

BASS STRAIT OIL COMPANY LIMITED

ABN 13 008 694 817

OFFER BOOKLET

3 FOR 5 NON-RENOUNCEABLE PRO RATA ENTITLEMENT OFFER OF NEW SHARES AT AN ISSUE PRICE OF \$0.001 (0.1 CENT) PER NEW SHARE

**The Entitlement Offer closes at 5.00pm (Melbourne time) on
Thursday, 3 June 2016**

The Entitlement Offer is fully underwritten by Adelaide Equity Partners Limited.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

**IF YOU ARE AN ELIGIBLE SHAREHOLDER YOU SHOULD READ THIS OFFER BOOKLET IN ITS
ENTIRETY BEFORE DECIDING WHETHER TO APPLY FOR NEW SHARES.**

**IF YOU DO NOT UNDERSTAND ANY PART OF THIS OFFER BOOKLET, OR ARE IN ANY DOUBT AS TO
HOW TO DEAL WITH IT OR YOUR ENTITLEMENT, YOU SHOULD CONSULT YOUR FINANCIAL OR
OTHER PROFESSIONAL ADVISER.**

Important Information

About this document

This Offer Booklet contains information relating to a proposed entitlement offer to be undertaken by Bass Strait Oil Company Limited ACN 008 694 817 (**BAS**). This Offer Booklet is important and requires your immediate attention.

The Entitlement Offer is being made in accordance with Section 708AA of the Corporations Act (as modified by ASIC Class Order 08/35). Accordingly, this document is not a prospectus and does not contain all information which an investor may require to make an informed investment decision.

Forward-looking statements

This document contains forward looking statements that are not based solely on historical facts but are based on current expectations about future events and results. These forward looking statements are subject to inherent risks and uncertainties. Such risks and uncertainties include factors and risks specific to the operations of BAS, as well as general economic conditions, prevailing interest rates, conditions in the financial markets, government policies and regulations and competitive pressures. As a consequence, actual events or results may differ materially from the expectations expressed or implied in such forward looking statements.

Forward-looking statements in this Offer Booklet speak only at the date of this Offer Booklet. Subject to any continuing obligations under applicable law or the ASX Listing Rules, BAS does not in providing this information undertake any obligation to publicly update or revise any of the forward-looking statements for any change in events, conditions or circumstances on which any such statement is based. Accordingly, you are cautioned not to place undue reliance on forward looking statements contained in this document.

Foreign jurisdictions

Although the Entitlement Offer is being extended to Eligible Shareholders in jurisdictions outside Australia and New Zealand, no action has been taken to register, or otherwise permit, the offer of New Shares to be made under the laws of any jurisdiction outside of Australia and New Zealand. In particular, the New Shares offered under the Entitlement Offer have not been, and will not be registered under the US Securities Act or the securities laws of any State or other jurisdiction in the United States. It is your responsibility to ensure that you comply with any laws of your jurisdiction which are applicable to you and which are relevant to your applying for New Shares under the Entitlement Offer

The distribution by you of this Offer Booklet (including an electronic copy) outside Australia and New Zealand may be restricted by law. You should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities law.

Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet or the Associated Offer Announcements. Any information or representation that is not contained in this Offer Booklet or the Associated Offer Announcements may not be relied on as having been authorised by BAS in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of BAS, or any other person, warrants or guarantees the future performance of BAS or any return on any investment made pursuant to the Entitlement Offer.

No financial product advice

This Offer Booklet is not financial product advice, does not purport to contain all the information that you may require to make an investment decision, and has been prepared without taking into account your personal investment objectives, financial situation or needs.

Before deciding whether to apply for New Shares under the Entitlement Offer, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If after reading this booklet, you have any questions about the Entitlement Offer, you should contact your financial or other professional adviser.

Definitions and references to time

Capitalised words and expressions in this Offer Booklet have the meanings given in Section 5.

A reference to time in this Offer Booklet is to Melbourne time, unless otherwise stated.

All financial amounts in this Offer Booklet are references to Australian currency, unless otherwise stated.

Date of this document

This Offer Booklet is dated 9 May 2016.

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Chairman's Letter

9 May 2016

Dear Fellow Shareholder

On behalf of the Board of Bass Strait Oil Company Limited (**BAS**), it is my pleasure to invite you to participate in a pro rata, non-renounceable entitlement offer of 3 new fully paid ordinary share in BAS (**New Shares**) for every 5 shares at an issue price of \$0.001 (0.1 cent) per New Share (**Entitlement Offer**).

The Entitlement Offer is expected to raise approximately \$483,000 before costs and expenses. The funds from the Entitlement Offer will strengthen BAS's balance sheet and provide increased working capital to support its forecast project expenditure and continuing growth.

Overview of Entitlement Offer

The Entitlement Offer is being made to all shareholders (**Eligible Shareholders**) who are registered as a holder of BAS's Shares as at 7.00pm (Melbourne time) on Monday, 16 May 2016 (**Record Date**).

Under the Entitlement Offer, Eligible Shareholders have the opportunity to subscribe for 3 New Shares for every 5 Shares of which they are the registered holder at 7.00pm (Melbourne time) on the Record Date at an issue price of \$0.001 (0.1 cent) per New Share (**Issue Price**). The Entitlement Offer is non-renounceable.

The Entitlement Offer incorporates a shortfall facility under which Eligible Shareholders can apply to take up New Shares in excess of their pro rata entitlement (**Shortfall Facility**). Applications under the Shortfall Facility will only be considered to the extent there is a shortfall under the Entitlement Offer and will be subject to the terms set out in Section 1.5 of this Offer Booklet.

Underwriting Arrangements

The Entitlement Offer is fully underwritten by Adelaide Equity Partners Limited pursuant to an Underwriting Agreement dated 6 May 2016.

If Eligible Shareholders do not take up their pro rata entitlements under the Entitlement Offer, the shortfall will be allocated:

- first, to Eligible Shareholders who apply to take up additional New Shares in accordance with the terms of the Shortfall Facility; and
- next to the underwriter and sub-underwriters.

Further details regarding the underwriting arrangements are set out in Section 1.6 of this Offer Booklet.

Action you should take

The Entitlement Offer is currently scheduled to close at 5.00pm (Melbourne time) on Friday, 3 June 2016. If you wish to subscribe for New Shares, you must ensure that your application and payment is received by this time in accordance with the instructions set out in Section 2.2.

This Offer Booklet contains important information regarding the Entitlement Offer, and I encourage you to read it carefully before making any investment decision. If you have any questions, you should consult your financial or other professional adviser.

Yours sincerely



Peter Mullins
Non-Executive Chairman

Key Dates

Event	Date
Announcement of Entitlement Offer and lodgement with ASX	Monday, 9 May 2016
Ex-date from which Shares commence trading without entitlement to participate in the Rights Issue	Friday, 13 May 2016
Record Date to determine entitlement to participate in the Entitlement Offer	7.00pm on Monday, 16 May 2016
Dispatch Offer documents to Eligible Shareholders	Tuesday, 17 May 2016
Entitlement Offer opens	9.00am on Tuesday, 17 May 2016
Entitlement Offer closes	5.00pm on Friday, 3 June 2016
New Shares are quoted for ASX trading on a deferred settlement basis	Monday, 6 June 2016
Company notifies ASX of under subscriptions	Wednesday, 8 June 2016
Issue Date (deferred settlement trading ends)	Friday, 10 June 2016
Expected date for commencement of normal trading of New Shares on ASX	Tuesday, 14 June 2016

Dates and times in this Offer Booklet are indicative only and subject to change. All dates and times are references to Melbourne time.

BAS, with the consent of the Underwriter, reserves the right to amend any or all of these dates and times, subject to the Corporations Act, the ASX Listing Rules and other applicable laws and regulations. In particular, BAS reserves the right to extend the Closing Date, to accept late Applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the Closing Date may have a consequential impact on the date that New Shares are issued and commence trading on the ASX. Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible after the Entitlement Offer opens.

BAS also reserves the right not to proceed with the whole or part of the Entitlement Offer at any time prior to the issue of the New Shares. In that event, application monies (without interest) would be returned to applicants.

1 Overview of the Entitlement Offer

1.1 Summary

The Entitlement Offer is a pro rata offer of a maximum of approximately 483 million New Shares at \$0.001 (0.1 cent) per New Share to raise approximately \$483,000 before costs and expenses.

Eligible Shareholders are entitled to subscribe for 3 New Shares for every 5 Shares held by them at 7.00pm (Melbourne time) on the Record Date.

The Entitlement Offer is non-renounceable, which means that to the extent that any entitlement under the Entitlement Offer is not taken up by any Eligible Shareholder prior to the Closing Date, the entitlement will lapse.

The Entitlement Offer also incorporates a Shortfall Facility under which Eligible Shareholders can apply for New Shares in excess of their pro-rata entitlement. Eligible Shareholders should refer to Section 1.5 for a description of the terms and conditions of the Shortfall Facility.

The choices available to Eligible Shareholders in respect of the Entitlement Offer are described in Section 2.

The Entitlement Offer opens at 9.00am (Melbourne time) on Tuesday, 17 May 2016 and is currently scheduled to close at 5.00pm (Melbourne time) on Friday, 3 June 2016.

1.2 Eligible Shareholders

The Entitlement Offer is being made to those Shareholders who are:

- (a) registered as a holder of BAS's Shares as at the Record Date;
- (b) have a registered address in Australia or New Zealand;
- (c) not in the United States, are not a US Person, and are not acting for the account or benefit of any person in the United States or any US Person; and
- (d) eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

BAS is of the view that it is unreasonable to make an offer under the Entitlement Offer to Shareholders outside of Australia and New Zealand having regard to:

- (a) the number of Shareholders outside of Australia and New Zealand as a proportion of total Shareholders in BAS;
- (b) the number and value of the New Shares to be offered to Shareholders outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, BAS is not required to make offers under the Entitlement Offer to Shareholders outside of Australia and New Zealand.

As a result, the actual number of New Shares to be issued under the Entitlement Offer, and therefore the actual amount to be raised by the Entitlement Offer, are not known as at the date of this Offer Booklet. The figures described in Section 1.14 are maximum figures only. To the extent that Shareholders on the Record Date are not Eligible Shareholders, the actual figures will be less.

1.3 What is the entitlement of an Eligible Shareholder?

The number of New Shares to which you are entitled under the Entitlement Offer is shown in the personalised Entitlement and Acceptance Form which accompanies this Offer Booklet. In calculating each Eligible Shareholder's entitlement, fractional entitlements to New Shares have been rounded up to the nearest whole number of New Shares. Eligible Shareholders can subscribe for all, or part, of their pro rata entitlement under the Entitlement Offer. Detailed instructions on how to accept all, or part of, your pro rata entitlement are set out in Section 2.

Please note that if you choose not to take up your pro rata entitlement, your percentage shareholding in BAS will be diluted to the extent that the Entitlement Offer is taken up by other persons.

BAS reserves the right to reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims as to the extent of their entitlements prove to be overstated or they fail to provide information to substantiate their claims.

1.4 No trading of entitlements

Entitlements under the Entitlement Offer are non-renounceable and will not be tradeable on the ASX or otherwise transferable. Shareholders who do not take up their entitlement in full will not receive any value in respect of that part of the entitlement that they do not take up.

1.5 Shortfall Facility

The Entitlement Offer incorporates a Shortfall Facility under which Eligible Shareholders can apply for New Shares in excess of their pro rata entitlement (**Additional New Shares**). The issue of Additional New Shares under the Shortfall Facility will be dependent on there being a shortfall in the take up of pro rata entitlements under the Entitlement Offer.

Eligible Shareholders who wish to apply for Additional New Shares under the Shortfall Facility can do so by specifying the number of Additional New Shares they wish to apply for in the space provided on their Entitlement and Acceptance Form.

1.5.1 Allocation of shortfall amongst applicants under the Shortfall Facility

If Eligible Shareholders submit applications under the Shortfall Facility, any allocation of a shortfall under the Entitlement Offer amongst those applicants will be considered and determined by BAS's Board at its discretion.

1.5.2 No certainty regarding allocations

As a consequence of the arrangements described above, there can be no guarantee of the number of Additional New Shares available to Eligible Shareholders under the Shortfall Facility. Eligible Shareholders who apply for Additional New Shares under the Shortfall Facility will be bound to accept any lesser number of Additional New Shares allocated to them in accordance with the allocation procedure described above. If you do not receive all of the Additional New Shares you applied for, any excess application monies will be returned to you without interest.

1.5.3 Takeover law requirements

It is the responsibility of each Eligible Shareholder to ensure that it will not breach the takeovers provisions under the Corporations Act (the 20% threshold) by applying for Additional New Shares under the Shortfall Facility. These provisions are set out in section 606 of the Corporations Act. No Eligible Shareholder will be permitted to acquire New Shares under the Shortfall Facility to the extent BAS considers (acting reasonably) that doing so would result in a contravention of the takeovers limits in section 606 of the Corporations Act.

1.6 Underwriting of the Entitlement Offer

The Entitlement Offer is managed and fully underwritten by Adelaide Equity Partners Limited (**Underwriter**). Any New Shares which remain unallocated following the issue of New Shares under the Entitlement Offer and the Shortfall Facility will be taken up by the Underwriter (and its sub-underwriters), on the terms and, subject to the conditions, of the Underwriting Agreement.

The Underwriter will receive an underwriting fee of 6% of the amount underwritten (excluding firm commitments for their entitlements and amounts sub-underwritten by the Company's directors and their related entities, which will attract a 1% underwriting fee) as consideration for the obligations undertaken by the Underwriter under this Agreement. The Underwriter may terminate the Underwriting Agreement (and hence its obligation to underwrite the Entitlement Offer) in specified circumstances. These include:

- (a) (**Indices fall**): the S&P ASX 200 Index is at any time after the date of the Underwriting Agreement 10% or more below that Index on the Business Day prior to the date of the Underwriting Agreement;
- (b) (**Commodity Change**): the WTI Crude Oil Spot Price is at any time prior to the issue of the Underwritten Shares more than 15% below the level of the commodity at the close of normal trading on the trading day on the New York Mercantile Exchange before the date of the Underwriting Agreement;
- (c) (**Offer Materials**) a statement contained in the Offer Booklet or the cleansing statement issued in connection with the Offer is or becomes misleading or deceptive or likely to mislead or deceive;
- (d) (**Cleansing Notice**) the cleansing notice issued in connection with the Offer is defective, or a supplementary statement is issued under the Corporations Act;
- (e) (**Unable to issue Shares**) the Company is prevented from issuing the Underwritten Shares within the time required by the timetable agreed with the Underwriter, the Listing Rules or any applicable laws;
- (f) (**No Quotation Approval**): ASX (for whatever reason) does not give approval for the Underwritten Shares to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;
- (g) (**Indictable offence**): a director of the Company is charged with an indictable offence;
- (h) (**Hostilities**): there is an outbreak of hostilities or a material escalation of hostilities after the date of the Underwriting Agreement in certain specified regions which the Underwriter reasonably considers has, or is reasonably likely to have a material adverse effect on the Entitlement Offer; or
- (i) (**Material Adverse Change**) there is a material adverse change in assets, liabilities, financial position or performance, profits, losses or prospects of the Company, from those respectively publicly disclosed.

Each Director of the Company has agreed to take up their full entitlement under the Entitlement Offer. Furthermore, certain directors have also agreed to participate as sub-underwriters of the Entitlement Offer. The tables below sets out the maximum number of New Shares that may be taken up by each director, assuming no other shareholder participates in the Offer:

	Tino Guglielmo		Peter Mullins	
	Shares	Resulting Relevant Interest	Shares	Resulting Relevant Interest
Shares held prior to Offer	84,000,000	10.44%	14,000,000	1.74%
Maximum Rights taken up under Offer	50,400,000		8,400,000	
Maximum shares sub-underwritten	48,263,000		1,600,000	
Maximum Interest upon completion of the Offer	182,663,000	14.19%	24,000,000	1.86%

	Mark Lindh		Hector Gordon	
	Shares	Resulting Relevant Interest	Shares	Resulting Relevant Interest
Shares held prior to Offer	13,733,334	1.41%	6,666,668	0.83%
Maximum Rights taken up under Offer	8,240,000		4,000,001	
Maximum shares sub-underwritten	16,152,000		-	
Maximum Interest upon completion of the Offer	38,125,334	2.96%	10,666,669	0.83%

1.7 Allocation of any shortfall

As a result of the arrangements described above in Sections 1.5 and 1.6, if Eligible Shareholders do not take up their pro rata entitlements under the Entitlement Offer, the resulting shortfall will be allocated:

- first, to Eligible Shareholders who apply to take up Additional New Shares subject to the discretion of the Board in accordance with the terms of the Shortfall Facility; and
- next, to the Underwriter and sub-underwriters.

1.8 Issue of New Shares

BAS currently expects that New Shares will be issued by Friday, 10 June 2016. The issue of New Shares will only be made after permission for their quotation on ASX has been obtained.

The fact that New Shares have been admitted to quotation on ASX is not to be taken in any way as an indication of the merits of the Company or the New Shares.

1.9 Ranking of New Shares

When issued, the New Shares will be fully paid and will rank equally with existing Shares.

1.10 Withdrawal of the Entitlement Offer

BAS reserves the right to withdraw all or part of the Entitlement Offer, and this Offer Booklet, at any time, subject to applicable laws. In that case, BAS will refund application monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest.

To the fullest extent permitted by law, you agree that any application monies paid by you to BAS will not entitle you to receive any interest and that any interest earned in respect of application monies will belong to BAS.

1.11 Speculative nature of Entitlement Offer and projects and relevant risk factors

In deciding whether to take up some or all of your entitlements under the Entitlement Offer, you should:

- have regard to the high risk, speculative nature of the Company's projects and exploration activities and to the risks discussed in Section 3;
- understand that exploration for oil and gas is both speculative and subject to a high level of risk and that of adverse exploration results; and
- read this Entitlement Offer carefully and in its entirety, with emphasis on the risk factors detailed in Section 3, have regard to your own investment parameters, and if required, obtain independent professional investment advice, before deciding to invest in the Company.

1.12 Purpose and use of funds

BAS is raising capital in order to strengthen its financial position and general working capital requirements. BAS intends to achieve these objectives by using the net proceeds of the Entitlement Offer of approximately \$483,000 before costs and expenses as follows:

- to identify opportunities to acquire additional interests in prospective oil and gas projects; and
- to meet its general working capital requirements.

1.13 Financial Impact

The proceeds from the Entitlement Offer, before allowing for costs and expenses, will amount to approximately \$483,000. Costs and expenses are estimated to be approximately \$45,000. The net effect of the Entitlement Offer on BAS's financial position will be to increase the cash held by BAS by approximately \$438,000.

1.14 Effect on Capital Structure

The principal effect of the Entitlement Offer on BAS's issued share capital will be to increase the total number of issued Shares. The following table sets out the number of issued Shares on the Announcement Date and, subject to the rounding of fractional entitlements under the Entitlement Offer, the total number of issued Shares at the completion of the Entitlement Offer:

Shares	Number
Shares on issue at the Announcement Date	804,381,671
Shares offered under the Entitlement Offer	482,629,002*
Total Shares on issue on completion of the Entitlement Offer	1,287,010,673*

1.15 Effect on shareholdings of Shareholders

The issue of New Shares under the Entitlement Offer will have the effect of diluting the percentage shareholdings of Shareholders in the Company who do not participate in the Entitlement Offer (including under the Shortfall Facility). In particular:

- Shareholders who do not take up their full pro rata entitlement under the Entitlement Offer will have their percentage shareholding in the Company further diluted following the issue of New Shares under the Entitlement Offer.
- Shareholders who take up their full pro rata entitlement under the Entitlement Offer will maintain their percentage shareholding.
- Shareholders who take up their full pro rata entitlement under the Entitlement Offer and receive New Shares under the Shortfall Facility, will increase their percentage shareholding in the Company to the extent they receive additional New Shares under the Shortfall Facility.
- The proportional shareholdings of Shareholders who are not resident in Australia or New Zealand (**Ineligible Shareholders**) may be diluted as those Shareholders are not entitled to participate in the Entitlement Offer.

1.16 Effect of the Offer on the Control of BAS

Cooper Energy is the largest single shareholder in BAS holding approximately 21.64% based on the change in substantial holding notice dated 8 April 2016. Cooper Energy is not sub-underwriting any portion of the Entitlement Offer. As the Entitlement Offer is a pro-rata offer and is fully underwritten by the Underwriter, there is no prospect of Cooper Energy increasing its proportionate shareholding in BAS as a result of the Entitlement Offer.

BAS does not believe that any other person will increase their percentage shareholding in BAS pursuant to the Entitlement Offer in a way which will have any material impact on the control of BAS.

* The number of New Shares to be issued under the Entitlement Offer is subject to the rounding of fractional entitlements to New Shares.

2 Choices available to Eligible Shareholders

2.1 Your choices

Before taking any action, you should read this Offer Booklet in its entirety and, if you have any questions, consult your financial or other professional adviser.

If you are an Eligible Shareholder, the following choices are available to you:

Option	See Section
Participate in the Entitlement Offer	2.2
Take no action	2.7

2.2 How to participate in the Entitlement Offer

(a) **Taking up some or all of your pro rata allocation**

To subscribe for New Shares offered to you under your pro rata allocation, please complete the accompanying Entitlement and Acceptance Form according to the instructions on the form for all, or that part, of your pro rata entitlement you wish to subscribe for.

(b) **Applying for Additional New Shares under the Shortfall Facility**

Please refer to Section 1.5 for details regarding the Shortfall Facility.

If you wish to apply for Additional New Shares under the Shortfall Facility, please insert the number of Additional New Shares you wish to apply for in the relevant box on the Entitlement and Acceptance Form.

(c) **Payment**

The Offer Price of \$0.001 (0.1 cent) per New Share is payable in full on application.

Payments must be received by 5.00pm (Melbourne time) on the Closing Date and must be in Australian currency and made by:

- (i) cheque drawn on and payable at any Australian bank;
- (ii) bank draft or money order drawn on and payable at any Australian bank; or
- (iii) BPAY®.

If you wish to pay by BPAY®, you do not need to return the Entitlement and Acceptance Form. You simply need to follow the instructions on the Entitlement and Acceptance Form. Different financial institutions may implement earlier cut-off times with regards to electronic payment, so please take this into consideration when making payment by BPAY®. It is your responsibility to ensure that funds submitted through BPAY® are received by no later than 5.00pm (Melbourne time) on the Closing Date.

BAS will treat you as applying for as many New Shares as your payment will pay for in full, subject to any scale-back BAS may implement in respect of Additional New Shares under the Shortfall Facility. Amounts received by BAS in excess of

your pro rata entitlement (**Excess Amount**) may be treated as an application under the Shortfall Facility to apply for as many Additional New Shares as your Excess Amount will pay for in full.

Cheques, bank drafts and money orders must be made payable to “**Bass Strait Oil Company Limited**” and crossed ‘**Not Negotiable**’. Cash payments will not be accepted. Receipts for payment will not be provided.

BAS will not be responsible for any postal or delivery delays or delay in the receipt of your BPAY® payment.

Application monies will be held in trust in a subscription account until New Shares are issued. Any interest earned on application monies will be for the benefit of BAS and will be retained by BAS irrespective of whether any issue of New Shares takes place.

(d) Return completed Entitlement and Acceptance Form and payment

Unless you are paying by BPAY®, completed Entitlement and Acceptance Forms and payment of application money should be forwarded to the Share Registry by mail in the enclosed prepaid envelope or, if you are outside of Australia or do not use the prepaid envelope, by mail addressed to:

Link Market Services Limited
Level 1, 333 Collins Street
Melbourne VIC 3000
Australia

Completed Entitlement and Acceptance Forms and payments must be received by 5.00pm (Melbourne time) on the Closing Date.

Please note that all acceptances, once received, are irrevocable.

If you wish to pay by BPAY®, you do not need to return the Entitlement and Acceptance Form. Please see Section 2.2(c) above for details.

2.3 Representations you will be taken to make by acceptance

By completing and returning your Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have:

- (a)** acknowledged that you have fully read and understood this Offer Booklet and the Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Offer Booklet and the Entitlement and Acceptance Form;
- (b)** agreed to be bound by the terms of the Entitlement Offer, the provisions of this Offer Booklet and BAS’s constitution;
- (c)** authorised BAS to register you as the holder of the New Shares allotted to you;
- (d)** declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer;
- (e)** acknowledged that once BAS receives your Entitlement and Acceptance Form or any payment of application monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;

- (f) agreed to apply for and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any application monies via BPAY®, at the Offer Price per New Share;
- (g) if you have applied for or are deemed to have applied for Additional New Shares under the Shortfall Facility, agreed to accept any lesser number of Additional New Shares allocated to you in accordance with the allocation procedure described in Section 1.5;
- (h) authorised BAS, the Share Registry and their respective officers, employees or agents to do anything on your behalf necessary for New Shares to be issued to you;
- (i) declared that you were the registered holder at the Record Date of the Shares indicated in the Entitlement and Acceptance Form as being held by you on the Record Date;
- (j) acknowledged that the information contained in this Offer Booklet and your Entitlement and Acceptance Form is not investment advice nor a recommendation that the New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (k) acknowledged that this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in BAS and is given in the context of BAS's past and ongoing continuous disclosure announcements to the ASX;
- (l) acknowledged the statement of risks in the 'Risk Factors' Section of this Offer Booklet and that investments in BAS are subject to risk;
- (m) acknowledged that none of BAS or its related bodies corporate, affiliates and none of its or their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of BAS, nor do they guarantee the repayment of capital;
- (n) agreed to provide any requested substantiation of your eligibility to participate in the Entitlement Offer and your holding of Shares on the Record Date; and
- (o) authorised BAS to correct any errors in your Entitlement and Acceptance Form.

By completing and returning your Entitlement and Acceptance Form or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (p) you are not in the United States and are not a US Person and are not acting for the account or benefit of, a person in the United States or a US Person, and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;
- (q) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand, and accordingly, your pro rata entitlement may not be taken up, and the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws; and
- (r) you have not and will not send any materials relating to the Entitlement Offer to any person in the United States, a US Person, or a person acting for the account or benefit of a person in the United States or a US Person.

2.4 No minimum subscription

There is no minimum subscription for the Entitlement Offer.

2.5 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been made.

2.6 Refunds of excess application monies

Any application monies received for more than the number of New Shares issued to you (but only where the excess amount is A\$2.00 or greater) will be refunded as soon as reasonably practicable following the close of the Entitlement Offer. No interest will be paid on any application monies.

Payment of any refund will be made either by:

- cheque mailed to your address as last recorded in BAS's register of members; or
- direct credit, but only where you have previously nominated to receive payment of dividends by direct credit and have not withdrawn that nomination.

In all cases, the payment method will be at BAS's election.

2.7 If you do nothing

If you do not apply for Shares pursuant to the Entitlement Offer, your entitlement under the Entitlement Offer will lapse.

If you do not apply for Shares pursuant to the Entitlement Offer, your percentage ownership in BAS will be diluted because the issue of New Shares under the Entitlement Offer will increase the total number of Shares on issue.

3 Risk Factors

3.1 General

The Company's activities are subject to a number of risks which may impact future financial performance and the market price at which New Shares trade. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, others are outside the Company's control and cannot be mitigated. Therefore, investors who acquire New Shares may be exposed to a number of risks. Broadly, these risks can be classified as risks that are general to investing in the share market and risks specific to an investment in Shares and the Company's underlying business.

This Section sets out the identified major risks associated with investing in New Shares. This list is not exhaustive and investors should read this Offer Document in its entirety before making an investment decision. Investors should also have regard to their own investment objectives and financial circumstances, and should consider seeking appropriate independent investment advice before deciding whether to invest in the New Shares.

3.2 General investment and economic risks

A number of factors which are outside of the Company's control may significantly impact on the Company, its performance and the price of New Shares. These factors include:

(a) *Investment and Economic Risk*

Economic factors both in Australia and internationally beyond the control of the Company, such as changes in commodity prices, interest rates, inflation, exchange rates, taxation, changes in government policy and legislation, may negatively impact on the operational performance of the Company.

The Company's revenues, expenses and cash flows could be negatively affected by any of these factors, which in turn may affect the price of New Shares.

No assurances can be made that the Company's performance will not be adversely affected by any such market fluctuations or factors. None of the Company or its Directors or any other person guarantees the performance of the Company or the market price at which its shares trade.

The New Shares are to be quoted on ASX where their price may rise or fall.

The New Shares issued under the Entitlement Offer carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX. The value of the New Shares will be determined by the share market and will be subject to a range of factors beyond the control of the Company and its Directors including the demand and availability of Shares.

There can be no guarantee that an active market in New Shares will develop or the market price of the shares will not decline. An investment in New Shares should be considered speculative.

(b) *Government policy*

The Company's capacity to explore for and extract oil and gas, as well as industry profitability generally, can be affected by changes in government policy which may be beyond the control of the Company.

(c) *Commodity price risk*

The demand for and price of commodities is highly dependent on a variety of factors, including, the level of forward selling by producers, costs of production, general economic conditions, inflation levels, interest rates and exchange rates.

These factors may adversely impact on the Company's ability to fund its operations, exploration, evaluation and development activities.

(d) *Future capital needs and additional funding*

The future capital requirements of the Company will depend on many factors. There can be no guarantee that the Company will be able to raise additional capital to meet future funding requirements.

Any inability to obtain additional finance, if required, would have a material adverse effect on the Company's business and its financial condition and performance.

(e) *Taxation risk*

Variations in the taxation laws of Australia and other countries in which the Company operates could impact the Company's financial performance. Interpretation of taxation law could also change, leading to a change in taxation treatment of investments or activities.

(f) *Changes in regulatory environment*

- Changes to laws and regulations or accounting standards which apply to the Company from time to time could adversely impact the operating and financial performance and cash flows of the Company.

3.3 Risks specific to an investment in the Company

Specific risks relating to the Company include, but are not limited to the following:

(a) *Additional Requirements for Capital*

The Company's capital requirements depend on numerous factors. If the Company is successful in identifying a new opportunity in which it wishes to invest, the Company is likely to have insufficient funds to pursue the acquisition of such an interest without the raising of further funds (either through equity or debt or a combination of both).

There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain finance will adversely affect the business and financial condition of the Company and its performance. Existing shareholders may be diluted if additional funds are raised by equity securities.

(b) *Operating Risks*

The operations in which the Company is currently participating are generally considered high-risk undertakings and are subject to a number of risks and hazards typically associated with such operations, each of which could result in substantial damage to facilities, other property and the environment or in personal injury and/or death and/or interruption of operations.

The operations of the Company may be affected by a range of factors, including operational and technical difficulties encountered in drilling; difficulties in commissioning and operating plant and equipment; mechanical failure or plant

breakdown; unanticipated drilling problems which may affect production costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(c) *Title of tenements*

The Company's title to its exploration interests is governed by the various petroleum laws applying in Australia and is typically evidenced by the granting of leases, licences or permits. Each lease, licence or permit is typically for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or its interest in, these assets if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

(d) *Licences and permits*

The Company's exploration activities are dependent upon the maintenance of appropriate licences, concessions, leases, tenements, permits and regulatory consents which may be withdrawn or made subject to limitations. Maintaining tenements, obtaining renewals, or getting tenements granted, often depends on the Company being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

(e) *Exploration and development*

Prospective investors should understand that petroleum exploration, development and production is a high-risk enterprise, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic resource, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration of the oil and gas interests currently held by the Company, or in any other exploration interest the Company may subsequently acquire, will result in the discovery of an economically viable resource. Even if an apparently viable resource is identified, there is no guarantee that it can be profitably exploited.

(f) *Reliance on Key Management*

The responsibility of overseeing the day to day operations and strategic management of the Company depends substantially on its senior management and its key personnel. There may be a detrimental impact on the Company if one or more of the key employees cease their employment with it.

(g) *Investments may not be Wholly Owned*

Oil and gas investments are often structured through joint ventures. The Company has maintained a data room for parties interested in farming into Vic/P41 and Vic/P68. There can be no guarantee the Company will be successful in farming out interests in these permits. There is a risk that development/production activities could be disrupted in situations where there is a disagreement on development/production programs or other issues between the Company and the

other parties in such joint ventures. Should such disagreements occur, this might have a deleterious impact on the Company's operations and performance generally.

4 Further Information

4.1 Taxation

Taxation implications of participating in the Entitlement Offer will vary depending on the particular circumstances of individual Eligible Shareholders. Eligible Shareholders are advised to obtain their own professional taxation advice before making a decision in relation to the Entitlement Offer.

4.2 This Offer Booklet is not a prospectus

The Entitlement Offer is being conducted in accordance with Section 708AA of the Corporations Act (as modified by ASIC Class Order 08/35). In general terms, Section 708AA relates to rights issues by certain companies that do not require the preparation of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Booklet is considerably less than the level of disclosure required in a prospectus.

As a result, in deciding whether or not to accept the Entitlement Offer, you should rely on your own knowledge of BAS, refer to disclosures made by BAS to the ASX (which are available for inspection on the ASX website at www.asx.com.au and on BAS's website at www.bassoil.com.au and seek the advice of your professional adviser.

4.3 CHESS

The company participates in the Clearing House Electronic Sub-Register System ("CHESS"), in accordance with ASX Listing Rules and operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register. Consequently, the Company will not issue certificates to securityholders but they will be provided with a Transaction Confirmation Statement, similar to a holding statement, which will set out the number of Shares allotted to them under this Entitlement Offer.

At the end of the month of allotment, CHESS (acting on behalf of the Company) will provide securityholders with a holding statement that confirms the number of securities held. A holding statement or Transaction Confirmation Statement, whether issued by CHESS or the Company, will also provide details of a securityholder's Holder Identification Number (in the case of a holding on the CHESS sub-register) or Securityholder Reference Number (in the case of a holding on the issuer sponsored sub-register). Following distribution of these initial statements to all securityholders, a holding statement will be provided to each securityholder at the end of any subsequent month during which the balance of that securityholder's holding of securities changes.

4.4 Foreign shareholders

(a) General restrictions

This booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

No action has been taken to register or qualify the New Shares or to otherwise permit an offering of New Shares outside Australia and New Zealand.

Return of the Entitlement and Acceptance Form or your BPAY® payment will be taken by BAS as a representation by you that there has been no breach of any such laws. Eligible Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how to proceed.

(b) **New Zealand**

Shares are offered to Eligible Shareholders with registered addresses in New Zealand in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (NZ). This booklet is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

(c) **United States**

This is not an offer to sell or a solicitation of an offer to buy securities in the United States. New Shares may not be offered or sold in the United States or to, or for the account or benefit of, US Persons in the absence of registration or an exemption from registration.

The New Shares have not been, and will not be, registered under the US Securities Act, or the securities laws of any state of the United States and accordingly, the New Shares may only be offered and sold: (i) within the United States or to, or for the account or benefit of, any US Person, to a limited number of approved institutional investors that are “qualified institutional buyers” (as defined in Rule 144A under the US Securities Act), in transactions exempt from, or not subject to, the registration requirements of the US Securities Act; or (ii) outside the United States, to persons that are not US Persons and are not acting for the account or benefit of US Persons in offshore transactions in compliance with Regulation S under the US Securities Act.

The distribution of this Offer Booklet outside Australia and New Zealand may be restricted by law. In particular, this Offer Booklet or any copy of it must not be taken into or distributed or released in the United States or distributed or released to any US Person. Persons who come into possession of this Offer Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

4.5 Privacy

By submitting an Entitlement and Acceptance Form, you will be providing personal information to BAS (directly or through the Share Registry). BAS collects, holds and will use that information to assess and process your application, administer your shareholding in BAS and to provide related services to you. BAS may disclose your personal information for purposes related to your shareholding in BAS, including to the Share Registry, BAS’s related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies.

You can obtain access to personal information that BAS holds about you. To make a request for access to your personal information held by (or on behalf of) BAS, please contact BAS through the Share Registry.

4.6 Governing law

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement Offer are governed by the laws applicable in Victoria, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

5 Glossary and Interpretation

5.1 Definitions

In this Offer Booklet, the following words have the following meanings unless the context requires otherwise:

\$ or A\$	Australian dollars.
Additional New Shares	New Shares in excess of the pro rata entitlement of an Eligible Shareholder.
Announcement Date	9 May 2016.
Applicant	a Shareholder as at the Record Date applying for New Shares under this Entitlement Offer.
ASIC	the Australian Securities and Investments Commission.
Associated Offer Announcements	the announcement released to the ASX by BAS on 9 May 2016.
ASX	ASX Limited ACN 008 624 691 or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.
ASX Listing Rules	the official listing rules of the ASX as amended or replaced from time to time.
Board	the board of directors of BAS.
BAS or Company	Bass Strait Oil Company Limited ACN 008 964 817.
Business Day	means a day which is not a Saturday, Sunday or a public holiday in New South Wales.
Closing Date	the deadline for accepting the Entitlement Offer, being 5.00pm on Friday, 3 June 2016 (subject to change).
Cooper Energy	Cooper Energy Limited (ACN 096 170 295)
Corporations Act	Corporations Act 2001 (Cth).
Directors	the directors of BAS.
Eligible Shareholder	has the meaning given in Section 1.2.
Entitlement Offer	the pro rata non-renounceable entitlement offer to Eligible Shareholders outlined in this Offer Booklet.
Entitlement and Acceptance Form	the personalised form accompanying this Offer Booklet which may be used to make an application for New Shares under the Entitlement Offer.
Ineligible Shareholder	a Shareholder who is not an Eligible Shareholder.

Underwriter	Adelaide Equity Partners Limited.
New Shares	the Shares offered pursuant to the Entitlement Offer.
Offer Booklet	this offer booklet dated 9 May 2016.
Offer Price	the price payable for each New Share under the Entitlement Offer, being \$0.001.
Record Date	7.00pm (Melbourne time) on Monday, 16 May 2016.
Share	a fully paid ordinary share in the capital of BAS.
Shareholder	a registered holder of Shares.
Share Registry	Link Market Services Limited ACN 083 214 537.
Shortfall Facility	the facility described in Section 1.5.
Subsidiary	a body corporate that is a subsidiary of BAS within the meaning of the Corporations Act.
United States	United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
US Person	The meaning given in Regulation S under the US Securities Act
US Securities Act	The United States Securities Act of 1933, as amended.

5.2 Interpretation

In this Offer Booklet, unless the context otherwise requires:

- (a) the singular includes the plural, and vice versa;
- (b) words importing one gender include other genders;
- (c) other parts of speech and grammatical forms of a word or phrase defined in this document have corresponding meanings;
- (d) terms used in this document and defined in the Corporations Act have the meanings ascribed to them in the Corporations Act;
- (e) other grammatical forms of a word or phrase defined in this document have a corresponding meaning; and
- (f) a reference to a Section is a reference to a Section of this Offer Booklet.

Corporate Directory

DIRECTORS

Mr Peter F Mullins - Chairman (Non-Executive)
Mr Giustino Guglielmo – Executive Director
Mr Hector M Gordon - Non-Executive Director
Mr Mark L Lindh - Non-Executive Director

COMPANY SECRETARY

Mrs Robyn Hamilton

HEAD OFFICE

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LAWYERS

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