



**OIL BASINS** LIMITED

# INVESTOR PRESENTATION

Drivers of value during 2012.

ASX codes OBL , OBLOA & OBLOB

February 2012

# Oil Basins Limited - Snapshot

## Issued Shares & Market Cap :

Issued shares (ASX code 'OBL')

12 month trading closing prices

Adjusted cash at 31 Dec 2011

Market capitalisation

Share price @ 1 Feb 2012

## Listed options :

'OBLOA' Exercisable @1.5c 30/06/12

'OBLOB' Exercisable @4.0c 30/06/14

## Directors :

Kim McGrath

Neil Doyle

Nigel Harvey

## Senior Management :

Melanie Leydin

Geoff Geary

## Major Shareholders :

LNG Limited

Directors & Management

395.322 million\*

1.9 cps to 3.7cps

\$1.537 million\*

\$12.7 million

3.2 cps

64.969 million

69.040 million

Executive Chairman

Director & CEO

Non-exec. Director

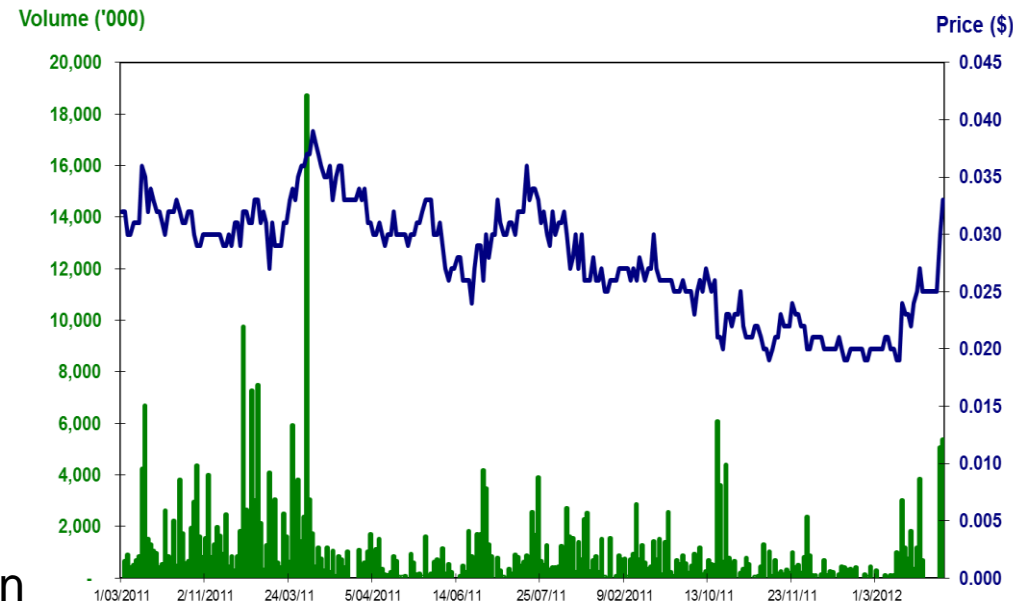
Company Secretary

Exploration Manager

5.8%

Circa 5%

OBL 12 Month Share Price Performance



\* On 31 Jan 2012 OBL announced 50m new OBL shares @ 2.5 cps Placement, raising gross \$1.250 million

## Management Team

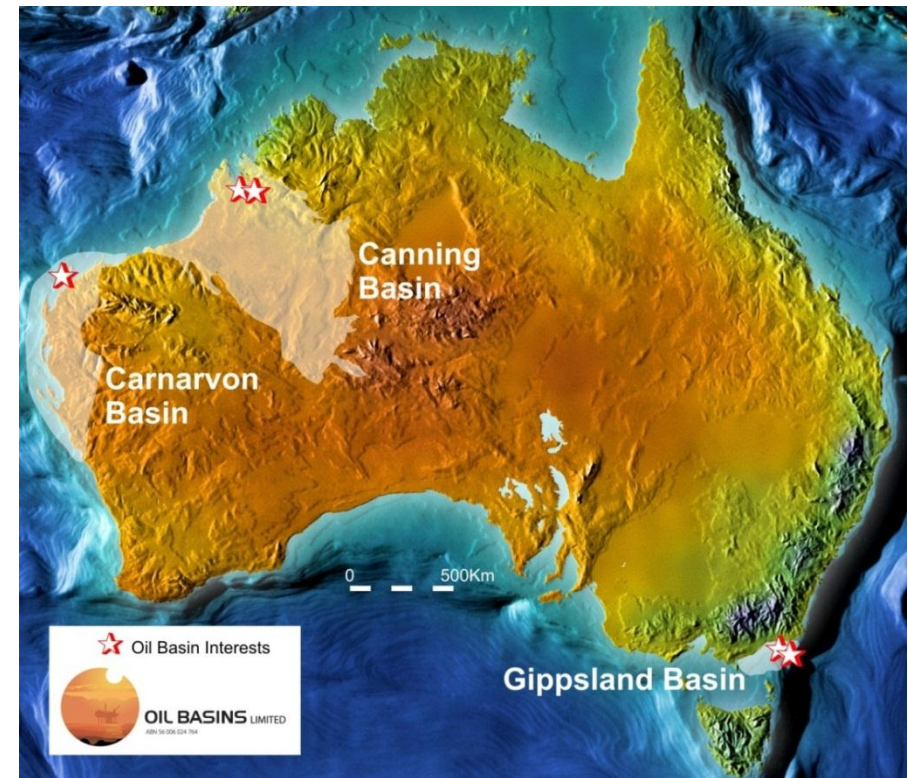
*Highly experienced team for past 5 years with proven skill sets covering commercial/legal & geology / engineering to deliver new G&G technologies & engineering techniques to minimise risk & maximise development opportunities in mature & lower-risk Basins.*



# Oil Basins Limited

***Objective: establish strategic production hubs near known oil & gas in mature basins***

- 2006 listed – 2 farmin deals
- 2010 operator – 3 assets
- 2010 drilled first exploration well – Backreef-1
- **Company operates 3 assets – onshore/offshore:**
  - Oil: offshore Carnarvon – 100% R3/R1
  - Oil: onshore Canning – 100% rights Backreef Area (Backreef-1 exploration well delineated a New Oil Play)
  - Oil, CSG/USG (designated Operator) – 50% rights exploration, & potential LNG: onshore Canning Basin
- **Two non-operated permits Eastern Gippsland Basin**
  - Oil & Gas: offshore permit Vic/P41 – 5% + 7.5% option
  - Oil & Gas: offshore permit Vic/P66 – 17%





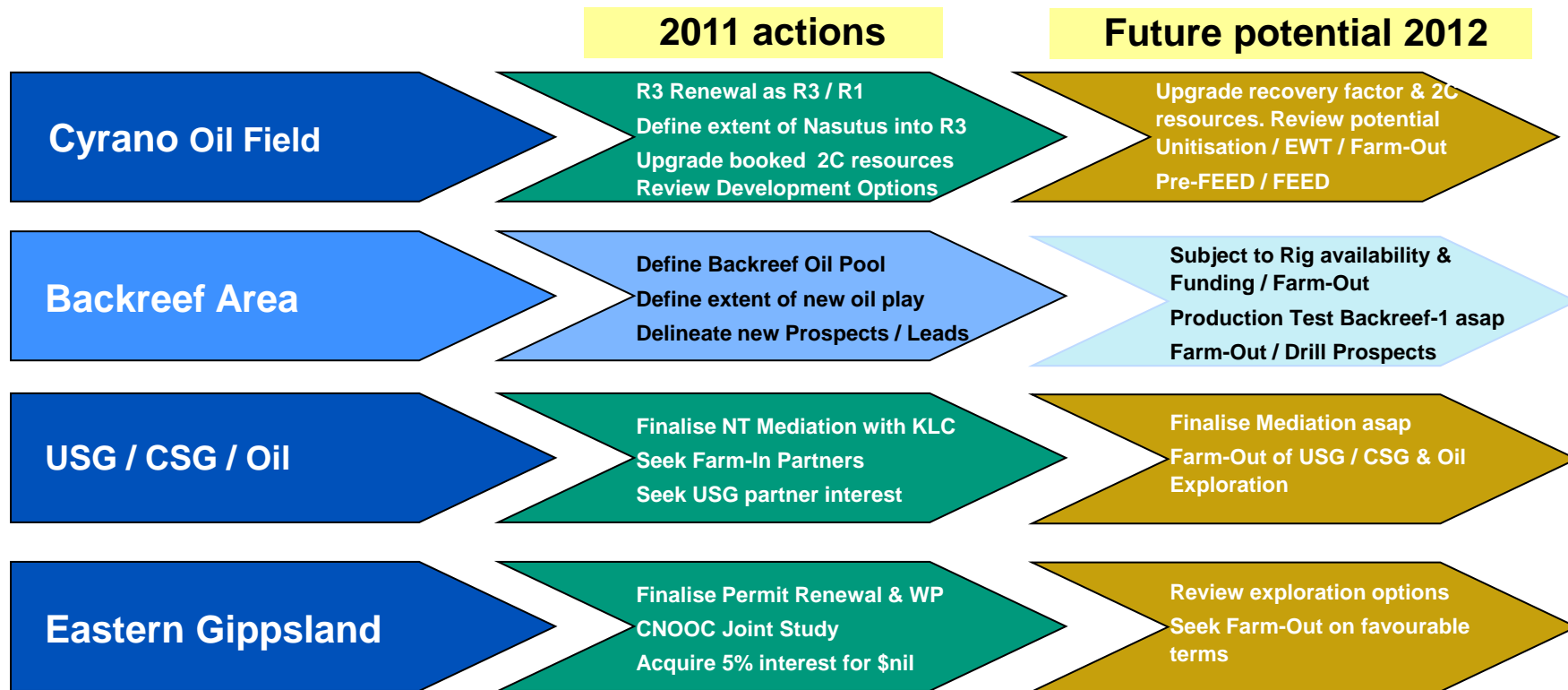
# What sets Oil Basins apart?

- Listed purely as explorer, now developer with two active projects – large positions and an overall portfolio of **4 Diverse Projects** (all situated close to established hubs / markets) and that deliver shareholder near-term value.
- All are potential “**company makers**”, all in established mature basins “**all good addresses near known oil**” and all with potential to significantly re-rate the Company in the near-term.
- **Offshore** – Company owns 100% of an offshore oil development asset (potential 2 to 4 MMbbls 2C resources via an EWT estimated capex less than \$30m).
- **Onshore** – Company owns 100% beneficial rights of a future onshore Oil Play (**significant net mapped potential recoverable resources circa 48 MMbbls to 117MMbbls – expectation circa 20.6MMbbls – 8 drill-ready Leads**).
- **Onshore** – large footprint of potential “wet” USG at a highly attractive zip code address nearby infrastructure future Kimberley LNG Hub.
- **Offshore** – strategic footprint in potentially the best remaining undrilled wet gas permit in highly prospective Gippsland Basin (**6 drill ready Prospects defined by 3D and AVO’s**).
- **Company is deal ready.**



# OBL's plan to liberate shareholder wealth

*Likely 'near-term drivers of value' & re-rating opportunity*



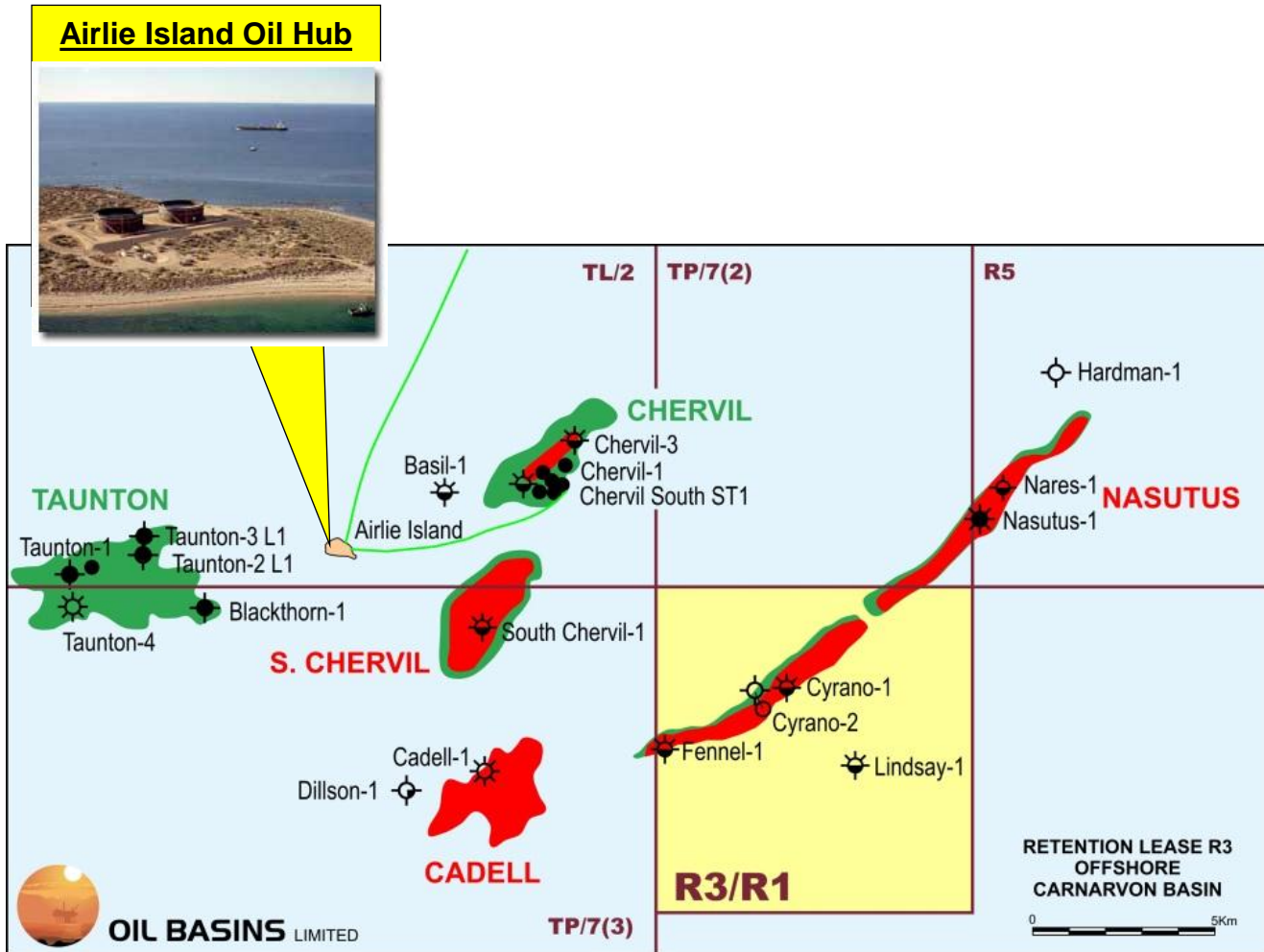
- Company has four diverse Projects with a pipeline for growth.
- Portfolio offers near-term potential re-rating impact and offering investors significant leverage to Conventional Oil & Gas, Unconventional CSG & USG and exposure to attractive mature hydrocarbon prospective Basins

Potential risked values have assessed by Gordon Capital – refer OBL ASX Release 19 January, 2012 (Ref#1).



# Oil Projects – Carnarvon Basin

100% Retention Lease R3/R1 (incorporating the Cyrano Oil Field)



- Oil Basins initially acquired 25% in 2008 and the remaining 75% in October 2010
- OBL successfully renewed it as R3 /R1 in October 2011
- 5 year retention lease
- Field contains 10m net heavy 22.8°API, low Sulphur oil, 21m gas cap; crude oil viscosity 3.95cp
- Water depth only 15m to 17m & TD shallow 600m
- Nearby to Airlie Island – Jetty & 2 x 150,000 storage tanks, gas lift and gas / water separation facilities



# Cyrano Oil Field Key Value Drivers

**Key value drivers that may liberate value for OBL during 2012**

***Preferred Development – has potentially reduced Capex by over 75%***

- Commissioned DU-EL to undertake a scoping study covering development options and technologies .
- Report changes preferred development option to a feasibility of an **Extended Production Test (“EPT”)** (or “EWT”) using mostly re-deployable equipment (jackup drilling vessel, jackup storage barge & FSO) – shows that overall capital costs could be reduced below USD\$30m.

***Booked contingent 2P resources increased by 250% to 1.5 MMbbls , scope for 2C increase***

- Studies completed in 2011 increased risked P50 STOOIP by 250% to 10.13MMbbls, potential to increase both the P50 STOOIP & 2C resources further – application of pumps & conduct new mapping reveals scope for significant extension of R5 Nasutus Oil Field into R3
- Conduct reservoir simulation studies – potential to enhance 2C resources to 2.0 to 4.0 MMbbls using sophisticated modern electric submerged progressive cavitation (ESPCP) pumps.

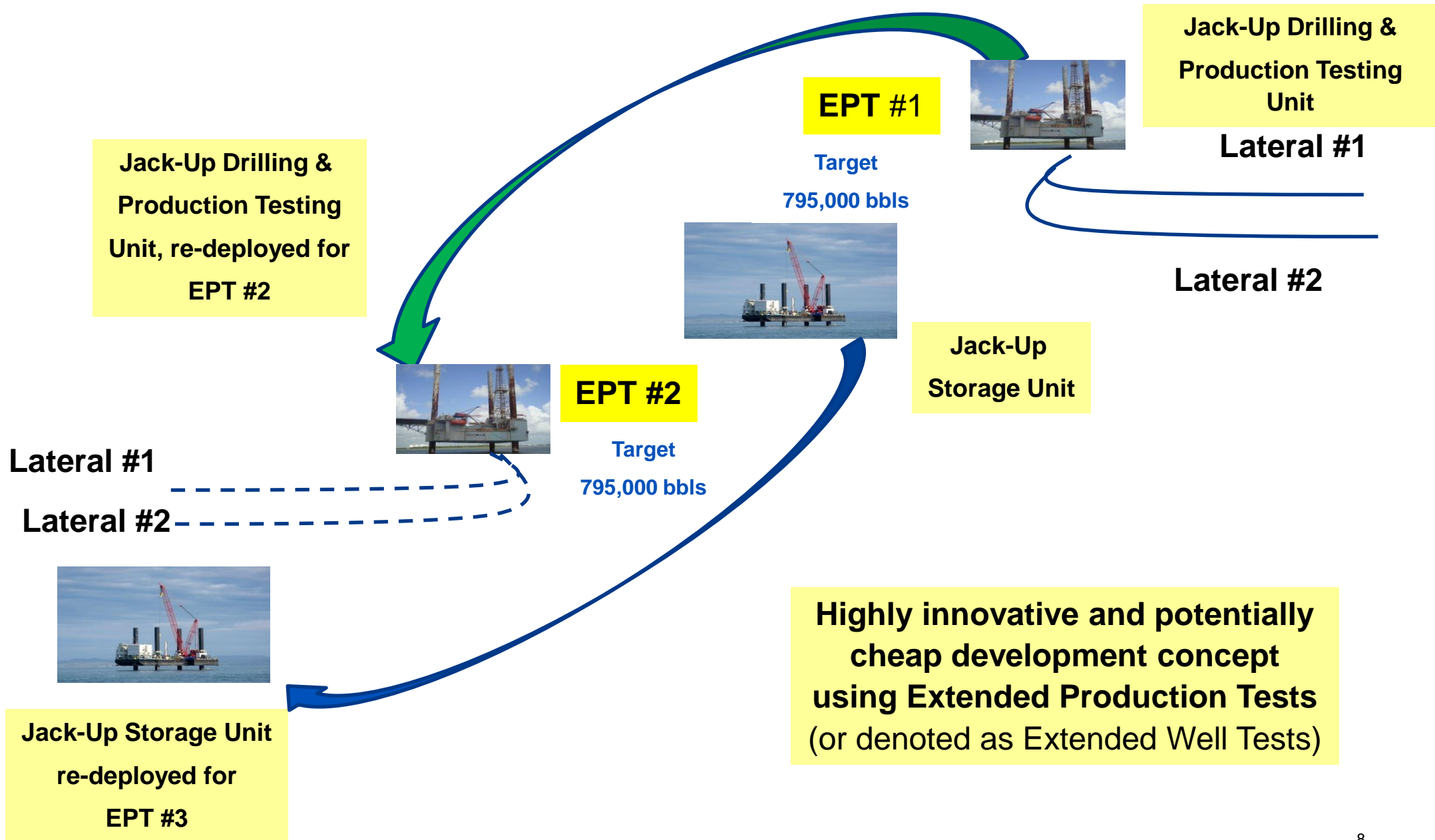
***Farmout and/or seek unitisation.***

- **Recent independent research report assesses Cyrano between \$7.5m to \$40m net to OBL (circa 1.7 cps to 9.6 cps – based on adjusted post-Placement 395.3m shares) (Ref#1)**



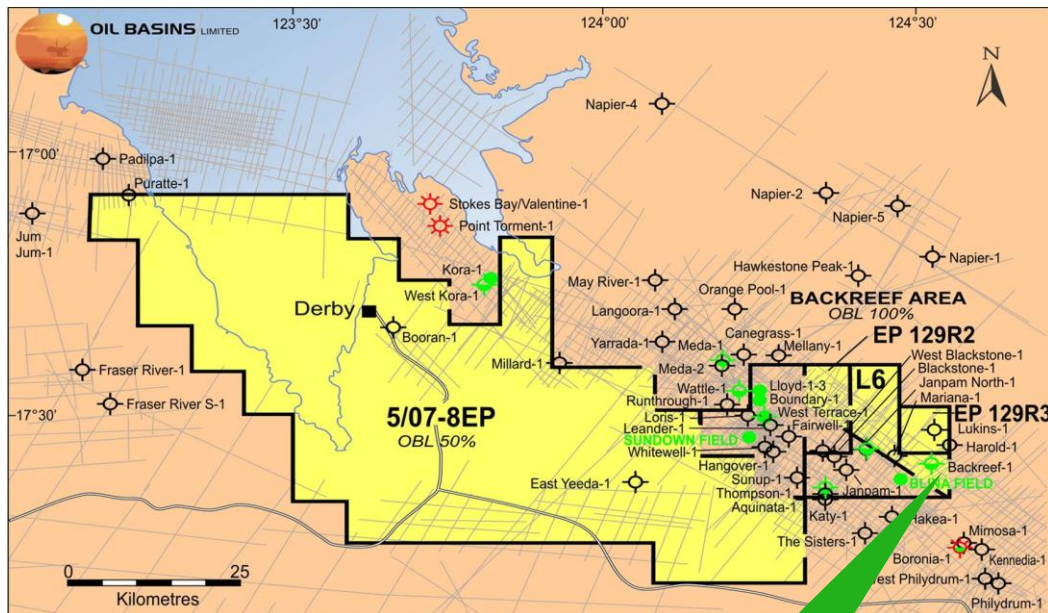
# Cyrano Oil Field – Development Study

*Multiple EPTs (Leap-frogging along strike of Field)*





# Oil Projects – Canning Basin Assets



**Backreef-1 Oil Show**

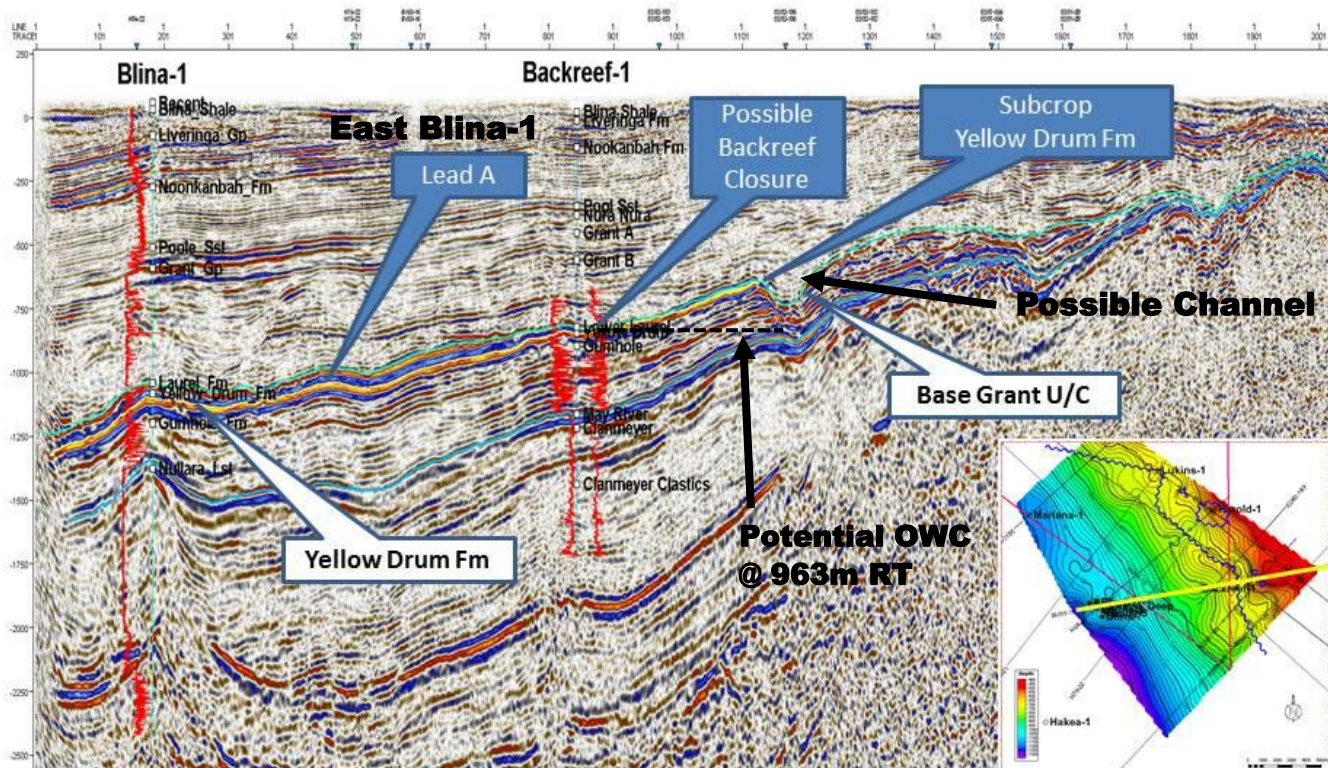
- OBL drilled the Backreef-1 exploration well in L6 portion of the Backreef Area in October 2010
- Petrophysics analysis suggests that Backreef-1 encountered a gross reservoir interval of some 48.9m was intersected and a net oil pay of some 12m to 39.2m was intersected and some 3.9m to 6.0m moveable oil
- Backreef-1 well was cased and suspended at 1155m PBSD and is planned to be further appraised via a the proposed cased hole.
- Backreef-1 will be production tested in 1HY2012
- In event of success (i.e. moveable oil into test string), likely to be a large reduction of risks of the other independently mapped Leads (STOOIP 48MMbbls to 117MMbbls)



# OBL Geological Interpretation Line BV93-17

*Cross-section of southern portion of potential New Oil Play*

### Depth Seismic Line BV93-17



**With the structures now defined, the 2012 Plan is to conduct a Production Test of Backreef-1 & drill and test the potentially low-risk East Blina-1 well (Lead A)**

- OBL's evaluation of the result included, the petrophysical assessment of Backreef-1, collection of vintage seismic data and reprocessing for the interpretation of the New Oil Play.
- OBL interpretation of the vintage lines utilised modern techniques with the seismic inputs for PSDM (derived from PSTM) and then installing on sophisticated Schlumberger Petrel™ 3D seismic interpretation software.
- RPS Energy (RPS) was engaged by OBL in October 2011 to perform an independent interpretation the New Oil Play and to delineate potential prospective resources using PRMS guidelines.



# Backreef Area Key Value Drivers

## Key value drivers that may liberate value for OBL during 2012

### ***Backreef-1 Production Test***

- Considerable amount of re-planning has occurred during 4Q2011 – some \$250,000 spent to date – well test is likely to cost circa gross \$600,000 to \$800,000 (part pre-paid).
- Positive result (ie free oil entering the well bore and/or commercial production either by pump or free flow to surface) will demonstrate that oil can migrate some 6km and cross the fault and potentially charge the larger structures delineated by RPS to the east.
- A modest positive result will value the Backreef Oil Pool between \$1.8m to \$5m risked (circa 0.4 cps to 1.3 cps – based on post-Placement 395.3m shares)
- Backreef Area upside, assuming 15MMbbls potential recoverable reserves is estimated at circa \$150m to \$450m net to OBL (circa 37 cps to 113 cps – based on 395.3m shares) **(Ref#1)**

### ***East Blina-1 (Lead A)***

- A positive result at Backreef-1 will “materially derisk” the East Blina-1 Lead if a second farm-in well is required. If a Discovery is declared at Backreef-1, Buru has 90 days to Back-in to earn 30% by funding 90% of all costs to date (est. net \$5m) and no second well is required.
- Indicative well cost estimated circa \$2.0m – remains the cheapest drilling in the Canning.

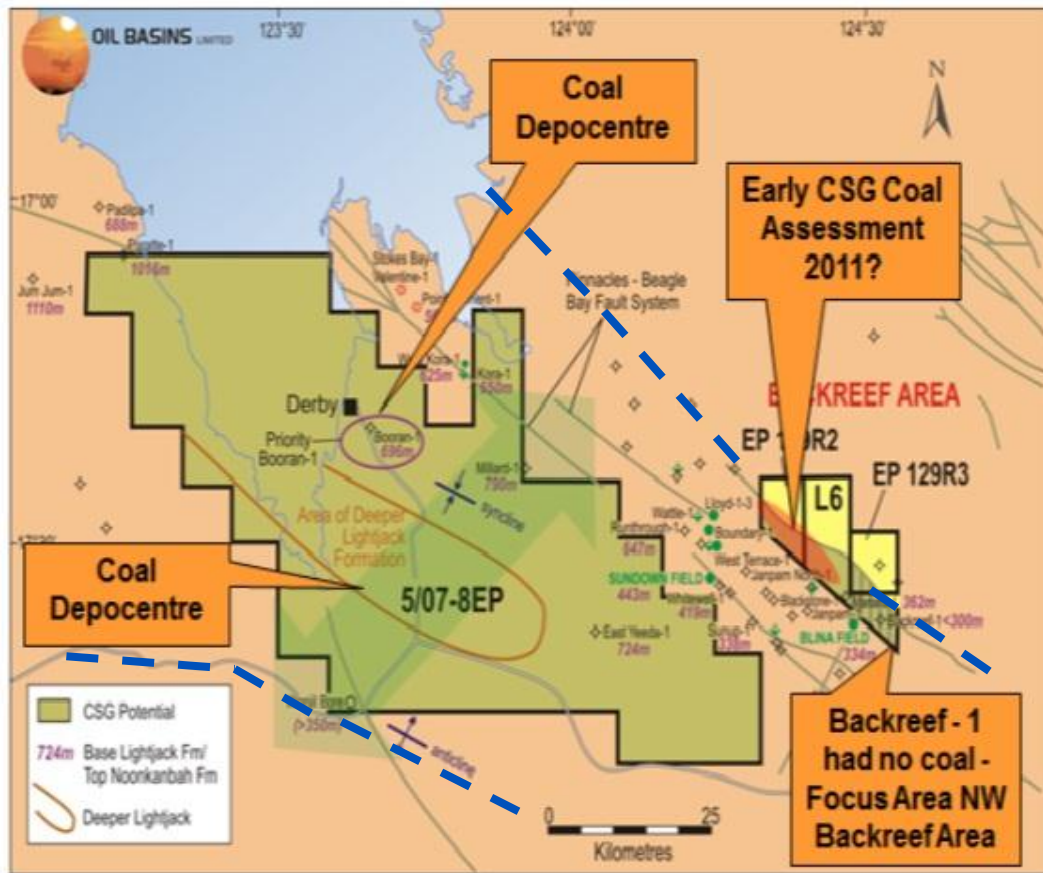
### ***Farmout***

- OBL remains keen to farmout a partial interest in the Backreef Area to fund program.



# CSG Projects – Canning Basin

Permit 5/07-8EP appears to be “sweet spot” for CSG – OBL 50% Designated Operator



- Independent expert coal measures study commissioned & completed assessed historic data – 51 to 118 Bt coal estimated insitu within permit
- 2 coal depocentres delineated considered highly suitable for CSG – thick & deep coal, one petroleum well, Booran-1 (only 3km from Derby), max coal thickness 20m > previous perception of 4m across entire coal province
- Historic coal exploration concentrated on shallow coal near known out-crop of Permian Lightjack Formation – eg REY Resources
- Canning Basin Permian coals were once more deeply buried than presently indicate that overall gas saturation maybe higher than occurring in Surat Basin Permian coals.
- Permit 5/07-8EP appears to be “sweet spot” – position and deposition history uniquely favourable for CSG exploration

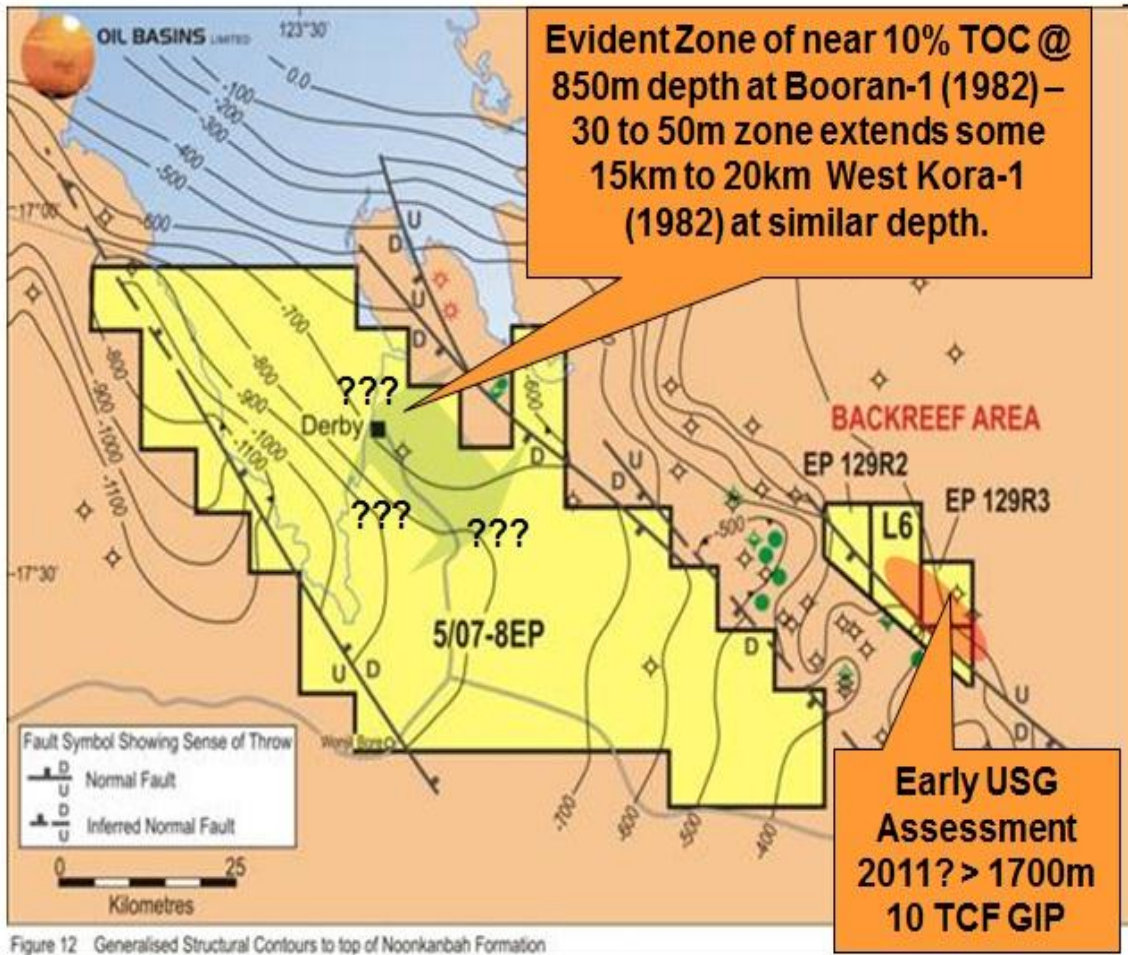
**Extent of northern Coal Measures – uplifted 67 Mile Fault**  
**Very High Ash Content >45% south of Fenton Fault**  
**Permit is large at 5,087 km<sup>2</sup>**

**Net prospective risked 2P resources assessed at between 2.2 Tcf to 5.2 Tcf**



# USG Projects – Canning Basin

*Ind. Exp. Report concluded both Permits are highly attractive for USG*



- Potential new energy source – OBL designated operator 50%
- Independent Expert Report delineated USG prospective potential of both exploration areas
- 6 formation units ALL occurring within 5/07-8EP are ALL relevant to USG – evidence of high TOC's approx 10%
- Potential to re-enter and deepen Backreef-1 to circa 2700m, preliminary results encouraging for USG

**Early stage exploration but the gross potential is very big – evident high TOCs.**

**The shallow overlying CSG potential has the ability to potentially de-risk USG exploration.**

**OBL is currently seeking USG Farmines – recent deals have 'benchmarked' Canning USG**



# Canning USG comparisons & value drivers

## Permit 5/07-8EP USG Attributes:

- Exploration Permit 5/07-8EP circa net 51 to 253 TCF GIP potential
- The un-risked USG prospectivity assessment based upon only 'one' of 'six' evident shales **Best Estimate – Gross GIP 264 Tcf in each shale formation**
- Permit has both shallow oil and CSG prospectivity potential derisking the deeper more expensive USG wells
- Permit is closer to established infrastructure & James Price Point LNG Terminal.

## Nearby USG Transactions – indicate Farm-out potential:

- New Standard Energy (NSE) farmed out to ConocoPhillips circa USD\$108M or circa USD\$1.1m per % point – July 2011
- NSE's assessed Goldwyer Shale Play – based upon 40 to 460 Tcf GIP potential
- Mitsubishi to carry Buru for first \$40m / \$50m USG WP

**Indicative value of Company's USG/CSG interests has been assessed at circa \$22.4m to \$27.4m (circa 5.6 cps to 6.9 cps – based upon adjusted post-Placement 395.3m shares)**

**(Ref#1)**

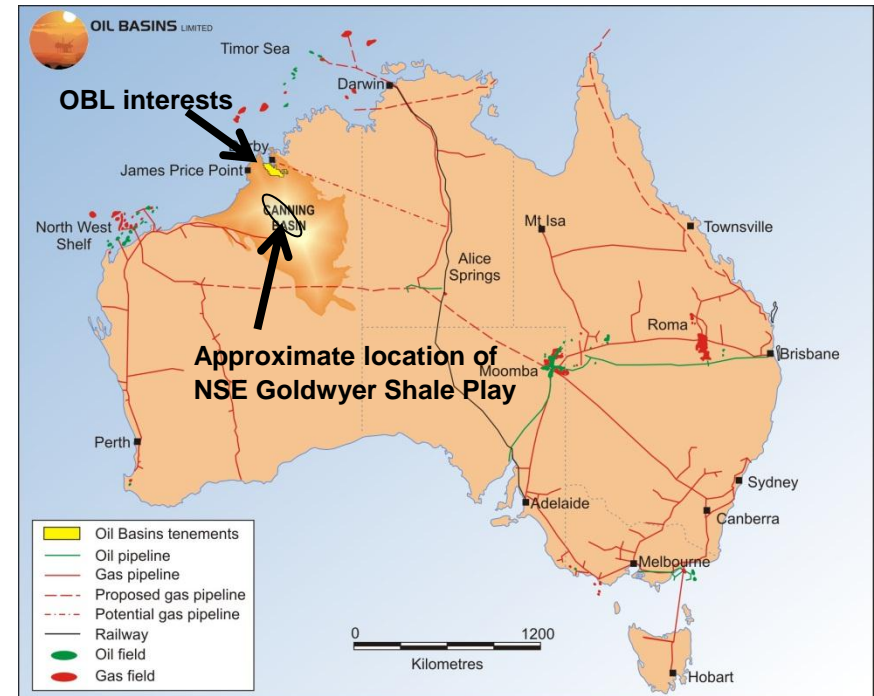
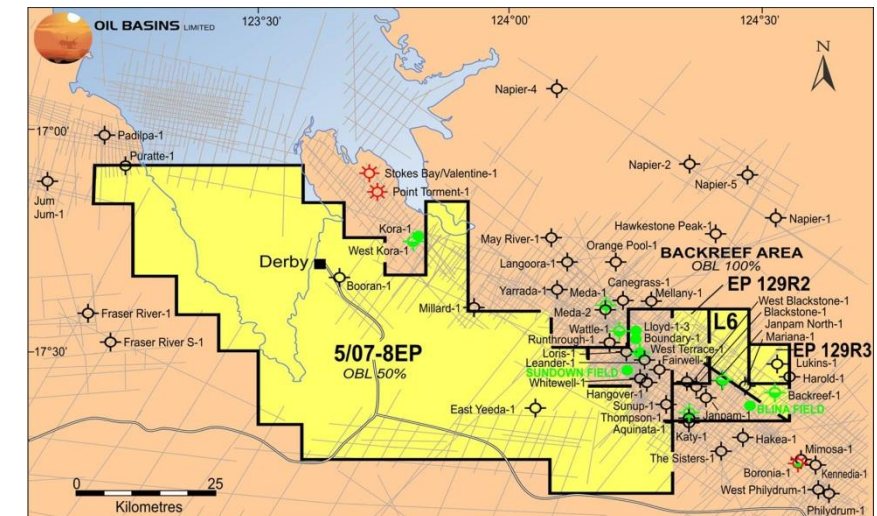


Figure 2 Oil and Gas Pipelines of Australia





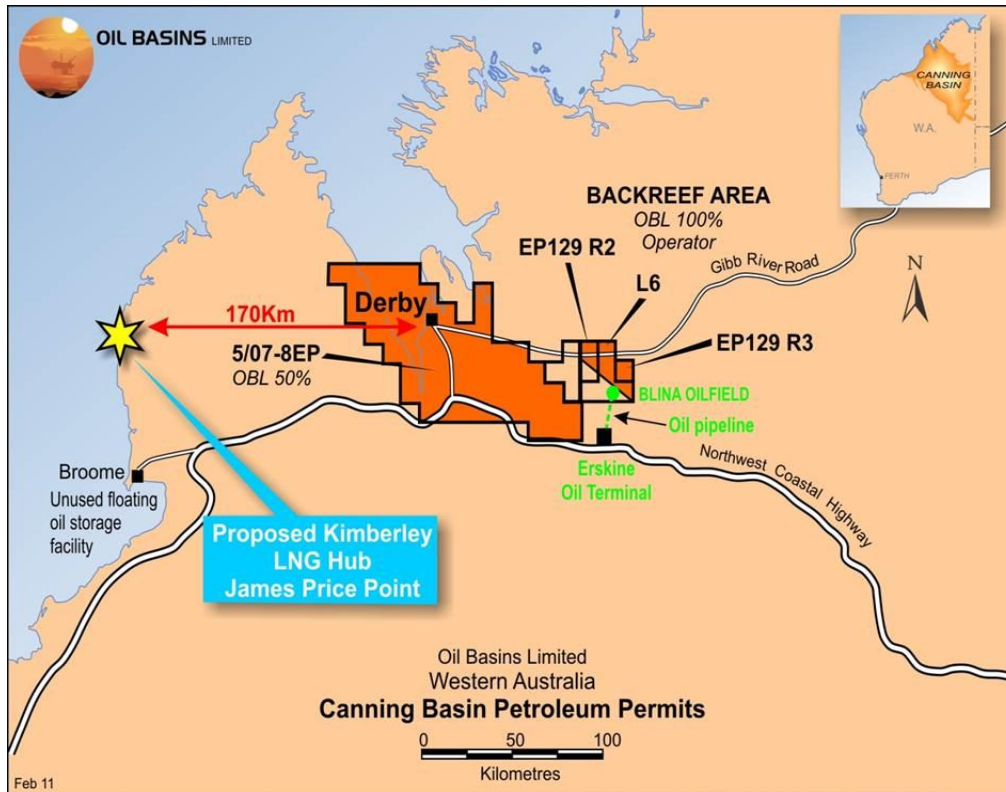
# Summary – OBL offers best exposure to Canning

*Backreef-1 has reduced risk for New Oil Play, CSG/USG has potential to de-risk Canning*

LNG Plant Model



**LNG Limited's Modular Plant technology ideally suited to moderate gas production build-up CSG / USG to LNG Projects**



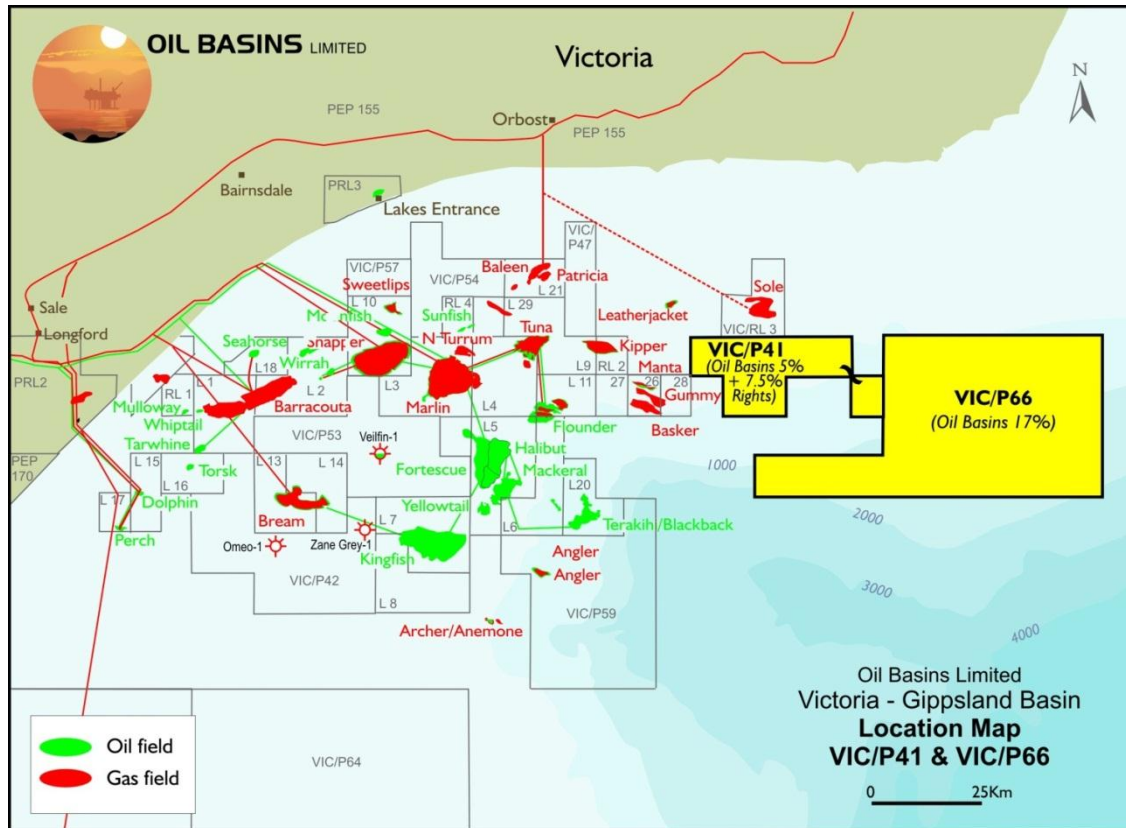
- OBL has delineated potentially significant New Oil Play in Backreef Area – Production Test during 1HY 2012.
- Strategic footprint for both CSG / USG to LNG with potentially large volumes of gas attractively located close to established regional infrastructure nearby Derby – Export CSG to LNG / USG to LNG (James Price Point)
- OBL has an executed SAA to attain upto 30% of a future LNG Project.
- OBL's SAA and ability to offer plant will potentially assist future farmouts.

**OBL has a non-exclusive Strategic Alliance Agreement (SAA) - if USG / CSG can also supply feed gas to James Price Point LNG Hub Feedstock or Gas to Liquids**



# Non-Operated Assets – Oil & NGL Projects

Eastern Gippsland Basin - Rights to 12.5% Vic / P41 & 17% Vic / P66

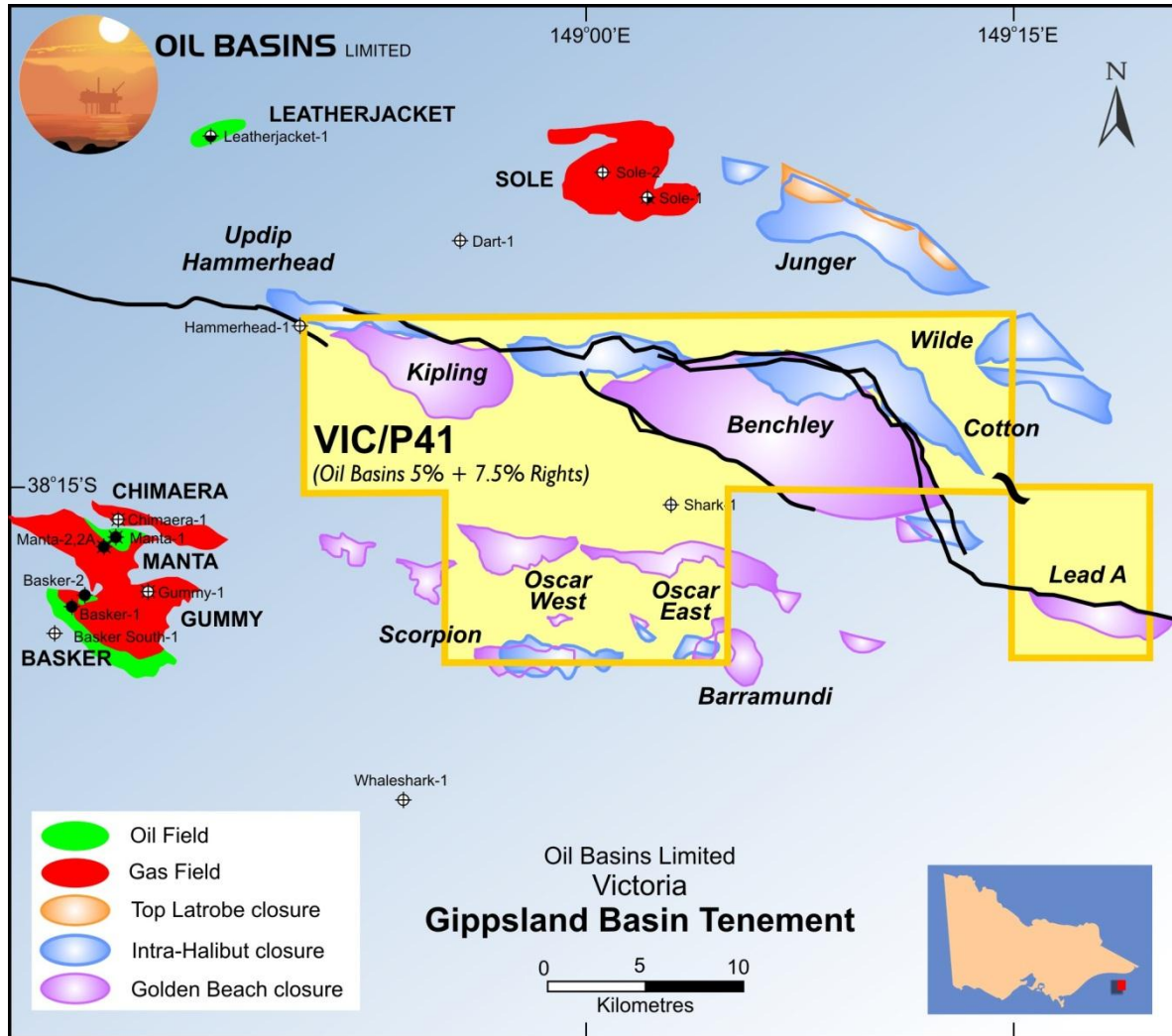


- Company's original IPO asset – rights held & funded as to 12.5% by OBL since 2006.
- Permit recently renewed (3<sup>rd</sup> Term renewal)
- Operator signed a Joint Study Agreement with CNOOC on 2 August 2011
- In November 2011 OBL moved to protect its investment and was recently assigned 5% of Vic/P41.
- These “gassy permits” will likely realise value with the advent of CO<sub>2</sub> Tax on 1 July 2012
- Vic/P41 is the “best undrilled Golden Beach Rosedale Fault play” in the offshore Gippsland Basin with ExxonMobil & BHP Billiton Petroleum drilling South East Remora in 2010 (near Snapper).



# Non-Operated Assets – Oil & NGL Projects

Eastern Gippsland Basin - Rights to 12.5% Vic / P41



- 6 undrilled 3D defined drill ready prospects
- According to the Regulator Vic/P41 potentially best undrilled permit in the offshore Eastern Gippsland Basin
- Gross P10 Vic/P41 upside 713 MMbbls Oil & 3.1 TCF Gas with potential for more upside – Lead A to be defined by new 3D seismic
- Oil Basins has Rights to circa net 96 MMBoe P50 prospective recoverable resources – with circa net 38 MMBoe potential now held direct
- OBL's strategic farmin has been valued on a risked basis at circa \$6.8m to \$9.9m (circa 1.9 cps to 2.9 cps – based on adjusted post-Placement 395.3m shares) **(Ref#1)**



# Forward Plan 2012 – seek to liberate value

## ***Carnarvon Basin***

- The Company's Cyrano Scoping Study has (using a novel Extended Production Test Concept) reduced the estimated capex for a future development from USD\$140m to below USD\$30m.
- Mapping of R5 extension & reservoir simulation studies to further derisk 2C resources & EPT.
- Seeking Farmin interest to finalise studies & rapidly develop the oil field.

## ***Canning Basin – Backreef Area***

- Backreef Area Prospective Resources mapped volumes now independently estimated between circa net 48 MMbbls to net 117 MMbbls with P50 (expectation) recoverable resources estimated at net 20 MMbbls.
- Presently advancing planning for Backreef-1 Cased Hole Production Test.
- Seeking Farmin interest ahead of larger work program.

## ***Canning Basin – Application 5/07-8EP***

- Advancing mediation to secure title and seeking to attract large CSG/USG Farmin partners

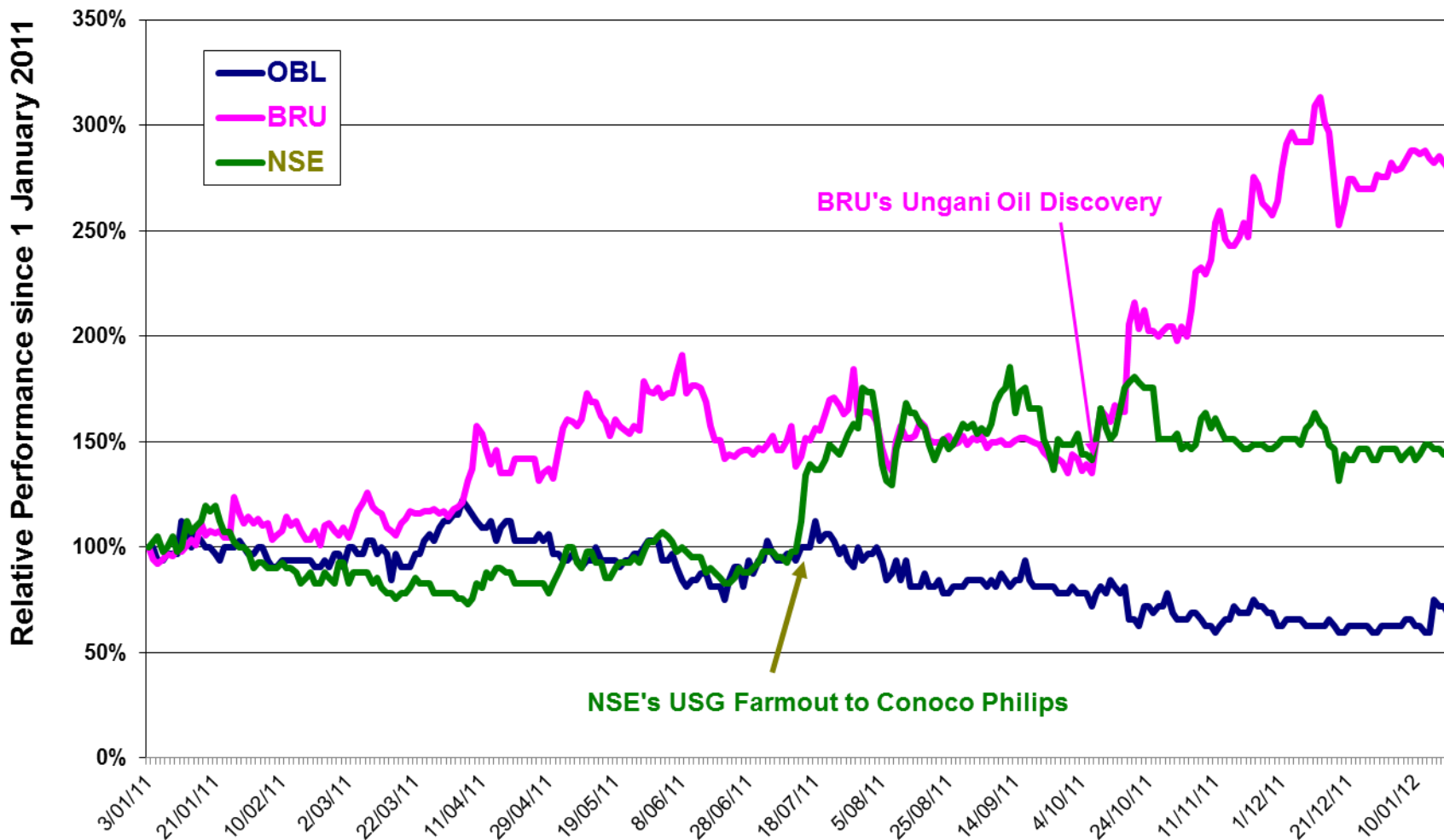
## ***Eastern Gippsland Basin***

- Recently assigned by Farminor Moby Oil & Gas a 5% interest in Vic/P41 – thereby removing a \$1.65m contingent payment to Moby on the first well drilled in Vic/P41.
- Seeking to further consolidate its Gippsland interests during 2012



# Possible impact of “success” in the Canning!

## Share Price Comparison & Impact of Farmouts & Discoveries



**CASE STUDY – MARKET RE-RATINGS OF CANNING EXPLORERS DURING 2011**



# Glossary & Petroleum Units

<b>M</b>	Thousand
<b>MM</b>	Million
<b>B</b>	Billion
<b>bbl</b>	Barrel of crude oil (ie 159 litres)
<b>PJ</b>	Peta Joule (1,000 Tera Joules (TJ))
<b>Bcf</b>	Billion cubic feet
<b>Tcf</b>	Trillion cubic feet
<b>BOE</b>	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)
<b>CSG</b>	Coal Seam Gas
<b>EPT</b>	Extended Production Test
<b>ESPCP</b>	Electric Submersible Progressive Cavitation Pumps
<b>PSTM</b>	Pre-stack time migration – reprocessing method used with seismic
<b>PSDM</b>	Pre-stack depth migration – reprocessing method used with seismic converting time into depth
<b>AVO</b>	Amplitude versus Offset, enhancing statistical processing method used with 3D seismic
<b>GIP</b>	Gas initially in place – also known as GIIP
<b>OIP</b>	Oil in place – also known as Stock Tank Oil Initially in Place (STOOIP)
<b>fm</b>	Formation
<b>sst</b>	Sandstone
<b>OWC</b>	Oil water contact
<b>USG</b>	Unconventional Shale Gas

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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. Recipients should not infer that because "prospective resources" are referred to that oil and gas necessarily exist within the prospects and CSG / USG tenements. 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 29 years standing and has been a full and continuous member of the US Petroleum Engineers since 1981 and by Mr Geoff Geary who is a professional geologist (Bachelor Science – Geology) with over 32 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 originally appear – investors should at all times refer to appropriate ASX Releases.
- Specifically the Gippsland Basin technical information is sourced from previous ASX Releases by Permit Operator Bass Strait Oil Company Limited (ASX code BAS). The technical contingent resources data relating to the Carnarvon Basin R3 is presently being independently assessed by RPS Energy – released 4 April 2011. The petroleum engineering technical data relating to the Carnarvon Basin R3/R1 was independently assessed by DU-EL Drilling Services (with principal conclusions of their Cyrano Development Scoping Study (refer to ASX Release 26 October 2011). Specifically the Canning Basin technical information relating to CSG & USG quoted has been compiled and / or assessed by an Independent Expert Report by Mapcourt Pty Ltd released to the ASX on 8 July 2010. The Backreef Area technical assessment by an Independent Expert Report by RPS Energy Pty Ltd released to the ASX dated 23 November 2011. The potential asset valuations are as defined and assessed by Gordon Capital Pty Ltd (holder of an AFSL) and as released to the market in full via the Company's website on 19 January 2012.
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