



# OIL BASINS LIMITED

ABN 56 006 024 764

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2 April 2012

Company Announcements Office  
Australian Stock Exchange Limited  
10<sup>th</sup> Floor, 20 Bond Street  
Sydney NSW 2000

Dear Sirs

## ***OIL BASINS FARMOUT OF UP TO 20% BACKREEF AREA FOR UP TO \$3.6 MILLION***

### ***KEY POINTS:***

- Oil Basins Limited (ASX codes **OBL**, **OBLOA** & **OBLOB**) and Green Rock Energy Limited (ASX code **GRK**) have executed a Heads of Agreement (**HOA**) relating to the farmout of up to a 20% interest in the Backreef Area, Canning Basin, Western Australia with an up-front Option Payment from GRK of \$1.1 million.
- This will fund 100% of the Backreef-1 cased hole production test estimated at \$900,000 and thereafter GRK will contribute to it pro rata and, should GRK elect to participate at 20% in the Backreef Area, GRK has agreed to contribute a further \$2.5 million on future operations such as an Extended Production Testing of Backreef-1 and/or the drilling and completion of a second well or Backreef-2 appraisal or East Blina-1 exploration well by 31 October 2012.
- If fully completed (as contemplated in the executed HOA with GRK), **OBL is fully funded in its present Backreef Area 2012 Work Program** (Backreef-1 cased hole production test and at least one additional exploration well by 31 October 2012).
- OBL will retain 80% net beneficial rights and operatorship of the Backreef Area.
- OBL will retain 100% of any benefits from a future Buru Energy Limited backin.
- OBL is pleased to welcome GRK as its new Backreef Area Joint Venture Partner and the newest emerging junior Canning Basin oil and gas explorer.

## **ASX & MEDIA ANNOUNCEMENT**

The directors of Oil Basins Limited (ASX codes **OBL**, **OBLOA**, **OBLOB** or the **Company**) are pleased to make the following ASX and Media Announcement.

OBL and Greenrock Energy Limited (ASX code **GRK**) have executed a HOA whereby for a non-refundable Option Payment of \$1.1 million to OBL (within 48 hours of executing the HOA), GRK has the following Farmin rights to the Backreef Area (**refer to Figures 1 & 2**):

- By payment of the Option Payment, GRK at its sole election may elect to exercise an option to either a 5% or 20% interest in the Backreef Area by purchasing an OBL subsidiary.
- Should either the budgeted or actual costs for the Backreef-1 cased hole production test exceed \$900,000 – GRK will be charged appropriate pro rata costs dependent upon its Backreef Area holding percentage.
- Subject to GRK entering into an unconditional agreement to attain up to 20% Backreef Area to be finalised no later than the earlier date of 24 hours prior to the rig-up of Australian Drilling Services Pty Ltd Rig #2 onsite at Backreef-1 or COB 30 April 2012 (“the Effective Farmin Date”).

### **Option 1: GRK Farmin for 5% Backreef Area**

- Under this agreed scenario, GRK can elect to attain a 5% net beneficial right to the Backreef Area by acquiring OBL’s wholly owned subsidiary OBL Backreef No 5 Pty Ltd ABN 57 119 477 084, which is entitled to 5% of the Backreef Area, by making a second non-refundable payment of \$625,000.00 to OBL for future 2012 operations - **refer to Figure 3**. These funds are intended to be used for conduct of the possible EPT operations at Backreef-1, and/or proposed new drilling operations at either a Backreef-2 appraisal well or East Blina-1 exploration well or any JV approved Lead no later than 31 October 2012.
- GRK will appropriately rename the subsidiary upon Sale and Purchase Agreement finalisation/satisfaction.
- Under this 5% farmin scenario, all expenditures over and above both the initial Backreef-1 production test and the additional further \$625,000 amount to be shared 95% / 5% pro rata with OBL / GRK.

### **Option 2: GRK Farmin for 20% Backreef Area**

- Under this agreed scenario, GRK can elect to increase its interest from 5% to 20% net beneficial right to the Backreef Area by acquiring OBL’s wholly owned subsidiary OBL Backreef No 5 Pty Ltd ABN 57 119 477 084 (whose net beneficial interest to be appropriately increased to 20% of the Backreef Area from OBL) by making a second non-refundable payment of \$2,500,000.00 to OBL for future operations - **refer to Figure 3**. These funds are intended to be used for conduct of the possible EPT operations at Backreef-1, and/or proposed new drilling operations at either a Backreef-2 appraisal well or East Blina-1 exploration well or any JV approved Lead no later than 31 October 2012.

- GRK will appropriately rename the subsidiary upon Sale and Purchase Agreement finalisation/satisfaction.
- Under this 20% farmin scenario, all expenditures over and above both the initial Backreef-1 production test and the additional further \$2,500,000 amount to be shared 80% / 20% pro rata with OBL / GRK.

#### Other agreed conditions of the executed HOA

- Should GRK fail to deposit either of the non-refundable payments ie \$625,000 for confirming 5% or \$2,500,000 for confirming 20% by the Effective Farmin Date, for whatever reason, the Farmin will have deemed to have lapsed and will be terminated and all Farminee rights with respect to the ownership of OBL Backreef No 5 Pty Ltd ABN 57 119 477 084, the Backreef Area and any payments made therefor other than the Option Payment, will be immediately and irrevocably rescinded.
- Under no account will an incomplete Farmin be permitted by OBL once the Backreef-1 cased hole production test operations have commenced.
- No fractions or other percentages other than 5% or 20% are contemplated by the Conditional Farmin Agreement.
- GRK will not be a recipient of any benefits to OBL and the OBL Group resulting from Buru Energy Limited exercising its backin rights under the Backreef Play Agreement (BPA).
- GRK agrees at all times to align its voting interests with OBL until all aspects of the Farmin Terms (including any possible New Licence Award and/or future Unitisation) of the BPA is complete.
- Farmout is wholly in accordance with the BPA and subject to usual DMP consents.

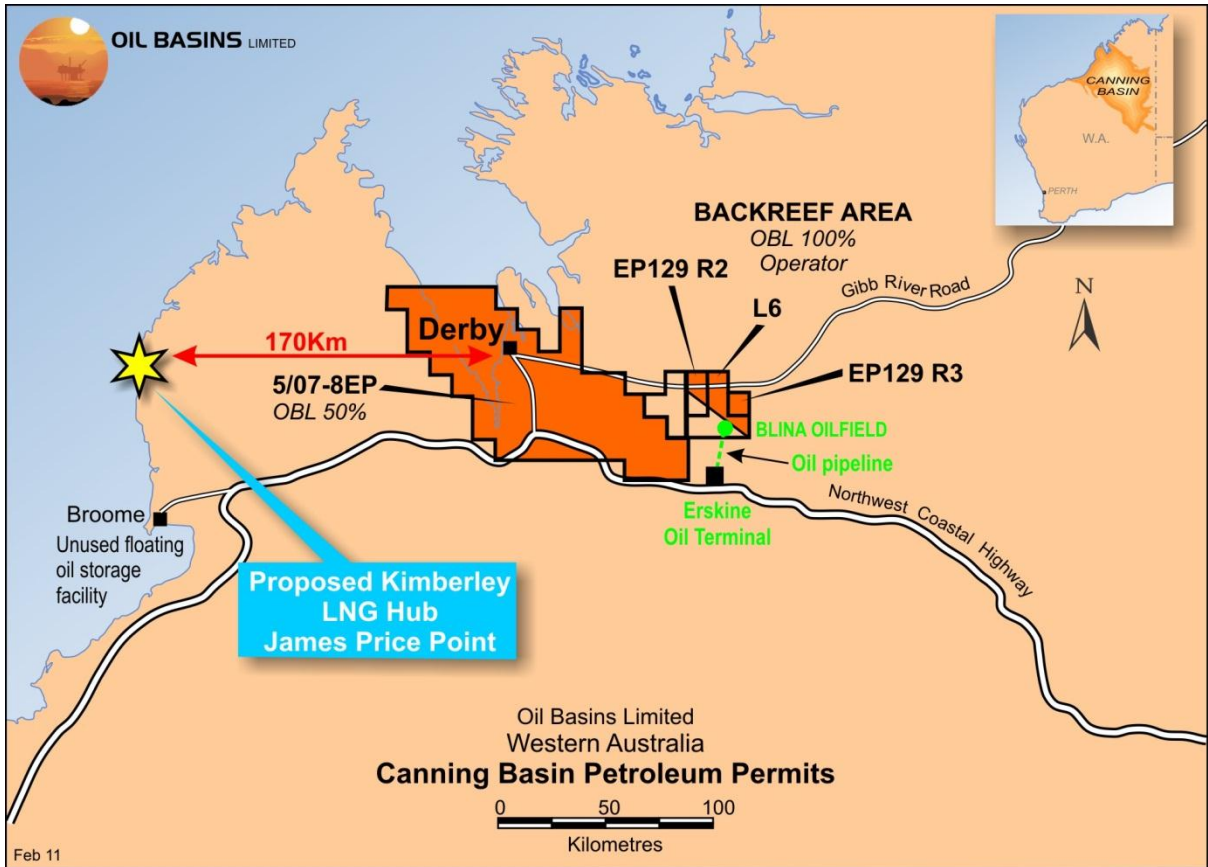
Finally, the directors of Oil Basins Limited are pleased to welcome Green Rock Energy Limited as its new Backreef Area Joint Venture Partner and the newest emerging junior Canning Basin oil and gas explorer.

Yours faithfully

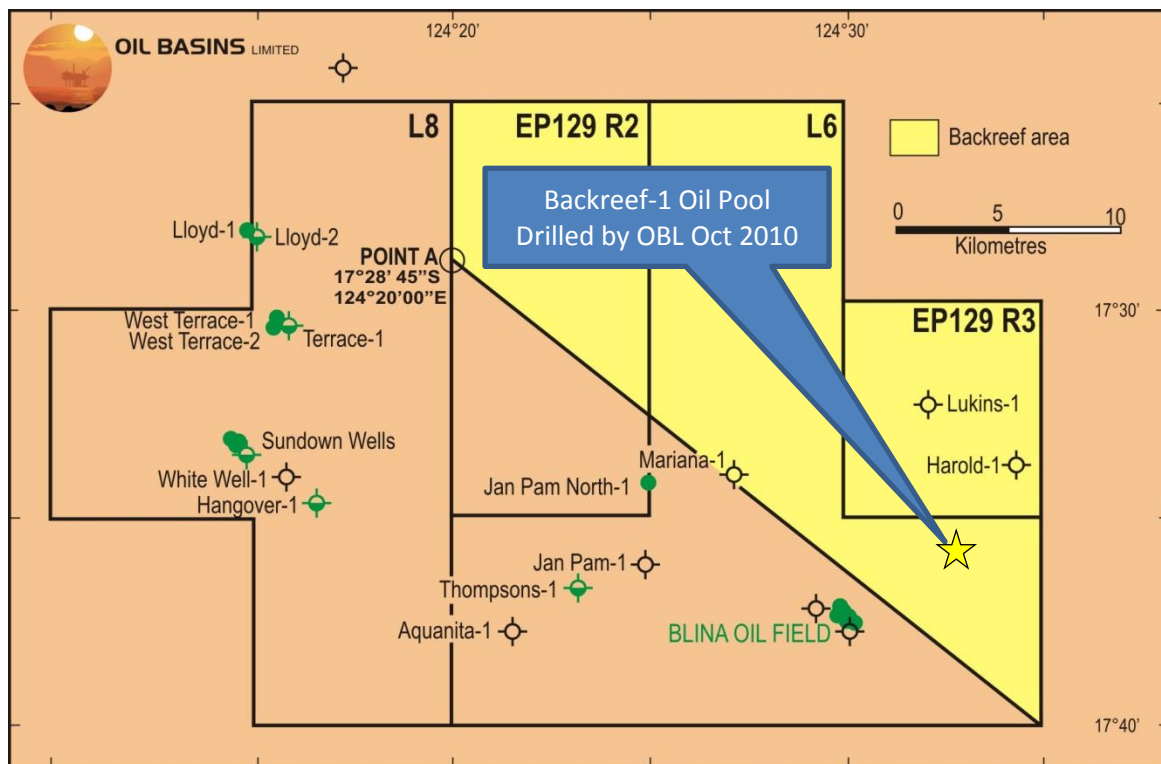


Kim McGrath

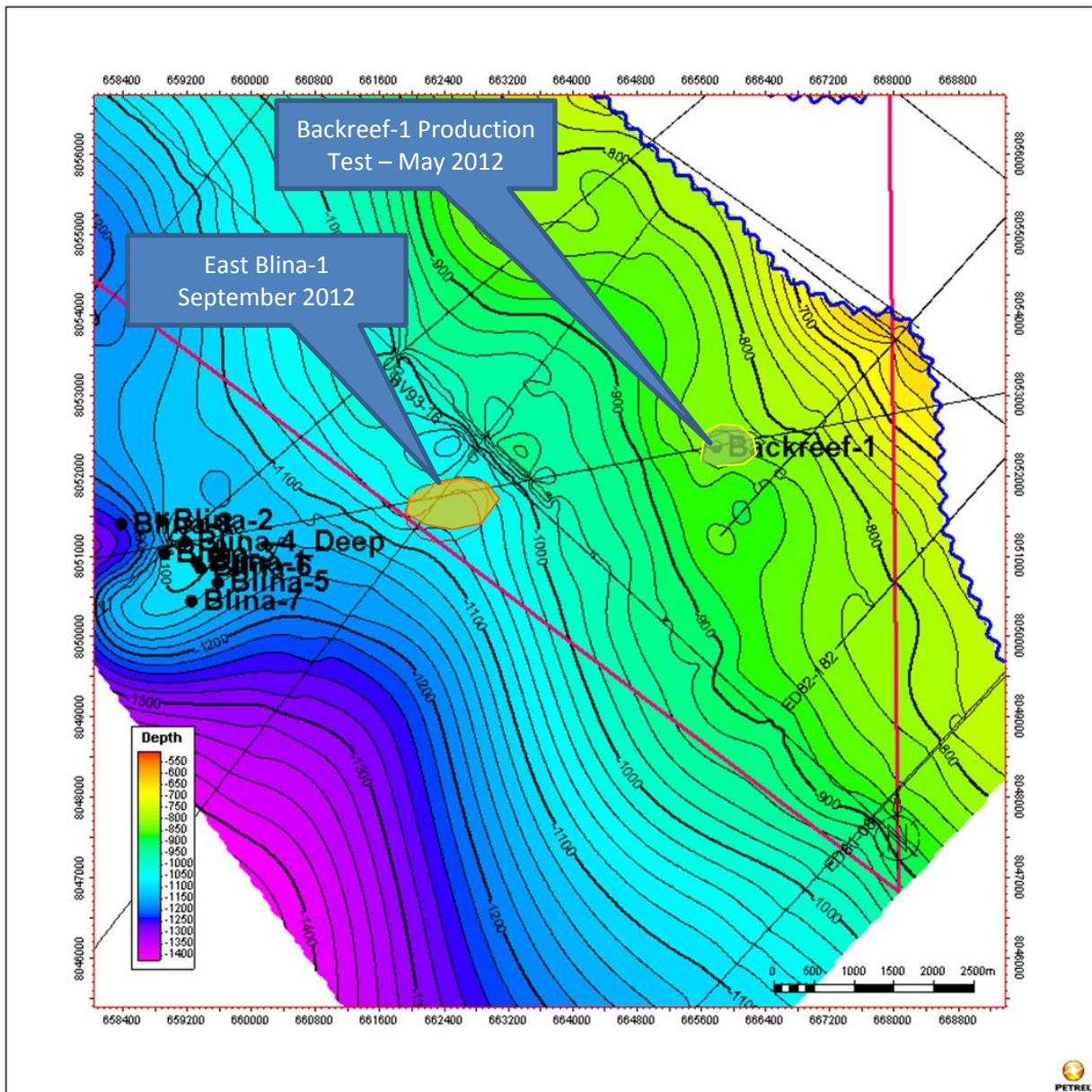
Executive Chairman



**Figure 1**  
Location of Backreef Area, Fitzroy Trough



**Figure 2**  
Backreef Area



**Figure 3**  
**OBL's Geological Interpretation – Petrel™**

**OBL's Backreef Area 2012 Work Program**  
 Backreef-1 Oil Pool Production Test – early May 2012  
 East Blina-1 – estimated early September 2012

## About Oil Basins Limited (OBL)

OBL is involved in exploration and development of oil and gas in the offshore Gippsland Basin, Victoria, the onshore Canning Basin of Western Australia and the offshore Carnarvon Basin, Western Australia.

Presently, the Company's portfolio includes:

- 12.5% (being 5% interest plus 7.5% rights) in Vic/P41 situated in offshore Gippsland Basin,
- 17% interest in Vic/P66 situated in offshore Gippsland Basin,
- 100% beneficial rights and operator Backreef Area, onshore Canning Basin (*subject of this Farmout Agreement with Green Rock Energy Limited*),
- 50% interest in EP5/07-8 situated in onshore Canning Basin (designated operator CSG and USG),
- 100% interest and operator R3/R1 situated in offshore Carnarvon Basin.

OBL regularly performs inhouse and external geological and geotechnical assessments of oil and gas sector farmin, investment and acquisition opportunities and remains interested in expanding its portfolio in both upstream and downstream opportunities within Australia and internationally.

## About Green Rock Energy Limited (GRK)

Listed on the ASX in 2005, Green Rock Energy is a geothermal and hydrocarbons explorer and developer with geothermal interests in Western Australia, South Australia and Hungary and hydrocarbon interests in Western Australia. Its key projects are:

- A 15% interest in EP417 in the Canning Basin with a right to earn up to 20% through a farm-in agreement with New Standard Energy (NSE) together with an Area of Mutual Interest Agreement for other potential opportunities including the Seven Lakes Special Prospecting Area awarded to NSE,
- An alliance with leading Australian renewable power developer Pacific Hydro for conventional geothermal power generation in GRK's permits in the Mid-West of WA and GRK's and Pacific Hydro's licences in the Great Artesian Basin in SA,
- A joint venture with MOL in Hungary for geothermal power generation (GRK 50%).