



**OIL BASINS** LIMITED

ABN 56 006 024 764

# Investors Presentation September 2007

ASX code OBL

[www.oilbasins.com.au](http://www.oilbasins.com.au)

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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. 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 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 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. **Specifically the Gippsland Basin technical information is sourced from previous ASX Releases by Permit Operator Bass Strait Oil Company Limited (ASX code BAS).**
- Specifically the Canning Basin technical information quoted has been compiled and / or assessed by Mr David Archibald, Managing Director Backreef Oil Limited; who is a professional geologist (Bachelor Science – Geology) with over 26 years standing and who is also a Member Australasian Institute of Mining and Metallurgy 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.
- Oil Basins Limited and its directors and representatives are not under any obligation whatsoever to update any of the information contained in this presentation.
- Other than in relation to the establishment of the Priority Offer, OBL and its Directors do not endorse or take any responsibility for the Backreef Resources Limited Prospectus or any matters contained therein but OBL does commend the opportunity to its shareholders for serious consideration.

## Contact Details



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# Brief Company Overview.



- **Oil Basins Limited successfully re-listed on ASX on 23 August 2006 after raising \$2.53 million (Company had previously been suspended for 11 years).**

- **Directors**

**Kim McGrath**, Executive Chairman – Experienced Deal Lawyer & Investment Banker

**Graeme Menzies**, Non Executive – Experienced Oil & Gas Director

**Neil Doyle**, Non Executive – Engineer & Upstream Specialist & former Investment Banker

- **Management**

**Melanie Leydin**, Company Secretary, Chartered Accountant

**Geoff Geary**, Petroleum Geologist, Exploration Consultant, former ExxonMobil

**Directors have strong relationships with local & international E&P Company's.**

# Brief Company Overview.



- **Capital Structure**

**Ordinary Shares (OBL): 33.884 million**

**Listed Options (OBLO): 27.020 million**

**Exercisable @ 20 cents 30 September 2009**

**In addition there are:**

6.0 million directors options escrowed 23 August 2008

0.25 million Unlisted Employee Options (non-escrowed)

**Total Options on Issue: 33.270 million**

**Fully Diluted: 67.154 million**

**Capital structure is tight.**

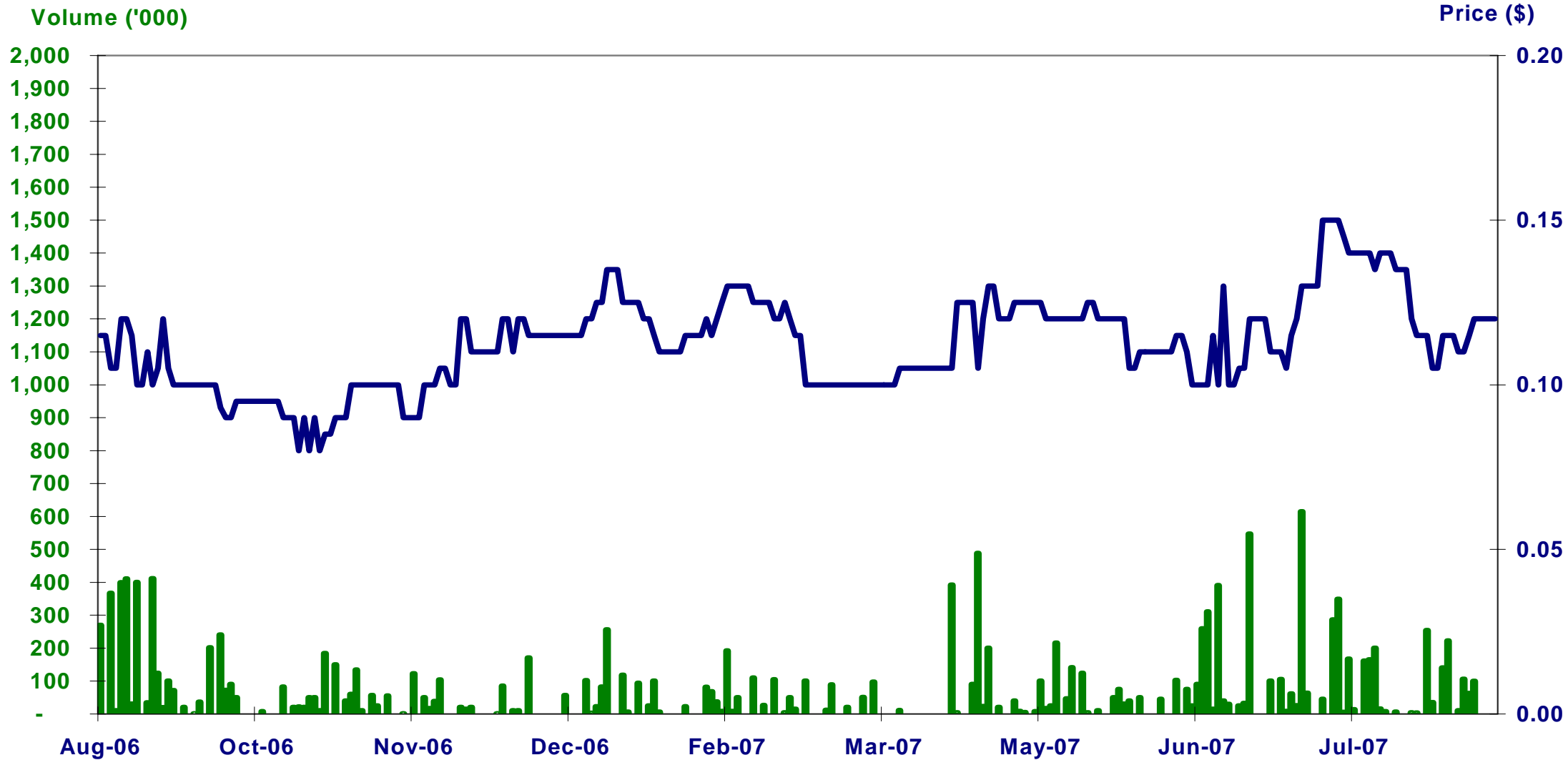
# Shareholders & Market Capitalisation.



- **Directors interests** **21.4% (combined)**
  - Kim McGrath** **8.5%**
  - Graeme Menzies** **2.4%**
  - Neil Doyle** **10.5%**
- **Top 20** **circa 55%**
- **12 month Trading Range** **High – 16 cents**  
**Low – 8 cents**
- **Market Capitalisation** **\$3.75 million @ 11 cents close 31 August**
- **Cash position** **\$0.91 million (G&A costs circa \$30kpcm av)**

**One of the lowest overhead ASX Listed companies.**

# Shareprice Performance since listing.



# Business Focus & Corporate Strategy.



- Company is primarily a Non-Operator.
- Company will look at “Strategic Assets” – both exploration and production.
- Above all else the key focus is “Absolute Leverage” yielding investors returns whether by success or monetising assets – basic Rules of Thumb.
- First move advantage = CHEAPEST ENTRY.
- Leverage – **always aim wherever possible for multiple points of leverage:**
  - (a) – off permit prospectivity ‘Position’ (ie the best place to find oil is next to known oilfields – substantially increases POS)
  - (b) – off nearby ‘Explorers Activity’ – adds value “gold rush” / land grab.
  - (c) – off nearby ‘Hubs / Infrastructure’ – adds significant strategic value.
- Finally ‘Sweat the Assets’ whether by drilling “prospect” and/or Farmout/trade = EXIT.

# Exploration Focus Areas.



## CANNING BASIN

Rights to 50%  
Blina Back Reef Play JV  
Area  
Rights to 20% DR9

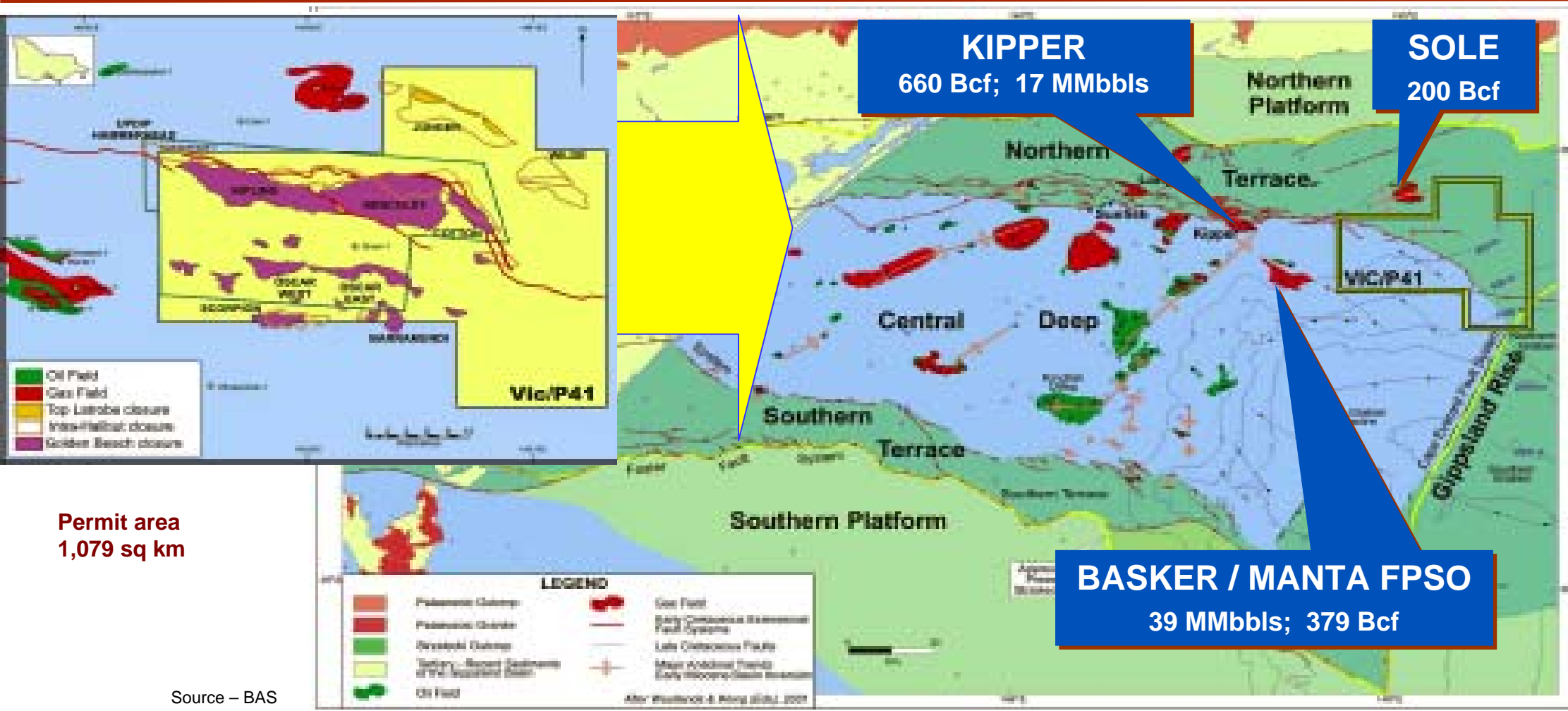


## GIPPSLAND BASIN

Rights to 12.5%  
Vic/P41



# Rights to 12.5% Gippsland Asset – Vic / P41 3D Seismic plus AVO defined Anomalies



**Vic / P41 Gippsland Permit is situated in a Highly Attractive Address  
Operator has now effectively turned high risk 2D defined leads into lower risk 3D defined prospects – 6 of which are now drill ready.**

# Gippsland Asset – Strategic Right to Farm-In to 12.5% Vic/P41 (via a structured deal).



## Pre-IPO **FIRST MOVE ADVANTAGE**

In early April 2006, Oil Basins via an initial HoA with Eagle Bay Resources (ASX code EBR) acquired initial rights to 7.5% and via a Option Agreement with Moby Oil & Gas (ASX code MOG) in mid-May 2006 acquired additional conditional rights to a separate 5%.

Both deals were executed prior to Vic/P41 3D seismic being processed and evaluated by Operator, Bass Strait Oil Company Limited (ASX code BAS).

## Post – IPO

Company executed Option with MOG and executed formal Farm-In Agreements with EBR and MOG via paying \$0.50 million to EBR and \$0.33 million to MOG.

Formal legal Rights were approved by DA in January 2007 and Oil Basins now has Rights to acquire direct interests in Vic/P41. Current net expenditure circa \$0.90 Million

**Pro-rata sharing costs > \$13M – with current 2008F rig rates >US\$400,000 per day, the anticipated equivalent overall Farm-In promote now approximates the industry 2:1 std.**

# Gippsland Asset – Strategic Right to Farm-In to 12.5% Vic/P41.



Permit interests are now:

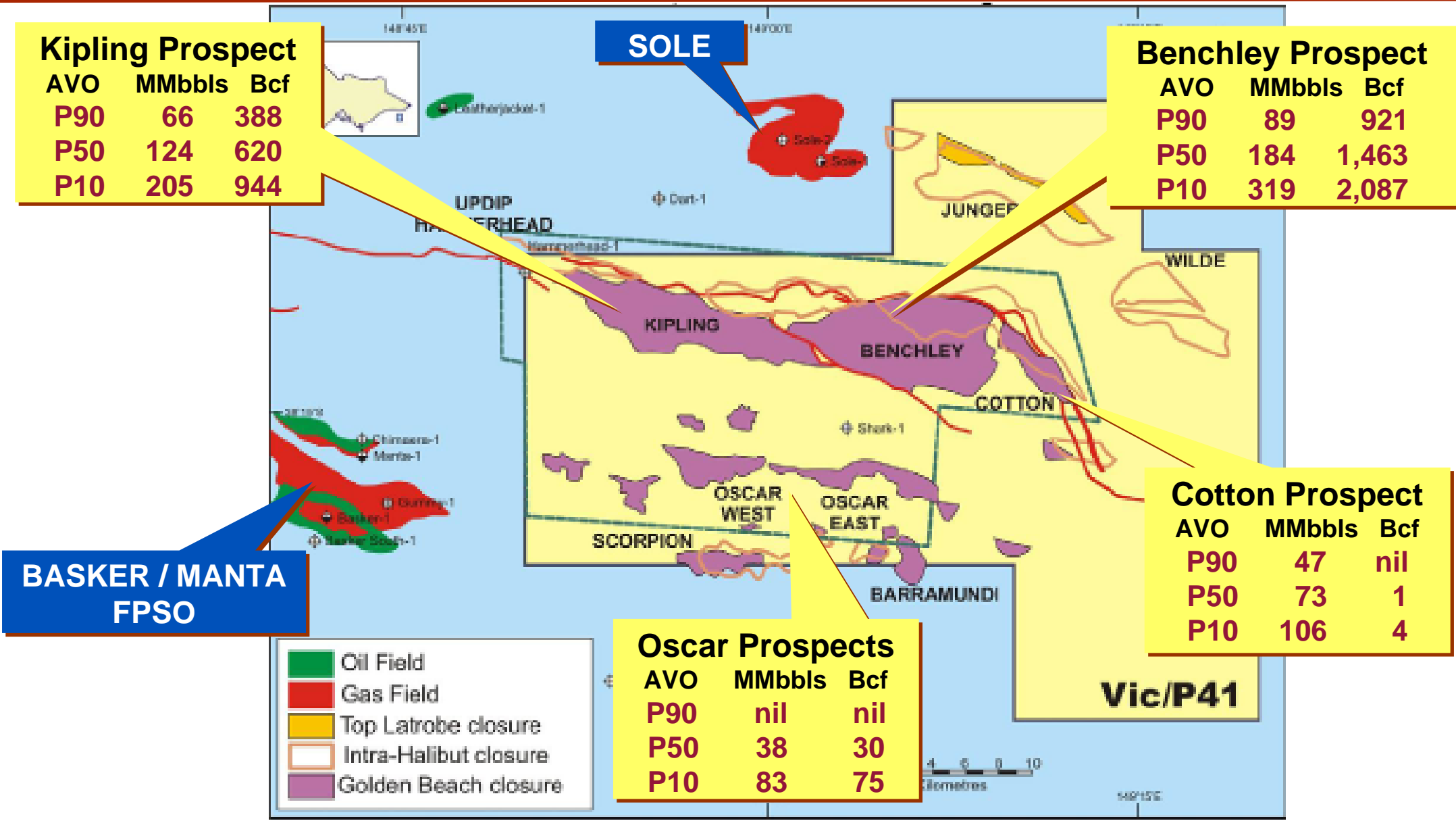
Bass Strait Oil Company Ltd (ASX code BAS)	45% (Operator)
Moby Oil & Gas Limited (ASX code MOG)	30% <u>reducing to</u> 25%
Eagle Bay Resources NL (ASX code EBR)	25% <u>reducing to</u> 17.5%
Oil Basins Limited (or nominees)	Potential to <u>increase</u> from 0% to 12.5%

Strategically:

Oil Basins now has Rights to acquire direct interests in Vic/P41 – OBL has the Right but not the Obligation to Farm-In and can reject any Permit Farm-In by a third party. Current investment circa \$0.90 million

**Permit is in very good standing with DA; has no ORRI obligations of any kind and has no drilling obligations until 10 September 2010.**

# Vic/P41 3D has delineated some of the largest undrilled Prospects in the Gippsland Basin



## Kipling Prospect

AVO	MMbbls	Bcf
P90	66	388
P50	124	620
P10	205	944

## SOLE

## Benchley Prospect

AVO	MMbbls	Bcf
P90	89	921
P50	184	1,463
P10	319	2,087

## BASKER / MANTA FPSO

## Cotton Prospect

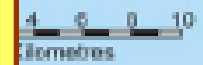
AVO	MMbbls	Bcf
P90	47	nil
P50	73	1
P10	106	4

## Oscar Prospects

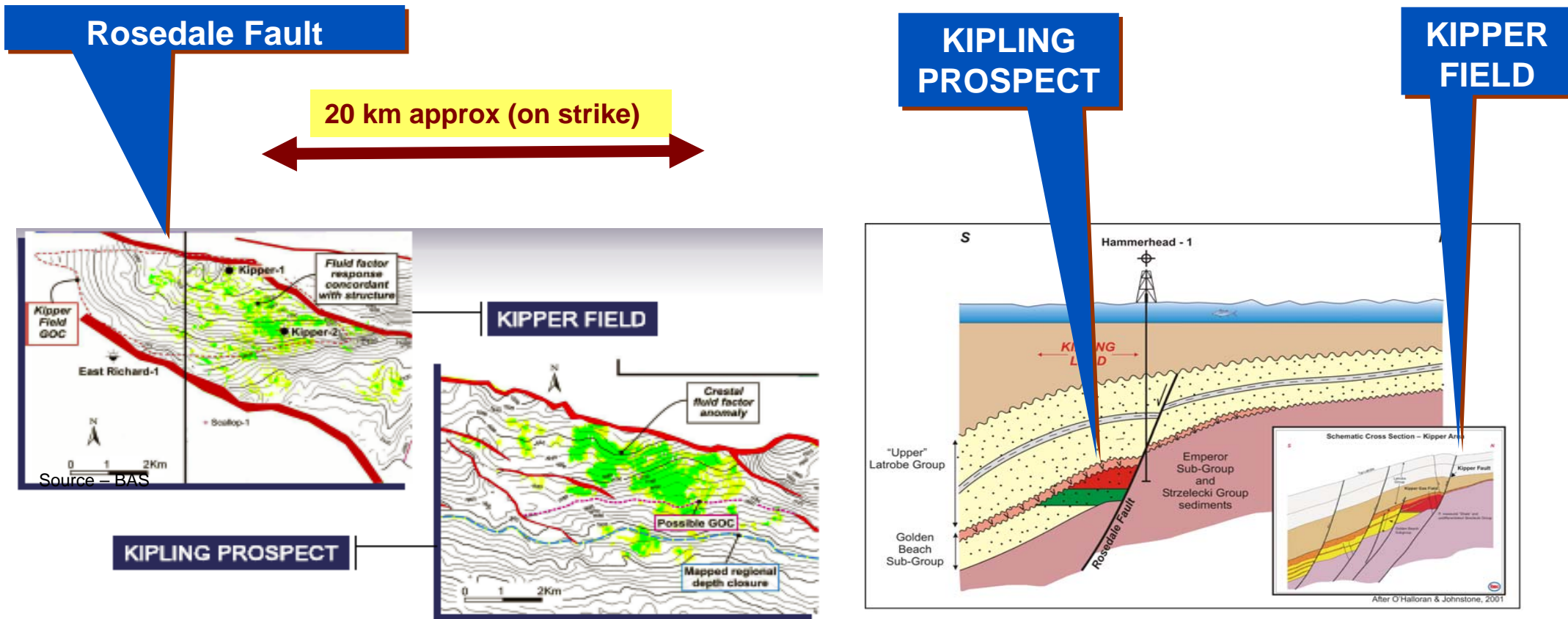
AVO	MMbbls	Bcf
P90	nil	nil
P50	38	30
P10	83	75

<span style="color: green;">■</span>	Oil Field
<span style="color: red;">■</span>	Gas Field
<span style="color: yellow;">■</span>	Top Latrobe closure
<span style="color: orange;">■</span>	Intra-Halibut closure
<span style="color: purple;">■</span>	Golden Beach closure

**Vic/P41**

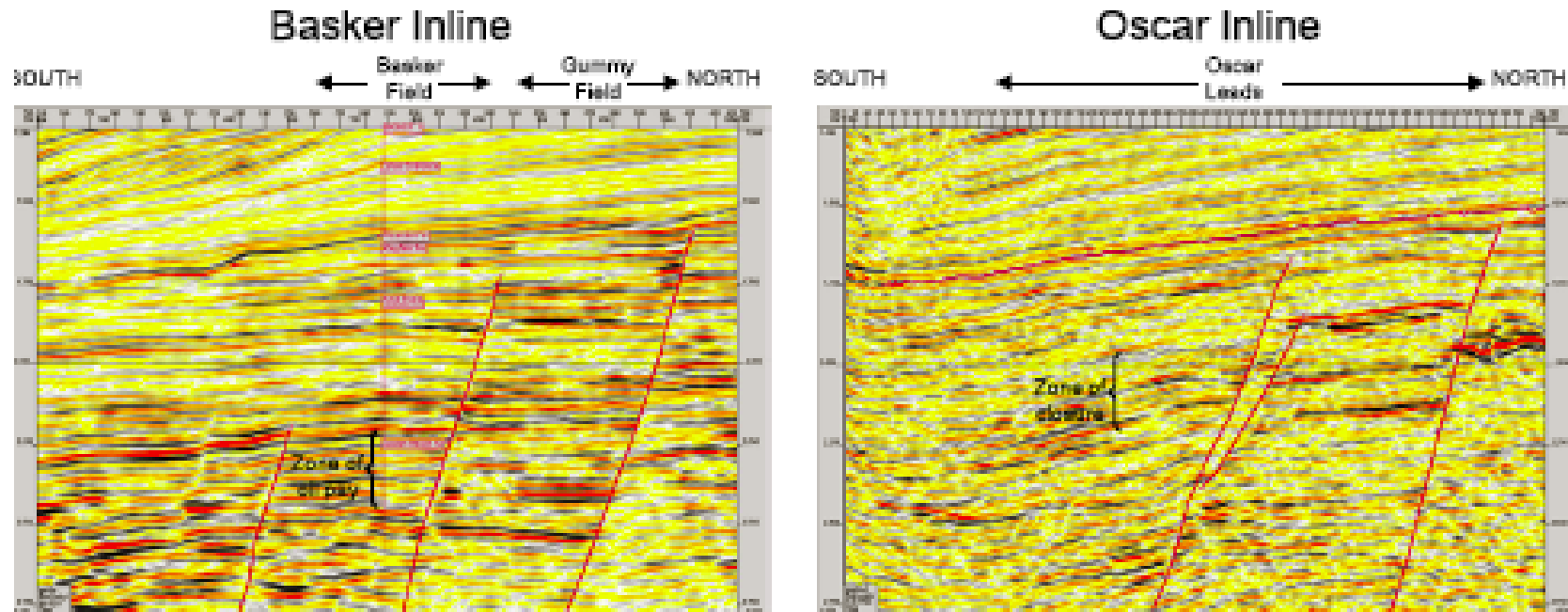


# Gippsland – Kipling is analogous to Kipper AVO's delineating gas are strikingly similar.



**Kipling:** is a downthrown fault closure along the Rosedale Fault. Top seal is provided by volcanics equivalent to those drilled in Kipper-1 (high amplitude events on seismic suggest presence of gas) Golden Beach reservoirs will likely be sealed across the fault against tight sediments of the Strzelecki Group. Prospect exhibits **Class 3 AVO Response**.

# Oscar Oil/Gas Prospects smaller less risky Basker/Manta look-alike prospects.



## Comparison of ontrend Basker and Oscar 3D Structures

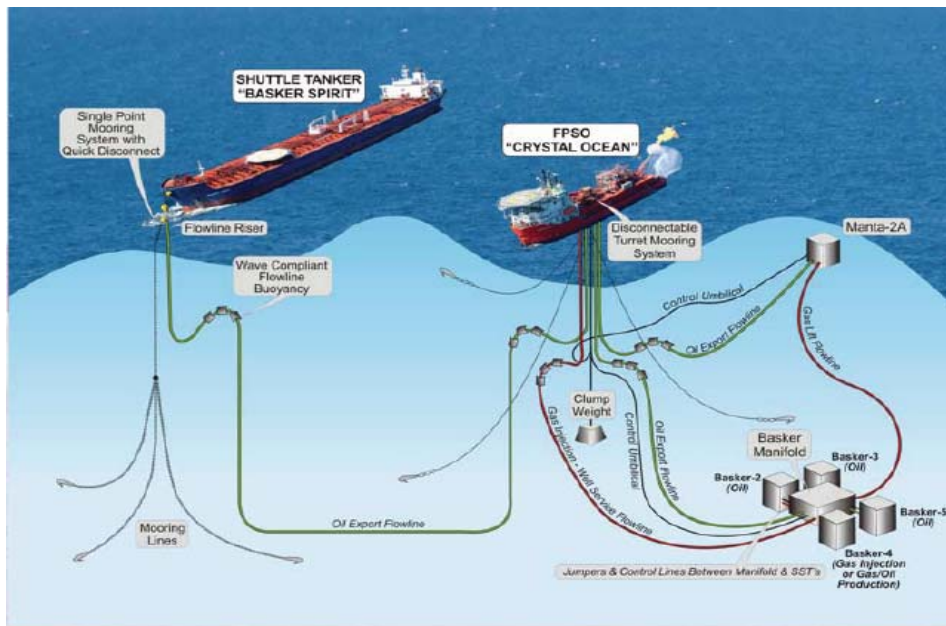
Refer to Oil Basins Prospectus

**Oscar Prospects:** Although less significant in areal closure than the closures along the Rosedale Fault, The Oscar prospects are considered relatively low risk by analogy with the Basker/Manta accumulations. The significant thickening of the Golden Beach and Halibut subgroups, together with better marine shale sequences and intrusive seal make stacked pay likely.

# Good Gippsland Position - Nearby to Basker/Manta FPSO Hub.



**Nearby Basker/Manta FPSO  
JV Interests**  
**Anzon 40% Operator**  
**Beach 40%**  
**Itochu 20%**  
**25,000 bopd capacity**



**Oil Basins Gippsland  
Basin Interests  
Rights to 12.5% Vic / P41**

**Proximity to nearby Field Developments.**

# Operator's published Vic/P41 Prospect Summary.



Operator has concluded the following:

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

Source – BAS

**Highly attractive permit – 6 Drill-ready 3D / AVO defined Prospects.**

**Gross P10 Vic/P41 Upside is 713 MMbbls Oil & 3.1 Tcf Gas**  
**Oil Basins has Rights to an assessed 94.3 MMBoe P50 prospective recoverable resources**

# Canning Basin

## Acquisition of Blina Back Reef Play JV Area.



### Pre-IPO **FIRST MOVE ADVANTAGE**

In February 2006, Oil Basins negotiated an entry into Blina Back Reef Play Joint Venture Area and in early March 2006 executed conditional HoA with Backreef Oil Limited for 22.5% subsequently raised by early April 2006 to 35%.

Oil Basins executed a Formal Conditional Farm-In with Golden Dynasty Resources Ltd, Backreef Oil on 5 May 2006 – subject to a number of requirements including a successful Oil Basins IPO raising a minimum of \$2.5 million and Golden Dynasty attaining 80% of Terratek Oil Tools – permit EP129R2 & R3 and licence L6 holder.

### Post – IPO

Golden Dynasty acquired 100% Terratek in September 2006 and executed a farmout to Backreef Oil (Operator) for a 70% interest on 12 October 2006.

Oil Basins acquired an Option for a further 15% interest from Backreef Oil in October 2006 – subsequently executed on 31 March 2007. Oil Basins subsequently split its interests in June 2007 (as permitted in Deed of Variation & Assignment lodged with DoIR in January 2007) and was awarded assignments by DoIR on 22 August 2007.

# Canning Basin – 50% Blina Back Reef Play Joint Venture Area.

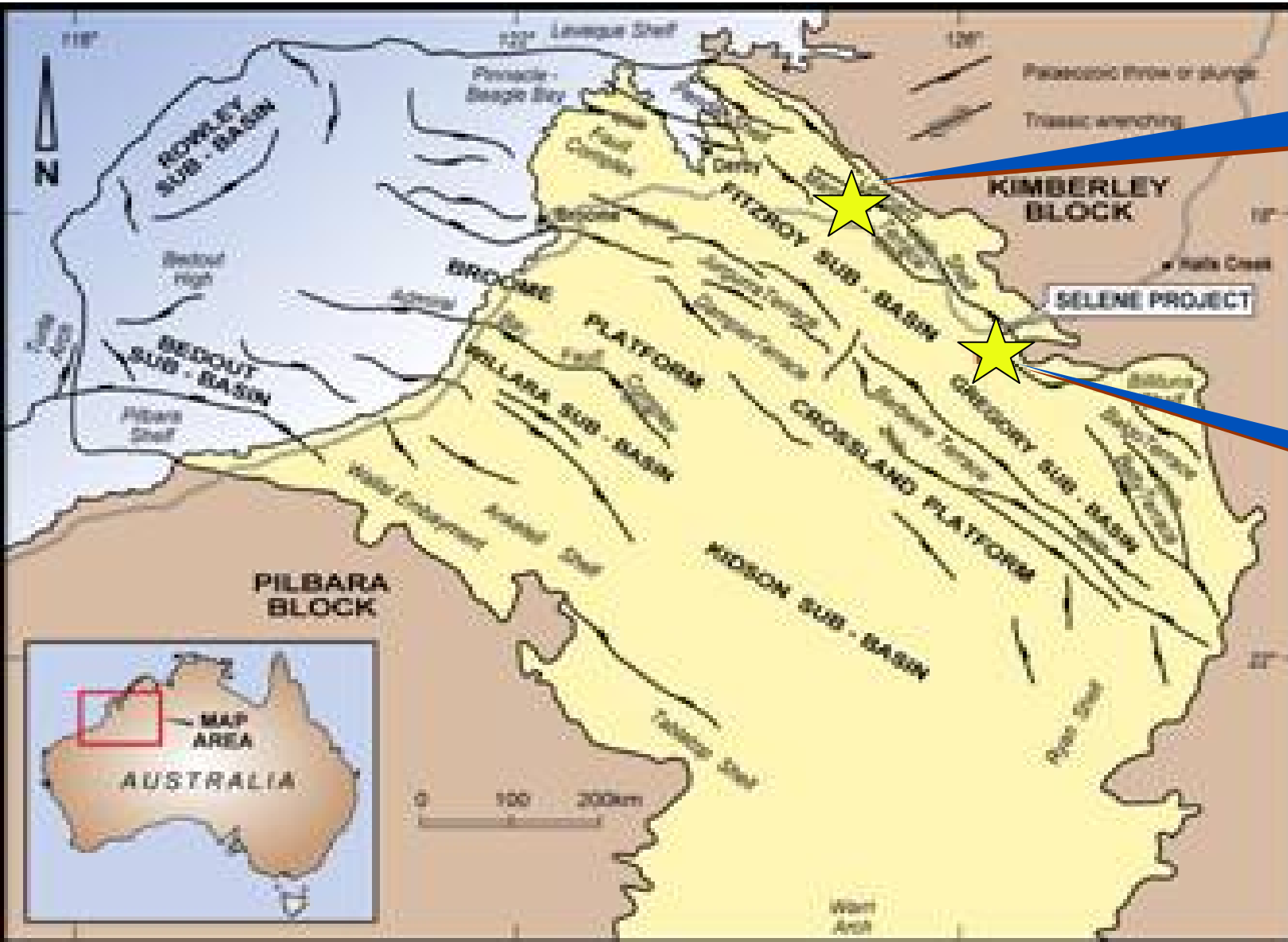


- The Blina Back Reef Play Prospect Backreef-1 is situated within an existing Production Licence L6 – renewed on 19 May 2006 for 21 years and nearby the under-utilised existing Blina Oil Hub crude pipeline, pumping and transport infrastructure, which may likely lead to a rapid development of the field (upon success).
- OBL presently holds formal legal rights to 50% and has since restructured its initial 35% interest into **3 wholly owned SPV's (approved by WA DoIR in August 2007)** so as to facilitate interest from third party Farminees.

Backreef Oil Limited	20% (Operator)
Terratek Drilling Tools Pty Ltd (100% owned by Arc Energy Limited ASX code ARQ)	30%
Oil Basins Limited (or nominee)	20%
OBL Backreef No. 5 Pty Ltd	5%
OBL Backreef No. 10 Pty Ltd	10%
OBL Backreef No. 15 Pty Ltd	15%

**OBL has a significant opportunity for interested 3<sup>rd</sup> parties for portions of its 50% interest in Canning Basin Blina Back Reef Play JV Area, including the Backreef-1 Prospect.**

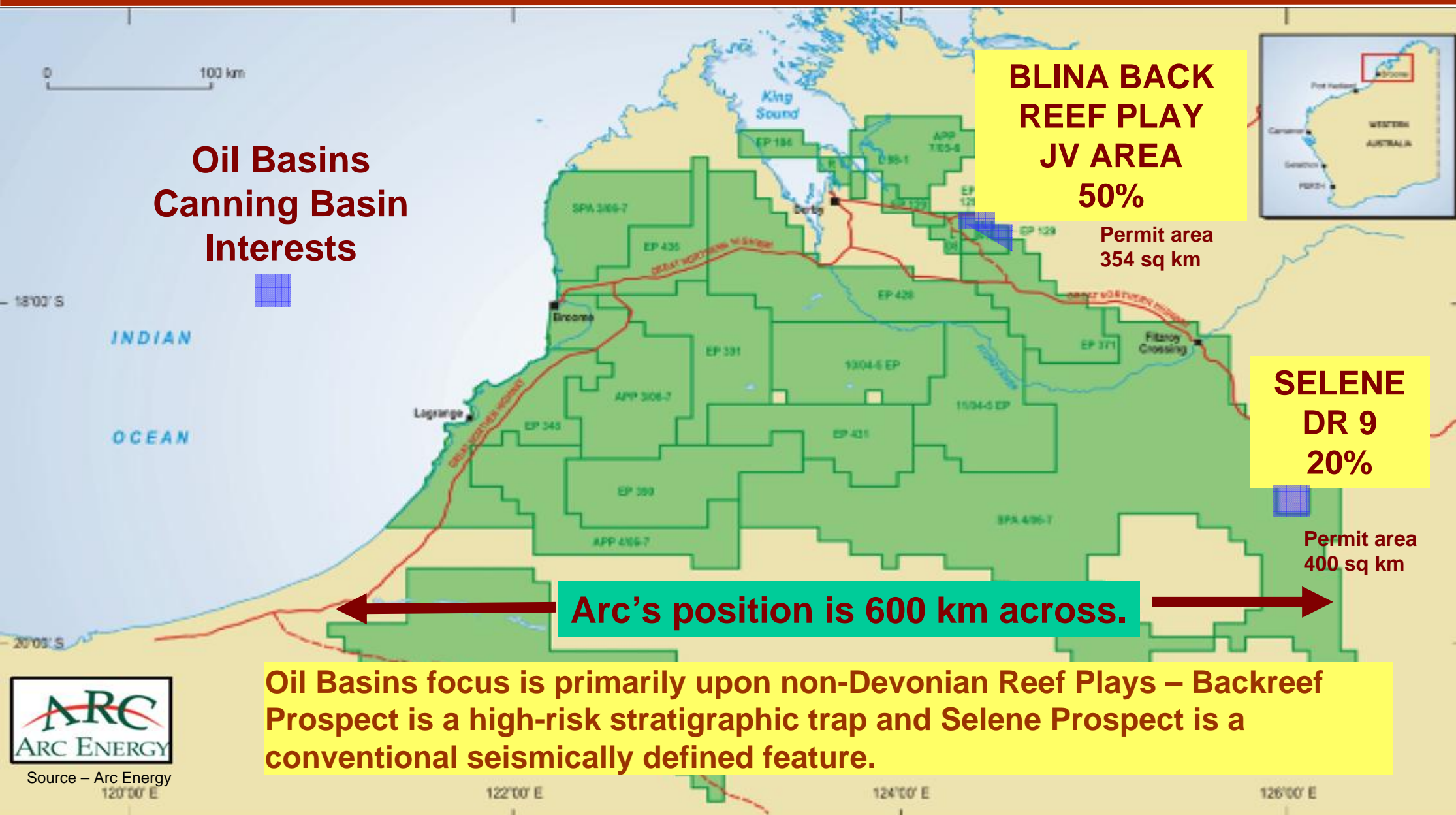
# Canning Assets are on trend to main Play Fairway – these are not targeting Devonian Reefs.



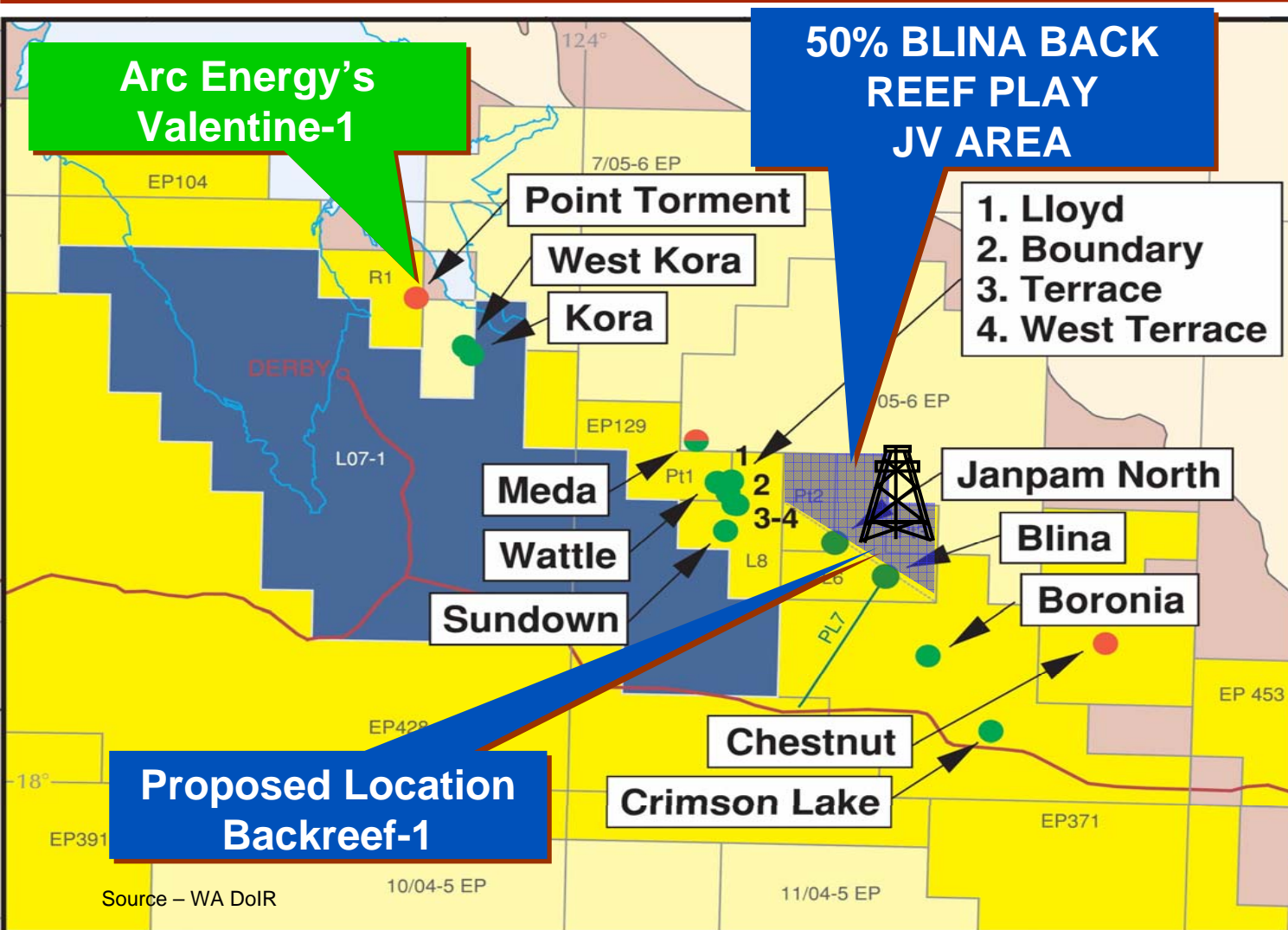
**50%  
BLINA BACK REEF  
PLAY JV AREA**

**20%  
DR 9 SELENE**

# Proximity to Arc Energy's Canning Basin Acreage.



# Good Canning Position – adjacent to established Blina Hub / Pipeline.

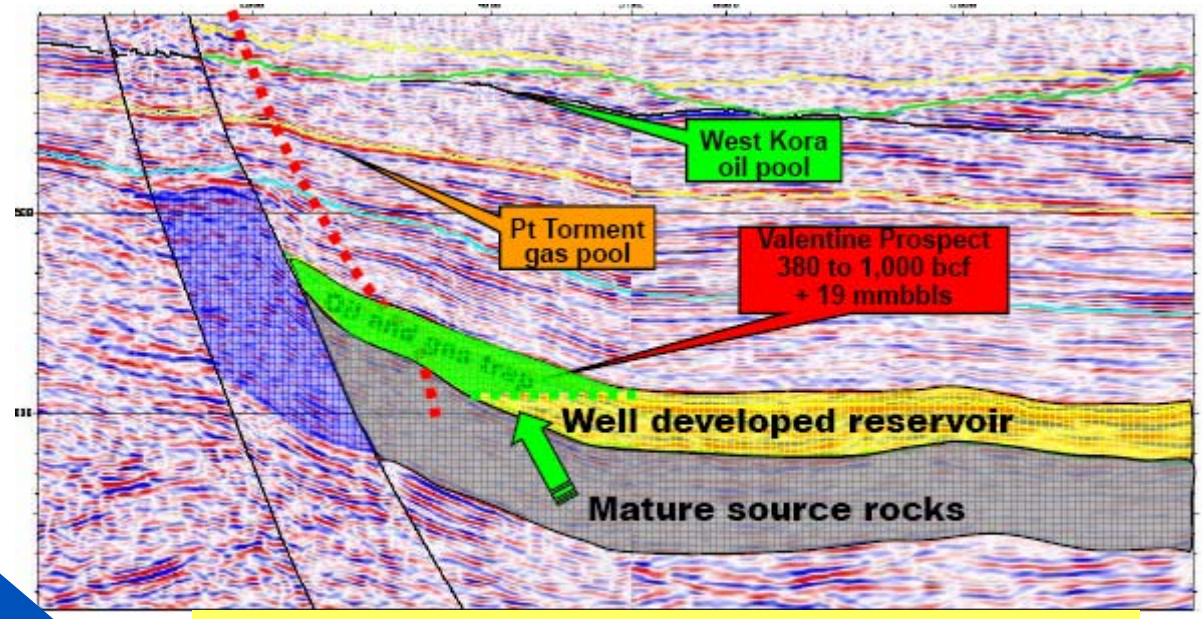
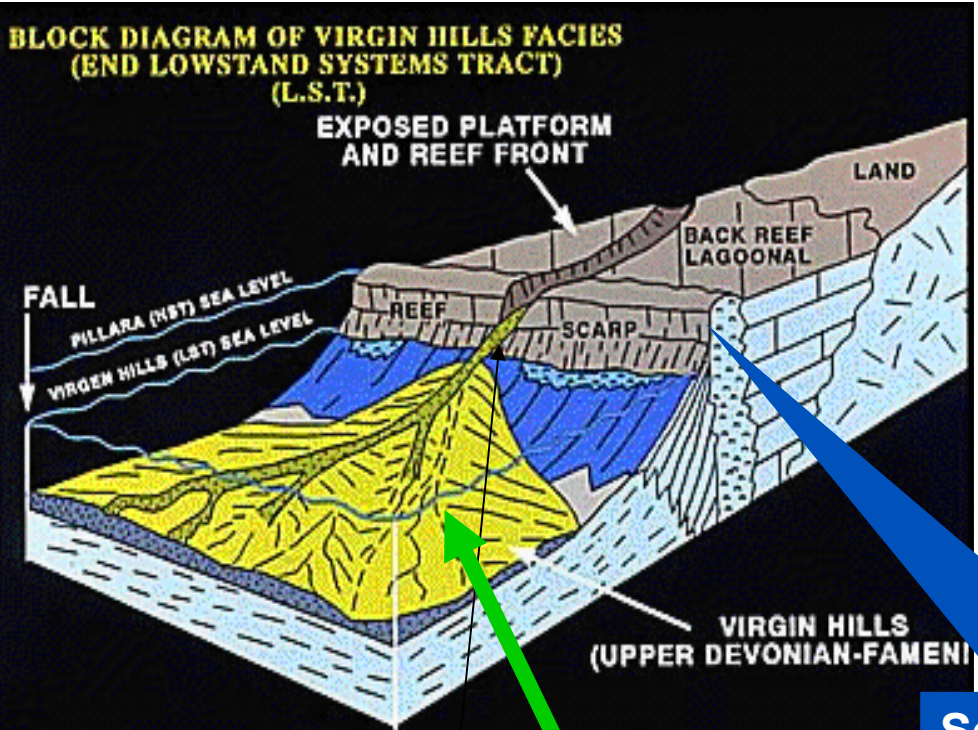


**Nearby Blina Facilities**



Transportation costs are circa A\$17.00 to A\$18.00/bbl – a commercial discovery may justify recommencement of shipping from Broome terminal, reducing costs to circa A\$6.00/bbl

# Prognosed structural interpretation – stratigraphic play – analogous to Valentine-1.

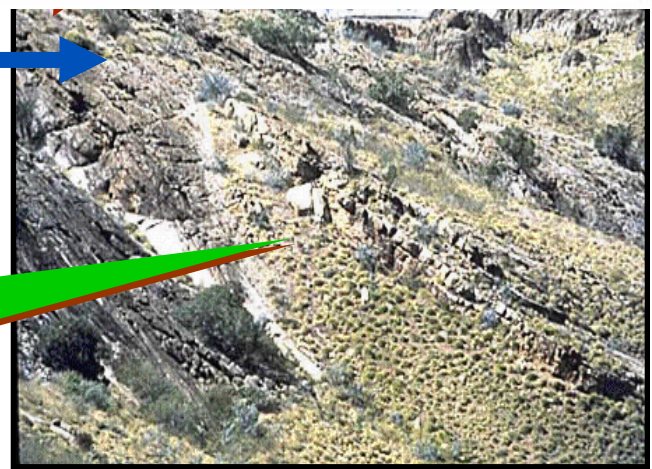


Prognosed Valentine-1 is a stratigraphic trap

Scarp of Limestone Reefs similar to Blina & Harold

Examples of prognosed backreef fan compared with regional surface outcrops – Winjana Gorge

NOTE - The untested section, which is the target of the proposed Backreef-1 well, is similar to the talus slope fan, depicted in yellow above, but is on the other or "back reef" side of the reef.



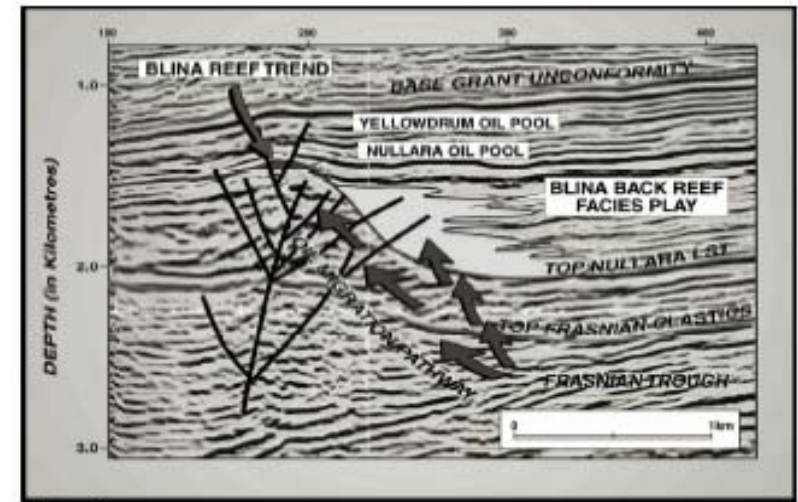
# Rights to 50% Backreef-1 Prospect Stratigraphic Trap (Drill Ready).



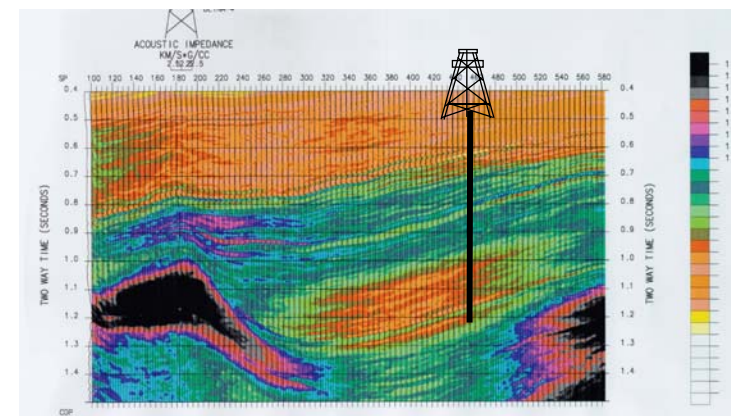
Permit	<b>Blina Back Reef Play JV Area</b> (formerly part of L6, EP129 R2 & R3)	
Operator	<b>Backreef Oil</b>	
Proposed TD	1,800m (5,905 ft)	
Area	72 sq km (18,200 acres)	
Max. Gross Pay	500m (1,640 ft)	
Net to Gross	8% ie 40m (131 ft)	
Rock Volume	36,000 x 10 <sup>6</sup> cubic m	
Reservoir	Porosity	15%
<b>Lowstand Clanmyer Fm</b>	So	65%
	FVF	1.2
<b>Gross Oil-In-Place</b>	<b>900 MMbbbls</b>	
<b>Recoverable Reserves</b>	<b>270 MMbbbls</b> (prospective potential recoverable)	

**Net OBL Share 135 MMbbbls**

**OBL presently holds Rights to 50% (via funding 100% of well – gross cost of \$1.5 m)**



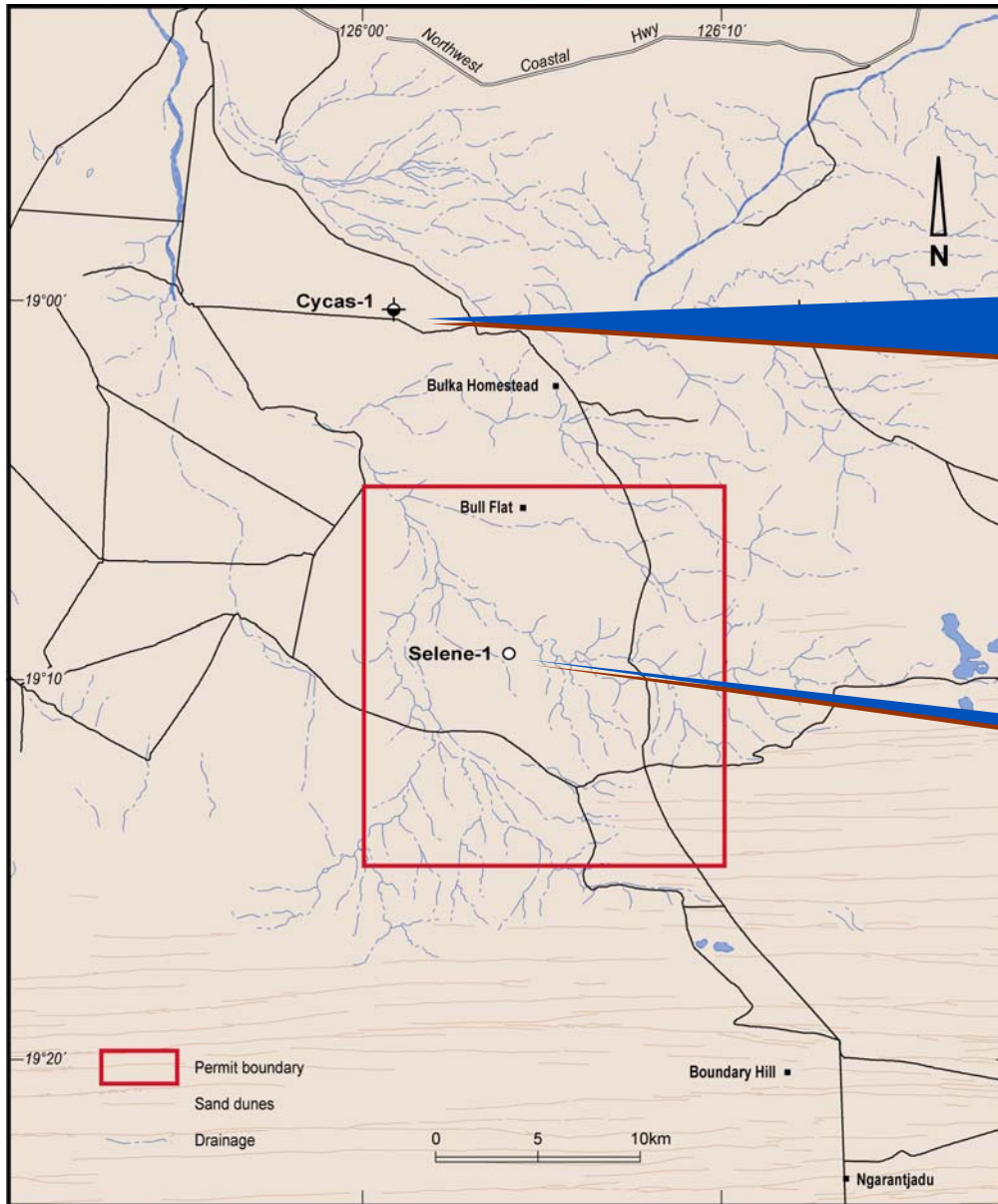
**Schematic View of Blina Back Reef Play**



**Schematic proposed location of Backreef -1 circa shot-point 430 – PTD 1,800m**

# Canning Basin

## DR 9 Selene – 20% interest.



**Nearest well Cycas-1 drilled 1983 by IEDC (now Kufpec) – which encountered significant oil shows over 305m in the Anderson fm**

**Location of Selene-1**

# Selene-1 Prospect Fault-independent structure (Drill Ready).



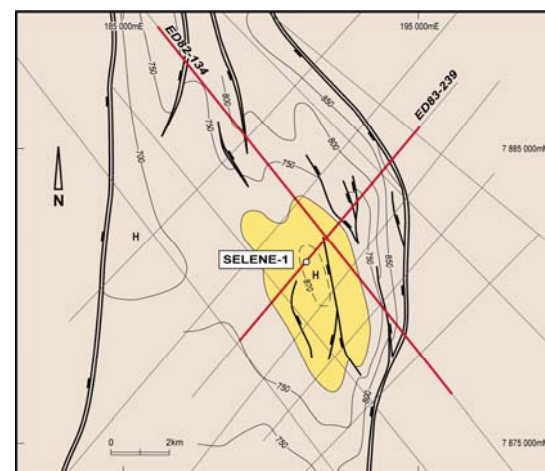
Permit	<b>DR9 (formerly EP366)</b> DR 9 Granted *Pending Aboriginal Heritage Approval
Operator	<b>Backreef Oil</b> (former Operator SOCDET, technical estimates below)
Proposed TD	2,400m (7,875 ft)
Area	18.0 sq km (4,550 acres)
Max. Gross Pay	100m (328 ft)
Max. Net to Gross	50% ie 50m (164 ft)
Av. Net Pay	20m (65 ft)
Rock Volume	360 x 10 ^6 cubic metres
Reservoir	Porosity 15%
<b>Anderson Fm</b>	So 70%
	FVF 1.2
<b>Gross Oil-In-Place</b>	<b>357 MMbbls</b>
<b>P50 Rec. Reserves</b>	<b>107 MMbbls</b> (prospective potential recoverable)

**Net OBL Share 21.4 MMbbls**

**OBL presently holds Rights to 20% (upon funding 33% of well - gross cost of \$2.0 m)**



**Base Grant Fm Time Structure Map**



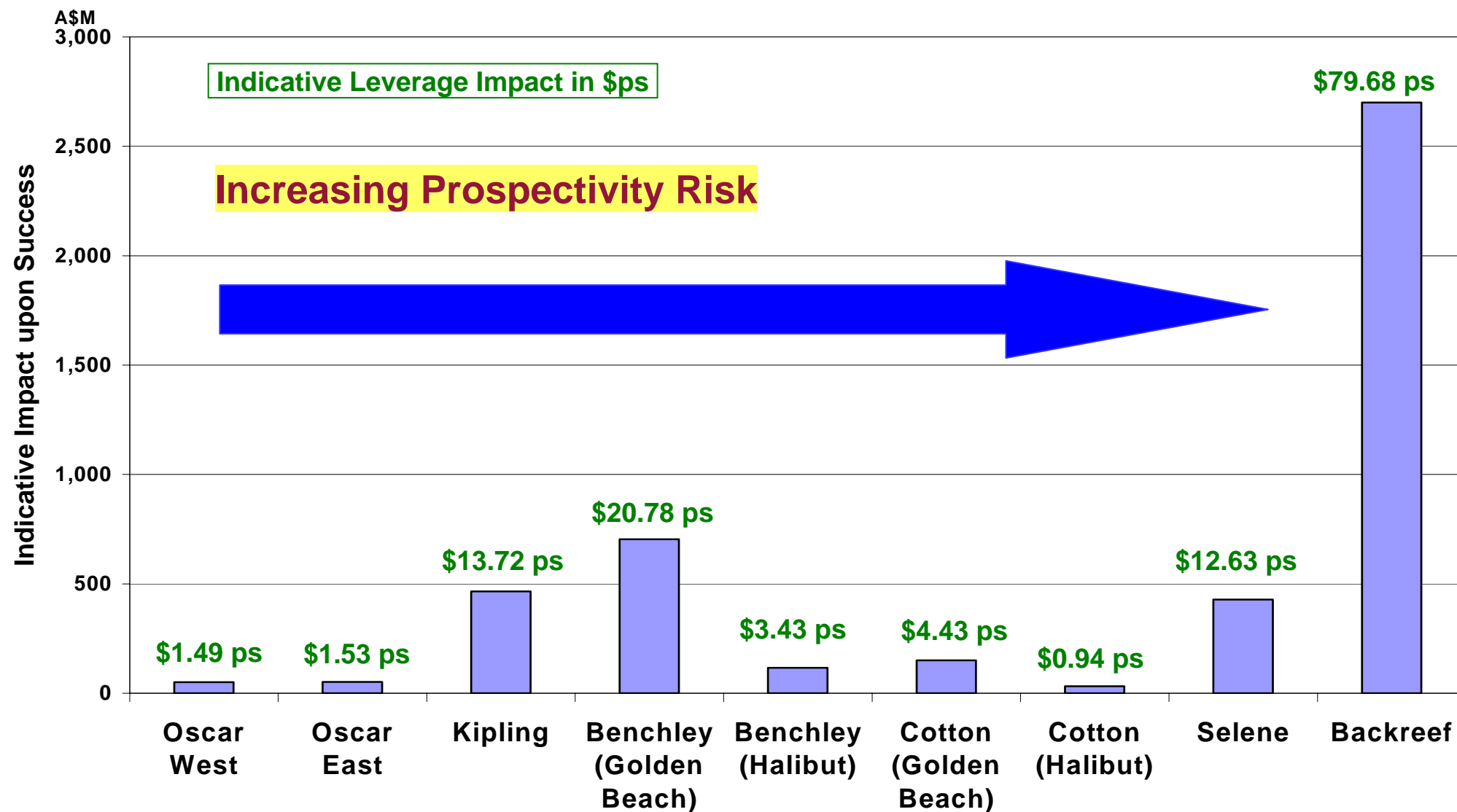
**Top Betty Fm Time Structure Map**

# Potential Field Sizes & Company's assessed Potential Leverage per Share



Basin Permit / Net Interest	Drill-Ready Prospects	Prospect Sizes Gross P50 (Unrisked)		Oil Basins Net P50 (Unrisked)		Valn Assumptions A\$20/bbl Oil A\$2/Mcf Gas		LEVERAGE
		OIL MMbbls	GAS Bcf	OIL Million bbls	GAS Bcf	Oil Basins Valuation A\$Million	Oil Basins Valuation \$ps	
<b>Offshore Gippsland Basin - 12.5%</b>								
Kipling	Within Vic/P41 only	124	620	15.5	77.5	465		\$13.72
Benchley	Golden Beach sst	145	1,366	18.1	170.8	704		\$20.78
Benchley	Halibut Sub-group sst	39	75	4.9	9.4	116		\$3.43
Cotton	Golden Beach sst	60	1	7.5	0.1	150		\$4.43
Cotton	Halibut Sub-group sst	13	-	1.6	-	32		\$0.94
Oscar West	Intra-Latrobe sst	19	12	2.4	1.5	51		\$1.49
Oscar East	Intra-Latrobe sst	19	18	2.4	2.3	52		\$1.53
		<b>419</b>	<b>2,092</b>	<b>52.4</b>	<b>261.5</b>	<b>1,570</b>		<b>\$46.33</b>
<b>Onshore Canning Basin</b>								
<b>Blina Back Reef Play Joint Venture Area - 50%</b>								
Backreef	Back Reef Facies (stratigraphic trap Clanmeyer fm)	270	-	135.0	-	2,700		\$79.68
<b>Drilling Reservation DR9 - Earning 20%</b>								
Selene	4 way dip closure Anderson fm	107	-	21.4	-	428		\$12.63
<b>Overall Leverage</b>				<b>208.8</b>	<b>261.5</b>	<b>4,698</b>		<b>\$138.65</b>

# Balanced Portfolio & Significant Leverage to High Impact Wells with Farm-Out Potential.



# Investment Case - Summary

## Highly Leveraged Oil Exploration Company.



- **Company has very tight capital structure and very modest cost structure which assists to maximise future leverage and shareholder returns.**
- **Company has 8 drill ready prospects** – 6 defined by very modern 3D seismic – full suite of analysis PSTM & AVO response.
- Company's leverage is very large ie net P50 potential prospective resources assessed at 94.3 MMBoe (Gippsland) and net P50 potential prospective resources 156.4 MMbbls (Canning) – for **very modest entry costs** – **OR expressed in another way:**
- **Company presently offers Investors a Net 250.7 MMBoe exposure representing 7.40 Boe P50 potential prospective resources per individual ordinary share.**
- **Company is poised to Farm-out both Canning & Gippsland interests** so as to facilitate (a) drilling prospects inventory as soon as possible, (b) monetise assets (ie implied via Farm-out Valuations) and (c) create wealth for shareholders as part of the trading process.

**Company is screening additional E&P opportunities.**

# Backreef Resources Limited IPO

## Priority Offer to Oil Basins shareholders.



- Backreef Resources Limited is aiming to raise upto \$8 million via an IPO prospectus by an issue of upto 40.0 million shares at an issue price of \$0.20 per share.
- Offer opened on 8 August 2007 – closing date 12 September 2007 (*or as otherwise advised*).
- **So as to assist this new issue (and thereby fast-track near-term access to a Canning Basin drilling rig), there is a Priority Offer to Oil Basins Limited shareholders with a record date of 8 August 2007 for upto 5.0 million shares and Applications for Shares under both the Priority Offer and the General Offer must be made using the Priority Offer Application Form as attached to the Backreef Resources Limited Prospectus – refer to website [www.backreef.com.au](http://www.backreef.com.au)**
- Backreef Resources Limited is raising funds to apply to Canning Basin drilling and will upon finalising its capital raising have the following net interests:
  - 30% interest in DR9 containing Selene Prospect – gross 107 MMbbls prospective recoverable resources.
  - 50% interest Yagga Yagga Blocks containing Christian and Brett Prospects – gross 519 MMbbls & gross 143MMbbls prospective recoverable resources respectively.
- These are some of the largest undrilled prospects in the Canning and ALL investors are advised to read the prospectus and in particular review the risk section of the Backreef Resources prospectus and the Independent Expert Reports contained therein PRIOR to considering any investment.

**Investors should refer to Disclaimer Section at front of this document.**