



OIL BASINS LIMITED

ABN 56 006 024 764

QUARTERLY REPORT MARCH 2008

28 April 2008

Oil Basins Limited (ASX code **OBL** or **Company**) is pleased to present its March 2008 Quarterly Report.

HIGHLIGHTS

During the Quarter:

- **OBL has completed a comprehensive geological and geophysical analysis of the Blina Back Reef Play Joint Venture Area. The work, which included successful digitisation of two existing seismic lines, followed by comprehensive PSTM, PSDM and inversion analysis of both lines, has successfully delineated two prospective stratigraphic traps, one a potentially significant large 'new fan play' and a smaller separate 'onlap trap' or 'pinch-out play'.**
- **OBL is seeking to divest a portion of its assigned interest in Blina Back Reef Play Joint Venture Area, ahead of drilling the large Backreef-1 Prospect (new fan play) in July 2008.**
- **OBL has completed a "Peer Review" of Vic/P41 overall prospectivity and is presently actively seeking to attract Third Party interest in acquiring a portion of its Rights.**

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 / adjacent to infrastructure. With only 33.884 million ordinary shares on issue, OBL offers exceptional leverage to high crude prices with formal Rights to earn:

- 12.5% of offshore Vic/P41 – offshore Gippsland permit nearby to Kipper gasfield, Sole gasfield and Basker / Manta oil and gas FPSO development. The permit contains 6 'drill-ready 3D prospects' with gross P10 1,231 MMbbls potential prospective recoverable resources.
- 50% of Canning Basin Blina Back Reef Play Joint Venture, including the Backreef-1 Prospect. – circa 270MMbbls potential prospective recoverable resources.
- 20% of Canning Basin Drilling Reservation DR9, including the Selene-1 Prospect
- 50% of Canning Basin EP5/07-8 (formerly Application L07-1) – future 6 well program.

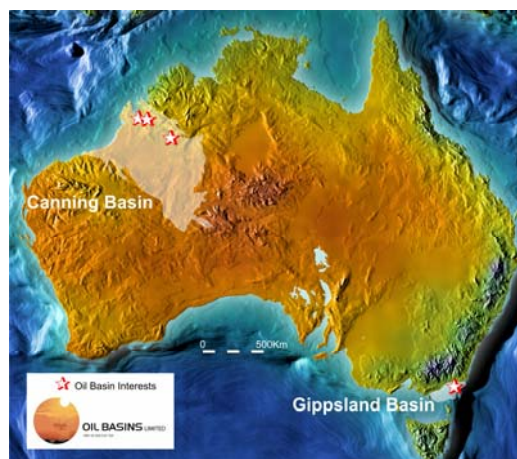


Figure 1
Oil Basins Exploration Interests

OPERATIONS

Gippsland Basin

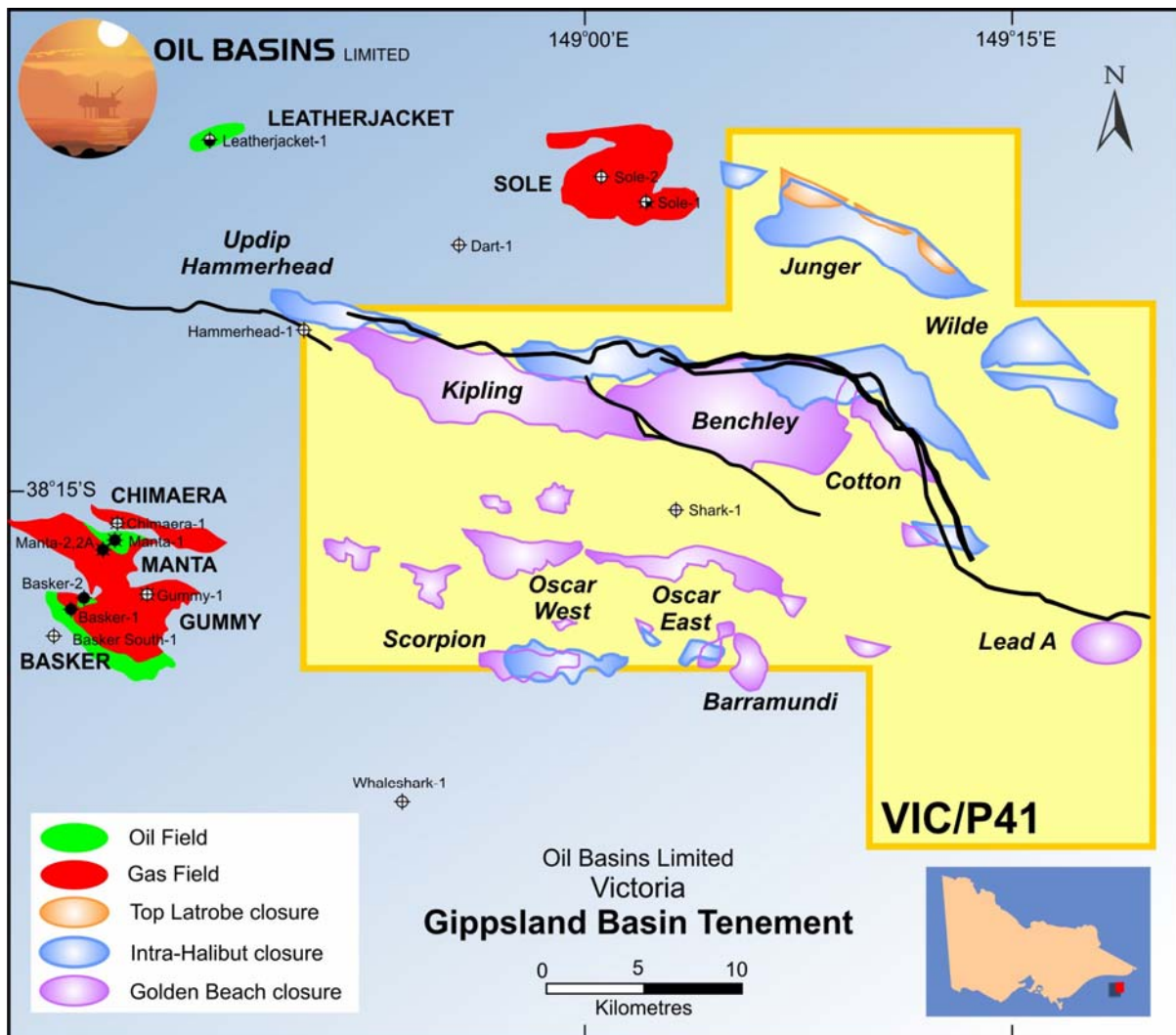


Figure 2
Oil Basins Gippsland Basin Interests

Vic/P41 (OBL Rights to 12.5%) refer to Figure 2

- During the quarter OBL initiated and solely funded a geophysical and geological “**Confidential 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 Farm-In.
- On 1 April, 2008 Company advised the ASX that the previous third party Exclusivity Agreement to acquire a portion of OBL’s Rights (refer to ASX December Quarter Activities Report) had been terminated with no agreed terms concluded.
- As advised in the December Quarter Activities Report, the Operator has finalised a second new survey of 250km of 2D seismic (bringing forward, by one year, the 2009 work program obligation by taking advantage of availability of seismic vessels). This new seismic will likely be shot during either late May or early June 2008 over the eastern under-explored area of the permit (specifically delineating Junger / Wilde Prospects and an identified potentially large anomaly – Lead ‘A’).

- OBL remains confident that in the current record high crude oil price environment (ie greater than US\$100.00/bbl) that either the Operator Bass Strait Oil Company Limited and/or OBL will attract Third Party interest with respect to this Exploration Permit which contains 6 'drill ready' prospects – all defined by a very modern 3D seismic survey (2006) with gross permit P10 3D defined potential prospective resources of circa 1.231MMBOE6, comprising prospective 713MMbbls (P10 crude oil and NGL's) plus prospective 3.1 Tcf (P10 gas) – refer to OBL website www.oilbasins.com.au for comprehensive details.
- Following the recent APPEA Conference held in Perth during 6 to 8 April 2008, the Company has received a number of unsolicited approaches with respect to its formal Rights to this strategic asset and is presently processing these enquiries.

Canning Basin

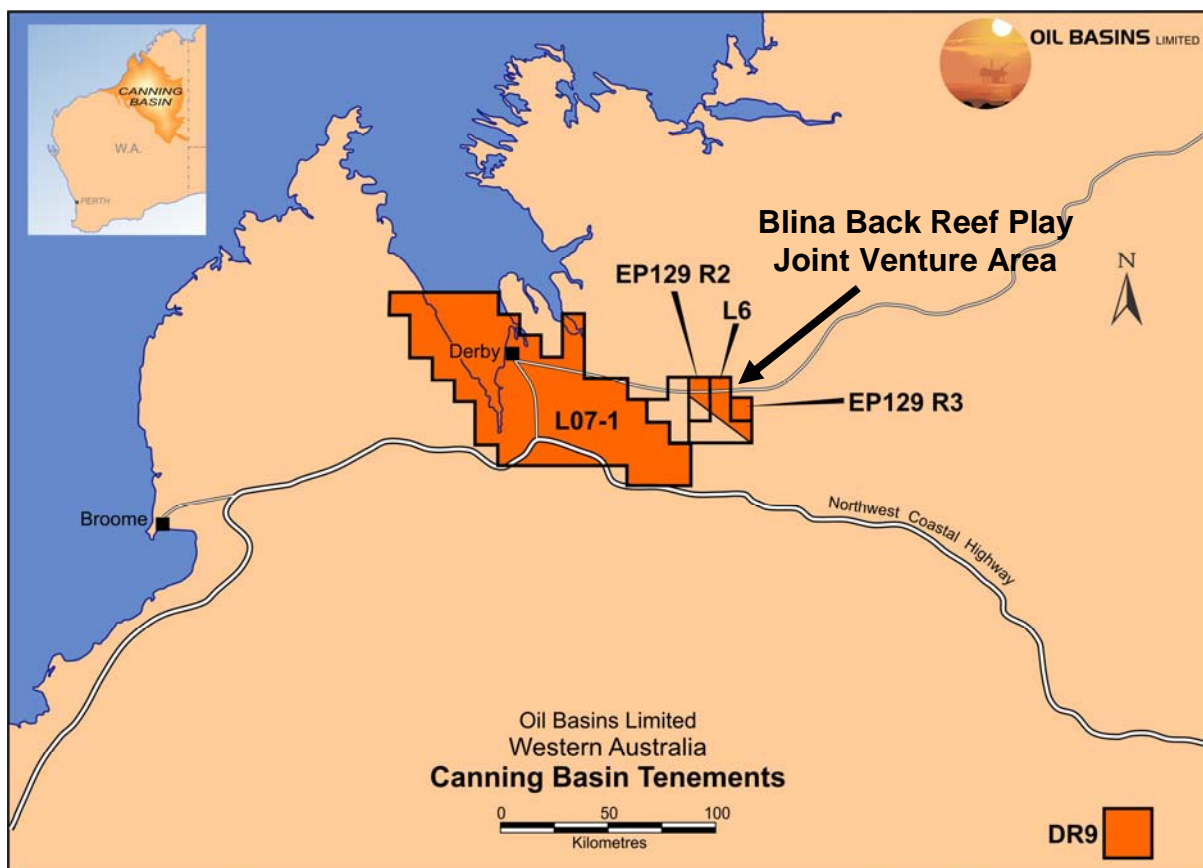


Figure 3
Oil Basins Canning Basin Interests

Blina Back Reef Play Joint Venture Area (OBL Rights to 50%) refer to Figure 3

- In conjunction with the Operator, Backreef Oil Limited the Company has initiated and solely-funded the modern geological and geophysical assessment of two existing 2D seismic lines in Blina Back Reef Play Joint Venture. Work continues and the Company is pleased to report that todate at least two significant prospects have been delineated by the digitisation, reprocessing and inversion work (including the original defined Backreef-1 Prospect of circa prognosed 900MMbbls prospective potential original oil in place resources – refer to OBL ASX release dated 27 March 2008) within the Blina Back Reef Play Joint Venture Area.
- Company prepared a comprehensive presentation of results which was released to the ASX on 27 March 2008 and formally presented the farmin opportunities to the PESA 2008 Annual Deal Day on 5 April 2008 (held immediately ahead of the APPEA 2008 Conference).

- Work continues on finalising prospect site selection (with the delineated 'new fan play' on line BV93-17 is the preferred target for Backreef-1 Prospect), preparation of drilling program design and budgets and all necessary stakeholder sign-offs and approvals. The Company is working closely with the Operator ahead of the drilling the Backreef-1 Prospect well which is now expected to occur in July 2008 (subject to rig availability).
- Overall objective now remains to finalise the technical package ahead of a Farm-Out by way of selling at least one (or possibly more) of the Company's wholly-owned subsidiaries holding formal 5%, 10% and 15% assigned interests to the attractive Blina Back Reef Play Joint Venture Area (& thereby mitigating pre-emptives from existing Joint Venture Partners) to interested Third Parties by a relatively straight-forward Sale & Purchase Agreement to acquire 12 shares in subsidiaries.

Drilling Reservation 9 Selene (OBL Rights to 20%) refer to Figure 3

- Negotiations on aspects of Native Title and Aboriginal Heritage Protection Agreement approvals continue. During the quarter the Company successfully negotiated an extension to the Option to complete the executing the Farm-In Agreement with Operator Backreef Oil Limited. The Option has now been extended to the earlier of either (i) no later than 60 days after the successful attaining of Aboriginal Heritage approvals for the drilling of Selene-1 or (ii) 31 March 2009.
- This variation has been necessitated by the delays in finalising/securing Aboriginal Heritage as a necessary precursor to attaining all stakeholder approvals prior to the drilling of the Selene-1 Prospect.
- The Company continues to fund expenditure on a 33% prorata basis and no significant expenditures presently anticipated during the forthcoming June 2008 quarter.
- 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 a possible well (likely in July/August 2008).

EP5/07-8, formerly Application L07-1 (OBL Rights to 50%) refer to Figure 3

- Work is progressing with preliminaries of Native Title and Aboriginal Heritage Protection negotiations with all relevant stakeholders.

FORECAST 2008/2009 OPERATIONS ACTIVITY

The Company's present forecast Operations Activity is presented in Table 1.

CASH POSITION

Cash held at 31 March 2008 was \$0.679 million.

During the current June 2008 Quarter, the Company presently estimates its net overall Exploration expenditures at around a net \$100,000 (most due to funding the new Gippsland 2D seismic survey in Vic/P41). With respect to Backreef-1 forward expenditures the Company still benefits with a large residual portion of its \$50,000 Farm-In deposit (effectively pre-paid during mid-2006) paid to BOL for road, drilling pad and site clearing costs related to Backreef-1.

FURTHER INFORMATION

For further information or to discuss OBL's Farm-In Opportunities, interested Parties should contact:

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This release will be available on the Company's website at: www.oilbasins.com.au

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.

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
Tcf	Trillion cubic feet [1,000 Billion cubic feet (Bcf)]
BOE ₆	Barrel of crude oil equivalent – commonly defined as 1 TJ equates to circa 158 BOE ₆ – approximately equivalent to 1 barrel of crude equating to circa 6,000 cubic feet dry methane on an energy equivalent basis)
PSTM	Pre-stack time migration – reprocessing method used with seismic.
PSDM	Pre-stack depth migration – reprocessing method used with seismic converting time into depth.
AVO	Amplitude versus Offset, enhancing statistical processing method used with 3D seismic.

