



**BASS STRAIT OIL COMPANY LTD**

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**ASX RELEASE**

**Rights Trading Q&A**

On 22 September 2009 Bass Strait Oil Company Limited announced a 2 for 3 renounceable rights issue (see copy of the Notice of Renounceable Rights Issue attached below for full details). The record date for this issue is 1 October 2009 and shareholders at that time will be sent an Entitlement and Acceptance Form with detailed instructions.

As this issue is renounceable, shareholders who do not want to take up all of their rights may sell some or all of their rights and any person may purchase those rights.

While the record date for entitlement is 1 October 2009, the rights have today begun trading on the ASX under the code “**BASR**”.

As an aid to BAS shareholders, we provide below a Q&A sheet which addresses common questions in relation to exercising and trading rights.

<p>What can I do with my Rights?</p>	<p>You can do the following:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/>... apply for all of your Entitlement;</li> <li><input type="checkbox"/>... apply for part of your Entitlement and allow the balance to lapse;</li> <li><input type="checkbox"/>... apply for none of your Entitlement;</li> <li><input type="checkbox"/>... sell all or part of your Rights on the ASX;</li> <li><input type="checkbox"/>... apply for part of your Entitlement and sell the balance; or</li> <li><input type="checkbox"/>... sell or transfer all or part of your Rights to another person other than on the ASX.</li> </ul>
<p>How do I take up my Rights?</p>	<p>After the record date, Shareholders will be sent an application form with appropriate instructions.</p>
<p>Can I trade my Rights?</p>	<p>Yes, some or all of your Rights can be traded on ASX and they can be privately transferred.</p>
<p>What happens to any Rights that I don't take up or trade?</p>	<p>Any portion of your Rights that you do not take up or trade will lapse and you will not get any benefit for them. New Shares representing the number your Rights not exercised will then form part of the Shortfall to be dealt with by the Underwriters.</p>
<p>Can I transfer my Rights to another person?</p>	<p>Yes, you may transfer your Rights to another person. In order to do so, you will need to complete a Renunciation Form, which is available through your broker or the Share registry.</p>

When can I trade my Rights?	You can trade your Rights on the ASX between 25 September 2009 and 13 October 2009 inclusive.
How do I trade my Rights on the ASX?	In order to trade your rights, please contact your share broker and follow their instructions. Once you have received your Entitlement and Acceptance form after the record date, you will need to complete Section 3 of the form and forward it to your broker, along with the payment for any portion that you are accepting. Your broker should complete the sale and lodge the form and payment on your behalf, if required.
How do I buy more rights on the ASX?	You should ask your broker to purchase them in the same way as for any other stock. The ASX code is "BASR". If you purchase Rights you need to ask your broker to make the arrangements for your application, including payment in full, to be lodged by the Offer closing date of 20 October 2009
I've bought BAS Rights on the ASX. How do I exercise them?	You will need to speak to your broker, who can advise you on the steps required to ensure that your application and payment are received by the closing date of 20 October 2009.



Andrew Adams  
Managing Director  
25 September 2009



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## ASX RELEASE

Dear Shareholder

### Notice of 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 AEST on 1 October 2009 and who have a registered address in Australia or New Zealand ("**Registered Shareholders**" at the "**Record Date**") to participate in a pro-rata renounceable rights issue on the basis of two (2) fully paid ordinary shares in the Company ("**Shares**") for every three (3) Shares held, at an issue price of 3.0 cents per Share ("**Rights Issue**"). This represents a 40% discount to the closing price of Shares on the ASX on 16 September 2009 which was 5.0 cents.

The Rights Issue will result in the issue of up to approximately 103,633,968 Shares ("**Rights Issue Shares**") and will raise up to approximately \$3,109,019, before costs and expenses, if fully subscribed.

The Rights Issue is fully underwritten by Patersons Securities Limited for a fee structured as follows:

- Corporate Advisory Fee: \$60,000
- Management Fee: 1.5% of the total amount raised under the Rights Issue.
- Underwriting Fee: 4.0% of the total amount underwritten under the Rights Issue.

Registered Shareholders who take up their full entitlement of Rights Issue Shares ("**Rights**") will also have the opportunity to apply for additional Shares ("**Additional Shares**") which may, at the discretion of Patersons Securities Limited in consultation with the Company, be made available from any unsubscribed Rights Issue Shares.

As the Rights Issue is renounceable, Registered Shareholders who do not wish to subscribe for some or all of their Rights may sell those Rights in order to realise value which may attach to those Rights.

The Rights Issue may be increased to a total of up to 104,273,968 Rights Issue Shares if holders of existing eligible unlisted options exercise those options and are issued Shares on or prior to the Record Date.

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

## **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:

	\$
General exploration costs	2,000,000
Underwriting fee and commission (max)	230,996
Working capital and costs of issue	878,023
	<hr/> \$3,109,019

## **Disclosures and further information**

The Company has today lodged with the ASX its audited 2009 Annual Financial Report.

Shareholders and investors may view the Company's 2009 Annual Financial Report and all its ASX releases at [www.asx.com.au](http://www.asx.com.au) (ASX code: BAS). Extensive information on the Company and its projects (including ASX releases) is available at [www.bassoil.com.au](http://www.bassoil.com.au).

BAS 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 the Corporations Act 2001 ("**Act**") (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 a letter of offer and their Entitlement and Acceptance Form in accordance with the following indicative timetable.

## **Timetable**

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

- |   |                   |
|---|-------------------|
| • Notice of Rights Issue to ASX             | 22 September 2009 |
| • Ex date rights trading starts             | 25 September 2009 |
| • Rights Issue Record Date                  | 1 October 2009    |
| • Dispatch of Entitlement & Acceptance Form | 6 October 2009    |
| • Rights trading ends                       | 13 October 2009   |
| • Deferred settlement trading commences     | 14 October 2009   |
| • Issue closes                              | 20 October 2009   |
| • Allotment of Rights Issue Shares          | 28 October 2009   |

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 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 monies, to the Company's share registry before 5pm AEST on or before the anticipated closing date of 20 October 2009.

If you are Registered Shareholder who does not want to subscribe for some or all of your Rights, you may sell those Rights on the ASX from 25 September 2009 until the close of markets on 13 October 2009. To sell any of your Rights on the ASX you must provide appropriate instructions to your stockbroker providing them with any information requested by them in order to effect your instructions as soon as possible. If you wish to transfer some or all of your Rights to a person, other than by trading on the ASX, you must complete a standard renunciation form (available from your stockbroker) and lodge it with your stockbroker together with the applicable transferee's cheque for the acceptance money.

If you are a Registered Shareholder who chooses to do nothing with your Rights, you will continue to hold the same number of Shares, however your interest in the Company will be diluted and you will receive no value for your Rights.

If you have any questions in relation to the Rights Issue, please contact the Company on 03 9927 3000.

A handwritten signature in black ink, appearing to read "Andrew Adams". The signature is fluid and cursive, with a prominent initial "A" and a long, sweeping underline.

Andrew Adams  
Managing Director  
22 September 2009