



OIL BASINS LIMITED

ABN 56 006 024 764

6 February 2013

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

Dear Sirs

DERBY BLOCK UPDATE OBL OFFERS OXX FARMIN PARTICIPATION TO BACKREEF OIL

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

- Oil Basins Limited has advised Octanex N.L. (ASX code **OXX**) that, with the National Native Title Tribunal determination on 1 February 2013, OBL has successfully completed the first requirement of the farmin for a 25% interest in the Derby Block (after grant) to OXX as previously announced on 24 January 2013.
- On 25 March 2010, OBL and Backreef Oil Pty Ltd ("**Backreef**") entered into a binding Memorandum of Understanding. On 12 July 2011, OBL and Backreef entered into a second binding Memorandum of Understanding. These are herein collectively called "**the MOUs**".
- The MOUs collectively permit OBL to "divide/assign/farmout the highly conditional 5/07-8 EP" rights covering CSG and USG. Further, OBL is designated operator in respect of CSG and USG for at least 18 months after permit award, and is entitled to continue to "divide/assign/farmout" – including to industry majors and supermajors.
- By an announcement made by Buru Energy Limited ("**Buru**") to the ASX on 27 September 2012, Buru announced that Backreef had agreed to sell, transfer and assign the whole of its right title and interest in and to the future title of 5/07-8 EP to Buru for an amount of \$3.5 million – including by implication CSG and USG rights.
- OBL has not consented to Backreef selling, transferring or assigning any interest.

- The Company also advises that on 21 December 2012 it formally advised its joint applicant Backreef that, in OBL's opinion, Backreef was in breach of its commercial undertakings with OBL in its proposed sale of its interest and all other rights in the Derby Block to a third party for \$3.5 million and consequently the Company intends to fully pursue its rights.
- To date OBL has spent over \$250,000 evaluating the technical prospectivity of the Derby Block and has spent (including management time) some \$300,000 on the native title future act legals and advice to achieve the recent landmark determination.
- On 5 February 2013, as required under the MOUs, OBL has now formally offered Backreef joint participation in the OXX transaction on identical dollars per percentage point as the Buru transaction but on conditional terms that are regarded as highly beneficial and agreement of which should not be unreasonably withheld. The OXX farmin would allow OBL and Backreef to presently keep a substantial portion of the Derby Block and OBL to be operator of the proposed work program.
- Should this offer be accepted, it is expected both OBL and Backreef will each own 37.5% of the Derby Block and OXX will own 25% after grant.

Yours faithfully

A handwritten signature in black ink, appearing to read "Neil F. Doyle". The signature is fluid and cursive, with a prominent initial "N" and "D".

Neil F. Doyle SPE
Director & CEO