



Bass Oil Limited
Level 5, 11-19 Bank Place
Melbourne, Victoria 3000
Australia

Telephone: (61) (3) 9927 3000
Fax: (61) (3) 9614 6533

Email: admin@bassoil.com.au

9 March 2022

Dear Shareholder,

BUY-BACK OF UNMARKETABLE PARCELS OF SHARES IN BASS OIL LIMITED ACN 008 694 817 (ASX: BAS)

This letter contains important information about your shareholding in Bass Oil Limited ACN 008 694 817 (ASX: BAS) (the **Company**).

I am writing to advise all shareholders who hold less than A\$500.00 worth of shares in the Company (**Unmarketable Parcel**) as at 7.00 pm (Melbourne time) on Friday, 25 February 2022 (**Record Date**), being an **Eligible Shareholder**, that the Company is implementing an off-market minimum holding share buy-back of all Unmarketable Parcels (the **Buy-Back**).

I am writing to you as our records indicate that you are an Eligible Shareholder, and therefore, your holding has been included in the Buy-Back.

If the market value of your shareholding remains less than A\$500.00 at 5.00 pm (Melbourne time) on Friday, 22 April 2022 (**Closing Date**), as detailed below, your shares will be purchased by the Company in the Buy-Back, unless you notify the Company's share registry, Link Market Services Pty Limited (**Share Registry**) otherwise.

If you wish to retain your shares in the Company, please notify us of your intention by following the opt-out procedure set out below.

Ability to Opt-Out

If you wish to retain your shares in the Company, you must complete the enclosed, personalised 'Share Retention' form in accordance with the instructions on that form.

Your completed 'Share Retention' form must be received by our Share Registry by no later than 5.00 pm (Melbourne time) on the Closing Date.

If your completed 'Share Retention' form is not received by our Share Registry by 5.00 pm (Melbourne time) on the Closing Date, and your shareholding remains less than a marketable parcel (being worth at least A\$500.00), your shares will be bought back by the Company in accordance with the Buy-Back.

Why is the Company implementing the Buy-Back?

The Company is undertaking the Buy-Back with the intention of reducing the Company's total issued capital to implement a more appropriate and effective capital structure.

The Buy-back has been instituted to allow Eligible Shareholders to sell and realise the value of their shares without incurring brokerage and other expenses and to reduce the

administrative and registry costs for the Company that are associated with unmarketable parcels of shares.

Authority to implement the Buy-Back

Under clause 23 of the Company's constitution and ASX Listing Rule 15.13, the Company may notify shareholders who hold less than A\$500.00 worth of shares in the Company that it intends to buy-back their shares. This letter, and the 'Share Retention' form which accompanies this letter, satisfy the notice requirements under clause 23 of the Company's Constitution.

However, shareholders who hold Unmarketable Parcels have the opportunity to inform the Company's Share Registry that they wish to retain their shareholding by using the 'Share Retention' form. If a shareholder notifies the Company's Share Registry prior to 5.00 pm (Melbourne time) on the Closing Date, their shares will not be bought-back.

Buy-Back Process and Price

The Buy-Back will be undertaken under the terms set out in this letter (including the schedules to this letter) and the procedure in Division 2 of Part 2J.1 of the *Corporations Act 2001* (Cth) (**Corporations Act**).

The Company will pay for all costs related with the Buy-Back (excluding tax consequences from the buy-back which remains the shareholders responsibility).

Based on the closing price of A\$0.002 per share as at the Record Date, an Unmarketable Parcel is any shareholding of less than 250,001 shares in the Company.

As at the Record Date, the Company had approximately 1,566 shareholders, representing a total of 81,258,023 shares, who held an Unmarketable Parcel. The aggregate value of shares held by the Eligible Shareholders is A\$162,516.00 based on the closing price of A\$0.002 per share as at the Record Date.

The Buy-Back will allow the Company to purchase Eligible Shareholder's shares at \$0.002 per share (**Buy-Back Price**), being the closing price of shares as at the Record Date. Shares that are purchased by the Company under the Buy-Back will be cancelled in accordance with the Corporations Act.

Change in the value of your holding

If the market value of your shares in the Company increases before the Closing Date, due to an increase in the share price, so that your shares that were previously identified by the Company as constituting an Unmarketable Parcel become a 'marketable parcel' (i.e. their value becomes equal to or greater than A\$500.00) the Company will not sell your shares.

Additional choices

As an alternative to opting-out using the 'Share Retention' form, the Company will not buy-back your shares if:

- you increase your holding of shares in the Company to a number of shares constituting a 'marketable parcel' (being at least 250,001 shares); or
- you hold multiple shareholdings that together constitute a parcel of at least 250,001 shares in the Company, arrange to have those holdings merged into one shareholding to constitute a 'marketable parcel',

by 5.00 pm (Melbourne time) on the Closing Date.

If you choose to acquire additional shares or merge multiple shareholdings as outlined above, you are advised to allow reasonable time for these actions to be effected on the Company's share register by 5.00 pm (Melbourne time) on the Closing Date.

If you sell your shares prior to 5.00 pm (Melbourne time) on the Closing Date, no further action will be taken.

Key Dates for the Buy-Back:

7.00 pm (Melbourne time) on Friday, 25 February 2022	Record Date
Wednesday, 9 March 2022	Formal announcement of the Buy-Back to ASX
Wednesday, 9 March 2022	Despatch of letters and 'Share Retention' forms to Eligible Shareholders
5.00 pm (Melbourne time) on Friday, 22 April 2022	Closing Date for receipt of 'Share Retention' forms/period to opt-out of Buy-Back
Thursday, 28 April 2022	Shares bought back through the Buy-Back will be cancelled
Thursday, 28 April 2022	Announcement of outcome of the Buy-Back to ASX
Thursday, 5 May 2022	Eligible Shareholders whose shares are bought back under the Buy-Back will have proceeds remitted to them and will be sent documentation advising them of the number of shares sold and the amount of proceeds remitted. Proceeds will be remitted to the bank account that the Eligible Shareholder has registered with the Share Registry. If no bank account is registered, proceeds will be remitted by cheque mailed to the address that the shareholder has registered with the Share Registry.

The Company may modify these dates or suspend or terminate the Buy-Back. Any modification, suspension or termination will be notified by written notice to the ASX.

Important Notes

This letter provides information about the Buy-Back and the choices that are available to you. The directors of the Company wish to remind you that as a valued shareholder, the Company will not buy-back your shares if you wish to retain your shareholding.

If you wish to retain your shareholding you may do so by returning the 'Share Retention' form or by otherwise increasing your holding to that above an Unmarketable Parcel before 5.00 pm (Melbourne time) on the Closing Date.

Neither the Company or its Share Registry, makes any recommendation or gives any advice to you regarding whether to retain your shares or permit them to be bought-back by the Company. If you are in any doubt about whether to retain your shares or permit them to be bought-back, please consult your financial adviser.

For further important information about the Buy-Back, please read Schedule 1 (Additional Important Information) and Schedule 2 (Frequently Asked Questions) of this letter.

If, after reading this document in its entirety, you still have questions or need further information, you may contact the Company's office on (03) 9927 3000 (from within Australia)

or +61 3 9927 3000 (outside Australia) between 8.30 am to 5.00 pm Monday to Friday (Melbourne time).

Yours sincerely

A handwritten signature in black ink that reads "Robyn Hamilton". The signature is written in a cursive style with a large, stylized initial 'R'.

Robyn Hamilton
Company Secretary
Bass Oil Limited

Schedule 1 - Additional Important Information

1. The Buy-Back was first announced to the ASX on Wednesday, 9 March 2022.
2. The Company is offering to buy-back shares under the Buy-Back in accordance with the terms set out in this document, the procedure in Division 2 of Part 2J.1 of the Corporations Act and the Listing Rules.
3. The Buy-Back is being conducted to enable the Company to purchase Eligible Shareholders' Unmarketable Parcels without incurring brokerage or handling costs that could otherwise make a sale of an Unmarketable Parcel uneconomic or difficult. The Buy-Back will assist the Company in reducing the administrative costs associated with maintaining a large number of relatively small holdings of shares.
4. If a shareholder holds more than one Unmarketable Parcel, the Company will buy back each Unmarketable Parcel unless:
 - the Share Registry receives a 'Share Retention' form for each Unmarketable Parcel that the shareholder wishes to retain; or
 - multiple Unmarketable Parcels are merged to form a marketable parcel of greater than 250,001 shares,

by no later than 5.00 pm (Melbourne time) on the Closing Date.

5. It is important to note that the market price of the Company's shares may change from time to time. The Buy-Back Price may be more or less than the actual market price at the time of the Buy-Back and may not be the best price obtainable on the day on which your shares are bought back. Information on the price of the Company's shares can be obtained from the daily financial press or through the ASX website (www.asx.com.au) using the Company's ASX code, which is "BAS". It is important to note that the market price of the Company's shares may change from time to time.
6. While the Company will pay for costs associated with the buy-back of shares through the Buy-Back, any taxation consequences from the buy-back will be the shareholder's responsibility. Please see Schedule 2 (Frequently Asked Questions) of this document for general information on taxation consequences. If you have questions about taxation consequences, please seek the independent advice of a legal, financial or taxation adviser.
7. The Company makes no recommendation as to whether you should participate in this Buy-Back, whether or how you should sell your shares or the value of your shares. If you have questions about whether to retain or sell your shares, you should consult a legal, financial or taxation adviser.
8. Before a buy-back is effected under the Buy-Back, the Company may revoke a notice given in relation to, or suspend or terminate the operation of the Buy-Back, either generally or in specific cases.
9. The Company reserves the right to change any of the dates, terms or conditions referred to in this document by written notice to the ASX.
10. This document (and the accompanying documents) does not constitute advice, nor is it a recommendation to sell, buy or hold shares in the Company.

Schedule 2 - Frequently Asked Questions

Who is eligible to participate in this Buy-Back?

Under the ASX Listing Rules, any shareholding in the Company valued at less than A\$500.00 is considered to be an “unmarketable parcel” of shares.

Shareholders in the Company are eligible to participate in this Buy-Back if they held shareholdings in the Company valued at less than A\$500.00 as at the Record Date (being 7.00 pm (Melbourne time) on Friday, 25 February 2022).

Based on the closing price of A\$0.002 per share as at the Record Date, an Unmarketable Parcel of shares in the Company is any shareholding of less than 250,001 shares.

Shareholders of the Company who hold 250,001 shares or more as at the Record Date will not be eligible to participate in this Buy-Back.

If my shares are bought back through the Buy-Back, how much will I receive per share?

If your Unmarketable Parcel is bought back through the Buy-Back, you will receive the Buy-Back Price of A\$0.002 per share. The Buy-Back Price has been determined using the closing price of the shares as at the Record date.

What do I need to do to sell my shares?

Nothing. Your Unmarketable Parcel will be bought back through the Buy-Back unless you return a ‘Share Retention’ form or increase your shareholding to more than 250,001 shares by 5.00 pm (Melbourne time) on the Closing Date.

If my shares are bought back through the Buy-Back, how much will I receive for all of my shares?

The total price that you will receive for an Unmarketable Parcel if it is bought back through this Buy-Back will be the number of shares in that Unmarketable Parcel multiplied by the Buy-Back Price of \$0.002 per share. The Buy-Back Price has been determined using the closing price of the shares as at the Record Date.

If at 5.00 pm (Melbourne time) on the Closing Date the value of your shares has increased so that you no longer have an Unmarketable Parcel, your shares will not be bought back and cancelled by the Company.

You can confirm the number of shares in your Unmarketable Parcel by reviewing the enclosed, personalised ‘Share Retention’ form or by contacting the Company’s office on (03) 9927 3000 (from within Australia) or +61 3 9927 3000 (outside Australia), between 8.30 am to 5.00 pm Monday to Friday (Melbourne time), noting that your completed ‘Share Retention’ form must be received by the Share Registry by 5.00 pm (Melbourne time) on 22 April 2022.

Do I need to pay anything if I participate in the Buy-Back?

The Company will pay all costs and expenses arising in connection with the Buy-Back. Any tax consequences from the Buy-Back will be your responsibility.

If my shares are bought back through the Buy-Back, when will I receive the proceeds from the buy-back?

If your Unmarketable Parcel is bought back through the Buy-Back, it is anticipated the proceeds will be remitted to you as soon as practicable after Thursday, 5 May 2022.

The payment will be in Australian dollars and the payment advice will display the number of shares bought back and the proceeds remitted to you.

This documentation will be sent by mail to the address held on the Company's register or by email if you have previously nominated to receive communication electronically. If you have previously nominated to receive communications electronically and your bank account details have been recorded on the Company's register, payment will be made to you by direct credit to the bank account details recorded on the Company's register.

If your Unmarketable Parcel is bought back through the Buy-Back, the proceeds from that buy-back will be paid into the bank account that you have nominated for your shareholding or by cheque to the postal address you have registered for your shareholding.

You can update your bank account details by visiting www.investorcentre.com/au. If you are an issuer sponsored shareholder and need to update your address, you can also do this at www.investorcentre.com/au. If you have a CHESS sponsored holding and need to update your address, you will need to contact your controlling participant.

If you participate in the Buy-Back and would like your updated address or bank account details to be used when remitting proceeds and sending documentation to you, please ensure that these details are updated by 5.00 pm (Melbourne time) on the Closing Date.

What if I do not wish to sell my Unmarketable Parcel?

If you do not wish to sell your Unmarketable Parcel, you must:

- return your completed 'Share Retention' form to the Share Registry;
- increase your holding of shares in the Company to a number of shares constituting a 'marketable parcel' (being at least 250,001 shares); or
- if you hold multiple shareholdings that together constitute a parcel of at least 250,001 shares in the Company, arrange to have those holdings merged into one shareholding to constitute a 'marketable parcel',

by 5.00 pm (Melbourne time) on the Closing Date.

If you choose to acquire additional shares or merge multiple shareholdings as outlined above, you are advised to allow reasonable time for these actions to be effected on the Company's share register by 5.00 pm (Melbourne time) on the Closing Date.

What are the tax consequences of having my shares sold through the Buy-Back?

The tax outcomes of participating in the Buy-Back will vary depending on your circumstances.

If you are in the business of trading shares or hold the shares as revenue assets, you may have an assessable gain or loss on sale on revenue account.

However, if this is not the case, it is the Company's view that proceeds will be entirely treated as a return of capital (where no component of the proceeds constitutes a dividend), with the buy-back under the Buy-Back resulting in a Capital Gains Tax (**CGT**) event.

If you are an Australian resident shareholder, you will need to calculate a capital gain or capital loss. Details of the CGT event are required to be disclosed in your 2022 income tax return, regardless of whether you are required to pay tax on the event.

If you are not an Australian resident, you should be entitled to disregard the capital gain or loss for the purposes of calculating your Australian taxable income. You may still have a tax liability in your country of residence.

The above is broad in nature, and it is strongly recommended that you consult with your taxation professional regarding your particular circumstances.

Can I sell some but not all of my shares through the Buy-Back?

No, you may not sell part of an Unmarketable Parcel through the Buy-Back. If you choose to participate in this Buy-Back, your entire Unmarketable Parcel will be bought back by the Company.

If I buy more shares, will my shareholding be bought back?

Your Unmarketable Parcel will not be bought back if you acquire additional shares in the Company on-market so that your shareholding is noted on the Company's share register as being greater than 250,001 shares (that is, a marketable parcel) as at 5.00 pm (Melbourne time) on the Closing Date.

Any additional shares acquired must be registered by 5.00 pm (Melbourne time) on the Closing Date, under the same name and address and with the same holder number (SRN or HIN) as set out in the accompanying 'Share Retention' form.

What do I do if I have multiple Unmarketable Parcels?

If there is more than one Unmarketable Parcel registered under your name, you will receive this letter and a personalised 'Share Retention' form for each of your Unmarketable Parcels.

If you would like the Company to buy-back each of your Unmarketable Parcels, you do not need to do anything and all of the Unmarketable Parcels registered in your name will be bought back.

If you would like to keep one or more of your Unmarketable Parcels, you may take one of the following actions:

- complete the enclosed, personalised 'Share Retention' form for each of the Unmarketable Parcels that you would like to keep and return it in accordance with the instructions on the 'Share Retention' form; or
- acquire additional shares in the Company on-market so that each of the Unmarketable Parcels that you would like to keep is noted on the Company's share register as being greater than 250,001 shares (that is, a marketable parcel) as at 5.00 pm (Melbourne time) on the Closing Date; or
- if the Unmarketable Parcels that you hold together constitute a parcel of more than 250,001 shares (that is, a marketable parcel), arrange to have those holdings consolidated into one shareholding that is noted on the Company's share register as being greater than 250,001 shares as at 5.00 pm (Melbourne time) on the Closing Date.

Who do I contact if I have further questions?

If you have any further questions about the information contained in this letter or about the Buy-Back, you may contact the Company's office on (03) 9927 3000 (from within Australia) or +61 3 9927 3000 (outside Australia) between 8.30 am to 5.00 pm Monday to Friday (Melbourne time).