



BASS STRAIT OIL COMPANY LTD

ACN 008 694 817

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ASX RELEASE

Please see the attached letter to shareholders re Notice of Non-Renounceable Rights Issue.

A handwritten signature in black ink, appearing to read "Andrew Adams". The signature is fluid and cursive, with a long horizontal stroke at the end.

Andrew Adams
Managing Director
8 February 2008



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Dear Shareholder

Notice of Non-Renounceable Rights Issue

Overview

Bass Strait Oil Company Limited ("**BAS**" or "**the Company**") wishes to announce a new pro-rata entitlement share issue.

BAS invites shareholders who are registered at 5.00pm AEDT on 18 February 2008 ("**Registered Shareholders**") at the "**Record Date**") to participate in a pro-rata non-renounceable rights issue on the basis of one (1) fully paid ordinary share in the Company ("**Shares**") for every five (5) Shares held, at an issue price of 12.5 cents per Share ("**Rights Issue**"). The closing price of Shares on the ASX on 7 February 2008 was 16.5 cents.

The Rights Issue will result in the issue of up to approximately 25,908,493 Shares ("**Rights Issue Shares**") and will raise up to approximately \$3,238,561, if fully subscribed. The Rights Issue may be increased to a total of 26,770,493 Rights Issue Shares if holders of existing eligible unlisted options exercise those options and are issued Shares on or prior to the Record Date.

Pursuant to provisions introduced into the Corporations Act 2001 ("**Act**") in 2007 (Section 708AA), the Company is not required to prepare a prospectus for the Rights Issue. However, a summary of the Company's projects and activities will be mailed to Registered Shareholders together with the Entitlement and Acceptance Form. Shareholders may view the Company's ASX releases at www.asx.com.au (ASX code: BAS) and extensive information on the Company and its projects (including ASX releases) at www.bassoil.com.au.

Underwriting, use of proceeds and timetable

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

Proceeds from the Rights Issue are planned to be used primarily for the recording and processing of 2D exploration seismic data scheduled for 2008. In addition to these projects, a portion of the net proceeds of the Rights Issue are expected to be applied to general exploration activities in southeast Australia and for working capital purposes. An indicative scenario for application of funds raised are shown in the table below:

Bass Basin 2D seismic	\$ 1,500,000
Gippsland Basin 2D seismic	\$ 250,000
Other exploration costs	\$ 1,000,000
Underwriting and costs of the issue	\$ 171,928
Working capital	\$ 316,633
	<hr/>
	\$ 3,238,561

Shareholders should note that the Company's 20% interest in the forthcoming Speke South-1 offshore exploration well in Vic/P42 will be fully funded by Apache Energy Ltd, as part of its farming obligations. The proceeds of the Rights Issue are not required to fund Speke South-1.

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

- Notice of Rights Issue to ASX Friday, 8 February 2008
- Rights Issue Record Date Monday, 18 February 2008
- Dispatch of Entitlement & Acceptance Form Wednesday, 20 February 2008
- Rights Issue opens Wednesday, 20 February 2008
- Rights Issue closes Friday, 7 March 2008
- Allotment of Rights Issue Shares Monday, 17 March 2008

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 2001 and the ASX Listing Rules, to extend the closing date.

As soon as practicable following the Record Date (currently expected to be on or about Wednesday 20 February 2008), BAS will dispatch a personalised Entitlement and Acceptance Form to Registered Shareholders. If you are eligible and wish to participate in the Rights Issue, it will be necessary for you to complete this personalised Entitlement and Acceptance Form and return it, with the appropriate application monies, to the Company's share registry before 5.00pm AEDT on the anticipated closing date of Friday 7 March 2008.

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
8 February 2008