



## BASS STRAIT OIL COMPANY LTD

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Dear Shareholder

### **Notice of Non-Renounceable Rights Issue**

#### **Overview**

Bass Strait Oil Company Limited (“**BAS**” or “**the Company**”) has today announced a new non-renounceable pro rata rights issue.

BAS invites shareholders who are registered at 7.00pm AEST on 16 September 2011 and who have a registered address in Australia or New Zealand (“**Registered Shareholders**” at the “**Record Date**”) to participate in a non-renounceable pro rata rights issue on the basis of one (1) fully paid ordinary share in the Company (“**Shares**”) for every three (3) Shares held on the Record Date, at an issue price of 2.5 cents per Share (“**Rights Issue**”). This represents an approximate 20% discount to the closing price of Shares on the ASX on 5 September 2011, which was 3.1 cents.

The Company has lodged an Appendix 3B New Issue Announcement with ASX containing further details of the Rights Issue. In determining entitlements to participate under the Rights Issue, fractional entitlements will be rounded down.

The Company currently has 291,030,250 Shares on issue. The Rights Issue will result in the issue of up to approximately 97,010,083 Shares (“**Rights Issue Shares**”) and will raise up to approximately \$2,425,252, before costs and expenses. Following the completion of the Rights Issue, the Company expects to have approximately 388,040,333 Shares on issue.

The Rights Issue is fully underwritten by GMP Securities Australia Pty Limited. Details of the underwriting agreement are contained in the Rights Issue document to be despatched to Registered Shareholders and a copy has been lodged with this Notice with ASX and placed on the Company’s website [www.bassoil.com.au](http://www.bassoil.com.au). A Shareholder presentation has also been lodged with ASX and placed on the Company’s website

#### **Right to apply for Shares in excess of entitlement (“Additional Shares”)**

Registered Shareholders who take up their entitlement to Rights Issue Shares (their “**Rights**”) in full also have an opportunity to apply for additional Shares (“**Additional Shares**”) at the Rights Issue price of 2.5 cents per Share. Additional Shares may, at the discretion of the Directors, be made available from any unsubscribed Rights Issue Shares. Without prejudice to the absolute unfettered right of the Directors to reject any application for Additional Shares, it is the intention of Directors that applications for Additional Shares from Registered Shareholders who wish to increase their shareholding to a marketable parcel (20,000 shares at the issue price) will be given priority.

Due to the complications associated with extending the offer to overseas jurisdictions in complying with the securities laws of such jurisdictions, the offer to participate in the Rights Issue will only be made to shareholders who have a registered address in Australia or New Zealand and are registered as holders of fully paid ordinary shares in BAS as of the Record Date.

#### **Use of proceeds**

Proceeds from the Rights Issue are planned to be applied to the continued development of the Company’s petroleum exploration portfolio and for general working capital purposes. An indicative scenario for application of funds raised is shown in the table below:

	\$
Current Funds Available (end August 2011)	2,108,677
This Capital Raising	2,425,252
<b>Total Funds</b>	<b>4,533,929</b>
<i>Expenditure</i>	
Drilling Windermere-3 Well	1,560,000
Seismic Acquisition and Reprocessing	490,000
2012 and forward exploration costs	1,600,000
Working capital and costs of this issue	883,929
	<b>4,533,929</b>

## Disclosures and further information

The Company's 2010 Annual Financial Report was lodged with ASX on 4 October 2010. The audit-reviewed Half-Yearly Report to 31 December 2010 was lodged with ASX on 7 March 2011 and the latest financial report, the June 2011 Quarterly Report, was lodged with the ASX on 22 July 2011. Each of these reports are available on [www.bassoil.com.au](http://www.bassoil.com.au) and [www.asx.com.au](http://www.asx.com.au) (ASX code: BAS) and contain details of the Company's position, as well as a review of operations. You may also access copies of all of the Company's other ASX Releases at the same websites. You are encouraged to read these documents in full. These documents contain extensive information on the Company and its projects. To more fully inform yourself as to the assets and liabilities, financial position and performance, profits and losses and prospects of the Company, you should read those documents in conjunction with the Rights Issue document which will be forwarded to you if you are a Registered Shareholder and entitled to participate in the Rights Issue.

The Company is currently seeking industry participation via farmins or other arrangements in order to assist funding of exploration programmes in a number of its permit areas. Evaluations and negotiations with industry parties are ongoing. Shareholders will be advised via ASX release if and when any participation agreements are executed.

Pursuant to section 708AA of the Corporations Act 2001 ("**Corporations Act**"), the Company is not required to prepare a prospectus for the Rights Issue.

## Timetable

The Rights Issue is being conducted according to the following indicative timetable:

- |   |                   |
|---|-------------------|
| • Announce Rights Issue                       | 8 September 2011  |
| • Lodge Appendix 3B and 708AA Notice with ASX | 8 September 2011  |
| • Mail Notice to Shareholders                 | 9 September 2011  |
| • "ex" date                                   | 12 September 2011 |
| • Rights Issue Record Date                    | 16 September 2011 |
| • Dispatch of Rights Issue documents          | 22 September 2011 |
| • Closing Date                                | 7 October 2011    |
| • Allotment of Rights Issue Shares            | 17 October 2011   |

All of the abovementioned dates are indicative only and may be subject to change. The Company reserves the right to amend this timetable including, subject to the Corporations Act and the ASX Listing Rules, to extend the closing date.

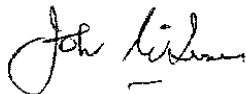
## Actions required by Registered Shareholders

If you are a Registered Shareholder who wishes to subscribe for some or all of your Rights, and if you wish to apply for Additional Shares, you will need to complete the personalised Entitlement and Acceptance Form pursuant to the instructions set out on the form, and return it, with the appropriate Application Moneys, to the Company's share registry before 5:00pm AEDT on or before the anticipated Closing Date of 7 October 2011.

If you are a Registered Shareholder who chooses to do nothing with your Rights, you will continue to hold the same number of Shares you hold on the Record Date, however your interest in the Company will be diluted.

If you have any questions in relation to the Rights Issue, please contact the Bass Strait Oil Company Limited Offer Information Line to Link Market Services Limited on 1300 665 385 (within Australia) or +61 2 8280 7607 (from outside Australia).

On behalf of the Board



John L C McInnes OAM  
Chairman  
8 September 2011