



# OIL BASINS LIMITED

ABN 56 006 024 764

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15 January 2013

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

Dear Sirs

## ***UPDATE ON DERBY BLOCK***

The Directors of Oil Basins Limited (**OBL**, ASX codes **OBL** and **OBLOB**, or the **Company**) are pleased to make the following ASX announcement as a matter of record so as to keep the market fully informed.

### ***Derby Block – Status***

OBL holds a 50% interest in application for 5/07-8EP (“**Derby Block**”) situated in onshore Canning Basin and is the designated operator CSG and USG/USO.

The Company advises that all submissions from stakeholders have on 21 December 2013 now been received by the National Native Title Tribunal (“**NNTT**”) and the Company expects a formal determination by the NNTT under section 35 of the Native Title Act allowing possible award of the permit later this month.

As operator, the Company has submitted to the NNTT a comprehensive work program (including the shooting of a 500 line km 2D seismic survey) during 2013 – refer to Figure 1.

The Company also advises that on 21 December 2012 it formally advised its joint applicant Backreef Oil Pty Limited (“**Backreef**”) that in OBL’s opinion Backreef was in breach of its commercial undertakings with OBL in its proposed sale of its 50% application interest and all other rights in the Derby Block to a third party and consequently the Company intends to fully pursue its rights.

Following the NNTT decision, the finalisation of the formal grant of 5/07-8EP by the Minister and the WA Department of Mines and Petroleum (“**DMP**”) is expected to occur shortly thereafter.

### ***Fortescue Share Subscription Agreement – Status***

Further to the OBL ASX Announcement of 15 November 2012, OBL advises that on 14 January 2013 discussions on the Letter of Intent were terminated by Fortescue Metals Group Limited (ASX code **FMG**), despite OBL having since early December 2012 signed-off on all documentation to effect this deal. However, FMG advised OBL that they remain interested in direct acquisition of part of the Derby Block subsequent to grant.

While OBL is disappointed with FMG’s decision not to proceed with both the non-binding share placement and non-exclusive 25% earn-in to the Derby Block, the Company wishes to advise the market the following:

- The Company believes that the Derby Block is an attractive and highly prospective Fitzroy Trough permit for the extension of the potentially liquids-rich Laurel shale formation basin-centred USG/USO play delineated nearby in the east; well-situated to nearby to established infrastructure and the proposed future route of the Great Northern Gas Pipeline linking to large established WA domestic gas markets to the south, which will likely travel along the Great Northern Highway (**Figure 1**) which crosses the southern portion of the permit.
- OBL is presently fielding serious third party interest from an oil & gas exploration company in a similar transaction which may include a participation in a proposed placement.
- OBL has received renewed expressions of interest from oil & gas supermajors for a farm-in to the Derby Block should OBL attain 100% of the permit.

Yours faithfully



Neil F. Doyle SPE  
Director & CEO

## GLOSSARY & PETROLEUM UNITS

<b>CSG</b>	Coal seam gas (CSG) or alternatively known as coal seam methane (CSM) is natural gas sourced from coal. Methane = CH <sub>4</sub> = H-H-C-H-H, which is the same as: conventional gas, landfill gas, peat gas. CSM is produced during the creation of coal from peat. The methane in CSM is adsorbed onto the surface of micropores in the coal. The amount of methane adsorbed increases with pressure. CSM is expelled from the seam over geologic time because coal has the capacity to hold only about a tenth of the methane it produces. Apart from power station applications, high quality methane can be used as a valuable feedstock for petrochemical plants such as urea, ammonia, ammonium nitrate, gas to liquids (diesel) and LNG production.
<b>USG</b>	Unconventional Shale Gas
<b>USO</b>	Unconventional Shale Oil
<b>2D</b>	Modern 'low – level impact' two dimensional seismic survey shot with air guns

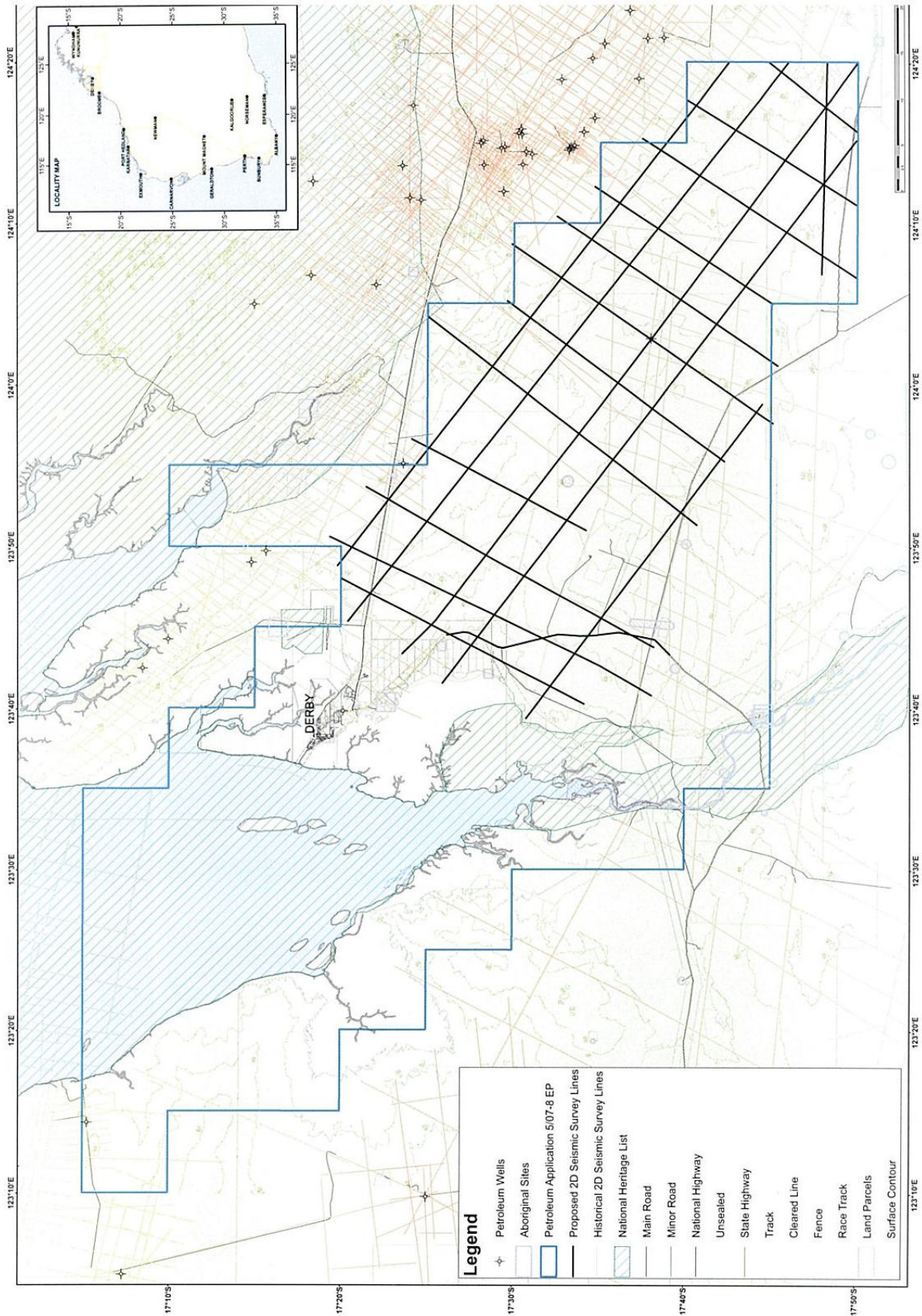
## ABOUT OIL BASINS LIMITED (OBL)

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% interest Vic/P41 situated in offshore Gippsland Basin, Victoria
- 17% interest in Vic/P66 situated in offshore Gippsland Basin, Victoria
- Circa 17% interest in Bass Strait Oil Company Limited (ASX code BAS)
- 80%% beneficial ownership and operator Backreef Area, onshore Canning Basin – highly prospective for conventional oil and deeper USG/USO within L6
- 50% interest in EP5/07-8 (Derby Block) situated in onshore Canning Basin (designated operator CSG and USG/USO) – circa >5,000 sqkm & an attractive address in the Fitzroy Trough for basin centred gas within Laurel formation.
- 100% interest and operator Retention Lease R3/R1 situated in offshore Carnarvon Basin, includes the undeveloped Cyrano oil field and newly delineated Elimia oil prospect

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.



**Figure 1**  
OBL's 2013 Derby Block Work Program Proposed 500 Line km 2D Seismic Survey