Unrealised gain on short term investments ,net of tax, considered available for sale						21,737	21,737
Net loss for the quarter					(485,661)		(485,661)
Balance, June 30, 2010	**78,314,076**	**$36,021,347**	**$8,690,756**	**$4,573,748**	**$(37,748,226)**	**$(2,674,476)**	**$8,863,149**

The accompanying notes are an integral part of these consolidated financial statements.

Bontan Corporation Inc.

Consolidated Statement of Shareholders’ Equity
(Canadian Dollars)
For the six months ended September 30, 2010
(Unaudited – see Notice to Reader dated November 24, 2010)

	Number of Shares	Capital Stock	Warrants	Contributed surplus	Accumulated Deficit	Accumulated other comprehensive loss	Shareholders' Equity
Balance June 30, 2010	**78,314,076**	**$36,021,347**	**$8,690,756**	**$4,573,748**	**$(37,748,226)**	**$(2,674,476)**	**$8,863,149**
Unrealised gains on short term investments, net of taxes			-			1,087,349	1,087,349
value of options issued				185,903			185,903
Net loss for the quarter					(1,329,270)		(1,329,270)
	78,314,076	**$36,021,347**	**$8,690,756**	**$4,759,651**	**$(39,077,496)**	**$(1,587,127)**	**$8,807,131**
						-	

Bontan Corporation Inc.

Consolidated Statement of Comprehensive Loss and Accumulated Other Comprehensive Loss
(Canadian Dollars)
(Unaudited – see Notice to Reader dated November 24, 2010)

	Note	Six months ended September 30, 2010	2009	Year ended March 31 2010
		(Unaudited)	(Unaudited)	(Audited)
Other comprehensive gain (loss)				
Net loss for year		**$(1,629,028)**	$(968,720)	$(3,927,244)
Unrealised gain(loss) for period on short term investments, net of tax considered available for sale		**1,109,086**	1,086,369	1,728,805
Comprehensive gain (loss)		**-519,942**	117,649	(2,198,439)
Accumulated other comprehensive loss				
Beginning of period		**(2,696,213)**	(4,425,018)	(4,425,018)
Other comprehensive gain for period		**1,109,086**	1,086,369	1,728,805
Accumulated other comprehensive loss, end of period		**$(1,587,127)**	$(3,338,649)	**$(2,696,213)**

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

Bontan Corporation Inc. ("the Company") is a diversified natural resource company that invests in major oil and gas exploration and development projects in countries around the globe through its subsidiary by acquiring a joint venture interest, indirect participation interest and working interest in those projects. The company focuses on projects where the other project partners have proven experience in oil and gas exploration, development and distribution.

During the fiscal year 2010, the Company acquired an indirect 10.45% working interest in two off-shore drilling licenses in the Levantine Basin, approximately forty kilometres off the West coast of Israel.

The Company does not currently own any oil and gas properties with proven reserves.

2. PRINCIPLES AND USE OF ESTIMATES

These financial statements consolidated the accounts of the Company, its wholly owned subsidiary, Israel Oil & Gas Corporation. And Israel Petroleum Company, Limited, a Cayman Island limited company in which Israel Oil & Gas Corporation owns 76.79% equity interest ("IPC Cayman") and has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") with respect to interim financial statements, applied on a consistent basis. Accordingly, they do not include all of the information and footnotes required for compliance with GAAP in Canada for annual audited financial statements. These Statements and notes should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report for the fiscal year ended Mar ch 31, 2010.

The accounting policies adopted for the preparation of these Statements are same as those applied for the Company's audited financial statements for the fiscal year ended March 31, 2010.

The preparation of these Statements and the accompanying unaudited notes requires management to make estimates and assumptions that affect the amounts reported. In the opinion of management, these Statements reflect all adjustments necessary to state fairly the results for the periods presented. Actual results could vary from these estimates and the operating results for the interim periods presented are not necessarily indicative of the results expected for the full year.

Recent accounting pronouncements

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company's transition date of April 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ending March 31, 2011. The Company has assessed the impact of IFRS on its consolidated financial statements and concluded that no significant change will be required in any of its accounting policies upon adoption of IFRS.

(Canadian Dollars)

3. SHORT TERM INVESTMENTS

	September 30, 2010		March 31, 2010	
	Carrying average costs	**fair market value**	Carrying average costs	fair market value
Marketable securities	**3,318,682**	**1,731,555**	4,007,574	1,359,431

Marketable securities are designated as "available-for-sale".

Marketable securities are stated at fair value based on quoted market prices on the balance sheet as at September 30, 2010. An unrealised gain of $ 1,109,086 for the six months ended September 30, 2010 was included in the consolidated statement of comprehensive loss and accumulated other comprehensive loss.

As at September 30, 2010, the Company held warrants in certain marketable securities which are exercisable at its option to convert into equal number of common shares of the said securities. The total exercise price of these warrants was $ $ 122,727 (March 31, 2010: $119,217) and the market value of the underlying securities was $ 33,053 as at that date (March 31, 2010: $ 19,506). These warrants and the underlying unrealised gains and losses have not been accounted for in the financial statements since the Company has not yet determined if it would exercise these warrants before their expiry between November 2, 2010 and April 26, 2012.

4. OFFICE EQUIPMENT AND FURNITURE

	Cost	**accumulated amortisation**	**Net book value**	Net book value
		As at June 30, 2010		March 31, 2010
				(Audited)
Office furniture	**4,725**	**2,276**	**2,449**	2,722
Computer	**6,020**	**2,137**	**3,883**	1,813
Software	**5,793**	**1,952**	**3,841**	4,267

(Canadian Dollars)

5. PREPAID CONSULTING SERVICES

Prepaid consulting services relate to the fair value of shares and options issued under the Company's Consultants' Stock Compensation and Stock Option Plans to consultants for services that will be performed during the period subsequent to the balance sheet date. Changes during the period were as follows:

	Balance at April 1, 2010	**Deferred during period**		**Expensed during period**	**Balance at September 30, 2010**
Stocks	**50,792**	**40,105**		**(41,492)**	**49,405**
Options	**-**	**185,903**		**(185,903)**	**-**
	$50,792	**$226,008**	**$-**	**$(227,395)**	**$49,405**

	Balance at April 1, 2009	Deferred during the year	Canceled during the year	Expensed during the year	Balance at March 31, 2010
Options	$-	$419,482	$-	$(419,482)	$-
Stocks	20,484	217,372	(81,957)	(105,107)	50,792
	$20,484	$636,854	$(81,957)	$(524,589)	$50,792

	Balance at April 1, 2009	Deferred during period	Canceled during period	Expensed during period	Balance at September 30, 2009
Stocks	20,484	20,804	(81,957)	40,669	-
	$20,484	$20,804		$40,669	$-

(Canadian Dollars)

6. OIL & GAS PROPERTIES AND RELATED EXPENDITURE

		Cost of acquisition	Related expenditure	Total cost
Balance, April 1, 2010		$5,447,422	$1,072,945	$6,520,367
Incurred during the period	(i),(ii),(iii)	435,122	533,200	968,322
Recovered during the period	(iv)	-135,936		(135,936)
Balance, September 30, 2010		**$5,746,608**	**$1,606,145**	**$7,352,753**

(i) Under a new agreement entered on March 25, 2010 between the Company, IPC Cayman and three other joint venture partners ("new agreement"), the company was entitled to increase its working interest from 10% to 11% by paying an additional US$ 240,000. This amount was paid during the quarter ended June 30, 2010.

(ii) In fiscal year 2010, the Company issued warrants to induce short term loans borrowed to finance the cost of acquisition. Value of these warrants of $ 173,953 which related to the period after March 31, 2010 was adjusted against the short term loans as at March 31, 2010. Upon settlement of these loans during the three months ended June 30, 2010, the value of warrants was transferred to the cost of acquisition.

(iii) The Company also paid a first cash call for $136,090 to cover its share of the costs of seismic data analysis and other related costs. This amount is included under related expenditure.

(iv) As per the terms of the new agreement and an operating agreement, the operator was allowed to acquire 5% working interest in the two licenses from the project partners on a prorate basis as per their respective working interest. For a total sum of US$ 1.2 million. The Company's share of the amount of $135,936 receivable was reduced from the costs.

The operator is also given an option to acquire an additional 2.5% from the existing partners. Under an operating agreement, agreement, the operator has agreed to grant the existing partners of the two licenses an option to purchase up to 12.5% of "Samuel" license where the operator holds working interest with other partners, in accordance with their pro rata share. The exact cost of acquisition is not yet determined. For this, the existing partners agreed to allow the operator an option to acquire an additional 2.5% of the two licenses.

The management carried out an impairment tests, involving (a) an independent geologist's evaluation of the prospective resources on the two prospects in accordance with NI 51-101, Sec 5-9, and (b) review of definite work plan prepared by the steering committee of the joint venture partners and its acceptance by the Israeli Ministry of National Infrastructure, and concluded that there was no permanent impairment.

(Canadian Dollars)

7. CAPITAL STOCK

(a) Authorized

Unlimited number of common shares

(b) Issued

	September 30, 2010		March 31, 2010 (Audited)	
	Common Shares	**Amount**	Common Shares	Amount
Beginning of period	**65,229,076**	**$35,298,257**	30,820,743	$32,854,075
Canceled	**-**	**-**	(350,000)	(81,957)
Issued under 2009 Consultant Stock Compensation Plan (i)	**135,000**	**40,105**	708,333	217,372
Issued under private placements (ii)	**12,700,000**	**2,564,925**	34,050,000	5,726,794
Finder's fee (ii)	**-**	**(256,493)**	-	(572,679)
Value assigned to warrants issued under private placements (note 9(a) (i))	**-**	**(1,232,145)**	-	(2,859,141)
Value assigned to warrants issued as finders fee under private placements		**(123,214)**		(289,687)
Issued on exercise of warrants	**250,000**	**24,903**		
Value of warrants exercised transferred from warrants		**8,489**		
Subscriptions received in fiscal 2010 reversed on issuance of shares		**(303,480)**		303,480
	78,314,076	**$36,021,347**	65,229,076	$35,298,257

(i) On April 7, 2009, the Company registered a 2009 Consultant Stock Compensation Plan with the Securities and Exchange Commission in a registration statement under the US Securities Act of 1933. Three million common shares of the Company were registered under the Plan. During the six months ended September 30, 2010, 135,000 common shares were issued to three persons out of this plan. These shares were valued at the market price of the common shares prevailing on the date of issue.

(ii) On November 20, 2009, the Board of Directors of the Company approved a private placement to raise equity funds up to US$5,500,000, raised subsequent to US$7.9 million. The private placement consists of Units up to a maximum of 27.5 million, raised subsequently to 39.5 million, to be issued at US$ 0.20 per Unit. Each Unit would comprise one common share of the Company and one full warrant convertible into one common share of the Company at an exercise price of US$0.35 each within five years of the issuance of the warrants, subject to an early recall if the market price of the Company's common shares exceeds US$1 for a period of 20 consecutive trading days.

(Canadian Dollars)

7. CAPITAL STOCK – (b) – continued

The Board also approved a finder's fee of 10% of the proceeds raised from the issuance of Units and warrants attached thereto and 10% of the warrants issued in warrants under the same terms, payable to Current Capital Corp., a related party, net of any fees payable to anyone else.

During the six months ended September 30, 2010, the Company received thirty six subscriptions who subscribed a total of 12.7 million Units for gross proceeds of approximately US$2.6 million.
The subscription was closed on April 30, 2010.

8. STOCK OPTION PLANS

(a) The following is a summary of all Stock Option Plans as at September 30, 2010:

Plan	**Date of registration ***			**# of Options**		
		Registered	**issued**	**Expired**	**Exercised**	**Outstanding**
1999 Stock option Plan	April 30, 2003	3,000,000	3,000,000	-70,000	-1,200,000	1,730,000
2003 Stcok Option Plan	July 22, 2004	2,500,000	2,500,000	-155,000	-400,000	1,945,000
The Robinson Plan	December 5, 2005	1,100,000	1,100,000	-	-	1,100,000
2005 Stock Option Plan	December 5, 2005	1,000,000	1,000,000	-	-	1,000,000
		7,600,000	7,600,000	-225,000	-1,600,000	5,775,000

* Registered with the Securities and Exchange Commission of the United States of America (SEC) as required under the Securities Act of 1933.

All options were fully vested on the dates of their grant.

(b) During the six months ended September 30, 2010, 950,000 options were allotted to eight consultants including 300,000 options valued at $58,706 to the three directors. These options are for five year term expiring on August 18, 2015 and can be exercised to acquire equal number of common shares at an exercise price of USD$0.35. These options were valued at $185,903 using a Black-Scholes option price model with the following assumptions:

Risk free interest rate	1%
Expected dividend	nil
Expected volatility (based on previous 217 weeks average market price)	142.44%
Expected life	1826 days
Exercise price	US$0.35
Market price at August 18, 2010	US$0.22

Option price models used for calculating fair value of options require input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the models do not necessarily provide a reliable measure of the fair value of the Company's options.

(Canadian Dollars)

8. STOCK OPTION PLANS - continued

(C) Details of weighted average remaining life of the options granted and outstanding are as follows:

	September 30, 2010	March 31, 2010
Number of options oustanding and excercisable	**5,775,000**	4,825,000
Exercise price in US$	**0.18**	0.15
Weighted average remaining contractual life (years)	**3.70**	4.00

All options were fully vested immediately as at September 30 and March 31, 2010. The options can be exercised at any time after vesting within the exercise period in accordance with the applicable option agreement. The exercise price was more than the market price on the date of the grants for 2,945000 options and less than the market price for the balance of 2,830,000 options. Upon expiry or termination of the contracts, vested options must be exercised within 30 days for consultants and 90 days for directors.

9. WARRANTS

(a) Movement in warrants during the period are as follows:

March 31,		**September 30, 2010**			March 31, 2010 (Audited)		
	Note	**# of warrants**	**Weighted average exercise price**	**Fair value**	# of warrants	Weighted average exercise price	Fair value
Issued and outstanding, beginning of period		**59,701,420**	**0.28**	**7,343,886**	13,846,420	0.24	2,192,927
Issued under 2008-9 Private Placement		**-**		**-**	9,000,000	0.10	339,560
Issued as finders fee under 2008-9 private placement		**-**		**-**	1,000,000	0.10	37,729
Issued under 2009-10 Private Placement	i	**12,700,000**	**0.35**	**1,232,145**	25,050,000	0.35	2,519,581
Issued as finders fee under 2009-10 private placement	i	**1,270,000**	**0.35**	**123,214**	2,505,000	0.35	251,958
Exercised		**(250,000)**	**-0.10**	**(8,489)**	-	-	
Issued in connection with acquisition of licences		**-**		**-**	7,000,000	0.35	1,723,806
Issued as inducement for loans		**-**		**-**	1,300,000	0.35	278,325
Issued and outstanding, end of period		**73,421,420**	**$0.26**	**$8,690,756**	59,701,420	$0.28	$7,343,886

(Canadian Dollars)

9. WARRANTS – continued

(i) The company issued 12.7 million warrants under a 2009-10 private placement relating to Units subscribed plus 1.27 million as a finder's fee during the six months ended September 30, 2010 as explained in Note 7(b) (ii). These warrants are convertible into equal number of common shares at an exercise price of US$0.35 per warrant and expire within five years of their issue.

The fair value of these warrants has been estimated using a Black-Scholes option price model with the following assumptions:

Risk free interest rate	1%
Expected dividend	nil
Expected volatility	140.04%
Expected life	1,826 days
Market price	US$0.33

The fair value of the warrants as per the Black-Scholes option price model amounted to $7,288,984. Using the relative fair value method, an amount of $1,232,145 for warrants issued to private placees and $ 123,214 for warrants issued as finder's fee (total 59%) has been accounted for as reduction in the value of common shares and increase in the value of warrants.

(b) Details of weighted average remaining life of the warrants granted and outstanding are as follows:

	September 30, 2010		March 31, 2010 (Audited)	
	Warrants outstanding & excercisable		Warrants outstanding & excercisable	
Exercise price in US$	**Number**	**Weighted average remaining contractual life (years)**	Number	Weighted average remaining contractual life (years)
0.10	**10,750,000**	**3.42**	11,000,000	3.91
0.25	**12,846,420**	**3.50**	12,846,420	4.00
0.35	**49,825,000**	**4.43**	35,855,000	4.75
0.46	**73,421,420**	**4.08**	59,701,420	4.47

10. LOSS PER SHARE

Loss per share is calculated on the weighted average number of common shares outstanding during the period, which were 78,314,076 and 78,292,409 shares respectively for the three and six months ended September 30, 2010 (three and six months ended September 30, 2009– 31,004,076 and 30,912,410).

The Company had approximately 73.4 million (September 30, 2009:15.3 million) warrants and 5.8 million options (September 30, 2009: 4.8 million), which were not exercised as at June 30, 2010. Inclusion of these warrants and options in the computation of diluted loss per share would have an anti-dilutive effect on loss per share and are therefore excluded from the computation. Consequently, there is no difference between loss per share and diluted loss per share.

(Canadian Dollars)

11. CONSULTING FEE

	Three months ended September 30, 2010	**Six months ended September 30, 2010**	Three months ended September 30, 2009	Six months ended September 30, 2009
Fees settled in stocks and options (Note 5)	**204,527**	**227,395**	**(61,772)**	(41,288)
Fees settled for cash	**260,938**	**446,759**	**173,036**	238,900
	$465,465	**$674,154**	$111,264	$197,612

12. COMMITMENTS AND CONTINGENT LIABILITIES

(a) The Company entered into media relations and investor relations contracts with Current Capital Corp., a shareholder corporation, effective July 1, 2004 initially for a period of one year and renewed automatically unless cancelled in writing by a 30-day notice, for a total monthly fee of US$10,000.

(b) The Company entered into a consulting contract with Mr. Kam Shah, the Chief Executive Officer and Chief Financial Officer on April 1, 2005 for a five-year term. This term was extended to another five years to March 31, 2015 by the audit committee on April 1, 2010. Mr. Shah’s monthly fee is $15,000 plus taxes. Further, the contract provides for a lump sum compensation of US$250,000 for early termination of the contract without cause. The contract also provides for entitlement to stock compensation and stock options under appropriate plans as may be decided by the board of directors from time to time.

(c) The Company entered into a consulting contract with Mr. Terence Robinson, a key consultant and a former Chief Executive Officer, on April 1, 2003 for a six-year term up to March 31, 2009. On august 4, 2009, this contract was renewed for another five years effective April 1, 2009. The renewed contract provides for a fixed monthly fee of $10,000 plus taxes. The Consultant will also be entitled to stock compensation and stock options under appropriate plans as may be decided by the board of directors from time to time.

(d) The Company has a consulting contract with Mr. John Robinson. Mr. John Robinson is the sole owner of Current Capital Corp., a firm with which the Company has an ongoing contract for media and investor relations, and a brother of Mr. Terence Robinson who is a key consultant to the Company and a former Chief Executive Officer of the Company. Mr. Robinson provides services that include assisting the management in evaluating new projects and monitoring short term investment opportunities that the Company may participate in from time to time. A new Consulting Contract was signed with Mr. John Robinson on July 1, 2009 for period to March 31, 2014. The Contract provides for a fixed monthly fee of $8,500 plus taxes. The Consultant will also be entitled to stock compensation and stock options under appropriate plans as may be decided by the board of directors from time to time.

(e) The Company has agreed to the payment of a finder’s fee to Current Capital Corp., a related party, at the rate of 10% of the proceeds from the exercise of any of the outstanding warrants. The likely fee if all the remaining warrants are exercised will be approximately $ 1.8 million.

12. COMMITMENTS AND CONTINGENT LIABILITIES - continued

(f) The Company's subsidiary, IPC Cayman has a consulting agreement with its manager and sole director, International Three Crown Petroleum to pay a management fee of US$ 20,000 per month.

(g) Under the terms of the Agreement governing the allocation of ownership to the two off shore drilling licenses in Israel, the Company's is required to provide a proof of its financial capability to contribute, when required, its share of the development costs. The Company's share of these costs is estimated not to exceed US$ 12 million. Subsequent to September 30, 2010, the Company has secured the required financial capability (note 19)

13. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to between the related parties. Related party transactions and balances have been listed below, unless they have been disclosed elsewhere in the financial statements. Amounts are for six months ended September 30, 2010 and balances are at September 30, 2010. Comparative amounts are for the six months ended September 30, 2009 and balances as at September 30, 2009.

(i) Included in shareholders information expense is $62,059 (2009 – $68,812) to Current Capital Corp, (CCC) for media relations services. CCC is a shareholder corporation and a director of the Company provides accounting services as a consultant.

(ii) CCC charged $8,081 for rent (2009: $9,370).). $18,319 of office expenses were charged by the entity controlled by the sole director of IPC Cayman (2009: $ nil)

iii) Finders fee of $ 312,469 (2009: $nil) was charged by CCC in connection with the private placement. The fee included a cash fee of $ 189,255 and 1,270,000 warrants valued at $123,214 using the black-Scholes option price model.

(iv) Business expenses of $8,571 (2009: $9,879) were reimbursed to directors of the corporation and $64,837 (2008 - $39,268) to a key consultant and a former chief executive officer of the Company. Travel and related expenses of $86,111 (2009: $nil) were charged by the sole director of IPC Cayman. $45,392 of these charges has been included in oil & gas properties and related expenditure. Further, sole director of IPC Cayman also charged $35,760 for book keeping services (2009: $ nil)

(v) Consulting fees include cash fee paid to directors for services of $95,000 (2009: $ 65,000), $ 60,000 (2009: $ 60,000) paid to a key consultant and a former chief executive officer of the Company, $51,000 paid to a consultant who controls CCC (2009: $nil) and $123,312 was paid to the sole director of IPC Cayman. Fees prepaid to a director $nil (2009: $ 2,402).

(vi) Accounts payable includes $5,611 (2009: $21,999) due to CCC, $1,250 (2009: $13,000) due to directors, $nil (2009: $10,500) due to a key consultant and a former chief executive officer of the Company.

13. RELATED PARTY TRANSACTIONS - continued

(vii) Included in short term investments is an investment of $nil (2009: $200,000) in a private corporation controlled by a brother of the key consultant. The investment was written off as at March 31, 2010.

(viii) Included in short term investments is an investment of $1,869,381 carrying cost and $645,850 fair value (2009: $1,869,381 carrying cost and $710,435 fair value) in a public corporation controlled by a key shareholder of the Company. This investment represents common shares acquired in open market or through private placements and represents less than 1% of the said Corporation.

(ix) Included in other receivable is a fee advance of $nil made to a director. (2009: $ 70,000).

14. PENDING DISPUTES

(I) The sole director of the Company's subsidiary, IPC Cayman communicated to the Company that the Company owes IPC Cayman and himself various fees and proceeds of the private placements totalling to approximately $ 2.5 million. The Company in turn claims invoices and credits from IPC Cayman of approximately $ 32 million.

Both the parties are disputing each other's claims and are currently engaged in negotiations to resolve these matters. The final outcome of such negotiations and any litigation that may arise if such negotiations fail is not determinable.

In any event, the management believes that such claims have no bearing on the consolidated financial statements of the Company.

(II) IPC Cayman received communication in May 2010 from a lawyer of a non related investor alleging that IPC Cayman made an agreement with his client in January 2010 which involved sale of a part of the working interest in the two drilling licenses. IPC Cayman denies the fact and considers such an agreement null and void. No legal action has been taken to date. The Company and IPC Cayman are confident that they will successfully defend any such action if taken in future.

15. SEGMENTED INFORMATION

As at September 30 and March 31, 2010, the Company had only one major business segment-

Energy sector: This segment includes the Company's acquisition of interests in joint ventures and projects relating to exploration and commercial drilling of oil and gas and related products.

The accounting policies of the segments are same as those described in Note 4 of the audited consolidated financial statements for the year ended March 31, 2010.

The Company acquired in fiscal 2010 an indirect 10.45% working interest in two off-shore drilling licenses in the Laventine basin, approximately forty kilometres off the West coast of Israel.

(Canadian Dollars)

15. SEGMENTED INFORMATION - continued

Geographic Information

The Company operates from one location in Canada and its subsidiary, IPC Cayman has an office in the US. (2009: one location in Canada). Its assets were located as follows:

Location	**September 30, 2010**	March 31, 2010	September 30, 2009
Canada	**$2,162,581**	$3,615,914	$1,654,073
US	**35,718**	217,497	-
Israel	**7,997,679**	6,586,376	-
	$10,195,978	$10,419,787	$1,654,073

16. FINANCIAL INSTRUMENTS AND CONCENTRATION OF RISKS

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks and has no designated hedging transactions. The Board approves and monitors the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfilment of obligations and limited exposure to credit and market risks while ensuring greater returns on the surplus funds on hand. There were no changes to the objectives or the process from the prior year. Cash, short term investments, accounts payable and accruals are classified as level one financial instrume nt.

The types of risk exposure and the way in which such exposures are managed are as follows:

(a) Concentration risk:

Concentration risks exist in cash and cash equivalents because significant balances are maintained with one financial institution and a brokerage firm. The risk is mitigated because the financial institutions are international banks and the brokerage firm is well known Canadian brokerage firm with good market reputation and all its assets are backed up by a major Canadian bank. The Company's key asset, the indirect working interest in two off shore drilling licenses is located in Israel.

(b) Market price risk:

Market risk primarily arises from the Company's short term investments in marketable securities which accounted for approximately 17% of total assets of the Company as at September 30, 2010 (13% as at March 31, 2010). Further, the Company's holding in two Canadian marketable security accounted for approximately 79% (March 31, 2010: 75%) of the total short term investment in marketable securities or 13.7% (March 31, 2010: 9.7%) of total assets as at September 30, 2010.

16. FINANCIAL INSTRUMENTS AND CONCENTRATION OF RISKS – (b) - continued

The Management tries to mitigate this risk by monitoring daily all its investments with experienced consultants and ensuring that investments are made in companies which are financially stable with viable businesses.

(c) Liquidity risk:

The Company monitors its liquidity position regularly to assess whether it has the funds necessary to fulfill planned exploration commitments on its petroleum and natural gas properties or that viable options are available to fund such commitments from new equity issuances or alternative sources such as farm-out agreements. However, as an exploration company at an early stage of development and without significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that actual exploration expenditures may exceed those planned. The current uncertainty in global markets could have an impact on the Company's future ability to access capital on terms that are acceptable to the Company. The Company has so f ar been able to raise the required financing to meet its obligations on time.

The Company maintains limited cash for its operational needs while most of its surplus cash is invested in short term marketable securities which are available on short notice to fund the Company's operating costs and other financial demands.

(d) Currency risk

The operating results and financial position of the Company are reported in Canadian dollars. Approximately 33% of total monetary assets at September 30, 2010 (28% as at March 31, 2010 and 17% as at June 30, 2009), and approximately 97% of its liabilities as at that date (89% as at March 31, 2010) were held in US dollars. The results of the Company's operations are therefore subject to currency transaction and translation risk.

The fluctuation of the US dollar in relation to the Canadian dollar will consequently impact the loss of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity.

Comparative foreign exchange rates are as follows:

	September 30, 2010	March 31, 2010	September 30, 2010
One US Dollar to CDN Dollar	1.0298	1.0156	1.0722

The Company has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks at this time.

16. FINANCIAL INSTRUMENTS AND CONCENTRATION OF RISKS – (d) - continued

The balances in US Dollar as at September 30, 2010 were as follows: (all figures in 000'CDN$ equivalent)

	000$
Cash, receivable & short term investments	$ 943
Accounts payable and accrual	(1,811)
Net liabilities	$ (868)

Based on the above net exposure, a 5% depreciation of the Canadian dollar against US dollar will increase the net liabilities by $43,400 while a 5% appreciation of the Canadian dollar against US dollar will decrease the net liabilities by $ 43,400.

17. CAPITAL DISCLOSURES

The Company considers the items included in Shareholders' Equity as capital. The Company had payables of approximately $ 1.9 million as at September 30, 2010 and current assets, mostly in cash and short term investments of approximately $2.8 million. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue new business opportunities and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and short term investments.

As at September 30, 2010, the shareholders' equity was approximately $ 8.3 million (March 31, 2010: $ 6.9 million). Approximately 25% or $2.1 million was held in cash and short term investments (March 31, 2010: $3.8 million or 55%). the Company completed its November 2009 private placement on April 30, 2010 and approximately additional $2.3 million was raised.

The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

The Company expects its current capital resources will be sufficient to carry its business plans and operations through its current operating period.

18. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP"). Which are not materially different from principles, practices and methods used in the United States ("US GAAP") and in SEC Regulation S-X.

Future U.S. accounting policy changes

There were no new accounting developments in the US standards that would affect the results of operations or financial position of the Company other than those detailed in the audited consolidated financial statements for the year ended March 31, 2010.

19. SUBSEQUENT EVENTS

(i) On October 13, 2010, IPC Cayman and its wholly owned IPC Partnership signed a Partnership Subscription and Contribution Agreement with Ofer Investments Ltd., an Israeli company, (“Ofer”). Under this agreement, Ofer agreed to contribute up to US$ 28 million towards the IPC Partnership’s share of the cost of drilling of the initial two exploratory wells under the Sara and Myra licenses and related exploration costs in exchange for a 50% limited partnership interest in IPC Partnership and certain voting and management rights related to IPC Partnership. We believe Ofer’s contribution under the agreement satisfies our financial capability requirement under the Allocation of Rights and Settlement Agreement.

(ii) On October 6, 2010, the partners of the Israel Project signed a new joint operating agreement with Geoglobal Resources (India) Inc., as operator. The new agreement provides for early termination and replacement of the operator subject to certain compensation.

(iii) On October 25, 2010, IPC Cayman announced that it signed an agreement to acquire a publicly listed Israeli company, Shaldieli,Ltd in a reverse take over by placing its ownership interests in the Israel project tin to Shaldieli , Ltd in exchange for 90% ownership of Shaldieli, Ltd. The Company as a majority shareholder of IPC Cayman has not yet agreed to this deal. The matter is currently under negotiation between the Company and IPC Cayman management.

20 PRIOR PERIOD’S FIGURES

Certain prior period’s amounts have been reclassified to conform to current presentation.

BONTAN CORPORATION INC.
THREE MONTHS ENDED SEPTEMBER 30, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Prepared as at November 24, 2010

Index

Management Discussion and Analysis

The following discussion and analysis by management of the financial condition and financial results for Bontan Corporation Inc. for the three months ended September 30, 2010 should be read in conjunction with the unaudited Consolidated Financial Statements for the three and six months ended September 30, 2010, the unaudited Consolidated Financial Statements and Management Discussion & Analysis for the three months ended June 30, 2010 and the audited Consolidated Financial Statements and Annual Report in Form F-20 for the year ended March 31, 2010. The financial statements and the financial information herein have been prepared in accordance with generally accepted accounting principles in Canada, as applicable to interim financial statements.

This management discussion and analysis is prepared by management as at November 24, 2010. The Company's auditors have not reviewed it.

In this report:

a. the words "us", "our", "the Company" and "Bontan" have the same meaning unless otherwise stated and refer to Bontan Corporation Inc. and its subsidiary.
b. Our indirect working interest in two drilling licenses offshore Israel is sometimes referred to as "Israel project"
c. Our subsidiary, Israel Petroleum Company, Ltd Cayman is referred to as "IPC Cayman"

Overview

Summary of Results

The following table summarizes financial information for the quarter ended September 30, 2010 and the preceding seven quarters: (All amounts in '000 CDN$ except Net income(loss) per share, which are actual amounts)

Quarter ended	Sept.30 2010	June 30 2010	Mar-31 2010	Dec. 31 2009	Sept.30 2009	Jun-30 2009	Mar-31 2009	Dec. 31 2008
Total Revenue	**-**	**-**	-	-	-	-	-	-
Net (loss) income	**(1,329)**	**(486)**	(2,275)	(683)	(763)	(206)	(266)	(276)
Working capital	**960**	**1,085**	372	(10,907)	1,564	1,542	1,432	1,694
Shareholders equity	**8,323**	**8,448**	6,900	6,809	1,572	1,552	1,441	1,705
Net loss per share - basic and diluted	**$(0.02)**	**$(0.01)**	$(0.05)	$(0.01)	$(0.02)	$(0.01)	$(0.01)	($0.01)

Number of common shares, options and warrants

These are as follows:

	As at Sept. 30, 2010	Nov. 24, 2010
Shares issued and outstanding	78,314,076	78,664,076
Warrants issued and outstanding (a)	73,421,420	73,071,420
Options granted but not yet exercised (b)	7,775,000	7,775,000

(a) Warrants are convertible into equal number of common shares of the Company within two to five years of their issuance, at average exercise price of $0.46. These warrants have weighted average remaining contractual life of 4.08 years.

(b) Options are exercisable into equal number of common shares at an average exercise price of US$0.18 and have a weighted average remaining contractual life of approximately 3.70 years.

Business Environment

Risk factors

Please refer to the Annual Report in the form F-20 for the fiscal 2010 for detailed information as the economic and industry factors that are substantially unchanged.

Forward looking statements

Certain statements contained in this report are forward-looking statements. All statements, other than statements of historical facts, included herein or incorporated by reference herein, including without limitation, statements regarding our business strategy, plans and objectives of management for future operations and those statements preceded by, followed by or that otherwise include the words “believe”, “expects”, “anticipates”, “intends”, “estimates” or similar expressions or variations on such expressions are forward-looking statements. We can give no assurances that such forward-looking statements will prove to be correct.

Each forward-looking statement reflects our current view of future events and is subject to risks, uncertainties and other factors that could cause actual results to differ materially from any results expressed or implied by our forward-looking statements.

Risks and uncertainties include, but are not limited to:

- Our lack of substantial operating history;
- The success of the exploration prospects, in which we have interests;
- Uninsured risks;
- The impact of competition;
- The enforceability of legal rights;
- The volatility of oil and gas prices;
- Weather and unforeseen operating hazards;

Important factors that could cause the actual results to differ materially from our expectations are disclosed in more detail under the “Risk Factors” in our Annual report for fiscal 2010. Our forward-looking statements are expressly qualified in their entirety by this cautionary statement.

Currently we do not hold interests in any exploration projects and have no reserves as defined in Canadian National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). All information contained herein regarding resources is references to undiscovered resources under NI 51-101, whether stated or not.

Business plan

We invest in the exploration and development of oil and gas wells. We focus on partnering with established developers and operators. We have never had any oil and gas operations and do not currently own any oil and gas properties with proven reserves. We are currently focused on the offshore Israel project which currently includes the Mira and Sarah licenses We currently are not seeking to acquire additional property interests in Israel or any other region or to pursue other business opportunities. Our goal is to advance offshore Israel project to the drilling stage aggressively, as prudent financing will allow to determine the presence of oil or natural gas. If we are successful in doing so, we believe our joint venture partners can attract the attention of the existing oil and gas companies al ready operating in the region or new oil and gas companies to enter into a development agreement or farm out agreement.

Results of operations

Three months ended Sept. 30,		**2010** in 000'CDN$	2009
Income	-	-	
Expenses		**(1,407)**	(763)
		(1,407)	(763)
Non-controlling interests		**78 -**	
Net loss for period		**(1,329)**	(763)
Deficit at end of period		**(39,077)**	(34,304)

Overview

The key events during the quarter ended September 30, 2010 included (a) further processing work on 3D seismic data obtained for the areas covered by the two drilling licenses in off shore Israel wherein we hold an indirect working interest. And(b) disposal of significant part of our short term investment portfolio, mainly comprising non-performing investments which showed no sign of any future improvements. These matters are further discussed in detail later in this report.

During the three months ended September 30, 2009, the main activities were as follows:

a. Completing private placement to raise US$ 500,000 that was announced previously in December 2009. This was completed in October 2009.

b. Reviewing various short term investments in our investment portfolio and disposing off significant portion of those investments which indicated declining values.

c. Negotiating a new project involving certain licenses and permit to explore oil and gas in an offshore location off the coast of Israel in partnership with an experienced oil and gas company. The Company acquired 71.63% working interest in November 2009.

Income

We had no revenue during the three months ended September 30, 2010 and 2009.

Expenses

The overall analysis of the expenses is as follows:

	Three months ended September 30	
	2010	2009
Operating expenses	**165,426**	69,186
Consulting fee & payroll	**474,189**	121,467
Exchange (gain)loss	**5,971**	21,742
Loss(gain) on disposal of short term investments	**536,290**	542,096
Professional fees	**225,206**	8,592
	$1,407,082	$763,083

Operating Expenses

	Three months ended September 30,	
	2010	2009
Travel, meals and promotion	**$79,027**	$16,870
Shareholders information	**35,359**	34,679
other	**51,040**	17,637
	$165,426	$69,186

Travel, meals and promotions

These expenses were substantially incurred by the key consultant, Mr. Terence Robinson and other consultants in visiting Vancouver, UK and USA in connection with the Israel Offshore Project and further fund raising efforts and local club and entertainment costs in business meetings and by IPC Cayman manager –Mr. Howard Cooper in visiting Israel, Europe and Canada in handling the Israel project.

Expenses for the three months ended September 30, 2009 were substantially incurred by the key consultant, Mr. Terence Robinson and included his local club expenses and expenses on travels to meet his contacts in connection with new business proposals or to seek new potential investors for the Company.

During the three months ended September 30, 2009, Mr. Robinson visited Vancouver, New York and UK in connection with one business proposal and also to complete a private placement campaign.

Shareholder information

Shareholder information costs comprise investor and media relations fee, costs of holding annual general meeting of the shareholders and various regulatory filing fees.

Major cost consists of media relation and investor relation services provided by Current Capital Corp. under contracts dated July 1, 2004, which are being renewed automatically unless canceled in writing by a 30-day notice for a total monthly fee of US$10,000. Current Capital Corp. is a shareholder Corporation where the Chief Executive and Financial Officer of the Company provide accounting services.

Fees were consistent for the 2010 and 2009 periods.

Management believes that such services are essential to ensure our existing shareholder base and prospective investors/brokers and other interested parties are constantly kept in contact and their comments and concerns are brought to the attention of the management on a timely basis.

Other operating costs

These costs include rent, telephone, Internet, transfer agents fees and other general and administration costs.

Increase in three months ended September 30, 2010 compared to earlier period was due to operations of a new subsidiary, IPC Cayman which added approximately $22,800 in costs. Our Toronto office general costs also increased as a result of increased business activities.

Consulting fees and payroll

Three months ended June 30	**2010**	2009
Fees settled in common shares and options	**204,527**	(61,772)
Fees settled in cash	**260,938**	173,036
Payroll	**8,724**	10,203
	$ 474,189	$ 121,467

Stock based compensation is made up of the Company's common shares and options being issued to various consultants and directors of the Company for services provided. The Company used this method of payment mainly to conserve its cash flow for business investments purposes. This method also allows the Company to avail the services of consultants with specialized skills and knowledge in the business activities of the Company without having to deplete its limited cash flow.

During the three months ended September 30, 2010, one consultant was issued shares in settlement of his fees of $18,624, while eight other consultants including the three directors of the Company and three consultants of IPC Cayman were issued total of 950,000 options for five year term and exercise price of US$0.35 to convert into equal number of common shares of the Company. These options were fully vested upon issuance and were valued at $185,903 using the Black-Scholes option price model.

Cash fees included fees paid to three consultants in Toronto including Mr. Kam Shah and Mr. terence Robinson of approximately $106,000 and fees of approximately $135,000 paid to four consultants by IPC Cayman including its manager and sole director, Mr. Howard Cooper.

The following were the key details forming part of consulting fee and payroll costs during the quarter ended September 30, 2009:

a. Fee settled in common shares represented shares previously allotted to Mr. John Robinson, a consultant for his service being deferred and now expensed for the period. However, Mr. John Robinson returned all the shares – 350,000 common shares of the Company – on August 12, 2009 for cancelation and instead was paid cash fee of $82,000 as approved by the board of directors of the company.

b. Fees settled in cash consisted of fee of $30,000 each paid to Mr. Kam Shah, the chief executive and financial officer and Mr. Terence Robinson, a key consultant for the quarter. The balance of the fee was paid to the two independent directors for their services as members of the audit committee.

The Company created a new 2009 Consultant Stock Compensation Plan and registered it with Securities and Exchange Commission on April 7, 2009. Three million common shares of the company have been registered for issuance to consultants for services in lieu of cash fee. 843,833 shares have been issued to date.

Exchange (gain)loss

Exchange differences related to translation losses arising from converting foreign currency balances, mainly in US dollar into Canadian dollar, which is the reporting unit of currency, on consolidation.

As at September 30, 2010, the Company has excess of liabilities in US dollar of approximately $860,000 over its monetary assets in US Dollar. During the quarter ended on that date, Canadian dollar slightly weakened against US dollar from almost par value at the beginning of the period to CDN$1.03 at the end of the period. These fluctuations resulted in a net exchange loss of approximately $ 6,000 for the quarter ended September 30, 2010 on period end translation of US dollar items.

During the quarter ended September 30, 2009, Canadian dollar strengthened against US dollar – from CDN $ 1.13 at June 30, 2009 per US$ 1 to 1.07 at September 30 30, 2009 – over 5% decline and hence US dollar based assets had lower Canadian values on translation at September 30, 2009 resulting in an exchange loss of approximately $21,000.

Gains on disposal of short term investments

During the quarters ended September 30, 2010 and 2009, The management reviewed its short term investment portfolio and identified several holdings whose market value remained depreciated for quite some time and showed no signs of any recovery in the near future. We therefore decided to dispose of these investments to avoid further decline in their values and focus on those whose values are more likely to improve in the near future.

Six holdings were disposed of at a loss of $536,290. Two of these holdings accounted for 65% of the realized losses.

During the quarter ended September 30, 2009, the Company sold twelve holdings from the portfolio having carrying cost of $ 832,010 for $289,998, resulting ina loss of approximately $542,000.

Professional fees

Professional fees consist of audit, accounting and legal fees.

During the three months ended September 30, 2010, audit fee of $ 15,000 was accrued on the basis of $ 60,000 annual fee. IPC Cayman incurred costs of approximately $85,000 during this period towards its bookkeeping services.

During the above period, legal costs were approximately $ 125,000 including fees of approximately $62,000 incurred by IPC Cayman, in connection with various matters and general advise in connection with the Israeli project. Significant part of this costs were incurred in various disputes and disagreements that exist between the Company and IPC Cayman and its manager as explained in note 14 of the unaudited consolidated financial statements for this period. These factors increased the professional fees substantially during 2010 quarter compared to 2009 quarter.

During the quarter ended September 30, 2009, audit fee was accrued at $6,250 on the basis of the estimated annual fee of $25,000. The balance of the fee for this period consisted of fees charged by our corporate lawyer to provide services in connection with certain regulatory matters.

Liquidity and Capital Resources

Working Capital

As at September 30, 2010, the Company had a net working capital of approximately $1.0 million compared to a working capital of approximately $400,000 as at March 31, 2010.

Almost entire working capital at September 30, 2010 and March 31, 2010 was in the form of cash and short term investments.

Value of our short term investment portfolio increased during the quarter by approximately $ 1 million.

Cash on hand as at September 30, 2010 was approximately $350,000 compared to $2.4 million as at March 31, 2010. Cash was used to pay off term loans , incur additional costs on the Israel project and on the operating expenses which increased significantly due to IPC Cayman.

The Company will require working capital of approximately $ 12 million to meet its exploration obligations with respect to its interest in the Israeli property within the next six months. However, as explained in the subsequent event note to the unaudited consolidated financial statements for the period ended September 30, 2010, a sale of 50% of our interest in the Israel Project was finalised in October 2010 with an Israeli business group which would cover the exploration costs for the initial two wells up to $ 28 million and also provides the required financial capability assurance. The Company will therefore not be required to provide further funding on the Israel project until the first two wells, based on our current estimates of the exploration and drilling costs of these wells.

Operating cash flow

During the three months ended September 30, 2010, operating activities required a net cash out flow of approximately $ 800,000, which was met from the available cash and proceeds from the disposal of short term investments.

During the quarter ended September 30, 2009, operating activities required a net cash outflow of approximately $325,000 which was met partly from the proceeds of the sales of short term investments and balance from cash on hand.

The company expects its operating cash requirements to increase as the exploration work begins on the project and has already organised additional funding from sale of half of its interest as explained under working capital section above.

Investing cash flows

During the three months ended September 30, 2010, the company paid approximately US$ 136,000 on the Israeli project in response to a cash call, which was offset by sale of 5% of its interest to the operator as per the agreement . A net cash of approximately $ 200,000was generated from the disposal of our short term investment portfolio.

During the quarter ended September 30, 2009, the Company generated a net cash flow of approximately $ 183,000 from the disposal of its short term investment portfolio.

Oil and gas properties and related expenditure

The Company acquired 11% indirect working interest in two licenses in the Levantine Basin, approximately 40 kilometres off the west coast of Israel. Our interest was reduced to 10.45% as result of sale of 5% interest to the operator.

During the three months ended September 30, 2010, the Company paid approximately $ 136,000 in response to a cash call to cover additional seismic data analysis costs. This was mostly off set by the proceeds from the sale of 5% interest to the operator as per the agreement.
Our indirect working interest in these licenses is held through our 76.79% equity interest in IPC Cayman, which owns a 13.609% interest in the licenses, through I.P.C. Oil and Gas (Israel) Ltd. Partnership, which is the registered holder of 13.609% interest in the above licenses in the Petroleum Registry in Israel.

During the quarter ended September 30, 2010, key events relating to the Israel project included further work on the analysis of the 3D seismic data, cash call to meet these costs and sale of 5% interest to the operator as explained earlier.

The key steps will involve completion of seismic data analysis, selection of a driller and planning for the drilling of two test wells. These steps including drilling of the initial two wells – one for each of the two licenses – must be completed by July 2011.

In this connection, we are required to provide proof of financial capability to cover our share of these exploration costs which would approximately be US$12 million by December 1, 2010. This has now been covered by the sale of 50% of our interest for $ 28 million dollar in October 2010 as explained earlier.

Short Term investments

The Company had short term investments at a carrying cost of approximately $ 3.3 million as at September 30, 2010 – all of which were held in five Canadian public companies. These investments were stated at their fair value of approximately $ 1.7 million as at September 30, 2010 and the difference representing unrealised loss of approximately $1.6 million was transferred to accumulated other comprehensive loss and included under shareholders equity.

The Company had short term investments at a carrying cost of approximately $5.2 million as at September 30, 2009 – of which $4.9 million or 94% was held in Canadian currency and the balance 6% was held in US currency. Approximately 94% of the investments were in 12 public companies while 6% was invested in two private companies. These investments were stated at their fair value of approximately $1.3 million as at September 30, 2009 and the difference representing unrealised loss of approximately $3.9 million was transferred to accumulated other comprehensive loss and included under shareholders equity.

The amounts at which the Company's publicly-traded investments could be disposed of currently may differ from fair values based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity.

The following are our key investments:

March 31,	September 30, 2010			March 31, 2010		
			in 000'			
	# of shares	cost	fair value	# of shares	cost	fair value
Marketable Securities						
Brownstone Ventures Inc.	1,292	1869	646	1,292	1869	775
Bowood Energy	1,744	658	674	1,744	658	244
Skana Capital Corp	750	699	300	773	706	155
2 (March 31, 2010:10) other public companies - mainly resource sector		93	112		775	185
		$3,319	$1,732		$4,008	$1,359
Non-marketable securities						
Cookee Corp	- -	-		1,000	200 -	
One other private company (2008: two private companies, 2007:)	-	-			63 -	
	$-	$-			$263 $-	
		$3,319	$1,732		$4,271	$1,359

Management believes that the reduction in fair value of the above investments due to application of mark to market accounting rules is temporary and is a direct effect of the adverse current market conditions in the resource sector in general. The fundamentals of the investee corporations are strong in terms of their financial and portfolio strength and will eventually reflect in higher market prices.

Financing cash flows

There was no financing activity during the three months ended September 30, 2010.

During the three months ended September 30, 2009,, the Company received four subscriptions for a total of 1.5 million units for a net proceeds of $74,414. The total number of units subscribed as at September 30, 2009 was 2.5 million. The closing date for this private placement was revised to October 15, 2009 and the balance of 7.5 million units was subscribed by October 13, 2009.

Key Contractual obligations

Under the terms with our other Israeli partners, we have to provide by December 1, 2010 evidence of our financial capability to meet future financing requirements with respect to exploration and development of test wells to our Israeli partners. This is expected to be approximately US$ 12 million. As explained earlier, this requirement has now been met from the sale of 50% of our interest to an Israeli business group for $ 28 million in October 2010.

Off balance sheet arrangements

As at September 30, 2010 and 2009, the Company did not have any off balance sheet arrangements, including any relationships with unconsolidated entities or financial partnership to enhance perceived liquidity.

Transactions with related parties

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount. Related party transactions and balances have been listed in Note 13 of the consolidated unaudited financial statements for the three and six months ended September 30 2010.

Given below is background information on some of the key related parties and transactions with them:

1. Current Capital Corp. (CCC). CCC is a related party in following ways –
    a. Director/President of CCC, Mr. John Robinson is a consultant with Bontan
    b. CCC provides media and investor relation services to Bontan under a consulting contract.
    c. Chief Executive and Financial Officer of Bontan is providing services to CCC.
    d. CCC and John Robinson hold significant shares, options and warrants in Bontan.

   CCC also charged a finder's fee at the rate of 10% of the gross money raised for the Company through issuance of shares and warrants under private placements. In addition,

2. Mr. Kam Shah is a director of the Company and also provides services as chief executive and financial officer under a five-year contract. The compensation is decided by the board on an annual basis and is usually given in the form of shares and options.

3. Mr. Terence Robinson was Chairman of the Board and Chief Executive Officer of the Company since October 1, 1991. He resigned from the Board on May 17, 2004 but continues with the Company as a key consultant. He advises the board in the matters of shareholders relations, fund raising campaigns, introduction and evaluation of investment opportunities and overall operating strategies for the Company.

4. Mr. Howard Cooper and Three Crown Petroleum LLC, (TCP) a Company controlled by Mr. Cooper. Mr. Cooper/TCP is the sole director and manager of our subsidiary, IPC Cayman and is also the minority shareholder, holding 23.21% equity in IPC Cayman.Mr. Cooper receives fee of US$ 20,000 per month for acting as manager of IPC Cayman and representing the Company on the Israeli Project.

Financial and derivative Instruments

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks and has no designated hedging transactions. The Board approves and monitors the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfilment of obligations and limited exposure to credit and market risks while ensuring greater returns on the surplus funds on hand. There were no changes to the objectives or the process from the prior year. Cash, short term investments, accounts payable and accruals are classified as level one financial instrum ent.

The types of risk exposure and the way in which such exposures are managed are as follows:

(a) Concentration risk:

Concentration risks exist in cash and cash equivalents because significant balances are maintained with one financial institution and a brokerage firm. The risk is mitigated because the financial institutions are international banks and the brokerage firm is well known Canadian brokerage firm with good market reputation and all its assets are backed up by a major Canadian bank. The Company's key asset, the indirect working interest in two off shore drilling licenses is located in Israel.

(b) Market price risk:

Market risk primarily arises from the Company's short term investments in marketable securities which accounted for approximately 17% of total assets of the Company as at September 30, 2010 (13% as at March 31, 2010). Further, the Company's holding in two Canadian marketable security accounted for approximately 79% (March 31, 2010: 75%) of the total short term investment in marketable securities or 13.7% (March 31, 2010: 9.7%) of total assets as at September 30, 2010.

The Management tries to mitigate this risk by monitoring daily all its investments with experienced consultants and ensuring that investments are made in companies which are financially stable with viable businesses.

(c) Liquidity risk:

The Company monitors its liquidity position regularly to assess whether it has the funds necessary to fulfill planned exploration commitments on its petroleum and natural gas properties or that viable options are available to fund such commitments from new equity issuances or alternative sources such as farm-out agreements. However, as an exploration company at an early stage of development and without significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that actual exploration expenditures may exceed those planned. The current uncertainty in global markets could have an impact on the Company's future ability to access capital on terms that are acceptable to the Company. The Company has so far been able to raise the required financing to meet its obligations on time.

The Company maintains limited cash for its operational needs while most of its surplus cash is invested in short term marketable securities which are available on short notice to fund the Company's operating costs and other financial demands.

(d) Currency risk

The operating results and financial position of the Company are reported in Canadian dollars. Approximately 33% of total monetary assets at September 30, 2010 (28% as at March 31, 2010 and 17% as at June 30, 2009), and approximately 97% of its liabilities as at that date (89% as at March 31, 2010) were held in US dollars. The results of the Company's operations are therefore subject to currency transaction and translation risk.

The fluctuation of the US dollar in relation to the Canadian dollar will consequently impact the loss of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity.

Comparative foreign exchange rates are as follows:

	September 30, 2010	March 31, 2010	September 30, 2009
One US Dollar to CDN Dollar	1.0298	1.0156	1.0722

The Company has not entered into any agreements or purchased any foreign currency hedging arrangements to hedge possible currency risks at this time.

The balances in US Dollar as at September 30, 2010 were as follows: (all figures in 000'CDN$ equivalent)

	000$
Cash, receivable & short term investments	$ 943
Accounts payable and accrual	(1,811)
Net liabilities	$ (868)

Based on the above net exposure, a 5% depreciation of the Canadian dollar against US dollar will increase the net liabilities by $43,400 while a 5% appreciation of the Canadian dollar against US dollar will decrease the net liabilities by $ 43,400.

New accounting policies

Recent accounting pronouncements

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company has assessed the impact of IFRS on its consolidated financial statements and concluded that switching to IFRS would not require any major changes in its existing accounting policies.

The Company's transition date of April 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ending March 31, 2011.

The key elements of our changeover plan include:

1. Scoping and diagnostic
   High level analysis to:
   - Assess differences between IFRS and GAAP
   - Identify elective and mandatory exceptions available under IFRS 1
   - Scope out potential impacts on systems and processes -
   - Identify impacts on business relationships including contractual arrangements.

IFRS 1 – First Time Adoption of IFRS and Opening Balance Sheet Quantifications

IFRS 1 requires an entity to comply with each IFRS effective at the reporting date for its first IFRS financial statements. In particular, the IFRS requires an entity to do the following in the opening IFRS balance sheet that it prepares as a starting point for its accounting under IFRSs:
(a) Recognize all assets and liabilities whose recognition is required by IFRSs;
(b) Not recognize items as assets or liabilities if IFRSs do not permit such recognition;
(c) Reclassify items that it recognized under previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity under IFRSs; and
(d) Apply IFRSs in measuring all recognized assets and liabilities.

IFRS 1 offers entities adopting IFRS for the first time with a number of exemptions (optional and in some areas mandatory). The Company is currently evaluating exemptions available to determine the most appropriate to its circumstances. The most appropriate IFRS 1 exemptions applicable to the Company, that have been identified to date are:

Property, Plant and Equipment

The IFRS 1 election related to property, plant and equipment allows the Company to report property, plant and equipment in its balance sheet on the transition date at a deemed cost instead of actual cost. The exemption can be applied on an asset-by-asset basis.

IAS 36 Impairment of Assets

The objective of this Standard is to prescribe the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount.

The Company is currently assessing the impact of this standard on its reporting requirements.

IFRS 2 Share Based Payments

This standard provides guidance for the recognition and measurement of share-based payments. Management must determine the fair value of a share-based payment at the grant date and the period over which this fair value should be recognized.

The Company is evaluating the impact of this standard.

IFRS 6 Exploration for and Evaluation of Mineral Resources

The objective of this standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. Under IFRS 6, the Company may continue to use its current accounting policies for reporting on and evaluating its mineral resources. This includes continuing to use recognition and measurement practices that are part of those accounting policies.

The Company is currently reviewing its impairment testing requirements under IFRS 6 and the requirement to report the allocation of exploration assets to cash-generating units or groups of cash-generating units for the purpose of assessing such assets for impairment.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

This requires that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to enable users to understand their nature, timing and amount.

The Company is currently assessing the impact of this standard on its reporting requirements.

IAS 12 Income Taxes

The objective of this standard is to prescribe the accounting treatment for income taxes. For the purposes of this standard, income taxes include all domestic and foreign taxes which are based on taxable profits. Income taxes also include taxes, such as withholding taxes, which are payable by a subsidiary, associate or joint venture on distributions to the reporting entity.

As the Company is still in the exploration phase, this standard will not have any immediate impact on the Company’s reporting requirements

2. Impact analysis, evaluation and design
- Determine projected impact of adopting IFRS on financial statements and develop accounting processes
- Develop and finalize changes to systems and internal controls
- Address business activities including contractual arrangements, compensation arrangements, budgeting/forecasting
- Prepare reporting templates and training plan

– our current preliminary assessment does not indicate any major changes. However, we will continue to evaluate as our project goes into exploration stage

3. Implementation and Review
- Collect and compile IFRS information for reporting
- Execute changes to information systems and business activities
- Communicate

Critical accounting estimates

The Company's unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada. The significant accounting policies used by the Company are same as those disclosed in note 4 to the consolidated financial statements for the year ended March 31, 2010. Certain accounting policies require that the management make appropriate decisions with respect to estimates and assumptions that affect the assets, liabilities, revenue and expenses reported by the Company. The Company's management continually reviews its estimates based on new information, which may result in changes to current estimated amounts.

Disclosure Controls and Procedures

The Company maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed in filings made pursuant to Multilateral Instrument 52-109 and as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, is recorded, processed, summarized and reported within the time periods specified in the applicable regulatory bodies' rules and forms.

Our management, including our Chief Executive Officer, who also acts as Chief Financial Officer, together with the members of our audit committee, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer has concluded that our disclosure controls and procedures were effective in relation to the level and complexity of activities in our Company as of the end of the period covered by this report.

We have been experiencing difficulties in getting information from our subsidiary, IPC Cayman on time. We have to rely on timely provision of the required information from the manager and sole director of IPC Cayman who at times tended to delay the information. We are currently negotiating a better arrangement and hope to streamline the information flow prior to our next reporting.

Internal Controls over Financial Reporting

Our Chief Executive Officer who also serves as Chief Financial Officer (“CEO”) is primarily responsible in establishing and maintaining controls and procedures concerning disclosure of material information and their timely reporting in consultation and under direct supervision of the audit committee which comprises two independent directors.CEO is assisted by one employee. We therefore do not have an effective internal controls and procedures due to lack of segregation of duties. However, given the size and nature of our current operations and involvement of independent directors in the process significantly reduce the risk factors associated with the lack of segregation of duties.

The CEO has instituted a system of disclosure controls for the Company to ensure proper and complete disclosure of material information. The limited number of consultants and direct involvement of the CEO facilitates access to real time information about developments in the business for drafting disclosure documents. All documents are circulated to the board of directors and audit committee according to the disclosure time-lines.

As at March 31, 2010, the management carried out a comprehensive review and up date of the internal controls existing over the financial reporting. Mitigating controls and procedures were identified wherever possible. New procedures were implemented in a couple of cases, including the information from our subsidiary, IPC Cayman where it was evident that controls were not robust enough to ensure appropriate disclosure in a timely manner. Some controls were implemented as a secondary detection mechanism if the initial controls failed to prevent errors from occurring.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date the CEO completed his evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls requiring corrective actions other than the lack of segregation of duties.

Public securities filings

Additional information, including the Company’s annual information form in the Form 20-F annual report is filed with the Canadian Securities Administrators at www. Sedar . com and with the United States Securities and Exchange Commission and can be viewed on Edgar.

Form 52-109FV2
Certification of Interim Filings – Venture Issuer Basic Certificate

I, Kam Shah, Chief Executive Officer of Bontan Corporation Inc. certify the following:

1. ***Review:*** I have reviewed the interim financial statements and interim MD&A (together, the “interim filings”) of Bontan Corporation Inc. (the “issuer”) for the interim period ended September 30, 2010.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair Presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: November 24 2010

SD: Kam Shah
Kam Shah
Chief Executive Officer

NOTE TO READER

In contrast to the certificate required under National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

The issuer’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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Date: November 24, 2010

SD: Kam Shah
Kam Shah
Chief Financial Officer

NOTE TO READER

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