



OIL BASINS LIMITED

ABN 56 006 024 764

30 March 2007

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

Dear Sirs

OIL BASINS FARMS INTO DR 1/06-7 CANNING BASIN

NEW CANNING BASIN FARM-IN TO DRILL SELENE PROSPECT

Oil Basins Limited (ASX code OBL) wishes to advise the Australian Stock Exchange that it has formally executed an agreement with Backreef Oil Limited on a conditional farm-in for Application for Drilling Reservation 1/06-7 in the Canning Basin, Western Australia. Under the terms of the farm-in, OBL agrees to fund 33% of the cost of drilling the Selene-1 Prospect (capped at \$2.0 million) in return for a 20% undivided interest in both the Selene-1 Prospect and Application for Drilling Reservation 1/06-7.

According to the Operator, the permit is presently in an advanced stage of native title discussions with the Kimberley Land Council and, subject to satisfactory finalisation of a number of regulatory approvals, the Selene-1 exploration wildcat well may be drilled during the latter half of 2007.

Following the farm-in, the joint venture interests will be as follows:

Backreef Oil Limited	80% (Operator)
Oil Basins Limited (or nominee)	20%

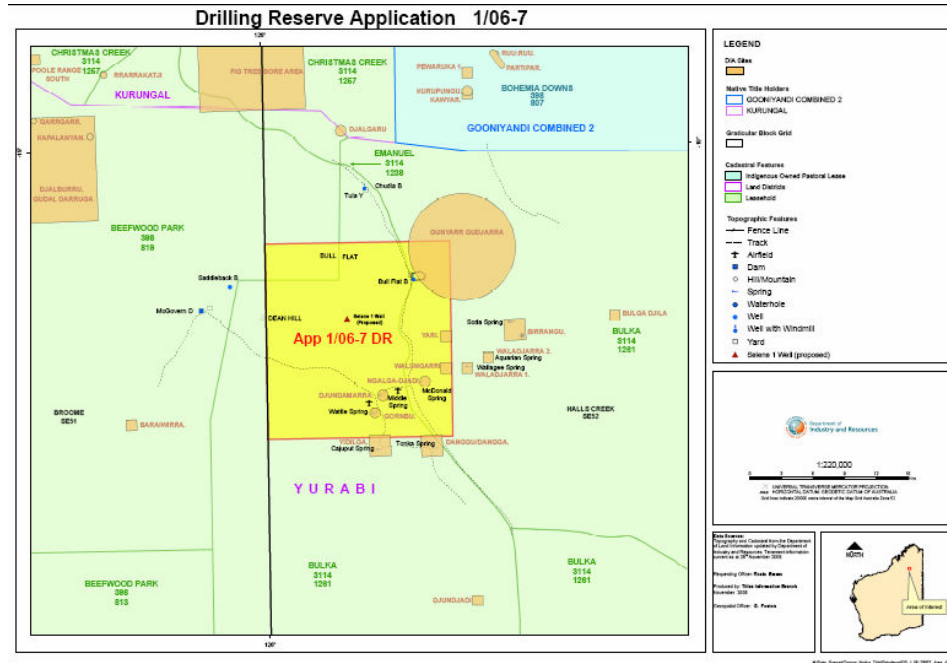
The following regional geological and geophysical information has been provided / assessed by the Reservation Operator, Backreef Oil Limited, and has been included so as to inform shareholders.

The 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.

In addition Oil Basins Limited advises investors that oil and gas wildcat exploration is a speculative investment and an equally valid outcome of each of the prospects is that no oil or gas will be discovered.

LOCATION

Application for Drilling Reservation 1/06-7 is situated in the Northern Fitzroy Trough, onshore Canning Basin, Western Australia some 550km due east of Broome. The Prospect is located basinward of the Harvey Fault System. The proposed location for the Selene-1 well is on seismic line ED 82 - 14, SP 178. The Selene Prospect is a conventional 4-way dip closure sandstone objective. A well drilled to 2,000m at this location would provide a crestal test of the Grant Group.



Location Map

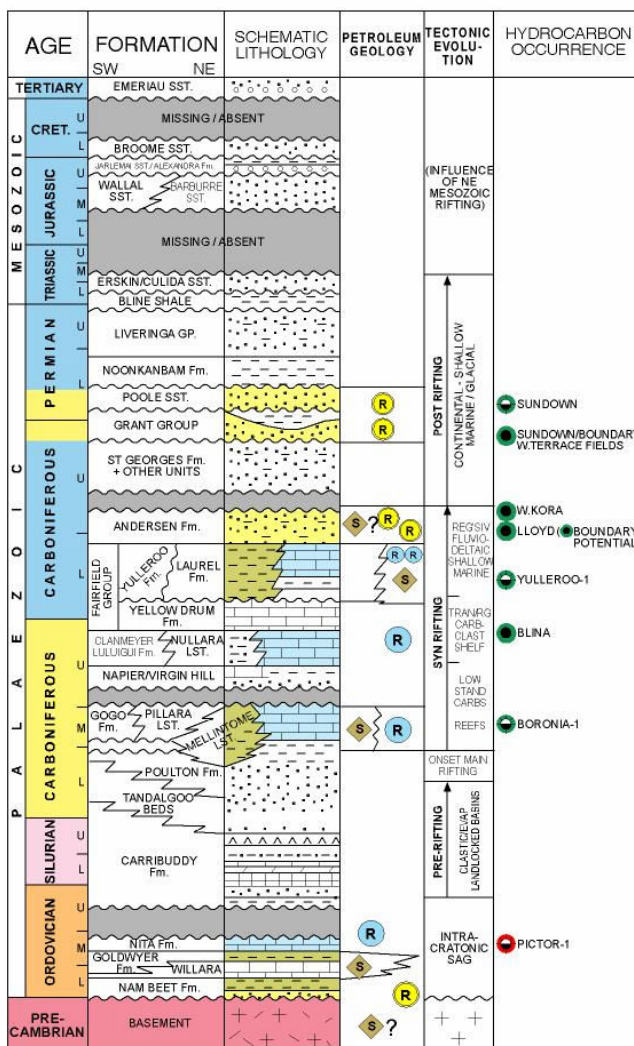
TRAP

The shallow structure of the Selene Prospect is a robust anticline rolling over into the downthrown side of the Selene Fault. Closure in Anderson Formation and above is believed to have originated as a reverse-faulted anticline associated with possible wrenching and later affected by extensional forces. The anticline shows structural growth during the Carboniferous and was probably formed by compressional forces associated with the Alice Springs Orogeny. This is believed to be encouraging since structural growth is interpreted to be contemporaneous with peak oil maturity, generation and migration from Frasnian source rocks of the Gogo Formation. Weak anticlinal closure at the top of the Poole Sandstone indicates that the Selene Prospect may have been affected by the Late Triassic Fitzroy Movement. However, this tectonic event does not appear to have had major influence on the Selene structure.

RESERVOIR OBJECTIVES

The objective of the well is to test a stacked sequence from the Poole Sandstone to the Anderson Formation which are all prognosed to be deposited as fluvio-deltaic sandstones. In nearby Cycas-1 (situated some 15km north) these sands had log-derived porosities in excess of 20%. The productive potential of these sands was indicated by a DST which recovered 52 bbl of muddy water from only a ten minute flow. The Betty Formation (within the Grant Group) is one of the objectives and was deposited in a shallow marine to glacial environment. Measured porosities of between 12% and 17% were recorded in Cycas- 1 with permeabilities up to 200md. The marine to fluvial-deltaic Poole Sandstone with porosity between 10 and 25% in Cycas-1 is a further possible objective in the well.

GENERALISED STRATIGRAPHY & PETROLEUM GEOLOGY OF THE CANNING BASIN



General Stratigraphy & Petroleum Geology of the Canning Basin

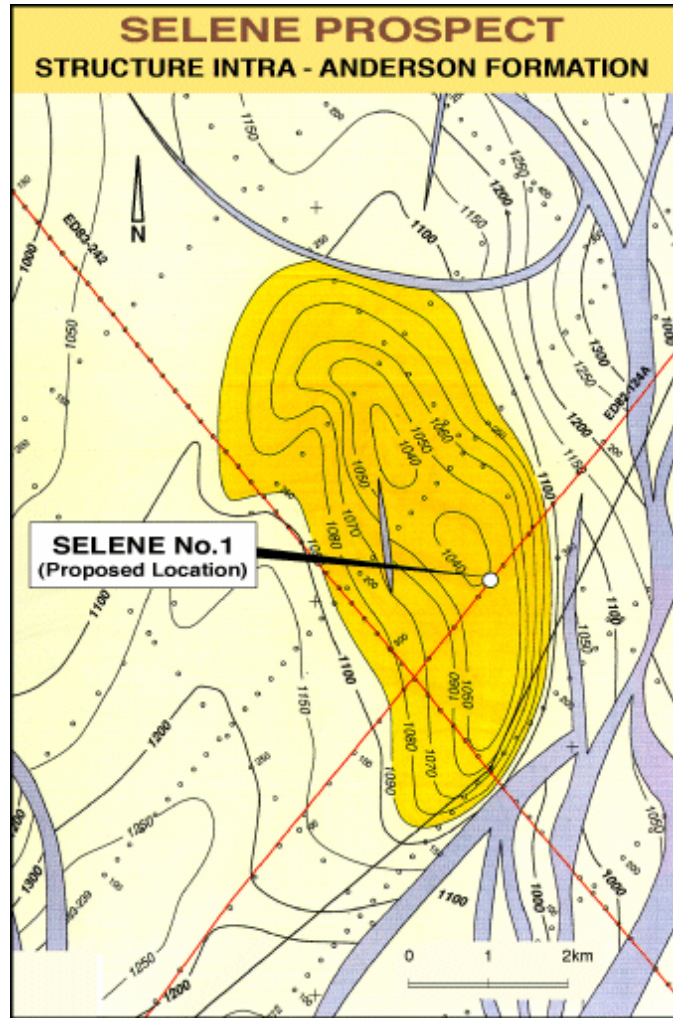
SEAL

The regressive sequence of continental red bed deposits for the Upper Anderson Formation contained a 30m thick shale with a limestone / anhydrite layer at its base in Cycas-1, which is interpreted to be a regional seal because of the salinity contrast between the saline waters below this shale and the fresh waters above. The shallow marine to lacustrine claystones within the Winifred Formation form the seal for the Betty Formation. These claystones were 40m thick in Cycas- 1. The marine shales of the Noonkanbah Formation, 195 m thick in Cycas-1, are expected to provide an effective seal for the Poole Sandstone.

SOURCE

Marine shales of the Laurel Formation have total organic content (TOC' s) of 0.5% to 3.0% in Lake Betty-1 (68km SE) and are rated as good oil-prone source rocks within the Fitzroy Trough. The Anderson Formation shales in Cycas- 1 have TOC' s of 0.6 to 7.26% with associated hydrocarbon index (H.I.'s) of up to 166, indicating mixed oil and gas prone source rocks. In the Anderson Formation, traces of residual oil were detected in Cycas-1, with the best show being 70% decreasing

to 20% green / yellow fluorescence from 2325 to 2339m. The Anderson Formation in Cycas-1 is at peak oil maturity, just entering the gas window, with vitrinite reflectance measurements ranging from Ro 1.1% to 1.5%.



Selene-1 Prospect Plan View

HYDROCARBONS-IN-PLACE

Mapping of the Poole Sandstone closure suggests potential oil in place of the order of 30 million barrels for fault-independent closure. The geometry of the prospect suggests a similar figure for every sand down to the proposed total depth of the well. Thus total hydrocarbons-in-place will depend upon how many horizons prove to be hydrocarbon-bearing upon drilling of the well.