

**BONTAN CORPORATION INC.**  
47 Avenue Road, Suite 200  
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T: 416-929-1806  
F: 416-361-6228  
W: [www.bontancorporation.com](http://www.bontancorporation.com)

August 10, 2005

Jill S. Davis  
Branch Chief  
US Securities and Exchange Commission  
100 F Street, NE, Washington, D.C 20549-7410, USA

By fax sent to Jennifer Goeken – Division of Corporate Finance

Dear Jill S. Davis:

**RE: BONTAN CORPORATION INC. – Form 20-F for fiscal year ended March 31, 2004 filed on August 30, 2004 (file no. 030314)**

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In connection with your review of our above statements, we acknowledge as follows:

1. The Company is responsible for the adequacy and accuracy of the disclosure in the filing.
2. Staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filing: and
3. The Company may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

Sincerely,

**/s/Kam Shah**  
Chief Executive Officer

**BONTAN CORPORATION INC.**  
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US Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-7410  
USA

By fax sent to Jennifer Goeken – Division of Corporate Finance  
Dear Jill S. Davis:

**RE: BONTAN CORPORATION INC. – Form 20-F for fiscal year ended March 31, 2004 filed on August 30, 2004 (file no. 030314)**

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We refer to your letter of August 2, 2005 providing comments on our company's Form 20-F as above.

We attach a table showing our responses to your comments in the same order.

We will file an amended form 20-F on EDGAR once all your comments are cleared.

We also enclose an acknowledgement statement as required.

We believe that the technical matters that are discussed in the enclosed responses would not result in any major misstatement or misinterpretation of the information included in the fiscal 2004 financials and Form 20-F. We therefore urge that no restatement of fiscal 2004 financials is necessary at this point.

Please contact the undersigned for any further information in the matter.

Sincerely,

**/s/Kam Shah**  
Chief Executive Officer

**BONTAN CORPORATION INC.**  
**Form 20-F for fiscal 2004**  
**Responses to the comments in the SEC letter dated August 2, 2005**  
**File No. 0-30314**  
**Attachment to our letter of August 10, 2005**

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<b>SEC Comment No.</b>	<b>Bontan Responses – Changes in bold</b>	<b>Where to find</b>
1	Auditors report covering the fiscal years 2003 and 2002 is included in the amended 20-F	Revised 20-F
2	Net loss per share disclosure was revised as required in fiscal 2005 financials. In our opinion presentation of net loss and of number of shares pre-split appearing in the consolidated statement of operation and consolidated statement of shareholders equity	

	<p>respectively is sufficiently explained so as to avoid any misrepresentation.</p> <p>We therefore request that no amendment be made in the financials included in 20-F given that information is now dated and amended information would not add significant value to the usefulness of the financials for investors.</p>	
3	<p>Presenting a sub-total that includes net loss and after items not affecting cash is common practice in Canadian financial reporting. Please see examples of cash flow statement extracted from the filings of two of the prominent Canadian companies – Magna International Inc. and Dofasco Inc., which substantiate our statement. Further, CICA's Guide to Canadian Financial Reporting (Paragraph 12-103) provides an example of a cash flow statement with a sub-total including net income and items not affecting cash.</p> <p>We therefore request that no further amendment to the financials be required in respect of this matter.</p>	<p>Copies of consolidated statements of cash flow re: Magna International Inc. for the year ended December 31, 2004 and of Dofasco Inc. for the year ended December 31, 2004 (enclosures 1 and 2)</p>
4	<p>Wordings have been revised in fiscal 2005 financials. Since no stock options were granted in fiscal 2004, 2003, and 2002, we believe that the note as it appears in fiscal 2004 financials included in 20-F would not result in any misrepresentation or errors in the reported information and request that no further amendment to the financials be required in respect of this matter.</p>	
5	<p>Amount due from the director comprised a personal loan taken by Kam Shah, then the Chief Financial Officer on February 4, 2004. The Chief Executive Officer approved the loan. The loan was payable on demand and carried no interest and was fully settled on March 31, 2005.</p>	
6	<p>Required reconciliation of the advance account is enclosed with this response.</p>	Enclosure 3

**BONTAN CORPORATIO INC.**  
**Form 20-F for fiscal 2004**

**Response to the comment no. 6 in the SEC letter dated August 2, 2005**  
**File No. 0-30314**

On July 9, 2004, the Company converted its advances given to a non-related entity for the purpose of acquiring an indirect participation interest in an oil exploration project of Papua New Guinea (a) 15,262 shares of Interoil Corporation and (b) the balance into .75% indirect participation interest in the said project as per the terms of the IPI agreement.

	<b>Advance</b>	<b>Oil exploration project in Papua New Guinea</b>	<b>Gas exploration project in Louisiana</b>	<b>Total advances/investments</b>	<b>Shares in Interoil</b>	<b>Total</b>
Balance as at March 31, 2004	2,530,353	-	-	2,530,353		2,530,353
Conversion as explained above	(2,530,353)	2,161,986		(368,367)	368,367	-
Funds invested in new project			204,600	204,600		204,600
Net changes in investment due to sales and translation gains/losses	-	-	-	-	(90,771)	(90,771)
<b>Balance as at December 31, 2004</b>	<b>\$-</b>	<b>\$ 2,161,986</b>	<b>\$204,600</b>	<b>\$2,366,586</b>	<b>\$277,596</b>	<b>\$2,644,182</b>

# Endnotes

Enclosure 3 to our responses

SEC Comment #	Bontan responses - changes in bold	Where to find
1	<p>We have now understood your comments and accordingly filed on Edgar the following:</p> <ul style="list-style-type: none"> <li>a. Our letter of August 10, 2005 together with the attachments.</li> <li>b. Our letter of September 9, 2005 together with attachments</li> <li>c. Our letter of November 29 together with the attachments.</li> </ul>	EDGAR
2	Your comments noted.	
3	Revised as suggested. . Corrected page enclosed for your ready reference.	Revised 20-F for 2005 filed on EDGAR
4	<p><b>A. F-20 for 2004</b></p> <p>It appears that an amended F-20 incorporating the audit report for 2003 was not filed although reported as such in our letter of September 9, 2005. We sincerely regret the error.</p> <p>We now file amended 20-F for 2004 adding the auditors report for 2003 as explained in item 4 of our letter of September 9, 2005.</p> <p><b>B. F-20 for 2005</b></p> <p>Changes similar to the ones made for 2004 as explained above have now been made and an amended F-20 for fiscal 2005 is filed.</p>	<p>Revised 20-F for 2004</p> <p>Revised 20-F for 2005</p>
5	We followed the guidance provided in CICA 3870 and deferred stock compensation to the extent it related to the future services.	
6	Since the IPI interest was meeting all the six criteria outlined in CICA 3475.08, it was considered and reclassified as current asset (i.e. "held for sale") as at March 31, 2005.	
7	<p>Correct amount for Canada under geographic location details should have been \$2,696,604 instead of \$2,464,594. The correct Canada amount would then result in total of asset under this note to be equal to the balance sheet total assets.</p> <p>This appears to be a typo error remained undetected during revisions to the financials. We believe that the error would not make the financials significantly inaccurate. At this stage, we submit that the inconvenience of revising financials would greatly outweigh the benefits and therefore request that it be ignored.</p>	
8	<p>IPI Interest in oil project was originally intended to be held as Interest in oil and gas properties as a long-term asset. This would subject it to the provisions of SFAS 19 under the US GAAP.</p> <p>However, by the year-end, the Company decided to sell the interest and accordingly, it was classified in the balance sheet as a current asset "available for sale" and its fair value was not considered to be materially different from the carrying value.</p>	

The actual sale price negotiated and obtained in July 2005 reflected substantial value increase achieved subsequent to the balance sheet date.	
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November 29, 2005

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Jill S. Davis  
Branch Chief  
US Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-7410  
USA

By fax sent to Jennifer Goeken – Division of Corporate Finance

Dear Jill S Davis:

RE: BONTAN CORPORATION INC. – Form 20-F for fiscal year ended March 31, 2004 and 2005 amended 20-F for fiscal 2005 and our previous correspondence (file # 0-30314)

We refer to your letter of November 16, 2005.

Enclosed attachment provides our responses to your comments in the same order.

Please contact the undersigned for any further information in the matter.

Sincerely

/s/Kam Shah  
Kam Shah  
Chief Executive and Financial Officer