



BASS STRAIT OIL COMPANY LTD

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19 February 2008

RIGHTS ISSUE NOTICE UNDER SECTION 708AA OF THE CORPORATIONS ACT 2001 (CTH)

On 8 February 2008 Bass Strait Oil Company Ltd ("**BAS**" or "**Company**") announced to the market that a non-renounceable pro-rata rights issue of ordinary shares in the Company ("**Rights Issue**") would be offered to all shareholders recorded on the share register at 7.00pm AEDT on 18 February 2008 ("**Registered Shareholders**" at the "**Record Date**"). A Letter of Offer dated today in relation to the Rights Issue will be mailed to Registered Shareholders.

Approximately 25,908,493 fully paid ordinary shares in the Company ("**Rights Issue Shares**") will be offered on the basis of one (1) fully paid ordinary shares for every five (5) shares held on the Record Date, at an issue price of 12.5 cents per Rights Issue Share. The Rights Issue will raise approximately \$3,238,561 before costs of the Rights Issue.

The Rights Issue is fully underwritten by Great Missenden Holdings Pty Ltd ("**Underwriter**") (a company controlled by Mr E.G. Albers, a director and substantial shareholder of the Company) for a management fee of 1% plus a commission of 4% of the amount raised.

The Company confirms the Rights Issue is being made without a disclosure document, pursuant to section 708AA of the Corporations Act 2001 ("the Act").

Pursuant to section 708AA(7) of the Act, the Company provides the following information:

- (a) the Company will offer the Rights Issue Shares for issue without disclosure to investors under Part 6D.2 of the Act;
- (b) the Company is providing this notice under paragraph 2(f) of section 708AA of the Act;
- (c) as at the date of this notice, the Company has complied with:
 - i. the provisions of Chapter 2M of the Act as they apply to the Company;
 - and
 - ii. section 674 of the Act;
- (d) as at the date of this notice there is no information:
 - i. that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - ii. that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - the rights and liabilities attaching to the Shares;
- (e) as the Rights Issue is a pro-rata non-renounceable rights issue to Registered Shareholders (other than a small number of shareholders with a registered address outside Australia or New Zealand), if all Registered Shareholders take up their entitlements under the offer, then the issue of the Rights Issue Shares will have no effect on the control of the Company; and

(f) if Registered Shareholders do not take up their entitlements under the offer then the Rights Issue will have an effect on control of the Company in that Great Missenden Holdings Pty Ltd, a company controlled by a director of the Company and substantial shareholder, Mr E.G. Albers, has agreed to act as underwriter of the Rights Issue and in the event of a shortfall, the shareholding of Mr Albers would increase.

The consequences of any effect on control of the Company referred to above can be summarized as follows:

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| * If the Rights Issue is fully subscribed by Shareholders | No effect on control. |
| * If the Rights Issue is subscribed to the extent of 50% (with Mr Albers' interests fully subscribing to their entitlement) with 50% reverting to the Underwriter | Mr Albers' shareholding would increase from 22.84% to 29.27% |
| * If the Issue is subscribed by no other parties other than Mr Albers' interests | Mr Albers' shareholding would increase from 22.84% to 35.70% |

If you have any questions in relation to the Rights Issue, please do not hesitate to contact the Company on 03 9927 3000.



Andrew Adams
Managing Director
19 February 2008