



OIL BASINS LIMITED

ABN 56 006 024 764

19 December 2007

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

Dear Sirs

OIL BASINS INCREASES ITS FOOTPRINT IN THE CANNING BASIN SUCCESSFULLY APPLIES FOR PERMIT AREA L07-1

Oil Basins Limited (**ASX code OBL**) wishes to advise the Australian Stock Exchange that it and its 50/50 Joint Venture Partner Backreef Oil Limited have been notified by the Western Australia Department of Industry and Resources ("**DoIR**") of success in applying for permit area L07-1.

The DoIR by return has been formally notified by the Operator BOL on behalf of the Joint Venture that it wishes to proceed and commence negotiations on the Native Title Claim on the application area.

This is expected to take some time to conclude with the Kimberley Land Council and no significant expenditures will occur until approval from all relevant stakeholders and authorities are attained.

Upon a granting of the Exploration Permit by the DoIR, the joint venture interests will be as follows:

| | |
|-----------------------------|-----------------------|
| Backreef Oil Limited | 50% (Operator) |
| Oil Basins Limited | 50% |

Summary of Oil Basins Canning Basin Interests

Area L07-1 is approximately 5,062 square kilometres in surface area (refer to Figures 1 and 2) and is close to the previous oil finds at Kora and West Kora and proximate to the present well being tested at Stokes Bay. In light of recent drilling by Arc Energy, Area L07-1 is considered an attractive block for petroleum exploration and complements OBL's existing interests in the Canning Basin.

| Permit / Drilling Reservation / Application | Oil Basins Net Interests | Permit Area (sq km) |
|---|------------------------------------|-----------------------|
| Blina Back Reef Play Joint Venture Area | 50% (direct, indirect & rights) | 354 |
| Drilling Reservation 9 | 20% | 400 |
| Application L07-1 | 50% | <u>5,062</u> 5,816 |

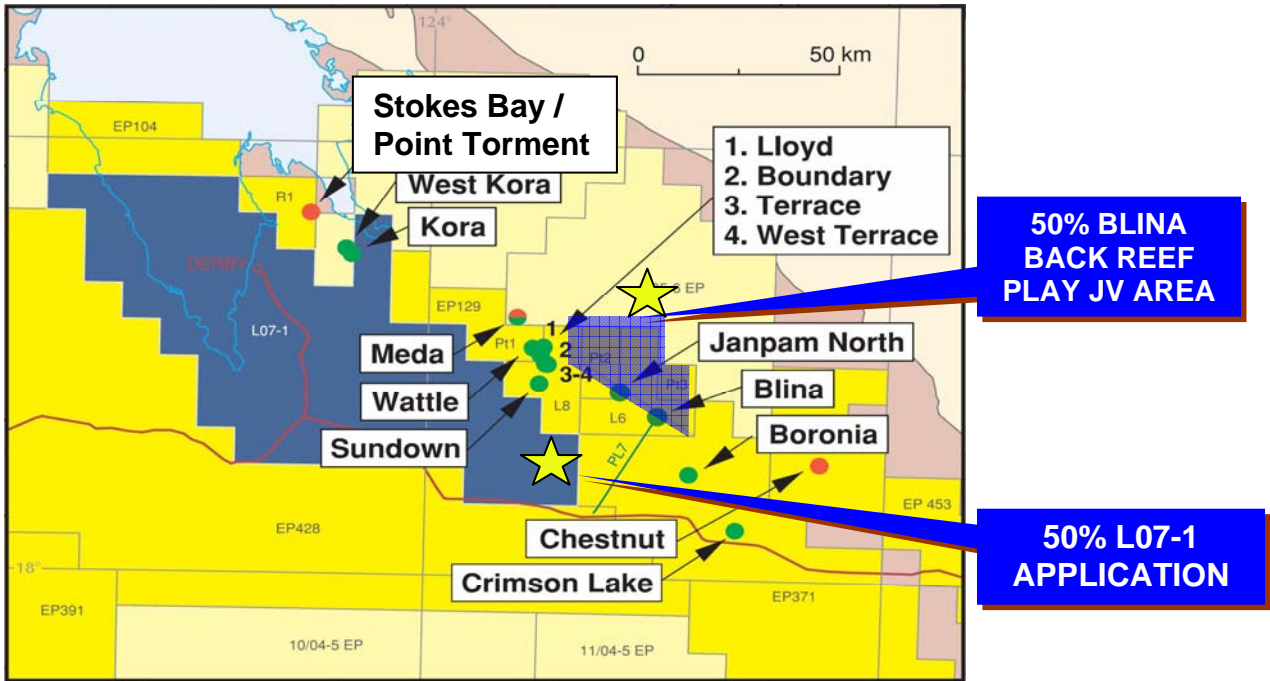


Figure 1
 Oil Basins Canning Basin Interests
 Source WA DoIR

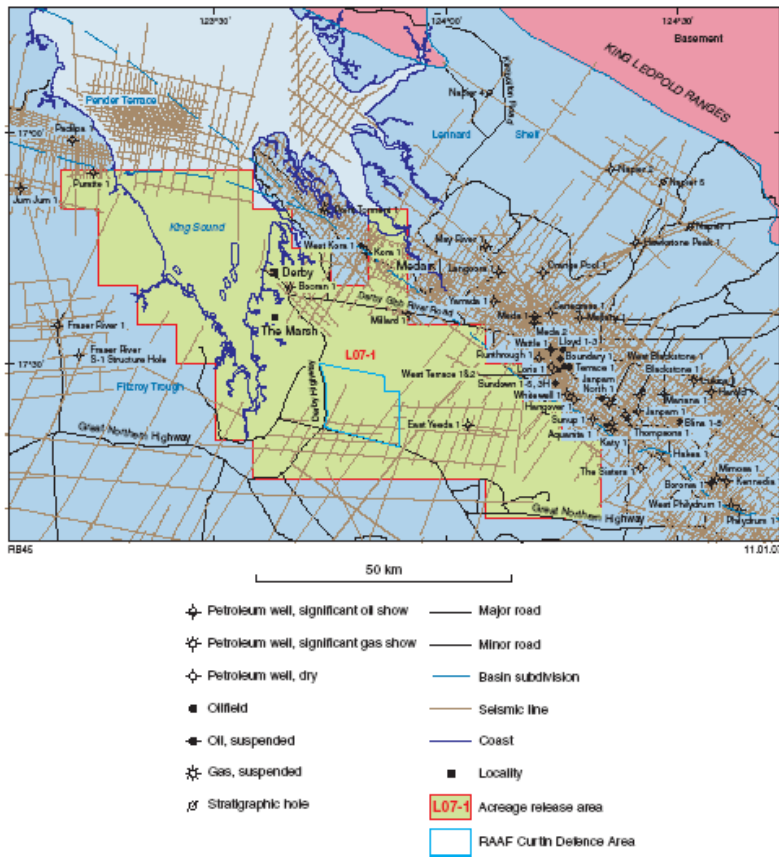


Figure 2
 Source WA DoIR