



OIL BASINS LIMITED

ABN 56 006 024 764

17 June 2008

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

Dear Sirs

Canning Basin Update New Emika Prospect, Drilling Reservation DR9 – OBL Rights 20%

Oil Basins Limited (ASX code **OBL** or **Company**) has in conjunction with the Operator Backreef Oil Limited (**BOL**) recently finalised a re-mapping of the structure formerly known as Selene Prospect (previously mapped by Socdet*) within onshore Western Australian exploration permit Drilling Reservation 9 (**DR9**) – refer to Figures 1 and 2. This recent reprocessing was jointly funded by BOL and OBL is similar to the earlier work performed by Moore Geophysical / Dayboro Geophysical including PSTM and PSDM of its Blina Back Reef Play Joint Venture Area which successfully delineated the new Backreef Prospect (refer to earlier OBL ASX Release dated 7 May 2008).

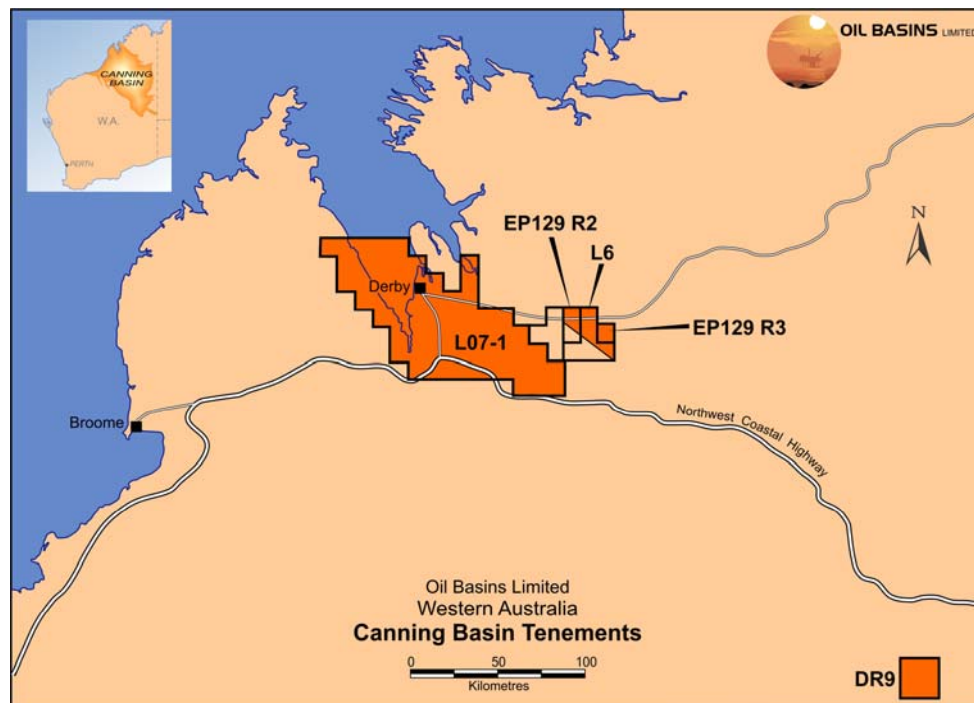


Figure 1
Oil Basins' Canning Basin Exploration Interests

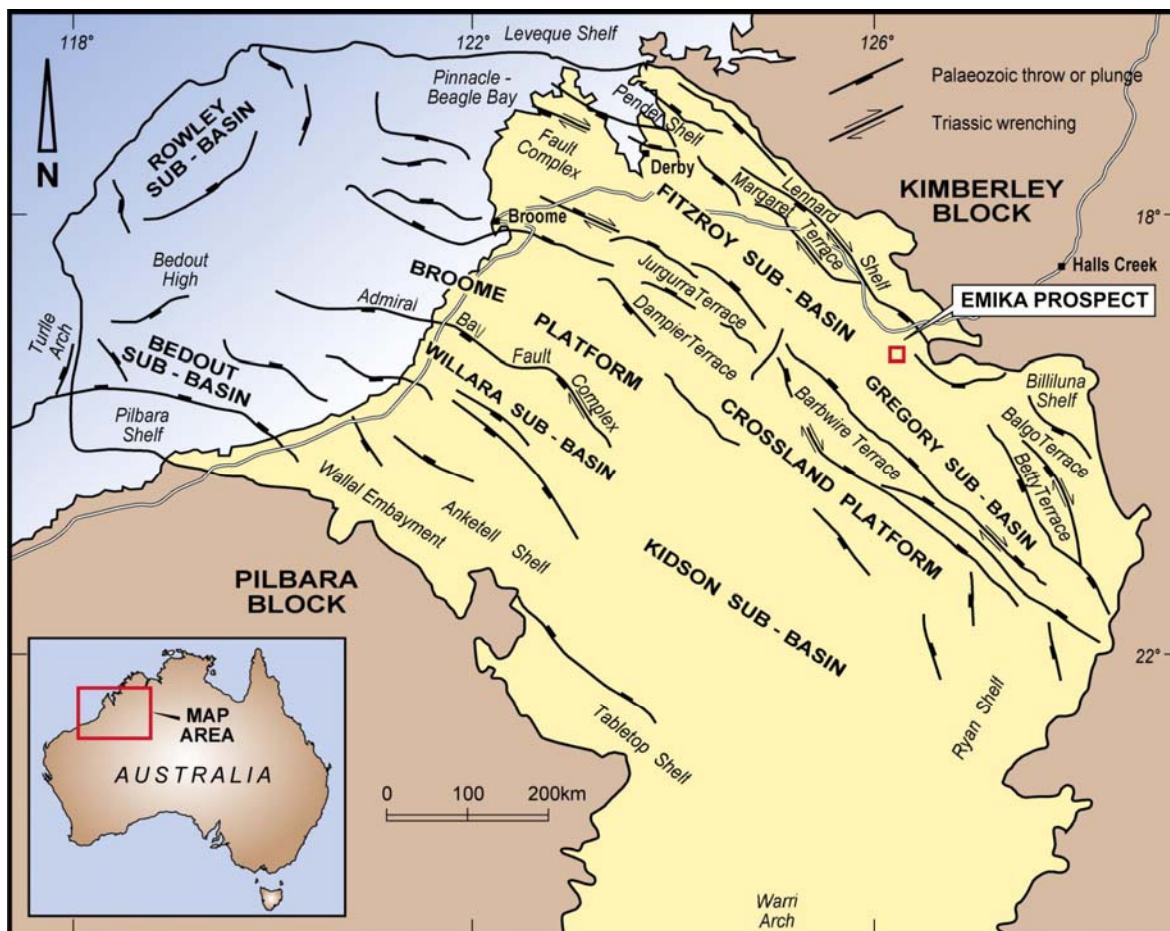


Figure 2
Location of Emika-1 in the Canning Basin

A previous Operator, Socdet* in 1996, mapped gross recoverable reserves as being circa 45 MMbbls in the Betty Formation and circa 70 MMbbls in the Anderson Formation. BOL's recent reprocessing work has delineated amplitude effects (potential AVO's) in the Winifred Shale suggesting that the structure may host two small gas pools, which may be of the order of 20 to 30 BCF. If valid, these indicate hydrocarbons have migrated through the structure. According to BOL, it is possible that there could be oil legs under the gas columns in the structure.

If oil is encountered, Backreef Oil expects to be able to begin trucking within a month of discovery. Oil is currently being trucked 2,200 km from the Blina oilfield to Perth. Any early cash flow from production testing would provide further funds for field development.

Prospectivity

The Canning Basin is a large intra-cratonic basin which covers an area of 430,000 square kilometres in the north of Western Australia (Figure 2). It is predominantly filled with Palaeozoic sediments that are in excess of 10,000 metres in the troughs.

The Emika Prospect is located in the Fitzroy Trough (Figures 3, 4 and 5), an asymmetric northwest trending rift basin. This sub-basin is bounded to the north and northeast by the Pinnacle Fault System. The Emika Prospect is a robust anticline rolling over into and on the downthrown side of the fault to the northeast.

The anticline shows structural growth during the Carboniferous and was probably formed by compressional forces associated with the Alice Springs Orogeny. This is encouraging since such structural growth is interpreted to be contemporaneous with peak oil maturity, generation and

migration from the main Frasnian source rocks of the Gogo Formation in the Fitzroy Sub-basin. Oil is interpreted to have migrated up the fault to the northeast and charged the sandstone reservoirs of the Anderson, Betty and Poole Formations.

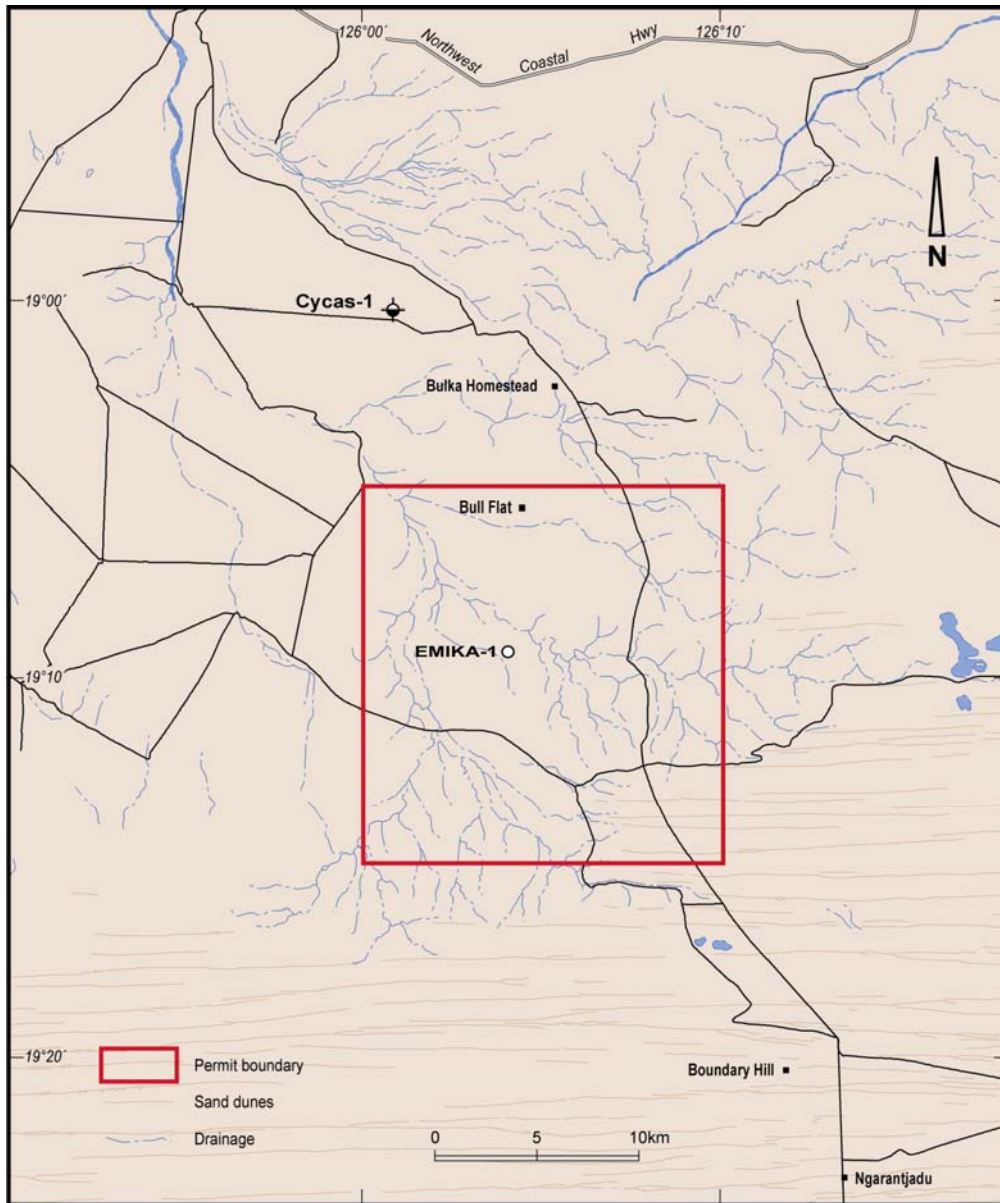


Figure 3
Location of Emika-1 in DR 9

Subdued anticlinal closure at the top of the Poole Sandstone indicates that the Emika Prospect may have been affected by the Late Triassic Fitzroy Movement (refer to Figure 5). However, this tectonic event does not appear to have had a major influence on the Emika structure.

The modern seismic in this area was acquired by IEDC in the early 1980s. IEDC drilled the Cycas-1 well to 3,019 metres 15 km to the northwest, with a minor oil show in the Anderson Formation.

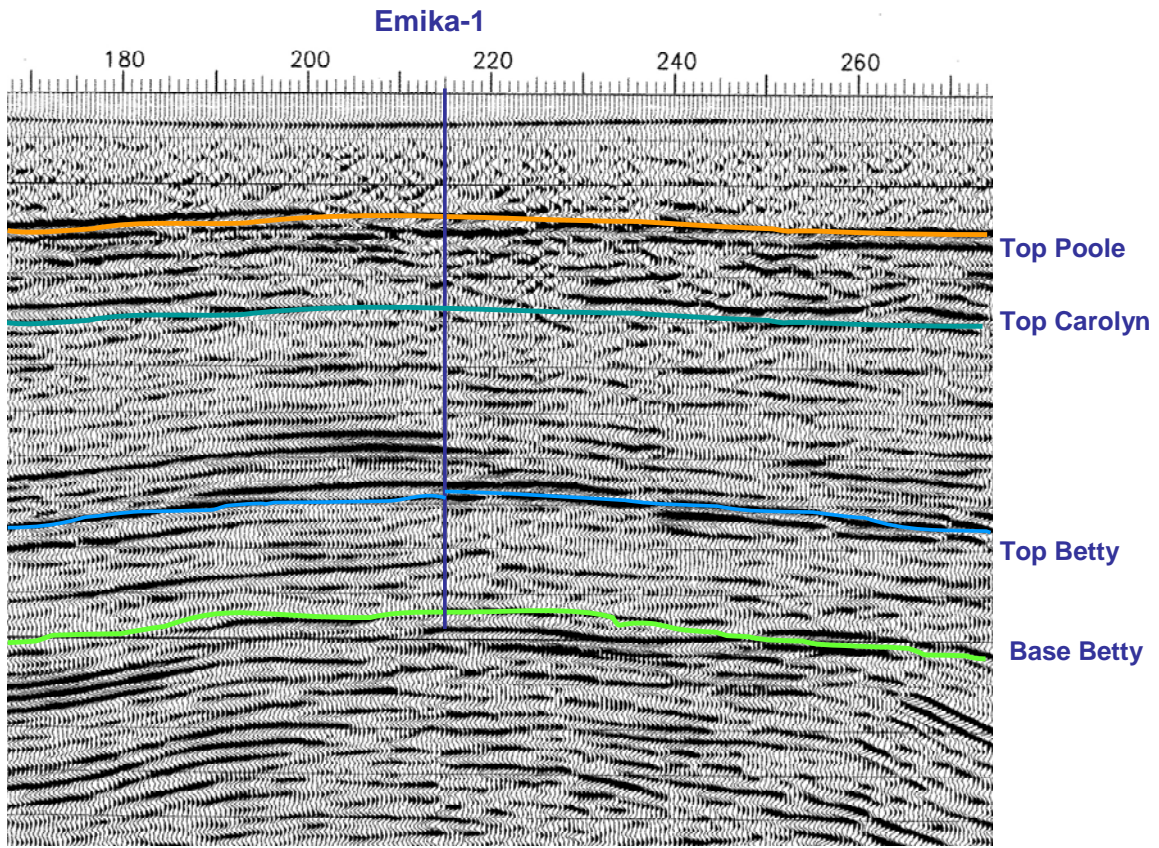


Figure 4
Location of Emika-1 on ED83-239 with Formation interpretation

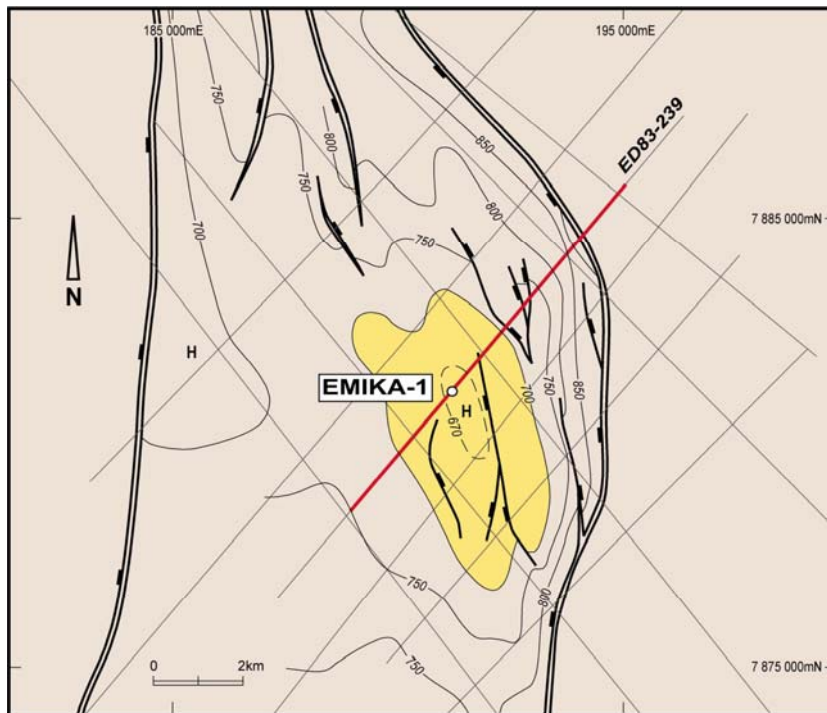


Figure 5
Emika-1 Top Betty Formation TWT Structure Map

Two high amplitude events coincident with the crest of the prospect at the Winifred level indicate that it may host a small gas field. If so, there is potential for oil legs under the gas columns.

The Emika Prospect covers an area of 18 square km (1800 hectares) and has 50 milliseconds (100m) of structural relief. A drilling location at SP 210 on line ED 82-239 would test the crest of the Betty Sandstone structure and an acceptably high point on the overlying closures. A predicted section for Emika-1 to a proposed total depth of 2,400 metres is shown in Figure 4; it is based on that observed at Cycas-1. The seismic picks have been converted to depth using average velocity data from the velocity analyses on line ED 82-239 on which the well will be drilled.

The previous operator, Socdet in 1996, mapped gross recoverable reserves as being 45 MMbbls in the Betty Formation and 70 MMbbls in the Anderson Formation. Amplitude effects in the Winifred Shale suggest that the structure may host two small gas pools, which may be of the order of 20 to 30 BCF. If valid, these indicate hydrocarbons have migrated through the structure. According to Operator BOL, it is possible that there could be oil legs under the gas columns.

The recent re-mapping of the new Emika Prospect has delineated a deeper test than the previously OBL presented Selene Prospect. Consequently, BOL now plans to drill Emika-1 to 2,400m TD (as compared with the previously 2,000m TD) and it will necessitate the procurement of a deeper capacity drilling rig than was previously advised at the time of OBL's March 2008 Quarterly Report.

Emika-1 is now budgeted to cost \$2.7 million, cased and suspended – with OBL net 20% share estimated at \$800,000.

The Operator BOL notes Australian Drilling Services Rig 6 is being mobilised into the area for the drilling of two wells in EP 417 by New Standard to the southeast. Should this rig be successfully contracted by the DR9 Joint Venture, the Emika-1 well could be drilled in the third or fourth quarter of 2008.

For more information refer to OBL website: www.oilbasins.com.au

Neil F. Doyle
Director

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*** PREVIOUS EXPLORATION**

The acreage was held by a number of parties during the 1990s. One of these, Socdet, mapped the Emika Prospect. At that stage it was called the Selene Prospect. As an application to drill Selene-1 was made to the WA DoIR, the Selene name may no longer be used.

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), Mr David Archibald, Managing Director Backreef Oil Limited (Operator DR9), who is a professional geologist (BSc – Geology) with over 26 years standing and who is also a Member of the Australasian Institute of Mining and Metallurgy. Both Mr Doyle and Mr Archibald have consented to the inclusion in this announcement of the matters based on the information in the form and context in which they appear.