



Oil Basins Continues to Implement its Solid Exploration Strategy to Increase its Leverage Across its Assets and Increase its Exposure to Additional Attractive Opportunities

Oil Basins Limited (ASX code OBL) is involved in exploration for oil and gas in the offshore Gippsland Basin waters of south-eastern Australia and the onshore Canning Basin of Western Australia.

Since its successful ASX listing in 2006, raising \$2.5 million the Company has increased its leverage across all of its assets and has increased its exposure to attractive and prospective areas within the Gippsland and Canning Basins, with a portfolio of high and medium risk exploration 'drill ready' prospects containing over a net 250MMbbls of prospective potential resources (ie over 7 bbls potential prospective resources per OBL share) – adding circa net 98MMboe potential prospective resources during 2007.

The Company's key objective is to maximise shareholder returns via a focused strategy based upon selection of highly leveraged exploration farmin opportunities; a selection of appraisal (pre-development) opportunities; a selection of mature production opportunities; and when appropriate strategic corporate investments.

In line with this strategy OBL recently acquired rights to 15% Retention Lease R3 in the Carnarvon Basin which holds the undeveloped Cyrano Oil Field discovery.

I had the opportunity to speak with Mr. Kim McGrath, OBL's Chairman and Mr. Neil Doyle, the Company's Director. These gentlemen gladly found the time to highlight the key attributes of OBL that would contribute to its future growth and development.

Mr. Doyle informed the Australian Investor, "OBL is committed to carefully evaluating potential projects to ensure that we can reduce our geological risk and utilise our shareholders funds wisely."

The Company believes that the acquisition from AIM listed Black Rock Oil & Gas Plc of the direct 15% interest in petroleum exploration Retention Lease R3 adheres to this strategy.

"R3 is located in 15m of water in the offshore Carnarvon Basin in Western Australia," Mr. McGrath explained to the Australian Investor, "This permit has known oil in the ground and significant exploration potential. It hasn't been commercialised in the past, but we believe that with the appropriate geophysical studies and the right oil and gas pricing environment this is a project that may become viable in the future."

Two wells delineate the Cyrano Oil Field and the operator Tap Oil has previously delineated gross P50 recoverable "technical oil reserves" of about 1.0 million barrels (net 150,000 bbls) and upside potential gross P10 recoverable resource has been technically assessed as up to 4.0 million barrels (net 600,000 bbls) – based upon these preliminary assessments the indicative acquisition price translates to between A\$0.16 to A\$0.63 per bbl (undeveloped potential reserves and resources).

The Cyrano Oil Field is also situated nearby to the undeveloped Nasutus Oil Field (Apache Energy 50% / OMV 50%) discovered in 1999.

Mr. Doyle added, "Though the Retention Lease R3 does not presently host a commercial discovery it provides us with a initial footprint in the area. Additionally, because oil has been found at the site and nearby at Nasutus our exploration risks are substantially

reduced.”

Going forward the Company’s key objective will be to continue to implement its business model: focusing on acquiring assets at modest entry costs, applying modern technology techniques in geological and geophysical work to maximise the potential value of these assets and then seek to develop the project. This is evident recently with the Company’s 50% interest in the Blina Back Reef Play Joint Venture Area situated in the Canning Basin where the Company has applied modern geophysical techniques to model for the first time a new play type in the Canning with the delineation of the Backreef Prospect (due for drilling in August 2008)

“Mr. Doyle and Mr. McGrath believe that a key feature of OBL that will be integral to its potential future success is the fact that it is lead by a highly experienced team of energy professionals with a fairly unique skill set combining energy sector investment banking and comprehensive operational experience in all facets of upstream and downstream energy sectors.

We intend to utilise the unique broad skill sets of our board and management team to advance these projects to a stage where we can then consider either direct investment and/or farm out options to continue their development,” Mr. Doyle told the Australian Investor, “We think this approach demonstrates our commitment to analysing projects and opportunities with fresh eyes so that we can extract value for our shareholders.”

“Another important feature is our tight capital structure, with only 33.9 million ordinary shares on issue,” Mr. McGrath told the Australian Investor, “Furthermore, our size enables us to move quickly and offers a range of flexibility due to the lack of bureaucratic issues.”

Based on its key attributes and unique business model, OBL has generated a strong support base from its shareholders who have an appreciation of the Company’s approach.

Mr. McGrath contributed, “In January we were one of the smallest capitalized oil and gas companies on the ASX, yet with one of the highest leverages per individual share, the Company remains very much ‘under the radar’. We believe this represents a significant amount of upside potential for the Company and our shareholders going forward.”

Mr. Doyle concluded, “We intend to continue to implement our disciplined strategy into the exploration and development of our assets to continue to grow shareholder wealth and increase leverage to oil and gas projects and investments”

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