

OIL BASINS LIMITED
ABN 56 006 024 764

Financial Report
for the half-year ended 31 December 2007

OIL BASINS LIMITED
ABN 56 006 024 764

CORPORATE DIRECTORY

Board of Directors

Kim W McGrath (Chairman and Non-Executive Director)
Neil F Doyle (Non-Executive Director)
Graeme A Menzies (Non-Executive Director)

Company Secretaries

Graeme A Menzies
Melanie J Leydin

Registered Office

Suite 304, 22 St Kilda Road
ST KILDA VIC 3182
Ph: 03 9692 7222
Web: www.oilbasins.com.au

Place of Business

Suite 304, 22 St Kilda Road
ST KILDA VIC 3182

Auditor

Deloitte Touche Tohmatsu
Chartered Accountants
180 Lonsdale Street
MELBOURNE VIC 3000

Share Registry

Computershare Investor Services Pty Ltd
452 Johnson Street
ABBOTSFORD VIC 3067
Telephone: (03) 9415 5000

Stock Exchange Listing

Home Exchange is Melbourne
ASX Code Shares: OBL
ASX Code Options: OBLO

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FORWARD LOOKING STATEMENTS

This Half-year Report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements.

These factors include, amongst other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as matters not yet known to the Company or not currently considered material by the Company.

DIRECTORS' REPORT

The Directors of Oil Basins Limited submit herewith the financial report for the half-year ended 31 December 2007. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

The names of the Company's Directors in office during or since the end of the half-year are:

Name

Mr Kim W McGrath
Mr Neil F Doyle
Mr Graeme A Menzies

REVIEW AND RESULTS OF OPERATIONS

The consolidated net loss after income tax for the half-year was \$171,366 (2006: loss of \$191,687).

COMPANY'S EXPLORATION INTERESTS

Oil Basins Limited is involved in exploration for oil and gas in the offshore Gippsland Basin waters of south-eastern Australia and the onshore Canning Basin of Western Australia (refer to Figure 1) - all primarily in good addresses and mostly strategically close or adjacent to infrastructure.

Company has formal rights to earn:

- 12.5% of offshore Vic/P41 – offshore Gippsland permit nearby to Kipper gasfield development, Sole gasfield and Basker / Manta oil and gas FPSO development.
- 50% of Canning Basin Blina Back Reef Play Joint Venture, including the Backreef-1 Prospect.
- 20% of Canning Basin Drilling Reservation 9 including the Selene-1 Prospect.
- 50% of recently approved Canning Basin Application L07-1 (on award as 5/07-8 EP)

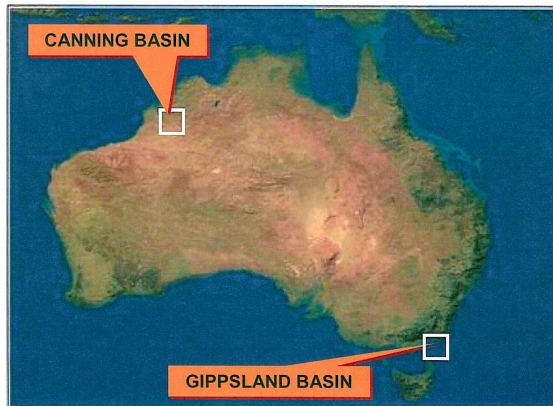


Figure 1
Oil Basins Exploration Interests

At the Company's Annual General Meeting held in Melbourne on 6 November 2007, the Company reiterated the Company's stated strategy and intention to 'sweat the assets' by way of Third Party farmouts, asset swaps and simple straight-forward cash trades so as to monetise the Company's significant leverage across its entire asset base.

As its assets include 8 attractive drill-ready prospects situated within both the Gippsland and Canning Basins, the Company maintains that these are very attractive to future farmins in the current unprecedented US\$100/bbl crude pricing environment.

GIPPSLAND BASIN

Vic/P41 (OBL Rights to 12.5%)

Highlights

- Initiated and solely funded a geophysical and geological 'peer review' of Gippsland Permit Vic/P41, including previously defined 3D cube, PSDM and AVO work so as to assist the Company in seeking Third Party interest in acquiring part of OBL's interests and/or farmin.
- Company is confident that it will attract Third Party interest in this attractive Permit during 2008 and has recently executed an exclusive agreement with a Third Party with a view to acquiring a part of OBL's rights.
- Operator has advised that the Joint Venture intends taking advantage of a seismic vessel being mobilized by other operators within the region and subject to arrangements being finalised, the Joint Venture to bring forward, by one year, the 2009 work program obligation of shooting a new 250km 2D seismic survey during the first half 2008. This new seismic will be shot during the first half of 2008 over the eastern under-explored area of the permit.

Activities

Prospect mapping and assessment by the Operator based upon the Joint Venture's 2005 Oscar 3D seismic has now been finalized (as reported in detail in the June 2007 Quarterly refer to Table 1, OBL's potential net share of potential prospective resources, subject to completion of the farmins, is circa net 95.9 MMBoe).

| 3D Defined Drill-Ready Prospect Defined by AVO | Comments / Target Reservoir | POS (AVO defined) | | Gross Stochastic Undiscovered Petroleum (In-Place) Mean Static Volume OIL GAS MMbbls Bcf | | Stochastic Prospective Resources (Recoverable) | | | | | |
|--|------------------------------|----------------------|--|---|--------------|--|--------------|---------------|--------------|---------------|--------------|
| | | | | | | P90 | | P50 | | P10 | |
| | | | | | | OIL MMbbls | GAS Bcf | OIL MMbbls | GAS Bcf | OIL MMbbls | GAS Bcf |
| Kipling | <i>Within Vic/P41 only</i> | Gas 22% | | 338 | 946 | 66 | 388 | 124 | 620 | 205 | 944 |
| | | Oil 15% | | | | | | | | | |
| Benchley | <i>Golden Beach sst</i> | Gas 17% | | 397 | 2,046 | 76 | 863 | 145 | 1,366 | 245 | 1,992 |
| | | Oil 13% | | | | | | | | | |
| Benchley | <i>Halibut Sub-group sst</i> | Gas 24% | | 88 | 111 | 13 | 58 | 39 | 75 | 74 | 95 |
| | | Oil 16% | | | | | | | | | |
| Cotton | <i>Golden Beach sst</i> | Oil / Gas 4% | | 160 | 2 | 38 | - | 60 | 1 | 87 | 4 |
| Cotton | <i>Halibut Sub-group sst</i> | Oil 16% | | 31 | - | 9 | - | 13 | - | 19 | - |
| Oscar West | <i>Intra-Latrobe sst</i> | Oil / Gas 25% | | 72 | 21 | - | - | 19 | 12 | 41 | 30 |
| Oscar East | <i>Intra-Latrobe sst</i> | Oil / Gas 19% | | 75 | 32 | - | - | 19 | 18 | 42 | 45 |
| | | Totals | | 1,161 | 3,158 | 202 | 1,309 | 419 | 2,092 | 713 | 3,110 |

Table 1

Gippsland Permit Vic/P41

Oscar 3D Seismic Defined Gross Prospective Potential Resources

Source: Operator Bass Strait Oil Company Limited

Several significant prospects have been mapped on the 3D and there are also several high potential leads still defined only on 2D seismic. Work is continuing on the potential of a new and deeper play type in the older Emperor Subgroup Formation (ie a formation which has the potential to contain 'Longtom style' tight gas plays) within the Vic/P41 permit.

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Late in October, the Operator BAS formally advised the Joint Venture of its failure to attract any third party to farm in to Vic/P41. Whilst the Operator remains confident of attracting interest, especially when a possible semi-submersible rig 'window' may avail during 2009 (with at least two suitable rigs operating in Gippsland, Bass and Otway Basins), BAS advised the Joint Venture that it proposes to maximise the value from any Vic/P41 farmout via a review of the prospect inventory (with particular emphasis on the potential of the Oscar prospects) and continuing presentations and dialogue with interested parties.

Notwithstanding the above, the Company subsequently has (with access to the complete Oscar 3D cube data set and all Operator assessments) initiated and solely funded a geophysical and geological 'peer review' of Gippsland Permit Vic/P41, including previously defined 3D cube, PSDM and AVO work so as to assist in seeking Third Party farminees.

This report for the Company is now complete and remains confidential, but reinforces the prospectivity of the Permit. In early January 2008, using the results of the Company initiated and financed peer review, the Company is pleased to advise it has recently entered into a formal Exclusivity Agreement with an interested Third Party.

Whilst negotiations continue and presently remain confidential, a positive outcome cannot be assured. Nonetheless, the Company will immediately advise the ASX at an appropriate juncture (unlikely to be no earlier than the end of the current March 2008 Quarter or even earlier should the interested Third Party terminate discussions and interest) when all aspects of technical, commercial and legal due diligence are either satisfactory completed.

The Company remains confident that it will attract Third Party interest in this attractive Permit during 2008.

The Operator BAS has indicated that it intends to bring forward the 250 sq km of 2D seismic for Year 3 of the Work Program into Year 2 as a suitable seismic vessel is presently mobilised to offshore Victorian waters (thereby considerably defraying standalone Joint Venture mobilisation costs). This 2D seismic survey expenditure is presently anticipated to occur at the end of the first half of 2008 with a gross budget amount of \$850,000 with OBL's net share \$106,250.

CANNING BASIN

Highlights

Blina Back Reef Play Joint Venture Area (OBL Rights to 50%)

- The Company obtained formal registration from the Government of Western Australia's Department of Industry and Resources for all the farm in dealings for 35% of the Blina Back Reef Play Joint Venture Area and has sought registration of the remaining 15% with the Department.
- The Company now has formal rights to 50% of the Blina Back Reef Play Joint Venture Area.
- In conjunction with the Operator, Backreef Oil Limited the Company has initiated and solely-funded the digitising of two existing 2D seismic lines in Blina Back Reef Play Joint Venture Area. Work continues and to date at least two prospects have been delineated by the digitisation, reprocessing and inversion work (including the original Backreef prospect).
- The focus of this work is to look closely at what Arc Energy Limited has recently achieved in its Canning Basin exploration program and to review the overall prospectivity of OBL's acreage.
- Overall objective is to finalise the technical work and a farmout by way of selling one or more of the Company's wholly-owned subsidiaries holding 5%, 10% and 15% (thereby mitigating pre-emptives) to interested Third Parties ahead of drilling the well by the end of the first half of 2008.

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Activities

On 22 August 2007 OBL obtained formal registration from the Government of Western Australia's Department of Industry and Resources (WA DoIR) for all the farmin dealings for 35% of the Blina Back Reef Play Joint Venture Area including the commercial registration of the split of its initial 35% holding into the three wholly owned subsidiaries:

OBL presently has formal legal and beneficial rights to 35% and formal rights to increase this interest to 50% in the Blina Back Reef Play Joint Venture Area. Following the completion of the Backreef-1 well, the joint venture interests will be as follows:

| | |
|---|-----------------------------------|
| Backreef Oil Limited ("BOL") Note 3 | 35% (Operator) reducing to 20% |
| Terratek Drilling Tools Pty Ltd ("Terratek") Notes 1, 2 & 3 | 30% |
| Oil Basins Limited (or nominee) Note 3 | 5% with rights to increase to 20% |
| OBL Backreef No.5 Pty Ltd Note 3 | 5% |
| OBL Backreef No.10 Pty Ltd Note 3 | 10% |
| OBL Backreef No.15 Pty Ltd Note 3 | 15% |

Note 1 Terratek is now 100% owned by Arc Energy Limited (**ASX code ARQ**) but was previously owned by Golden Dynasty Resources Ltd – ARQ acquired this company in April 2007.

Note 2 Golden Dynasty retains an option to attain net 10% from ARQ and owns a 2% ORRI payable by Arc Energy Limited.

Note 3 European Gas Limited (ASX code EPG) owns a 3% ORRI and Budside Pty Ltd owns a 1% ORRI over EP129, but excluding L6 & L8 – these royalties are payable by ARQ and OBL (and/or nominee).

Early in November 2007, OBL in conjunction with Operator Backreef Oil Limited ("BOL") has engaged highly experienced technical geophysical consultants to digitize and reprocess two old 2D seismic survey lines – BV 93-17 and H84-22. The former seismic line was the basis of the original farmin with BOL and Terratek Drilling Tools Pty Ltd ("**Terratek**") – now 100% owned by Arc Energy Limited – executed on 29 May 2006 and the later seismic line is the basis of a prospect identified by Robert Kirk – 2006 PESA Distinguished Lecturer.

OBL & BOL been watching with considerable interest the recent exploration results of the nearby EP104 R1 Joint Venture in the drilling of two stratigraphic onlap traps in the Canning Basin – namely Valentine-1 and the subsequent sidetracked Stokes Bay-1 well (both drilled from the same surface location) where vugular limestone has been successfully encountered in the Clanmeyer/Nullara formation equivalents at a depth of some 2,500 metres.

Consequently, BOL and OBL's specialist geophysical consultants, as part of BOL's and OBL's ongoing technical evaluation, have already identified a similar onlap feature to the Stokes Bay-1 prospect (targeting similar but much shallower Clanmeyer/Nullara formation equivalents).

The 1984 vintage seismic data is of good quality. Currently it is being reprocessed, along with 1993 vintage seismic line BV-93-17 on which a clastic turbidite prospect was delineated. Both prospects will be subject to reprocessing and impedance (inversion) mapping to be conducted by BOL and OBL in January 2008.

Preliminary results to date are very encouraging, especially with respect to digitised and reprocessed line BV93-17 PSTM which has indicated a significant bright spot delineated by BOL/OBL's expert geophysicists as defining a potential prospective hydrocarbon reservoir containing either gas saturated sand (i.e. Clanmeyer sandstone formation) or vugular porosity (i.e. Nullara limestone reefal formation).

Once interpretation is complete and all joint venture parties including Terratek have been formally consulted (expected to now occur during late February 2008 or early March 2008), it is anticipated that a fuller ASX announcement will be made with respect to technical assessment and selected target prospectivity.

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The Company is firmly committed to divesting a portion of the Blina Back Reef Play Joint Venture Area so as to assist the funding requirements of Backreef-1 and maximize the leverage for OBL shareholders, and intends to make a presentation of this opportunity at the forthcoming Annual PESA Deal Day 2008 in early April 2008.

Drilling Reservation 9 Selene (OBL Rights to 20%)

Activities

Negotiations on aspects of Native Title and Aboriginal Heritage Protection Agreement approvals continues.

Subject to all necessary approvals being agreed and permits being granted and finalised, the Operator Backreef Oil Limited has advised that they are now seeking Third Party farminees for up to 25% and locating a suitable drilling rig (in conjunction with Backreef-1) for a planned possible well late in first half 2008, or in early second half 2008.

Application L07-1 (OBL Rights to 50%)

Highlights

- In conjunction with 50/50 joint venture partner Backreef Oil Limited, OBL was successful in being designated as the preferred party to be granted rights to this attractive Exploration Permit Application (subject to any Native Title and Aboriginal Heritage Protection approvals being formally agreed and all stakeholders being consulted and approving the Application).

Winning of Application Area L07-1

On 19 December 2007, the Company announced to the ASX that it and its 50/50 Joint Venture Partner Backreef Oil Limited have been notified by the Western Australia Department of Industry and Resources ("**DoIR**") of success in applying for the attractive permit Application Area L07-1 (to be awarded as 5/07-8 EP).

The DoIR has been formally notified by the Operator BOL on behalf of the Joint Venture that it wishes to proceed and commence negotiations on the Native Title Claim on the application area.

This is expected to take some time to conclude with the Kimberley Land Council and no significant expenditures anticipated to occur until approval from all relevant stakeholders and authorities are attained.

Area L07-1 is approximately 5,062 square kilometres in surface area (refer to Figures 3 and 7) and is close to the previous oil finds at Kora and West Kora and proximate to the present well being tested at Stokes Bay.

In light of recent drilling by Arc Energy, (i.e. Stokes Bay-1 and Valhalla-1 exploration wells, which are presently both suspended and waiting for testing/completion during 2008), Application Area L07-1 is considered a highly attractive block for petroleum exploration and further complements OBL's existing interests in the Canning Basin – especially the Blina Back Reef Play Joint Venture Area.

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Prospective Resources are those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations. Investors should not infer that because "prospective resources" are referred to that oil and gas necessarily exist within the prospects. An equally valid outcome in relation to each of the Company's prospects is that no oil or gas will be discovered.

The technical information quoted has been compiled and / or assessed by Company Director Mr Neil Doyle who is a professional engineer (BEng, MEngSc - Geomechanics) with over 26 years standing and Member of US Petroleum Engineers since 1981 (SPE 25 Year Club Member) and by Mr Geoff Geary who is a professional geologist (Bachelor Science – Geology) with over 26 years standing and who is also a Member of Petroleum Exploration Society of Australia. Both Mr Doyle and Mr Geary have consented to the inclusion in this announcement of the matters based on the information in the form and context in which they appear.

GLOSSARY & PETROLEUM UNITS

| | |
|------|---|
| M | Thousand |
| MM | Million |
| B | Billion |
| bbl | Barrel of crude oil (ie 159 litres) |
| PJ | Peta Joule (1,000 Tera Joules (TJ)) |
| Bcf | Billion cubic feet |
| BOE6 | Barrel of crude oil equivalent – commonly defined as 1 TJ equates to circa 158 BOE – approximately equivalent to 1 barrel of crude equating to circa 6,000 Bcf dry methane on an energy equivalent basis) |

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under s.307C of the *Corporations Act 2001* in relation to the review of the half-year is included on page 9.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Kim Warren McGrath
Chairman

MELBOURNE
29 February 2008

**OIL BASINS LIMITED
ABN 56 006 024 764**

INDEPENDENCE DECLARATION TO THE MEMBERS OF OIL BASINS LIMITED

**OIL BASINS LIMITED
ABN 56 006 024 764**

REVIEW REPORT TO THE MEMBERS OF OIL BASINS LIMITED

**OIL BASINS LIMITED
ABN 56 006 024 764**

REVIEW REPORT TO THE MEMBERS OF OIL BASINS LIMITED

DIRECTORS' DECLARATION

The Directors declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Kim Warren McGrath
Chairman

MELBOURNE,

29 February 2008

OIL BASINS LIMITED
ABN 56 006 024 764

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

| | Note | CONSOLIDATED ENTITY | |
|---------------------------------------|------|--|--|
| | | Half-year ended 31 December 2007 \$ | Half-year ended 31 December 2006 \$ |
| Revenue | | - | - |
| Other Income | | 26,692 | 18,287 |
| Corporate expenses | | (60,383) | (78,352) |
| Employment expenses | | (125,365) | (114,964) |
| Administrative expenses | | (12,310) | (16,658) |
| Loss before tax for the period | | <u>(171,366)</u> | <u>(191,687)</u> |
| Income tax expense | | - | - |
| Loss for the period | | <u>(171,366)</u> | <u>(191,687)</u> |
| | | Cents per share | Cents per share |
| Loss per Share | | | |
| Basic loss per share | | (0.51) | (0.6) |
| Diluted loss per share | | (0.51) | (0.6) |

This statement is to be read in conjunction with the notes to the financial statements.

OIL BASINS LIMITED
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CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

| | Note | CONSOLIDATED ENTITY | |
|-----------------------------------|-------------|----------------------------|-------------------------|
| | | 31 | 30 |
| | | December | June |
| | | 2007 | 2007 |
| | | \$ | \$ |
| Current Assets | | | |
| Cash and cash equivalents | | 799,570 | 1,023,089 |
| Trade and other receivables | | 13,755 | 13,430 |
| Other current assets | | 6,385 | 16,574 |
| Total Current Assets | | <u>819,710</u> | <u>1,053,093</u> |
| Non-Current Assets | | | |
| Property, plant and equipment | | 1,971 | - |
| Petroleum exploration expenditure | | 1,024,976 | 1,001,462 |
| Total Non-Current Assets | | <u>1,026,947</u> | <u>1,001,462</u> |
| Total Assets | | <u>1,846,657</u> | <u>2,054,555</u> |
| Current Liabilities | | | |
| Trade and other payables | | 51,371 | 87,903 |
| Total Current Liabilities | | <u>51,371</u> | <u>87,903</u> |
| Total Liabilities | | <u>51,371</u> | <u>87,903</u> |
| Net Assets | | <u>1,795,286</u> | <u>1,966,652</u> |
| Equity | | | |
| Issued Capital | | 3,726,194 | 3,726,194 |
| Reserves | | 594,014 | 594,014 |
| Accumulated losses | | (2,524,922) | (2,353,556) |
| Total Equity | | <u>1,795,286</u> | <u>1,966,652</u> |

This statement is to be read in conjunction with the notes to the financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

| CONSOLIDATED | | | | |
|--------------------------------------|------------------|--------------------|-----------------|------------------|
| | Issued Capital | Retained Earnings | Option Reserves | Total |
| Equity as at 1 July 2006 | 1,620,991 | (1,991,434) | 588,000 | 217,557 |
| Loss for the period (a) | - | (191,687) | - | (191,687) |
| Granting of Options | - | - | 6,014 | 6,014 |
| Issue of Shares | 2,528,000 | - | - | 2,528,000 |
| Costs of Capital Raising | (422,797) | - | - | (422,797) |
| Equity as at 31 December 2006 | 3,726,194 | (2,183,121) | 594,014 | 2,137,087 |
| Equity as at 1 July 2007 | 3,726,194 | (2,353,556) | 594,014 | 1,966,652 |
| Loss for the period (a) | - | (171,366) | - | (171,366) |
| Equity as at 31 December 2007 | 3,726,194 | (2,524,922) | 594,014 | 1,795,286 |

(a) Loss for the period equals total recognised income and expense for the period.

This statement is to be read in conjunction with the notes to the financial statements.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

| | CONSOLIDATED ENTITY | |
|---|--|--|
| | Half-year ended 31 December 2007 \$ | Half-year ended 31 December 2006 \$ |
| Cash Flows From Operating Activities | | |
| Receipts from customers | - | - |
| Interest received | 26,692 | 18,287 |
| Payments to suppliers and employees | <u>(233,475)</u> | <u>(171,980)</u> |
| Net cash used in operating activities | <u>(206,783)</u> | <u>(153,693)</u> |
| Cash Flows From Investing Activities | | |
| Payments for plant and equipment | (1,971) | - |
| Payments for petroleum exploration expenditure | <u>(14,765)</u> | <u>(843,038)</u> |
| Net cash used in investing activities | <u>(16,736)</u> | <u>(843,038)</u> |
| Cash Flows From Financing Activities | | |
| Proceeds from issue of equity securities | - | 2,528,000 |
| Payment for share issue costs | <u>-</u> | <u>(422,797)</u> |
| Net cash flows provided by financing activities | <u>-</u> | <u>2,105,203</u> |
| Net Increase (Decrease) in cash and cash equivalents | (223,519) | 1,108,472 |
| Cash and cash equivalents at beginning of the period | <u>1,023,089</u> | <u>146,741</u> |
| Cash and cash equivalents at the end of the period | <u>799,570</u> | <u>1,255,213</u> |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2007 annual financial report for the financial year ended 30 June 2007.

2. SEGMENT INFORMATION

Oil Basins Limited operates in the oil and gas industry within Australia.

3. ISSUE OF EQUITY SECURITIES

During the half-year reporting period there have been no issues of equity securities. (2006: 12,600,000 shares at \$0.20 per share and 250,000 unlisted share options at \$0.0241 per option)

4. ACQUISITION AND DISPOSAL OF ENTITIES

There have been no acquisitions or disposals of subsidiaries during the half year.

5. CONTINGENCIES AND COMMITMENTS

Technical Services Agreement

The Company has entered into an Agreement to provide specialist geological technical services.

Expenditure commitments due under this agreement are summarized below.

| Expenditure Commitments | Consolidated | |
|--|---------------------|-------------|
| | 2007 | 2006 |
| | \$ | \$ |
| Not longer that 1 year | 20,000 | 48,000 |
| Longer that 1 year and not longer that 5 years | - | 24,000 |
| Longer than 5 years | - | - |
| | 20,000 | 72,000 |

5. CONTINGENCIES AND COMMITMENTS (CONT'D)

Petroleum Exploration Commitments

Vic/P41 Eagle Bay Resources NL Joint Venture

For the Company to earn full participation rights Vic/P41, the Company will be required to make payments in accordance with the Farmin agreements.

All potential payments pursuant to the Famin agreements in place at the date of this report are payable at the option of the Company and there are no obligations on the Company to make these payments.

Should the Company earn full participation rights the following minimum payments will be required:

| | |
|--|-------------|
| Vic/P41 (5% from Moby Oil & Gas Ltd) | \$1,650,000 |
| Vic/P41 (7.5% from Eagle Bay Resources N.L.) | \$2,437,500 |

EP 129 Blina Backreef Joint Venture

At 31 December 2007, the Group has formal legal and beneficial rights to 35% of the Blina Backreef Play Joint Venture Area . The obligation associated with this right that may become payable if certain conditions are met is:

| | |
|--------------------------------------|-------------|
| Blina Backreef (35% farmin interest) | \$1,015,000 |
|--------------------------------------|-------------|

This obligation is subject to the following conditions being met:

- Commencement of drilling program
- Registration of interests with the Western Australian authorities

As at 31 December 2007 the drilling program had not commenced.

In regard to the 15% option, should the Company earn full participation rights on the 15% options the following minimum payment will be required:

| | |
|-----------------------------|-----------|
| Blina Backreef (15% option) | \$435,000 |
|-----------------------------|-----------|

All potential payments in relation to the 15% option are payable at the option of the Company if funds are available.

DR9 – Selene

For the Company to earn full participation rights DR9 – Selene, the Company will be required to make payments in accordance with the Farmin agreements.

All potential payments pursuant to the Famin agreements in place at the date of this report are payable at the option of the Company and there are no obligations on the Company to make these payments.

Should the Company earn full participation rights the following contingent payments will be required:

| | |
|---------------------------|---|
| DR9 – Selene (20% option) | \$666,667 less the \$32,000 prepaid deposit by OBL Thereafter 20% prorata over expenditures greater than \$2.0 million |
|---------------------------|---|

The Farm-In Option extends to 31 March 2008, but is likely to be extended (at no cost to the Company) as the Operator of Backreef Oil Limited has presently not obtained the necessary Native Title Heritage

OIL BASINS LIMITED
ABN 56 006 024 764

clearance for the drilling of Selene-1. The well cost of \$2.0 million assumes a total depth of 2,000m. The operator has advised that the Selene-1 well is now likely to drill only 1,500m total depth – so a significant reduction in gross well cost is anticipated.

L07-1

On 19 December 2007, the Company announced to the ASX that it and its 50/50 Joint Venture Partner Backreef Oil Limited (**BOL**) have been notified by the Western Australia Department of Industry and Resources (**DoIR**) of success in applying for the attractive permit Application Area L07-1 (to be awarded as 5/07-8 EP).

The DoIR has been formally notified by the Operator BOL on behalf of the Joint Venture that it wishes to proceed and commence negotiations on the Native Title Claim on the application area.

This is expected to take some time (estimated by BOL up to 24 months) to conclude with the Kimberley Land Council and no significant expenditures are anticipated to occur until approval from all relevant stakeholders and authorities are attained.