



OIL BASINS LIMITED

ABN 56 006 024 764

10 July 2008

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

Dear Sirs

OIL BASINS ACQUIRES A FURTHER 10% INTEREST IN RETENTION LEASE R3 OFFSHORE CARNARVON BASIN

The Directors of Oil Basins Limited (ASX code “**OBL**” or the Company) are pleased to announce that the Company has concluded an agreement with the relevant Norwest Energy NL (ASX code “**NWE**”) subsidiary to acquire a direct 10% interest in petroleum exploration Retention Lease R3 which contains the undeveloped Cyrano Oil Field, located in offshore Carnarvon Basin, Western Australia.

The agreed consideration for this transaction is \$26,667 plus 333,333 ordinary OBL shares with a gross booked cost translating to approximately \$60,000. This interest of 10% is in addition to the previous OBL acquisition of a 15% interest in R3 announced to the ASX on 16 June 2008 however this interest of 10% did not participate in the drilling of the Cyrano-1 and Cyrano-2 wells.

The transfer is subject to the usual joint venture partner consents and formal registration with the West Australian Department of Industry and Resources. Both transactions are anticipated to be completed by August 2008.

R3 RETENTION LEASE DETAILS

The R3 Retention Lease was awarded on 5 July 2006 for a period of 5 years and was originally Exploration Permit EP-364. The Lease obligations require the joint venture to conduct over the next five years engineering studies and reservoir simulation, technical studies, marketing studies and economic studies culminating in a project feasibility report.

With some \$10.9 million spent on R3 to date, the current work program expenditure obligations are a modest gross \$20,000 per year.

The current R3 lease holders are:

Tap (Shelfal) Pty Ltd (a wholly owned subsidiary of TAP Oil Limited)	75% (Operator)
Wildlook Enterprises Pty Ltd (a wholly owned subsidiary of Black Rock Oil & Gas Plc)	15%
Westbranch Holdings Pty Ltd (a wholly owned subsidiary of Norwest Energy NL)	10%

As with the previously announced transaction, OBL is not acquiring NWE's subsidiary Westbranch Holdings Pty Ltd but is intending to merely acquire an additional direct 10% interest in R3.

Post joint venture and regulatory approvals on both transactions, the new R3 lease holders will be:

Tap (Shelfal) Pty Ltd ("TAP Oil", a wholly owned subsidiary of Tap Oil Limited) (Operator)	75%
Oil Basins Limited	25%

R3 LEASE LOCATION AND BRIEF DETAILS

Two wells delineate the Cyrano Oil Field (Figure 1) and the operator TAP Oil has previously delineated gross P50 recoverable "technical oil reserves" of about 1.0 million barrels (net 150,000 bbls based upon a present OBL 15% ownership) and upside potential gross P10 recoverable resources has been technically assessed as up to 4.0 million barrels (net 600,000 bbls based upon a present OBL 15% ownership). The discovered oil is heavy biodegraded 22.8° API oil.

The Cyrano Oil Field is situated in circa 16m of water and is on trend to the nearby undeveloped Nasutus Oil Field (Apache Energy 50% / OMV 50%) discovered in 1999.

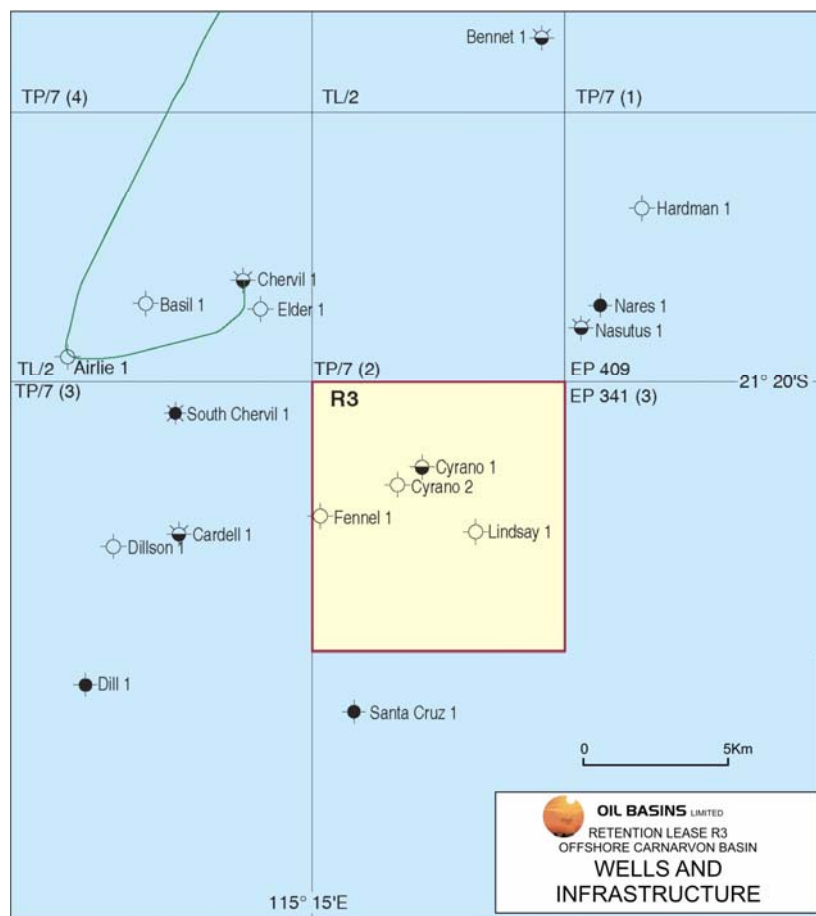


Figure 1
Location of Retention Lease R3
Wells and Nearby Infrastructure

ADDITIONAL COMMENTS

The Cyrano Oil Field discovery (OBL net 15%) while relatively shallow, at less than 700m total depth and in only 16 m of water, has serious technical, engineering and development challenges – namely a combination of thin but moveable heavy biodegradable oil and potentially a significant gas cap in an offshore setting. As such, no development is presently planned by the operator TAP Oil (TAP net 85%).

This present acquisition represents a small consolidation at modest cost to increase OBL's ownership in the R3 retention lease (OBL net 25% and TAP net 75%). However, by way of clarification, under the terms of the Joint Venture Agreement the additional 10% acquired by OBL may have impacted rights to income from a development at the Cyrano Discovery.

Nonetheless, the OBL Directors believe that in the current exceptionally high international crude oil price climate and high domestic gas price environment, it is prudent for the Company to progressively build (at modest price) a portfolio with exposure to oil and gas development opportunities that may in time become both economically and technically feasible, should the present commodity price trends persist.

Neil F Doyle, SPE
Director

DISCLAIMER

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.

Technical Reserves in this preliminary assessment are considered similar to the definition of Contingent Resources (ie Low Estimate and High Estimate) with the following important caveat - it must be appreciated that the risked volumes as reported in terms of undeveloped Contingent Resources and Prospective Resources are risk assessed only in the context of applying 'Geological Chance of Success'. This degree of risk assessment does not incorporate the considerations of economic uncertainty and commerciality and consequently no future development as such can be assured.

The technical information quoted has been compiled and/or assessed by Company Director Mr Neil Doyle (from a number of sources) who is a professional engineer (BEng, MEngSc - Geomechanics) with over 26 years standing and Member of the Society of Petroleum Engineers since 1981 (SPE 25 Year Club Member) and by Mr Geoff Geary who is a professional geologist (BSc – Geology) with over 26 years standing and who is also a Member of the 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.

Investors should note the ASX materials previously quoted and the important definitions and disclaimers attached.