



OIL BASINS LIMITED

ABN 56 006 024 764

QUARTERLY REPORT June 2015

Oil Basins Limited (**OBL** or **Company**) is pleased to present its June 2015 Quarterly Report.

JUNE QUARTER OPERATIONS REPORT

OPERATIONS HIGHLIGHTS

During the quarter ended 30 June 2015, OBL's principal focus areas were the Canning and Gippsland Basins.:

Canning Basin

- OBL announced that on 29 May 2015 it had reached a resolution of the ownership of Permit EP487 (Derby Block). The joint venture now comprises:
 - OBL - 50% and operator of EP487 (Derby Block)
 - Rey Resources Limited (through its subsidiary Rey Lennard Shelf Pty Ltd) – 50%
- In addition, OBL has received \$391,000 from REY and OBL Group has been granted a gross 1% ORRI over REY's 50% of EP487. Subsequent to settlement, OBL has lodged a royalty for an additional 3% over its 50% share of EP487 – effectively moving OBL Group to a net 2% ORRI position and covering all back costs to the time of winning the Application in 2007.
- OBL remains the continuing operator of the Derby Block for the approved Work Program, which has been approved and funded to end of July 2015. The Company is pleased to advise that on 31 July 2015 received formal approval from the WA regulator DMP Environment for the OBL Derby Block 2D Seismic Survey Environment Plan.

Gippsland Basin

- New technical, geological and geophysical work progresses across all the Company's interests.
 - Vic/P47 – OBL Group 100% and operator. OBL advises that its expert consultant 3D-GEO has finished loading the vintage 3D seismic tapes into the processing package. Work continues on finalising the seismic data set prior to performing a simultaneous inversion allowing for reservoir and fluid prediction and cross-fault seal prediction across the Judith and Moby Fields in Vic/P47.
 - Subsequent to June quarter end, on 21 July 2015, OBL and its wholly owned subsidiary Shelf Oil Pty Ltd (collectively the "Vic/P47 Joint Venture") submitted a formal application to the offshore regulator NOPTA and the Joint Authority to grant a two year extension for the Moby Location. The company is pleased to advise that on 28 July 2015 it received formal approval of its application.
 - Vic/P41 – OBL 35.435% and non-operator. During the quarter NOPTA has also approved a 6 month suspension of the work program along with a six month extension of the permit term for Vic/P41. Work continues to define drilling targets for a future farmout.
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CANNING BASIN

EP487 (DERBY BLOCK) UPDATE

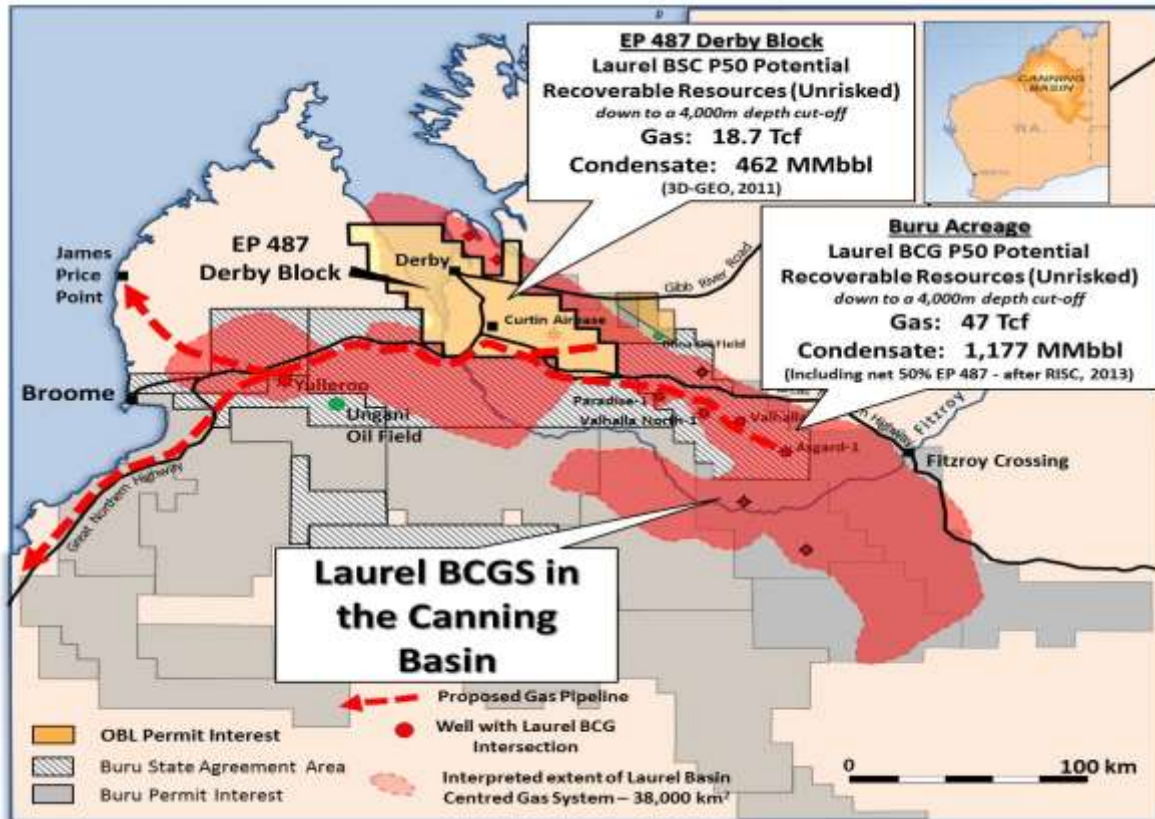


Figure 1

Company’s exposure to the new Laurel Wet BCG Play is significant with gross 18.7 Tcf USG P50 delineated in the Derby Block down to 4000m, increasing to gross 32 Tcf USG P50 down to 5000m (OBL ASX Release IER dated 14 February 2013)

Settlement of all Disputes

In the March quarterly report, OBL indicated that confidential discussions were continuing with Rey Resources Limited (ASX code **REY**) seeking a resolution of all matters of contention with OBL’s former Application partner Backreef Oil Pty Limited (**BOPL**).

On 1 June 2015, OBL announced that earlier on 29 May 2015 it had executed a transaction whereby all legal issues/actions between OBL and BOPL have been resolved and OBL and REY had reached formal agreement whereby REY’s wholly owned subsidiary Rey Lennard Shelf Pty Ltd (**RLS**) will, subject to regulatory approval, attain a 50% interest in the Derby Block (**Figure 1**).

A formal Joint Operating Agreement had also been executed upon settlement.

On registration the EP487 Joint Venture will comprise:

Oil Basins Limited (ASX code OBL)	50% and operator
Rey Lennard Shelf Pty Ltd	50%
<i>the latter a wholly owned subsidiary of Rey Resources Limited (ASX code REY)</i>	

Lind Funding

Subsequent to June quarter-end, on 8 July 2015, the Company advised that The Lind Partners, LLC (**Lind**) has agreed to a termination of the Funding Agreement provided by the Lind managed The Australian Special Opportunity Fund, LP.

The Company wishes to thank Lind for its support of OBL from execution in March 2014 through the grant of the Derby Block, the funding of its initial 2014 work program and the successful resolution of the legal disputes with BOPL, during a period of difficult market conditions in the junior upstream oil and gas sector.

Impact to OBL

OBL welcomes resolution of all the disputes with former application partner BOPL and now looks forward to working with REY in exploring petroleum exploration permit EP487 (Derby Block).

- All Derby Block legal actions are resolved to OBL's satisfaction.
- OBL and RLS become 50/50 joint venture partners in the Derby Block.
- OBL receives \$391,000 in cash from REY.
- OBL Group attains a 1% ORRI in the Derby Block on RLS's 50% of EP487 (for part compensation of back costs) – once approved it is effectively a 0.5% ORRI across the permit – **see Note ***.
- OBL is the continuing operator of the Derby Block for the approved Work Program (WP).
- OBL can seek farmin partners to offer an attractive farmin (shared by both joint venture partners) with a minimum 2 year WP free carry.

Note * Subsequent to settlement with REY, OBL Group has applied for a 3% ORRI in the Derby Block on OBL's 50% of EP487 (for compensation of back costs from 2007). Once approved it is effectively an additional 1.5% ORRI across the permit (ie a combined 2.0% ORRI).

Joint Venture Operations

OBL as operator EP487 (Derby Block) has significantly advanced the DMP approved Year #1 Work Program for conducting a 500 line km 2D seismic survey in 4Q2015 (budgeted at circa gross \$3.2 million subject to equipment availability and the weather window ahead of the rainy season).

- In accordance with the condition of the grant and the NNTT Determination of 1 February 2013, Heritage Impact Assessment Notices were lodged with traditional owner groups on 15 June 2015.
- Subsequent to June quarter end, the Environmental Plan was resubmitted on 1 July 2015 and further to feedback/consultations from the DMP further revisions of Environmental Plan were lodged during July 2015.
- OBL received formal confirmation on 31 July 2015 that the DMP have formally approved the complete 533 line km OBL Derby Block 2D Seismic Survey Environment Plan Revision 4 on 30 June 2015.

Settlement Terms

With the Deed of Settlement and Release (**Deed**) now executed, OBL is pleased to report the following:

1. OBL is confirmed as operator of EP487 (Derby Block) until 1 January 2016 or as extended with an OBL introduced third part farminee (see below).
2. All legal actions have now been terminated with BOPL to OBL's satisfaction, and OBL has recovered its unpaid payments and a majority of its legal costs.
3. Upon settlement, in addition to a previous payment to OBL of circa \$19,000 for the out of court settlement of the Magistrates Court matter, OBL received \$368,000 in part-payment of backcosts and payment relating to the District Court matter.
4. OBL and RLS have executed a Joint Operating Agreement for EP487.
5. In addition, under the Deed an agreed forward 2015 work program has been approved and a budget of circa \$166,000 has been funded 50/50 with the immediate focus to finalise as soon as possible the EP487 Environmental Plan for seismic acquisition and stakeholder engagement.
6. In addition, as part of the settlement, RLS has granted OBL a 1% overriding net royalty interest (ORRI) payable on its 50% interest of EP487.

Farmout

Upon settlement, as permitted under the Deed, OBL will seek farmin interest from suitably qualified third parties (Farminee) for a joint farmout of 50% of EP487 with minimum terms on a 2 for 1 basis, and including:

- 1) Re-imbusement for back costs (from the date of grant of EP487);
- 2) Obligation to complete the 500 km 2D seismic during WP Year #1 on a two for one promote; and
- 3) Obligation to drill and complete a minimum of two USG wells during WP Year #2 on a two for one promote.

With the Joint Venture's support/concurrence, OBL will propose to the Farminee an acceleration of the existing EP487 Year #1 and Year #2 WP.

OBL has the right to seek a progressive two stage farmout with the Farminee over WP Year #1 (Stage 1) and WP Year #2 (Stage 2). For each Stage, for an agreed funding, the Farminee will be assigned an agreed interest in EP487, equally sourced from RLS and OBL up to an aggregate total 50% interest for both Stages

RLS has the right to introduce an offer on the same or better terms from another third party that is equivalent to the OBL proposal and that can be finalised within the same time period.

If a successful farmout is secured by OBL, should the introduced Farminee require OBL to remain Operator on its behalf until its farmin is complete, OBL will remain Operator until the end of the Year #2 work program (as extended or varied by the DMP).

Should no farmout occur by 31 December 2015, then RLS will become the operator on 1 January 2016.

With the ownership of the Derby Block and way forward now agreed, on behalf of the joint venture OBL will seek interest from suitably qualified third parties to assist in the exploration and development of the highly prospective and strategically well-positioned Wet Laurel BCG prognosed to occur within EP487 (Derby Block).

GIPPSLAND BASIN

PERMIT VIC/P47 UPDATE

Joint Venture Interests

The Vic/P47 Joint Venture Participants are: (**OBL Group net 100%**):

Oil Basins Limited (ASX code OBL)	50% and Operator
Shelf Oil Pty Ltd (OBL's 100% owned subsidiary)	50%
Oil Basins Royalties Pty Ltd (OBL's 100% owned subsidiary)	2% ORRI

OBL became operator of petroleum exploration permit Vic/P47 on 15 November 2014 (taking over from Albers Group/Seaquest Petroleum Pty Ltd) and finalised a new Year 5 work programme (approved by NOPTA on 11 December 2014). Independent expert geophysical consultants 3D-GEO have been engaged by the Vic/P47 Joint Venture to complete the following tasks:

- A. Seismic Reprocessing
- B. QI Study
- C. Seismic Interpretation
- D. Fault Seal Analysis
- E. Initial Well Planning
- F. Prospectivity Review

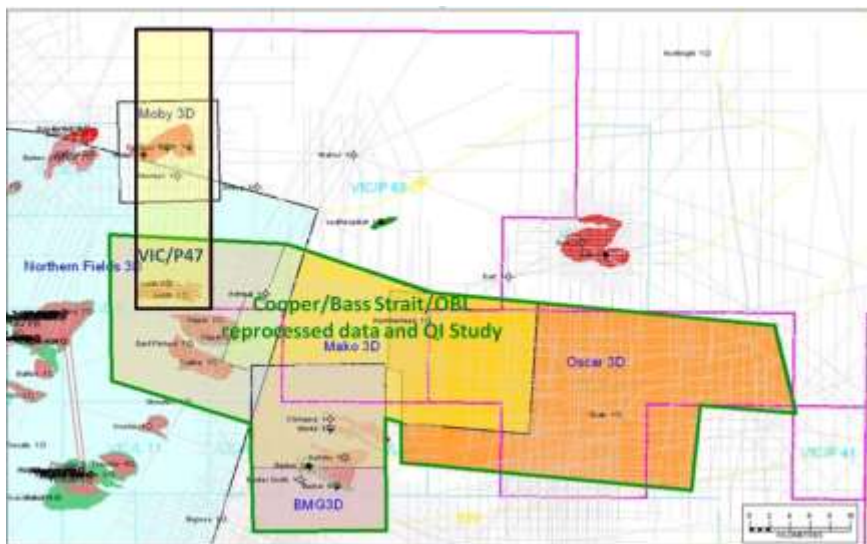


Figure 2

Map showing Vic/P47 in relation to 3D seismic data sets

Update

OBL advises that 3D-GEO has finished loading the 3592 tapes into the processing package. The key volumes covering VICP47 are Gap04a and G01A (**Northern Fields - ExxonMobil**). The seismic data from Gap04a are extracted and fully loaded to the processing package. The process of assigning geometry to Gap04a (**Moby 3D - BAS**) is complete. The data for Gap04a needs many edits and line separation remains difficult due to header mismatch with the navigation, refer to **Figure 2**.

The 3D-GEO processing team is fully aware of the special geological features or direct hydrocarbon indicators (i.e. gas chimneys) that exist in the area where this volume covers. Therefore, additional time and diligence is undertaken to distinguish between the useful and erroneous data.

The rationale for this new technical work was to achieve a single and consistent seismic dataset over Vic/P47 and adjacent areas to allow direct comparison with prospect analogues such as the Kipper Field, Patricia/Baleen Fields and Longtom Field.

Work continues on finalising the seismic data set prior to performing a simultaneous inversion allowing for reservoir and fluid prediction and cross-fault seal prediction across the Judith and Moby Fields in Vic/P47.

The objective being to define the recoverable resources within the Vic/P47 Permit (Judith) and the Moby Location graticular blocks.

Moby Location Renewal

Subsequent to June quarter end, on 21 July 2015, OBL and its wholly owned subsidiary Shelf Oil Pty Ltd (collectively the “Vic/P47 Joint Venture”) submitted a formal application to the National Offshore Petroleum Titles Administrator (NOPTA) and the Joint Authority to grant a two year extension to the Moby Location (previously approved on 25 August 2013 to the former operator) refer to **Figure 3**.

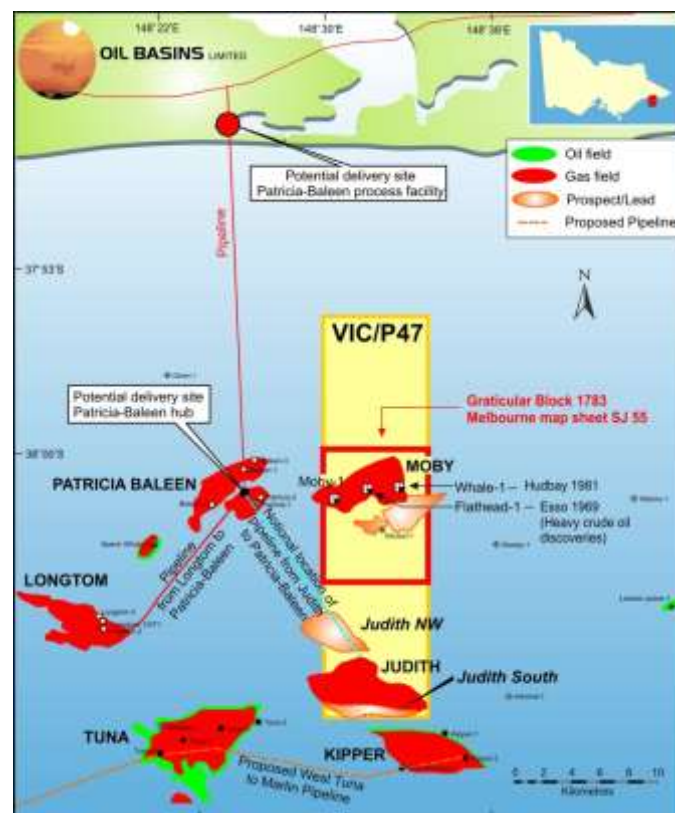


Figure 2
Permit Vic/P47 hosts the Moby Gas Field Location and the Judith Gas Discovery
All defined in 3D seismic – OBL Group net 100%

The Company was pleased to recently advise that the OBL Group had received formal approval to the for an extension of two (2) years until 25 August 2017 in which to apply for either a Retention Lease or Production Licence over the block covering the Moby Location within Permit Vic/P47

Importantly, this approved extension will enable the Vic/P47 Joint Venture to complete and critically evaluate the new AVO / QI study to enable better definition of the 2C resources delineated at both

Moby and Judith Gas Fields and overall definition of P50 resources prospectivity as required in order for it to be fully assessed leading to the maturity of a potential drillable prospect within the Location.

The procedure of merging two overlapping seismic cubes to a single seismic cube has been complicated by poorer-than-expected data quality for Moby 3D and azimuth variations of the sail lines. The existence of a known gas chimney in the boundary of the Moby 3D necessitates careful seismic processing to quantify the prospective potential recoverable resources.

INTERESTS IN PETROLEUM PERMITS

Petroleum Tenement	Location	Beneficial Percentage held	Interest acquired/granted during the quarter	Interest disposed/farm-out during the quarter
Vic/P47	Victoria	100%+	-	-
Vic/P41	Victoria	35.435%	-	-
Cyrano R3/R1	Western Australia	100% +	-	-
Backreef Area	Western Australia	100% +	-	-
EP487	Western Australia	50% +	-	-

+ Operator

ROYALTY INTERESTS

With the recent approval of a 2% royalty in offshore Gippsland Basin permit Vic/P47, OBL's wholly owned subsidiary Oil Basins Royalties Pty Ltd now owns the following over-riding royalty interests (ORRI):

Cyrano R3/R1	2.0% ORRI
Judith/Moby Location Vic/P47	2.0% ORRI
EP487 (Derby Block)	2.0% ORRI (subject to regulatory approvals)

CORPORATE

Placement

On 27 April 2015, OBL announced that it had agreed the placement of 72.5 million new ordinary OBL shares at \$0.004 (**0.4 cents**) per share raising a gross amount of \$290,000.

The placement was made to existing sophisticated investors within the Company's existing placement capacity. Normal placement fees are payable on this capital raising and the placement completed on or around 29 April 2015.

Funds so raised were for general working capital purposes and to maintain and/or assist the Company's leverage to both the Derby Block and its offshore Gippsland Basin portfolio.

EGM Meeting 9 June 2015

Recognising the severe market down-turn impacting the junior oil and gas sector and the necessity for the Company to continue funding non-discretionary work programs in Derby Block and offshore Gippsland, the executive directors voluntarily agreed to a suspension of salaries from 1 January 2015.

At an Extraordinary General Meeting held on 9 June 2015, shareholders approved an issue of new OBL ordinary shares and approved and agreed the reduction of the five (5) months salaries from 1 January 2015 to 31 May 2015 to executive directors. The executive director's new salary package was reduced by 40% to \$180,000 per annum and all other benefits were maintained.

Subsequent to June quarter end on 2 July 2015, 11.5 million new OBL shares were issued each to the nominee of executive directors Kim McGrath and Neil Doyle and 1.5 million shares were issued to the non-executive director Nigel Harvey.

Appointment of Non-executive Director

Subsequent to June quarter end on 3 July 2015, Carl Dumbrell joined the board of OBL as an additional non-executive director.

Mr Dumbrell is a partner in the Sydney accounting firm of DFK Laurence Varnay with 20 years' experience in taxation and assurance services in Australia and England, and with an on-going involvement in the raising of finance and the divestment of assets for listed companies.

Mr Dumbrell has Bachelor of Commerce and Master of Taxation Law degrees, and is a Chartered Accountant in both Australia and in England & Wales, as well as being a Chartered Tax Advisor and Registered Company Auditor in Australia.

CASH POSITION:

Cash and near-term cash holdings at 30 June 2015 was circa \$340,000.

The Company believes that it will have sufficient cash to fund its activities and in the event that further working capital is required, the Company has a placement capacity of approximately 156.7 million shares and believes that it will be able to source additional funds as and when required. The Company is an exploration Company and, as such, does not have stable source of income. That situation has not changed since the Company was first admitted to the ASX.

Neil F Doyle, SPE
Director & CEO

31 July 2015