



OIL BASINS LIMITED

ABN 56 006 024 764

24 January 2013

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

Dear Sirs

STRATEGIC SHARE PLACEMENT DIVESTMENT OF 25% DERBY BLOCK TO OCTANEX NL

The Directors of Oil Basins Limited (**OBL**, ASX codes **OBL** and **OBLOB**, or the **Company**) are pleased to make the following ASX announcement.

Strategic Share Placement

As the Company anticipates that it will soon be awarded at least 50% of petroleum exploration permit 5/07-8EP (**Derby Block**), refer to **Figures 1 & 2**, OBL has arranged a modest capital raising, with the funds so raised to be used by OBL as general 'top-up' working capital and to assist the Company's initial funding of its interest in the Derby Block.

OBL advises the following:

- Company has placed of 17.85 million new fully paid OBL ordinary shares @ 3.5 cents per share raising circa \$625,000 to sophisticated and corporate investors. In addition 17.85 million new free listed OBLOB options (exercisable on or before 30 June 2014 at 4 cents) will be granted on a 1 for 1 basis.
- As a result of the Placement the Albers Group ASX-listed oil & gas exploration associate, Octanex N.L. (ASX code **OXX**) ("**OXX**" or "**Octanex**"), will increase its shareholding by 15.0 million fully paid OBL ordinary shares from circa 2.222 million to 17.222 million and will hold 15.0 million OBLOB options.
- Post placement OXX will hold 3.02% directly of OBL, and Mr E G Albers and his Associates ("**Albers Group**"), a substantial shareholder in OBL, will increase its overall interest in OBL from 7.03% to 9.97% (56,355,266 fully paid OBL ordinary shares).
- There is no agreement or arrangements for OXX or the Albers Group to have any director or representative appointed to the board of OBL.

Derby Block – Conditional Sale of 25% Interest to OXX

In readiness for the finalisation of the formal grant of the permit for the Derby Block (“Permit”) by the Minister and the WA Department of Mines and Petroleum (DMP), anticipated during February/March 2013, OXX has contracted to acquire a 25% interest in the Permit from OBL on the following terms:

- OBL has agreed to divest a 25% interest in the Permit to OXX for \$1.75 million.
- The Sale and Cooperation Agreement entered into between OBL and a wholly owned subsidiary of OXX :
 - provides for adoption a Joint Venture Agreement (JVA) for the Derby Block, once the Permit is granted;
 - provides for interim co-operation relating to the Derby Block, pending finalisation of a JVA; and
 - provides for long-term co-operation between OBL and OXX subsequent to grant of the Permit to ensure that future CSG and USG/USO work programs can be readily administered and managed by OBL.

As announced by Octanex today:

- It approves and supports the process for formal arbitration of the future act, namely the grant of petroleum exploration permit application 5/07-8 EP, under section 35 of the Native Title Act 1993(Cth) for determination by the NNTT, as managed to date by OBL.
- Following a technical, legal and commercial due diligence review of the Derby Block, Octanex’ is interested in exploring for both conventional and unconventional oil and gas but with primary focus USG (with particular and immediate focus being placed on exploration of the potentially liquids-rich Laurel shale formation basin-centred USG/USO play).
- Octanex proposes the appointment of OBL as operator of the Permit.
- That Octanex supports OBL’s plans to seek major interest from oil & gas supermajors for a farm-in to the Derby Block, to provide competition in the domestic gas market should exploration within the Derby Block be successful.

The Directors of OBL believe that, by contrast with the prior proposed transaction (refer to OBL’s ASX releases dated 15 November 2012 and 15 January 2013), the present transaction is more of benefit to OBL and its shareholders.

The present transaction offers the Company certainty. There are no shareholder approval requirements and the terms of the transaction are certain. The transaction does not merely create options to enter into a transaction or transactions. The shareholder dilution effect of the transactions is minimal with Octanex only acquiring 15 million shares and a like number of June 2014 options, compared with the previous proposed issue of 120 million shares and attaching 100 million long (4 year) dated options exercisable at 9 cents.

Further the transaction leaves OBL with a higher free float at 90% compared with 75% (which is important should OBL ultimately be re-rated for any ASX Accumulation Index).

Importantly, the transactions leave OBL as not controlled by any major shareholder and consequently maintains any future takeover premium which OBL may attract.

The future funds to be provided to OBL by OXX for the 25% sale interest (after grant and upon transfer) are sufficient to fund OBL work commitment obligations for its remaining 25% of the Permit for all of Year 1 work program (a 500 line km 2D seismic survey during 2013) and portion of its Year 2 work program obligations.

Further funds will be raised as and when required for future programs.

Yours faithfully



Neil F. Doyle SPE
Director & CEO

GLOSSARY & PETROLEUM UNITS

CSG	Coal seam gas (CSG) or alternatively known as coal seam methane (CSM) is natural gas sourced from coal. Methane = CH ₄ = 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.
USG	Unconventional Shale Gas.
USO	Unconventional Shale Oil.
2D	Modern 'low – level impact' two dimensional seismic survey shot with air guns.
BCGA	Basin Centred Gas Asset.

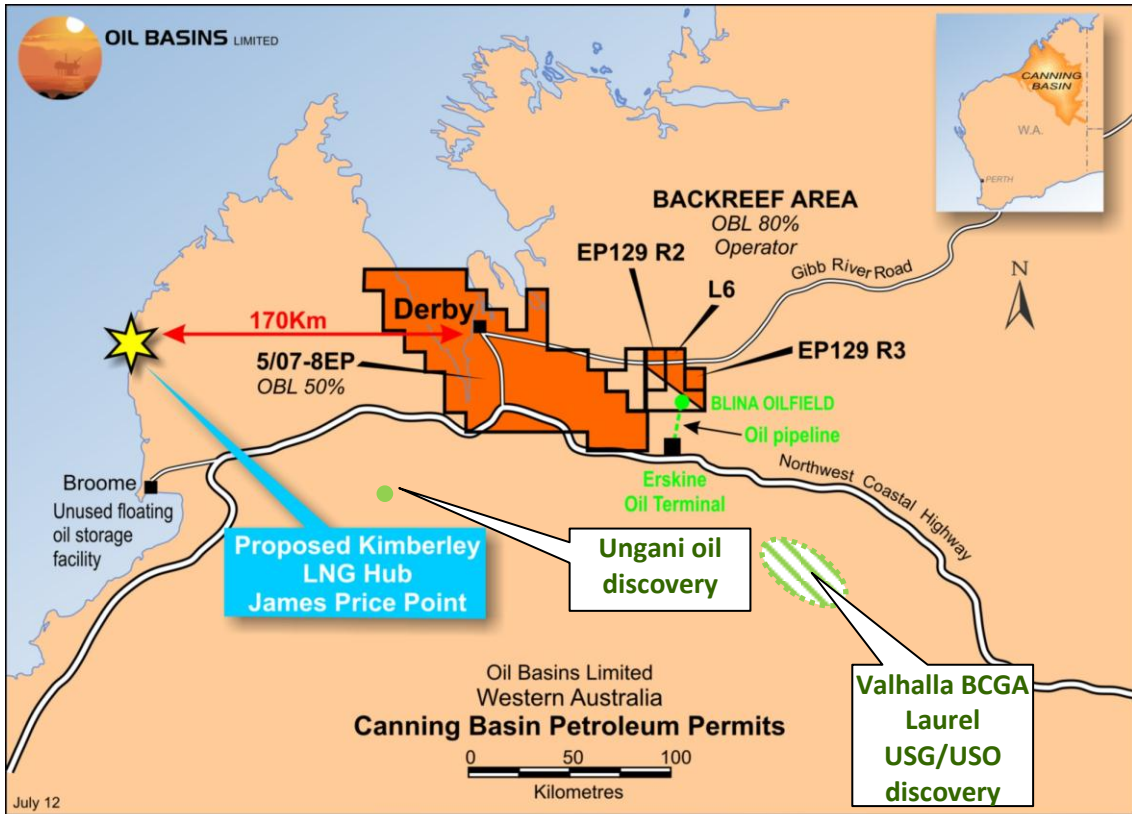


Figure 1
Oil Basins Limited's Canning Basin Interests

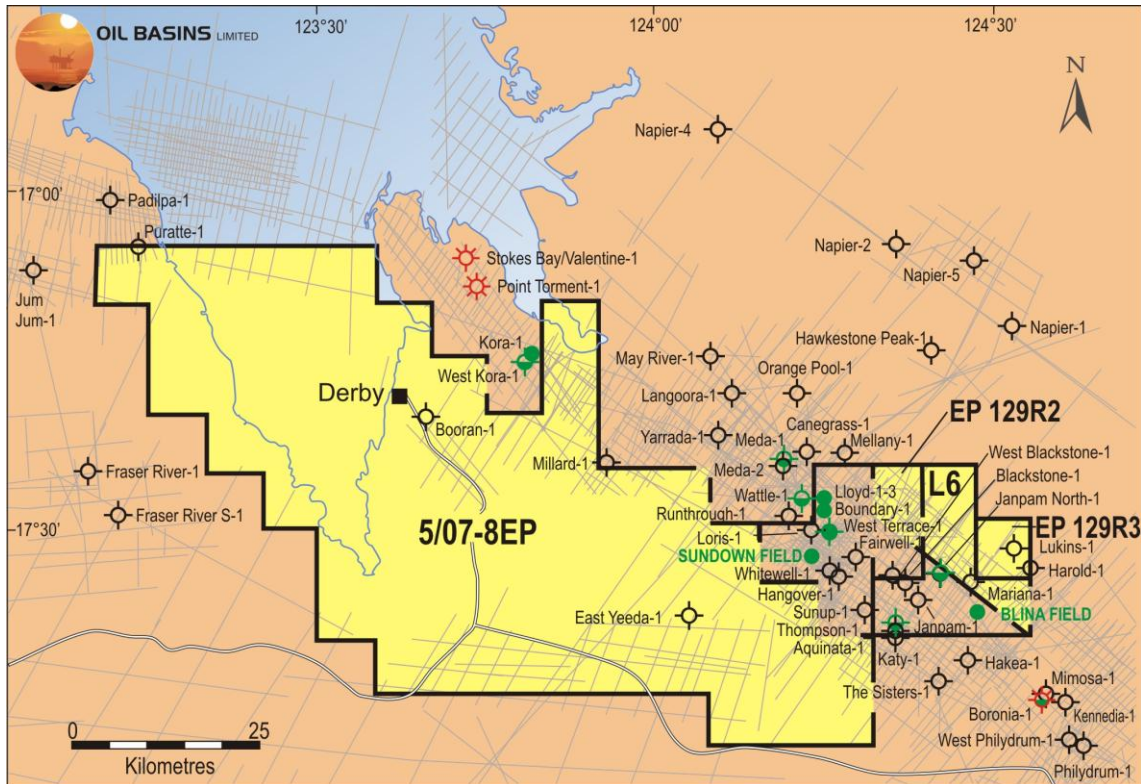


Figure 2
Existing Wells & Seismic Lines – Application 5/07-8EP

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 5/07-8 EP (Derby Block) situated in the onshore Canning Basin (designated operator CSG and USG/USO) – >5,000 sq km and an attractive address in the Fitzroy Trough for basin centred gas within the 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 in-house 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.

Refer to Oil Basins Limited website www.oilbasins.com.au for more information.

ABOUT OCTANEX N.L. (OXX)

Octanex N.L. (**OXX**) is listed on ASX (ASX codes; OXX and OXXCB) with an issued capital of 259,406,308 shares of which 152,127,398 are fully paid (ASX Code OXX), 74,278,910 are partly paid to 15 cents with 10 cents remaining outstanding but not subject to calls until subsequent to 31 March 2014 (ASX Code OXXCB) and 33,000,000 Trustee shares (held on trust for sale with the proceeds of sale being received by Octanex as capital).

Octanex's primary shareholder is Mr E G Albers and his associates, holding approximately 65.21% of Octanex's issued capital.

The Board of Octanex comprises Mr E G Albers as Executive Chairman and Messrs J Willis, D Coombes and G Menzies as non-executive directors.

Octanex has a strong financial position with cash and receivables as at 31 December 2013 of approximately \$27 million (excluding the US\$12.5 million proceeds of sale of an interest in PEP51906 referred to below) and minimal liabilities. Octanex's net assets exceed \$50 million.

Octanex's primary business is exploration for oil and gas in offshore Australian and New Zealand waters. Its main focus at present is on three major project areas: offshore Western Australia on the Greater North West Shelf, the Southern Bonaparte Basin offshore from Northern Australia and the Offshore Taranaki Basin, New Zealand.

Octanex's basic business model is to seek opportunities to participate in prospective acreage in early-stage exploration programmes with the aim of up-grading that acreage through seismic acquisition and the development of attractive drilling concepts.

Octanex's major current activities have focused on:

- **WA-323-P and WA-330-P (Dampier Sub-basin):** Santos has completed the acquisition and processing of a 720 km² 3D seismic survey targeting the Winchester feature. Drilling of Winchester-1 is planned by Santos for Q1/Q2 2013. Octanex is fully carried for a 25% interest in this well. Santos has described Winchester as a material prospect in shallow water with potential high liquids and, in the success case, having multiple development options.
- **PEP51906 (Taranaki Basin):** OMV has completed the acquisition and processing of a new 3D seismic survey and has committed to the drilling of Matuku-1 Well: – a target with a potential mean recoverable resource of 65MMBLS. Drilling is planned for Q3/Q4 2013. PEP 51906 is adjacent to three producing oil or gas/condensate fields - Maui, Tui and Maari/Manaia. Octanex recently sold a 12.5% interest in PEP 51906 to NZOG for a future cash payment of US\$12,500,000. Octanex continues to hold a 22.5% interest in PEP 51906. Via a put and call option NZOG can acquire a further 5% interest in PEP 51906 by funding the costs of a Matuku-2 appraisal well, if Matuku-1 is a discovery.
- **PEP 53473 & PEP 52593 (Taranaki Basin):** Octanex has signed a Farmin Agreement with NZOG whereby NZOG will earn a 50% interest in the permit by funding 75% of the costs of a new 3D seismic programme across and adjacent to the permit area.
- **Southern Bonaparte Basin Permits:** Octanex holds a 100% interest in five permits and a 60% interest in one permit in the Southern Bonaparte Basin. The permits are in an area which has multiple potential hydrocarbon bearing formations and where there is evidence of working hydrocarbon systems. Octanex has completed three 2D and three 3D seismic surveys across areas of the six permits held in the basin.
- **Southern Exmouth Sub-Basin (WA-384-P, WA-385-P & WA-394-P):** Shell owns a 100% interest in these permits. Octanex has significant residual commercial rights in the three permits via discovery payment entitlements (of up to US\$10M per discovery in respect of up to 3 discoveries per permit) and a 1% overriding royalty on all production from each of the permits. In the event of a discovery the overriding royalty has significant value potential for Octanex. The drilling of an exploration well, Palta-1, in WA-384-P, is underway and continuing.

All of the above matters have been the subject of recent ASX Releases which can be accessed through the ASX website.